



PRESTON SECURITIES  
MEMBER NEW YORK STOCK EXCHANGE

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July 5, 1983

Mr. Paul Volcker  
FEDERAL RESERVE BOARD  
20th & Constitution Avenue N.W.  
Washington, D. C. 20551

Dear Mr. Volcker:

Enclosed you will find a letter from your Deputy Director which I find very difficult to either believe or understand! I challenge you to read the first paragraph of the letter signed by William Taylor.

He describes as objective, those responsible (the Board) for these matters as deciding (in all their wisdom) to make it as hard as possible to permit inclusion to the list of marginable securities. I ask you in all seriousness, could that mentality exist at the Fed??? That kind of thinking would damage any working relationship with government at any level, i.e. my total disbelief such ever happened in the first place.

The next item I find totally ridiculous is his 3) in the first paragraph, and I quote: "3) fluctuations in the List be minimized." This brings to mind the question: Is it just too much trouble to have the List fluctuate? Good grief, is this man serious?

I challenge you, sir, to consider the following: Things are changing. Companies are more often staying over-the-counter as opposed to listing on the American. As a result, more and more marginability is important - important to the people dealing in those securities as well as to the liquidity and freedom to move from one security to another.

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I challenge you, sir, to make business easier for the producers, not the Federal Reserve Board, or its Deputy Director. Let us be free like other businesses instead of being regulated to suit the whims of the large banks and brokerage firms (and their loan desks). Let us do business!

Sincerely,

PRESTON SECURITIES, INC.

  
Keith McGarrahan  
Vice President  
KMcG/bt

encls.

cc: William Taylor  
Richard C. Breeden ✓  
Lloyd Bentsen  
John Tower  
Martin Frost  
George Bush