The Honorable John D. Dingell  
Chairman  
Subcommittee on Oversight and Investigations  
Committee on Energy and Commerce  
U. S. House of Representatives  
Room 2323  
Rayburn House Office Building  
Washington, D. C. 20515  

Re: In the Matter of Certain Industrial Revenue Bonds,  
HO-1934

Dear Chairman Dingell:

This is in response to your July 6, 1987 letter requesting certain information concerning more than $1 billion of tax exempt municipal bond offerings underwritten by Matthews & Wright. In light of recent press reports about these municipal bonds and the 1983 default of the Washington Public Power Supply System (“WPPSS”), your letter expresses concern about the Commission’s ability to vigorously enforce the federal securities laws protecting investors in the municipal bond market and the adequacy of federal law to protect the municipal securities market.

As you know from a previous Commission release (Release 33-6503) and prior correspondence, most recently my letter of May 27, 1987, the Division of Enforcement is conducting an investigation of the WPPSS bonds, but has not yet made a recommendation to the Commission. With respect to the bond offerings underwritten by Matthews & Wright, the Commission’s staff is aware of the facts contained in your letter and the news reports attached to it and will give them every consideration consistent with our responsibilities under the federal securities laws and as an independent regulatory agency. Given these facts, I am not now in a position to comment on any enforcement action in these matters or to offer conclusions as to their implications for the adequacy of existing laws.
Should our enforcement experience, however, indicate a need for regulatory reform, you may be certain that we will cooperate with the Subcommittee to that end.

Sincerely,

Charles C. Cox

cc: The Honorable Edward J. Markey
    The Honorable Norman F. Lent
    Municipal Securities Rulemaking Board