

May 16, 1938

Memorandum

Mr. Wilkie telephoned me this morning. He stated to me that he had been negotiating with Cities Service for the acquisition by Commonwealth and Southern of Cities Service property north of the Michigan line at Adrian. The negotiations are still under way. He will buy either stock or assets. Cities Services, he says, is asking \$3,150,000. He is quite sure he can get it for \$3,000,000. He stated that as far as he was concerned, the question of whether or not such acquisition or sale would have to be approved by the Securities and Exchange Commission was not clear in his mind as a technical matter. But in any event, he did not want to make the acquisition without this Commission's approval in view of the fact that we would later on be concerned with questions such as securities issues, etc.

The specific question which he posed was whether or not we had any machinery for making a check at this time on valuations and asked that we advise him whether or not the trading price which he was willing to make was within the permissible limits. He said he was anxious to get on with this integration problem and at the same time he stated that he realized that there might possibly be some objection from our point of view if we provided at this stage machinery for making a preliminary check of the valuation figure. I told him I would discuss the matter with the Commission and endeavor to let him know today or tomorrow.

William O. Douglas
Chairman

This matter was referred to Judge Healy for discussion with the Public Utilities Division. 5-16-38 e.w.