

# 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.

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## CANADIAN RESTRICTED LIST Ninth Supplement

The Securities and Exchange Commission today announced (Release 33-3991) the addition of the stocks of the following Canadian companies to its Canadian Restricted List:

Aldor Exploration and Development Company Limited  
Alscope Explorations, Inc.  
Anthony Gas and Oil Explorations Limited  
Black Crow Mines Limited  
Centurion Mines Limited  
Courageous Gold Mines Limited  
Embassy Mines Limited  
Explorers Alliance Limited  
Irando Oil and Exploration Limited  
Lindsay Explorations Limited  
Montclair Mining Corporation Limited  
New Campbell Island Mines Limited  
New Hamil Silver-Lead Mines Limited  
Nortoba Mines Limited  
Rockroft Explorations Limited  
Viscount Oil and Gas Limited

The Canadian Restricted List is composed of the stocks of Canadian companies which the Commission has reason to believe, based upon information obtained in its investigations and otherwise, recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933. The list now comprises 199 of such securities.

### PAPERCRAFT CORP. FILES FOR SECONDARY

The Papercraft Corporation, 5850 Centre Ave., Pittsburgh, Pa., filed a registration statement (File 2-14525) with the SEC on November 12, 1958, seeking registration of 250,000 outstanding shares of its \$1 par Common Stock. These shares are to be offered for public sale by the present holders thereof, through an underwriting group headed by Eastman Dillon, Union Securities & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company has outstanding 500,000 common shares, all of which are now held by the seven selling stockholders, all of Pittsburgh. Each is selling one-half of his or her present holdings. Their present holdings are as follows: Joseph M. Katz, president and board chairman, 150,000 shares; Agnes R. Katz, a Director, 150,000; J. Emanuel Katz, senior vice-president, 62,500; Hyman I. Katz, executive vice president, 62,500; Samuel Katz, honorary board chairman, 25,000; Sarah Katz, 25,000; and William Katz, director and secretary, 25,000.

### ODLIN INDUSTRIES FILES FINANCING PROPOSAL

Odlin Industries, Inc., 375 Park Ave., New York, N. Y., filed a registration statement (File 2-14526) with the SEC on November 12, 1958, seeking registration of \$250,000 of 5½% Convertible

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Debentures and 250,000 shares of its 10¢ par Common Stock. These securities are to be offered in public sale on a best efforts basis by Harris Securities Corporation, of New York, the debentures at 100% of principal amount and the common stock at \$3 per share.

The company will pay the underwriter a fee of \$25,000, payable out of the first \$500,000 of proceeds of this offering; and it will also sell to the underwriter, at 1¢ per warrant, common stock purchase warrants to buy up to 25,000 common shares at \$3 per share at any time prior to 3:30 P.M. November 1, 1963.

Odlin was organized under Maryland law on July 8, 1958, and intends to engage in the manufacture and sale of interlining fabrics (of the type commonly referred to as "hair canvas"). Net proceeds of the proposed financing will be used for the purpose of purchasing a textile mill, machinery, equipment and raw materials, and to provide working capital. Part of the fixed assets to be purchased consist of a textile mill now owned by Textile Banking Company, Inc. (formerly owned by Red Bank Mill, Inc., a company controlled by Harry Odzer, one of the founders and the president of the company and a promoter of this venture). The mill properties were deeded by Red Bank Mill to Textile Banking in lieu of a foreclosure by the latter of a mortgage held by it in the amount of \$230,000. Red Bank Mill and Lincoln Fabrics Co., Inc., another company controlled by Odzer, were indebted to Textile Banking in a total amount of \$939,000, inclusive of said \$230,000 mortgage, and this indebtedness was personally guaranteed by Odzer. The company now holds an option from Textile Banking for the purchase of these mill properties for \$500,000; and if at least \$500,000 of stock and debentures are sold, \$100,000 of the proceeds will be used for a cash down payment for the purchase of these mill properties subject to a \$400,000 purchase money mortgage. If this purchase is made, Odzer will be released by Textile Banking from his guarantees of the indebtedness of Red Bank Mill and Lincoln Fabrics in the total amount of \$675,000 as at October 15, 1958. An additional \$185,455 of the proceeds will be used to purchase machinery and equipment; and the balance will be used for the purchase of raw materials and supplies, labor expenses and working capital.

#### WISCONSIN PUBLIC SERVICE PROPOSES PREFERRED STOCK OFFERING

Wisconsin Public Service Corporation, 1029 North Marshall St., Milwaukee, Wisconsin, filed a registration statement (File 2-14527) with the SEC on November 12, 1958, seeking registration of 50,000 shares of its Preferred Stock, Cumulative, \$100 par, to be offered for public sale through an underwriting group headed by The First Boston Corporation, Merrill Lynch, Pierce, Fenner & Smith, Robert W. Baird & Co., Inc., and William Blair & Company. The dividend rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the preferred stock will be used to pay for current construction or to pay a portion of outstanding short-term bank loans incurred for 1958 construction purposes (amounting to some \$6,150,000). Construction expenditures for 1958 and 1959 are estimated to be \$15,500,000 and \$16,500,000, respectively.

#### FUNDAMENTAL INVESTORS EXCHANGE OFFER CLEARED

The SEC has issued an order (Release IA-2791) permitting Fundamental Investors, Inc., Elizabeth, N. J., investment company, to offer its shares at net asset value for substantially all of the cash and securities of the D. N. Barney Company, Inc. Barney is an investment company having 33 stockholders. Pursuant to an agreement between the two companies substantially all of the cash and securities of Barney, with a total value of \$11,779,384 as of September 15, 1958, will be transferred to Fundamental in exchange for shares of the latter. Based on the September 15th figures, Fundamental would issue 709,174 shares of its stock for such assets. The shares of Fundamental will be distributed to Barney shareholders.

#### SOUTHERN CO. & SUBSIDIARIES PROPOSE TAX ALLOCATION

The Southern Company and its subsidiaries have filed a proposal with the SEC for allocation of consolidated Federal income tax liabilities among the companies which would differ from the exemptive provisions of the Commission's Rule 45(b)(6) under the Holding Company Act; and the Commission has issued an order (Release 35-13863) giving interested persons until November 28, 1958 to request a hearing thereon.

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According to the application, one of the seven subsidiaries, Georgia Power Company, realized an unusually large capital gain of almost \$5,000,000 the inclusion of which in the consolidated tax return gives rise to certain alleged inequities in the allocation of the 1957 consolidated tax liability among the system companies under the SEC rule. The companies propose to enter into an agreement for the allocation of the group's 1957 consolidated Federal income tax liability which would differ from that provided by the rule, in that such agreement would provide for the allocation of the tax liability as follows: (a) by apportioning the liability for the tax (25%) on consolidated net long-term capital gains in accordance with the proportion of the consolidated net long-term capital gain attributable to each member of the group having a net long-term capital gain; and (b) by apportioning the liability for the normal tax and surtax (52%) on ordinary income in accordance with the proportion of the consolidated ordinary taxable income attributable to each member of the group having ordinary taxable income. In no event, however, is the aggregate tax liability allocated to each subsidiary company to exceed the amount of tax liability of such company based upon a separate return and computed as if such company had always filed its tax returns on a separate return basis.

#### SEC SETS HEARING IN LEDERER CASE

The Securities and Exchange Commission has scheduled a hearing for December 15, 1958, in its New York Regional Office on the question whether the broker-dealer registration of J. H. Lederer Co., Inc., 56 Beaver St., New York City, should be revoked and whether the company should be suspended or expelled from membership in the National Association of Securities Dealers, Inc. (Release 34-5819).

The order authorizing these proceedings, announced October 24, 1958, charges that Lederer Co. and Joseph Herbert Lederer, its president, in the offering and sale of Continental Mining Exploration Ltd. stock, "engaged in transactions, practices, and a course of business which would and did operate as a fraud and deceit upon the purchasers" in violation of the anti-fraud provisions of the Federal Securities Laws. It further charges that the stock was sold in violation of the Securities Act registration requirements. (For further details, see Securities Exchange Act Release No. 5799).

#### SEC PROCEEDS AGAINST SACKS' REGISTRATION

The Securities and Exchange Commission has ordered proceedings (Release 34-5820) under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Maxwell M. Sacks, 9 Hightop Lane, Jericho, New York. A hearing for the purpose of taking evidence therein is scheduled for November 20, 1958, in the Commission's New York Regional Office.

According to the Commission's order, Sacks operating as a sole proprietor under the name Maxwell Brokerage Co., was previously registered with the Commission as a broker-dealer. However, on June 19, 1958, this registration was revoked by the Commission for failure to file a report of financial condition for the year 1956 as required by the Commission's Rule 17a-5.

In the order authorizing the present proceedings, the Commission asserts that Sacks omitted to answer Item 6 of his application for broker-dealer registration and that, in answer to Item 8(c) thereof, he stated that he had not been found by the Commission to have violated any provision of the Securities Exchange Act of 1934 or any rule or regulation thereunder when, in fact, the Commission had ruled in its June 19, 1958, decision that he had violated its Rule 17a-5.

(Proceedings on the question of denial of Sacks application for registration, referred to in Release No. 5804, were discontinued by the Commission when his registration became effective by lapse of time during the pendency of those proceedings.)

#### PHILADELPHIA ELECTRIC PROPOSES BOND OFFERING

Philadelphia Electric Company, 1000 Chestnut St., Philadelphia, Pa., today filed a registration statement (File 2-14528) with the SEC seeking registration of \$50,000,000 of First and Refunding Mortgage Bonds, Series due 1986, to be offered for public sale at competitive bidding. Net proceeds will be used to repay bank loans of approximately \$40,000,000 obtained as interim financing of construction and the balance will be applied toward the expansion program (involving expenditures of \$34 million for the last quarter of 1958, \$122 million for 1959, and \$91 million for 1960).