

TEXAS GULF SULPHUR-SEC HEARING

N Y -DJ- THE S E C IS ADDING A NEW CHARGE INVOLVING ONE OF THE 13 INDIVIDUAL DEFENDANTS IN ITS CASE ALLEGING THAT CERTAIN OFFICERS DIRECTORS AND EMPLOYES OF TEXAS GULF SULPHUR CO ILLEGALLY USED INSIDE INFORMATION ABOUT AN ORE STRIKE TO TRADE IN TEXAS GULF STOCK

IN A PRE-TRIAL HEARING IN FEDERAL DISTRICT COURT S E C ATTORNEYS ASKED TO AMEND THE COMMISSION-S COMPLAINT BY ADDING A CHARGE THAT THOMAS S LAMONT A TEXAS GULF DIRECTOR PURCHASED 3 000 SHARES OF THE STOCK AN HOUR AND A HALF AFTER A NEWS TICKER CARRIED THE COMPANY-S PRESS CONFERENCE ANNOUNCEMENT OF THE RICH ORE FIND - THE S E C CONTENDED THAT THIS PURCHASE LIKE THOSE INVOLVING OTHER DEFENDANTS IN THE CASE OCCURRED BEFORE NEWS OF THE ORE DISCOVERY BECAME PUBLIC KNOWLEDGE AND WAS THEREFORE IN VIOLATION OF THE LAW

JUDGE DUDLEY B BONSAI SAID HE WOULD PERMIT THE AMENDMENT

F E KENNAMER JR AN S E C ASSISTANT GENERAL COUNSEL SAID MR LAMONT BOUGHT THE 3 000 SHARES AT ABOUT 12 30 PM ON APRIL 16 1964 AFTER THE DOW JONES NEWS TICKER CARRIED A STORY ON THE COMPANY-S ANNOUNCEMENT STARTING AT ABOUT 10 55 - BUT MR KENNAMER SAID THE S E C DOESN-T REGARD SUCH INFORMATION AS BECOMING PUBLIC AS SOON AS THE DOW JONES NEWS SERVICE BEGINS TO CARRY- THE NEWS

IN THE S E C-S PRE-TRIAL BRIEF FILED
LAST WEEK THE S E C ARGUED -IT IS THE
COMMISSION-S POSITION THAT EVEN AFTER
CORPORATE INFORMATION HAS BEEN PUBLISHED
IN THE NEWS MEDIA INSIDERS STILL ARE UNDER
A DUTY TO REFRAIN FROM SECURITIES TRANSAC-
TIONS UNTIL THERE HAS ELAPSED A REASONABLE
AMOUNT OF TIME IN WHICH THE SECURITIES
INDUSTRY THE SHAREHOLDERS AND THE INVESTING
PUBLIC CAN EVALUATE THE DEVELOPMENT
AND MAKE INFORMED INVESTMENT DECISIONS-

PREVIOUSLY THE S E C HAD ALLEGED THAT MR
LAMONT A DIRECTOR OF MORGAN GUARANTY TRUST CO
MADE A TELEPHONE CALL ON APRIL 16 1964
TO A MORGAN GUARANTY REPRESENTATIVE
ADVISING THE BANK OFFICIAL TO WATCH THE
DOW JONES NEWS TICKER FOR FAVORABLE
NEWS ABOUT TEXAS GULF SULPHUR - BECAUSE OF
THE TELEPHONE CALL THE S E C CHARGED MORGAN
GUARANTY BOUGHT 8 000 SHARES OF TEXAS GULF
SULPHUR STOCK ON BEHALF OF ITS CLIENTS

THE S E C COMPLAINT SAID THE CALL WAS
MADE SHORTLY AFTER TEXAS GULF SULPHUR DIRECTORS
WERE TOLD OF THE BIG ORE STRIKE NEAR TIMMINS
ONTARIO BUT ABOUT 10 MINUTES BEFORE THE
FIND-S ANNOUNCEMENT APPEARED ON THE DOW JONES
NEWS WIRE

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