

W Eccles -

December 12, 1940.

Memorandum to Mr. Eccles and Mr. McKee:

Mr. Ira Clerk, of San Francisco, called on the long distance telephone and talked to Mr. Dreibelbis and me jointly with the request that I take down the following statement and pass it on to you. Mr. Clerk said:

"I would very much appreciate it if you would inform Chairman Eccles and Governor McKee that on Wednesday, December 11, the Committee on Bank of America Premises met at the Bank of America with Mario Giannini and O. K. Cushing to discuss the findings of the committee. As was to be assumed, it immediately became apparent that there were differences of opinion as to how paragraph 5 of the Agreement should be interpreted. After Mr. Cushing had given his understanding of the Agreement, both our representative, Mr. West, and Chief Examiner Wright stated that Mr. Cushing's views were identical with those expressed by me from time to time but that Mr. West and Mr. Wright were unable to come to the same conclusion. I should add that I was not present at that meeting. As a result of this conference, Mr. Cushing telegraphed Preston Delano, stating that one member of the Committee understands the amount to be fixed under the terms of the Agreement at cost and that two members understand that the amount should be their estimate of the value. Telegraphic advice as to Mr. Delano's understanding was requested by Mr. Cushing. Now you probably know that on November 22, 1940, the SEC issued two orders for hearings, File No. 1 - 2964, which are in substitution for and supersede all other orders. As the question of valuation of properties remains in the complaint, the Committee would be rendering a useful service to the bank by concluding its findings without delay. You can readily understand that the bank must be anxious to be able to say in all these matters that they can say under the plan that they are settled--that there is no more controversy regarding them. I just for the life of me can't understand how this misunderstanding continues. I wrote a letter the other day to Governor McKee in which I said that I believed that the trouble is with the subordinate members of the Comptroller's staff forgetting the understandings Mr. Dreibelbis and the rest of us reached regarding that paragraph in Washington. I also emphasized in that letter that I had had discussions here with Preston Delano, from which it appeared that in particular cases there was no misunderstanding between Mr. Delano and myself regarding that Agreement. When Mr. Eccles was here, I

thought it was an opportune time for Mr. West to interrogate Mr. Eccles regarding it and Mr. Eccles confirmed my understanding about the Agreement. The only two that I have not discussed the question with are Mr. Bell and Mr. Crowley, as I didn't think that anything could be accomplished by my attempting to discuss it with them."

After some further conversation between Mr. Clerk, Mr. Dreibelbis and myself, I advised Mr. Clerk that I would report the foregoing as promptly as possible to Chairman Eccles and Governor McKee, first having called attention to the fact that Governor McKee is not here today, which Mr. Clerk had already learned.



Secretary.