

INVESTMENT BANKERS ASSOCIATION
OF AMERICA

May 18, 1939.

Mr. Nevil Ford,
First Boston Corporation,
100 Broadway,
New York, N. Y.

Dear Nevil:

Following the open meeting of the Board of Governors of I.B.A. on Tuesday at White Sulphur, there was held an Executive session at which Connely and myself reported to the Board as to the present status of the Maloney situation. We both felt that, in view of the great deal of grumbling which has been going on in the industry, our position in more or less representing the I.B.A. on the Drafting Committee should be reexamined and confirmed. After considerable discussion the Board approved of what had been done and instructed us to continue working along the same lines.

However, in the discussions one point developed which most of the members of the Board seemed to feel ought to be carefully considered by the I.B.A. They felt in sending out the papers to the industry there ought to be, in effect, two questions asked on which the members may vote by secret ballot. The first would be something to the effect of, "Do you favor the I.B.C. proceeding to apply for registration?" And second, "In case a majority are in favor of proceeding, do you approve the papers as presented?"

The feeling of the Board was that the vote, without any question, would be overwhelmingly in favor of registering, but that by presenting the matter in this way you would accomplish two things; you would give an opportunity for anyone who does disagree to vote directly on the question and, also, the Board of I.B.C. would have a substantial element of protection in their position through support of clear majority of their own Association by a direct vote on a simple question. It was the feeling of the members of the I.B.A. Board that if they were in the position of the I.B.C. Governors they would feel very much more comfortable about handling it in this way for their own protection.

The Board suggested that I lay this before you as soon as possible.

Sincerely yours,

JOHN K. STARKWEATHER

(copy)

MEMORANDUM OF MEETING BETWEEN MESSRS. FORD, STARKWEATHER, WEEDEN, HOSTETLER, FULTON AND HANSON WITH COMMISSIONERS MATHEWS, HEALY AND FRANK, AND MESSRS. BONNER, PAVENSTEDT AND DAVIS - NOVEMBER 9, 1938

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Mr. Ford opened the meeting by making an introductory statement of the background of the Committee's work to date. He then took up the Certificate of Incorporation and By-Laws of the Conference in the light of the recommendations made by the Joint Committee to the Governing Committee of the Conference.

The first problem which was the subject of any discussion was the proposed turn-over provision in the personnel of the Governing Committee, and it was finally determined to be the sense of the Commission (Mathews and Frank voting) that this was a matter of no concern to the Commission.

The next problem to evoke discussion arose in connection with the proposed changes in our present method of adopting rules. It was the sense of the meeting that a positive vote was to be preferred to a negative vote, but discussion brought out the fact that situations might arise in which it would be desirable to have the central body empowered to act quickly and without the necessity of a vote. Mr. Frank suggested that a provision be written in to take care of emergencies. It was also brought out that certain types of rulings, such as those being presently made by the New York District Committee, should be differentiated from rules so that it would not be necessary to submit them to the Commission for approval before they could become effective.

In connection with the recommendation with respect to procedure, a long discussion was had as to whether or not there should be original hearings before the District Committees and direct appeal to the Commission or whether there should be an intermediate appeal to the Governing Committee. In this connection there was also discussion as to whether or not the Governing Committee, in the interest of uniformity, should not have the right of review on its own motion. A discussion was also had of the desirability of having business conduct committees in the principal cities of the District as sub-committees of the District Business Conduct Committee, and as a result of all this discussion, it was finally the sense of the meeting that provision should be made for such sub-committees, that there should be both a right of appeal to the Governing Committee and a right of review in the Governing Committee on its own motion.

The problem of affiliates was next discussed at great length, but it was finally the sense of the meeting that Mr. Pavenstedt should work along the lines suggested by Judge Healy and that we should work along the lines suggested by Mr. Frank; that is to say, write in a provision in substantially the language of the statute with additional provisos that an affiliate must have dues at least equal to those of the national and the affiliate must pay an appropriate share of the expenses of the national association.

The next problem was that of the method of election, and it was the sense of the meeting that in the interest of democratic representation, District Committees would have to be elected. Mr. Pavenstedt agreed to

submit a proposal upon which he had been working, but it was rather the sense of the meeting that even in the election of the District Committees some compromise would have to be made with pure democracy and perhaps along the lines of using a nominating committee device similar to that used in the election of members to the Governing Committee. Some discussion was had as to how rapidly the new method of election must be put into effect, and both Commissioners Mathews and Frank felt that, in the interest of continuity, etc., during the formative stages of the new association, this transfer might be made gradually, possibly over one or two years.

The meeting adjourned with the understanding that the Committee would attempt as rapidly as possible to get its proposed changes down on paper in rough draft and that every effort would be made to have this done and ready for discussion upon Mr. Mathews' return from his proposed Texas trip.