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NEWS RELEASE

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Two Long Island men, who face extradition proceedings by Canadian authorities on charges of fraud, were enjoined today from engaging in the securities business in New York State in an order obtained by Attorney General Louis J. Lefkowitz who charged them with attempting to sell more than one million dollars worth of securities in a virtually worthless corporation.

The order, signed in Supreme Court, New York County, by Supreme Court Justice Henry Epstein, names as defendants Acquisitions Inc., of 677 Metropolitan Avenue, Brooklyn, its president, Harold Rauch, of 56-51 218th Street, Bayside, Queens, and its secretary, Sol Rauch, of 4 Gull Place, Massapequa, Long Island. The defendants consented to the injunction.

Attorney General Lefkowitz said the Ontario Securities Commission has requested the extradition of Sol Rauch and Harold Rauch on charges of theft, conspiracy and fraud in the alleged disappearance of \$960,000 from the treasury of Brillund Mines, Ltd., of Toronto, Canada.

According to the affidavit of Assistant Attorney General Orestes J. Mihaly, which is on file in the court, during September, 1957, Acquisitions Inc., offered for sale to the public 800,000 shares of its stock at \$1 per share and \$550,000 worth of its 8 per cent five-year sinking debenture bonds.

The affidavit relates that "at this time, the main asset of Acquisitions Inc., was an investment in another similar holding company known as Capital Funding Corp. The offering circulars of Acquisitions Inc., contained a balance sheet which listed its total assets as slightly more than \$109,000 of which about \$100,000 was invested in Capital Funding Corp. The basis for this evaluation was the book value of Capital Funding Corp. stock as of May 31, 1957.

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"Investigation by the Attorney General's office disclosed, however, that substantial changes had taken place in the financial condition of Capital Funding Corp., between May 31, 1957, and the commencement of the offering by Acquisitions Inc., as described below. Accountants of Capital Funding testified at the Attorney General's office that they were unable to prepare any financial statements after May 31, 1957, because of unresolved questions as to the value of the assets of Capital Funding Corp.

"In June, 1957, at a meeting of the Board of Directors of Capital Funding Corp., at which Harold Rauch and Sol Rauch were present, the precarious financial condition of Capital Funding Corp. was discussed. This financial situation led eventually to a petition for reorganization for the benefit of creditors and later in the same year to a petition in bankruptcy of Capital Funding Corp."

The affidavit states that "the knowledge of this financial situation was never imparted to investors who, nevertheless, were induced to purchase the stocks and bonds of Acquisitions Inc., as the result of glowing accounts of the financial condition of Capital Funding Corp., and its subsidiaries."

According to the affidavit, the subsidiaries of Capital Funding Corp. (and the financial condition of each subsidiary), mentioned in the literature circulated by Acquisitions Inc. were:

1. "Decatur Electronics Industries Corp., of Brightwaters, N. Y. The manager of this firm reported on July 11, 1957, to the Board of Directors of Capital Funding Corp., that his firm had no funds available to meet past due notes and past due accounts payable.
2. "Sharondale, Inc., a Delaware corporation. Investigation has revealed that this corporation never operated successfully and that its corporate charter was ruled inoperative and void by the State of Delaware for non-payment of taxes and failure to file annual reports.
3. "Page Madden Inc., of 76-96 East Second Street, Mineola. This firm was insolvent and had an operating deficit of more than \$160,000 as of December 31, 1957, investigation revealed.

4. "Brilund Mines Ltd., a Canadian corporation. This firm was delisted from the Toronto Stock Exchange in February, 1958, as a result of the alleged disappearance of \$960,000 from its treasury.

5. "Manufacturers Bank of Edgewater, New Jersey. This bank operated at a loss during 1956 and 1957 and was found to be operating in violation of various New Jersey Laws."

While Capital Funding Corp. was collapsing during 1957 and the early part of 1958, "the defendants Acquisitions Inc., and Sol Rauch and Harold Rauch, who dominated and controlled the affairs of Acquisitions Inc., sold approximately \$100,000 worth of the stocks and bonds of Acquisitions Inc. without revealing the financial decay of Capital Funding Corp.," the affidavit states.

Capital Funding Corp. was enjoined by Attorney General Lefkowitz from the securities business in New York State in 1958.