

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



Washington 25, D.C.

FOR RELEASE September 26, 1958

## CONTINENTAL CONNECTOR FILES FOR SECONDARY

Continental Connector Corporation, Woodside, L. I., filed a registration statement (File 14389) with the SEC seeking registration of 125,000 outstanding shares of its Class A Stock, \$1 par. This stock is to be offered for public sale by the present holders thereof at \$8 per share, with an 80¢ per commission to the underwriters, headed by H. M. Byllesby and Company, Inc. The company will receive no part of the proceeds.

The company manufactures a broad line of multi-contact precision electronic connectors, and has outstanding 169,750 shares of Class A and 169,750 shares of Class B stock, all of which is owned by three officers and directors, as follows: 67,500 shares (40%) of each class by Harry DeJur, president; and like amount of each by Ralph A DeJur, secretary-treasurer; and 33,750 shares (20%) of each by Leon Gilbert, vice president. Of these holdings, the two DeJurs propose to sell 10,000 Class A shares each and Gilbert 25,000 Class A shares. After such sale, the two DeJurs will own 25.2% each of all classes and Gilbert 12.6%.

## CHEMIRAD CORP. FILES FOR STOCK OFFERING

Chemirad Corporation, East Brunswick, N. J., filed a registration statement (File 2-4390) with the SEC seeking registration of 165,830 shares of its 10¢ par Common Stock. The company proposes to offer this stock for subscription by holders of common stock of Cary Chemicals Inc. at the rate of one share for every four shares of Cary Chemicals common held. The subscription price is to be \$2 per share. Lee Higginson Corporation and P. W. Brooks & Co. Inc., head the list of underwriters; and the underwriting commission is to range between 25¢ and 40¢ per share.

The company was organized under Delaware Law on August 14, 1958. Its business, that of research, development, small-scale manufacture and sale of the chemical compound Ethylene Imine, its monomer, polymers and derivatives, is said to have been founded in 1949 by the incorporation of Chemirad Corporation, a New York corporation, from which the patents, assets, "know-how" and personnel were acquired on August 15, 1958. The company proposes to construct a prototype or pilot plant, develop further patent protection and determine market potential and related factors preparatory to commencing full-scale commercial manufacture and sale of Ethylene Imine and its derivatives; and it also contemplates the manufacture and marketing of certain specialities in the monomer and polymer fields, including catalysts and additives.

Cary Chemicals, a manufacturer of polyvinyl chloride resin and related compounds, joined with Dr. Hans Osborg, a research chemist, in forming the new Delaware company which will carry on the work, begun by Dr. Osborg in 1949, of developing the applications, market potentials and methods of manufacture of Ethylene Imine. Proceeds of this stock offering will be used to build the prototype or pilot plant as a step in determining the feasibility of full-scale commercial production of Ethylene Imine and its derivatives, carry forward a program of market development, to prosecute patent applications and to continue its research and development program.

According to the prospectus, purchasers of the 165,830 shares will acquire a 43% stock interest in the company for \$331,660; Cary Chemicals and Dr. Osborg will own respectively about

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29% and 28% of the then outstanding stock, for which will have been paid \$38,640 in cash, \$10,000 in notes and 6,909 shares of common stock of Cary Chemicals (\$24,181.50 market value at the time of the transactions) making a total consideration of \$72,821.50. Cary Chemicals also has agreed to provide management services to the company without cost for the first year of the latter's operations.

#### PENN-TEXAS PROPOSES STOCK OFFERING

Following is addendum to SEC News Digest of September 25, 1958.

Penn-Texas Corporation, New York, filed a registration statement (File 2-14391) with the SEC on September 25, 1958, seeking registration of 1,483,438 shares of its \$1 par Common Stock. The company proposes to offer this stock for sale to its common stockholders at the rate of one new share for each three shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. Bear, Stearns & Co. is listed as the principal underwriter.

The prospectus states: "One of the principal problems confronting the present management of the company relates to its investment in 534,850 (49.54%) shares of the common stock of Fairbanks Morse & Co. ('Fairbanks Morse'), a leading Illinois manufacturing corporation . . . This stock was acquired by the former management of the company in connection with a proxy contest for control of Fairbanks Morse. As a result of litigation in the course of such contest, a Federal District Court in Illinois entered a decree in May 1957 under which the company is effectively limited, until 1961, to minority representation on the Board of Directors of Fairbanks Morse.

"To obtain removal of the foregoing abnormal restriction on its Fairbanks Morse investment the company's new management has contracted with Robert H. Morse to acquire from him an additional 297,231 shares of the common stock of Fairbanks Morse at an aggregate price of \$ ( \$ per share), has made a down payment of \$ to Mr. Morse, and has obtained a second Federal District Court decree. Under the second decree, the May 1957 decree will be vacated if Mr. Morse has been paid \$ of the purchase price in cash, and has been delivered a three-year 5% note for the balance all by November 10, 1958. The purchase contracts with Mr. Morse give him an irrevocable power to vote all the Fairbanks Morse common stock owned by the company, but such right will terminate if the purchase is not completed or if and when the purchase price is paid in full in cash.

"To the extent necessary, the company will use the net proceeds of this offering to pay in cash by November 10, 1958, the entire \$ balance on the purchase price of the Fairbanks Morse common stock to be purchased from Mr. Morse. If other funds are required to complete the purchase from Mr. Morse in cash by November 10, 1958, the company will obtain them from cash on hand or from new borrowings. In this connection, the company has tentatively agreed with several prospective lenders for one or more loans aggregating approximately \$9,500,000. . . If such loans are obtained as expected, the amount by which they (plus the net proceeds of this offering) exceed the \$ balance to be paid Mr. Morse will be used in part to pay current indebtedness of the company and in part for working capital. It is not practicable to state the approximate amounts which will be devoted to each such purpose.

"Completion in cash of the purchase from Mr. Morse by November 10, 1958 will give the company a total of 832,081 shares (77.07%) of the presently outstanding shares of Fairbanks Morse common stock, with full power to vote the shares, elect a majority of the Board of Directors of Fairbanks Morse and control its management and policies. In the judgment of the company's new management, such result will be beneficial both to the company and Fairbanks Morse.

The \$ price per share to be paid Mr. Morse for the additional shares of common stock of Fairbanks Morse is below \$ , the closing price of Fairbanks Morse common stock on the New York Stock Exchange on October , 1958. The company knows of no relationship between it, its officers and directors, and Robert H. Morse, except that the company and Mr. Morse are both substantial stockholders of Fairbanks Morse and except that the Company and Mr. Morse have, under the May 1957 Federal District Court decree, separate rights of representation on the Board of Directors of Fairbanks Morse."

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## INDIANA &amp; MICHIGAN ELECTRIC PROPOSES BOND OFFERING

Indiana & Michigan Electric Company, Fort Wayne, Ind., today filed a registration statement (File 2-14392) with the SEC seeking registration of \$20,000,000 of First Mortgage Bonds, Series due 1989, to be offered for public sale at competitive bidding.

Prior to or concurrently with the sale of the new bonds, American Electric Power Company, Inc., parent, proposes to make a capital contribution to the company in the amount of \$13,500,000 in cash. Net proceeds from the sale of the bonds and the cash capital contribution will be applied to the prepayment, without premium, of then outstanding bank notes issued for construction purposes, and the balance will be used to pay for property additions and improvement. As of September 15, 1958, the outstanding bank notes amounted to \$7,500,000; and notes in the additional amount of \$13,500,000 may be outstanding by the time of the sale of the new bonds. Construction expenditures for the last six months of 1958 are estimated at \$35,300,000.

## CINCINNATI &amp; SUBURBAN BELL TELEPHONE PROPOSES FINANCING

The Cincinnati and Suburban Bell Telephone Company, Cincinnati, O., today filed a registration statement (File 2-14393) with the SEC seeking registration of \$25,000,000 of Thirty-five Year Debentures, due October 1, 1993, to be offered for public sale at competitive bidding. Net proceeds of the financing will be used to reimburse the company's treasury for expenditures for property additions and improvement. Its treasury having been so reimbursed, the company will repay its borrowings from various banks and the American Telephone and Telegraph Company, which are expected to amount to about \$21,410,000 at the time the proceeds are received, and use the balance for general corporate purposes, including capital expenditures.

## ALAN RUSSELL SECURITIES' REGISTRATION DENIED

The SEC today announced the issuance of a decision denying an application for broker-dealer registration filed by Alan Russell Securities, Inc., of New York, based upon a court decree of permanent injunction against the company, its president and its secretary-treasurer.

According to the Commission's decision, Nathan L. Batterman is president, a director and principal stockholder of the applicant company, and Omos Maiers is secretary-treasurer and a director. By decree dated April 29, 1958, of the U. S. District Court for the Southern District of New York, the company and the two individuals were permanently enjoined from making untrue or misleading statements in connection with the sale of common stock of International Ceramic Mining Limited in violation of the fraud prohibitions of the Securities Act of 1933.

The decree, which was entered upon the consent of the three defendants, was based upon an SEC complaint which alleged that during the period from approximately February 1, 1958 to about March 7, 1958, applicant, Batterman, Maiers and applicant's sales manager offered and sold International stock and obtained money and property by means of materially false and misleading statements. The complaint alleges that such statements included representations concerning large government contracts obtained by the company, the use of the company's product in the guided missile and rocket field, purchases of its stock by persons in the office of the President of the United States, the production of and gross profits from the company's new mill and processing plant, and the successful operations of the company.

In the light of the injunction and the nature of the conduct enjoined, the Commission held that it is in the public interest to deny the application for broker-dealer registration filed by Alan Russell Securities, Inc. Batterman and Maiers were each found to be a cause of the denial.

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ADVANCE: Following for Release P.M. Papers of Monday, September 29, 1958

CANADIAN RESTRICTED LIST  
Fifth Supplement

The Securities and Exchange Commission today announced the addition of the stock of the following Canadian companies to its Canadian Restricted List:

Granwick Mines Limited  
Lake Kingston Mines Limited  
Lambton Copper Mines Limited  
Mexuscan Development Corporation  
Nealon Mines Limited  
New Faulkenham Mines Limited  
North American Asbestos Co. Limited  
North Gaspé Mines Limited  
Nortoba Nickel Explorations Limited  
Nu-Reality Oils Limited  
Purdex Minerals Limited  
Sheba Mines Limited  
Sheraton Uranium Mines Limited  
Sudbay Exploration and Mining Limited  
Webbwood Exploration Company Limited

At the same time, the Commission withdrew the stocks of Camrose Mines Limited and Lake Superior Iron Limited from such list.

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