

RUSSELL C. SMITH
NUMBER ONE POWELL
SAN FRANCISCO

January 17, 1941.

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

Dear Marriner:

I am pleased to have your letter of January 8, commenting upon our year-end statement, and have read carefully your comments, which I recognize as made on a friendly, personal basis. Without any wish to prolong a discussion of these matters I should like to say that the action taken with regard to the partial retirement of preferred stock was not thought to be inconsistent with the "Requirements of the Comptroller."

After the retirement of \$3,000,000 of preferred stock the capital funds of the Bank were \$1,632,000 more than the total was at the time the stock was issued, and the ratio of capital funds to criticized assets was improved by a decrease of \$13,347,000 in such assets since the previous year and by the elimination of \$1,752,000 in classified losses during the last six months of 1940.

As to the new building: This project has been planned since about 1928, but postponed from time to time for various reasons, although undoubtedly needed. Steel was contracted for months ago and all plans completed before the requirements of the defense program became as imperative as they now are. It would be very desirable if private business should create a back-log of work to be done when the activity of Government emergency work slackens, but our project, as it happens, was too far advanced to stop when the defense need became evident.

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Thank you for the benefit of your personal views which I particularly appreciate in view of the many problems which must be occupying your attention at this time.

Cordially yours,

A handwritten signature in cursive script, appearing to read "Russ", with a small horizontal line at the end.

January 29, 1941

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

Dear Preston:

With Marriner's permission I am transmitting herewith a copy of a letter which he wrote to Russ Smith of the Bank of America which, as you will see, is entirely on a personal basis. It shows Marriner's reaction to the year end release of the bank respecting its earnings, growth and retirement of preferred stock. It just occurred to me that you and perhaps one or two of your associates would be interested in this evidence that Marriner does not hesitate to criticize our friends on the Pacific coast, when he feels criticism is due.

Yours sincerely,

Lawrence Clayton
Assistant to the Chairman

enclosure

LC/frl