

United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

March 13, 1987

The Honorable Charles A. Bowsher
Comptroller General
United States General Accounting Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Bowsher:

As you know, the entire securities industry is undergoing close congressional scrutiny. One concern which keeps surfacing is the adequacy of the Securities and Exchange Commission budget for dealing with current problems in the securities industry.

At our February 24, 1987 Securities Subcommittee hearing, the Chairman of First Boston Corporation testified that "It frankly would not disturb me if the SEC's budget were doubled". Former Republican SEC Commissioner, James Treadway -- who was appointed by President Reagan -- testified that "I think a 25% immediate increase in budget and the staff is necessary; 50-70% as a minimum over the relatively short-term." These same general sentiments were expressed by everyone who testified at this hearing. And the hearing involved two well-balanced panels.

At this point, the expertise of your staff at the SEC audit site would be invaluable to the Subcommittee as it prepares a FY 1988 authorization bill for the SEC. The Subcommittee has relied on your staff at the SEC to help prepare us for several hearings on the securities industry. We have been impressed with the quality and responsiveness of their assistance.

I would very much appreciate their doing the following for the Subcommittee: (1) look at SEC's prior budget estimates and how successful the SEC was in accomplishing the estimates; (2) determine the number of additional staff the SEC could effectively recruit, train and absorb in 1, 2, 3 years, etc. if its budget were increased substantially each year; and (3) provide opinions on current resource levels and projected accomplishments, based on GAO work at the SEC to date. Doing the above work would enable your staff to also help the Subcommittee draft the SEC's authorization bill. The Subcommittee will need this information by the first week in May.

I am looking forward to our continued association. Your contact should be my staff director, Steven B. Harris.

Sincerely,

Donald W. Riegle, Jr.
Chairman
Securities Subcommittee