

# Halted Specialties Co. / HSC Electronic Supply

## History

### Early Days

In the early 1960's, Hal Elzig was a sales rep for Cadillac Gage Company (now known as Textron Systems) a government contractor who was a provider of custom defense systems for Lockheed Missiles & Space Co. (now Lockheed Martin Space Co.). He got to be friendly with a Lockheed engineer named Ted Schalit, and the two would often go out for lunch and indulge in drinks and brainstorming business opportunities. One idea that seemed promising was a push-button combination lock for car doors (no such system existed in the 60's, remember, although they became available on luxury cars in the 80's). They decided to form a company to pursue the idea and attempt to attract interest from automobile manufacturers, and in taking out a business license, gave their two names to the newborn enterprise...**Halted Specialties Co.** Nothing came of the operation however, as no automobile companies could be interested. Hal decided to keep the company name and paperwork, though, since he always was looking for other opportunities, so he bought out Ted's share of the operation and "parked" the business. He was still working for Cadillac Gage, so he had time to look around.

In those days, if you were a prime contractor for Lockheed and had a security clearance, they would provide access to an office and/or a desk on-site. In his travels through the Lockheed facilities in Sunnyvale, CA, Hal came across an area where surplus goods were being sold by sealed-bid auction. He noticed something being offered (the identity of what exactly caught his eye has been lost to the passage of time!) that he knew another customer of his was looking for. He turned in a bid, won the auction, and now was suddenly in the business of buying and selling surplus tech equipment! Needing a business "front" to distance himself from the appearance of just being "a guy" with something to sell to his corporate customer, he revived the business license for Halted Specialties Co. and had some stationery and sales forms printed up. Apparently, the profit he made on this fortuitous sale was generous enough that he began looking for other opportunities in this area, and was making the occasional "outside" sale while still at Cadillac Gage, and a bit later, when he left to strike out on his own in a urethane molding company and a manufacturing operation that made stilts (Yes! Toy stilts called "Spacewalkers") established at various times at 1273 Terra Bella Ave., in Mountain View.

At that time, Hal's primary focus (at Halted Specialties) was on vacuum and hydraulic gear (pumps, valves, regulators, plumbing, etc.) and environmental chambers, which tended to be rather large. Although the history is hazy on this aspect, at some point he must have rented some storage space for these large chambers somewhere, presumably in Mountain View, although he was not yet regularly selling to walk-in trade. What is known is that by 1966 he had set up **Halted Specialties Co.** at 1690 Plymouth Street in Mountain View as a full-time sales operation, as he had an employee to manage the sales counter as well as some part-time laborers for loading and unloading trucks, and dismantling large assemblies into smaller components. Old timers will remember the front dirt "parking lot" from this location, which regularly turned into a large puddle and then a sea of mud when it rained! Less-valuable inventory was stored outside the building behind a chain-link fence, which also suffered in the weather.

# The Halted/Haltek Schism

As Hal bought more and more lots of surplus from local tech companies, he naturally ended up with more than just the vacuum/hydraulics/environmental chamber inventory on which he preferred to focus his efforts. It wasn't necessarily a bad thing, as his customers frequently needed electronic test equipment as well. But, as Hal said in later years, his business in the vacuum/hydraulic/environmental chamber area was doing well as a specialized word-of-mouth market, and he didn't feel the need to expand into an area that would take more marketing efforts. He did, however, entertain the proposition from an associate in the business to take over and manage the electronic test equipment inventory from Hal and set up operations in a separate section of the Plymouth address. They struck an agreement that, when a mixed lot of vacuum/hydraulics and electronic test equipment was purchased by either partner, the appropriate "side" of the business would buy the non-conforming inventory from the other side, and they would not compete with the other fellow in selling the other fellow's type of "stuff" in their store.

This lasted for a while, but eventually Hal noticed some choice pieces of hydraulic or vacuum equipment on the shelves of the partner's store, and inquired about the apparent breach of their hand-shake agreement. He was not impressed with the response: "Well, Hal, I had to pay more than usual for that stuff to get the electronics in the lot that I wanted, and I didn't think you would give me enough to cover my costs"...and so he considered the agreement voided. Hal started keeping and selling the electronics material that came along with the vacuum/hydraulics material in his purchases of surplus material, and made plans to move his "side" of the business to larger quarters as his premises were filling up (and he needed better parking!).

Meanwhile, Hal had ordered some sales forms for his growing business, and when he received the order he noticed that the printer had misspelled the name of the company. He called the printer, who rushed out a replacement order, and said to throw the misprinted ones away. Instead, he stuck them up in the storage loft and forgot about them. When it came time to part ways with his former partner (who was going to remain in the building), finances were settled, utilities were transferred, and the company was split in two. The new company owner had found the misprinted business forms and asked Hal if he could use the name "Haltek" for his operation, since the address and phone number were correct. Hal said "OK", although if he had possessed a bit more forethought, he might have reconsidered the request!

At about this time, a 14-year-old whiz-kid was paying frequent visits to shop, and when he decided to buy an oscilloscope, a sales draft was written up to record the sale, since the youngster was going to sign over a second-party check. One of the misprinted sales forms was used to record the sale of a used Heathkit oscilloscope to Steve Jobs in August, 1969, and has been on display at various times since as a bit of iconic pre-Silicon Valley lore!

## On the Move!

Hal relocated his growing company from Mountain View to Sunnyvale in 1970, taking up premises at 917 Kifer Road for four or five years. Around 1974-75, after more growth as well as the desire for improved building considerations, another move was undertaken, still within Sunnyvale, to 729B E. Evelyn Avenue. This was half of an industrial distributor building (a piping supply house was in the other half), and shared a parking lot with an electrical distributor.

By this time, Hal had three or four young men employed as drivers, loaders, dismantlers and occasional salesmen (when they were presentable enough for public interaction!), and his wife Beverly, daughter Kathy, and father-in-law were also on board part-time for bookkeeping and inventory management duties. Silicon Valley was on its upward trajectory (and was given that nickname about that time), and the silicon houses were spinning off subsidiaries, daughter companies (and outright copies!) right and left, and the engineers and technicians who populated the tilt-ups that were being raised all over the valley were discovering a valuable resource on Halted's shelves: electronic parts and equipment (as well as hydraulics and vacuum!) that could be bought immediately rather than go through distribution channels. Entrepreneurs with big ideas (and tiny budgets) combed the aisles for parts and gizmos to bring their concepts to life. Hundreds of small, one-man or two-man shops sprang up to supply the larger silicon houses with test fixtures and custom fab equipment, and they were always looking for "glue" parts and needed them NOW!

Then, in the mid-70's, the personal computer revolution started. We began hearing rumors of enthusiasts building computers in their garages, scavenging cabinets and keyboards (but not EBCDIC!) from retired mainframes and minis. When the occasional ASCII keyboard passed through Halted's hands, the going price was \$75, and that was without an enclosure! One time, a couple of rather scruffy fellows (at least one of whom was barefoot) driving a VW van stopped by to sell some electronic parts...Hal remembered later that he humored them since he recognized them as repeat customers, both named Steve, and bought their rather measly aggregation of parts, but refused to invest in their "company" that they were talking up. Whoever heard of a computer named after a fruit? Members of the Homebrew Computer Club were regular visitors, and a sales invoice similar to the Jobs one mentioned earlier was made out to Lee Felsenstein, the president of the club at the time. Terms like "S-100", "RAM", "CPU" and "Operating system" became the Lingua Franca of the region, and concepts like single-step "bootstrapping" a computer from a set of switches on the front panel became a rite of passage. We heard about some hair-shirt die-hards who resurrected Teletype 33 ASR terminals (all those springs!) and connected them to their carefully-nurtured computers via a serial current-loop interface!

Everyone wanted in on the action...a national catalog-sales chain of distributors called Olson Electronics made a brief foray into branding some starter computer kits with their name, and stocked their stores with boxed collections of S-100 kits containing motherboard, silk-screened aluminum case (with front panel full of switches for single-step booting), power supply, CPU card with 8080 processor, and a 1K RAM card. The RAM card could be populated with more static RAM chips (2102's, 1 watt per chip!) for a total of 8K, whoopee! Eventually, the customer support and hand-holding got to be too much for them, since they did not have any sales staff that knew anything about computers, and they bailed on the project. Halted bought their inventory, and when word got out, there were customers lined up out the front door and into the parking lot waiting for their chance to buy the starting point of their first computer! We had never seen anything like it.

It was also at this time that we started to carry new retail products that fit in with our expanding and diversifying surplus electronics. The first "new line" that we carried was about two dozen items from Vector Electronics, namely perforated circuit boards and corresponding small pins for building prototype circuits. The sales rep was very charming to the fellow who was designated our new products buyer, but he was deathly afraid of Beverly when he had to present an invoice...money was churning fast in those days, but not in great amounts! Shortly after, we started carrying LMB chassis boxes, and with the encouragement of *that* sales rep, gradually expanded the line until he assured us we were the largest stocking distributor of that line west of the Mississippi!

You never knew what you were going to find at Halted in those days -- we had rocket motors (only once, a goofy bid from a junior buyer that Hal was training and immediately clamped down on, as it was a used solid-fuel motor that could not be re-used for anything except maybe a barbecue!), electron microscopes, radar consoles, microwave antennas and waveguide, lasers, you name it. Dumpster-divers were growing in number and initiative...the lady who was the gatekeeper at the Sunnyvale dump soon learned that Halted would buy box-loads of unfinished plastic consoles and circuit boards that the Atari company was throwing out by the truckload, and was happy with a few dollars for her evening's drinking money, and in turn, customers with lots of initiative and little money learned that they could buy the parts to assemble a working (mostly) Atari 2600 game system at Halted. Atari soon found out we were contaminating their market with substandard games, and nicely asked us to stop, giving every Halted employee a factory-refurbished 2600 system as well as a new product, their short-lived "Video Music" system! Apparently, Nolan Bushnell (founder of Atari) didn't remember the lesson, though, since a couple years later we bought the warranty returns and parts of some toy robot "cats" called Petsters directly from his next company, Axlon. Maybe he needed the money...

In 1979, Hal instigated three great changes for the burgeoning enterprise. First, he incorporated the company, then he started the wheels turning to open a second store, and third, he decided to keep the name **Halted Specialties Co.** for the corporation, but name the stores **HSC Electronic Supply**, since that was a little more descriptive of what we did (and was a way to somewhat differentiate our name from Haltek, although afterward people still just called us "Halted"). The HSC simply stood for **Halted Specialties Company**. Hal had been making his retirement plans as well, and had bought a second home in Gualala on the northern California coast. He and his wife Beverly started spending weekends, then longer periods of time there, but he wanted to keep some involvement with the company (as well as access to electronic parts and equipment!), so his initial idea was to locate the second store in the Santa Rosa area. It was on the way between Sunnyvale and Gualala, and had a few high-tech companies located there, with the promise of more. However, when the management of Haltek got wind of this, they immediately ran up to Santa Rosa and hastily opened their own Santa Rosa store, trumping Hal's plans! He decided to switch to the Sacramento area instead, and made like it was his plans all along. We located a suitable store-space in a strip-mall on Hemlock Ave. near Auburn Blvd. in northern Sacramento, and were well-received. We made weekly restocking trips in a small station wagon, then eventually leased a van for the Sacramento manager to travel down to the Sunnyvale store/warehouse to "shop" for his store from our shelves, since he presumably knew his market better than us.

Eventually, the traffic levels in the parking lot of our Sunnyvale store got to be too exasperating for our neighbor, the electrical distributor, and they complained to the city. Some files were searched, zoning maps consulted, and surveillance undertaken, and we received a letter from the Sunnyvale planning department stating that we were observed to be conducting retail sales in an area zoned for light-industrial use (which also encompassed wholesale distribution, but not cash & carry sales). We were out of compliance and must cease non-compliant activities immediately! After some research of our own, we found we could petition for a use-permit that would allow a variance from the overall plan for the zone, but it would require approval from the neighbors...not likely! We had to find another home.

We instinctively knew that we wanted to be in an industrial location near the center of Silicon Valley, and not in some strip mall on El Camino, and we also knew that moving our store inevitably resulted in a drastic drop in sales until customers could find you again (pre-Internet days, remember...). The degree to which you lost customers was directly proportional to the distance you moved, so we started looking for available property close by our E. Evelyn Avenue digs, and studying up on what it would take to obtain a use-permit.

We found our new home four doors down the street towards Wolfe Rd. The old adobe and 12 x 12 timber beam building with the clay-tile roof was the property of Ultraviolet Products, Inc., and they had shrunk down in size to the point that they could offer to lease us the front of the building for our store, and a 10,000 square ft. building at the back for a warehouse. The building resembled the old Town & Country shopping centers in Palo Alto and Santa Clara, we later found out it was built at the same time from the reclaimed timber from the old San Mateo Bridge...the contractor had bought the bridge for \$1 and had the responsibility to dismantle it. The huge timbers were amazing, though, and when those buildings were demolished, they probably ended up being re-used a third time!

We worked on the city's check-list of things they wanted for a retail location, and won our use-permit with minimal fuss. We moved to 827 E. Evelyn Ave. in late 1981 or early 1982. Feeling weary of two-year leases and wanting to stay put for a while, we asked for a five-year lease. When we took the large warehouse space at the back of the property a few months after moving the store into the front, we thought "We'll never fill 10,000 square feet, this is the largest space we've ever tried to occupy!" It was filled up in about six months.

A year or two after we were set up there, one of our buyers started insisting that we were missing the boat by not being more heavily involved in selling personal computers. The IBM PC (followed by the XT) had been out for a couple years, and there were already manufacturers and vendors producing and selling "clones" at varying price points. We started buying selected components (motherboards, power supplies, daughter boards, monitors, disk drives, etc.) for customers to build their own systems. Later we started offering pre-built systems as well. Unfortunately, this category of merchandise had a much lower margin of profit than we were used to with surplus goods, or even with the "new line" merchandise we were carrying, so to keep track of it, we coined another internal product designation, "XTC", which stood for XT Clone. It was mainly intended to be an attraction to get customers in the door, and perhaps buying the more profitable surplus electronics on our shelves.

In 1983, Hal felt it was the right time to expand again, and started the wheels turning to open a third store. This time, he wanted to fulfill his plan to have one in the Santa Rosa area...we had heard that the Haltek store there was not doing that well, and Hal felt we could do better with our broad selection of electronic goods, and competitive pricing. Plus, Hal would now have a place to stop on his drives to Gualala, and a store to fulfill his electronic and ham radio needs within an hour drive of his intended retirement home!

We found a promising location in a small industrial park in Cotati, on the outskirts of Santa Rosa, and began the now-familiar process of setting up a store, with shelving, used gondola shelf units from a local closed supermarket, showcases and other retail infrastructure. About two weeks before we were set to open, the employee that we had selected and promoted to manage the new store got cold feet and quit! Now we had to scramble...luckily, through some friendly contacts with competitors in the business, we found a retired sales manager with lots of retail experience, and made him an offer, which he accepted. Now we had to scramble again to get him trained in our inventory, methods and procedures! We made our targeted opening date, were again well-received in the community, and our third store was off and running.

The combined sales from the three stores were gratifying during the boom times, even though the Sacramento and Cotati stores sold more of the lower profit-margin inventory than the main Sunnyvale store. During one wave of sales from a large purchase of 8-bit computers from Televideo, we challenged the Sacramento store to beat the Sunnyvale store's sales for a week, which they did, so we sent the entire Sacramento staff to Hawaii for four days! Eventually, lease considerations a few years later caused both locations to move to different

premises, the Sacramento store went to Amber Lane (a few blocks away from the original site), and the Cotati store moved just over the border into Rohnert Park, although still on the same 101 frontage road.

When our five-year lease for 827 E. Evelyn Ave. in Sunnyvale was nearing its end, we approached the building owners to start talks on a lease renewal, but they were not very forthcoming about it at first. We found out later that they were in negotiations to sell the property to developers...shades of things to come in the 2000's! So we were once again looking for a new home.

We knew we would have to do the use-permit dance again, and since the premises we had our eye on were in Santa Clara, instead of Sunnyvale, it was going to be whole new civic experience. We managed to prevail, at the city council meeting where the vote went in our favor. After the meeting, the two principals of the company (Matt and Bob, Hal was pretty much retired now...) who put forth the application went out to a Santa Clara restaurant for some celebratory cocktails and a belated dinner. We walked into the place and saw, in one of the large booths in the bar, a contingent of about five of the city council members including the mayor, who recognized us, raised their glasses and welcomed us to Santa Clara...it was a good sign, we thought!

We signed a ten-year lease for the west end of the building on the corner of Central Expressway and Ryder St., just one block east of Lawrence Expressway. It was a 10,000 square foot shell, with an almost square footprint. Since we were going to be there for a long time, we felt like it would be worthwhile to put in some improvements. We put fiberglass insulation between the joists in the ceiling, established a 12-foot horizon on all four walls, and painted white below and dark grey above (including the insulated underside of the roof). We installed about 120 eight-foot fluorescent fixtures hung on chains right at the "horizon" level, so the dark section above faded from view. The landlord agreed to pave the dirt lot between the building and Ryder St., and cut a driveway there. We convinced the city council to change our address from 2050 Copper Rd. (the cul-de-sac at the far end of the building) to 2500 Ryder St., since the new driveway was going to be the main access for our customers, and would be easier to find. We moved in on Thanksgiving, 1987.

The original tenant of the building was still occupying the east half, so we had to look elsewhere for a place to put our warehouse. We took a short term (2 years) lease for a 15,000 foot space on Uranium Ave., just off of Kifer Rd. near Bowers. It was close enough to be workable for quick retrieval of inventory if there was a requirement for more than was on the shelf at the Ryder St. store, although the rent was a little pricier. It did have a loading dock, though, which was a first for us, and proved very useful.

These premises (Ryder & Uranium) were the ones we were occupying in November, 1989 when the Loma Prieta earthquake struck. Damage was surprisingly minimal, with the store only suffering some broken fluorescent tubes (they were swinging wildly on their chains, and a couple smashed together) and some inventory spilling off shelves. At the Uranium warehouse, Bob remembers looking up at the 22-foot high walls and seeing them move back and forth about 2 feet at the top and seeing the trees outside the glass front entrance swaying back and forth. He had to scurry in a bent-kneed crouch to maintain balance while making his way to the door. Eventually, the tenant in the other half of the Ryder St. premises moved out, and we took it over for our warehouse, leaving Uranium Dr. and its NNN-gouging landlord...it was more convenient for inventory transfers anyway.

It was at these premises that we started having our annual parking-lot sales, although we had undertaken one at the Evelyn address when we were getting ready to move. These sales proved to be wildly popular, with people asking when the next one was going to occur, and making plans months in advance. We settled on the third Saturday of September, which was the weekend after the last Foothill (then Sunnyvale/Onizuka, then De

Anza!) Electronics Flea Market, where we handed out flyers promoting the sale. We would drag out large wooden crates full of capacitors, or resistors, or nuts & bolts, or just miscellaneous "stuff", and sell it by the bag for \$1.00. There was always a crowd bent over the sides of those bins, all day long! We sold other larger items by the pound, and had pallets and carts of inventory brought out of the warehouse into the parking lot at special one-day-only pricing. We set up a tent and tables and offered free hot dogs and sodas, to keep people from leaving the premises when they got hungry! The full pageant of Silicon Valley humanity was on display for that day, in all its glory and grunge...

We went through our ten-year lease (and were amazed at that), took out a five-year renewal, then another one (similar amazement...), then a couple of two-year renewals. The high-tech "high" couldn't last, though...and while the Valley was not yet in a high-tech hangover, the peaks had definitely been reached. Sales plateaued, companies started moving their manufacturing overseas at an accelerated pace, mergers and acquisitions made the news instead of breaches of technological frontiers, and the old guard engineers started retiring and moving away. As belt-tightening proved ever more important for survival, Halted started paring away cost centers that were not paying their way. Leased vehicles were retired and not replaced, salaries were frozen (and sometimes cut), departments shrank in personnel count, then first the Sacramento store, then the Rohnert Park store were closed. We went from a high of three stores, two warehouse departments with purchasing agents (one surplus, one "new-line"), one accounting department, and executive staff with over 30 employees, back down to one store (our most profitable one) and a small warehouse staff.

As sales continued their slow evaporation (due to shrinking high-tech customer base, increased competition, changing focus of the incoming groups of graduating tech workers from hardware to software), and as costs continued to rise, further belt-tightening was required. We managed to skim along under reduced circumstances and resources wherever we could, but the handwriting was on the wall...

When the principal member of the ownership group for our property passed away, it was at the same time that the redevelopment craze started to sweep the valley in earnest. Cities were taking advantage of the changes in the business climate to dream about replacing their hurriedly-erected tilt-ups (with their associated low tax base) with sparkling new high-density housing developments (and their promises of increased property taxes...). Swathes of properties near high-capacity roadways and rail service were re-zoned with that in mind, and the speculators swooped in. The heirs of the deceased owner of HSC's building foolishly sold it off to the tenant of the building next door (as well as the building the next-door tenant was occupying), who in turn sold it off a year later to a development consortium, and that was the end of Halted's lease. (They seriously left a lot of money on the table; they should have waited a year or so and sold directly to the developer...)

Matt and Bob (Hal had passed away in 2010) were left with trying to decide the future of the HSC. On the one hand, we appreciated our cherished position within the tech community; on the other hand, it was looking like we would need to wind things up in a hurry, as we could not find premises close by the store we had to vacate. Fortunately, a frequent customer who was also a building owner in the neighborhood said we should come over and look at his facility that was only a couple of blocks away. He had a tenant that was vacating, the site had good exposure to Central Expressway, and so we worked out a two-year lease with option for the 3051 Corvin Dr. location. We were pretty certain that this was where we were going to have to bring the company for its final couple of years, unless the business climate really turned around. As it happened, sales continued to slowly decline, and at the end of our lease we went month-to-month while we first looked to sell the company. As a sale did not materialize over the course of one year, we made the sad decision to close for good at the end of 2018, and began a series of sales to reduce inventory. We thank all our loyal customers for the years of support!