

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA



SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	Civil Action
	:	No.
v.	:	
	:	
RAPID-AMERICAN CORPORATION, et al.	:	CONSENT AND UNDERTAKING
	:	OF KENTON CORPORATION
Defendants.	:	

1. Defendant Kenton Corporation ("Kenton") admits the jurisdiction of this Court over it and over the subject matter of this action and further admits to the service upon it of Plaintiff Securities and Exchange Commission's ("Commission") Complaint for Permanent Injunction ("Complaint"), and waives the filing of an Answer.

2. Kenton, without admitting or denying any of the allegations in the Complaint, except as to jurisdiction, to which it admits, hereby consents to the entry of the Final Judgment of Permanent Injunction ("Final Judgment") in the form annexed hereto enjoining it from violating Sections 13(a) and 13(d) of the Securities Exchange Act of 1934 [15 U.S.C. 78m(a) and 78m(d)] and Rules 12b-20, 13a-1, 13a-11, 13a-13 and 13d-1 [17 C.F.R. 240.12b-20, 240.13a-1, 240.13a-11, 240.13a-13 and 240.13d-1].

3. This Consent and Undertaking of Kenton ("Consent") is executed, and the Final Judgment in the form annexed hereto is entered, without trial, argument or adjudication of any issue of fact or law, Kenton hereby waiving the entry of findings of fact and conclusions of law.

4. Kenton waives any right it may have to appeal from the Final Judgment in the form annexed hereto.

5. Kenton enters into this Consent voluntarily and no promise or threat of any kind whatsoever has been made by the Commission or any members of its staff to induce Kenton to enter into this Consent.

6. Kenton agrees that the Final Judgment in the form annexed hereto may be presented by the Commission to the Court for signature and entry without further notice.

7. Kenton further undertakes that for a period of at least five years from the entry of the Final Judgment in this matter, neither it nor its affiliates or subsidiaries will enter into transactions which present a real, potential or apparent conflict of interest between Kenton, its affiliates or subsidiaries ("the Company") and their officers, directors and control persons, without prior scrutiny of such transactions by the Kenton Board of Directors or an appropriate Committee thereof and a written determination by the Board or that Committee that the transaction is not prohibited pursuant to paragraph 8 of this Consent and does not conflict with the interests of the Company. For the purposes of this paragraph a transaction involving a real, potential or apparent conflict of interest shall include transactions similar to those alleged in paragraphs 17 through 50 and 67 through 70 of the Complaint in this matter and shall also include but shall not be limited to the following:

- 1) Any transaction, other than those related to compensation matters, with any officer, director, or control person of the Company, any member of his or her family, or with any entity or organization in which any officer, director, control person of the Company or any member of his or her immediate family holds or proposes to acquire, directly or indirectly, a 5 percent or more ownership interest or which any such person controls ("affiliated entity");

- 2) Any transaction with any person, entity or organization with which any officer, director or control person of the Company, any member of his or her immediate family or any of their affiliated entities

had within the past two years, presently has or proposes to have business relationships and transactions, including the borrowing of money, which involved, involves or which will involve the payment or receipt in any twelve-month period of monies, goods or services worth at least \$10,000, provided however that transactions involving mortgage payments on property occupied as a principal residence, and payments for current and ordinary household and living expenses such as household furnishings, automobile, education, vacation, and similar expenses shall not be deemed to involve a conflict of interest.

8. Kenton agrees not to enter into any transaction with any person, which transaction is in any way related to, or in consideration of any other transaction which such person had, has or proposes to have with any officer, director or control person of the Company, any member of his or her family or any of their affiliated entities.

9. For a period of at least five years from the entry of the Final Judgment in this matter, Kenton further undertakes to secure the prior approval of its Board of Directors or Executive Committee thereof before making any commitments on behalf of the Company for payment of finders', promoters', brokers', or consultants' fees, other than (a) commitments of a routine nature arising out of real estate transactions entered into in the Company's normal course of business and (b) other commitments of a routine nature arising out of the Company's normal course of business and not exceeding \$25,000, with respect to any one transaction.

10. In order to effectuate paragraphs 7 and 8 of this Consent, Kenton undertakes to require its officers, directors and control persons, to provide to its Board of Directors or appropriate Committee thereof written information necessary for the Board or that Committee to perform its functions set forth in this Consent.

Consent from Kenton

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Action by the Executive Committee within the scope of this paragraph 9 shall thereafter be submitted as promptly as practicable to the Board of Directors for approval or disapproval.

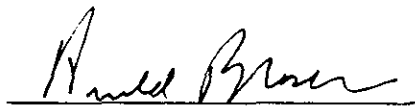
11. Kenton further undertakes to maintain for a five year period all documents relating to the enforcement of and compliance or non-compliance with the undertakings herein, including written determinations pursuant to paragraph 7 of this Consent and all written information provided to the Kenton Board or appropriate Committee thereof pursuant to paragraph 10 of this Consent. Kenton further agrees to provide to the Commission, at its request, access to such documents. Kenton hereby agrees not to assert against the Commission any privilege or work-product claim as to such documents, provided, however, that nothing contained in this document shall constitute a waiver of or otherwise effect the right of Kenton or any other person to assert against any individual or entity other than the Commission any lawful privilege to which it might otherwise be entitled.

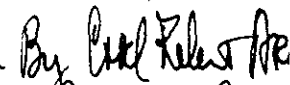
12. Kenton further undertakes to comply with and to cause its officers, directors, employees, affiliates and subsidiaries to comply with the undertakings set forth in this Consent.

13. Kenton undertakes to use its best efforts to effectuate the terms and conditions of the Consent and Undertaking of Rapid in this matter. This undertaking includes, but is not limited to, voting as a security holder of Rapid on any matters presented to Rapid's security holders to further effectuate the undertakings of Rapid in this matter, including the election of Unrelated Persons, as described and defined in paragraph 7 of the Consent and Undertaking of Rapid in this matter, to the Board of Directors of Rapid.

14. Kenton agrees that this Consent shall be incorporated by reference in, and made part of, the Final Judgment to be entered against Kenton in this action, with the understanding that nothing in this Consent or in the Final Judgment shall be considered, construed, deemed, or used by anyone in this or in any other action, as an admission by Kenton of any issue, fact, or claim in this action, provided however, that the Final Judgment and this Consent may be introduced in any proceeding, suit or action brought or instituted for the enforcement of the terms and conditions of the Final Judgment and this Consent.

KENTON CORPORATION

By: 

 By 
Rubin Baum Levin Constant & Friedman
645 Fifth Avenue
New York, NY 10022
Counsel for Defendant Kenton Corporation
A Member of the Firm

DATED: August 16, 1979
Washington, D.C.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this day of August, 1979, before me personally came ARNOLD BROSER, to me known, who being by me duly sworn, did depose and say that he resides at 79 Willow Gate, East Hills, New York; that he is the President of KENTON CORPORATION, the corporation described in and on behalf of which he executed the Consent and Undertaking of Kenton Corporation (the "Consent") to which this acknowledgement is annexed; that he knows the seal affixed to the Consent is the seal of that corporation; that the seal was affixed to the Consent by order of the Board of Directors of that corporation; and that he signed his name to the Consent by like order.

Seymore Greene

Notary Public

SEYMORE GREENE
Notary Public, State of New York
No. 30-1557990
Qualified in Nassau County
Commission Expires March 30, 1981

SECRETARY'S CERTIFICATE

I, Kenneth Leccese, Secretary of Kenton Corporation, a Delaware corporation (the "Company"), hereby certify that (a) the following resolutions were adopted by the Board of Directors of the Company at a meeting thereof duly called and held on August 8, 1979, and (b) such resolutions have not been amended or rescinded:

RESOLVED, that the Company is authorized to settle an action entitled Securities and Exchange Commission v. Rapid-American Corporation, Meshulam Riklis, McCrory Corporation, Kenton Corporation to be commenced in the United States District Court for the District of Columbia (the "Action") and in connection therewith to deliver a written consent (the "Consent") to the entry of a final judgment of permanent injunction against the Company (the "Judgment"), the Consent and the Judgment to be in the form to be agreed upon between counsel to the Company and the Securities and Exchange Commission; and it is further

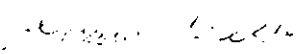
RESOLVED, that the Chairman of the Board, the Vice-Chairman of the Board, the President, any Vice President, the Treasurer, the Secretary, and any Assistant Secretary of the Company, or any one or more of them, are hereby authorized and directed to execute and deliver the Consent and any other required document on behalf of the Company and to do such other things as may be necessary or advisable in connection with the settlement of the Action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company on August 15, 1979.


Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this day of August, 1979, before me personally came KENNETH LECCESE, to me known, who being by me duly sworn, did depose and say that: (a) he resides at 643 West Front Street, Red Bank, New Jersey; (b) he is the Secretary of KENTON CORPORATION, the corporation described in and on behalf of which he executed the certificate to which this acknowledgement is annexed; (c) he knows that (i) the seal affixed to that certificate is the seal of KENTON CORPORATION, and (ii) the seal was affixed to that certificate by order of the Board of Directors of KENTON CORPORATION; and (d) he signed his name to that certificate by like order.



Notary Public

SEYMORE GREENE
Notary Public, State of New York
No. 30-1557950
Qualified in Nassau County
Commission Expires March 30, 1981

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