

MEMORANDUM

October 5, 1976

TO : Harvey Pitt
Andy Klein
Tony Snodgrass

FROM: Commissioner Evans

I talked with Peter Trent of Shearson Hayden Stone who will be the moderator for the panel to be held in Scottsdale on municipal securities underwriters liability. I told him that we are planning to give a background of SEC involvement and an indication, to the extent we could, where we thought we might be going.

He said he felt that the attendees would be particularly interested in the relationship between the issuer and underwriter, whether the Commission differentiates between a syndicate manager and a participant with respect to underwriters liability, and whether the Commission sees any limits on municipal securities issuer liability. He also felt it would be desirable if we could discuss the differences in liability, if any, between competitive offerings as composed to negotiated offerings and suggested that perhaps a greater number of the attendees would be on the competitive side. He also said that although there would be some managing underwriters present, the numbers there would be more second and third tier participants in the syndicate underwriting and they would be more interested in our views as to their particular liability.

It is my view that my remarks should give a general description of the Commission's activities in the municipal securities area. Maybe we should try to provide, to the extent we can, assistance for those who must be having difficulties deciding what their liability is in this evolving area. It seems to me that it would be desirable to mention some of the cases we have been involved in such as Nuveen, Quimby Island, Covington, and I believe there are a couple of others that I don't recall right now. Also, I expect that we are going to have to say something about the relationship of the Commission to issuers such as New York City and Philadelphia.

In addition to the remarks which I give, which be limited by the amount of time which appears to be about 15 minutes, I think it will be necessary and appropriate that we have a full exposition of the Commission's involvement to date. I might summarize it for my remarks.

I believe I also mentioned that I had accepted an invitation to participate in the American Bar Institute on municipal securities problems which will be held in Washington on December 2 and 3 and in San Francisco on December 9 and 10. The same material will be appropriate for both occasions. On this one, I can pretty much

choose my own topic so long as it deals with municipal securities finance problems. I believe it should cover some of the same material which we will be working up for the SIA panel but, in addition, they would like for me to discuss such things as the Tower Amendment, disclosure responsibilities, prospects of disclosure legislation, and fraud in municipal securities. As the time approaches I will be able to give you more of an indication of what I would like to do in the December speech which, I understand, will be printed by the bar in a booklet of the Institute. I mention it now only with the thought in mind that as we work up the material for the panel, thoughts might come to your mind on the other subject also.

It would be very helpful if you could get some kind of a draft to me on the SIA panel in about a week. I am enclosing a copy of the letter from the SIA and also the statement of Richard Kezer, President of the Dealer Bank Association, on H.R. 15205 which you may find of interest.

Thanks.