

7/28/1949

*certain* *asked me in connection with the trans-American case*

Due to the implication of ~~Mr. Stewart's~~ questions relative to my connection with the Utah Construction Company, I desire to state for the record that there is no legal requirement that government officials or Members of Congress cannot be stockholders or directors of companies which do business with the Government, neither is there any impropriety in such a relationship; but it would be entirely improper for officials of the Government or Members of Congress, whether or not they are stockholders or directors of companies doing business with the Government, to use the influence of their positions to secure government business for anyone. I certainly have not done so, either for the companies with which I am connected or any other companies, nor have I been asked to do so.

To be an officer or director of a company is notice to the public of one's interest in such a company, but one may be just as interested through being a substantial stockholder, or through family connections, without the public knowing anything about the connection. There is no more impropriety in being an officer or director than in being just a stockholder.

Had Congress felt that there was, no doubt they would have provided that Members of the Board could not be a stockholder, officer or director of any company, instead of just banking institutions. It would be very inadvisable and impractical to require that ~~anyone~~ *those* connected with the Government or Congress must sever all official connections with business and dispose of all their interests; it would greatly reduce the number of people willing to accept public service. Many of our most experienced and able people in Government and in Congress over the years have been officers, directors or stockholders of corporations. The war could not have been carried on without the great services of the Dollar-a-Year-Men on leave from business institutions.

I should like also to point out that each of my present business connections existed long before I came to the Board. All of them are related to family interests, I being the senior member of the family. No new business connections have been made by me since I came with the Board.

Did the Utah Construction Company do business with the Government before you came to Washington?

Was the business of the Government on a bid basis or a negotiated basis?

(Practically all business with the Government, except during the war period, has been on a competitive bid basis.)

Why wasn't it on a competitive bid basis during the War?

(Due to the emergency, time did not permit preparation of plans, specifications, etc., and waiting for bids before work commenced.)

What is your interest directly or indirectly in the Utah Construction Company?

(Including all members of my family, about 15% — personally about 2%)

Have you ever advised your family with reference to your views about the expansion of First Security Corporation?

(Yes, I have suggested that I did not think it would be good public relations or desirable from any standpoint to expand, merely for the sake of becoming bigger, by taking over other institutions; that whenever they got more than 1/3 of the business of a large area they would be subjecting themselves to public, as well as official, criticism and may be accused of tending toward monopoly.)

Records should show Banking Bill of 1947 would <sup>have</sup> controlled Eccles Investment Company, would have controlled First Security — the amendment opposed by Senator Downey but accepted by the Board would have made Eccles Investment Company a holding company.

Senate reported Bill out unanimously after telegrams, letter, etc. from Mario (?) Giannini.

John  
1949

What was the date the Lakewood Village membership was being consummated?

Size of their Nevada organizations.

Number of Banking offices.

Percentage of deposits to the total

Arizona and Nevada are in the trade area of Los Angeles and San Francisco respectively and are not in the trade area of the other intermountain states. None of the banks owned by Transamerica are in the same trade areas as the First Security Banks and are in no way competitive with them.

The most persuasive argument for need of determining whether basis for proceeding under the Clayton Act existed was the third argument given in the Counsel's report to the Board in the Fall of 1947.

Would also like to inquire whether or not the percentage of banking offices and total deposits of banks in Transamerica in Oregon and California have increased since 1940.

Clark's letter to me of 1945 relative to Transamerica should be put in the record; also my reply in the Spring of 1947 suggesting changed situation because of tobacco cases; and also his reply.

*I should like also to point out each present  
that each  
Have pointed out bring out the following: All of my business connections existed  
the senior members of the Board, all were related to family interests of which  
I am the senior member. No business connections have been  
made since I came with the board.*

Wyatt's legal opinion should be put in the record relative to my having met requirements.

7/18/1949

(by Mr. Townsend)

Q/ Mr. Eccles, one final subject matter and I can conclude my direct examination.

There has been filed in these proceedings by Transamerica Corporation certain affidavits by L. M. Giannini, Sam Husbands, vice president of Transamerica Corporation, upon which was predicated a charge that you have been personally biased and prejudiced against the Gianninis and the respondent in this case, and that it is as a result of that personal bias and prejudice that these proceedings now under way may be said to have had their origin.

I would like to know if you have any statement that you would like to made in the record on that general subject.

A. Yes, I think I would like to comment upon that subject.

There is nothing that could be said which is further from the truth than that I have a personal prejudice. Had it been possible, in my public duty, my public position, for me to follow my personal inclination, I would certainly have preferred to not be placed in this position.

The record is replete, it seems to me—

MR. STEWART: I object, if the Hearing Officer please, to the witness characterizing what is in the record. The record speaks for itself. I have no objection to his stating his personal feelings, but he shouldn't characterize the record.

MR. TOWNSEND: The record will speak for itself, may it please the Hearing Officer,—

MR. STEWART: I agree.

MR. TOWNSEND: —and I say that, in the light of Mr. Eccles' position in this matter, he should be permitted to make a statement for what it is worth in this record. When the time comes to examine it in analytical detail, should that fact be necessary, we, I am sure, can weed out any part that might be technically inadmissible.

THE HEARING OFFICER: The witness may answer the question—or may continue his comment.

The WITNESS: The record is replete with evidence that great effort and patience were shown on the part of the Board over the past ten years in an effort to come to an agreement, an arrangement, with the Transamerica people that would make action such as is now being undertaken unnecessary.

It has been shown that in 1940 the Board, at the instigation of the Transamerica people, intervened with the other supervisory agencies—particularly the Secretary of the Treasury, the Comptroller of the Currency and the FDIC—in order to try to work out an arrangement that would avoid the further criticism and objection on the part of those agencies.

The Board did intervene and succeeded, at that time, in working out what was then a satisfactory arrangement with reference to the Bank of America.

Certainly, if there is prejudice on my part in this matter, then it must be apparent that there is likewise prejudice on the part of all of the other supervisory agencies as well as upon the part of every member of this Board; that the record certainly does not single me out for prejudice—not only the present members of the Board, who were unanimous in favoring this action, but the members of the Board who are not at present members of the Board. I have in mind particularly that Mr. McKee, Mr. Ransom—who has since passed away—favored every action that the Board took in trying to deal adequately with this situation.

If the Board is in error in carrying out what they interpreted to be their public responsibility, if the Board be in error in following the advice of counsel, not only the advice of those in the present legal department but counsel who were formerly with the Board, then it cannot be said that, because of error, the Board, and me as a member of the Board, have acted only in bias and prejudice.

Certainly, this procedure is not final. Certainly, any order that the Board might issue is subject to review by the courts; and so it does not seem that the accusation of prejudice, in view of the opportunity that is afforded to the Transamerica people to have this entire subject reviewed by the courts, is justified.

Certainly my personal relationships to the Gianninis and with their institutions over the long period of years would not indicate any reason for my having prejudice.

As I stated yesterday, the personal business relationships have been most agreeable and pleasant. However, being one member of a Board of seven-- and the Board being only one of three supervisory agencies--even if I should undertake to show favoritism or, let me put it, prejudice, in favor of the Gianninis, the other members of the Board and the other supervisory agencies would have carried on and would have, no doubt, whether I had been here or not, undertaken this course.

Even before I came here, the evidence indicates, that difficulty had been had with a predecessor Board of which Mr. Eugene Myer was the Governor and difficulty had been had with, I understand, the Comptroller's office; that this friction, you might say, which developed--this criticism, this effort on the part of the Board since I came with it--was not original or new, and I was sufficiently hopeful to feel--both Mr. McKee and I--that possibly the Transamerica people had not been handled right, that there was a way of getting around the table and having an understanding without resort to legislation or other action; and with great hope and expectation we undertook such a course, and it is with the greatest disappointment on my part that the relationship has finally ended in the course that it has now taken.