

MEMORANDUM TO MR. JOHN LESNIEWSKI

November 24, 1965

Dear John:

Mr. O'Reilly is scheduled to appear at the Securities & Exchange Commission and the Federal Reserve Board on next Tuesday, November 30. In connection with these conferences, he has asked that certain information be obtained for him no later than Friday, November 26. Specifically, he has asked that your section provide as much information as possible regarding specialists' financing arrangements. He does not want a series of statistics. He would prefer to have information such as the following:

- (1) A summary statement for this year showing the high and low figure for borrowing by specialists and what use was made of this money by the specialist and the number of units which were involved in any such borrowings.
- (2) A breakdown on the segregation of financing; that is, how many specialists borrow from banks; how many borrow from other member firms. He would like to have the current status of such borrowing.
- (3) He would like to know how many specialists are direct clearing firms; how many specialists are financed by banks; and, how many specialists are financed by other member firms. He said that these figures might overlap.
- (4) How many creditors have an interest in the P & L. Mr. O'Reilly said that Zuckerman, Smith & Co. and Goldman, Sachs & Co. had a special account in Procter & Gamble Co. Also, Jacobson had a special account with Goldman, Sachs & Co. in Kellogg. Mr. O'Reilly stated that these two financing arrangements were entered into to purchase blocks. He also said that Zuckerman, Smith & Co. had financed Robert Stone. He would like to know how many other situations there were like this.
- (5) Mr. O'Reilly said that at one time he prepared a policy statement for Mr. Stott concerning financing arrangements and would like to have a copy of this available to him.

- (6) He also wants the SPA Forms checked and to have an up-to-date summary concerning specialist units. He wants the following questions answered:
- (a) Members never having transactions.
  - (b) Members who have had no transactions this year.
  - (c) The balance having one or more transactions this year.

R. F. Burke