

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON

June 23, 1941.

Aut by 2000

Honorable William O. Douglas,
c/o Mrs. C. M. Riddel,
Le Grande, Oregon.

Dear Bill:

This is a personal note to get your views on the possible use of a conference memorandum which I prepared following the meeting which you and I had in Bill Martin's office with Martin and Shields at the time we learned of the disposition of the case against the Morgan partners. I enclose a copy so that you may refresh your recollection.

As you may know, among the amendments to the Exchange Act which the Commission will propose is one to give the Commission direct authority to suspend or expel a member of an Exchange after Notice and Hearing for violations of Exchange rules. Also there is a proposal to add to the Commission's reserve authority over Exchange rules under Section 19(b) powers with respect to such rules dealing with disciplining of members.

It is my thought that the conference memorandum would ~~mean~~ be a very telling contribution to the record if it were read and placed in evidence in hearings on the Hill. I thought I would check with you before any steps are taken in that direction to see whether your views coincide with mine on this subject.

You may recall that after I prepared this memorandum you and I both initialed the original and one carbon. I have the initialed carbon copy in my files and would propose to use that in order to heighten the authenticity of the document.

I don't know whether or not you have been informed of Miss Water's illness. I called this morning in order

to get the best mailing address for reaching you and learned at the Supreme Court that she was out on account of illness. I called her home and talked with her. I gather that she had her appendix removed and some very serious complications ensued. She sounded pretty weak but assured me that now that she was able to move around a little bit she would mend very rapidly.

I hope you, Mildred and the children are enjoying a good vacation. If there is anything that I can do for you here don't fail to call on me. I shall probably be here most of the summer -- one of the disadvantages of no longer having Trading and Exchange Division business in New York on Fridays or Mondays. Oh, for the good old days!

Sincerely,



Ganson Purcell

Enclosure.