

May 10, 1939

PERSONAL

Mr. A. P. Giannini,
Chairman of the Board
Bank of America, N. T. & S. A.
San Francisco, California

Dear A. P.:

Pardon my late acknowledgment of receipt of the Los Angeles clippings containing the interview you gave to the press respecting the action of the SEC against Walston and Company. These clippings were very interesting and after looking them through I showed them to Marriner who likewise found them interesting. I am not sure just what you can accomplish by asking for a Congressional inquiry into matters as far back as the bank holiday and prior thereto, but in any event if Congress does make such an investigation you will have put the bee on the other fellow and it will be up to him to clear himself in the eyes of the public.

Meanwhile the decision of the Circuit Court of Appeals here was rendered on Monday and I have since had an opportunity to read the decision carefully and to discuss it with some of our legal people here. Although the local press seemed to have missed the point, it is perfectly clear to me that the decision is a substantial victory for the Bank of America. I was particularly pleased with the language of the Court with reference to the jurisdiction of the Comptroller of the Currency in the matter of the condition of national banks. While the Court said "that is a matter for another day", it is clear that if it can be shown that corrections by a national bank of matters criticised in an examination report are substantially in compliance with the Comptroller's demands, the SEC would have no basis for complaint insofar as the national bank is concerned. Therefore, although the SEC has the form of a victory, in substance they suffered a defeat and I doubt that their examiners will be very enthusiastic from here on out in delving into Bank of America books.

I was sorry you didn't find time to stop off in Washington following the Spring Council meeting at Hot Springs, Virginia. Russ Smith came in for a few minutes and from him I

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learned a little of the happenings at Hot Springs. Ransom has also given us his impressions, one of which is that the ABA has definitely passed into the control of the small unit bankers.

According to present plans I hope to be in San Francisco during the fore part of August and look forward to having a chat with you at that time.

With best wishes, I am

Yours sincerely,

Lawrence Clayton
Assistant to the Chairman

LC/fg

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