

*NOTICE:—This report was mailed to all members of the Chamber five days before the meeting and copies were also placed in the hands of each member attending the meeting, when opportunity was given for discussion. The vote thereon therefore can fairly be said to represent the opinion of the entire membership. The meetings of the Chamber are attended by three or four hundred members.*

## Chamber of Commerce

of the

## State of New York

At the Annual Meeting of the Chamber of Commerce of the State of New York, held May 4, 1933, the following Report and Resolutions, submitted by its Committee on Finance and Currency, were unanimously adopted:

### **MODIFICATION OF FEDERAL SECURITIES BILL RECOMMENDED**

*To the Chamber of Commerce:*

The Chamber of Commerce of the State of New York, through its Committee on Finance and Currency, has carefully studied the proposed Federal Securities Bill. While it approves the principles laid down in the President's message of March 29, 1933, relative to Federal supervision of interstate traffic in investment securities, it feels that there are certain provisions in the proposed bill which would seriously hamper industrial corporations in obtaining the funds necessary for their needs and would interfere with the expansion of the country's business. Before its securities could be sold or offered in interstate commerce, a corporation requiring aid for financing would be required, under Section 3, to file a registration statement containing broad information based on certified accountants' reports, appraisals, title searches and legal opinions. This statement would have to be signed not only by the corporation but by officers and directors individually. The proposed act would make each such signing officer and director personally liable to all purchasers of any of such securities, regardless of when or from whom purchased, to the extent of the original purchase price, in the event that the registration statement should be untrue in any material respect. Good faith on the part of such officer or director and the fact that such statement was based on reports or opinions of experts would in no way relieve them of such liability. Responsible directors of corporations would not consent to incur any such personal liability. This would result in the management

of corporations being in the hands of dummy directors or directors without financial responsibility.

We urge that the bill be modified so as to provide that officers and directors may rely on expert opinion and advice and be relieved of liability when acting in good faith.

On occasions corporations may find it necessary to borrow temporarily in the open market, through note brokers or otherwise, and the provision requiring the filing of the registration statement might delay the issue of the necessary certificate, cause the corporation serious embarrassment and impede the industrial development so necessary at the present time.

The following resolutions are offered:

*Resolved*, That the Chamber of Commerce of the State of New York recommends that the Bill to establish Federal supervision of interstate traffic in investment securities be modified to relieve officers and directors of liability when they act upon expert opinion and advice and in good faith; and, be it further

*Resolved*, That separate consideration be given in the Bill to temporary borrowings of corporations in order that its requirements will not hamper or prevent short term financing.

Respectfully submitted,

JOHN STEWART BAKER, <i>Chairman</i>	} <i>Of the Committee on Finance and Currency</i>
FRANKLIN Q. BROWN	
EDWIN P. MAYNARD	
EDWIN G. MERRILL	
JOHN M. SCHIFF	
JOHN S. SMALL	

Attest:	JAMES BROWN, <i>President.</i>
JERE D. TAMBLYN, <i>Secretary.</i>	CHARLES T. GWYNNE, <i>Executive Vice-President.</i>

NEW YORK, May 4, 1933.