

May 4, 1965

MEMORANDUM FOR MARVIN WATSON

FROM: Bill Moyers

Funston says that he is bringing with him Mr. Walter Frank, Chairman-elect of the Stock Exchange. If queried by newspapers, he is going to say that his visit with the President is merely a courtesy call to introduce the new Chairman.

He says there is a cloud on the horizon no bigger than a man's hand which he wishes the President to be aware of. He feels that the SEC and the Department of Justice are about to get into a hassle; that the Justice Department is moving into an area that Congress gave to the SEC. The Justice Department -- at the end of March -- issued a civil investigative demand to the Stock Exchange. He feels they may be thinking about some sort of anti-trust action. He says that regulations on the stock market properly belong to the SEC. He says the success of the stock market is based upon public confidence and that a conflict between the Justice Department and the SEC would undermine that confidence.

I recommend the President remain non-committal on this issue and urge Funston to see Katzenbach.