

MAY 21 1970

WASHINGTON REGIONAL OFFICE

AIR MAIL

May 21, 1970

Mr. Floyd H. Gilbert  
Administrator, Boston Regional Office  
Suite 2203  
John F. Kennedy Federal Building  
Government Center  
Boston, Massachusetts 02203

Re: Proposed Revision of Broker-Dealer  
Inspection Manual

Dear Floyd:

At the last Regional Administrators' Conference, after suggestions by Stanley Sporkin, a Committee was formed to prepare a revision of the existing Broker-Dealer Inspection Manual. I was named Chairman of the Committee and Hurd Baruch, Special Counsel, and Morris Simkin, Attorney, of the Division of Trading and Markets, were named to the Committee. Since that time, I have asked Jerry Boltz and John Mayer to serve as advisors to the Committee, and I have also requested William Schief, Assistant Administrator of this office, to devote a substantial amount of his time to this worthwhile project. As a result, we have drafted a proposed table of contents for the manual, which we believe includes the most significant areas for broker-dealer inspections. The manual is contemplated as a ready reference document showing the step by step procedure for accomplishing the necessary probing and examination to reach a particular inspection objective. Hence, we envision each section of the manual to be fairly detailed.

It was agreed at the Regional Administrators' Conference that each regional office would be responsible for preparing a particular section of the revised manual. We have attempted to make assignments to the particular regional offices in areas where it appears that such offices have unusual experience or expertise. However, if you wish to switch assignments with another regional office, feel free to directly contact that office and make the necessary arrangements.

Obviously, any suggestions that you and your staff would care to make in any of the areas would be warmly accepted. We are depending upon the various regional offices to develop more penetrating procedures for working out our inspection goals.

While we realize that each office is undergoing a tremendous workload, we feel that the entire project should be completed in final draft by the 1970 Regional Administrators' Conference in October. To accomplish this, it will be necessary for your regional office to complete your section or sections of the proposed manual within 60 days; therefore, we would hope to receive your materials on or before July 17, 1970. We are sending a similar letter to all Regional Administrators. As I mentioned by phone today, we would also like to obtain drafts of a proposed questionnaire to be mailed to broker-dealers and one to be filled out by them during inspections.

We look forward to the completion of a very worthwhile project and your assistance in accomplishing that goal.

Sincerely,

Alexander J. Brown, Jr.  
Regional Administrator

cc: Mr. Stanley Sporkin  
Mr. Hurd Baruch  
Mr. Morris Simkin

Enclosure:  
Draft Table of Contents  
with assignments