


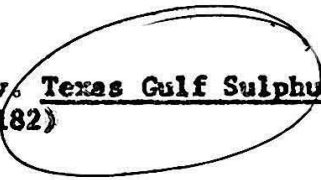
C/A

INFORMATION MEMORANDUM

May 19, 1965

To: The Commission 

From: Office of the General Counsel

Re: Securities and Exchange Commission v. Texas Gulf Sulphur Co., et al. (S.N.Y., No. 65 Civ. 1182) 

This memorandum is to advise the Commission as to the response of the investing public to the above action.

Since the commencement of the suit we have received between three and four hundred letters from investors or their attorneys inquiring as to the nature of the action. Over 90 percent of these merely describe the investor's purchase and sale of Texas Gulf stock and request advice as to how he can be made whole. Most describe a sale within the November 12, 1963 -- April 17, 1964 period covered by our complaint, although we have received some letters from stockholders who sold as early as 1959 or as late as May, 1964, subsequent to the public announcement of the ore discovery.

In general, our response has been to describe the class of sellers as to which the Commission seeks rescission or restitution, to state that we do not yet know the identity of the individuals who might be members of the class, to advise the investor to consult his attorney and to refer briefly to the fact that several class suits have been brought on behalf of former stockholders. Where the letter is from an attorney, we have gone into more detail respecting the private class suits. In all cases, however, we are careful to point out that we are not expressing any view as to the merits of any of the class suits or of any claim the particular investor might have against the company or its officials.

About three to four percent of these letters are from persons apparently not involved with Texas Gulf stock but nevertheless pleased with the Commission's action. They have written merely to congratulate the Commission for bringing the suit. Another three to four percent are from present stockholders of Texas Gulf who are critical of the Commission's action inasmuch as the market price of their stock dropped several points following news of the lawsuit. Many of these stockholders appear to be satisfied with our response to the effect that we seek no monetary relief from the company itself, although we have in some instances pointed to the possibility of such relief being sought by private parties.

In addition to the foregoing, we have received over 100 requests for copies of the Commission's complaint, as well as thirty-odd telephone calls and visits from persons who sold Texas Gulf stock during the crucial period or their attorneys. At present there are no signs of a marked decrease in the number of incoming letters and we are getting out our replies fairly promptly.

DF
MJ