

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION

500 North Capitol Street  
Washington, D.C. 20549  
Plaintiff,

v.

GRIMES CONSOLIDATED, INC.

Defendant.

COMPLAINT FOR INJUNCTION

1. It appears to the plaintiff, Securities and Exchange Commission (Commission), that defendant, Grimes Consolidated, Inc. is engaged and about to engage in acts and practices which constitute and will constitute violations of Sections 12(g), 13(a) and 14(a) of the Securities Exchange Act of 1934 (Exchange Act), 15 U.S.C. 78l(g), 78n(a) and 78n(a) and certain of the rules and regulations promulgated by the Commission thereunder. The Commission brings this action pursuant to Sections 21(e) and 21(f) of the Exchange Act, 15 U.S.C. 78u(e) and 78u(f), for injunctive relief to compel defendant to comply with the requirements of Sections 12(g), 13(a) and 14(a) of the Exchange Act and the rules and regulations thereunder.
2. This Court has jurisdiction of this action under Sections 21(f) and 27 of the Exchange Act, 15 U.S.C. 78u(f) and 78aa.
3. Defendant, a corporation incorporated in the state of Nevada, is a registrant of a class of securities registered under Section 12 of the Exchange Act, 15 U.S.C. 78l, pursuant to the filing by defendant with the Commission at its offices in the District of Columbia of a registration statement for such securities on Form 10, 17 CFR 249.210, under Section 12(g)(l) of the Exchange Act, 15 U.S.C. 78l(g)(1) on February 27, 1970 which registration statement became effective on April 28, 1970.
4. Defendant was required by Section 12(g)(1) of the Exchange Act, and Section A2(a) of the Instructions as to Financial Statements for Form 10 registration statements, 17 CFR 249.210, to include in its Section 12(g) registration statement a certified comparative consolidated statement of operations and deficit in retained earnings for the fiscal years ending December 31, 1967, 1968 and 1969. Defendant failed to comply with the foregoing requirements in that its registration statement on Form 10 did not contain a certified comparative consolidated statement of operations and deficit in retained earnings for the fiscal years ending December 31, 1967, 1968 and 1969.
5. Section 13(a) of the Exchange Act requires the filing of "such information and documents . . . as the Commission shall require to keep reasonably current the information and documents required to be included in or filed with an application or

registration statement filed pursuant to Section 12. . . .” Section 13(a) of the Exchange Act and the rules and regulations thereunder provide that an issuer of a security registered pursuant to Section 12 of the Act shall file certain reports with the Commission in Washington, D.C. Defendant, as an issuer of securities registered pursuant to Section 12 of the Exchange Act, has been required at all times material herein and is now required to file such reports.

6. Defendant was required by Section 13(a) of the Exchange Act, Rule 13a-1 thereunder, 17 CFR 240.13a-1, and General Instruction A(b) to Form 10-K to file an annual report on Form 10-K, 17 CFR 249.310, for the fiscal year ended December 31, 1970 on or before March 31, 1971. Defendant to date has failed to file such report.

7. Defendant was required by Section 13(a) of the Act, Rule 13a-1 thereunder and General Instruction A(b) to Form 10-K to file an annual report on Form 10-K for the fiscal year ended December 31, 1971 on or before March 30, 1972. Defendant to date has failed to file such report.

8. Defendant was required by Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, 17 CFR 240.13a-11, to file a current report on Form 8-K for the month of May 1970 on or before June 10, 1970. Defendant filed this report on July 9, 1970, 29 days delinquent.

9. Defendant was required by Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, to file a current report on Form 8-K for the month of October 1970 containing certain information regarding a reverse stock split by the defendant, as required by Items 8 and 10 of Form 8-K on or before November 10, 1970. Defendant to date has failed to file such report.

10. Defendant was required by Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, to file a current report on Form 8-K for a month sometime prior to January 1972 containing certain information regarding the acquisition by defendant of World Marketing Limited as required by Items 2 and 7 of Form 8-K on or before January 10, 1972. Defendant to date has failed to file such report.

11. Defendant was required by Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, to file a current report on Form 8-K for a month sometime prior to January 1972 containing certain information regarding a change in control of defendant as required by Item 1 of Form 8-K on or before January 10, 1972. Defendant to date has failed to file such report.

12. Defendant was required by Section 13(a) of the Exchange Act and Rule 13a-13 thereunder, 17 CFR 240.13a-13, prior to the effectiveness of a revision of Rule 13a-13 on October 28, 1970 (which revision is effective for reporting periods ending after December 31, 1970) to file semi-annual reports on Form 9-K with the Commission. The revised Rule 13a-13 now requires the filing of quarterly reports on Form 10-Q. Defendant failed to comply with the Forms 9-K and 10-Q reporting requirements in that:

a) Defendant was required by Section 13(a) of the Exchange Act, and Rule 13a-13 thereunder to file a semi-annual report on Form 9-K for the six-month period ending June 30, 1970 on or before August 14, 1970. Defendant to date has failed to file such report.

b) Defendant was required by Section 13(a) of the Exchange Act, Rule 13a-13 thereunder and General Instruction A(b) to Form 10-Q, 17 CFR 249.308a, to file a quarterly report on Form 10-Q for the three-month period ending March 31, 1971 on or before May 15, 1971. Defendant to date has failed to file such report.

c) Defendant was required by Section 13(a) of the Exchange Act, Rule 13a-13 thereunder and General Instruction A(b) to Form 10-Q to file a quarterly report on Form 10-Q for the three-month period ending June 30, 1971 on or before August 14, 1971. Defendant to date has failed to file such report.

d) Defendant was required by Section 13(a) of the Exchange Act, Rule 13a-13 thereunder and General Instruction A(b) to Form 10-Q to file a quarterly report on Form 10-Q for the three-month period ending September 30, 1971 on or before November 14, 1971. Defendant to date has failed to file such report.

13. Pursuant to Section 14(a) of the Exchange Act, 15 U.S.C. 78n(a), and the rules and regulations promulgated thereunder, any person that solicits a proxy with respect to a security registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. 78l, is required to do so in compliance with the rules and regulations prescribed by the Commission "as necessary or appropriate in the public interest or for the protection of investors." Defendant's securities, having been registered pursuant to Section 12 of the Exchange Act, have been subject at all times material herein, and are now subject to the Commission's proxy rules.

14. Defendant was required by Section 14(a) of the Exchange Act and Rule 14a-6 thereunder, 17 CFR 240.14a-6, to file with the Commission preliminary proxy soliciting material and definitive proxy soliciting material, prior to the date such material was furnished to defendant's stockholders in connection with a meeting of defendant's stockholders held on October 13, 1970. Defendant failed to file any such material.

15. The registration statement on Form 10 filed by defendant with the Commission on February 27, 1970 stated that as of February 19, 1970, the common stock of defendant was held of record by 802 persons and that as of December 31, 1969, defendant had \$1,358,248.05 in total assets on a consolidated basis. On information and belief the Commission alleges that there is a trading market in the common stock of defendant.

16. Without an appropriate order of this Court, defendant will continue to engage in the unlawful acts and practices, by continuing to fail to file with the Commission reports and documents required by law.

WHEREFORE, the Commission prays that this Court:

I. Order defendant to file with the Commission forthwith an amendment to its registration statement on Form 10 (filed February 27, 1970) which amendment will make such registration statement comply with the requirements of Form 10 and the instructions thereto.

II. Order defendant to file with the Commission forthwith annual reports on Form 10-K for its fiscal years ending December 31, 1970 and December 31, 1971, a semi-annual report on Form 9-K for the six-month period ending June 30, 1970, a current report on Form 8-K for the month of October 1970, a current report on Form 8-K for a month prior to January, 1972 containing information regarding acquisition by the defendant of World Marketing Limited, a current report on Form 8-K for a month prior to January 1972 containing information regarding a change in control of the defendant, and quarterly reports on Form 10-Q for the three-month periods ending March 31, 1971, June 30, 1971 and September 30, 1971 all in compliance with the reporting requirements under the Exchange Act.

III. Grant a permanent injunction enjoining and restraining defendant from violating Sections 12(g), 13(a) and 14(a) of the Exchange Act and the rules and regulations thereunder by failing to file with the Commission timely and proper reports and documents as required by such provisions.

IV. Grant such other and further relief as the Court may deem appropriate.

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