

CHAIRMAN'S OFFICE
MAILED

AUG 29 1961

The Honorable Thomas G. Morris
The House of Representative
Washington 25, D. C.

Signed by: _____

Re: Federated Finance, Inc.
Santa Fe, New Mexico

Dear Mr. Morris:

With your letter of August 18, 1961, you enclosed a copy of a letter from New Mexico Attorney General Earl E. Hartley to Milton J. Blake, Regional Administrator of our Denver Regional Office, which was forwarded following my conversation with Miss Bridal. In the letter you state that because of the implication of political harassment you would like to be advised of the status of the matter and the results of any investigation.

Since receiving your letter, I have discussed this matter with Mr. Blake. He said that information had come to the attention of members of his staff that securities of Federated Finance, Inc. had been sold under circumstances which indicated possible violation of the Securities Act of 1933. As is customary in situations of this kind, a routine inquiry was instituted. In connection therewith, a letter was directed to Federated Finance, Inc. on August 8, 1961 and a reply under date of August 14, 1961 was received from the Attorney General. I note that Attorney General Hartley has courteously furnished certain requested information and has agreed that corporate books or anything else connected with the company would be submitted for examination at any time upon request. I am sure that if Mr. Blake deems it necessary to get additional information he will communicate with Mr. Hartley.

There is nothing in this situation which would indicate the inquiry was made for the purpose of politically harassing Federated Finance, Inc. or any of its officers or directors. Under the Securities Act, we have the responsibility in situations of this kind to obtain facts in order that a determination can be made as to whether the Act has been violated. It was in performance of that responsibility that the Denver Office directed the letter to Federated Finance, Inc.

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The Honorable Thomas G. Morris

Investigations are non-public and members of the staff are prohibited from revealing information obtained in the course of such an investigation unless specifically authorized by the Commission to do so.

We appreciate the reference of Attorney General Hartley's letter and wish to assure you that the investigation is not predicated on any type of political interest or with a view to harassing anyone.

Sincerely yours,

Walter G. Holden
Assistant Director

cc: Mr. Blake, DRO

WGHolden:mmb