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Ogden, Utah
January 4th, 1935.

Mr. M. S. Eccles,
3010 Cleveland Ave., N. W.
Washington, D. C.

Dear Marriner:

The audit of Scholefield, Wells & Baxter, which was ordered last summer when I returned, has finally been completed. This audit ties up with a certified public audit record of our operations from the inception of the organization of the Corporation. To be more exact, the audit brings everything up to October 1, 1934 and includes an appraisal of the assets of the subsidiaries, bringing all bonds to market value as of that date and not only excludes loss classifications according to examinations by supervising banking authorities, but also eliminates all items classified as doubtful. We are adjusting the books of the subsidiaries and of the holding corporation to the appraisal thus obtained, as of October 1, 1934. In the holding corporation of course this has meant writing out all good will, although certainly good will is involved in building up an organization such as ours which has been developed through the years through the various units of the Corporation.

I made report to the stockholders at the meeting of December 28th, giving the facts of this report. There was not a single dissenting comment at the meeting, which was represented by close to 75% of the stock.

In addition to appraisal of values, this audit was made to fit in with our last audit and constituted a review of the previous audits by the same concern to determine whether at any time the holding corporation had over-stated or misrepresented earnings to stockholders, as to whether dividends had been paid which had not been earned, and all the other matters to which suspicion is attached as respects holding corporations. This audit cost us a good deal of money. It consisted of checking the records of all of our subsidiaries, checking with the various supervising banking authorities. I felt that the money would be well spent, and that it would disclose to us the result of a cold, analytical review of what we and our subsidiaries have done.

Upon the completion of the report I appointed LaFayette Hanchett as Chairman, and Messrs. Duncan MacVichie and Frederic E. Smith as a committee to study this report in conjunction with the certified public accountants and our General Auditor, for the purpose of picking out any

Mr. M. S. Eccles

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highlights or points of criticism that should be brought to the special attention of the full Board of Directors. Two of the members of this committee are the most critical members of the Board, and the most competent, having been helpful in the past in that they have large holdings in the Corporation and are always ready with criticisms when they detect any.

The Hanchett report has been completed today at the end of a two day session, and the results are as follows:

1. Complimentary reference as to the good faith of the management.
2. No reports to stockholders over-stating the condition of the Corporation.
3. No dividends declared not consonant with the earnings for the period.

In other words the audit, and the inspection by the special committee of the Board of Directors, was that we may not be accused of any of the things that have been charged to other bank holding corporations. Of course you and I knew that, but I have been anxious to get it on record from disinterested parties as a compliment to us in the face of what has occurred in other similar situations. I thought you would be glad to know this: There is absolutely nothing in connection with our community functions that can be attacked without credit to us in the final analysis.

Sincerely yours,

(Signed) E. G. Bennett,

President

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