

Mr. QUIE. Mr. Horton indicated that you were losing money under your contract with Breckinridge. How much money do you lose each year?

Mr. WHITAKER. I hope he didn't say that. I didn't hear it that way. He said we could do much better with our regular business than we could with this type of operation.

Our profit is 4.7 percent exclusive of rehabilitation and exclusive of payments made directly to the boys.

Mr. QUIE. In other words, you are not losing any money. It is just that your profit is not as great here as it is in other operations of the corporation?

Mr. WHITAKER. I am going to be exceedingly disarming in this respect.

From the standpoint of our stockholders, this is not considered a successful operation profitwise. From the standpoint of the social contribution that it makes, it is a really effective operation.

Mr. QUIE. Then comparing the Job Corps project with your other operations, how does Graflex fit into the other operation? This is the subsidiary of a larger corporation.

Mr. WHITAKER. Graflex is a subsidiary of General Precision Equipment Corp., and we make cameras and audiovisual equipment which is used in the educational field. Both Graflex, the subsidiary, and General Precision are desirous of being in the middle of this exploding educational market.

I don't want to cover up that fact. We have a dual purpose in being there.

Mr. QUIE. Graflex has subsidiaries as well, does it not?

Mr. WHITAKER. Yes, one of our subsidiaries, for example, is the Society for Visual Education.

Mr. QUIE. I thought I noticed you were on the board of that organization.

Mr. WHITAKER. Yes; I am the chairman of SVE.

Mr. QUIE. You are presently chairman and director of SVC. What other subsidiaries do you have?

Mr. WHITAKER. We have Visual Programming, which is an educational operation directed specifically to preparing special programs for special purposes, training hotel managers, and things of that description.

Are you asking about subsidiaries of Graflex?

Mr. QUIE. That is right.

Mr. WHITAKER. Dorn Optics, which makes optics for use in projectors and similar devices.

Mr. QUIE. Do you have sales from these subsidiaries to the Government?

Mr. WHITAKER. I want to answer that carefully.

That is not their basic business. There may be occasional sales to the Government by these subsidiaries, but basically it is a domestic business that we operate.

Mr. QUIE. The sales to the Government, the corporation of which Graflex is a subsidiary, are mostly in Defense contracts?

Mr. WHITAKER. Are you switching to General Precision Equipment Corp.?

Mr. QUIE. Yes.