

## Memorandum

Mr. Douglas suggests that a problem in connection with compensation under 77B be kept in mind by those who are working on the Protective Committee Report. Under a fairly recent case, it was held by the Supreme Court (Stone, J., dissenting) that the interstate Commerce Commission had no jurisdiction under the Transportation Act of 1920 to alter compensation arrangements and agreements between railroads and their attorneys. Such agreements were considered as personal between private parties and not subject to supervision.

The question arises whether under 77B protective committees can make compensation arrangements with their security depositors and with the companies that are being reorganized and whether attorneys for those companies that are being reorganized can make such agreements with the companies providing for their own rates of compensation which the court does not have jurisdiction to alter and supervise. In other words, can committees and attorneys contract the court out of its power of supervision over compensation?

JQNewton:vd

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