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OVERSEAS SECURITIES CO., INC.

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To By Date  
*Troy. 20. 21. 1942*

September 14, 1942.

Securities and Exchange Commission,  
Philadelphia,  
Pennsylvania.

Attention of  
Mr. Milton V. Freeman  
Assistant to General Counsel

Dear Sirs:

We have your letter of the 26th of August enclosing for our comment the proposed draft of amendments to the Commission's proxy rules under Section 14 of the Securities Exchange Act of 1934. In accordance with your request, we submit the following comments.

First: We are in favor of the proposed changes in the rules with respect to the disclosure of management compensation and dealings with the corporation. It seems to us that there can be no possible objection on the part of any one in management to full disclosure of all pertinent facts in connection with their compensation or in connection with any transactions which officers or directors "or insiders" may have with the corporation.

Second: We do not think it advisable to bring about the consolidation of the proxy statement with the annual report of the corporation. It seems to us that such action might very well have the effect of creating a very lengthy and unreadable document in many cases and bring about obscurity rather than clarity of stockholders' comprehension of the affairs of their company. It seems to us that if the annual report, as a separate document, be mailed to stockholders well in advance of the annual meeting and if that annual report contains in a prominent place a statement that proxies will be solicited at a later time, it will be preferable to any attempt to consolidate the two documents.

Third: We are not in favor of the changes in rules proposed to effect an extension of the rights of the stockholders not connected with the management. We feel that the proposed changes are likely to fail of their intent, with which we are in hearty accord. From the point of view of the management, there would seem to be no reason why it should be asked to send out a statement incorporated in the proxy statement, in favor of every proposal which might be presented by cranks, exhibitionists and crackpots, of whom unfortunately there are so many. The proposed changes seem to us to constitute an invitation to such individuals to make nuisances of themselves. Carried to an extreme it could easily cause the proxy statement to become such an extended document that it could only confuse and obfuscate the average stockholder. From the point of view of the stockholder who has a constructive proposal to submit to the meeting, it seems to us that his interests are most effectively served by having the company's communication state that certain proposals will be submitted and in having ample and clear opportunity in the proxy itself for each stockholder to express himself on such proposals. If any statement by the proponent of such a proposal and any argument for its adoption is deemed desirable, it seems to us

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that it can be most effectively and powerfully presented to the stockholder in the form of a separate document. It must be born in mind that a great many of these proxy statements are even now of considerable length and contain a great deal of verbiage. Therefore a statement such as it is proposed to incorporate in the proxy statement could very well be completely buried and not receive proper attention from those to whom it was addressed.

Fourth: We are in favor of having the proxy form drawn so as to permit a ballot vote on all proposals submitted to stockholders for action. We believe, however, that any changes from the present procedure should be considered very carefully with a view to determining whether any changes that may be made will have the effect of rendering more difficult the obtaining of a quorum or the ability to take necessary action. It seems to us that if stockholders are afforded an opportunity clearly stated to express themselves affirmatively or negatively on all matters to come before the stockholders' meeting, the requirements of the situation have been amply met. If any stockholder under such circumstances does not mark his ballot but nevertheless signs the proxy it would seem to be a clear mandate for the proxies to be exercised in accordance with the best judgment of those in whose favor they are made out on all matters set forth, and that they should be so regarded. Stockholders generally take much too little interest in the affairs of the companies in which they are shareholders. Broadly speaking, most of them give their proxies on the basis of their general confidence in the management, and even under these conditions it is frequently difficult to obtain a quorum. Any changes of the present rules should be most carefully considered therefore lest they make the conduct of corporate business too difficult or in some cases impossible.

Yours very truly,

OVERSEAS SECURITIES CO., INC,

By 

President.