

30 PINE STREET

SJW:P

NEW YORK January 24, 1938

140-2(FK-)

Mr. Ganson Purcell,  
Acting Director, Trading and Exchange Division,  
Securities and Exchange Commission,  
Washington, D. C.

Dear Mr. Purcell:

I have been considering the copy of the January 3rd draft of the rules to regulate pegging, fixing and stabilizing of the prices of registered securities enclosed in Chairman Douglas' letter to me of January 5th. I am still of the same mind that I was when I appeared before the Commission on November 25rd last. At that time, I advised them, in substance, that the draft of rules then under consideration (draft of August 5th) was entirely too complicated, and, in many respects, not understandable to me. I also stated that the rules would create such practical hazards and technical difficulties that they would, in my opinion, be entirely unworkable in practice.

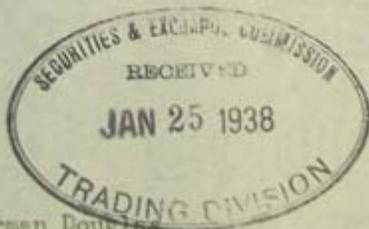
I advised the Commission that in my humble opinion a very simple rule should be written and promulgated, based on bona fide intent, with full disclosure, inasmuch as I believed the Securities and Exchange Commission had ample power under Section 9 of the Exchange Act for the protection of the public and the investor against all forms of manipulation, and that, if the Commission did promulgate a simple rule and found it did not work, it could always be changed, on a trial and error basis, which would be far more practicable than to have the rule so complicated in the first instance that no one could or would operate under it, as I am sure would be the case if rules along the lines of the January 3rd draft were promulgated. As a matter of fact, those who have received the rules for consideration and who have talked to me about them, feel very much the same as I do.

When I was in your building last Friday, I tried to see you, but unfortunately you were occupied. I had in mind discussing these rules with you.

If you would like to discuss with me the detail with regard to them, of course, I should be very glad to do so.

Very truly yours,

*Sidney J. Weinberg*  
Sidney J. Weinberg



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cc Chairman Douglas