

November 16, 1954

This is an only copy. To be returned to the  
Executive Office, National Association of Securities  
Dealers, Inc., 1625 K Street, N. W., Washington,  
D. C.

COMMITTEE STORY  
(MALONEY ACT)

Investment Bankers Conference, Inc.

COMMITTEE STORY (MALONEY ACT)

Jan. 24, 1938 -

At the meeting of the Governing Committee held at the Waldorf Astoria Hotel, New York City, on January 24, 1938, after a thorough discussion of the Maloney Bill situation existing at that time, a committee, consisting of Messrs. Ford, Johnson, Snyder, Stevenson and Weeden, was appointed to prepare a resolution expressing the sense of the meeting. The committee's report was accepted and it was

"RESOLVED, That it is the sense of the meeting that the general principles of self-regulation for the furtherance of fair trade practices under reasonable governmental supervision are in the interest of the great body of public investors and the investment banking business.

"FURTHER RESOLVED, That in response to the suggestions of Senator Maloney it is our purpose to suggest certain amendments to the proposed Bill which we believe will facilitate the formation of such national associations and aid in the effectiveness of their administration.

"FURTHER RESOLVED, That a special committee be appointed further to study the Bill in the light of today's discussion and to offer the fullest cooperation to Senator Maloney and the SEC in the further consideration of the Bill.

"The Chairman thereupon appointed Messrs. Francis A. Bonner, Ralph T. Crane, Nevil Ford, B. Howell Griswold, Jr., Joseph T. Johnson, A. W. Snyder, George S. Stevenson and Frank Weeden as a special committee to confer with Senator Maloney and the SEC. The Chairman was also instructed to telephone to Chairman Douglas, Securities and Exchange Commission, to tell him of the decision of the meeting."

March 9, 1938 -

At the joint meeting of the Executive and Finance Committees, held at the Lunch Club, New York City, on March 9, 1938, there was a full discussion of the work of the committee on the Maloney Bill (appointed on January 24), and it was decided to appoint a new committee representing the Conference for the purpose of consultation and conference on matters in respect to and growing out of the Maloney Bill, and upon motion duly made, seconded and carried, it was

"RESOLVED, That the Chairman should appoint a committee consisting of -

Francis A. Bonner  
Albert P. Everts  
Nevil Ford  
Edward H. Hilliard  
Joseph T. Johnson  
Hugh Knowlton  
A. W. Snyder  
George S. Stevenson  
Frank Weeden

Blair, Bonner & Company  
Paine, Webber & Co.  
The First Boston Corp.  
J. J. B. Hilliard & Son  
The Milwaukee Company  
Kuhn, Loeb & Co.  
A. W. Snyder & Co.  
Putnam & Co.  
Weeden & Company

Chicago, Ill.  
Boston, Mass.  
New York, N. Y.  
Louisville, Ky.  
Milwaukee, Wis.  
New York, N. Y.  
Houston, Texas  
Hartford, Conn.  
San Francisco, Cal."

The above committee was notified of their appointment by letter, dated March 16, copy of which is appended hereto as "Exhibit 1."

(N.B. - The Maloney Bill passed the House on June 15, 1938, the Senate on June 16, 1938, and was approved by the President on June 25, 1938.)

June 15, 1938 -

Chairman Douglas of the Securities and Exchange Commission attended a meeting of brokers and dealers in Seattle, Washington. It was reported that at this meeting Chairman Douglas expressed the view that the industry should proceed in organizing under the Bill from the bottom up rather than top down and encouraged the immediate formation of local associations or groups to work out registration. It was also reported that Chairman Douglas called the Commission from Seattle and requested that Mr. Edwin W. Favenstedt proceed immediately to the Coast to assist local groups in the formation of such local associations.

June 17-18, 1938 -

Chairman Douglas met with various dealers in San Francisco on June 17 and 18 and expressed substantially the same views with respect to the desirability of local associations as expressed in Seattle.

June 21, 1938 -

At a meeting of the Governing Committee held at the Carlton Hotel in Washington, D. C., on June 21, 1938, Chairman Griswold "discussed in some detail the background of the Act and the activities of the Conference with respect thereto, reported the appointment of a special committee for the purpose of consultation and conference on matters in respect to and growing out of the Maloney Act, and, after having Counsel explain the implications of the final changes which were made in the Act, he threw the whole subject open for general discussion. After a discussion which lasted through the remainder of the afternoon session and upon motion duly made, seconded and carried, it was

"RESOLVED, That it is the sense of this meeting that a national association of investment bankers and security dealers should register under the Maloney Act; that the matter be referred to the special committee already appointed and that the committee study and report back its recommendations to the Governing Committee after consultation with the SEC, the IBA, and other associations and others with whom it may see fit to confer.

"Upon motion duly made, seconded and carried, it was

"RESOLVED, That an Educational Committee on the subject of the Maloney Act be appointed to supervise the issuance of a small pamphlet or pamphlets to be prepared in simple untechnical language, stating the history, provisions, purposes, benefits and disadvantages of the Maloney Act, and that these pamphlets be published at as early a date as possible and copies sent to all registered brokers and dealers."

After the adoption of the resolutions set forth above, it was urged by several speakers that the special committee should be given some guidance as to the views and opinion of those present as to whether it would be desirable to use the Investment Bankers Conference, with modifications, for primary registration purposes, or some new or existing organization for the purpose. When there was a call for hands to be shown, the unanimous vote of those present was to use the Conference machinery. Mr. Griswold stated that this expression of opinion was not to be considered as binding on the committee, but as a guide in connection with its studies.

June 22, 1938 -

Chairman Douglas addressed the dealers in Denver and reiterated much of what he had said in Seattle and San Francisco with respect to the desirability of local associations.

June 28, 1938 -

A meeting was held at the Bankers Club in New York City, attended by representatives of the I.B.A. and members of the special committee of the IBC. At that meeting arrangements were made to undertake a study to determine how best to organize under the Maloney Act. Mr. Joseph C. Hostetler of Cleveland was asked to make a study of the law and to report on the subject of organization at as early a date as possible.

July 1, 1938 -

After the New York meeting of June 28, word was received in the East of Chairman Douglas' talks with dealers in Seattle, San Francisco and Denver. These reports indicated that Mr. Douglas was thinking along lines of organization diametrically opposed to those of the IBC-IBA Committee, and it was decided that Messrs. Ford, Starkweather and Hostetler should meet with Commissioner Mathews and Messrs. Davis, Katz and Purcell to ascertain the then present thinking of the Commission. This meeting was held July 1.

July 2, 1938 -

Mr. Ford sent a memorandum to the members of his committee giving the details of the meeting of July 1. A copy of this memorandum is attached as "Exhibit 2."

July 7, 1938 -

A special meeting of the Board of Governors of the IBA was held in Chicago on July 7. At this meeting it was decided that the IBA should not register and the following wire was sent to the SEC:

"The Board unanimously voted to lend the Association's influence and resources in working out procedure that will accomplish the purposes of the Maloney Act. The Board is recommending to its 765 members that they join one of the self-regulatory associations to be organized to undertake the regulation of the business. It was decided that the Invest-

ment Bankers Association itself will continue the activities it has conducted for 26 years and will extend every cooperation to the Securities and Exchange Commission in this matter."

July 8, 1938 -

A letter was received from Commissioner Mathews requesting the Conference to designate a small group from among its membership to consult with the Commission's staff and advise the Commission with respect to the various problems involved in the program under the Maloney Act, the text of which follows:

"Since our meeting on July 1, 1938, with the representatives of the Joint Committee of the Investment Bankers Conference, Inc. and the Investment Bankers Association of America, the Commission has engaged in considerable deliberation on the problems which it and the industry must face under the Maloney Act.

"Very generally speaking, the conclusion of the Commission as a matter of policy, is to pursue a course of education in the field as to the purposes underlying the Maloney Act, and through discussion to obtain the views of as great a number of brokers and dealers in the industry as possible, as to the precise form of organization best calculated to accomplish the result sought by the Act.

"The Commission has asked me to request your organization to designate a small group from among your membership to consult with the Commission's staff and to advise the Commission with respect to the various problems involved in this program. I would greatly appreciate it if you would give early consideration to this request and advise me as to the personnel of any such group which may be selected."

A press release was issued on this same date by the SEC with regard to the Commission's program under the Maloney Act and including Chairman Douglas' reply to the telegram received from the IBA on July 7, a copy of which is attached as "Exhibit 3."

July 8-15, 1938 -

After receiving the above mentioned letter from Commissioner Mathews, several telephone conversations were had between Messrs. Fulton and Griswold with respect to complying with the Commission's request. Mr. Griswold requested Mr. Fulton to discuss the matter with Messrs. Bonner and Ford and others of the Governing Committee and to report any suggestions which they might have with respect thereto, and telephone conversations were had accordingly.

July 15, 1938 -

A meeting was arranged by Mr. Ford and Mr. Frothingham to be held in Washington with Chairman Douglas and other members of the Commission, and on Friday, July 15, Messrs. Nevil Ford, Francis E. Frothingham, John K. Starkweather, Edward H. Hilliard, Joseph T. Johnson, Albert P.

Sverts, John O. Stubbs, John Sullivan, William Daley, Hugh Knowlton and Wallace H. Fulton met with Chairman Douglas and Commissioner Mathews. Mr. Ford told Mr. Douglas that the meeting was called to determine, if possible, the point of view of the Commission with respect to the formation of associations under the Maloney Act, that there had been some misunderstanding in view of Mr. Douglas' recent talks in Seattle, San Francisco and Denver, and that they would like to get the matter cleared up. Mr. Douglas replied with the statement that the present thinking of the Commission was along the lines of a strong national association, but that he thought that informal regional groups would be helpful in crystallizing the thinking of all the dealers throughout the country and that he thought it wise for the Commission to conduct what he termed "an educational program" so that the dealers might be fully informed of the implications of the Act and the Commission, in turn, informed of the local problems, wishes and needs of dealers in all parts of the country. To clear up the misunderstanding which had arisen as a result of his talks in the West, he expressed a willingness to make a public statement of the Commission's then present thinking and stated at the meeting that he would do this through an exchange of correspondence with Mr. Fulton. The exchange of correspondence, dated July 16 and 18, is attached hereto as "Exhibits 4 and 5."

At this meeting, Mr. Douglas asked Mr. Fulton if the Conference had appointed the group as requested in Commissioner Mathews' letter of July 8. Mr. Fulton replies that the group had not yet been appointed but would be within the next few days. At this juncture, Mr. Frothingham asked Mr. Douglas to what committee he referred and Mr. Douglas replied saying that the Commission had requested the Investment Bankers Conference to appoint a group to confer with it on the problems incident to the Maloney Act.

July 20, 1938 -

Mr. Griswold, at the Washington office of the Conference, appointed the group to comply with the request of the Commission. Also, on this day, a telephone discussion was had with Mr. Ford with respect to the make-up of the group.

July 21, 1938 -

Letters were sent to the SEC notifying them of the appointment of the special group which they had requested and of the appointment of the Educational Committee which had been authorized at the June 21st meeting of the Governing Committee of the Conference. Copies of the letters to the Commission and samples of the letters to the respective appointees to the committees are attached hereto as "Exhibits 6, 7, 8 and 9."

(On July 22 and 23, Mr. Hostetler met with Mr. Ford in New York to discuss the preliminary draft of Mr. Hostetler's report to the IBC-IRA Committee.)

July 23, 1938 -

The Commission issued a release on the appointment of the special committee to consult with and advise the Commission on the various problems involved in the program under the Maloney Act, copy of which is attached hereto as "Exhibit 10."

July 29, 1938 -

As a result of the Commission's release of July 23, misunderstanding arose as to the position and functions of the so-called "Joint IBC-IBA Committee" and the special group appointed and referred to in the Commission's release of July 23. To clear up this misunderstanding and to clarify the situation with respect to the Commission's thinking and wishes in the matter, a luncheon meeting was arranged at the Carlton Hotel in Washington, D. C., on Friday, July 29, which was attended by Commissioner Mathews, Messrs. Ford, Benner, Hostetler, Fulton and Hanson. The whole question of the position and functions of the committees were discussed very frankly and in considerable detail, and so that there could be no further misunderstanding in the matter. Mr. Mathews wrote Mr. Ford on July 30, setting forth his understanding of the conclusions arrived at at that meeting, a copy of which letter and a copy of Mr. Ford's acknowledgment are attached hereto as "Exhibits 11 and 12."

Also, as a result of the Commission's rather premature release of July 23, a number of complaints were received from various parts of the country to the effect that the particular section involved was not adequately represented on the committee. Some of these requests were felt to be valid and the special group to consult with the Commission was accordingly enlarged, a complete list of which was sent to Mr. Ford in a letter dated August 9. A copy of this letter is appended hereto as "Exhibit 13."

August 6, 1938 -

Commissioner Mathews sent a letter to all members of the special group, a copy of which is appended hereto as "Exhibit 14."

August 12, 1938 -

Mr. Ford sent a memorandum to all members of the special group, a copy of which is appended hereto as "Exhibit 15."

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Exhibit 1

March 16, 1938.

Dear Mr. \_\_\_\_\_:

In accordance with the resolution of the Executive Committee at its meeting on March 9, 1938, Chairman Griswold has appointed the following as members of a special committee representing the Conference for the purpose of consultation and conference on matters in respect to and growing out of the Maloney Bill.

Francis A. Bonner	Blair, Bonner & Company	Chicago, Ill.
Albert P. Everts	Paine, Webber & Co.	Boston, Mass.
Nevil Ford	The First Boston Corp.	New York, N. Y.
Edward H. Hilliard	J. J. B. Hilliard & Son	Louisville, Ky.
Joseph T. Johnson	The Milwaukee Company	Milwaukee, Wis.
Hugh Knowlton	Kuhn, Loeb & Co.	New York, N. Y.
A. W. Snyder	A. W. Snyder & Co.	Houston, Texas
George S. Stevenson	Putnam & Co.	Hartford, Conn.
Frank Weeden	Weeden & Company	San Francisco, Cal.

It is understood that this committee will report to the Governing Committee the results of its efforts.

Mr. Griswold has designated Mr. Nevil Ford as Chairman of the committee. You will hear directly from Mr. Ford or from this office in regard to meetings, conferences, etc.

There are enclosed a copy of the Certificate of Incorporation and By-Laws and a copy of the Rules of Fair Practice and Complaint Procedure.

Very sincerely yours,

Wallace H. Fulton.

Encs.

July 2, 1938.

Memorandum for:

Messrs. Francis A. Bonner, Blair, Bonner & Company, Chicago, Ill.  
Albert P. Everts, Paine, Webber & Co., Boston, Mass.  
Edward H. Hilliard, J. J. B. Hilliard & Son, Louisville, Ky.  
Joseph T. Johnson, The Milwaukee Company, Milwaukee, Wis.  
Hugh Knowlton, Kuhn, Loeb & Co., New York, N. Y.  
A. W. Snyder, A. W. Snyder & Co., Houston, Texas  
George S. Stevenson, Putnam & Co., Hartford, Conn.  
Frank Weeden, Weeden & Company, San Francisco, Calif.

Yesterday Messrs. Starkweather, Hostetler and I met in Washington with Commissioner Mathews and Messrs. Davis, Purcell and Katz of the SEC.

Before we had opportunity to make an appointment with the Commission, following the instructions given us at the Joint Committee meeting held here last Monday, Commissioner Mathews telephoned me inviting Starkweather and me to meet with him in Washington. After telling him of the results of our meeting here he said he would be very glad to have Mr. Hostetler accompany us. Therefore, our meeting yesterday was held at the invitation of the Commission rather than at our solicitation.

Mr. Mathews commenced the meeting, which lasted some three hours, by telling us that Chairman Douglas had come back from his western trip convinced that the western part of the country, particularly the north-western part, had great enthusiasm for the formation of a National Registered Association. He was convinced that the best method of preserving this enthusiasm during the somewhat protracted period that the Commission realizes will elapse before a new Association can be formed, is for the SEC to encourage the formation of local associations with the understanding that these local associations will later be merged, or become affiliates of the National Association. We expressed strongly our opinion that this method of procedure was likely to raise serious administrative difficulties later on, to detract from the necessary importance of the regional committees of the new Association and to make the formation of the new Association generally more difficult. A large part of our discussion centered on this point. We all left with the impression that Mathews agreed with us and so apparently did all the other SEC men.

We then outlined to Mr. Mathews our approach to the question and the steps we had taken to pursue our objective through the formation of the Joint Committee and the employment of Mr. Hostetler. He indicated he was in entire agreement and was very much pleased with the steps we had taken and stated that Mr. Douglas had selected him, Messrs. Davis and Purcell, with Katz assisting from time to time, to work with us and that as we progressed he hoped we would keep in touch with him and offered his help. He also outlined to us a plan the Commission is considering to send men about the country to educate dealers in general as to the Maloney

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Bill. He asked our opinion and whether we would be willing to assist the Commission. We told him that such an educational campaign we felt would be helpful and that we were prepared to work jointly with the Commission in whatever way they felt would be helpful.

Mr. Mathews stated the Commission hoped the IEC, with appropriate changes, could be used as the nucleus for a Registered Association, and I told him that naturally that was the desire of the IEC Governors and Mr. Starkweather said, that though he could not state it officially, he believed most of the IBA Governors concurred in this, though they were some that had other ideas which would be discussed at the meeting of the IBA Governors to be held in Chicago next Thursday.

We endeavored to develop a discussion of the Commission's ideas of the field of activity of a Registered Association, particularly in regard to regional activities now conducted by the IBA with particular reference to local legislation. Mr. Mathews indicated he did not care to express any very definite opinions on this subject until the matter had been given further consideration by the Commission, but that off-hand he saw certain particular difficulties in a Registered Association engaging in local legislative activities, as there might be some reaction on the part of state commissions due to the close connection between a Registered Association and the SEC. I gained the impression that Mr. Mathews felt such activities had better be conducted by the IBA and he hoped that it would be continued at least for this purpose.

We left with expressions of good will on both sides, with the understanding that Mr. Hostetler would continue the preparation of his recommendations to the Joint Committee, which he has already commenced, and that as soon as the Committee had come to some conclusion in regard to these recommendations we would consult with Mr. Mathews again. He asked that we keep in the closest touch with him and we agreed to.

I gather that the Commission is most anxious to have but one National Registered Association formed and that it realizes the first rules and regulations of such an Association must be of a rather broad and general nature, leaving the development of more specific rules to experience. I may be in error in this impression, as naturally in answer to my endeavors to pin Mr. Mathews down as to just what was expected - he replied that the Commission must give further thought to the matter before answering specifically.

Mr. Mathews specifically expressed the desire of the Commission to work closely with us and to be as helpful as possible. He stated, to this end, that the Commission had had conversations with some man who had been prominent in the IBA and was now interested in IEC, to the end that this man would come to Washington as an employee of the Commission, on a retainer basis, during the period required for the formation of a Registered Association. He stated that they all felt it would be very helpful to have such a man with them and that it would make our task easier. He stated that this man was one well known to all of us and like by all of us. He ended by saying that he disliked to appear mysterious, but he could not tell us the name of this man as he had asked that his name be kept confidential until he had made his decision, which he promised by next Wednesday, as to

July 2, 1938.

whether he would care to take the job or not. This was news to all of us, as it was to Mr. Griswold, and none of us have the remotest idea of who the man may be.

I have had several conversations with Mr. Hostetler who has had Murray Hanson in Cleveland working with him and who hopes to be in a position to report back to us with recommendations in about a fortnight. As soon as I hear from Mr. Hostetler, Mr. Starkweather and I will call a meeting of the Committee.

Very truly yours,

(s) Nevil Ford.

For IMMEDIATE Release Friday, July 8, 1938

SECURITIES AND EXCHANGE COMMISSION  
Washington

SECURITIES EXCHANGE ACT OF 1934  
Release No. 1782

The Securities and Exchange Commission has invited the attention of those engaged in investment banking and the securities business generally throughout the country to the fact that recent amendments to the Securities Exchange Act of 1934 which were made by the Maloney Act have added new provisions to the law affecting brokers and dealers in the over-the-counter markets and the conduct of their business. These provisions contemplate the formation of an association or associations of persons engaged in the business of buying and selling securities in the over-the-counter markets for the purpose of effectuating a system of cooperative regulation within the industry and the registration of those associations with the Commission. Copies of these amendments and any rules and regulations which may be adopted thereunder may be obtained upon written request through the Commission's offices in Washington and through any of its regional offices.

The Commission also made public its views with respect to its various administrative responsibilities under the new provisions and as to its proposed activities in connection therewith. The most pressing problems at the present time are those relating to the establishment by brokers and dealers throughout the country of one or more national and affiliated associations and their registration with the Commission as provided for by the new Section 15(A) which has been added to the Act. Such an association or associations as may be organized must, under the provisions of this new section, be truly representative in character and must be organized with due consideration to the peculiar requirements of various communities throughout the country and of the various types of business being conducted.

Committees appointed by the Investment Bankers Conference, Inc. and by the Investment Bankers Association of America have been jointly conferring with representatives of the Commission with respect to the formation of an appropriate association or associations.

It is the intention of the Commission to send representatives throughout the country in an attempt to obtain the views of as many brokers and dealers as possible. It is the Commission's desire that brokers and dealers in all sections of the country be given an opportunity to express their views with respect to the organization of their industry and to receive at first hand from representatives of the Commission such explanations as they may desire in regard to the cooperative system of regulation provided for under the Act.

The Commission has assigned this task to the Over-the-Counter Section of its Trading and Exchange Division, the personnel of which is thoroughly familiar with over-the-counter trading and the investment banking business. The Commission will also announce shortly the appointment to this Section of a few additional experts having extended training and experience in the over-the-counter field. This work will be under the sponsorship of Commissioner George C. Mathews. The personnel of the Over-the-Counter Section will avail itself of the cooperation which has been offered by various associations and brokers and dealers throughout the country and the regional

groups of the Investment Bankers Conference, Inc. in arranging meetings with as many brokers and dealers in each section of the country as may care to attend and take part in the discussions. It is anticipated that the preliminary conversations will be general in character and will deal with the requirements of the industry and the purposes of the Commission. As a result of these meetings, it should be possible to reach a determination, both on the part of the Commission and of the industry, as to what precise form of organization is best calculated to accomplish the results sought by the Act.

The Commission has requested the Investment Bankers Conference, Inc. to designate a small group from among its membership to consult with the Commission's staff and advise the Commission with respect to the various problems involved in the program.

The Commission also made public the following telegram sent by Chairman William O. Douglas to Francis E. Frothingham, President of the Investment Bankers Association of America, in response to a message received from Mr. Frothingham this morning:

"ON BEHALF OF THE COMMISSION AND MYSELF I WISH TO THANK YOU FOR YOUR TELEGRAM OF JULY SEVEN ADVISING ME OF THE ACTION OF THE BOARD OF GOVERNORS OF THE INVESTMENT BANKERS ASSOCIATION OF AMERICA. WE NOTE WITH INTEREST YOUR BOARD'S DECISION NOT TO APPLY FOR THE REGISTRATION OF THE INVESTMENT BANKERS ASSOCIATION UNDER THE ACT BUT TO RECOMMEND TO ITS MEMBERS THAT THEY JOIN ONE OF THE ASSOCIATIONS TO BE ORGANIZED TO UNDERTAKE THE REGULATION OF THE BUSINESS WITHIN THE FRAMEWORK OUTLINED IN THESE NEW PROVISIONS OF THE SECURITIES EXCHANGE ACT OF NINETEEN THIRTY FOUR. THE COMMISSION WILL ADOPT ITS PROGRAM ACCORDINGLY. WE THANK YOU FOR YOUR OFFER OF COOPERATION."

For IMMEDIATE Release Monday, July 18, 1938

SECURITIES AND EXCHANGE COMMISSION  
Washington

The Securities and Exchange Commission today made public the following exchange of correspondence between Chairman William O. Douglas and Mr. Wallace H. Fulton, Director of the Investment Bankers Conference, Inc.:

July 16, 1938.

Mr. William O. Douglas, Chairman,  
Securities and Exchange Commission,  
Washington, D. C.

Dear Mr. Douglas:

We are having many inquiries from members of the Conference and from other registered brokers and dealers regarding the attitude of the Commission on the formation of associations under the Maloney Act.

It would be of great assistance to us in answering these inquiries if you would inform us of the present trend of the Commission's thinking on this matter.

Very sincerely yours,

Wallace H. Fulton,  
Director.

( OVER )

July 18, 1938.

Wallace H. Fulton, Director,  
Investment Bankers Conference, Inc.,  
1010 Vermont Avenue,  
Washington, D. C.

Dear Mr. Fulton:

I have your letter of July 16, 1938, inquiring as to the attitude of the Commission on the formation of associations under the Maloney Act. The trend of our thinking on the matter is as follows:

In the first place, we are delighted at the genuine and wholehearted response of the industry and of various local or regional groups to the program envisaged by this legislation. The steps which have been taken in various localities and regions to form informal organizations to work on the problems under the Act are extremely gratifying to us. They indicate a sincerity of purpose and an enthusiasm which should bear fruit in the development of the program which lies ahead. Furthermore, they reveal a healthy, growing regional consciousness.

In the second place, we feel that the best form of organization would be a strong national association, truly representative, including the small as well as the large elements in the business. It seems to us that a strong national association can best deal adequately and effectively with the important questions which will arise under the statute; and cope effectively with the problems of an industry which is truly national rather than local in character.

In working towards the formation of such a national association, we believe, however, that the organization of informal local or regional groups can be most helpful. We do not at this time know whether these local or regional groups will emerge finally as affiliated associations or whether they will merely be local or regional parts of a strong national organization. We have advised some local groups not to crystallize their programs too fast and not to endeavor immediately to form associations with the view of qualifying them under the statute either as national or affiliated associations at this time. We feel that the local or regional groups that have been organized and that are being organized should remain sufficiently flexible, so that when the form of a national organization is finally decided upon, they can then undertake to merge themselves into the national association; to remain as integral, regional parts of the national association; or to become affiliated associations of the national association. Meanwhile, they can make a most important contribution in working with and advising us and in helping us chart the course of action for full organization of the industry under the statute. In this sense we want to work from the ground up, so as to cover all aspects of the problem.

At the same time, we hope that plans for perfecting a national organization will continue. Meanwhile, representatives of the Commission, working in cooperation with a committee of the Investment Bankers Conference Group, will continue to canvass the various regions of the country with the view of assisting local or regional groups on their problems and of acquainting the Commission with the special problems and points of view of the various regions.

I want to add that we are appreciative of the cooperation which we have received from the Conference, the Investment Bankers Association, various local and regional groups, and individual members of the industry in launching this important program for the over-the-counter field.

Yours faithfully,

William O. Douglas,  
Chairman.

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July 21, 1938.

Securities and Exchange Commission,  
1778 Pennsylvania Avenue,  
Washington, D. C.

Att'n: Mr. George C. Mathews, Commissioner.

Gentlemen:

In accordance with your request of July 8, I am pleased to inform you that Mr. B. Howell Griswold, Jr., Chairman of the Investment Bankers Conference, Inc., has appointed from among our membership, as members of a special committee to consult with the Commission's staff and to advise the Commission with respect to the various problems involved in the Maloney Act program, the following:

NEW YORK

Frank Dunne	Dunne & Co.	New York, N. Y.
Novil Ford	The First Boston Corp.	New York, N. Y.
Hugh Knowlton	Kuhn, Loeb & Co.	New York, N. Y.
Henry L. Rosenfeld, Jr.	Salomon Bros & Hutzler	New York, N. Y.
George S. Stevenson	Putnam & Co.	Hartford, Conn.

NEW ENGLAND

Albert P. Everts	Paine, Webber & Co.	Boston, Mass.
Orrin G. Wood	Estabrook & Co.	Boston, Mass.

CENTRAL STATES

John W. Clarke	John W. Clarke, Inc.	Chicago, Ill.
Joseph T. Johnson	The Milwaukee Company	Milwaukee, Wis.

OHIO VALLEY

Edward H. Hilliard	J. J. B. Hilliard & Son	Louisville, Ky.
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CENTRAL NORTHWEST

W. Hubert Kennedy	Wells-Dickey Co.	Minneapolis, Minn.
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SOUTHERN

Bronalee O. Currey	Equitable Securities Corp.	Nashville, Tenn.
Edward K. Duan	Robert Garrett & Sons	Baltimore, Md.
Lemartine V. Lamar	Lamar, Kingston & Labouisse	New Orleans, La.

TEXAS

A. W. Snyder                      A. W. Snyder & Co.                      Houston, Texas

PACIFIC COAST

George W. Davis                      Davis, Skaggs & Co.                      San Francisco, Cal.  
Theodore E. Hammond                      William R. Steats Co.                      Los Angeles, Cal.  
Robert H. Moulton                      R. H. Moulton & Co.                      Los Angeles, Cal.  
Frank Weeden                      Weeden & Company                      San Francisco, Cal.

PACIFIC NORTHWEST

Sherman Ellsworth                      Wm. P. Harper & Son & Co.                      Seattle, Wash.  
Frank C. Paine                      Paine-Rice & Company                      Spokane, Wash.

An Executive Committee of this committee - consisting of Messrs. John W. Clarke, Nevil Ford, Joseph T. Johnson, Henry L. Rosenfeld, Jr., George S. Stevenson and Frank Weeden - has also been appointed.

Mr. Nevil Ford of New York has been designated as Chairman of both committees.

I believe that I can assure you that the members of this committee will give wholeheartedly of their time and thought and will cooperate in every possible way with the members of the Commission and the Commission's staff in endeavoring to advance to a successful and prompt completion the objectives desired by both the Commission and the industry.

Very sincerely yours,

Wallace H. Fulton,  
Director.

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July 21, 1936.

Securities and Exchange Commission,  
1778 Pennsylvania Avenue,  
Washington, D. C.

Att'ns: Mr. George C. Mathews, Commissioner.

Gentlemen:

The Governing Committee of the Investment Bankers Conference, Inc., at its June 21st meeting instructed the Chairman of the Conference to appoint a committee to have charge of the educational program in connection with the Maloney Act. It was anticipated at that time that one of the immediate functions of this committee would be to cooperate with the Securities and Exchange Commission and with organizations in the industry in arranging meetings with brokers and dealers throughout the country for the purpose of discussing problems arising under the Act.

In accordance with the wishes of the Governing Committee, Mr. Griswold has appointed the following as members of this committee:

- |                    |                                  |                       |
|--------------------|----------------------------------|-----------------------|
| Richard H. Martin  | Ferris & Hardgrove               | Portland, Ore.        |
| Malcolm Bruce      | Conrad, Bruce & Co.              | San Francisco, Calif. |
| Guy Witter         | Dean Witter & Co.                | Los Angeles, Calif.   |
| George W. Davis    | Davis, Skaggs & Co.              | San Francisco, Calif. |
| Ralph G. Bulkley   | R. G. Bulkley & Co.              | Denver, Colo.         |
| Clifford S. Ashmun | C. S. Ashmun Company             | Minneapolis, Minn.    |
| Lester Bigelow     | Bigelow, Webb & Co., Inc.        | Minneapolis, Minn.    |
| John H. Barret     | Stern Brothers & Co.             | Kansas City, Mo.      |
| H. H. Dewar        | Dewar, Robertson & Pancoast      | San Antonio, Texas    |
| Louis W. Stayart   | James, Stayart and Davis, Inc.   | Dallas, Texas         |
| A. W. Snyder       | A. W. Snyder & Co.               | Houston, Texas        |
| John R. Longaire   | I. M. Simon & Co.                | St. Louis, Mo.        |
| John E. Blunt, 3rd | Lee Higginson Corp.              | Chicago, Ill.         |
| Charles B. Crouse  | Crouse & Company                 | Detroit, Mich.        |
| Ragood Clarke      | Johnson, Lane, Space & Co., Inc. | Atlanta, Ga.          |
| John Dane          | Dane & Weil, Inc.                | New Orleans, La.      |
| Lowry Sweeney      | Lowry Sweeney, Inc.              | Columbus, Ohio        |
| John S. Fleck      | Hayden, Miller and Co.           | Cleveland, Ohio       |
| Y. E. Booker       | Y. E. Booker and Co.             | Washington, D. C.     |
| Robert S. Belknap  | Alex. Brown & Sons               | Baltimore, Md.        |
| G. Newbold Taylor  | W. H. Newbold's Sons & Co.       | Philadelphia, Pa.     |
| Joseph M. Scribner | Singer, Deane & Scribner         | Pittsburgh, Pa.       |
| Frank F. Walker    | Eastman, Dillon & Co.            | New York, N. Y.       |

Securities and Exchange Commission,  
Page 2,  
July 31, 1938.

John E. Sloane	John E. Sloane & Co.	New York, N. Y.
Fliny Jewell	Coffin & Burr, Inc.	Boston, Mass.
Albert P. Everts	Paine, Webber & Co.	Boston, Mass.
Edward E. Chase	Maine Securities Co.	Portland, Maine

An Executive Committee of this committee - consisting of Messrs. Joseph M. Scribner, Chas., Lester Rigelow, John E. Blant, 3rd, Charles B. Grouse, John S. Fleck, John E. Sloane and Lowry Sweeney - has also been appointed. The Executive Committee will assist in the preparation of information for the guidance of the main committee and will work with the Washington office of the Conference in coordinating the activities of the committee and in arranging meetings.

It is our hope that through the medium of this committee we can render some assistance to the Commission in its program in connection with the Maloney Act.

Very sincerely yours,

Wallace H. Fulton,  
Director.

July 22, 1938.

Dear Mr. \_\_\_\_\_:

On July 8, 1938, Mr. George C. Mathews, of the Securities and Exchange Commission, addressed a letter to the Investment Bankers Conference, Inc., from which I quote as follows:

"The Commission has asked me to request your organization to designate a small group from among your membership to consult with the Commission's staff and to advise the Commission with respect to the various problems involved in this program. I would greatly appreciate it if you would give early consideration to this request and advise me as to the personnel of any such group which may be selected."

In accordance with this request, Mr. Griswold has appointed the following as members of the Special Committee to consult with the Commission's staff and to advise the Commission with respect to the various problems involved in the program in connection with the Maloney Act:

NEW YORK

Frank Dunne	Dunne & Co.	New York, N. Y.
Hevil Ford	The First Boston Corp.	New York, N. Y.
Hugh Knowlton	Kuhn, Loeb & Co.	New York, N. Y.
Henry L. Rosenfeld, Jr.	Salomon Bros. & Hutzler	New York, N. Y.
George S. Stevenson	Putnam & Co.	Hartford, Conn.

NEW ENGLAND

Albert P. Everts	Paine, Webber & Co.	Boston, Mass.
Orrin G. Wood	Estabrook & Co.	Boston, Mass.

CENTRAL STATES

John W. Clarke	John W. Clarke, Inc.	Chicago, Ill.
Joseph T. Johnson	The Milwaukee Company	Milwaukee, Wis.

OHIO VALLEY

Edward H. Hilliard	J. J. B. Hilliard & Son	Louisville, Ky.
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CENTRAL NORTHWEST

W. Hubert Kennedy	Wells-Dickey Co.	Minneapolis, Minn.
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SOUTHERN

Brownlee O. Currey	Equitable Securities Corp.	Nashville, Tenn.
Edward K. Dunn	Robert Garrett & Sons	Baltimore, Md.
Lamartine V. Lamar	Lamar, Kingston & Lebouisse	New Orleans, La.

TEXAS

A. W. Snyder	A. W. Snyder & Co.	Houston, Texas
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PACIFIC COAST

George W. Davis	Davis, Skaggs & Co.	San Francisco, Cal.
Theodore E. Hammond	William R. Steats Co.	Los Angeles, Cal.
Robert H. Moulton	R. H. Moulton & Co.	Los Angeles, Cal.
Frank Weeden	Weeden & Company	San Francisco, Cal.

PACIFIC NORTHWEST

Sherman Ellsworth	Wm. P. Harper & Son & Co.	Seattle, Wash.
Frank C. Paine	Paine-Rice & Company	Spokane, Wash.

An Executive Committee of the above committee - consisting of Messrs. John W. Clarke, Nevil Ford, Joseph T. Johnson, Henry L. Rosenfeld, Jr., George S. Stevenson and Frank Weeden - has also been appointed. Mr. Nevil Ford has been asked to serve as Chairman of both committees.

Mr. Griswold has asked me to stress the importance of the work of this committee and to urge strongly on his behalf your acceptance of membership thereon. I would appreciate being advised of your decision as promptly as possible.

Very sincerely yours,

Wallace H. Fulton.

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July 22, 1938.

Dear Mr. \_\_\_\_\_:

At the June 21st meeting of the Governing Committee and Advisory Council, the Chairman was instructed to appoint a committee to have charge of the educational program in connection with the Maloney Act. One of the immediate functions of this committee will be to cooperate with the Securities and Exchange Commission and with organizations in the industry in arranging meetings with brokers and dealers throughout the country for the purpose of discussing problems arising under the Act.

In accordance with the wishes of the Governing Committee, Mr. Griswold has appointed the following as members of this committee:

Richard H. Martin	Ferris & Hardgrove	Portland, Ore.
Malcolm Bruce	Conrad, Bruce & Co.	San Francisco, Calif.
Guy Witter	Dean Witter & Co.	Los Angeles, Calif.
George W. Davis	Davis, Skaggs & Co.	San Francisco, Calif.
Ralph G. Bulkley	R. G. Bulkley & Co.	Denver, Colo.
Clifford S. Ashman	C. S. Ashman Company	Minneapolis, Minn.
Lester Bigelow	Bigelow, Webb & Co., Inc.	Minneapolis, Minn.
John H. Barret	Stern Brothers & Co.	Kansas City, Mo.
H. H. Dewar	Dewar, Robertson & Francoast	San Antonio, Texas
Louis W. Stayart	James, Stayart and Davis, Inc.	Dallas, Texas
A. W. Snyder	A. W. Snyder & Co.	Houston, Texas
John R. Longuire	I. M. Simon & Co.	St. Louis, Mo.
John E. Blunt, 3rd	Lee Higginson Corp.	Chicago, Ill.
Charles B. Crouse	Crouse & Company	Detroit, Mich.
Regood Clarke	Johnson, Lane, Space & Co., Inc.	Atlanta, Ga.
John Dane	Dane & Weil, Inc.	New Orleans, La.
Lowry Sweeney	Lowry Sweeney, Inc.	Columbus, Ohio
John S. Fleck	Hayden, Miller and Co.	Cleveland, Ohio
Y. E. Booker	Y. E. Booker and Co.	Washington, D. C.
Robert S. Belknap	Alex. Brown & Sons	Baltimore, Md.
C. Newbold Taylor	W. H. Newbold's Sons & Co.	Philadelphia, Pa.
Joseph M. Scribner	Singer, Deane & Scribner	Pittsburgh, Pa.
Frank F. Walker	Eastman, Dillon & Co.	New York, N. Y.
John E. Sloane	John E. Sloane & Co.	New York, N. Y.
Pliny Jewell	Coffin & Burr, Inc.	Boston, Mass.
Albert P. Everts	Paine, Webber & Co.	Boston, Mass.
Edward E. Chase	Maine Securities Co.	Portland, Maine

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July 22, 1938.

An Executive Committee of this committee - consisting of Messrs. Joseph M. Scribner, Chrm., Lester Bigelow, John E. Elunt, 3rd, Charles E. Crouse, John S. Fleck, John E. Sloane and Lowry Sweney - has also been appointed. The Executive Committee will assist in the preparation of information for the guidance of the main committee and will work with the Washington office of the Conference in coordinating the activities of the committee and in arranging meetings.

Mr. Griswold has asked me to stress the importance of the work of this committee and to urge strongly on his behalf your acceptance of membership thereon. I would appreciate being advised of your decision as promptly as possible.

Very sincerely yours,

Wallace H. Fulton.

For Release in MORNING Newspapers of Saturday July 23, 1938

SECURITIES AND EXCHANGE COMMISSION  
Washington

SECURITIES EXCHANGE ACT OF 1934  
Release No. 1801

The Securities and Exchange Commission has been informed that Mr. B. Howell Griswold, Jr., Chairman of the Investment Bankers Conference, Inc., has appointed a special committee to consult with the Commission's staff and to advise the Commission with regard to the various problems involved in the program of over-the-counter regulation involved in the amendments to the Securities Exchange Act of 1934 contained in the Maloney Act. The committee was formed at the suggestion of the Commission. The members of the committee are as follows:

NEW YORK

Frank Dunne	Dunne & Co.	New York, N. Y.
Nevil Ford	The First Boston Corp.	New York, N. Y.
Hugh Knowlton	Kuhn, Loeb & Co.	New York, N. Y.
Henry L. Rosenfeld, Jr.	Salomon Bros. & Hutzler	New York, N. Y.
George S. Stevenson	Putnam & Co.	Hartford, Conn.

NEW ENGLAND

Albert P. Everts	Paine, Webber & Co.	Boston, Mass.
Orrin G. Wood	Estabrook & Co.	Boston, Mass.

CENTRAL STATES

John W. Clarke	John W. Clarke, Inc.	Chicago, Ill.
Joseph T. Johnson	The Milwaukee Company	Milwaukee, Wis.

OHIO VALLEY

Edward H. Hilliard	J. J. B. Hilliard & Son	Louisville, Ky.
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CENTRAL NORTHWEST

W. Hubert Kennedy	Wells-Dickey Co.	Minneapolis, Minn.
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SOUTHERN

Brownlee O. Currey	Equitable Securities Corp.	Nashville, Tenn.
Edward K. Dunn	Robert Carrett & Sons	Baltimore, Md.
Lamartine V. Lamar	Lamar, Kingston & Labouisse	New Orleans, La.

TEXAS

A. W. Snyder	A. W. Snyder & Co.	Houston, Texas
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PACIFIC COAST

George W. Davis	Davis, Skaggs & Co.	San Francisco, Cal.
Theodore E. Hammond	William R. Staats Co.	Los Angeles, Cal.
Robert H. Moulton	R. H. Moulton & Co.	Los Angeles, Cal.
Frank Weeden	Weeden & Company	San Francisco, Cal.

PACIFIC NORTHWEST

Sherman Ellsworth	Wm. P. Harper & Son & Co.	Seattle, Wash.
Frank C. Paine	Paine-Rice & Company	Spokane, Wash.

The following have been appointed an Executive Committee of this committee: Messrs, John W. Clarke, Nevil Ford, Joseph T. Johnson, Henry L. Rosenfeld, Jr., George S. Stevenson and Frank Weeden.

Mr. Nevil Ford of New York has been designated as Chairman of both committees.

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Nevil Ford, Esq.,  
The First Boston Corporation,  
100 Broadway,  
New York City.

July 30, 1938.

Dear Mr. Ford:

Following our discussion of yesterday, together with Messrs. Hostetler, Hanson, Fulton, and Bonner, with respect to the status and functions of the various committees and groups which have been appointed to work on the program in connection with the Maloney Act, I have reviewed with the Commission the various points that we went over, and am writing to set forth on behalf of the Commission, our views on the matter and our understanding of the conclusions to which we came.

As to the so-called "Joint Committee", consisting of special committees appointed respectively by the Investment Bankers Conference, Inc. and the Investment Bankers Association of America, it is our understanding that this Committee, after consideration of the problem has retained Mr. Hostetler to make a study of the Maloney Act and to submit his recommendations as to the program to be followed in the registration of an appropriate organization thereunder. The Commission will welcome the suggestions and views of this Committee and for that purpose it seems desirable that this Committee should continue to function. In this, it is the Commission's strong hope that the Committee will find it possible to approach the problem from the broad standpoint of the industry as a whole, since it is only in this manner, we believe, that real contributions toward solution of the complex problems involved can be attained.

Through this Committee, or otherwise, it is the Commission's hope that the services of Mr. Hostetler may be available in the actual drafting of a plan which may be presented for consideration by the Commission.

As I pointed out to you, it is the desire of the Commission, and in its opinion necessary, that at some stage, earlier or later, a viewpoint from a considerably wider representation of the industry be made available. In this connection, as you know, the Commission already has undertaken a canvass of the industry. To aid it not only in this respect, but in the development of all aspects of the program, the Commission earlier requested Mr. Griswold, as Chairman of the Investment Bankers Conference, Inc., to select from among its membership a group which may be considered well diversified both as to geographical distribution and as to

Nevil Ford, Esq. - #2

representation of various elements in the business. This group was appointed. The Commission, of course, must feel at all times free to call upon the services of this group or to seek the advice and counsel of such other groups or individuals as it may from time to time consider necessary or desirable.

I trust that this is also in accord with your understanding, and with best regards, I am

Very truly yours,

George C. Mathews,  
Commissioner.

cc - Messrs. Frothingham  
Starkweather  
Criswold  
Fulton

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August 1, 1938.

Commissioner George C. Mathews,  
Securities and Exchange Commission,  
Washington, D. C.

Dear Mr. Mathews:

Thank you very much for your letter of July 30th outlining the conclusions reached in our discussion in Washington on July 29th. Your letter is in entire accordance with my understanding of our discussion.

I appreciate greatly the opportunity you gave me for free and frank discussion and hope you realize that if, at times, I expressed myself strongly it was because I am sincerely convinced that the conclusions we reached will bring us all more quickly and soundly to the accomplishment which we are all seeking.

Sincerely yours,

(s) Nevil Ford

Copy for Messrs. Frothingham  
Starkweather  
Griswold  
Fulton

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August 9, 1938.

Mr. Nevil Ford,  
The First Boston Corp.,  
100 Broadway,  
New York, N. Y.

Dear Nevil:

The make-up of the special group appointed at the request of the Securities and Exchange Commission is now as follows:

CENTRAL NORTHWEST

W. Hubert Kennedy                      Walls-Dickey Co.                      Minneapolis, Minn.

CENTRAL STATES

Joan W. Clarke                      John W. Clarke, Inc.                      Chicago, Ill.  
Joseph T. Johnson                      The Milwaukee Company                      Milwaukee, Wis.

MISSISSIPPI VALLEY

Harry Theis                      Albert Theis & Sons, Inc.                      St. Louis, Mo.

NEW ENGLAND

Albert P. Everts                      Paine, Webber & Co.                      Boston, Mass.  
Orrin G. Wood                      Estabrook & Co.                      Boston, Mass.

NEW YORK

Frank Dunne                      Dunne & Col                      New York, N. Y.  
Nevil Ford                      The First Boston Corp.                      New York, N. Y.  
Hugh Knowlton                      Ruhn, Loeb & Co.                      New York, N. Y.  
Henry L. Rosenfeld, Jr.                      Salomon Bros! & Hutzler                      New York, N. Y.  
George S. Stevenson                      Putnam & Co.                      Hartford, Conn.

OHIO VALLEY

Edward H. Hilliard                      J. J. B. Hilliard & Son                      Louisville, Ky.  
Daniel W. Myers                      Hayden, Miller & Co.                      Cleveland, Ohio

PACIFIC COAST

George W. Davis                      Davis, Skaggs & Co.                      San Francisco, Cal.  
Rudolph J. Eichler                      Bateman, Eichler & Company                      Los Angeles, Cal.  
Theodore E. Hammond                      William R. Staats Co.                      Los Angeles, Cal.  
Frank Weeden                      Weeden & Company                      San Francisco, Cal.

PACIFIC NORTHWEST

Sherman Ellsworth                      Wm. P. Harper & Son & Co.                      Seattle, Wash.  
Frank C. Paine                      Paine-Rice & Company                      Spokane, Wash.

PENNSYLVANIA

Sydney P. Clark                      E. W. Clark & Co.                      Philadelphia, Pa.

Mr. Nevil Ford,  
Page 2,  
August 9, 1938.

ROCKY MOUNTAIN

Burdick Simons

Sidlo, Simons, Roberts & Co. Denver, Colo.

SOUTHERN

Brownlee O. Currey  
Edward K. Dunn  
Lemartine V. Lamar

Equitable Securities Corp. Nashville, Tenn.  
Robert Garrett & Sons Baltimore, Md.  
Lamar, Kingston &  
Labouisse New Orleans, La.

SOUTHWESTERN

John A. Prescott

Prescott, Wright, Snider  
Co.

Kansas City, Mo.

TEXAS

A. W. Snyder

A. W. Snyder & Co.

Houston, Texas

The Executive Committee is made up of Messrs. John W. Clarke,  
Nevil Ford, Joseph T. Johnson, Hugh Knowlton, Henry L. Rosenfeld, Jr.,  
George S. Stevenson and Frank Weeden.

Very sincerely yours,

Wallace H. Fulton.

Dear Sir:

In connection with the development of the program under the Maloney Act, the Commission hopes to obtain the views of as broad a section of the industry as is possible. To assist us in this regard, we asked the Chairman of the Investment Bankers Conference, Inc. to select from the membership of the Conference a group which would be well diversified both geographically and as to representation of the various elements in the business. We have been informed by him that you have been appointed a member of the group and we are glad to learn that you have accepted this appointment.

At the present time we are conducting conferences with brokers and dealers throughout the country for the purposes of ascertaining the requirements of various communities and types of houses within the industry. Until such conferences have been completed, it will be impossible to formulate more definite policies with respect to the precise form or number of associations best suited to accomplish the objectives of the Act. Therefore, it is not our intention at the present time to request a meeting with your full group, but rather it is our hope that the members of the group will hold themselves in readiness, either as a group or as individuals, to confer with our representatives in various parts of the country as occasion may require. We hope that sometime during the early fall it will be possible to determine the most convenient and effective manner of bringing the views of the members of your group to bear on specific aspects of the problems relating to the formation of the most effective type of organization, and at that time we will plan to communicate with you further and arrange the method by which we may discuss the problems with you.

As you doubtless know, the so-called Joint Committee of the Investment Bankers Conference, Inc. and the Investment Bankers Association of America has employed Mr. Hostetler to get together a preliminary draft of suggestions relative to procedure under the Maloney Act. It is our hope that Mr. Hostetler's services will continue to be available, through the Joint Committee or otherwise, throughout the development of the program, and the completion of his preliminary work appears to us to be one of the steps which

should be taken before we undertake to plan a definite program for working with the members of your group.

This letter is being sent to all members of the group.

Yours very truly,

George C. Mathews,  
Commissioner.

Since this meeting we have had various informal conversations with Mr. Mathews, and Mr. Hostetler, Mr. Starkweather and I have had numerous conversations in regard to the memorandum which he is preparing for the use of the Joint Committee. We hope that this memorandum will be completed some time within the next fortnight when we plan to send each member of the Committee a copy with the request that he study it but not discuss it. It seems better to both Starkweather and me, and also to Mr. Mathews, that this memorandum not be discussed until the Commission has completed the various meetings throughout the country to which I have referred. It is probable that this will be done by the middle or latter part of September, at which time Mr. Starkweather and I intend to call a meeting of the Joint Committee at which Mr. Hostetler will present his memorandum with such comments as he may see fit, and we hope that each member of the Committee will be prepared to comment and make suggestions. Mr. Starkweather and I are preparing a memorandum which we will also present to give the Committee the benefit of certain thoughts we have developed as the result of our conversations with the Commission and various members of the industry who have talked with us. This memorandum will not be a recommendation, but rather an agenda of certain points which seem of importance to us and which we would like to have the Committee particularly consider. Out of this meeting we hope will be evolved a fairly concrete plan for the formation of a national registered association, which either immediately or ultimately may be put in the form of a recommendation from the Committee to the Chairman of IBC and the President of IBA.

As I stated at the beginning of this memorandum, it is merely a brief review of what has occurred for your information and an indication of a schedule of future happenings as best we can now foresee them.

I hope very much that any of you who have any suggestions or questions will either send them to me or discuss them with me personally when you are in New York.

Both Starkweather and I crave the help of all members of the Committee and ask that you give us the benefit of your advice and criticism most frankly.

Very truly yours,

(s) Nevil Ford

August 12, 1938.

Memorandum for:

Messrs. W. Hubert Kennedy, Wells-Dickey Co., Minneapolis, Minn.  
John W. Clark, John W. Clarke, Inc., Chicago, Ill.  
Joseph T. Johnson, The Milwaukee Company, Milwaukee, Wis.  
Harry Theis, Albert Theis & Sons, Inc., St. Louis, Mo.  
Albert P. Everts, Paine, Webber & Co., Boston, Mass.  
Orrin G. Wood, Estabrook & Co., Boston, Mass.  
Frank Dunne, Dunne & Co., New York, N. Y.  
Hugh Knowlton, Kuhn, Loeb & Co., New York, N. Y.  
Henry L. Rosenfeld, Jr., Salomon Bros. & Hutzler, New York, N. Y.  
George S. Stevenson, Putnam & Co., Hartford, Conn.  
Edward H. Hilliard, J. J. B. Hilliard & Son, Louisville, Ky.  
Daniel W. Myers, Hayden, Miller & Co., Cleveland, Ohio  
George W. Davis, Davis, Skaggs & Co., San Francisco, Calif.  
Rudolph J. Eichler, Bateman, Eichler & Co., Los Angeles, Calif.  
Theodore E. Hammond, Wm. R. Staats Co., Los Angeles, Calif.  
Frank Weeden, Weeden & Co., San Francisco, Calif.  
Sherman Ellsworth, Wm. P. Harper & Son & Co., Seattle, Wash.  
Frank C. Paine, Paine-Rice & Co., Spokane, Wash.  
Sydney P. Clark, E. W. Clark & Co., Philadelphia, Pa.  
Burdick Simons, Sidlo, Simons, Roberts & Co., Denver, Colo.  
Brownlee O. Currey, Equitable Securities Corp., Nashville, Tenn.  
Edward K. Dunn, Robert Garrett & Sons, Baltimore, Md.  
Lemartine V. Lamar, Lamar, Kingston & Labcuisse, New Orleans, La.  
John A. Prescott, Prescott, Wright, Snider Co., Kansas City, Mo.  
A. W. Snyder, A. W. Snyder & Co., Houston, Texas

This memorandum is intended to acquaint the newly recruited members of our Committee with the decisions and actions of the Committee to date and to inform all members of current and proposed future happenings.

Concurrently with the appointment of our Committee as first constituted, a committee charged with similar instructions was appointed by the Investment Bankers Association, John K. Starkweather of Starkweather & Co., being made Chairman. By agreement between Investment Bankers Conference and Investment Bankers Association, the Committees were instructed to work jointly.

At a meeting of the Joint Committee held in New York on June 27th it was determined: -

A. To employ Mr. Joseph C. Hostetler of Baker, Hostetler & Patterson as counsel for the Committee with instructions to prepare a memorandum outlining his recommendations as how the industry might best comply with the provisions of the Maloney Act.

B. That Starkweather and Ford, together with Mr. Hostetler, inform the SEC of the understanding that the IBA and IBC Committees would work jointly;

of the decision to employ Mr. Hostetler and of the general tenor of the discussion at the meeting.

Accordingly, on July 1st, Starkweather, Ford and Hostetler met in Washington at the office of the Commission with Commissioner Mathews and Messrs. Davis, Purcell and Katz of the Commission's staff. We outlined to Mr. Mathews the decisions and plans of the Committee which he stated were agreeable to the Commission, and informed us that Chairman Douglas had appointed him to deal with the industry in regard to Maloney Act matters with the assistance of Messrs. Purcell and Davis. Mr. Mathews also stated that the Commission hoped the IBC, with appropriate changes, might be used as the nucleus for a registered association, and there then ensued a protracted discussion as to the best method of approach to the formation of a national association. Mr. Mathews stated that Mr. Douglas was inclined to favor the formation, immediately, of a number of regional associations which later might be brought together into one national association. We pointed out that this method of procedure had certain practical difficulties and might delay the formation of a national association.

The following Thursday I happened to be dining with Mr. Douglas at the home of a mutual friend and his conversation indicated that on further consideration he had somewhat changed his mind from the point of view reflected by Mr. Mathews in his conversation at the meeting of July 1st. Mr. Douglas appeared to be inclined to favor the formation of one national association in the first instance.

As at that time there seemed to be considerable confusion in the minds of the industry as to the method of approach to the problem favored by the Commission, Mr. Starkweather and I arranged a meeting for July 15th with Messrs. Douglas and Mathews, at which also were present Messrs. Frothingham, Stubbs, Daley and Sullivan of the IEA Committee and Messrs. Knowlton, Everts, Hilliard and Johnson of the IEC Committee. Mr. Fulton was also present. At this meeting Mr. Douglas declared clearly and rather emphatically that the Commission preferred the formation of one truly national association, of course with regional divisions. He confirmed this feeling in an exchange of letters with Mr. Fulton that evening, copies of which were in the press and Conference News and have doubtless been seen by you. In his letter Mr. Douglas stated in part, "We feel that the best form of organization would be a strong national association, truly representative, including the small as well as the large elements in the business. It seems to us that a strong national association can best deal adequately and effectively with the important questions which will arise under the statute; and cope effectively with the problems of an industry which is truly national rather than local in character."

At this meeting Mr. Douglas also stated the feeling of the Commission that it would do well to have certain of the Commissioners, as available, and members of the staff hold meetings from time to time during the next few weeks at various central points in the country to discuss with representatives of the industry the Maloney Act. You doubtless are aware various meetings have been held in the middle west and further meetings are planned in other parts of the country. We stated the feeling of the Joint Committee that this would be generally helpful.