

Office Correspondence

Date December 19, 1934.

To Governor Eccles
From Mr. Clayton

Subject: Charges against Governor Calkins,
of the Federal Reserve Bank of San Fran-
cisco, by Mr. A. P. Giannini, of the
Bank of America N. A., of California.

10-252

The interim report of the District Committee, Messrs. Miller and Szymczak, has been digested and shows the following conclusions with reference to the various charges:

- Charge No. 1: Cooperation by Governor Calkins with the Walker-Morgan group in Transamerica proxy fight, including participation in and approval of the publication of a vicious personal attack on Mr. Giannini; also utterances referring to the "certain failure" of the Bank of America; and also a conspiracy to bring about dismemberment of the Bank of America, N. T. and S. A.
- Charge No. 2: Governor Calkins failed to cooperate with Mr. Giannini and his associates after they regained control of Bank of America, N. T. and S. A., but on the contrary "pursued harassing and destructive tactics with respect to the bank".
- Charge No. 3: Governor Calkins endeavored to prevent reopening of the bank after the holiday by submitting to the Treasury Department "erroneous and misleading figures" on the condition of the bank.
- Charge No. 4: That the Federal Reserve Bank disseminated daily reports of the bank as to deposit accounts to unauthorized persons.
- Charge No. 5: That the Federal Reserve Bank bungled the shipment of funds for the Bank's Sacramento branches during a run on 1/20/33.
- District Committee's Report: Evidence in the Board's records to support the above charges unsatisfactory and inconclusive.
- Charge No. 6: Federal Reserve Bank on 7/25/34 improperly rejected tenders by the Bank for F. F. 3% bonds.
- Charge No. 7: That the Federal Reserve Bank in June, 1933, discriminated against the Bank and greatly reduced its subscription for Government bonds.

Memorandum to Governor Eccles--#2.

District Committee's Report: Not of sufficient significance to be important except in connection with the preceding charges as contributing to the entire picture.

Charge No. 8: That the Federal Reserve Bank accepted only one out of five hundred applications for industrial loans forwarded by the bank.

District Committee's Report: Governor Calkins states in his telegram of 10/30/34 that the Bank of America had submitted only 52 applications in which it agreed to share a portion of the risk. Of these 52, 14 had been approved by the Industrial Advisory Committee and 3 rejected. 53 applications had been submitted by the Bank of America without participation by it and of these 23 had been disapproved and 30 were being investigated. Out of the total of 105 applications submitted, 41 had been disposed of and 64 were still under investigation on 10/30/34.

Charge No. 9: That the Federal Reserve Banks and/or the Reconstruction Finance Corporation immediately employed certain persons employed by the Bank of America during control by the Walker group, who were let out by the Giannini management.

District Committee's Report: Governor Calkin's connection with these matters is not shown.

Charge No. 10: That in the appointment of numerous boards and committees by the Federal Reserve Bank and the Reconstruction Finance Corporation there have been included many California bankers but never any representatives directly or indirectly of the Bank of America.

District Committee's Report: No evidence other than the statement and Governor Calkins' connection is not indicated.

Charge No. 11: Governor Calkins, in resigning during 1910 from the Mechanics Savings Bank of San Francisco, of which he was cashier, stated that he would not work for a "Dago" bank, referring to the acquisition of the above bank by the Bank of America.

District Committee's Report: Same as above and unimportant.

Memorandum to Governor Eccles—#3.

Charge No. 12: That the Mechanics Savings Bank of San Francisco was poorly managed by Governor Calkins, resulting in both loss and assessments for the stockholders.

District Committee's Report: It has no bearing on the present situation.

The District Committee's report is an interim report only and states "the committee is giving consideration to the question of what procedure is likely to prove most satisfactory and ascertaining the facts with regard to these charges, and particularly to the question whether it would be desirable to have formal charges and documentary evidence presented by Mr. Giannini with a reply to Governor Calkins and a formal hearing before the Federal Reserve Board or whether the facts should be determined in a somewhat more informal way, while the matter is still in the hands of the Board's committee, through an investigation conducted in California by representatives of the Board in such manner as may appear most appropriate. Of course, a formal proceeding before the Federal Reserve Board would of necessity involve considerable publicity and notoriety which the Committee feels should be avoided if the matter can otherwise be handled in a satisfactory manner." * * * "Accordingly, the Committee is rendering this as an interim report pending the completion of its consideration of the question what procedure in all the circumstances may be expected to prove most satisfactory and desirable in ascertaining the facts with respect to the charges made."

