

December 3, 1936

My dear Senator King:

I wish to thank you very much for your letter of December 1, 1936, presenting certain aspects of the problems facing those who wish to develop a mining prospect and who find it necessary to obtain money through a public offering of securities.

As you are aware, the Commission has promulgated certain exemptions, commonly known as the "\$30,000" and "\$100,000" exemptions, the text of which is found in Regulation A of the General Rules and Regulations under the Securities Act of 1933. It was the purpose of these exemptions to permit financing in limited amounts without the formality or expense incident to registration. In certain cases, however, relatively brief statements as to the proposed venture are required to be filed with the Commission and used as a prospectus. Many mining companies have utilized this plan to obtain capital with which to prove or disprove the value of the prospect. At the present time the Commission is considering a new form of exemption to supplant the above rules. The new rule would exempt an offering of less than \$100,000 if proof of compliance with the laws of each state in which the securities are to be sold were filed with the Commission.

In any case, however, where it would be impracticable to comply with the laws of the necessary number of states, the option is to be given of registering with the Commission on the new mining form. Likewise, public offerings in excess of \$100,000 would require registration on the new form. Presumably then, this form would be used only where the offering is to be in excess of \$100,000 or is to be made outside of the immediate locality and in more than two or three states. This new form, as you know, has been sent out to a large number of mining men in the West, as well as to the principal mining and engineering societies. In general, the commentators approved the principles of the new form. However, as a result of the many suggestions received by letter and at the

American Mining Congress a new draft has been prepared and sent out for further comments. In addition, Mr. Harold H. Neff, Director of the Forms and Regulations Division, is presently in the West to discuss the Form with a number of persons in Denver and to attend the meeting of the Northwest Mining Association in Spokane.

The principal advance made in the new draft is to make it entirely clear that no section or assay maps or other similar technical data requiring the services of experts are required unless the stage of development warrants them or unless claims as to the existence of proven or probable ore are made. In addition, we have attempted to simplify as far as possible the form of the questions and the required financial information so as to present a minimum of difficulty and expense in complying with the requirements. As the form is now drawn we feel that it requires only such information and involves only such expense as is, under the circumstances, essential for the protection of the prospective purchaser of securities.

In case you do not have the new form at hand, you will find enclosed several copies thereof for your use. If you should receive any further comments or have any suggestions of your own, I trust that you will let me have them at your earliest convenience since final action on the proposed form will be taken early this month.

Sincerely yours,

K

James M. Landis  
Chairman

Honorable William H. King  
United States Senate  
Washington, D. C.

WWerntz:Mc.  
Enclosures  
3 copies of Form A-0-1

RECEIVED BY CHAIRMAN DEC 3 1936

Mailed by Chairman DEC 3 1936