



COMMONWEALTH OF KENTUCKY

Department of Banking and Securities

911 LEAWOOD DRIVE
FRANKFORT 40601

PHONE
(502) 564 2100

January 22, 1981

CHAIRMAN'S OFFICE

RECEIVED

JAN 29 1981

SEC. & EXCH. COMM.

The Honorable Wendell H. Ford
The United States Senate
4107 Dirksen Senate Office Building
Washington, D. C. 20510

Re: Securities and Exchange Commission -
Transition Team Recommendations

Dear Senator Ford:

It has come to my attention that the transition team for the Securities and Exchange Commission plans to make several recommendations to President Reagan relating to the Commission's Division of Enforcement. In this regard, as Director of the Kentucky Division of Securities, I am taking this opportunity to share some thoughts with you.

While philosophically I strongly support the concept of increasing the states' role in the area of securities enforcement, I fear that the practical impediments presented by the current strain on many state budgets will prevent a meaningful expansion of state enforcement capabilities over the next two to three years. Although I am sure most state securities administrators would welcome the challenge of increased enforcement responsibilities, I do not think they would be given the necessary resources to fill the void created by significant reduction in the Enforcement Division's activities. The recent budget cuts in Kentucky with additional reductions planned illustrate this problem.

As a partial alternative, I would suggest that action be taken to increase the level of cooperative enforcement efforts between the SEC and state securities agencies by reducing or, where possible, eliminating the various legal and institutional obstacles that currently exist under federal law and Commission policy. In my opinion such action is equally important and a necessary adjunct to giving the states a greater role in securities enforcement.

Page Two

January 22, 1981

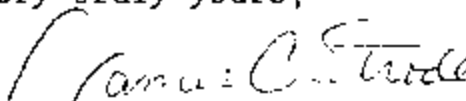
The Honorable Wendell H. Ford

Re: Securities and Exchange Commission -
Transition Team Recommendations

Stanley Sporkin, Director of the Division of Enforcement, has long been one of the states' strongest supporters at the Commission, and in my view his assistance would be extremely valuable to any efforts at improving state-federal cooperation in this area. I am sure Mr. Sporkin would bring to any such efforts the same spirit of support and cooperation that he has always extended to the Blue Sky administrators. I therefore would strongly recommend that any such efforts draw upon his considerable expertise and abilities. Under his direction and with the support of Congress, I am certain that state-federal cooperation in the field of securities law enforcement will improve to the benefit of all concerned.

I hope you will find the above observations of some small assistance and that you will take them into consideration in your deliberations during the upcoming year.

Very truly yours,



James C. Strode, Director
Division of Securities
Department of Banking and Securities
Commonwealth of Kentucky

JCS:rk