

MEMORANDUM

February 3, 1945

To: Sam Klaus
Foreign Economic Administration

From: Walter C. Louchheim, Jr.
Securities & Exchange Commission

Pursuant to your request there is forwarded to you herewith for transmittal to Mr. Lauchlin Currie, in Switzerland, several illustrations indicating the difficulties which the Commission has encountered in the administration of several of the statutes under its jurisdiction due to non-cooperation from Swiss principals and their agents.

1. In July 1941, an investigation was made under the anti-manipulative provisions of the Securities Exchange Act of 1934 into certain possible wash sales in the common stock of Proctor and Gamble Company on the New York Stock Exchange. Investigation disclosed that these sales had been effected by the Swiss Bank Corporation's New York agency. Inquiry was made of the Swiss Bank as to the principals involved in these transactions. After several months it was ascertained that the transactions were effected for the account of the Societé de Banque Seuisse. However, the names of the Banque's customers were not disclosed.

2. In January 1941, a registration statement under the Securities Act of 1933 was filed by Hoffman-LaRoche, Inc., a New Jersey corporation. This company is a subsidiary of Sapac Corporation, a Swiss company having subsidiaries all over the world. After examination of the statement, considerable correspondence and numerous conferences a request was made by the Commission into the matter of the ownership of the parent corporation, Sapac Corporation of Switzerland. In response to this request counsel for the registrant advised that due to Swiss laws and other factors they would not provide us with the requested information. The registration statement was subsequently withdrawn. From outside sources we have ascertained that the Banque Commerciale de Bale, S.A., is the depository for and represents a large number of shares of Sapac and that the Banque is a large stockholder in its own right.

3. In 1941, in connection with the Commission's study of investment trusts efforts were made to identify the ownership of the American I. G. Chemical Company as part of a study into the use of investment holding companies as a device to gain control of certain chemical operating companies in the United States and to raise funds in the American market to be employed in foreign investments. American officials of the company stated under oath that they could not identify the beneficial owners of foreign shares. The Commission, therefore, addressed a request to Edward Greutert and Cis., of Basle, Switzerland, one of the largest foreign holders of record. In reply Greutert stated

“we regret not to be in a position for reasons of principle to give you the requested information.” Another substantial holder of record, L. D. Pickering & Co., of New York, reported that it was the nominee of Edward Greutert and Cis. Another holder of record, Ridgenoessich Bank, also responded to the Commission’s request that it was “not in a position to disclose the name of its clients.”

If Mr. Currie would like to have additional illustrations along these lines I should be glad to provide him with them.