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

L. M. GIANNINI

PRESIDENT

San Francisco, California

April 20, 1939

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

Dear Larry:

I am enclosing for your information a  
copy of the letter I addressed to the Honorable  
Preston Delano on April 16, 1939.

My kindest personal regards and very  
best wishes to you.

Cordially yours,



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April 16, 1939

Honorable Preston Delano  
Comptroller of the Currency  
Treasury Department  
Washington, D. C.

Dear Comptroller Delano:

On April 3, 1939, in compliance with the provisions of the memorandum and correspondence of December 15, 1938, between our bank and your office, I filed with the RFC on behalf of our stockholders an application for a loan or loans to enable our stockholders to subscribe to \$25,000,000 of preferred stock to be issued by our bank when you request it.

We have reviewed our articles of incorporation with representatives of your office and the RFC, and are in substantial agreement on the changes in them that would be necessary to effect the capital increase.

In the course of the discussions with you and other representatives of your office prior to filing the application with the RFC, we reported on the present status of all matters covered in the December conferences and it was agreed that good progress had been made; and that as long as the program was followed, the Department would be satisfied. I asked if there were any further matters to be discussed or clarified and was advised that there were none.

On the basis of your last examination, we now have sound capital funds of substantially more than \$120,000,000 (net asset value in excess of liabilities) and can point with pride to our record in working out of the unprecedented conditions that confronted the country in 1932 and '33. We have been able to make substantial increases in our sound capital funds through earnings and to pay substantial dividends to our large number of stockholders which has been helpful in promoting recovery. In addition our deposits have more than doubled since we assumed responsibility for the management of the bank in February, 1932.

We have cooperated with practically every department of this Administration in its effort to promote recovery and are proud of our contributions in this respect.

We do not need any additional capital since our capital funds are now more than double legal requirements and adequate to meet all standards of sound banking practice. It is therefore unfair that we should be forced to maintain a 1 to 10 ratio of capital when this is not required of other banks. However, we agreed to meet this requirement in the interest of arriving at an amicable adjustment of differences and to cooperate with your office.

Honorable Preston Delano

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April 16, 1939

In view of the delay that has taken place through no fault of ours and the fact that our April directors' meeting was held on the eleventh, it will probably be necessary to defer the effective date of the capital increase should you decide that you want us to proceed with it. We are ready to do so on the basis of the agreed plan. To impose new conditions at this time that were not discussed or contemplated then, it appears to me, would constitute a breach of the mutual good faith pledged at the time of the December conferences.

Notwithstanding the fact that my wife has been ill in a hospital in New York, I have been in Washington almost constantly for the past three weeks in an effort to conclude the arrangements contemplated in our December agreement. As she has recovered sufficiently to enable her to travel, I am now taking her to California, but I want again to reiterate that our bank is prepared to comply with every agreement I have made.

My kindest regards to you.

Sincerely yours,

L. M. Giannini, President.

April 25, 1939

PERSONAL

Mr. L. M. Giannini, President  
Bank of America, N. T. & S. A.  
San Francisco, California

Dear Mario:

Thanks for yours of April 20 enclosing a copy of your letter of April 16 to the Comptroller of the Currency. It is my personal opinion that this letter is an excellent statement of the background of the present situation and materially fortifies the position you took in your oral discussions with the Comptroller when you were last here. I showed your letter to the Chairman and he apparently shared my feeling about it.

I trust your wife is now fully recovered and I am sure that she is happy to be back home again.

With warmest regards, I am

Yours sincerely,

Lawrence Clayton  
Assistant to the Chairman

LC/fgc