

February 9, 1943

Mr. Cagle

Mr. Wingfield, Assistant General Attorney

It is suggested that the "List of Reasons" you have prepared might be revamped somewhat as follows: [Most of this is a revamping of your list and I think the principal additional thought is contained in the first numbered paragraph.]

1. Unwillingness of management of Transamerica Corporation to consult with supervisory authorities established by Congress or to conform to their suggestions, even though the matters involved are ones of broad public policy affecting the public interest. This is indicated by --
 - a. Expansion of holding company in various fields of activities without consultation with established bank supervisory authorities;
 - b. Organization of new banks and acquisition of control of banks without such consultation;
 - c. The attempts of the management to evade the requirements or restrictions of one supervisory agency by resorting to charters, permits, etc., from another supervisory agency.
2. Inability of management of Transamerica group to justify further expansion in existing circumstances. This is indicated by --
 - a. The past history of the group, particularly the condition of the group during and subsequent to the banking holiday of 1933;
 - b. The dilatory tactics of the management in correcting such condition while continuing to expand the group, the inability or unwillingness of the management to improve the condition of the group, the failure to conserve earnings or obtain funds through issuance of additional stock upon which to base further expansion, and the necessity for resorting to the Government for capital funds.

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3. Inability of the management of the group to demonstrate that if further expansion were permitted the Transamerica Corporation would be able to support its subsidiary banks in changing conditions resulting from the war and its aftermath. This is indicated by --
 - a. The previous history of the holding company and its failure through its dividend and previous expansion policies to maintain itself in a financial position to come to the aid of its affiliated institutions if the need arises.
4. Inability of management of group to justify increase of deposit insurance exposure through expansion of operations without adequately strengthening position of holding company through conservation of earnings or otherwise.
5. Continuation of expansion activities while other groups and banks have been contracting their activities and improving their condition.
6. Failure of management of group to give due consideration to proposed legislation with respect to bank holding companies and its effect on the banking situation if enacted.

BW/mg

