

June 19, 1935

Dear Mr. Secretary:

The Securities and Exchange Commission is faced with the problem of identifying the corporations in the United States whose securities are traded in over-the-counter to an extent which, in the public interest and for the protection of the investors, makes it of major importance that such securities be registered under the Securities Exchange Act of 1934. For the purpose of making this determination, we have canvassed the various possible sources of information, such as the standard commercial compilations of corporations and securities, and find that these sources are not adequate for our purposes. The only extant statistical data which seems adequate is that contained in the income tax returns and more especially in certain transcript cards which your Statistical Department in the Bureau of Internal Revenue has taken off from these returns. I am informed that there are approximately 65,000 of these cards which contain the essential material that we are interested in securing. I have had the Statistical Department of the Bureau consulted and am informed that at the present time they are not using the transcript cards relating to the 1932 returns and that these might be made available to us without in any way interfering with the work of your department.

I respectfully request that these transcript cards of the 1932 returns be made available to this Commission. We should like to make the following use of them:

- (1) To segregate from the 65,000 cards the 20,000, approximately, which relate to corporations having a total of funded debt, stocks, and surplus in excess of \$1,000,000 (we are prepared to furnish our own clerks to do this work at the Bureau and I understand that they can be accommodated there without serious inconvenience to your own work).
- (2) To take these 15,000 cards to our own workrooms for the purpose of making a transcription of certain portions of the cards, including the name, address, funded debt, stocks, surplus, total assets, and character of business of the corporations represented. I make the request that we be permitted to take these cards to our own workrooms because, in order that this material may be made usable for our purposes, it will eventually be necessary that we punch cards which can be used in our International Business Machines. Unfortunately, we find that the

card-punching machines at the Bureau do not punch a card which is usable in the machinery which we have for sorting, tabulating and transcribing these cards. We also find that it is impossible to use our card-punching machines at the Bureau because they require direct current; and the only current available at the Bureau is alternating current. Consequently, unless we may be permitted to use the Bureau's cards in our own work-rooms, we would first have to take off transcripts by hand and then punch the cards from these transcripts. The possibility of error and the duplication of work which is involved in this makes it highly desirable that, if possible, the intervening step be eliminated.

It is our best calculation that the Bureau's cards will be needed for approximately ten days. It happens that at the present time and probably for about the next two weeks there is a lull in the work of our machine operators. For that reason, this is a particularly convenient time for us to do this work. I should therefore appreciate it if you found it possible to give early consideration to this request.

Sincerely,

Chairman

The Honorable
The Secretary of The Treasury
Washington, D. C.

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