

January 12, 1940

The Board

Mr. Clayton

At about 11:00 a.m. today Mr. Morrill called me to advise that Mr. McKee had telephoned him from New York and had stated that he had information that the Comptroller's office had already issued the order on the Bank of America N. T. & S. A. to show cause etc. Mr. Morrill suggested that inquiry should be made of the Comptroller in a diplomatic manner to ascertain whether this report of Mr. McKee's were correct as in such case it might be useless for the staff and the Board to consider further the question propounded by the Comptroller at the conference in the Treasury last Monday (January 8, 1940) attended by Messrs. Eccles, McKee, Dreibelbis and Morrill. I thereupon volunteered to call Mr. Delano and did so. This was about 11:15 a.m.

After the usual friendly salutation I stated to Mr. Delano that certain members of the staff of the Board were working diligently to gather together the information necessary for the Board to consider the questions referred to and wondered whether the sensational and hostile statements made by Mr. L. M. Giannini at his stockholders' meeting in San Francisco on January 9 had precipitated any action which might change the situation. Mr. Delano replied that no, the situation was just the same, that the contemplated procedure was a leaning over backwards in an effort to be fair but that the Comptroller retained complete discretion as to action. I then said that I had inquired because we were struggling to get our answers ready in time. He replied again that the situation remained the same and then went on to say that he had sent over a copy of the order. I replied that the Chairman had already mentioned to us briefly some of the contents of the proposed order which were read to him and Mr. Davis in the Comptroller's office on Wednesday. I then stated that I assumed from what he had just said that the situation was the same and that the order was still in suspense. To this he replied promptly, no, that the order had been issued and that a copy had been sent over to us here. I then thanked him and hung up.

cc: Each Board Member

LC/fgr

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