

Heights man goes to war against 'money mad' DOT

By Peter Millard

Brooklyn Paper Publications

A Brooklyn Heights man is claiming that the Department of Transportation fabricated a violation to justify towing his car away after admitting they mistakenly towed his car as a scofflaw.

Pineapple Street resident Robert Streicher has enlisted the support of Councilman Abe Gerges, who has agreed to represent him in court.

Brooklyn Paper Publications has previously reported that the DOT misrepresented its towing programs on other occasions. In August, DOT officials said that their Brooklyn towing program was targeting only scofflaws, but after *The Paper* revealed that illegal parkers were also being towed, an official admitted the DOT had lied.

The DOT has been supplying inaccurate information about its towing program since its inception in January, when the program began with no official warning and no community input.

"The key is that they are



ATLANTIC AVE STANDOFF: A police officer intervened earlier this year after a DOT tow truck driver hooked this van on Atlantic Avenue near LIC—although it was occupied by a driver and a woman in a wheelchair and the signage was unclear. After apparently damaging the vehicle, the DOT employee released it. BPP

making up violations in order to take your car away," said Streicher. "They're money mad. They concentrate on the Heights because residents have a lot of money and will pick up their cars—we can't let this happen to our neighborhood."

Streicher, whose car was towed Thanksgiving morning from a legal parking space on Orange Street, said he left his home Thanksgiving morning and discovered his car was missing. "I felt like I was rapped," he said.

Streicher said he called the Parking Violations Bureau the day his car was towed and they had no record of towing a car with his license plates, so he assumed it had been stolen

and went to the 84th Precinct to report the theft.

An officer at the precinct informed him that the car had been towed under the scofflaw program, but upon closer examination it was revealed that his license had been entered incorrectly into the computer, he said. Streicher said he has no outstanding summonses.

"When I called PVB back to check, they changed their story," saying his car had been towed for being more than 12 inches from the curb, "a minor parking violation," he said.

When Streicher, who had already paid the \$125 towing fee to get his car released, asked to have the towing fee refunded, the PVB told him he had to prove his car was not

parked more than 12 inches from the curb to get the towing fee returned, he said.

PVB told Streicher to tell his story to a judge, which he plans to do with Gerges' assistance.

"Parking fines are a source of revenue for the city, but they also perform a service by keeping the streets safe and clean," said Emily Goodman, a DOT spokesperson.

She said errors can occur when a plate number gets punched into a computer incorrectly.

Other unjustified towings can occur when a person has paid their back tickets but gets towed before the payments register on the PVB computer because of a clerical lag, said Goodman.

In the case when a car is mistakenly towed as a scofflaw, the car's owner is not responsible for paying the towing fine, she said.

She reported that 231 cars in Brownstone Brooklyn were towed during October, of which 134 were scofflaws.

If a tow truck is in the vicinity, a car is towed immediately to the Brooklyn Navy Yard car pound, costing the owner \$125 in towing charges.

If a tow truck is not in the vicinity, the car is booted and the owner has two hours to pay the fines and have the car unbooted for a \$50 charge, said Goodman.

Gerges said he has written to Department of Traffic Commissioner Michael Horodniceanu asking that the towing policy be spelled out in writing and sent to him. He is also demanding on Streicher's behalf that a trial on this issue be scheduled with "all involved parties present," which includes the officer who gave the ticket, said Gerges.

Gerges said that he has "no objection to the scofflaw towing" if it is done appropriately. But he called the towing of Streicher's car for allegedly being over 12 inches from the curb "an overreaction."

10/30/88

10/30/88

'Puerto Rican Village' shanty-dwellers face Christmas eviction

By Peter Millard
Brooklyn Paper Publications

Approximately 15 homeless people living in makeshift shanties on a vacant city owned lot on Columbia Street between Kane and Irving streets in Cobble Hill have been ordered by the city to vacate — but South Brooklyn Legal Services attorneys say they will defend them.

The homeless, living in what they call "Puerto Rican Village," were issued an "order to quit" last week giving them until Saturday, December 17 to leave.

However, since the homeless have been living on the site for more than 30 days, they have squatters rights and might have legal standing to stay, said Raun Rasmussen, a South Brooklyn Legal Services attorney.

"In order for the city to remove them there has to be some kind of court proceeding, and we assume, although we have not spoken to the city, that they will not take precipitous action on this case," said Rasmussen.

The "order to quit" was made out to "Jane and John Doe" and was directed to the tenants of "seven" shanties.

The lot has been vacant for 15 years and squatters have been living there for at least 10, said Carmine Hernandez, a social service worker at La Casa Neighborhood Development Services, 167 Columbia Street between Sedgwick and Degraw streets.

Hernandez said the site got its name after the park that once occupied the space before a city sewer project along Columbia Street destroyed the neighborhood in the mid-1970s.

The shanties which house the homeless people line the sides of the vacant lot in neat rows around a courtyard they have filled with gravel to make it neat. Passers-by can look into the open doors of the shanties and see beds made up neatly with quilts.

Inside one of the shanties, there is a gas stove fueled from a tank and carpeting on the floor.

Community Board Six district manager Bob Acito said he was scheduled to meet on December 19 with representatives from the city's Department of Housing Preservation and Development, the Human Resources Administration, the fire and police departments, and the Division of Real Property—which issued the order to quit—to discuss what to do about the squatters.

CB6 chair Jerry Armer said the board is concerned about the welfare of people living in Puerto Rican Village because of the winter's cold and the fire hazard caused by having gas and electric heating in shacks made of wood and sheetrock.

"We don't want people freezing or burning up," he said. "We need to find what social services are available for these people — sitting around doing nothing is not the answer."

George Rivere, who has been living in the Village for five years, said he does not welcome the community board's assistance and wondered why so much attention was being lavished on them now.

"Some of us have been living here for 10 years," he said. "We don't bother people and we are willing to pay taxes on the property."

Rivere, 33, who used to live on Baltic Street between Hicks and Columbia streets, was forced out of his apartment by skyrocketing rents as the neighborhood became gentrified in the last decade.

Many of the village residents said they were born and raised in the area and fell prey to real estate speculation and development. Some of them admitted to being alcoholic and to falling on hard times.

Guillermo Soto, 66, another squatter, said his mother used to own the building next to the lot — a building now boarded up.

"My mother had to sell it before she died because she could not afford the taxes anymore," said Soto, shaking his head in the direction of the building.

The people that live in the Village are aware that if the city evicts them they will be forced onto the streets or into a city shelter, an alternative they reject.

Rivere, whose brother works in a shelter, said he would never live in a shelter because they are not safe.

Jean Cruz, La Casa's executive director, said, "They won't move. They won't go to a city shelter because they beat you up and steal your shoes."

"A lot of them have been living there for more than 10 years—they want to live on Columbia Street. When the community was viable it was their town and they survived," said Cruz.

"They will do anything for you," she said. "They help me to fix fuses. They know how to cook and are talented like crazy but they have nowhere to go. A lot of them say 'I came from here and I will die here.'"

12/21/88

Fire destroys 2 shanties in city-doomed 'Village'

By Peter Millard

Brooklyn Paper Publications

Four of seven makeshift shanties on a vacant city owned lot on Cobble Hill's Columbia Street caught fire on Christmas Day, leaving only the frames standing.

Fire Chief Stanley Wagner, the 32nd Battalion commander, said that there were no signs of "volatile liquid" or any electrical apparatus in the debris and that the department had ruled out the possibility of arson in the 2:45 pm blaze.

"Most of (the squatters) were inebriated and they didn't seem too upset" about the fire, said Wagner.

The fire displaced three of the approximately 15 shanty dwellers, said George Rivere, who has lived in the area—known locally as "Puerto Rican Village"—for five years.

The people on the lot at the time of the fire were in a shack watching a college football game on television and were not aware of the fire until they heard the fire crackling, he said.

"Nobody saw anything," he said. "Nobody knows what happened.

"When people are high they can misplace a match or a cigarette."

He said there were no electric heaters or propane stoves in the ruined shanties.

The fire comes on the heels of a city order to the shanty dwellers to leave the premises.

Lawyers from South Brooklyn Legal Services have agreed to represent the squatters.

A squatter who identified himself as Felix said, "I think



Felix points to one of the shanties destroyed by fire Christmas morning.

Brooklyn Paper Publications / Calian

the fire was set on purpose—what better way to get us out of here."

"I know they want us out of here and you can't beat the city."

Carmine Hernandez, a social worker at La Casa Neighborhood Services, 167 Columbia Street between Sedgwick and Degraw Streets, said: "They are all talking that since they want them out of the lot maybe someone came and set fire to their houses.

"They (the burned out squatters) went to Guillermo (another squatter) and he said 'Listen, I have my room, you

can sleep in my dining room. One person said he would do that. Maybe they are going to get together and sleep the best they can because they don't want to leave the lot," she said.

One of the men displaced by the fire had been going to school, but the fire burned all his books and clothing, said Felix.

"I am waiting for a report on the fire," said Community Board Six district manager Bob Acito. "I was more shocked at the irony of it all than anything else, but it underscores our concern for them."

Acito and CB6 chair Jerry Armer previously told Brooklyn Paper Publications they wanted the squatters removed from the lot because the shanties were fire hazards.

CB6 members met with representatives of city agencies two weeks ago to discuss the shanty dwellers.

"I am a little chagrined with Human Resources Administration," Acito said.

"I have not been able to get any feedback from them on this situation and I hope it is not an indication that they are not persuing this with the kind of zeal that the community board expects."

01/04/89

Sue to stop election...

Continued from page 1
it should have been directed at those with power over purse strings and hiring, not teachers or principals.

"The objective of the lawsuit is to press the Board of Education to draw district lines that are fair and equal and to permit the voters to decide who should sit on school boards by stopping the enforcement of the unconstitutional provisions of the Education Law," said Muir. "Hopefully the court will stop the election."

To achieve that end, Muir filed for a preliminary injunction to stop the election that could be followed by a temporary restraining order against the election.

"As I have said before, you can't just abridge a person's rights—I have the right to run and to work," said DeSapio. Cancelling elections will not hurt anyone and might serve to draw attention to a problem that needs to be resolved, she said.

Scala said that he became a part of the lawsuit because he agreed that constitutional rights had been short circuited by the Serrano Law and because he supports district re-apportionment.

The lawsuit comes as the state legislature is attempting to come to terms on a bill that would put off school board redistricting until 1992—when the next election is scheduled, said Jocelyn Dax, Serrano's coordinator for education. She said school lines have not been redrawn since 1973.

Board of Education president Robert Wagner, Jr. told Brooklyn Paper Publications

the decentralization of schools in the city in 1969 was an "elaborate political compromise."

As a result, said Wagner, local school boards reflect the desires of special interest groups, such as political clubs and unions, rather than the genuine needs of children and the educational community.

The decentralization laws, which mandate that there must be at least 30 districts, each with at least 15,000 students, ties the hands of the central board when it comes to redistricting, Wagner said.

Frank Sabrino, a central board spokesperson, said that the districts had not been redrawn because the board feared that doing so would be disruptive to the functioning of schools within each district and the established channeling pattern through which students move from one stage of public education to another.

Sabrino said the board has no comment on Muir's lawsuit pending further review.

Park Slope Assemblyman James Brennan said he hopes the legislature arrives at an agreement on a redistricting bill in time to allow the May 2 elections to move forward. Delaying the election would be "unfair and disruptive" to candidates, he said.

"Everyone recognizes the inequities of the present system and the changes in population and demographics in the state and demographics since decentralization," said Brennan, adding that he hopes the election results in greater black and Hispanic representation on the District

15 board, which now has only one Hispanic and no black members.

Carroll Gardens Assemblywoman Eileen Dugan said redrawing lines would solve some of the basic inequities in the district and added that the lines should have been changed before.

Although Muir was optimistic that his suit would stop the upcoming elections, attorney Philip Kaplan, a District 15 member since 1970 who had helped draw up the decentralization laws, said that without the temporary restraining order sought by the plaintiffs, it would be nearly impossible to stop the elections.

Kaplan, president of the School Boards Association, said that the plaintiffs would have to prove probability of success to gain standing in the courts and pursue the case.

"Because community school boards have no power outside of their district, said Kaplan, the one man one vote principle of the constitution has not been violated.

If the elections are halted and the Serrano Law is made invalid, the election process would have to start anew to give those who did not run because they thought they were ineligible, a chance to petition and get on the ballot, he said.

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Suit says school reform is illegal

Candidates bid to cancel election

By Peter Millard 4/19/89
Brooklyn Paper Publications

Three members of Community School Board 15 are among 26 people who filed court papers last week claiming that both the Serrano Law and present school district lines are unconstitutional. The group's lawyer said he hopes to force a cancellation of school board elections scheduled for May 2.

Districts violate the US constitution's one person one vote principle because the size of their populations differ widely—the same point under which the Board of Estimate was found to be illegal, said Robert Muir, the attorney representing the plaintiffs.

According to an affidavit accompany-

ing the lawsuit, the average population of the city's 32 districts is 220,989. But District 2 in Manhattan has a population of 604,648, more than two and a half times the average, while Brooklyn's District 16 has a population of 73,034, a third of the average.

The suit was filed April 10 in US District Court for the Eastern District of NY, in Downtown Brooklyn.

A recently passed amendment to the state's Education Law—known as the Serrano Law after its sponsor, Bronx Assemblyman José Serrano—is illegal, according to the papers, because it violates a citizen's right to vote for whomever he wishes in a general election.

The Serrano Law forbids central Board of Education employees—which includes principals and teachers—from running for election to local school boards and

mandates financial disclosure of campaign fundraising.

Beatrice DeSapio, a social science teacher at JHS 62 in Ditmas Park, and Felix Vazquez, principal of PS 162 in Bushwick, are two District 15 candidates for re-election who have joined the lawsuit because they would be ineligible to sit on the board under the new law.

Philip Scala, a District 15 member who is running with DeSapio on the same slate but who is not a Board of Education employee, also joined the suit. Wanda Lopez, Vazquez's stepdaughter who is running for election to District 15, is also a plaintiff in the case.

While the law has been touted as a first step toward school board reform, detractors say it is too sweeping in disqualifying all central board employees and that

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Holding the Focus

by Peter Millard

In retailing, "hot" turns to "not" with abruptness, usually when the initial concept hits a market saturation point. So when 86th-ranked Gantos, with 127 high-end apparel stores for working women, strayed from its formula by buying less expensive and less well-known products, investors fretted.

Gantos has set a torrid pace over the past three years, adding some 60 stores and raising revenues 22% or so each year to \$170 million in 1988. So why fiddle with a winning concept in a slow apparel year? That good question was followed by a shake-up in which two of the three Gantos brothers left.

Now CEO L. Douglas Gantos swears the firm won't stray again and has put buying under a hotshot lured from the Limited. "I don't want to change any of the basics of what we do," says the re-

maining Gantos, whose Lebanese parents opened a linen store in Grand Rapids, Mich., during the Depression.

A 1.5 million share offering in June capitalized on a sharp run-up in Gantos common to generate \$17.5 million (lowering insider ownership from 47.8% to 33%). Unfortunately, most of it replaces equity lost when the brothers' stakes were bought out with \$10.6 million in borrowed funds. The rest will help reduce long-term debt from 49% of capital to 32%. Interest savings offset any earnings dilution, says Gantos CFO James Curley. Prescott, Ball & Turben's Elizabeth Armstrong sees the stock at 31 in six to nine months, 35% above the current price. Swergold Chefitz's more conservative Terence McEvoy only goes to the high 20s within 18 months. Gantos has

carved out a niche, says Alex. Brown's Fred Wintzer, and if it "acts like it is being chased," will steadily increase market share.

Certainly there are plenty of high-end malls, maybe 600 suitable for a Gantos unit. Most recently Gantos has added 10 in the San Francisco Bay area. With over 50% of its stores in the Midwest, and 37 in Michigan and Illinois alone, the company is pushing toward both coasts. "If you draw a line from North Carolina over to Denver and then over to San Francisco, everything north of that line is where we think we can easily find the numbers to grow to 300 stores by 1991 and 400 by 1994," Gantos figures.

Such growth will make it hard any time soon for Gantos to bring its 8% return on capital up to, say, the Limited's 17% or the Gap's 27%. Its returns were depressed by a high debt load and Curley says the better yardstick is return on equity—around 20% since going public in 1986. Arguably, the relatively small equity inflated that.

Gantos and Curley minimize any recession threat. "The company made its money and growth in the Rust Belt around Detroit during some of the worst recessions in recent times," says Curley.

So the only question is, where's that saturation point? ■



Out of control police car pins woman on Court St.

By Peter Millard

Brooklyn Paper Publications

Four people—including a 74 year old woman who remains in critical condition—were struck by an 84th Precinct patrol car Friday, September 16 at 8:30 am, said police officials.

The woman, Jenny Romeo of 4232 Bedford Avenue in Sheepshead Bay, was pinned under the wheels of the car for about 10 minutes before emergency workers could pry her free, said police.

The patrol car was parked on the northwest corner of Remsen Street just off Court Street when the driver, Police Officer Brian O'Malley, 27, and his partner, PO Roger Smith, 34, received a call reporting a man brandishing a gun on State

and Nevins streets in Downtown Brooklyn.

When O'Malley put the car in gear to respond to the call, his right foot slipped off the brake onto the accelerator and became wedged between the two pedals, police said. This caused the car to lurch left into the middle of Court Street, police said.

O'Malley was able to get his left foot onto the break and stop the car, but not before it struck three men and Romeo, who was dragged several feet before being pinned under the car, said police.

As busy rush hour traffic was halted, police jacked up the car and removed the front left tire to free the elderly woman, said police.

Romeo was removed by the Emergency Medical Services to Kings County Hospital at approximately 8:50 am and

was listed in critical condition with a fractured pelvis and a fracture on the right side of the neck, said hospital spokesperson Leah Johnson.

Two of the other victims, 58 year old Edwin Sauter of 7 Everitt Street in Williamsburg, a private school teacher, and Richard DeFelice, 70, of 1753 Madison Place in the Flatlands, a retired assistant district attorney, were treated for minor bruises and trauma and released, said Johnson.

The third victim, Milton Ralichstien, 71, of 1270 East 19 Street in Flatbush, sustained bruises to his lower legs.

O'Malley and Smith were taken to Long Island College Hospital, treated for trauma and released, said a hospital spokesperson.

An eyewitness, who did not want to be identified, said: "When the patrol car hit the pedestrians it must have been going 10 miles per hour.

"The car knocked one man to the right. Another man was flipped over the hood and another man was knocked to the side. The woman, poor soul, was dragged under the car," the eyewitness said.

David Zima, another eyewitness, who was on his way to work in the Municipal Building and was crossing Court Street at the time of the accident, said: "The cop pulled around the corner at an incredible speed. The siren was not on and the pedestrians had a green light."

Police officials confirmed that the officer was not using his siren, but said that the patrol car's emergency lights were on.

Reached later in the day, Sauter said simply: "I'm glad to be alive, terribly glad to be alive."

Police said that no action will be taken against the officers, pending completion of an investigation.



Paramedics lift a victim of an out of control police car onto a stretcher at Court and Remsen streets.

BPP / Tom Callan

business sold to Britain's Tate & Lyle, while Imperial and Holly merged. Meanwhile, Savannah Foods became the largest factor in the industry, broadening its geographic distribution and diversifying into beet sugar by acquiring \$95 million-in-sales Michigan Sugar in 1984. Two years later, Savannah acquired \$265 million-in-sales Colonial Sugar, which increased the company's cane sugar capacity by 50%. Both were cash deals.

Meanwhile, with its nearly debt-free balance sheet Savannah could easily afford to install modern boilers and automated packaging equipment.

"They've handily turned Colonial Sugar around," says Lee Wilder, of Robinson-Humphreys in Atlanta.

Savannah improved its operating margin from 4.1% in 1986 to 5.1% in 1988, which brought the company to the verge of a record earnings year.

"Savannah Foods is considered to be the industry's low-cost producer, which is why it has grown and prospered even though the industry has been flat or no growth," says Smith. He foresees earnings of \$3 to \$3.25 in 1989 and 1990, up from \$1.50 last year.

Of course, Savannah's results were helped by last year's drought, which wrecked 15% of the beet crop. Since 85% of its sugar is cane, Savannah is still benefiting from the drought this year, because the sugar crop comes to market six months after it is harvested.

Savannah reported earnings of 52¢ for the first quarter, compared with 12¢ in 1988. Wilder predicts earnings of \$2.90 this year and a "conservative" \$2.50 in 1990, depending on how strong the beet sugar crop is in 1990. Even though the stock has moved from a high of 18 in 1988 to over 30, Smith says, "Savannah is selling at a discount to the market at a little over 10 times estimated earnings. And that earnings level is sustainable."

After next year, however, it's anyone's guess since the Farm Bill expires in 1991. With the domestic sugar price at roughly 24¢ a pound, more than double the world price, most analysts believe that our disgraceful price supports (FW, Apr. 4) could fall slightly. Particularly if Europe starts

dropping agricultural price supports prior to 1992. But they're in no particular danger of extinction. "It isn't a costly program to the U.S. Treasury," explains Leo Polopolus, an agriculture economist specializing in sugar at the University of Florida.

In the meantime, however, Savannah common looks like an attractive, and fairly conservative, short-term play. —Holt Hackney
NASDAQ (SVAN), 31½, div. 54¢, yld. 1.7%.

FUQUA INDUSTRIES SO WHAT'S CHANGED?

Investing in old-fashioned conglomerate like \$1.1 billion-in-sales Fuqua Industries demands patience and fortitude. Few could predict earnings much less figure what businesses founder J.B. Fuqua would buy. Certainly his melding of garden tools (Snapper), photo finishing and a Georgia S&L did little to offset the cyclical earnings which last year, plunged from \$2.92 to 48¢ a share.

So you might expect analysts to be pushing the stock now that Fuqua, 70, has relinquished active management. Hardly. Fuqua now is in the orbit of Charles "Red" Scott, the La Jolla, Cal., investor and the new chairman of Fuqua. Scott's holdings include a passel of publicly traded vehicles such as Pier 1 Imports, and Western Sizzlin. These are controlled by Scott, 60, through Intermark and the Triton Group, two holding companies whose shares also trade.

Scott already has 15% of Fuqua and has vowed to buy control. He has paid an average \$34 a share, considerably above the present market.

What worries analysts like Mabon, Nugent's Barry Rothberg is that Scott intends to achieve a creeping rather than a total takeover. If successful, this will do little

for the minority holders.

It is likely Scott will do it with Fuqua's money. To the \$82 million cash on hand on Jan. 1, the firm recently added \$242 million (equal to just under \$15 a share) by selling Georgia Federal Bank. Prior to that sale, Scott, under Federal Home Loan Board rules, would have had to seek approval anytime he had raised his stake above 10%.

Now Oppenheimer's Mel Schmidt sees Scott increasing his Fuqua stake to around 25% and then having Fuqua use part of the S&L proceeds to buy in stock at around \$35 and to shrink the base. Not much of a premium there.

Nor is there likely to be much upward stock movement on the basis of this year's earnings. Most analysts are predicting around \$2.50 a share, still below 1987's record.

There is a glimmer left. Fuqua owns 51% of Qualex, a 1988 joint venture with Kodak and the largest wholesale photo-processing concern in the U.S. Qualex, a \$590 million year business, has two-thirds of this market. Balis Zorn's Jan Loeb feels if it raises the price of processing a print 1¢ Fuqua would reap an extra \$50 million in profits or \$1 a share. Competition is such, says Loeb, that Qualex could increase prices for several years ahead. That alone, he says, makes Fuqua worth as much as \$48.

—Peter Millard.

NYSE (FQA), 27¾, div. 32¢, yld. 1.1%.



Fred Langenberg will give up without a fight and indeed he has put several antitakeover provisions in place. Langenberg is a career metallurgist who started with U.S. Steel in 1951 and moved on to become president of the American Iron and Steel Institute in 1975 before joining Interlake in 1979 as president and chief operating officer. In 1982, he took charge of a company battered by recession and inflation. Since then, he has transformed a commodity metals manufacturer into a diversified technology-based collection of small industries.

The restructuring paid off. Earnings are up, debt down. Langenberg wants to continue building his portfolio with small technology-rich businesses. Unfortunately, Alfiero probably won't let him. Either way, investors would do well if they hung in there and watched the bidding.

—Jagannath Dubashi

NYSE (IV), \$15 1/4, no div.

NYSE (IK), \$54, div. \$1.50, yld. 2.7%.

NATIONAL EDUCATION'S BAD REPORT CARD

Like a bunch of unruly school kids, investors have fled from National Education, the nation's largest industrial training firm with revenues approaching \$530 million. Since January, its stock has plunged 12 points, wiping fully 50% off the year-ago market value. It now trades at its lowest level in three years.

The events that triggered the stampede—a boardroom brouhaha and difficulties involved in an overly aggressive acquisitions campaign—appear to be rectified. If so, National Education, whose stock, adjusted for splits, had climbed tenfold in six years, may again be worth buying.

The turmoil in the executive suite began about a year ago when newly elected President James Cwiernia quit in a row

with longtime Chief Executive David Bright. This summer, Cwiernia, 49, is back and Bright is out, replaced by General David Jones, a former chairman of the Joint Chiefs of Staff. Jones, 67, is something of a professional director—he's also on USX's and General Electric's boards. Likely he is keeping the top seat warm for Cwiernia. But for that job Cwiernia could have competition.

In May, the board also named Kenneth Riedlinger to run Applied Learning, a key subsidiary that offers videodiscs and computer software for training programs. Riedlinger comes with a proven executive record after stints with Ford and EDS.

What the trio now must do in a hurry is bury any ego problems and amalgamate a couple of recent acquisitions that boosted revenues by 45% but may have caused earnings to stall after quadrupling in the three prior years. The first acknowledgement of a problem came with the second-quarter earnings, which amounted to a net loss of \$1.5 million, compared with a \$7.5 million gain last year.

Through a handful of subsidiaries, National Education provides personal

and corporate training and publishes textbooks. But integrating recent acquisitions has been difficult and has met resistance from the sales staffs. Just how severe the problem is will be more apparent as the year progresses. Last year National Education booked fully one-third of its business in the final quarter. That's when budget managers spend their remaining allocations.

Kidder, Peabody's Clarke Walser hopes year-to-year fourth-quarter earnings will be flat to modestly down, indicating that a turnaround is already under way. For the full year, Oppenheimer's Dennis Rosenberg has downscaled 1989 earnings projections from \$1.25 to 75¢, compared with 1988's \$1.57.

Clearly National Education needs some remedial work to clear up a credibility problem, but after that analysts say they expect to again give it a good report card.—Peter Millard Jr.
NYSE (NEC), 15 1/4, no div.

HOW DO YOU SAY TOYS "R" US IN GERMAN?

The inventory doesn't turn quite as rapidly as it once did. The gross margins aren't what they were. But the big surprise was that sales at Toys "R" Us units opened a year or longer hadn't advanced in the quarter ended July 31. Is some of the luster coming off the wunderkind of retailing?

Certainly not in West Germany. The opening of a new outlet caused a 14-mile backup on the local autobahn. Nor in other parts of Europe, Canada and the Far East, where Toys soon will have 70 units, with more planned in Italy and Australia in 1990.

Any fears that the grinch will steal this Christmas are decidedly premature. "I'm surprised to find the stock as cheap as it is," says Kathryn Ellis, of Morgan Stanley.

While Toys hasn't exactly sat out this leg of the bull market, its stock has stalled somewhat when compared with its earlier ascents. Analysts like Monroe Greenstein of Bear, Stearns are puzzled. "It's selling at the bottom of its multiple in recent years," says Greenstein, who foresees a 21% increase in

