

JAN 23 1938

My dear Mr. Scrugham:

I am in receipt of your letter of January 19, 1938, together with an accompanying letter dated January 12, 1938, which you have recently received from one of your constituents, Mr. C. R. Terrell, Secretary of the Southgold Nevada Consolidated Mines Company of Tonopah, Nevada, in which Mr. Terrell refers to a letter he has recently received from our San Francisco Regional Administrator, Mr. Howard A. Judy, regarding certain securities currently being offered for sale by the Southgold Nevada Consolidated Mines Company.

I have carefully noted your comments, and I find, from an examination of our file on this company, that a question has arisen as to whether the securities the company is offering may be subject to registration with this Commission. We directed our San Francisco office to ascertain whether or not the company might be offering securities subject to registration, or whether some of the statutory exemptions from registration embodied in the Securities Act of 1933, as amended, might be available to the securities being offered.

Our files here reveal that we have not yet received a report from our Regional Administrator at San Francisco, and I am, at this time, referring a copy of your letter to him, with the request that he furnish us with a report containing his findings and conclusions as expeditiously as possible. Immediately upon receipt of full factual information regarding the matter, we shall communicate with you further on the subject.

Honorable J. G. Scrugham

2.

In cases where the total offering involved is \$100,000 or less, it is not necessary for the issuer to file a registration statement, but it is necessary that there be filed with the Commission, pursuant to Rule 202 promulgated under the authority contained in the Securities Act of 1933, a prospectus containing certain required data descriptive of the securities that are being offered for sale. It is possible, therefore, that the company in question should file with us a prospectus, pursuant to the data requirements of this rule, in the event, of course, that the total offering aggregates \$100,000 or less.

I might also point out that certain limited offerings of securities, involving \$50,000 or less, are wholly exempt, and the filing of a prospectus or any other information with us is not required. This latter exemption has been allowed in order to relieve small issuers from entailing any expense or hardship whatever in the filing of any data with the Commission, which might prove burdensome and unduly expensive in some cases.

I sincerely hope nothing has occurred which might indicate to your constituent that this Commission, or any of its representatives, has any desire to discourage any legitimate mining enterprise.

As indicated above, we shall be able to determine what, if any, exemption may be available just as soon as we receive a report in the matter.

Yours faithfully,

William O. Douglas,
Chairman.



Honorable J. G. Scrugham,
House of Representatives,
Washington, D. C.

EMBarron/sm/ekh/aeg