

July 13, 1953

Honorable Leverett Saltonstall
Chairman
Subcommittee on Independent
Offices Appropriations
United States Senate
Washington 25 D. C.

CHAIRMAN'S OFFICE
MAILED

JUL 13 1953

Div. _____ Dist. _____

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Dear Senator Saltonstall:

This letter is designed to supplement the letter dated June 3, 1953, and the accompanying charts, addressed to you by Donald C. Cook, my predecessor as Chairman of this Commission, in connection with the appropriation for the Commission contained in the first Independent Offices Appropriation Bill of 1954.

As you know, the bill as passed by the House of Representatives provides \$5,245,080 for the Commission, whereas the bill as passed by the Senate provides \$5,000,000.

Since I assumed the office of Chairman as recently as June 17th, I am not in the position to base any argument for the House figure on extensive experience. I do, however, respectfully submit the following comments:

1. The reduction in force which would be made necessary by the lower appropriation would be approximately 50 people. A substantial number of these would come from the Division of Corporation Finance, from the Trading and Exchange Division, and from the regional offices.
 - (a) Further curtailments in personnel in the Division of Corporation Finance might have the effect of crippling that Division's ability to clear registration statements within the time schedules imposed by the issuers and underwriters.
 - (b) Reduction in personnel of the Trading and Exchange Division and in the regional offices would automatically curtail the enforcement activities of the Commission.
2. The Commission, as reconstituted, plans to make a thorough examination of rules, regulations and policies. As a result of this examination, it may be possible to

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achieve improvements in operating efficiency. However, any such program of reexamining procedures and simplifying rules, regulations and forms will involve the use of skilled personnel which must either be engaged for the purpose or drawn from the existing staff. In addition, the Commission will doubtless be called upon to advise with the Congress and with the industry in connection with suggested legislation. This too involves use of skilled personnel.

3. Restoring the budget to \$5,245,080 would not run counter to the Administration's recommendations, since the so-called "Dodge Budget" recommendation for the Commission was \$5,600,000.

In view of all these circumstances, therefore, I respectfully submit that if the Conferees approve the House figure, the Commission will do a better job of self-improvement as well as a better job of law enforcement.

Sincerely yours,

Ralph H. Demmier
Chairman

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cc *Riordan*
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