

WILLIAM PROKHIRE, WIS. CHAIRMAN  
HARRISON A. WILLIAMS, JR., N.J.  
ALAN CRANSTON, CALIF.  
ADLAI E. STEVENSON, ILL.  
ROBERT MORGAN, N.C.  
DONALD W. RIEGLE, JR., MICH.  
PAUL S. SARBANES, MD.  
DONALD W. STEWART, ALA.  
PAUL E. TSONGAS, MASS.  
JAYE GARN, UTAH  
JOHN TOWER, TEX.  
JOHN HENKEL, PA.  
WILLIAM L. ARMSTRONG, COLO.  
NANCY LINDON KASSABAUM, KANS.  
RICHARD G. LUGAR, IND.

KENNETH A. MC LEAN, STAFF DIRECTOR  
M. DANNY WALL, MINORITY STAFF DIRECTOR  
MARY FRANCES DE LA PAVA, CHIEF CLERK

## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, D.C. 20510

May 2, 1979

CHAIRMAN'S OFFICE

RECEIVED

MAY 07 1979

COMM

The Honorable Harold Williams  
Chairman  
Securities and Exchange Commission  
Washington, D. C.

Dear Mr. Chairman:

An article in the May 1 issue of the Wall Street Journal raises serious questions about the Securities and Exchange Commission's handling of corporate questionable payments cases.

Specifically, it says that the SEC has not followed a consistent policy on the extent of disclosure of questionable payments that it requires in the files that it releases and that the agency has dragged its feet in making public the records of questionable payments cases that it has closed. I have enclosed a copy of the article.

These issues are of great concern to me. They indicate that the Commission is not applying its much heralded disclosure vehicle to the fullest to put companies on notice that questionable payments will not be tolerated and kept secret. The article notes that the Commission has disclosed files with embarrassing details in some cases but has sanitized records before releasing them in other cases, deleting much of the significant information that tells the public who was bribed and what countries were involved.

It is apparent that, for reasons that the Commission has failed to explain, certain companies bear the brunt of disclosure while others are spared. This haphazard, ad hoc approach undermines the important purposes of the Commission's disclosure program and raises the possibility that, in certain cases, the SEC may be acquiescing to the wishes of other government agencies that have an interest in hiding questionable activities and protecting certain individuals and countries.

The Honorable Harold Williams  
Page Two

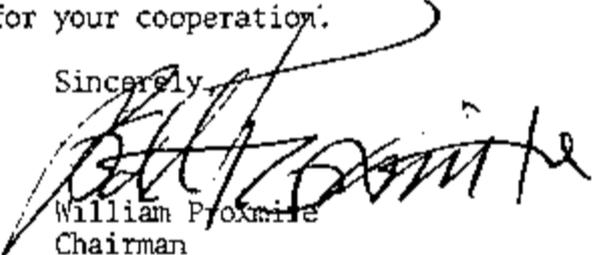
Furthermore, I am concerned about the SEC's apparent failure to follow through on its two-year-old promise to release the records of cases that it has settled. I was astounded to read that only 10 percent of the more than 450 questionable payments records have been released so far. This indicates to me that the Commission is not as fully committed as it should be to carrying out the spirit and the letter of the Freedom of Information Act.

I am perplexed by these apparent contradictions between the Commission's avowed commitment to disclosure and its poor performance. I would appreciate an explanation of these problems.

In addition, I would like to know whether the Commission has considered or is considering a consistent policy for making public-- in a much more complete and timely fashion--questionable payments records of the cases that have been closed. If these matters have not been considered, I would like to know why they have not.

Thank you in advance for your cooperation.

Sincerely,



William Proxmire  
Chairman