

May 10, 1935

My dear Mr. Sabath:

I have read your letter of May 6 with considerable interest in re appointments to the staff of the Security and Exchange Commission in Chicago.

You should be advised that before Mr. Thomas A. Reynolds, a Democrat, was appointed Regional Administrator of that district, the General Counsel of the Securities and Exchange Commission received two letters endorsing the recommendation for his appointment from Senator Lewis of Illinois, one dated April 24, 1935, the other dated April 30, 1935. Subsequently Senator Dieterich, who inquired about Mr. Reynolds' appointment, stated that he would accept his colleague's endorsement. Patrick A. Nash, Democratic National Committeeman, also endorsed Mr. Reynolds before he was appointed.

Horatio R. Rogers, also mentioned in your letter, was recommended for appointment to the staff of the Commission by Judge George Packard of Chicago, Illinois. Judge Packard received a letter from Senator Lewis of Illinois, written on April 24, 1935, in which Senator Lewis stated that although he did not know Mr. Rogers, he would be pleased "to give my approval to anyone whom you approve."

With respect to other appointments in the office, I wish to advise you as follows:

George Crossland was appointed attorney after examination and after assurance that he could obtain the endorsement of Senator Dieterich through Mr. Stevens of Springfield, Illinois.

Gordon Gould, one of the appointees to the office, has on file with us a letter of endorsement from Mr. Thomas O'Brien of the 8th District of Illinois, and a letter from Senator Alben W. Barkley of Kentucky, which, by the way, is included in this regional district. The Honorable Joseph Burke, Judge of the Circuit Court of Illinois, has a letter

dated April 25 written by Senator Lewis, who himself had written to Mr. Gould with respect to his application as follows:

"Dear Judge Burke: Let me thank you for your letter and say because of your request the thing will be done by me every way possible."

Subsequently Senator Lewis asked Mr. Gould to obtain the endorsement of his Congressman, which, you will see from the above, he did obtain.

Condon Ronan, who was appointed Accountant-Investigator, has the full endorsement of Senator Dieterich. Senator Dieterich's files will confirm this statement.

Carl Olson, appointed Accountant-Investigator, is from Detroit, which is included in this district, and has obtained letters of recommendation from Congressman Dingell of Michigan and from Governor General Frank Murphy of the Philippine Islands, a prominent business man and former Mayor of Detroit, well known in Democratic party circles.

Anthony Godie, appointed Accountant-Investigator, is a registered Democrat and was employed in the Public Works Administration. He was only recently appointed but we are assured he will have on file proper endorsements.

Henry Fitts, appointed for trial examination work in Chicago, was suggested for this particular work in the Chicago district by Judge Robert Healy, a member of the Commission, who has known of his work by personal contact for many years.

It is true that you have yourself submitted recommendations, but it is not true, as your letter states, that your recommendations received no consideration. The Commission's Personnel Director was instructed by Commissioner Landis, to whom you wrote recommending several people for appointment, to give every consideration to those names, and these instructions were carefully followed.

In the case of Einar Graff you were advised that his experience as a salesman distributing securities would not qualify a man for recommendation for the type of analytical work this Commission requires.

In the case of Frank J. Kempa, who applied for the position of Chief Clerk, you were advised that consideration was impossible because he had no Civil Service status.

In the case of Otto T. Pergler you were advised that the applicant had no previous affiliation of any kind in the securities or brokerage business and could not be considered eligible for further consideration.

In the case of Joseph W. Rubenstein you were advised that the applicant's experience had been exclusively that of a customer's man, and, therefore, in spite of the length of his service he, like Mr. Graff, had no analytical or investigatory training.

In the case of N. Friedland, who applied for a position as an attorney, again further consideration was not recommended because of Mr. Friedland's lack of experience in the legal work of the securities or brokerage business.

You were advised that all of our appointments, whether of an expert nature or not, had to be submitted to the Civil Service Commission before they could be made effective, and that the experience of the applicants whom you recommended did not happen to be the kind that would insure favorable consideration by the Commission.

In view of these citations from our records I can not believe that you have seriously considered the importance of your statement that I, as a personal friend of the President, have not given every consideration to the propriety of the appointments made. If you really mean what you state in your letter of May 6, I would be exceedingly grateful to you if you would furnish me with evidence affecting any of the appointees named above, who, to quote your letter "day in and day out are instrumental in viciously attacking the President and his honest efforts." I assume that what is meant is that the endorsers of these appointees have been critical of the Administration.

More than 2000 applications for positions were received in the 4th territory, every one of which was carefully examined from the point of view of determining from the applicant's previous experience whether he was entitled to further consideration. From this large number of applicants some 80 candidates were selected as especially qualified by previous experience as worthy of examination according to standards that this Commission has adopted, bearing in mind the qualifications necessary in order to obtain Civil Service confirmation.

The appointments finally made were largely based upon the result obtained by the applicant in the examinations thus held. Even when the qualifications of an applicant were well established by exhaustive test and examination, however, the examiner had to be satisfied that the appointee was heartily in accord with the philosophy of the legislation which created this Commission and the Act to be administered by it.

Very truly yours,

Joseph P. Kennedy,
Chairman.

Honorable A. J. Sabath,
House of Representatives,
Washington, D. C.

P.S. I wish to advise you that in view of the fact that you state you intend to discuss these matters with the President, copies of our correspondence are being forwarded to the President.