

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

-----  
In the Matter of:  
TRANSAMERICA CORPORATION  
-----

:  
:  
:  
:  
:

---

PROPOSED REBUTTAL FINDINGS AND  
CONCLUSIONS SUBMITTED TO  
HEARING OFFICER EVANS ON  
BEHALF OF RESPONDENT,  
TRANSAMERICA CORPORATION

---

Samuel B. Stewart, Jr.,  
Hugo A. Steinmeyer,  
Gerhard A. Gesell,  
Attorneys for Respondent,  
Transamerica Corporation

Covington & Burling  
of Counsel

April 30, 1951

The proposed findings herein\*/ are in rebuttal of and answer to the requests of the Solicitor for the Board and are filed pursuant to Section 8 (b) of the Administrative Procedure Act [5 U.S.C. § 1007(b)] and the Rules of Procedure of the Board of Governors of the Federal Reserve System issued pursuant to that Act.

---

\*/ References and abbreviations herein are in the same form and context as in Respondent's Main Proposed Findings, filed April 3, 1951. Cross references after each finding are to the requested findings and exhibits filed by the Solicitor on April 3, 1951. In that context, Sol. R. refers to a requested textual finding; Sol. Ex. refers to exhibits filed with the Solicitor's requested findings.

TABLE OF CONTENTS

	<u>Page</u>
I. Control and Purposes of Transamerica Corporation .....	1
II. Transamerica's Relations with its Majority Owned Banks .....	5
III. Management and Policies of Bank of America and that Bank's Relations with Transamerica and its Subsidiaries .....	9
(a) The Management of Bank of America .....	9
(b) The Policies of Bank of America .....	26
(c) Bank of America's Relations with Transamerica and its Subsidiaries .....	35
IV. Insignificance of Acquisitions .....	46
V. Market Occupancy .....	68
VI. Nature of the so-called "Commercial Banking Business" .....	82
VII. Miscellaneous Facts Respecting Collateral Matters on which Findings have been Proposed by the Board's Solicitor .....	89

## I. CONTROL AND PURPOSES OF TRANSAMERICA CORPORATION

1. All of the directors of Transamerica have been elected by the stockholders of Transamerica and by no other person or group of persons.

[Cross Ref:  
Sol. R. 77]

[Bd. Ex. 3]

2. A. P. Jacobs, a director of Transamerica, died in 1950. He was succeeded as a director by William H. Draper, Jr., an experienced New York investment banker and former public official.

[Cross Ref:  
Sol. R. 77]

[Bd. Ex. 3-W, p. 17]

3. The following is an analysis of Transamerica's investments as of December 31, 1950:

	<u>Value</u>
Majority owned banks:	
In Oregon	\$ 8,038,392
In California	13,362,727
In Washington	2,674,204
In Arizona	3,149,588
In Nevada	1,125,513
In Italy	3,248,351
Majority-owned insurance companies	24,227,205
Majority interest in real estate and property financing companies	15,550,000
Majority interest in industrial companies	8,281,901
Miscellaneous majority interests	551,454

Minority interest in Bank of America (7.6%)	\$21,874,475
Minority interest in National City Bank, New York (7%)	14,988,383
Miscellaneous minority bank interests	1,501,410
Miscellaneous industrial minority interests	5,179,791

---

Note: Values are as of December 31, 1950, except that allowance has been made for dividend paid January 31, 1951, of stock of Bank of America having a carrying value of \$10,569,568.

[Cross Ref:  
Sol. R. 14]

[Bd. Ex. 3-W]

4. Transamerica's total book cost for its investments in banks majority owned at December 31, 1948, amounted to \$25,700,000. At that time, the value of Transamerica's interest in the equities of those banks amounted to \$53,000,000. This substantial appreciation in value shows that the investments were good ones.

[Cross Ref:  
Sol. R. 48, 49]

[Bd. Ex. 3-U;  
Tr. 1841,4249]

5. The value of a majority stock interest in a going concern can and does include the liquidating value of the assets, plus an increment for goodwill and going concern value. The controlling stock interest therefore is more valuable than a minority interest, and this fact accounts for the payment of so-called "premiums" over book value

in the case of some purchases of stock in banks by Trans-  
america.

[Cross Ref:  
Sol. R. 48, 49]

[Bd. Ex. 3-E, p. 7;  
Tr. 1466, 1837-39]

6. Payment of a price which reflects going concern  
value is a normal and accepted business practice in the  
acquisition of the stock or assets of banks.

[Cross Ref:  
Sol. R. 48, 49]

[Tr. 8332-33]

7. Subsequent to the acquisition of stock of First  
Trust and Savings Bank of Pasadena by Transamerica, Trans-  
america made substantial capital contributions to First  
Trust in order to retire preferred stock of First Trust  
held by the Reconstruction Finance Corporation.

[Cross Ref:  
Sol. R. 48(c), 50(a)]

[Bd. Ex. 3N, 31]

8. The quotations from Transamerica annual reports  
for 1934 and 1937, set forth in Solicitor's Requests 61(b)  
and 61(c) are out of context and incomplete. The com-  
plete quotations, the portions omitted by the Solicitor  
being underscored, are:

For 1934

- (a) "In the Directors' Report dated March 11,  
1933, your Board expressed the opinion that  
branch banking in some form, statewide,  
regional, or nationwide, was imminent. In  
a report made public recently by a special

committee of the Chamber of Commerce of the State of New York, extension of branch banking on a regional basis, conforming to trade areas, was recommended to the United States Senate Committee on Banking and Currency. Should Federal legislation be enacted to admit of regional branch banking, the way would then be open for Transamerica Corporation's banks to be merged into one interstate branch banking system. In the opinion of your Board, the proposed 'Banking Act of 1935' is constructive and constitutes a step forward in banking legislation. Should it be enacted substantially in its present form or with amendments now being considered, the safety and soundness of bank stocks as a medium of investment would be all the more enhanced."

[Bd. Ex. 3-G, p. 6]

For 1937

- (b) "Much has been said and written of late in regard to the so-called 'death sentence' of holding companies, including bank holding companies. Transamerica Corporation is not a bank holding company in the generally accepted sense of the term. It does not own a 'chain' of banks in the State of California or in any other State. It controls only two members of the Federal Reserve System, namely, the First National Bank of Portland and the First National Bank of Nevada, and should Congress enact legislation permitting branch banking over State lines, Transamerica Corporation, with the cooperation and consent of the other stockholders of the member banks in which it is substantially interested, will be in a position to take advantage of the broader scope which the new legislation will offer and will be among the first to launch a branch banking system beyond State lines."

[Cross Ref:  
Sol. R. 61b, c]

[Bd. Ex. 3-J, p. 13]

## II. TRANSAMERICA'S RELATIONS WITH ITS MAJORITY OWNED BANKS

9. 65 of the directors of the Transamerica majority-owned banks have not given Transamerica any form of option to purchase their stock. These include, among others, 44 of the 66 directors of the five largest Transamerica majority-owned banks. The form of option generally held gives Transamerica no right to purchase any stock of a director so long as he remains a director, so there is no right to purchase stock under such options unless and until the director ceases to be a director of the bank. Transamerica has no power to remove any bank director against his will and in majority-owned member banks as to which it holds no general voting permit, it has no power to vote for new directors at any meeting of shareholders.

[Cross Ref:  
Sol. R. 89, 90]

[Bd. Ex. 4, 298;  
Tr. 4580-81]

10. Some of the Transamerica majority-owned banks send to Transamerica monthly statements and quarterly loan reports at some time subsequent to the period covered by the reports. The reports are not "required", are merely informational, and are not used by Transamerica to formulate instructions as to banking policies to be followed.

[Cross Ref:  
Sol. R. 91]

[Bd. Ex. 296, 297;  
Tr. 4227-32, 6960-61]

11. The reports referred to in rebuttal finding 10 are on varying types of forms, contain varying amounts of detail and information, all depending upon the convenience and wishes of the individual banks.

[Cross Ref:  
Sol. R. 91]

[R. Ex. 296;  
Tr. 4609-11]

12. G. M. McClerkin does not have general supervision of any bank named in Paragraph Four of the Complaint; he has not had any participation in the affairs of Bank of America since he ceased to be an officer in 1946.

[Cross Ref:  
Sol. R. 91]

[Tr. 4208, 4331]

13. There is no common or standard banking procedure in the banks named in Paragraph Four of the Complaint:

(a) First National Bank of Nevada has no manual of operations.

(b) Central Bank, Oakland has no manual of operations.

(c) The manual of operations used by First National Bank of Portland was developed by a vice president of that bank whose sole previous branch bank experience was in Canadian branch banks and who was never connected with Bank of America.

(d) The Transamerica majority-owned banks in Oregon use only the parts of the operations manual of First National Bank of Portland which are applicable.

(e) There is no evidence as to the operations and procedure of National Bank of Washington, Tacoma; First National Bank of Arizona; or of the California Trans-america majority-owned banks, other than Central Bank, Oakland.

[Cross Ref:  
Sol. R. 19, 20, 92]

[Tr. 5931, 5968-70,  
6916-19, 6933-34]

14. The Transamerica Advisory Council, formed in about 1934, was composed of senior officers of banks in which Transamerica then had a substantial interest. Its purpose was to inspire confidence in banking and in the economy and, to that end, to develop processes and procedures of general application. The individual members of the Council had varying views and were subject to the ideas and instructions of their respective boards of directors. Therefore, the Council became merely a forum for the expression of ideas and suggestions. It met relatively infrequently and gradually disintegrated. There is no evidence of any meeting subsequent to 1935.

[Cross Ref:  
Sol. R. 65, 85, 86,  
87, 88]

[Bd. Ex. 3;  
Tr. 10648-50]

15. The Transamerica Advisory Council did not control or direct or attempt to control or direct the

operations of Transamerica or of any bank, or the activities of any bank officer who participated in its discussions.

[Cross Ref:  
Sol. R. 65, 85, 86,  
87, 88]

[Tr. 6850-52, 10650]

16. The quotation of the testimony of Mr. Wente in Solicitor's Request No. 91 is out of context. The reference was to visits to Bank of America branches by Bank of America officers and had no relation to visits by officers of Transamerica to any person on any subject at any time.

[Cross Ref:  
Sol. R. 91]

[Tr. 5676-78]

III. MANAGEMENT AND POLICIES OF BANK OF AMERICA AND THAT BANK'S RELATIONS WITH TRANSAMERICA AND ITS SUBSIDIARIES

(a) The Management of Bank of America.

17. As long ago as 1930, Mr. James Bacigalupi, a former president of Bank of America, testified about the Bank:

"You should realize in these days we have no longer institutions dominated by one man. You take the financial interests in our institutions, beginning with any one interest, beginning with Mr. [A. P.] Giannini and going on down, his control is insignificant. Our claim to our right to a tenure in office is that we run our bank and do not meddle with politics or get interested in any business except our own."

[Cross Ref:  
Sol. R. 60]

[Tr. 3761]

18. L. M. Giannini first went on the payroll of Bank of Italy in 1918, although he had worked for the Bank at various times after banking hours before that. His first positions in the Bank were successively in the Clearing House Department, in the Transit Department, in the Bookkeeping Department and then Settlement Clerk at the San Francisco Clearing House for the Bank. Thereafter, he progressed through other interior departments becoming Assistant to the President about 1920. He became a member of the Board of Directors of

Bank of Italy in 1922, Vice Chairman of that Board in 1924, Executive Vice President of Bank of America in 1932, Senior Vice President in 1933 and President in 1936, a position he has held since that time. Since his resignation in 1931, L. M. Giannini has not been an officer of Transamerica. He was never chairman of the board of directors of Transamerica, and was president only for about one year, February 1930 to March 1931, during the first part of the Walker period of management. During the years 1929-31, when L. M. Giannini was an officer of Transamerica, he was not an officer or member of the Board of Management of Bank of Italy, N.T. & S.A. or Bank of America, N.T. & S.A.

[Cross Ref:  
Sol. R. 64, 66, 75, 76]

[R. Ex. 255; Bd. Ex. 3;  
Tr. 10447-49, 10576]

19. L. M. Giannini is not directing or controlling the affairs of Transamerica Corporation or of any so-called "Transamerica Group," as a part of any so-called "Giannini team" or otherwise. He has not been an officer of Transamerica at any time since he resigned in 1931.

The paragraph quoted in Solicitor's Request No. 63 is taken out of the following context:

"A Man of Two Ideas -

A. P. Giannini is a man of two ideas  
-- ideas which have dominated his life as  
a banker.

His first idea -- 'Bring banking to  
the people -- all  
the people'.

His second idea -- 'Give the West its  
own bank with the  
capital and credit  
needed by Western  
people to build the  
West'."

\* \* \* \* \*

"L. M. Giannini

During all the years of A.P.'s fight for banking services for all the people, his son, Lawrence Mario Giannini, known to his bank associates as Mario, had been growing in stature as a banker. Educated for law at the University of California, Mario had entered the bank in 1918. He worked through every department in the bank. He developed into an able aide in the promotion of his father's two ideas.

In 1936 L.M. became President of the Bank of America and since that time has carried the full burden of the bank's direction. He is the diplomat, the trained banker, the negotiator of the team. He has organized the operations of the bank to a point where A.P.'s two ideas are becoming accomplished fact.

Two Generals With a Single Thought

Mario is no lieutenant to A.P.'s campaign to preserve his ideas of banking for the little fellow and capital and credit for the West. He is a full general who has earned his stars in combat. It was Mario who stood shoulder to shoulder with his father in the battle of the proxies which regained them operating control of their bank and investment company. It was Mario who negotiated many of the victories which the strategy of the two men has accomplished.

He is keen, analytical, the statesman of the bank. His direction of operation has been responsible for much of the growth which has made Bank of America the 'world's biggest bank'."

The "battle of proxies" and situation described as resulting therefrom occurred in 1932 and the quotation relating to that subject described 1932 conditions.

As shown by the full text of the quotation, L. M. Giannini's primary responsibility has always been in and to Bank of America, and, through that bank, to carry out A. P. Giannini's ideas of bringing banking to the people, and giving the West its own bank with the capital and credit needed by western people to build the West.

[Cross Ref:  
Sol. R. 63, 66]

[Bd. Ex. 345]

20. L. M. Giannini attends the directors meetings of Transamerica very infrequently. He attended none in 1950 and only two or three a year prior to that. He sees various officers of Transamerica three or four times a year in the aggregate, and talks to them on the phone six to eight times a year in the aggregate. On some of those occasions, his advice has been sought because of his wide experience. Sometimes his advice is taken and sometimes it is not.

[Cross Ref:  
Sol. R. 64, 66]

[Tr. 10581-83]

21. Mr. Bacigalupi testified in 1930, in answer to questions by the chairman of the House Committee on Banking and Currency, as follows:

" \* \* \* Is there in force in your particular organization any plan for the perpetuation and control of management?

"Mr. Bacigalupi. No, sir.

"The Chairman. Is there a control vested in the stock in any manner?

"Mr. Bacigalupi. No sir; no pool, no agreement of any kind. It is up to the stockholders of the (sic) Trans-america to clean out if not satisfied.

"The Chairman. And, so long as successful management prevails, the present management will probably continue?

"Mr. Bacigalupi. We hope so. That has been Mr. Giannini's consistent policy from the very beginning. There never have been any pooling arrangements of any kind, and the stock has been scattered and the control at no time has been vested in any limited group."

[Cross Ref:  
Sol. R. 105]

[Tr. 3773]

22. Regulations of the Comptroller of the Currency prevent the directors and officers of Bank of America from serving on its proxy committee, but require that the board of directors of the Bank select its proxy committee.

[Cross Ref:  
Sol. R. 105]

[Tr. 10640-41]

23. There is no other practical method by which the directors of a corporation may be elected by a large body of stockholders than by the use of a proxy committee, and it is the usual and normal method used by all corporations.

[Cross Ref:  
Sol. R. 105]

[Tr. 10641-42]

24. The present members of the Board of Directors of Bank of America have served during the years shown and were selected for the primary reasons indicated:

- (a) S. C. Beise: (Since 1949) He has been a senior executive of Bank of America for many years and is presently Executive Vice President in charge of operations of the Bank. He was elected to the Board in 1949 to fill the vacancy created by Francis Baer's resignation in that year.
  
- (b) Wheelock H. Bingham: (Since 1949) He is President of Macy's, the largest department store in San Francisco, connected with Macy's stores in New York City. He is young, very energetic, very progressive and understands retailing and catering to retail trade. The latter is important because Bank of America's

business is substantially along the lines of retail banking service.

- (c) W. E. Blauer: (Since 1924) He came to the Bank originally through the acquisition of the Commercial Bank of San Jose, and has been an officer continuously since 1912 and was appointed to the Board in 1924. He is very able and became Chairman of the General Finance Committee of the Bank. He is now retired.
  
- (d) Leon Bocqueraz: (Since 1931) He was President of the French American Bank and has a very broad general experience with unusually sound judgment. He is a leader in the French colony of San Francisco.
  
- (e) Dr. G. E. Caglieri: (Since 1905) He first became a member of the Board in 1905 and his father was one of the founders of Bank of Italy. He has been a leading physician and surgeon in the Italian-American colony of San Francisco for many years, which is important to the Bank because it caters to a large number of Italians and Italian-Americans.

- (f) Joseph Cereghino: (Since 1932) He was General Manager of the American Can Company headquarters of Los Angeles and is responsible for bringing a substantial volume of business, including the account of American Can Company to the Bank. He is a man of substantial means and of excellent character and ability.
- (g) Louis Ferrari: (1929-1932 and since 1946) He was an officer of the Bank from 1919 and was appointed to the Board of the Bank in 1929. He was for many years General Counsel for the Bank and is a leader in the Italian-American community and of the California Bar.
- (h) F. A. Ferroggiaro: (1930-1931, and since 1940) He became an officer of the Bank in 1915 and was appointed to the Board for the first time in 1930. He is the oldest employe of the Bank in point of service, and at present is Chairman of the General Finance Committee of the Bank. He has had experience in all areas of the State

in banking and is recognized as one of the most able credit men in the country.

(i) L. M. Giannini: (See Rebuttal Finding No. 18)

(j) A. J. Gock: (1924-1932 and since 1937)

He is Chairman of the Board of Directors. He became an assistant cashier of the Bank of Italy in 1915 and a vice president in 1921 and a member of the Board in 1924. He is a leader in the German-American colony and has been head of the Masonic organization in the State. He has been President of the California Bankers Association and active in the American Bankers Association for many years. He is in charge of the Bank's operations in Southern California and has been with the Bank since about 1912.

(k) Marshal Hale, Jr.: (Since 1946) He was President of Hale Bros. Store, a large department store in San Francisco, catering to and attracting patronage of the masses.

- (1) C. N. Hawkins: (1925-1933, and since 1938)  
He first came on the Board in 1925 and is one of the largest cattle raisers in the State of California having properties all over the State and in Nevada. He represents the livestock business on the Bank's board.
- (m) Claire Giannini Hoffman: (Since 1949) She is the only daughter of A. P. Giannini and was elected to succeed her father on the Board after his death in 1949. She is a very able woman and the Bank for some time has desired to give women representation on its Board.
- (n) Eric A. Johnston: (Since 1946) He is President of the Motion Picture Association and was selected because of the broad scope of his knowledge and activities in the industrial field and in civic affairs. He was President of the United States Chamber of Commerce and is very helpful to the Bank in the matter of its foreign operations. Since the close of the testimony in this proceeding he has been selected as Economic Stabilization Director of the United States.

- (o) A. J. Lundberg: (Since 1946) He is of Scandinavian descent and was head of a large traction company in the east bay or Oakland area, California. He had been active in the investment banking business for years. He has been President of the California Chamber of Commerce and active in civic and business affairs in the whole San Francisco bay region.
- (p) John E. Marble: (Since 1931) He is with John E. Marble Company of Los Angeles, a real estate and investment company. He is a man of sound judgment and substantial means and gives the Bank additional representation from Southern California.
- (q) H. A. Mazzera: (Since 1932) He is the leading attorney in the San Joaquin Valley. He is a very forceful and dynamic person and one of the largest stockholders in the Bank. He has many contacts and has been responsible for bringing a great volume of business to the Bank.

- (r) William Wallace Mein: (Since 1938) He is a man of vast experience in world affairs with business operations in South Africa for a number of years and also in London and New York. He also has many business interests in California, being President of the Calaveras-Portland Cement Company and Bishop Oil Company and a Director and officer of other substantial concerns.
- (s) Neil Petree: (Since 1943) He is President of Barker Bros. of Los Angeles, one of the largest household supply companies in the country. He is a leader in civic affairs, probably the third most prominent citizen of Los Angeles, President of the Los Angeles Chamber of Commerce and Vice President of the California State Chamber of Commerce. He is a man of outstanding leadership and ability.
- (t) Angelo Petri: (Since 1932) He is President of the Petri Cigar Company of Tennessee and of the Petri Wine Company of California, the latter being the largest local wine

company in the State. He is a leader of the Italian-American colony of California and knows a great deal about agriculture.

- (u) A. E. Sbarbaro: (1927-1932, 1936-1937, and since 1946) He came on the Board first in 1927, having been President of the Italian-American Bank. He became a vice president of the Bank at the time he went on the Board and has been active in all of its affairs. He was for a long time a member of the General Finance Committee and of the Auditing and Inspection Committee. He is also a leader in the Italian-American colony.
  
- (v) Roland Tognazzini: He is President and Director of Union Sugar Co. He was elected to the Board in December, 1950, to succeed John A. Corotto who died earlier that year. He has never before been a director or officer of either Bank of America or Trans-america.
  
- (w) E. R. Thurber: (1932-1933, and since 1939) He is engaged in agricultural

activities and is President of the California Fruit Exchange. He is a man of sound ability and a leader in his field.

- (x) C. F. Wente: (Since 1944) He is a man of extensive banking experience and first became an officer of Bank of Italy in 1919. He left in 1934 to take a position outside the Bank of America and returned as Senior Vice President in 1944. He partially retired in 1949 and is Vice Chairman of the General Executive Committee of the Bank. He is also active in State and civic affairs.
- (y) J. Zentner: (Since 1932) He is President of the A. Levi-J. Zentner Produce Co. which has plants all over the State of California. He is dean of the produce merchants, a business from which A. P. Giannini came to establish Bank of Italy. He is very highly respected, active in Masonic circles and a leader of the Jewish Colony in San Francisco.

[Cross Ref:  
Sol. R. 99, 100, 101,  
102, 103, 104, 115,  
116, 117]

[Bd. Ex. 26, 27, 291;  
Tr. 3795, 5663, 6395-96,  
8762, 9823-24, 9956,  
10111, 10407, 10690-98,  
12858-59]

25. Nine members of the 1937 Board of Directors of Bank of America had been either officers, directors, or both, of Bank of America prior to the formation of Transamerica in 1928.

[Cross Ref:  
Sol. R. 99]

[Bd. Ex. 26, 27]

26. Nine of the 25 members of the 1950 Bank of America Board of Directors were either officers or directors, or both, of Bank of America at some time prior to the formation of Transamerica, and 7 of those 9 were officers or directors of Bank of America prior to 1920. Nine of the remaining 16 members of the 1950 Bank of America Board were first elected subsequent to July 1937.

[Cross Ref:  
Sol. R. 100, 101, 102]

[Bd. Ex. 26, 27, 291;  
Tr. 10690-99]

27. Transamerica does not participate in any way in the selection of the proxy committee of Bank of America.

[Cross Ref:  
Sol. R. 105]

[Tr. 10641]

28. Transamerica votes the stock of Bank of America it holds in the same manner as all other stockholders, namely, by giving its proxy to the Bank's proxy committee.

[Cross Ref:  
Sol. R. 105]

[Tr. 10642]

29. Since 1938, the shares of Bank of America stock voted by Transamerica have constituted less than a majority of the total number of shares voted at the annual stockholders' meetings of Bank of America. Since 1942, the shares owned by Transamerica have constituted less than a majority of the total number of shares voted. Between 1944 and 1949 Transamerica shares owned represented about 30% of the total shares voted at Bank of America stockholders' meetings. At the last stockholders' meeting in 1950, this percentage was less than 14%.

[Cross Ref:  
Sol. R. 105, 106, 107; [Bd. Exs. 22, 24, 294, 295,  
Sol. Ex. 39] R. Ex. 341]

30. Transamerica does not receive copies of the reports of examination of Bank of America by bank supervisory authorities.

[Cross Ref:  
Sol. R. 91] [Tr. 4233]

31. Examinations of Transamerica as a bank holding company affiliate were conducted in 1940, 1943 and 1946 by examiners of the Federal Reserve Bank of San Francisco as to Transamerica and its subsidiaries other than banks, and reports of examination by bank supervisory authorities were obtained as to banking subsidiaries either simultaneously or as near to the date of examination of the holding company as possible.

(a) In each of such examinations, the examiners of the Federal Reserve Bank and those appointed by the supervisory agencies were requested to develop information with respect to relations between the holding company affiliate and subsidiary banks pursuant to written instructions. The instructions were detailed and had the purpose of developing all possible information respecting Transamerica's relations with its majority owned banks and particularly any evidence to show affiliation of Transamerica with Bank of America.

(b) Instructions to examiners for each of said examinations required specific comment by the examiners of banks to report on the extent and method of supervision by the holding company affiliate particularly with respect to investment policies, credit policies and personnel matters.

(c) In the report of examination of the First National Bank of Corcoran in 1946 the examiner reported that there was no evidence that the holding company, Transamerica Corporation was directly or indirectly controlling the credit policies of the bank, stock of which had been acquired in 1944.

(d) Information was received by the examiner in charge from the examiners who made the examinations

in 1943 and 1946 of banks in which Transamerica owned stock, including Bank of America, in response to the instructions to report upon the extent and method of supervision by the holding company with respect to investment policies, credit policies and personnel matters and such information was included in reports made to the Board.

[Cross Ref:  
Sol. R. 95-131]

[Bd. Ex. 251, 252, 253;  
Tr. 1492-99, 2358, 3544-94]

(b) The Policies of Bank of America

32. It has long been one of the purposes, objects, and effects of the development of the Bank of America branch bank system to bring about more effective competition with the great New York banks, which formerly dominated "commercial banking" throughout the United States. That domination had been accomplished through the correspondent relations of the New York banks with thousands of small unit banks throughout the country which were incapable, by reason of size limitations, of meeting the needs of business and industry in their own regions without assistance from big banks. In his Congressional testimony in 1930, Mr. A. P. Giannini said:

"We today rank near the top, along with the big New York banks, because of the manner in which we are doing

business, and we are keeping that business on the Coast and to that extent lessening the importance of New York.

" \* \* \* \* \*

"I say this, that if you have nation-wide branch banking, you will get away from this Wall Street influence that we hear so much about."

[Cross Ref:  
Sol. R. 56-59]

[Tr. 6212, 6219, 6450,  
6462-63, 6464, 6472-73,  
6477, 6485, 6487-88, 6493,  
6494, 10476-77]

33. Mr. A. P. Giannini's principal reason for urging the adoption of wide-scale branch banking was his belief, based upon his experience and observation, that banking is a profession from which the best results for the public as well as for those interested in the banks can be obtained only by full-time devotion to banking as a career, and that this result may not be achieved through limited individual ownership of small banks operated primarily for the convenience of owners whose primary interests are in other activities. In stating to a Congressional Committee in 1930 the reasons for his belief that the Congress should authorize nation-wide branch banking, he said:

"I would make it nation-wide and world-wide. It is coming, gentlemen, and you cannot stop it, and you are bucking up against a stone wall if you try. You cannot buck natural economic forces. You cannot keep village blacksmiths, stage drivers, and wagon makers in the game.

"The wholesale grocery house and the investment banking house have to make way for better methods.

" \* \* \* \* \*

"You cannot do today what you did in those days, when banks were used more or less to feather someone's nest.

"In the old days a man with a family could live well on \$250 a month. Today I do not see how in the world you can make a decent living out of a small bank and pay salaries large enough to keep good men in those small banks, to meet the competition they have to face.

"How can you expect a farmer to run a bank successfully against the trend of the times? I cannot see it."

[Cross Ref: [Tr. 6214, 6221-22, 10456, 10525-26]  
Sol. R. 56-59]

34. When asked about the advantage to a medium-sized community which already had two excellent unit banks of having a branch bank, Mr. Giannini testified:

"You would give those communities immediately banks with metropolitan facilities; you would give them trust departments, securities departments, and so on, and they would be able to give a service that small banks cannot give."

[Cross Ref: [Tr. 6217-18]  
Sol. R. 56-59]

35. Mr. A. P. Giannini made it clear in 1930 that he did not recognize any possibility of centralized control or monopoly of banking anywhere. In that year he testified:

" \* \* \* we must get rid of the idea that there is going to be a money trust. There is not a money trust in Europe, and yet they have had branch banking there for years. You can get money cheaper in France today and it always was cheaper in England since the war than it is here. You have a tariff on farm products and other things, but you have no tariff against money. In the event money should get too high in this country it would come into the United States from all over the world. It is ridiculous to say that this country could have a money trust. You might have it through international arrangement, but never could you have a money trust otherwise.

"Let us say that somebody has a good loan in Lincoln, Neb., and it would cost 8 per cent to get it from the bank there; Chicago or New York could make the loan for 5 per cent. A man does not have to do banking in a particular town in these days of good roads and good telephone service. There can not be any such thing as a money trust in these days in so far as controlling rates is concerned.

" \* \* \* \* \*

"MR. BRAND: You said something about a money trust awhile ago, and that you did not think a money trust could be formed. I want to ask you if the character of branch banking which you stand for is set up all over the country and the group branch adherents also continue to take over banks throughout the country, don't you think this is calculated to create a monopoly of money and credit?

"MR. GIANNINI: No.

"Do you not realize that if a bank is charging too much interest, there is nothing to prevent banking charters being issued in Chicago or New York, which will enable banks to spring right up and take care of the business, if the other banks charge too much?"

[Cross Ref:  
Sol. R. 56-59]

[Tr. 6229-30, 6266-67]

36. Mr. A. P. Giannini's conception that branch banking was a necessary development in the light of economic developments in the United States and was bound to have the effect of increasing competition rather than the reverse was made clear in the following excerpt from his testimony before the Congressional Committee in 1930:

"MR. WINGO: As I gather, Mr. Giannini, you feel that the changed conditions in the United States by reason of improved means of communication and transportation have enlarged the field of activity of the bank just like it has of the store and every other business, and that that has increased the competition between communities as well, and that in the sharp clash of that competition the larger and the best equipped and more economically run unit is going to take the business?"

"MR. GIANNINI: No question about that; absolutely no question.

" \* \* \* \* \*

"MR. WINGO: In other words, whether wise or unwise, you feel that the economic trend, the trend of business and of the industrial world, is toward this concentration into larger units, with the

alleged resulting economy, more efficiency, and the contended ability to secure more capable executives? You feel that that is a natural trend that is bound to assert itself, and that that business structure will naturally be attracted to a credit structure which serves it and on which it may depend?

"MR. GIANNINI: No question about that; you are going to have in banking something along the line of the department store; you are going to have banks that can give in the financial field just what the department store gives in its line. That is bound to come.

[Cross Ref:  
Sol. R. 56-59]

[Tr. 6231-32, 6236]

37. Mr. A. P. Giannini's understanding that interest rates on bank loans must be kept flexible and must vary with the bank's evaluation of the risk was stated in his 1930 testimony, as follows:

" \* \* \* these men who borrow have varying accounts; you will have one man who will keep a good balance — he may have a savings account, and he may bring in his friends and employees to do business with your bank, thus increasing your business. He is naturally entitled to a better rate, and I can not see why any bank should indiscriminately charge 10 per cent to good and bad. You ought to discriminate just as you do in commercial paper or in commercial bills — prime commercial bills, so much, and the next grade so much. It should be the same as with notes, as with commercial paper."

[Cross Ref:  
Sol. R. 56-59]

[Tr. 6244]

38. The changing character of the banking business and diminishing importance of its local aspects was recognized and pointed out by Mr. A. P. Giannini as early as 1930, when he said in his testimony before the Congressional Committee:

" \* \* \* you must remember in the olden days, the little banks had all of the prosperous little independent stores in these towns that were doing both a cash and credit business. But today the chain store is going in those towns and the chain store keeps its account in a distant city. Of course they still have their little stores, and those stores keep their little accounts in the local bank, but those stores really do not pay the bank because they are not making the money. They have only the credit business now. The cash business that it used to have has gone to the chain stores. In the olden days that little store had both cash and credit. Any store that does business only on a credit basis can not possibly compete with a store doing a cash-basis business."

[Cross Ref:  
Sol. R. 56-59]

[Tr. 6255-6]

39. As to the Bank of America branches authorized to be established by the Comptroller of the Currency at the locations of the 22 banks referred to in Respondent's Main Finding No. 103:

(a) Bank of America has had applications on file with the Comptroller of the Currency for several years for permission to establish branches at the locations of those 22 banks.

[Tr. 10670]

(b) During 1948 and 1949, L. M. Giannini discussed with the Comptroller of the Currency the subject of those branch applications, and at that time the Comptroller deferred acting upon the applications because the Board, in connection with the instant proceeding, had requested the deferral of action.

[Tr. 10671]

(c) In late 1949, the Deputy Comptroller of the Currency suggested a meeting of representatives of the Board, of the Comptroller and of Bank of America to discuss the applications, the jurisdiction of the Board to request further deferral of action on them and the effect of the instant proceeding upon those applications. L. M. Giannini wrote a

letter dated September 20, 1949, to the Chairman of the Board suggesting such a meeting. The Chairman did not answer that letter and it was withdrawn.

[R. Ex. 343, 344, 345;  
Tr. 10671-72, 10762]

(d) Later in 1949 and in early 1950, additional discussions were had with the Comptroller of the Currency on the subject of these applications. After investigation by the Comptroller, it was agreed that the permits would be issued and that Bank of America would add approximately \$70,000,000 to its capital. Notice of this agreement was sent to the stockholders of Bank of America on about April 14, 1950.

[R. Ex. 320, Tr. 10672-73]

(e) During the period between the end of 1949 and the time when the Comptroller agreed to issue the permits and the Bank agreed to attempt to raise the additional \$70,000,000 of capital, the Comptroller discussed the subject of those permits with other supervisory agencies that might be concerned.

[Tr. 10674-75]

(f) Subsequent to April 14, 1950, arms-length negotiations were had between representatives of Bank of America and of Transamerica to agree upon the purchase price for the assets of the 22 banks affected. By June 5, 1950, the addition of approximately \$70,000,000 to the capital accounts of Bank of America was completed. On June 26, 1950, branches were established by Bank of America at the 27 locations authorized and permitted by the Comptroller of the Currency in accordance with law.

[Tr. 10675-77]

(g) Subsequent to the issuance of the court order by the Court of Appeals, 9th Circuit, the Comptroller of the Currency informed the Bank that pending appeal from that order the permits for the establishment of the 27 branches would be kept active. In the meantime, Bank of America fully complied with the requirements of the court order that the purchased assets be restored to the selling banks and Transamerica fully complied with the requirements that the selling banks be reestablished in business during the pendency of this proceeding.

[Bd. Ex. 356;  
R. Ex. 330]

(h) All of the 27 locations for branches authorized by the Comptroller of the Currency for the establishment of the branches by Bank of America are in communities and places where Bank of America needs additional representation in pursuance of its objective to give full and complete statewide branch bank service.

[Tr. 10680-1]

(i) Transamerica desires and has attempted, with the approval of the Comptroller of the Currency to reduce further its investments in banks in California by liquidating its investments in 22 majority owned banks, thereby realizing a substantial profit for its stockholders. So far, however, this has been prevented by the Board.

[Cross Ref:  
Sol. R. 119]

[Bd. Ex. 3-W, 356;  
R. Ex. 321]

(c) Bank of America's Relations with Trans-  
America and its Subsidiaries

40. Although 49 present or former Bank of America officers or employes (a small fraction of 1% of Bank of America's present number of officers and employes) have at some time during the last 25 years held positions in Transamerica or one of its subsidiaries exclusive of Corporation of America, only 7

of these have acted as officers of Bank of America and Transamerica or such a Transamerica subsidiary at the same time. Only 2 of these 7 have held offices in both since 1940, one of these being a junior officer in the New York representative's office and the other, a Bank of America branch manager, being president of the smallest of Transamerica's majority owned California banks, a bank at whose location a permit for the establishment of a Bank of America branch has been approved by the Comptroller of the Currency.

[Cross Ref: 19-22,  
82, 116, 117]

[B. Ex. 27, 72, 140;  
R. Ex. 255; Tr. 5479]

41. Other banks and corporations often seek to employ officers and employes of Bank of America because of the thorough training given to Bank of America personnel. Bankers who testified on behalf of the Board in this proceeding have employed former Bank of America employes and found such employment to be highly satisfactory. Bank of America has never sought to discourage officers or employes from taking positions by which they would improve themselves.

[Cross Ref:  
Sol. R. 19-22, 82,  
116, 117]

[Tr. 3134-35, 3229,  
3254-55, 3274,  
6081-4, 10646-8]

42. Between 1944 and 1949 approximately 220 officers, excluding non-official employes, resigned from Bank of America to take up other employment or

occupations. Of these, only 15 accepted positions with Transamerica or one of its majority owned banks or other subsidiaries.

[Cross Ref:  
Sol. R. 19-22,  
82, 116, 117]

[Tr. 6081-6083]

43. Edmund Nelson had retired and was no longer an officer of Bank of America during the period in which he acted as one of the proxy holders for Transamerica at the annual stockholders' meeting of Citizens of Los Angeles.

[Cross Ref:  
Sol. R. 50, 108, 109]

[Bd. Ex. 27,  
Tr. 1958-59]

44. The Boards of Directors of some of the Transamerica majority owned banks have employed Bank of America inspectors because of their greater experience in making examinations of branch banks and because they are superior to other auditors who might be employed. Those inspectors are bound by the same legal requirements of confidentiality as any other auditors or inspectors that might be employed.

[Cross Ref:  
Sol. R. 20, 111]

[Tr. 4347-53,  
6121-22]

45. "On April 16, 1947, George J. Bjurman was employed as manager of the investment department of Occidental Life Insurance Company and took active charge of the handling of that company's investments.

Prior to the employment of Mr. Bjurman, Mr. [Russell A.] Kent counseled with executive officers of the company upon all investments.

"During the years 1935 to 1947, inclusive, Mr. Kent was compensated by Occidental for his services by the payment of sums which varied between \$1,000 and \$2,000 and totaled \$16,500 during the period.

"After the year 1947, in which Mr. Bjurman was appointed, Mr. Kent continued to be available for counsel upon such investment questions as might be submitted to him by Mr. Bjurman or executive officers of the company, but received no further compensation from Occidental and was not consulted upon all investments.

"As an officer in the Bond Investment Department of Bank of America N. T. & S. A., Mr. Kent has customarily given investment advice as a banking service to correspondent banks and other customers of the bank who requested it, regardless of whether or not they were affiliated in any way with Transamerica Corporation."

[Cross Ref:  
Sol. R. 110]

[Bd. Ex. 200]

46. No inferences respecting the presence or absence of any particular relationship between two corporations may be drawn from the fact that they are represented by the same attorney at the same time in

different matters.

[Cross Ref:  
Sol. R. 113-115]

[Canon 6, Canons  
of Professional  
Ethics, American  
Bar Association,  
1946]

47. It has always been a cardinal policy of Bank of America that the shareholders should have the full benefit of every legitimate opportunity of profit or emolument arising directly or indirectly from the conduct of the Bank's business. Companies which were created and owned by the shareholders of the Bank for such incidental purposes and which became subsidiaries of Transamerica at the time that the shareholders of Bank of Italy N.T.&S.A. exchanged their shares in the Bank for shares of Transamerica, had specialized and become proficient at various non-banking activities. Bank of America utilized the services of those companies both before and after they became subsidiaries of Transamerica. An illustration of this situation lies in Corporation of America which acts as trustee under deeds of trust securing real estate loans of the Bank of America. This company is the successor to Stockholders Auxiliary Corporation organized in 1917. Another illustration is Capital Company, acquired by Bancitaly Corporation in 1918 which had been managing real estate in California even before its acquisition by Transamerica in 1928.

[Cross Ref:  
Sol. R. 118, 120]

[Bd. Ex. 6; R. Ex. 255;  
Tr. 207-208, 216, 1695-96  
10456, 10525-26]

48. The services which Capital Company renders to Bank of America are all available to and have been used by other banks and organizations in which Trans-america has no interest.

[Cross Ref:  
Sol. R. 120-122, 125]

[Tr. 10627]

49. The agreement between Bank of America and Capital Company respecting the financing of unimproved real estate was one of Bank of America's post war attempts to assist in relieving the housing shortage. Such loans as may have been made pursuant to that agreement were insignificant, totaling in the aggregate, approximately, \$173,000 which was about 1/100th of 1% of the total real estate loans of Bank of America in 1948 of \$1,395,000,000.

[Cross Ref:  
Sol. R. 123, 124]

[R. Ex. 255;  
Tr. 1659-74,  
5574, 9821]

50. It is common practice for a bank to use a corporation to act as trustee under deeds of trust securing real estate loans made by the bank; such a corporation may be either wholly owned by or independent of the bank which makes the loan. The practice of having officers of a bank simultaneously have an official capacity in the corporate trustee for the purpose of facilitating the execution of documents is normal, usual and practical.

[Cross Ref:  
Sol. R. 127]

[Tr. 1856-60]

51. There is no evidence that Interamerica Corporation did more than collect premiums and brokerage for insurance from Bank of America. The insurance arrangements between Bank of America and Premier Insurance Company were equally available to banks in which Transamerica had no interest, and other insurance companies made comparable arrangements.

[Cross Ref:  
Sol. R. 126]

[Tr. 2808, 2811,  
2825-37, 8366-67]

52. E. A. Mattison ceased to be an officer of Bank of America when he became president of Timeplan, Inc. That company became inactive four months after it was formed and has remained inactive since that time.

[Cross Ref:  
Sol. R. 128]

[Tr. 5478-79]

53. The business relations that exist between Bank of America and certain of Transamerica's subsidiaries have all been entered into and maintained on an arms' length basis, relate to non-bank business and constitute no evidence that Transamerica has controlled or now controls Bank of America.

[Cross Ref:  
Sol. R. 118-131]

[Tr. 10619-31]

54. Prior to 1938, Capital Company and California Lands, Inc. purchased foreclosed real estate acquired by Bank of America as a result of defaulted real estate loans and agreed to pay Bank of America

the Bank's carrying value at the time of sale even if such carrying value was higher than actual value at that time, later increases or decreases in value being at the purchasing company's risk. After the stock distribution of 1937, Bank of America retained title and interest in the ultimate profit or loss upon such transactions, and Capital Company and California Lands acted as agents for the Bank in the sale of the properties.

[Cross Ref:  
Sol. R. 120]

[Tr. 11423-39]

55. In 1937, Bank of America paid Capital Company total fees of only \$112,000 for managing Bank premises. In December, 1937, a new arrangement was made whereby the Bank would pay Capital Company \$300,000 per year in 1938 to allow Capital Company its out-of-pocket expense in administering the various matters which it handled for the Bank, plus a reasonable margin of profit.

[Cross Ref:  
Sol. R. 121]

[R. Ex. 385;  
Tr. 12791-8]

56. Three of the four contracts made by Occidental Life Insurance Company giving benefits to the employes of Bank of America were issued during the period when Transamerica owned a majority of the stock of Bank of America. Two of the three were modified subsequent to 1937 to eliminate benefits for employes of any company except Bank of America. Since the time of the

issuance of those contracts insurance premium rates have risen and it is a well known business practice to attempt to maintain insurance policies at the lowest possible rates. Each company whose employes at any time participated in any benefits under said group policies has paid its proportionate share of the premium for the insurance coverage provided by the policies.

[Cross Ref:  
Sol. R. 130]

[Bd. Ex. 292;  
Tr. 1766-67,  
1865-68]

57. Before 1937, when Bank of America absorbed assets of a bank, the stock of which had been acquired previously by Transamerica, any differences between carrying value and net liquidating value were borne by Transamerica. After 1937, Bank of America and Transamerica bargained for a fair price for such bank assets.

[Cross Ref:  
Sol. R. 119]

[Tr. 10636-7]

58. Corporation of America, a Transamerica subsidiary, has for many years acted as Trustee under deeds of trust taken as security for real estate loans by Transamerica majority owned banks without charge. Corporation of America performs the same service for Bank of America, but receives a fee from Bank of America for that service.

[Cross Ref:  
Sol. R. 127]

[Tr. 1856, 1860-61]

59. Transamerica does not require its non-banking subsidiaries to do their banking through Bank of America or through any Transamerica majority-owned bank. As illustrations of the effects of this policy, Occidental Life Insurance Company deals with about 40 banks throughout the United States, Pacific National Fire Insurance Company with about 20 banks, and Allied Building Credits, Inc. with about 20 other banks, including banks which compete with Bank of America. Allied Building Credits, Inc. is the only Transamerica subsidiary which borrows money at the present time, and it borrows from other banks, including competitors of Bank of America.

[Cross Ref:  
Sol. R. 118, 123,  
124, 126, 130]

[Tr. 4235-37]

60. The phrase "Transamerica group" has been used many times in Transamerica annual reports referring to banks majority-owned by Transamerica. In the reports prior to and including the year 1936 these references included Bank of America. In the reports subsequent to 1936 they have consistently excluded Bank of America.

[Cross Ref:  
Sol. R. 95-131]

[Bd. Ex. 3]

61. During the period when Transamerica owned substantially all of the stock of Bank of America numerous individuals simultaneously held official positions in Bank of America and Transamerica, or one

of its subsidiaries. Since the distribution of the stock in 1937, almost all of those situations have been eliminated, except for those in Corporation of America, which are matters of convenience for signing purposes and have no significance.

[Cross Ref:  
Sol. R. 116, 117]

[Bd. Ex. 27, 72,  
140; Tr. 1858-59]

IV. INSIGNIFICANCE OF ACQUISITIONS

62. Any indicator of market occupancy by a bank or group of banks which shows an average annual increase of no more than one percentage point over the last 10 years does not show any significant direction or tendency, economically, legally or otherwise.

[Cross Ref:  
Sol. Ex. 11, 12, 13, 14]

[Solicitor's requested  
finding No. 30]

63. Transamerica owns stock in only one bank each in the States of Arizona and Washington and at the times of the respective acquisitions of those stocks by Transamerica there was not any substantial competition between either of said banks and any other bank named in Paragraph Four of the Complaint.

[Cross Ref:  
Sol. R. 21, 22, 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 3]

64. Transamerica owns stock in 15 Oregon banks other than First National Bank of Portland. One of these, Moreland-Sellwood Bank, has its office in the City of Portland. The stock of Moreland-Sellwood Bank was acquired by Transamerica in 1938, and that bank then had deposits of about \$443,000 which was only about 0.2% of the total deposits of all banks then doing business in Portland, exclusive of First National

Bank of Portland. In spite of its insignificant size, the deposits of Moreland-Sellwood Bank increased to \$5,386,000 by 1948, and there has been no lessening of such competition as may have previously existed between it and any other bank.

Every office of the 14 other Oregon banks in which Transamerica owns stock is located in a separate community and in a community separate from any in which First National Bank of Portland has an office. At the time of the respective acquisitions by Transamerica of the stocks in Oregon banks now owned by it, there was not any substantial competition between any of said banks and any other bank named in Paragraph Four of the Complaint.

[Cross Ref:  
Sol. R. 19, 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 8, 11, 257;  
R. Ex. 121, 125, 232;  
Tr. 6703-05]

65. Transamerica owns stock in 3 Nevada banks, First National Bank of Nevada, acquired in 1934, Farmers and Merchants Bank of Carson Valley, acquired in 1937, and Bank of Nevada, newly organized by Transamerica in 1941. The only office of Farmers and Merchants Bank of Carson Valley is and at all times has been at Minden, Nevada, where no other bank named in Paragraph Four of the Complaint now has or ever has had an office. At the time of the respective acquisitions by Transamerica of the stocks in Nevada banks now owned by it, there was not any substantial competition between any of

said banks and any other bank named in Paragraph Four of the Complaint.

[Cross Ref: [Bd. Ex. 8, 257]  
Sol. R. 20, 23, 35;  
Sol. Ex. 6, 11, 12, 13]

66. Transamerica owns a majority of the stock of 26 California banks. There has been no showing by the Board that at the time of acquisition of its stock by Transamerica, any of said banks was in competition with any other bank named in Paragraph Four of the Complaint, nor as to the nature or extent of such competition, if any.

[Cross Ref: [Bd. Ex. 3]  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

67. Eighteen of the California banks of which Transamerica owns a majority of the stock have offices located in different communities, each of which is separate from those in which any other bank listed in Paragraph Four of the Complaint has an office:

American Commercial & Savings Bank, Moorpark  
Bank of Beaumont  
Bank of Newman  
Bank of Pinole  
Bank of Tehachapi  
Central Bank of Calaveras  
Farmers and Merchants Bank of Watts  
First National Bank in Corcoran  
First National Bank in Delano  
First National Bank of Bellflower  
First National Bank of Crows Landing  
First National Bank of Fairfield

First National Bank of Garden Grove  
First National Bank of Los Altos  
\* (First National Bank of San Jacinto)  
\* (First Savings Bank of San Jacinto)  
First National Bank of Weed  
Temple City National Bank, Temple City

At the time of the respective acquisitions by Transamerica of the stocks in the above named eighteen California banks now owned by it there was not any substantial competition between any of said banks and any other bank named in Paragraph Four of the Complaint.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 3, 257;  
Tr. 7143-7212]

68. The other eight California banks of which Transamerica owns a majority of the stock have offices in different communities each of which is separate from those in which any other bank majority-owned by Transamerica has an office, except Oakdale, which was the location of the First National Bank of Oakdale and its savings bank affiliate, which were in common ownership and were operated in the same office by the same officers before Transamerica acquired their stock. These eight banks are:

---

\* / First Savings Bank of San Jacinto is and was a savings bank affiliate of First National Bank of San Jacinto, in common ownership, operated in the same office, and by the same officers before and since Transamerica's acquisition of the stock.

Central Bank, Oakland  
First Trust and Savings Bank of Pasadena  
First National Bank in Santa Ana  
First National Trust and Savings Bank  
of Santa Barbara  
First National Bank in Turlock  
First National Bank of Mountain View  
(First National Bank) (under common ownership  
( of Oakdale ) (before Transamerica  
(Stanislaus County Bank)(acquired stock.

[Cross Ref: [Bd. Ex. 3, 8, 257;  
Sol. R. 23, 35; Tr. 7205-06]  
Sol. Ex. 6, 11, 12, 13]

69. There is no evidence in the record as to the nature of the business conducted by the eight Transamerica majority-owned banks listed in the preceding finding either as to character or volume of business or identity of customers, and in the absence of such evidence there can be no finding as to the portion of the business of such banks, if any, which may be or may have been in competition with branches of the Bank of America located in the same communities.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

70. The eight banks mentioned in proposed rebuttal finding 68 maintained their offices in seven communities in which Bank of America had branches; but prior to the acquisitions of the stocks of any of those banks Transamerica had disposed of a majority of its stock in Bank of America; and there has been no lessening of such competition as may have

existed between any of said banks and any branch of Bank of America.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 3, 8, 257;  
Tr. 7143-7212]

71. Banking conditions in Oakland as of the time of Transamerica's acquisition of the stock of Central Bank of Oakland and since then were as follows:

Bank stock acquired: Central Bank of Oakland;

Year: 1937; Approximate deposits at time of acquisition: \$37.7 million.

Population, 1930: 284,063; 1940: 302,163; 1950: 400,935.

Other banks (exclusive of Bank of America) then located in Oakland:

- (1) American Trust Company, a sectional branch banking system which then had and now has eight branches in Oakland. It then had total deposits of approximately \$277.3 million which have since grown to approximately \$927.8 million.
- (2) Anglo-California National Bank, a sectional branch banking system which then had one branch and now has two branches in Oakland. It then had total deposits of approximately \$204.8 million, which have since grown to over \$468.7 million.
- (3) Farmers and Merchants Bank, a local unit bank, the

deposits of which in 1937 do not appear in the record, but the assets of which were acquired in 1947 by Crocker First National Bank of San Francisco, which has since operated a branch at the unit bank's former location. Crocker First National Bank's total deposits in 1948 were approximately \$316.1 million.

- (4) Oakland Bank of Commerce, a local unit bank newly organized in 1937, the deposits of which grew from approximately \$2.5 million at the end of 1938 to approximately \$28.6 million in 1948.

In addition to the above, The San Francisco Bank, a sectional branch banking system, which had \$288.9 million of deposits in 1948, opened a new branch in Oakland in 1950 and has become an active competitor of all banks previously doing business in Oakland. Competition between Central Bank of Oakland (and later Central Bank, Oakland) and all other banks in Oakland, including Bank of America, has in no way lessened and, on the contrary, "the competition has grown keener over the years", and there has not been any lessening of competition between Central Bank and any bank listed in Paragraph Four of the Complaint since Transamerica's

acquisition of stock of Central Bank of Oakland in 1937. Central Bank, Oakland established one additional de novo branch in 1947.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 8; R. Ex.  
121, 303; Tr. 5801,  
7128-31, 7143,  
8774-75, 8791, 10043,  
11835; U.S. Census]

72. Banking conditions in Pasadena as of the time of Transamerica's acquisition of the stock of First Trust and Savings Bank of Pasadena and since then were as follows:

Bank Stock acquired: First Trust and Savings Bank of Pasadena; Year: 1942; Approximate deposits at time of acquisition: \$16.8 million.

Population, 1940: 81,864; 1950: 89,000.

Other banks (exclusive of Bank of America) then located in Pasadena:

- (1) Citizens Commercial Trust & Savings Bank, a local unit bank, the deposits of which grew from \$6.1 million in 1938 to \$14.7 million in 1948.
- (2) Pasadena First National Bank, a local three-office branch bank, the deposits of which grew from \$2.1 million in 1938 to \$14.6 million in 1948.
- (3) Security First National Bank of Los Angeles, a Southern California sectional branch banking system, the eighth largest bank in the United States, which had and has two branches in Pasadena. Security First National Bank's total

deposits grew from \$566.5 million in 1938 to \$1,619.8 million in 1948.

- (4) Union National Bank of Pasadena, which in 1942 was a unit bank, the deposits of which grew from \$3.8 million in 1938 to \$12.7 million in 1948. In 1949 it established a branch, a second banking office, in Pasadena.

In addition to the above, Southern Commercial and Savings Bank, a unit bank, was newly organized in 1949, and has since become a vigorous competitor for all banks in Pasadena.

Pasadena is largely a residential community where people who are retiring go for the purpose of making a home and where many arrange to have their estates administered by California banks. In consequence, First Trust and Savings Bank of Pasadena, which had a large multi-story banking building on the main thoroughfare, had an important trust activity. In contrast, Bank of America's main office in Pasadena was in ~~inadequate~~ quarters, a converted Greyhound Bus Station, and it did not have a substantial trust business there.

Pasadena has been "thickly banked" at all times since 1942 and has become more thickly banked in the last five or six years. There has not been any lessening

of competition between First Trust and Savings Bank of Pasadena and any branch of Bank of America, or any other bank doing business in Pasadena, or any bank listed in Paragraph Four of the Complaint.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 8; R. Ex. 121,  
122, 303; Tr. 7173,  
7176, 10506-08;  
U.S. Census]

73. Banking conditions in Santa Ana as of the time of Transamerica's acquisition of the stock of First National Bank in Santa Ana and since then were as follows:

Bank stock acquired: First National Bank in Santa Ana;  
Year, 1944; Approximate deposits at time of acquisition;  
\$25.5 million.

Other Banks (exclusive of Bank of America) then located in Santa Ana:

- (1) Commercial National Bank, a local unit bank, whose deposits grew from \$1.7 million in 1938 to \$10.2 million in 1948.
- (2) Security First National Bank of Los Angeles, a Southern California sectional branch banking system, the eighth largest bank in the United States, which had and has one branch in Santa Ana. The total deposits of that bank grew from \$566.5 million in 1938 to \$1,619.8 million in 1948.

Counsel for respondent attempted to develop from a bank examiner-Board witness facts respecting

the extent of bank competition in the district in which Santa Ana is located, but was prevented from doing so by an objection of the Solicitor and ruling of the Hearing Officer. In connection with his objection on this matter the Solicitor stated in part:

"I haven't put in anything about the subject of competition in Santa Ana, and I repeat I haven't put it in because I don't regard it as material to the case. I have put in the fact that Transamerica Corporation owns a bank in Santa Ana, and has recently bought it. If, according to Mr. Stewart's ideas of the case, I repeat, it should be a fatal defect because the Board hasn't proved the true competitive position in Santa Ana, bankingwise, that is, then the Board will sustain him, if there is no proof on it, ..."

There has been no lessening of competition between First National Bank in Santa Ana and any other bank since Transamerica purchased stock in that bank in 1944 and, if anything, the banking competition in Santa Ana has increased.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 8; R. Ex. 121,  
122, 303; Tr. 3622-23,  
7193-94; U.S. Census]

74. Banking conditions in Santa Barbara as of the time of Transamerica's acquisition of the stock of First National Trust and Savings Bank of Santa Barbara and since then were as follows:

Bank stock acquired: First National Trust and Savings Bank of Santa Barbara; Year, 1944; Approximate deposits

at time of acquisition, \$9.7 million.

Population, 1940: 34,958; 1950: 38,350.

Other banks (exclusive of Bank of America) then located in Santa Barbara:

- (1) County National Bank and Trust Company, a local unit bank in operation since 1875, which had \$6.4 million deposits in 1938 and \$23.7 million in 1948, thus enjoying a ten-year growth of approximately three times the total amount of deposits it had been able to attract in its previous sixty-three years of existence.
- (2) Security First National Bank of Los Angeles, a Southern California sectional branch bank system, the eighth largest bank in the United States, which had and has "a very large branch" in Santa Barbara. That bank's total deposits grew from \$566.5 million in 1938 to \$1,619.8 million in 1948.

Santa Barbara is widely known as a health resort and is a wealthy community which has become the adopted home of many retired people. In consequence an important part of the business available to banks in Santa Barbara is trust and estate business. First National Trust and Savings Bank has

developed a strong and important Trust Department with "a substantial trust business" whereas Bank of America's trust business in Santa Barbara has never been substantial.

There has been no lessening of competition between First National Trust and Savings Bank of Santa Barbara and any other bank since Transamerica's purchase of its stock in 1944 and if changed at all, the competition in Santa Barbara has been increased.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 8; R. Ex. 121,  
122, 303; Tr. 7194-95,  
7199, 10508-09; U.S.  
Census]

75. Banking conditions in Turlock as of the time of Transamerica's acquisition of the stock of First National Bank in Turlock and since then were as follows:

Bank stock acquired: First National Bank in Turlock  
Year, 1946; Approximate deposits at time of acquisition,  
\$6.6 million

Population, 1940: 4,839; 1950: 6,126

Other banks (exclusive of Bank of America) then  
located in Turlock:

- (1) Security State Bank, a local unit bank established in 1922, the total deposits of which in 1938 were only \$476,000, but which had grown by 1948 to \$4.9 million.

Turlock is located on the east side of the San

Joaquin River in an area in which there are no major shopping districts. The business district of Turlock is divided into two distinct sections by the natural obstruction of highway and railroad tracks running between them. Bank of America's Turlock Branch is located in the eastern business district and First National of Turlock and Security State Bank are located in the western business district.

There has been no lessening of competition between First National in Turlock and any other bank since Transamerica's purchase of its stock in 1946 and if changed at all, the competition has been increased.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 8; R. Ex.  
121, 303; Tr. 7187-88,  
7191-92; U.S. Census]

76. Banking conditions in Mountain View as of the time of Transamerica's acquisition of the stock of First National Bank of Mountain View and since then were as follows:

Bank stock acquired: First National Bank of Mountain View; Year, 1946; Approximate deposits at time of acquisition, \$3.8 million

Population, 1940: 3,986; 1950: 9,223

Other banks (exclusive of Bank of America) then located in Mountain View:

None in incorporated limits, but Sunnyvale, a

contiguous community within a distance of three miles on the main highway, contains a branch of American Trust Company, a sectional branch bank system, which in 1948 had total deposits of \$927.8 million.

There has been no lessening of competition between First National Bank of Mountain View and any other bank since Transamerica's purchase of its stock in 1946.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 8; R. Ex. 121,  
303; Tr. 7184-85,  
7204; U.S. Census]

77. Banking conditions in Oakdale as of the time of Transamerica's acquisition of the stock of First National Bank of Oakdale and its affiliate, Stanislaus County Bank, and since then were as follows:

Bank stock acquired: First National Bank of Oakdale and its affiliate, Stanislaus County Bank; Year, 1946; Approximate deposits at time of acquisition: \$8.1 million and \$3.4 million, respectively. Both banks were in the same ownership and operated in a single banking office by the same officers.

Population, 1940: 2,592; 1950: 3,457.

Other banks (exclusive of Bank of America) then located in Oakdale:

None in incorporated limits, but Riverbank, a community

of 2,670 population, located five miles southwest on the main highway, contains a local unit bank, newly organized in 1947, which had approximately \$1 million of deposits by 1948; and eight miles northwest on the main highway lies Escalon, a community of 760 population, with a branch of Central Valley Bank of California, a newly developing sectional branch banking system, with deposits of \$3.3 million in 1948.

After Transamerica purchased a majority of the stock of First National Bank of Oakdale and its affiliate, those banks established separate offices, thus giving Oakdale three banking offices where it had formerly had but two.

There has been no lessening of competition between First National Bank of Oakdale or its affiliate and any other bank since Transamerica's purchase of its stock in 1946.

[Cross Ref:  
Sol. R. 23, 35;  
Sol. Ex. 6, 11, 12, 13]

[Bd. Ex. 8, 334; R. Ex.  
121, 254, 303; Tr. 2759,  
7205-07; U.S. Census]

78. Comparison of the deposit liabilities of all banks in California as set forth in the tabulations contained in the following findings demonstrates the insubstantiality and competitive insignificance of the eight banks listed in proposed rebuttal finding 68.

79. The total deposits of banks majority owned by Transamerica were approximately as shown in the following tabulation at the respective dates of acquisition and at June 30, 1948:

<u>I California</u>	At Time of Acquisition (Millions)	June 30, 1948 (Millions)
<u>(a) Over \$50,000,000</u>		
None		
 <u>(b) \$10,000,000 to \$50,000,000</u>		
Central Bank, Oakland (Central Bank of Oakland)	\$37.7	\$117.5
First Trust and Savings Bank, Pasadena	16.8	45.6
First National Bank in Santa Ana	25.5	26.6
 <u>(c) \$5,000,000 to \$10,000,000</u>		
First National Trust and Savings Bank, Santa Barbara	9.7	13.6
First National Bank in Turlock	6.6	6.0
First National Bank of Delano	9.6	9.6
First National Bank, Oakdale	8.1	6.8
 <u>(d) Under \$5,000,000</u>		
First National Bank of Bellflower	4.1	7.6
Bank of Pinole	2.9	8.3
Bank of Newman	4.3	6.7
First National Bank, Garden Grove	.7	5.1
First National Bank in Corcoran	1.9	3.9
First National Bank, Crow's Landing	2.2	3.0
First National Bank, Fairfield	.7	2.7
First National Bank, Los Altos	.7	2.3
Central Bank of Calaveras, San Andreas	1.1	3.2
First National Bank, San Jacinto	1.0	1.2
First Savings Bank, San Jacinto	.6	.9
Bank of Tehachapi	1.0	1.2
Temple City National Bank	.6	4.4
Farmers and Merchants Bank of Watts	3.9	3.9
First National Bank, Weed	.9	2.8
Bank of Beaumont	2.2	2.4
American Commercial and Savings Bank, Moorpark	1.2	1.1
Stanislaus County Bank, Oakdale	3.4	3.9
First National Bank, Mountain View	3.8	3.6
Total in California	<u>\$172.4</u>	<u>\$291.2</u>

II Oregon

<u>(a) Over \$50,000,000</u>	At Time of Acquisition (Millions)	June 30, 1948 (Millions)
None		
 <u>(b) \$10,000,000 to \$50,000,000</u>		
First National Bank of Portland	\$46.2	\$480.9
First National Bank, Eugene	34.8	45.4
 <u>(c) \$5,000,000 to \$10,000,000</u>		
Benton County State Bank, Corvallis	9.4	10.2
First National Bank, Lebanon	9.7*	9.7*
 <u>(d) Under \$5,000,000</u>		
First National Bank, Cottage Grove	1.1	7.6
Moreland-Sellwood Bank, Portland	.4	5.4
Bank of Sweet Home	.6	3.3
Carlton State and Savings Bank	1.0	.9
Clatsop County Bank, Seaside	.5	3.6
Coolidge and McClaine, Silverton	.7	4.4
First National Bank, Forest Grove	.6	3.7
First National Bank, Prineville	.8	4.8
Scio State Bank	.4	1.2
Yamhill State Bank.	1.5	1.5
Monroe State Bank	1.3*	1.3*
State Bank of Malheur County, Ontario	1.8*	1.8*
Total in Oregon	<u>\$110.8</u>	<u>\$585.7</u>

III Nevada

<u>(a) Over \$50,000,000</u>		
None		
 <u>(b) \$10,000,000 to \$50,000,000</u>		
None		
 <u>(c) \$5,000,000 to \$10,000,000</u>		
First National Bank of Nevada, Reno	\$6.7	\$116.5
 <u>(d) Under \$5,000,000</u>		
Farmers Bank of Carson Valley, Minden	1.2	3.8
Bank of Nevada, Las Vegas (new organization)	0.0	9.5
Total in Nevada	<u>\$7.9</u>	<u>\$129.8</u>

<u>IV Arizona</u>	At Time of Acquisition (Millions)	June 30, 1948 (Millions)
<u>(a) Over \$50,000,000</u> None		
<u>(b) \$10,000,000 to \$50,000,000</u> First National Bank of Arizona, Phoenix**	\$18.2	\$83.2
 <u>V Washington</u>		
<u>(a) Over \$50,000,000</u> None		
<u>(b) \$10,000,000 to \$50,000,000</u> National Bank of Washington, Tacoma	\$14.5	\$97.8

80. The following tabulations show that only an insignificant amount of competition, as measured by deposits, could be affected by the acquisition of stock by Trans-america in the banks listed:

---

\* As of date of acquisition, subsequent to June 30, 1948.

\*\* Totals of banks which were merged into First National Bank of Arizona, the last in 1949.

[Cross Ref:  
Sol. R. 2, 3, 23;  
Sol. Ex. 1, 6, 11, 12, 13]

[Bd. Ex. 8, 11.]

(a) Deposits of Transamerica majority owned California banks, as of year of stock purchase and relation to total deposits of California banks other than Bank of America and the Transamerican majority owned banks at the times given.

(MILLIONS OF DOLLARS)

<u>June, each year</u>	<u>1937</u>	<u>1938</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>
Central Bank, Oakland	\$37.7										
First Nat. Bk., Garden Grove		\$0.7									
Bank of Pinole, Crockett			\$2.9								
Central Bk. of Calaveras, San Andreas			1.1								
First Nat. Bk., Fairfield				\$0.7							
First Nat. Bk., Weed				0.9							
Temple City Nat. Bk., Temple City				0.7							
First Tr. & Sav. Bk., Pasadena					\$16.8						
First Nat. Bk., Bellflower						\$4.2					
Bank of Newman, Newman							\$4.3				
Bank of Tehachapi, Tehachapi							1.0				
First Nat. Bk., Corcoran							1.9				
First Nat. Bk., Los Altos							.7				
First Nat. Bk., Santa Ana							25.5				
First Nat. Tr. & Sav. Bk., Sta. Barbara							9.7				
Farmers & Mer. Bk., Watts								\$3.9			
First Nat. Bk., Crow's Landing								2.2			
First Nat. Bk., San Jacinto								1.0			
First Sav. Bk., San Jacinto								0.6			
First Nat. Bk., Mountain View									\$3.8		
First Nat. Bk., Turlock									6.6		
First Nat. Bk., Stanislaus Co. Bk., Oakdale									11.5		
Bank of Beaumont, Beaumont										\$2.2	
First Nat. Bk., Delano										9.6	
Am. Com'l. & Sav. Bk., Moorpark											\$1.2
Total	\$37.7	\$0.7	\$4.0	\$2.3	\$16.8	\$4.2	\$43.1	\$7.7	\$21.9	\$11.8	\$1.2
Deposits all California banks other than Bank of America and the Transamerica majority owned banks	\$2,547	\$2,571	\$2,862	\$3,100	\$3,272	\$4,588	\$5,511	\$6,688	\$7,407	\$7,101	\$7,273
Percent, total deposits of acquired banks to deposits all other California banks	1.5%	0.03%	0.14%	0.07%	0.51%	0.09%	0.78%	0.12%	0.30%	0.17%	0.02%

[Cross Ref:

Sol. R. 2, 3, 23;

Sol. Ex. 1, 6, 11, 12, 13]

[Bd. Ex. 8, 13, 328.]

(b) Deposits of Transamerica majority owned Oregon banks other than First National Bank of Portland, as of year of stock purchase and relation to total deposits of Oregon banks other than the Transamerica majority owned banks at the times given.

(MILLIONS OF DOLLARS)

June, each year	1937	1938	1940	1941	1942	1945	1946	1947	1948	1949
Coolidge & McClaine, Silverton	\$0.7									
First National Bank, Forest Grove	0.6									
Clatsop County Bank, Seaside		\$0.5								
Moreland-Sellwood Bank, Portland		0.4								
First National Bank, Cottage Grove			\$1.2							
First National Bank, Prineville				\$0.9						
Bank of Sweet Home, Sweet Home					\$0.6					
Scio State Bank, Scio					0.4					
First National Bank, Eugene						\$34.8				
Benton Co. State Bank, Corvallis							\$9.4			
Carlton State & Savings Bank, Carlton								\$1.1		
Yamhill State Bank, Yamhill								1.7		
First National Bank, Lebanon									\$8.7	
Monroe State Bank, Monroe									1.3	
State Bank of Malheur County, Ontario										\$1.8
<b>Total</b>	<b>\$1.3</b>	<b>\$0.9</b>	<b>\$1.2</b>	<b>\$0.9</b>	<b>\$1.0</b>	<b>\$34.8</b>	<b>\$9.4</b>	<b>\$2.8</b>	<b>\$10.0</b>	<b>\$1.8</b>
Deposits, all Oregon banks other than the Trans-america majority owned banks	\$186.0	\$178.6	\$211.6	\$244.6	\$291.3	\$713.5	\$746.2	\$706.8	\$725.5	\$716.6 (1950)
Percent, total deposits of acquired banks to deposits all other Oregon banks	0.70%	0.50%	0.57%	0.37%	0.34%	4.88%	1.26%	0.40%	1.37%	0.25%

[Cross Ref:  
Sol. R. 2, 3, 23;  
Sol. Ex. 1, 6, 11, 12, 13.]

[Bd. Ex. 8, 11, 328]

(c) Transamerica acquired stock in First National Bank of Portland in 1930 at a time when it had no branches and when Transamerica had no interest in any other bank in Oregon.

[Cross Ref:  
Sol. R. 23]

[Bd. Ex. 3, 8]

81. Acquisition by Transamerica of stock in its majority owned banks in Washington and Arizona in 1937 has not resulted in any substantial increase in the proportion of the banking business done by those banks in the States of Washington and Arizona respectively, nor resulted in any lessening of competition in the banking business in those States nor between those banks and any other bank in which Transamerica owns an interest in the period of fourteen years since the acquisition of stock in those banks by Transamerica.

[Cross Ref:  
Sol. R. 22, 23]

82. National Bank of Commerce of Seattle, Washington, like all other branch banks in Washington, has acquired the assets of other banks in the regular course of business when the opportunities were presented.

[Cross Ref:  
Sol. R. 23, 53, 55;  
Sol. Ex. 6, 10]

[Tr. 3251]

83. The total deposits in all California banks of which Transamerica has purchased a majority of the stock

from 1938 to date aggregated about one fifth of the amount of the natural deposit growth of Bank of America in the last 2 years.

[Cross Ref:  
Sol. R. 23;  
Sol. Ex. 6]

[Bd. Ex. 8; R. Ex. 255]

84. The promotion of the branch personnel of a branch bank is dependent solely upon their success in developing their own prospects and business irrespective of the activities in other branches of the same branch bank.

[Cross Ref:  
Sol. Ex. 6, 10]

[Tr. 10522]

85. The policies of the managements of branch banks, including Bank of America and branch banks majority-owned by Transamerica, of making branch managers independent of other branches and holding branch personnel accountable solely and completely for the success of the respective branch, promotes competition among all of the branches of Bank of America, of the Transamerica majority-owned banks and all other banks and branches.

[Cross Ref:  
Sol. Ex. 6, 10]

[Tr. 9705-06, 10522-24,  
5676-7, 5725-27]

86. The Attorney General after a thorough investigation and in the exercise of his jurisdiction and powers under the Sherman Anti-Trust Act determined in October, 1945, that neither Bank of America, Transamerica, its majority owned

banks, nor all of them in the aggregate had done any act or series of acts which in anywise constituted a violation of the Sherman Anti-Trust Act.

[Cross Ref:  
Sol. Ex. 6, 10, 11, 12,  
13, 21.]

[Tr. 629-634]

V. MARKET OCCUPANCY

87. Each of the twelve Federal Reserve Districts is a separate trade area.

[Cross Ref: [Tr. 2745]  
Sol. R. 2, 3;  
Sol. Ex. 1.]

88. The freedom of entry of and establishment of new banks and branches in the 5-state area during the period 1946 to 1949 has been in line with the economic growth in that area during that period. The existence of a large bank has not operated and does not operate to deter establishment and operation of new banks. Large units and small units exist, survive and compete side by side.

[Cross Ref: [R. Ex. 100, 101, 102,  
Sol. R. 147] 234, 398;  
Tr. 9150-52, 12374]

89. There has been no unwillingness on the part of anyone to attempt to establish new banks. In the period from 1939 to 1949 applications were made to the Comptroller of the Currency, the Board and the Federal Deposit Insurance Corporation to establish new banks as follows:

<u>State</u>	<u>Total Applications to Establish a Bank</u>
California	33
Nevada	2
Washington	21
Oregon	20
	<hr/>
Total	76*
[Cross Ref: Sol. R. 145, 146, 147]	[R. Ex. 250]

90. Since about 1932 at the end of the rapid decline in the number of banks in the United States, new banks have been slow to be organized generally because of low prospective return on the capital invested.

[Cross Ref: [Tr. 823-24]  
Sol. R. 145, 146, 147]

91. The bank supervisory agencies of the state and federal governments have been the only power and authority which have limited the establishment of additional competing banks and branches in communities where Bank of America has branches. Bank of America has never done anything to interfere with the establishment of competing banks and branches anywhere.

[Cross Ref: [Tr. 2580, 11714-15]  
Sol. R. 145, 146, 147]

---

\* These figures do not include state, non-member non-insured banks.

92. The allocation of earning assets of any bank between investments and loans is one determined by the personal judgment of the management of each bank and varies widely between banks and from time to time in any bank. Some banks prefer to carry a large portion of their assets in relatively riskless assets such as government bonds and others prefer to carry a larger portion in loans. Some factors which bear upon the exercise of the judgment of the management in the formation of a loan policy in a bank at any specific time are the following:

(a) Different phases of the business cycle with tendency to expand credit on the upward movement of the business cycle and to contract on the downward movement and the management's appraisal of the situation.

(b) Estimates as to the probable course of deposits and amounts probably available for lending.

(c) Opportunities to lend depending to some extent upon the geographical area.

(d) Attitude toward specific types of loans or credits such as instalment credit loans, G.I. insured loans, F.H.A. loans and other specialized fields of lending.

(e) Availability of borrowers.

(f) Willingness to lend rather than  
place funds in investments.

[Cross Ref:  
Sol. R. 26, 29;  
Sol. Ex. 6, 13]

[Tr. 9709-9713]

93. The dollar amount of loans made by any specific bank and therefore its proportion of the total of all loans made by all banks, is dependent upon the loan policy of the specific bank and the prevailing loan policies of other banks. A bank such as Bank of America, which has a high propensity to lend, will normally have a relatively high percentage of all loans made by all lenders, thus discounting the value of loans as an indicator of market occupancy. Of the banks in the 5-state area, of California, Oregon, Washington, Nevada, and Arizona, Bank of America shows the highest propensity to lend, the banks in which Transamerica has no interest show the lowest propensity to lend, and the banks in which Transamerica owns a majority of the stock show an intermediate propensity to lend. Comparisons of loan figures either in absolute amounts or in percentages, relating to those banks, are therefore meaningless.

[Cross Ref:  
Sol. R. 26, 29;  
Sol. Ex. 6, 13]

[R. Ex. 274-277;  
Tr. 9715-9724]

94. At December 31, 1938, Bank of America held approximately 55% of its earning assets in loans and all other banks in California held on an average, about 50% of their earning assets in loans. At December 31, 1943 the proportion of loans to earning assets had been reduced to 28% in Bank of America and 26% average in all other banks. At December 31, 1948 the proportion of loans to earning assets in Bank of America had increased to approximately 58% slightly above the amount held in 1938 whereas the percentage of all other banks in California had increased, on the average, to about 36% or by an amount less than half of the reduction occurring during the war years.

[Cross Ref:  
Sol. R. 26, 29;  
Sol. Ex. 6, 13]

[R. Ex. 276;  
Tr. 9717-19]

95. Many other banks do not compete for and do not make any substantial amount of some types of loans which Bank of America aggressively seeks, - for example, FHA and GI loans on residences.

[Cross Ref.  
Sol. R. 26, 29;  
Sol. Ex. 6, 13]

[Tr. 3140, 3205, 3286-87,  
3332-34, 3430, 5575-76]

96. The findings requested by the Solicitor for the Board (nos. 27, 28 & 29), set forth statistics on banks improperly including Bank of America. Those statistics, with data on Bank of America omitted, are:

<u>State and Year</u>	<u>Percent of Transamerica Majority Owned Banks</u>		
	To Banking Offices of all Banks	To Deposits of all Banks	To Loans of all Banks
<u>California</u>			
1928	26.67	23.97	22.59
1929	34.20	31.08	29.30
1930	35.22	32.10	31.64
1931	33.98	27.91	29.73
1932	36.25	24.84	28.03
1933	38.94	27.77	31.09
1934	39.10	30.47	31.49
1935	40.43	30.59	30.72
1936	43.96	33.33	31.03
1937	0.55	34.49	35.26
1938	0.92	1.19	1.43
1939	0.93	1.16	1.38
1940	1.30	1.15	1.45
1941	1.50	1.19	1.45
1942	1.71	1.49	1.75
1943	1.92	1.48	2.07
1944	2.88	1.91	2.43
1945	3.23	2.08	2.48
1946	3.53	2.25	2.57
1947	3.79	2.19	2.27
1948	3.84	2.27	2.25
1950	3.76	2.29	2.26

<u>State and Year</u>	<u>Percent of Transamerica Majority Owned Banks</u>		
	To Banking Offices of all Banks	To Deposits of all Banks	To Loans of all Banks
<u>Summary*</u>			
1928	26.67	23.97	22.59
1929	34.20	31.08	29.30
1930	30.18	31.03	30.72
1931	29.21	27.15	28.87
1932	32.28	24.28	27.39
1933	36.27	27.61	30.75
1934	36.19	30.39	31.35
1935	37.98	30.43	30.59
1936	35.37	33.30	31.07
1937	4.88	31.27	32.24
1938	5.57	4.51	4.06
1939	5.52	4.46	4.23
1940	5.81	4.63	4.63
1941	6.09	4.89	4.89
1942	6.53	5.65	5.10
1943	6.63	6.09	4.93
1944	7.36	6.50	6.45
1945	7.57	6.69	5.69
1946	7.82	6.96	6.50
1947	8.29	6.89	5.97
1948	8.32	6.99	6.45
1950	8.50	7.02	6.97

\* California prior to 1930; California and Oregon, 1930-1933; California, Oregon, and Nevada, 1934-1935; California, Oregon, Nevada, and Washington, 1936; California, Oregon, Nevada, Washington, and Arizona, 1937-1950.

Note: Loans and deposits are as of the end of June. Banking office totals are as of June for 1928-1931; 1948 and 1950; 1932-1947 are as of December.

[Cross Ref:  
Sol. R. 2, 26, 27, 28, 29,  
36, 41; Sol. Ex. 10, 11,  
12, 13, 20, 21]

[Bd. Ex. 11, 13, 328;  
Tr. 12532]

97. A "one-bank town" is a community, generally containing 5,000 people or less, which is not sufficiently large to support more than one bank in the judgment and experience both of bankers and supervisory authorities.

[Cross Ref: [Tr. 10483-84]  
Sol. R. 41;  
Sol. Ex. 21]

98. A merger or absorption of banks which results in the discontinuance of all but one of the preexisting banking offices in a "one-bank town" is justified in the public interest and is encouraged by the supervisory authorities in the exercise of their legal discretion.

[Cross Ref: [Tr. 696-97, 2532,  
Sol. R. 41; 10483-84]  
Sol. Ex. 21]

99. Of the total communities in the United States having banking offices, a very large number are "one-bank towns."

[Cross Ref: [Tr. 2336-37]  
Sol. R. 41;  
Sol. Ex. 21]

100. As of December 31, 1948, the Transamerica majority owned banks had banking offices in 68 "one-bank towns"; Bank of America had branches in 144 "one-bank towns"; banks in the five-state area other than Bank of America and the Transamerica majority owned banks had offices in 304 "one-bank towns."

[Cross Ref: [R. Ex. 67, 112, 118]  
Sol. R. 35, 36, 41;  
Sol. Ex. 19, 20, 21]

101. The following table shows the small amount of the population of the one bank towns in California, Oregon, Arizona, Nevada and Washington where Bank of America and the Transamerica majority owned banks have the only banking office:

	<u>Total Population</u>	<u>Bank of America One Bank Towns Population</u>	<u>Percent of Total</u>	<u>Transamerica ma- jority owned banks One Bank Towns Population</u>	<u>Percent of Total</u>
California	9,974,350	417,314	4.2%	57,404	0.6%
Oregon	1,476,269	-	-	55,612	3.8
Arizona	750,000			12,572	1.7
Nevada	159,790			20,954	13.1
Washington	2,037,100			13,594	0.7
Total	14,397,509			160,136	1.1

[Cross Ref:  
Sol. R. 35-41;  
Sol. Ex. 19, 20, 21]

[R. Ex. 66, 111]

102. In the one-bank towns where Bank of America and Transamerica majority owned banks maintain the only banking offices, none of them has charged excessive rates or maintained practices contrary to the public interest or in any way abused its privileges in the community.

[Cross Ref:  
Sol. R. 41;  
Sol. Ex. 21]

103. On December 31, 1947, Wells Fargo Bank & Union Trust Co., had over \$390,000,000 in deposits, carried at its head office and sole branch, both in downtown San Francisco. At that time, 84 banking offices, constituting all of the branches of Bank of America in 31 of California's 58 counties carried a total of about \$375,000,000 in deposits.

[Cross Ref: [Bd. Ex. 18,20;  
Sol. R. 35, 36, 41; R. Ex. 43, 122, 303]  
Sol. Ex. 19, 20, 21]

104. In the two metropolitan areas of San Francisco and Los Angeles, there are 347 banking offices of banks other than Bank of America and the Transamerica majority owned banks. Ten of the banks operating some of those offices are among the 65 largest "commercial banks" in the United States, and all have enjoyed substantial growth in the last 10 to 15 years.

[Cross Ref: [R. Ex. 121, 122]  
Sol. R. 37-40]

105. In the 4-state area of Oregon, Washington, Nevada and Arizona, over one billion dollars, or about 29% of the total 4-state deposits of individuals, partnerships, and corporations are carried in banking offices in counties in which no Transamerica majority owned bank has an office.

[Cross Ref:  
Sol. R. 35, 36, 41;  
Sol. Ex. 19, 20, 21]

[R. Ex. 127, 129,  
130, 131]

106. Over 90% of the deposits of Bank of America are carried in branches located in towns and cities wherein there are local offices of competing banks.

[Cross Ref:  
Sol. R. 35-41;  
Sol. Ex. 19, 20, 21]

[R. Ex. 144]

107. Over 80% of the deposits of Transamerica majority owned banks are carried in offices in towns and cities where there are offices of competing banks other than Bank of America and the Transamerica majority owned banks.

[Cross Ref:  
Sol. R. 35-41;  
Sol. Ex. 19, 20, 21]

[R. Ex. 144]

108. Even if the Transamerica majority owned banks and Bank of America could be combined (a legal impossibility), 88% of the total deposits of the resulting banks would be carried in banking offices in towns and cities where there are local competing offices of other banks.

[Cross Ref:  
Sol. R. 35-41;  
Sol. Ex. 19, 20, 21]

[R. Ex. 144]

109. The Transamerica majority owned banks have no offices in 42 of the 58 counties in California. They have no offices in 62 of the 106 counties of the four states of Nevada, Oregon, Arizona and Washington; none in 9 of the 36 counties in Oregon; none in 12 of the 14 counties in Arizona; and none in 34 of the 39 counties in Washington.

[Cross Ref:  
Sol. R. 35, 36, 41;  
Sol. Ex. 19, 20, 21]

[R. Ex. 43, 127, 129,  
130, 131]

110. In Oregon during the period 1930 to 1947 a decrease of 81 in the number of banking offices of all banks resulted from acts of banks other than those majority owned by Transamerica. This represented 53% of the total number of banking offices in existence in Oregon at the end of 1947.

[Cross Ref:  
Sol. R. 27;  
Sol. Ex. 11]

[R. Ex. 99]

111. In California alone during the period 1928 to 1947, a decrease of 188 in the number of banking offices of all banks resulted from acts of banks other than Bank of America and banks majority owned by Transamerica. This represented 17.3% of the total number of banking offices in existence in California at the end of 1947.

[Cross Ref:  
Sol. R. 27;  
Sol. Ex. 11]

[R. Ex. 99]

112. A bank, being a service institution, would inevitably lose the bulk of its deposits and thereby lose its power to lend money through adverse customer reaction, if it discriminated among and against its depositors.

[Cross Ref:  
Sol. R. 144]

[Tr. 2757, 8489-90,  
9258-59, 9294-96,  
9678-79, 9839-40,  
9864-67]

113. If a bank discriminated among customers in an area or community, or abused its privileges, a new bank could easily be formed and a supervisory agency would approve the establishment of a new bank, basing the approval upon the deficiencies of the services of the existing bank.

[Cross Ref:  
Sol. R. 144, 145, 146]

[Tr. 2532, 9839-40]

114. Control of any number of banking offices does not result in control of all deposit accounts in any community, area or section.

[Cross Ref:  
Sol. R. 143]

[Tr. 2757, 2325-26, 2331,  
9854-56]

115. Control of one or more banking offices does not give the banking office or offices any control leverage over credit in any community, area or section.

[Cross Ref:  
Sol. R. 143]

[Tr. 2325-26, 2331, 2757,  
8489-90, 9278-86, 9854-56]

116. The only monopoly of credit possible in the United States is a monopoly by the government of the United States. No bank could have a monopoly of credit in the United States as a whole or in any section unless it carried and owned all of the deposits and that result as a practical matter is impossible to obtain.

[Cross Ref:  
Sol. R. 144]

[Tr. 2324-26, 2330-31,  
2757, 8489-90, 9089-94]

VI. NATURE OF THE SO-CALLED "COMMERCIAL BANKING BUSINESS"

117. The money creation function is (a) a result or by-product of lending; (b) not unique in the operations of "commercial banks" but also results from the operations of savings banks and other lenders and the deposits of savings banks are considered part of the money supply; (c) subject to control by the Federal Reserve System.

[Cross Ref:  
Sol. R. 135, 137, 138]

[Tr. 2510, 2744, 8477,  
9215-17, 9220, 9661-62,  
9665, 9675, 11898-901,  
11920, 11995-98, 12033-40]

118. Bank debt of non-financial business concerns in 1939 amounted to only 17.4% of the total current liabilities of such concerns. Bank loans to business concerns for 30, 60 or 90 day periods are frequently made for the purpose of enabling business men to obtain trade discounts by early payment of trade debts, thus substituting bank credit for trade credit. Accounts receivable financing is another method by which trade credit is converted into bank credit. This is a field in which banks are increasingly active and in which they are in direct competition with commercial credit companies. Trade credit and short term bank loans to business are thus substitutable for each other to a high degree.

[Cross Ref:  
Sol. R. 139, 142]

[Tr. 9001, 12301-03,  
12305-07]

119. A substantial portion of the short-term credit to business granted by "commercial banks" is lent to concerns which have access to the national lending market.

[Cross Ref:  
Sol. R. 139]

[R. Ex. 369;  
Tr. 120<sup>4</sup>7-67]

120. The rates charged by non-bank lenders on comparable terms, collateral and risk are comparable with the rates charged by "commercial banks".

[Cross Ref:  
Sol. R. 139]

[Tr. 9000-9013]

121. Many borrowers prefer to obtain short-term business credit from non-bank sources. Many such borrowers could qualify for obtaining similar credit from "commercial banks" at no difference in rate of interest charged.

[Cross Ref:  
Sol. R. 139]

[Tr. 9020, 9030-31]

122. Where, during a period in which no disproportionately large units have been acquired, the percentage of market occupancy of a bank or group of banks as measured by total deposits or total loans has increased more rapidly and more extensively than the percentage of market occupancy as measured by total banking offices, the necessary inference is that the principal cause of the growth in market occupancy has been superior competition and not the acquisition of

banking offices.

[Cross Ref:  
Sol. R. 27, 28, 29;  
Sol. Ex. 11, 12, 13]

[Bd. Ex. 8, 13]

123. The following figures analyze total deposits\* in the states of California, Oregon, Washington, Nevada and Arizona for Bank of America, the Transamerica majority owned banks and all banks:

	Total Demand Deposits	Total Time Deposits	Total Deposits
	(Thousands of Dollars)		
<u>CALIFORNIA</u>			
Total	\$7,314,851	\$5,920,665	\$13,235,516*
Bank of America	2,929,183	2,661,296	5,590,479
Transamerica majority owned banks	81,680	220,834	302,514
<u>OREGON</u>			
Total	912,507	391,010	1,303,517
Transamerica majority owned banks	416,509	170,441	586,950
<u>WASHINGTON</u>			
Total	1,340,148	735,189	2,075,337
Transamerica majority owned banks	59,516	40,873	100,389
<u>NEVADA</u>			
Total	106,341	61,084	167,425
Transamerica majority owned banks	83,143	46,131	129,274
<u>ARIZONA</u>			
Total	325,900	100,030	425,930
Transamerica majority owned banks	66,057	22,268	88,325
<u>FIVE STATE AREA</u>			
Total	\$9,999,747	\$7,207,978	\$17,207,725*
Transamerica majority owned banks	706,905	500,547	1,207,452

\* Figures include all deposits; about \$1.1 billion of public and inter-bank deposits in California and about \$3 billion public and inter-bank deposits in the five state area. Nearly all public and inter-bank deposits are demand deposits.

[Cross Ref:  
Sol. R. 30, 132;  
Sol. Ex. 14]

[Bd. Ex. 328, 329; Tr. 12532-33,  
12540, 12547-48]

124. A complete breakdown of the various types of deposits is necessary in order to have and make comparisons which are not misleading respecting "commercial banks".

[Cross Ref: [Tr. 2311-12]  
Sol. R. 30, 132]

125. Proportionately, there are more long term savings or time deposits, carried in "commercial banks" in the five state area of California, Oregon, Washington, Arizona and Nevada than in the nation as a whole.

[Cross Ref: [Tr. 2311, 8529-31]  
Sol. R. 30, 132]

126. The following figures, as of June 1948, show that banks in other states have varying proportions of time and demand deposits, and that banks in California have relatively more time deposits than do banks in New York, Illinois and Pennsylvania:

<u>State</u>	<u>Total Demand Deposits</u>	<u>Total Time Deposits</u>	<u>Total Deposits</u>
New York	\$24,990,000,000	\$4,081,000,000	\$29,071,000,000
Illinois	8,397,000,000	2,958,000,000	11,355,000,000
Pennsylvania	6,568,000,000	3,094,000,000	9,662,000,000
California	7,225,000,000	5,657,000,000	12,882,000,000

[Cross Ref: [Tr. 2308-10]  
Sol. R. 30, 132]

127. Of the total savings of all kinds, the proportion carried by "commercial banks" as time deposits has been steadily declining in recent years, in the five state area of California, Oregon, Nevada, Washington and Arizona, and in the nation as a whole, as a result of increased competition for that type of deposit business by competitors other than "commercial banks."

[Cross Ref: [Tr. 9530-31]  
Sol. R. 30, 132]

128. As of June 30, 1950, the Transamerica majority-owned banks had the amount and percentage indicated of total demand deposits in their respective states:

<u>State</u>	<u>Amount (Thousands Omitted)</u>	<u>Percentage of State Total</u>
California	\$81,680	2.0%
Oregon	416,509	45.6
Nevada	83,143	78.2
Arizona	66,057	20.3
Washington	<u>59,516</u>	<u>4.4</u>
Totals	\$706,905	7.7%

[Cross Ref: [Bd. Ex. 329;  
Sol. R. 30, 132; Tr. 12547-49]  
Sol. Ex. 14]

129. No bank domiciled in the five state area of California, Oregon, Nevada, Washington and Arizona, other than Bank of America, maintains any branches outside of the United States.

[Cross Ref: [R. Ex. 255]  
Sol. R. 2, 27, 28, 29;  
Sol. Ex. 11, 12, 13]

130. The extent to which the growth and present size of the Transamerica majority owned banks are attributable to service rendered to the small borrower and the small depositor is seen from the following figures:

- (a) About 41% of the deposit accounts of those banks have balances of \$100 or less and two thirds of the accounts have balances under \$500;
- (b) In a recent year, almost one half of the loans made were of amounts of \$500 or less.

[Cross Ref:  
Sol. R. 33, 34;  
Sol. Ex. 17, 18]

R. Ex. 60, 62-A]

VII. MISCELLANEOUS FACTS RESPECTING COLLATERAL MATTERS  
ON WHICH FINDINGS HAVE BEEN PROPOSED BY THE BOARD'S  
SOLICITOR

131. In all instances in which collections of out of state checks are effected through the Federal Reserve System, the bank which receives the out of state checks for deposit gives credit to its depositor, endorses and guarantees prior endorsements on the checks and delivers them to the Federal Reserve Bank in its district which gives credit to the bank making such deposit. The Federal Reserve Bank, through the Federal Reserve System, transmits the check to the Federal Reserve Bank or branch in the area in which the drawee bank is located where it is endorsed with prior endorsements guaranteed by the Federal Reserve Bank and presented to the drawee bank for payment. The Inter-District Settlement Fund of the Federal Reserve System is a clearing house arrangement between the Federal Reserve Banks and no commercial bank participates in it.

[Cross Ref:  
Sol. R. 151]

[Tr. 2144, 2340-41,  
2474-75]

132. In connection with the acquiring by Trans-america of stock in Phoenix National Bank and the Phoenix Savings Bank & Trust Company, Mr. Coerver agreed to hold the purchaser of the stock harmless from any losses which might arise out of the assets in the banks to the extent of \$25,000.

[Cross Ref:  
Sol. R. 22, 48(b)]

[Bd. Ex. 47]

133. The agreement whereby Transamerica acquired stock in First Trust and Savings Bank of Pasadena provided that the payment to Macdonnell of a retirement pension was in consideration of his personal goodwill and long service with that bank. A comparable payment of one year's salary was made to A. R. Thomas, a Vice President of First Trust who resigned at about the same time. The payment to Thomas was made for the same reasons as the payment to Macdonnell. These payments to Macdonnell and Thomas were made by First Trust and not by Transamerica.

[Cross Ref:  
Sol. R. 48(c), 50(a)]

[Bd. Ex. 31]

134. Mr. J. S. Macdonnell received less for his stock in First Trust and Savings Bank of Pasadena than did the other stockholders. Macdonnell received \$65 per share in cash while the other stockholders received \$34 in cash and one share of Bank of America stock having a market value at that time of about \$34.50 per share.

[Cross Ref:  
Sol. R. 48(c), 50(a)]

[Bd. Ex. 3-N, 31]

135. The price paid by Transamerica to stockholders generally for stock of First Trust and Savings Bank of Pasadena was approximately equal to its book value.

[Cross Ref:  
Sol. R. 48(c), 50(a)]

[Bd. Ex. 30, 31]

136. At the time Transamerica acquired stock in First National Trust and Savings Bank of Santa Barbara, it paid in excess of \$1,000,000 for the interest acquired. The fee of \$15,000 (about 1.5%), paid to the attorneys for the bank, was a normal and legitimate business expense, without significance in this proceeding.

[Cross Ref:  
Sol. R. 48(f)]

[Bd. Ex. 3-Q;  
Tr. 1550-51]

137. The principal stockholder of Bank of Corning, C. D. Hill, specifically sought out Mr. Carl F. Wente for the purpose of negotiating for the sale of his stock. This is a normal situation in which the seller desired to get out of the banking business and came to

an individual he trusted for assistance in obtaining a fair price for his stock. He desired to sell stock instead of assets because of personal tax benefits.

[Cross Ref: [Tr. 5991-931]  
Sol. R. 48(g), 108(a)]

138. Transamerica never sought to acquire a majority of the stock of Citizens of Los Angeles. At the time Transamerica offered to acquire 124,000 of the 250,000 outstanding shares of that Bank and opened an escrow to that end, Occidental Life Insurance Company deposited in that escrow the 2,000 shares it owned in acceptance of Transamerica's offer.

[Cross Ref: [Tr. 2122-23]  
Sol. R. 50(b),  
161(a), 171]

139. Transamerica has made no effort to increase its holdings of stock of Citizens of Los Angeles materially since the time of its original offer in 1943. At that time Transamerica obtained approximately 54,000 shares. Since that time Transamerica and its subsidiaries have acquired a net additional amount of only about 4,000 shares (about 1 and 1/2 per cent) the last purchase being in September 1947.

[Cross Ref: [Bd. Ex. 227]  
Sol. R. 50(b), 171]

140. The publication of newspaper advertisements advertising Transamerica's offer to acquire the stock of Citizens of Los Angeles caused no harm to that

bank, which, since that time, has become more profitable than ever before and has benefited by Transamerica's acquisition of an interest in it.

[Cross Ref: [Tr. 1951, 2038-46]  
Sol. R. 50(b),  
165, 167;  
Sol. Ex. 24, 25]

141. A. P. Giannini never desired Transamerica to acquire control of Citizens of Los Angeles. A. P. Giannini attempted to stimulate the creation by others of a more effective statewide branch bank competitor in which he would have no participation.

[Cross Ref: [Tr. 1972]  
Sol. R. 49(c),  
50(b), 173]

142. The testimony of Charles P. Partridge has been successfully impeached on the following material points:

- (a) He was discharged by Bank of America for excessive use of alcohol in violation of his agreement with the Bank not to indulge further; contrary to Partridge's testimony that he was discharged for disagreement with management policies.
- (b) He attempted to organize an insurgence against President L. M. Giannini; contrary to his denial of this fact.

- (c) His bank, First National Bank of Richmond, had abused its privileges as a correspondent bank of Bank of America, among other things, by overdrawing its account in placing drafts against uncollected funds; contrary to his denial of these facts.
- (d) Bank of America at no time considered establishment of rates of interest on either deposits or loans other than going market rates; contrary to Partridge's assertion of Bank of America threats of a rate war.

[Cross Ref:  
Sol. R. 44, 47,  
66-69, 117(c)]

[R. Ex. 317;  
Tr. 3042-51;  
5809-17; 10607-08]

143. Charles P. Partridge has no knowledge of any fact relating to Bank of America subsequent to August 6, 1940, the date of his discharge, and he has no knowledge of any facts relating to the management policies of Bank of America subsequent to January 1938, the time when he was transferred from the head office to the position of Branch Manager of the California-Montgomery branch of Bank of America.

[Cross Ref:  
Sol. R. 44, 47,  
66-69, 117(c)]

[R. Ex. 317]

144. Respecting the "attempt to acquire" Monterey County Trust and Savings Bank, the president of that

bank, Andrew C. Hughes testified that it was "me rather than the bank" that was wanted.

[Cross Ref: [Tr. 3097]  
Sol. R. 49(d), 52, 54(c)]

145. First State Bank of Rosemead, California, was organized by stockholders of Bank of Italy and at one time was owned 50% by Transamerica, which sold its interest to outsiders.

[Cross Ref: [Tr. 3089-90]  
Sol. R. 52, 53, 54(d), 55(k)]

146. A majority of the stock of First National Bank of Orange is covered by an agreement among the stockholders to give the Board of Directors of that bank an opportunity of first refusal in the event the stock is put up for sale.

[Cross Ref: [Tr. 3420-22]  
Sol. R. 53, 54(d), 55(k)]

147. Respecting Union National Bank of Pasadena, the only attempt involved in connection with that bank was to obtain a high quality bank officer, an individual qualified to be president of First Trust and Savings Bank of Pasadena.

[Cross Ref: [Tr. 12517-20]  
Sol. R. 49(b), 53]

148. Respecting Pacific National Bank of San Francisco, the discussion with the president of that bank was the result of investigation of a rumor by the president of Central Bank, Oakland. The investigation

was suggested by a member of the Board of Directors of Central Bank, Oakland, without the knowledge of either Transamerica or of any other organization.

[Cross Ref:  
Sol. R. 53]

[Tr. 12852-56]

Respectfully submitted,

Samuel B. Stewart, Jr.  
Samuel B. Stewart, Jr.

Hugo A. Steinmeyer  
Hugo A. Steinmeyer

Gerhard A. Gesell  
Gerhard A. Gesell *by AUS*

Attorneys for Respondent,  
Transamerica Corporation

Covington & Burling

Of Counsel

April 30, 1951