


MEMORANDUM

March 13, 1984

TO : Linda Quinn
FROM: Chairman Shad 
RE : 3/7/84 Ed Hennessy Request

The attached exchange of correspondence with Ed Hennessy is self-explanatory. Although I appreciate the problem posed by the 2,300 Bendix Preferred Shareholders, I would hope that you can work-out the problem.

I would appreciate, within two weeks, a memo setting forth your conclusions and a brief covering letter summarizing your conclusions to Ed for my signature.

Attachments



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

March 13, 1984

Edward L. Hennessy, Jr., Chairman of
the Board
Allied Corporation
P.O. Box 3000R
Morristown, New Jersey 07960

Dear Ed:

Thanks very much for your letter of March 7. I have asked Linda Quinn, the Associate Director of the Corporation Finance Division who you have met, to personally review the staff decision on the Bendix Preferred and to discuss with Chief Accountant Clarence Sampson the possibility of expanding SAB 53 or some other arrangement to address such situations, and let me know how we can work it out.

It would be appreciated if your secretary would let Ms. Quinn ((202) 272-2579) know who she might call for additional information.

With best personal regards.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "John S.R. Shad".

John S.R. Shad

cc: Linda Quinn
Clarence Sampson



Allied Corporation
P.O. Box 3000R
Morristown, New Jersey 07960

Chairman of the Board

March 7, 1984

The Honorable John S. R. Shad
Chairman
Securities and Exchange Commission
Washington, D.C. 20549

Dear Chairman Shad:

You and I have had occasion in the past to discuss the protection of shareholders and the importance of appropriate corporate disclosure. I believe we are in agreement that securities regulation that is costly and does not significantly benefit shareholders or the securities markets is undesirable and should be eliminated.

At Allied we have encountered a strange situation where the Commission's rules require full blown separate public reporting by The Bendix Corporation, an over 90% owned subsidiary, all of whose common stock is held by Allied. While Bendix has a series of Preferred Stock that is publicly held, quite frankly the holders could not care less about Bendix as a separate company. The Bendix Preferred is convertible at the holder's option into Allied securities, and it has effectively traded as an Allied security ever since Bendix was acquired early last year.

In view of the hundreds of hours of work needed to comply with the separate reporting requirements, and in the absence of any practical benefit to the Bendix Preferred holders, we informally approached the Commission's staff about obtaining relief. Even though Allied offered to guarantee the Bendix Preferred, the staff felt that separate Bendix reporting would be required until Allied's percentage of Bendix ownership is increased or the approximately 2,300 Bendix Preferred holders are substantially reduced.

Because of the staff's response, we would suggest that the Commission may want to consider an expansion of the existing Staff Accounting Bulletin No. 53 or some other arrangement to provide relief in instances of this kind where the continued imposition of separate subsidiary reporting requirements serves no useful purpose.

Sincerely yours,

A handwritten signature in cursive script that reads "Ed Hennessy".
Edward L. Hennessy, Jr.