What's the Hurry?

SPRIGHTLY 64-year-old Walter T. Margetts has an odd job. He's part-time president of cash-laden Hudson & Manhattan Corp. until he can get the company's affairs untangled enough to carry out the bankruptcy court's order to liquidate the company. Most of his days are spent sorting through offers from idea-rich, cash-poor promoters and companies hoping to trade their paper, tax-free, for H&M's only asset: $62 million dollars in government securities.

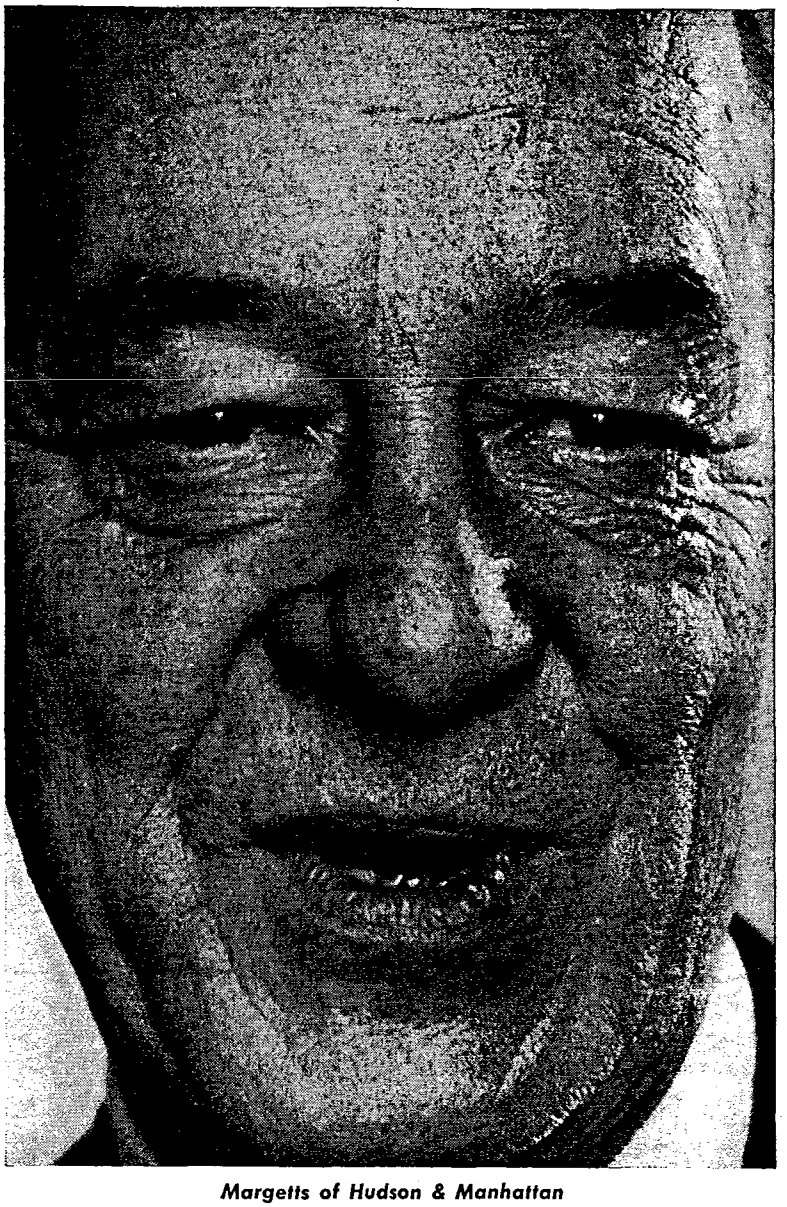
"I bet there's no other listed company with fewer employees," says Margetts, who was appointed to his $35,000-a-year job by the Federal bench in 1962. Only a secretary and bookkeeper share H&M's offices, in one of several buildings in New York's financial district that the company used to own but was long ago forced to sell.

H&M created the Hudson Tubes in 1904 to serve commuters between New Jersey and New York. In 1955, beset by declining traffic and other commuter problems, H&M went bankrupt. It was rescued from oblivion only after the New York and New Jersey legislatures bribed the Port of New York Authority to take over H&M's operations with permission to proceed with the World Trade Center, the Port Authority's $600-million office-building boondoggle in lower Manhattan.

The Port Authority paid H&M $72 million for its tubes and a couple of old office buildings; $10 million of this went to pay off a senior bond issue. The rest, in theory, is available for payment to holders of H&M's two classes of capital stock.

But for more than a year now, Margetts has been sitting on the cash, investing it in very short-term government bonds. Why? Why not pay it out to H&M's long-suffering stockholders?

One reason is that H&M is still wrangling with its law firm over the size of the fee it owes; the lawyers want $4.2 million, Margetts wants to give them less. Then there is the matter of taxes. Right now Margetts' offices are littered with files and reports going all the way back to 1904, as Internal Revenue agents pore through the figures contesting H&M's claim that H&M is entitled to a tax-loss credit.



Margetts of Hudson & Manhattan

That's why Margetts isn't distributing the money. With a possible tax credit, H&M may be worth a good deal more alive than dead. Certainly any number of smart financial operators think so. "We have hundreds of inquiries," says Margetts. "All kinds of people who'd like to merge with us. Nursing centers, iron mines where the ore is still in the ground." One such offer came from Houston conglomerate Zapata Norness. Margett shows no great enthusiasm for the Zapata offer, but he says: "We have a committee to study this, and we'll take a long, careful look before we do anything."

Meanwhile, Margetts is enjoying himself. He rides the tubes every day from his New Jersey estate. He is a rich man and hardly needs the salary: He had a long career in industry and in politics, holding the office of treasurer of the State of New Jersey at one time. But, he says, "It's fun. It's interesting to see if you can do something unusual for your stockholders. Find the best deal."

One part of his not-too-onerous job is replying to the stockholder letters that flow in daily, asking when they will get the pay-out. Margetts writes back and says he just doesn't know. ■

DSW 552127

STLCOPCB4090544