

Proposed letter to - (Short form)

Mr. A. P. Giannini, Chairman,
Transamerica Corporation,
San Francisco, California.

Dear Mr. Giannini:

This is in reply to your letter received on August 18, 1942, in which you refer to the action of the Board of Governors on July 10, 1942, in denying the application for the establishment of branches at Temple City and Alhambra by the First Trust and Savings Bank of Pasadena, which is controlled by Transamerica Corporation through the ownership of a majority of the capital stock.

You will recall that in January 1942 this bank wrote a letter to the Federal Reserve Bank of San Francisco stating, among other things, that it had "under consideration the establishment of several branch banks", Temple City and Alhambra being mentioned specifically. On February 14, 1942, the Board requested that the bank be advised, before it took any further steps to consummate its plans, that the Board had given careful consideration to the information submitted and to other pertinent information in its files and had reached the conclusion that it should not approve the establishment of the proposed branches on the basis of the information before it. On February 14, 1942, Transamerica Corporation was advised of the action taken and the reason for such action.

Thereafter the First Trust and Savings Bank of Pasadena apparently continued its plans and on February 28, 1942, entered into a contract to assume deposits and take over assets of the Temple City National Bank with a view to operating a branch at that location. On June 10, 1942, the bank filed a formal application for the establishment of branches at Temple City and Alhambra. On

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July 10, 1942, the Board declined this application and requested that the bank and Transamerica Corporation be advised accordingly.

This action was in accord with the policy outlined in the Board's letter to Transamerica Corporation under date of February 14, 1942, upon which there is unanimous agreement by the Board, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The facts and circumstances influencing this policy have been discussed with you on more than one occasion and as far back as our discussions leading up to the agreement reached by the Bank of America N.T. & S.A. and the Comptroller of the Currency in March 1940.

Although a considerable portion of your letter deals with the condition and operations of Bank of America N.T. & S.A., it does not seem to include any facts that would warrant a reversal of the position taken by the Board and the other Federal supervisory agencies.

Very truly yours,

Chester Morrill,
Secretary.

Draft of 10-5-42
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