

Dear Manny:

I am writing to you because I am deeply disturbed by certain rumors which have followed the "Home Office Task Force" visit to this office in August, 1965. Among the rumors circulating in this office and those which appear to be drifting here from Washington are the following:

1. The Task Force has written a scathing report on conditions in the New York Office.
2. The Management in the New York office is inept.
3. Irving Pollack likes Bill Moran as a person but does not think too highly of his legal or administrative ability.
4. Irving Pollack does not like Bill Moran.
5. Moran has lost his "touch", and his exposure at the American Stock Exchange has taken a great deal out of him, etc.

Naturally, I am distressed that I should feel constrained, after more than a quarter of a century of honorable, conscientious, untiring and loyal service, to defend myself.

Permit me briefly to review with you, who knows

relatively little about my day to day work, 1/ my career to date in the Securities and Exchange Commission. I started in the General Counsel's Office in Washington in May of 1938 and had to work like a Trojan to overcome the fact that I did not graduate from one of the "top" three law schools. Virtually every matter I handled at that time was viewed with a jaundiced eye because I came from a New York law school into an office which justly prided itself on its Harvard, Yale and Columbia law review men and other top legal scholars. But apparently General Counsel Chester T. Lane, Assistant General Counsel Bob Klein, Ed Cashin,

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1/ When you were Chief Counsel to the Division of Corporation Finance we had some matters together and I believe you found my services altogether satisfactory. You may recall in the Arvida matter stating to me that my plan of sending investigators into 120 Broadway (starting at the top floor and interviewing all brokers in the building at random about calls from their customers after the publicity) was a "stroke of genius." As a result of these interviews, we uncovered about one half million dollars of "indications of interest." Accordingly, when we went to Court we were not faced with the mere issuance of a press release but were prepared to and did show the effect of its use. You may also recall our discussions on Rule 133 as it then existed and my urging revisions of the Rule because it was being used by highbinders and crooks.

Stuart Barnes, Sam Harris, Milton Freeman and others found this "Mick" from New York to have some good qualities, because I received increasingly important assignments, higher ratings and steady raises.

About nine months after my arrival in the General Counsel's office I was sent to the Washington Regional Office on a temporary basis to assist on some pressing matters. Bill Malone, the Washington Regional Administrator, was so impressed with my work that he placed me (a young Junior Attorney) in charge of the office while he was away for four months on trial in Delaware. 2/ After about a year in the Washington Regional Office, I returned to the General Counsel's office where I remained until 1941, when Olga Steig and Jim Treanor, Assistant Director and Director, respectively, of the Division of Trading and Exchanges, requested my services. I served in the Trading Division from 1941 to 1947 working under Jim Treanor, Olga Steig and Lou Loss, etc. as a supervising attorney. I have every reason to believe that these folks, some of whom are now gone, were entirely satisfied with my work.

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2/ While at this office I was responsible for investigating and presenting to the Grand Jury the largest cemetery securities fraud case ever to hit the D.C. area.

In 1948, Peter Byrne, New York Regional Administrator, requested the Commission to appoint me Chief Enforcement Attorney in his office. I knew Peter only professionally at that time; his selection of me was based solely on merit. Again, if Peter were alive, he would tell you that I served him and the Commission with distinction. 3/

Then came the Republicans and Peter Byrne's departure. I continued to serve in the New York office under Frank Purcell, Jim Sargent and Paul Windels during the '50s and was elevated to Assistant Regional Administrator and then Associate Regional Administrator. What prompted this new group to advance my career? Was it because I openly pronounced my loyalty to the liberal principles of the Democratic Party, or was it because I worked hard, efficiently and effectively for the Commission? The new group came in as complete strangers to me. Each of them (along with Sinc Armstrong and Ralph Demmler) warmly praised my work and all of them became close and enduring friends of mine. 4/

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3/ I am sure that letters and other material concerning the views of these people, can be resurrected from my files.

4/ You may recall I was frequently used during the 1950s as a witness before Congressional Committees on budgetary and other matters.

As you will recall, it was during the period of Windels' administration that the boiler rooms were raging in New York. I doubt whether the role of the New York office in its fight against this menace was ever fully understood by the home office. We were handicapped by, among other things, inadequate help (many of the attorneys were political appointees). Despite the obstacles, we succeeded in ferreting out and eliminating the worst of the boiler rooms.

From 1938 to 1961 I did not hear one word of criticism of my legal or administrative abilities, or of my work. On the contrary, my superiors both here and in Washington consistently praised my work.

Paul Windels resigned in March, 1961 and I became the interim custodian of the New York Regional Office. I was an active candidate for the Regional Administrator post in that year. I felt, and still feel, that my background, experience and accomplishments qualified me for that post. Parenthetically, I might mention that in 1961 I received an "outstanding" merit award for my services.

I am told that Commissioner Daniel McCauley, at that time, wrote (or caused to be written) a critical report on the New York office. 5/ This report, which up to this day I have never seen, was allegedly turned over to the incoming Chairman Bill Carey, even before he was sworn in. During this period, I prepared a series of detailed reports on the New York office which included, among other things, a digest of 300 pending cases in the New York office. In this report, I made a critical analysis of the weaknesses and strength of this office as I saw them. History shows I did not get the job. Bill Carey, whom I admire, asked me to turn over these volumes to Lew Young, his selection for Regional Administrator, which I did.

I worked hard and diligently under Lew Young from the time of his arrival in June, 1961 until my departure for the American Stock Exchange in September, 1962. I did not seek the job at the American Stock Exchange; Ted Etherington besought me to join his staff because of the reputation I had gained as a fearless, fair-minded, able administrator.

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5/ Mr. McCauley often said that while he liked me as an individual and thought that I was able, he could not overlook the fact that I was a Democrat, and for that reason, he would have fired me to make room for a deserving Republican.

I spent eighteen gruelling months at the American Stock Exchange and worked my heart out only to find I was unhappy, and I left. A series of vicious rumors started -- "why did Moran leave"; "was he lacking in competency", etc. Some day if you wish, I shall tell you all the facts and circumstances surrounding my resignation; but rest assured it had nothing to do with my integrity or ability.

Rumors about me started to circulate even before I assumed the post of Vice President at the American Stock Exchange. After my appointment had been announced in the press, Ted Etherington called and advised me that some members of the Board of Governors had received information to the effect that I was about to be indicted for shaking down broker-dealers in this area. Mr. Etherington talked to Chairman Carey and U.S. Attorney Bob Morgenthau about this matter and was assured by them that these rumors were false and scurrilous. He told me that both had expressed their unqualified admiration for me and for my integrity.

After leaving the Exchange and upon my return to this office, rumors again started to spread to the effect that "Moran was fired from the Exchange because he was shaking down specialists as he earlier had done to the broker-dealers

under his jurisdiction", etc. These canards allegedly emanated from an alumnus of the Securities and Exchange Commission.

I returned to the New York office as Special Trial Counsel in June, 1964. Since my return, I have been in charge of several small units, and have handled a number of other matters on a personal assignment basis from the Regional Administrator. One of these occupied a fair amount of my time during that period. In my new duties I have had nothing to do with the management of the affairs of the New York office nor has my advice been sought on matters pertaining to the administration of the office.

I can hardly believe that the outstanding officials in Washington under whom I served, or the Republicans of the '50s who came to the Commission prepared to criticize and remove the remaining Democrats -- if there was any basis for criticism or removal -- could all have been wrong in their judgment of me. When I left the Commission in 1962 an industry group tendered me a luncheon and presented me with a silver bowl upon which was inscribed: "To Bill Moran as a token of esteem and recognition of his part in



the regulation of the Security industry resulting in benefits to the industry and the investing public." I think it fair to state that I have established a reputation among knowledgeable persons in the "street" for understanding the intricacies and problems of the securities business and for fair and vigorous enforcement and administration of the Securities Acts.

As an old friend, I urge you to take decisive steps to squelch the current rumors concerning the New York office and to restore its morale. I also earnestly request that you give due recognition to the long, faithful and competent service which I have rendered to the Commission.

As always, I remain your good friend.

Faithfully,

A handwritten signature in cursive script that reads "Bill".

William D. Moran