

EXPANSION OF TRANSAMERICA CORPORATION'S BANKING INTERESTS DURING THE PERIOD
JANUARY 1, 1942 - DECEMBER 31, 1946

From January 1, 1942, through December 31, 1946, Transamerica Corporation increased its dominant position in the 4-State area of Arizona, California, Nevada, and Oregon, as reflected in the following increases in the measures of its control:

- (1) Number of banks - From 6.9% to 13.5% of the total;
- (2) Number of banking offices - From 45.5% to 47.4% of the total;
- (3) Deposits - From 37.7% to 43.2% of the deposits of all banks.

The increase was largely in the States of California and Oregon. Details showing the increases or decreases by States, including Washington as well as the four other States named above, are shown in Appendix A. There was no change during the period in the number of banking offices controlled by Transamerica in Washington, where its banking interests comprise one bank with nine branches.

The increase in the Transamerica group's position reflects expansion through acquisition of other banks and the establishment of de novo branches as well as through growth. During the period January 1, 1942, through December 31, 1946:

Transamerica has acquired control of banks	21
19 continue as controlled banks (2 of which continue to operate the 4 branches in existence at time of acquisition)	
1 was merged with a branch of Bank of America N.T. & S.A.	
1 was converted into a branch of First Trust and Savings Bank of Pasadena (member bank - approval not required for within-city branch)	
Bank of America N.T. & S.A. has absorbed other independent banks	5
4 were merged with existing branches	
1 was converted into a branch	
De novo branches were established	13
10 by Bank of America N.T. & S.A.	
1 by First National Bank of Arizona, Phoenix	
1 by Central Bank, Oakland, California (insured nonmember)	
1 by Bank of Nevada, Las Vegas (nonmember, not insured at time of establishment of branch but insurance later granted)	

The foregoing summary does not include the absorption in 1945 by the First National Bank of Nevada, Reno, and the conversion into a branch, of a bank which had been controlled by Transamerica since prior to January 1, 1942.

Lists showing details as to banks acquired or absorbed and branches established are shown in Appendix B.

Of the de novo branches of Bank of America N.T. & S. A., at least four involved the use of "dormant" permits, i. e., permits of branches discontinued since January 1, 1942, and subsequently reopened at other locations with the permission of the Comptroller of the Currency, and one resulted from the conversion of a "facility office." (NOTE: The information regularly furnished us by the Comptroller's Office regarding establishment of branches does not enable us to determine: (1) the exact number of branches established under "dormant" permits; (2) the number of branches, if any, established since January 1, 1942, under applications approved prior to that date; nor (3) the number of applications, if any, approved since January 1, 1942, for which formal permits have not been issued nor branches established.)

During the period Bank of America N.T. & S. A. discontinued six of its branches and the First National Bank of Portland discontinued one.

In addition to the expansion indicated above, in 1943 Transamerica initiated a drive to acquire control of Citizens National Trust and Savings Bank of Los Angeles (deposits June 30, 1943—\$206,759,000). The drive did not succeed but by December 31, 1945, Transamerica had acquired approximately 22% of the stock.

The 26 banks of which control was acquired by Transamerica or which were merged with its banks were all in California or Oregon, and their deposits at the time of acquirement or absorption aggregated approximately \$135,550,000, of which approximately \$88,400,000 were in California and \$47,150,000 in Oregon. Only two of these banks had deposits in excess of \$10,000,000; namely, First National Bank, Santa Ana, California (\$25,600,000), and First National Bank, Eugene, Oregon (\$36,200,000).

In connection with the request of First Trust and Savings Bank of Pasadena, California, for permission to establish branches, the Board advised Transamerica in a letter dated February 14, 1942, that there was unanimous agreement between the Board, the Comptroller, and the F.D.I.C. that the Federal bank supervisory agencies should, under existing circumstances, decline permission for the acquisition directly or indirectly of any additional banking offices or any substantial interest therein by Transamerica, Bank of America N.T. & S.A., or any other unit of the Transamerica group. Transamerica was requested to advise the Board before any plans for further expansion of its interests in banks were consummated. Mr. Delano and Mr. Crowley initialed this letter.

On March 17, 1942, Transamerica replied that it could not accept such ruling relative to expansion.

In a letter dated April 12, 1946, regarding the application of Bank of America N.T. & S.A. to establish two branches in the Orient (which the Comptroller did not favor but which the Board approved) the Comptroller stated:

"As you know, this office has considered the system of domestic branches operated by this bank to be an excessive expansion of its operations. Our convictions upon this point have been expressed in our policy of reluctance to grant additional branches. In fact, new branches have been authorized in those locations only where banking accommodations can be obtained in no other manner, or where such establishment would not be prejudicial to existing independent banks. We have given due weight to the nature and amount of capital funds in relation to the asset and liability structure of the bank and its very prominent position in the banking system."

Since February 14, 1942, the Board has not approved the establishment of any branches by State member banks in the group and, in fact, in July 1942 and again in May 1946 advised the Reserve Bank that its policy remained unchanged. (There are only two State member banks in the group, and the only applications for branches received by the Board have been from First Trust and Savings Bank of Pasadena.)

Since February 14, 1942, the Comptroller's Office has approved the establishment of several branches (at least some of which involved distress or other special circumstances) and the F.D.I.C. has approved the establishment of one branch of an insured nonmember bank in the group. It also granted insurance in 1943 to a nonmember bank with one branch (Bank of Nevada, Las Vegas) which was organized by Transamerica in 1941. We do not have information as to the number of branches which the Comptroller and the F.D.I.C. may have discouraged or disapproved.



Andrew N. Thompson,
Federal Reserve Examiner.

March 19, 1947.

NOTE: The data regarding expansion in this memorandum and accompanying tables cover only the period ended December 31, 1946, because of the impossibility of drawing up figures as of a more current date regarding all banks in the States affected. However, since December 31, 1946, Bank of America N.T. & S.A. has established two de novo branches (Montebello and San Mateo) and First National Bank of Portland, Oregon, has established one de novo branch in Portland.

BANKS AND BRANCHES IN THE TRANSAMERICA CORPORATION GROUP
 COMPARED WITH ALL BANKS AND BRANCHES IN THE SAME STATES,
 DECEMBER 31, 1941 AND 1946

(Deposits in thousands of dollars)

	Number of--						Deposits of banks and branches ^{1/}	
	Banks		Branches		Banks and branches			
	1941	1946	1941	1946	1941	1946	1941	1946
<u>Transamerica Corporation</u> <u>banks:</u>								
Arizona	2	2	3	4	5	6	25,606	81,272
California	9	24	504	514	513	538	1,982,167	5,675,486
Nevada	4	3	9	11	13	14	42,208	129,443
Oregon	7	11	40	40	47	51	170,257	601,597
Sub-total	22	40	556	569	578	609	2,220,238	6,487,798
Washington	1	1	9	9	10	10	34,266	97,690
Total	23	41	565	578	588	619	2,254,504	6,585,488
<u>All banks in same States:</u>								
Arizona	12	10	26	35	38	45	112,373	393,042
California	220	207	850	862	1,070	1,069	5,282,761	13,089,010
Nevada	12	8	10	16	22	24	52,322	163,747
Oregon	73	71	68	75	111	116	442,548	1,355,319
Sub-total	317	296	954	988	1,271	1,284	5,890,004	15,001,118
Washington	137	124	87	112	224	236	793,642	2,156,405
Total	454	420	1,041	1,100	1,495	1,520	6,683,646	17,157,523
<u>Ratio (per cent) of Trans-</u> <u>america banks to all banks</u> <u>in same States:</u>								
Arizona	16.7	20.0	11.5	11.4	13.2	13.3	22.8	20.7
California	4.1	11.6	59.3	59.6	47.9	50.3	37.5	43.4
Nevada	33.3	37.5	90.0	68.8	59.1	58.3	80.7	79.1
Oregon	9.6	15.5	58.8	53.3	33.3	34.9	38.5	44.4
Sub-total	6.9	13.5	58.3	57.6	45.5	47.4	37.7	43.2
Washington	.7	.8	10.3	8.0	4.5	4.2	4.3	4.5
Total	5.1	9.8	54.3	52.5	39.3	40.7	33.7	38.4

^{1/} Separate deposit figures for branches are not available.

NOTE:--The number of branches shown above does not include "banking facilities" at military reservations provided through arrangements made by the Treasury Department with banks designated as depositaries and financial agents of the Government.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
 DIVISION OF BANK OPERATIONS,
 MARCH 19, 1947.

BANKS ACQUIRED OR ABSORBED AND BRANCHES
ESTABLISHED OR DISCONTINUED BY THE
TRANSAMERICA GROUP
DURING THE PERIOD JANUARY 1, 1942 THROUGH DECEMBER 31, 1946

	<u>Location</u>	<u>Month and year</u>
<u>Banks Acquired by Transamerica Corporation:</u>		
<u>California (17):</u>		
First National Bank of Lamanda Park (made a branch of First Trust and Savings Bank of Pasadena (m) in August 1944)	Pasadena	10-43
First National Bank	Bellflower	10-43
First National Bank	Santa Ana	1-44
First National Trust & Savings Bank	Santa Barbara	2-44
Bank of Newman (m) (with 3 branches)	Newman	2-44
Bank of Tehachapi (nm)	Tehachapi	7-44
Bank of Corning (nm) (merged into Corning branch of Bank of America N.T. & S.A. in February 1946)	Corning	9-44
First National Bank	Los Altos	10-44
First National Bank	Corcoran	12-44
Farmers & Merchants Bank of Watts (nm)	Los Angeles	3-45
First National Bank	San Jacinto	8-45
First Savings Bank (nm)	San Jacinto	8-45
First National Bank	Crows Landing	10-45
First National Bank	Oakdale	4-46
Stanislaus County Savings Bank (nm)	Oakdale	4-46
First National Bank	Mountain View	4-46
First National Bank	Turlock	6-46
<u>Oregon (4):</u>		
Scio State Bank (nm)	Scio	8-42
Bank of Sweet Home (nm)	Sweet Home	9-42
First National Bank	Eugene	12-45
Benton County State Bank (nm) (with 1 branch)	Corvallis	12-46

Note: Transamerica has acknowledged acquirement of control of the following banks as of dates subsequent to December 31, 1941, but the banks are not listed above because of the fact that we regard them as controlled prior to that date:

First Trust and Savings Bank of Pasadena, California
Bank of Pinole, Crockett, California
National Bank of Washington, Tacoma, Washington

Independent banks absorbed by Bank of America N.T. & S.A. (5):

Farmers & Merchants Bank (nm)	Gardena	1-42
Citizens National Bank	Ontario	4-42
Bank of Galt (nm)	Galt	6-43
*First National Bank	Clovis	5-44
First National Bank	Laton	6-44

*New branch established. All others merged into existing branches.