

STEPHENSON AND COMPANY

899 LOGAN STREET
DENVER, COLORADO 80203

TELEPHONE (303) 837-1700

July 19, 1976

The Honorable Carl Albert
Speaker of the House of Representatives
House Office Building
Washington, D. C. 20515

JUL 22

RE: Investment Advisors Act Amendments of 1976 (HR-12981, HR-13737, S-2849)

Dear Congressman Albert

I seldom write my representatives in Washington inasmuch as I have long worried that it did very little or no good to express an opinion. However, a bill has recently been reported out of the Senate Committee that I feel very strongly about and would like to bring to your attention. I sincerely hope I can successfully solicit your opposition to this bill. I would ask that you assign one of your staff members to review this act with particular attention to the Senate Minority Report, which is a cogent summary of the reasons this bill should not become law. My firm is a small (ten employees) investment management firm with a successful business record. The Investment Advisors Act Amendments propose to add a substantial regulatory burden on my firm, and my review of its provisions indicate that we will incur substantial legal expense in order to comply with it. The burden may be so heavy, in fact, as to result in the loss of one job at my firm to offset the expense. This may not sound like very much, but for a small company having to deal with the government, it is a formidable problem. I am told this argument does not carry much weight with Congress, but I hope it will this time.

I would argue that this legislation is unjustified overall, since there have been very few significant problems in our industry. The SEC would have you believe that there is no effective legislation and, consequently, massive problems. This is not the case. It is a highly fragmented business with more than 3700 advisers scattered around the country, none of whom constitute a significant percentage of the business. The Securities and Exchange Commission proposes to inundate us with a forth layer of regulation when most of these firms only have from two to twelve employees to cope with it. We are currently regulated by the Securities and Exchange Commission under the Investment Advisors Act of 1940, and I believe this legislation has adequately given them authority to penalize firms for abuses of the public interest. We are also regulated by the Internal Revenue Service under the Pension Reform Act and by the Labor Department under the Pension Reform Act. I hope you can understand that businesses as small as ours find it very difficult to cope with three major departments of the government simultaneously. Certainly, we find the threat of additional regulation from the Securities and Exchange Commission is more than is reasonably tolerable.

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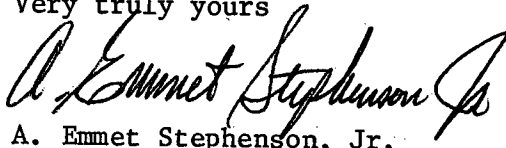
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There is much discussion in Washington about easing the burden of the bureaucracy on small businesses in the United States, and I hope this is one bill in which you will take a personal interest. If your legislative assistant, after reviewing the evidence and the provisions of the bill, agrees with me, I would ask that you take a leadership role in defeating this legislation. There has not been a public clamor for this type of regulation, and you could do a significant amount of good for this group of your constituents if you will help defeat this legislation.

We believe there should be fewer laws rather than more, and I believe that a good place to start is by preventing additional unnecessary legislation from being passed. I do not know if this letter will get past your assistant, the automatic typewriter, and the automatic signature machine, but I hope that a reasonable objection from a responsible person can be heard and result in both serious consideration and action on your part. It would not take much time I believe, since general support for this bill seems to be shallow and lukewarm. If you can stop it, you will save us many years of bureaucratic hassle.

Very truly yours



A. Emmet Stephenson, Jr.

AES/rw

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