

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C.

September 28, 1953

MEMORANDUM TO ALL REGIONAL ADMINISTRATORS:

Re: Cooperation with State Securities Administrators.

In response to my call dated August 12, 1953 for additional suggestions as to ways and means to save manpower, four Regional Administrators suggested in one form or another the turning over to state authorities of cases being investigated by SEC in which the facts developed indicated an offense more readily provable as a violation of state law than as a violation of any statute administered by the Commission.

This suggestion, which is in conformity with the Commission's policy of cooperating with the states, will be carried out.

Accordingly, in the case of investigations, except formal investigations specifically ordered by the Commission, each Regional Administrator is authorized, on his own initiative, to make available to the appropriate state authorities all material dealing with a pending investigation where:

- (1) an investigation discloses there has been a clear violation of state law, and
- (2) it appears that there will be substantial difficulty in proving the suspected violation of the federal law, and
- (3) the Regional Administrator has reason to believe that the state authorities will proceed promptly to complete the investigation and enforce the state law.

Moreover, in the case of formal investigations which have theretofore been specifically ordered by the Commission, each Regional Administrator should, under the circumstances outlined in the previous paragraph, recommend to the Commission the turning over to state authorities of the material dealing with such investigation.

Where documents or statements are released to the state authorities for their use, the Regional Office should obtain an appropriate receipt in reasonable detail.

When a case has been turned over to the state authorities on the Administrator's own initiative, a brief memorandum and a copy of the receipt should be forwarded to the Division of Trading & Exchanges at the headquarters office.

When the case has been turned over to the state authorities on the Commission's direction a copy of the receipt will suffice.

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It is contemplated that the Regional Administrator will make a determination whether to turn over, or recommend turning over, a case to the state agency at the earliest practicable stage of the investigation. After a case has been so turned over, the Commission's further efforts on the matter should be limited to acting in a consultative capacity on request. Such requests should be honored if the nature of the offense or its geographical scope makes the use of the Commission's facilities of substantial help in completing the investigation and prosecution. Following this procedure should save time and personnel, permit more expeditious handling of the investigative case load and lead to better law enforcement.

By the Commission.

Ralph H. Demmler  
Chairman