

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON

THE CHAIRMAN

August 2, 1939

Personal and Confidential

The Honorable
William O. Douglas
The Supreme Court of the United States
Washington, D. C.

Dear Bill:


I think you'll be interested in the enclosed. It shows the old Hancock spirit at work again. As a result of the work-out I gave Bill Martin et al, (referred to in my memos to the Commission, copies of which I enclose), the press has carried stories retracting what Paul had given the news boys to understand, and indicating pretty clearly the restricted scope of the functions of the "examining board." It's not unlikely that that "board" will report that something drastic must be done, although they may not go the full route.

As a result of not sleeping well the other night, I got a 3 A.M. idea: If the Exchange went go along on our "brokerage bank" idea, we can promptly put out some Section 8(b) rules which will classify brokers into (A) those who do no banking business and (B) those who do some. As to the former, we can make the ratio liberal -- say 20 to 1; as to the latter, we can make it, say 8 to 1. Chester and Ganson see no bugs in the idea. We shan't spring it on the Exchange until we see what the "board" says. We think the same kind of classified rules can be applied to the over-the-counter lads..

I've arranged with Frank Maloney that, as soon as we approve the Maloney Act Association - which will be in a few days - we'll write a speech for him and arrange a speaking date.

I leave today for Martha's Vineyard to be gone, I hope, until Labor Day. I do hope to see you, if you're in New England. My post office address is Chilmark, Martha's Vineyard, Mass. You can phone me care of Eddie Greenbaum, Menemsha, Martha's Vineyard. I've much to tell you.

Sincerely,

A handwritten signature in cursive script that reads "Jerome". The signature is written in dark ink and is positioned above the typed name.

Jerome N. Frank