

Elmer E. Powell & Company
Pittsburgh, Pennsylvania

February 7, 1968

Securities and Exchange Commission
500 North Capitol Street
Washington, D.C. 20549

Attention: Mr. Orval L. DuBois, Secretary

Reference: Release #8239

Dear Sir:

I have resisted comment on Release #8239 as long as possible.

The constant cry to save the Investing Public money is commendable indeed. The "leakage" of commissions from the New York Stock Exchange is not as commendable or sorrowful as Mr. Haack contends.

First -- I refer in point to the taxation without representation forced upon every individual, whom the Securities and Exchange Commission is trying to protect, by the State of New York.

On 100 shares of a stock sold on the New York Stock Exchange for \$20.00 per share a tax by the State of New York of \$5.00 is charged., along with the commission of \$27.00. This is an approximate 16% exorbitant cost of doing business forced upon investors with no chance of recovery. On an average of 8,000,000 shares of stock per day on the New York Stock Exchange, let alone the American Stock Exchange, for 200 trading days minimum, this amounts to \$80,000,000.00 in taxes. Even on a stock selling for \$42.00 per share this tax still represents an excess cost of 12 1/2% of the commissions.

This is one reason many institutional accounts seek executions on regional exchanges and why Mr. Haack's cry of "leakage of commissions" is not wholly due to give up practices, etc.

One can hardly blame investors for trying to save some of this minimal estimated \$80,000,000.00 tax bite.

In all of the Securities and Exchange Commission releases on saving money for investors, never once have I seen this mentioned. One would wonder if this is for other than political reasons.

Secondly -- I have personally paid Income Tax to the United States Government in the years of 1965, 1966, and 1967 in excess of \$15,000.00 per year and in 1967 alone will pay in excess of \$17,500.00. Now I am only one individual partner in one of many small firms in the securities business. I work long and hard for the income on which this tax is collected. The Securities and Exchange Commission proposals will undoubtedly reduce these taxes substantially. If this happens to others of our Industry, I wonder where the Government of these United States hopes to make up the difference in income.

Thirdly -- I would like to comment that I have not found the formula for operating my business or household on a deficit basis such as our Government does and think it about time more diligent thought be given along those lines.

Any comments in answer to this letter is welcome.

Very truly yours,

Elmer E. Powell & Company

By: (Mr.) Shirlie E. Clelland, Partner