

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 34-26339/December 5, 1988**

**Administrative Proceeding**  
**File No. 3-7098**

**In the Matter of WILLIAM R. GRANT**

**ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTION 15(c)(4) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934 AND OPINION AND ORDER OF THE**  
**COMMISSION**

**I**

The Commission deems it appropriate and in the public interest that proceedings be, and they hereby are, instituted with respect to William R. Grant ("Grant") pursuant to Section 15(c)(4) of the Securities Exchange Act of 1934 ("Exchange Act")' to determine whether Grant failed to comply in any respect with Section 13(d) of the Exchange Act, and Rules 13d-1 and 13d-2(a) promulgated thereunder, as a result of certain filings that were made with the Commission regarding his beneficial ownership and the beneficial ownership of certain other persons in Graphic Scanning Corp. ("Graphic") common stock between August 1985 and March 1986.

Simultaneously with the institution of these proceedings, Grant has submitted an Offer of Settlement for the purpose of disposing of the issues raised in these proceedings. Under the terms of his Offer of Settlement, Grant, solely for the purpose of these proceedings or any other proceeding brought by or on behalf of the Commission, or in which the Commission is a party, without any hearing (such hearing having been waived by Grant) and without admitting or denying any of the following, consents to the issuance by the Commission of the Opinion and Order herein.

The Commission has determined that it is appropriate and in the public interest to accept Grant's Offer of Settlement and, accordingly, issues this Order Instituting Proceedings Pursuant to Section 15(c)(4) of the Exchange Act and Opinion and Order of the Commission ("Opinion and Order").

**II**

**OPINION2**

**A. Summary**

This administrative proceeding involves the filing of a Schedule 13D and related amendments with respect to holdings of the common stock of Graphic Scanning Corp. in 1985 and 1986. Those filings were made by Lafer, Amster & Co. and others, including Grant. Grant failed to disclose in those filings the full extent of his beneficial holdings of Graphic's common stock. In addition, the amendments to the Schedule 13D did not disclose in a timely fashion a material change in the purpose of certain filing persons.

**B. Respondent**

William R. Grant is a general partner of Amster & Co., formerly Lafer, Amster & Co., ("LACO") and, at the time of the events that are the subject of this proceeding, was

Chairman of MacKay Shields Financial Corp. Grant commenced his employment as MacKay's President in May 1979. He was a filing person on the Joint Schedule 13D and all subsequent amendments relating to Graphic. 3

### **C. Statement of Facts**

Graphic is a Delaware corporation primarily engaged in the business of owning and operating radio paging and cellular telephone franchises throughout the United States. Graphic's securities are traded in the over the counter market. Grant was one of twenty persons who, on August 19, 1985, jointly filed a Schedule 13D with respect to their beneficial holdings of Graphic stock. 4 Between August 19, 1985 and March 3, 1986, seven amendments to the Joint Schedule 13D were filed.

Grant understated his beneficial holdings of Graphic stock in the Joint Schedule 13D and each of the subsequent amendments. Neither the Joint Schedule 13D nor any of the amendments disclosed that Grant, who was Chairman of MacKay Shields Financial Corp. and a portfolio manager of certain customer accounts, had beneficial ownership of at least 445,200 additional shares of Graphic, or approximately 32% of the Graphic stock held in customer portfolios at MacKay. The filings also failed to disclose his beneficial ownership of 15,434 Graphic shares in Grant's four adult children's accounts, over which he had discretion. Finally, Grant disclaimed beneficial ownership of his wife's 30,000 Graphic shares, over which he had discretion, and contributed to her initial failure as a filing person to report 10,000 of those shares. 5

The understatement of Grant's beneficial holdings described above was repeated in a Schedule 13D filed by G&P Independent Management Corp. on March 3, 1986.6 Grant was not a filing person on that Schedule 13D, but his beneficial holdings were reported because he was a general partner of LACO. G&P's filing was incorporated by reference in Amendment 7 to the Joint Schedule 13D, to which Grant was a filing person.

In addition, Amendments 5 and 6 omitted to state or misstated material changes in the purpose of certain filing persons' investment in Graphic. In the Joint Schedule 13D, the filing persons represented that they had acquired and were holding their shares for "investment purposes" only. In early February 1986, however, certain partners of LACO began to consider and plan for a proxy contest to gain control of Graphic.

These considerations and plans were not disclosed in a timely manner. Not until February 18, 1986, in Amendment 6 to the Joint Schedule 13D, was it disclosed that the filing persons were considering a proxy contest "on a preliminary basis" allegedly as a result of certain disclosures made by Graphic in a Form 8-K dated February 7, 1986. Indeed, Amendment 5 to the Joint Schedule 13D, which was filed on February 10, 1986, and dated as of February 6, 1986, made no mention of any change in purpose. By omitting to make any mention of a possible proxy contest, Amendment 5 implied that no change of purpose had occurred. Furthermore, Amendment 6 misstated the reason for the change of purpose and the date on which it occurred.

### **D. Findings**

Based on the foregoing, the Commission finds that:

(a) Grant failed to comply with Section 13(d) of the Exchange Act and Rule 13d-1 thereunder in that in the Joint Schedule 13D, filed August 19, 1985, and the related amendments, as well as in G & P's Schedule 13D, filed March 3, 1986, the full extent of his

beneficial holdings of Graphic stock was understated by (1) disclaiming beneficial ownership of his wife's Graphic holdings; (2) until the filing of Amendment 7 to the Joint Schedule 13D, filed March 3, 1986, understating the number of Graphic shares owned by his wife; (3) omitting to mention Graphic shares in his four adult children's accounts, over which he had discretion; and (4) omitting to mention Graphic shares held in accounts at MacKay Shields as to which he possessed beneficial ownership.

(b) Grant failed to comply with Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder in that (1) Amendment 5 to the Joint Schedule 13D, which was filed on February 10, 1986, failed to disclose that consideration of a proxy contest to gain control of Graphic had begun; (2) Amendment 6 to the Joint Schedule 13D, which was filed on February 18, 1986, misstated the reason for a change of purpose and the date on which it occurred; and (3) Amendment 6 to the Joint Schedule 13D was not filed promptly after the material change in purpose reported in that Amendment had occurred.

### **III**

#### **OFFER OF SETTLEMENT**

Grant has submitted an Offer of Settlement, in which, solely for the purpose of these proceedings, or any other proceeding brought by or on behalf of the Commission, or in which the Commission is a party, without any hearing and without admitting or denying any of the above, he consents to the issuance of this Opinion and Order.

### **IV**

#### **ORDER**

In view of the foregoing, the Commission deems appropriate and in the public interest to accept the Offer of Settlement of Grant and, accordingly, IT IS HEREBY ORDERED THAT:

(1) Grant comply with Section 13(d) of the Securities Exchange Act of 1934 and Rules 13d-1 and 13d-2 thereunder.

By the Commission.

Jonathan G. Katz  
Secretary

#### **Footnotes**

1 Section 15(c)(4), 15 U.S.C. Section 78o(c)(4), of the Exchange Act provides:

If the Commission finds, after notice and opportunity for a hearing, that any person subject to the provisions of Section 12, 13, 14 or subsection (d) of Section 15 of this title or any rule or regulation thereunder has failed to comply with any such provision, rule, or regulation in any material respect, the Commission may publish its findings and issue an order requiring such person, and any person who was a cause of the failure to comply due to an act or omission the person knew or should have known would contribute to the failure to comply, to comply, or to take steps to effect compliance, with such provision or such rule or regulation thereunder upon such terms and conditions and within such time as the Commission may specify in such order.

2 Any findings herein are solely for the purpose of these proceedings and are not binding on any other person named as a respondent in any other proceedings.

3 Grant was a signer of the first Schedule 13D. That filing and all subsequent amendments, insofar as Grant was aware, were prepared with the assistance of counsel based upon information provided by or on behalf of the filing persons.

4 The filing persons did not file as a group.

5 That failure was corrected in Amendment 7 to the Joint Schedule 13D, filed on March 3, 1986.

6 G&P was formed on February 21, 1986 as the vehicle by which LACO and its supporters waged a proxy contest leading up to a change in control of Graphic.