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The Board's policy is not the result of one incident and is not based on one reason. It results from the cumulative effect of all of its experience. In the last analysis it represents a lack of confidence in the management which lack of confidence has been expressed as dissatisfaction with the "financial policies". The management's conduct personally, as the dominating influence in the Bank of America, and as the dominating influence in Transamerica, is all pertinent in any issue in which the Board exercises its discretion whether exercised in the matter of membership, branches, holding companies or any other matter for which it has any public responsibility. Neither Bank of America, Transamerica, or any of its affiliated institutions nor Giannini himself should be dealt with as though they were wholly unrelated. For instance, it is not for Giannini in one breath to say that Transamerica has only an insignificant amount of stock in Bank of America or some other institution and in the next breath to speak for them. The fact is that he speaks for each of them whenever the occasion requires, and he is the real issue.

In short, here is the dominating influence and policy maker of institutions which have:

1. Pursued a policy of expansion without corresponding or adequate increase in capital structure.

2. Financed expansion by loans within the group.
3. Resisted efforts of supervisory authorities to obtain adequate capital and then proceeded to retire it at a questionable rate of speed.
4. Pursued an extravagant dividend policy made possible in part by the write-up of assets.
5. Absorbed losses by write-up of assets.
6. Supported the market for their own stock.
7. Maintained an unnecessarily complex corporate structure and shifted substandard assets from the bank to one or more of such corporations and back again.
8. Had to resort to Government on two occasions for financial aid.
9. Diverted from the banking business by acquiring large investments in unrelated businesses and industries.
10. Used the corporate device to engage in businesses in which the banks could not engage.

Here is a management which:

1. From the beginning of its relations with Federal supervisory agencies and irrespective of the personalities who composed such bodies has been engaged in almost continuous controversy with them and has stubbornly resisted all supervisory efforts.
2. Has committed itself informally to members of such bodies and proceeded to do the opposite.
3. Has pursued questionable methods in acquiring competing enterprises - both as to prices and methods.

The cumulative effect of all of this leads to the conclusion that the management has a tendency to be more interested in creating an empire than operating a banking institution and more interested in the market price than the soundness of the bank stock. Notwithstanding, it wishes to expand ad infinitum within its discretion while it is still in a controversy with the S. E. C. and when further expansion, aside from all other problems, will add to a managerial problem and add to the problem of public supervision. It is worth remembering that supervision is a part of the public policy and supervision of these institutions is already an almost impossible task.

In conclusion, the following quotation from a leading Federal case may be appropriate:

> "It is inconsistent with the purpose and policy of the banking act that its vital interests should be committed to one man, without oversight and control."

Charters for banks, permits for branches, insurance of deposits, membership in the Federal Reserve System, and voting permits for holding companies are not rights freely obtainable by any one. They are privileges granted by supervisory agencies when, acting under law and in the proper exercise of their discretion, it appears that those seeking the privilege are qualified and the public interest will be served.