

Finance company set to turn private again



Your Business
Diane Maley

Thomson News Service

Allan Silber and his partners at Counsel Corp. are exasperated with their shareholders. So the innovative financial-service company that has expanded with such fanfare over the past three years is about to become private again.

At the company's annual meeting this week, Mr. Silber admonished shareholders for their short-sightedness and offered to buy back their stock for \$13 a share - a 50-per-cent premium over the average trading price of the previous month.

Counsel's stock price seems to depend on its quarterly financial results, Mr. Silber told shareholders. This emphasis on short-term performance makes it hard for management to pursue sound long-term strategies, he said.

If the market has failed to appreciate Counsel's worth, the company's insiders have not. If shareholders accept the offer, Mr. Silber will own 55 per cent of Counsel, Albert Reichmann 35 per cent and Edward Sonshine, Counsel's executive vice-president, 10 per cent.

Mr. Reichmann's son, Phillip, sits on Counsel's board. The savvy Reichmanns would not raise their stake in Counsel if they did not see value, says Stephen Weintraub, Counsel's vice-president of finance.

"Mr. Reichmann has done very well with his investment in the company," Mr. Weintraub says. Counsel insiders "appreciate what is here." Minority shareholders do not. "What's the purpose of maintaining a public company if the stock is trading below book value?"

Before the 1987 market crash, Counsel was trading at more than \$12. For most of the past two years, though, it has languished in the \$7 or \$8 range.

MISSED TARGET

At least one of Mr. Silber's problems was of his own making. He has a habit of setting objectives at year end for the following year. Last year, Counsel fell short of its profit target and the same seems likely to happen for 1989. The 1988

profit target was \$14.5 million; Counsel earned \$10.1 million. This year's target is \$19 million.

Shareholders are expected to decide on the offer some time in September.

Going private would improve the company's ability to finance long-term expansion, Mr. Weintraub says. "As a private company, you can do things you could not as a public company."

TRADING REVIEWED

From the looks of it, the headache of running a publicly traded company could get worse for Mr. Silber before it gets better. Counsel's stock price has shot up in the past couple of weeks from \$8.63 on May 19 to \$10.50 just before the buy-back was announced this week. The Toronto Stock Exchange is reviewing the trading to see if anything is amiss.

Meanwhile, some analysts are grumbling that Mr. Silber's offer is not generous enough. Left to its own devices, Counsel stock could have soared to \$15 or \$16 in a couple of years, says Harold Wolkin of Nesbitt Thomson. Mr. Silber well might wonder what has been taking it so long.

Counsel insiders have tried in the past to give shareholders a better deal. A complicated plan to reorganize the company, fell through last year because government regulators found it too confusing.

In the minds of some shareholders, Counsel's three-year stint as a publicly traded company was too brief. If, in future, Mr. Silber decides to go public again, chances are he'll have no trouble persuading shareholders to climb on board.

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Employers are the subject of "Hire a Student Week"

Employers are the focus of this year's Hire a Student week in Halton Hills.

The Georgetown office of the Canada Student Employment Centre is looking for more jobs for the 400 registered students who want work this summer.

Hire a Student week runs from June 18 to June 24.

"Right now, we're concentrating on employers, trying to solicit new jobs," said Jennifer Lusby at the centre.

"Since we've got so many students, what we're trying to do is get jobs for them," added centre worker Patricia D'Souza.

The centre has advertised for students and employers on Halton Cable and through a banner placed in Norval on Highway 7. There are hire-a-student buttons worn by local bank employees and pamphlets distributed by local gas stations.

This year's popular jobs include outdoor employment and clerical or secretarial jobs. Other positions, like waiting tables or manual labor are also popular for students. Job salaries range from minimum wage to \$8 an hour.

This year's students looking for jobs include a younger group aged 14 to 16. These are the most enthusiastic applicants, says Ms. D'Souza.

She said these students are really "gung-ho" and willing to do odd jobs, including baby-sitting.

There is also a government program called Summer Employment Experience Development (SEED) which pays part of the student's wage if the job is considered career training.

The most unusual job Ms. D'Souza and Ms. Lusby have posted at the centre this year is for a funeral assistant. They say they have received a few inquiries about the position, which involves typing, grass-cutting, along with funeral duties.

Both Ms. D'Souza and Ms. Lusby are students themselves and they can understand the importance of a summer job. The experience and the salary can be valuable to students.

Ms. Lusby, 21, is a physical education student at the University of Western Ontario. She lives in Georgetown. Ms. D'Souza is at University of Toronto studying political science and history. She hails from Brampton.

Although there have been threats of losing the Guelph Street student centre in the Niagara Escarpment building, officials at the Toronto office say there have been no plans to close the office which services all of Halton Hills.

New Skills

Students! Learn new skills and gain valuable work experience through volunteering! For example, you could be a worker in a summer camp setting for behaviorally disturbed children. Or, work as a receptionist/typist for a local agency.

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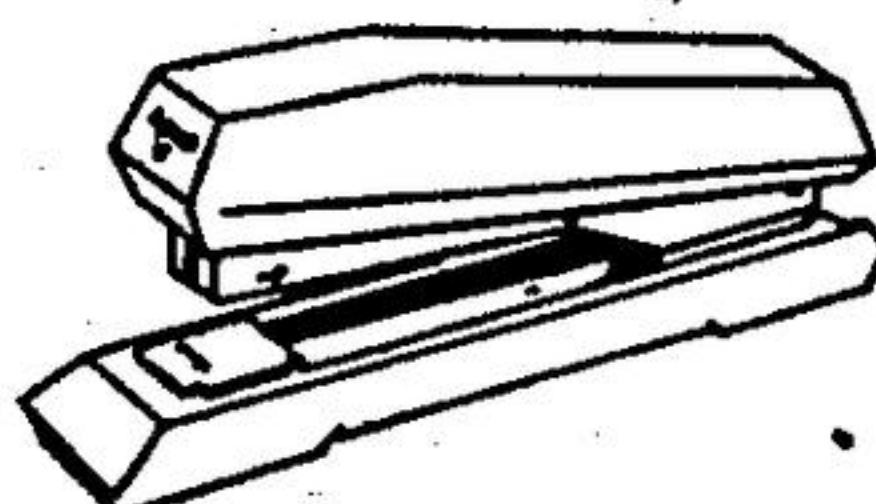
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