Hunts Accept Ruling on Data In Stock Filing

Order Applies to Offer for Great Western United; Preferred Payout Is Set

A Wall Street Journal News Roundup

A federal district judge in Washington ordered Texas oil men Nelson Bunker Hunt, William Herbert Hunt and Randall A. Krelling to stop filing allegedly false statements with the Securities and Exchange Commission about their reasons for recent purchases of large blocks of stock in Great Western United Corp.

In another development, Great Western said in Dallas that it declared an $8.25-a-share dividend on its outstanding $3 preferred stock, constituting full payment of arrearages on the issue.

Judge Gerhard Gesell's order, agreed to by the Hunt brothers and Mr. Krelling, their brother-in-law, settled an SEC complaint against the Dallas men.

The agency charged that the defendants, in papers filed with the SEC, failed to disclose that they intended to eliminate what they considered divisive factions from Great Western's board by purchasing enough additional shares to enhance their own influence.

Without admitting or denying the SEC's charges, the Hunts and Mr. Krelling agreed they won't directly or indirectly file any statements regarding Great Western that aren't complete and accurate.

The order doesn't affect the Hunts' tender offer, which they extended to next Monday, to purchase 910,000 shares of Great Western at $27.50 a share, the SEC said. Great Western, based in Denver, has about 2.1 million outstanding common shares listed on the New York Stock Exchange. The corporation is engaged in sugar refining, real estate development and fast-food franchising.

Results of Offer

The Hunts said Friday that up to that time 231,400 shares had been tendered and are being purchased. Including those shares, the Hunts will own about 561,834 shares of Great Western United common and have options for 97,847 more, they said; combined with $3,696 shares of Mr. Krelling and G. Michael Baswell, who are acting with the Hunts, the group will hold about 36.8% of the concern's outstanding stock.

Aside from this tender offer, however, the order prohibits any future sale or offer to sell Great Western shares by the Hunts or Mr. Krelling unless the SEC is notified 10 days in advance or the sale is accompanied by a complete registration statement. That prohibition doesn't prevent Mr. Krelling from tendering his shares of Great Western, however, provided all shares tendered by others have been accepted.
The SEC complaint alleged that the Hunts and Mr. Krelling, labeled the Hunt group by the SEC, in early October began discussing new purchases of Great Western shares to enhance their influence on the company's board. According to the SEC complaint, the Hunts believed that the different factions on the board, none of which owned more than 10% of Great Western's stock, resulted in management problems and depressed the stock's price in relation to that of other sugar companies.

Between Oct. 11 and Oct. 18, the SEC said, the Hunt group bought 155,000 shares, or 7.5% of Great Western's outstanding stock. In a subsequent report to the SEC, required when a person or group acquires more than 5% of the stock of a company, the Hunt group professed that each member of the group would manage his own holdings independently and that the purchases were for investment reasons. Those statements were untrue, the SEC charged.

Sought Additional Shares

By Oct. 22, the SEC said, the Hunt group owned more than 20% of Great Western's stock but found its purchases hadn't brought it sufficient influence to end management problems. So, the SEC alleges, the group tried to buy the shares of two so-called factions—one headed by Great Western's president, R. G. Everett, and a director, G. A. Sarkissian; and a second faction controlled by the board's chairman, James Krentler.

Mr. Krentler refused to sell his 155,000 shares, or 7.5% of Great Western's outstanding stock, the SEC said. But Mr. Everett and Mr. Sarkissian agreed to sell 100,000 of their 200,000 shares and granted the Hunt group an option to buy 18,000 more.

That purchase and others on the Big Board gave the Hunt group 285,000 shares of Great Western on Nov. 1, the SEC said. But, the complaint alleges, the Hunt group again failed to state in its filing to the SEC the true purpose of its purchases.

The dividend on the $3 preferred is pay-