



Next Company of the Month Recording:
Friday, November 14, After 4 PM EST
Recording on for entire weekend
Phone: (757) 877-5979

REITs and Manhattan Bridge *Investing in small real estate investment trusts (REITs)*

In **Manhattan Bridge Capital's (LOAN)** press release of second quarter 2014 results, the company made note of its intentions to claim REIT status: "The company believes it currently satisfies all of the requirements to be taxed as a real estate investment trust (REIT) and intends to elect REIT status beginning with its 2014 tax year." REITs are a little bit different than the typical publicly-traded company. So, what is a REIT? And, how do these securities benefit investors?

WHAT IS A REIT?

Put simply, a real estate investment trust (REIT) is a publicly-traded company that invests in real estate, either directly or through properties and mortgages. These companies are split into three categories:

- Equity REITs:** invest in properties themselves, generating revenues from rent on those properties;
- Mortgage REITs:** loan money for mortgages, or purchase existing mortgages, generating revenues from interest; and
- Hybrid REITs:** combination of the two categories.*

Manhattan Bridge, based on the company's operations, would qualify as a mortgage REIT, offering "hard money" loans to real estate investors to manage their properties in the New York metropolitan area.

Not just any company can become a REIT. There are a number of qualifications a company must meet before attaining REIT status:

- At least 75% of total assets invested in real estate;
- At least 75% of gross income generated from rents on property, interest on mortgages, or sales of property;
- Pay at least 90% of taxable income in shareholder dividends annually;
- Be a corporation;
- Managed by a board of directors or trustees;
- Have at least 100 shareholders; and
- Have no more than 50% of its shares held by five or fewer individuals.

As for taxes, real estate investment trusts are generally not taxed at the trust level as long as they distribute at least 90% of their taxable income to shareholders. According to Investopedia, REITs meeting this requirement may still face taxation on any retained

earnings.

HOW DO REITs BENEFIT INVESTORS?

Manhattan Bridge is a great example of the higher yields offered by REITs. The company just announced a quarterly dividend of \$0.07 per share. That figure translates to an annual dividend payout of \$0.28 per share, or 9.9% of its October 3 closing price (\$2.84).

High yields are typical of REITs because of the Internal Revenue Service's 90% payout requirement. As an example of the higher REIT yields, the FTSE NAREIT Index has a 4.08% yield. In comparison, the S&P 500 has a current yield of 1.91%, less than half of the FTSE NAREIT's yield.

To go along with higher-than-average yields, REITs have a decent return percentage. According to REIT.com, REITs, from 1972 to 2013, averaged a 13.5% gain. Over that same time period, the S&P 500 averaged a 12.1% annual return.

TAXES AND REIT DIVIDENDS

Subscriber John Hoppe contacted us regarding how Manhattan Bridge's dividends would be taxed now that the company is filing for REIT status. The short answer is it's too early to tell. Each REIT provides its shareholders with a 1099-DIV early in the new year. This document clarifies how the previous year's dividend will be taxed. REIT dividends are taxed three ways:

- Ordinary taxable income (68% of annual REIT dividends);
- Long-term capital gains (19% of annual REIT dividends); and
- Return of capital (13% of annual REIT dividends)—occurs when the REIT distributes more in dividends than it made in taxable income. This reduces the investor's cost basis.†

LOW-PRICED REITs

Based on a simple screen by us, there are 200 REIT companies trading on major exchanges. These companies are split in seven industries: diversified, healthcare facilities, hotel/motel, industrial, office, residential and retail. Of the 200 REITs listed in our screen, there are just

*Information obtained through investopedia.com
†Percentages obtained from REIT.com

three under \$3 per share:

- Innsuites Hospitality Trust (IHT);
- Roberts Realty Investors Inc. (RPI); and
- Supertel Hospitality, Inc. (SPPR).

All three of the above companies have trailing twelve months (TTM) losses.

Manhattan Bridge Capital was not on this list because the company will file for REIT status beginning with the 2014 fiscal year. So, by our understanding, the company won't be classified as a real estate investment trust until it files its annual statement for 2014.

THE BOWSER APPROACH TO REITS

Because they generally operate in the stock market like a typical company, we treat real estate investment trusts like we treat all companies that we come across. We rate them using the same Bowser Rating System and hold them to the same standard we do our other Companies of the Month. That said, we also recommend following the Bowser Game Plan when it comes to investing in these securities.

Alpha Pro Tech rises on Ebola concerns

Alpha Pro Tech (APT) skyrocketed 40.8% from \$2.52 on September 9 to \$3.59 on October 1. Since then, APT has slid back to October 3's close of \$3.24. Many investors have been wondering about the cause for this sudden appreciation.

In our opinion, this rise is due to the Ebola outbreak. As farfetched as that may seem, consider what one of Alpha Pro Tech's segments is called: Infection Control. This segment provides face masks and eye shields to help prevent the spread of certain infections, like Ebola.

According to the Centers for Disease Control (CDC), the recent outbreak of Ebola is the "largest in history and the first Ebola *epidemic* the world has ever known." While the risk is low in the United States, the rest of the world is taking precautionary measures. With the first travel-associated case of Ebola diagnosed in the U.S. confirmed by the CDC, U.S. demand for preventative measures will increase. The first diagnosed case in the U.S. likely drove APT's price higher on October 1, when the company's stock rose 10.5% for the day on just under three million shares traded.

Market Overview

This month there were no changes to the Bowser Index.

Over the past month, the Bowser Microcap Stock Index fell from from September 5's close of 593.42 to October 3's close of **547.55**. That's a 45.87 point slide, or 7.7%. The Index has been up and down all summer and that trend is continuing as we begin the fall.

Since May 2, the Index has slid 15.7%, and certainly helps to show the underperformance of small stocks that we discuss on page 8.

Over the past month, other indexes have not done too well either. The larger Dow Jones Industrial Average, S&P 500 and NASDAQ Composite are down 0.7%, 2% and 2.3%, respectively. Meanwhile the smaller Russell 2000 is down 5.6%.

| | |
|--------------------------------|------------------|
| •Dow Jones Industrial Average: | DOWN 0.7% |
| •S&P 500: | DOWN 2.0% |
| •NASDAQ Composite: | DOWN 2.3% |
| •Russell 2000: | DOWN 5.6% |

InfoSonics releases its first LTE phone

InfoSonics Corp. (IFON), shortly before we recommended the company, launched the *verykool*® SL5000 smartphone, which includes support for LTE 4G networks.

Commenting on the release, Joseph Ram, InfoSonics' president and CEO, stated, "Today's discerning customers expect more comprehensive features in their mobile devices at more economical price points than ever before. The SL5000 packs an impressive amount of features into its slim and attractive design, with multi-band 4G LTE U.S. nationwide support."

Simulations Plus wins cooperative agreement

Simulations Plus (SLP) won a \$200,000 co-operative agreement from the FDA. Under the agreement, SLP will develop improved modeling and simulation capabilities for dosage forms designed to be applied to the eye. The award covers one year, but has two option years, at \$200,000 per year, depending on the availability of funds and the satisfactory progress of the first year.

The FDA is providing more than just the funding, assisting and participating in the project's activities as a partner to Simulations Plus.

The Bowser Game Plan

1. DO NOT PAY more than \$3/share for a stock.
2. CREATE A PORTFOLIO of 12 to 18 stocks. **Diversification is important.**
3. DO NOT SELL when a stock goes above \$3/share and is moved to Page 5.
4. DO NOT SELL when a stock moves to a lower category.
5. SELLING PLAN: Sell half of your holdings when the stock doubles from your purchase price. Sell the remainder after the stock drops 25% from its most recent high. If the stock drops 50% without doubling, sell all shares.
6. RECORD proceeds from sales.
7. PORTFOLIO EVALUATION = current value of portfolio + proceeds from sales

COMPANY OF THE MONTH

BUSINESS

Royal Bancshares of Pennsylvania (RBPAA) operates as a bank holding company for Royal Bank of America, which provides general banking services in Delaware, New Jersey and Pennsylvania. The company also has a wholly-owned subsidiary, Royal Investments of Delaware, which engages in investment activities.

Royal Bank offers checking, consumer loan and money market, savings and time deposit services. The company's consumer loans are comprised of residential mortgages, home equity and small business association loans. The bank's customers can utilize a number of banking features, including safe deposit boxes, collections, online banking and bill payment. As is typical with most banks, Royal Bank generates its income through interest charged on loans and leases, interest earned on investment securities and certain fees the bank may charge for various services.

Royal Investments buys, holds and sells investment securities. The subsidiary has total assets of \$30.8 million, and generated \$200,000 in net income for the second quarter of 2014.

The company, like many banks nowadays, set out to reduce its non-performing assets in an effort to strengthen its financials. Royal Bancshares has done just that, reducing non-performing assets by 46% in 2013. In the company's most recent quarter ended June 30, 2014, non-performing loans made up just 2.4% of the company's total loans.

In the second quarter of 2014, RBPAA exited the Troubled Asset Relief Program (TARP), which purchases assets and equity from financial institutions. "The outcome of RBPAA's TARP auction replaced \$11.6 million of preferred equity with common tangible equity that was acquired by new shareholders as part of a private placement," explained the company's CEO, Kevin Tylus.

FINANCIALS

Royal Bancshares set about 2013 with a mantra: "Comply, Reposition, Grow." The goal of this mantra was to help the company focus on solidifying core earnings and reporting a profit. In 2013, the company achieved this goal, posting a \$1.5 million net income, compared to a \$16.6 million net loss in 2012.

Royal Bancshares appears to have broken a trend

of dwindling interest income. From FY 2011 to FY 2013, interest income decreased 25.6%. However, in 4Q 2013, 1Q 2014 and 2Q 2014, interest income increased year-over-year by 1.1%, 5.9% and 6.9%, respectively. At the same time, RBPAA's earnings have grown considerably year-over-year.

Royal Bancshares has a fairly good balance sheet, with \$727.2 million in total assets to \$627.2 million in total liabilities. With \$55 million in shareholders' equity, the company has a book value of \$1.86 a share, which is an 11% premium over October 3's closing price of \$1.65.

One number that seems alarming is the company's long-term debt of \$68.4 million. This figure has been going down over time. Right now, we don't believe the debt should drastically affect the company's performance.

In July and August, the company completed share offerings to raise capital. As long as shares don't continue to be issued, the current share structure is favorable with massive insider ownership and less than 25 million shares.

INSIDERS

Since July 1, Royal Bancshares' insiders have purchased 597,083 shares in the open market. Insiders own 10.6 million shares, or 43% of the company.

As we said previously, Kevin Tylus is the company's president and chief executive officer. He has held these positions since February 2013.

BOTTOM LINE

Royal Bancshares of Pennsylvania is a solid microcap bank investment. Its improving asset situation and ability to generate profits have increased the company's financial strength.

Right now, we think that this company is undervalued, trading at 11% less than its book value. The company also has a price-to-earnings ratio of around 7, which is less than half of the bank industry average (15.7).

And, RBPAA appears to be flying relatively under the radar, trading just 27,633 shares per day on average. Institutions own 5%.

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NASDAQ GM: RBPAA
BOWSER RATING: 9
Last 12 Months:
\$1.30-3.88

| | 2012 | 2013 | 2014 (A) |
|-------------------------------|----------------|--------------|--------------|
| REVENUES | \$35,590,000 | \$34,388,000 | \$15,948,000 |
| INCOME(LOSS) | (\$16,630,000) | \$1,531,000 | \$2,876,000 |
| WORKING CAPITAL | N/A | N/A | N/A |
| BOOK VALUE | \$3.59 | \$3.75 | \$1.86 |
| TOTAL SHARES | 13,260,000 | 13,280,000 | 24,600,000 |
| FLOAT | N/A | N/A | 16,160,000 |
| (A) SIX MONTHS ENDED 06/30/14 | | | |

MINIPRICED STOCKS IN BUYING RANGE

SYMBOLS: (N) NEW YORK STOCK EXCHANGE; (A) NYSE AMEX; (GM) NASDAQ GLOBAL MARKET, WAS NATIONAL MARKET; (CM) NASDAQ CAPITAL MARKET, WAS THE SMALL CAP MARKET; (GS) GLOBAL SELECT MARKET; (OB) BULLETIN BOARD; (QB) OTC QB MARKET; (NR) NOT RATED; #-PREVIOUSLY APPEARED ON LIST, BUT WAS REMOVED BECAUSE IT HAD RISEN ABOVE \$3.00/SHARE; FIGURES IN PARENTHESIS ARE LOSSES; C-CANADIAN DOLLARS.

| Date of Recommend & Market | Issue/Trading Symbol | Principle Business | Price 10/03/14 | Long-term Debt (Millions) | Sales Updated Quarterly (Millions) | Income/Loss Updated Quarterly (Millions) | Shares Outstanding (Millions) | Bowser Rating |
|--|--|--|----------------|---------------------------|------------------------------------|--|-------------------------------|---------------|
| CATEGORY ONE: OUR BEST PICKS | | | | | | | | |
| 11/13(A) | ALPHA PRO TECH (APT) | NOW ABOVE \$3/SHARE; SEE PAGE 5 | | | | | | |
| 03/14(A) | COMMAND SECURITY (MOC) | SECURITY PERSONNEL/SERVICES | 2.05 | \$0.000 | \$156.7 | \$1.110 | 9.5 | 10 |
| 09/13(QB) | CREATIVE LEARNING (CLCN) | EDUCATIONAL PROGRAMS FOR KIDS | 1.96 | \$0.005 | \$7.3 | \$1.260 | 11.8 | 8 |
| 01/14(CM) | DLH HOLDINGS (DLHC) | GOVERNMENT SERVICES SOLUTIONS | 1.98 | \$0.000 | \$59.0 | \$0.591 | 9.6 | 9 |
| 06/14(A) | DYNASIL CORP. (DYSL) | OPTICAL COMPONENTS | 1.45 | \$4.196 | \$42.2 | \$1.064 | 16.3 | 8 |
| 07/14(QB) | FITLIFE BRANDS (FTLF) | NUTRITIONAL SUPPLEMENTS | 2.65 | \$1.695 | \$20.9 | \$1.853 | 8.2 | 10 |
| 09/14(CM) | INFOSONICS CORP. (IFON) | MOBILE DEVICES PROVIDER | 1.80 | \$0.000 | \$43.9 | \$0.323 | 14.4 | 11 |
| 10/13(QB) | INNOVATIVE FOOD (IVFH) | SPECIALTY FOOD PROVIDER | 1.36 | \$0.877 | \$25.0 | (\$0.808) | 8.3 | 9 |
| 12/12(CM) | JOE'S JEANS INC. (JOEZ) | WOMEN'S/MEN'S APPAREL | 0.95 | \$82.393 | \$175.4 | (\$1.938) | 68.2 | 9 |
| # 04/11(A) | LIBERATOR MEDICAL (LBMH) | MEDICAL SUPPLIES FOR SENIORS | 2.86 | \$1.500 | \$72.2 | \$8.008 | 53.0 | 9 |
| | | Office: 2979 SE Gran Park Way, Stuart, FL 34997, Tel: 772/287-2414, www.liberatormedical.com | | | | | | |
| # 10/09(CM) | LRAD CORP. (LRAD) | SOUND ACOUSTIC TECHNOLOGY | 2.96 | \$0.000 | \$26.0 | \$5.532 | 33.0 | 10 |
| | | Office: 16990 Goldentop Road, Ste. A, San Diego, CA 92127, Tel: 858/676-1112, www.lradx.com | | | | | | |
| # 02/10(CM) | MANHATTAN BRIDGE (LOAN) | SHORT-TERM COMMERCIAL LOANS | 2.84 | \$0.000 | \$1.9 | \$0.881 | 6.1 | 9 |
| # 08/12(CM) | NEWTEK BUSINESS (NEWT) | SMALL/MEDIUM BUSINESS SOLUTIONS | 2.78 | \$98.572 | \$145.3 | \$7.019 | 37.8 | 8 |
| | 10/14(GM) ROYAL BANCSHARES (RBPA) | BANK HOLDING COMPANY | 1.65 | \$68.430 | \$28.8 | \$5.669 | 24.6 | 9 |
| 08/14(QB) | SONO-TEK CORP. (SOTK) | ULTRASONIC NOZZLES | 1.23 | \$1.428 | \$10.3 | \$0.477 | 14.7 | 8 |
| # 02/13(A) | WIRELESS TELECOM (WTT) | WIRELESS TELECOM SOLUTIONS | 2.44 | \$0.070 | \$38.0 | \$3.594 | 19.4 | 8 |
| CATEGORY TWO: WORTHY OF CONSIDERATION | | | | | | | | |
| 05/14(QB) | CPS TECHNOLOGIES (CPSH) | NOW ABOVE \$3/SHARE; SEE PAGE 5 | | | | | | |
| # 06/08(A) | FLEXIBLE SOLUTIONS (FSI) | SPECIALTY CHEMICALS | 1.15 | \$0.159 | \$14.5 | \$1.930 | 13.2 | 9 |
| # 06/12(A) | GOLDFIELD CORP. (GV) | ELECTRICAL CONSTRUCTION | 1.91 | \$17.993 | \$93.4 | \$2.791 | 25.5 | 9 |
| # 12/06(A) | ITERIS (ITI) | OUTDOOR MACH VISION SYS/SENSORS | 1.67 | \$0.000 | \$68.2 | \$1.409 | 32.7 | 9 |
| 07/13(CM) | LIGHTPATH TECH (LPTH) | OPTICAL COMPONENTS | 1.48 | \$0.110 | \$11.8 | (\$0.313) | 14.3 | 9 |
| 04/13(CM) | SPAR GROUP (SGRP) | MERCHANDISING AND MARKETING | 1.53 | \$5.889 | \$118.5 | \$3.645 | 20.6 | 10 |
| CATEGORY THREE: VERY SPECULATIVE | | | | | | | | |
| # 03/13(GM) | ADVANTAGE TECH (AEY) | CABLE TV EQUIPMENT | 2.28 | \$5.437 | \$36.1 | (\$0.286) | 10.0 | 8 |
| # 12/11(A) | AMERICAN SHARED HSPT (AMS) | TURNKEY TECHNOLOGY SOLUTIONS | 2.18 | \$19.109 | \$3.9 | (\$1.238) | 5.3 | NR |
| 08/13(QB) | DIRECT INSITE CORP. (DIRI) | E-INVOICING SOLUTIONS | 0.50 | \$0.023 | \$8.6 | \$8.2 | 12.8 | 8 |
| 08/11(A) | GSE SYSTEMS (GVP) | SERVICES NUCLEAR & PETRO IND | 1.55 | \$0.000 | \$41.2 | (\$5.167) | 17.9 | 10 |
| # 03/11(A) | INTELLIGENT SYSTEMS (INS) | VENTURE CAPITAL FIRM | 1.43 | \$0.000 | \$15.4 | \$0.073 | 9.0 | 8 |
| 07/10(QB) | REPRO-MED SYSTEMS (REPR) | DESIGN/PRODUCTION OF MED PROD | 0.32 | \$0.000 | \$9.4 | \$0.789 | 37.1 | 10 |
| # 04/14(CM) | SMARTPROS INC. (SPRO) | PROFESSIONAL LEARNING SERVICES | 2.00 | \$0.000 | \$16.1 | (\$0.187) | 4.7 | NR |
| # 10/12(QB) | WHERE FOOD CMS FRM (WFCF) | FOOD VERIFICATION SERVICES | 2.30 | \$0.151 | \$6.6 | (\$0.114) | 22.7 | 7 |

We recommend only purchasing companies rated 8 or higher. If a company's rating drops do not sell. For when to sell, refer to the Game Plan on page 2.

GSE Systems receives grant, new orders

GSE Systems (GVP) received a grant in the amount of £111,000, or approximately \$178,934. Under the grant, which was awarded by Innovate UK, GVP will conduct a feasibility study in partnership with EDF Energy PLC and the Nuclear Advanced Manufacturing Research Centre.

GSE Systems also received multiple new orders with an aggregate value of \$17.5 million. These contracts, which should be completed over the next six to twenty-four months, include nuclear, fossil and oil/gas projects in Africa, Asia, Europe and North America.

"A number of the delayed projects closed over the past month. For some projects, we are venturing into new markets, while others reflect repeat business from long-time customers," remarked GVP'S CEO, Jim Eberle.

XRS Corp. unveils integrations

XRS Corp. (XRSC) announced two new integrations over the past month. The first integration is between the company's mobile platform and McLeod Software's LoadMaster application, allowing users to streamline communication and access information in real time.

The second integration is between the company's solutions and TMW Systems' TMWSuite® and TruckMate®. According to XRSC's vice president of product management, the integrations provide fleets with "an affordable, flexible mobile solution that makes communication, compliance and reporting easier" for customers of the services.

As previously announced, Omnitracs agreed to acquire XRS Corp. for \$5.60 a share.

FOLLOW-THROUGH AND STOCKS TO SELL

WE ENCOURAGE SUBSCRIBERS TO BUY OUR STOCKS WHEN THEY ARE \$3 OR LESS. HOWEVER, WHEN THEY GO ABOVE \$3, WE FOLLOW THEM IN THE FIRST GROUP BELOW. IN BOTH OF THE FOLLOWING LISTS, COLUMN 1 GIVES THE SHARE PRICE AS OF 10/03/14 PLUS THE CURRENT BOWSER RATING. COLUMN 2 IN THE FIRST LIST BELOW INCLUDES THE MONTH/YEAR WE ORIGINALLY RECOMMENDED THE ISSUE, THE PRICE PER SHARE THEN AND THE BOWSER RATING. (NR=not rated)

| ISSUE/EXCHANGE SYMBOL | 1 | 2 | ISSUE/EXCHANGE SYMBOL | 1 | 2 |
|--|------------|------------------|--|------------------------|------------------|
| ALPHA PRO TECH (A:APT) | \$3.24(10) | 11/13 \$1.73(11) | INVENTURE FOODS (CM:SNAC) | \$13.17(10) | 09/00 \$2.56(8) |
| AROTECH CORP. (GM:ARTX) | \$3.14(9) | 02/14 \$2.66(11) | KEY TRONIC CORPORATION (GM:KTCC) | \$10.58(8) | 11/08 \$1.57(10) |
| ATLANTIC AMERICAN (GM:AAME) | \$4.00(7) | 02/12 \$2.05(8) | LIBERATOR MEDICAL HLDGS (N:LBMH) | NOW \$2.86; SEE PAGE 4 | |
| AVALON HOLDINGS (A:AWX) | \$3.70(8) | 05/11 \$2.90(9) | LRAD CORP. (CM:LRAD) | NOW \$2.96; SEE PAGE 4 | |
| CIMATRON LIMITED (CM:CIMT) | \$5.81(10) | 02/08 \$2.75(8) | RIVERVIEW BANCORP (GS:RVSB) | \$3.97(7) | 06/13 \$2.30(9) |
| CPS TECHNOLOGIES (QB:CPSH) | \$3.00(7) | 05/14 \$2.87(9) | SIMULATIONS PLUS (CM:SLP) | \$6.90(9) | 05/10 \$2.46(9) |
| ENSERVCO CORP. (A:ENSV) | \$3.51(NR) | 05/13 \$1.28(8) | TUCOWS INC. (CM:TCX) | \$15.36(10) | 01/13 \$6.00(8) |
| EVOLVING SYSTEMS (CM:EVOL) | \$9.07(10) | 05/09 \$3.68(8) | *Price adjusted: 1-for-4 reverse split 12/13 | | |
| *Price adjusted: 1-for-3 reverse split 07/09 | | | VERSAR INC. (A:VSR) | \$3.19(8) | 10/11 \$2.76(10) |
| FIELDPOINT PETROLEUM (A:FPP) | \$3.67(NR) | 10/08 \$2.24(8) | VERTEX ENERGY (CM:VTNR) | \$6.53(9) | 06/11 \$1.95(9) |
| GOLDEN ENTERPRISES (GM:GLDC) | \$4.62(7) | 02/09 \$2.35(9) | XRS CORP (CM:XRSC) | \$5.56(7) | 12/13 \$2.50(10) |
| IEC ELECTRONICS (A:IEC) | \$4.74(NR) | 07/08 \$1.99(8) | | | |

THE FOLLOWING WE SAID SHOULD BE SOLD

(COLUMN 2 SHOWS THE DATE, PRICE AND BOWSER RATING WHEN WE RECOMMENDED THE STOCK BE SOLD)

| | | | | | |
|---------------------------|------------|---------------|----------------------|------------|------------------|
| SPINE PAIN MGMT (QB:SPIN) | \$0.54(NR) | \$0.24(04/14) | TENGASCO INC (A:TGC) | \$0.46(NR) | 09/13 \$0.42(NR) |
|---------------------------|------------|---------------|----------------------|------------|------------------|

BRIEFS

Creative Learning Corp. (CLCN) appointed Richard Nickelson as the company's Chief Financial and Accounting Officer. Nickelson has held various positions with CLCN since 2012. . . . **DLH Holdings Corp. (DLHC)** amended its employment agreement with CFO Kathryn JohnBull. The amendment extends her term of employment until June 25, 2017, and grants JohnBull the option to purchase 200,000 shares of common stock. . . . **Dynasil Corp. (DYSL)** named Peter Sulick as the company's president and CEO. Prior to these positions, Sulick served as the company's interim CEO and interim president since July 2012. . . . **Enservco Corp. (ENSV)** entered into an amended and restated revolving credit and security agreement with PNC Bank. The agreement provides ENSV with a five-year \$40 million senior secured revolving credit facility. This replaced a prior \$16 million revolving credit facility and term loan with PNC. Northland Capital initiated coverage on ENSV with an "outperform" rating. . . . **Inventure**

Foods, Inc. (SNAC) priced a registered underwritten public offering of 3,594,518 shares at \$12.85 per share. The underwriters have the option of purchasing up to an aggregate of 439,177 additional shares. William Blair initiated coverage on SNAC with an "outperform" rating. . . . **Manhattan Bridge Capital (LOAN)** engaged American Capital Ventures and SABR Capital Management to assist with capital market strategy and guidance. The company also announced a \$0.07 per share cash dividend paid to shareholders of record on October 10, 2014. The payment will be made on October 15, 2014. . . . **Where Food Comes From (WFCF)** strengthened its balance sheet with \$1.8 million in equity capital and a \$500,000 revolving line of credit. The company sold 900,000 shares of restricted common stock to two accredited investors for \$1.8 million. The \$500,000 revolving line of credit, through Castle Rock Bank, carries an interest rate of 3.75%, and replaced the 5.75%, \$200,000 term financing with Great Western Bank.

INSIDER TRANSACTIONS IN SEPTEMBER

| COMPANY | SHARES TRADED | # OF TRADES | PRICE RANGE |
|-------------------|---------------|-------------|---------------|
| Alpha Pro Tech | OE-100,000 | 6 | \$1.60 |
| | S-105,000 | 7 | \$2.60-2.90 |
| Arotech Corp | AS-13,500 | 2 | \$3.65-3.86 |
| CPSH Technologies | D-10,000 | 2 | \$2.70-2.77 |
| FitLife Brands | S-80,950 | 2 | \$2.64-2.67 |
| Inventure Foods | S-4,133,695 | 2 | \$12.11-12.85 |
| Key Tronic Corp | OE-4,930 | 1 | \$3.40 |
| Newtek Business | B-6,000 | 2 | \$2.63-2.72 |
| Riverview Bancorp | S-1,400 | 1 | \$3.85 |
| Tucows Inc | OE-5,000 | 1 | \$2.24 |
| Versar Inc | B-1,500 | 1 | \$3.22 |
| | D-10,324 | 7 | \$3.29-3.37 |
| Vertex Energy | B-10,000x | 1 | \$8.54 |
| Where Food Comes | S-1,000 | 1 | \$2.21 |

AS-Automatic Sale, B-Bought, D-Disposition (Non Open Market), OE-Option Exercise, S-Sold, x-indirect holdings. Information obtained from Yahoo! Finance.

Inventure Foods B/O selling shares

Inventure Foods (SNAC) beneficial owner (B/O), Capital Foods, LLC, sold 4.1 million shares of SNAC in two separate transactions. Those 4.1 million shares represented all of the owner's holdings. So, Capital Foods, LLC no longer holds any common shares of SNAC.

Acquisitions and Dispositions

In our insider transactions table to the left, there is a new transaction type: disposition. A "disposition" is getting rid of shares through a direct sale or some other method, according to Investopedia. Similarly, a shareholder can acquire stock through a direct sale or gift. We will report on acquisitions as well.

BOWSER BUCKAROOS SPEAK

INFOSONICS TAKES A CRAZY RIDE

Has **InfoSonics (IFON)** had any bad news? By the way, my portfolios are way over 20% and the twins' portfolio is almost at 30%.

--Ed Kaulbars, Naples, FL

Boy, has InfoSonics taken investors on a ride over the last month! The Monday after we recommended the company, its stock closed 6.7% higher on above average volume, which is typical right after we select a company.

Then, on Tuesday, the stock closed 33.8% higher on over 4 million shares! Keep in mind that the company's three month volume average was around 150,000 shares at that time. Then, on Wednesday, the company fell 7.8% on 11.9 million shares, and it is further down since, closing at \$1.80 on October 3.

To answer Ed's question, the company hasn't released any bad news. In fact, its last press release is dated September 2. All we can speculate is that there was a buy up of shares followed by a sell off. The fact that the company has a float of 10.2 million shares and 11.9 million traded on September 17 shows that quite a few shares traded hands multiple times that day.

All that we can hope is that the price settles down at this point. Volume is starting to return to around its average level, and, hopefully, the stock can find a nice base off which it can grow. For now, we'll keep our eyes open on this activity.

KEEPING THE ENGLISH MAJOR HONEST

Readers just love to nit-pick, and I'm no different. In your **InfoSonics (IFON)** article, I noticed that the company announced a design center "to compliment the design work" done by blah blah blah. Did you intend to use the word "complement" instead of compliment? We all know what you meant and this is no big deal, but I'm busting your chops solely because you were an English major. Or perhaps you were an "English Major," as in the British Armed Forces.

--Alan Pilbeam, Garden City, FL

Oh, the irony of a grammatical error in an English major's writing. And, yes, English major, not English Major. As always, we appreciate when subscribers keep us honest. After all, no matter how many times we proofread the newsletter before it goes out, some errors just slip right by us.

This error is particularly comical because as we were proofreading the September newsletter, Cindy and I had a discussion about compliment versus complement. For those who are unaware, compliment refers to praise or flattery, while complement refers to completion or going well with.

As a result of our discussion, we determined

that when speaking about InfoSonics' case, we should be using complement. But, the change did not transfer from paper to computer, or we completely missed that use altogether.

In any case, Alan is exactly right. No harm in busting my chops!

COMMENTS ON THE BEGINNER'S PORTFOLIO

It would be instructive to show the compound annual return for the Beginner's Portfolio instead of showing the total return.

Also, I noticed that only a small part of the Portfolio is invested in stocks, with the rest sitting in cash. Why not start another portfolio and invest all of the cash?

--Prospective Subscriber, Steve Palaszewski

Showing the compound annual growth rate (CAGR) would be beneficial. From now on, we will do so in each issue. CAGR is the "year-over-year growth rate of an investment over a specified period of time."*

You'll note that the Beginner's Portfolio's CAGR is 9.08%. This isn't the Portfolio's actual annual gain. After all, it fluctuated from year-to-year. But, this is the rate that the Portfolio would have grown at if it grew steadily since its inception (September 2001).

How does that CAGR compare? Well, not adjusting for inflation, the S&P 500's CAGR over the same period is 4.97%. So, our portfolio almost doubled the CAGR of the benchmark S&P 500.

With regards to having a large cash position in the Beginner's Portfolio, we have answered this question before. Essentially, we elected to keep the number of holdings at 18, and the number of shares at 100. That way, novices to the Bowser System have a simple model to follow. Of course, if we would invest the cash, we would have a higher return because we would have invested more capital. But, again, **the purpose of the Beginner's Portfolio is to provide beginners with a simplified model portfolio to help them get started.**

CHANGING RATINGS

*Why did **Creative Learning Corp.'s (CLCN)** Bowser Rating change in last month's newsletter? And, why did you not mention anything about it?*

--Bob Goodkin, Camarillo, CA

Ratings are changing all the time in the newsletter. That is because much of the Bowser Rating System relies heavily on a company's financial results. With new results being released every three months, there is the opportunity for change (good or bad) every three months.

With regards to CLCN, the company posted lower quarterly earnings year-over-year, which is worth two points in our system.

*Definition obtained from Investopedia.com.

Beginner's Portfolio Up 212%

BOUGHT: IFON @ \$1.80 plus \$10 commissions = \$190

SOLD: LRAD (50 Shares) @ \$2.91 less \$10 commissions = \$136

| Cost | | 10/03/14 | Cost | | 10/03/14 | Cost | | 10/03/14 | Proceeds |
|---------------------------------------|--------------|----------|------------|-------------|----------|-----------------------------|-------------|------------------------------------|---------------|
| | | | | | | | | | From Sales |
| GVP | 210/Sep '11 | 155 | WFCF | 159/Nov '12 | 230 | APT | 232/Mar '14 | 324 | |
| AAME | 280/Mar '12 | 400 | JOEZ | 117/Jan '13 | 95 | MOC | 209/May '14 | 205 | 11,216 |
| AMS | 308/June '12 | 218 | WTT | 189/Apr '13 | 244 | DLHC | 210/May '14 | 198 | 136 |
| INS | 179/June '12 | 143 | SGRP | 178/Apr '13 | 153 | CLCN | 224/Aug '14 | 196 | (190) |
| ITI | 162/Aug '12 | 167 | AEY | 248/May '13 | 228 | DYSL | 185/Aug '14 | 145 | 11,162 |
| NEWT | 187/Sep/ '12 | 278 | IVFH | 134/Jan '14 | 136 | IFON | 190/Oct '14 | 180 | |
| | | | | | | | | 3,695 | |
| Original cost for all stocks: \$4,766 | | | *50 Shares | | | Proceeds from Sales: | | 11,162 | |
| | | | | | | | | Current Value of Portfolio: | 14,857 |

Gain: 14,857 minus 4,766 = 10,091

Percentage of gain: 10,091 divided by 4,766 x 100 = 211.7

Compound Annual Growth Rate: 9.08%

Comments: This is a simulated portfolio for those who would like to actively participate in the stock market... **They want an approach that will serve as a learning situation...** An investment of up to \$300 a month is required... **With each new Company of the Month, 100 shares were purchased until we had 18...** We use an internet broker... **We follow the Bowser Game Plan. Portfolio started Sep. '01.**

BEGINNER'S PORTFOLIO EXPLANATION

This month, we sold our remaining holdings (50 shares) of **LRAD Corp. (LRAD)** after the company dropped 25% from its most recent high of \$3.88. We replaced LRAD with the most recent Company of the Month, **InfoSonics Corp. (IFON)**. All things considered, the portfolio dropped a miniscule amount (0.3%), as our holdings went up and down.

Newtek forms strategic alliance

Newtek Business Services (NEWT) signed an alliance referral agreement with Amalgamated Bank, an FDIC-insured commercial bank with over \$3.5 billion in assets. Through this alliance, Amalgamated Bank will offer Newtek products and services, including Merchant Processing, eCommerce Solutions, Lending, Payroll, Web Services, Cloud Services and The Newtek Advantage™, at its 24 branch locations throughout the U.S.

"The company believes its integrated product suite uniquely positions NEWT to support Amalgamated's mission to provide impactful, cost-effective products and services to its customers," explained NEWT Chairman and CEO Barry Sloane. "Newtek's ability as a one-stop-shop offers Amalgamated customers the chance to grow their businesses and gain a competitive edge in their particular market."

Creative Learning sells 614th franchise

Creative Learning Corp. (CLCN) awarded its 614th franchise. This latest franchise is located in North Dublin, Ireland.

"We are all excited as we get closer to our target of 650 franchises by the end of the calendar year, and look forward to wrapping up the company's fiscal year on another high note," commented Brian Pappas, Creative Learning's CEO.

LRAD announces three orders

LRAD Corp. (LRAD) announced a number of new orders over the past month. The company announced the first of these orders on September 25. This order, for LRAD® 100X and 1000X systems and accessories, is valued at

\$640,000. A railroad company in Africa will use these systems to maintain safety buffers around equipment, provide warnings to potential vandals and for crowd control. Part of the order will be shipped during the fourth quarter of fiscal 2014, while the other part will be shipped in the first quarter of fiscal 2015.

The second order, announced on September 30, was from the United States Army. The Army's order, totaling \$610,000, includes LRAD® 500X systems and accessories for ongoing operations in Afghanistan. This order was expected to ship during the company's fiscal fourth quarter, which ended September 30.

The final order, announced on October 2, amounts to \$623,000. This order is for LRAD® 360X systems and accessories to be used by an Asian customer, who is replacing and updating existing siren-based mass notification warning systems. This order should ship during the company's first quarter of fiscal 2015.

LightPath announces new order

LightPath Technologies (LPTH) received an order from Changzhou Huada Kejie Opto-Electro Instrument Co. (HDOEI), a laser component manufacturer. The order is for 1,000,000 molded aspheric lenses, which will be used in a new line of surveying equipment. The delivery of these lenses should be completed by the end of 2015.

"The efforts with HDOEI demonstrate the successful execution of LPTH's demand-creation strategy," stated CEO Jim Gaynor. "The company is benefitting from a substantial increase in revenue generating opportunities and broader market applications as a result of our efforts."

NOTES BY THE EDITOR

When Steve Palaszewski asked us about the **Beginner's Portfolio** (see page 6), he also mentioned that we should "start an actual portfolio with real purchases, sales, commissions, dividends, etc." We already explained on page 6 why we run the Beginner's Portfolio the way we do.

With regards to a real portfolio, from time-to-time I will discuss what's going on with my Bowser portfolio. After all, I run it according to the Game Plan. The particular portfolio I am discussing began in January 2014 (it's a young one). Its current holdings include:

- APT @ \$2.15
- DLHC @ \$2.20
- ENSV @ \$2.14
- GV @ \$2.30
- ITI @ \$1.75
- JOEZ @ \$1.13
- NEWT @ \$2.80
- WFCF @ \$2.00
- CLCN @ \$1.70
- DYSL @ \$1.75
- FTLF @ \$2.47
- IFON @ \$2.22
- IVFH @ \$1.59
- MOC @ \$1.80
- SOTK @ \$1.20
- WTT @ \$2.23

Since inception, the following sales were made:

- ARTX (50 Shares) @ \$2.65 (doubled)
(50 Shares) @ \$2.24 (dropped 25%)
- DIRI (100 Shares) @ \$0.40 (dropped 50%)
- LOAN (43 Shares) @ \$3.15 (doubled)
(42 Shares) @ \$2.50 (dropped 25%)

All holdings have equal share amounts (100), except JOEZ (150), which was averaged down. You'll notice that the portfolio only held 85 LOAN shares. The order only picked up 85 shares, so I went with it.

This is a real portfolio, but it looks astonishingly similar to the Beginner's Portfolio. Why? Because both are run exactly same way using the Bowser Game Plan. The Beginner's Portfolio doesn't show dividend payments because it would complicate the results.

With *The Bowser Report*, you get full disclosure and honesty. We don't alter results in our favor. Our goal has always been to HELP the individual investor, not to

mislead him or her by enhancing our results through whatever means we can.

Small stocks are tumbling. I recently read an article from the *Wall Street Journal*, "Small Caps Miss Out on Stock Rally" by Alexandra Scaggs. The article notes that while the S&P 500 is doing quite well for the year (up 7.3%), small stocks contained in the Russell 2000 are not doing so well. In fact, the Russell 2000 is down 3.8% for 2014.

The Russell 2000 has underperformed this year in down markets, which is actually typical of small stocks. The reason for this is that when the going gets tough, smaller stocks are the first to go. Investors prefer the "safety" of larger stocks.

As the market turns more and more turbulent, I want to remind you to follow the Game Plan. At this point, maybe I've said it too much. But, when the market turns south, all too often individual investors abandon their strategy and head for the exit. In reality, it is most important to stick to your strategy in a tough environment no matter what you invest in. That's how you pull ahead.

The Bowser Database publishes on October 15! That's less than a week after the newsletter's publication.

For those of you looking for additional research/investment ideas, the *Database* is the way to go. We feature around 300 companies (some of which are past recommendations). Every company listing contains 16 fields of information, including current financials and contact info.

With each new quarterly issue, we update the results of those current in the document, add new companies and delete those that no longer meet our criteria for being listed.

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FIVE BOWSER STOCKS UP AND DOWN

| | | | | | |
|-----------------|----|-----|----------------|------|-----|
| ALPHA PRO TECH | UP | 27% | VERTEX ENERGY | DOWN | 26% |
| LIGHTPATH TECH | UP | 20% | FLEXIBLE SOL | DOWN | 26% |
| KEY TRONIC CORP | UP | 16% | AROTECH CORP | DOWN | 24% |
| WHERE FOOD | UP | 13% | GOLDFIELD CORP | DOWN | 17% |
| ENSERCO CORP | UP | 13% | FIELDPOINT PET | DOWN | 16% |



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THIS MONTH'S
BIGGEST GAINER
HENNESSY CAPITAL
UP 97%

WARRANT REGISTER

Latest warrant: Nxt-ID, Inc.

Subscriber Bose Agnew alerted us to **Nxt-ID, Inc. (NXTDW)**, stating, "A warrant that is an alternative to Apple Pay system." This early stage company's main focus is its Wocket™ solution, which is a secure mobile electronic wallet.

Unlike to Apple Pay, which uses a customer's smartphone to store credit card information and pay using those credit cards, Wocket is a separate physical electronic wallet. Users can store credit cards, debit cards, loyalty cards, identification cards, etc. The Wocket can also carry a driver's license and cash, replacing the wallet altogether. And, this device is secured by biometric identification.

The company has a number of other products, including:

- MobileBio VoiceMatch®, which recognizes speakers and specific words;
- FaceMatch®, which is a facial recognition system for mobile devices, tablets, laptops and desktops;
- Biometric Identity Systems, which provide 3D facial recognition, 2D facial recognition and fingerprint biometrics; and
- 3D SketchArtist, which is a face composite sketch

tool that makes sketching a face simple, fast and realistic.

As a development stage company, Nxt-ID's financials are thin, with no revenues and a \$4.8 million loss. The company's balance sheet is pretty sound, with total current assets-to-liabilities ratio of 3.2-to-1 and no long-term debt.

With over four years until their expiration, and already being in the money, Nxt-ID's warrants appear to be a solid investment. If the company grows, the warrants will skyrocket.

BioAmber Inc. (BIOA-WT) signed a five year supply agreement with Xuchuan Chemical to supply Xuchuan with bio-succinic acid.

Hennessy Capital Acquisition (HCACW) agreed to acquire all of the capital stock holdings of School Bus Holdings Inc., an indirect parent company of Blue Bird Corp.

xG Technology's (XGTIW) CN3200 Dual Band Routing Modem received U.S. FCC certification.

Resolute Energy's (REN-WT) warrants expired. Prior to next month's newsletter, **Retail Opportunity Investments (ROICW) warrants will expire as well.** Once again, warrants expire worthless, so make sure to get rid of any warrants a few months before they expire.

| Company | Market/Symbol | Principle Business | Warrant | | | | Exer. Price | Expire Date | No. Wts | Bowser Rating |
|--|---------------|--------------------------------------|----------------------|----------------|-------------|-------------|-------------|-------------|---------|---------------|
| | | | Stock Price 10/03/14 | Price 10/03/14 | Conv. Ratio | Exer. Price | | | | |
| Associated Banc-Corp 1200 Hansen Road., Green Bay, WI 54304, Tel: (920) 491-700, www.associatedbank.com | GS:ASBCW | Bank holding company | 17.46 | 1.90 | 1.00 | 19.77 | 11/21/18 | 4.0M | 8 | |
| CALL TERMS: Not callable | | | | | | | | | | |
| Bank of America Bank of Amer. Corp. Center, 100 N Tryon St., Charlotte, NC 28255, Tel: 704/386-5681, www.bankofamerica.com | N:BAC-WTB | Banking and financial services | 17.29 | 0.94 | 1.00 | 30.79 | 10/28/18 | 121.8M | 10 | |
| CALL TERMS: Not callable | | | | | | | | | | |
| BioAmber Inc. 1250 Rene Levesque West, Ste. 4110, Montreal, QC H3B 4W8, Canada, Tel: 514/844-8000, www.bio-amber.com | N:BIOA-WT | Produces and sells bio-succinic acid | 9.69 | 2.55 | 1.00 | 11.00 | 05/09/17 | 8.0M | 7 | |
| CALL TERMS: Not callable | | | | | | | | | | |
| Citigroup 399 Park Ave., New York, NY 10043, Tel: 212/559-1000, www.citigroup.com | N:C-WTA | Investment banking | 52.32 | 0.96 | 0.10 | 106.10 | 01/04/19 | 2.6M | 8 | |
| CALL TERMS: Not callable; exercise price adj. for dividends above \$.01 | | | | | | | | | | |
| Dynegy, Inc. 601 Travis St., Ste. 1400, Houston, TX 77002, Tel: 713/507-6400, www.dynegy.com | N:DYN-WT | Electric energy/related services | 31.27 | 4.60 | 1.00 | 40.00 | 10/02/17 | 15.6M | 9 | |
| CALL TERMS: Not callable | | | | | | | | | | |
| FairPoint Communications 521 E. Morehead St., Ste. 250, Charlotte, NC 28202, Tel: 704/344-8180, www.fairpoint.com | OTC:FRPZW | Communications in New England | 14.97 | 0.02 | 1.00 | 48.81 | 01/24/18 | 3.6M | 8 | |
| CALL TERMS: Not callable | | | | | | | | | | |
| FieldPoint Petroleum 1703 Edelweiss Dr., Cedar Park, TX 78613, Tel: 512/250-8692, www.fppcorp.com | N:FPP-WT | Oil/gas operations in the US | 3.67 | 0.64 | 1.00 | 4.00 | 03/26/18 | 8.0M | 7 | |
| CALL TERMS: 150% of strike price | | | | | | | | | | |
| Hennessy Capital Acquisition 10 South Wacker Dr., Ste. 3175, Chicago, IL 60606, Tel: 713/300-8242, No website | CM:HCACW | Acquisition company | 9.82 | 0.75 | 0.50 | 5.75 | 01/23/19 | 11.5M | NR | |
| CALL TERMS: N/A | | | | | | | | | | |
| Iridium Communications 1750 Tysons Blvd., Ste. 1400, McLean, VA 22102, Tel: 703/287-7400, www.iridium.com | GS:IRDMZ | Mobile voice/data communications | 8.71 | 0.44 | 1.00 | 11.50 | 02/05/15 | 14.0M | 8 | |
| CALL TERMS: \$18.00 for 20 out of 30 days | | | | | | | | | | |
| Nxt-ID, Inc. One Reservoir Corporate Centre, Ste. 402, Shelton, CT 06484, Tel: 203/242-3076, www.nxt-id.com | CM:NXTDW | Biometric solutions | 3.91 | 1.44 | 1.00 | 3.00 | 01/13/19 | 1.4M | 6 | |
| CALL TERMS: Not callable | | | | | | | | | | |
| Resolute Energy 1000 Crescent Ct., Ste. 1200, Dallas, TX 75201, Tel: 214/615-2300, no website | N:REN-WT | EXPIRED | | | | | | | | |
| CALL TERMS: Not callable | | | | | | | | | | |
| Retail Opportunity Invest 3 Manhattanville Rd., 2nd Fl., Purchase, NY 10577, Tel: 914/272-8080, www.roireit.net | GS:ROICW | Commercial real estate investment | 14.88 | 2.89 | 1.00 | 12.00 | 10/23/14 | 44.0M | NR | |
| CALL TERMS: \$18.75 for 20 out of 30 days | | | | | | | | | | |
| SMG Indium Resources 100 Park Ave., 16th Fl., New York, NY 10017, Tel: 212/984-0635, www.smg-indium.com | QB:SMGIW | Indium stockpiler/seller | 2.08 | 0.05 | 1.00 | 5.75 | 05/04/16 | 6.8M | 10 | |
| CALL TERMS: \$8.00 for 20 out of 30 days | | | | | | | | | | |
| TCF Financial 200 Lake Street East, Wayzata, MN 55391, Tel: 952/745-2760, www.tcfbank.com | N:TCB-WT | Bank holding company | 15.49 | 2.75 | 1.00 | 16.93 | 11/14/18 | 3.2M | 8 | |
| CALL TERMS: Not callable | | | | | | | | | | |
| Valley National Bancorp 1455 Valley Rd., Wayne, NJ 07470, Tel: 973/305-8800, www.valleynationalbank.com | N:VLY-WT | Bank holding company | 9.64 | 0.25 | 1.2155 | 15.64 | 06/30/15 | 0.9M | 8 | |
| CALL TERMS: Not callable | | | | | | | | | | |
| xG Technology 240 South Pineapple Ave., Cte. 701, Sarasota, FL 34236, Tel: 941/953-9035, www.xgtechnology.com | CM:XGTIW | Wireless network communications | 1.99 | 0.65 | 1.00 | 6.87 | 07/22/18 | 0.7M | 8 | |
| CALL TERMS: \$13.75 for 20 consecutive days | | | | | | | | | | |

| | Quarter Ended | Current Sales | Same Period Last Year | Current Earnings | Same Period Last Year | Comments |
|------------------------------|----------------------|----------------------|------------------------------|-------------------------|------------------------------|-----------------|
| Golden Enterprises (GLDC) | 08/29/14 | \$34,125,036 | \$35,141,838 | \$767,226 | \$771,528 | (A) |
| Spine Pain Management (SPIN) | 06/30/14 | \$859,860 | \$867,331 | (\$153,245) | (\$101,525) | |
| Tengasco Inc. (TGC) | 06/30/14 | \$3,985,000 | \$3,871,000 | \$377,000 | \$772,000 | |
| Versar Inc (VSR) | 06/27/14 | \$24,898,000 | \$25,124,000 | (\$965,000) | (\$411,000) | (B) |

(A) While Golden Enterprises did suffer a \$1 million, or 2.9%, decrease in revenues, lower income taxes (down \$156,962, or 25.8%), a \$228,099 decrease in selling, general and administrative costs and a \$229,044 gain on the sale of extra property offset much of the lost revenue on GLDC's bottom line. Earnings decreased just \$4,302, or 0.6%.

(B) "During the fourth quarter VSR continued to be impacted by delayed funding for government contracts as a result of last fall's government shutdown and sequestration," explained Tony Otten, CEO. "Backlog, however, has significantly strengthened since the close of the quarter primarily because of the large contract with the U.S. Air Force."

IVFH acquires Organic Food Brokers

Innovative Food Holdings (IVFH) acquired Organic Food Brokers, LLC, which focuses on launching and growing retail sales for small and emerging organic and specialty food brands nationwide. As a result of this acquisition, IVFH launched a retail channel offering for new and emerging food brands.

The purchase price of Organic Food Brokers is as follows:

- \$100,000 cash consideration;
- Up to a \$225,000 earn out (performance-based);
- A \$200,000 note from seller financing, which is convertible at \$1.54 per share; and
- Options to purchase 100,000 shares of IVFH common stock at \$1.46 per share.

"We are excited about the opening of this new and potentially promising market area for Innovative Food, and we look forward to being able to take advantage of the numerous growth opportunities and synergies available in the retail space," commented IVFH's CEO, Sam Klepfish.

Avalon Holdings affected by seismic event

On September 9, **Avalon Holdings Corp. (AWX)** filed an 8-K, noting that a 2.1 magnitude seismic event on August 31 prompted the Chief of the Division of Oil and Gas Resources Management to suspend operations of both of AWX's saltwater injection wells on September 3.

According to the filing, the Ohio Department of Natural Resources determined that "possible evidence exists linking the injection well operation" to the earthquake. The company cooperated with the investigation.

On September 24, Avalon Holdings filed another 8-K, noting that with reasonable certainty, the injection operations were not related to the deep seismic event that took place. The company has resumed its injection activities.

IEC class action lawsuit dismissed

IEC Electronics (IEC) announced that the U.S. District Court for the Southern District of New York dismissed, in its entirety without right to replead, the consolidated class action lawsuit against IEC and its management.

The lawsuit, filed on June 28, 2013, pertained to the company's restatement of its financial results in the spring of 2013. The suit alleged that the company's executives knowingly misled investors to keep the share price "artificially high." These actions supposedly took place from early 2012 until IEC acknowledged its accounting problems in 2013.

There is no indication yet as to whether the plaintiffs will appeal the decision or not.

Iteris joins circle; launches ClearPath

Iteris Inc (ITI) joined the University of Michigan as a founding partner of the University's Mobility Transformation Center. Iteris is one of 13 companies to partner with the University of Michigan in this endeavour.

This new center will start multiple research programs to advance the technology and policies with regard to new methods of transportation related to smart vehicles and infrastructure. Iteris will help guide the center in its research efforts.

ITI also announced the launch of its ClearPath AgTMSelect solution for iOS, Android and other computing platforms. This solution provides high-resolution weather information and mapping visualization to support real-time decision making.

The more advanced ClearPath Ag Select has a number of features, including historical weather data, weather forecasts, hail data and Virtual Rain Gauge.

"ClearPath Ag Select provides agribusiness crop consultants, advisors and agronomists unparalleled accuracy for planning field equipment activity, such as planting, harvesting and crop protection," noted the company's president and CEO, Abbas Mohaddes.