

Oil-drilling swindle involves business, show personalities

NEW YORK (AP) — Top show business personalities, business magnates and big-name lawyers were among victims of a \$100-million oil-drilling swindle, the Wall Street Journal said today.

The newspaper said it may be the biggest swindle of its kind in history.

Investors sank about \$130 million in it and all but \$30 million went astray, the newspaper said. The Securities and Exchange Commission called it a "Ponzi scheme," in which the swindlers pay off early investors with money from more recent investors.

Show business investors identified by the newspaper and the amounts they invested included Andy Williams \$538,000, Jack Benny \$300,000, Rock singer David Cassidy \$300,000, Walter Mathau \$200,000 and Liza Minnelli \$231,000.

Businessmen who had a major stake included Fred J. Borch, former chairman of General Electric Co., \$440,920; Walter B. Wriston, chairman of the First National City Bank, \$211,000; Russell W. McFall, chairman and president of Western Union, \$394,000; John G. Martin, executive committee chairman of Heublein Co., \$351,000, and Ralph A. Hart, director and former chairman of Heublein, \$322,000.

Lawyers included Henry J. Fox of Washington, \$108,500; Earl W. Kintner of Washington, \$127,000; and Richard S. Storrs, \$115,000.

The newspaper said the case centers on Home-Stake Production Co., a Tulsa, Okla., tax-shelter oil-drilling company, which the SEC declared insolvent last September and is investigating.

The trustee in Home-Stake's bankruptcy and four groups of investors have filed suits in federal and state courts in Tulsa accusing the principals of wrong-doing, the Journal said. At least one federal grand jury is expected to convene soon, in Los Angeles or in New York, according to the newspaper.

Oklahoma oil lawyer Robert S. Trippet, who founded Home-Stake in 1955 and ran it until he resigned last summer, has consented to a court injunction against securities law violations without admitting or denying any charges by the SEC, the Journal said. The newspaper said he claims he acted in good faith in raising money for oil-drilling and warned investors that it was risky.

The Journal said Harvey L. Garland, operations manager for Home-Stake in the late 1960s, said it drilled five wells on a vegetable farm near Santa Marta, Calif., and to make

things look more impressive got permission from the farmer to paint some of his irrigation pipes orange and code them with oil-field markings.

Garland said there was one legitimate 3,500-foot well and at least three dry 500-foot holes.

In Washington, a spokesman for the SEC declined comment on the ground that the firm involved is under commission investigation.

It was a classic Ponzi scheme as outlined by the SEC. In 1919-20, Charles Ponzi promised investors \$1.40 in three months for every \$1 invested. In so doing, he took in \$10 million before his arrest, conviction and imprisonment for more than five years.

Financial

NEW YORK (AP) — The continuing rise of interest rates pushed the stock market back into a broad decline in light trading today.

The 2 p.m. Dow Jones average of 30 industrials was off 9.15 at 819.70. Losers outdistanced gainers by more than 2 to 1 on the New York Stock Exchange.

A technical rally that carried the Dow to a gain of better than 12 points Tuesday had little momentum left as trading opened today.

And as numerous banks joined in a quarter-point increase to 11¾ per cent in their prime lending rates, the market fell steadily.

McDonald's Corp. tumbled 6 to 49¾ in active trading. Company officials confirmed an Associated Press report earlier in the day that Wall Street's Baker, Weeks & Co. had issued a negative report on the outlook for the stock, a favorite among institutional investors.

Baker, Weeks, following the practice of many institutional research houses, declined to comment on the situation.

The selling appeared to spill over into other restaurant issues, with Ponderosa System off 1¾ at 16½, Pizza Hut down 1¾ at 19½, Denny's down ¾ at 12½, and Sambo's Restaurants off 1¾ at 15¾.

McDonald's issued a statement which indicated it disagreed with the Baker, Weeks report.

Travelers Corp., the Big Board volume leader, was down ¾ at 23. A 151,900-share block traded at 22¾.

The Amex' most-active issue was National Paragon, down ¾ at 5¾ on top of a 2¼-point drop Tuesday, when the company lowered its estimate of earn-