

9 Accused Of Franklin Bank Fraud

New York

The Securities and Exchange Commission has filed stock fraud charges against nine former officers, directors and employees of Franklin New York Corp., the parent company of the insolvent Franklin National Bank.

Franklin National's failure was the largest bank collapse in the nation's history.

The civil suit was brought in U.S. District Court here after a five - month investigation.

Franklin New York filed a bankruptcy petition Wednesday in the same court. The bank was declared insolvent on October 8 and the Federal Deposit Insurance Corp. was appointed receiver.

The SEC basically charged that false information had been issued to both the public and the commission.

Harold Gleason of Old Westbury, N.Y., former chairman and chief executive of the parent company and bank, and Paul Luftig of Larchmont, N.Y., former president of the firm and bank, were charged by the SEC with issuing a release falsely reporting first - quarter earnings.

Associated Press