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Richard C. Breedon, Esq.
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Room 1060
Department of the Treasury
15th Street and Pennsylvania Ave., N.W.
Washington, DC 20220

Dear Richard:

I am taking this opportunity to urge that the final report of the Vice President's Task Group on Regulation of Financial Services support the prompt amendment of the Racketeer Influenced and Corrupt Organization Act (RICO). This law was designed to curb the infiltration of organized crime into legitimate business, but is now being used as a litigation ploy in routine securities cases. I believe this tactic frustrates the goals of RICO, does nothing to stop organized crime, and often threatens the hard-earned reputation of honest businessmen.

The source of the problem is the vague and open-ended wording of the law which permits the recovery of treble damages (plus attorney's fees) for any two violations of certain laws in any ten-year period. This language has opened the door to an increasing number of lawsuits where garden variety securities cases have been elevated to treble damage claims and where honest business executives and their companies have been labelled "racketeers". Lawsuits with RICO allegations are now permitted even where there has been no prior adjudication that the defendant ever violated the law.

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Though some courts have ruled that RICO is not intended to be used in routine securities cases, other courts have permitted such actions. This judicial ambivalence requires prompt legislative action to limit the scope of the treble damage provisions of RICO.

I firmly believe that vigorous enforcement of measures to curb organized crime in the business world is essential. However, I also believe that RICO, as presently worded, does not accomplish its stated goals. I therefore urge that the Vice President's Task Group recommend that legislation amending RICO, such as that recently proposed by the Securities Industry Association, be considered and enacted promptly.

Very truly yours,

Steve Hammerman