

June 5, 1935.

My dear Colonel Owens:

I was very pleased to receive your letter of May 27, and to learn of your continuing interest in the Protective Committee Study, which the Commission is making pursuant to Section 211 of the Securities Act of 1933, as amended. I am glad to report to you that the Protective Committee Study is, in my opinion, one of the most outstanding and significant pieces of work which the Commission has undertaken and one of the most thorough-going investigations which I have ever seen.

I do not know the extent to which you have followed the activities of the men in charge of this investigation. It may interest you to know that to date three public hearings have been put on -- one respecting the reorganization of The Celotex Company, one the reorganization of R. Hoe & Co. Inc., and the other, the reorganization of the St. Louis-San Francisco Railway Company. Many more public hearings have been planned. The favorable treatment given to these hearings in the press and the praise which they have received at the hands of such outstanding financial writers as John T. Flynn reaffirm my impression that the Study is being conducted in a thorough-going and vigorous manner. Accordingly, I think that the investigation and report which will be submitted to Congress, will be one of the most significant in the annals of American corporation finance.

I recall Mr. Douglas' discussion last fall and his desire to have you as a member of the staff. I also recall his disappointment that the major appointments which he had already made, foreclosed any other similar appointments. The major appointments made after his discussions with you were all those of trained accountants. Other appointments to the investigational and legal staff were made within the lowest salary brackets. At the present time there are approximately twenty-five employees of the Protective Committee Study staff. Most of these are lawyers

and accountants who have had substantial training in financial and reorganization work. This staff, while not as large as might be ideally desired, is in my opinion and that of Mr. Douglas sufficient to make a comprehensive and vigorous study of reorganization problems.

It is not true that students in law schools are making this investigation. It is not true that members of this staff are in the employ of bankers and racketeers or have received gratuities or favors from anyone. Each one was selected after very careful and painstaking examination of his antecedents and moral character and I have absolute confidence in their loyalty and integrity. If there were even the slightest suspicion that any employee was so retained or paid, I can assure you that the Commission would immediately take drastic action.

Nor does the Protective Committee Study have any dollar-a-year man. The reason for your inference may be the fact that Mr. Douglas thought that to get a sufficiently large staff, some such step would be necessary. Fortunately that did not become necessary in view of the ability of this Commission to supply the Protective Committee Study with an adequate, though of necessity, conservative budget, which permitted the employment of a sufficient number of men at modest salaries.

Thanking you again for your continuing interest in the Protective Committee Study, and with sincere regrets that we were unable to find a place for you on the staff, I am

Sincerely yours,

Douglas ew

Joseph P. Kennedy.

Col. Clarence J. Owens,  
Murray Hill Hotel,  
New York, New York.

MAILED JUN 6 1935