

Progress Report

January 4, 1940

Mr. M orrill

Mr. Clayton

The attached copy of a letter dated December 23, 1939, to the Comptroller of the Currency from Mr. Russell G. Smith, Executive Vice President of the Bank of America, N. T. & S. A., as well as a similar letter dated November 8, 1939, were forwarded to Chairman Eccles without any accompanying letter, presumably from the office of the Bank of America, N. T. & S. A. at San Francisco.

LC/fgr

FILE COPY

c
o
p
y

December 23, 1939

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

My dear Mr. Delano:

This is in reference to the agreement of December 15, 1938 which was prepared in your office following a series of conferences between representatives of the Bank and various officials of the Office of the Comptroller of the Currency, the Treasury Department, Federal Deposit Insurance Corporation and the Reconstruction Finance Corporation, which agreement was confirmed by our Board of Directors at the meeting of January 10, 1939.

Under date of November 6, 1939, I advised you of the progress made toward fulfilment of the several commitments. The figures were as of October 31.

Although the Board of Directors in its reply to your letter of October 2, 1939, covered most of the items in detail, it seems desirable for us to report the progress made to December 15, 1939, the first anniversary date. Accordingly, the following table reflects the improvement that has been accomplished between April 28, 1938, the date of the examination report which was the basis of the agreement, and December 15, 1939.

Reduction Through Liquidation

<u>Account</u>	<u>Reduction April 28, 1938 to December 15, 1939</u>
Guaranteed Loans	\$1,809,992.65
Real Estate Contracts	10,624,225.62
California Lands Inc. Discounts and Unsecured Loans	351,016.19
Capital Co. Real Estate Loans	295,000.00
Advance for alteration and rehabilitation of Bank Premises	497,040.65

Account	Reduction April 28, 1938 to December 15, 1939
A. O. Stewart line	\$ 809,270.00
Pacific Coast Mortgage Co.	775,000.00
Former Banking Premises Merchants National Realty Corporation	2,897,268.10
Bonds and securities classified as unlawfully acquired (other than National City Bank stock)	1,384,358.04
National City Bank stock	1,085,920.00
Loans to subsidiaries of Transamerica Corporation	
First National Corporation, Portland	1,000,000.00
Transamerica Service Corporation	4,900,000.00
Inter-Continental Corporation	<u>2,450,000.00</u>
Total Liquidation	\$28,879,091.27

Improvement by Correction or Reserves

German Credits	\$ 4,157,285.68
Bond Write-up	2,825,597.55
Properties in Bank Premises Account Classified as Other Real Estate	389,362.20
Defaulted Bonds	<u>1,180,931.69</u>
Total	\$ 8,553,177.12

As to certain items listed by the Examiner in examination reports subsequent to that of April 28, 1938, the liquidation and improvement reported in my letter of November 6, 1939, resulted in their complete elimination or correction. The figures follow:

	Reduction to <u>12/15/39</u>
Western Furniture Exchange Note	\$ 560,000.00
Advance to Capital Co. for construction of Magnin Bldg.	1,100,000.00
Downtown Properties	301,025.00*

*Reserve

It will be observed that there has been an actual liquidation of \$50,539,091.27 and an improvement by the establishment of reserves or other adjustments of \$8,854,202.12 resulting in a total betterment of \$39,393,293.39 during the period under discussion. Your special attention is directed to the improvement made since the report of October 31, 1939, when the liquidation figure stood at \$26,557,425.62, as compared with the present figure of \$30,661,091.27, an increase of \$4,103,665.65 in the short intervening time.

You were advised that Transamerica Corporation had set aside for reduction of its commitments to the Bank, or for subscription to additional stock in the Bank, the sum of \$830,000.00 which was its portion of the dividend of September 30, 1939. On December 12, 1939, at our request, this sum was made available to Capital Company and, together with an additional \$342,000.00, composed a payment of \$1,172,000.00, which was applied by Capital Company to the further liquidation of its contract with Merchants National Realty Corporation. The result of this payment is reflected in the first of the foregoing tables.

Very sincerely yours,

(Signed) R. G. Smith

Russell G. Smith,
Executive Vice President.

January 4, 1942

Mr. Morrill

Mr. Clayton

The attached letter dated April 16, 1939, from Mr. L. M. Giannini, President of the Bank of America, N. T. & S. A., to the Comptroller of the Currency, was sent to Chairman Eccles by Mr. Delano with a personal note under date of April 17, 1939.

LC/fgr

FILE COPY

January 4, 1943

Mr. Morrill

Mr. Clayton

The attached letter dated March 15, 1939 from Mr. R. P. A. Everard, Secretary of the Bank of America, N. T. & S. A., to the Comptroller of the Currency, was sent to the Chairman by Mr. Delano with a personal note under date of March 17, 1939.

LC/fgr

FILE COPY