

February 16, 1940

The Files

Mr. Clayton

Yesterday afternoon about 4:00 p.m. I received a telephone call from Mr. L. M. Giannini. He advised that he and Mr. Cushing had completed a program which they desired to submit on behalf of the bank and had called the Treasury for an appointment and had been told that Mr. Delano was out of town and would not return until late tomorrow afternoon (meaning today) and that it would not be possible to see them before Monday. Mr. Giannini stated further that from a remark Mr. Bell made over the phone he assumed that the hearing before Dean Bates was being held even though the Bank of America had not made any appearance and he wondered whether the real reason for the delay until Monday or later was due to the desire on the part of the Treasury to have the hearings completed and the recommendations of Dean Bates in the Comptroller's hands before seeing Messrs. Giannini and Cushing again. At any rate Mr. Giannini stated that he and Mr. Cushing were greatly upset at the delay and would like to ascertain whether they could not submit the program to Messrs. Eccles and McKee or whether Mr. Eccles might not telephone Mr. Bell to see if a conference could not be arranged before Monday. He further added that if their program could be submitted to the Board's representatives and they did not wish to have both himself and Mr. Cushing appear, he would be content if Mr. Cushing should appear alone to present the program. To all of this I replied that I would advise the Chairman of his call and the various matters contained in our conversation and that he would be advised.

I reported the foregoing immediately to the Chairman and he called Mr. McKee who had returned from New York at 3:30 p.m. Mr. McKee came to the Chairman's office. The Chairman and Mr. McKee in their discussion of the matter both agreed that they had expected that a conference would be held either today or tomorrow in the event the bank people were ready with a program and both were displeased at the reported refusal of the Treasury and the Comptroller's office to consider the bank's proposals before Monday. After considerable discussion Mr. Eccles called Mr. Bell and began the conversation by stating that Mr. McKee had just gotten back from New York an hour or two before with the expectation that a conference on the Bank of America matter might have been arranged for either today or tomorrow. In fact, he said, Mr. McKee had

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called him before leaving New York to see whether he should proceed from the station to the Treasury or come direct to his office. The Chairman stated that he too had expected an early conference and asked Mr. Bell what was planned. Mr. Bell evidently replied that he had already had a call from Mr. Giannini and had advised him that a conference could not be held before Monday. The Chairman then advised him of the Giannini call and request. Mr. Bell then told the Chairman that counsel had advised that the Treasury and the Comptroller's office should not receive or discuss the proposals of the Bank of America until after the hearing before Dean Bates had been concluded. The Chairman then told Mr. Bell at some length the way he and Mr. McKee felt about the turn of events and that it was contrary to their understanding that further conferences should be postponed and valuable time lost either because the Comptroller was out of town or because of the continuance of the hearing before Dean Bates. He further advised that if no attention was given to the bank's proposals tomorrow or Saturday that it might be the end of next week before any consideration could be given to the matter as on Monday and Tuesday the Federal Advisory Council was meeting in Washington and that the members of the Board, and particularly the Chairman, were under the necessity of meeting with them once or twice while they were in session; also that Mr. McKee had planned to be in Pittsburgh on Wednesday and that Thursday was Washington's birthday. The end point of the Chairman's conversation was that he thought the bank's proposals should at least be received by Mr. Bell, Mr. McKee and himself and Mr. Crowley, so that they could be studied between now and the first of next week. To this Mr. Bell replied that he would consider the suggestion and phone the Chairman back.

While awaiting Mr. Bell's call Mr. McKee telephoned Mr. Crowley and advised him of the situation, including the Chairman's conversation with Mr. Bell, and suggested that regardless of the Treasury's reply he, Mr. Crowley, join with Mr. Eccles and himself in at least receiving the proposals from the bank. Mr. Crowley replied that he was agreeable to the suggestion and would be subject to call.

Following the conversation with Mr. Crowley, Messrs. Eccles and McKee discussed the question whether the bank's proposals should come by messenger or by mail, or whether they should permit a representative of the bank to present the proposals so as to explain the meaning of the various items. They came to the

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conclusion that if the bank people desired, Mr. Cushing be invited to present the proposals and make such explanation as seemed necessary without their discussing the merits of the proposals with him. At this point Mr. McKee returned to his office.

About 6:15 Mr. Bell called Mr. Eccles, advising that the Treasury's counsel still took the position that no proposals should be received by the Treasury or the Comptroller until the completion of the hearing and Mr. Eccles advised him that he and Mr. McKee felt that they should consider the proposals with a view of facilitating the eventual agreement of all concerned upon a program as well as to forestall the possibility that the Bank of America representatives should feel unjustly treated and consequently justified in returning to the west coast without any further attempt to come to an agreement. To this Mr. Bell replied that he didn't wish to advise them (Messrs. Eccles and McKee) what to do as it was their own responsibility. Mr. Eccles made the remark that nothing would be done or said with which he and Mr. McKee would not be willing to acquaint the Treasury in advance and he added that at such time as the proposals were received by him and Mr. McKee and Mr. Crowley, no negotiations or agreements would be had without first advising Mr. Bell.

Following this telephone conversation with Mr. Bell, Mr. Eccles called Mr. Giannini, advising him that he and Mr. McKee and Mr. Crowley would be available at the Chairman's office to receive the proposals of the bank at 11:30 tomorrow morning (meaning today) and that if Mr. Giannini desired, it would be agreeable for Mr. Cushing to present the proposals and make such explanation as seemed desirable at the time.

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