

GIANT GROUP LTD
Form SC 13E3
September 29, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13E-3

Rule 13e-3 TRANSACTION STATEMENT
under Section 13(e) of the Securities Exchange Act of 1934

GIANT GROUP, LTD.

(Name of the Issuer)

GIANT GROUP, LTD.

(Names of Persons Filing Statement)

Common Stock, \$0.01 par value

(Title of Class of Securities)

(CUSIP Number of Class of Securities)

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Pasquale A. Ambrogio

Vice President, Chief Financial Officer, and Secretary

GIANT GROUP, LTD.

9440 Santa Monica Boulevard

Suite 407

Beverly Hills, California 90210

(310) 273-5678

**(Name, Address, and Telephone Numbers of Person Authorized to Receive
Notices and Communications on Behalf of the Persons Filing Statement)**

With copies to:

Jeffrey C. Soza, Esq.

Christensen, Miller, Fink, Jacobs, Glaser, Weil & Shapiro, LLP

10250 Constellation Boulevard

Los Angeles, California 90067

(310) 553-3000

This statement is filed in connection with (check the appropriate box):

a. The filing of solicitation materials or an information statement subject to Regulation 14A (§§240.14a-1 through 240.14b-2), Regulation 14C (§§240.14c-1 through 240.14c-101) or Rule 13e-3(c) (§240.13e-3(c)) under the Securities Exchange Act of 1934 (the "Act").

b. The filing of a registration statement under the Securities Act of 1933.

c. A tender offer.

d. None of the above.

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Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies: x

Check the following box if the filing is a final amendment reporting the results of the transaction: "

CALCULATION OF FILING FEE

Transaction valuation (1): \$1,850,000

Amount of filing fee: \$234

(1) Calculated solely for purposes of determining the filing fee, this amount assumes that approximately 1,000,000 shares of Common Stock are acquired for cash for an amount equal to \$1.85 per share.

Check the box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:

Form or Registration No.:

Filing Party:

Date Filed:

Introduction

This Rule 13e-3 Transaction Statement on Schedule 13E-3 (this Schedule 13E-3) is being filed by GIANT GROUP, LTD., a Delaware corporation (the Company), with the Securities and Exchange Commission (the Commission) for purposes of effecting the transaction described herein.

Concurrently with the filing of this Schedule 13E-3, the Company is filing with the Commission a preliminary proxy statement on Schedule 14A of the Securities Exchange Act of 1934, as amended (the Proxy Statement), containing, among others, proposal for the approval of, and information relating to, an amendment to the Company's certificate of incorporation to effectuate a 1-for-300 reverse stock split of shares of common stock, par value \$0.01, of the Company. The Proxy Statement is in preliminary form and is subject to completion or amendment. The information in the Proxy Statement, including all annexes thereto, is expressly incorporated by reference into this Schedule 13E-3 in its entirety, and the responses to each item are qualified in their entirety by the provisions of the Proxy Statement.

Item 1. Summary Term Sheet.

The information set forth in the Proxy Statement under the section Proposal No.1: Amendment to the Certificate of Incorporation Summary Term Sheet is incorporated herein by reference.

Item 2. Subject Company Information.

- (a) *Name and Address.* The name of the Company is GIANT GROUP, LTD.. Its principal executive offices are located at 9440 Santa Monica Boulevard, Suite 407, Beverly Hills, California 90210, and its telephone number is (310) 273-5678.
- (b) *Securities.* As of September 21, 2004, there were approximately 3.348 million shares of the Company's common stock, \$0.01 par value, outstanding.
- (c) *Trading Market and Price.* The information set forth in the Information Statement under the section Proposal No.1: Amendment to the Certificate of Incorporation Market for the Common Stock and Dividend Policy is incorporated herein by reference.
- (d) *Dividends.* The information set forth in the Information Statement under the section Proposal No.1: Amendment to the Certificate of Incorporation Market for the Common Stock and Dividend Policy is incorporated herein by reference.
- (e) *Prior Public Offerings.* Not applicable.
- (f) *Prior Stock Purchases.* Not applicable.

Item 3. Identity and Background of Filing Person.

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- (a) *Name and Address.* GIANT GROUP, LTD., the subject company, is the filing person. Its principal executive offices are located at 9440 Santa Monica Boulevard, Suite 407, Beverly Hills, California 90210, and its telephone number is (310) 273-5678. The information set forth in the Proxy Statement under the section Proposal No. 2: Election of Directors Security Ownership of Certain Beneficial Owners, Directors and Management is incorporated herein by reference.
- (b) *Business and Background of Entities.* Not applicable.
- (c) *Business and Background of Natural Persons.* The information set forth in Proxy Statement under the sections Proposal No. 2: Election of Directors Current Directors and Current Executive Officers is incorporated herein by reference..

Item 4. Terms of the Transaction.

- (a) *Material Terms.* The information set forth in the Proxy Statement under the sections Proposal No. 1: Amendment to the Certificate of Incorporation Summary Term Sheet, Special Factors and The Reverse Split is incorporated herein by reference.
- (c) *Different Terms.* Not applicable.
- (d) *Appraisal Rights.* The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Appraisal Rights is incorporated herein by reference.
- (e) *Provisions for Unaffiliated Stockholders.* None.
- (f) *Eligibility for Listing or Trading.* The Company's common stock is traded on the OTC Bulletin Board. Immediately prior to the 1-for-300 reverse stock split of the shares of common stock of the Company, the Company's common stock will not be traded on an automated quotations system operated by a national securities association. Following such reverse stock split, the Company will not take any steps to qualify the Company's common stock for trading on any automated quotations system operated by a national securities association. In addition, the Company's common stock will cease to be traded on the OTC Bulletin Board.

Item 5. Past Contracts, Transactions, Negotiations and Agreements.

- (a) *Transactions.* The information set forth in the Proxy Statement under the section Proposal No. 2: Election of Directors Certain Relationships and Related Transactions is incorporated herein by reference.
- (b) *Significant Corporate Events.* The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Background of the Reverse Split; Alternatives Considered by the Board is incorporated herein by reference.
- (c) *Negotiations or Contacts.* Not applicable.
- (e) *Agreements Involving the Subject Company's Securities.* Not applicable.

Item 6. Purpose of the Transaction and Plans or Proposals.

- (b) *Use of Securities Acquired.* The information set forth in the Proxy Statement under the sections Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Effects of the Reverse Split on Stockholders Who Hold Fewer than 300 Shares of the Common Stock in a Single Account, Special Factors Effects of the Reverse Split on Stockholders Who Hold 300 or More of the Company's Common Stock in a Single Account, Special Factors Effects of the Reverse Split on the Company, and Reverse Split is incorporated herein by reference.
- (c) *Plans.* The information set forth in the Proxy Statement under the sections Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Purpose of the Reverse Split, Special Factors Reasons for the Reverse Split and Special Factors Effects of the Reverse Split on the Company is incorporated herein by reference.

Item 7. Purposes, Alternatives, Reasons and Effects.

- (a) *Purposes.* The information set forth in the Proxy Statement under the section "Proposal No. 1: Amendment to the Certificate of Incorporation - Special Factors - Purpose of the Reverse Split" is incorporated herein by reference.

- (b) *Alternatives*. The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Background of the Reverse Split; Alternatives Considered by the Board is incorporated herein by reference.
- (c) *Reasons*. The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Reasons for the Reverse Split is incorporated herein by reference.
- (d) *Effects*. The information set forth in the Proxy Statement under the sections Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Effects of the Reverse Split on Stockholders Who Hold Fewer than 300 Shares of the Company's Common Stock in a Single Account, Special Factors Effects of the Reverse Split on Stockholders Who Hold 300 or More Shares of the Company's Common Stock in a Single Account, Special Factors General Examples of Potential Effects of the Reverse Split, Special Factors Effects of the Reverse Split on Option Holders, Special Factors Effects of the Reverse Split on the Company, Special Factors Certain Material Federal Income Tax Consequences and The Reverse Split Accounting Consequences is incorporated herein by reference.

Item 8. Fairness of the Transaction.

- (a) *Fairness*. The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Recommendation of the Board; Fairness of the Reverse Split is incorporated herein by reference.
- (b) *Factors Considered in Determining Fairness*. The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Factors Considered by the Board of Directors as to the Fairness of the Reverse Split is incorporated herein by reference.
- (c) *Approval of Security Holder*. The transaction is not structured to require approval of at least a majority of unaffiliated security holders.
- (d) *Unaffiliated Representative*. The information set forth in the Proxy Statement under the sections Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Factors Considered by the Board of Directors as to the Fairness of the Reverse Split Procedural Factors Disfavoring the Reverse Split and Interests of the Company's Directors and Executive Officers in the Reverse Split The Reverse Split has not been structured to require the separate approval of directors unaffiliated with the Company and Special Factors Factors Considered by the Board of Directors as to the Fairness of the Reverse Split Procedural Factors Disfavoring the Reverse Split and Interests of the Company's Directors and Executive Officers in the Reverse Split The board of directors has not obtained a fairness report is incorporated herein by reference.
- (e) *Approval of Directors*. The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Factors Considered by the Board of Directors as to the Fairness of the Reverse Split Procedural Factors Disfavoring the Reverse Split and Interests of the Company's Directors and Executive Officers in the Reverse Split The Reverse Split has not been structured to require the separate approval of directors unaffiliated with the Company is incorporated herein by reference.
- (f) *Other Offers*. Not applicable.

Item 9. Reports, Opinions, Appraisals and Negotiations.

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- (a) *Report, Opinion or Appraisal.* The information set forth in the Proxy Statement under the section "Proposal No. 1: Amendment to the Certificate of Incorporation - Special Factors - Reports, Opinions and Appraisals" is incorporated herein by reference.

(b) *Preparer and Summary of the Report, Opinion or Appraisal.* Not applicable.

(c) *Availability of Documents.* Not applicable.

Item 10. Source and Amount of Funds or Other Consideration.

(a) *Source of Funds.* The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation The Reverse Split Source of Funds and Financial Effect of the Reverse Split is incorporated herein by reference.

(b) *Conditions.* None.

(c) *Expenses.* The information set forth in the Proxy Statement under the sections Proposal No. 1: Amendment to the Certificate of Incorporation The Reverse Split Source of Funds and Financial Effect of the Reverse Split and The Reverse Split Fees and Expenses is incorporated herein by reference.

(d) *Borrowed Funds.* Not Applicable.

Item 11. Interest in Securities of the Subject Company.

(a) *Security Ownership.* The information set forth in the Proxy Statement under the section Proposal No. 2: Election of Directors Security Ownership of Certain Beneficial Owners, Directors and Management is incorporated herein by reference.

(b) *Securities Transactions.* Not applicable.

Item 12. The Solicitation or Recommendation.

(d) *Intent to Tender or Vote in a Going-Private Transaction.* The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Summary Term Sheet Stockholder Approval, Special Factors Factors Considered by the Board of Directors as to the Fairness of the Reverse Split Procedural Factors Disfavoring the Reverse Split and Interests of the Company's Directors and Executive Officers in the Reverse Split The Reverse Split has not been structured so as to require the approval of at least a majority of the unaffiliated stockholders, Special Factors Effects of the Reverse Split on Stockholders Who Hold 300 or More Shares of the Company's Common Stock in a Single Account, and Proposal No. 2: Election of Directors Security Ownership of Certain Beneficial Owners, Directors and Management is incorporated herein by reference.

(e) *Recommendations of Others.* The information set forth in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Special Factors Recommendation of the Board; Fairness of the Reverse Split is incorporated herein by reference.

Item 13. Financial Statements.

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- (a) *Financial Information.* The information set forth (i) in the Proxy Statement under the section Proposal No. 1: Amendment to the Certificate of Incorporation Selected Historical Financial Information, (ii) in financial statements included in the Annual Report on Form 10-K, as amended by an amendment thereto on Form 10-K/A, for the fiscal year ended December 31, 2003, and (iii) in the financial statements included in the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2004, in each case, is incorporated herein by reference.

- (b) *Pro Forma Information.* Not applicable.

Item 14. Persons/Assets, Retained, Employed, Compensated or Used.

- (a) *Solicitation or Recommendations.* None

- (b) *Employees and Corporate Assets.* The information set forth in the Proxy Statement under the sections Proposal No. 1: Amendment to the Certificate of Incorporation Reverse Split Source of Funds and Financial Effect of the Reverse Split and Fees and Expenses is incorporated herein by reference.

Item 15. Additional Information.

- (b) *Other Material Information.* Not applicable.

Item 16. Exhibits.

- (a)
 - (i) Preliminary Proxy Statement dated September 28, 2004 (incorporated herein by reference to the Preliminary Proxy Statement filed with the Commission on September 29, 2004).
 - (ii) Annual Report on Form 10-K, as amended by amendment thereto on Form 10-K/A, for the fiscal year ended December 31, 2003 (incorporated herein by reference to the Annual Report on Form 10-K and the Amendment on Form 10-K/A filed with the Commission on March 30, 2004 and April 29, 2004, respectively).
 - (iii) Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2004 (incorporated herein by reference to the Quarterly Report on Form 8-K filed with the Commission on August 16, 2004).
- (b) Not Applicable.
- (c) Not applicable.
- (d) Not applicable.
- (f) Not applicable.
- (g) Not applicable.

SIGNATURES

After due inquiry and to the best of our knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GIANT GROUP, LTD.

By: /s/ Pasquale A. Ambrogio

Name: Pasquale A. Ambrogio

Title: Vice President, Chief Financial Officer, and
Secretary

Date: September 28, 2004

EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|---|
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| (a) (iii) | Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2004 (incorporated herein by reference to the Quarterly Report on Form 8-K filed with the Commission on August 16, 2004). |
| (b) | Not applicable. |
| (c) | Not applicable. |
| (d) | Not applicable. |
| (f) | Not applicable. |
| (g) | Not applicable. |