

Introduction

I. Background

Congressional committees, Federal agencies and scholars are considering substantive issues created by the role of institutional investors — bank trust departments, insurance companies, investment companies, pension funds and others, such as foundations and universities — in major corporations. At least **32** institutions are known to manage investment portfolios in excess of **\$ 5 billion** each. (They are listed in the table below.)

32 INSTITUTIONAL INVESTORS WITH ASSETS UNDER MANAGEMENT OF \$5 BILLION AND OVER, END OF 1972

(* figures in **billions of U.S. dollars**)

1. Morgan Guaranty Trust Company **\$27.4**
2. Bankers Trust Company **19.9**
3. Prudential Insurance Company of America **18.3**
4. First National City Bank, New York **17.2**
5. U.S. Trust Company of New York **17.0**
6. Metropolitan Life Insurance Company **16.5**
7. Equitable Life Assurance Society **16.4**
8. Chase Manhattan Bank **16.2**
9. Travelers Corporation **13.1**
10. New York Life Insurance Company **11.5**
11. Manufacturers Hanover Trust Company **10.9**
12. Mellon National Bank and Trust Company **10.5**
13. Investors Diversified Services **9.7**
14. First National Bank of Chicago **8.4**
15. Continental Illinois National Bank and Trust Company **8.2**
16. Aetna Life and Casualty Group **8.2**
17. Scudder, Stevens and Clark **7.2**
18. Bank of America **7.1**
19. Harris Trust and Savings Bank **7.0**
20. Wilmington Trust Company **7.0**
21. First National Bank Of Boston **6.8**
22. Northern Trust Company, Chicago **6.7**
23. Chemical Bank, New York **6.5**
24. National Bank of Detroit **6.5**
25. Loomis, Sayles and Company **6.3**
26. Northwestern Mutual Life Insurance Company **6.1**
27. Lionel D. Edie and Company **6.1**
28. Wells Fargo Bank **5.5**
29. Equitable Trust Company of Baltimore **5.5**
30. Girard Bank, Philadelphia- **5.2**
31. Crocker Citizens National Bank **5.0**
32. Security Pacific National Bank **5.0**

Sources:

BusinessWeek, June 2, 1973

Fortune, July, 1973

1973 Money Market Directory

Their decisions can alter the stability of the market and individual companies. To minimize impact on medium and small companies, large institutional investors tend to concentrate their investments in large companies. [This has led to the two tier market, in which stocks of the largest companies](#)

trade at a considerably higher multiple of earnings than those of many and smaller companies, which encounter difficulty in raising equity capital.

I-A Institutional Investors Role

The role of institutional investors is of course not limited to the acquisition and sale of stock and the right, in many cases to vote it. Some institutional investors make loans to companies in which they invest, or provide insurance coverage. Their representatives often sit on the companies boards of directors. Sometimes institutional investors help facilitate or block mergers.

The institutional investors effect on medium-sized and smaller companies, and those companies inability to pierce through **nominee** accounts to communicate with their own stockholders was described to a senate subcommittee by the chairman of the **Committee of Publicly Owned Companies, C. V. Wood Jr.**, who is also President of **McCulloch Oil Corporation**. Speaking for the leadership of **469** companies with **\$43 billion** in assets, **1.8** million stockholders, and **1.1** million employees, he testified that the institutional investors have run up the price of the stock of the big companies with which they have personal and business relationships. Trading in stocks of smaller and medium sized companies languishes; their stock prices sink to new lows despite good earnings. Because the market undervalues the stock, the smaller companies cannot raise stock in the market, for replacement or expansion of facilities. So they have to borrow the capital they need, increasing their debt-equity ratio to dangerous highs. **They borrow at escalated interest rates from the banks which are driving them deeper into debt. They cannot break through the maze of nominee accounts held by institutional investors to communicate directly with their beneficial shareholders.** As a consequence **Chairman Wood** testified, the smaller and medium sized **U.S. Corporations** have become prime targets of the **foreign companies** which have recently taken over **U.S. companies** from bases in **Italy, France, Switzerland, Germany, the United Kingdom and Saudi Arabia.**¹

The multiple layers of corporate management available to institutional investors present fundamental questions regarding public policy. These matters cut across the concerns of a number of different agencies and congressional committees. Together they present questions about the nature of our industrial society — how it will be directed and controlled.

There is as yet no consensus regarding what additional government controls, if any, should be placed on institutional investors. Indeed, there is respectable opinion that institutional controls produce beneficial effects, such as more rational and expert market analysis, and more effective oversight of corporate management.

I-B Committee Responsibility

However it is clear that the Congress, the agency and the public generally will not obtain answers to basic questions — answers that will provide the framework for reasoned public policy — without a more solid data base than is now available. The **Committee on Government Operations** and our subcommittees have authority and responsibility regarding the collection and dissemination of such data. So do the **Office of Management and Budget** and **General Accounting Office** under statutes subject to **Government Operations Committee** and subcommittee review.

This document describes corporate reporting requirements of Federal regulatory agencies regarding stock ownership, control, diversification, debts and officers. It describes **deficiencies** in these requirements and the procedures used to implement them as regards stock ownership and control. It presents information, heretofore unavailable, because of these reporting deficiencies, regarding

¹ *Financial Markets*, Hearings before **Subcommittee on Financial Markets, Senate Finance Committee** on impact of institutional investors in the stock market, **93rd Congress, First Session July 24-26, 1973 Part I**

of concentration of stock holdings. And it presents recommendations for further inquiry and action.

I-C Commission and OMB Responsibility

Six Federal Commissions require companies subject to their regulation to submit information regarding their ownership at least annually. Those commissions are the **Civil Aeronautics Board, Federal Communications Commission, Federal Power Commission, Federal Maritime Commission, Interstate Commerce Commission** and the **Securities and Exchange Commission**. Congress has delegated to these commissions broad authority to collect what ever data they deem appropriate to carry out their statutory responsibilities.²

Agency request for data have on occasion been denied, delayed or diluted by the **Bureau of the Budget** and its successor, the **Office of Management and Budget**. The budget agency based its actions on the **Federal Reports Act of 1942 (Title 44 U.S. Code, Sections 3501-3511)** which authorized it to coordinate collection of information of information by agencies from **10** or more persons or firms.

Intent of Federal Reports Act

The intent of that act was to avoid unnecessary duplication of questions and to minimize the burden on business, especially small business, and to maximize the usefulness of information collected to other Federal agencies and the public. The hearings preceding enactment of the **Federal Advisory Committee Act (P.L. 93-463)** ascertained that budget agency officials reviewed regulatory commissions' requests for information in unpublicized meetings with advisory committees composed exclusively of representatives of the industries concerned. This practice has tended to discourage agencies from attempting to collect information that they, the Congress and the public need. This year the **Congress**, in approving **S. 1081**, the Alaska pipeline bill, removed **OMB** control over the questionnaires of independent regulatory commissions, and directed the **GAO** to review commission results for information.

I-D Ownership Reporting Requirements

Commission requests for company ownership data vary. (A recent **General Accounting Office** summary of reporting requirements with respect to stock ownership, control, diversification, debts and officers, and an excerpt of pertinent statutes prepared by our staff appear in **Appendix A, page 197**) In capsule, the ownership reporting requirements, by agency, are as follows:

The **Federal Trade Commission** collects no information on company ownership on a recurring basis. An **FTC** staff study is seeking to develop data on ownership and other characteristics of the nation's largest manufacturing corporations.

The **Securities and Exchange Commission** has different levels of reporting minimum — holders of more than **1, 5, or 10 %** of the stock, or the **20** largest stockholders — for different types of companies. However, the **SEC** usually asks for identification of the large **“beneficial”** owners. They are the persons or institutions who receive the dividends, but not necessarily the same persons or institutions empowered to vote the stock.

Identity of Voters Sought

Four of the commissions forthrightly ask for identification of security holders with the **“highest voting powers”** or similar phraseology — at least in some instances. The Federal Maritime Commission asks water carriers for the top 30 security holders and their voting powers. (However, freight forwarders need report to the FMC only stockholders who individually own or hold 5% or

² However Congress has never acted on the **Natural Gas Information Act** which the **Federal Power Commission** has regularly requested since the **1950's**.

more of the stock, and the beneficial owners of those holdings if other than the individual owner or listed holder.)

The **Federal Communications Commission** requests reports on holders of **3%** or more voting interest in broadcast companies, generally makes supplemental regarding voting rights down to **1%**. (Common carriers, however, need report only the **30** largest “*holdings*” of each class of stock to the **FCC**, with no reference to individual voting powers.)

The **Federal Powers Commission** asks for the 10 security holders “*with highest voting powers*” * * * *in order of voting powers.*”³ **FPC** requests, as several of the other commissions do, reporting of known particulars of trust agreements, including identification of beneficial owners of securities held in trust by reported stockholders.

Identification of Security Holders

The Interstate Commerce Commission asks for identification of the “highest voting powers” — the top five in the case of railroad lessors, top 10 in motor carriers and the top 30 in railroads.

The **Civil Aeronautics Board** requires air carriers to report the names of stockholders holding more than **5%** of the capital stock, and the person for whose account such stock is held, if other than the holder. In addition, the **CAB** now requires reports from these large stockholders, requiring disclosure as to who possesses or exercises the right to vote, sell, prevent sale or otherwise dispose of the reported stock. This **CAB** surveillance of large stockholders includes the requirement that banks and brokers holding more than **5%** of any class of the capital stock file quarterly reports with the Board.

Despite agencies’ requests for identification of those security holders with highest voting powers, the companies frequently report “*nominees*” or “*street names*” which represent the stock held by institutions which frequently are not named in the reports.

A single institutional investor may use a dozen or more different “*street*” names. Although some agencies tell companies to list security holders “*in order of voting power,*” holdings of the same institutional investor frequently are not consolidated in reports to the Federal regulatory commissions. The commissions nevertheless accept the unconsolidated, unresponsive and misleading data, and place it in their public files.

I-E The Nominee List

Only through use of the *Nominee List*, published by the **American Society of Corporate Secretaries**,⁴ can one translate the **nominees** to institutions. An excerpt from the **Comptroller General’s** April 10, 1973 letter (the correspondence with him appears in **Appendix A**, page 197) describes the findings of the General Accounting Office on this point:

We examined a limited number of reports and applications requiring ownership information. It appeared that for large regulated companies the names of **nominees** are often shown in lieu of the names of stock owners. The presence of **nominees** in the ownership data was confirmed by officials of each of the agencies who told us that the companies were not in a position to know who the stock holders were. The

³ Some years ago the **FPC’s** request to obtain voting right information on more than **10** security holders was denied by the **Budget Bureau**, on the advice of one of its business advisory committees on **Federal Reports**.

⁴ A government regulatory agency official a newspaper editor and an attorney reported in **1971** that the **American Society of Corporate Secretaries** refused to sell them a copy of the *Nominee List*. The **1971** edition was printed in the **Congressional Record** on **June 24, 1971 (Vol. 117, No. 98 — Part II)** Subsequently, the **Society** decided to sell the *Nominee List*, which is updated and issued early each year, for **\$20**. The Societies Address is **1 Rockefeller Plaza, New York, N. Y. 10020**.

officials stated that the companies could only report the names of the stockholders of record, which includes **nominees**.

Using the *Nominee List*, published by the [American Society of Corporate Secretaries](#), we were able to identify the person or organization the **nominees** represented. For example the 1972 annual report submitted to the Interstate Commerce Commission by one of the countries largest railroads included **24 nominees** among the list of the **30** largest stockholders. The **24 nominees** represented two insurance companies and **12** banks.

For illustrative purposes,⁵ the 1973 report to the ICC referred to by the **Comptroller General** appears on the following page. (The company filed the report with the **SEC**.)

II. Summary of the New Data and Its Significance

II-A Ownership Concentrated in Unnamed Banks

Staff analysis of the preceding ownership report reveals that holdings are concentrated in banks that are not even mentioned in the company's reports to Federal regulators. Furthermore, aggregation of stock reported in the name of multiple **nominees** for individual bands or other investors reduces the number of top stockholders reported from **30**, as required by the **ICC**, to **20**.

For example, six of the "top 30" holders of voting stock reported by the company (the **Burlington Northern**) are **nominees** for **Bankers Trust Company**, which was not mentioned in the **Burlington Northern's** ownership report. These **nominees** and the number of shares reported in their name by the **BN** are as follows:

Hemfar & Co.	223,950
Pitt & Co.	200,000
Lehcor & Co.	110,000
Selkeld & Co.	107,169
Pendiv & Co.	61,000
Barnett & Co.	51,000
	<u>753,219</u>

1. Thus, **Bankers Trust Company's** aggregated holdings **753,219**
2. **Cudd & Co.** is a **nominee** for **Chase Manhattan Bank**, which was not mentioned in the report **653,658**
3. **Lerche & Co.** is a **nominee** for the **Bank of New York**, which was not mentioned in the report **657,270**
4. Three of the reported "top 30" holders of voting stock are **nominees** for **State Street Bank and Trust Co. (Boston)** which was not mentioned in the report. Those **nominees** and the number of shares

⁵ The ownership reports filed with the **ICC** by railroads which have become subsidiaries of conglomerate holding companies are even less informative than the example used here. Each subsidiary railroad simply lists the name of its parent company.

Conglomerates have practically taken over the railroad industry in the short span of **11** years. In **1962** two major railroads were acquired by parent holding companies. By **June 15, 1973**, **16** major railroads, which account for approximately two-thirds of the total industry revenues and ton-miles, were controlled by conglomerate holding companies.

On **August 9, 1973** the **Interstate Commerce Commission** advised Congress of questionable and improper practices of the railroad conglomerates. The **ICC** requested legislation, which, among other things, would require reports to the **ICC** by any persons having more than **1%** of the stock of major railroads.

The **ICC's** report and recommended legislation (**S. 2460**) appears in the **Sept. 20, 1973, Congressional Record**, pp. 17102-17107. **ICC Chairman George M. Stafford's September, 1973** correspondence with **Chairman Metcalf**; and the **ICC's** accompanying report, appear in **Appendix A at p. 232**.

reported in their names:

Bark & Co.300,000
Touchstone & Co.185,200
Mufun & Co.76,300

Thus **State Street Bank and Trust's** aggregated holdings 561,500

5. The holdings of a brokerage house, **Merrill Lynch, Pierce, Fenner & Smith**, were reported in that companies name342,607

6. The **BN** reported **78,600** shares held by **Norton Simon Inc.**, a holding company. Two other reported holdings represent the interests of **Norton Simon**, a director of **BN**. One is **Hunt foods and Industries Inc.**, a subsidiary of **Norton Simon, Inc.**, with **122,200** shares. The other is **Julia & Co.**, a nominee for **Foundation Funds of Norton Simon**, with **49,600** shares.
Thus, **Norton Simon** interests, aggregated250,400⁶

7. **Sigler & Co.**, is a nominee for **Manufacturers Hanover Trust**, which was not mentioned in the report. 248,875

8. Two of the reported top holders of voting stock are nominees for **Morgan Guaranty Trust**, which is not mentioned in the report and whose former board chairman, **John M. Meyer, Jr.**, is a director of both the **Morgan bank** and the **BN**. (**Morgan Guaranty Trust** is also the stock transfer agent for the **BN**). Those nominees and the number of shares reported in their names:
Douglas & Co. 150,000
Ince & Co. 78,460
Thus, **Morgan Guaranty Trust's** aggregated holdings: 228,460

9. **Sabat & Co.** is a nominee for **Savings Banks Trust Co. (New York)** which was not mentioned in the report.124,700

10. The holdings of **Equitable Life Assurance Society**, an insurance company, were reported in that company's name. 100,000

11. The holdings of **Paine, Webber, Jackson & Curtis**, a brokerage house, were reported in that companies name. 90,596

12. **Pace & Co.** is a nominee for **Mellon National Bank and Trust**, which was not mentioned in the report 80,100

13. **Congen One & Co.** is a nominee for **Connecticut General Life Insurance Co.**, It was not mentioned in the report. But the nominee name in this case, "**Congen**," offers a clue as to the identity of the holder.75,000

14. The holdings of **Stephens, Inc.** an underwriting and holding company whose president **Justin T. Stephens**, was elected to the **BN's** board of directors this year, were reported in the name of the company. 75,000

15. **Lages & Co.**, is a nominee for the **First Jersey National Bank**, which was not mentioned in this report. 69,975

⁶ According to the **Nov. 9, 1973 Wall Street Journal**, **Mr Simon** recently sold a large part of his holdings in the **B.N.** He criticized railroad conglomerates generally for spending undue time on non-railroad enterprises, and for excluding women and younger men from the boards of directors, which he found dominated by banks and trust companies.

16. **Emseg & Co.** Is a **nominee** for **Northwestern National Bank of Minneapolis**, which was not mentioned in the report (BN president **Robert W. Downing** is a director of **Northwestern National Bank**). **63,360**
17. **Cross & Co.**, is a **nominee** for the **First Pennsylvania Banking and Trust Co.**, which was not mentioned in the report. **57,308**
18. **Monvan & Co.** is a **nominee** for **Montreal Trust Company**, which was not mentioned in the report. **50,800**
19. **Wilkin & Co.** is a **nominee** for the **St. Paul Companies, Inc.**, a conglomerate insurance and financial company whose president and board chairman, **Ronald M. Hubbs**, is a member of the BN's board of directors. **St. Paul Companies, Inc.** was not mentioned in the report. **50,000**
20. **Anderson & Co.** Is a **nominee** for the **Fidelity Bank (Philsdelphia)** which was not mentioned in the report. **47,482**

In summary, **11** of the **Burlington Northern's "30 security holders * * * (with) the highest voting powers"** were **nominees** for four banks **Bankers Trust, Chase Manhattan, the Bank of New York and State Street Bank and Trust** — none of which were mentioned in the companies ownership report filed this year with the **ICC** and also filed with the **SEC**. The holdings of these four banks totaled **2,655,847** voting shares of common stock, or, approximately **25%** of the **10,671,887** shares voted at the annual meeting of the company last year.

The total holdings of all of the unnamed banks among the **BN's** reported "**top 30**" security holders amounted to **3,641,932** shares, almost four times as much as those of the other investors, most of which were identified, among the "**top 30**".

Use of Multiple Nominees

The example upon which we have elaborated is by no means uncommon. The holdings of institutional investors, and the public through use of multiple **nominees** — "**Hemfar & Co.**", "**Lerche & Co.**", "**Kane & Co.**", "**Bark & Co.**", "**Parc & Co.**" and many more. In response to the Federal regulators request for the addresses of these "security holders" the companies report simply "**New York, N.Y.**", "**Boston, Mass.**" or "**Pittsburgh Pa.**", occasionally adding a post office box number. These **nominee** names are not in the city directory. They are not in the telephone book. Letters to some **nominees** whose post office box is listed have not been answered.

The consequence of this continuing use of **nominees** in ownership reports to Federal regulators is a **massive coverup** of the extent to which holdings of stock have become concentrated in the hands of very few institutional investors, especially banks.

III. PART I: 30 Top Stockholders of 89 Companies

Part of this report is an analysis of the responses received from **324** of the Nation's largest companies in response to a request last year for identification of their **30** top stockholders, the amount of common stock each held, and the total number of voting shares of common stock. The letters to the chief executive officer of each company stated that if the company records did not conveniently identify the actual owner of the stock the street name (**nominee**) would suffice.

Eighty-nine of the **324** companies responded fully to the query. Partial information was supplied by **74**. Subsidiary companies responded in **20** instances. **Eighty-three** replied without submitting relevant data and **58** did not reply. All responses appear in Appendix B, page 239.

The comprehensive industry-by-industry analysis of these replies was prepared by Julius W. Allen, senior specialist in business economics at the **Congressional Research Service, Library of Congress**, with the assistance of **Miss Eugenie Dieringer**.⁷

89 Companies Deserve Commendation

The **89** companies which fully responded to the query deserve commendation. Their willingness to cooperate contrasts sharply with the unresponsiveness of most of the other companies. The most of the other companies. The most unresponsive companies were generally those subject to minimal public disclosure requirements — banks, retail companies, industrial and insurance companies, and miscellaneous transportation companies. Policy considerations alone do not appear to justify this inattention. For instance, banks not only manage huge blocks of stock as trustees. They also provide large amounts of capital in the form of loans to the same companies (**which make conflicts of interest a definite possibility**). They have their own officers sitting on the portfolio companies' boards of directors (**which makes it difficult to avoid self-dealing on the basis of inside information**). Thus policy considerations would seem to cut the opposite way. It is fair to infer that non-disclosure is more the consequence of governmental apathy than corporate necessity.

It is important to note that not all the stockholdings analyzed in Part I necessarily carry voting rights. Banks may have sole, partial or no voting rights in stock they hold. (An analysis of new data dealing with stock in which banks and other institutional investors hold sole voting rights appears in Part II. New data on holdings in which banks hold sole or partial voting rights appear in Part III.⁸

Using the **Nominee List**, **Mr. Allen** and associates on our staffs translated **nominees** into the actual institutional investors. They found that frequently the **"30 top stockholders"** were but **20** or so, because holdings of the same institutional investor were listed separately in two, three or more accounts. **Nominees** used by the various investors are included in the tabulations within **Mr. Allen's** report.

III-A. Cede & Co.

The stock reported in the **nominee** name **"Cede & Co."** has not been translated because it is in a different category. A few words of explanation and caution about Cede & Co. are in order.

Cede (pronounced "seedy") & **Co.** is technically a **nominee** for a **nominee**. It was created in **1966** and became fully operational in **1969** as the **nominee** for the **Stock Clearing Corporation**, a wholly owned subsidiary of the **New York Stock Exchange**, which furnished stock clearing service to member brokerage firms. Listings under **Cede & Co.** formerly represented deposits in the **Exchange's Central Certificate Service**. In **May 1973** the business of **CCS** was transferred to a new Exchange subsidiary, the **Depository Trust Company**, for which **Cede & Co.** is now the **nominee**.

Inconsistencies In Reporting

Inconsistencies in reporting of **Cede & Co.** holdings of are described by **Mr. Allen** on page 131. In his **Table 3 (p. 22)**, he identifies the **36** cooperating companies in which **Cede & Co.** was reported as the largest stockholder, holding as much as **39 %** of an individual company's stock, and often reported as holding between **10** and **20 %** of a company's voting stock.

⁷ The letter from **Senator Metcalf** and **Senator Muskie** requesting the assistance of the **Congressional Research Service** in the preparation of this report appears on page **IV**.

⁸ The **1908** Putnam Committee study of **13,598** employee benefit accounts managed by **43** banks showed that the banks had sole voting rights in all stock investments in **81.5 % (11,087)** of the accounts. (**House Banking and Currency Subcommittee on Domestic Finance, Commercial Banks and Their Trust Activities: Emerging Influences on the American Economy, Vol. 1, p. 510**)

The **Burlington Northern's** previously discussed list of "**30 top security holders**" filed with the ICC this year (p. 4), provides an example of obscure reporting involving **Cede & Co.** It's not listed among the **BN's** top security holders. However, the footnote at the bottom of the report states that as of **January 12, 1973**, **Cede & Co.** held **803,604** shares. **That is even more than Bankers Trust held in its six nominee accounts.** The footnote goes on to say that "**shares held by Cede & Co. have been included in above listing (of 30 top security holders) to the extent applicable .**" There is no indication as to which of the "**top 30**" accounts shares held by **Cede & Co.** should be applied.

III-B. Concentration of New York Bank Trust Departments

The concentration of stockholdings in a whole range of companies — *energy, manufacturing, transportation, communications and retail trade* — among a handful of New York bank trust departments is portrayed in **Mr. Allen's Table 4 (p. 24)**. It lists the holders **2 %** or more of the voting stock in three or more of the **89** cooperating companies. Following **Cede & Co.** which was the holder of record of **2 %** or more of the stock of **55** of the **89** cooperating companies, were the **trust departments of four New York banks.**

Chase Manhattan held **2 %** or more of the stock in more than half (48) of the companies.

Morgan Guaranty and **First National City Bank** held **2 %** or more of the stock in almost one-third (**29** and **28**) of the companies.

Bankers Trust held **2 %** or more of the stock in almost one-fourth (**21**) of the companies.

Ranking slightly below **Bankers Trust** were the New York brokerage house, **Merrill Lynch, Pierce, Fenner & Smith**, with **2 %** more of the stock in **19** reporting companies, the **Bank of New York** in **17** companies and **State Street Bank of Boston** in **16** companies.

Table No. 5 (p. 24) shows the holdings of the above eight institutions in the **89** cooperating companies. These are the institutions which held **2 %** or more of the stock in **10** or more of the **89** reporting companies arranged by industry groups. Thus, for example, **Chase Manhattan's** trust department held between **9** and **6.9 %** of the stock in each of **four airlines**, between **8.3** and **5.3 %** of the stock in each of **six railroads**, and more than **5 %** of the stock in each of **five industrials**, in addition to lesser amounts of stock in other companies in each of the categories. **Table 5** also shows that the above eight institutions together held **20 %** or more of the stock in a number of companies.

III-C. The Top of the Pyramid

Were the report presented in geometric terms and were full data on bank ownership available the top of the pyramid might well be the final page of **Table 5**, which shows the holdings of the eight above institutions in banks. As noted previously, the response from banks to the query regarding **30 top stockholders** was poor; only **nine** of the **50** queried responded fully. The **nine** cooperating banks include **two** which are also among the **eight major institutional investors** mentioned above. **First National City Bank** reported that **Chase Manhattan's trust department** held **2 %** of **First National City Bank's** stock. **Bankers Trust** reported that **Chase Manhattan** held **2.7** percent and **State Street of Boston** **2.1 %** of **Bankers Trust's** stock.

Bank Nominees Dominate Holdings

Data from banks which submitted partial responses show that **bank nominees** dominate the holdings of the **30 top security holders in banks**. More than **one-fourth** of the stock in **Wells Fargo** was reported held by **21 unidentified bank nominees**. The **30 top security holders in J.P. Morgan**, holding more than **one-fourth** of the stock of the bank, included **22 unidentified bank nominees**. **Fifteen percent** of the stock in **Chase Manhattan** was reported held by **22 unidentified bank nominees**. The reported bank holdings, in most instances, were several times greater than the combined holdings of other institutional and individual investors among the top security holders.

A wealth of current (1971 or 1972) data not heretofore available publicly follows in Mr. Allen's report. His well-grounded general observations and conclusions begin on page 129.

IV. PART II: Sole Voting Rights

While banks are generally not permitted to invest in common stocks for their own account, they have become major holders in common stocks as trustees or in other fiduciary capacities and, most importantly, in their role as trustees of corporate pension funds. While banks do not own the beneficial interest in these securities which they hold in these capacities, they often have the power to exercise voting rights either solely at their own discretion or with the concurrence of others.

The *Institutional Investor Study* report of the Securities and Exchange Commission⁹ concluded that institutions have the potential economic power to influence many companies, particularly large companies, because of their stock holdings. The *IIS* report included in Part 5, data regarding the number of institutional investors (*often very few*) which held sole voting rights to substantial percentages of outstanding stock in some 800 companies included in the sample.

However, the *IIS* report did not indicate the extent of the sole voting authority of single institutional investors in the stock of all the companies, or those within various industrial classifications.

That information would have been an invaluable addition to the report. It would have shown the voting potential of individual institutional investors across the whole range of the economy encompassed by the 800 named companies in the sample. And it would have shown the extent to which a few institutional investors have substantial voting rights — *and therefore influence or potential influence* — among companies competing within an industry group.

Analysis of Unpublished Data

The SEC had collected the data upon which these studies could have been based. Last year, William J. Casey, then Chairman of the SEC, agreed to our request to provide the data. The analysis of that heretofore unpublished data, by Professor Robert M. Soldofsky, a consultant to the Subcommittee on Budgeting, Management, and Expenditures, is found in Part II of this report and Appendix D, page 345.

The Allen study in Part I, based on 1971 and 1972 data and supplied voluntarily by the companies, deals with stock holdings, not all of them necessarily carrying voting rights. The Soldofsky study in Part II, based on 1969 data, deals with the narrower matter of sole voting rights, excluding partial voting rights sometimes vested in bank trust departments.

IV-A Bank Voting Power Increasing

Professor Soldofsky finds the bank trust departments preeminent among the institutional investors, growing rapidly and attaining significant voting power within other institutional investors (*insurance companies*).

Most importantly, his summary data in Appendix Table 2 show the extent to which — 4 years ago — various combinations of big bank trust departments had attained significant percentages of sole voting rights within a broad range of companies within the same industrial classifications — airlines, drugs, electrical equipment, insurance, machinery, food, chemicals, aerospace, building conglomerates and finance itself. Professor Soldofsky emphasizes this point after citing sources of data on holdings of other institutional investors:

⁹ House Document No. 92-64, Eight Parts.

The only financial institutions not providing complete information routinely about the common stocks that they hold are the trust departments of the commercial banks.

V. PART III: Bank Voting Rights in Broadcast Companies

Professor Soldofsky found the data on broadcast companies provided by the *IIS* report too inadequate to analyze. However, current (1972) data on voting rights (*sole and partial*) of named banks, in named broadcast companies, was supplied to us by the **Federal Communications Commission**. The data supplied by **Chairman Dean Burch**, with accompanying analysis by the **Congressional Research Service of the Library of Congress**, appear in **Part III**.

We are advised by the **FCC** that the information submitted to it by the broadcast companies listed **nominees** rather than the banks which hold the stock, and that translation of the **nominees** are the actual banks required the better part of 2 weeks time by a veteran commission official, using the *Nominee List*.

Bank Broadcast Company Holdings

The list of holdings by banks in broadcast companies, as supplied by the **FCC** is put in perspective by the **Congressional Research Service**, which has identified parent companies, stations owned by broadcast companies, those companies' total shares of stock, and the percentage of stock within the portfolios of principal banks, individually and collectively.

Broadcast companies, as the **Library of Congress** analysis shows, are often subsidiaries of companies that are not primarily engaged in broadcasting — **Arco, Dun and Bradstreet, General Electric, Westinghouse, Schering-Plough Corporation, Kansas City Southern Industries, Kaiser Industries, Fuqua Industries, Pacific Southwest Airlines, Rust Craft Greeting Cards, Inc.**

V-A. Voting Rights of New York Banks

The data in **Part III** show the substantial voting rights of a few **New York** banks in networks and major broadcast companies. This **FCC** data shows that, for example:

Chase Manhattan Bank has sole or partial voting rights to more than **14 %** of the stock in the **Columbia Broadcasting System**, as well as **4.5 %** of the stock in **RCA Corporation**, parent of the **National Broadcasting Company**;

Bankers Trust has voting rights to more than **10 %** of the stock in **American Broadcasting Company**, which includes four **TV** and eight radio stations;

Bank of New York has voting rights to **12.7 %** of the stock in **Pacific and Southern Broadcasting Company**, which includes four **TV** and eight radio stations;

First National City Bank has voting rights to **7.1 %** of the stock in **Capital Cities Broadcasting Corporation**, which includes **six TV** and **11 radio stations**;

Manufacturers Hanover Trust and **U.S. Trust Company** have voting rights amounting to from **3.4 %** to **11.1 %** of the stock in **14 broadcasting**

groups;

Eleven banks have voting rights to **38.1 %** of the common stock in **CBS**. **Eight banks** have voting rights to **34.1 %** of the stock in **ABC**. **Chase Manhattan** and **Bankers Trust** together have voting rights to **19.8 %** of the stock in **CBS**, and **17.4 %** of the stock of **ABC**. A third New York bank, **Bank of New York**, has voting rights to **7.2 %** of the stock in **ABC** and **3.3 %** of the stock in **CBS**.

V-B. FCC Ownership Rules

The FCC has several restrictions on ownership of broadcast companies. One is the duopoly rule, which prohibits ownership of two **AM**, **FM**, or **TV** stations which serve the same area. Another rule permits an investor — institutional or individual — to own up to **21** stations — seven **AM**, seven **FM**, and seven **TV**, provided that no more than five of the latter are **VHF** stations. Beyond these liberal provisions, no individual or bank was permitted until last year to own more than **1 %** of the stock of other broadcast companies with **50** or more stockholders. (Mutual funds have been permitted to own up to **3 %** since **1968**.)

In **1972** the **Commission** raised the ownership limitations for banks from **1 %** to **5 %**. It raised the limit because **so many banks were in violation of the Commission's 1 %** regulation that, to comply with it, **19** banks would have had to divest themselves of **\$976 million** in stock in **25** companies.¹⁰

V-C. Inadequate Ownership Reports

The FCC did not know that the banks were in gross violation of regulations until the banks told the **Commission** about it. The data submitted by the banks were based on a survey conducted among the **10** largest banks in **April 1969**. It took three years to get that material to and considered by the **Commission**. Then the **Commission** gave the banks **3 years** more to get in compliance with the more lenient rules, **which may be relaxed further before then**. The **Commission** has before it now requests from insurance companies to raise their allowable holdings from **1 %** to **5 %**, and requests from mutual funds to raise their allowable holdings from **3 %** to **10 %**.

The problem at the FCC is inadequate and misleading corporate disclosure to a **Federal** agency. As **Commissioner Nicholas Johnson** stated in his dissent in a related case later last year:

The problem is that the **Commission's** ownership reports, for a variety of reasons, are not providing the relevant information on institutional holdings of broadcast stock. **The Commission is often reduced to asking transferee applicants to ascertain from the institutional holders of their stock whether the institution is in violation of Commission rules, as a condition to Commission approval of the application in question. This inquiry is not always made * * ***

Somewhere in the foggy past there was an effort underway to revise the **Commission's** ownership reporting form. Perhaps that effort needs to be revised.¹¹

Because of their pertinence to this study the two FCC orders referred to above, including dissents, are included in **Appendix E, pages 377**.

¹⁰ FCC72-391, 75954, Docket No. 18751, RM-1460, Report and Order Adopted May 9, 1972.

¹¹ FCC 72-525, 79407, File No. BTC-6682, adopted June 14, 1972.

VI. PART IV: Electric Utility Reports to the FPC

Part IV of this report is a staff analysis of ownership reports filed in 1971 with the **Federal Power Commission** by the 2009 electric utilities which comprise the nation's largest industry.

The **FPC** directs the companies to list, rank, and provide addresses for the **10** security holders with the highest voting powers.

Forty percent of the electric utilities identified utility holding companies, a few parent utility companies or industrial firms as their principle owners. (*Sometimes members of the board of directors or a few others held nominal shares.*) The parent companies report to the **Securities and Exchange Commission**, as noted previously, do not provide much information on proprietary (voting) rights.

Five of the small utilities were owned by up to **21** persons. **Alpena Power Company** (*Michigan*), owned principally by one family, went beyond the **FPC's** requirements, and listed the voting rights of all **21** named, individual stockholders.

The information submitted by other electric utilities varied widely. **San Diego Gas and Electric**, with **30,925** stockholders, named the **New York** banks and other institutional investors with major blocks of voting rights, without using their **nominee** names. The **UGI Corporation** (*Pennsylvania*) provided details on its stock option plan, along with ownership data.

VI-A. Nominees Hide Owners

Numerous utilities reported some stock in the name of an institutional investor and other stock, held by the same institution, in **nominee** name. Several utilities listed only **nominees**, with as many as three of those **10 nominees** representing the same bank.

Thus, the “**top 10**” security holders were actually only the top seven or eight. Additional stock may be held by these top seven or eight security holders in accounts not reported as part of the “**top 10**”. The report to the **IPC** and the **SEC** discussed on p. 5 showed that the holdings of **Bankers Trust** — apparently the foremost stockholder in the **Burlington Northern** — was listed as **Stockholder Number 6** (Hemfar & Co.), **Stockholder Number 7** (Pitt & Co.) **Stockholder Number 12** (Salkeld & Co.), and **Stockholder Number 26** (Barnett & Co.). Use of multiple **nominees** by the same investor could result in a preeminent position within a company by an investor whose **nominees** are not even listed among the “**top 10**”.

VI-B. Banks Use Nominees Most

Banks used **nominees** more frequently than other institutional investors. The banks with dominant holdings in the industries previously discussed were also preeminent in electric utilities.

Chase Manhattan appeared among the **top 10** security holders of **42** utilities, using four different **nominee** names. **Morgan Guaranty Trust** appeared among the **top 10** security holders of **41 utilities**, using **13 nominees**. **Manufacturers Hanover Trust** appeared among the **top 10** security holders of **31 utilities**, using **five nominees**. **First National City Bank** appeared among the **top 10** security holders of **29 utilities**, using **eight nominees**. **State Street Bank and Trust of Boston** appeared among the **top 10** security holders of **21 utilities**, using **eight nominees**. Other banks with major positions in electric utilities were:

	Number of utilities in which banks were among top 10 security holders.	Number of Nominees
New England Merchants National	10	8
Bank of New York	15	7
Continental Illinois National Bank & Trust	12	6
Northwestern National, Minneapolis	12	2
United States Trust, New York	12	2
Girard Trust, Philadelphia	11	1
National Shawmut, Boston	11	5
Chemical Bank, New York	10	6

Banks frequently held 50 % or more of the stock in the “top 10” accounts. The holdings of other categories of institutional investors, such as insurance companies and investment companies, usually amounted to less than 20 % of the stock in the top 10 accounts.

VII. The Multiple Levels of Control

VII-A. Inadequate Disclosure a Recurring Theme

Control of a small block of stock in a widely held company by a single or few like-minded financial institutions provides them with disproportionately large powers within the company. The House Banking and Currency Subcommittee on Domestic Finance, in its 1968 study, *Commercial Banks and Their Trust Activities: Emerging Influence on the American Economy*, considered a 5 % or larger holding of one class of stock significant in judging the potential influence of a bank trust department’s stockholding in a particular corporation. The subcommittee emphasized that “even 1 or 2 percent of stock in a publicly held corporation can gain tremendous influence over a company’s policies and operations.”

Control Presumed

Congress has established various ownership percentages usually 10 %, as the benchmark at which control by an institution or individual holding can be presumed. It is noteworthy that in 1970 sections 13(d) and 14(d) of the Securities and Exchange Act of 1934 were amended to reduce from 10 % to 5 % the levels of ownership at which a person seeking shares of a company would be required to report his findings. This appears to reflect the feeling that at these levels such a person could acquire substantial leverage in the company. S. 2460, recently recommended by the ICC (see Proposed Legislation, p. 233), would require reporting of 1 % or more of any class of stock in a railroad having operating revenues exceeding \$5 million annually. S. 2506, the Oil and Gas Regulatory Reform Act of 1973 now being considered by the Senate Commerce Committee, would require oil pipeline applicants to report “the name and address of each shareholder with voting rights to one per centum or more of the shares, together with the number and percentages

of any class of voting shares of the entity which such shareholder is authorized to vote.”

The **levels of control** available to principle stockholders **derive from several sources**. One of these sources, regarding which, detailed information is presented here, is the **purchase sale, holding, and voting of stock**. As prelude to our discussion of the **other levers of control** we note, that, as in the case of stockholdings, a recurring theme **is inadequate disclosure by institutional investors**, especially banks, to the Government, to stockholders, and even to portfolio companies.

VII-B. Information Not Included in “IIS” Report

The **SEC’s Institutional Investor Study** report concluded that some institutions, particularly banks, have personnel and business relationships with portfolio companies which may tend to reinforce any power conferred as a result of stock holdings, create potential conflicts of interest and lead to misuses of inside information. The **IIS** report found a strong statistical correlation between bank stockholdings and personnel and business relationships. However, the **SEC** did not collect and publish information regarding the personnel and business relationships of unidentified, individual **institutional investors**.

VII-C. Inadequate Information on Corporate Interlocks

Comprehensive and current information regarding such relationships between individual bank trust departments and their portfolio companies is difficult to assemble either from agency files or standard references. Some major banks were not responsive to a recent request by the **Congressional Research Service of the Library of Congress** for a report on their corporate interlocks with other corporations, funds, and universities.

Chase Manhattan did not respond to repeated requests, written and oral, from the **Congressional Research Service**. **Morgan Guaranty Trust** supplied information regarding interlocks with publicly owned domestic corporations and domestic foundations and universities. However **Morgan** did not report interlocks with closely held companies, foreign corporations, or subsidiaries, and other affiliates of domestic corporations. Furthermore, **Morgan** supplied **CRS** only with interlocking positions, without providing the names of the directors or officers who held them.

Interlocks extend well beyond the election of an institutional representative to the portfolio company’s board of directors, or a portfolio company’s official on the board of the financial institution. Interlocks provide major banks with levers throughout the industries in which they hold major blocks of stock. These interlocks also extend into the **Federal agencies** which regulate portfolio companies, as was documented in the hearings by the **Subcommittee on Intergovernmental Relations** which preceded the enactment of **P.L. 92-463**, the **Federal Advisory Committee Act**.

Interlock Data

Despite the inadequate response by the above two mentioned banks, the **Congressional Research Service** has developed current, if partial, interlock data on both banks. These data appear in **Appendix F. (p.385)**. It shows that **Morgan Guaranty** has directors on the boards of four major energy corporations, **Atlantic Richfield**, the **Burlington Northern**, **Continental Oil**, and **Exxon**, along with its significant stockholdings in each. **Morgan Guaranty** also has directors on the board of both **Ford** and **General Motors**, as well as significant stockholdings in both of the auto manufacturing companies.

VII-D. A Case History

Among the reports of electric utilities to the **Federal Power Commission** which are analyzed in **Part IV** is that of **Long Island Lighting Company (LILCO)** which listed **Church Street Post office station in New York** as the address of **five of its 10 top security holders**. The listed address

of two of the accounts was **Post Office Box 1508 — Kane & Co. and Cudd & Co.**, both *nominees* for **Chase Manhattan**. Three of the accounts — **Carson & Co., Reing & Co., and Genoy & Co.** — were listed at **Box 491** at the same post office — perhaps an arms length away. All three are *nominees* for **Morgan Guaranty Trust**, which was not mentioned in the ownership report.¹²

Kenneth Crowe, a *Newsday* reporter who shared a **Pulitzer** prize closely examined **LILCO**'s ties with banks and other institutions in a two-part series this year, which also appears in **Appendix F**. He found substantial interlocks and credit arrangements between **LILCO** and four of the **New York superbanks** which hold large blocks of its stock. He found a company (**Sloan & Webster**) with long and close financial relationships with **LILCO** receiving a large contract from the company even though other qualified firms bid less. And he was told by the board chairman of **LILCO** that he, the board chairman, was not previously aware of any of these relationships and interlocks, and was astonished to receive the information.

VIII. Conclusions and Recommendations

Neither companies nor ordinary stockholders *have information which they need, to protect their own interests*, regarding stock ownership and the personnel and business relationships between portfolio companies and institutional investors, principally banks. The **Federal Government** does not have sufficient information in these areas upon which to base reasoned public policy. Much of the information collected by **Federal Agencies** regarding stock ownership, displayed in public files and shared with State agencies and the public, *is meaningless or misleading* despite the clear policy stated in the **Federal Reports Act of 1942** that information collected by **Federal agencies** should be tabulated so as to *“maximize the usefulness of the information to other Federal agencies and the public.”*

The information needed regarding the several layers of corporate control is held by a few **institutional investors**, principally **six superbanks** headquartered in **New York**. These **institutional investors** have the capacity to report their holdings quickly and fully.¹³ Similar reports on personnel and business relationships with portfolio companies would be even easier to make.

Effect of Concentration

Congress and some **Federal commissions** have on occasion established limits on institutional levers of corporate control, principally regarding stockholders. But neither the **Congress**, nor the **commissions**, nor the **executive branch** can fully evaluate the total effect of concentration — the impact of the several levers of corporate control exercised by banks and other major investors throughout industry groups and the economy as a whole.

Meanwhile, the portfolio companies in which a few banks have substantial influence make many decisions affecting public policy. Oil companies deal with foreign nations regarding oil supply and

¹² **LILCO**'s 1973 report to the **FPC** still reports **Kane & Co. and Cudd & Co. in Box 1508**. The three **Morgan nominees** used in the earlier report are not mentioned. However, **Box 2010** at the **Church Street Station** is reported as the address of **Douglas & Co.** It is a *nominee* for **Morgan**, which is not mentioned in the ownership report, although **Chase Manhattan** and **First National City Bank** and **Manufacturers Hanover Trust** are named along with their *nominees*.

¹³ *“We will know sometime today what our position was in various companies yesterday . . . “* — **Edward T. Ryan**, Vice President **Chase Manhattan**, **FCC Administrative Conference** with the **American Bankers Association**, Sept. 1, 1970, **Docket 18751**.

“Sure we’ll disclose as often as you like — every week if necessary.” — **Roger Kennedy**, vice president **Ford Foundation**, **Business Week**, June 2, 1973.

cost. Pipeline companies deal with the **Soviet Union** for natural gas. Utilities exercise the right of **eminent domain**. Milling companies and the **Soviet Union** arrange grain sales which sharply affect domestic price, supply, transportation, and storage. These are momentous public issues in which **Federal officials** play a minor role, much of it after basic decisions have been agreed upon by **American companies and foreign governments**.

VII-A. Alternatives For Readjusting Corporate Power

There are various alternatives for readjustment of corporate decision making power. They include limitations on **stockholdings**, **antitrust actions** and **Federal chartering of corporations**, providing disclosure and performance requirements within the charter.

Another alternative is modification of the **“one share, one vote”** rule in corporate voting. This rule has no basis in common law. **Weighted voting**, which reduces the voting power of large stockholders, was used in **early American corporations** and is still used in some foreign, capitalistic countries today. **Appendix G** includes a discussion and bibliography on modification of **“one share, one vote”** by **Julius Allen** of the **Congressional Research Service** of the **Library of Congress** and the **Cornell Law Review** article on the subject by **Professor David L. Ratner**, a consultant to the **Subcommittee on Budgeting, Management, and Expenditures**. They note **Alexander Hamilton’s** prophetic warning to the **Congress** in his report on the **National Bank**:

A vote for each share renders a combination between a few principal stockholders, to monopolize the power and benefits of the bank, too easy.

Julius Madison espoused **Federal chartering of corporations** and **Hamilton** urged **weighted voting in corporations**. Consideration of these far-sighted proposals by two of the **Founding Fathers** would be most appropriate as the **Nations’s bicentennial** approaches.

VII-B. Disclosure Is The Prerequisite

Whatever solutions the **Federal Government** chooses to the mounting problems resulting from economic concentration, the prerequisite is the regular collection and disclosure of information from institutional investors on stock holdings and the personnel and business relationships between institutional investors and portfolio companies.

Equally important the information must be centrally available to the **Federal Government** and the public, at one location, most appropriately the **Library of Congress**. Such information, insofar as it is now reported, is scattered among **three Federal banking agencies**, **50 State insurance commissions**, the **SEC** (*for investment companies*), various other **Federal and State regulatory commissions**, and the files of hundreds of universities, foundations and funds.

Proprietary Owners Should Be Identified

Proprietary owners of **1 percent** or more of the stock in publicly held companies should be identified. Reports on their voting rights and their corporate personnel and financial relationships should be filed, on a quarterly basis, with the **Library of Congress**. This information should be published, for regulatory review and stockholder information.

Straightforward and regular reporting of these matters will vastly amplify the job of regulatory commissions, and provide **Congress** with basic information which it always needs and never has. It will also provide ample time and minimum inconvenience to those stockholders who wish to discuss issues and candidates for corporate elections — *prior to proxy solicitation* — with representatives of the large institutional investors who usually cast the deciding votes.

VIII-C. Stockholders Face Obstacles

Stockholders at present face formidable obstacles. Considerable expense and effort is required, months prior to annual meetings, for stockholders to comply with **SEC** rules, to receive consideration of modest, additional agenda items or even one candidate for the board of directors, then to locate and present their case to the few institutional investors who by proxy and often casually will decide the outcome of the election. Because of these cumbersome procedures the typical corporate election today features a *“Russian ballot”* — bearing a single slate of *nominees* for the **Board of Directors**. Some company ballots do not even provide for a *“No”* vote.

If Congress, like Salome, decides to lift the seven veils, which in this instance shroud the ownership of stock, care must be taken that the lists of principal proprietary owners do not get lost in *“Cede & Co.”* the *nominee* for the new subsidiary of the **New York Stock Exchange, Depository Trust Company**, which has replaced the **Central Certificate Service division of Stock Clearing Corporation**. The urgent need to reduce the paperwork burden of the securities industry must not be permitted to render meaningless the effort to provide timely access to the voter lists which are fundamental affecting change within corporate and political systems.

VIII-D. Oversight Needed

Much can be done toward reaching the objectives suggested above without new legislation. The regulatory commissions suffer from lack of oversight by **Congress**, the **Office of Management and Budget** and the **General Accounting Office**.

OMB has been directed by **Congress** in various statutes to plan and promote the improvement, development, and coordination of **Federal** management information systems, to help agency heads develop consistent accounting classifications and, with the **Comptroller General** and the **Secretary of the Treasury**, conduct a continuous program for the improvement of accounting and financial reporting in the **Federal Government**. The **93rd Congress** in approving **S. 1081, the Alaska pipeline bill**, provided **GAO** with additional responsibilities for review of questionnaires sent to firms by the independent regulatory commissions, whose data collection has for years been impeded by the **OMB**, its predecessor **Bureau of the Budget**, and industry advisory committees.

The **Civil Aeronautics Board** has recently shown how a regulatory commission, without new legislation, can get behind inaccurate and misleading ownership reports to **the Federal Government**; and require quarterly reports from **institutional investors**. The collection of relevant information by other agencies can begin prior to enactment of new legislation. We intend to encourage such efforts.

LEE METCALF,

Chairman, Subcommittee
on Budgeting,
Management, and Expenditures.

EDMUND S. MUSKIE,

Chairman, Subcommittee on
Intergovernmental Regulations.