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**Bank of America**  
NATIONAL TRUST AND SAVINGS ASSOCIATION

SAN FRANCISCO HEADQUARTERS

A. P. GIANNINI  
CHAIRMAN OF THE BOARD OF DIRECTORS

SAN FRANCISCO, CALIFORNIA

July 18, 1936

Mr. Lawrence Clayton,  
Assistant to the Chairman,  
Board of Governors,  
Federal Reserve System,  
Washington, D. C.

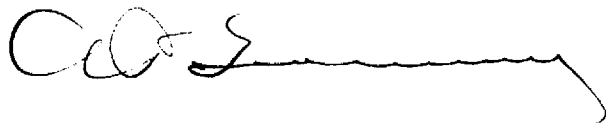
Dear Mr. Clayton:

It occurs to me that the suggestion in the enclosed letter might be carried out, if you and your Chief think it would be advisable.

Needless to say, we stand ready to cooperate with the Administration in any way that we can, and at your convenience, I should be glad to have your reaction to this idea and any suggestions you may wish to make.

My kindest regards to you.

Cordially yours,



COPY

BANK OF AMERICA

LOS ANGELES MAIN OFFICE

July 16, 1936

Mr. A. P. Giannini  
Chairman of the Board of Directors  
Bank of America N.T.& S.A.  
San Francisco, California

Dear A. P.

After a preliminary chat with President Mario, I am writing this to you and sending a copy to him. No other copies are being made of the letter.

From all parts of the country we hear bankers squawking about the difficulty of making ends meet in these days of excess reserves. They are placing the blame squarely upon the present Administration in Washington. The complaining bankers, to my own knowledge, include large numbers of former Democratic bankers of the South.

Undoubtedly these opinions will be voiced very freely by speakers at the September Convention of the A.B.A. in San Francisco. Coming as this does, almost on the eve of the general election, is it not possible that such expressions will reach the depositors of the respective banks throughout the country and thus influence many votes.

I am wondering whether such statements could be contraverted or offset to a degree if some one would be accorded a prominent place on the A.B.A. program who would make an address upon a topic something like one of the following:

How Banks Can Be Made Profitable in 1936

Making Profits For Your Stockholders in 1936

Profits in Spite of Excess Reserves in 1936

We know that some banks, notably our own, have not been satisfied to mark time or march without making progress and that they are fairly on the way of settling the problem of excess reserves by utilizing them in a safe and sane way.

July 16, 1936

If some one of recognized ability would delve into this a bit and would ascertain why some banks - our own and I believe the Eccles Group and others (George Eccles told me a year ago they were making more money than at any time in their history) are moving steadily forward in spite of what New York bankers are saying; then, if such facts and figures could be released and be given the proper publicity at San Francisco, some of the prevailing bankers' prejudice against the present Administration at Washington might be dissipated.

Howard Whipple as president of the California Bankers Association could do it convincingly if you could sell him on the idea that this would be a real contribution to the bankers of America.

I am wondering whether Tom Smith would use such information as a keynote for his administration. Tom will be more in the limelight than Orval Adams, and Tom's pronouncement therefore would carry more weight as his position would be one of greater prestige.

There has been a change in the times even though bankers choose to close their eyes to it. Banking has changed during the last four years and, in fact, has shown a continuous change during the past one hundred years, as is shown conclusively in the much distributed booklet put out by Young & Ottley, Inc. entitled - "Merchants of Debt."

If bankers continue to ignore the trend of the times, they might find that once again, as in the Banking Acts of 1933 and 1935, that the Government may have to take the initiative in regard to changes in banking laws.

If these suggestions do not have any appeal to you, I know you have a nice big wastepaper basket available.

Best regards.

Very sincerely,

(s) Pete

July 20, 1936

Mr. A. P. Giannini  
Bank of America  
1 Powell Street  
San Francisco, California

Dear Mr. Giannini:

Thanks for yours of July 15th enclosing clippings from the San Francisco papers following Mr. Stewart's appointment. Meanwhile I am in receipt of your letter of July 18th enclosing a letter to you from the Los Angeles main office signed "Pete". Your suggestion is a good one and we will see what can be done in that direction. I have kept a copy of the letter signed "Pete" and I am returning the original to you.

With kindest regards, I am

Yours sincerely,

Lawrence Clayton  
Assistant to the Chairman

enclosure  
LC/fgr