

NEW YORK STOCK EXCHANGE

ELEVEN WALL STREET

WILLIAM MCC. MARTIN, JR.  
PRESIDENT

*Delivered*  
*Mr.*  
January 10, 1939  
*Q*

Hon. William O. Douglas,  
Chairman, Securities and Exchange Commission,  
Washington, D. C.

Dear Mr. Douglas:

This will acknowledge receipt of your letter of December 27, 1938, commenting on the disposition of the Whitney case.

I agree with you as to the desirability of exploring the basic problem of allocation of disciplinary power as between stock exchanges and the Commission. However, I cannot agree with the reasons and motives you ascribe to the Board in reaching the decision it did in the Whitney case.

Based on interviews with individual members of the Board and after hearing the full discussion at the Board meeting of December 14, 1938, I am confident each member of the Board reached an independent and conscientious conclusion as to the disposition which should be made of this case. The members of the Board were, I am convinced, influenced only by their study of the testimony taken by the Commission, the report of the Commission and the matters referred to in your letter to me of November 1, 1938.

From the foregoing, you will note that while we differ as to the scope and nature of the problem I am heartily in accord with your suggestion that this matter should be given early consideration. I have therefore already instructed our counsel to communicate with the members of your staff.

Sincerely yours,

*Wm. C. Martin, Jr.*

WMCCM Jr/B

President

NARA - CP

RG 266 UB-WW Entry 172

Accession # 68A1064

Box 19, Folder "N.Y. State Exchange Whitney Report"