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May 2, 1940

Mr. Ira Clerk,  
First Vice President,  
Federal Reserve Bank of San Francisco,  
San Francisco, California.

Dear Mr. Clerk:

I received the copy of your letter of April 29th to Mr. Mulronev. You will recall that along at the end of the negotiations and after it had been decided to delegate the responsibility of valuing the criticized banking premises to a committee, the bank proposed that it have the right to appeal to the Comptroller from the decision of the committee, but after some discussion, the proposal was withdrawn. In these circumstances, I believe that the Comptroller's office will be very reluctant to give any instructions to Mr. Wright for fear that subsequently they might be charged with not acting in good faith in carrying out the agreement, and that they will maintain a hands-off attitude, leaving the matter of interpretation as well as application of the agreement entirely to the committee. I realize of course the distinction between interpreting the meaning of the agreement and instructing the committee with respect to what their finding should be in the case of a particular building. At the same time, however, it is hard to separate the two in the present case and I personally therefore am inclined to be somewhat sympathetic with their position which I understand is being forwarded to you.

On the other hand, my recollection of the background of the agreement and of the discussion of the particular case is in entire accord with the statements in your letter. I interpret the agreement as you do and have no reason to believe that the Comptroller's office would take a different position.

The foregoing about sums up the situation as I see it and I hope will be of some slight assistance to you.

Yours very truly,

J. P. Dreibelbis,  
Assistant General Counsel.