

CONFIDENTIAL

November 14, 1938

Memorandum to: Ganson Purcell

From: William O. Douglas

Commissioner Healy told me this morning that on his recent visit to the New York office he saw a rather voluminous report made by the Security Information Analysis Section on trading in the stock of Loft Candy. He also stated that he had talked with Pat Dowd who indicated, I believe, that the New York office had not made any investigation of that case although they had received the voluminous report, because, in the opinion of the New York office, it was not worth the time and energy to investigate it. Could you advise me as to what the status of this case has been and is? Would you also advise me, assuming the foregoing facts are true, whether or not this represents a common type of situation or an infrequent one?

WOD/gc