

February 5, 1940

The Files

Mr. Clayton

At 11:15 this morning Mr. L. M. Giannini called me from the Mayflower Hotel to advise that he had arrived in town with Mr. Cushing. He advised also that Mr. Ferari and Mr. Steinmeyer of the legal department of the bank were here also and that Mr. Cushing had brought along one of his associates. Mr. Giannini asked whether I thought it would be desirable for him to call either the Chairman or Mr. McKee to request a conference, to which I replied by offering the suggestion that I advise them of his being in town and thereafter advise him whether they felt that a conference were desirable at this particular juncture or if not now, when. I then asked him whether he would attend the conference between Mr. Cushing and the Comptroller tomorrow and he said "No." He further stated that Mr. Cushing expected to take up with the Comptroller legal matters only consisting first of the proposed conversion of the bank from a national to a State charter and secondly the unacceptability from the bank's point of view of the extralegal procedure before Dean Bates. Therefore, he said, he would be available for a conference at any time, if desired. I asked him further whether he had with him sufficient files to discuss asset conditions, etc. and he said that he thought so and that Mr. Steinmeyer had prepared the letter of December 12, 1938 to the Comptroller (118 pages plus exhibits) and was therefore also familiar with the issues between the bank and the Comptroller. He advised, however, that Mr. Smith could come by plane with any additional files if necessary.

Mr. Giannini asked me whether people here at the Board felt that there was any possibility of an agreement being worked out between the bank and the Comptroller's office to which I replied that the Board was still interested primarily in a program for the institution and that while conferences had been had by Messrs. Eccles and McKee with the Treasury and the Comptroller I could not advise him as to the portent of these discussions at this time. At this point I closed the conversation by repeating that I would report his call to Messrs. Eccles and McKee and ask that he be advised as to the conference suggested by him.

LC/fg

FILE COPY

10:00 PM. Q - F.M.G. called me @ home to see what I had to report re his seeing W.S. E. & J.K. W. I told him owing to meetings & prior appointments, would have to be toward end of week, possibly Thursday. Asked me to phone him tomorrow as to exact time.

10:00 AM. 7/7 - Phoned F.M.G. to advise no definite hour but would be Thursday, some time & would phone later as to hour. During this talk, F.M.G. let drop:

1. Whitney Seymour had told Cushing he thought the best solution was an agreement.
2. U.P. had the story of the hearing & after F.M.G.'s & Cushing's raising the roof. They (Fears) got Clive of U.P. to hold up. Meanwhile Ann Parker has quite a lot of the picture.

8:30 PM. 7/8 - Phoned F.M.G. that W & M & K couldn't see him until Friday, as they would have something to talk about by then, as working on a program for settlement all around & have been since before he came back. F.M.G. knew of the rutz at the Treasury & said he had hoped we (Fred & I) would have an "independent judgment" as a program. Told them it was & the effort was to get others to see it our way.