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July 20, 1984

242941

Mr. Craig L. Fuller
Assistant to the Vice President
for Cabinet Affairs
The White House
Washington, D.C. 20500

Re: Tender Offers

Dear Craig:

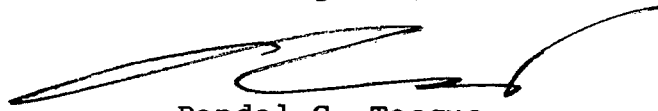
I want to take this opportunity to bring additional information to your attention on the emerging controversy within the Administration on what amendments to the securities law affecting tender offers and controlled share acquisitions should be acceptable.

This morning's news accounts of the Cabinet Council on Economic Affairs meeting of yesterday leaves the impression that the Securities and Exchange Commission-proposed legislation is acceptable and that the Wirth-proposed legislation is not acceptable. This would be a major error within the Administration for neither should be acceptable to this Administration. All of the SEC advisory committee's rhetoric and all of John Shad's rhetoric notwithstanding, the SEC proposals are consciously designed to take nearly all powers away from the States in this subject area, and the Wirth proposals are based (80 percent or more) on the SEC proposals. Enactment of the SEC proposals would constitute a mammoth Federal preemption, and this should not be acceptable for either legal or political reasons. The National Association of Attorneys General, the National Association of Secretaries of State, and others have already adopted resolutions opposed to the SEC position. The National Governors Association and the National Association of Manufacturers may in coming days. The National Association of State Legislators will by the end of the year.

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The attachments spell this out in substantial detail.
Nothing beyond greenmail and golden parachute provisions should
be acceptable this year, and the attachments raise questions even
about those two provisions.

Best regards,



Randal C. Teague

/KS
Enclosures