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THOMAS W BUSH
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BY THOMAS W. BUSH

Times Staff Writer

Shearson, Hammill & Co. and John B. Dunbar, its former senior West Coast partner, Tuesday were ordered by Los Angeles County Superior Court Judge William H. Levit to pay a total of $50,000 of damages arising out of a suit involving the sale of securities.

The securities were those of U.S. Automatic Merchandising Co.

Dunbar was found by Judge Levit to have committed civil fraud.

The judge found the Shearson firm liable for the damages because it was Dunbar's employer.

The firm and Dunbar were ordered to pay Aaron Black, North Hollywood, and Lawrence R. DeVore, Los Angeles, $20,000 actual damages and $5,000 exemplary damages each. Interest at 7% per annum on the $20,000 awards dating from July 5, 1962, when the sale was made, was also ordered by the court.

The two plaintiffs had charged that they purchased from Shearson representatives $20,000 interests in 4% convertible subordinated notes of NSAMCO when Dunbar was a USAMCO director. Black and DeVore later converted their notes into 2,000 shares each of USAMCO stock.

The judge found that Dun-

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bar knew, but didn't tell his clients, that USAMCO common stock was worthless when they converted their debentures.

"Plaintiffs have each been damaged in the sum of $20,000 as a result of the fraud of Dunbar, and Shearson is also liable therefor since Dunbar was at all times acting as a Shearson partner in the course and scope of his partnership, with the knowledge and authority of Shearson," Judge Levit ruled.

"Shearson may be held liable for exemplary damages since it authorized Dunbar's serving as a director of USAMCO, making the market in the stock, distribution of the releases, and the debenture sale," Judge Levit wrote in his 23-page opinion.

Two other defendants in the suit, Richard J. Teweles, former partner and resident manager of Shearson's Los Angeles office, and Barry Kaye, a former Shearson salesman, had previously been dismissed from the suit on the ground that "neither of said parties had knowledge of the falsity of the representations or any intent to defraud," the judge noted.

USAMCO, a Redondo Beach firm, was organized in 1960 to provide vending machines to small operators on a no-investment basis. The stock of the company subsequently soared in price and then flopped, leaving many shareowners with substantial losses.

Complaints concerning the method by which the Shearson representatives sold stock in the concern resulted in a five-day suspension and fine of the securities firm by the National Association of Securities Dealers.