

The first meeting of the Executive Committee of the NATIONAL COMMITTEE OF INVESTMENT COMPANIES was held at the Board Room, No. 54 Wall Street, New York, N. Y., on October 1, 1940, at 3:30 P. M.

The following members were present:

Messrs. Arthur H. Bunker,  
Paul C. Cabot,  
Wm. Tudor Gardiner,  
Merrill Griswold,  
Raymond D. McGrath,  
James H. Orr,  
Cyril J. C. Quinn, and  
Richard Wagner.

Mr. Dorsey Richardson of The Lehman Corporation and Mr. John H. Hincks of Dividend Shares, Inc. were also present, Mr. Hincks attending in the absence of Mr. Hugh Bullock.

Mr. Quinn acted as Temporary Chairman of the meeting and kept the minutes thereof.

The Chairman reviewed briefly the discussions which had led to the formation of the National Committee and reported that, on the basis of informal conversations with a considerable number of investment companies not represented by members of the Executive Committee, substantial support from the industry could be depended upon. He stated that the thirty-three executives of various investment companies, who had agreed among themselves to sign the proposed circular to be distributed to other Management Companies inviting them to participate, constituted the organizers and the original and present membership of the National Committee of Investment Companies (although other companies had indicated their intention to participate and to be represented by members), and that such members had consented and agreed that nine persons from among their own number should serve as members of and constitute the Executive Committee, as follows:

Messrs. Hugh Bullock,  
Arthur H. Bunker,  
Paul C. Cabot,  
Wm. Tudor Gardiner,  
Merrill Griswold,  
Raymond D. McGrath,  
James H. Orr,  
Cyril J. C. Quinn, and  
Richard Wagner.

The Chairman then stated that it was in order for the Executive Committee to consider the appointment of an Executive Director. He reminded the Committee of the prior discussions among its members with reference to requesting the part-time services of Mr. Paul Bartholet, one of the officers of Tri-Continental Corporation and its associated companies. Mr. Quinn stated that these companies were glad to make available the services of Mr. Bartholet on this basis, but that they would prefer that the Committee should not share the expense of Mr. Bartholet's salary, to avoid any embarrassment to these companies in the event that they should require his services for corporate purposes at a later date, in which event the Committee would be requested to appoint a substitute in his place. He stated further that these companies would have no objection if the Committee wished to offer Mr. Bartholet an allowance as reimbursement for direct and indirect personal expenses which his services to the Committee might involve and to compensate him for any additional services.

Upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED that Mr. Paul Bartholet be, and he hereby is appointed Executive Director of the National Committee of Investment Companies, to hold office at the pleasure of the Executive Committee, and in the performance of his duties to be subject at all times to the direction of the Executive Committee.

RESOLVED that the Executive Director be paid the sum of Three Hundred (\$300) Dollars per month from the funds contributed by members of the National Committee of Investment Companies, such payments to commence with the month of October, 1940, and to continue at the pleasure of this Committee.

Mr. Cabot suggested that inasmuch as it was not intended that a Chairman of the Executive Committee be appointed at this time, the Executive Director be asked to preside during the remainder of the meeting.

Mr. Bartholet then entered the meeting and asked permission to read a written statement in regard to his affiliations with Tri-Continental Corporation and its associated companies, as affecting the performance of his duties as Executive Director of the Committee. Mr. Bartholet then read the statement to the meeting. It was unanimously approved and Mr. Bartholet's appointment as Executive Director was made on such basis. The statement follows:

"When the suggestion was made that I serve as Executive Director of the National Committee of Investment Companies, I expressed myself as being very happy to do so if I could serve on a part-time basis and would not have to sever my connections as an officer of Tri-Continental Corporation and of its associated companies.

"In justice to all concerned, including myself, I think that I should make the following statement: I do not anticipate that any conflict will arise between my duties as Executive Director and my duties as an officer of the Tri-Continental group. Should a situation ever arise which in my opinion represented a conflict of interest, I would feel it my duty to notify your Committee, and I would then withdraw temporarily from my representation of the Committee, or from acting on behalf of the Committee, on the particular issue involved, as might seem appropriate. I should also wish to withdraw if such a conflict existed in the opinion of your Committee. Naturally, the management of the companies of which I am an officer will not call upon me to take any action in behalf of these companies which would be adverse to the interests of your Committee.

"If my duties to Tri-Continental Corporation should interfere with my devoting to your Committee as much time as my work for the Committee demanded, I would inform the Committee so that a substitute might be appointed in my place. I do not anticipate that this latter eventuality will occur, particularly as I am prepared to devote more than the usual working hours to my duties whenever it becomes necessary."

The question of retaining legal counsel for the National Committee was the next item of discussion. The Chairman reviewed the various suggestions which had been made informally in this respect. It was the consensus of opinion that Mr. Alfred Jaretzki, Jr., of Messrs. Sullivan & Cromwell, New York, and Mr. Warren Motley, of Messrs. Gaston, Snow, Hunt, Rice & Boyd, Boston, both of whom played a prominent part in the discussions with the Securities and Exchange Commission which led to the revised Investment Company Bill and in the redrafting of that Bill which has since become law, should be retained as counsel for the Committee. Messrs. Gardiner and Bartholet were requested by the Committee to discuss with them the question of whether and upon what basis they were willing to serve, and to report their views on the matter at the next meeting of the Committee.

The Chairman next reviewed the proposed method of computing the contributions to be made by the membership of the National Committee for the period up to October 1, 1941, which is to be the initial life of the Committee. He reminded the Committee and reviewed the terms of the schedule which had been informally agreed upon (1/200 of 1% of the market value of June 30, 1940 gross assets of the companies represented, with a minimum of \$25 and a maximum of \$1500 for each company; inter-company holdings of companies under common management to be eliminated for purposes of determining gross assets, and companies or groups of companies under common management having June 30, 1940 assets in excess of \$5,000,000 to be called upon for additional contributions not exceeding 50% of their original contributions in the event of unforeseeable contingencies). He stated further that the suggestion had been made that the maximum original contribution be \$2500 for any group of companies under common management.

After a discussion the foregoing methods and suggestions were unanimously approved.

The question of the handling of the Committee's funds was the next subject for discussion. The Chairman suggested that the Guaranty Trust Company of New York be designated as depository for the Committee's funds and asked for the views of those present as to the method of disbursement of funds.

After a discussion the following resolutions were unanimously adopted:

RESOLVED that the Guaranty Trust Company of New York, 140 Broadway, New York, N. Y. be, and it hereby is, designated as depository of the funds of the National Committee of Investment Companies.

RESOLVED that Mr. Paul Bartholet, Executive Director, and Messrs. Arthur H. Bunker and Wm. Tudor Gardiner, members of the Executive Committee, and either of the three of them, severally and not jointly, be and they hereby are authorized from time to time, on behalf of the National Committee of Investment Companies, to sign checks, drafts, or other orders for the payment of funds held on deposit with said depository, including specific authority to each of them to sign checks drawn to his own order without any counter signature by either of the others.

RESOLVED that Messrs. Arthur H. Bunker and Wm. Tudor Gardiner be, and they hereby are, appointed as the members of the Finance Committee of the Executive Committee, to hold office until otherwise ordered by the Executive Committee.

RESOLVED that in connection with the disbursement of funds to meet operating expenses or otherwise, the Executive Director be, and he hereby is authorized and directed to consult with the Finance Committee from time to time and to follow the instructions of the Finance Committee, but this resolution shall not be deemed to limit, to any extent whatever, the authority of the depository to honor or pay checks, drafts or other orders for the payment of money signed by the Executive Director.

The Chairman reported that Mr. Robert S. Adler of Chicago had stated that he would be unable at this time to accept the invitation extended to him to become a member of the Executive Committee. After a discussion, the consensus of opinion was that the vacancy be left open for the time being.

After a discussion, the following resolution was unanimously adopted:

RESOLVED that the Executive Director be and he hereby is authorized in his discretion, and whenever requested to do so by two members of the Executive Committee is directed, to call meetings of the Executive Committee; that no dates be set for any regular meetings of the Executive Committee at this time; and that any three members of the Executive Committee who may be present at any meeting shall constitute a quorum.

It was the consensus of opinion that meetings of the Executive Committee should be held alternately in New York and Boston; that no fees should be paid to members for attendance at such meetings but that members coming from out of town be reimbursed for cost of transportation; and that any member of the Executive Committee or the Executive Director be authorized to invite other persons to attend.

A copy of the latest draft of the proposed circular intended for distribution to all known management investment companies, inviting them to participate and to designate one person to serve as a member of the National Committee of Investment Companies, was submitted to each member present. After a discussion, the Executive Director was unanimously authorized to distribute the circular as intended, subject to such minor changes therein as seem to him to be proper.

No further business coming before the meeting, it was, on motion duly made and seconded, adjourned at 5:30 P. M.

  
PAUL BARTHOLET

Chairman of the Meeting