



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20540

September 16, 1976

MEMORANDUM TO: Chairman Hills ✓
Commissioner Loomis
Commissioner Pollack
Commissioner Evans

FROM: Office of Public Affairs *JAR*

RE: Proxmire Foreign Payments Bill

The Senate on Wednesday passed the bill to prohibit bribes to foreign officials by American businesses, which was sponsored by Senator Proxmire, and had been recommended by the Senate Committee on Banking, Housing and Urban Affairs (S. 3664), the vote was 89-0.

This is, of course, the legislation which contains the Commission's proposals relating to internal accounting controls, and to prohibitions against falsifying corporate books or records (Section 1). The Commission supports Section 1 and, although we raised questions about the section which adds the bribery prohibition to the securities laws (Section 2), we did not oppose it.

In the course of considering this bill on the Senate floor, Senator Church offered an unprinted (and not previously announced) amendment. This proposal would have added to the Proxmire bill the detailed and extensive reporting and disclosure provisions contained in Senator Church's own foreign payments bill (S. 3379). These provisions would be entirely incompatible with the Commission's existing disclosure program, developed over the past two years. Moreover, their ramifications have never been fully explored through the usual hearing process, as the Church bill was never seriously considered by the Banking Committee.

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Fortunately, Senator Tower prevented a vote on the Church amendment until midday Wednesday. Wednesday morning a letter from Chairman Hills to Senator Tower was prepared detailing the damage which the Church proposal could do to the Commission's program. The letter was delivered to Senator Tower just in time for floor debate on the amendment. It was subsequently distributed to each Senator, and was used by Senator Tower and Senator Percy in opposing the amendment. The amendment ultimately failed by a vote of 29-58.

Upon passage of the bill, Senator Proxmire attempted to expedite consideration in the House by attaching S. 3664 to a minor bill which the House had already passed; the bill happened to be the one extending the due dates for our Street Name and Bank studies. However, such a procedure requires unanimous consent, and Senator Tower offered objection.

The prognosis for House passage of the Proxmire bill is poor. Congressman Murphy has introduced an identical companion measure and will hold hearings on it next week (September 21 and 22). It appears that, in light of the Senate's action, a major push may be made to get this bill through the House this year. However, with less than three weeks left before the scheduled adjournment sine die of the 94th Congress, passage of foreign payments legislation appears unlikely.