

COPY

TREASURY DEPARTMENT
COMPTROLLER OF THE CURRENCY
WASHINGTON

My dear Mr. Chairman:

This will acknowledge receipt of your letter of December 14, 1939, which was written pursuant to our conversation of that date in regard to the current condition of the Bank of America National Trust and Savings Association of San Francisco, California, and the present status of the supervisory problems which it presents.

Your letter seems to have been written under the impression that negotiations seeking an agreement with respect to the adoption of corrective measures have been under way between the Bank and this office and that a proceeding against the officers and directors of the Bank under Section 30 of the Banking Act of 1933 is no longer contemplated.

I want to correct this impression. The situation concerning the Bank's major problems remains much the same as it was a year ago last fall when Governor Ransom attended the meetings in Secretary Morgenthau's office. The differences between this office and the Bank remain unsolved despite my repeated warnings that definite corrective steps must be taken by the Bank. Whatever negotiations have been under way have not been for the purpose of seeking an agreement but for the purpose of seeing to it that the Bank complies with the recommendations and suggestions which I have made based on reports of examination of the Bank. To date the Bank has done little more than equivocate and has taken no definite steps to comply with

the most important of these recommendations and suggestions. Neither does it appear that the Bank is presently disposed to take any such steps.

The continuance of this situation cannot be tolerated. Indeed, I have told the Chairman of the Board of the Bank that the Bank must come forward by December 31, 1939 with a definite program, approved by its Board of Directors, which will meet to my satisfaction my recommendations and suggestions. If such a program is not forthcoming, I will be compelled to take such measures against the Bank's management as the law authorizes and requires to protect the interests of the stockholders and depositors. A proceeding under Section 30 is one such measure and the possibility that a proceeding under that Section may yet be necessary is by no means foreclosed.

With this in mind, if you still wish to be advised with respect to the Bank and will designate some member of your Board with whom I may communicate, I shall be very glad to keep him informed as to any action taken.

Very sincerely yours,

(Signed) Prentice Delano

Comptroller of the Currency

Hon. Marriner S. Eccles,
Chairman, Board of Governors
Federal Reserve System
Washington, D. C.