

October 10, 1938

Memorandum re Associated Gas and Electric

From: Chairman Douglas

George Gordon Battle and his associate, David Brady, were in to see me today. They apparently had already seen Mr. Dabney and Judge Healy. They indicated that they wanted to collect the facts necessary for the preparation of a petition against Associated Gas under the new Chandler Act. They pointed out that in their judgment an independent trustee should be in charge and until that was done that the situation would not improve. They indicated that the facts pertaining to the system were so complex, very little progress could be made by a group such as theirs without assistance here.

I told them that we had to maintain an objective position and not take sides because of the fact that we were, under the Holding Company Act, acting in a semi-judicial capacity. At the same time, I told them that as a matter of general principle, I saw no reason why certain types of information in our possession should not and could not be made available to them. I also said I did not know what the precise limits on furnishing information would be but I thought the best procedure would be for them to raise specific matters with Mr. Dabney and for him to get clearance from the Commission or Judge Healy on each type of information which they requested. I indicated to them that there well might be certain things that we could not properly divulge.

Battle indicated that his firm represented a committee for the convertible debentures which was formed back in 1933 in opposition to the recap plan and which obtained deposits of some debentures. At the present time Battle and his associates represent not only that committee but certain individual debenture holders and perhaps some other security holders of that system.

Battle also indicated to me that we could be assured that neither his clients nor his firm would at any stage of this matter "settle" their differences with Associated. He said it was, in this case, a fight to the finish.

Douglas bk