October 9, 1953

Mr. George F. Richardson
Securities Commissioner
New England Building
Topeka, Kansas

Dear Mr. Richardson:

This Commission has always been of the opinion
that its work in administering the various Federal laws related
to the securities markets is intended to supplement and not to
replace the work of state administrators.

However, as our agency and the securities adminis-
trators of the states go about their separate duties there are
doubtless some instances in which this Commission carries on
investigation of some activity which might be much more easily
proved as a violation of state law than as a violation of Federal
law.

In line with the present Administration's policy of
reducing the Federal duplication of state activity, this Commis-
sion has authorized each of its Regional Administrators, subject
to certain procedural safeguards, to make available to state
authorities material dealing with a pending investigation where:

(1)   an investigation discloses there has been a clear
      violation of state law, and

(2)   it appears that there will be substantial difficulty
      in proving the suspected violation of the Federal
      law, and

(3)   the Regional Administrator has reason to believe
      that the state authorities are in position to proceed
      promptly to complete the investigation and enforce
      the state law.

We recognize that in applying this authorization to
individual cases a large amount of administrative discretion is
involved.   However, we mean the authorization to be more
than empty words.

Mr. George F. Richardson

Commissioner Clarence H. Adams and the writer will be present at the convention of the National Association of Securities Administrators in December and we will be glad to learn from you what, if any, practical results have come from the authorization referred to. At that time we can also discuss informally additional measures for more effective liaison between our Commission and the state authorities.

Yours truly,

Ralph H. Demmler
Chairman