

From The Office Of:

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NEWS RELEASE

RELEASE P.M. NEWSPAPERS
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Two Liechtenstein investment trusts which were charged with a fraud that cost investors approximately eight million dollars through the manipulation of stock in three corporations were permanently barred from the securities business in New York State in an order obtained today by Attorney General Louis J. Lefkowitz.

At the same time, Attorney General Lefkowitz disclosed that John Van Allen, of 465 Park Avenue, New York City, who held a power of attorney for one of the trusts, consented to an order which adjudged him in contempt of court and fined him \$2500 for violating a 1943 injunction barring him from the securities business in New York State.

The court order signed by Justice Joseph A. Gavagan in Supreme Court, New York County, enjoins the Lavan Trust of Mauran, Liechtenstein, and the Brandel Trust of Vaduz, Liechtenstein.

"Both firms named in the order have been employed by various interests in Europe and the United States to manipulate the prices of certain securities including Gulf Coast Leaseholds Inc., Corpus Christi Refining Company, and Green Bay Mining and Exploration, Ltd." the affidavit of Attorney General Lefkowitz' office said.

In papers filed by the Attorney General's office on October 9, 1957, it was alleged that the stock of Gulf Coast Leaseholds, Inc., Corpus Christi Refining Company and Green Bay Mining and Exploration, Ltd. was manipulated by the trusts.

The Attorney General charged that as of that time, the fraud had been a cause of the stock of Gulf Coast Leaseholds, Inc. falling from a high price of \$14.50 per share to the then bid of \$1.75; that Corpus Christi Refining Company's stock had fallen as a result of the fraud from a high of \$4.00 to the then bid of about thirty-three cents; and that Green Bay Mining and Explorations, Ltd. shares fell from a high of \$12.50 to a time last October where no

-more-

2--Lefkowitz

published bids were to be found for that stock.

The Attorney General's office charges the use of false and fraudulent literature to describe the securities of these companies, secret and fraudulent international agreements regarding the acquisition of hundreds of thousands of shares of stock for promotion, and "trickery and deception by Swiss lawyers, their clients and agents to cloak the nefarious activities of dealers in securities who operated secretly under the mask of Swiss trusts."

Both the Lavan Trust and the Brandel Trust injunctions were consented to by their president, Dr. Paul Hagenbach, a Swiss lawyer of 32 Bahnhofstrasse, Zurich, Switzerland.

The office of the Attorney General stated that "in June of 1943, the defendant, John Van Allen, who in his lifetime, has gone by various aliases, was permanently barred from engaging, directly or indirectly, in the securities business within or from the State of New York. The defendant's conduct has been wilful and malicious and did impair, impede, defeat and prejudice the rights of the People of the State of New York."

Mr. Lefkowitz stated that he had made the application for the order to punish Van Allen "as a consequence of the defendant's complete and utter disregard of the processes and lawful mandate of this court."

In papers filed in the Supreme Court, New York County, on October 9, 1957, Mr. Lefkowitz disclosed that Mr. Van Allen had held the power of attorney for the Brandel Trust since some time prior to the year 1954. It was further charged, at that time, that Van Allen had invoked his privilege against self-incrimination more than 150 times in answer to questions posed by the Attorney General pertaining to his securities transactions in this state.

In the application for the contempt order, the Attorney General included affidavits of various persons describing securities transactions with Van Allen. The affidavit stated, "it is verily believed that the few transactions which have been traced by the

3--Lefkowitz

Attorney General evidence a major scheme which has resulted in the defrauding of the public by the manipulation of the price of various securities."

Special Deputy Attorney General David Clurman and Principal Securities Accountant Bernard Abramson conducted the year-long investigation of the above defendants for the Attorney General.

-30-

From: Charles W. Stickle, Executive Assistant to the Attorney General
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