

MAY 13 1977

Lucien W. Shaw, Esquire  
5094 Tero  
Laguna Hills, California 92653

Dear Mr. Shaw:

This is in response to your letter of April 21, 1977 with enclosure concerning the disclosure of corporate foreign pay-offs.

You state that every day you read about some company that has disclosed "its alleged sins of making foreign pay-offs" to the Commission; that this has struck you as ridiculous; that we should forget "about this crusade to reform the whole world which is quite a heavy assignment"; and that you recommend to us Dr. Neil Jacoby's article in the enclosure which discusses this matter.

Dr. Jacoby's article refers to his analysis of some 89 corporations which have made voluntary disclosure; approximately 375 corporations have disclosed sensitive payments. While Dr. Jacoby addresses himself to corporate excesses abroad, the exposure of some of the domestic practices of some of our largest corporations have been as improper as American practices abroad. These corrupt practices are not confined to the foreign sector of American business. The majority of American businessmen believe there is no place for fraud or corruption in the conduct of American business at home or abroad. Many have spoken out about this scandal.

The purpose of the securities laws is to provide disclosure of material financial and other information on companies offering their securities to the public or those whose securities are already publicly held. It was determined by the Congress, in enacting these laws, that investors be provided with all material information so that they can make informed investment decisions. We have found in our investigations of management fraud that there virtually is always found to be improper accounting practices or outright falsification of books and records to conceal these illegal political contributions, bribes and kickbacks.

The Commission takes little pleasure in exposing corrupt business practices by American corporations. However, as the government agency charged with enforcing the Federal securities laws, and protecting investors, the Commission will continue to carry out its mission.

Sincerely,

Stanley Sporkin  
Director

RJaffin/nw