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NEWS RELEASE

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Attorney General Louis J. Lefkowitz in an action initiated today temporarily barring the brokerage firm of J. C. Graye Company, of 15 Maiden Lane, New York City, and its principal officer, James Carlton Graye, and Edward T. Moss, a salesman for the firm, began a vigorous crackdown on persons convicted of crimes and who are now engaged in the securities business in the State of New York.

In an order signed by Supreme Court Justice Henry Clay Greenberg in the Supreme Court, New York County, Graye was temporarily enjoined and ordered to show cause on February 19, 1958, why he should not be permanently barred from the sale of securities.

An affidavit filed with the order alleges that Graye, alias James Webb, has a criminal record dating back to 1927, and has been convicted of possession of burglar's tools, automobile theft, robbery and escape. It also alleges that he served two years of a five to 10 year sentence in Nevada State Prison for robbery and was released from that prison in 1947.

Attorney General Lefkowitz' office charges that Graye sold hundreds of thousands of shares of Atlas Gypsum Corporation, Ltd. "through high pressure boiler-room methods and a barrage of literature containing fraud, misrepresentations and untruths designed to induce and inveigle the public to purchase the securities."

The Attorney General's affidavit also charges that mining claims alleged to have been held by Atlas Gypsum Corp. in Canadian territories have not been worked in many years and other mining claims which the company reported it owned were owned by others.

Graye, the affidavit states, began to sell the securities of the Atlas firm during August, 1957, and at one time employed as many as 12 salesmen to sell stock by high pressure telephone calls to prospective investors. He followed up the telephone calls with a

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mailing of literature setting out glowing accounts of the prospects of claims which were reported to be owned by the Atlas Company.

Moss, a salesman for the Graye brokerage firm, is reported to have admitted that he fabricated a "story" of Atlas Gypsum Corporation's relationship with major American Gypsum Companies to induce investors to buy the Atlas stock.

"This is a classic example of the problem that faces the investor in New York State," Attorney General Lefkowitz said today. "Under the present statutes, my office is not empowered to enjoin in advance persons with criminal records from perpetrating frauds in connection with the sale of securities.

"For that reason, I have again recommended to the Legislature a bill which will permit the Department of Law on application to a Supreme Court Justice to bar from the securities business any dealer, agent or salesman or other employee who has been convicted of any felony, or a misdemeanor involving the sale of securities.

"A substantially similar bill was introduced in the Legislature at the regular session in 1957 but was vetoed by Governor Harriman although it was passed unanimously by the Assembly and Senate and was indorsed by the New York Stock Exchange and the American Stock Exchange.

"It is important that my office be empowered to bar criminals before they can victimize the investor. As the law now stands, my office must wait until the fraud has been committed before proceeding. At that point, the money of the investor has been lost to him," Attorney General Lefkowitz said.

Assistant Attorney General Orestes Mihaly is in charge of the investigation of J. C. Graye Company.