

June 12, 1943.

Memorandum of Conversation with Colonel Allan M. Pope, President,  
First Boston Corporation -- Saturday, June 12, 1943

Colonel Pope called from New York and asked for a late appointment for Friday, June 11. I asked him to come in Saturday morning, June 12, which he did. He started right in by saying that they had been invited by Eastman Dillon and others to participate in a syndicate as managing partners of it to sell 100,000 shares of Bank of America for Transamerica Corporation. He said that after they got the invitation in stirring around had found out about the Patman bill -- read the hearings referring to Bank of America and Transamerica, and wondered what chance there was of the Patman bill coming up when they were in the middle of this financing. He stated that he wouldn't want to be embarrassed or take this issue on and then have someone slap it in the face, because he had many bank customers all over the country. I said that no one could tell him as to the schedule of the Patman bill -- it was up to the Banking and Currency Committee on the Hill, to which it had been referred, but I doubted whether this bill would interfere with any sale. I stated, however, that it was pending and the sentiment on the Hill was pretty hot, and that there might be a good chance of passage before the session is out. I told Colonel Pope that this was my personal opinion. He hesitated, and said that from what he had learned maybe it wouldn't be a good place to be found. I suggested that his and his company's position be analyzed. If and when they accepted employment as a syndicate participation manager, he, as a senior member of the First Boston Corporation, with its many contacts with small bankers in Government bond transactions, might be confronted with an organized body of this type of banker collectively in favor of the subject legislation. I stated that under the circumstances he would have to appraise the situation as to what that possibility would mean to his company, as I doubted whether Eastman Dillon enjoyed this class of clientele. I told him that in his analysis of this possible reaction he would have to weigh what possible effects it might have from such a class of his clientele interested in the Government bond market, dealing with many small banks. Mr. Pope stated that the way the participation had been presented to them, and in the light of the pending legislation, he did not think his company would join as a syndicate manager. One thing I impressed upon him was that if he entered into relationships he need not worry about the Bank -- that it was well managed and a profit-making institution, and that I wished other banks could make money as readily and consistently as they have.

As to the timing of the committee hearings on the pending Patman bank holding company bill, I told Mr. Pope that I personally had no information but that it didn't look as if hearings would be held before the much-talked-of recess of Congress, beginning about the 9th of July.

John K. McKee/dh

C O P Y

THE FIRST BOSTON CORPORATION

Allan M. Pope  
President

100 Broadway  
New York

July 2, 1943.

The Honorable John K. McKee,  
Board of Governors,  
Federal Reserve Board,  
Washington, D. C.

My dear John:-

I have tried to reach you on the telephone two or three times during the week, but you were either away or I was not able to get through to you. I should have preferred to telephone than write in order that I might perhaps be able to answer some questions that might be brought up by a letter.

When Eastman Dillon approached us with respect to going into the underwriting of capital issues of the Bank of America as a principal underwriter, we did not accept the invitation except with qualifications.

As time went on the Patman Bill came into being. This brought the matter up to the point where we advised Eastman Dillon that we would have to know more about what this meant than we then did and we thought it advisable that they, as managers of the syndicate, should likewise know more.

The senior partner of Eastman Dillon consulted with us on several occasions on this matter and the upshot of it was that I was delegated to go to Washington and talk to those who, I thought, might know something about the meaning of the Patman Bill. I was asked whom I would go to and you were one of those I said I would see. As a matter of fact, I saw no one else but you.

As you recall, you talked to me at some length on the entire picture, specifying when you did so that you were talking to me as a senior officer of The First Boston Corporation only. I want you to know that I respected this confidence and that when I returned to New York, being duty bound to talk with Eastman Dillon, I spoke to only the senior partner and I told him that you had verified the fact that the Bill was in existence; that you could not say when the Bill might come up for action but that you in common with others felt from what you knew from the attitude on the Hill that that Bill or some Bill like it was liable to create a great deal of discussion and that in your opinion the temper of Congress was such that it would probably be passed in something like its present form. Beyond this I made no reference to your conversation.

I understand from our office in California that Mr. Giannini learned, as I suspected he would, that I had been to Washington and that after my visit there I had advised Eastman Dillon that we were not going to go along in the syndicate. Because I suspected that whatever I said to Eastman Dillon would get through to their San Francisco partners I repeat that I said nothing which had anything to do with anything but the Bill itself, and the opinion that the Bill would probably be acted upon in some form by Congress and that it would be controversial.

I understand that Mr. Giannini wired Mr. Eccles to demand to know what it was that he, Mr. Eccles, said to me derogatory to the Bank of America. My information in this respect may be wrong. It is certain that Mr. Eccles said nothing to me because I did not see him. It is certain that I said nothing beyond what I have said with respect to my conversation with you except that I did add that I learned nothing derogatory to the Bank of America as an operating unit. On the contrary, I heard favorable reports as to its operating ability.

I have thought that perhaps you should know, in the first place, what I said to Eastman Dillon in case the matter should be brought to your attention by Mr. Eccles, and I wanted to assure you that I am certain that nothing I said to Eastman Dillon - and I talked to no one else - was in any sense anything confidential or was in any sense any reflection on the Bank of America nor on Transamerica Corporation. It was based purely on an individual opinion as to what might happen in Congress.

I understand the issue has been sold. We did not participate as an underwriter. We had requests for some stock from some of our customers and purely as a trading matter we sold a few shares which we took down from the selling syndicate. Likewise we do trade Bank of America stock which is for the purpose of providing a market for issues which have a market; and this is done in the normal course of our business.

Our determination to withdraw from the account is purely on the basis that we do not wish to be a party to any controversy which might - and we as individuals believe will - very possibly arise in this case.

Very sincerely yours,

(Signed) Allan