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NAME: Judy Snyder

COMPANY: Trine + Metcalf

DATE: 2-10-04

FROM: Tony Lame

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February 10, 2004

VIA FACSIMILE
& U.S. MAIL

TO: Judy Snyder, Esq.

FROM: Tony Lame

RE: Griscom-Russell Co.

We have tracked down what appears to be the definitive history of Griscom-Russell. The key events are as follows:

1955 - acquired by General Precision Instrument Corp.

1968 - General Precision Instrument merged into Singer Co.

1988 - Singer Co. was merged into Singer Acquisition Holdings, Inc.

1989 - Singer name changed to Bicoastal Corp.

1989 - Bicoastal Corp. filed for bankruptcy

The 1988 acquisition of Singer was engineered by Paul Bilzerian who was subsequently convicted of securities fraud in connection with his looting of the company.

We have enclosed a detailed account of the various transactions. Please advise if you need any additional information.

Tony Lame

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Griscom-Russell Co.

01/01/55

Effective date of acquisition by General Precision Equipment Corp. Nontaxable.

Per share Griscom-Russell common:

.244777 share General Precision common (47 7/8-47 3/8) 47.625.
NEW BASIS (% OF OLD BASIS) 39.5170%

.244777 share General Precision $5 nonconvertible preferred, 1954 series B, indicated 72.8929 per share.
NEW BASIS (% OF OLD BASIS) 60.4830%

Per share Griscom-Russell preferred:

1 share General Precision $5 nonconvertible preferred, 1954 series B.
NEW BASIS (% OF OLD BASIS) 100.0000%

Indicated value of $5 preferred is based on value of Griscom-Russell common of (25-34) 29 1/2 and General Precision common of (47 7/8-47 3/8) 47 5/8 on 1-3-55.

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General Precision Equipment Corp.--See "Dividends" division.

1932

Common stock worthless this date.

05/20/36

Incorporated in Delaware as General Theatres Equipment Corp. as successor in reorganization to General Theatres Equipment, Inc.

In a Bureau Letter dated October 26, 1934, the common stock of the old company was held worthless in 1932. The preferred stock was held not worthless in 1932 or 1933.

06/29/36

New securities ready for delivery.

06/30/36

Market values (first quotations new common on New York Stock Exchange): common 18 1/2-18 1/2; option warrants 32 bid, 37 asked; subscription warrants 8 1/2 bid, 9 asked.

Board of Tax Appeals held exchanges to be in a statutory reorganization. Gain recognized not to exceed value of warrants to purchase Twentieth Century-Fox Film units. (*Schwabacher v. Commissioner*, 43 B.T.A. 1177, affirmed CCA 9. 3-27-41. Bureau had previously ruled exchange taxable.)

Note: In *James F. Curtis* (3 TC 648) the Tax Court held that exchange was nontaxable except as to gain not in excess of value of warrants. No loss recognized.

In Counsel's opinion the effective date of exchange for deposited securities was June 3, 1936; and "date of deposit" for persons who deposited after June 3, 1936. Broker's quotations (bid and asked) as of June 3, 1936, according to the letter, were as follows:

General Theatres Equipment Corp. stock 18 3/4-19 1/2

Twentieth Century-Fox Film option warrants for units 31-36

General Theatres Equipment warrants for stock 8 7/8-9 3/8

Per $1,024.82 secured notes and debentures, (including interest $24.82):

10 shares stock (18 1/2) $185.000

Warrants to purchase 1 3/4 Twentieth Century-Fox Film Corp. Units (2 shares preferred and 1 common) at $60 to 10-1-36, or $70 to 10-1-37 (32-37) 60.375

Per $1,024.82 unsecured notes and accounts payable (including interest $24.82):

7 1/2 shares stock (18 1/2) $138.750

Warrants to purchase 1 1/4 Twentieth Century-Fox Film Units (32-37) 43.125

Per 10 shares preference or 25 shares common:

Warrant to purchase 1 share General Theatres stock at $12 to 10-1-37 ("Subscription warrants").

12/01/37

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Court ordered distribution $83.80 per $1.000 debenture not participating in reorganization.

1937 dividends: See "Dividends" division.

05/01/42

Present title adopted.

05/29/52

Acquired Kearfott Co., Inc. See latter company for details.

04/28/53

Approved common change share for share, no par to $1 par. Nontaxable.
NEW BASIS (% OF OLD BASIS) 100.0000%

11/06/53

Rights, common to $2.90 convertible preferred, 1-6 at $50. Expired 11-23-53.

Each share preferred is convertible into 2 shares common. Conversion is nontaxable.

Internal Revenue Service Ruling

1. Exercise of the rights results in a distribution, equal to the excess of market value of preferred over subscription price ($50) on date of exercise. Such distribution is treated as a return of capital which reduces the basis of the common stock. Excess over basis is taxable as a capital gain.

2. Basis of the new preferred is $50 plus the amount of the distribution (described in 1. above) plus cost of any warrants purchased and exercised.

3. The holding period of the new preferred begins on date of exercise.

4. No gain or loss results from failure to exercise the rights.

5. Entire proceeds of sale of rights represents ordinary income.

Counsel has advised that the ruling holding the entire proceeds of the sale of the rights to be ordinary income appears to be inconsistent with the Tax Court decision in *W.G. Maguire & Co., Inc. v. Comm.*, 20 T.C. 20. Counsel believes that under the principles of the *Maguire* case, the proceeds of sale of the rights should be a return of capital.

In other cases, the Bureau has permitted the market value of the rights to be used as a measure of the excess of market value of the new preferred over subscription price.

Market values during subscription period: 11-6-53, $1.25; 11-9-53, $1.0625; 11-10-53, $0.8125; 11-12-53, $0.65625; 11-13-53, $0.625; 11-16-53, $0.5625; 11-17-53, $0.53125; 11-18-53, $0.53125; 11-19-53, $0.71875; 11-20-53, $0.90625; 11-23-53, $0.65625.

(2)

01/01/55

Acquired Griscom-Russell Co. See that company for details.

03/07/55

Acquired Society for Visual Education, Inc. See that company.

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06/07/55

Expiration date of exchange offer. Nontaxable.

Per share $5 preferred series A, 1952, series A. 1954, series B, 1954 or series A, 1955:

1 share $4.75 cumulative preferred (no par).
NEW BASIS (% OF OLD BASIS) 100.0000%

07/16/55

All $2.90 convertible preferred called at $53 and $0.25 dividend.

Dividend apparently is part of redemption price.

Each share $2.90 preferred is convertible into 2 shares common through 7-11-55. Conversion is nontaxable.

08/10/56

Closing date for exchange offer to Graflex, Inc. See that company for details.

06/05/57

Rights ($1.60 convertible preference and common) to $3 convertible preference (no par), 1 for each 9 shares $1.60 preference or 6 shares common held at $50. Expire 6-24-57. Nontaxable. Apportion as indicated below if apportionment is elected. Company's opinion.

Common, rights on (41 5/8-40 3/4) 41.1875.
NEW BASIS (% OF OLD BASIS) 98.3308%

Rights (7/8-1/2) .6875.
NEW BASIS (% OF OLD BASIS) 1.6692%

$1.60 preference, rights on (32 3/4-30 1/2) 31.625.
NEW BASIS (% OF OLD BASIS) 98.5507%

2/3 Right (7/8-1/2) .458 1/3.
NEW BASIS (% OF OLD BASIS) 1.4493%

See note under 6-25-59, below.

Each share preference received 2/3rds of a right and 6 rights were needed to subscribe to 1 new share.

$3 preference is convertible (nontaxable) into common at $42 (taking preference at $50).

06/25/59

Rights ($1.60 preference and common) to $2.98 convertible preference, 1 share $2.98 convertible preference

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for each 16 1/2 shares $1.60 preference or 11 shares common held at $50. Expire 7-13-59. Nontaxable.

Common, rights on (41 1/2-40 3/8) 40.9375.
NEW BASIS (% OF OLD BASIS) 97.7481%

Rights (1 1/16 - 25/32) .921875.
NEW BASIS (% OF OLD BASIS) 2.2519%

$1.60 preference, rights on (32 1/2-33 1/2) 33.
NEW BASIS (% OF OLD BASIS) 98.1376%

2/3 Right (1 1/16 - 25/32) .614583.
NEW BASIS (% OF OLD BASIS) 1.8624%

Note: Stockholders may elect to apportion. If election is not made, basis of rights is zero, basis of old stock is unchanged, and basis of new stock subscribed for is subscription price. Election to apportion is to be made in return for the year the rights were received, filed by the due date, and is irrevocable when made.

Each share $1.60 preference received 2/3 right and 11 rights were needed to subscribe to 1 share new preference.

$2.98 preference is convertible (nontaxable) into common at $40 per share common after 8-31-59 (taking preference at $50).

07/21/61

All $3 convertible preference and $2.98 convertible preference called at $53 and $0.30 dividend and $53 and $0.298 dividend, respectively.

Dividends apparently are part of redemption prices.

$3 preference is convertible (nontaxable) into common at $42 per share through 7-14-61 and $2.98 preference is convertible (nontaxable) into common at $40 per share through 7-21-61 (taking preferences at $50). Cash paid for fractions results in capital gain or loss, computed by comparing proceeds with basis of portion of preference representing fraction.

05/20/66

Effective date for merger of Controls Co. of America. See that company.

See 3-24-67 for conversion.

03/24/67

Effective date for acquisition, by subsidiary, of assets of Amercon Corp. See that company.

Each share General Precision $1.60 preference issued in acquisition is convertible (nontaxable) into 2/3 share common.

01/31/68

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After this date, each share $1.60 preference is convertible (nontaxable) into 1 1/3 shares common.

02/21/68

Common split 2-1. Record date 1-31-68. Nontaxable.
NEW BASIS (% OF OLD BASIS) 50.0000%*

(3)

07/11/68

Merged into Singer Co. Nontaxable. Treasury Department ruling requested.

Per share General Precision common:

.3393 share Singer common (76 7/8-75 7/8) 25.9140375.
NEW BASIS (% OF OLD BASIS) 52.6825%

.2375 share Singer $3.50 convertible preferred (98-98) 23.275.
NEW BASIS (% OF OLD BASIS) 47.3175%

Per share General Precision $1.60 preference:

.4524 share Singer common (76 7/8-75 7/8) 34.55205
NEW BASIS (% OF OLD BASIS) 52.6799%

.3167 share Singer $3.50 convertible preferred (98-98) 31.0366.
NEW BASIS (% OF OLD BASIS) 47.3201%

Fractions may be bought or sold. Compare any cash received for fractions with basis of fraction to compute capital gain or loss.

Market values NYSE 7-12-68, first date $3.50 preferred traded: common (76 7/8-75 7/8) $76.375; $3.50 convertible preferred (98-98) $98.

Each share $3.50 preferred is convertible (nontaxable) into 1.3.

----------[Note]----------

* Apply percentage of basis per share of original stock to arrive at new basis per share of original and new stock, or shares resulting from a stock split.

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Singer Co. (N. J.)

02/20/73

Incorporated in New Jersey as Singer Manufacturing Co.

12/01/01

200% stock dividend.
NEW BASIS (% OF OLD BASIS) 33.3333%*

06/01/10

100% stock dividend.
NEW BASIS (% OF OLD BASIS) 50.0000%*

03/01/13

Value 295-300 (bid and asked).

07/19/17

Distribution 2 1/2 shares Singer Manufacturing Co., Ltd. per share Singer Manufacturing Co. held. Market value 3-5. Apparently taxable.

01/03/21

(12-20-20) 50% stock dividend and 1 share preferred ($1 par) International Securities Co. per share Singer Manufacturing Co. held. Market value International Securities (approximate) $1.

50% stock dividend. Nontaxable.
NEW BASIS (% OF OLD BASIS) 66.6667%*

02/07/51

Stock split 5-1, $100 to $20 par, effective. Nontaxable.
NEW BASIS (% OF OLD BASIS) 20.0000%*

09/20/62

Acquired Panoramic Electronics, Inc. See that company.

03/08/63

Stock split 2-1, $20 to $10 par. Record date 2-18-63. Nontaxable.
NEW BASIS (% OF OLD BASIS) 50.0000%*

05/17/63

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Name changed to Singer Co. (N. J.).

09/03/63

Acquired Empire Devices, Inc. See that company.

10/14/63

Merged Friden, Inc. See that company.

02/27/68

Merged Corry Jamestown Corp. See that company.

(4) 07/11/68

Acquired General Precision Equipment Corp. See that company.

Each share $3.50 preferred, issued in acquisition, is convertible (nontaxable) into 1.3 shares common.

12/31/76

Values: common, $20.4375; $3.50 convertible preferred, $44.25; debenture 8s, 1999, $8.25.

05/18/83

Offered convertible debenture 9s, 2008 at 100.

Debentures are convertible (nontaxable) into common at $36 per share.

Cash paid for fractions results in capital gain or loss, computed by comparing proceeds with basis of portion of debenture representing fractions.

04/01/86

All convertible debenture 9s, 2008 called at 107.2.

Debenture 9s, 2008 are convertible (nontaxable) into common at $36 per share through 3-17-86.

Cash paid for fractions results in capital gain or loss, computed by comparing cash with basis of portion of debenture representing fraction.

10/17/86

Distribution, 1 share SSMC Inc. common for each 4 shares Singer Co. common held. Record date 10-8-86. Company estimates that distribution will be fully taxable as a dividend.

Cash paid for fractions is taxable as a dividend. Company's opinion.

All stockholders: Basis of SSMC Inc, common received is market value on date of distribution. Date of acquisition for holding period is date of receipt.

Market value SSMC Inc. common NYSE (Composite) 10-17-86, date of distribution: (16-15) $15.50. Company has also furnished the preceding market value.

02/02/88

Expiration of cash purchase offer by Bilzerian Partners, L.P. I at $50 per share common. Compare cash with basis to compute capital gain or loss.

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(5) 04/25/88

Merged into Singer Acquisition Holdings Co. under title of The Singer Co. (Del.). See below for taxability.

Per share Singer Co. (N. J.) common: $50 cash

Per share Singer Co. (N. J.) $3.50 preferred: 1 share The Singer Co. (Del.) $3.50 preferred
NEW BASIS (% OF OLD BASIS) 100.0000%

Exchange of certificates of preferred is not required.

Taxability: Receipt solely of cash in merger is taxable, resulting in capital gain or loss, computed by comparing cash with basis. Receipt solely of preferred in merger is nontaxable and basis is carries forward. Counsel's opinion.

----------[Note]----------

* Apply percentage of basis per share of original stock to arrive at new basis per share of original and new stock, or shares resulting from a stock split.

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Bicoastal Corp.

04/25/88

Merged Singer Co. (N.J.). See that company.

04/25/88

Name changed to The Singer Co. (Del.) from Singer Acquisition Holdings Co.

(6) 10/13/89

Name changed to Bicoastal Corp.

(7) 11/10/89

Filed petition under Chapter 11 of the Federal Bankruptcy Code in U. S. Bankruptcy Court, Middle District of Florida, Tampa division.

12/01/89

Filed Plan of Reorganization under Chapter 11 of the Federal Bankruptcy Code.

09/15/92

Plan of Reorganization under Chapter 11 of the Federal Bankruptcy Code consummated in U. S. Bankruptcy Court, Middle District of Florida, Tampa. (Petition filed 11-10-89). Exchange of preferred for cash apparently results in capital gain or loss, computed by comparing cash received with basis of preferred surrendered. *However,* gain, if any, to the extent of dividend arrearages is taxable as a dividend. No loss allowed until final cash distribution.

$3.50 convertible preferred and other unsecured creditors: Claimants will receive in the aggregate $900,000 cash. In addition, unsecured creditors will receive any cash remaining after the resolution of classes.

012/013

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WebBRD Lynn M. LoPucki's Bankruptcy Research Database

Bicoastal Corporation

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Company
SIC code: **38 Measuring, Analyzing and Controlling Instruments; Photographic, M**
Pre-filing assets in millions of current dollars: **$626**
Pre-filing sales in millions of current dollars: **$425**
Pre-filing number of employees: **3,800**
Cause of bankruptcy:**Fraud**
Place of incorporation: **DE**
Court for city of headquarters: **Tampa**

Chapter 11 case
Court district of filing: **FL MD**
Court city of filing: **Tampa**
Forum Shop? **Filed at headquarters**
Who filed case? **debtors**
Year of filing: **1989**
Year of disposition: **1992**
Disposistion: **confirmed**
Days from filing to disposition: **1039**
Prepack status: **Nonprepackaged, nonprenegotiated**

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After the case
Did firm emerge? Refile? **No company emerged**

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Comments to lopucki@law.ucla.edu

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