



TREASURY DEPARTMENT  
COMPTROLLER OF THE CURRENCY  
WASHINGTON

ADDRESS REPLY TO  
"COMPTROLLER OF THE CURRENCY"

December 6, 1938

Honorable Marriner S. Eccles,  
Chairman, Board of Governors,  
Federal Reserve System,  
Washington, D.C.

Dear Mr. Eccles:

Confirming our discussion of last evening, and for the confidential information of yourself and the other members of the Federal Reserve Board, there is itemized below the major points of criticism which will be used as a basis for a conference with representatives of the Bank of America National Trust and Savings Association of San Francisco.

It is believed by this office that if substantial agreement can be reached on these major points of criticism a satisfactory basis for the development of a program of correction will have been reached.

- (1) A cessation in the expansion program of the Bank of America, N.T. & S.A., as it relates to the establishment of branches.
- (2) A conservation of earnings and payment of dividends not in excess of six per cent per annum on par value.
- (3) Elimination of the "other real estate" and the real estate contracts of Capital Company of California Lands, Inc., within a five-year period.

(4) Increase in the capital by not less than \$25 million by the sale of new stock at once.

(5) The elimination by Transamerica Corporation and its affiliates of approximately \$15 million in assets illegally purchased by the bank.

(6) Immediate elimination of the Transamerica excessive loan.

We would be pleased to receive any suggestions which you may care to offer.

Very sincerely yours,



Preston Delano  
Comptroller of the Currency

December 7, 1938

Honorable Preston Delano  
Comptroller of the Currency  
Washington, D. C.

Dear Mr. Delano

This will acknowledge your letter of December 6 in which you outline for the confidential information of myself and the other members of the Board of Governors the major points of criticism which will be used as a basis for a conference with representatives of the Bank of America National Trust and Savings Association of San Francisco. Responding to the invitation at the end of your letter, no member of the Board has any suggestion to offer at the present time respecting the matter in hand.

Your courtesy in informing the members of the Board with reference to the basis of the forthcoming conference is appreciated.

Yours sincerely,

M. S. Eccles  
Chairman

*TG*  
*HO/fgc*  
FILE COPY