

Denise Smith Amos Of The Post-Dispatch

Several court challenges could complicate the pending sale of Everest & Jennings International Ltd.

The Earth City-based wheelchair maker disclosed in securities documents filed last week that a minor shareholder in Pittsburgh had sued to halt the \$87.5 million sale of Everest & Jennings stock to health care conglomerate Graham-Field Health Products Inc.

The shareholder, Ron Kauffman, seeks class status in his claim that Everest & Jennings' board acted in self interest and not for the good of minor shareholders when it agreed to a stock-cash swap with Graham-Field.

Kauffman's suit contends that small shareholders won't get their fair market value for Everest & Jennings stock, while New Zealand-based BIL Holdings, which owns 80 percent of the company, will get more than its due.

Timothy Evans, chief financial officer at Everest & Jennings, said the company would vigorously fight the suit, but declined further comment.

The lawsuit was filed on June 18, prior to the most recent revision of the deal.

The most recent terms call for shareholders to receive one share of Graham-Field for every 2.857 shares of Everest & Jennings. In addition, about \$70 million in preferred stock would change hands, and BIL would put in an additional \$35 million to pay off \$25 million in Everest & Jennings debt. Ultimately BIL would end up with 34 percent of Graham-Field. Everest & Jennings lost a costly case in mid-July,

when a New Mexico jury ruled the company was at least partially at fault for the death of an Alzheimer's patient who strangled on her bed rungs in 1993. Last year, Everest & Jennings sold its nursing beds subsidiary, Smith & Davis.

The jury awarded Billie Trew's family \$550,000 in actual damages and \$4 million in punitive damages. Everest & Jennings has said it will appeal the ruling. In a filing last week with the Securities and Exchange Commission, Everest & Jennings noted that Smith & Davis' product liability insurance covers \$1 million per occurrence, with a \$250,000 deductible, and \$5 million "umbrella" coverage.

Jeff Rusk, the lawyer in Austin, Texas, who represented the Trews, said Everest & Jennings indicates it will not be able to pay the full award, because the company is strapped for cash. Its quarterly income statement indicated about \$12,000 in cash, down from \$117,000 during the first six months last year. Quarterly losses deepened - to \$2.56 million, from \$860,000 - while sales declined to \$16.75 million from \$18.45 million. For the six months, the company lost \$4.4 million, beyond the \$2 million in 1995. Its sales fell to \$34.3 million from \$37 million.

The company's recent filing also noted future environmental cleanup obligations in California, which should total no more than \$500,000 in the next few years.

Everest & Jennings is shutting down most of its U.S. manufacturing, including its plant in Earth City, to use less expensive labor in Canada and Mexico. The Graham-Field acquisition is expected to close in November.