

GENCOR INDUSTRIES INC  
Form 4  
December 27, 2016

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*

Houtkin Sherry

(Last) (First) (Middle)

2295 NW CORPORATE BLVD, STE 230

(Street)

BOCA RATON, FL 33431

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

GENCOR INDUSTRIES INC  
[GENC]

3. Date of Earliest Transaction (Month/Day/Year)

12/21/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  
 10% Owner  
\_\_\_\_ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount or Price		
Common Stock, \$.001 par value	12/21/2016		S		6,401	D	\$ 15.6748 1,674,024 <sup>(1)</sup> D
Common Stock, \$.001 par value	12/22/2016		S		5,000	D	\$ 15.515 1,669,024 <sup>(1)</sup> D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 6)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Houtkin Sherry 2295 NW CORPORATE BLVD STE 230 BOCA RATON, FL 33431		X		

## Signatures

/s/ Sherry  
Houtkin  
12/27/2016

\*\*Signature of Reporting Person                      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Excludes 9,036 shares indirectly owned by Ms. Houtkin through Airmont Trust.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 18 U.S.C. 1001 and 15 U.S.C. 78ff(a). (1) These shares comprise an award of restricted stock units granted to the reporting person. Subject to acceleration in certain circumstances, one-third of the units are scheduled to vest on each of March 7, 2014, March 7, 2015 and March 7, 2016. Units are settled with shares of common stock on a one-for-one basis upon vesting. (2) Represents 2012 annual bonus payable in the form of unrestricted common stock. (3) Securities disposed of represent shares withheld for tax purposes in connection with award of 2012 annual bonus.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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31.1

Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2

Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

*\*\* Confidential  
Treatment has  
been requested  
with respect to  
certain portions  
of this exhibit  
and the omitted  
portions have  
been filed  
separately with  
the Securities  
and Exchange  
Commission.*

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TOTAL ADJUSTMENTS

321,000

111,000

NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES

440,000

(104,000

)

CASH FLOWS FROM FINANCING ACTIVITIES:

Short-term debt borrowings from related party

95,000

101,000

Repayment of borrowings

(369,000

)

-

Explanation of Responses:

3

Repayment of environmental reserve	(150,000)
)	-
Capital contributions	-
	1,000
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	
)	(424,000)
	102,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	
	16,000
)	(2,000)
CASH, BEGINNING OF PERIOD	
	7,000
	4,000
CASH, END OF PERIOD	
\$	23,000
\$	2,000

See notes to consolidated financial statements.

**FRAWLEY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE**In the opinion of management, the accompanying unaudited consolidated financial statements contain all  
1: adjustments necessary to present fairly the financial position as of June 30, 2006, and the results of operations  
and changes in cash flows for the six months then ended.

**NOTE**The results of operations for the six months ended June 30, 2006 as compared to the results of 2005 are not  
2: necessarily indicative of results to be expected for the full year.

**FRAWLEY CORPORATION AND SUBSIDIARIES**

**ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Real Estate**

For the quarter ended June 30, 2006, the real estate operating loss was \$67,000 compared to a loss in 2005 of \$73,000. During the first six months of this year, real estate gains were \$164,000 as compared to a loss of \$168,000 for the same period in 2005. However real estate losses will continue as the Company incurs carrying costs and costs of improvements required to sell the remaining properties.

In February 2004, the Company received notice from Los Angeles County that the county intends to severely restrict grading permits and may require condition use permits for grading on the Company's property. In addition, the County of Los Angeles announced its intention to restrict the building of residences on three of the Company's six parcels of land because of new ridgeline building ordinances. Prior to the ordinance deadline, the Company received grandfathering status on three of its remaining parcels. Because the grandfathering clause is conditional, it is unclear whether or not the Company will be able to take advantage of this grandfathering status until the Company completes the permit process. The above regulations potentially require multi-year processing to reach the point that a parcel can be sold to a third party.

If an agreement cannot be reached with Los Angeles County, these new regulations may force the Company to liquidate its real estate, make settlements with its lenders and close down its real estate development business. As of June 30, 2006, no decision has been made by management regarding liquidation, nor can they determine the potential financial impact to the Company. Accordingly, the June 30, 2006 financial statements do not reflect any adjustments that might result from these new and more stringent regulations.

In the first quarter 2006, the Company sold one parcel of land to an unrelated third party for \$749,000, net of additional improvements, and realized a gain of approximately \$394,000. Proceeds from the sale were used to pay off secured debt in the amount of \$393,000 including interest in the amount of \$24,000 to related parties, make payment on past due amounts related to the Chatham Site, make partial payments related to the Omega Site, pay past due property taxes, pay other creditors including Michael Frawley, President, in the amount of \$7,000 and to provide operating cash.

**Liquidity and Capital Resources**

The Company's recurring losses from continuing operations and difficulties in generating cash flow sufficient to meet its obligations raise substantial doubt about its ability to continue as a going concern.

Real Estate and Corporate overhead are producing losses that the real-estate business is unable to absorb. The required investments in real estate are currently funded from loans.

The Company intends to meet its obligations through real estate sales. The limited resources available to the Company will be directed at reducing operating expenses and selling real estate.

The Company continues to incur legal expenses and has an obligation in 2006 to contribute to the Chatham Brothers toxic waste cleanup lawsuit.

## **PART II - OTHER INFORMATION**

### **ITEM 1: Legal Proceedings**

The Company is named as a defendant in the Chatham Brothers Toxic Waste cleanup lawsuit. In February 1991, the Company was identified as one of many "Potentially Responsible Parties" (PRPS) in the Chatham Brothers toxic waste cleanup site case, filed by the State of California - Environmental Protection Agency, Department of Toxic Substances Control (DTSC) and involved the Harley Pen Company previously owned by the Company.

On December 31, 1991, the Company and approximately 90 other companies were named in a formal complaint. The Company joined a group of defendants, each of whom was so notified and which is referred to as Potentially Responsible Parties (PRPs) for the purpose of negotiating with the DTSC and for undertaking remediation of the site. Between 1995 and 1998, the State of California adjusted the estimated cost of remediation on several occasions. As a result, the Company has increased their recorded liability to reflect their share. In January, 1999, the PRP's consent decree was approved by the Court. As of June 30, 2006 the Company had paid into the PRP Group approximately \$990,000, which includes the assignment of a \$250,000 note receivable with recourse, and had a cash call contribution payable of approximately \$103,000. In addition, the Company has accrued short-term and long-term undiscounted liabilities of \$115,000 and \$1,070,000 respectively, to cover future costs under the remediation plan.

During the past several years, the Company has requested a Hardship Withdrawal Settlement with the PRP group due to the Company's financial condition. The PRP group has continually denied the Company's request. In December 2003, the Company again formally requested a Hardship Withdrawal Settlement with the PRP Group. The Company's proposal was for payment of \$240,000 over four years in exchange for complete release from all further legal and financial responsibility related to the environmental liability.

On July 16, 2004, the Company entered in a settlement agreement note of \$240,000 payment to be paid as follows: \$100,000 on December 31, 2004, \$50,000 on December 31, 2005, \$50,000 on December 31, 2006 and \$40,000 on December 31, 2007. The Company will not be fully released from the environmental liability until the settlement agreement note of \$240,000 and the assigned note in the amount of \$250,000 are paid in full. In March 2006, the Company made a payment in the amount of \$150,000 related to the settlement agreement note representing the payments due on December 31, 2004, and December 31, 2005.

If Frawley Corporation complies with the terms of the notes, the Company will not be responsible for any additional payments to the Chatham Site PRP Group for the financing of the remediation action plan approved by the State of California in 1999. However, the PRP Group refused to indemnify Frawley Corporation for any third party lawsuit related to the Chatham Site clean up that are not considered in the remediation action plan approved in 1999.

In June 2004, the Corporation received a new environmental claim against its former Harley Pen division in the amount of approximately \$99,000. The claim has been made by the United States Environmental Toxic Agency concerning the Company's alleged responsibility for the Omega Chemical Superfund Site. The Company has recorded the liability in the year ended December 31, 2004 as it is more likely than not that the Company will have to pay the claim. In December 2005, the Company received a demand for payment from the EPA and negotiated a payment plan which required the total liability, plus interest to be paid by January 2007. In January 2006, the Company made its first payment in the amount of approximately \$12,000 and in March 2006, the Company made payments required for the entire year 2006, leaving a balance of approximately \$45,000 due in January 2007.

The Company is in dispute with its 1988 licensee over the trademark "Classics Illustrated." In 1998, the Company terminated its license agreement for breach of contract. The licensee has objected to the termination stating that the Company failed to notify the licensee of a potential problem with the trademark in Greece. A Greek court has ruled against a sublicensee in Greece. The Company believes that the license agreement supports that it adequately notified the licensee that the licensee would have to investigate the international trademark involving "Classics Illustrated." Although the parent company of the licensee has filed for Chapter 7 bankruptcy protection, management believes that there is no probable risk of loss related to this dispute.

ITEM 5: Other Information

Related Party Transactions

During the second quarter ended June 30, 2006 the Company borrowed approximately \$8,800 from the Frawley Family Trust. This loan is secured by Deed of trust on the Company's real estate property.

In the first quarter 2006, the Company sold one parcel of land to an unrelated third party. Proceeds from the sale were used to pay secured debt to related parties in the amount of \$393,000, including interest in the amount of \$24,000, as well as payments to Michael Frawley, President, in the amount of \$7,000.

ITEM 6: Exhibits and Reports on Form 8-K

Exhibit 31.1 - Sarbanes-Oxley Act Section 302 Certification

Exhibit 32.1 - Certification of CEO and CFO

No reports on form 8-K were filed during the quarter ended June 30, 2006.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FRAWLEY CORPORATION  
(REGISTRANT)

Date: August 8, 2006

By: /s/ Michael P. Frawley  
MICHAEL P. FRAWLEY, President  
(Authorized Officer and  
Chief Financial Officer)