

GIANNINI EMPIRE

(Condensation of first three pages)

1. As of December 30, 1944, Bank of America N. T. & S. A. had \$4,600,000,000 resources and \$4,340,500,000 deposits. If war loan deposits were deducted from the statement of all banks, this bank would be the largest bank in the world. Moreover, the amount of interbank balances which it holds, as compared with the amounts held by other leading banks, gives it an even more commanding position viewed from the standpoint of individual deposits. In addition to this bank, control is exercised over 15 other banks in California alone. These banks have aggregate deposits of \$181,100,000, with the result that in California they control 50 per cent of the banking offices (518) and 41.5 per cent of the deposits.

In Arizona they control 15 per cent of the offices and 23.3 per cent of the deposits; in Nevada 60.9 per cent of the offices and 79.8 per cent of the deposits; and in Oregon 34.7 per cent of the offices and 41.5 per cent of the deposits.

Since 1940 they have acquired 19 unit banks having total deposits of \$180,600,000.

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CONFIDENTIAL

GIANNINI EMPIRE

1. As of December 30, 1944, Bank of America N. T. & S. A. had \$4,600,000,000 resources and \$4,340,500,000 deposits. These figures establish it as the second largest bank and it is claimed that, if war loan deposits were deducted from the statement of all banks, this bank would be first in size.

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, 1944)</u>
<u>In Arizona</u>		
First National Bank of Arizona, Phoenix	4-19-37	\$ 50,948,000
Phoenix Savings Bank & Trust Company	4-19-37	7,589,000
<u>In California</u>		
Central Bank, Oakland	1930	86,385,000
First National Bank of Garden Grove	12-23-38	3,333,000
Bank of Pinole, Crockett	1-31-40	6,123,000
Central Bank of Calaveras, San Andreas	10-10-40	1,881,000
First National Bank of Fairfield	5-22-41	1,697,000
First National Bank of Weed	5-29-41	1,610,000
Temple City National Bank, Temple City	6-17-41	2,394,000
First Trust & Savings Bank, Pasadena	2- 5-42	30,158,000
First National Bank of Bellflower	10-30-43	6,441,000
First National Bank in Santa Ana	1- 5-44	22,748,000
First National Trust & Savings Bank, Santa Barbara	2-16-44	9,865,000
Bank of Newman	2-29-44	4,607,000
Bank of Tehachapi	July 1944	1,141,000
Bank of Corning	Sept. 1944	1,926,000
First National Bank of Los Altos	Nov. 1944	789,000

<u>Bank</u>	<u>Date Control Acquired</u>	<u>Deposits (June 30, 1944)</u>
<u>In Nevada</u>		
First National Bank of Nevada, Reno	1934	\$ 76,408,000
Farmers Bank of Carson Valley, Inc., Minden	10-26-38	1,799,000
Farmers & Merchants National Bank of Eureka	2-15-40	822,000
Bank of Nevada, Las Vegas	5-17-41	4,544,000
<u>In Oregon</u>		
First National Bank of Portland	1930	399,036,000
Clatsop County Bank, Seaside	10-28-38	2,292,000
Coolidge and McClaine, Silverton	10-28-38	2,978,000
First National Bank of Forest Grove	10-28-38	2,296,000
Bank of Sellwood, Portland	12-13-38	2,653,000
First National Bank of Cottage Grove	1- 5-40	3,638,000
First National Bank of Prineville	4- 2-41	2,634,000
Scio State Bank, Scio	8- 8-42	926,000
Bank of Sweet Home	9-14-42	1,620,000
<u>In Washington</u>		
National Bank of Washington, Tacoma	1936	75,036,000
	(Control admitted Nov. 9, 1944)	

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.

4. The inordinate proportion of banking resources 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--		Banks and Branches	Deposits of banks and branches June 30, 1944 ^{2/}
	Banks	Branches ^{1/}		
Transamerica Corporation banks:				
Arizona	2	4	6	58,537
California	16	502	518	3,926,782
Nevada	4	10	14	83,573
Oregon	9	39	48	418,073
Washington	1	8	9	75,036
Total	32	563	595	4,562,001
All banks in same States:				
Arizona	12	28	40	251,049
California	206	830	1,036	9,458,943
Nevada	9	14	23	104,773
Oregon	71	69	140	1,008,079
Washington	128	94	222	1,732,479
Total	426	1,035	1,461	12,555,323
Ratio (per cent) of Trans- america banks to all banks in same States:				
Arizona	16.7	14.3	15.0	23.3
California	7.8	60.5	50.0	41.5
Nevada	44.4	71.4	60.9	79.8
Oregon	12.7	56.5	34.3	41.5
Washington	.8	8.5	4.1	4.3
Total	7.5	54.4	40.7	36.3

^{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 1944 deposit figures are shown throughout this table, since December 1944 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 two or three 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 \$300,000,000 in deposits and some 30 odd branches in Los Angeles. To date, something over 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 \$100,000,000; Pacific National Fire Insurance Company with assets of over \$10,000,000; 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 \$12,000,000 business in 1943, has been added since 1941 Enterprise Engine and Foundry Company, which did a \$16,000,000 business in 1943, the Adel Precision and Products Corporation, which did a \$18,500,000 business in 1943, and the Aerco Corporation, a smaller company, concerning which we have no figures.

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
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
Inter-America Corporation (Del) San Francisco, California.	Transamerica Corporation
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.

Controlled By

Maier Brewing Corporation, Los Angeles, California.	Bank of America N. T. & S. A. (Pledge of stock)
Capwell, Sullivan and Furth, Ltd., Oakland, California (Dept. store)	Bank of America N. T. & S. A. (Pledge of stock)
Banca Immobiliare Italiana, Milan, Italy.	Banca d'America e d'Italia
Societa Edilizia Viareggina, Milan, Italy.	Banca d'America e d'Italia
Societa Immobiliare Lombardi, Milan, Italy.	Banca d'America e d'Italia

Although consistently denied, there is highly persuasive evidence that Pacific Coast Mortgage Company and some of its affiliated companies and subsidiaries, including Bankamerica Company, are under the domination of Transamerica even in the absence of control through ownership of a majority of its stock. Bankamerica Company is a securities company which formerly was admittedly controlled by Transamerica Corporation. This affiliation became unlawful under the provisions of the Banking Act of 1933 and the company, after a series of questionable transfers, ended up with Pacific Coast Mortgage Company as its ostensible owner.

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 come to the end of the war and 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.

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