

April 7, 1933

Mr. Barry C. Smith,
41 East 57th Street,
New York, N. Y.

My dear Mr. Smith:

Replying to your letter of April 6th, I wonder whether the best thing would not be for us to lunch together.

I did not have a hand in the drafting of the particular bill in question, though I may have to take some hand in the re-draft (this, of course, is confidential).

I do not think that the passage of the act in question will detract from the value of the study. On the contrary, I am inclined to think that the study will furnish the only collective body of experience which might guide a commission or individuals dealing with it in handling the new act. This is particularly true since I think the revised act may need a great deal more strictly administrative work than the bill you mention did.

You may recall that when we discussed undertaking the study I thought there might be considerable additional legislation; and we looked this problem in the face. A bit of English experience is informative. The first instinct is to pass a "Blue Sky law". The next is to clean up the corporation acts. We are only in the first phase of the development; the second phase, following probably some years later, is likely to see the job properly done. It sounds paradoxical to say that a study of the Blue Sky laws is likely to serve as a guide to a federal incorporation law, or something of the sort; but in certain aspects that is likely to be the case. I am cooking up a report of the activity to date, for filing purposes. As things have turned out, I am everlastingly glad that before we tackle too much of the strictly administrative features we did our history with reasonable thoroughness. Turning up the Gladstone report alone was worth the price of admission.

Very truly yours,

AAB:ES