

Jul 10, 1952

Hon. Joseph P. McMurray  
Staff Director  
Senate Committee on Banking  
and Currency  
United States Senate  
Washington 25, D. C.

Re: S. 3427

Dear Mr. McMurray:

This is in further reply to your letter of June 30, 1952, requesting the opinion of the Commission on the merits of S. 3427, "a bill to amend certain provisions of the Securities Act of 1933, and section 3 of the Securities Exchange Act of 1934." The Commission believes that adoption of the bill would not be in the public interest.

A complete statement of our views upon this bill, which is identical with S. 2765, introduced into the 81st Congress, is contained in the letter of the Commission addressed to your Committee dated May 1, 1950, commenting upon S. 2765. In general, that letter points out that the proposed bill would largely have the effect of exempting mining and oil and gas securities from all provisions of the Securities Act other than the anti-fraud provisions, and seriously weaken the Commission's investigatory powers. A disproportionately high number of the Commission's fraud cases have dealt with mining, oil and gas securities. The bill, therefore, would reduce investor protections in an area where they are most needed.

The Commission has been advised by the Bureau of the Budget that the views expressed herein are consistent with the program of the President.

Sincerely yours,

Donald C. Cook  
Chairman

MFeldman/etl