

1979 WL 1267
United States District Court; District of Columbia.

Securities and Exchange Commission
v.
International Systems & Controls Corporation.

No. 79-1760
|
December 17, 1979

Opinion

*1 The Securities and Exchange Commission ("Commission") announced today that the United States District Court for the District of Columbia has entered a Final Order enjoining International Systems & Controls Corporation ("ISC")—a Houston, Texas based, Delaware Corporation; and two of the individual Defendants, J. Thomas Kenneally ("Kenneally"), currently a director and formerly Chief Executive Officer and Chairman of the Board of Directors of ISC; and Herman M. Frietsch ("Frietsch"), Senior Vice President of ISC, from future violations of the antifraud, reporting and proxy provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 and the accounting and bookkeeping provisions of the Foreign Corrupt Practices Act. ISC, Kenneally and Frietsch consented to the entry of the Final Order without admitting or denying the allegations of the Complaint.

In addition to the imposition of the injunction against ISC, Kenneally and Frietsch, the Final Order directs ISC to: 1) file with the Commission a report amending ISC's prior filings relating to foreign payments; 2) appoint three nonaffiliated directors, satisfactory to the Commission, who shall comprise an Audit Committee with specified over-sight and audit duties and functions; and 3) appoint a Special Agent, satisfactory to the Commission, who shall investigate and report on certain specific transactions and on certain related party transactions and on the history and accounting for ISC's unbilled receivables account.

Furthermore, Kenneally and Frietsch (for periods of four years and two years respectively) agreed to be employed as an officer or director of a publicly held company only if that company has a committee with duties and functions similar to those required of the ISC Audit Committee; and to dispose of any publicly held company's assets or enter into any substantial contracts or make any disclosures on behalf of a public company only if such disclosure or transactions are first approved by another person not subordinate to Kenneally or Frietsch. In addition, Kenneally agreed to disgorge to ISC the amount, if any, which the ISC Audit Committee subsequently determines is appropriate.

For further information, see [Litigation Release No. 8815](#), July 9, 1979.

All Citations

Not Reported in F.Supp., 1979 WL 1267, Fed. Sec. L. Rep. P 97,207