

August 26, 1939

The Hon. Cordell Hull,  
The Secretary of State,  
Washington, D. C.

Dear Mr. Secretary:

This Commission has recently received information indicating that there is currently being conducted a campaign for the sale in this country of bonds of the Republic of China. A member of the Commission's staff has informally questioned an officer of one of the Chinese Tongs in this country and has received information to the effect that there is being carried out a program for the sale of such bonds. It has not been definitely determined whether Republic of China bonds sold to Chinese in this country are actually being delivered in this country; however, regardless of whether the bonds are retained in China or delivery is made in the United States, if their purchase is being solicited in this country the provisions of the Securities Act of 1933, administered by this Commission, become applicable.

In view of the fact that the bonds of the Republic of China here involved have not been registered with this Commission pursuant to the Securities Act of 1933, the Commission feels that an investigation would be appropriate to determine whether the provisions of that Act are being violated. However, the Commission does not desire in any way to embarrass the State Department in its relations with the Republic of China and it may be that you would prefer that a conference be arranged between a representative of the Republic of China and a representative of this Commission to discuss the matter before the institution of an investigation.

I am calling this matter to your attention at this time in the hope that I may have an expression of your views to the end that the Commission may avoid taking any action which might cause embarrassment to the State Department. You will recall that upon a former occasion

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sales of bonds of the Republic of China in the Territory of Hawaii were brought to the attention of the Commission and that the Commission communicated with you in that connection.

Yours sincerely,

Jerome N. Frank,  
Chairman.

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