

MEMORANDUM

April 28, 1954

To: Byron D. Woodside, Director
Director of Corporation Finance

From: Ralph H. Dammler, Chairman

In a discussion at the Denver Regional Office last week, the question was raised as to complexities of interpretation of Regulation A arising out of the requirement that the offering of an affiliate be charged against the \$300,000. It was not in old Regulation A. The provision, of course, makes sound sense if the same enterprise is involved but makes less sense where the same enterprise is not involved. You might have some thought given to this subject.

It was also brought to my attention at the Denver office that lawyers examine the Regulation A filings and that accountants in the office were consulted in connection with accounting questions which the lawyers found to exist. I raise the question as to whether or not an accountant should not in all cases look at the financial statements because, after all, an accountant is presumably more competent to determine the existence of an accounting question. The Commission might be in an embarrassing position in case an accountant had not looked at the financial statements. This should not result in duplication but should merely shift from the shoulders of the lawyer to the shoulders of the accountant the primary responsibility for examining financial statements.

Another question raised at the Denver office was the matter of profit estimates in Regulation A filings. Are they or are they not forbidden by rule 170?

CC: Commissioners - General Counsel - Denver Regional Office