

Ferdinand Pecora and the 1929 Stock Market Crash

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Comprehension Questions

1) How and why did Ferdinand Pecora take over the Senate investigation into the causes of the Stock Market Crash?

Although the investigation had been initiated in 1932, Pecora felt that the work had been narrow and incomplete. With bipartisan support, his investigation lasted two years and offered a more complete look at the financial devastation that led to the Great Depression.

2) What was different about Pecora's investigation tactics from other prosecutors at the time?

Pecora delivered subpoenas (requests to appear in court or provide documents for an investigation) in person so that they were not easily avoided. He was also not afraid to call in powerful and influential witnesses, even if it damaged reputations.

3) What types of abuses were uncovered during Pecora's investigation?

Short-selling of stocks, unethical tax practices, insider trading, underwriting the sale of shaky securities, and purposefully misleading investors with bad information.

4) What were the legislative outcomes of the investigation?

The Glass-Steagall Banking Act of 1933, The Securities Act of 1933, and the Securities Exchange Act of 1934.

Discussion Questions

1) What was significant about calling witnesses such as J.P. Morgan or Harry Sinclair to testify during the Pecora Hearings? What would news coverage of this information have been like?

2) Both the investigation by Pecora and the resulting legislative action had bipartisan support. Does this still happen today in Congress? What contemporary issue do you think could gather this type of support today?