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Federal Lawsuit Charges General Electric With Securities Fraud, Breach Of Contract and Pattern of Deception in Acquisition of Panametrics.

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Article Excerpt

NEW YORK -- NEW YORK, April 15 /PRNewswire/ -- A Federal lawsuit filed in New York charges General Electric Corporation with securities fraud violations and deceptive business practices in its acquisition last year of Panametrics, Inc., the closely held manufacturer of ultrasonic testing equipment and process control instrumentation.

The suit, filed in the U.S. District Court for the Southern District of New York, alleges that General Electric regularly engages in a pattern and practice of inducing business owners to sell their companies to General Electric without disclosing that it has a policy of systematically resorting to post-closing tactics, such as false statements, accounting manipulations and other techniques, including manipulation of accounts receivable, in order to avoid paying the agreed upon purchase price. The suit alleges that the failure to disclose this policy is a violation of the SEC's anti-fraud Rule 10b-5 under the Securities and Exchange Act of 1934.

"What makes this especially disturbing is that GE is a company that constantly touts its integrity and commitment to honesty in advertisements, on the Internet and with its employees and business partners," said David Chleck, a founder and principal shareholder of Panametrics. "The duplicity that General Electric has engaged in to avoid paying the agreed upon purchase price to Panametrics' shareholders is shocking in its brazenness. As it turns out, such deception and fraud appears to be the regular modus operandi of GE's acquisition program. Indeed,...

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