

Use of Mails by Stock Exchanges

Among a number of bills introduced in congress to regulate stock exchanges, and to prevent gambling in farm products, stocks, bonds, and other securities, is H. R. 10076, a bill to prevent gambling upon the stock exchange, introduced in the house December 8, 1913, by Congressman Wm. H. Murray of Oklahoma. In explanation of the provisions and purposes of this bill Congressman Murray issued a statement for publication in substance as follows:

"When you recall the fact that the report of the Pujo committee shows that the stock exchange in New York is limited to 1,100 members and that no other person can become a member until one of these die or sells his seat, and that investigation showed that memberships had been sold as high as \$97,000 a seat, and that the average value is \$48,000, a bit of calculation would convince you that the aggregate value of the exchange seats is \$55,000,000.00. Reason would teach us that they could well afford to contribute ten per cent of that value to defeat any stock exchange bill, especially one that covers all classes of gambling, and therefore if they could defeat any one man who earnestly urged it, knowing the others were luke-warm, they could throw into his district a million dollars for his defeat, then you will realize what this fight has been and what it means. I want to call your attention to the fate of the late Congressman Hatch, of Missouri, who was the author of the Hatch bill for farm demonstration work, and after he had completed that for the farmers he introduced a stock exchange bill, and as soon as it was discovered that he was in dead earnest the exchanges threw opposition into his district, sending men secretly to travel from house to house, telling all kinds of things about Hatch. So much so that the farmers whom he was trying to serve were so poisoned against him when he returned home that he was overwhelmingly defeated by them. The old man died of a broken heart because of this ingratitude. My purpose therefore shall be to push this bill to passage in the next ninety days ahead of opposition which is surely to be organized against it, but this cannot be done until the country, and especially the farmers are aroused.

"This bill is but an amendment to the Louisiana lottery law, which has stood the test in all the courts, and the sections down to section 4 are a repetition of the Louisiana lottery law, with the addition of such language as will include stock exchanges. Beginning at section 4 new provisions are added, providing that every stock exchange shall adopt certain rules governing itself, and further on providing that every stock exchange shall be incorporated under the laws of the state, and that they must keep a record of their transactions, which they do not now do, as a precedent for the privilege of using the mails. Under section 4, paragraph E, the word "security" as used in the act shall "include farm products, shares in any corporation, joint stock company or association, bonds, coupons, scrip, rights, choses

in action, and any and all other evidences of debt or property and transactions for the purchase or sale thereof." It will be clear that this definition gets all of them. Also in the latter sections is a provision prohibiting restriction against any publishing company. This because the stock exchanges now will not receive papers or any forms or blanks except they be printed by a concern of their own.

"It will be apparent under the proposed bill that this does not destroy the stock exchanges but destroys only gambling features such as 'hedging,' 'futures,' 'long and short sales,' and indeed all kinds of 'washed' or fictitious sales where no delivery is intended to be made, but leaves the stock exchange in operation to sell actual stocks just as the farmer sells his corn, wheat or cotton. In other words, it leaves the stock exchange as a 'common market place for the sale and purchase of bonds, stocks, securities, and farm products,' but will not permit it, as disclosed in the Pujo report, to sell twenty-five times more stock than was listed for sale. In other words, whatever is sold must be owned by the individual or, if he is acting as the agent, by his principal. The law of your state and mine would send us to the penitentiary if we sold a horse we did not own. We are trying to apply to the stock exchange the same principle of compelling them to sell what they own. Of course this is predicated upon the theory that for 'a common market' place a stock exchange is a good thing, and that is true. It is the greatest business concern we have in our economic life. Not a flood, or drouth, a pestilence or crop failure, not a treaty of peace or a declaration of war, not the production of a bushel of wheat or a bale of cotton, not a fire or a flood in all the world but what is told by the pulse of the stock exchange called the 'ticker'; not a man in all the civilized or uncivilized earth but what is affected by it, and yet today it is but a 'private club,' not subject to regulation or control, with nothing to require that its transactions shall be recorded or known, and the only way we can do that is to force them to take out a charter as a corporation in the state in which it operates before it gets in the mail, and in addition when it takes out the charter it will adopt rules and regulations and obey the rules laid down in the law that will prohibit gambling. So it must be agreed that this bill will meet the situation and reach the end sought. The trouble heretofore has been that we have failed to reach converts by reason of the fact (so largely due to lack of information) that we ought entirely to destroy the stock exchange. To destroy it entirely would mean to destroy our market. We want to preserve the market feature, to leave it as a common market, but we want to destroy that part that has any phase of gambling and leave it just where the criminal laws leave you and me, compelling us to sell nothing except that which belongs to us.

"With this simple explanation of the bill I shall conclude this article and to those who are interested I shall gladly follow it from time to time covering the question of the necessity for a stock exchange and the evils of the gambling feature, its evil effects upon the farmer, the destruction of his prices, and I think I shall be enabled to show clearly why under the stock exchange gambling-feature the farmer reaches the situation where he is fighting the bears and the bulls, and the manufacturer

is unconcerned with the markets, and under our financial system the banks are compelled to aid the bears and bulls, wherein every time the farmer gets 'licked.' Since this bill leaves the market place in the stock exchange, and affects not only farm products, but all other features of gambling in all other classes of property and securities, surely not only the farmers but every merchant will be interested in it. I know that many of them in the east will be, and it occurs to me that every man in the south and west should urge its enactment.

"Eighty per cent of the members of congress are anxious to do what their constituents desire of them. The best means of informing them

of your desire is to drop them a letter or card immediately telling them to support 'Murray's stock exchange bill, H. R. 10076.' You may rest assured that every opponent to this bill, whether in Wall street or your home town, will in less than thirty days be induced to write letters and telegrams to your congressmen urging upon them the defeat of this bill. If we can not win now we may never win. The financial jugglers and gamblers, by reason of recent developments in the passage of the banking bill, the Mulhall investigation and the Pujo report, are so demoralized that their defeat will be easy upon this bill if the people will make it plain to their congressmen that they desire its passage.'

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