

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF COLUMBIA

FILED

NOV 14 1996

Clerk, U.S. District Court
District of Columbia

SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street, N.W.
Washington, D.C. 20549
(202) 942-4551,

Plaintiff,

v.

RICHARD BECKWITT,

Defendant.

C CASE NUMBER 1:96CV02590
JUDGE: June L. Green
DECK TYPE: Civil General
DATE STAMP: 11/14/96

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission")
alleges:

SUMMARY

1. This case involves insider trading in the common stock of Purolator Products Company ("Purolator") prior to the October 3, 1994 announcement that Mark IV Industries, Inc. ("Mark IV") and Purolator had entered into a definitive merger agreement, pursuant to which a tender offer would be commenced. On the day of the announcement, the price of Purolator stock closed at \$24-5/8, up \$6-5/8 over the previous trading day's close. Defendant Richard Beckwitt bought 3,500 shares of Purolator common stock on September 23, 1994, while in possession of material, nonpublic information relating to the negotiations between Mark IV and Purolator, which he misappropriated in breach of a duty arising out of a relationship of trust and confidence.

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2. Defendant Beckwitt realized profits of approximately \$24,492 from his trading.

3. By engaging in such conduct, defendant Beckwitt has violated, and unless restrained and enjoined will continue to violate, Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78n(e)] and Exchange Act Rules 10b-5 and 14e-3 [17 C.F.R. §§ 240.10b-5 and 240.14e-3].

JURISDICTION

4. The Court has jurisdiction of this action pursuant to Sections 21(e), 21A and 27 of the Exchange Act [15 U.S.C. §§ 78u(e), 78u-1 and 78aa].

5. Defendant Beckwitt made use of the means and instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, in connection with the acts, practices and courses of business alleged herein.

PARTIES

6. The Commission brings this action pursuant to authority conferred upon it by Sections 21(d), 21(e) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78u-1].

7. Defendant Richard Beckwitt is a resident of Dallas, Texas.

OTHER PERSONS

8. Purolator Products Company ("Purolator") was a Delaware corporation with its headquarters in Tulsa, Oklahoma. Purolator was a manufacturer, distributor and marketer of filtration

products and systems, including a broad range of automotive filters. Purolator's securities were registered with the Commission pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 781(g)]. Purolator common stock was traded on Nasdaq.

9. Mark IV Industries, Inc. ("Mark IV") is a Delaware corporation with its headquarters in Amherst, New York. Mark IV manufactures products for three markets: power and fluid transfer; transportation; and professional audio. Mark IV's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 781(b)].

FACTS

10. Early in the summer of 1994, Mark IV informed Purolator that it was interested in acquiring Purolator in a negotiated transaction involving a tender offer at a purchase price of \$22 per share. A friend of Beckwitt was employed by an advisor retained by Purolator and, at all relevant times, possessed material, nonpublic information concerning the transaction. In September 1994, Mark IV conducted a due diligence review of Purolator, which was completed on or about September 23, 1994. On that same day, Mark IV indicated to Purolator that it remained interested in a business combination. After further negotiations, the companies jointly announced on October 3, 1994, that they had entered into a definitive merger agreement, pursuant to which Mark IV would commence a tender offer for all Purolator shares for \$25 per share. On October 3, Purolator stock closed at \$24-5/8, up \$6-5/8 over the previous trading

day's close.

11. On September 23, 1994, Beckwitt purchased 3,500 shares of Purolator common stock while in possession of material, nonpublic information concerning the negotiations described in paragraph 10 above, which he misappropriated from his friend in breach of a duty of trust and confidence.

12. On October 4, 1994, the day after the merger announcement, Beckwitt sold all 3,500 shares of Purolator common stock that he had purchased on September 23, 1994, realizing profits of \$24,492.

FIRST CLAIM

**Violation of Section 10(b) of the Exchange Act
and Exchange Act Rule 10b-5**

13. Paragraphs 1 through 12 are realleged and incorporated herein by reference.

14. In September and October 1994, defendant Beckwitt, directly or indirectly, by use of the means or instrumentalities of interstate commerce, of the mails or of the facilities of national securities exchanges, in connection with the purchase or sale of securities: (1) employed devices, schemes, or artifices to defraud; (2) made untrue statements of material fact, or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (3) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon the purchasers or sellers of the securities of Purolator or upon other persons.

15. By reason of the foregoing, defendant Beckwitt violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

SECOND CLAIM

**Violation of Section 14(e) of the Exchange Act
and Exchange Act Rule 14e-3**

16. Paragraphs 1 through 12 are realleged and incorporated herein by reference.

17. In September and October of 1994, after the commencement of a tender offer, or the taking of a substantial step or steps to commence a tender offer, for the securities of Purolator, defendant Beckwitt purchased or caused to be purchased the securities of Purolator, while in possession of material information relating to the tender offer, which information he knew or had reason to know was nonpublic and which information he knew or had reason to know was obtained, directly or indirectly, from the offering person, the issuer Purolator, or a person acting on behalf of the offering person or Purolator.

18. By reason of the foregoing, defendant Beckwitt violated Section 14(e) of the Exchange Act [15 U.S.C. § 78n(e)] and Exchange Act Rule 14e-3 [17 C.F.R. § 240.14e-3].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

enter judgment in favor of the Commission finding that defendant Beckwitt violated the securities laws and rules promulgated

thereunder as alleged herein;

II.

permanently enjoin defendant Beckwitt from violating Sections 10(b) and 14(e) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78n(e)] and Exchange Act Rules 10b-5 and 14e-3 [17 C.F.R. §§ 240.10b-5 and 240.14e-3];

III.

order defendant Beckwitt to account for and disgorge the profits he realized as a result of the illegal conduct alleged herein and to pay prejudgment interest thereon;

IV.

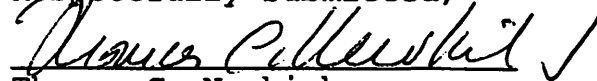
order defendant Beckwitt to pay a civil penalty to the United States of America under Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

V.

grant such other relief as this Court may deem just and proper.

Date: November 14, 1996

Respectfully submitted,



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