


file w/
TGS

INFORMATION MEMORANDUM

November 22, 1965

To: The Commission
From: Office of the General Counsel 
Re: Securities and Exchange Commission v. Texas Gulf Sulphur Co.

During a telephone conversation today with counsel for defendants (except Lamont and Coates) in the above action, counsel stated that in his view his clients had been libeled by Judge Budge's speech of last week respecting the case. Specifically, he pointed to the phrase "it should be noted that much of the corporate information concerned in the Texas Gulf Sulphur case was volunteered by certain insiders to their select friends" and stated that this phrase did not accurately paraphrase the allegations of the complaint. First, he said that it could be applied only to the defendant Darke and that Darke was not even an insider. We replied that the Commission felt Darke was an insider and that the statement also applied to defendants Lamont and Coates (whom counsel does not represent). Second, counsel stated that it is not alleged that Lamont volunteered "much of the corporate information", to which we replied that there is more than one way in which to volunteer information and telling someone to "watch the tape" was the way Mr. Lamont is alleged to have done so. Despite the foregoing explanations, counsel seemed quite disturbed over the speech, noting that the objectionable phrase would be interpreted as applying to all of the officers involved in the case.

DE
ED