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November 9, 1977

CHAIRMAN'S OFFICE
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Disclosure of Illegal SEC. & EXCH. COM. Payments and Corporate Perquisites

Dear Chairman Williams:

I hope that the article in the November 3 Washington Star about the conclusions of the Commission's Advisory Committee is incorrect in indicating that the Commission "should not try to regulate corporate morality." In my opinion, both as a former head of the IRS and as a present tax lawyer, the Commission has rendered a great service by its concern about corporate morality and corporate perquisites.

As to morality, the work of the Commission in unearthing illegal payments was greatly helpful to the public. It was also of great benefit to the IRS in coping with its responsibilities to see to it that taxable income and tax were properly determined. The same goes for perquisites; large amounts of compensation are not being reported as such to stockholders and are not being treated as such on corporate or individual tax returns. Compensation (or disguised dividends) paid in kind can reach staggering proportions, as shown in the Victor Posner case.

I hope that the Commission does not lose its interest in material improper payments, and I hope the Commission insists that corporations fully disclose the

*NOT ADMITTED IN NEW YORK

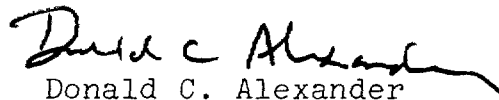
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compensation paid and benefits conferred upon executives and their families, including such major items as free transportation, housing and living expenses.

With best wishes.

Sincerely,


Donald C. Alexander

Honorable Harold M. Williams,
Chairman,
Securities and Exchange Commission,
500 North Capital Street, N.W.,
Washington, D. C. 20549.

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