

# AUTOMOTIVE

## GM stockholders sue

General Motors Corp. Stockholders have sued to block the \$9.5 billion sale of most of GM's Hughes defense unit to Raytheon Co.

The four lawsuits, filed Feb. 5 and 6 in Delaware Chancery Court but not made public until Monday, seek class action status.

The lawsuits, which name GM and its 14 officers and directors, claim the sale of Hughes will cheat GM's Class H shareholders out of a 20 percent premium they were promised by the automaker if Hughes was sold.

Hughes Aircraft is a division of

Hughes Electronics Corp., which also makes telecommunications satellites and automotive electronics.

GM owns all of the assets of Hughes Electronics, but the shares trade as GM Class H stock and their performance is tied to Hughes's earnings. Holders of Class H stock have dividend claims but no equity interest in the company.

According to Tuesday's editions of the Boston Globe, GM's corporate charter provides that if the carmaker decided to sell all or nearly all of Hughes' assets, Class H shareholders would be entitled to exchange

their shares for 1.2 shares of GM common stock. That is the 20 percent premium the suing shareholders seek and it would cost GM about \$1.2 billion.

GM could not be immediately reached for comment, but a spokesman told the Boston Globe the company believes the suits were without merit and said "we intend to defend ourselves vigorously."

GM's stock rose 50 cents at \$59.50 and GM's Class H stock gained 62.5 cents to \$60.625 while Raytheon fell 37.5 cents to \$47, all on the New York Stock Exchange.

## Commissioner demands return of \$69 million

Commissioner Quackenbush demanded today that the millions of dollars, including interest, in unsecured loans owed to Golden Eagle/Mesa Reinsurance by John Mabee, the former owner of both companies, be repaid.

On Jan. 31, 1997, Commissioner Quackenbush served a court order to take over control and operation of Golden Eagle Insurance Company. The order also included putting Mesa Reinsurance into the conservatorship. Commissioner Quackenbush was particularly concerned about the \$66 million in unsecured loans taken by John Mabee. Investigators learned that the original indication of \$66 million has increased to \$69 million.

"My first concern is for the consumers, policyholders, and claimants of Golden Eagle. That is why I am issuing a demand letter requiring that Mr. Mabee return the \$69 million he owes Mesa Reinsurance so that it will be available to Golden Eagle policyholders. If that demand is not met, I am prepared to file a lawsuit to recover the millions of missing dollars," said Commissioner Quackenbush.

"I intend to go after every nickel of the \$69 million owed by Mr. Mabee and return it back to the company."

As part of the takeover by the Department of Insurance, half a million dollars' worth of imported luxury automobiles owned by Golden Eagle Insurance Company and used by former upper-management have been repossessed. One of the luxury cars seized is a 12-cylinder Mercedes Benz, equipped with bullet-proof

windows. The cars will be sold and the proceeds will go directly to the companies now under conservatorship.

"Excessive spending in the form of luxury cars and the \$69 million in personal loans is no way to operate an insurance company in California," Commissioner Quackenbush said.

Additionally, Commissioner Quackenbush announced that he has signed an agreement with Liberty Mutual Group which will provide financial stability and enhanced safety for policyholders of Golden Eagle Insurance Company, as well as a continued market for its agents and brokers. Under the terms of the reinsurance agreement, Liberty Mutual will assume 100% of all

losses on virtually all new and renewal policies issued by Golden Eagle from March 1, 1997, until the completion of the rehabilitation plan.

"This historic agreement means that Golden Eagle policyholders can rest easier knowing their claims will be backed by Liberty Mutual, a company with over \$5 billion in surplus," said Commissioner Quackenbush.

Commissioner Quackenbush also announced that he issued a Request for Proposals (RFP) for a Rehabilitation Plan for Golden Eagle.

"Due to the increasing number of parties expressing an interest in this transaction, it is necessary to establish a standardized process by which companies can develop and submit their proposals," said Commissioner Quackenbush.

## Selas posts record revenue

Selas Corporation of America (AMEX: SLS) reported record revenue for 1996, with the Company breaking the \$100 million mark for the first time in its history. Earnings for the year jumped 80% over those of 1995.

Consolidated net income for the quarter ended December 31, 1996, was \$1,409,000, or \$0.39 per share, fully diluted compared to \$826,000, or \$0.24 per share for the similar period in 1995, an increase of 63%. Net sales in the quarter were \$29,671,000 versus \$17,056,000 in 1995.

For the 12 months ended December 31, 1996, Selas reported net income of \$4,130,000, or \$1.16 per share fully diluted compared to net income of \$2,300,000, or \$0.66 per share in 1995. Revenues for the year were \$103,426,000, versus \$71,215,000 in 1995, up 45%.

Stephen F. Ryan, president and chief executive officer of

Selas, said that all segments of the Company performed profitably in 1996, with the greatest improvement coming in the heat technology segment which entered the year with a record backlog and added to it during the year with four major new orders.

Earnings for that segment increased 204% on a 93% increase in revenues. He said that new business activity in that segment remains high.

Resistance Technology, Inc., the Selas subsidiary supplying precision electromechanical and plastics components for the hearing aid, medical products and cellular communications industries, continued its growth in both sales and earnings. In 1996 that subsidiary showed an increase of 42% in earnings on a revenue increase of 10%.

According to Ryan, Deuer Manufacturing, the Company's subsidiary that manufactures spare tire

holders and lifts for the automotive industry, suffered the loss in 1995 of a major account and that had an impact on its performance throughout 1996. He said, however, that this unit has been able to recover sufficiently to end the year on a profitable basis.

"We expect 1997 to continue the improvements made in 1996 and see all segments moving forward," Ryan said. "From all indications at this time, we are confident that 1997 will be another exceptional year for Selas."

Selas Corporation of America is a diversified firm with international operations and sales that engages in the design, development, engineering and manufacturing of a range of products including precision electronic and electromechanical/plastic components, heat processing equipment and systems, and cable winch products for the automotive industry.

## Republic Industries completes acquisition

Republic Industries, Inc. (Nasdaq: RWIN) today announced the closing of its acquisition of National Car Rental System, Inc.

National, headquartered in Minneapolis, Minnesota, operates a fleet of approximately 100,000 vehicles in the United States. The company has approximately 800 locations in the United States and Canada and has marketing affiliations in Latin America, Europe, Japan and the Caribbean.

In connection with the transaction which will be accounted for under the pooling of interests method of accounting, Republic will issue approximately 21.7 million shares of common stock.

Republic is a diversified company operating in the automotive, solid waste and electronic security industries.

Advertise In  
The Portland Observer  
Call 503-288-0033

MUST PRESENT THIS AD TO REDEEM OFFER

**Black History Month Special**  
Earl Scheib

UP TO **50% OFF**  
AUTO PAINT SALE!

**BEST PRICE YET ON OUR PRO 1 PAINT JOB!**  
**\$139<sup>95</sup>**

- DEWAXING
- HAND & MACHINE SANDING FOR ADHESION
- CAREFUL MASKING
- ADVANCED ACRYLIC PAINT
- 1-YEAR WARRANTY AGAINST FADING

**SUPER-LOW PRICE ON OUR VERY BEST PRO 3 PAINT JOB!**  
**\$224<sup>95</sup>**

- INCLUDES PRO 3 EXTRAS:
- WIDE RANGE OF COLORS
- SANDING AND BASE COAT PREP
- INTEGRATED CLEAR COAT
- INFRARED QUARTZ FINISH DRYING
- 6-YEAR LIMITED WARRANTY!

REGULAR \$449.95  
HURRY! LIMITED TIME ONLY!

**BEST PRICES ON BODY & FENDER WORK! - FREE ESTIMATES!**  
Trucks, Vans, Sport/Utility Vehicles and some colors slightly higher.

**Earl Scheib**  
PAINT & BODY  
THE BEST JOB FOR THE MONEY. GUARANTEED!

OPEN MON.-FRI. 7:30 AM-6:00 PM • SAT. 8:00 AM-NOON  
C. Portland • 401 NE Weidler St. • 503-287-3678  
N. Portland • 6444 NE Union Ave. • 773-778-7171  
PLUS \$8.00 E.P.A./HAZ. CHARGE

**The Bus Stops Here**

Take a free ride to the newest casino in the Pacific Northwest!

**Mon. & Thurs.**

- 800+ Slots
- Blackjack
- Off-Track Betting
- Poker
- Keno

- Portland Metro
- Newberg
- McMinnville

Call today to reserve a seat  
1-800-422-7042

**CHINOOK WINDS CASINO**  
Lincoln City

You ARE HERE. We ARE here.



and that's a Good thing.

We like it here in Portland. It's a good place to be. Not just because our job is here, but because our home is here. Like you, we want to have a positive impact on our community. That's why we recommend using the highest-efficiency natural gas appliances available. The higher the efficiency, the more energy (and money) is saved. And that's a positive impact on everyone.

Northwest Natural Gas

## BURNS BROS. TRAVEL STOPS

621 S.E. MLK, Blvd. and 620 S.E. Grand Ave.  
(503) 238-7343 or (503) 238-7347

- Open 24 hours
- Great gas prices
- Convenient store
- Propane
- Wet & dry ice

Serving the greater Portland area for 50 years.