

Giannini Empire

(Summary of first three pages of the attached)

1. As of December 30, 1945, Bank of America N.T. & S.A. reported \$5,626,000,000 total resources and \$5,339,000,000 total deposits. If war loan deposits were deducted from the statement of all banks, this bank would be the largest bank in the world. Indeed its advertisements in the fall of 1945 indicate it had more total resources than any other bank. Excluding the amount of inter-bank balances which it holds, relatively small as compared with the amounts held by other leading banks, an even more commanding position is evident from the standpoint of individual and corporation deposits. In addition to this bank, control is exercised over other banks in California alone having aggregate deposits of \$242,000,000. Consequently, in California they control 50 per cent of the banking offices (525) and 41 per cent of deposits. This does not include Citizens National T & S Bank of Los Angeles, having \$339,000,000 deposits and 30 odd branches (almost 25% owned by Transamerica).

In Arizona they control 15 per cent of the banking offices and 23 per cent of the deposits; in Nevada 61-per cent of the banking offices and 80 per cent of the deposits; in Oregon 34 per cent of the banking offices and 44 per cent of the deposits.

Since the beginning of 1940 they have acquired 24 unit banks having total deposits of \$184,000,000 at June 30, 1945. This does not include 7 banks which have been taken over and converted into branches of Bank of America.

CONFIDENTIAL

GIANNINI EMPIRE

1. Bank of America N. T. & S. A. had \$4,498,500,000 of deposits at June 30, 1945 and reported \$5,339,000,000 at December 31, 1945. These figures establish it as the second largest bank and if war loan deposits were deducted from the statement of all banks, this bank would be first in size. Its advertisements in the Fall of 1945 indicated it had more total resources and total deposits than any other bank.

2. Other banks which are controlled, the date they were acquired, and the deposits which they hold are set out as follows:

<u>Bank</u>	<u>Date Control Acquired</u>	<u>Deposits (June 30, 1945)</u>
<u>In Arizona</u>		
First National Bank of Arizona, Phoenix	4-19-37	\$ 62,958,000
Phoenix Savings Bank & Trust Company	4-19-37	10,008,000
<u>In California</u>		
Central Bank, Oakland	1930	108,718,000
First National Bank of Garden Grove	12-23-38	4,370,000
Bank of Pinole, Crockett	1-31-40	8,590,000
Central Bank of Calaveras, San Andreas	10-10-40	2,281,000
First National Bank of Fairfield	5-22-41	2,495,000
First National Bank of Weed	5-29-41	2,012,000
Temple City National Bank, Temple City	6-17-41	3,472,000
First Trust & Savings Bank, Pasadena	2- 5-42	42,905,000
First National Bank of Bellflower	10-30-43	8,050,000
First National Bank in Santa Ana	1- 5-44	25,112,000
First National Trust & Savings, Bank, Santa Barbara	2-16-44	12,609,000
Bank of Newman	2-29-44	6,018,000
Bank of Tehachapi	July 1944	1,159,000
Bank of Corning	Sept. 1944	2,383,000
First National Bank of Los Altos	Nov. 1944	1,228,000
First National Bank of Corcoran	Dec. 1944	3,031,000
Farmers and Merchants Bank of Watts	Mar. 1945	4,286,000
First National Bank, San Jacinto	Aug. 1945	1,134,000
First Savings Bank of San Jacinto	Aug. 1945	675,000
First National Bank of Crows Landing	Nov. 1945	2,187,000

<u>Bank</u>	<u>Date Control Acquired</u>	<u>Deposits (June 30, 1945)</u>
<u>In Nevada</u>		
First National Bank of Nevada, Reno	1934	\$ 94,191,000
Farmers Bank of Carson Valley, Inc., Minden	10-26-38	2,531,000
Bank of Nevada, Las Vegas	5-17-41	6,472,000
<u>In Oregon</u>		
First National Bank of Portland	1930	464,195,000
Clatsop County Bank, Seaside	10-28-38	3,238,000
Coolidge and McClaine, Silverton	10-28-38	3,926,000
First National Bank of Forest Grove	10-28-38	3,064,000
Bank of Sellwood, Portland	12-13-38	3,706,000
First National Bank of Cottage Grove	1- 5-40	4,539,000
First National Bank of Prineville	4- 2-41	3,592,000
Scio State Bank, Scio	8- 8-42	1,245,000
Bank of Sweet Home	9-14-42	2,090,000
First National Bank, Eugene	Dec. 1945	36,246,000
<u>In Washington</u>		
National Bank of Washington, Tacoma (Control admitted Nov. 9, 1944)	1936	107,574,000

Since the end of 1940 other individual banks have been taken over and absorbed into the Transamerica group of banks as follows:

By Bank of America N. T. & S. A.:

First National Bank of Clovis	5-31-44
Farmers & Merchants Bank, Gardena	1-31-42
First National Bank of Laton	6- 3-44
Bank of Galt, Lodi	6-26-43
Citizens National Bank, Ontario	4-25-42
Bank of Suisun N. A., Suisun City	5-17-41
Winters National Bank, Winters	5-17-41

By First Trust & Savings Bank, Pasadena:

First National Bank of Lamanda Park, Pasadena	8-12-44
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By First National Bank of Nevada:

Farmers & Merchants National Bank of Eureka, Nev.
(owned by TAC since 2-15-40)

3. The persistent policy of expansion which has been pursued in the face of the considered judgment and concerted opposition of all the Federal banking agencies is evidenced by the number of banks which have been acquired since 1940. Moreover, the unwholesome tactics said sometimes to have been resorted to in expanding, including bonuses and pensions to officers of banks whose stock was being sought and the employment, against those who would resist, of brokerage houses and high-powered sales methods accompanied by the circulation of rumors, do not breed confidence.

The proportion of bank deposits now controlled is shown in the following table:

**BANKS AND BRANCHES IN THE TRANSAMERICA CORPORATION GROUP
COMPARED WITH ALL BANKS AND BRANCHES IN THE SAME STATES**

(Deposits in thousands of dollars)

	Number of--			Deposits of banks and branches June 30, 1945 ^{2/}
	Banks	Branches ^{1/}	Banks and Branches	
Transamerica Corporation banks:				
Arizona	2	4	6	72,966
California	21	504	525	4,741,215
Nevada	3	11	14	103,194
Oregon	10	39	49	525,841
Washington	1	8	9	107,574
Total	37	566	603	5,550,790
All banks in same States:				
Arizona	12	29	41	323,737
California	208	834	1,042	11,450,055
Nevada	8	15	23	129,525
Oregon	74	70	144	1,195,288
Washington	124	97	221	1,897,629
Total	426	1,045	1,471	14,996,234
Ratio (per cent) of Trans- america banks to all banks in same States:				
Arizona	16.7	13.8	14.6	22.5
California	10.1	60.4	50.4	41.4
Nevada	37.5	73.3	60.9	79.7
Oregon	13.5	55.7	34.0	44.0
Washington	.8	8.2	4.1	5.7
Total	8.7	54.2	41.0	37.0

^{1/} The number of branches shown above does not include offices at military reservations, nearly all of which are so-called "banking facilities" provided through arrangements made by the Treasury Department with banks designated as depositaries and financial agents of the Government.

^{2/} Separate deposit figures for branches are not available. June 1945 deposit figures are shown throughout this table, since December 1945 figures are not yet available for some banks and States.

5. The foregoing does not include the measure of control exercised by virtue of a minority interest in one or two smaller banks in California, the majority stockholders of which are presently maintaining control by virtue of voting trusts to which they have subscribed. It does not include the measure of control exercised by virtue of a substantial investment in the National City Bank of New York, making it possible for A. P. Giannini to be on the Board of that bank. Nor does it include the as yet unsuccessful "blitz" made upon the Citizens National Trust and Savings Bank of Los Angeles which itself has \$339,000,000 in deposits and some 30 odd branches in Los Angeles. To date, something like 25 per cent of this bank's stock has been acquired by virtue of which the control over the election of 5 out of the bank's 20 directors is exercised.

6. Activities are not confined to the acquisition and control of banking resources. Huge holdings in real estate are controlled through Capital Company. In the insurance field, control is exercised over Occidental Life Insurance Company of California with book assets of over \$119,000,000; Pacific National Fire Insurance Company with assets of over \$11,000,000; and Premier Insurance Company with assets of around \$3,000,000.

Recent activities in the industrial field have indicated a policy of expansion similar to that followed in banking. To the long-standing control of General Metals Corporation, which did a \$9,600,000 business in 1944, has been added since 1941 Enterprise Engine and Foundry Company, which did a \$18,000,000 business in 1944, the Adel Precision and Products Corporation, which did a \$20,700,000 business in 1944, and the Aerco Corporation, a smaller company, which did a \$3,800,000 business in 1944.

During November 1945, Transamerica and its wholly owned subsidiary, Occidental Life Insurance Company, acquired a 100 per cent interest in Allied Building Credits, Inc., St. Paul, Minnesota. The new subsidiary is presently engaged in providing merchandising assistance for lumber dealers and financial assistance to contractors and builders through the purchase of installment notes and the making of residential loans.

To carry this volume of business it was necessary for some of these companies to borrow from banks and from Transamerica Corporation. Here the danger is twofold. Not only are power and control being concentrated but the potential borrower and potential lender are under the same management, a management whose past record in the matter of intercorporate transactions and whose liberality in the extension of credit to controlled corporations is well known. Moreover, there is a known tendency upon its part to take speculative positions and to make speculative investments. Within the period of the acquisitions above set out, there were acquired and sold Axton-Fisher Tobacco Company and Pacific Finance Corporation. According to report, huge profits were made in these transactions but huge losses have been taken in the past and could be taken in the future. Measures should be taken to prevent the lending of depositors' funds to support such undertakings.

A list of controlled nonbanking organizations and the corporation through which they are controlled is as follows:

	<u>Controlled By</u>
Adel Precision Products Corporation, Burbank, California.	Transamerica Corporation
Aerco Corporation, Hollydale, California.	Transamerica Corporation
American Brokerage, Inc. (Inactive), San Francisco, California.	Transamerica Corporation
Capital Company San Francisco, California.	Transamerica Corporation
Coast Service Company, San Francisco, California.	Transamerica Corporation
Corporation of America, San Francisco, California.	Transamerica Corporation
Enterprise Engine and Foundry Company San Francisco, California.	Transamerica Corporation
Enterprise Engine Company San Francisco, California.	Enterprise Engine & Foundry Co.
General Metals Corporation, San Francisco, California.	Transamerica Corporation
Inter-America Corporation (Calif.), San Francisco, California.	Transamerica Corporation
Occidental Life Insurance Company, Los Angeles, California.	Transamerica Corporation
Pacific National Fire Insurance Company San Francisco, California.	92% - Transamerica Corporation 8% - Premier Insurance Company
Premier Insurance Company, San Francisco, California.	Transamerica Corporation
Timeplan Incorporated (Inactive), San Francisco, California.	Transamerica Corporation
First Holding Corporation, Pasadena, California.	Transamerica Corporation
Western Furniture Exchange, San Francisco, California.	Capital Company
First Securities Company, Portland, Oregon.	First National Bank of Portland
National Insurance Agency, Phoenix, Arizona.	Phoenix Savings Bank & Trust Co.
California Foundries, Inc., Oakland, California.	Bank of America N. T. & S. A.
Merchants National Realty Corporation, San Francisco, California.	Bank of America N. T. & S. A.
Allied Building Credits, Inc. St. Paul, Minnesota.	70% - Transamerica Corporation 30% - Occidental Life Insurance Co.
Eureka Mill & Lumber Company,	Bank of America N. T. & S. A. (Trust department)

Controlled By

Banca Immobiliare Italiana,
Milan, Italy.
Societa Edilizia Viareggina,
Milan, Italy.
Societa Immobiliare Lombardi,
Milan, Italy.

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Banca d'America e d'Italia

7. The control of such vast resources, in itself, creates the gravest sort of economic problems and these are emphasized when the investment of the controlling individuals is as insignificant as is the case here. Likewise, the mere possession of such power, even if it were not used (and there is plenty of evidence that it has been) has far-reaching political implications, particularly when the power is in the hands of a management which is openly hostile to the policies of this Administration and is defiant of all Federal authority as is this one. It is unfortunate that it is necessary to do anything at this time but the choice is not ours. This management recognizes no truce. Indeed, it takes advantage of the times to get its hands on more and more economic resources with the result that, if nothing is done, we may find that a Fascist economic empire has been built within our own borders.

8. We would like to get support for legislation which would stop this uncontrolled expansion and eliminate the evils and potentially dangerous consequences inherent in the common management and control of banking and nonbanking enterprises. If the type of legislation recommended in the Board's Annual Report for 1943 should be enacted but should fail to accomplish the required results, then, as between the existing situation and the complete dissolution of all bank holding companies, the latter is the only choice. Now is no time, however, to force the liquidation of all such companies, practically all of which conduct their affairs properly and some of which offer banking services where otherwise the services are not available.