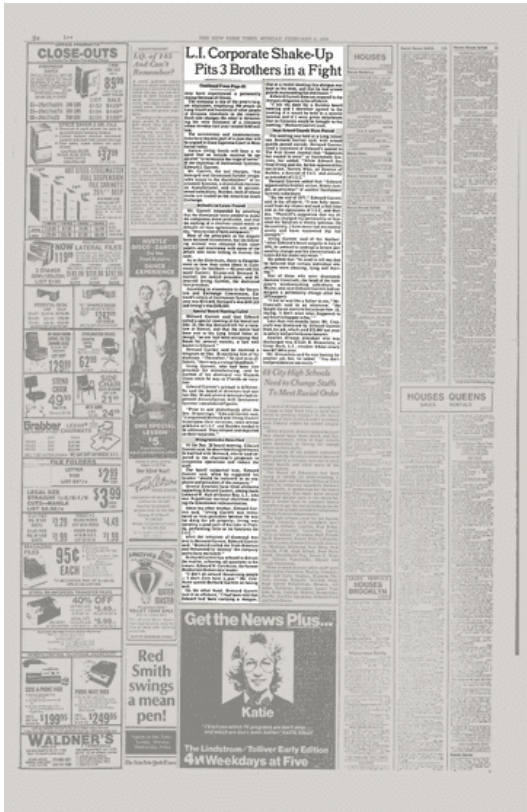


# Company Shake-Up on L.I. Pits 3 Brothers in a Dispute

By Irvin Molotsky

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Last Dec. 28, the board chairman of Long Island-based corporation suddenly dismissed its president, who was vacationing in Hawaii, and one of its vice presidents, who was vacationing in Florida.

It was the kind of shake-up in the upper echelons that happens from time to time in large corporations, but, in this case, there was an unusual element: The chairman, president and vice president were all brothers.

The dismissals of the president and vice president of the company, the Instrument Systems Corporation of Huntington, L.I., were followed by the discharge of more than 40 other employees, ranging from presidents of subsidiaries to a parttime data-processing operator.

Since the dismissals began, there have been accusations that one brother had threatened to destroy the company and kill his brother, that the chairman who had dismissed his brothers to end nepotism then hired his son-in-law and brother-in-law, and that the chairman may have experienced a personality change because of illness.

The company is one of the area's largest employers, employing 700 people on Long Island and hundreds of other people at divisions elsewhere in the country. Each side charges the other is threatening the very existence of a company whose revenue last year totaled \$180 million.

The accusations and counteraccusations have become part of a case that will be argued in State Supreme Court in Manhattan today.

Justice Irving Smith will hear a request that an outside receiver be appointed "to terminate the reign of terror" of the chairman of Instrument Systems, Edward J. Garrett.

Mr. Garrett, the suit charges, "has damaged and threatened further irreparable injury to the shareholders" of Instrument Systems, a diversified electronics manufacturer, and its 81 percent-owned subsidiary, Buildex, both of whose stocks are traded on the American Stock Exchange.

Defaults on Loans Feared

Mr. Garrett responded by asserting that the dismissals were needed to make the companies more profitable, and that the naming of a receiver could result in defaults on loan agreements and, possibly, “destruction of both companies.”

Most of the principals in the dispute have declined to comment, but the following account was obtained from court papers and interviews with some of the people who were willing to discuss the case.

As to the dismissals, there is disagreement on how they came about in statements by the brothers — 62-year-old Edward Garrett; 53-year-old Bernard R. Garrett, the ousted president, and 58-year-old Irving Garrett, the dismissed vice president.

According to statements to the Securities and Exchange Commission, Edward's salary at Instrument Systems last year was \$215,949, Bernard's was \$197,525 and Irving's was \$109,839.

### Special Board Meeting Called

Bernard Garrett said that Edward called a special meeting of the board last Dec. 22, the day Bernard left for a vacation in Hawaii, and that the notice had been sent to his Long Island home although “no one had been occupying that house for several months, a fact well known to Edward.”

Bernard Garrett said he received telegram on Dec. 28 notifying him of his dismissal. “Thereafter,” he said in an affidavit, “there was a virtual bloodbath.”

Irving Garrett, who had been vice president for manufacturing, said he learned of his dismissal via Western Union while he was in Florida on vacation.

Edward Garrett's account is different. He said the board of directors had met last Dec. 20 and several directors had expressed dissatisfaction with Instrument Systems' consolidated figures.

“Prior to and immediately after the Dec. 20 meetings,” Edward Garrett said, “I requested Bernard and Irving Garrett to postpone their vacations, since serious problems at I.S.C. and Buildex needed to be addressed. They refused and departed on their vacations.”

### Disagreements Described

At the Dec. 28 board meeting, Edward Garrett said, he described disagreements he had had with Bernard, who he said objected to the chairman's proposal to streamline operations and reduce the staff.

The board supported him, Edward Garrett said, when he suggested his brother “should be removed as an employee and president of the company.”

Several directors have filed affidavits supporting Edward Garrett, among them Leonard W. Hall of Oyster Bay, L.I., who was Republican national chairman during the Eisenhower Administration.

About his other brother, Edward Garrett said, “Irving Garrett was terminated as vice president because he was not doing his job properly; Irving was spending a good part of his time in Florida, performing little or no functions for I.S.C.”

After the telegram of dismissal was sent to Bernard Garrett, Edward Garrett said, “Bernard called me from Honolulu and threatened to ‘destroy’ the company and to have me killed.”

Bernard Garrett has refused to discuss the matter, referring all questions to his lawyer, Edward N. Costikyan, the former Manhattan Democratic leader.

“I don't go around threatening people — I don't even have a gun.” Mr. Costikyan quoted Bernard Garrett as having said.

On the other hand, Bernard Garrett said in an affidavit, “I had been told that Edward had been carrying a shotgun; that at a recent meeting this shotgun was kept on his desk, and that he had armed guards surrounding his own house.”

Edward Garrett does not respond to the shotgun allegation in his affidavit.

“I felt the need for a Buildex board meeting and I therefore agreed to the meeting if it would be held in a neutral location and if I were given assurances that no firearms would be brought to the meeting,” Bernard Garrett said.

### Says Armed Guards Were Posted

The meeting was held at a Long Island inn; Bernard Garrett said, with armed guards posted outside. Bernard Garrett cited a statement of Edward's quoted in The Wall Street Journal that “nepotism has ceased to exist” at Instrument Systems, but added, “While Edward has fired Irving and me, he has appointed his son-in-law, Harvey Blau, as director of Buildex, a director of I.S.C. and initially as president of I.S.C.”

Bernard Garrett added that “Edward appointed his brother-in-law, Henry Jampol, as president” of another Instrument Systems subsidiary.

“By the end of 1977,” Edward Garrett said in his affidavit, “I was fully recovered from my illness and took a full-time role in the operations of I.S.C. and Buildex. “Plaintiff's suggestion that my ill ness has changed my personality or lessened my faculties is wholly specious. On the contrary, I have never lost my mental acuity and have recovered my full strength.”

Irving Garrett said of his brother: "After Edward's heart surgery in July of 1976, he seemed to undergo a severe personality change and his conversations at times did not make any sense."

He added that "he used to tell me that he believed that certain individual employees were cheating, lying and thieving."

One of those who were dismissed, Dominic Cianiulli, the head of the company's windowmaking subsidiary in Miami, also said Edward Garrett had undergone a personality change after his 1976 surgery.

"I felt he was like a father to me," Mr. Cianiulli said in an interview. "He bought me an exercise bicycle on Nov. 13, saying, 'I don't want what happened to my heart to happen to his.' "

Less than two months later, Mr. Cianiulli was dismissed by Edward Garrett from his job, which paid \$72,000 last year in salary and performance bonuses.

Another division president who was discharged was Elliott B. Braunstein, a Great Neck, L.I., resident whose salary was \$47,500 a year.

Mr. Braunstein said he was looking for another job, but, he added: "You don't find presidencies too easily."