

From The Office Of:

Attorney General Louis J. Lefkowitz
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New York City
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NEWS RELEASE

RELEASE P. M. NEWSPAPERS
FRIDAY, JULY 24, 1959.

A stock fraud which may have cost New York State investors, mainly residents of Nassau County, a half-million dollars and which "could have resulted in losses to stock purchasers of up to \$5 million" was revealed today by Attorney General Louis J. Lefkowitz in Supreme Court, New York County.

The fraud was disclosed when Attorney General Lefkowitz obtained an order directing 16 firms and individuals to appear for examination in Supreme Court, New York County, on July 31, 1959.

Supreme Court Justice Arthur G. Klein signed the order.

According to the papers on file in the court, the swindle involved the sale of securities in a non-existent Canadian harness racing track, a Garden City, Long Island, amusement park, and a Suffolk County heat reclaiming corporation.

Characterizing the activities of K. Medann & Company, of 1001 Franklin Avenue, Garden City, Long Island, the Garden City Securities Corporation of 1001 Franklin Avenue, Garden City, Long Island, and their officers as "one of the most ruthless high-pressure boiler-room and bucketeering operations in recent years, Attorney General Lefkowitz charged that Jack Kissel, of 50 Webb Avenue, Hempstead, New York, was the mastermind of the scheme.

"Although K. Medann & Company, Inc., Jack Kissel and others connected with the promotion did not own or possess any stock or have authority to sell it, they began a vicious promotion to sell stock in Victoria Raceway, Winnipeg, Canada," Attorney General Lefkowitz said.

Although the track was non-existent except for the formation of a Canadian corporation which planned to build a

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track at some future time, the Attorney General's office charges that K. Medann offered the stock for sale at prices ranging from \$2 to \$4 a share.

In literature and by word of mouth, the promoters claimed that the stock was guaranteed by the Canadian government, that the track would be officially opened by Queen Elizabeth, that a well known Beverly Hills, California, architect, Arthur Froelich, had been retained to "design and direct construction," and that four-and-a-half million dollars would be spent to build the track with a "fabulous glass-enclosed year-round restaurant." All of these statements were false, the Attorney General's office charges.

In a "press release" prepared by K. Medann & Company to promote the sale of stock, Kissel' was named as the "underwriter" of 1,000,000 shares of the stock to be sold to the "general public at \$5 a share." The press release was used by salesmen employed by Kissel' to induce the public to purchase Victoria Raceway securities.

As an added inducement to purchasers of the stock, company salesmen stated that races were to be "fixed" so the track would make huge profits.

Attorney General Lefkowitz said that Canadian principals interested in the development of Victoria Raceway were totally unaware of the promotion by Kissel' and K. Medann & Company.

The alleged fraud connected with the promotion of the Garden City amusement center involved sale of stock in Spaceland, Inc.

The affidavit of Assistant Attorney General Irwin Hall, who is in charge of the case, charges that K. Medann & company and Jack Kissel made false and fraudulent representations that

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although the stock was being offered at \$1 a share, the price would rise to as much as \$3 a share. Kissel and K. Medann guaranteed the stock and represented they would maintain the market in Spaceland stock at two to three dollars, the affidavit states.

The affidavit also states that K. Medann and Kissel fraudulently represented that "it owned sites in various places around the country where it was to build or already had in construction other 'Spaceland' centers and that television's 'Captain Video' would direct the entertainment at Spaceland.

"After the date of the offering circular of the stock in Spaceland, 'Captain Video' did not direct any entertainment nor was it expected he would do so," the affidavit continues.

The promotion of the sale of stock of Ro-An Heat Reclaimer Corporation of 16 South Ketchum Avenue, Amityville, Long Island, by K. Medann also was fraudulent, the affidavit alleges.

"The defendants grossly misrepresented the current market price of the stock, multiplying its actual current market value several times, charging unconscionable prices and guaranteeing rises in the market value," the Attorney General's office charges.

Attorney General Lefkowitz said investigation by his office indicates intentional falsification and mutilation of books and records and false representations that K. Medann & Company was a member of the New York Stock Exchange and The National Association of Securities Dealers. He also said the firm employed a convicted forger, James Norwich, as one of its stock salesmen.

"It is believed that investors, mainly residents of Nassau County, were mulcted of at least a half million dollars by the fraudulent securities manipulations of the various persons named in this proceeding," the affidavit relates. "Had these schemes not been interrupted by this investigation, the fraudulent sale of over \$5 million in securities to the public would have

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ensued". This figure is based on the claims made in the press release used by Kissel in the promotion of Victoria Raceway securities, as well as the prospective sales of Spaceland and Ro-An stock.

The order prohibits any dissipation of funds of Jack Kissel, K. Medann & Company, Rachel Kissel, and Garden City Securities Corp. pending a final determination of the action.

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Names & addresses of witnesses and prospective defendants are attached.

From: Charles W. Stickle, Executive Assistant to the Attorney General
Cortlandt 7-9800, Extensions 7192, 7175 and 7187.

LIST OF NAMES AND ADDRESSES OF PERSONS AND FIRMS
NAMED IN THE MATTER OF
JACK KISSEL, K. MEDANN & COMPANY, INC. & OTHERS

PROSPECTIVE DEFENDANTS:

K. Medann & Company, Inc.
1001 Franklin Avenue
Garden City, New York

Jack Kissel
50 Webb Avenue
Hempstead, New York

The Garden City Security Corp.
1001 Franklin Avenue
Garden City, New York

Rachel Kissel
50 Webb Avenue
Hempstead, New York

James Norwich
25 West Broadway
Long Beach, New York

Spaceland, Inc.
Old Country Road
Meadow Brook State
Parkway Intersection
Garden City, New York

Leon Miller
605 East Fourth Street
Berwick, Pennsylvania

Lester Tobin
12 Pine Drive
Woodberry, New York

WITNESSES:

Leon Miller
605 East Fourth Street
Berwick, Pennsylvania

Martin Clare
1411 Reyson Road
Far Rockaway 91, New York

Al Hodge
124 Trunbull Road
Muncey Park, New York

Edward Ingarra
27 West Columbia Street
Hempstead, Long Island

Leo Russell
62 West 82 Street
New York, N. Y.

Lester Knight
Locust Road
Northport, Long Island

Viola Kiefer
Locust Road
Northport, Long Island

Estell Frankel
222 Ronni Drive
East Meadow, Long Island

Judith Ann Carrick
463 McKinley Street
West Hempstead, New York

Margaret G. Cavanagh
18 Taylor Place
Hempstead, New York

Robert Summers
770 Empire Boulevard
Brooklyn 13, New York

Howard Kane Assoc., Inc.
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Rachel Kissel
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25 West Broadway
Long Beach, New York