

January 16, 1940

FILES

Mr. Clayton

Telephone conversation between
Chairman Eccles and Comptroller Delano
on January 15, 1940

Shortly after 5:00 p.m. on January 15 I was in the Chairman's office when he called Mr. Delano. As I listened to the Chairman's part of the conversation and made mental notes, he asked me to make a written report from memory.

The Chairman said that he called to advise that the Board had received a copy of an official resolution of the board of directors of the Bank of America ratifying the request made earlier by the bank over the signature of Mr. Collins, the bank's Washington counsel, that the bank be examined by the Federal Reserve. He added that a copy was being sent over to the Comptroller.

After this beginning the Chairman then advised Mr. Delano that the Board assumed that in view of the sending out of the order to show cause on Friday of last week, the Comptroller was not expecting the Board to reply to the two questions which had been presented to himself and Mr. McKee at the Treasury meeting last Monday, a week ago today. The Chairman went on to say that it was assumed by all the representatives of the Board who attended that conference that the answers to the two questions were desired for the purpose of assisting the Comptroller in deciding whether to put into effect the proposed procedure referred to. Also it had been stated at the time that the Board would likely require a week to prepare its reply. Since the procedure had already been adopted and set in motion before the Board had an opportunity to reply the Chairman felt clearly that as to the first question, namely whether the Board approved of the proposed procedure, there would be no purpose in making any reply. As to the second question, namely what attitude the Board would take with reference to the request of the Bank of America for an examination by the Federal Reserve, the Chairman stated that he thought this question was likewise tied in with the action already taken. Obviously there would be no point in giving any answer now since it must be assumed that the Comptroller decided to put the proposed procedure into effect whether the Board intended to examine the Bank of America or not.

As I heard only one side of the conversation I did not know what the Comptroller's replies were to these various statements by the Chairman but the Chairman added at the end that he was telling him these things so that the record would be kept straight and that later it could not be said that the Board had been expected to reply to the two questions referred to. The Chairman also added that the Board would keep the Comptroller advised as to any action it took and certainly would not leave him in a position where he would learn of Board action by reading of it in the newspapers.

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