This I believe to be unsound. The various state corporation laws are not codes in the true sense, though some of them are so described. Nor is the British Companies Act, despite its length and elaboration. All the statutes presuppose basic common law and equitable principles most of which are nowhere embodied in legislation. And these basic principles are derived from the same roots in our common heritage. Furthermore, the various corporation laws show striking similarities. That all this is so as regards the various states of the Union is recognized by your national law schools, which teach, not the corporate law of any particular state, but the general principles of American corporation law. That these principles are generally the same as those applying to English corporation law is the only ground on which the Harvard Law School could attempt to justify their temerity in bringing me, an English lawyer, to Harvard to teach American corporation law.

In the course of this teaching (and learning) I have been struck by the basic similarities. But I have also been impressed by the divergencies. These divergencies are, I believe, of some interest and significance and worthy of study by the lawyers of both our countries. If I fail to convince you of this, it will, I think, be due to my own deficiencies (of which I am very conscious at this moment) rather than to the inherent barrenness of my subject.

The seeds of the Anglo-American business corporation—now probably the most important economic institution in the world—had been sown prior to the eighteenth century but had not then produced any very notable fruit. All that the American colonists took with them from England was an embryonic law of corporations—municipal rather than business corporations—and an embryonic law of partnership. The first English attempt at corporate legislation, the wordy and obscure Bubble Act, was passed in 1720 as a result of the South Sea Bubble. It was designed to curb the growth of unincorporated joint-stock companies, but its actual result was very different, as we now know from the pioneer research work of an American scholar, Dr. Armand Dubois. Paradoxically it
caused the government to exhibit great reluctance to grant charters of incorporation and thus produced a rebirth of the unincorporated association which the act had sought to destroy. It was not until 1844, when a general act of Parliament provided for incorporation by simple registration, that incorporation was readily granted in England. Moreover, even then the members of the corporation remained fully liable for the corporation's debts; it took another eleven years before limited liability was recognized. This somewhat arbitrary separation between incorporation and limited liability accounts for the fact that to this day in Britain every limited company has to announce its members' irresponsibility by having the word "Limited" at the end of its name. Such a separation between incorporation and limited liability was not, of course, unknown in America (for some years it prevailed in Massachusetts), but in general you made much less heavy weather of this matter than we did, and none of your states insists on the word "Limited" as the sole permissible indication of incorporation.

In England, therefore, incorporation with limited liability by a simple process of registration is less than a hundred years old—it attains its centenary only this year. Having regard to the transcendent role played by England in the mercantile community during the nineteenth and early twentieth centuries this is difficult to credit; but so it is. Prior to 1855 joint-stock enterprise had existed but had operated principally in the guise of the unincorporated company or partnership. The legislation of 1844 and 1855 adopted this familiar form of organization and conferred on it the boon of corporate personality and limited liability. Hence the modern English business corporation has evolved from the unincorporated partnership based on mutual agreement rather than from the corporation based on a grant from the state and owes more to partnership principles than to rules based on corporate personality. This is reflected in the fact that we in England still do not talk about "business corporations" or about "corporation law" but about "companies and company law."

In America, on the other hand, the Bubble Act seems, wisely, to have been ignored—despite the fact that it had been extended to the Colonies by an act of 1741. After the Declaration of Independence, incorporation, by special acts of the state legislatures, was granted far more readily than in England, and the unincorporated joint-stock company, though not unknown, was correspondingly less important. In a number of industrially important states incorporation by registration under a general act came earlier than in England—thirty-three years earlier in New York—and, when it came, the model which the legislative draftsmen had in mind was the statutory corporation rather than the unincorporated company or partnership. Hence modern American corporation law owes less to partnership and more to corporate principles.

But, although America was earlier in her recognition of the distinctive roles of partnerships and corporations, she never drew the distinction between them with the same clarity as England has since 1844. We then recognized that the partnership form was not intrinsically suited to large joint-stock enterprise, for partnership principles presuppose mutual trust and confidence among the members which is impossible if their number is unduly large. The English legislature therefore prescribed a limit—a limit which is now twenty. If the number of members exceeds twenty, the association must register as a corporation. By a stroke of the pen the formerly common unincorporated joint-stock company with a large membership became impossible. In America no such development occurred, and in states where incorporation for certain purposes was not recognized until a late date the unincorporated association continued to flourish. Hence the Massachusetts or business trust which represents the final evolution of the unincorporated company, distinguished now from the partnership in that the members are free from personal liability—a refinement which England never succeeded in attaining.

At this time a further development took place which may have had some significance. During the course of the nineteenth century (starting with New York and Connecticut in 1822), most American states borrowed from continental Europe the device of the limited partnership. England did not do so until 1907; until then legal freedom from personal liability could be attained only through incorporation. Accordingly, the business world and its astute legal advisers proceeded to adapt the corporate form for use by the one-man firm or small-family concern, thus defeating the obvious legislative intent to restrict corporations to large associations and partnerships to small ones. This development, finally sanctified by the House of Lords in the famous case of *Salomon v. Salomon* in 1897, led to the private company to which a few years later the legislature itself granted special immunities. American efforts to evolve the close corporation as a suitable substitute for the partnership, limited or unlimited, did not come until somewhat later and met with difficulties to which I shall refer later.

I have stressed these differences in the relationship between partnerships and corporations at various times in our respective histories because I believe they explain many of the present differences between our modern systems of corporate law. But before I elaborate this point perhaps I may bring up to date this rapid historical survey by a brief reference to the twentieth-century developments. In the main we have both been concerned with the same two vital problems: first, the protection of investors when they buy corporate securities, and, second, the subjecting of corporate management to some sort of control by the stockholders. In England measures to this end have been taken by revisions of the Companies Act at intervals of roughly twenty years after a detailed investigation by an expert committee appointed by the
Board of Trade—the government department exercising general supervision over companies. In America all but two of the states have tackled the first problem by blue-sky laws, which, if they have done nothing else, have produced a nation-wide picture of such devastating complication as seriously to hamper the tasks of an interstate issuer and of the securities industry. But, happily, you have more recently made a determined attack on both problems through federal legislation setting up the Securities and Exchange Commission and, in so doing, have produced a body of rational corporation law which, in many respects, is the envy of the English-speaking world. To this, too, I shall revert later.

It is in the context of this historical sketch that I want to draw attention to certain contrasting aspects of our modern systems of corporate law. In the time at my disposal I have had to paint the history in the broadest strokes, and similarly I can only select a few topics for further treatment in outline only.

I have already stressed the differing reliance on partnership principles. Let me illustrate this further. In both England and America it is recognized that the business corporation performs at least two distinct economic purposes. First, it enables skilled entrepreneurs to enlist large masses of capital which they employ to the advantage of the absentee owners. Here we have the publicly owned corporation, the wealth and importance of which may exceed that of most of the states of North America. Second, it enables the small partnership or single trader to personify the business and to separate its assets and liabilities from those of its members. Here we have what England calls the "private company" and America the "close corporation." Economically, it is less important than the public corporation, but it is anything but insignificant; indeed, in view of the grave expense of making a public issue of securities, it is probably a vital link in the process of growth from private firm to large public company. In some respects the needs of the two types differ. The public corporation needs centralized management distinguished from the owners. In the private or close corporation this may not be needed or desired; probably the managers and the shareholders will be the same people and will not clearly differentiate what they do in one capacity from what they do in the other. The idea that they must manage as fiduciary directors for the benefit of themselves as passive beneficial owners will strike them as legalistic nonsense. Again, in the public company the shares of stock must be freely transferable; the so-called "owners" demand a liquid investment. In the close corporation this is not likely to be wanted any more than it is in a partnership. The incorporators want to continue as partners albeit with the advantages of corporate personality; they do not want other people to be able to step into the shoes of their co-partners.

Both England and America have evolved a type of corporate body brilliantly suited to meet the requirements of the public company. England has succeeded in adapting the same form so that it also meets the requirements of the incorporated partnership. America has not been quite so successful. Why?

The reason for our success, I think, is that the constitution of the English business corporation is still regarded as essentially contractual. Whereas the American statutes tend to lay down mandatory rules, the English Companies Act relies far more on the technique of the Partnership Act, providing a standard form which applies only in the absence of contrary agreement by the parties. Much that in America is mandatory is in England included only in the optional model constitution—the famous Table A. And this, or whatever the parties substitute for it, is expressly declared by the act to bind the company and the members as though it were a contract under seal. In particular this contractual constitution deals with the method of appointing the directors, with the division of powers between them and the stockholders, and, subject to important exceptions, with the meetings and votes of each. In America these matters have generally been fixed by statute and fixed in a way which shows that the draftsman envisaged their application to publicly owned corporations. I need not remind you of the difficulties which these statutory norms have caused to those wishing to provide safeguards perfectly reasonable in the case of close corporations. Leading cases, such as McQuade v. Stoneham, Clark v. Dodge, and Benintendi v. Kenton Hotels, illustrate these difficulties. To an Englishman it is strange that corporate codes such as that of Delaware, which are notoriously lax in failing to provide important safeguards against abuses, should nevertheless be strict in matters which seem to us to be essentially matters for the parties themselves to settle. There are now clear indications that the same view is beginning to appeal to American courts and legislatures. As a result of the Benintendi case the New York statute was modified so as to provide in one jurisdiction some of the flexibility inherent in the English model.
More recently a New Jersey case (Katcher v. Ohsman) has shown a marked change in judicial attitude which may herald a general reversal of the earlier rigid rule.

Similar considerations apply to restrictions on the transfer of shares. English law has always regarded company shares as creatures of the company's constitution and therefore as essentially contractual choses in action. Hence there is no legal objection to the contract forbidding or restraining the freedom of transferability of the shares or rights which it creates. Indeed, one of the essential conditions of recognition as a private company is that the constitution should "restrict the right to transfer its shares." The most common form of restriction is to give the directors an unfettered veto on transfers, thus enabling them to preserve the essentially personal nature of the association just as effectively as in a partnership. No one has ever argued that such a far-reaching restriction, or an option or right of first refusal vested in the other shareholders, is invalid. (Perhaps I may here add in parentheses that the option must be vested in the other shareholders, not in the company itself, for in England a company cannot purchase its own shares unless they were expressly issued as redeemable preferred shares and then only subject to stringent safeguards.)

This conception of a share as a contractual chose in action is not, of course, unknown in America. As Holmes said in one of his early cases: "Stock in a corporation . . . creates a personal relation analogous otherwise than technically to a partnership. There seems to be no greater objection to obtaining the right of choosing one's associates in a corporation than in a firm." But in America the contractual aspect has always had to struggle with the conflicting notion that a share is "property," the alienation of which must not be unreasonably restrained. Hence restrictions which in England would have been freely allowed have been struck down. Only recently do the American courts seem to be allowing the contractual concept to triumph. A strong example of this is the recent Massachusetts case of Lewis v. Hood. But as yet this development has stopped short of allowing an absolute veto.

Similarly in the sphere of taxation English law has allowed the partnership analogy to prevail to a greater extent than in America. True, England agrees with America in regarding the incorporated company as a separate taxing person and to this extent distinguishes it from a partnership which is not. True, too, there is the possibility that corporations will be subject to taxes from which individuals are free. On the other hand, the corporation is not subject to the additional surtax applicable to individuals in the higher tax brackets, and, within limits similar to those imposed by your accumulated earnings tax, surtax will be avoided on plowed-back profits. As regards distributed profits, the stockholders will be liable to surtax on the dividends received but not to ordinary income tax—the company's assessment is deemed to have accounted for that. In other words, corporate trading is freed from the double taxation involved in America. This somewhat illogical mixture of corporate and partnership principles means that corporate trading is far less likely than in America to be disadvantageous tax-wise and at least equally likely to be advantageous. Whereas English tax law has tended to encourage the private company, American revenue law has tended to discourage the close corporation; the new provision in the Internal Revenue Code entitling certain partnerships to elect to be taxed as corporations (but not vice versa) may perhaps accentuate this tendency.

Before leaving the private company I ought to make it clear that its evolution has not proceeded entirely without problems. The famous case of Salomon v. Salomon, which is its parent, laid down the corporate entity principle with such rigour that English judges have found much greater difficulty than their American colleagues in piercing the corporate veil when public policy demands. Further, the granting of various immunities to private companies caused advantage to be taken of them by public companies which found it convenient to operate through private subsidiaries. This abuse made it necessary for the legislature to subdivide private companies into two classes—exempt and nonexempt—and to restrict the most prized advantage (freedom from publishing to the world its balance sheet and profit-and-loss account) to the exempt class. To be exempt, companies must satisfy detailed and rigorous conditions designed to insure that they are genuine family concerns. Still, allowing for these complications, there can be little doubt that the private company has satisfactorily met a need felt equally in America but for which American law has not as yet supplied an equally satisfactory instrument.

In most respects, therefore, the English legislature and courts have relied on partnership principles to a greater extent than have the American. But there are some respects in which the converse is true. One example is in connection with the doctrine of pre-emptive rights under which the existing stockholders have the right to subscribe for further capital issued by the company. England has never adopted this doctrine as a compulsory legal rule. Commonly similar rights are expressly conferred in the constitution of a private company, and, until the latest revision, the optional Table A so provided. But in the absence of express provision the only restraint on the directors is that entailed by the rule that they must act as fiduciaries when issuing further capital. In other words, English law has always been what some American writers wish American law had been and what it has now become in many states. The original strict rule, however, was a logical application of partnership principles, and the partnership analogy was expressly adopted when the rule was originally formulated in 1807 in the

Continued on page 20
The Second Ernst Freund Lecture

Two years ago The Law School established a biennial lectureship in honor of Ernst Freund, distinguished member of the Faculty in the School’s formative years and pioneer in the field of administrative law. The first lecture, entitled “Some Observations on Supreme Court Litigation and Legal Education,” was delivered by Mr. Justice Felix Frankfurter in 1953. The Second Ernst Freund Lecture was presented this spring by the Honorable Walter V. Schaefer, JD’28, Associate Justice of the Supreme Court of Illinois. Justice Schaefer’s topic was “Precedent and Policy.” The lecture will be printed and made available to all alumni.

Immediately prior to the lecture, the School held a dinner in honor of Justice Schaefer. The guests included Justice Charles Davis, JD’34, Justice Schaefer’s newly elected colleague, and judges of the local federal courts, the Circuit and Superior Courts of Cook County, and the Municipal Court of Chicago. Present as well were officers of the Illinois State Bar Association, officers and members of the Board of Governors of the Chicago Bar Association, members of the Visiting Committee of the Law School, representatives of the American Bar Center, and officers and members of the Board of Directors of the Law School Alumni Association.
Distinguished Visitors

The School was recently pleased to welcome the Honorable John Vincent Barry, Justice of the Supreme Court of Victoria, Australia, and chairman of the Department of Criminology of the University of Melbourne. Justice Barry addressed the student body on "The Administration of Criminal Justice in Australia."

Dr. Jiro Matsuda, president of the Judicial Research and Training Institute of Japan, and judge of the High Court of Tokyo, was a visitor at the Law School in May. Dr. Matsuda, an authority on the corporation law of Japan, is touring the United States studying American methods of legal education.

United States District Judge Gus J. Solomon, of Portland, Oregon, spoke recently to members of the student body. Judge Solomon discussed practice before the Federal District Courts.

Book Review

The following review first appeared in Volume 7, Number 3, of the Journal of Legal Education and is reprinted here with the permission of the Journal and of the author.


This is a beautiful casebook, certainly one of the best in the business.

For those who are already admirers of the first edition, a paragraph from Steffen's preface will be enough to whet the appetite:

"This edition does not differ greatly from the first, put out fifteen years ago. It is somewhat better organized; there are a number of new cases; and, two or three new sections have emerged. Some interesting pictures of typical paper have been added. But in the main, it is the same 'team of horses.'" (P. xi.)

For people to whom the original team of horses is not well known, these are some of the virtues both of it and of the new one.

First, organization around transactions. Commercial law can be very blind and very dull, or otherwise, depending on whether one sees or does not see what goes on behind the papers. Steffen's organization around typical transactions and his factual introductions to each section and sharp footnotes to each case help both newcomers and old hands to understand the commercial facts behind the courts' opinions.

Second, organization, within the separate sections, around history. We all know that commercial law has deep roots in the past. But unless those roots are laid before us we may not realize how alive they are today. In Steffen, we meet Lord Mansfield frequently, and behind him, "a certain Marius," in context, close to the recent cases. It is amazing how the old law persists and illuminates the new. For instance, take the first case in Section 1, Chat v. Edgar, on p. 4. It was decided by the Court of King's Bench in 1663, but the transaction might have happened yesterday (substituting a bank or finance company for the parson as the drawer of the draft), and the result would be the same today. Or compare Lord Mansfield in Pillans and Rose v. Van Menop and Hopkins (K.B. 1765), on p. 789, with the Uniform Commercial Code, Section 5-106(1): "No consideration is needed... to establish a credit..." And have not Price v. Neal (K.B. 1762), on p. 446, and Gill v. Cubit (K.B. 1824), on p. 586, been fighting issues in the hearings before the Law Revision Commission of New York, in 1954, on the Uniform Commercial Code? The old commercial law, unlike so much of the feudal law of land, is still alive and kicking, and illuminates the present wonderfully.
Third, bank collection and payment, and also bank discount, both of cash items and of documentary drafts, are treated in some detail. This is confusing country. No doubt its terrors have been lessened for many small depositors by Federal Deposit Insurance; but banks still do fail sometimes, and not all items are under $10,000. And, aside from any failure, people do stop payment on some checks, creditors levy attachments upon bank accounts, and buyers of goods do sometimes garnish, in the bank, the payments they have just made against delivery of documents. So Steffen's Sections 22 (Stop Payment and Adverse Claim), 23 (Counter and Clearing House Payment), 24 (Payment by Draft), and 25 ("Solvent Credit") are important and live law.

Fourth, "Investment securities are dealt with in greater detail than in the first edition. They owe too much to commercial paper to be allowed to go their own way, as something sui generis." (p. xi.) I am sure that this is right. Negotiability and its results, I take it, were not invented for the benefit of any special group of holders, but to make transactions in the market more secure. The most active markets that we have today for paper and the accompanying rights are securities exchanges. If anything should be negotiable, securities should be. So it is right to treat their law, as this book does, in direct relation to the law about commercial paper out of which, indeed, it grew.

The Statutory Material pamphlet prints the Negotiable Instruments Law, the Uniform Stock Transfer Act, the HoRstader Act, the A.B.A. Bank Collection Code and Deferred Posting Statute, and some less important banking statutes. It does not print, for lack of space, the relevant Articles of the Uniform Commercial Code. (In Pennsylvania, or wherever else that Code may be enacted, students will, of course, own a copy of it anyway, and will need to check the cases against its provisions, just as they must now check them against the NIL, etc.) Instead, Steffen sets out sections of the Code, with his own sharp comments, under the cases where they seem most relevant.

Those of us who have worked so long and hard, whether successfully or not, to make the Code both fair and clear, cannot but be grateful to Steffen for the acuteness of these comments. If, sometimes, they seem to raise problems which a fuller study of the Code itself might dissipate, that is just another illustration of the enormous difficulty of clear drafting over such a large and diverse front.

Whether a given school will use this book or not will depend chiefly on how it organizes courses in Commercial Law. If, as under the new plan at Harvard, the whole law of commerce is treated as one field, there will not be time for the detailed development that Steffen gives. But if the assigned subject is the law of Bills and Notes alone, or that plus Bank Collections and Investment Paper, this is a grand tool. CHARLES BUNN, University of Virginia.

David C. Jackson, Bigelow Fellow at the Law School, who has been awarded the Fellowship of the Association of the Bar of the City of New York.

Faculty Notes

Professor Philip B. Kurland has been awarded a Guggenheim Fellowship for study in Great Britain. His work will center around a study of the Office of the Director of Public Prosecutions and will involve such questions as: (1) What conditions and considerations have given rise to the creation of the Office? (2) What functions does it now perform and what functions has it performed in the past? (3) What is the relationship between the Office, the executive, the legislature, the courts, the Bar, and the police? (4) Who have the Directors of Public Prosecution been, where have they come from, and where did they go? (5) What is the relationship between the Office and the Press? (6) What statistics and other data are relevant to a comparison between the way the Office works and the way our prosecuting attorneys work?

David C. Jackson, Bigelow Teaching Fellow, has been appointed Fellow of the Association of the Bar of the City of New York. The Association grants only one such Fellowship each year; the Fellow works with the committees and staff of the Association on research projects which the Association sponsors. Mr. Jackson, who is from Newcastle-on-Tyne, took his degree in law at Brasenose College, Oxford University, with first-class honors; he was also president of his College Law Society.
Insanity and the Law Conference

Prominent lawyers, professors, public administrators, and psychiatrists from many parts of the country took part in The Law School conference, “Insanity and the Law.” The conference, one of the regular Conference Series (The Law School Record, Winter issue), was held February 28. Some of the men who participated were: Dr. Addison Duval, assistant superintendent, St. Elizabeth Hospital, Washington; Herbert Wechsler, professor of law, Columbia University School of Law; Joseph D. Lohman, sheriff of Cook County and former Law School faculty member; Dr. Franz Alexander, Director, Institute for Psychoanalysis; Dr. Manfred S. Guttmacher, Chief Medical Officer, Supreme Bench of Baltimore; Abe Fortas, and others.

Law Review Reunion

The Fifth Annual Reunion Banquet of the University of Chicago Law Review took place at the Quadrangle Club on May 18. The Honorable Arthur Larsen, Undersecretary of Labor, was the featured speaker of the evening. Roger Cramton, one of the retiring Managing Editors of the Review, presided. A brief summary of the work of the Review during 1954-55 was presented by Norman Abrams, retiring Editor-in-Chief. Professors Brainerd Currie and Karl Llewellyn presented, in verse, two highly unusual casenotes.
Summer Quarter Courses

CRIMINAL LAW. Francis A. Allen, Professor of Law, Harvard University; Visiting Professor, The University of Chicago Law School.

CIVIL PROCEDURE. Jo Desha Lucas, Assistant Professor and Assistant Dean, The University of Chicago Law School.

LEGISLATION. Robert McClure, Professor of Law, University of Minnesota; Visiting Professor, University of Chicago Law School.

ACCOUNTING. Wilber G. Katz, James Parker Hall Professor of Law, The University of Chicago Law School.

CONSTITUTIONAL LAW. Kenneth Sears, Professor of Law, The University of Chicago Law School.

DAMAGES. Walter Blum, Professor of Law, The University of Chicago Law School, and Allison Dunham, Professor of Law, The University of Chicago Law School.

MORTGAGES. B. J. George, Jr., Assistant Professor of Law, University of Michigan; Visiting Professor, The University of Chicago Law School.

EVIDENCE. Delmar Karlen, Professor of Law, New York University; Visiting Professor, The University of Chicago Law School.

INTERNATIONAL LAW. Brunson MacChesney, Professor of Law, Northwestern University; Visiting Professor, The University of Chicago Law School.

SEMINAR: AN EXAMINATION OF THE ECONOMICS OF SELECTED FEDERAL REGULATORY AGENCIES. Aaron Director, Professor of Economics, The University of Chicago Law School.

National Conference of Law Reviews

Early in April the University of Chicago Law Review played host to the Third Annual National Conference of Law Reviews. Jack Beem and Bernard Nussbaum, Associate Editors of the host Review, were Co-Chairmen of the Conference.

The Conference was attended by more than a hundred delegates, representing thirty law reviews. Two days were spent in panel discussions of editorial, production, and circulation problems common to all reviews. The featured speaker at the Annual Dinner was Mr. Lloyd Garrison, at one time Dean of the University of Wisconsin Law School and now a senior partner of Paul, Weiss, Rifkind, Wharton and Garrison, New York.

The Dinner Meeting of the National Conference of Law Reviews.

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The Dinner Meeting of the National Conference of Law Reviews.
Alumni Meetings

In recent weeks five alumni meetings have been held in various parts of the country, and, as copy for this issue goes to the printer, three more such gatherings are imminent.

The alumni of the Kansas City area were hosts to Professor Sheldon Tefft in April at a meeting arranged by George Leonard, ’29. Professor Tefft, at a dinner at the Kansas City Club, discussed recent developments in the program of the School. The following afternoon he attended a baseball game at which, either because of his presence or in spite of it, the Chicago White Sox defeated the Kansas City Athletics by a score of 29-6, tying the major-league record.

Edward C. Fritz, ’40, arranged a dinner meeting in Dallas in honor of Professor Wilber G. Katz, who had traveled to Dallas to speak at Southern Methodist University’s annual Lawyer’s Week.

Dean Edward H. Levi visited the alumni in New York and Washington in mid-May. George F. James, Jr., formerly a member of the Faculty of the School, was in charge of the luncheon meeting at the Bankers Club. The purposes of the Washington luncheon, set up by H. Charles Ephraim, ’51, and Milton P. Semer, ’49, were twofold. Dean Levi reported on some aspects of the School’s program, and the gathering also served as the initial organizational meeting of the University of Chicago Law School Alumni Club of Washington. Newly elected officers of the Washington Alumni Club are: William P. McCracken, Jr., ’11, president; Marcus Cohn, ’38, vice-president; Melvin Spaeth, ’52, secretary; Newell Clapp, ’34, placement chairman; and Milton P. Semer, ’49, program chairman.

On the occasion of the seventy-ninth Annual Meeting of the Illinois State Bar Association, Professor Brainerd Currie and Assistant Dean James Ratcliffe attended an alumni luncheon in Rockford. Stanton E. Hyer, ’25, of Rockford, arranged for the meeting.

On June 2, during the University’s Alumni Week, the Class of 1935 held a Reunion Dinner at the Quadrangle Club, with Robert Shapiro and Sidney Zatz in charge. Morris E. Feiwell and Henry F. Tenney did the planning for the Fortieth Reunion of the Class of 1915, held the following week, on June 10 and 11.

On June 10 also, Professor Brainerd Currie and Assistant Dean James Ratcliffe spoke at an alumni luncheon in Cincinnati, during the Big Seven Regional Meeting of the American Bar Association.

The School held a luncheon meeting for all alumni on Friday, June 3, during University Alumni Week. The luncheon was held on the lawn, between the Law Building and the Law Dormitory, as were several similar meetings during the dedication of the American Bar Center last summer. Professors Brainerd Currie, Allison Dunham, and Max Rheinstein discussed recent Supreme Court cases.
The meeting of Dallas alumni and wives honoring Professor Wilbur Katz, who is seated in the center at the far end of the table. On Professor Katz's right is Edward C. Fritz, '40, who arranged the meeting.

Alumni Notes

John Potts Barnes, JD'24, has been appointed General Counsel of the Internal Revenue Service. During his many years of practice in Chicago, Mr. Barnes has on occasion taught at The Law School as a Lecturer in Law. At the time of his appointment, and for some years previously, he was a member of the Chicago law firm of McKinney, Carlson, Barnes and Smalley. Mr. Barnes has agreed to speak at the Law School's annual Federal Tax Conference, to be held this year on October 26-28.

Henry Weihofen, JD'28, JSD'30, Professor of Law at the University of New Mexico, was the recipient of a double distinction this spring. He was selected to deliver the Annual Research Lecture at the University of New Mexico (nomination as lecturer may be made of any faculty member of the University in recognition of outstanding work in research). A short time later Professor Weihofen received the Isaac Ray Award from the American Psychiatric Association. The Ray Award is presented each year for outstanding work in furthering understanding between psychiatrists and lawyers on legal questions involving mental disorders. Professor Weihofen was one of the participants in the Law School's Conference on Insanity and the Law, held during the Winter Quarter of this year.

Albert S. Long, Jr., JD'47, has been appointed General Solicitor of the Chicago, Indiana, and Louisville Railway Company, generally known as the Monon.

We note with regret the recent deaths of two alumni of the School. William G. Stone, JD'18, was a lifelong resident of St. Joseph, Missouri, where he practiced from the time of his graduation. He served as president of the St. Joseph Bar Association and was active in church and charitable work, the American Legion, and the Masonic order. Robert Guenther, JD'15, was an eminent member of the Bar of Akron, Ohio, for many years. He was president of the Ohio State Bar Association and of the Akron Bar Association. He served as a member of the Akron Board of Education during a period in which he took a prominent part in defeating the efforts of the Ku Klux Klan to take over the Akron school system. He was active also in local Democratic politics and in Masonic and American Legion affairs. At the time of his death he was a director of eleven corporations and a trustee of five charitable and educational institutions.

Cola G. Parker, JD'12, of Neenah, Wisconsin, has been nominated for the presidency of the National Association of Manufacturers. Mr. Parker, chairman of the Kimberly-Clarke Corporation, is a national vice-president and director of the NAM. He is a former chairman of the National Industrial Conference Board, chairman of the Federal Home Loan Bank of Chicago, and a member of the Commission on Foreign Policy.

Thomas S. Edmonds, JD'25, will soon take office as president of the Illinois State Bar Association. Mr. Edmonds is now completing his term as first vice-president and has been active in the Association for many years. He is a member of the firm of Edmonds and Linneman, Chicago.

Alumni Fund Meeting

Edward Ryerson, Chairman of the Board of Trustees of the University of Chicago, was the featured speaker at a luncheon meeting held in May at the University Club for alumni who are working on the current Alumni Fund Campaign. Dwight P. Green, '12, General Chairman of the Campaign; Glenn A. Lloyd, '23, Trustee of the University and former President of the Law School Alumni Association; Morris E. Feiwell, '15, President of the Alumni Association; and Dean Levi also spoke briefly to the more than fifty fund workers in attendance.

What '30 Did in 25!

Jerome S. Weiss, '30

Not only was it the largest class in the history of the Law School, but it was studded with more brilliant members than any other class, as any one of them would be the first to acknowledge.—Eli E. Fink, President, Class of '30.

This modest statement for such a rugged group of individualists is not so self-serving as appears at first blush. Consider if you will these dialectical truths:

a) The only class with 121 members. A sharp contrast to the 47 members in each of the classes of 1910 and 1940;

b) The only class to produce 9 Coif men; reputedly due to the over-all scholastic excellence;

c) The last class to savor the brilliance, learning, and challenge of each of these great ones: Hall, Freund,
Mechem, Bigelow, Hinton, Bogert, Puttkammer, Sears, and Woodward;

d) The first class to greet the deep depression of the thirties, and surviving its ravages to the end that approximately 75 per cent of its members remain in active, successful practice;

e) The only class large enough to give you these significant statistics: of the 75 per cent remaining in the law practice, approximately 36 per cent are with firms, 20 per cent practice alone, 13 per cent are in government law positions, 4 per cent are in business-law positions, and 2 per cent in law teaching, lecturing, or writing;

f) The only twenty-five-year class whose continuing youthful vigor is the only possible explanation for its absence of representation on the judiciary;

g) The only class that can successfully boast of a foreign news editor, three “sound” bankers, an investment banker, a chairman of the board of two national banks, a representative of a large insurance company in the Million Dollar Club, the general counsel of TVA, the chief counsel of Chicago’s Aldermanic Crime Committee, two husband-and-wife law partnerships and another that might have been, two professors of law, four local bar association presidents, a director of industrial relations of one of the largest corporations in America, a Ph.D., an embryonic Ph.D., two LL.D.’s, and at least one named in Who’s Who in America;

h) The only twenty-five-year class whose military record indicates that, for each 20 members in military service, 16 were officers; whose activities in their respective communities are led by 41 out of every 85 of its members; and whose activities in judicial, quasi-judicial, bar association, or similar professional pastures are nurtured by 30 out of each 85 of its members.

We could go on with various other firsts and lasts, but by now you must be convinced of your meritorious Class of ’30. It is not due to impoverishment of classical knowledge that we fail to quote appropriate learned statements from the classics of Aristotle, Socrates, Plato, or even Machiavelli to further indicate the culture of the class. We thought, however, you would be more interested in the philosophical gems uttered by certain of our classmates which, after twenty-five years, may aptly describe your own state of mind:

“Living a full life—a large family, a busy practice, and participation in a multitude of activities of the organized bar, civic and charitable organizations.”—William H. Alexander.

“A lot of people depend on me for advice on a vast array of subjects. They think it is good, and probably most of it is.”—Merritt Barton.

“All of my experience has pointed toward the work I am now doing, which is to help family and businessmen do a better job of planning their estates. It is very fascinating and rewarding work.”—Lester F. Beck.

“I have been a busy man. I have enjoyed my law practice as well as my business activities and community and church work. My ties with my family have been very close and a source of increasing pleasure and satisfaction to me. . . .”—R. Guy Carter.

“I consider myself fortunate in having been extremely busy during the past twenty-five years and having engaged in matters of great variety and interest. . . . All in all, the law has been kind to me, and I have been very happy in my chosen profession. Not among the least of the values derived from the practice have been the close friendships which have been developed through the years with so many fellow-attorneys and clients and the continuance of the warmth of affection for each other displayed on so many occasions during the last twenty-five years by the members of the Law School Class of 1930.”—Elia E. Fink.

“Have always looked backward with joy at the happy hours at the University of Chicago, and at the Law School. Am very proud at the high standing of our Law School.”—Milton L. Durschlag.

“Weere I to enumerate my blessings, prominently listed among them would be the friendship and consideration of my fellow-attorneys and the lasting regard and respect, not only of my clients, but of my adversaries.”—Francis G. Joly.

“Dear me! Twenty-five years. It seems only yesterday that I was worrying about whether Putty would flunk me, and Doc Freund was asking, ‘Is that very obscure?’”—Gordon Moffett.

“From the questionnaire, you have convinced me how utterly dull and unimportant my life has been.”—Stanley J. Morris.

“If I had to do it all over again, I don’t know what I would change.”—Raymond Perlman.

“In tense and tempestuous times, your alumnus carried the flag high and straight down the narrow path of virtue. Though he looked to left and right, ducked when required, and halted when necessary, his march has continued, somewhat slowly to be sure, but forward and forward and forward, he knows not where.”—Irving Peter Pelaum.

“Just an old country lawyer, with all the trials and tribulations and ups and downs that go with twenty-five years of such practice.”—Stanton H. Prentiss.

“Nothing happened as I originally planned. . . . It’s been a crammed-full quarter century; glad I was here to see and participate in it.”—Robert G. Reed.

“I am just a hardworking, conscientious attorney at law.”—Edwin T. Schneebberger.

“. . . I might say that the general foundation I received in Law School has greatly increased the pleasure I have in my work-a-day practice of the law.”—Donald L. Vetter.

As in every picture, there are the bright and dark spots.

**Dark Spots**

We mourn the death of the following of our classmates: Neil Ausmus, Richard R. Isaacs, Arthur W. Janklow, Henry M. Kline, Harry M. Newburger, and Jerome H. Solomon.
We regret that, owing to lack of any record, we have been unable to contact the following of our classmates: Robert E. Chaffee, Pao Heng Chang, Arthur A. Raymond, and Harry Sonenthal.

Our attention has been directed to the fact that our good friend, Bob Raleigh, has been seriously ill and hospitalized and therefore unable to return his questionnaire. We wish him Godspeed and an early recovery.

By reason of their failure to return a questionnaire, we are unable to inform you of the acts and doings of classmates:

Charles W. Allen
George H. Allison
Chester L. Anderson
William H. Brown
Ruth Carmichael
James C. Cobb
James V. Ford
John W. Golosinec
Sidney Grossman
Stuart Hertz
Mrs. Stuart Hertz
Harold A. Hughes
Arthur J. Jennett
Joseph S. Jones
Oscar A. Jose, Jr.

Robert L. Katz
Louis H. Kohn, Jr.
James R. McCabe
Frank A. McKinley
Asa J. Merrill
Charles M. Moss
Harold A. Olson
Spencer D. Parratt
Samuel S. Pollya
Robert N. Reid
Maurice Schraeger
William H. Sloane
Ralph E. Webb
M. Jay Weinstein
Maurice S. Weinzelbaum

Bright Spots

The following is information summarized from questionnaires received from your busy classmates. Except in necessary self-interest, your orator did not unduly indulge in any poetic license to expand or contract information submitted. If either "too little" or "too much" is noted, just remember you said it—we printed it!


Allen, Albert H.—Member, firm of Albert H. Allen and Michael J. Fasman. Member, Los Angeles, State of California, and Beverly Hills bar associations. Former member of Board of Trustees, Beverly Hills Bar Association. Past president of Guardians, Jewish Home for Aged; president, American Friends of Hebrew University, and member, Board of Directors, Brandeis Camp Institute. Has traveled extensively over the last ten years through the Central American countries, Europe, and round-the-world trip by plane. Interested in Asian affairs. Has number of hobbies, including deep-sea fishing, photographic work, piano, golf, and travel. Headed capital funds drive for Hebrew University in 1953. Married and has two sons and a daughter, ages three and a half to eleven. Home address: 618 N. Elm, Beverly Hills, Calif. Office: 9441 Wilshire Blvd., Beverly Hills, Calif.

Barrett, Edward J.—Printing and publications officer, Cataloging Division, Office of Assistant Secretary of Defense. Practiced law for only six years and then joined staff of Director, Department of Registration and Education, in Springfield as attorney and chief clerk under Governors Horner and Green. Began federal government service in 1941 with Provost Marshal General’s Office; appointed to Supreme Commander for Allied Powers Headquarters (SCAP) in the Pacific and flew from Washington, D.C., to Tokyo, assisting members of legal staff, Japanese Ministry of Communications, to draft legislation for regulation of their civil communications, including radio, telephone, and telegraph. Also served in Office of Chief Financing Officer as assistant chief, Securities Section. Appointed to Munitions Board. Unmarried. Home address: 7923 Dogwood Pl., Belvedere, Falls Church, Va. Office: Department of Defense, Assistant Secretary of Defense, Washington 25, D.C.

Barton, Merritt.—Field solicitor, Santa Fe, New Mexico, in Office of Solicitor, Department of Interior. Member, Federal Bar Association and Association of Interstate Commerce Practitioners. U.S. Navy, World War I; lieutenant commander and commander, World War II. Practiced law in Canal Zone, 1932-34. Married. No children. Home address: 1830 Kiva Rd., Santa Fe, N.M. Office: Box 1728, Santa Fe, N.M.

Beck, Lester F.—Agent, Connecticut General Life Insurance Co. Served as trust officer in Chicago banks, 1930-35; assistant counsel of National Board of Fire Underwriters, New York, and counsel, National Automobile Underwriters Association, 1935-41; served as chief, Insurance Section, Army Ordinance, 1941-42; chief, Central Insurance Division, Navy Department, 1942-44; secretary, Travelers Insurance Co., 1944-46. Married and has two children, ages six and nine. Home address: 65 Blue Ridge Lane, West Hartford 7, Conn. Office: 64 Pearl St., Hartford 4, Conn.


Bernard, Frank C.—Partner, firm of Sonnenschein, Berksman, Lautmann, Levinson & Morse. Chairman, Real Property Law Committee, Chicago Bar Association; member of Committee on Landlord and Tenant, Illinois State Bar Association; member of Committee on Conveyancing and Recording Practices, American Bar Association; former member, Committee on Defense of Prisoners and Younger Members Committee, Chicago Bar Association. Has written article for Chicago Bar Record on sale and leaseback transactions and is now preparing one for Illinois Law Forum. Married and has a daughter and son, ages nine and twelve. Home address: 6815 Crandon Ave., Chicago 49. Office: 77 W. Washington St., Chicago 2.
BITTRICH, ROBERT F.—Pro secretary, Trust Department, Harris Trust and Savings Bank. Member, Chicago Bar Association. Married and has a daughter who is now a student at Lake Forest College. Home address: 2634 N. Sacramento Ave., Chicago 47. Office: 111 W. Monroe St., Chicago 90.


CARTER, ROBERT GUY.—Senior partner, firm of Carter, Gallagher, Roberts, Jones & Magee. President and one of principal stockholders of Classified Parking System, which operates chain of 160 parking stations in principal cities of Texas. Has served as president of Texas Association of Claimants' Attorneys; vice-president, Dallas Bar Association; chairman, Insurance Section of State Bar of Texas. Director of National Parking Association. Chairman of Board of Trustees of Canterbury House and St. Alban's Chapel, an Episcopalian student center just off campus at Southern Methodist University. Has served as president of Ex-Students Association of Texas Technological College. Present member of Vestry and chairman of Building Committee at St. Matthew's Cathedral Parish in Dallas. Married and has four daughters, two of whom are married; the other two attending Mount Vernon Junior College and Hockaday Girls School. Home address: 4926 DeLoache St., Dallas, Texas. Office: Eighth Floor, Gulf States Building, Dallas, Texas.


COHEN, IRWIN N.—Chief counsel, Chicago City Council Emergency Committee on Crime. Served five years as assistant U.S. Attorney, Northern District of Illinois; as U.S. Attorney (by appointment of District Judges) for three months; and as First Assistant U.S. Attorney for five months; and prior thereto, for five years, as attorney for Illinois State Tax Commission. Married and has two sons, ages twelve and fourteen. Home address: 2609 N. Hampden Court, Chicago. Office: 105 W. Madison St., Chicago.


DURCHSLAG, MILTON L.—Engaged in private practice of law and also operating Durchslag Realty Co. Draft Board advisor. Married and has three sons and a daughter, who is a junior at the University of Michigan. Home address: 3018 Palmer Square, Chicago. Office: 2308 Milwaukee Ave., Chicago.

FERLIC, FRANK J.—Assistant States Attorney of Cook County. Member of Chicago Bar Association. In private practice for seven years; assistant public defender for fifteen years, having defended about 17,000 felons. Teaching criminal law and procedure at John Marshall Law School. One of a committee instrumental in having Illinois Post-conviction Law passed and its constitutionality upheld. Aided in eliminating
the “Merry-Go-Round” discussed by U.S. Supreme Court. Married and has a married daughter, as well as two other 
daughters and two sons. Home address: 304 S. Delphia Ave., 

FINK, ELI E.—Partner, firm of Fink & Miller. Left law 
practice during 1944-45 to serve as comptroller of Shure 
Brothers, Inc., manufacturers of military microphones 
and headphones. President, Young Men's Jewish Council. 
Presented with Medallion Award by Boys Club of America. 
Member of Advisory Board, American Civil Liberties 
Union; trustee of Steven David Epstein Memorial Foundation 
since its inception in 1950. First person of Class of 30 whose 
name appeared in Illinois Supreme Court Reporter. Has 
written several articles for legal periodicals in the fields 
of contract law, patents, and taxation. Making first European 
trip in summer of 1955. Married and has one son, age fif­ 
teen. Home address: 1311 Sunview Lane, Winnetka, Ill. 
Office: 105 W. Adams St., Chicago 3.

FRI, VERNE N.—Engaged in private practice of law. Has 
appeared as special counsel for Department of the Army, 
for Federal Reserve Bank of San Francisco, and for the 
Insurance Commissioner of State of California. Left part­nership of Boyle, Holmes, Fry & Garrett in 1947 to engage in 
management of various businesses for a former client. 
The growth of these businesses resulted in his being adminis­trator 
for nine divergent active businesses and inclusion in Who's 
Who in Commerce and Industry for 1953. Married and has 
one daughter, age fifteen. Home address: 1637 Valley View 
Road, Glendale, Calif. Office: 3440 Wilshire Blvd., Suite 
704, Los Angeles 5, Calif.

GERTZ, ELMER.—Engaged in private practice of law. Previously 
associated with law firm of Melnerney, Epstein & Arvey, 
Chicago. Member of Chicago Bar Association; president, 
Decalogue Society of Lawyers; chairman, Mayor’s Housing 
Committee as well as Veterans Housing Committee. One 
of founders and former president, Legal Committee of Housing 
Conference of Chicago. Former member of first Statutory 
Advisory Committee to Chief Justice of Municipal Court 
of Chicago. Former member of Advisory Board of Chicago 
Council against Racial and Religious Discrimination and 
former secretary, having been twice presented with awards 
by the Council. Presented with award by Decalogue Society 
of Lawyers and saluted by Chicago Sun-Times for his civic 
activities. Member of City Club and various historical so­ 
cieties and groups. On National Advisory Board for Com­mission 
on Law and Social Action of American Jewish Con­gress; on Board of American Friends of Hebrew University; 
Chairman of Civic Affairs Committee of Decalogue Society 
of Lawyers since formation of Committee. Former president, 
Civil War Round Table. Author of various books, pamph­lets, 
plays, and articles. Married former secretary and has 
son, a premedical student at University of Illinois, and a 
daughter in high school. Home address: 6249 N. Albany 
Ave., Chicago 45. Office: 221 N. La Salle St., Chicago.

GLICK, PHILIP M.—Visiting Professor of Economic Develop­ment, University of Chicago. Member, American Bar As­sociation. In private practice for three and a half years and 
twenty years as government lawyer. Served in the U.S. Navy 
during World War II. Upon leaving the Navy, returned to 
War Relocation Authority (WRA) as deputy director to 
assist in returning evacuated Japanese-Americans to civilian 
life and to help close relocation centers that had been ad­ministered by WRA. As a government lawyer, was chief of 
Land Policy Division of the Office of the Solicitor of the 
U.S., Department of Agriculture, and in this capacity pre­pared 
a “Standard State Soil Conservation Districts Law” 
which was thereafter adopted in all forty-eight states, Puerto 
Rico, the Virgin Islands, Hawaii, and Alaska; as solicitor and 
later as deputy director of the WRA, worked on pro­gram 
for rehabilitating and relocating evacuees; first general 
counsel of the Technical Cooperation Administration, set up 
to initiate Point IV program to help formulate basic policies 
and procedures. Married. No children. Home address: 116 
E. Melrose St., Chevy Chase, Md. Office: 1606 New Hamp­shire 
Ave. N.W., Washington 25, D.C.

GOLDBERG, ARTHUR A.—Vice-president and general counsel, 
Balaban & Katz Corp. Served in the U.S. Army eighteen 
months. Married. No children. Home address: 411 Roscoe 
St., Chicago. Office: 175 N. State St., Chicago.

GOLDBERG, LOUIS B.—Associated with brother as member of 
the firm of Goldberg & Goldberg, Member, Decalogue So­ciety 
of Lawyers and Illinois Bar Association. Director, Young 
Men’s Jewish Council; president, Congregation Beckler 
Cholim. Married and has two sons. Home address: 7714 Essex 

GOODMAN, IRVING.—Private practice of law. Served four 
years in the U.S. Air Force, 1942-46, with two years in the 
Pacific. Unmarried. Home address: 6843 Cornell Ave., Chi­
icago. Office: 33 N. La Salle St., Chicago.

GORHAM, SIDNEY S., JR.—Partner, firm of Miller, Gorham, 
Wescott & Adams. Former treasurer and former member of 
Board of Managers, Chicago Bar Association. Married and 
has three children. Home address: 656 Airdsley Rd., Winnetka. 
Ill. Office: 1 N. La Salle St., Chicago 2.

GROSS, LEON R.—Federal administrator and attorney, De­partment 
of Justice, Office of Alien Property. Chairman, Committee on Professional Ethics and Unauthorized Practice 
of the Bar Association of Hawaii; member, American Bar 
Association and Bar Association of Hawaii; legal counselor 
for Pacific War Memorial Commission. Received Ph.D. and 
J.D. degrees. Formerly associated in Chicago with law firm of 
Marshall & Marshall and with Samuel A. and Leonard B. 
Ettelson. Admitted to practice of law by Supreme Court of 
Illinois and Supreme Court of Hawaii; also before U.S. 
Court of Appeals and U.S. District Courts of Northern Illi­inois 
and Hawaii. Named special assistant to U.S. Attorney- 
General. Served as naval officer in overseas duty and with 
Bureau of Aeronautics, Division of Surplus Property. Mar­ried 
and has a son and a daughter. Home address: 2366 
Oahu Ave., Honolulu, T.H. Office: c/o Office of Alien Prop­erty, U.S. Department of Justice, Honolulu, T.H.

GUTHMAN, SEYMOUR S.—Owner, firm of Slattery & Guth­man. Served in the U.S. Army, 1942-45. Married and has 
one son, age ten. Home address: 3000 Thirty-ninth St. N.W., 
5, D.C.
Hallows, E. Harold.—Partner, firm of Marshutz, Hoffman & Hallows. Member, Judicial Council of Wisconsin; president, Milwaukee Bar Association, 1948-49; president, Wisconsin Bar Association, 1953-54; chairman, Wisconsin Committee for Improvement of Administration of Justice, American Bar Association. Received Honorary Degree L.L.D., Mount Mary College (Milwaukee), 1951; Director, Milwaukee County Society for Mental Health (president, 1952); director, Milwaukee Psychiatric Services; director, Institute of Human Education; member, Board of Governors, Mount Mary College; director, American Judicature Society; member, Legal Panel, St. Vincent de Paul Society; member, American Society of International Law. Married and has a son and a daughter. Home address: 2544 N. Harding Blvd., Wauwatosa, Wis. Office: 324 E. Wisconsin Ave., Milwaukee, Wis.

Hanson, Howard Dorian.—Engaged in private practice of law. Married and has three sons, ages six, thirteen, and fifteen years. Home address: 10463 Tennessee Ave., Los Angeles, Calif. Office: 650 S. Spring St., Los Angeles, Calif.


Hastings, John D.—Member, firm of Hubachek & Kelly. Member, Chicago Bar Association Committee on Constitutional Revision and Illinois State Bar Association Civil Rights Committee. During the war served with OPA as Deputy Regional Enforcement Attorney and subsequently Hearing Commissioner. Married and has two daughters and a son. Home address: 1565 Asbury Ave., Evanston, Ill. Office: 919 N. Michigan Ave., Chicago.


Johnstone, Robert B.—Engaged in private practice of law. Acting district enforcement OPA attorney for Chicago Area in 1941, and in May, 1944, principal attorney. Chief litigation attorney for OPA, setting up Litigation Departments in various cities. In private practice since May, 1945, as trial lawyer, having handled such outstanding cases as U.S. v. Quinn, 69 Fed. Supp. 488 and 188 Fed. (2d) 252; U.S. v. Touchy & Ragen, 180 Fed. (2d) 321; and Holzman v. Barrett, 192 Fed. (2d) 113. Member, Committee on Defense and Prisoners, Chicago Bar Association. Formerly associated with Cassels, Potter & Bentley, where he handled labor relations and labor disputes for number of large corporations. He was a member of that firm until 1941, when he joined the armed forces. Has a daughter and son, ages twenty-five and eleven. Home address: Washington Hotel, 167 W. Washington St., Chicago. Office: 103 S. La Salle St., Chicago.

July, Francis G.—Engaged in private practice of law. Member, Chicago Bar Association, Law Institute, and Delta Theta Phi Law Fraternity. Director, Beverly Improvement Association of Chicago; chairman of Law and Zoning Committee, and member, Committee on Legislation of said association. Married and has a married daughter who has presented doting grandparents with two granddaughters and a grandson. Home address: 9337 S. Claremont Ave., Chicago. Office: 77 W. Washington St., Chicago.

Jones, John T.—Engaged in private practice of law. Former member, Board of Directors, Cook County Bar Association; member, Public Relations Committee, Illinois State Bar Association; member, Grievance Committee, Cook County Bar Association. Member, Board of Directors, Wabash Avenue YMCA. Married and has one son, age sixteen. Home address: 6843 S. Indiana Ave., Chicago. Office: 305 E. Garfield Blvd., Chicago.


Joseph, Milton K.—Partner, firm of Shulman, Shulman, Abrams & Joseph. Member, Committee on Civil Practice, Chicago Bar Association. Member, Board of Directors, Suburban Lodge B'nai B'rith, and member, Board of Directors, Men's Club of North Shore Congregation Israel. Married Dr. Lillian S. Tarlow, assistant professor of pathology, Stritch School of Medicine, and staff pathologist, Oak Park and Marth Washington hospitals. Has two sons, ages fifteen and seventeen, who are students at New Trier Township High School. Home address: 1018 Eastwood Rd., Glencoe, Ill. Office: 134 N. La Salle St., Chicago 2.


Kollenberg, Alec E.—Own insurance firm dealing mostly in life insurance in connection with estate and business analysis. (Member of the "Million-Dollar Club.") Married and
has two daughters, ages thirteen and sixteen, the latter a freshman at the University of Chicago. Home address: 5522 Hyde Park Blvd., Chicago 37. Office: 1 N. La Salle St., Chicago 2.


Lane, Charles F.—Partner, firm of Clarke, Longmire & Lane. Member of National and Cook County bar associations. Member, Board of Directors, Washington Park YMCA; member, Board of Deacons, Good Shepherd Congregational Church; member of city-wide “Adult Program Committee.” YMCA. Former general counsel, Alpha Phi Alpha Fraternity. Married and has one daughter, age nineteen. Home address: 6227 Evans Ave., Chicago 37. Office: 417 E. Forty-seventh St., Chicago 15.

Leffmann, Paul H.—Partner, firm of Leffmann & Lewy. Assigned to Combat Intelligence during war, attaining rank of lieutenant colonel. Married. Wife a creator of original designs and fabrics, painter, and sculptress. Has one son who is a graduate student of University of Illinois. Home address: 480 Lee Road, Northbrook, Ill. Office: 1 N. La Salle St., Chicago.


Lissner, Herbert H.—Partner, firm of Lissner, Rothenberg & Barth. Married and has a daughter and a son. Home address: 3730 Lake Shore Dr., Chicago. Office: 134 N. La Salle St., Chicago.


Meriwether, Edward Baylor.—Professor of law, University of Arkansas. Member, American, Arkansas, and Washington County bar associations. Member of the Arkansas Bar Association that wrote the Arkansas Probate Code. Awarded L.L.D. degree in 1952 by his undergraduate college, Shurtleff College, Alton, Ill. Active for ten years in Fayetteville Community Chest; eight and a half years on City Library Board; eight years on local Red Cross Board and on Advisory Committee of the Order of De Mols, Member of Masonic bodies, Acacia Fraternity, Phi Delta Phi, and Delta Sigma Pi. Unmarried. Home address: 1445 Cardwell Lane, Fayetteville, Ark. Office: School of Law, University of Arkansas, Fayetteville, Ark.

Meserve, Albert J.—Engaged in private practice of law. Former assistant Attorney-General of Illinois; former secretary, Governor Green’s Illinois Lake Michigan Diversion Committee; former chairman, Joint Civic Committee on Elections. Conducted and argued Illinois lake diversion case in the U.S. Supreme Court and the Lake Michigan pollution cases against the state of Indiana and seventeen major national industries. Former member of Board of Managers, Chicago Bar Association; chairman, Committee on War Activities; member, Committee on Admissions; former chairman, Section on Administrative Law, Illinois State Bar Association. Unmarried. Home address: 70 E. Walton Place, Chicago. Office: 231 S. La Salle St., Chicago 4.


Partlow, Harry C.—Engaged in limited law practice in Casey, Illinois, under own name, and general counsel, Mid-State Products Co., Indianapolis, Indiana. Member, Illinois State Bar Association. City attorney for Casey, Illinois, 1931-42; past secretary and member of Board of Education, Casey Township High School and former member of Board of Directors, Casey Township Library. Formerly, editor, secretary and treasurer, Mid-State Products Co., Indianapolis, Indiana. Formerly vice-president and director, First National Bank, Casey, Illinois. Biographical-career data appear in current issue of Who’s Who in the Mid-West and have appeared in similar issues for the last twelve years. Married. No children. In recent years has had opportunity to travel extensively over the U.S. to develop several interesting hobbies, such as photography, astronomy, magnetic tape and wire recording, the study of mathematics, electronics, and French, Spanish, and German languages. Home address: Casey, Ill., and 3777 N. Meridian St., Indianapolis, Ind. Office: Casey, Ill., and 333 W. Eighteenth St., Indianapolis 2, Ind.

Penstone, Giles H.—Attorney in Charge, Kansas City Office of Solicitor, U.S. Department of Agriculture. Served in the Army with Tank Destroyer Commands and Judge Advocate General Corps; also did contract work at Frankford Arsenal and San Francisco Ordnance District. Attained rank of major. Married Edna Jersild. Has a daughter at-
DePauw of also M.I.T. Radiation Women's Married and has National served to Division, Treasury Commission. alumnus of in University, received various Chicago St., Married 120, No nator in Sun-Times Times. Illinois Evanston, Peter, Married and Wright, specializing ter lending representing Piping RAYMOND.-Patent Perron, Bernard Petrie, Bernard PIOOT, three Mission, Department committees; lecturer. Has had seven, terrow, specializing in corporate financing and generally representing lending institutions. Married and has a daughter and three sons, ages four, seven, ten, and fourteen. Home address: 627 Library Pl., Evanston, Ill. Office: 211 Wacker Dr., Chicago 6. PIDOT, GEORGE B.—Partner, firm of Shearman & Sterling & Wright, specializing in corporate financing and generally representing lending institutions. Married and has a daughter and three sons, ages four, seven, ten, and fourteen. Home address: 20 Exchange Pl., New York City, N.Y.


RANDOLPH, MURRAY.—Engaged in private practice of law. Married and has one son. Home address: 213 Ridgewood Dr., Highland Park, Ill. Office: 208 S. La Salle St., Chicago 4.


SWIDLER, JOSEPH C.—General counsel, Tennessee Valley Authority, since 1945. Secretary, TVA, and chairman, TVA Retirement System Board. Worked for David E. Lilienthal when first out of law school until Lilienthal was appointed to the Wisconsin Public Service Commission. Practiced law only briefly. In 1933 went to work in Office of Solicitor, Department of the Interior. Started with TVA shortly after it was created. Prior to Navy service, on loan to Department of Justice, working with Alien Property Bureau and the War Production Board, serving as counsel for the Office of War Utilities. During war was inducted in Sea-Bees, commissioned and in Office of the Navy General Counsel, working on contract settlement problems. Served briefly on staff of the Army and Navy Munitions Board. On Board of Temple Beth El, Knoxville Mental Health Association, Knoxville Art Center, Knoxville Round Table of Christians and Jews, and Knoxville Fellowship House. Married and has a son and daughter, ages six and ten. Home address: 3347 Talahi Dr., Knoxville, Tenn. Office: Tennessee Valley Authority, 609 New Sprinkle Bldg., Knoxville, Tenn.

TếtTielebaum, JOSEPH D.—Engaged in private practice of law. Member, Chicago Bar Association and Law Institute. Has lectured and taught courses on various phases of real estate law and practice. Married and has two daughters, ages seven and eleven. Home address: 2209 W. Thome Ave., Chicago, Ill. Office: 39 S. La Salle St., Chicago.


VETTER, DONALD L.—Partner, firm of Bradley, Pipin, Vetter & Eaton (all partners alumni of University of Chicago Law School). Member, former secretary, and former member, Board of Managers, Chicago Bar Association. Former village attorney, Village of River Forest, Illinois. Married and has two daughters and one granddaughter. Home address: 627 Monroe Ave., River Forest, Ill. Office: 135 S. La Salle St., Chicago.

WAGNER, VIVIAN.—Doing small amount of legal work, primarily in the area of divorce. Student at University of Chicago for last four years, working on Ph.D. in Human Development and as intern at the Counseling Center of the University, where presently employed. Worked for Legal Aid Bureau of the United Charities for eleven years, the last eight of which were primarily in trial work. During the war, worked in Washington for OPA as legal adviser to Economic Adviser on wage-price matters, doing liaison work between OPA, War Labor Board, and Office of Economic Stabilization. Married to Dr. David H. Wagner, surgeon at Michael Reese Hospital. No children. Home address: 5532 South Shore Dr., Chicago 37.


WINNE, BERNARD W.—Engaged in private practice of law with wife. Has two sons, one graduating from University of Illinois, to continue in law school, and other son in high school. Home address: 5518 W. Gladys Ave., Chicago. Office: 516 W. Harrison St., Chicago.

WOLF, ALLAN M.—Buyer, Consolidated Foods Corporation. During war, stationed with U.S. Navy in Hawaii as Recorder for Summary Court-Marital and as Station Legal Officer, attaining rank of lieutenant, senior grade. Married and has a

Wolfson, Leo.—Partner, C. J. Wolfson & Co. Formerly associated with law firm now known as Levinson, Becker & Peebles, 1930-42, at which time left practice of law to be associated with present business. Former president, Men’s Club of Beth Ann; former president, Men’s Apparel Club of Indiana. Former vice-president, National Association of Men’s Apparel Clubs. Married to Janet Harris, Ph.B. University of Chicago, 1932. Has two sons, ages twelve and sixteen. Home address: 7733 Luella Ave., Chicago 49. Office: 307 W. Van Buren St., Chicago 7.

Addendum

Well, that’s it for the first twenty-five! It might simplify procedures if you would let the Law School know from time to time what you are doing for the next twenty-five. This brings to mind the fact that, after the above success story, the School might think it exaggerated unless some healthy contributions are forthcoming from every one of you. The Law School has made great strides. Those of you who are in touch know that there truly are a new set of “greats” training the minds of the future. The School has outgrown its physical capacity. It needs your help and deserves your support.

To all of you the best of everything to be wished for. To those of you who have taken the trouble to fill out your questionnaire, it has been a real pleasure to hear from you; it is a genuine loss to the School not to have heard from the others. Looking ahead to our fiftieth, however, it is hoped that another classmate will groom himself to further this adulatory saga of the Class of ‘30.

Corporation Law—

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Case of Gray v. Portland Bank. Why in this respect England should have rejected an obvious partnership analogy I cannot explain; but, when I review the difficulties that the strict rule has caused in America, I cannot but think that we were wise to do so.

Again, the American courts have adopted the partnership analogy as regards the stockholders’ rights to inspect the corporate books and records. The English courts have rejected it, holding that a stockholder as such has no right to inspect the financial records. It is perhaps doubtful whether in practice this puts the American stockholder in a much stronger position than his English confrere. Reports suggest that in many (perhaps most) cases his rights will not be recognized by the corporation without a lawsuit. Without this he may even be denied access to the list of stockholders—something that he could always obtain in England. Still, in the absence of statutory regulation, he clearly has greater legal rights—rights which may be a source of grave embarrassment to the company. Rightly or wrongly, English law has in this respect treated the stockholder as a creditor rather than a partner.

I turn now to a consideration of the two matters which I have previously described as the vital corporate problems of this century: the protection of purchasers of securities and the control of stockholders over management. Both are, of course, aspects of the generic problem of investor protection.

On the first aspect I do not propose to say much. Both our countries (at least if most of your state “blue-sky laws” be disregarded) have relied in the main on the same philosophy—that of disclosure. Both have provided sanctions, civil and criminal, for misstatements or material omissions which supplement and indeed reverse the strict common-law fraud principles. But ex post facto sanctions are far less effective than initial scrutiny of the prospectus to insure its accuracy and completeness. In America this vital task of initial screening has been intrusted to government agencies—the Securities and Exchange Commission—in cases to which the Securities Act applies. It is here that English law appears extraordinarily lax to the American observer. The Companies Act requires registration at the Companies Registry of the prospectus and prescribes its contents. But neither the Registry nor anyone else is given the task of preliminary investigation to insure the accuracy of the information disclosed, and until 1948 there was not even a mandatory “waiting period.” The explanation of this apparent anomaly is found in the different and infinitely simpler organization of the securities industry in England. The over-the-counter market scarcely exists, and in practice no public offering can be made without obtaining a quotation for the shares on one of the recognized stock exchanges, normally London. These stock exchanges have their own rules which in many respects are far more stringent than those of the act and which require the publication of the prospectus in the national press where it will be commented on and criticized by the financial columnists. The issue must be sponsored by members of the Exchange and, in practice, will be undertaken and underwritten by one of a small number of issuing houses (“investment bankers,” as you call them) of high repute. To protect their own reputations and to preserve their freedom from possible legal sanctions, these brokers, dealers, and issuing houses subject the issues which they back to the most stringent scrutiny. This scrutiny, moreover, transcends investigation merely of accuracy—the sponsors will want to insure that the issue is sound financially as well as legally. In other words, we, with our simpler and more unified organization, have been able to leave the vital task of screening to private enterprise instead of to public authorities. That this system works pretty well is, I think, shown by the fact that in recent years there have been only a handful of criminal prosecutions arising out of misleading pro-
spectuses, and, since the war, not a single reported case of a civil action for damages or recision.

There is, however, one respect in which we are more socialized than you in this field. Since the beginning of the war, the consent of the Treasury has been required for any issue by which a company raises more than £50,000 (say, $150,000) in any year. This restriction is, of course, designed to insure that our limited capital resources are employed in accordance with national priorities. But even here the Treasury has subcontracted (as it were) to private enterprise (much as you did with your Voluntary Credit Restraining Program in 1950-52), for the Treasury acts on the advice of a committee of industrialists, bankers, and the like known as the Capital Issues Committee, which works on instructions about priorities given to it from time to time by the Chancellor of the Exchequer. In practice this curb has not proved too painful to the business world; indeed, in recent months consent has been granted so readily that there is talk of repealing the restriction as no longer needed. The main complaints in the past have been about the former policy of refusing permission for bonus issues ("stock dividends," as you call them) which, rather anomalously, require Treasury consent notwithstanding that no new money is raised.

More interesting, perhaps, are our different attempts to solve the problem of the management-shareholder relationship. The fundamental principle is, of course, the same in both countries: the directors and officers are fiduciaries owing duties of care, loyalty, and a modicum of skill. By and large the application of this principle to particular facts is, so far as I can judge, much the same. English courts tend to be strict when they can apply a rule of thumb—such as the rule that directors must not take personal advantage of a corporate opportunity. They move with less assurance when they have no fixed standard to guide them: American courts are perhaps rather more ready—or, perhaps, I should say less unready—to hold that directors' actions exceed the permissible bounds of their business judgment. In both countries some difficulty has been found when the controlling directors have taken the precaution of securing a favorable resolution at a general meeting. In both countries lip service is paid to the alleged rule that the majority must exercise their votes as fiduciaries. But in neither country do the decisions, as I understand them, really support this. In both the true rule seems to be that the majority must not expropriate the property of the company or of the minority, and here again I think that American courts have been more successful in applying this rule. Certain it is that the supervision of the SEC in certain reorganizations has prevented unfairness to minority interests, such as preferred shareholders, in circumstances in which the English requirement of confirmation by the court has failed to provide an adequate safeguard. America, too, is far in advance of England as regards restraining abuse of inside information in dealings in the corporation's securities. We have hardly started even to develop your "special facts" doctrine, and we have no "insider-trading" rules comparable to those under the Securities Exchange Act. The farthest we have gone is to provide for a special register of directors' holdings, so that any dealings in shares by directors should be revealed.

Both countries have been oppressed by the difficulty of evolving a satisfactory procedure for enforcing the directors' duties. In both it is recognized that, unless a stockholder's individual rights are infringed, the primary remedy is an action by the company or a stockholder's derivative suit. We in England do not call it a "derivative action," but we recognize that that is what it is. On the other hand, the rule prevailing in many jurisdictions and under the Federal Rules of Procedure that the stockholder must first serve a demand for action on the directors and sometimes on stockholders also does not prevail in England, although it seems to be derived from the old rule in *Foss v. Harbottle*, which still survives in England in an emasculated and somewhat mysterious form.

In practice derivative actions are in England relatively uncommon. We have not been faced with the same problem of "strike" or blackmailing suits and have not had to enact special legislation to curb this abuse. This is because of the general English rule that the loser pays the whole of the costs, including the winner's advocate's fees. Any litigation, and especially the more fancy types, is therefore an unattractive gamble. Hence actions against directors have been rare. Normally they occur only if the company goes into liquidation, when the Companies Act affords the liquidator a summary remedy against miscreant directors and officers. Our main problem has been that, while the company remains a going concern, the derivative action is not an effective sanction.

One solution is to cause the company to cease to be a going concern. The winding-up of companies has long been separated from jurisdiction in bankruptcy, and rules for liquidation—voluntary and compulsory—have comprised a large part of our companies' legislation. Of particular importance in the present context is the rule enabling the court to wind up a company on the ground that it is just and equitable—a ground which is another relic of the partnership. This power can be used to put an end to a course of oppressive conduct on the part of the controllers. Once a winding-up is made, the liquidator, supervised and supported by the court and the Board of Trade, has effective powers of investigation and recovery. A similar solution seems to be available in America as part of the inherent equity jurisdiction, and greater use of it has been advocated. But a recent attempt in New York to employ this expedient in the case of a foreign corporation was not successful.

The weakness of this solution, however, is that liquidation may be singularly unfortunate from the viewpoint of those oppressed, particularly if they are preferred
stockholders with restricted rights to repayment of capital. Hence the latest English Act provides by Section 210 an alternative remedy under which any shareholder who complains that the affairs of the company are being conducted in a manner oppressive to some part of the members may petition the court, which may impose upon the parties whatever settlement it considers just. The court’s order may regulate the future conduct of the company’s affairs, may alter the terms of its constitution, or may direct one party to buy out the other. This remedy, it will be observed, resembles Section 225 of the Delaware Corporation Law and Section 25 of the New York General Corporation Laws in that it enables an individual shareholder to bring an action in his own right free from the restrictive provisions applying to derivative actions. But, unlike these sections, it is of general application and not restricted to, or primarily directed at, disputed elections.

There have as yet been few reported instances of the application of this section, and, so far as my information goes, none of them—reported or otherwise—has been successful. Nevertheless, I can testify from personal experience that the section has been of undoubted value especially in the case of small companies. Threats of an application have in many cases brought the misbehaving directors to heel without further action, and, in view of the difficulties under an adversary system of enabling the court to find a solution and forcing it on the parties, I suspect that this new weapon in the shareholders’ armory will always be more effective when brandished in terrors than when actually wielded in court. But it is a weapon of real value, and I commend it to your attention.

The other difficulty, and this would apply not only to a derivative action but equally to our new alternative remedy if it stood alone, is that a stockholder is at a great disadvantage vis-à-vis the management as regards the information at his disposal. Something can be done by compulsory disclosure through annual reports and reports and in particular through annual accounts. Until recently we have been in advance of you in the amount of publicity thus required, but, in the case of companies to which the SEC Acts and Regulations apply, you have now caught and overtaken us. The main flaw in the American picture is that these regulations do not apply to all companies or even to all public ones. In any event, disclosure of this type, though it may enable the stockholders to detect the symptoms of sickness in the corporate body, is not likely to show him the cause of the ailment. It will certainly not provide him with the evidence which he needs to bring a lawsuit against those whom he suspects to be the source of the infection. What he needs is some means of finding out before he embarks on litigation whether his suspicions are well founded.

In England an interesting solution to this problem has been found by conferring upon the Board of Trade power to appoint an inspector to investigate the affairs of a company. This is one of the very few respects in which the powers of the Board of Trade exceed those of your SEC. The Board may exercise this power in a variety of circumstances; for example, if there are circumstances suggesting oppression of minorities, or fraud or misconduct by the directors, or failure to give the stockholders information which they might reasonably expect. The inspector (normally an independent barrister, solicitor, or accountant) reports to the Board, and normally the report is published. This alone may cause the wrong to be remedied; indeed, that may occur as a result of preliminary investigations by the officials of the Board. If this does not suffice, the report should at least provide the stockholder with the essential ammunition. But he himself may still not need to use it, for the Board of Trade is empowered to institute civil or criminal proceedings or to petition for winding up or for the new alternative remedy under Section 210. Hence, if the individual stockholder can persuade the Board to act, he may find that all his chestnuts are pulled out of the fire for him without any expense to himself. It is therefore not surprising that this remedy is of growing popularity and that complaints have been made to the Board in well over a hundred cases in the last six years. Inspectors have been appointed in sixteen of these cases, and in many others preliminary discussions have brought about a settlement agreeable to the complainant.

This solution of the problem is similar to that which certain American writers have advocated. It has the great merit that it prevents expense from deterring the prosecution of just complaints, while obviating the danger of strike actions. The Board of Trade will not appoint an inspector unless satisfied that there are strong grounds for suspicion, but, if an appointment is made and misconduct revealed, they will see that it is rectified, without leaving this to the hazards of private litigation. Further, as a method of obtaining information, it has certain obvious advantages over the American rule allowing the stockholder himself to sneak through the company’s records. As I have already pointed out, he will normally have to fight an action before he is allowed to exercise that right, and, if he is ultimately successful, he may abuse the confidential information thus obtained. Both these disadvantages are avoided by the English solution.

Fortunately, however, misconduct by directors is relatively rare. Of greater practical importance than the pursuit of the dishonest is the removal of the lazy or incompetent. In other words, the crux of the management-shareholder problem is to make more effective the exercise of the stockholders’ rights at general meetings—especially their right to “hire and fire” the directorate.

Until recently the American rules relating to general meetings have been, to English eyes, extraordinarily lax. And in some respects they still are, despite the SEC.
proxy rules. If, as I have previously suggested, American acts make mandatory certain things which might well be left to the incorporators to settle, there are other matters which we in England have thought it essential to regulate by statute which your acts have left to the parties. For example, we have thought it right to insist that a certain proportion (10 per cent) of the stockholders shall have power to compel the convening of a special general meeting. Under many of your statutes the stockholders cannot do so unless the by-laws happen so to provide. And it seems strange to us that in most states the stockholders have no power to remove directors—at any rate, in the absence of misconduct—until the expiration of their terms of office. Hence, if the staggered system of election is in operation, one who has acquired a majority of the stock may have to wait not merely to the next annual meeting but perhaps for several years before he can gain control of the board.

Only if staggered elections are banned is the majority shareholder in a reasonably strong position; if the recent decision in 

Wolfinson v. Avery

is upheld on appeal, this is so under Illinois law. But in some states the staggered voting system, especially if coupled with cumulative voting, may postpone for many years the time when the winner of a proxy fight can enjoy the full fruits of his victory. In England not only can a meeting be summoned forthwith but the whole of the existing board can then be dismissed by ordinary resolution. This, you may think, is carrying majority rule and stockholder democracy too far.

As you will have gathered, cumulative voting is unknown in England, and I have never heard it advocated. We still like to think of boards of directors as united teams of managers rather than as representative of divergent interests overseeing the management. Perhaps we are very old-fashioned and behind the times—but that is a national characteristic. However, the contrary idea is not particularly modern—the Germans have for some time recognized the distinction between managers and overseers to which you now seem to be tending.

Our rules are also generally stricter than yours as regards length of notice of meetings and the extent to which the business of the meeting must be detailed in the notice. On most important matters at least twenty-one days’ previous notice must be given, and it is invariably the practice, and generally legally essential, to set out the precise resolutions to be proposed unless these are merely part of the ordinary business of the annual general meeting. Resolutions of which the stockholders have not been warned are therefore unknown, because they cannot lawfully be moved. Even amendments to resolutions included in the notice are only permissible within very narrow limits.

However, all this is unimportant compared with the problem of minimizing the advantage enjoyed by the existing management through their control of the proxy voting machinery. And, here, your SEC proxy rules, when they apply, are far more effective than anything we have in England. There permission to vote by proxy is mandatory, and the notice of the meeting must advertise the right to vote in this way. If the management solicit proxies at the company’s expense, they must solicit all stockholders and not just a selected few—a point not covered in the SEC proxy rules. Two-way proxies are not compulsory under the act but are under the rules of the London Stock Exchange, which amounts to the same thing in the case of publicly held companies. Moreover, these rules provide that proxy forms must be sent out by management when any proposals (other than of a purely routine nature) are being considered—here again we are ahead of the SEC rules. But, and this is the grave weakness, we have no detailed regulations regarding the contents of proxy statements. In connection with some types of reorganization the act, it is true, provides for the disclosure of certain matters—for example, the interests of directors—but, in general, we rely on the common-law rule banning tricky or misleading circulars.

Similarly our stockholder-proposal rule is but a pale imitation of yours. Though it provides for inclusion of members’ resolutions and circulation of supporting literature, it only applies when invoked by a hundred members or those representing one-twentieth or more of the voting rights, and the expense has to be borne by them. Only in one respect is it superior—the supporting statement may run to a thousand words instead of merely to a hundred. This at least has the advantage of enabling the statement to be expressed in reasonable English instead of the jingle-ese prevalent here. In practice little use is made of this provision. As your experience has shown, a resolution so proposed has virtually no chance of passing without independent proxy solicitation, and we have little of that.

As in America, battles for control have recently been frequent, though none has been on the mammoth scale regarded as appropriate here or not anything like a million dollars. Nor have we yet had to decide whether the “outs” can recover their costs from the corporate treasury if they succeed in becoming “ins.” Nor have professional firms of proxy solicitors yet reared their well-groomed heads. We have one practice, however, which you might perhaps borrow—that of providing that proxy forms must be lodged with the company prior to the meeting. This prevents the deliberate prolongation of the meeting so that high-powered solicitation may cause the absent stockholders to change their votes. This provision is not mandatory but is invariably adopted in the constitution; to prevent abuse, the act insists that the time of lodgment shall not be longer than forty-eight hours before the meeting.

In this short discussion I have deliberately stressed those matters in which it seemed to me that English
experience might be worth your attention. I trust that in so doing I have not given the impression that I regard English corporate law as generally superior. Nothing could be farther from the truth, and, had I been addressing a British audience, the emphasis would have been very different. I should then have extolled the virtues of your SEC legislation, from which we could certainly borrow. I have already touched on some instances. There are others; for example, the regulation of trust indentures and trustees for bondholders under the trust indenture act.

I should have pointed out that most of your states have either abolished the anachronistic ultra vires doctrine or so drawn its teeth that it can no longer inflict much hurt. In contrast, we in England have mitigated its rigor only to the extent of making it easier for a company to alter its authorized objects. In a recent English case all but one of the debts of a company could not be proved in its liquidation, because the company had omitted to take advantage of this facility when it changed its activities.

I should also have emphasized that most of your courts have rightly refused to saddle those dealing with a corporation with constructive notice of the contents of its charter and by-laws. The unfortunate English rule in this regard has partially destroyed the efficiency of the admirable rule in Royal British Bank v. Turquand. This rule, that outsiders are not to be damnedified by defects in indoor management, has rightly been envied by many American observers, but it would in practice be far more useful if it were not for the limitations imposed by the unrealistic constructive notice doctrine.

I should have chided us with being nearly fifty years behind the times in our refusal to allow no-par-value shares which are certainly far more logical and easily comprehended than those with an arbitrary nominal value. We recently appointed a committee to consider the legalization of no-par shares, and it reported favorably. Despite the opposition of the Trades Union Congress—for entirely unworthy reasons to my mind—the government has recently announced that it will introduce legislation “in due course.” So we may catch you up before too long and perhaps avoid your mistaken policy of making no-par shares unpopular by tax discrimination.

Finally, I should have pointed out that American corporation law is now incomparably richer and more highly developed than its English parent. Answers to many questions which have never been litigated in England can be found in the American reports. But, alas, how rarely any Englishman tries to find them. I cannot call to mind any case in recent years in which American authorities on a point of corporate law have been drawn to the attention of an English court. The reason is not far to seek: most practitioners think of American corporation law as an entirely alien system with different statutes and different principles. In fact, as I have tried to emphasize today, the statutes may be different, but most of the principles are the same. Even when we carry out the periodical overhaul of our legislation, we do not, I fear, pay as much attention as we should to American practice. For example, the Cohen Committee declared that it would be impossible to produce a legislative formula insuring the independence of trustees for debenture holders. They do not seem even to have considered Section 310(b) of the Trust Indenture Act. Admittedly the Committee on No-Par Shares carefully reviewed American experience; but they could hardly do otherwise, since they were being asked to adopt an American child.

Unhappily the same is true of American reliance on English authorities. Until the first World War it was common to find English decisions cited in American corporation cases. Now it is very rare. And you do not even have the excuse that English reports are inaccessible, as American reports often are in England. I have already admitted that on a nation-wide basis your case law is incomparably rich, but English law is at least as rich as that of most single states. Yet a Chicago lawyer who cannot find an Illinois case in point will diligently search until he finds one in New Mexico or Missouri. I would have thought that an English authority would be at least as persuasive, but he won’t try to find one. The reason, I suppose, is that it isn’t in Shepard.

Whatever the reasons for this mutual ignorance, it is, I think, unfortunate, for cross-fertilization might well improve the strain of both breeds. If anything I have said today should cause but one of you to evince sufficient interest in English company law to turn to it as a last resort, I shall feel that my time has not been wasted. I can only hope that you will not think that I have wasted yours.