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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

August 13, 1987

The Honorable David S. Ruder
Chairman
Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549

Dear Chairman Ruder:

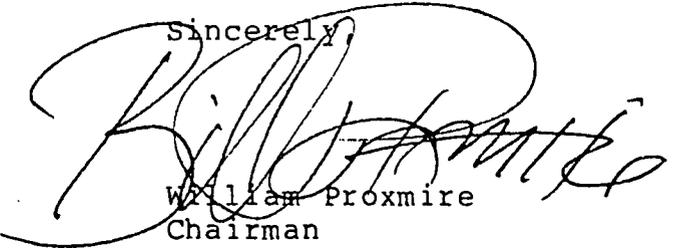
As I am sure you have already noted, The Wall Street Journal today reported major problems in the New York regional office of the Commission.

Particularly bothersome are reports that the new regional administrator is trying to rein in the enforcement division and has tabled an "action memo" recommending prosecution in a major insider trading investigation. I am extremely concerned by quotations such as the following: "The enforcement division has been rendered so ineffective it can't do its duties."

You know my views on the need for a very tough enforcement program, particularly at this time in the SEC's history. I believe that ultimately your tenure as Chairman of the Commission will be judged by how well you handle your responsibilities as top cop at the Commission.

I would hope that cleaning up the reported mess in the New York regional office will be your immediate highest priority. Failure to put to rest reports such as that which appeared in today's Wall Street Journal I think have the potential for getting your Chairmanship off to a rough start.

I have no doubt you will take appropriate action in this instance.

Sincerely,

William Proxmire
Chairman