

D R A F T

Letter to Mr. Giannini:

Dear Mr. Giannini:

From your letter of _____, apparently you desire me to repeat statements made to you and your son, Mario, in the past regarding the expansion of Transamerica Corporation in the banking field. It seems rather useless to repeat to you the circumstances that brought about bank holding company legislation. It also seems unnecessary to remind you of the reasons why various bank holding company bills were presented to Congress in the last five years. Further, I believe it useless to remind you what was deemed necessary by Federal supervising agencies in the form of correction within the Transamerica and its subsidiaries and that ended in an agreement signed by yourself for the Transamerica, Bank of America, and the Comptroller of the Currency's office. You will recall that this Board played a considerable part in the preparation and conclusions of that agreement. The actions of the holding company, as well as the principles of its management since the time of that agreement, have been such as to not only continue the opinion existing at that time but to increase apprehension for the future. It had been hoped that by consent to the agreement referred to that every effort was going to be made by your organizations to comply with the decisions of Federal supervising agencies. As you well know, since the date of the agreement, the actions you have attempted to take have been geared to a process of mechanical adjustments to play one supervising agency against another. I refer to the Temple City National Bank, the First National Bank of Pasadena, etc. This Board, in which I am in full accord, is in full sympathy with the actions

taken by the other Federal supervising agencies in connection with your various requests in the interim period, all of which have had our review.

You led us to believe in 1940 that hereafter all contemplated transactions would be presented in advance for prior approval of the respective Federal supervising agency interested. It is with the deepest regret that you have not seen fit to carry out this promise. We have tried to meet your every request with sympathetic consideration. We respect your ability as a branch bank operator, but must condemn the methods of expansion you attempt to use. The authority vested in us is one of licensing and supervision, and under this authority you have been previously advised of our decisions concerning the subject of your letter which still stand, and which have the approval of the Federal Deposit Insurance Corporation and the Comptroller of the Currency's office.

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