

## CLASS OF SERVICE

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# WESTERN UNION

R. B. WHITE  
PRESIDENT

NEWCOMB CARLTON  
CHAIRMAN OF THE BOARD

J. C. WILLEVER  
FIRST VICE-PRESIDENT

## SYMBOLS

DL = Day Letter
SER = Serial
NM = Night Message
NL = Night Letter
CDE = Code Cable
LC = Deferred Cable
NLT = Cable Night Letter
Ship Radiogram

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

## Received at

3 w m tws paid 3

1958 NOV 24 PM 1 45

Wux Los Angeles Calif 1018a Nov 24

Lawrence C Clayton

## MINUTES IN TRANSIT

FULL-RATE	DAY LETTER
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Asst to Chairman Marriner S Eccles

Washn

Wired A O Stewart last night Mayflower Hotel and reported this morning wire undelivered stop Wire contains suggestions to be passed on to Governor Eccles stop Have asked to have wire delivered to you and you are authorized to handle as if addressed to you

Regards

A P Giannini

144 PM

November 27, 1936

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

Dear Mr. Giannini:

This will acknowledge your wire of November 24th which came shortly after I had received from the First Boston Corporation a copy of your wire to Mr. Stewart who had left for New York. The names contained in your wire will be given consideration in selecting an additional director for the Los Angeles Branch of the Federal Reserve Bank of San Francisco.

Yesterday afternoon at the Burning Tree Club the Chairman and I got into a three cornered discussion with Bob Fleming regarding real estate mortgage lending of banks. It appears that the present top officials of the ABA are not fully aware of the threat to the entire banking structure represented by the attitude of the building and loan and mortgage banking forces in their insistence that the authority of the Housing Administration to insure real estate loans be not extended. If they can get by with this the banks will then be limited to sixty percent loans with ten year maturities. The mortgage bankers and the building and loan people will then offer seventy or seventy-five percent loans with fifteen or twenty year maturities and will thus get most of this business. This is, of course, only half of the story. By offering to loan a higher amount on a given property with longer maturity they will command a higher interest rate. This in turn will permit them to pay a higher rate for their funds than can possibly be paid by commercial banks. The conclusion is inescapable. Savings will be gradually drawn into the building and loan societies and into mortgage loan companies selling participations in mortgage notes. Of course, orthodox bankers are not alarmed by this. Like the ostrich they have their heads in the sand, refusing to see the transformation that has come about in the lending and investment field of the banking system of today.

Mr. A. P. Giannini - 2

This is all the same problem that I recommended to you some two or three weeks ago as a pressing and profitable subject for study by the ABA. Bob Fleming is becoming alive to this situation if he was not already alive to it, and said that he expected to 'phone you and urge your personal attendance at the New York meeting. I feel it is important for you to be there so that the ABA will take prompt and effective action to rally banking sentiment on the side of continued and increasing mortgage lending by banks. This is only one field of the battle however. A campaign must likewise be waged on Capitol Hill and as to that, my personal and confidential opinion is that people hereabouts will do their best.

With kindest personal regards, I am

Yours sincerely,

Lawrence Clayton  
Assistant to the Chairman

LC/fgr