

Mr. Eberle said he couldn't precisely project American Standard's 1968 earnings because "the whole last half of the year is up in the air" due to uncertainties over taxes and interest rates. He said, however, that he still is sticking with his forecast six months ago of 1968 net somewhere in the area of \$1.70 a share.

Speaking about plans for Westinghouse Air Brake, Mr. Eberle said there wouldn't be any major changes of management with one exception: The retirement of Chairman A. King McCord next spring when he reaches age 65. Mr. McCord's successor, Mr. Eberle stated, will come from within the company. The most likely candidate is considered to be Lawrence W. Walkley, Westinghouse Air president.

Mr. COHEN. Those press clippings, Mr. Chairman, have given rise to my personal feeling—I don't know that I am prepared to speak for the Commission only because we have not sat down to evolve an official position, but I think all of my colleagues share my view—that many of these offers are made in order to achieve a short-term profit on this basis.

Now, that particular situation to which you referred involving Crane may become the subject of some litigation in which the Commission may or may not be involved and for that reason alone I would prefer not to speak to it, but I think the clippings indicate that the parties involved were not unaware of the possibilities.

To answer your question specifically, we do have antimanipulative authority under the statute. I am not sure that there is any real lack in this area.

I think that this bill, which will provide the Commission with the right to develop affirmative rules which are not necessarily antifraud, will serve to obviate many of these situations that might otherwise occur.

The second part of your question related to our right to seek recovery. The statute provides that any officer or director and any person who owns more than 10 percent of the shares of any equity stock of a listed company, and of certain other companies, who makes a profit in the purchase and sale or sale and purchase of stock of that company within a 6-month period, is subject to suit at the hands of the company, or by a shareholder on behalf of the company.

Now, that perhaps is not as complete a remedy for some of the takeover situation to which you have referred because some of them are made by persons who either were not more than 10 percent holders at the time of the acquisition or perhaps never quite reached that point but who nevertheless are engaged in this form of short-term trading. This is an area that merits attention by the Commission and by the committee. Indeed, I have an unanswered letter from a member of the committee which relates to that problem.

(For further information subsequently submitted, see letter dated July 9, 1968, p. 75.)

Mr. Moss. Now, Mr. Chairman, I have one last question.

The Federal Reserve Board has written expressing its support in general for the legislation but objects to the exemption from disclosing the financial arrangement where funds are provided by means of a loan made in the ordinary course of business by a bank.

The Board says that it is not aware of any reason why the same disclosure requirements should not apply to banks as to other lenders. The Board accordingly recommends the deletion of the exception which starts on page 2, line 22, of S. 510 and continues through line 25.