

IN THE UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT

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No. 93-1707  
Summary Calendar

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff-Appellee,

VERSUS

STRATEGIC MANAGEMENT, INC., et al.,

Defendants,

LEROY S. BRENNIA  
and  
DOROTHY J. BRENNIA,  
Defendants-Appellants.

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Appeal from the United States District Court  
for the Northern District of Texas  
(3:91-CV-2489-R)

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(January 11, 1994)

Before GARWOOD, SMITH, and DeMOSS, Circuit Judges.

PER CURIAM:\*

The defendants, Leroy and Dorothy Brenna, appeal civil penalties, in the amount of \$100,000 each, levied against them for securities fraud following a complaint by the plaintiff, the Se-

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\* Local Rule 47.5.1 provides: "The publication of opinions that have no precedential value and merely decide particular cases on the basis of well-settled principles of law imposes needless expense on the public and burdens on the legal profession." Pursuant to that rule, the court has determined that this opinion should not be published.

curities and Exchange Commission ("SEC"). They do not appeal the district court's injunction prohibiting them from engaging in further deceptive, fraudulent, or otherwise unlawful activities involving securities.

In a comprehensive opinion entered July 2, 1993, the district court granted the SEC's motion for summary judgment, injunction, and penalties. We affirm, essentially for the reasons set forth by the district court in that opinion.

The undisputed facts show that the Brennans caused to be sent numerous proxy solicitations without disclosing a serious conflict of interest, namely, that they secretly would receive \$2,000,000 from the sale of the investment advisory contracts, the approval for which sale was the subject of the proxy solicitation. This undisclosed information met the test of having a substantial likelihood of assuming actual significance in the investor's deliberations. See TSC Indus. v. Northway, Inc., 485 U.S. 438, 449 (1976); Justin Indus. v. Choctaw Sec., L.P., 920 F.2d 262, 267-68 (5th Cir. 1990).

None of the defendants' complaints has merit. The facts reveal a blatant case of securities fraud. The judgment, accordingly, is AFFIRMED.