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## GOLDSMITH WINS CONTROL OF CROWN ZELLERBACH

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The **Crown Zellerbach** Corporation officially ceded control of the company yesterday to Sir James Goldsmith, the British financier, after an eight-month battle for the forest and paper products company.

Crown said that Sir James, who has gradually increased his stake in the company to 51.3 percent, would become chairman. The two sides also pledged to eliminate the "distractive atmosphere" around the company, which is based in San Francisco.

William T. Creson will give up the title of chairman but will remain president and chief executive. Roland A. E. Franklin, a close business associate of Sir James, will serve as vice chairman.

A committee of six directors will propose one of four courses for the company: a company offer to buy 5 million of its 27.4 million shares; additional purchases by Sir James; a "transaction" with a third party or a continuation of the restructuring plan that was proposed by management in April. A Nov. 1 deadline was set for the committee to report to the full board.

Certain transactions between General Oriental Securities Ltd., Sir James's investment partnership, and **Crown Zellerbach** will become subject to 75 percent approval of the entire board, the company said. The board will be reduced to 11 members, from 12.

The agreement puts in doubt the future of the restructuring plan, under which the company would be carved into three separate entities: a paper manufacturing unit, a specialty packaging company and a timberland liquidating partnership.

Crown said that its agreement with Sir James included a provision that, if the restructuring was pursued, the company's vast timberland holdings would be spun off into a corporation rather than a partnership. Sir James has long sought such a provision, saying that the liquidating partnership would have unfavorable tax consequences.

Mr. Creson said he looked forward "to a constructive working relationship" with Sir James and that he felt "very positive" about the agreement. "The time has come to end the disruption," he said. In a prepared statement, Sir James said that he, too, was "pleased" with the agreement.

Trading of **Crown Zellerbach** shares was halted for four hours on the New York Stock Exchange yesterday pending the company's announcement, but resumed in the afternoon. The stock closed at \$38.25, down 75 cents.

Earlier Battle

The 52-year-old Sir James is known for his ability to make money in his efforts to acquire companies. Five years ago, after another highly contested battle, he won control of the Diamond International Corporation, also a paper and forest products company. He broke it up and sold off the pieces - for a profit of more than \$500 million - but kept one piece: more than a million acres of timberland in the United States.

Although Sir James has been vague about his intentions regarding **Crown Zellerbach**, which holds nearly twice as much forest property as Diamond International, some analysts and investors contend that his objectives are the same in this case.

"Mr. Goldsmith wants to cash in and make money on the stock he's purchased," said George B. Adler, an analyst with Smith, Barney & Company. "He is not interested in running the company."

Nonetheless, it might not be possible to sell Crown's timberland in the Northwest and South quickly, say analysts, who point to the current soft market for forest property.

#### Anti-Takeover Measures

Robert S. Pirie, president of Rothschild Inc., an investment banking concern that represents Sir James, said the British financier's acquisition of a controlling interest in Crown represented the first time that a company was taken over that had anti-takeover measures in effect. It also represented a rare occasion when a majority interest in a company was acquired for less than what was being bid in a tender offer, Mr. Pirie said.

In recent weeks, Sir James has increased his holdings by buying about 25 percent of **Crown Zellerbach** at prices between \$41.50 and \$42 a share. In April, he made a tender offer to acquire the company for \$42.50 a share. Crown's management rejected the offer, saying it would not consider bids of less than \$60 a share. The Goldsmith offer was complicated by company provisions that were enacted to make a hostile takeover prohibitively expensive.

The fight began in December, when Sir James said he planned to assemble a significant stake in the company. At the time, its stock was selling at about \$29.

Both sides filed a flurry of suits over the succeeding months as Sir James increased his stake. Shortly after Sir James made his tender offer, Crown announced its restructuring proposal. Sir James then canceled his bid and rejected an earlier offer of two seats on the board. He won one seat at the company's annual meeting in May but lost an attempt to rescind the anti-takeover provisions.

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