

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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



Washington 25, D.C.

For ordering full text of Releases from Publications Unit, cite number)

Issue No. 63-1-7)

FOR RELEASE January 10, 1963

PROFESSIONAL MEN'S ASSN. FILES FOR OFFERING. Professional Men's Association, Inc., 100 W. Tenth St., Wilmington, Del., filed a registration statement (File 2-21000) with the SEC on January 8 seeking registration of 40,000 shares of common stock, to be offered for public sale at \$5 per share. No underwriting is involved.

The company was organized in November 1960 for the purposes, among others, of acquiring, owning and holding interests in local corporations operating under franchise agreements with National Professional Men's Association, Inc., which engages in the business of franchising corporations to operate within designated areas under the National PMA plan (whereby the local PMA corporation pays monthly royalty to National PMA accounts accepted for financing as PMA-A installment notes receivable or on other financing). The company specializes in financial consulting and servicing patients' accounts of member hospitals, physicians and dentists. Neither the company nor its subsidiaries has a record of successful operation; and an accumulated deficit of \$402,118 as of October 31, 1961, was written off against capital surplus created by a reduction in the par value of outstanding common stock. Due to default under a \$250,000 note due January 1969 which requires the company to maintain a subordinated borrowing base of at least \$300,000, the company in June 1962 agreed to accelerate payment thereof by an initial payment on principal at that time of \$50,000 and by paying the remaining \$200,000, plus interest, in 15 monthly installments. The company is unable to meet such installments otherwise than by use of the proceeds of this stock offering. The purpose of this financing is to obtain funds to retire the notes; but the company does not intend to retire the note other than by paying the monthly installments as they become due. Any portion of the proceeds of the stock sale not so used will be used to retire other short-term indebtedness or for working capital.

In addition to its indebtedness, the company now has outstanding 53,844 common shares of which management officials own some 33%. Thomas W. Butler is president.

TEXAS EASTERN TRANSMISSION SEEKS ORDER. Texas Eastern Transmission Corporation has applied to the SEC under the Trust Indenture Act for a finding that the trusteeship of The Chase Manhattan Bank under an indenture of the company dated June 1957 (previously qualified under the Act) and trusteeship by Chase under a new indenture dated as of December 15, 1962 (not qualified under the Act) is not so likely to involve a material conflict of interest as to disqualify Chase from acting as trustee under both indentures; and the Commission has issued an order (TI-177) giving interested persons until January 29, 1963 to request a hearing thereon. According to the application, the company has outstanding \$13,033,000 of 6% sinking fund debentures due 1977 issued under the 1957 indenture; and it proposes to issue and sell to a single institutional investor \$5,000,000 of 5-1/8% sinking fund debentures due 1983 to be issued under the new indenture.

WILLIAM WALLACE PROPOSES DEBENTURE OFFERING. William Wallace Company, 230 Park Ave., New York, filed a registration statement (File 2-21003) with the SEC on January 9 seeking registration of \$2,500,000 of subordinated debentures due 1981 with attached 15-year warrants to purchase an aggregate of 137,500 shares of common stock (at prices to be supplied by amendment). The debentures and warrants are to be offered for public sale in units consisting of a \$1,000 debenture and a warrant to purchase 55 common shares. Reynolds & Co., Inc. and P. W. Brooks & Co., Inc., both of 120 Broadway, New York, head the list of underwriters. The interest rate, public offering price and underwriting terms are also to be supplied by amendment.

The company was organized as The Cove Financial Corporation under Delaware law in February 1962, and shortly thereafter purchased the assets and business of William Wallace Company for \$6,728,459 (and assumed liabilities of \$960,000). It adopted that company's name and now carries on its business, which consists of the manufacture and sale of "Metalbestos" double wall gas vent systems, "Metalbestos" prefabricated chimneys, and roof drainage equipment and stove pipe and fittings. In 1963, the company will merge with Illinois Gear Machine Company and will issue 552,500 Class B shares to its sole stockholder, The Dyson-Kissner Corporation, and the company will adopt the name William Wallace Corporation). Illinois Gear manufactures a wide variety of industrial gears. The net proceeds from the debenture sale, together with proceeds from the sale of \$1,750,000 of notes to an insurance company, will first be applied to payment of \$7,250,000 of principal owed on two notes held by The First National Bank of Boston (incurred primarily to purchase Old Wallace). Any balance will be added to working capital. In connection with said merger, present holders of the company's common stock will exchange such stock for a total of 297,500 Class B shares.

Assuming said merger, the company will have outstanding (in addition to indebtedness) 150,000 common and 850,000 Class B shares, of which Dyson-Kissner will own 62.1% in the aggregate, management officials as a group 12.8% and members of the family of Charles H. Dyson, board chairman (other than Dyson), 10.1%. Franklin H. Kissner is president. Dyson-Kissner is owned by certain officials of the company or members of their families.

OVER

SEC POLICY ON "INVESTMENT CREDIT." The SEC today issued a statement (Release 33-4574) with respect to the accounting for the investment credit provided in the Revenue Act of 1962. The Accounting Principles Board of the American Institute of Certified Public Accountants concluded that the investment credit should be reflected in income over the productive life of acquired property. In recognition, however, of the substantial diversity of opinion which exists among responsible persons in the matter of accounting for the investment credit, the Commission has concluded that, with respect to financial statements filed with it, the Commission will accept either a method which reflects the investment credit in income over the productive life of the acquired property or a method which reflects 48% of the investment credit (the maximum extent to which the credit can normally increase net income) in income as a reduction of the tax expense of the year in which the credit arises and defers the balance of 52% to subsequent accounting periods during which depreciation allowances for tax purposes are reduced because the statutory requirement reduces the basis of the property for tax purposes by the amount of the investment credit. The amount of such deferral should be segregated from taxes currently payable. The 100% flow-through to income of the investment credit benefit in the year in which it arises will be accepted in the case of regulated industries when authorized or required by regulatory authorities. In all cases full disclosure of the method of accounting followed and amounts involved should be made where material. In any case it is the Commission's opinion that the full cost of the property should be reported and that the credit should not be made directly to the asset account. Income tax expense should not be stated in excess of the amount payable for the year. No objection will be taken to the recording of additional depreciation equal to the amount of the deferral arising from the above methods of accounting for the investment credit. The amounts involved should be segregated at least in the appropriate notes and schedules required by our accounting regulations.

HINER & CO. ENJOINED. The SEC Washington Regional Office announced January 9 (LR-2479) the entry of a Federal court order (USDC, DC) permanently enjoining Donald M. Hiner, doing business as Hiner and Company, of Washington, D. C., from further violations of the Commission's net capital and bookkeeping rules and financial reporting requirement. The defendant consented to entry of the injunction.

BALDWIN-MONTROSE CHEMICAL FILES STOCK PLAN. Baldwin-Montrose Chemical Company, Incorporated, 123 South Broad Street, Philadelphia, filed a registration statement (File 2-20995) with the SEC on December 31 seeking registration of 4,000 shares of convertible preferred stock and 30,000 shares of common stock, to be offered pursuant to its Stock Purchase Plan for Employees.

SECURITIES ACT REGISTRATIONS. Effective January 9: Clinton Mining & Milling Co. (File 2-17179); Jocelyn-Varn 1963 Oil & Gas Associates (File 2-20891); National Western Life Insurance Co. (File 2-20787); Smith Kline & French Laboratories (File 2-20961). Withdrawn January 9: Cameo Lingerie, Inc. (File 2-19785); Orbit Industries (File 2-20138).

---ooo0ooo---