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FEDERAL RESERVE BANK OF SAN FRANCISCO

November 9, 1940

Governor John K. McKee,
Board of Governors of the
Federal Reserve System,
Washington, D. C.

Dear Governor McKee:

My purpose in telephoning yesterday was to notify you (in the Chairman's absence, in New York,) that Chief National Bank Examiner Wright had forwarded to the Comptroller a progress report in relation to the properties of the Bank of America N. T. & S. A. required to be adjusted under the provisions of the Agreement entered into with the Comptroller last March. At your suggestion, I am now enclosing a copy of Chief Wright's letter to the Comptroller under date of October 29. Mr. West informs me that Messrs. Wright and Funsten are substantially in agreement as to the valuations contained in the memorandum, but that he cannot concur with the two other members of the Committee because information has not been developed which would permit findings in accordance with the terms of the Agreement.

About the time Mr. Wright's letter was dispatched to the Comptroller, Vice President Russell Smith of the Bank of America N. T. & S. A. telephoned to me saying that President Mario Giannini had telephoned from his home in San Mateo asking Mr. Smith to inform me that he, Mr. Giannini, would like to see any report made by the Committee before it is presented to the Comptroller. I responded by saying merely that Mr. Giannini's message would be given to Mr. West, a member of the Committee. While I had knowledge at the time that Mr. Wright had sent, or would send, a report of some kind to the Comptroller, it did not seem proper for me to give that information.

I should very much regret it if the findings of the Committee were presented to the bank on the assumption that they were the results determined under the terms of the Agreement. However, if the bank desires a revision of the Agreement (I have no indication that it does), that would seem to be the responsibility of the Washington group to negotiate and not of the Committee appointed by it as specified under Paragraph 5 of the Agreement.

Yours very truly,

(signed) Ira Clerk

First Vice President.