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BANK OF AMERICA  
NATIONAL TRUST AND SAVINGS  
ASSOCIATION

A. P. Giannini  
Chairman of the Board of Directors

San Francisco, California  
December 11, 1943

Board of Governors of the  
Federal Reserve System,  
Washington, D. C.

Gentlemen:

Mr. Carl F. Wente, Senior Vice President of this bank, has been in correspondence recently with Honorable Henry F. Grady, Chairman of the Board of Directors of the Federal Reserve Bank of San Francisco, concerning the latter's conduct of an election for a Class A Director of the Federal Reserve Bank. The most recent letter was one from your Board, which was transmitted to the bank at your request, and which Mr. Wente has brought to my attention.

To my utter amazement I find that the Board has utilized an off-hand expression in a personal communication of mine to our Washington counsel as confirmation of a view expressed by the Board, which deprived Bank of America National Trust and Savings Association of its lawful right to participate in the election. I should like your Board to understand fully the circumstances in which I communicated with our Washington counsel.

It is true, as you said in your letter, that Mr. Charles Collins has appeared on numerous occasions in behalf of Bank of America or Transamerica Corporation or both, but it is also true that Mr. Collins has been called upon at various times to supply information on the initiative of members of your Board. I have always understood that such appearances were proper in every respect and were for the purpose of facilitating the exercise of the Board's supervisory powers over Bank of America National Trust and Savings Association or Transamerica Corporation or both in a manner consistent with the law and warranted by the facts.

The Board will recall that last May it sent a communication to Transamerica Corporation, based upon "reports from various sources," in which reference was made to the acquisition by the Corporation of some stock in Citizens National Trust and Savings Bank of Los Angeles. In replying to your communication Transamerica had occasion to refer "in passing" to some of the circumstances which accounted for its transaction. Inasmuch as I had recently received information which substantiated those circumstances and which may well have prompted directors and stockholders of the Citizens National Bank

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to solicit the acquisition by Transamerica Corporation of an interest in that bank, I thought it proper to advise a member of the Board informally of such facts. With that in mind I made the request of Mr. Collins, who later informed me of the appointment made for the specific purpose and of the cordial spirit in which such information was received, without, of course, any comment from the Board member in reference to the Citizens Bank situation. None was expected. Now, to my great surprise, I find that my reference to "Transamerica Banks" in my memorandum to Mr. Collins has been distorted in meaning and seized upon as confirmation of a recent ruling by the Board, protested by the Bank concerning the present legal relationship of Bank of America with Transamerica Corporation. This was not dealt with in my memorandum at all.

I was conveying to Mr. Collins a comparative history of Citizens Bank with other banks, some of which were operated pursuant to Transamerica policies and at least one of which had always been independent of Transamerica's control, as had the Citizens Bank. This historical comparison dated back about fourteen years and during more than half of that period Bank of America was a substantially wholly owned subsidiary of Transamerica Corporation. Everybody knows that. Everybody knows, too, that notwithstanding the fact that more than 140,000 of the Bank's present stockholders own an overwhelming majority of the voting shares of Bank of America and participate at stockholders' meetings for the election of directors, they have found no occasion and have evinced no desire to change the management of Bank of America. The present management of the Bank is the management selected by its stockholders, and I feel complimented that they have been pleased with the management for which Transamerica Corporation was originally responsible.

I offer no apologies. But I must express to you my extreme surprise that your Board, acting either with or without legal advice, would seize upon a handy expression as a legal synonym for control. I leave the proprieties to you.

Very truly yours,

/s/ A. P. Giannini

Chairman of the Board.

P. S. Upon learning of your communication, I telephoned to Mr. Collins and asked him to give me the benefit of his recollection of the conference with a member of your Board. I have just received his letter which indicates that Mr. Collins furnished to the Board member at his request for his inspection a partial copy which Mr. Collins had made of my memorandum to him, and that in the brief interval in which it was being inspected by the member, Mr. Dreibelbis glanced at it and laughingly commented on the inclusion of Bank of America in a group of so-called "Transamerica Banks." Apparently what Mr. Dreibelbis saw was a typewritten paper, not signed by anybody, and which was never before

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the Board. I might add that Mr. Collins questioned the propriety of a quotation by the Board from memory of a personal communication from me to him.

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