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Top VTR Officers Accept U.S. Order To Pay Back Funds

By GERD WILCKE

Top officials of VTR, Inc., now a tire and soft-drink franchise business, consented yesterday to a Federal Court order to make full restitution for unauthorized withdrawal of funds from the company since 1958.

The court order, signed by United States District Judge Charles M. Metzner, enjoins the officials from further violation of the registrations, reporting, proxy and antifraud provisions of the Security Act of 1933, the Securities Act of 1934 and various rules thereunder.

The court acted after the Securities and Exchange Commission charged last week that the officials had misappropriated company funds over the last seven years to finance personal ventures.

After making the charges, the S.E.C. suspended all trading in VTR stock, listed on

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the American Stock Exchange.

In moving to Federal Court for an injunction, the commission listed the following as defendants:

Harold Leitman, president and chairman of VTR since 1954; his brother Donald, a vice president and director; another brother, Alvin Leitman, a vice president and director; Milton Rubin, their brother-in-law and the Leitman Company, a private partnership made up of these four men.

Issuing the injunction yesterday, Judge Metzner directed these defendants and Joseph Saik, general counsel of VTR, to file ownership reports with the S.E.C. He also directed the defendants to make an accounting, within 30 days, of their unauthorized withdrawals from VTR from the period 1958 to date and to make full restitution to VTR.

Judge Metzner further directed that these should include, but not be limited to, the amount of unauthorized loans, a reasonable rate of interest thereon, and any appreciation, profits or earnings thereon in the amount and manner to be specified by further order of the court.

Stipulation Signed

Judge Metzner also directed VTR, Harold and Donald Leitman and Joseph Saik to furnish

any and all information to enable VTR to file corrected annual reports and proxy statements with the commission and the American Stock Exchange, disclosing any unauthorized withdrawals of VTR assets.

The court also signed a stipulation and restraining order adjourning for 30 days the S.E.C. application for a special receiver for VTR, and, in the interim, placed a representative of Standard Financial Corporation as treasurer and controller of VTR.

The stipulation continues a temporary restraining order against the Leitman Company, Harold, Donald and Alvin Leitman and Milton Rubin, preserving the status quo of VTR.

The stipulation and restraining order also authorizes a complete audit by Peat Marwick Mitchell & Co., certified public accountants, to determine the amount of unauthorized withdrawals from VTR by these five defendants and directing the auditor to report thereon to the court within 30 days.

The order further directs that within 3 days after the Peat Marwick report such defendants pay over to VTR for purposes of restitution such amounts as may be determined by the audit and approved by the court.

If the audit is not completed within the 30-day period, the defendants are required within the 3 days to place in escrow either the amount of restitution then estimated by Peat Marwick, plus 10 per cent, or, if no estimate is ready, the fixed amount of \$1 million, or a surety bond for that amount acceptable to the court until full restitution is made and approved by the court.

If these terms of the court order are not complied with, the defendants consent to the ap-