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*My office has copy.*

San Francisco, California  
December 14, 1939.

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

Dear Comptroller Delano:

On November 15, 1939, you addressed a letter to the Board of Directors relative to the loss classification set forth in the examination completed July 21, 1939. This letter was the subject of discussion at the Board meeting held on December 12, 1939, at which time I reported to the Board on the result of our conferences with you and with your technical staff in Washington, in which conferences members of the Treasury Department also participated, and I read practically all of your transcript of the stenographic notes of the conferences.

I advised the Directors that on the day that your letter was mailed, Mr. A. P. Giamini and I had made an appointment to see you on the following morning, namely, November 16, 1939; that we had previously advised you of our contemplated visit to Washington, and of our presence there, and of the result of the appraisal by the American Appraisal Company of the properties listed by the Examiner as warranting a loss or doubtful classification; that the net result was that on properties arbitrarily valued by the Examiner at approximately \$22,000,000, the Appraisal Company had established a value of approximately \$33,000,000, which was more than the Bank's book value of the properties, and approximately \$11,000,000 more than the Examiner's valuation.

I told them that in our conferences we discussed the matter of your sending this letter on November 15 although we had an appointment with you on November 16, and also that in the conferences on several occasions I raised the question of the procedure that you wanted us to follow with regard to the letter, but had not succeeded in securing a definite statement from you. I told them that Mr. A. P. Giamini and I had previously stated our attitude in the matter and that Mr. Tietjens, Associate General Counsel of the Treasury Department, had said, "Leave the record as it is", and that you had stated that "This office is taking the position that the losses should be charged off, and I understand you are here now to protest against that action and submit to us new appraisals in the nature of new evidence bearing on

Honorable Preston Delano

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the point. The position of the Comptroller is that he is going to consider this new evidence."

I also told them that you had communicated with me in New York on November 28 and had advised me that, while you were not presuming to dictate my movements, you would suggest that I return to the Coast and that you would give thorough consideration to the various matters that had been discussed with you and your technical staff in the conferences and to the "new evidence", and that in due course we would hear from you.

Following my report the Board considered that it was unnecessary to take any action with regard to a formal reply at this time, but in view of the present indefinite status of the matter referred your communication to me for this acknowledgment.

Yours very truly,

(Signed) L. M. GIANNINI,

President.