

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA :

- v - :

INDICTMENT

E. JACQUES COURTOIS, JR., :
JAMES MITCHELL NEWMAN, a/k/a :
"Barnett," FRANKLIN CARNIOL, and :
CONSTANTINE SPYROPOULOS, a/k/a :
"Patrick," :

S 81 Cr. 53

Defendants. :

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COUNT ONE

The Grand Jury charges:

Introduction

1. At all times relevant to this indictment, E. JACQUES COURTOIS JR., the defendant, and Adrian Antoniu, who is named herein as a conspirator but not as a defendant, were experienced investment bankers, knowledgeable in the fields of investment banking, mergers, acquisitions, and other forms of corporate takeover and finance, and were indirect participants in the trading of securities.

2. At all times relevant to this indictment, E. JACQUES COURTOIS, JR., the defendant, was employed by Morgan Stanley & Co., Inc. ("Morgan Stanley"), an investment banking firm that, among other things, represented companies engaged in corporate mergers, acquisitions, tender offers, and other takeovers. On or about January 1, 1976 COURTOIS became a member of Morgan Stanley's merger and acquisition department and on July 1, 1977 he was made a vice-president of the firm, a title he kept until on or about February 23, 1979 when he left Morgan Stanley.

3. From on or about August 14, 1972, to May 2, 1975, Adrian Antoniu was employed as an associate in the corporate finance department of Morgan Stanley and assigned

from time to time to merger and acquisition assignments. From on or about May 5, 1975, to July 26, 1978, Antoniu was employed as an associate in the mergers and acquisitions department of Kuhn, Loeb & Co. ("Kuhn Loeb"), another investment banking firm that, among other things, represented companies engaged in corporate mergers, acquisitions, tender offers and takeovers and that, after a merger of its own, became known as Lehman Brothers Kuhn Loeb Inc.

4. At all times relevant to this indictment, JAMES MITCHELL NEWMAN, a/k/a "Barnett," FRANKLIN CARNIOL, and CONSTANTINE SPYROPOULOS, a/k/a "Patrick," the defendants, were friends of Adrian Antoniu who, based on the advice and information given by Antoniu, purchased and sold securities mostly in secret foreign accounts.

a. From January of 1973 until February of 1975, NEWMAN was employed as a securities trader and manager of the over-the-counter trading department of Executive Securities Corp.

b. From April of 1973 up to and including the date of this indictment, CARNIOL was living in Europe, principally in Brussels, Belgium.

c. From September of 1975 up to and including the date of the filing of this indictment, SPYROPOULOS, a citizen of Greece, was also living in Europe, principally in France and Greece.

5. At various times relevant to this indictment, all of the bidding companies listed below were publicly held companies or subsidiaries of publicly held companies that initiated merger, acquisition, tender offer or other takeover bids for, and/or entered into discussions and negotiations regarding the merger with or acquisition of, the publicly-held target companies listed below:

BIDDING COMPANY

TARGET COMPANY

Ciba-Geigy Corp.	Funk Seeds International Inc.
North American Philips Development Corp.	Magnavox Co.
Standard Oil Company (Indiana)	Occidental Petroleum Corp.
Societe Imetal	Copperweld Corp.
Times Mirror Co.	Hudson Pulp and Paper Corp.
Hanson Industries, Inc.	Hygrade Food Products Corp.
Tenneco Inc.	Anaconda Co.
Societe Nationale des Petroles d' Aquitaine	Ventron Corp.
Marathon Energy Co.	Pan Ocean Oil Inc.
Chemische Werke Huls AG	Robintech Co.
Sandoz Seed Co.	Northrup, King & Co.
Warner-Lambert Company	Deseret Pharmaceutical Company Inc.
Tenneco Inc.	Monroe Auto Equipment Co.
Standard Chartered Bank Limited	Bancal Tri-State Corp.
Anderson Clayton & Co.	Gerber Products Co. Inc.
Crown Central Petroleum Corporation, National Cooperative Refinery Association, and Hamilton Brothers Petroleum Corporation	Kewanee Industries Inc.
Philip Morris, Inc.	Seven-Up Co.
Carter Hawley Hale Stores, Inc.	Marshall Fields Co.

6. At various times relevant to this indictment and prior to the public announcement of significant events and facts concerning the above-mentioned takeover bids and negotiations, at least one of the companies involved in each bid or negotiation was represented by either Morgan Stanley or Kuhn Loeb. Morgan Stanley represented Ciba-Geigy Corp., North American Philips Development Corp., Standard Oil

Company (Indiana), Tenneco, Inc., Societe Nationale des Petroles d' Aquitaine, Pan Ocean Oil Inc., Sandoz Seed Co., Warner-Lambert Company., Standard Chartered Bank Limited, Anderson Clayton & Co., and Carter Hawley Hale Stores, Inc. Kuhn Loeb represented Societe Imetal, Hudson Pulp and Paper Corp., Hanson Industries, Inc., Robintech Co., Chemische Werke Huls AG, Crown Central Petroleum Corporation, National Cooperative Refinery Association, and Hamilton Brothers Petroleum Corporation, as well as a company called Great Basins Petroleum which for a time in 1976 was seeking a buyer. Lehman Brothers Kuhn Loeb represented Phillip Morris.

The Conspiracy

7. From on or about January 1, 1973, to on or about December 31, 1978, in the Southern District of New York and elsewhere, E. JACQUES COURTOIS, JR., JAMES MITCHELL NEWMAN, a/k/a "Barnett," FRANKLIN CARNIOL, and CONSTANTINE SPYROPOULOS, a/k/a "Patrick," the defendants, unlawfully, wilfully, and knowingly, did combine, conspire, confederate, and agree with Adrian Antoniu and other persons to the Grand Jury known and unknown to commit certain offenses against the United States, to wit: violations of Title 18, United States Code, Sections 1341 and 1343, and Title 15, United States Code, Sections 78j(b) and 78ff, Rule 10b-5 [17 C.F.R. §240.10b-5].

8. It was a part of the conspiracy that E. JACQUES COURTOIS, JR., JAMES MITCHELL NEWMAN, a/k/a "Barnett," FRANKLIN CARNIOL, and CONSTANTINE SPYROPOULOS, a/k/a "Patrick," the defendants, would and did devise a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations, and promises as set forth more fully below and in Counts Two through Fourteen, and that to execute the scheme, they would and did use and caused the use of the mails, in violation of Title 18, United States Code, Section 1341, and interstate wires, in violation of Title 18, United States Code, Section 1343.

9. It was further a part of the conspiracy that E. JACQUES COURTOIS, JR., JAMES MITCHELL NEWMAN, a/k/a "Barnett," FRANKLIN CARNIOL, and CONSTANTINE SPYROPOULOS, a/k/a "Patrick," the defendants, would and did directly and indirectly, and by use of means and instrumentalities of foreign and interstate commerce, the mails, and the facilities of national securities exchanges, (a) employ devices, schemes, and artifices to defraud and (b) engage in acts, practices, and courses of business in connection with the purchase and sale of securities as more fully set forth below and in Counts Sixteen through Twenty-Seven, which operated as a fraud and deceit on Morgan Stanley, Kuhn Loeb, and those corporations and shareholders on whose behalf Morgan Stanley or Kuhn Loeb was acting and to whom Morgan Stanley or Kuhn Loeb owed fiduciary duties, in violation of Title 15, United States Code, Section 78j(b) and 78ff, and Rule 10b-5 [17 C.F.R. §240.10b-5].

OBJECTS OF THE CONSPIRACY

10. Among the objects of the conspiracy were the following:

(a) As part of the conspiracy, the defendants agreed that COURTOIS would misappropriate confidential, material information concerning mergers and acquisitions and the companies involved in merger and acquisition discussions and negotiations, which information was entrusted to Morgan Stanley by its clients. They agreed further that COURTOIS would covertly relay such information to Antoniu and that Antoniu would, in turn, cause NEWMAN, CARNIOL and/or SPYROPOULOS, whose names were not given to COURTOIS, to purchase the securities of the companies that were the targets of the confidential merger and acquisition discussions and negotiations. In so doing, COURTOIS and his co-conspirators would and did breach the trust and confidence placed in

Morgan Stanley by its clients and the trust and confidence placed in COURTOIS by Morgan Stanley, its clients and the shareholders of its clients.

(b) As part of the conspiracy, the defendants agreed that Antoniu would misappropriate confidential, material information concerning mergers and acquisitions and the companies involved in merger and acquisition discussions and negotiations, which information was entrusted to Morgan Stanley and Kuhn Loeb by their clients. They agreed further that Antoniu would advise NEWMAN, CARNIOL and/or SPYROPOULOS (sometimes hereafter referred to as the "buyers") to purchase the securities of the companies that were the targets of the confidential merger and acquisition discussions and negotiations. In so doing, Antoniu and the conspirators would and did breach the trust and confidence placed in Morgan Stanley and Kuhn Loeb by their clients and the trust and confidence placed in Antoniu by Morgan Stanley, Kuhn Loeb, their clients and the shareholders of their clients.

(c) As part of their participation in the conspiracy, COURTOIS and Antoniu (sometimes hereafter referred to as the "insiders") affirmatively misled Morgan Stanley and Kuhn Loeb by, among other things, falsely and fraudulently promising to honor their fiduciary duties to maintain the confidentiality of material, confidential information provided to them in trust and confidence by their employers and their employers' clients, by intentionally and methodically violating those fiduciary duties, by falsely and fraudulently concealing the violation of their fiduciary duties, by failing to report the buyers' trading to their employers as required, and by falsely and fraudulently asserting that they maintained no direct or indirect interest in securities trading accounts.

In so doing, COURTOIS and Antoniu, with the aid and support of the other conspirators, violated and caused each other to violate the fiduciary duties of honesty, loyalty and silence which each owed directly or indirectly to Morgan Stanley, Kuhn Loeb and their clients.

(d) As part of their participation in the conspiracy and in reliance on COURTOIS' and Antoniu's breach of fiduciary duties, NEWMAN, CARNIOL and SPYROPOULOS received covert information and advice from Antoniu and (through Antoniu) from COURTOIS. Based on that information and advice, NEWMAN, CARNIOL and SPYROPOULOS opened and maintained secret foreign accounts and purchased target companies' securities through those secret foreign accounts. In so doing, and by sharing profits from the sale of those securities with COURTOIS and Antoniu, NEWMAN, CARNIOL and SPYROPOULOS aided, participated in and facilitated COURTOIS and Antoniu in violating the fiduciary duties of honesty, loyalty and silence owed directly to Morgan Stanley, Kuhn Loeb, and clients of those investment banks.

THE MEANS OF THE CONSPIRACY

11. The means employed by the defendants and their co-conspirators to execute their conspiracy and carry out the unlawful objects set forth above were the following:

a. In or about the latter part of 1973, JAMES MITCHELL NEWMAN and Adrian Antoniu agreed that Antoniu, as a Morgan Stanley associate entrusted with access to information about impending or proposed mergers and acquisitions, would and did use his position to misappropriate such confidential information by leaking to Newman, among other things, the names of the companies targeted for acquisition or merger.

NEWMAN, in turn, would and did purchase the securities of target companies before public announcements of such merger and acquisition plans, information about which had been secretly provided to him by Antoniu. It was understood and expected that, after the public announcement, when the price of each stock rose, NEWMAN would sell the securities and covertly share with Antoniu half of all profits realized and cover half of any losses incurred through the scheme.

b. Shortly after making this arrangement with NEWMAN, Antoniu agreed with CARNIOL and SPYROPOULOS to follow trading and profit-sharing arrangements similar to those already described in subparagraph (a) herein.

c. As part of his arrangements with each of his buyers, Antoniu misappropriated and leaked confidential information concerning merger and acquisition bids for a number of companies, including Funk Seeds International, Inc., Magnavox Co., Occidental Petroleum Corp., Copperweld Corp., Hudson Pulp and Paper Corp. and Hygrade Food Products Corp. to NEWMAN, CARNIOL and SPYROPOULOS.

d. Not long after the birth of this conspiracy, and in order to carry out their individual roles in it, NEWMAN, CARNIOL and SPYROPOULOS each opened or caused to be opened secret foreign bank accounts. Through these bank accounts each of the buyers was able to secretly place orders for the purchase and sale of securities without having his name or the names of COURTOIS or Antoniu appear on brokerage or stock exchange records. To this end, NEWMAN traded in the name of trust accounts in the Bahamas and Bermuda; CARNIOL traded through bank accounts in Luxembourg protected by that country's bank secrecy laws; and SPYROPOULOS traded in similar accounts in Switzerland protected by that country's bank secrecy laws.

e. In late 1975, the defendant COURTOIS joined the conspiracy, agreeing to use his position to misappropriate and leak to Antoniu the confidential, material information he obtained as a trusted member of Morgan Stanley's merger and acquisition department regarding impending or proposed merger and acquisition bids and the companies involved in such bids.

f. As a result of this arrangement and, with the understanding that Antoniu would conceal COURTOIS' identity even from NEWMAN, CARNIOL and SPYROPOULOS, COURTOIS leaked to Antoniu, among other things, the names of target companies including but not limited to Anaconda Co., Ventron Corp., Pan Ocean Oil Inc., Northrup, King & Co., Deseret Pharmaceutical Company, Inc., Monroe Auto Equipment Co., Bancal Tri-State Corp., Gerber Products Co., Inc. and Marshall Fields Co. Antoniu, in turn, passed those company names to NEWMAN, CARNIOL and SPYROPOULOS, who bought or caused to be bought, mostly in secret accounts, the securities of those companies.

g. It was agreed and understood by and between the conspirators that COURTOIS and Antoniu would each receive one-third of all profits and share in one-third of any loses realized upon the sale of all stocks purchased based on COURTOIS' leaks of confidential information.

h. Following COURTOIS' initiation into the conspiracy, Antoniu continued to leak to NEWMAN, CARNIOL and SPYROPOULOS confidential information regarding facts and events in impending or proposed merger and acquisition transactions which he (Antoniu) received as a trusted employee of Kuhn Loeb, including the names of the following target companies: Robintech Co., Kewanee Industries Inc. and Seven-Up Co.

i. It was agreed and understood by and between the conspirators that Antoniu would receive one-half of all profits and share in one-half of any losses realized as a result of transactions generated from his own leaks from Kuhn Loeb.

j. It was further agreed and understood by and between the conspirators that all of the conspirators would conceal their misappropriation of confidential information from Morgan Stanley, Kuhn Loeb, their clients and their client's shareholders by, among other things, avoiding any use of the names of the insiders COURTOIS and Antoniu or any other action that would reveal COURTOIS' and Antoniu's interest in NEWMAN'S, CARNIOL'S and SPYROPOULOS' accounts, by making any and all payments in cash or through secret bank accounts, by avoiding meetings with or between or telephone calls to COURTOIS or Antoniu at Morgan Stanley or Kuhn Loeb, by the occasional use of aliases to conceal their true identity when leaving messages, by the use of foreign secret accounts, by attempting to use multiple foreign banks and/or multiple brokers to execute their trades, and by making false and misleading statements, when necessary, to any governmental or stock exchange personnel who should inquire about any of the conspirators' securities trading activity.

OVERT ACTS

In furtherance of the conspiracy and to effect its objects, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

1. In or about the first half of 1973 JAMES NEWMAN and Adrian Antoniu had a series of conversations in New York City.

2. In or about the latter part of 1973 CONSTANTINE SPYROPOULOS and Adrian Antoniu had a conversation in Manhattan.

3. In or about September, 1974 FRANKLIN CARNIOL and Adrian Antoniu had a meeting in Brussels, Belgium.

4. In or about the late winter or spring of 1975 E. JACQUES COURTOIS, JR. and Adrian Antoniu had several conversations in Manhattan.

5. On or about May 17, 1975 FRANKLIN CARNIOL and Adrian Antoniu had a meeting in Manhattan.

6. On or about August 7, 1975 FRANKLIN CARNIOL had a telephone conversation with Adrian Antoniu in Manhattan.

7. On or about August 8, 1975 FRANKLIN CARNIOL had a telephone conversation with Adrian Antoniu who was in Manhattan.

8. On or about August 13, 1975 FRANKLIN CARNIOL had a telephone conversation with Adrian Antoniu who was in Manhattan.

9. In or about August of 1975 E. JACQUES COURTOIS gave two United States Treasury Bills to Antoniu in Manhattan. Antoniu passed those two Treasury Bills on to NEWMAN, and NEWMAN deposited them in a Manhattan bank.

10. In or about late autumn or early winter 1975, Adrian Antoniu met with E. JACQUES COURTOIS, JR. in Manhattan.

11. On or about December 9, 1975, in Manhattan JAMES NEWMAN gave false testimony in a deposition concerning the bankruptcy of a brokerage house.

12. On or about December 12, 1975, JAMES NEWMAN, in Manhattan, deposited two United States Treasury Bills.

13. On or about April 26, 1976 JAMES NEWMAN received three United States Treasury Bills in Manhattan.

14. On or about April 28, 1976 JAMES NEWMAN received one United States Treasury Bill in Manhattan.

15. On or about May 10, 1976 JAMES NEWMAN, in Manhattan deposited four United States Treasury Bills.

16. On or about June 30, 1976 JAMES NEWMAN, in Manhattan, received two United States Treasury Bills.

17. On or about August 31, 1976, JAMES NEWMAN, in Manhattan received four United States Treasury Bills.

18. On or about September 2, 1976 JAMES NEWMAN picked up two United States Treasury Bills in Manhattan.

19. On or about October 18, 1976, JAMES NEWMAN, in Manhattan received eight United States Treasury Bills.

20. On or about November 10, 1976, JAMES NEWMAN, in Manhattan received two United States Treasury Bills.

21. On or about November 30, 1976 E. JACQUES COURTOIS made a telephone call to Antoniu who was in Manhattan and who, in turn, contacted JAMES NEWMAN and FRANKLIN CARNIOL.

22. On or about January 21, 1977 JAMES NEWMAN made seven telephone calls from Florida to Bermuda.

23. On or about January 24, 1977 JAMES NEWMAN made two telephone calls to Antoniu, who was in Manhattan.

24. On or about January 26, 1977 JAMES NEWMAN made a telephone call to Antoniu, who was in Manhattan.

25. On or about February 7, 1977 JAMES NEWMAN made three telephone calls to Antoniu, who was in Manhattan.

26. On or about March 29, 1977 JAMES NEWMAN made a telephone call from Florida to Bermuda.

27. On or about March 30, 1977 JAMES NEWMAN made two telephone calls from Florida to Bermuda.

28. On or about March 31, 1977 JAMES NEWMAN made two telephone calls from Florida to Bermuda.

29. On or about April 1, 1977 JAMES NEWMAN made three telephone calls from Florida to Bermuda.

30. On or about April 7, 1977 JAMES NEWMAN made a telephone call from Florida to Bermuda.

31. On or about November 11, 1977 FRANKLIN CARNIOL caused funds to be transferred from Brussels, Belgium to an account in New York.

32. On or about November 15, 1977 FRANKLIN CARNIOL caused funds to be transferred from Brussels, Belgium to an account in New York.

33. On or about November 28, 1977 FRANKLIN CARNIOL caused funds to be transferred from Brussels, Belgium to an account in New York.

34. In or about late December of 1977 CONSTANTINE SPYROPOULOS met Adrian Antoniu in Switzerland.

35. In or about July of 1978 COURTOIS, who was in Manhattan, and Antoniu, who was in Greece, spoke by telephone.

36. In or about August of 1978 E. JACQUES COURTOIS, JR. and Antoniu met in Manhattan.

37. In or about September of 1978 FRANKLIN CARNIOL and Adrian Antoniu met in London, England.

(Title 18, United States Code, Section 371.)

COUNTS TWO THROUGH FOURTEEN

The Grand Jury further charges:

12. From on or about January 1, 1973 up to and including December 31, 1978 in the Southern District of New York and elsewhere, E. JACQUES COURTOIS, JR., JAMES MITCHELL NEWMAN a/k/a "Barnett," and FRANKLIN CARNIOL, the defendants, did unlawfully, wilfully and knowingly devise and intend to devise a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations, and promises as alleged in paragraphs one through eleven above.

13. On or about the dates set forth below, in the Southern District of New York, E. JACQUES COURTOIS, JR., JAMES MITCHELL NEWMAN, a/k/a "Barnett," and FRANKLIN CARNIOL, the defendants, as indicated below in the "Defendants Charged" column and with respect to the counts below in which their names are listed, unlawfully, wilfully and knowingly, for the purpose of executing said scheme and artifice and attempting to do so, did cause to be placed in post offices and authorized depositories for mail matter in New York City, and did cause to be delivered by the United States Postal Service according to the directions thereon, mail matter and things addressed to various foreign banks and persons, as more particularly set forth below:

<u>COUNT</u>	<u>SECURITY PURCHASED</u>	<u>APPROXIMATE DATE OF MAILING</u>	<u>MATTER OR THING</u>	<u>ADDRESSEE</u>	<u>DEFENDANTS CHARGED</u>
2	Ventron Corp.	2/3/76	Confirmation	Bank of N.T. Butterfield & Son, Ltd. P.O. Box 1735 Hamilton, Bermuda	COURTOIS NEWMAN
		2/5/76	Confirmation	The Bank of Bermuda Ltd. Front Street Hamilton, Bermuda	
3	Pan Ocean Oil Inc.	3/31/76	Confirmation	The Bank of Bermuda Ltd. Front Street Hamilton, Bermuda	COURTOIS NEWMAN
4	Pan Ocean Oil Inc.	3/31/76	Confirmation	Banque Benelux Luxembourg 10 Rue Aldringer Luxembourg	COURTOIS CARNIOL
5	Northrup, King & Co.	8/24/76 9/20/76 10/7/76	Confirmation Confirmation Confirmation	The Bank of Bermuda Ltd. Front Street Hamilton, Bermuda	COURTOIS NEWMAN
6	Northrup, King & Co.	10/7/76	Confirmation	Banque De Paris Et Pays Bas 1 Place De La Gare Luxembourg	COURTOIS CARNIOL
7	Deseret Pharmaceutical Company, Inc.	11/30/76	Confirmation	The Bank of Bermuda Ltd. Front Street Hamilton, Bermuda	COURTOIS NEWMAN
8	Deseret Pharmaceutical Company, Inc.	11/30/76	Confirmation	Banque De Paris Et Pays Bas 1 Place De La Gare Luxembourg	COURTOIS CARNIOL
		11/30/76	Confirmation	Banque Benelux 10 Rue Aldringer Luxembourg	
9	Monroe Auto Equipment	12/3/76 12/6/76 12/7/76 12/9/76	Confirmation Confirmation Confirmation Confirmation	The Bank of Bermuda Ltd. Front Street Hamilton, Bermuda	COURTOIS NEWMAN

<u>COUNT</u>	<u>SECURITY PURCHASED</u>	<u>APPROXIMATE DATE OF MAILING</u>	<u>MATTER OR THING</u>	<u>ADDRESSEE</u>	<u>DEFENDANTS CHARGED</u>
10	Bancal Tri-State Corp.	2/7/77	Confirmation	Madame Lut Vermeiren 2 Rue Toulouse Lautrec 91260 Antony, France	COURTOIS CARNIOL
		2/3/77	Confirmation	Banque De Paris Et	
		2/4/77	Confirmation	Pays Bas	
		2/7/77	Confirmation	1 Place De La Gare Luxembourg	
		2/4/77 2/7/77	Confirmation Confirmation	Banque Benelux 10 Rue Aldringer Luxembourg	
11	Bancal Tri-State Corp.	2/8/77	Confirmation	The Bank of Bermuda	COURTOIS NEWMAN
		2/9/77	Confirmation	Ltd.	
		2/10/77	Confirmation	Front Street	
		2/11/77	Confirmation	Hamilton, Bermuda	
		2/14/77	Confirmation		
12	Gerber Products	3/11/77	Confirmation	Madame Lut Vermeiren 2 Rue Toulouse Lautrec 91260 Antony, France	COURTOIS CARNIOL
		3/11/77	Confirmation	Banque De Paris Et	
		3/14/77	Confirmation	Pays Bas	
		4/7/77	Confirmation	1 Place De La Gare	
		4/11/77	Confirmation	Luxembourg	
		3/11/77	Confirmation	Banque Benelux- Banque Suez 10 Rue Aldringer Luxembourg	
		3/17/77	Confirmation	Societe Generale Alsacienne De Banque 15 Rue Del Arsenal Luxembourg	
13	Gerber Products	3/29/77	Confirmation	Bank of N.T. Butter-	COURTOIS NEWMAN
		3/30/77	Confirmation	field & Son Ltd.	
		3/31/77	Confirmation	P.O. Box 1735 Hamilton, Bermuda	
14	Kewanee Industries Inc.	4/25/77	Confirmation	Banque Benelux - Banque Suez 10 Rue Aldringer Luxembourg	CARNIOL

14. The allegations contained in all the preceding paragraphs of Count One of this Indictment are repeated and realleged as though fully set forth herein and as constituting and describing part of the scheme by which the defendants COURTOIS, NEWMAN, CARNIOL and others committed the offenses charged in these Counts.

(Title 18, United States Code, Sections 1341 and 2.)

COUNTS FIFTEEN THROUGH TWENTY-SEVEN

The Grand Jury further charges:

15. On or about the dates listed below, in the Southern District of New York and elsewhere, E. JACQUES COURTOIS, JR., JAMES MITCHELL NEWMAN a/k/a "Barnett," and FRANKLIN CARNIOL, the defendants, as indicated in the "Defendants Charged" column below and with respect to the Counts in which their names are listed, unlawfully, wilfully and knowingly, by use of means and instrumentalities of interstate commerce, the mails and the facilities of national securities exchanges, as alleged in paragraphs one through eleven above, did directly and indirectly, (a) employ devices, schemes, and artifices to defraud and (b) engage in acts, practices, and courses of business which operated as a fraud and deceit on Morgan Stanley, Kuhn Loeb, and those corporations and shareholders on whose behalf Morgan Stanley or Kuhn Loeb was acting, and to whom Morgan Stanley or Kuhn Loeb owed fiduciary duties, in connection with the purchase of securities, including the following:

<u>COUNT</u>	<u>SECURITY PURCHASED</u>	<u>APPROXIMATE DATES OF PURCHASE</u>	<u>NUMBER OF SHARES</u>	<u>DEFENDANTS CHARGED</u>
15	Ventron Corp.	2/3/76 2/5/76	500 200	COURTOIS/NEWMAN
16	Pan Ocean Oil Inc.	3/31/76	1000	COURTOIS/NEWMAN
17	Pan Ocean Oil Inc.	3/31/76	1000	COURTOIS/CARNIOL
18	Northrup, King & Co.	8/24/76 8/24/76 8/24/76 8/24/76 9/20/76 9/20/76 9/20/76 10/7/76	300 4000 5500 200 1500 1500 500 10,000	COURTOIS/NEWMAN
19	Northrup, King	10/7/76	1000	COURTOIS/CARNIOL
20	Deseret Pharmaceutical Company, Inc.	11/30/76 11/30/76 11/30/76 11/30/76 11/30/76	100 2700 1100 1100 500 500	COURTOIS/NEWMAN
21	Deseret Pharmaceutical Company, Inc.	11/30/76 11/30/76 11/30/76 11/30/76 11/30/76	100 100 2000 2000 700 800	COURTOIS/CARNIOL
22	Monroe Auto Equipment Co.	12/3/76 12/6/76 12/6/76 12/6/76 12/6/76 12/7/76 12/9/76	3000 800 3000 3300 1700 5000 5000	COURTOIS/NEWMAN

<u>COUNT</u>	<u>SECURITY PURCHASED</u>	<u>APPROXIMATE DATES OF PURCHASE</u>	<u>NUMBER OF SHARES</u>	<u>DEFENDANTS CHARGED</u>
23	Bancal Tri-State Corp.	2/3/77	600	COURTOIS/CARNIOL
		2/4/77	100	
		2/4/77	100	
		2/4/77	100	
		2/4/77	300	
		2/4/77	400	
		2/4/77	400	
		2/4/77	200	
		2/4/77	200	
		2/4/77	1600	
		2/7/77	4000	
		2/7/77	100	
		2/7/77	700	
		2/7/77	900	
		2/7/77	900	
		2/7/77	1000	
		2/7/77	2000	
2/7/77	2300			
2/7/77	4000			
2/7/77	4100			
2/7/77	100			
2/7/77	1100			
24	Bancal Tri-State Corp.	2/8/77	200	COURTOIS/NEWMAN
		2/8/77	2800	
		2/8/77	2000	
		2/8/77	1000	
		2/8/77	1100	
		2/9/77	2900	
		2/10/77	2000	
		2/11/77	1500	
2/14/77	1500			
25	Gerber Products Co.	3/11/77	1500	COURTOIS/CARNIOL
		3/11/77	700	
		3/11/77	3300	
		3/11/77	1000	
		3/14/77	300	
		3/14/77	900	
		3/14/77	1000	
		3/14/77	1800	
		3/17/77	100	
		3/17/77	1900	
3/17/77	3000			
4/7/77	400			
4/11/77	1500			
26	Gerber Products Co., Inc.	3/29/77	500	COURTOIS/NEWMAN
		3/30/77	1500	
		3/31/77	2000	
27	Kewanee Industries Inc.	4/25/77	4000	CARNIOL

16. The allegations contained in all the preceding paragraphs of Count One of this Indictment are repeated and realleged as though fully set forth herein and as constituting and describing part of the scheme by which the defendants COURTOIS, NEWMAN, CARNIOL and others committed the offenses charged in these Counts.

(Title 15, United States Code, Sections 78j(b) and 78ff, Rule 10b-5 [17 C.F.R. § 240.10b-5] and Title 18, United States Code, Section 2.)

FOREPERSON

JOHN S. MARTIN, JR.
United States Attorney