

# **Branch, Chain, and Group Banking**

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**HEARINGS**  
**BEFORE THE**  
**COMMITTEE ON BANKING AND CURRENCY**  
**HOUSE OF REPRESENTATIVES**  
**SEVENTY-FIRST CONGRESS**  
**SECOND SESSION**

**H. Res. 141**  
**AUTHORIZING THE BANKING AND CURRENCY COMMITTEE**  
**TO STUDY AND INVESTIGATE GROUP, CHAIN,**  
**AND BRANCH BANKING**

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**MAY 6, 7, AND 8, 1930**

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## BRANCH, CHAIN, AND GROUP BANKING

TUESDAY, MAY 6, 1930

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON BANKING AND CURRENCY,  
*Washington, D. C.*

The committee met in the committee room, Capitol, at 10.50 o'clock a. m., Hon. Louis T. McFadden (chairman) presiding.

The CHAIRMAN. Gentlemen of the committee, we have before us Mr. James A. Bacigalupi, president of the Transamerica Corporation.

Mr. BACIGALUPI. No, sir; I have not that honor.

The CHAIRMAN. What is your title?

Mr. BACIGALUPI. I am vice chairman of the advisory committee of the Transamerica Corporation.

The CHAIRMAN. If you will take a seat opposite the reporter there, we will be glad to hear from you. I presume you would like to proceed with your statement without interruption until you have completed it?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. All right; you may proceed.

### STATEMENT OF JAMES A. BACIGALUPI, VICE CHAIRMAN OF ADVISORY COMMITTEE, TRANSAMERICA CORPORATION

Mr. BACIGALUPI. Mr. Chairman and members of the Committee on Banking and Currency of the House of Representatives, at the very outset, we of the so-called Transamerica group wish to assure you of our readiness and eagerness to fully cooperate with your committee in the matter of this important and timely investigation and study of branch and group or chain banking in the United States, by placing before you whatever experience or information we may have gained during the past quarter of a century in this type of banking.

In our endeavor to lay a proper foundation for an intelligent inquiry into our experience and to convey an adequate idea of the organization we here represent, we have deemed it advisable to prepare a formal introductory statement that might prove to be as explanatory of our many and varied activities as might be consistent with conciseness and comprehensiveness.

As an aid to you in properly visualizing the present status of our organization, we have prepared two wall charts and a number of smaller photostatic copies of them so that each committee member may be possessed of a set and thus more easily follow the origin and the development of our many institutions over the past 25 years.

Our activities begin with the establishment of the Bank of Italy and, inasmuch as its origin, policies, trials, and triumphs constitute

the foundation and furnish the explanation of the present enlarged structure of our interests, we ask your indulgence while we dwell a little upon its humble beginning and phenomenal progress.

The Bank of Italy was incorporated under the laws of California, August 10, 1904, by a small group of San Francisco men, mainly Italians and Americans of Italian origin.

It frequently has been said that an institution is but the lengthened shadow of a man. Certainly any consideration of the ideals, the purposes, the growth, and progress of the Bank of Italy, unmistakably reflects the peerless ability and forceful individualism of its founder—a man who has been aptly referred to as “stout-hearted, long-headed, keen-visioned, enthusiastic American and Californian—A. P. Giannini.”

In the fall of 1904, with scarcely a ripple to mark its appearance in the financial pool of western America, the Bank of Italy, with the modest capital investment of \$150,000, was launched in the great city by the Golden Gate.

Mr. Giannini, excepting for a short previous association as a director of the Columbus Savings and Loan Society, a small bank in San Francisco which catered largely to an Italian and Italian-American clientele, was not an experienced banker when the Bank of Italy was organized. He was then about 34 years of age and had but recently retired from the firm of L. Scatena & Co., wholesale commission dealers in California fruits and other food products, which he had helped to build up to become the leading house of its kind in that State. He was not a rich man, neither were the other men who joined him in the organization of the Bank of Italy.

During his busy and successful years in the commission business he had formed a wide acquaintance with men of all races and stations as well as with agricultural, horticultural, and general business and banking conditions; he was quick to sense the need of rural California for a more democratic and helpful banking service, and he dreamed his dream of a state-wide banking system that would in due course bring to even the remotest corners of his native State the boon of a more resourceful and adequate metropolitan bank. There was nothing original in this thought, because San Francisco even then possessed several successful branches of Canadian branch banks and his reading and reasoning had convinced him that there must have been sound merit in the fact that practically all other civilized nations, much older in banking experience than our own, after trying out every form and type of banking system, had uniformly adopted nation-wide branch banking. He must be given full credit, however, for having realized at the very start that the temperament of the American people would not tolerate a condition of absentee “bank-lordism.” This obstacle he foresaw could easily be overcome if the people of each locality entered were given a local management of their acquaintance and confidence, a voice in the conduct of the local branch and the opportunity of acquiring a financial interest in the parent institution itself.

Having as a result of the skillful guidance and dynamic energy of its founder most successfully survived the terrific quake and conflagration which laid San Francisco in ruins in 1906, when the bank was but a little more than a year old, and having creditably come through the national financial panic of 1907 with the distinction of having

been the only bank in California which paid exclusively in gold coin throughout that distressful period, the Bank of Italy in 1909 first availed itself of the permissive extra-city branch banking statute of California by establishing its first out-of-town office. This branch represented the absorption of the business and assets of the Commercial Savings Bank of San Jose, situated 50 miles south of San Francisco.

The method used in the establishment of the San Jose branch has been consistently employed in every other community entered, with but one exception, namely, Sacramento, the State capital, where it was found impossible to purchase a bank and, as a result of popular petition, led by the chamber of commerce of that city, the then superintendent of banks granted the Bank of Italy a permit to open a brand new office, a so-called *de novo* branch.

With the single exception of Sacramento then, the uniform policy of the Bank of Italy has been to enter outside communities only through the acquisition of an established local bank; to convert it into a branch office; to retain its management and directorate, thenceforth acting in the capacity of an advisory board, exercising a similar supervision over the loans and business of the branch as it had theretofore when acting as a board of directors, excepting that its decisions became recommendations rather than edicts; and, while not obligatory, to interest as many of the old stockholders as possible and, in addition, others of the community, in Bank of Italy stock.

When San Jose was entered, it was reasoned that the prudent way to enter an outside community was to purchase an established bank, because otherwise it could only be hoped, at the outset, to attract a few disgruntled depositors and before sufficient good business could be worked into, principally that which theretofore could find no accommodation there on account of the smaller capital and limited resources of the local banks, it would be years. Then, again, the bank would inevitably be confronted with the necessity of building a brand new local staff for the branch office—not the easiest thing in modern banking.

Subsequent experience of the bank of Italy has amply demonstrated the soundness of this reasoning. By purchasing a good bank—and, almost without exception, such have been the banks which it has purchased—it acquired a staff, an advisory board, and local stockholders who were interested in the locality and familiar with local people, values, and conditions. If the staff was found deficient, in any given case, it was always a simple matter to straighten it where needed. It started at once with an established and, in most cases, a paying business. It was able, because of the elimination of the capital of the acquired bank and because also of its method of operation, the guidance of experts at headquarters, wholesale purchases, etc., to cut down the overhead prevailing at the time of the take-over, and because of the bank's greater resources it was immediately able to bid for and to receive a great deal of local business which theretofore had to look to larger centers for accommodation.

The general policies which have uniformly characterized and distinguished the Bank of Italy from its very foundation may be briefly stated as follows:

It has always been a truly democratic institution, a bank owned by the people, conducted by men and women chosen from among the rank and the file of the people and dedicated to the uniformly courteous

and considerate service of all deserving people, regardless of social standing or the size or importance of their business or patronage. All of its officers and employees, from the president down, have been stationed "out in the open" and are readily accessible during business hours either by telephone or personal call, without the necessity of breaking through a cordon of uniformed guards or officious underlings to reach them. One of its inflexible rules has been to rigidly require in its service a full 100 per cent of the time, thought and energy of its officers and employees, without distinction. No entangling or conflicting outside interests on the part of its officers and employees has ever been countenanced. Demonstrated merit and not seniority or "pull" has ever determined promotions within the bank. Total abstinence in politics and all controversial questions, that do not directly affect the weal of the bank, has always been the rule. It has always been operated for the benefit of its customers and stockholders and not for the personal prestige or enrichment of its officers. It has been progressive and dedicated to the demonstration of the correctness and superiority of the branch-banking system as pursued by it. It has never willingly permitted precedent to shape its course, when once it has been convinced that a different method was equally lawful and sounder and safer in principle and effect. And finally, while "exceptional service" has always been its slogan, "Safety above every other consideration" has been its constant admonition and inviolable requirement.

The growth of the Bank of Italy and the expansion of its branch system was gradual and extremely conservative in the first years of its development. It was the pioneer in state-wide branch banking in the United States and as such, without precedent or personal experience to guide it, deemed it prudent to "make haste slowly" and to build carefully and soundly. Up to the beginning of 1919, its record of branch establishments was as follows: One in 1909, one in 1910, one in 1912, two in 1913, one in 1915, five in 1916, seven in 1917 and five in 1918.

The only parts of the bank act of the State of California effective July 1, 1909, under which authority the Bank of Italy developed its branch system, which gives the right to every State bank to establish branch offices anywhere in the State upon obtaining the required permission of the superintendent of banks, are as follows:

Sec. 127. No bank shall transact any business in this State without the written approval of the superintendent of banks \* \* \*.

Sec. 9. No bank in this State, or any officer or director thereof, shall hereafter open or keep an office other than its principal place of business, without first having obtained the written approval of the superintendent of banks to the opening of such branch office, which written approval may be given or withheld in his discretion, and shall not be given by him until he has ascertained to his satisfaction that the public convenience and advantage will be promoted by the opening of such a branch office \* \* \*.

These provisions as originally enacted remain unchanged.

It will be readily appreciated that so brief though sweeping a statute practically vests the superintendent of banks with almost absolute and arbitrary power to grant or withhold permission for the establishment of a branch. In other words, all depends, in any given case, upon whether or not he is satisfied "that the public convenience and advantage will be promoted by the opening of such branch office." With such a law and with little or no precedent in this country to

serve as a guide, coupled with the fact that it was a comparatively new and unimportant factor in the financial field, the earlier branch banking years of the Bank of Italy were replete with interesting, not to say difficult, situations. At first its competitors gave it little, if any, serious thought. It was pitied or mildly ridiculed for its foolhardiness by the old line or orthodox bankers, in whose eyes it was but a "fool rushing in where angels fear to tread." Free from outside pressure, the then superintendent of banks administered the law, as he found it, to the best of his ability, and the bank enjoyed the full and free opportunity of blazing its novel though lawful trail in strict accordance with its bent and business judgment. About 1914, however, some of the influential bankers of the State began to notice with manifest uneasiness the rapid growth of the Bank of Italy and suddenly, one by one, all of the objections, which subsequently became stock phrases in the mouths of opponents to the system, began to be aired. A few of these objections were: That it was monopolistic; that it was a means of getting the money from the rural areas to be fed out to speculators in the large cities; that being spread out it could not be properly examined; that it was more vulnerable to attack; that it was in its very nature cold-blooded; that it functioned pursuant to the dictates of one man or, at best, of a small group of men, in a central and far removed location, almost wholly lacking in knowledge of and sympathy with outside people and industries, etc. By this time, however, the bank was able to demonstrate by its actual experience and performance that these objections were imaginary and not real. Needless to add, all examinations of the bank were most searching and complete, and because of this unflinching scrutiny—which frequently was conducted by prejudiced or antagonistic officials—every effort was constantly exerted from within to keep the bank exceptionally strong, clean, and liquid.

Briefly told, the method used by the Bank of Italy in acquiring the stock of a bank prior to the early part of 1917 was as follows: California law forbade and still forbids a bank to purchase the stock of another bank. Section 31 of the bank act provides only for the purchase of the assets of another bank, while section 31a provides for consolidation. The Bank of Italy's practice was to follow section 31, as it never made it a rule to compel the exchange of stock. The selling stockholders were always left free to take all cash or part Bank of Italy stock and part cash in exchange. As a practical thing, therefore, it was never practicable to negotiate for the purchase of the assets of a bank and arrange for the conversion of that bank's business into a branch of the Bank of Italy until after a satisfactory sale of the stock had been consummated. The selling stockholder naturally wanted his cash or Bank of Italy stock in hand before he consented to a transfer of the assets to another bank. As a consequence, one or several of the principal officers of the Bank of Italy gave his or their personal notes, secured by the shares of the bank being acquired, to the Crocker National Bank; paid the selling stockholders; perfected the procedure under section 31 of the bank act and, after consolidation, liquidated the shell of the selling banking corporation, in which was always left in cash and such assets as could not lawfully be taken over by the purchasing bank an amount equal to the capital, surplus, and profits of the selling bank plus such

bonus as had been paid, if any, which was just sufficient to pay off the Crocker National Bank. In other words, a few men pledged their personal credit and the stock thus acquired for the benefit of all of the stockholders of the Bank of Italy without charging them anything for whatever personal risk might have been involved in the transaction. In the beginning this procedure, when the number of banks purchased was small, was not burdensome or inconvenient, but later the hardship became heavy and irksome.

This fact, in addition to several other inconveniences encountered in operation, because of the restriction of the bank act—such as being forced to write off any and all real estate which had been carried on the bank's books for a period of five years, irrespective of its real value, and thereafter likely to become nobody's business in a profit-and-loss account, and so forth, it was decided to incorporate a general corporation under California laws, the beneficial interest in the stock of which corporation would be entirely owned by the Bank of Italy stockholders in exactly the same proportion as their Bank of Italy holdings. In this way this auxiliary could do many legitimate things which the bank could not do, and whatever profit or loss ensued would be enjoyed or borne by the identical stockholders in the exact proportion of their holdings. This auxiliary company was also intended to keep the bank cleaner. Whenever an asset of the bank became doubtful or an apparent loss it could be transferred for a nominal consideration to this auxiliary, where it would become some one's special duty to look after it, and thus the probability of its collection or realization be materially improved. This corporation could also engage in one or another of the several legitimate businesses which are incidental to an established banking business. It could, for illustration, act as an insurance broker or agent, and in this way take full advantage of placing the bank's own large lines of insurance and such other insurance business as naturally come to a bank through its mortgage and kindred departments; the commissions accruing therefrom going to all of the stockholders, instead of to the president or cashier personally, as so frequently happens, even to-day, particularly in the smaller banks of the country. This company, first known as Stockholders Auxiliary Corporation, was incorporated under the laws of the State of California, June 20, 1917, with an original capital of \$500,000. Subsequent to said date Stockholders Auxiliary Corporation became the purchaser of the banks intended to be converted into the Bank of Italy system.

Pursuant to its progressive policy, particularly in matters calculated to better serve the agricultural needs of the people, the California Joint-Stock Land Bank was incorporated by the Bank of Italy in 1919 under the provisions of the Federal farm loan act, with a capital of \$916,000. This was the first joint-stock land bank to be incorporated in the West and it has ever since operated most successfully and helpfully in the States of California and Oregon. In fact, and without any vainglory, I might add that it has functioned as one of the most successful joint-stock land banks in the United States. Its total outstanding loans to-day are \$14,511,167.92.

The year 1919 also marked another significant event in the life of the Bank of Italy, for it was in that year that it again demonstrated its progressive spirit by being the first California State bank to join the Federal reserve system. It joined primarily because it believed

it to be its patriotic duty to do so, and also because it desired to expose itself to the scrutiny and supervision of still another governmental authority.

In 1921, the Bank of Italy moved its head office from Clay and Montgomery Streets to No. 1 Powell Street, an entirely different section of San Francisco, just one block removed from its long established and flourishing branch at Market and Mason Streets. It was considered ill-advised to operate two important offices of the same bank within one block of each other, and yet the good will which has been built up in that location was far too valuable to be abandoned. As a result of these considerations, a new State bank was organized by Stockholders Auxiliary Corporation under the name of Liberty Bank, and its headquarters was established in the vacated banking room formerly occupied by the Market and Mason office of the Bank of Italy.

In 1923 Stockholders Auxiliary Corporation acquired the Commercial National Bank of Los Angeles.

In 1924 Americommercial Corporation was formed by Stockholders Auxiliary Corporation and certain stockholders of the Bank of America of Los Angeles to serve as a holding company to control the Bank of America of Los Angeles and the Liberty Bank of San Francisco.

In due course the entire ownership of Americommercial Corporation passed to Stockholders Auxiliary Corporation. Later in 1924, Americommercial Corporation also acquired direct control of the Commercial National Bank of Los Angeles.

The Liberty Bank of America was formed January, 1927, by a merger of the Liberty Bank of San Francisco and the Bank of America of Los Angeles.

In March, 1927, the Bank of Italy absorbed the Liberty Bank of America and the Commercial National Bank of Los Angeles and within the same month converted to a national charter. This absorption represented an increase, overnight and without a hitch, of \$172,260,087.25 in the deposits of the Bank of Italy and the addition of 178 branches throughout California to the 98 offices theretofore conducted by it. Mention of this is made to direct special attention to the splendid organization of the Bank of Italy which thus proved its ability to perform so huge a task with such ease, speed, and accuracy.

The name of Stockholders Auxiliary Corporation was changed to National Bankitaly Co. early in 1927.

Soon after the nationalization of the Bank of Italy it was deemed desirable by National Bankitaly Co. to organize a mortgage company and an agricultural credit corporation; the former to further serve borrowers, seeking loans upon the security of mortgages on real estate situated in towns and cities of California having a population in excess of 10,000, whose legitimate needs might be greater than could be met by a national bank; and the latter to render a more adequate service to California farmers. Accordingly Bankitaly Mortgage Co. and Bankitaly Agricultural Corporation were incorporated under the laws of California, the former in 1927 and the latter in 1928.

Believing that you may be interested in the methods by which control of the Bank of Italy is maintained, we respectfully submit the following summary:

At the head, as is required by law, is the board of directors, the members of which are to a very large degree senior officers of the institution and actually engage in administrative and executive duties. Apart from the board itself, we have an advisory committee, acting as the name implies, in an advisory capacity. All of the members of the advisory committee are directors of the bank, but not active officers.

Under the board of directors, the organization has been separated for all operating purposes into two large divisions.

The Los Angeles division embraces all branches situated south of the northern boundary line of Santa Barbara County, and the San Francisco division takes in all branches lying north of that line. Each of said divisions is under the immediate charge of a board of management, made up of all senior officers and heads of important general departments, resident within the division. The boards of management meet weekly, and oftener if necessary, and have original and direct jurisdiction in all matters of operation and minor investments within their respective divisions.

In addition to these boards of management, there has been created a regional board in Los Angeles, the membership of which has been recruited from among the advisory boards of the branches in the Los Angeles division. The function of this regional board is to keep in touch with the conduct and progress of the bank's affairs within the division, to take such action with reference to the promotion of the bank's business in the Los Angeles division and to make such recommendations to the general executive committee and the board of directors as may from time to time be deemed proper for the best interests of the bank in southern California.

Boards exercising similar functions within their respective counties have been set up in Oakland and San Diego. The one in Oakland is known as the East Bay district board, and the one in San Diego County is known as the San Diego district board.

The general executive committee is made up of the members of both boards of management who are also directors of the bank. The general executive committee meets at least once a month in San Francisco and under the board of directors is the general managing body of the bank.

In order to more closely knit the branches to head office it has been thought expedient to further subdivide the system into districts and to place each under the care of a seasoned officer, generally a vice president, resident within the district, who acts in the capacity of a supervisor. These supervisors are charged with the duty of regularly visiting the branches within their respective districts; to keep in close touch with these branches; to counsel with them and to make sure that the bank's policies are being adhered to; to attend all advisory board meetings within the district and to act as mediators between head office and the branches intrusted to their supervision.

Each of the principal functions of the bank is managed by a special committee, the composition of which includes those who are engaged in the particular operation with which the committee is concerned. The chairman of the various committees are members of the execu-

tive committee of the bank, and since all members of the executive committee are also members of the board of directors, each of the special committees is presided over by a director. The committees include: General finance, business extension, purchasing, building, bank properties, personnel, agricultural credits, advertising, and suggestion.

In addition to these special committees, there has been instituted an auditing committee of the board of directors itself. The personnel of the auditing committee is drawn from the members of the board who do not have active duties with the bank. They are required to hold monthly meetings and to carry on a constant and independent audit of the institution. The work they initiate is dictated by their own members, and the reports which they prepare are made to the board of directors as a whole.

The individual operating and administrative departments are, of course, to a large extent identical with those found in any large institution. Each has its appropriate representation in the special and standing committees. This method of coordination insures a more perfect understanding of general policies and at the same time permits adequate opportunity for a thorough discussion of important subjects whose ramifications affect more than one department.

As has already been pointed out, every branch outside of San Francisco has a local advisory board. The advisory boards meet at stated intervals, consider loan applications, lend their knowledge of local conditions to the solution of problems that arise in the administration of branch affairs, and constitute a group to which the manager may refer for guidance in any specific action. The important conscientious service rendered by the bank's approximately 1,700 advisory board members is regarded as a most valuable asset.

The actual control of the institution is maintained by properly synchronizing the functions of each of these interrelated bodies. The problem is one to which a great deal of attention has been given during the bank's quarter of a century of operation.

The bank's policy has been to allow as much latitude as possible to the several branches in the matter of their operation. Different communities have different problems and the bank must take into consideration those identifying characters. In consequence each branch makes up its own daily financial statement on standard forms, in so far as individual accounts are concerned. The bank does not maintain a supergeneral ledger at head office, but simply consolidates the daily financial statements, adding to them such items as capital, investments, etc., not carried by the branches. This reduces to a minimum the clerical effort required to keep the records complete, and at the same time it gives to each branch an identity that could be secured in no other way.

In addition to the records and books kept at the 292 branches, the bank has a set of books known as administration, where are carried the capital accounts referred to, and with which the branch statements are consolidated. No portion of the capital is assigned to individual branches, but each one has the benefit of the great lending power of the entire sum, as well as the added security which this affords depositors.

Loans are made direct by the branches, except in instances where the amount is unusually large or the branch manager wishes to secure

the advice of the head office credit department. The customers of the branch deal with the local officers, and only in extraordinary circumstances are they brought into contact with the head office departments. Each branch has a general lending limit fixed by the bank's finance committee. Within this limit each branch may lend and report without previous consultation of head office. These limits vary with the proven credit capacity of the various branchloaning officers. Experience has demonstrated that the limits thus fixed are usually sufficient to take immediate care of the ordinary requirements of the branches. In other cases lines are established for the larger borrowing accounts, in advance of the time when these firms or individuals require the accommodation for their seasonable operations. As a matter of fact, after a branch has been in operation for a year or more, experience shows that easily 80 per cent of the annual commercial credits extended by the branches are renewals under established lines. All applications for unfixed lines of credit in excess of the lending limit of a given branch are promptly considered and acted upon by the proper central credit department and proper advice and instructions issued. The branch makes daily reports of all loans, and as these are received the credit department reviews them. Pertinent comments or suggestions are then forwarded to the branch manager, so that the loan may be properly followed and collection insured at maturity. The broad fundamental policies respecting credits are outlined by the general executive committee and interpretation and application is then made by the credit department.

This system permits the smallest branch in the organization to secure the benefits of the best obtainable advice and counsel on every loan that is made, and it also insures uniformity of policy, based on a thorough knowledge of conditions throughout the entire organization and the country as well.

As an auxiliary to the credit department, and yet distinctly an entity in itself, there is a central real-estate loan department, synchronizing all of the loan operations in urban and rural property, and providing a uniform system of appraisal throughout the State.

Under the direction of the auditing committee a constant check and examination of the business at the various branches is maintained. A trained staff of inspectors is engaged in the work, appearing without advance notice at the office to be examined, and spending as much time as is necessary to see that the task is completed.

Not only do they follow the usual channels of examination pursued by State or Federal authorities, but also check into the observance of operating practices required by the bank's rules and regulations. The report of the examination, with any and all irregularities noted, is filed with the auditing committee, and subsequently the items that have to do with other departments of the bank are referred to those who are directly concerned. Upon their next visit to the branch the inspectors verify the fact that matters have been corrected.

Responsibility for the operation of the bank rests with the cashier's department, subordinate to which are the comptroller's and accounting departments. All operating instructions for the branches are cleared through the cashier in the process of transmission. The introduction of new standards of practice and preparation of improved

forms find their way into general use by appropriate action of the cashier.

It is this adherence to definitely established procedure in all matters, large or small, that makes possible the absolute control of the institution. Each department has a fixed place in the scheme of organization, and the necessary machinery for coordinated action has been supplied. The actual control is simple because of the care that has been exercised in laying the foundation.

While we do not believe that we have achieved perfection in the practices we have adopted, at the same time we know that they are fundamentally sound, and by following the rules that have been worked out we have been and are able to successfully direct the affairs of the large institutions.

The Bank of Italy conducts through appropriate and well-organized departments all of the financial activities and functions which are now performed, almost without exception, by all large modern banks in the United States, viz: Commercial, savings, safe deposit, securities, international or foreign trade and exchange, trust and travel departments. In addition to these departments, the Bank of Italy has since 1911 devoted much time and expended considerable money in the encouragement of thrift among the school children of California. Through its school savings department, the bank is to-day in contact with 1,671 schools throughout the State having an attendance of 285,000 children.

These schools are visited every week without fail on a certain day and hour by 20 young bank employees, who travel approximately 8,000 miles in order to accomplish the task of collecting the amounts which the participating pupils desire to save. Even 1 cent is accepted as a deposit from individual pupils, who are shown just as much consideration by the visiting bank men as are any other clients of the bank. Two hundred and twelve thousand children throughout California from the Oregon line down to the Mexican border now have on deposit in the school savings department of the Bank of Italy nearly \$3,000,000, an average of about \$15 each. In the accumulation of this vast sum, who will question the incalculable importance of the lessons incidental to thrift that have been learned by children, such as self-denial, patience, industry, and independence, all of which insure a better appreciation of the nobler ends of life and of the rights of others.

The Bank of Italy, because of its branches, leads the world in this very progressive economic movement, which has always meant more to the child than to any bank that has ever undertaken it. Then, too, in helping children to save regularly, in a systematic manner, a bank unquestionably assists all other depositaries by creating a demand for banks. And, in the last analysis, by teaching children to save during their school years, a bank gives aid to the family—the very foundation of society—whose youthful members are encouraged to persevere in a course of providential living.

Your attention is now directed to a number of exhibits which we have caused to be prepared for your committee and which we believe will prove both instructive and interesting.

The CHAIRMAN. Before you start on Exhibit A, I want to insert, at this point, without objection, the two charts which you have been referring to. We will designate them as "Charts of organization, Nos. 1 and 2."

Mr. BACIGALUPI. No. 1 will be headed the "Bank of Italy" on the upper left-hand corner, and No. 2 will be the Transamerica chart. (The charts referred to are printed below, as follows:)

The CHAIRMAN. You are about to insert other exhibits?

Mr. BACIGALUPI. Yes, sir; they are prepared to be left with the secretary of your committee.

The CHAIRMAN. They should also be inserted in this record?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. In the order in which they appear?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. I understand that one of them is confidential?

Mr. BACIGALUPI. There is one that is confidential. It contains the names of certain borrowers.

The CHAIRMAN. Without objection, then, all of these exhibits which you are referring to as part of your testimony, with the exception of those which you will designate as confidential, will be placed in the record in the order in which they appear in your statement.

Mr. BACIGALUPI. I might state in reference to the one that is confidential, it might be well to file it with you to be kept privately, so that the members of the committee may refer to it.

The CHAIRMAN. It will remain available in the hands of the secretary of the committee for the members that want to see it.

Mr. BACIGALUPI. Exhibit A shows the care which has been consistently exercised by the management to keep the capital structure of the bank in proper relationship to the constantly increasing resources of the institution. On December 31, 1929, the capital, surplus and profits of the bank were \$108,251,158.52, while that of its affiliate, National Bankitaly Co. (owned share for share by the same stockholders and evidenced by the same certificate) was \$91,620,927—a combined working capital of approximately \$200,000,000. Total resources of the bank at the end of the year were \$1,055,113,373.09. This exhibit further discloses every capital increase and its allocation and shows the capital, surplus, and profits of all absorbed banks to have totaled \$56,066,000.

Mr. BRAND. Are those exhibits in this pamphlet [exhibiting]?

Mr. BACIGALUPI. No, sir; this is Exhibit A [exhibiting] which gives chronologically the date of the capital issue, how it was distributed, as to capital and surplus, whether the bank or auxiliary and also gives here a tabulation of the increase in resources from year to year of the bank and also gives the name of every bank acquired together with the capital of that bank at the time of its acquisition.

(Exhibit A referred to is here printed in full, as follows:)









## BRANCH, CHAIN, AND GROUP BANKING

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## EXHIBIT A

*Giving the growth of capital and resources of the Bank of Italy National Trust & Savings Association*

[2,000,000 shares, par value \$25 each]

Date	Capital	Surplus and undivided profits	Total resources
Dec. 31, 1904.....	\$150,000.00	\$1,023.70	\$285,436.97
Dec. 30, 1905.....	300,000.00	10,000.00	1,021,290.80
Dec. 31, 1906.....	500,000.00	31,564.98	1,899,947.28
Dec. 31, 1907.....	500,000.00	46,945.14	2,221,347.35
Dec. 31, 1908.....	750,000.00	78,673.41	2,574,004.90
Dec. 31, 1909.....	750,000.00	90,520.13	3,817,217.79
Dec. 31, 1910.....	1,000,000.00	150,000.00	6,539,861.47
Dec. 30, 1911.....	1,000,000.00	201,649.12	8,739,347.02
Dec. 31, 1912.....	1,000,000.00	251,437.30	11,228,814.56
Dec. 31, 1913.....	1,250,000.00	330,389.73	15,882,911.61
Dec. 31, 1914.....	1,250,000.00	350,217.18	18,030,401.59
Dec. 31, 1915.....	1,250,000.00	374,245.50	22,321,860.69
Dec. 30, 1916.....	2,000,000.00	691,452.39	39,305,995.24
Dec. 31, 1917.....	3,000,000.00	1,100,000.00	77,473,132.79
Dec. 31, 1918.....	5,000,000.00	2,000,000.00	93,546,161.50
Dec. 30, 1919.....	6,000,000.00	2,500,000.00	137,900,700.30
Dec. 30, 1920.....	9,000,000.00	3,913,240.24	157,464,685.08
Dec. 30, 1921.....	10,000,000.00	5,036,948.06	194,179,449.80
Dec. 29, 1922.....	15,000,000.00	5,533,957.07	254,282,289.52
Dec. 29, 1923.....	15,000,000.00	8,228,474.13	301,968,477.77
Dec. 29, 1924.....	17,500,000.00	7,778,696.04	358,656,301.77
Dec. 30, 1925.....	17,500,000.00	10,789,255.20	422,338,537.01
Dec. 30, 1926.....	20,000,000.00	13,918,288.41	460,981,772.98
Dec. 30, 1927.....	37,500,000.00	25,540,829.28	765,188,976.54
Dec. 31, 1928.....	50,000,000.00	55,756,632.41	847,910,538.60
Dec. 31, 1929.....	50,000,000.00	58,251,158.52	1,055,113,378.09

## NATIONAL BANK ITALY CO.

[Identical in ownership with the Bank of Italy National Trust & Savings Association; 2,000,000 shares, par value \$10 each]

Dec. 31, 1929:		
Capital.....		\$20,000,000
Surplus and profits.....		71,620,927

*Capital surplus and undivided profits of banks converted into Bank of Italy National Trust and Savings Association*

San Francisco, Liberty Bank of America.....	\$28,142,000
Alameda:	
Citizens Savings Bank.....	295,000
Citizens National Bank.....	169,000
Arcadia, Arcadia Savings Bank.....	30,000
Bakersfield, Ardizzi Olcese.....	273,000
Burbank:	
Farmers & Merchants Savings Bank.....	69,000
First National Bank.....	58,000
Chico, Butte County National Bank.....	311,000
Colma, Colma State Bank.....	96,000
Crescent City, Smith River Bank.....	47,000
Dos Palos, Farmers & Merchants Bank.....	61,000
Eagle Rock, Eagle Rock State Bank.....	51,000
El Centro, First National Bank.....	268,000
Fresno Main, First National Bank.....	1,408,000
West Fresno, Industrial Bank.....	136,000
Gilroy, Bank of Gilroy.....	150,000
Hanford:	
Hanford National Bank.....	200,000
Peoples Savings Bank.....	105,000
Hayward, First National Bank.....	61,000
Hollister:	
Bank of Hollister.....	565,000
Savings & Loan Bank.....	234,000

Hollywood, Federal Trust & Savings Bank .....	\$734, 000
South Hollywood, Santa Monica Boulevard State Bank .....	30, 000
King City, First National Bank .....	76, 000
Livermore:	
Livermore Savings Bank .....	41, 000
Farmers Merchants National Bank .....	65, 000
Lompoc, First National Bank .....	175, 000
Long Beach (main), Long Beach National Bank .....	362, 000
Seventh and Pine Avenue:	
Bank of North Long Beach .....	50, 000
American Savings Bank .....	200, 000
International, International Savings & Exchange Bank .....	413, 000
Los Banos, Bank of Los Banos .....	190, 000
Madera:	
Madera Savings Bank .....	38, 000
Commercial National Bank .....	104, 000
Marysville, Rideout Bank .....	453, 000
Modesto, First National Bank .....	183, 000
Napa, Jas. H. Goodman Co. Bank .....	102, 000
Broadway Grand, Broadway Bank .....	253, 000
Oakland Bank Office, Oakland Bank .....	6, 851, 000
Oroville:	
Bank of Rideout Smith Co. ....	61, 000
Rideout Smith National Bank .....	477, 000
Palo Alto, First National Bank .....	271, 000
Pasadena (main), Central National Bank .....	100, 000
Petaluma, Petaluma Swiss American Bank .....	442, 000
Redwood City:	
Redwood City Commercial Bank .....	81, 000
Savings & Loan Co., San Mateo County .....	39, 000
Reedley, Reedley National Bank .....	125, 000
Sacramento:	
Peoples Bank .....	1, 089, 000
Farmers Mechanics Bank .....	600, 000
Salinas:	
First National Bank .....	334, 000
Salinas Valley Savings Bank .....	179, 000
San Diego (main), Merchants National Bank .....	787, 000
San Fernando, First National Bank .....	53, 000
Cal. Montgomery, Italian American Bank .....	2, 283, 000
San Juan, First National Bank .....	34, 000
San Leandro, State Bank .....	214, 000
San Luis Obispo, Union National Bank .....	117, 000
San Pedro, First National Bank .....	254, 000
Santa Ana:	
Orange County Trust & Savings Bank .....	506, 000
American National Bank .....	208, 000
Santa Clara:	
Santa Clara Valley Bank .....	100, 000
Mission Bank .....	33, 000
San Mateo, San Mateo Bank .....	100, 000
Santa Maria, First National Bank .....	228, 000
Santa Monica, First National Bank .....	161, 000
Selma:	
First National Bank .....	117, 000
Selma Savings Bank .....	53, 000
Shafter, First National Bank .....	30, 000
Stockton (main), City Bank .....	835, 000
Sunnyvale, Bank of Sunnyvale .....	74, 000
Tracy, American Bank .....	206, 000
Tulare, First National Bank .....	154, 000
Vacaville, Bank of Vacaville .....	186, 000
Venice, State Bank of Venice .....	56, 000
Ventura:	
National Bank of Ventura .....	701, 000
Ventura Savings Bank .....	507, 000

Watsonville:	
Bank of Watsonville .....	\$237, 000
Watsonville Savings Bank .....	130, 000
Fruit Growers' National Bank .....	137, 000
Wheatland, Farmers Bank .....	62, 000
Winters, Citizens Bank .....	123, 000
Woodland:	
Home Savings Bank .....	250, 000
First National Bank .....	156, 000
Yuba City, First National Bank .....	127, 000
Total capital surplus and undivided profits of banks converted into Bank of Italy National Trust and Savings Association .....	
	56, 066, 000
Capital surplus and undivided profits of Bank of Italy National Trust and Savings Association, Dec. 31, 1929 .....	
	106, 172, 000
<i>Capital surplus and undivided profits of banks converted into Liberty Bank of America group</i>	
San Francisco, Liberty Bank .....	\$4, 265, 000
Los Angeles, Bank of America .....	3, 158, 000
Alameda, Encinal National Bank .....	125, 000
Angels Camp, Calaveras County Bank .....	243, 000
Baldwin Avenue (Arcadia), First National Bank .....	42, 000
Berkeley, Commercial National Bank .....	312, 000
Beverly Hills, Beverly National Bank .....	124, 000
Camarillo, Farmers Bank .....	50, 000
Chula Vista, Peoples State Bank .....	86, 000
Concord, Bank of Concord .....	75, 000
Corning, Tehama County Savings Bank .....	95, 000
Fillmore, Fillmore State Bank .....	195, 000
Glendale, Glendale State Bank .....	143, 000
Half Moon Bay, Bank of Half Moon Bay .....	87, 000
La Mesa, Bank of La Mesa .....	67, 000
Long Beach (main), Marine Trust & Savings Bank .....	557, 000
Commercial National, Los Angeles .....	1, 852, 000
Los Gatos, Bank of Los Gatos .....	197, 000
Manteca, First National Bank .....	115, 000
Martinez, National Bank of Martinez .....	55, 000
Merced, Merced Security Savings Bank .....	
Mill Valley, Bank of Mill Valley .....	142, 000
Monrovia:	
First National Bank .....	105, 000
Granite Savings Bank .....	84, 000
Morgan Hill, Bank of Morgan Hill .....	84, 000
Mountain View, Farmers Merchants National Bank .....	187, 000
Ontario, Ontario National Bank .....	204, 000
Oceanside, Oceanside Commercial & Savings .....	75, 000
Ojai, Ojai State Bank .....	130, 000
Orange, First Commercial Bank .....	79, 000
Pasadena (main), National Bank of Commerce .....	100, 000
Pescadero, First National Bank .....	31, 000
Pittsburg, First National Bank .....	80, 000
Pleasanton, Bank of Pleasanton .....	122, 000
Redono Beach:	
Farmers Merchants National Bank .....	122, 000
Farmers Merchants Savings Bank .....	64, 000
Roseville (first branch), First National Bank .....	63, 000
Sacramento, Bank of Sacramento .....	138, 000
Salinas, Salinas City Bank .....	528, 000
San Anselmo, Home Savings & Commercial Bank .....	54, 000
San Bernardino, California State Bank .....	275, 000
San Diego (main):	
Union National Bank .....	406, 000
Southern Trust & Commercial Bank .....	1, 720, 000

University, University Avenue Bank.....	\$168, 000
San Jose, Bank of San Jose.....	87, 000
San Leandro, San Leandro National Bank.....	110, 000
San Rafael, Tamalpais Bank.....	220, 000
East Santa Cruz, First National Bank.....	
Santa Cruz:	
First National Bank.....	308, 000
City Savings Bank.....	408, 000
Santa Maria, Commercial National Bank.....	149, 000
Santa Paula, New First National Bank.....	301, 000
Sausalito, First National Bank.....	55, 000
Sawtelle, United States National Bank.....	57, 000
South San Francisco, Citizens National Bank.....	62, 000
Stockton (main), Commercial & Savings Bank.....	1, 338, 000
Walnut Creek, San Ramon Valley Bank.....	92, 000
Watsonville, Fruit Growers National Bank.....	137, 000
Willows, Glenn County Bank.....	229, 000
Winters:	
First National Bank.....	106, 000
Savings Bank of Winters.....	41, 000
Yuba City, Producers Bank, Sutter County.....	100, 000
Lancaster, Antelope Valley Bank.....	63, 000
Alhambra, Citizens Savings & Commercial Bank.....	63, 000
Wilshire-Robertson, Bank of Beverly.....	64, 000

Total capital surplus and undivided profits of banks converted into Liberty Bank of America..... 20, 795, 000

Total Capital surplus and undivided profits Liberty Bank of America, February 19, 1927..... 28, 142, 000

*Capital surplus and undivided profits of banks converted into bank of America group*

Bank of America, Dec. 31, 1924.....	\$1, 471, 855
Anaheim, Golden State National Bank.....	132, 000
Burbank, State Bank.....	112, 000
Culver City, Culver City Savings & Commercial Bank.....	130, 000
Fullerton, Farmers & Merchants National Bank.....	128, 000
Gateway, Community Savings & Commercial Bank.....	44, 000
Huntington Park, National Bank of Huntington Park.....	212, 000
Placentia:	
Placentia National Bank.....	60, 000
Placentia Savings Bank.....	36, 000
Pomona:	
American National Bank.....	221, 000
American Savings Bank.....	90, 000
State Bank.....	177, 000
Estado-Cota, Santa Barbara, Central Trust & Savings Bank.....	702, 000
Santa Monica, Citizens State Bank.....	103, 000
Torrance, State Exchange Bank.....	50, 000

Total capital surplus and undivided profits of banks converted into Bank of America..... 2, 197, 000

Total capital and surplus, Jan. 27, 1927..... 3, 158, 000

*Capital surplus and undivided profits of banks converted into Liberty Bank group*

Liberty Bank, San Francisco, Dec. 31, 1924.....	\$1, 120, 000
Arcata:	
Arcata Savings Bank.....	166, 000
Bank of Arcata.....	219, 000
Burlingame, Peninsula Bank.....	60, 000
Crescent City, Del Norte County Bank.....	179, 000
Daly City, Daly City Bank.....	120, 000
Eureka, Home Savings Bank.....	411, 000
Fairfax, Fairfax Bank.....	57, 000
Fort Bragg, Fort Bragg Commercial Bank.....	159, 000

## BRANCH, CHAIN, AND GROUP BANKING

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Fortuna, Bank of Fortuna.....	\$104, 000
Gustine, Bank of Gustine.....	155, 000
Healdsburg:	
Healdsburg National Bank.....	214, 000
Healdsburg Savings Bank.....	140, 000
Lodi:	
First National Bank.....	340, 000
Central Savings Bank.....	176, 000
Redding:	
First Savings Bank.....	125, 000
Redding National Bank.....	130, 000
Roseville, Roseville Banking Co.....	175, 000
San Bruno, California Bank San Mateo County.....	36, 000
St. Helena, Bank of St. Helena.....	158, 000
Tulare, Farmers State Bank.....	77, 000
Vallejo:	
Central Commercial & Savings Bank.....	407, 000
First National Bank.....	158, 000
First Savings Bank.....	84, 000
Yreka:	
First Savings Bank Siskiyou County.....	177, 000
Siskiyou County Bank.....	181, 000
Total capital surplus and undivided profits of banks taken over.....	<u>4, 217, 000</u>
Total capital and surplus, Jan. 27, 1927.....	<u>4, 265, 000</u>

Distribution of proceeds

Date	Sale of stock				Proceeds of sale		Capital			Surplus			Contingent	
	Shares sold		Price	Total	Credit	Balance	Credit	Balance	Source	Credit	Balance	Credit	Balance	
	Balance	Ratio												
Oct. 17, 1904	\$1,800		\$100.00	\$180,000	\$180,000		\$150,000							
Feb. 25, 1905	500	1-5	100.00	30,000	30,000		180,000							
Apr. 29, 1905	300	1-9	100.00	30,000	30,000		210,000							
July 15, 1905	300	1-5	100.00	30,000	30,000		240,000							
Sept. 16, 1905	300	1-5	100.00	30,000	30,000		270,000							
Nov. 1, 1905	600	1-9	100.00	30,000	30,000		300,000	From profits	\$2,500	\$2,500				
Jan. 1, 1906								do.	1,500	4,000				
June 30, 1906	2,000	2-3	105.00	210,000	210,000	200,000	500,000	Stock	10,000	14,000				
Dec. 31, 1906								From profits	2,500	16,500				
June 29, 1907								do.	2,500	19,000				
Dec. 31, 1907								do.	2,000	21,000				
Dec. 31, 1908	2,500	1-2	110.00	275,000	275,000	250,000	750,000	Stock	25,000	27,500				
Dec. 31, 1908								From profits	2,000	29,500				
June 30, 1909								do.	2,000	31,500				
Jan. 3, 1910								do.	2,000	33,500				
July 9, 1910								do.	2,000	35,500				
Dec. 31, 1910	2,500	1-3	110.00	275,000	275,000	250,000	1,000,000	Stock	25,000	1,025,000				
Jan. 23, 1911								From profits	10,830	91,330				
June 30, 1911								do.	3,250	94,580				
Dec. 30, 1911								do.	3,500	98,080				
June 30, 1912								do.	7,000	105,080				
Dec. 31, 1912								do.	5,000	110,080				
June 29, 1913	2,500	1-4	130.00	325,000	325,000	250,000	1,250,000	Stock	25,000	1,275,000				
June 29, 1914								From profits	5,920	1,280,920				
July 22, 1914								do.	1,500	1,282,420	\$49,000			
Jan. 5, 1915								do.	1,000	1,283,420				
Apr. 2, 1915								do.	2,000	1,285,420				
July 1, 1915								do.	1,000	1,286,420				
Jan. 4, 1916								do.	2,000	1,288,420				
Apr. 5, 1916								do.	6,000	1,294,420				
July 1, 1916	7,500	3-5	130.00	975,000	975,000	750,000	2,000,000	Stock	225,000	2,225,000				
Jan. 9, 1917								From profits	14,000	2,239,000				
Mar. 15, 1917	10,000	1-2	140.00	1,400,000	1,400,000	1,000,000	3,000,000	Stock	8,500	3,008,500				
Jan. 29, 1918	7,000	7-30	147.50	1,032,500	1,032,500	2,000,000	4,000,000	do.	438,400	4,438,400				
Jan. 29, 1918	13,000	10-43	147.50	1,917,500	1,917,500	1,000,000	6,000,000	do.	280,000	6,280,000				
July 9, 1919	10,000	1-5	132.50	1,325,000	1,325,000	1,000,000	6,000,000	do.		1,325,000				
										240,000			285,000	
										146,000			432,000	
										225,000			657,000	

Mar. 9, 1920.	10,000	70,000	1,600,000	9,810,000	1,000,000	7,000,000	400,000	1,900,000	175,000	835,000
Jan. 14, 1920.	(1)	90,000	3,800,000	13,110,000	2,000,000	9,000,000	100,000	2,100,000	525,000	310,000
Dec. 30, 1920.	20,000	90,000	165.00				From profits.	125,000	2,128,000	
Jan. 18, 1921.	10,000	100,000	200.00	15,110,000	1,000,000	10,000,000	Stock	100,000	2,225,000	
June 26, 1921.	150,000	150,000	10,000.00	25,110,000	5,000,000	15,000,000	do.	250,000	2,475,000	
June 30, 1921.	12,800	162,500	300.00	25,610,000	5,200,000	17,250,000	Stock	25,000	2,500,000	
May 5, 1924.	12,800	175,000	2,812.50	30,422,500	1,250,000	17,400,000	From profits.	2,500,000	5,000,000	535,000
Mar. 28, 1924.	12,800	175,000	2,812.50	30,422,500	1,250,000	17,400,000	From profits.	2,500,000	5,000,000	537,500
June 29, 1925.							From profits.	1,000,000	6,000,000	
Dec. 30, 1925.	25,000	200,000	6,250.00	36,672,500	2,500,000	20,000,000	do.	3,000,000	9,000,000	
Mar. 15, 1926.	50,000	250,000	480.00	22,500,000	5,000,000	25,000,000	Stock	1,700,000	10,700,000	
Mar. 22, 1927.	50,000	300,000	600.00	30,000,000	5,000,000	35,000,000	do.	5,000,000	15,700,000	
Apr. 8, 1927.							do.	5,000,000	20,700,000	
Apr. 8, 1927.							do.	5,000,000	25,700,000	
Do.	900,000	1,200,000	(1)				From profits.	7,600,000	13,200,000	(1)
Nov. 1, 1927.	300,000	1,600,000	180.00	184,172,500	7,500,000	37,500,000	Surplus	13,750,000	26,950,000	
Mar. 15, 1928.	250,000	1,750,000	180.00	179,172,500	6,250,000	43,750,000	Stock	13,750,000	26,950,000	
Do.	250,000	2,000,000	180.00	45,000,000	6,250,000	50,000,000	{do. {Profits.	13,750,000 4,300,000	40,700,000 46,000,000	
Total										

Date	Amounts to affiliation			National Bankitsly Co.				Dividends			
	Capital		Surplus	Surplus		Amount		By—		National Bankitsly Co.	
	Credit	Balance		Source	Credit	Balance	Year	Kind	Amount per share		Total
Feb. 25, 1905.							1905	Cash	\$2.50	\$5,250.00	\$5,250.00
Jan. 1, 1906.							1906	do.	2.50	7,500.00	7,500.00
June 30, 1906.							1906	do.	2.50	12,500.00	20,000.00
June 29, 1907.							1907	do.	2.50	12,500.00	12,500.00
Dec. 31, 1908.							1908	do.	2.50	12,500.00	12,500.00
Dec. 30, 1908.							1908	do.	3.00	15,000.00	27,500.00
June 30, 1909.							1909	do.	3.00	15,000.00	15,000.00
Jan. 13, 1910.							1909	do.	3.00	22,500.00	37,500.00
July 9, 1910.							1910	do.	3.00	22,500.00	22,500.00
Jan. 25, 1911.							1911	do.	3.00	22,500.00	46,000.00

1 Opening. † Dividend at \$7.50 payable to Stockholders Auxiliary Corporation. ‡ Split \$100 par to \$25 par, stock dividend. † To Bankitsly Co.





Mr. BACIGALUPI. Exhibit B shows the steady phenomenal growth of the bank's deposits. At the beginning of this year total deposits were \$893,892,732.87, and the total number of accounts exceeded 1,500,000—believed to be the largest number of depositors enjoyed by any other bank in the country.

(Exhibit B referred to is here printed in full, as follows:)

## EXHIBIT B

*Giving the growth of deposits of the Bank of Italy National Trust & Savings Association*

Date:	Deposits	Date:	Deposits
Dec. 31, 1904---	\$134,413.27	Dec. 31, 1917---	\$72,044,728.71
Dec. 30, 1905---	703,024.07	Dec. 31, 1918---	85,937,839.04
Dec. 31, 1906---	1,348,723.31	Dec. 30, 1919---	127,258,625.92
Dec. 31, 1907---	1,660,324.47	Dec. 30, 1920---	140,993,545.37
Dec. 31, 1908---	1,728,898.99	Dec. 30, 1921---	177,867,610.68
Dec. 31, 1909---	2,929,494.90	Dec. 29, 1922---	229,751,525.82
Dec. 31, 1910---	5,348,151.11	Dec. 29, 1923---	276,548,879.20
Dec. 30, 1911---	7,129,456.39	Dec. 29, 1924---	328,963,919.05
Dec. 31, 1912---	9,916,018.16	Dec. 31, 1925---	389,433,241.00
Dec. 31, 1913---	14,226,242.32	Dec. 31, 1926---	416,656,511.00
Dec. 31, 1914---	16,272,563.13	Dec. 31, 1927---	645,002,138.00
Dec. 31, 1915---	20,474,872.53	Dec. 31, 1928---	693,435,841.00
Dec. 30, 1916---	36,804,775.71	Dec. 31, 1929---	893,892,732.87

More than 1,500,000 depositors.

Mr. BACIGALUPI. Exhibit C shows the record of growth of the bank's normal deposits, both natural and by absorption. Also a chart which discloses the very interesting fact that \$381,462,000, about one-half of the total normal deposits, have been accumulated through natural growth, while \$382,783,000 are due to absorptions, while only 50 branches were established de novo and 242 were established through the purchase of banks.

This I think will prove an interesting chart. We have very often been questioned as to whether our institution is the representation of putting together of a lot of resources that we have bought here and there—just how much of the growth is due to acquisition and how much was due to natural growth. This chart shows, from year to year, for instance, the growth by the two processes. The green, for instance, on this chart—

The CHAIRMAN. We will not be able to show those in colors in the printed hearings. I mention that here so those who read the record may understand.

Mr. BACIGALUPI. They may show that in black and white.

Mr. FORT. Or by heavy and thin lines.

The CHAIRMAN. You might designate for the record, how they should be shown, for the benefit of the printer, so that the reader of the record will know just what you are talking about.

Mr. BACIGALUPI. I suggest that broken and heavy lines be used. This chart shows the normal deposits of the bank, the green representing natural growth and the red the absorptions.

Mr. FENN. Those colors might be represented by solid black lines and broken lines, and by broken lines, I mean a dash and then a spece.

The CHAIRMAN. In the correction of the galley proof, I suggest that some notation be made so as to effect the distinction.





Mr. BACIGALUPI. You will notice how these red and green lines compare as to growth.

The de novo, or brand new branches established out of San Francisco would be easily less than one-half a dozen. Most of these de novo branches were new branches established in the cities of San Francisco and Los Angeles, cities in which we were already operating, but in which we extended additional windows in the business areas as they were organized. You will note, however, even charging ourselves with every de novo branch, the differentiation between the branches started brand new and those that were established only as the result of the acquisition of established institutions in the State, and how they compare.

(Exhibit C referred to is here printed in full, as follows:)

## EXHIBIT C

*Bank of Italy, National Trust & Savings Association deposits, record of growth*

	Increase in deposits	Natural growth	Purchased growth
1904 to 1915.....	\$20,474,872	\$16,049,872	\$4,425,000
1916.....	16,329,904	7,438,904	8,891,000
1917.....	35,239,954	10,057,954	25,182,000
1918.....	13,893,110	8,406,110	5,487,000
1919.....	41,320,786	41,320,786	None.
1920.....	13,734,919	13,734,919	None.
1921.....	36,874,065	19,384,065	17,490,000
1922.....	51,838,916	26,199,916	25,639,000
1923.....	46,797,354	28,968,354	17,829,000
1924.....	52,415,039	41,877,039	10,538,000
1925.....	60,469,322	55,928,520	4,540,802
1926.....	27,223,270	25,954,429	1,268,841
1927.....	228,345,627	127,273,877	201,071,750
1928.....	53,433,703	17,638,703	35,795,000
1929.....	195,456,892	130,262,892	65,194,000

<sup>1</sup> In determining this increase, reserves carried by the Liberty Bank of America of approximately \$10,000,000 have been subtracted from the 1926 deposits.

Mr. BACIGALUPI. Exhibit D gives a complete list of the bank's branches, arranged in alphabetical order, the name of the predecessor bank, and the date when opened as a branch.

(Exhibit D referred to is here printed in full, as follows:)

EXHIBIT D  
BANK OF ITALY—NATIONAL TRUST & SAVINGS ASSOCIATION

The following is a list of our branches:

Town	Branch name and address	American Banking Association No.	Interior No.	Post-office box No.	Predecessor	Date opened as branch or change
Alameda	Alameda Branch, 1500 Park Street.	90-1167	147	445	Citizens National Bank Head Office Citizens Savings Bank Branch Liberty Bank of America, San Francisco	Nov. 31, 1927 Do.
Alhambra	Alhambra Branch, 2 West Main Street.	90-1062	160	188	Branch National Bank Branch Liberty Bank of America, San Francisco	Feb. 19, 1927 Feb. 14, 1927
Anaheim	Anaheim Branch, 102 East Center Street.	90-309	209	F.	Citizens Savings & Commercial Bank Branch Liberty Bank of America, San Francisco Branch Liberty Bank of America, San Francisco Golden State National Bank Golden State National Bank	Jan. 28, 1927 Feb. 19, 1927 Feb. 19, 1927 May 7, 1925
Anderson	Anderson Branch, East Center Street.	90-541	122	188	German-American Bank Branch Liberty Bank of America, San Francisco Branch Liberty Bank of America, San Francisco Branch Liberty Bank of America, San Francisco Branch Liberty Bank of America, San Francisco Bank of Anderson Branch Liberty Bank of America, San Francisco	Aug. 24, 1918 Feb. 19, 1927 Jan. 28, 1927 Feb. 19, 1927 Feb. 3, 1915
Angels Camp	Angels Camp Branch, Angels Camp, Calif.	90-542	159	258	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Arcadia	Arcadia Branch, First Street and Huntington Drive.	90-1111	88	Drawer 1	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Do.	Baldwin Avenue Branch, Baldwin Avenue and D Street, Road.	90-877	153	515	Calaveras County Bank	Jan. 28, 1927
Arcata	Arcata Branch, 837 H Street.	90-544	108	B	Arcadia Savings Bank	Mar. 26, 1925
Atwater	Atwater Branch, Third and Broadway Branch, 1705 Ninth Street.	90-721	248	38	Branch Liberty Bank of America, San Francisco First National Bank Branch Liberty Bank of America, San Francisco	Feb. 19, 1927 Feb. 28, 1927 Feb. 19, 1927
Bakersfield	East Bakersfield Branch, 824 Baker Street.	9-139	2	999	Branch Liberty Bank, San Francisco Branch Liberty Bank, San Francisco Arcata Savings Bank Bank of Arcata Branch Liberty Bank of America, San Francisco First National Bank First National Bank	Jan. 28, 1927 Jan. 28, 1927 Sept. 21, 1925 Do. Feb. 19, 1927 Feb. 19, 1927 Apr. 24, 1922
Benicia	Benicia Branch, 693 First Street.	90-142	1	Drawer D, station A Drawer 1	Ardizzi Oleese Bank	Do.
Berkeley	Berkeley Branch, 2000 Shattuck Avenue.	90-550	106	209	Branch Liberty Bank of America, San Francisco Branch Liberty Bank of America, San Francisco Branch Commercial & Savings Bank, Vallejo Peoples Bank Branch Liberty Bank of America, San Francisco Commercial National Bank	Feb. 19, 1927 Jan. 28, 1927 Feb. 19, 1927 Dec. 10, 1919 Feb. 19, 1927 Feb. 14, 1927

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Beverly Hills	Beverly Hills Branch, 9460 Wilshire Boulevard.	90-1132	245	None	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
	Wishire-Robertson Branch, 498 Wishire Boulevard.	90-1184	216	do	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Bank of Beverly	Do.
Brawley	Brawley Branch, 568 Main Street.	90-820	167	L	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Burbank	Burbank Branch, 221 West San Fernando Boulevard.	90-966	217	156	Branch Southern Trust & Commercial Bank, San Diego.	Jan. 28, 1919
					American State Bank	Nov. 28, 1919
Burlingame	Burlingame Branch, southwest corner Burlingame Avenue and Fairview Street.	90-885	116	Drawer F	First National Bank	Sept. 20, 1928
Camarillo	Camarillo Branch, Ventura Boulevard near Pajol Street.	90-841	174	10	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Centerville	Centerville Branch, southeast corner Main and Niles Road.	90-564	5	149	State Bank of	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Aug. 23, 1927
Chico	Chico Branch, 201 Broadway.	90-305	6	1033	Branch Liberty Bank of America, San Francisco.	July, Do.
Chula Vista	Chula Vista Branch, Corner Third Avenue and F Street.	90-567	232	666	Bank National Bank	May 29, 1920
Colma	Colma Branch, Mission Road, Street Euro Avenue and Rammer Street.	90-630	71	Drawer T	Bank National Bank	July 2, 1921
Compton	Compton Branch, 185 East Main Street.	90-1069	60	44	Bank of	Oct. 2, 1922
Concord	Concord Branch, 1997 Mount Diablo Street.	90-525	141	38	Bank of	Feb. 19, 1927
Corning	Corning Branch, 1124 Sobro	90-755	146	68	Bank of Liberty Bank of America, San Francisco.	Feb. 19, 1927
Coronado	Coronado Branch, Park Place and Orange Avenue.	90-573	168	D	Tehama County Savings Bank	Jan. 28, 1927
Crescent City	Del Norte County Branch, northwest corner Second and H Streets.	90-481	169	30	Branch Liberty Bank of America, San Francisco.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Apr. 19, 1927
					Bank of Crescent City	Sept. 21, 1925
Culver City	Culver City Branch, 3349 Main Street.	90-928	206	38	Branch Liberty Bank of America, San Francisco.	Apr. 30, 1918
Daly City	Daly City Branch, 6298-A Mission Street.	90-946	118	None	Branch Bank of America, Los Angeles.	Feb. 19, 1927
					Bank of America	Jan. 28, 1927
Danville	Danville Branch, Hartz and Prospect Avenues.	90-576	225	77	Branch Liberty Bank, San Francisco.	Feb. 19, 1927
					Daly City Bank	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Nov. 2, 1925
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					San Ramon Valley Bank Branch, Walnut Creek.	Feb. 8, 1927

Town	Branch name and address	American Banking Association No.	Interior No.	Post-office box No.	Predecessor	Date opened as branch or change
Dos Palos.....	Dos Palos Branch, Marguerite Street and Center Avenue.	90-580	126	58	Farmers & Merchants Bank.....	May 31, 1927
Eagle Rock.....	Eagle Rock Branch, 5040 Eagle Rock Boulevard.	16-213	238	190, Arcade station, Los Angeles.	Branch Liberty Bank of America, San Francisco Branch Bank of Los Banos.....	Feb. 19, 1927 Jan. 28, 1927 Mar. 28, 1926 Oct. 28, 1926 Do.
El Centro.....	El Centro Branch, 601 Main Street	90-884	188	Bin M.	Eagle Rock Branch (moved). Pico-Robertson Branch, Los Angeles (moved). Branch Liberty Bank of America, San Francisco New Imperial Valley Branch (renamed) El Centro Branch (branch merger)	Apr. 23, 1927 Feb. 19, 1927 Feb. 14, 1927 Feb. 28, 1926 Mar. 28, 1925
Do.....	Imperial Valley Branch (dormant).	90-435	91	do	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Emeryville.....	Emeryville Branch, 3900 San Pablo Avenue.	90-1208	249	None	Branch Liberty Bank of America, San Francisco Branch Southern Trust & Commercial Bank, San Diego	Feb. 19, 1927
Escondido.....	Escondido Branch, Grand Avenue and Laine Street.	90-461	180	do	El Centro National Bank	Jan. 28, 1927
Eureka.....	Home Savings Branch, 350 E Street.	90-145	124	983	El Centro Branch (renamed). Charter retained	June 30, 1920 Feb. 23, 1930 Feb. 19, 1927
Fairfax.....	Fairfax Branch, Main Street and Roffino Avenue.	90-970	106	K	New Imperial Valley Branch Branch Liberty Bank of America, San Francisco	Feb. 17, 1927 Feb. 19, 1927
Fillmore.....	Fillmore Branch, Main Street and Central Avenue.	90-592	199	D	Branch Liberty Bank of America, San Francisco	Jan. 28, 1927
Firebaugh.....	Firebaugh Branch, corner Eleventh and O Streets.	90-838	127	None	Fillmore State Bank of America, San Francisco Branch Liberty Bank, San Francisco	Feb. 19, 1927 Feb. 19, 1927
Fort Bragg.....	Fort Bragg Branch, 363 Main Street.	90-734	120	G	Branch of Bank of Los Banos Branch Liberty Bank of America, San Francisco	Jan. 28, 1927 Mar. 8, 1926
Fortuna.....	Fortuna Branch, corner C and Fourth Streets.	90-596	130	Q	Branch Liberty Bank, San Francisco Fort Bragg Commercial Bank Branch Southern Trust & Commercial Bank, San Diego	Jan. 28, 1927 Mar. 28, 1926 Oct. 28, 1926
Fresno.....	Belmont-Blackstone Branch, 501 Blackstone Avenue. Fresno Main Office, corner Fulton and Tulare Streets.	90-1178 90-90	9 10	1273 1275	Branch Liberty Bank of America, Mendocino Branch Liberty Bank of America, San Francisco Bank of Fortuna New (Charter First Branch, Fresno)	Feb. 19, 1927 Jan. 28, 1927 Mar. 28, 1926 Nov. 1, 1925
					First Branch Fresno (branch merger). First Branch Fresno Fresno State Bank Fresno National Bank	Do. June 27, 1921 Dec. 28, 1916 Oct. 21, 1916

Fullerton	West Fresno Branch, 949 F Street, and Spadra.	90-05	50	1275.	West Fresno Branch of Valley Bank, Fresno. <sup>1</sup>	Mar. 3, 1924
	Fullerton Branch, corner Amerige and Spadra.	90-430	207	229.	Industrial Bank	May 22, 1923
					Branch Liberty Bank of America, San Francisco.	Jan. 6, 1927
Gilroy	Gilroy Branch, 116 Monterey Street.	90-378	11	K.	Branch Liberty Bank of America, San Francisco.	Jan. 28, 1927
Glendale	Glendale Branch, 109 East Broadway.	90-960	162	900	Branch Liberty Bank of America, San Francisco.	Apr. 25, 1925
	Gateway Branch, 1801 South Brand Boulevard.	90-1025	212	900.	Fullerton State Bank	Sept. 20, 1906
					Bank of Gilroy	Oct. 21, 1916
Gridley	Gridley Branch, Hazel Street.	90-492	25	8.	Gilroy Savings & Loan Bank	May 31, 1912
Gustine	Gustine Branch, corner Fifth and Fourth Avenues.	90-807	125	189.	Central-Glendale Branch (renamed)	Mar. 10, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 28, 1927
Half Moon Bay	Half Moon Bay Branch, Maine Street and Kelly Avenue.	90-605	181	38.	Glendale Branch (renamed)	Apr. 21, 1927
Hanford	Hanford Branch, corner Seventh and Irwin Streets.	90-262	18	471.	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Branch Bank of America, Los Angeles	Jan. 28, 1927
Hayward	Hayward Branch, 1004 B Street.	90-694	14	Drawer 4.	Community Savings & Commercial Bank	Dec. 9, 1925
					Branch Ridgmont Bank, Marysville	Feb. 19, 1927
Healdsburg	Healdsburg Branch, 320 West Street.	90-416	119	J.	Branch Liberty Bank of America, San Francisco.	Jan. 28, 1927
					Bank of Gustine	Mar. 8, 1926
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Highland Park	Highland Park Branch, 5570 Pasadena Avenue, Los Angeles.	16-112	304	190, Arcade station, Los Angeles.	Bank of Half Moon Bay	Jan. 28, 1927
					Hanford National Bank	May 5, 1924
Hollister	Hollister Branch, corner San Benito and Fifth Streets.	90-392	12	377.	Peoples Savings Bank	Do.
Hollywood	Hollywood Branch, 6780 Hollywood Boulevard.	16-145	307	190, Arcade station, Los Angeles.	The old bank.	July 24, 1922
					First National Bank in Hayward	Sept. 20, 1927
					Branch State Bank, San Leandro	Aug. 25, 1927
					First National Bank, San Francisco	July 10, 1921
					Peoples and Merchants National Bank	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Branch Liberty Bank, San Francisco.	Jan. 28, 1927
					Healdsburg National Bank	Nov. 2, 1925
					Healdsburg Savings Bank	Do.
					Branch Liberty Bank of America, San Francisco.	June 28, 1912
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Branch Commercial National Trust and Savings Bank, Los Angeles.	Jan. 28, 1927
					Bank of Hollister	June 1, 1922
					Savings and Loan Bank of San Benito County	Dec. 19, 1916
					Federal Trust and Savings Bank	Do.
					Branch Liberty Bank of America, San Francisco.	Jan. 16, 1928
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Branch Commercial National Trust and Savings Bank, Los Angeles.	Jan. 28, 1927
					New	Jan. 7, 1924

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Town	Branch name and address	American Banking Association No.	Interior No.	Post-office box No., Los Angeles	Predecessor	Date opened as such or change
Hollywood	Hollywood-Wilcox Branch, 6436 Hollywood Boulevard.	10-135	204	190, Arcade station, Los Angeles.	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Do.	South Hollywood Branch, Santa Monica Boulevard.	90-1104	89	do.	Branch Bank of America, Los Angeles.	Jan. 28, 1927
Huntington Park	Huntington Park Branch, 6601 Pacific Boulevard.	90-1061	208	605	Branch Liberty Bank of America, San Francisco.	Sept. 15, 1924 Aug. 1, 1927
Kelseyville	Kelseyville Branch, South Main Street.	90-909	114	167	Santa Monica Boulevard State Bank. Branch Liberty Bank of America, San Francisco.	Mar. 26, 1925 Feb. 19, 1927
King City	King City Branch, southwest corner Broadway and Third Streets.	90-856	15	228	Branch Bank of America, Los Angeles.	Jan. 28, 1927
Knights Landing	Knights Landing Branch, corner Third and Mills Streets.	90-853	8	88	National Bank of Huntington Park.	Feb. 27, 1926
La Jolla	La Jolla Branch, corner Prospect and Santa Fe Streets.	90-821	170	38	Bank of Huntington Park.	May 12, 1925
Lakeport	Lakeport Branch, southwest corner Main and Second Streets.	90-810	113	Drawer F	Branch Liberty Bank of America, San Francisco.	Feb. 2, 1921 Feb. 19, 1927
La Mesa	La Mesa Branch, 2 Lookout Avenue.	90-622	231	7	Branch Liberty Bank of America, San Francisco.	Jan. 28, 1927
Lancaster	Lancaster Branch, 117 West Tenth Street.	90-756	172	575	Branch Farmers Savings Bank, Lakeport. First National Bank.	Jan. 28, 1927 Oct. 19, 1925 July 5, 1921
Live Oak	Live Oak Branch, C Street.	90-727	26	L-1	Branch Home State Bank, Woodland.	July 24, 1922
Livermore	Livermore Branch, First and Lizzie Streets.	90-409	13	367	Branch Liberty Bank of America San Francisco (branch Liberty Bank of America). Farmers State Bank.	Feb. 19, 1927 Jan. 28, 1927 Feb. 19, 1927 Feb. 19, 1927 Feb. 19, 1927 Feb. 19, 1927 Feb. 19, 1927 May 24, 1915
Lodi	First Central of Lodi Branch, 101 West Pine Street.	90-361	107	2	Bank of La Mesa. Branch Liberty Bank of America, San Francisco. Intelope Valley Bank. Farmers and Merchants Bank. Branch Rideout Bank, Marysville. Livermore State Bank.	Feb. 2, 1929 Feb. 27, 1917 Do. Jan. 3, 1911 Feb. 19, 1927 Jan. 28, 1927 Sept. 21, 1925
Lompoc	Lompoc Branch, 101 West Ocean Avenue.	90-449	16	87	Farmers and Merchants National Bank. Bank of Livermore. Branch Liberty Bank of America, San Francisco. Central State Bank. First National Bank. do. Farmers and Merchants State Bank. Bank of Lompoc.	July 5, 1921 Aug. 5, 1920 Sept. 1, 1916

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Long Beach	American Avenue Branch, 301 American Avenue	90-1001	75	Bin S.	Seventh and American Branch (branch merger)	Apr. 30, 1929
Do	Belmont Shore, 5200 East Second Street	90-1189	229	do	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Do	Bixby Park Branch (dormant)	90-1198	228	do	Branch Liberty Bank of America, Long Beach	Jan. 28, 1927
Do	East Long Beach Branch, 3000 East Anaheim	90-1197	227	do	Bixby Park Branch (branch merger)	Nov. 3, 1928
Do	First and Pine Branch, corner First and Pine Avenue	90-969	189	do	Branch Liberty Bank of America, San Francisco	Jan. 19, 1927
Do	Long Beach main office, 350 Pine Avenue	90-120	74	do	New	Jan. 28, 1927
Do					Home Office American State Bank, Long Beach	May 28, 1927
Do					Home Office Anaheim Branch (dormant)	Dec. 24, 1923
Do					Branch Liberty Bank of America, San Francisco	Jan. 19, 1927
Do					Charter retained, merged with branch 73	Nov. 3, 1928
Do					Branch California National Bank, Long Beach	Apr. 25, 1927
Do					Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Do					New, charter of Long Beach office retained	Feb. 28, 1927
Do					Long Beach office (branch merger)	Dec. 9, 1929
Do					Home office, Long Beach National Bank	Dec. 9, 1929
Do					Exchange National Bank	May 14, 1924
Do					Guiden State Bank	May 14, 1924
Do					Charter retained, merged with branch 73	Dec. 24, 1923
Do					Branch Liberty Bank of America, San Francisco	Dec. 9, 1929
Do					Home office Marine Trust & Savings Bank	Feb. 19, 1927
Do					Marine Commercial & Savings Bank	Jan. 28, 1927
Do					Long Beach Branch Bank of America, of California (branch merger)	Apr. 11, 1923
Do					First National Bank	Dec. 9, 1929
Do	North Long Beach Branch, 5300 Long Beach Boulevard	90-1183	192	do	Branch Liberty Bank of America, San Francisco	Jan. 21, 1929
Do	Royal Street Branch, 3401 East Seventh Street	90-1195	193	do	Branch Marine Trust & Savings Bank, Long Beach	Feb. 19, 1927
Do	Seventh and American Branch (dormant)	90-1184	190	do	Branch Liberty Bank of America, San Francisco	Jan. 28, 1927
Do	Seventh and Pine Avenue Branch, 650 Pine Avenue	90-1119	75	do	Branch Marine Trust & Savings Bank, Long Beach	Jan. 28, 1927
Do	Union State Branch, 1705 East Anaheim	90-1196	191	do	Charter retained, merged with Branch 73	Apr. 30, 1929
Do	Angeles-Mesa Branch, 5860 Angeles Mesa Drive	16-197	223	Box 190 Arcade Station	Branch Long Beach National Bank, Long Beach	May 14, 1924
Do	Broadway Office	16-104	19	do	Branch American Savings Bank	Dec. 24, 1923
Do	Broadway at Seventh Street			do	Bank of North Long Beach	Dec. 5, 1923
Do				do	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Do				do	Branch Marine Trust & Savings Bank, Long Beach	Jan. 28, 1927
Do				do	Union State Bank	Jan. 28, 1927
Do				do	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Do				do	Branch Bank of America, Los Angeles	Jan. 28, 1927
Do				do	New	Jan. 28, 1927
Do				do	Bank of America office (branch merger)	May 15, 1926
Do				do	Eighth and Broadway Branch (renamed)	July 28, 1928
Do				do	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Do				do	Home office of California Western	Jan. 28, 1927
Do				do	Home office of California Western	Jan. 28, 1927
Do				do	Western State Bank	Sept. 28, 1923
Do				do	New	Feb. 2, 1923
Do				do	Western State Bank	Mar. 26, 1923



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Do.....	International office, 220 North Main Street.	16-61	21	do	International Savings & Exchange Bank	Sept. 15, 1917
Do.....	Jefferson-Vermont Branch, 3103 South Vermont.	16-212	237	do	Union Savings Bank, Riverside, moved to Los Angeles. Thirty-sixth and University Branch, moved and renamed. Branch Liberty Bank of America, San Francisco.	Sept. 15, 1904 Sept. 2, 1927 Feb. 19, 1927
Do.....	Lincoln Heights Branch, 2223 North Broadway.	16-210	327	do	New roadway Alpine Branch, moved and renamed. Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust & Savings Bank, Los Angeles.	Feb. 27, 1927 Feb. 27, 1927 Feb. 10, 1927 Jan. 28, 1927
Do.....	Main at Pico Branch, 1242 South Main Street.	16-143	306	do	New Eleventh and Main Branch Bank of America of California.	Jan. 2, 1926 Mar. 3, 1930
Do.....	Main office, Los Angeles division, Seventh and Olive Streets.	16-66	20	do	Branch, Merchants National Trust and State Bank, Los Angeles. Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust and Savings Bank, Los Angeles. New. Seventh and Figueroa Branch (branch merger, charter transferred to Liberty Bank of America, San Francisco). Branch Liberty Bank of America, San Francisco. Branch Bank of America, Los Angeles. New. City and County Bank. Home office, Park Bank. New. Dolphin State Bank and Trust Co. Riverside Savings and Loan Association moved to Los Angeles.	Dec. 1, 1923 Mar. 24, 1928 Feb. 19, 1927 Jan. 28, 1927 Jan. 28, 1926 Sept. 30, 1913 May 1, 1913 Mar. 23, 1908 Dec. 10, 1901
Do.....	Manchester-Broadway Branch, 8601 South Broadway.	16-201	320	do	Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust and Savings Bank, Los Angeles.	Feb. 19, 1927 Jan. 28, 1927
Do.....	Manchester Heights Branch, 8600 South Vermont Avenue.	16-215	240	do	New Manchester Heights office, Pacific National Bank. Charter of sixty-eighth and West Branch used (Sixty-eighth and Western branch business transferred to branch 236). Branch Liberty Bank of America, San Francisco. New Branch Bank of America, Los Angeles.	Oct. 23, 1926 Sept. 10, 1929 Sept. 10, 1929
Do.....	Melrose-La Brea, 7161 Melrose Avenue.	16-188	213	do	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927 Jan. 28, 1927
Do.....	Pico-Heights Branch, Pico Street at Fedora.	16-87	22	do	New Branch Bank of America, Los Angeles.	Dec. 15, 1925
Do.....	Pico-Hoover Branch, 2201 West Pico Street.	16-113	302	do	Branch Park Bank, Los Angeles.	May 1, 1913
Do.....	Pico-Redondo Branch, 5686 West Pico.	16-214	239	do	Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust and Savings Bank, Los Angeles.	Feb. 19, 1927 Jan. 28, 1927
Do.....	Seventh and Central Branch, 1303 East Seventh Street.	16-114	303	do	New Pico-Hausser Branch (moved and renamed). Branch Liberty Bank of America, San Francisco. New. Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust and Savings Bank, Los Angeles.	Apr. 20, 1922 Dec. 17, 1927 Feb. 19, 1927 Feb. 14, 1927 Feb. 19, 1927 Jan. 28, 1927 June 6, 1922

Town	Branch name and address	American Banking Association No.	Interior No.	Post-office box No.	Predecessor	Date opened as branch or change
Los Angeles	Seventh and Westlake Branch 2000 West Seventh Street.	16-142	309	Box 190 Arcade Station.	Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust and Savings Bank, Los Angeles.	Feb. 19, 1927 Jan. 28, 1927 June 28, 1924
Do	Trust department (Los Angeles), Seventh and Olive Streets.	16-66	620	do	Vermont Avenue and Fifth-fourth Street Branch (moved and renamed).	Aug. 19, 1927
Do	Washington-Vermont Branch, Forty-eighth Street Branch, Vermont Avenue.	16-202	321	do	Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust & Savings Bank, Los Angeles.	Feb. 19, 1927 Jan. 28, 1927
Do	Vermont-Melbourne Branch, 1776 North Vermont Avenue.	16-126	205	do	New Branch Liberty Bank of America, San Francisco. Branch Bank of America, Los Angeles.	Oct. 21, 1926 Feb. 19, 1927 Jan. 28, 1927
Do	Vernon-Broadway Branch, 4400 South Broadway.	16-162	317	do	New Forty-fifth Street and Broadway Branch (renamed) Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust & Savings Bank, Los Angeles.	Dec. 15, 1924 Mar. 11, 1927 Feb. 19, 1927 Jan. 28, 1927
Do	Washington-Crenshaw Branch, 4182 West Washington Boul- vard.	16-198	222	do	New Branch Liberty Bank of America, San Francisco. Branch Bank of America, Los Angeles.	Jan. 2, 1926 Feb. 19, 1927 Jan. 28, 1927
Do	Washington-Vermont Branch, 1561 West Washington Boul- vard.	16-199	319	do	New Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust & Savings Bank, Los Angeles.	May 19, 1926 Feb. 19, 1927 Jan. 28, 1927
Do	Western-Mahrose Branch, 700 North Western Avenue.	16-148	314	do	New Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust & Savings Bank, Los Angeles.	July 1, 1926 Feb. 19, 1927 Jan. 28, 1927
Do	Western-Pico Branch, 3088 West Pico Street.	16-147	312	do	New Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust & Savings Bank, Los Angeles.	Jan. 2, 1926 Feb. 19, 1927 Jan. 28, 1927
Do	Western San Monica Boulevard Branch, 1100 North Western Avenue.	16-205	325	do	New Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust & Savings Bank, Los Angeles.	Dec. 5, 1925 Feb. 19, 1927 Jan. 28, 1927
Do	West-Sixth-Rampart Branch (Or- mund).	16-134	203	do	New Charter retained (merged with Seventh and Hoover Branch Bank of America of California).	Nov. 20, 1926 Mar. 3, 1930
Do	Whittier-Lorena Branch, 3361 Whittier Boulevard.	16-189	313	do	Branch Liberty Bank of America, San Francisco. Branch Commercial National Trust & Savings Bank, Los Angeles.	Feb. 19, 1927 Jan. 28, 1927 Dec. 21, 1925



## BRANCH, CHAIN, AND GROUP BANKING

Town	Branch name and address	American Banking Association No.	Interior No.	Post-office box No.	Predecessor	Date opened, closed or changed
Mountain View	Mountain View Branch, 201 Castro Street.	90-638	144	575	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Napa	Napa Branch, 1100 First Street.	90-225	31	248	Bank of Merchants, National Bank.	Jan. 28, 1927
National City	National City Branch, 5 East Eighth Street.	90-753	171	A	Bank of Mountain View.	Oct. 27, 1909
Newhall	Newhall Branch, corner Eighth and Spruce Streets.	90-988	93	282	Jas. H. Goodman & Co. Bank.	Jan. 27, 1917
North Hollywood	North Hollywood Branch, 5341 Lankershim Boulevard.	90-1200	322	308	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Oakland	Broadway-Grand Branch, 2200 Broadway.	90-21	57	349	Branch Liberty Bank of America, San Francisco.	Feb. 14, 1927
Do	College Avenue Branch, 5665 College Avenue.	90-11	54	349	New.	Feb. 14, 1927
Do	Eleventh and Broadway Office (German).	90-7	53	349	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Do	Emilings Branch, 9400 East Fourteenth Street.	90-1202	242	349	Branch Oakland Bank, Oakland.	Feb. 14, 1927
Do	Fruitvale Branch, 3204 East Fourteenth Street.	90-12	55	349	Branch Security Bank, Oakland.	Dec. 23, 1929
Do	Grand Lake Branch, 496 Lake Street.	90-1209	250	349	Citizens Bank, Fruitvale.	Nov. 4, 1918
Do	Melrose Branch, 4580 East Fourteenth Street.	90-23	56	349	Bank of Fruitvale.	June 15, 1918
Do	North Broadway Branch, 4101 Broadway.	90-1201	100	349	Branch Liberty Bank of America, San Francisco.	Nov. 10, 1917
Do	Oakland Bank Office, 1200 Broadway.	90-1	251	349	Branch Liberty Bank of America, San Francisco.	Feb. 18, 1927
Do	Oakland bank office, 1200 Broadway.	90-1	251	349	Branch Security Bank, Oakland.	Nov. 4, 1918
					Charter retained (merged with Branch 251).	Apr. 14, 1930
					New.	Apr. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					New.	Feb. 14, 1927
					Branch Oakland Bank, Oakland.	Feb. 14, 1927
					Branch Security Bank, Oakland.	Dec. 23, 1929
					Citizens Bank, Fruitvale.	Nov. 4, 1918
					Bank of Fruitvale.	June 15, 1918
					Branch Liberty Bank of America, San Francisco.	Nov. 10, 1917
					Branch Liberty Bank of America, San Francisco.	Feb. 18, 1927
					Branch Security Bank, Oakland.	Nov. 4, 1918
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Eleventh and Broadway Office (branch merger).	Feb. 14, 1927
					New.	Apr. 14, 1930
					Houses and Thirty-eighth Avenue (charter transferred).	Apr. 14, 1930
					Business transferred to Allendale Branch Oakland Bank.	Dec. 23, 1929
					Oakland office (renamed).	Oct. 21, 1929
					East Bay Branch (branch merger), (charter transferred to Branch 234).	Jan. 2, 1930
					Branch Liberty Bank of America, San Francisco.	Feb. 1, 1928
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Home office, Security Bank.	Feb. 19, 1927
					Home office, Security Bank & Trust Co.	Nov. 4, 1918
					Athenian Bank of Oakland.	Feb. 5, 1914
						Oct. 23, 1903

Do.	90-24	58	349	New	July 1, 1922
Do.	San Pablo Avenue Branch, 5800 San Pablo Avenue.	90-1203	243	Havenscourt Branch (moved and renamed). Branch Liberty Bank of America, San Francisco.	Oct. 21, 1929 Feb. 19, 1927 Feb. 14, 1927 Feb. 14, 1927 Oct. 21, 1929 Dec. 1, 1927 Dec. 1, 1927 Oct. 18, 1922
Do.	Seventy-fourth Avenue and Foothill, Boulevard Branch, 7385 Foothill Boulevard.	90-25	340	Seventy-fourth Avenue Branch, Oakland Bank.	Do.
Do.	Telegraph Avenue Branch, 4881 Telegraph Avenue.	90-27	244	Branch Oakland Bank, Oakland. East Oakland Branch (moved and renamed). Branch Liberty Bank of America, San Francisco.	Dec. 23, 1929 Feb. 19, 1927 Feb. 14, 1927 New
Do.	Twenty-third Avenue Branch, 1254 Twenty-third Avenue.	90-26	234	Seventh Street Branch, Oakland Bank, Oakland. Eighteenth and San Pablo Branch (charter transferred) (business transferred to Branch 57). East Bay Branch (charter transferred). Business transferred to Branch 35.	Dec. 23, 1929 Do.
Do.	West Oakland Branch, 1228 Seventh Street.	90-1153	179	Branch Liberty Bank of America, San Francisco.	Feb. 1, 1928 Do.
Ocean Beach.	Ocean Beach Branch, corner Newport and Bacon Streets.	90-1076	219	Branch Southern Trust & Commercial Bank, San Diego. Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927 Jan. 28, 1927 Feb. 19, 1927
Ocean Park.	Ocean Park Branch, 2701 Main Street.	90-1170	184	Branch Bank of America, Los Angeles. Branch Citizens State Bank, Santa Monica. Branch Bank of America, San Francisco.	Jan. 28, 1927 Jan. 19, 1927 Feb. 19, 1927
Oceanside.	Oceanside Branch, 202 North Hill Street.	90-643	197	Oceanside Commerce & Savings Bank. Branch Liberty Bank of America, San Francisco.	Feb. 14, 1927 Feb. 19, 1927 Feb. 8, 1927
Ojai.	Ojai Valley Branch, Ojai Avenue between Montgomery and Signal Streets.	40-589	163	Ojai State Bank.	Apr. 20, 1928
Ojai.	Euclid Avenue Branch (dormant). Ontario Branch, 200 North Euclid Avenue.	90-291	70	Charter retained (merged with Branch 70). Branch Liberty Bank of America, San Francisco. Branch Liberty Bank of America, San Francisco. Ontario National Bank.	Do. Feb. 19, 1927 Jan. 28, 1927 Feb. 19, 1927 May 28, 1923 Feb. 19, 1927 Jan. 28, 1927 Feb. 3, 1922
Orange.	Orange Branch, 100 North Glassell Street.	90-1055	233	Security State Bank. Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927 Jan. 28, 1927
Oroville.	Oroville Branch, 526 Montgomery Street.	90-301	29	First Commercial Bank. Bank of Rudolph-Smith, Co.	Feb. 19, 1927 Jan. 28, 1927
Palmdale.	Palmdale Branch, Center Street and Antelope Avenue.	90-833	173	Branch Liberty Bank of America, San Francisco. Branch Antelope Valley Bank, Lancaster.	Feb. 19, 1927 Jan. 28, 1927
Palo Alto.	Palo Alto-Stanford Branch, 251 University Avenue.	90-617	117	Stanford-Palo Alto Branch (retained). First National Bank. Branch Liberty Bank of America, San Francisco.	Apr. 23, 1928 Do. Feb. 19, 1927 Jan. 28, 1927
Pasadena.	Commercial Bank Branch, 932-937 East Colorado Street. Pasadena Main Office, 190 East Colorado Street.	90-1057	225	Stanford Bank moved from Mayfield. Branch Liberty Bank of America, San Francisco.	Nov. 2, 1925 Feb. 19, 1927
Do.		90-1136	161	Commercial National Bank. Central National Bank. Branch Liberty Bank of America, San Francisco. National Bank of Commerce. Bank of Commerce.	Feb. 8, 1927 Jan. 16, 1925 Jan. 16, 1925 Feb. 14, 1927 Sept. 20, 1911

Town	Branch name and address	American Banking Association No.	Interior No.	Post-office box No.	Predecessor	Date opened as branch or change
Paso Robles	Paso Robles Branch, corner Thirteenth and Park Streets.	90-456	28	117	First National Bank Citizens Bank	Feb. 27, 1922 Mar. 24, 1921
Pescadero	Pescadero Branch, San Gregorio Street.	90-914	198	236	Bank of Paso Robles First National Bank	Aug. 19, 1926 Feb. 8, 1927
Petaluma	Petaluma Swiss-American Branch, 201 Main Street.	90-222	7	B-1	Penngrove Branch Central Commercial Trust & Savings Bank, Vallejo.	July 24, 1925
Piru	Piru Branch, Main and Center Streets.	90-888	200	B	Petaluma Swiss-American Bank Wicksman Banking Co	Jan. 24, 1923 May 1, 1910
Pittsburg	Pittsburg Branch, Railroad Avenue at Fourth Street.	90-803	140	397	Branch National Bank of America, San Francisco Branch Fillmore State Bank, Fillmore	Feb. 19, 1927 Feb. 8, 1927
Placenta	Placenta Branch, 141 West Santa Fe Avenue.	90-702	216	144	Branch Liberty Bank of America, San Francisco Branch Bank of America, Los Angeles	Feb. 19, 1927 Jan. 28, 1927 Feb. 19, 1927
Pleasanton	Pleasanton Branch, Main and Neal Street.	90-466	235	38	Placenta Savings Bank Branch Liberty Bank of America, San Francisco	Feb. 19, 1927 Feb. 17, 1927
Pomona	Pomona Branch, corner Second and Garey Streets.	90-180	210	H	Branch Liberty Bank of America, San Francisco Branch Bank of America, Los Angeles	Feb. 19, 1927 Jan. 28, 1927
Redding	Redding Branch, corner Market and Butte Streets.	90-703	121	67	State Bank National Bank American National Bank American Savings Bank	Jan. 28, 1927 Jan. 24, 1926 Do.
Redondo Beach	Redondo Beach Branch, 100 South Pacific Avenue.	90-346	221	67	Branch Liberty Bank of America, San Francisco Branch Liberty Bank of America, San Francisco Farmers & Merchants National Bank	Jan. 28, 1927 Feb. 19, 1927 Jan. 28, 1927
Redwood City	Redwood City Branch, 2102 Broadway.	90-376	32	D	Redwood City Commercial Bank Savings & Loan Co. of San Mateo County	Sept. 15, 1917
Reedley	Reedley Branch, 1100 G Street.	90-419	77	398	Reedley Valley Bank Fresno First National Bank of Reedley	Mar. 31, 1927 Mar. 31, 1924 Oct. 31, 1921
Roseville	First Branch, 200 Vernon Street.	90-957	136	L-1	Reedley State Bank Branch Farmers & Mechanics Bank, Sacramento	Sept. 16, 1907 Feb. 23, 1928
Do.	Roseville Branch, corner Lincoln and Church.	90-657	120	Drawer	Branch Liberty Bank of America, San Francisco Branch Liberty Bank of San Francisco Roseville Banking Co.	Jan. 28, 1927 Jan. 28, 1927 Nov. 30, 1925

Sacramento.....	Sacramento office, Eighth and J Streets.	148	1279	Peoples Office (renamed) office, Farmers and Mechanics Bank.....	Sept. 3, 1929
Do.....	Sixth and K Branch, corner Sixth and S.	49	1270	Peoples Bank.....	Feb. 23, 1929
Salinas.....	City Branch, Dornant.	90-961		Do.....	June 14, 1927
	Salinas Branch, 202 Main Street.....	90-308		Feb. 19, 1927	
		90-310		Twelfth and J Branch (moved and renamed) Branch Liberty Bank of America, San Francisco	Jan. 28, 1929
				Bank of Sacramento.....	Sept. 3, 1929
				Sacramento Main Office (renamed).....	Sept. 3, 1929
				Charter retained (merged with Branch 79) City Branch (branch merger).....	Mar. 14, 1927
				Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
				Home Office Salinas City Bank.....	Jan. 28, 1927
				Salinas City Bank of Savings.....	Jan. 28, 1927
				First National Bank.....	May 5, 1910
				San Anselmo Branch, 401 San Anselmo Avenue.....	June 20, 1923
San Anselmo.....	San Bernardino Branch, 351 E Street.	90-1155	183	Home Savings & Commercial Bank.....	Feb. 10, 1927
San Bernardino.....	San Bruno Branch, San Mateo and Pyriwan Avenues.	90-132	196	Branch Liberty Bank of America, San Francisco	Feb. 14, 1927
San Bruno.....	Fifth and Market Branch, 600 Fifth Avenue.	90-904	123	Home Savings & Commercial Bank.....	Feb. 19, 1927
San Diego.....	Logan Heights Branch, 2186 Logan Avenue.	90-50	164	California State Bank.....	Jan. 28, 1927
Do.....	Normal Heights Branch, Adams Avenue at Felton Street.	90-1116	165	California Bank of San Mateo County.....	Jan. 28, 1927
Do.....	San Diego Main Office, 615 Broadway.	90-1122	166	Market Street Branch, Bank of America of California, Southern Trust office charter retained.	Dec. 9, 1929
Do.....		90-53	50	Branch San Diego State Bank.....	Dec. 10, 1928
				Market Street State Bank.....	July 14, 1928
				Branch Liberty Bank of America, San Francisco	July 14, 1928
				Branch Southern Trust & Commercial Bank, San Diego	Feb. 28, 1927
				Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
				Branch Southern Trust & Commercial Bank, San Diego	Jan. 28, 1927
				San Diego office, branch merger.....	Nov. 18, 1929
				Merchants National Bank.....	Dec. 18, 1922
				Southern Trust office, branch merger.....	Nov. 18, 1929
				Bank of Commerce & Trust Co., San Francisco	Nov. 18, 1929
				Head office, Southern Trust & Commercial Bank	Nov. 18, 1929
				Southern Trust & Savings Bank.....	July 28, 1927
				Bank of Commerce & Trust Co.....	July 28, 1917
				Do.....	Do.....
				Union Office, branch merger.....	Nov. 18, 1929
				Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
				Branch Liberty Bank of America, San Francisco	Jan. 28, 1927
				Branch Bank of America of California, Union office charter retained.	Dec. 9, 1929
Do.....	Twenty-ninth and University Branch, 2807 University Avenue.	90-61	187	Branch San Diego State Bank.....	Dec. 10, 1928
Do.....	University Branch, 406 University Avenue.	90-58	194	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
San Fernando.....	San Fernando Branch, 1109 Porter Bay View Branch, 5000 Third Street.	90-859	92	University Avenue Bank.....	Feb. 8, 1927
San Francisco.....	Bernal Height Branch, 433 Courtland Avenue.	11-46	63	First National Bank.....	June 6, 1925
Do.....		11-126	257	San Fernando Valley, Savings Bank.....	June 26, 1925
				New.....	Mar. 31, 1923
				do.....	June 13, 1927

Town	Branch name and address	American Banking Association No.	Interior No.	Post-office box No.	Predecessor	Date opened as branch or change
San Francisco	California - Montgomery Office, corner California and Montgomery Streets.	11-85	33	3152	Italian-American Branch (charter and business transferred, renamed and business transferred from former Montgomery Street branch.	Dec. 19, 1927
Do.	Castro-Market Branch, Market and Seventeenth Streets.	11-90	64	3152	Head office, Italian-American Branch, San Francisco.	Feb. 17, 1927
Do.	Clay-Montgomery Branch, Corner Clay and Montgomery	11-31	99	3152	Montgomery Street Branch, new	July 1, 1921 Jan. 3, 1922
Do.	College Hill Branch, 3835 Mission Street.	11-122	239	3152	Montgomery Street, charter only retained, renamed and business Columbus Branch transferred.	Dec. 19, 1927
Do.	Columbus Branch, 1451-1455 Stockton Street.	11-91	68	3152	Columbus Branch, Italian-American Bank.	Feb. 17, 1927
Do.	Corporate Trust Division, California-Montgomery, corner California and Montgomery Streets.	11-85	633	3152	Columbus Savings & Loan Society.	Nov. 28, 1923 Sept. 1, 1927
Do.	Daylight Branch, 948 Market Street.	11-84	101	3152	Columbus Avenue Branch, renamed.	Mar. 5, 1928 Nov. 15, 1922
Do.	Divisadero-Hayes Branch, 600 Divisadero Street.	11-110	98	3152	Head office, Liberty Bank of America, San Francisco.	Feb. 19, 1927
Do.	Excelsior Branch, 4645 Mission Street.	11-93	67	3152	Head office, Liberty Bank, San Francisco.	Nov. 28, 1921 Aug. 8, 1921 Dec. 5, 1925
Do.	Fillmore-Haight Branch, 546 Haight Street.	11-128	265	3152	do.	Oct. 2, 1922
Do.	Fillmore-Post Branch, 1700 Fillmore Street.	11-94	69	3152	do.	Dec. 19, 1927
Do.	Fillmore-Sacramento Branch, 2223 Fillmore Street.	11-172	284	3152	do.	Mar. 3, 1923
Do.	Gasparini Branch, 1500-1504 Divisadero Street.	11-124	281	3152	do.	July 9, 1928
Do.	Geneva-Mission Branch, 5137 Mission Street.	11-104	87	3152	do.	Nov. 28, 1927
Do.	Glen Park Branch, 2901 Diamond Street.	11-119	256	3152	do.	Dec. 1, 1924
Do.	Haight-Clayton Branch, 1599 Haight Street.	11-125	282	3152	do.	June 6, 1927
Do.	Harbor Branch, 100 Embarcadero Street.	11-175	287	3152	do.	Dec. 27, 1927
Do.	Head office, Market, Powell, and Eddy Streets.	11-35	66	3152	Head office name transferred from Montgomery and Clay Streets, charter and business of Market and Mason Streets branch transferred.	Dec. 9, 1929 July 1, 1921
					Market and Mason Streets branch; new, charter and business Mission Branch; new, Aug. 1, 1907, transferred.	Nov. 1, 1910



## BRANCH, CHAIN, AND GROUP BANKING

Town	Branch name and address	American Banking Association No.	Information No.	Post-office box No.	Predecessor	Date opened as branch or change
San Francisco	Twenty-fourth and Bryant Streets, twenty-fourth and Bryant Streets	11-100	85	3152	New	May 24, 1924
Do	Twenty-ninth and Mission Branch, 2226 Mission Street, Union-Webster Branch, corner Union and Webster Streets	11-87	37	3152	Mission Branch, name changed.	Mar. 23, 1927
Do	West-Geary Branch, 5500 Geary	11-109	97	3152	do	Nov. 1, 1921
Do	West-Geary Branch, 5500 Geary	11-98	76	3152	do	Dec. 12, 1925
Do	West Portal Branch, 90 West Portal	11-62	185	3152	do	Mar. 17, 1924
Sanger	Sanger Branch, 1348 Seventh Street	90-661	78	248	Columbus Branch (charter only transferred and renamed; business transferred to Branch No. 99).	Dec. 19, 1927
San Jose	East San Jose Branch, 946 East Santa Clara Street	90-77	156	C	Commercial Bank	Dec. 5, 1927
Do	Hester Branch, 1449 The Alameda	90-86	157	C	First National Bank (charter only transferred; business transferred to Branch No. 35)	Mar. 3, 1924
Do	San Jose main office, corner First and Santa Clara Streets	90-83	35	C	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Do	South First Street Branch, 276 South First Street	90-85	158	C	Branch Bank of San Jose	Jan. 28, 1927
San Juan, Baudista	San Juan Branch; post office, San Juan Baudista Branch, 1300 East Fourteenth Street	90-885	96	H	Branch Liberty Bank of America, San Francisco	Aug. 20, 1927
San Leandro	San Leandro Branch, 1300 East Fourteenth Street	90-1147	149	238	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
San Luis Obispo	San Luis Obispo Branch, Higuera and Garden Streets	90-238	61	781	Head office, Bank of San Jose	Jan. 28, 1927
San Mateo	San Mateo Branch, B Street at Mission Streets	90-284	40	69	Commercial & Savings Bank	Nov. 30, 1917
San Miguel	San Miguel Branch, Twelfth and Mission Streets	90-770	47	138	Branch Liberty Bank of America, San Francisco	Dec. 31, 1909
San Pedro	San Pedro Branch, corner Sixth and Palms Verdes Streets	90-948	62	F	Branch Bank of San Jose	Jan. 28, 1927
					First National Bank	May 19, 1924
					Head office, State Bank of San Leandro	Aug. 23, 1927
					Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
					San Leandro National Bank	Feb. 14, 1927
					Union National Bank	July 24, 1922
					San Mateo Bank	Dec. 31, 1912
					Branch Citizens Bank, Paso Robles	July 5, 1921
					Branch Bank of America of California	Mar. 17, 1930
					Branch Merchant's National Trust & Savings Bank, Los Angeles	Dec. 10, 1928
					First National Bank	Do
					Bank of America of California, charter transferred to San Francisco	Dec. 7, 1928
					Bank of America	Nov. 28, 1928

San Rafael.....	San Rafael Branch, 800 Fourth Street.	90-217	182	E	Harbor Commercial & Savings Bank, New York.	Apr. 30, 1928
Santa Ana.....	Santa Ana Branch, 116 West Fourth Avenue.	90-189	90	T	Branch Liberty Bank of America, San Francisco.	June 2, 1927
Santa Barbara.....	Santa Barbara Branch, 600 Estado.	90-1151	215	698	Orange County Trust & Savings Bank, American National Bank (and renamed).	Jan. 28, 1927 June 20, 1927 Mar. 28, 1925 Dec. 28, 1924 Do.
Do.....	Santa Barbara Main Office, 757 State Street.	90-159	214	698	Branch Banca Popolare Fugazi, San Francisco.	Feb. 10, 1927
Santa Clara.....	Santa Clara Branch, Franklin and Main Streets.	90-286	42	J	Branch Liberty Bank of America, San Francisco.	Jan. 28, 1927
Santa Cruz.....	Eggs, Santa Cruz Branch, 381 Santa Clara Avenue.	90-168	177	None	Branch Central Trust and Savings Bank, Santa Barbara.	Sept. 12, 1925
Do.....	Santa Cruz Branch, 189-193 Pacific Avenue.	90-164	176	643	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Santa Maria.....	Santa Maria Branch, 120 South Broadway.	90-1165	150	327	Branch Santa Clara Valley Bank, Santa Clara.	Sept. 12, 1925 Nov. 24, 1924
Santa Monica.....	Santa Monica Branch, 231 Santa Monica Boulevard.	90-1020	218	157	Branch Liberty Bank of America, San Francisco.	Nov. 15, 1917 Feb. 13, 1916 Feb. 19, 1927
Santa Paula.....	Santa Paula Branch, Corner Main and Hill Streets.	90-1154	151	339	Branch of First National Bank, San Francisco.	Jan. 28, 1927
Santa Rosa.....	Santa Rosa Branch, Exchange Avenue between Third and Fourth Streets.	90-195	43	574	Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
Sausalito.....	Sausalito Branch, 915 Water Street.	90-1110	178	F	Branch Liberty Bank of America, Los Angeles.	Jan. 28, 1927
Selma.....	Selma Branch, 2636 Second Street.	90-427	79	138	Citizens State Bank.	Jan. 20, 1926
Shafter.....	Shafter Branch, Central Avenue and James Street.	90-913	84	138	Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
Soledad.....	Soledad Branch, Front Street.	90-746	135	327	First National Bank.	Feb. 19, 1927
Sonoma.....	Sonoma Branch, Napa and Broadway.	90-667	104	118	First National Bank.	Jan. 28, 1927
South San Francisco.....	South San Francisco Branch, 254 Grand Avenue.	90-1080	145	398	Selma Savings Bank.	Jan. 28, 1927
					Selma National Bank.	July 26, 1926
					Farmers Savings Bank.	Dec. 16, 1922
					First National Bank.	Feb. 19, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 28, 1927
					Branch Shumas City Bank, Selma.	Jan. 28, 1927
					Branch Liberty Bank, San Francisco.	Jan. 28, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	July 26, 1926
					Sonoma Valley Bank.	Dec. 16, 1922
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Citizens National Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 28, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Jan. 16, 1928
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927
					Branch Liberty Bank of America, Los Angeles.	Feb. 10, 1927
					Citizens State Bank.	Jan. 28, 1927
					Branch Liberty Bank of America, San Francisco.	Jan. 20, 1926
					New First National Bank.	Feb. 19, 1927
					Branch Central Commercial and Savings Bank, Vallejo.	Feb. 14, 1927
					Santa Rosa Bank.	July 26, 1926
					City Savings Bank.	Dec. 7, 1917
					First National Bank.	Do.
					Branch Liberty Bank of America, San Francisco.	Feb. 19, 1927
					Commercial National Bank.	Feb. 14, 1927
					Branch Liberty Bank of America, San Francisco.	Feb. 10, 1927

BRANCH, CHAIN, AND GROUP BANKING

Town	Branch name and address	American Banking Association No.	Interior No.	Post-office box No.	Predecessor	Date opened as branch or change
St. Helena	St. Helena Branch, 1351 Main Street.	90-467	110	364	Branch Liberty Bank of America, San Francisco	Feb. 19, 1927
Stockton	East Side Branch, 131 North Wilson Way.	90-1192	155	516	Bank of St. Helena	Feb. 28, 1927
Do	Hunter Square Branch, 11 North Hunter Street.	90-104	44	516	Branch Liberty Bank of America, San Francisco	Sept. 21, 1925
Do	Stockton Main Office, 345 East Main Street.	90-109	154	516	Branch Commercial and Savings Bank New (charter of Stockton Branch retained)	Jan. 19, 1927 June 10, 1929
					Commercial and Savings Bank (renamed)	Do
Sunnyvale	Sunnyvale Branch, Murphy and Washington Avenue.	90-672	41	69	Branch Liberty Bank of America, San Francisco	Jan. 19, 1928
Taft	Taft Branch, 601 Center Street.	90-708	3	69	Commercial and Savings Bank	Feb. 19, 1927
Tipton	Tipton Branch, Tipton, Calif.	90-997	112	None	Stockton Branch (branch merger, charter retained by Hunter Square Branch)	Jan. 28, 1927
Torrance	Torrance Branch, 1330 Sartori Avenue.	90-1009	211	607	San Joaquin Valley National Bank	June 10, 1929
Tracy	Tracy Branch, Central Avenue and Seventh Street.	90-459	48	Drawer A.	Bank of Sunnyvale	Nov. 26, 1917
Tulare	Tulare Branch, K and Kern Streets.	90-949	111	158	Branch First National Bank, Bakersfield	June 4, 1921
Ukiah	Ukiah Branch, 102 North School Street.	90-405	128	615	Branch Liberty Bank of America, San Francisco	Apr. 24, 1922
Vacaville	Vacaville Branch, Main and Birch Street.	90-473	51	P	Branch Liberty Bank of America, San Francisco	Feb. 16, 1927
Vallejo	Vallejo Branch, Vallejo Branch, 332 Georgia Street.	90-153	103	M	Branch Farmers State Bank, San Francisco	Jan. 28, 1927
Van Nuys	Van Nuys Branch, 6225 Van Nuys Boulevard.	16-195	220	1338	Branch Liberty Bank of America, San Francisco	Feb. 10, 1927
Venice	Venice Branch, 79 Windward Avenue.	90-983	94	67	Branch Liberty Bank of America, San Francisco	Mar. 26, 1926
					First National Bank	Jan. 29, 1923
					Head office Central Commercial and Savings Bank	Do
					Citizens Bank	July 26, 1925
					Securities Branch (charter only transferred)	Nov. 1, 1925
					Business transferred to branch No. 20.	Mar. 21, 1928
					State Bank of Venice	Mar. 26, 1927

BRANCH, CHAIN, AND GROUP BANKING

Ventura.....	Ventura Branch, 384 East Main Street.	90-342	45	Drawer A-2.	National Bank of Ventura.	Jan. 28, 1918
Visalia.....	Visalia Branch, 128 East Main Street.	90-267	46	Bin I.	Ventura Savings Bank Ventura, Calif.	Apr. 26, 1921
Walnut Creek.....	San Ramon Valley Branch, Main Street.	90-682	224	38.	Visalia Savings Bank Trust Co. Branch Liberty Bank of America, San Francisco San Ramon Valley Bank	Feb. 19, 1927 Feb. 8, 1927 Apr. 8, 1922
Wasco.....	Wasco Branch, Seventh and F Streets.	90-745	4	367.	First National Bank	Apr. 8, 1922
Watsonville.....	Fruit Growers Branch (dormant). Watsonville Branch, 400-402 Main Street.	90-917 90-280	133 34	Drawer 4. do.	Branch First National Bank, Bakersfield.	June 9, 1928
West Los Angeles.....	West Los Angeles Branch, 11328 Santa Monica Boulevard.	90-1006	324	I.	Charter retained Fruit Growers Branch (branch merged) Branch Liberty Bank of America, San Francisco	Feb. 19, 1927 Jan. 28, 1927
Wheatland.....	Wheatland Branch, Front Street.	90-688	83	T.	Bank of Watsonville	Dec. 24, 1923
Willows.....	Glenn County Branch, 201 Butte Street.	90-478	137	650.	Watsonville Savings Bank Branch (branch given renamed) Branch Liberty Bank of America, San Francisco	Dec. 22, 1923 Nov. 29, 1929 Feb. 19, 1927
Wilmington.....	Wilmington Branch, Anaheim and Marine Avenues.	90-1016	308	821.	United States National Bank Farmers Bank Branch Liberty Bank of America, San Francisco	Apr. 22, 1924 Apr. 22, 1924 Feb. 19, 1927
Winters.....	Winters Branch, 32 West Main Street.	90-502	138	218.	Glenn County Bank Branch Liberty Bank of America, San Francisco Branch Commercial National Trust & Savings Bank, Los Angeles	Jan. 28, 1927 Feb. 19, 1927 Jan. 28, 1927
Woodland.....	Woodland Branch, 629 Main Street.	90-331	52	A.	Wilmington State Bank Citizens Bank Branch Liberty Bank of America, San Francisco	Feb. 8, 1924 Feb. 8, 1924 Mar. 12, 1926 Feb. 19, 1927
Yreka.....	First Siskiyou County Branch, 218 Miner Street.	90-479	131	38.	First National Bank Bank of Winters Home Savings Bank	Do. Jan. 29, 1912 July 28, 1922
Yuba City.....	Yuba City Branch, 219 Bridge Street.	90-1120	152	E.	First National Bank Farmers & Merchants Bank Branch Liberty Bank of America, San Francisco Branch Liberty Bank of America, San Francisco First Savings Bank of Siskiyou County Siskiyou County Bank First National Bank Branch Liberty Bank of America, San Francisco Producers Bank of Sutter County	Aug. 31, 1909 Mar. 26, 1928 Feb. 19, 1927 Jan. 28, 1927 Mar. 24, 1926 Dec. 19, 1927 Feb. 19, 1927 Feb. 14, 1927

Mr. BACIGALUPI. Exhibit E is a statement which has been set up to show at a glance the bank's liquidity during the past two years. The uniform policy of the Bank of Italy has been not only to maintain a strong ratio of working capital to deposits but in addition to keep its assets more than 50 per cent liquid or in a character readily convertible into cash should occasion require it. You will note from the exhibit, for instance, that on December 31, 1929, total demand deposits were \$308,597,812.95 and time deposits \$582,992,370.03, or total deposits of \$891,590,182.98. Available to readily meet these deposits—without having to call a single loan—there was due from banks \$81,995,019.14; loans eligible and available for rediscount with the Federal reserve bank, \$42,120,006.27 (and in passing it may be of interest to note that the privilege of rediscount has never once been exercised by the Bank of Italy); miscellaneous marketable securities, \$68,644,707.21; exchanges for clearing and other checks in process of collection, \$90,574,597.35; cash on hand \$9,304,797.08; and United States Government bonds, \$168,893,673.43, or a total of liquid assets of \$461,532,800.48, representing 51.77 per cent of total deposits. Considering that almost two-thirds of the bank's total deposits are time, or savings deposits, this percentage is comparatively high.

(Exhibit E referred to is here printed in full, as follows:)

## EXHIBIT E

*Statement of liquidity, Bank of Italy National Trust & Savings Association*

	June 30, 1928	Dec. 31, 1928	June 29, 1929	Dec. 31, 1929
Demand deposits.....	\$192,828,786.96	\$215,307,807.10	\$207,533,612.43	\$308,597,812.95
Time deposits.....	473,554,347.24	486,920,121.22	499,502,411.96	582,992,370.03
Total deposits.....	666,383,134.20	702,227,928.32	707,036,024.39	891,590,182.98
AVAILABLE TO MEET THESE DEPOSITS				
Due from banks, including Federal reserve bank (all subject to check). Cash on hand.....	46,977,274.77 21,490,068.97	46,741,503.81 7,076,626.15	68,649,550.31 6,969,667.45	81,995,019.14 9,304,797.08
Loans eligible and available for rediscount with Federal reserve bank reported to home office (loans under \$500 not reported in detail to home office, and not included in these figures)	27,100,576.99	31,262,013.22	30,882,893.34	42,120,006.27
United States Government bonds.....	155,006,916.04	203,901,948.73	182,474,954.75	168,893,673.43
Other securities.....	74,279,811.57	62,569,884.20	71,494,555.68	68,644,707.21
Exchanges for clearing and other checks in process of collection.....	29,124,979.00	41,278,713.18	34,362,438.65	90,574,597.35
Subtotal.....	<sup>1</sup> 353,979,627.34	<sup>2</sup> 392,830,889.29	<sup>3</sup> 394,834,060.16	<sup>4</sup> 461,532,800.48
Other loans.....	385,280,330.65	380,645,907.97	380,970,721.70	499,794,027.23
Other resources.....	28,722,787.20	29,464,588.19	32,545,799.46	37,187,975.71
Total.....	<sup>5</sup> 767,982,745.19	<sup>6</sup> 802,940,185.45	<sup>7</sup> 808,350,581.82	<sup>8</sup> 998,514,803.42
Overdrafts.....	727,250.99	666,033.22	723,441.18	685,975.90
Bank premises, furniture, and fixtures, etc.....	25,926,740.66	25,870,832.05	28,339,321.49	31,958,656.19
Other real estate owned.....	1,767,937.07	2,295,147.17	2,660,826.87	4,100,448.62
5 per cent redemption fund.....	300,000.00	300,000.00	300,000.00	442,895.00
Adjustments pending.....	858.48	422,555.75	522,209.92	-----
Total.....	28,722,787.20	29,464,588.19	32,545,799.46	37,187,975.71

<sup>1</sup> Per cent, 53.12.

<sup>2</sup> Per cent, 55.94.

<sup>3</sup> Per cent, 55.84.

<sup>4</sup> Per cent, 51.77.

<sup>5</sup> Per cent, 115.25.

<sup>6</sup> Per cent, 114.34.

<sup>7</sup> Per cent, 114.33.

<sup>8</sup> Per cent, 111.99.

Mr. BACIGALUPI. Exhibit F is a tabulation of loans and deposits by communities.

So that the committee members may understand exactly what is the situation at each of the branches in reference to deposits and loans at those branches——

Mr. FORT. Does that show by branches or communities?

Mr. BACIGALUPI. This is by communities. I also have it by branches, though.

(Exhibit F referred to is here printed in full, as follows:)

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EXHIBIT F

Month end totals

	January	February	March	April	May	June	July	August	September	October	November	December
<b>DEPOSITS</b>												
1928												
Commercial deposits.....	\$152,053,000	\$157,473,000	\$162,411,000	\$167,239,000	\$168,982,000	\$154,407,000	\$155,546,000	\$160,573,000	\$165,694,000	\$173,204,000	\$177,722,000	\$167,772,000
Savings deposits.....	365,292,000	364,761,000	361,852,000	369,686,000	337,711,000	376,731,000	333,403,000	365,066,000	361,051,000	369,840,000	359,466,000	371,371,000
Public.....	68,095,000	60,775,000	60,378,000	62,518,000	73,248,000	68,409,000	67,030,000	71,830,000	71,230,000	73,541,000	73,000,000	73,271,000
Other.....	31,827,000	40,072,000	62,382,000	42,388,000	41,918,000	94,086,000	41,082,000	43,427,000	50,288,000	35,569,000	48,419,000	70,084,000
Total.....	617,267,000	623,075,000	637,223,000	633,261,000	639,450,000	664,243,000	607,902,000	618,837,000	631,439,000	622,921,000	632,720,000	702,151,000
1929												
Commercial deposits.....	168,738,000	164,095,000	153,206,000	162,556,000	157,070,000	158,149,000	167,820,000	173,917,000	182,004,000	194,565,000	185,161,000	214,063,000
Savings deposits.....	370,416,000	368,416,000	368,823,000	386,823,000	385,314,000	401,883,000	381,076,000	378,408,000	382,084,000	382,289,000	363,162,000	411,053,000
Public.....	70,313,000	68,416,000	68,229,000	63,557,000	73,541,000	76,071,000	64,906,000	68,230,000	67,903,000	60,180,000	66,514,000	102,327,000
Other.....	50,588,000	52,461,000	50,164,000	41,697,000	51,078,000	70,747,000	43,397,000	44,854,000	48,258,000	42,149,000	52,773,000	105,210,000
Total.....	660,435,000	644,661,000	646,698,000	648,643,000	675,912,000	706,849,000	657,559,000	664,969,000	681,157,000	579,183,000	607,610,000	896,735,000
<b>LOANS</b>												
1928												
Real estate.....	218,721,000	222,578,000	223,711,000	223,806,000	228,347,000	226,327,000	224,401,000	224,080,000	222,461,000	220,644,000	219,891,000	210,788,000
Other loans.....	176,866,000	177,121,000	178,241,000	181,846,000	189,964,000	185,188,000	176,463,000	187,132,000	177,457,000	177,815,000	187,935,000	191,800,000
Total.....	395,577,000	399,699,000	401,952,000	405,742,000	412,311,000	411,525,000	400,867,000	411,222,000	399,918,000	398,459,000	407,826,000	411,588,000
1929												
Real estate.....	218,673,000	217,073,000	215,886,000	215,162,000	214,677,000	214,037,000	212,394,000	211,298,000	210,192,000	209,376,000	210,283,000	244,017,000
Other loans.....	175,028,000	175,073,000	178,709,000	182,344,000	200,561,000	199,701,000	198,987,000	208,853,000	225,697,000	243,606,000	253,489,000	276,150,000
Total.....	393,701,000	392,146,000	394,595,000	397,406,000	415,238,000	413,738,000	411,381,000	420,151,000	435,889,000	452,982,000	463,742,000	520,167,000

Net increase or decrease in deposits and loans from February 28, 1927, to February 28, 1930, inclusive  
 [Decreases appear in italic figures]

	Loans, Feb. 28				Total in-crease or decrease	Less pur-chases or increase	Net in-crease or decrease	Deposits, Feb. 28				Total in-crease or decrease	Less pur-chases or increase	Net in-crease or decrease
	1927	1928	1929	1930				1927	1928	1929	1930			
Los Angeles.....	\$61,629,000	\$62,885,000	\$68,740,000	\$75,368,000	\$16,639,000	\$12,930,000	\$4,709,000	\$80,287,000	\$89,641,000	\$17,635,000	\$17,754,000	\$15,675,000	\$34,059,000	
San Francisco.....	95,976,000	105,860,000	104,733,000	127,874,000	31,898,000	14,283,000	17,605,000	142,000,000	129,573,000	127,671,000	137,996,000	137,996,000	41,879,000	
Oakland.....	14,016,000	23,083,000	21,129,000	58,413,000	44,467,000	39,492,000	5,005,000	24,293,000	25,143,000	29,412,000	67,513,000	48,605,000	1,452,000	
Long Beach.....	6,281,000	8,585,000	2,304,000	1,735,000	5,565,000	1,735,000	1,735,000	10,040,000	11,040,000	15,114,000	5,449,000	5,449,000	1,452,000	
Bakersfield.....	5,647,000	5,193,000	4,148,000	1,437,000	1,768,000	417,000	1,693,000	6,321,000	6,793,000	7,086,000	3,694,000	3,694,000	315,000	
Wasco.....	721,000	975,000	587,000	75,000	75,000	37,000	75,000	1,840,000	1,674,000	1,639,000	1,322,000	37,000	37,000	
San Bernardino.....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Centerville.....	1,200,000	1,297,000	1,081,000	1,268,000	38,000	73,000	433,000	1,419,000	1,453,000	1,854,000	1,453,000	382,000	37,000	
Chico.....	2,778,000	2,762,000	2,436,000	2,619,000	169,000	249,000	159,000	2,093,000	2,130,000	2,184,000	2,193,000	106,000	106,000	
Petaluma.....	1,36,000	1,26,000	31,000	50,000	14,000	31,000	14,000	3,155,000	3,394,000	4,06,000	3,81,000	19,000	19,000	
Knights Landing.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	
Resno.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	
Hollister.....	3,011,000	2,967,000	2,644,000	2,385,000	659,000	659,000	659,000	1,436,000	1,374,000	1,401,000	1,401,000	190,000	190,000	
Livermore.....	894,000	724,000	2,292,000	814,000	10,000	814,000	10,000	1,339,000	1,354,000	1,374,000	1,401,000	1,401,000	190,000	
Hayward.....	1,938,000	2,590,000	2,058,000	1,325,000	129,000	661,000	517,000	2,101,000	2,854,000	2,710,000	2,846,000	745,000	351,000	
King City.....	845,000	869,000	517,000	517,000	517,000	517,000	517,000	432,000	462,000	601,000	783,000	331,000	331,000	
Lompoc.....	1,985,000	1,899,000	1,718,000	1,679,000	304,000	304,000	304,000	631,000	767,000	1,019,000	949,000	338,000	338,000	
San Luis Obispo.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,436,000	1,374,000	1,401,000	1,401,000	190,000	190,000	
Hollister.....	3,011,000	2,967,000	2,644,000	2,385,000	659,000	659,000	659,000	1,436,000	1,374,000	1,401,000	1,401,000	190,000	190,000	
Livermore.....	894,000	724,000	2,292,000	814,000	10,000	661,000	517,000	2,101,000	2,854,000	2,710,000	2,846,000	745,000	351,000	
Hayward.....	1,938,000	2,590,000	2,058,000	1,325,000	129,000	661,000	517,000	432,000	462,000	601,000	783,000	331,000	331,000	
King City.....	845,000	869,000	517,000	517,000	517,000	517,000	517,000	631,000	767,000	1,019,000	949,000	338,000	338,000	
Lompoc.....	1,985,000	1,899,000	1,718,000	1,679,000	304,000	304,000	304,000	1,631,000	1,222,000	1,113,000	1,063,000	62,000	62,000	
San Luis Obispo.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hollister.....	3,011,000	2,967,000	2,644,000	2,385,000	659,000	659,000	659,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Livermore.....	894,000	724,000	2,292,000	814,000	10,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hayward.....	1,938,000	2,590,000	2,058,000	1,325,000	129,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
King City.....	845,000	869,000	517,000	517,000	517,000	517,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Lompoc.....	1,985,000	1,899,000	1,718,000	1,679,000	304,000	304,000	304,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
San Luis Obispo.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hollister.....	3,011,000	2,967,000	2,644,000	2,385,000	659,000	659,000	659,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Livermore.....	894,000	724,000	2,292,000	814,000	10,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hayward.....	1,938,000	2,590,000	2,058,000	1,325,000	129,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
King City.....	845,000	869,000	517,000	517,000	517,000	517,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Lompoc.....	1,985,000	1,899,000	1,718,000	1,679,000	304,000	304,000	304,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
San Luis Obispo.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hollister.....	3,011,000	2,967,000	2,644,000	2,385,000	659,000	659,000	659,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Livermore.....	894,000	724,000	2,292,000	814,000	10,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hayward.....	1,938,000	2,590,000	2,058,000	1,325,000	129,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
King City.....	845,000	869,000	517,000	517,000	517,000	517,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Lompoc.....	1,985,000	1,899,000	1,718,000	1,679,000	304,000	304,000	304,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
San Luis Obispo.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hollister.....	3,011,000	2,967,000	2,644,000	2,385,000	659,000	659,000	659,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Livermore.....	894,000	724,000	2,292,000	814,000	10,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hayward.....	1,938,000	2,590,000	2,058,000	1,325,000	129,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
King City.....	845,000	869,000	517,000	517,000	517,000	517,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Lompoc.....	1,985,000	1,899,000	1,718,000	1,679,000	304,000	304,000	304,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
San Luis Obispo.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hollister.....	3,011,000	2,967,000	2,644,000	2,385,000	659,000	659,000	659,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Livermore.....	894,000	724,000	2,292,000	814,000	10,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hayward.....	1,938,000	2,590,000	2,058,000	1,325,000	129,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
King City.....	845,000	869,000	517,000	517,000	517,000	517,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Lompoc.....	1,985,000	1,899,000	1,718,000	1,679,000	304,000	304,000	304,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
San Luis Obispo.....	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,895,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hollister.....	3,011,000	2,967,000	2,644,000	2,385,000	659,000	659,000	659,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Livermore.....	894,000	724,000	2,292,000	814,000	10,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Hayward.....	1,938,000	2,590,000	2,058,000	1,325,000	129,000	661,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
King City.....	845,000	869,000	517,000	517,000	517,000	517,000	517,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
Lompoc.....	1,985,000	1,899,000	1,718,000	1,679,000	304,000	304,000	304,000	1,306,000	1,475,000	1,515,000	1,677,000	372,000	372,000	
San Luis Obispo.....	1,895,000													

Net increase or decrease in deposits and loans from February 28, 1937, to February 28, 1939, inclusive—Continued

	Loans, Feb. 28				Total in-crease or decrease	Less pur-chases increased	Net in-crease or decrease	Deposits, Feb. 28				Total in-crease or decrease	Less pur-chases increased	Net in-crease or decrease				
	1937							1938							1939			
	1937	1928	1929	1930				1937	1928	1929	1930				1937	1928	1929	1930
Tracy	81,039,000	81,001,000	51,014,000	8,987,000	85,500,000	80,027,000	5,473,000	\$1,054,000	\$1,144,000	\$1,144,000	81,241,000	8,989,000	\$890,000	8,989,000				
Tulsa	4,600,000	11,560,000	8,844,000	7,824,000	8,844,000	8,824,000	20,000	11,560,000	11,560,000	26,370,000	26,370,000	11,630,000	11,630,000	11,630,000				
San Diego	19,109,000	15,677,000	13,994,000	12,824,000	6,287,000	478,000	6,765,000	24,019,000	23,189,000	23,189,000	21,625,000	6,064,000	6,064,000	6,064,000				
Vacaville	1,732,000	1,696,000	1,681,000	1,369,000	481,000	481,000	481,000	2,276,000	2,163,000	2,163,000	2,007,000	44,000	44,000	44,000				
Woodland	1,850,000	1,696,000	1,395,000	1,369,000	1,369,000	1,369,000	1,369,000	2,408,000	2,096,000	2,096,000	2,007,000	402,000	402,000	402,000				
Compton	56,000	49,000	70,000	139,000	139,000	139,000	139,000	2,096,000	1,452,000	1,452,000	572,000	2,147,000	2,147,000	2,147,000				
San Luis Obispo	1,103,000	1,263,000	1,273,000	1,263,000	1,263,000	1,263,000	1,263,000	1,452,000	1,452,000	1,452,000	2,147,000	2,147,000	2,147,000	2,147,000				
San Jose	1,103,000	1,263,000	1,273,000	1,263,000	1,263,000	1,263,000	1,263,000	1,452,000	1,452,000	1,452,000	2,147,000	2,147,000	2,147,000	2,147,000				
Colma	4,178,000	5,522,000	4,488,000	4,488,000	12,000	12,000	12,000	1,469,000	1,889,000	1,889,000	1,038,000	69,000	69,000	69,000				
Salinas	4,178,000	6,355,000	4,790,000	4,508,000	330,000	424,000	330,000	4,346,000	3,999,000	3,999,000	4,478,000	127,000	127,000	127,000				
Reedley	4,178,000	8,614,000	7,888,000	6,999,000	424,000	561,000	424,000	8,000,000	7,511,000	7,511,000	6,663,000	676,000	676,000	676,000				
Sauger	213,000	513,000	470,000	426,000	213,000	526,000	213,000	526,000	1,559,000	1,477,000	1,418,000	495,000	719,000	224,000				
Seima	499,000	1,051,000	964,000	757,000	318,000	698,000	318,000	941,000	1,133,000	1,133,000	2,094,000	1,153,000	1,153,000	1,153,000				
Seaside	1,519,000	1,920,000	1,720,000	1,683,000	170,000	170,000	170,000	2,441,000	2,521,000	2,521,000	2,536,000	11,000	11,000	11,000				
Marysville	1,519,000	1,433,000	1,284,000	1,083,000	22,000	170,000	22,000	4,408,000	4,068,000	4,068,000	2,536,000	22,000	22,000	22,000				
Whittier	108,000	158,000	182,000	182,000	2,000	2,000	2,000	138,000	126,000	138,000	131,000	7,000	7,000	7,000				
Shafter	180,000	199,000	182,000	222,000	83,000	182,000	83,000	204,000	210,000	210,000	215,000	5,000	5,000	5,000				
San Juan	139,000	187,000	114,000	114,000	417,000	417,000	417,000	648,000	707,000	707,000	816,000	109,000	109,000	109,000				
Arcadia	794,000	1,114,000	1,090,000	1,090,000	1,090,000	1,090,000	1,090,000	2,536,000	2,536,000	2,536,000	1,904,000	632,000	632,000	632,000				
Santa Ana	857,000	2,425,000	2,697,000	2,536,000	1,058,000	1,058,000	1,058,000	2,536,000	2,536,000	2,536,000	1,904,000	632,000	632,000	632,000				
San Bernardino	107,000	119,000	124,000	97,000	107,000	107,000	107,000	275,000	323,000	323,000	385,000	62,000	62,000	62,000				
Newhall	107,000	119,000	124,000	97,000	107,000	107,000	107,000	275,000	323,000	323,000	385,000	62,000	62,000	62,000				
Vallejo	1,519,000	1,589,000	1,245,000	1,265,000	254,000	254,000	254,000	3,512,000	3,344,000	3,344,000	3,705,000	234,000	234,000	234,000				
Sonoma	310,000	331,000	330,000	265,000	45,000	45,000	45,000	899,000	887,000	887,000	902,000	3,000	3,000	3,000				
Brentwood	129,000	143,000	153,000	169,000	40,000	845,000	40,000	839,000	845,000	845,000	996,000	157,000	157,000	157,000				
Benicia	275,000	296,000	221,000	186,000	89,000	275,000	89,000	275,000	325,000	325,000	371,000	96,000	96,000	96,000				
Fairfax	645,000	708,000	511,000	508,000	97,000	508,000	97,000	1,096,000	1,282,000	1,282,000	1,294,000	12,000	12,000	12,000				
Arcata	307,000	307,000	307,000	307,000	307,000	307,000	307,000	307,000	307,000	307,000	307,000	307,000	307,000	307,000				
Creasta	825,000	889,000	825,000	771,000	54,000	59,000	54,000	1,155,000	1,044,000	1,044,000	1,294,000	250,000	250,000	250,000				
St. Helena	367,000	282,000	237,000	216,000	151,000	151,000	151,000	1,096,000	944,000	944,000	1,294,000	350,000	350,000	350,000				
Tulare	215,000	274,000	980,000	711,000	496,000	873,000	496,000	3,512,000	3,010,000	3,010,000	4,433,000	1,423,000	1,423,000	1,423,000				
Lakeport	391,000	399,000	320,000	273,000	178,000	486,000	178,000	395,000	486,000	486,000	470,000	75,000	75,000	75,000				
Kelseyville	301,000	301,000	301,000	301,000	301,000	301,000	301,000	301,000	301,000	301,000	301,000	301,000	301,000	301,000				
Castroville	926,000	1,132,000	1,477,000	1,434,000	58,000	663,000	58,000	663,000	663,000	663,000	785,000	122,000	122,000	122,000				
Burlingame	1,170,000	1,238,000	1,397,000	1,074,000	594,000	594,000	594,000	964,000	1,098,000	1,098,000	1,322,000	224,000	224,000	224,000				
Palo Alto	499,000	586,000	1,745,000	1,886,000	1,886,000	1,886,000	1,886,000	656,000	656,000	656,000	3,532,000	2,676,000	2,676,000	2,676,000				
Hayfield	1,126,000	152,000	301,000	418,000	277,000	418,000	277,000	576,000	307,000	307,000	370,000	97,000	97,000	97,000				
Marshall	126,000	126,000	889,000	889,000	277,000	277,000	277,000	1,029,000	994,000	994,000	1,106,000	106,000	106,000	106,000				
Roseville	945,000	1,142,000	1,207,000	1,142,000	85,000	1,142,000	85,000	1,589,000	1,714,000	1,714,000	1,691,000	22,000	22,000	22,000				
Yuba City	187,000	187,000	187,000	187,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000				
Anderson	187,000	187,000	187,000	187,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000	472,000				
San Bruno	195,000	286,000	322,000	310,000	115,000	115,000	115,000	312,000	297,000	297,000	351,000	54,000	54,000	54,000				
Eureka	2,361,000	2,346,000	2,117,000	1,775,000	582,000	582,000	582,000	2,792,000	2,850,000	2,850,000	2,866,000	74,000	74,000	74,000				



*Net increase or decrease in deposits and loans from February 28, 1927, to February 28, 1930, inclusive—Continued*

	Loans, Feb. 28			Total in-crease or decrease	Less pur-chases increased	Net in-crease or decrease	Deposits, Feb. 28				Total in-crease or decrease	Less pur-chases increased	Net in-crease or decrease
	1927	1928	1929				1930	1927	1928	1929			
Anaheim.....	\$549,000	\$757,000	\$759,000	\$920,000	\$371,000	\$271,000	\$810,000	1,856,000	\$956,000	\$874,000	\$64,000	.....	\$84,000
Pomona.....	1,750,000	1,663,000	1,362,000	1,240,000	510,000	510,000	1,708,000	1,388,000	1,482,000	1,283,000	495,000	.....	425,000
Torrance.....	130,000	168,000	209,000	275,000	145,000	145,000	282,000	593,000	591,000	500,000	218,000	.....	218,000
Santa Barbara.....	1,477,000	3,271,000	2,869,000	2,385,000	\$1,455,000	547,000	1,186,000	2,696,000	3,293,000	3,245,000	2,059,000	\$1,137,000	922,000
Placentia.....	317,000	418,000	605,000	544,000	227,000	227,000	437,000	515,000	1,545,000	597,000	70,000	.....	70,000
West Covina.....	824,000	697,000	628,000	528,000	328,000	328,000	673,000	628,000	628,000	628,000	110,000	.....	135,000
Walnut Creek.....	616,000	787,000	733,000	701,000	357,000	357,000	690,000	592,000	1,068,000	720,000	110,000	.....	110,000
Danville.....	129,000	100,000	75,000	75,000	54,000	54,000	322,000	340,000	365,000	340,000	24,000	.....	24,000
Monrovia.....	1,067,000	937,000	981,000	1,021,000	46,000	46,000	1,295,000	1,236,000	1,398,000	949,000	166,000	.....	546,000
La Mesa.....	293,000	320,000	203,000	328,000	69,000	69,000	591,000	678,000	687,000	440,000	137,000	.....	137,000
Chula Vista.....	407,000	409,000	419,000	533,000	129,000	129,000	591,000	478,000	523,000	728,000	137,000	.....	137,000
Orange.....	537,000	534,000	524,000	501,000	170,000	170,000	511,000	473,000	454,000	254,000	69,000	.....	69,000
Pasadena.....	759,000	578,000	567,000	498,000	609,000	609,000	830,000	1,333,000	1,518,000	635,000	1,205,000	.....	1,205,000
Beverly Hills.....	759,000	878,000	942,000	1,368,000	609,000	609,000	830,000	1,333,000	1,518,000	635,000	1,205,000	.....	1,205,000
Atwater.....	194,000	547,000	516,000	579,000	385,000	385,000	547,000	693,000	736,000	742,000	205,000	.....	205,000

MR. BACIGALUPI. Exhibit G is a compilation which discloses the very interesting fact that in 100 branches of the Bank of Italy over 70 per cent of the local deposits are lent in the local community. In many of these instances more than 100 per cent of the local deposits are lent in the neighborhood. In these 100 branches the deposits total \$279,176,200, and the loans aggregate \$277,177,000.

(Exhibit G referred to is here printed in full, as follows:)

## EXHIBIT G

Report showing that 100 of our branches have a ratio of 70 per cent or more, of loans to deposits:

		Deposits demand and savings	Loans	Ratio of loans to deposits
				<i>Per cent</i>
1. Bakersfield .....	2	\$4,448,000	\$3,319,000	74.62
2. Wasco .....	4	485,000	715,000	148.04
3. Petaluma .....	7	3,067,000	2,620,000	85.42
4. Gilroy .....	11	1,486,000	1,635,000	110.03
5. Hollister .....	12	2,133,000	2,361,000	110.69
6. Hayward .....	14	2,846,000	2,058,000	72.31
7. King City .....	15	783,000	1,362,000	173.94
8. Lompoc .....	16	949,000	679,000	71.54
9. Los Banos .....	17	1,093,000	1,213,000	110.97
10. Madras .....	23	1,439,000	1,204,000	80.32
11. Live Oak .....	26	237,000	224,000	94.51
12. Rideout .....	27	2,672,000	2,678,000	100.22
13. Napa .....	31	2,281,000	2,705,000	118.59
14. Redwood City .....	32	1,777,000	2,412,000	135.73
15. California, Montgomery Street .....	33	29,411,000	40,047,000	136.16
16. San Jose main office .....	35	11,617,000	11,058,000	95.44
17. Twenty-ninth and Mission .....	37	1,998,000	3,900,000	195.19
18. Sunset .....	39	862,000	733,000	85.03
19. San Mateo .....	40	2,853,000	2,448,000	85.80
20. Sunnyvale .....	41	826,200	619,000	74.93
21. Santa Clara .....	42	1,883,000	1,730,000	91.87
22. Tracy .....	48	1,241,000	987,000	79.53
23. Vacaville .....	51	822,000	635,000	77.25
24. Oakland office .....	53	13,165,000	13,694,000	104.02
25. Melrose .....	56	1,481,000	1,234,000	83.32
26. Broadway-Grand .....	57	1,802,000	1,657,000	91.95
27. Castro-Market .....	64	1,815,000	1,557,000	85.78
28. Park-Presidio .....	65	1,379,000	1,593,000	115.51
29. Head office .....	66	62,177,000	54,431,000	87.54
30. Excelsior .....	67	2,074,000	2,016,000	97.20
31. Columbus Branch .....	68	3,829,000	3,372,000	88.06
32. Fillmore-Post .....	69	1,605,000	1,164,000	72.52
33. Ontario .....	70	1,235,000	1,230,000	99.59
34. Salinas .....	72	4,473,000	4,508,000	100.78
35. Shafter .....	84	151,000	182,000	120.53
36. San Juan .....	86	235,000	222,000	87.05
37. Geneva-Mission .....	87	689,000	682,000	98.99
38. Arcadia .....	88	365,000	548,000	150.14
39. South Hollywood .....	89	1,222,000	1,040,000	85.11
40. Santa Ana .....	90	1,900,000	2,255,000	118.68
41. Union-Webster .....	97	1,112,000	815,000	73.29
42. Divisadero-Hayes .....	98	662,000	506,000	76.44
43. North Broadway Branch .....	100	366,000	265,000	72.40
44. Daly City .....	115	717,000	1,433,000	199.86
45. Burlingame .....	116	1,322,000	1,673,000	126.55
46. Palo Alto-Stanford .....	117	2,562,000	1,855,000	73.86
47. May-Stanford .....	118	403,000	418,000	103.72
48. Healdsburg .....	119	1,006,000	888,000	88.36
49. San Bruno .....	123	350,000	310,000	88.72
50. Gustine .....	125	579,000	507,000	87.56
51. Ukiah .....	128	635,000	783,000	123.30
52. Winters .....	138	585,000	599,000	102.40
53. Mill Valley .....	139	829,000	719,000	86.70
54. Manteca .....	143	410,000	608,000	148.30
55. Corning .....	146	500,000	421,000	84.20
56. Yuba City .....	152	1,314,000	2,216,000	168.72
57. Baldwin Avenue .....	153	351,000	529,000	150.70
58. Commercial & Savings Bank .....	154	10,333,000	9,656,000	93.43
59. East Side .....	155	395,000	334,000	84.55
60. East San Jose .....	156	283,000	280,000	98.94
61. South First Street .....	158	320,000	234,000	73.20
62. Pasadena, main office .....	161	2,065,000	1,534,000	74.17

	Deposits demand and savings	Loans	Ratio of loans to deposits
			<i>Per cent</i>
63. Glendale.....	162 \$1, 118, 000	\$1, 280, 000	114. 57
64. Logan Heights.....	165 424, 000	325, 000	76. 70
65. Coronado.....	168 1, 075, 000	808, 000	75. 05
66. Escondido.....	169 1, 092, 000	1, 325, 000	121. 04
67. La Jolla.....	170 1, 005, 000	718, 000	71. 47
68. Half Moon Bay.....	181 587, 000	476, 000	81. 25
69. San Anselmo.....	183 437, 000	441, 000	100. 90
70. Oceanside.....	184 413, 000	413, 000	100. 00
71. Union office.....	187 214, 000	271, 000	126. 50
72. Imperial Valley.....	188 2, 843, 000	2, 199, 000	77. 35
73. University.....	194 1, 512, 000	1, 667, 000	110. 17
74. Ojai Valley.....	197 651, 000	502, 000	75. 84
75. Fillmore.....	199 626, 000	640, 000	102. 40
76. Hill Street office.....	201 3, 384, 000	5, 840, 000	172. 58
77. Wilshire-Western.....	202 1, 427, 000	1, 461, 000	102. 38
78. Fullerton.....	207 1, 135, 000	1, 037, 000	91. 36
79. Anaheim.....	209 874, 000	920, 000	105. 26
80. Pomona.....	210 1, 283, 000	1, 239, 000	96. 57
81. Gateway.....	212 538, 000	406, 000	75. 46
82. Santa Barbara main office.....	214 1, 469, 000	1, 157, 000	78. 76
83. Placentia.....	216 506, 000	544, 000	107. 30
84. Burbank.....	217 885, 000	601, 000	78. 19
85. Van Nuys.....	220 375, 000	274, 000	78. 19
86. San Ramon Valley.....	224 719, 000	700, 000	97. 36
87. Commercial Bank.....	226 455, 000	465, 000	102. 19
88. Monrovia.....	230 949, 000	1, 020, 000	107. 59
89. La Mesa.....	231 440, 000	327, 000	74. 31
90. Chula Vista.....	232 727, 000	533, 000	73. 31
91. Elmhurst.....	242 421, 000	300, 000	71. 25
92. Beverly Hills.....	245 1, 547, 000	1, 169, 000	75. 56
93. Atwater.....	248 742, 000	578, 000	77. 90
94. Emeryville.....	249 371, 000	291, 000	70. 35
95. Oakland Branch.....	251 37, 193, 000	35, 080, 000	94. 31
96. Parkside.....	258 162, 000	143, 000	88. 88
97. Commercial National office.....	301 2, 883, 000	2, 522, 000	87. 48
98. Fourth and Spring.....	310 4, 068, 000	3, 552, 000	87. 31
99. Forty-eighth and Western.....	316 328, 000	240, 000	72. 94
100. Ocean-Faxon.....	252 320, 000	282, 000	87. 85

The ratio of loans to deposits for the entire Bank of Italy system is 6195 per cent.

Mr. BACIGALUPI. Exhibit H is an itemized list of loans made by branches in excess of the limits of the predecessor banks. Such loans total \$43,867,229.56. This exhibit we request be treated as confidential, inasmuch as it contains the names of the borrowers and their business should naturally be considered as a private matter.

And this is the exhibit, Mr. Chairman, which we have decided should be filed with you for ready reference by the members of the committee. The exhibit shows the community. It shows the loaning limit of the banks we acquired. It shows the name of the borrower, the purpose for which the loan is made—for instance, cattle, lumber, department stores, and so forth; it shows the amount of the accommodation he is now enjoying from the Bank of Italy and the total for that community of excess loans.

Mr. FORT. Would it not be possible to have that printed in some form with the names left out?

Mr. BACIGALUPI. I think so. I think it may be easy to leave the name of the borrower out.

Mr. FORT. And possibly the line of business.

Mr. BACIGALUPI. And just show the amount of the loan?

Mr. FORT. The amount would not make any difference if you did not have the name.

Mr. BACIGALUPI. That is true.

Mr. FORT. It might be an interesting exhibit not only to this committee, but to the great number of bankers and others who are studying this proposition.

Mr. STRONG. Suppose you leave out just such information as will prevent disclosing the borrower and put the rest of the information into the record?

The CHAIRMAN. Might I suggest here that it is going to be a very difficult thing to do that. If you show this by towns, in the hands of some one who wants to gain knowledge in regard to these loans, they could very easily pick out the individuals. It seems to me the only way to do it is to have it printed and circulated privately to the members of the committee.

Mr. BACIGALUPI. For the purposes of general enlightenment of the members of the committee.

Mr. FENN. Since it is a confidential communication, why not treat it as a confidential communication?

Mr. FORT. You can take the name of the man, the town and the business out and it will still carry very interesting information; for instance, it might show that in town A a certain individual has a borrowing limit of \$5,100, and so forth.

The mere reference to the contrast between the former borrowing limit and the present loans is a thing that I think is extremely valuable information, without any reference to the town or the name of the individual.

The CHAIRMAN. Mr. Bacigalupi, would there be any objection if we designate these towns by numbers and designate the lines of business? They could go in just the same; that is, as cattle, lumber, and so forth.

Mr. BACIGALUPI. Yes; they would not need know the town.

The CHAIRMAN. And designate the borrowers by letters?

Mr. BACIGALUPI. Yes.

The CHAIRMAN. There would be no objection to that going into the record?

Mr. BACIGALUPI. Not at all, so far as we are concerned.

The CHAIRMAN. I am going to suggest, then, that this information should be reported as to the towns by numbers and as to the borrowers by letters, giving the number of accounts in each community and the balance of the information be inserted in the record, so as not to disclose confidential references here as to the names of borrowers. It is very valuable information which should go into these hearings.

(Exhibit H, as redrafted, is here printed in full, as follows:)

## EXHIBIT "H"

Examples of loans granted by Bank of Italy, N. T. & S. A., in excess of legal limit permitted to former independent bank

City	Former maximum loan	Borrower	Business	Present credit	Total
No. 1....	\$5,000.00	Mr. A.....	Cattle.....	\$8,500.00	\$8,500.00
No. 2....	16,500.00	Mr. A..... Mr. B.....	do.....	88,000.00 20,000.00	
No. 3....	20,000.00	Mr. A.....	Lumber.....	225,000.00	108,000.00 225,000.00
No. 4....	5,500.00	Mr. A..... Mr. B.....	Department store.....	50,000.00 15,000.00	65,000.00
No. 5....	42,500.00	Mr. A..... Mr. B.....	Butcher..... Sheep and farming.....	80,000.00 98,968.10	
No. 6....	9,000.00	Mr. A.....	Department store.....	20,000.00	178,968.10 20,000.00
No. 7....	9,000.00	Mr. A..... Mr. B..... Mr. C.....	Sheep..... do..... Sheep and farming.....	45,000.00 42,500.00 65,000.00	152,500.00 129,000.00
No. 8....	33,000.00	Mr. A.....	Contractor.....	120,000.00	
No. 9....	11,500.00	Mr. A..... Mr. B..... Mr. C..... Mr. D..... Mr. E..... Mr. F.....	Rancher..... Tobacco..... Rancher..... Attorney..... Lumber..... Cattle.....	22,500.00 13,280.00 15,000.00 12,000.00 36,089.54 12,000.00	108,879.54
No. 10....	6,500.00	Mr. A..... Mr. B..... Mr. C..... Mr. D..... Mr. E..... Mr. F.....	Retired..... do..... Automobiles..... do.....	13,300.00 12,767.00 11,000.00 10,000.00 11,761.00 10,285.00	
No. 11....		Mr. A..... Mr. B..... Mr. C..... Mr. D..... Mr. E..... Mr. F..... Mr. G..... Mr. H..... Mr. I..... Mr. J..... Mr. K..... Mr. L.....	Department store..... Rancher..... Canner..... Cotton gin..... Rancher..... Rancher..... Rancher..... Cooperative..... do..... do..... Real estate.....	75,000.00 495,000.00 586,000.00 100,000.00 140,000.00 325,000.00 110,000.00 110,000.00 595,000.00 500,000.00 322,000.00 250,000.00	69,113.00
No. 12....	\$11,000.00	Mr. A..... Mr. B..... Mr. C..... Mr. D..... Mr. E..... Mr. F..... Mr. G..... Mr. H..... Mr. I..... Mr. J..... Mr. K..... Mr. L..... Mr. M..... Mr. N..... Mr. O..... Mr. P..... Mr. Q.....	Cattle..... Orchardist..... Dairyman..... Automobiles..... Doctor..... Hardware..... Orchardist..... Canners..... Orchardist..... do..... Cattleman..... Orchardist..... Loans..... Dairyman..... Seed grower..... Orchardist.....	108,000.00 12,550.00 29,000.00 20,835.00 25,000.00 13,000.00 30,000.00 836,000.00 16,140.00 64,700.00 16,800.00 20,500.00 23,000.00 16,800.00 140,000.00 17,800.00 20,500.00	3,588,000.00
		Mr. A..... Mr. B.....	Rancher..... do.....	13,000.00 12,100.00	1,400,625.00
No. 13....	7,000.00	Mr. A..... Mr. B.....	Truck gardening..... Produce.....	14,000.00 14,000.00	25,100.00
No. 14....	15,000.00	Mr. A..... Mr. B..... Mr. C..... Mr. D..... Mr. E.....	Finance..... Grain rancher..... Tractors..... Rancher..... Sheep and cattle.....	100,000.00 26,000.00 50,000.00 53,000.00 113,000.00	23,000.00
					342,000.00

Examples of loans granted by Bank of Italy, N. T. & S. A., in excess of legal limit permitted to former independent bank—Continued

City	Former maximum loan	Borrower	Business	Present credit	Total
No. 15... No. 16...	\$56,500.00 12,229.00	Mr. A.....	Hay and grain.....	\$162,000.00	\$162,000.00
		Mr. A.....	Farmer.....	13,500.00	
		Mr. B.....	Dairyman.....	38,200.00	
		Mr. C.....	do.....	36,698.00	
		Mr. D.....	do.....	18,500.00	
		Mr. E.....	Hotel.....	28,000.00	
		Mr. F.....	Farmer.....	18,000.00	
		Mr. G.....	do.....	13,900.00	
		Mr. H.....	do.....	21,000.00	
		Mr. I.....	Dairyman.....	21,200.00	
		Mr. J.....	Farmer.....	13,800.00	
		Mr. K.....	do.....	12,950.00	
		Mr. L.....	Sheep.....	338,107.00	
		Mr. M.....	do.....	142,000.00	
		Mr. N.....	Farmer.....	16,000.00	
		Mr. O.....	Sheep.....	79,366.00	
		Mr. P.....	Cattle.....	18,325.00	
		Mr. Q.....	Farmer.....	20,000.00	
		Mr. R.....	do.....	25,000.00	
		Mr. S.....	Dairyman.....	14,000.00	
		Mr. T.....	Farmer.....	13,300.00	
		Mr. U.....	do.....	23,000.00	
		Mr. V.....	Dairyman.....	20,000.00	
		Mr. W.....	Doctor.....	18,000.00	
		Mr. X.....	Farmer.....	17,000.00	
		Mr. Y.....	Dairyman.....	15,100.00	
		Mr. Z.....	Capitalist.....	17,186.00	
		Mr. Aa.....	Farmer.....	23,000.00	
		Mr. Bb.....	Insurance.....	12,500.00	
		Mr. Cc.....	Dairyman.....	20,000.00	
		Mr. Dd.....	Cattleman.....	36,400.00	
		Mr. Ee.....	Farmer.....	15,000.00	
		Mr. Ff.....	Cattleman.....	120,000.00	
		Mr. Gg.....	do.....	30,000.00	
Mr. Hh.....	Dairyman.....	29,000.00			
Mr. Ii.....	do.....	29,000.00			
Mr. Jj.....	Farmer.....	12,000.00			
Mr. Kk.....	Dairyman.....	29,000.00			
Mr. Ll.....	Theater.....	25,000.00			
Mr. Mm.....	Farmer.....	13,000.00			
Mr. Nn.....	Canning.....	13,000.00			
Mr. Oo.....	Cattleman.....	53,000.00			
Mr. Pp.....	do.....	12,515.00			
Mr. Qq.....	Farmer.....	13,000.00			
Mr. Rr.....	do.....	57,600.00			
Mr. Ss.....	Realtor.....	65,000.00			
No. 17... No. 18... No. 19... No. 20...	\$12,500.00 8,500.00 32,000.00 17,500.00	Mr. A.....	Lumber.....	25,000.00	1,622,150.00
		Mr. B.....	Cooperative.....	18,000.00	
		Mr. D.....	Resort.....	12,000.00	
No. 18... No. 19... No. 20...	8,500.00 32,000.00 17,500.00	Mr. A.....	Farmer.....	16,000.00	102,000.00
		Mr. B.....	Fuel and feed.....	8,550.00	
		Mr. C.....	Real estate.....	12,000.00	
		Mr. D.....	do.....	11,700.00	
No. 19... No. 20...	32,000.00 17,500.00	Mr. E.....	Livestock.....	63,000.00	111,850.00
		Mr. A.....	Farmer.....	33,000.00	
No. 20... No. 21...	17,500.00 17,000.00	Mr. A (also borrowers at Brawley branch).	Cattle.....	65,000.00	65,000.00
		Total credit.....		315,000.00	
No. 21... No. 22...	17,000.00 7,000.00	Mr. A.....	Cattleman.....	56,610.00	624,554.95
		Mr. B.....	Doctor.....	50,500.00	
		Mr. C.....	Lumber.....	35,000.00	
		Mr. D.....	Sheep.....	38,500.00	
		Mr. E.....	do.....	36,500.00	
		Mr. F.....	Lodge.....	49,000.00	
		Mr. G.....	Sheep.....	71,284.65	
		Mr. H.....	Real estate.....	125,000.00	
		Mr. I.....	Hotel.....	49,600.00	
Mr. J.....	Cattle and sheep.....	132,500.00			
No. 22... No. 23...	7,000.00 7,000.00	Mr. A.....	Retired.....	50,000.00	199,000.00
		Mr. B.....	Dry goods.....	45,000.00	
		Mr. C.....	Hair- tonic manufac- turer.....	46,000.00	
		Mr. D.....	Capitalist.....	58,000.00	

Examples of loans granted by Bank of Italy, N. T. & S. A., in excess of legal limit permitted to former independent bank—Continued

City	Former maximum loan	Borrower	Business	Present credit	Total			
No. 23...	\$10,000.00	Mr. A.....	Grain broker.....	\$20,000.00	\$220,000.00			
		Mr. B.....	Tractor dealer.....	20,000.00				
		Mr. C.....	Farmer.....	65,000.00				
		Mr. D.....	do.....	65,000.00				
		Mr. E.....	do.....	25,000.00				
No. 24...	10,000.00	Mr. F.....	do.....	25,000.00				
		Mr. A.....	Rancher.....	50,000.00				
No. 25...	45,000.00	Mr. B.....	Grain and feed.....	50,000.00	100,000.00			
		Mr. A.....	Orchardist.....	50,000.00				
		Mr. B.....	Realtor.....	63,000.00				
		Mr. C.....	Wholesale grocer.....	200,000.00				
		Mr. D.....	Rancher.....	63,000.00				
		Mr. E.....	Tractors.....	50,000.00				
		Mr. F.....	Realtor.....	50,000.00				
		Mr. G.....	Automobiles.....	75,000.00				
No. 26...	6,250.00	Mr. H.....	Rancher.....	50,000.00	601,000.00			
		Mr. A.....	Canners.....	235,000.00				
No. 27...	11,000.00 19,850.00	do.....	Lumber.....	45,000.00	195,000.00			
		Mr. B.....	Livestock.....	150,000.00				
No. 28...	10,500.00	Mr. A.....	Automobiles.....	15,000.00	15,000.00			
No. 29...	18,000.00	do.....	Chain store manager.....	275,000.00				
No. 30...	12,500.00	Mr. B.....	Tractors.....	75,000.00	350,000.00			
		Mr. A.....	Capitalist.....	32,000.00				
		Mr. B.....	Hotel.....	30,000.00				
		Mr. C.....	Automobiles.....	70,000.00				
		Mr. D.....	Garage.....	35,000.00				
No. 31...	6,500.00	Mr. E.....	Farmer.....	48,000.00	215,000.00			
		Mr. A.....	do.....	9,700.00				
No. 32...	15,000.00	do.....	Building materials.....	35,000.00	35,000.00			
No. 33...	10,000.00	do.....	do.....	250,000.00	769,350.00			
		Mr. B.....	Lumber.....	250,000.00				
		Mr. C.....	Shoe manufacturers.....	41,000.00				
		Mr. D.....	Slate farm.....	54,800.00				
		Mr. E.....	Capitalist.....	28,350.00				
		Mr. F.....	Nurseyman.....	26,500.00				
		Mr. G.....	Farmer and canner.....	27,000.00				
		Mr. H.....	Butcher.....	12,700.00				
		Mr. I.....	do.....	22,000.00				
		Mr. J.....	do.....	21,000.00				
		Mr. K.....	Theater.....	36,000.00				
		No. 34...	49,000.00	Mr. A.....		Canner.....	1,325,000.00	
				Mr. B.....		Furniture.....	270,000.00	
Mr. C.....	Automobiles.....			50,000.00				
Mr. D.....	Cattle and sheep.....			50,000.00				
Mr. E.....	Shipbuilder.....			700,000.00				
Mr. F.....	Jewelry.....			65,000.00				
Mr. G.....	Wholesale meats.....			635,000.00				
Mr. H.....	Chain grocery.....			800,000.00				
Mr. I.....	Wholesale meats.....			70,000.00				
Mr. J.....	Chain grocery.....			1,000,000.00				
Mr. K.....	Clothing.....			370,000.00				
Mr. L.....	Hotel.....			141,000.00				
do.....	do.....			88,000.00				
Mr. N.....	Realtor.....			1,050,000.00				
Mr. O.....	do.....			150,000.00				
Mr. P.....	do.....			77,000.00				
Mr. Q.....	do.....			119,000.00				
Mr. R.....	do.....			67,000.00				
Mr. S.....	do.....			95,000.00				
Mr. T.....	do.....			111,700.00				
Mr. U.....	do.....			350,000.00				
Mr. V.....	Automobiles.....			100,000.00				
Mr. W.....	Bonds.....			700,000.00				
Mr. X.....	do.....			250,000.00				
Mr. Y.....	do.....			51,000.00				
Mr. Z.....	do.....			83,000.00				
Mr. Aa.....	Automobiles.....	60,000.00						
Mr. Bb.....	Contractor.....	350,000.00						
Mr. Cc.....	Hospital.....	675,000.00						
Mr. Dd.....	Realtor.....	500,000.00						
Mr. Ee.....	do.....	250,000.00						
Mr. Ff.....	Realtor.....	200,000.00						

Examples of loans granted by Bank of Italy, N. T. & S. A., in excess of legal limit permitted to former independent bank—Continued

City	Former maximum loan	Borrower	Business	Present credit	Total
No. 34.	\$49,000.00	Mr. Gg. Mr. Hh. Mr. H.	Hotel	\$210,000.00 250,000.00 120,000.00	\$11,372,700.00
No. 35.	47,700.00	Mr. A. Mr. B. Mr. C.	Lumber do. Cattle	500,000.00 300,000.00 120,000.00	
No. 36.	6,250.00 25,000.00	Stanford Bank First National Bank Mr. A. Mr. B. Mr. C. Mr. D.	Department store. Capitalist Lawyer Building and loan.	100,000.00 62,300.00 14,000.00 70,000.00	920,000.00
No. 37.	10,000.00	Mr. A. Mr. B. Mr. C. Mr. D. Mr. E. Mr. F. Mr. G. Mr. H. Mr. I. Mr. J. Mr. K. Mr. L. Mr. M.	Garage. Farmer Hotel Fraternal Orchard Grain merchant. Farming. Orchard Farming. Cattle and farming. Dairyman Orchardist. Garage and hotel.	11,500.00 50,000.00 80,000.00 40,000.00 22,000.00 17,000.00 11,500.00 20,000.00 15,325.00 21,000.00 13,000.00 18,000.00 22,000.00	245,500.00
No. 38.		Mr. A. Mr. B. Mr. C. Mr. D. Mr. E. Mr. F. Mr. G. Mr. H. Mr. I.	Millers. do. Baby chicks do. Baby chicks Produce. do. do. do.	300,000.00 250,000.00 250,000.00 75,500.00 25,500.00 25,000.00 35,000.00 49,985.00 75,000.00	341,325.00
No. 39.	8,000.00	Mr. A.	Contractor	13,500.00	1,083,985.00 13,500.00
No. 40.	7,750.00	Mr. A. Mr. B. Mr. C. Mr. D. Mr. E. Mr. F.	Stock raiser Hay and grain Contractor Livestock do. do.	12,000.00 13,000.00 10,000.00 11,000.00 21,000.00 30,000.00	
No. 41.	12,500.00	Mr. A. Mr. B. Mr. C.	Contractor Cattle do.	15,000.00 60,000.00 20,000.00	97,000.00
No. 42.	8,000.00	Mr. A. Mr. B.	Capitalist do.	22,000.00 34,700.00	95,000.00
No. 43.	12,500.00	Mr. A. Mr. B. Mr. C. Mr. D. Mr. E. Mr. F.	Rancher do. do. do. do. Lumber and rancher.	49,000.00 17,500.00 16,000.00 14,500.00 15,000.00 13,900.00	56,700.00
No. 44.	16,000.00	Mr. A.	Oil manufacturer	16,000.00	125,900.00 16,000.00
No. 45.	5,600.00	Mr. A. Mr. B. Mr. C. Mr. D. Mr. E.	Sheep Capitalist Sheep. Automobiles Hardware and ice.	75,000.00 57,000.00 45,000.00 51,000.00 19,535.00	
No. 46	30,000.00	Mr. A. Mr. B. Mr. C. Mr. D. Mr. E. Mr. F. Mr. G. Mr. H. Mr. I. Mr. J. Mr. K. Mr. L. Mr. M.	Cattle Dairyman and farmer Farmer Cattle Rancher Reactor and insurance. Farmer Dairyman Farmer Dairyman Farmer Cattle Rancher	69,000.00 188,000.00 47,500.00 65,000.00 42,885.00 31,000.00 31,000.00 37,000.00 90,000.00 75,783.00 50,500.00 61,500.00 47,841.00	247,535.00
					836,509.00

Examples of loans granted by Bank of Italy, N. T. & S. A., in excess of legal limit permitted to former independent bank—Continued

City	Former maximum loan	Borrower	Business	Present credit	Total	
No. 47...	\$10,000.00	Mr. A.....	Realtor.....	\$30,500.00	\$109,000.00	
		Mr. B.....	Capitalist.....	23,000.00		
		Mr. C.....	Trucking contractor.....	15,000.00		
		Mr. D.....	do.....	40,500.00		
No. 48.....	-----	Mr. A.....	Hotel.....	10,000.00		
		Mr. B.....	Cattlemen.....	20,000.00		
		Mr. C.....	Automobiles.....	10,000.00		
		Mr. D.....	Box manufacturer.....	9,000.00		
		Mr. E.....	Cattleman.....	11,000.00		
		Mr. F.....	Cooperative.....	40,000.00		
		Mr. G.....	do.....	10,000.00		
		Mr. H.....	do.....	10,000.00		
No. 49....	60,000.00	Mr. A.....	Manufacturer.....	250,000.00		120,000.00
		Mr. B.....	Canner.....	2,790,000.00		
		Mr. C.....	Canner and rancher.....	1,481,000.00		
		Mr. D.....	do.....	680,000.00		
		Mr. E.....	Cooperative.....	3,000,000.00		
		Mr. F.....	Canner.....	225,000.00		
		Mr. G.....	Canners and rancher.....	194,000.00		
		Mr. H.....	Dried fruits.....	119,000.00		
		Mr. I.....	Canner.....	111,000.00		
		Mr. J.....	Dried fruit broker.....	213,000.00		
		Mr. K.....	Dried fruits.....	150,000.00		
		Mr. L.....	Cattlemen.....	166,000.00		
		Mr. M.....	Building and loan.....	1,000,000.00		
No. 50.....	-----	Mr. A.....	Capitalist.....	20,000.00	10,379,000.00	
		Mr. B.....	Contractor.....	18,500.00		
		Mr. C.....	Tires.....	15,191.72		
		Mr. D.....	Dairyman.....	21,350.00		
		Mr. E.....	Farmer.....	14,939.05		
		Mr. F.....	Butcher.....	17,330.00		
		Mr. G.....	Cattleman.....	21,952.00		
		Mr. H.....	Farmer.....	29,800.00		
		Mr. I.....	Merchant.....	49,000.00		
		Mr. J.....	Rancher.....	33,237.33		
		Mr. K.....	do.....	55,500.00		
		Mr. L.....	Apartments.....	23,500.00		
		Mr. M.....	Capitalist.....	87,500.00		
No. 51.....	-----	Mr. A.....	Feed and fuel.....	100,000.00	407,800.00	
		Mr. B.....	Department store.....	100,000.00		
		Mr. C.....	Doctor.....	32,000.00		
		Mr. D.....	Lumber.....	30,000.00		
No. 52....	22,500.00	Mr. A.....	Road contractor.....	32,000.00	262,000.00	
No. 53.....	-----	Mr. A.....	Millwork.....	100,000.00	32,000.00	
		Mr. B.....	Preserved cherries.....	75,000.00		
		Mr. C.....	Tanner.....	60,000.00		
		Mr. D.....	Rancher.....	25,000.00		
		Mr. E.....	Orchardist.....	160,000.00		
		Mr. F.....	Seed store and ranching.....	59,900.00		
No. 54....	20,000.00	Mr. A.....	General merchandise.....	50,000.00	479,900.00	
		Mr. B.....	Paving contractor.....	24,500.00		
		Mr. C.....	Finance.....	30,000.00		
		Mr. D.....	Lawyer.....	33,000.00		
		Mr. E.....	Finance.....	25,000.00		
		Mr. F.....	Butcher.....	30,000.00		
		Mr. G.....	Lumber.....	40,000.00		
No. 55....	20,000.00	Mr. A.....	Automobiles.....	171,898.73	232,500.00	
		Mr. B.....	do.....	43,553.46		
		Mr. C.....	do.....	113,466.53		
		Mr. D.....	Farming.....	37,000.00		
		Mr. E.....	Realtor and insurance.....	82,177.50		
		Mr. F.....	Contractor.....	30,000.00		
		Mr. G.....	Capitalist.....	36,000.00		
		Mr. H.....	Theater.....	55,000.00		
		Mr. I.....	do.....	23,500.00		
		Mr. J.....	do.....	33,800.00		
		Mr. K.....	do.....	25,000.00		
No. 56....	5,500.00	Mr. A.....	Capitalist.....	12,900.00	651,396.02	
		Mr. B.....	Boat builder.....	6,500.00		
		Mr. C.....	Railroading.....	7,000.00		
					28,400.00	

Examples of loans granted by Bank of Italy, N. T. & S. A., in excess of legal limit permitted to former independent bank—Continued

City	Former maximum loan	Borrower	Business	Present credit	Total
No. 57...	\$10,000.00	Mr. A.....	Rancher.....	\$43,000.00	
		Mr. B.....	.....	45,000.00	
		Mr. C.....	Rancher.....	35,000.00	
		Mr. D.....	do.....	14,500.00	
		Mr. E.....	do.....	17,000.00	
		Mr. F.....	do.....	19,800.00	
		Mr. G.....	do.....	13,500.00	
No. 58...	12,650.00	Mr. A.....	do.....	35,000.00	\$190,800.00
No. 59...	15,000.00	San Joaquin Valley Bank.....	.....	.....	35,000.00
	42,500.00	City Bank.....	.....	.....	
	53,750.00	Commercial & Savings Bank.....	.....	.....	
		Mr. A.....	Druggist.....	78,000.00	
		Mr. B.....	Livestock.....	70,000.00	
		Mr. C.....	do.....	125,000.00	
		Mr. D.....	Beans and grain.....	750,000.00	
		Mr. E.....	Produce.....	200,000.00	
		Mr. F.....	Doctor.....	110,000.00	
No. 60...	12,700.00	Mr. A.....	Dairyman.....	23,000.00	1,333,000.00
		.....	.....	.....	23,000.00
No. 61...	15,000.00	First National.....	.....	.....	
	7,500.00	Farmers State Bank.....	.....	.....	
		Mr. A.....	Automobiles.....	20,000.00	
		Mr. B.....	Cattle.....	30,000.00	
		Mr. C.....	do.....	17,000.00	
No. 62...	7,500.00	Mr. A.....	Rancher.....	28,000.00	67,000.00
		Mr. B.....	do.....	30,000.00	
		Mr. C.....	Rancher and packer.....	48,000.00	
		Mr. D.....	Rancher.....	22,500.00	
		Mr. E.....	do.....	14,500.00	
		Mr. F.....	do.....	12,000.00	
		Mr. G.....	do.....	14,300.00	
		Mr. H.....	do.....	19,000.00	
		Mr. I.....	do.....	13,000.00	
		Mr. J.....	Cooperative purchasing.....	17,000.00	
		Mr. K.....	.....	21,000.00	
No. 63...	9,400.00	Mr. A.....	Livestock.....	30,000.00	239,300.00
		Mr. B.....	Rancher.....	21,000.00	
No. 64...	9,000.00	Mr. A.....	Contractor.....	15,000.00	51,000.00
		Mr. B.....	Realtor.....	10,000.00	
No. 65...	20,000.00	M. A.....	Capitalist.....	31,700.00	25,000.00
		Mr. B.....	do.....	31,478.00	
		Mr. C.....	.....	248,000.00	
		Mr. D.....	General merchandise.....	25,000.00	
		Mr. E.....	Transportation.....	30,000.00	
		Mr. F.....	Merchant.....	35,000.00	
		Mr. G.....	Cattle.....	26,800.00	
		Mr. H.....	Contractor.....	70,000.00	
		Mr. I.....	Orchardist and shipper.....	25,000.00	
		Mr. J.....	do.....	71,763.00	
		Mr. K.....	Ice and storage.....	35,000.00	
		Mr. L.....	Baker.....	22,000.00	
		Mr. M.....	Orchardist.....	36,000.00	
		Mr. N.....	Orchardist and shipper.....	37,000.00	
		Mr. O.....	Merchant.....	31,647.75	
		Mr. P.....	Laundry.....	31,000.00	
		Mr. Q.....	Rock and gravel.....	75,000.00	
No. 66...	18,500.00	Mr. A.....	Cattle and sheep.....	120,000.00	862,388.75
		Mr. B.....	do.....	68,500.00	
No. 67...	10,700.00	Mr. A.....	Farmer.....	23,000.00	188,500.00
		Mr. B.....	.....	15,400.00	
No. 68...	25,000.00	Mr. A.....	Grain broker.....	55,000.00	38,400.00
		.....	.....	.....	55,000.00

*Examples of loans granted by Bank of Italy, N. T. & S. A., in excess of legal limit permitted to former independent bank—Continued*

City	Former maximum loan	Borrower	Business	Present credit	Total
No. 69...	\$20,000.00 9,500.00	Siskiyou Co. Bank.....	-----		
		First National Bank.....	-----		
		Mr. A.....	Cattle.....	\$21,500.00	
		Mr. B.....	do.....	80,000.00	
		Mr. C.....	do.....	50,000.00	
		Mr. D.....	Cattle and ranching.....	20,450.00	
Xo. 70...	12,500.00	Mr. E.....	do.....	11,650.00	
		Mr. A.....	Orchardist.....	175,000.00	\$182,600.00
		Mr. B.....	Orchardist and cannor	150,000.00	
		Mr. C.....	Miller.....	25,000.00	
Total.....	-----		350,000.00		
					43,867,229.56

Mr. BACIGALUPI. Exhibit I sets forth the real-estate loans made in California by Bankitaly Mortgage Co., California Joint Stock Land Bank, Bankitaly, Agricultural Credit Corporation, and the trust department of the Bank of Italy National Trust and Savings Association in participation mortgage trusts. These loans total \$44,794,830.07.

(Exhibit I, referred to, is here printed in full, as follows:)

## EXHIBIT I

*Active loans of the California Joint Stock Land Bank of San Francisco in the State of California as of March 19, 1930*

County	Number of loans	Amount	County	Number of loans	Amount
Alameda.....	2	\$47,500	Placer.....	3	\$35,500
Butte.....	28	503,700	Riverside.....	45	318,700
Colusa.....	7	146,500	Sacramento.....	13	291,500
Contra Costa.....	5	63,000	San Benito.....	27	722,650
Del Norte.....	5	108,500	San Bernardino.....	85	590,200
El Dorado.....	3	40,500	San Diego.....	18	255,500
Fresno.....	83	778,050	San Joaquin.....	26	478,500
Glenn.....	14	210,050	San Luis Obispo.....	2	6,500
Humboldt.....	6	48,000	Santa Barbara.....	8	163,000
Kern.....	64	551,900	Santa Clara.....	30	601,000
Kings.....	36	708,500	Santa Cruz.....	4	73,000
Lake.....	1	10,000	Shasta.....	1	20,000
Lassen.....	2	35,000	Siskiyou.....	23	538,500
Los Angeles.....	16	206,500	Solano.....	43	577,500
Madera.....	6	50,000	Sonoma.....	8	127,750
Mariposa.....	1	35,000	Stanislaus.....	41	623,900
Merced.....	22	304,100	Sutter.....	34	592,300
Modoc.....	15	292,500	Tehama.....	14	266,800
Mono.....	2	45,000	Tulare.....	39	373,500
Mendocino.....	8	193,500	Ventura.....	25	458,500
Monterey.....	28	781,000	Yolo.....	16	336,300
Napa.....	6	186,500	Yuba.....	6	124,500
Nevada.....	2	70,000			
Orange.....	19	183,500	Total.....	892	13,178,700

## BRANCH, CHAIN, AND GROUP BANKING

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*Bankitaly Mortgage Co. loans, March 12, 1930*

Alameda .....		\$372, 585. 47
Bakersfield:		
Bakersfield .....	\$78, 691. 68	
East Bakersfield .....	6, 735. 00	
		85, 426. 68
Berkeley .....		95, 139. 15
Burlingame .....		306, 102. 89
Eagle Rock .....		12, 943. 06
Emeryville .....		2, 022. 33
Fresno .....		55, 478. 70
Fullerton .....		16, 708. 95
Glendale:		
Gateway .....	22, 242. 92	
Glendale .....	4, 841. 19	
		27, 084. 11
Highland Park .....		8, 902. 53
Hollywood:		
Hollywood .....	4, 000. 00	
Hollywood-Wilcox .....	34, 228. 30	
		38, 228. 30
La Jolla .....		25, 650. 00
Long Beach:		
American Avenue .....	74, 690. 00	
Long Beach office .....	306, 741. 54	
Redondo and Seventh .....	3, 250. 00	
Seventh and Pine Avenue .....	28, 900. 00	
Union State .....	31, 950. 00	
		445, 531. 54
Los Angeles:		
Broadway office .....	2, 024, 825. 00	
Brooklyn-Soto .....	4, 200. 00	
Commercial National .....	42, 340. 00	
Forty-eighth and Western .....	3, 500. 00	
Fourth and Spring .....	32, 270. 00	
International office .....	1, 997, 500. 00	
Lincoln Heights .....	2, 017. 44	
Main at Pico .....	2, 540. 00	
Main office .....	3, 469, 800. 94	
Pico Hoover .....	14, 000. 00	
Seventh and Central .....	13, 800. 00	
Vermont Melbourne .....	9, 240. 00	
Wilshire Western .....	18, 600. 00	
		7, 634, 633. 80
Los Gatos .....		53, 000. 03
Monrovia .....		22, 875. 80
North Hollywood .....		880. 00
Oakland:		
Broadway Grand .....	\$17, 089. 86	
College Avenue .....	28, 448. 65	
Twenty-third Avenue .....	30, 600. 00	
Elmhurst .....	1, 200. 00	
Fruitvale .....	350, 131. 71	
Seventy-fourth and Foothill .....	31, 226. 23	
Melrose .....	58, 399. 07	
North Broadway .....	59, 505. 77	
Eleventh and Broadway .....	2, 270, 781. 63	
San Pablo Avenue .....	18, 844. 61	
Telegraph Avenue .....	7, 000. 00	
		2, 873, 227. 53
Pasadena .....		5, 170. 45
Pomona .....		20, 329. 27
Redondo Beach .....		21, 063. 53

Sacramento:			
Sacramento Main	-----	\$66,542.21	
Sixth and K branch	-----	107,573.09	
			\$174,115.30
San Diego:			
San Diego office	-----	\$2,171,484.71	
University	-----	199,500.00	
			2,370,984.71
San Fernando	-----		3,025.00
San Francisco:			
Bay View	-----	\$14,897.45	
California Montgomery	-----	1,937,531.80	
Clay Montgomery	-----	47,197.18	
Columbus Avenue	-----	192,415.00	
Day and Nite	-----	501,186.41	
Divisadero-Hayes	-----	5,802.56	
Eicelsior	-----	161,164.38	
Glenn Park	-----	5,828.06	
Haight-Clayton	-----	2,802.73	
Head Office	-----	2,794,456.35	
Market Geary	-----	120,650.00	
McAllister Fillmore	-----	15,700.00	
Pierce Chestnut	-----	12,500.00	
Polk Van Ness	-----	25,725.00	
Twenty-ninth and Mission	-----	779,111.75	
Union Webster	-----	32,200.00	
			6,649,168.67
San Jose	-----		507,517.32
San Leandro	-----		7,700.00
San Mateo	-----		394,885.00
San Pedro	-----		3,800.00
Santa Barbara:			
Estado-Cota	-----	\$244,238.28	
Santa Barbara Main	-----	228,614.04	
			472,852.32
Santa Monica	-----		3,300.00
Sawtelle	-----		3,360.00
Stockton:			
Hunter Square	-----	\$247,542.90	
East Side branch	-----	3,750.00	
Stockton Main	-----	728,670.74	
			979,963.64
			23,693,655.63

*Bankitaly Agricultural Credit Corporation loans secured by chattel mortgages on sheep and cattle as of March 19, 1930—Classified by counties in California*

Livestock located	Amount	Livestock located	Amount
Alameda	\$200,962.50	Riverside	\$23,492.94
Butte	18,638.91	Sacramento	14,900.00
Calaveras	2,300.00	San Benito	658,310.25
Colusa	17,998.90	San Bernardino	5,000.00
El Dorado	10,000.00	San Joaquin	54,450.00
Fresno	158,737.60	San Mateo	8,500.00
Glenn	45,900.00	Santa Barbara	243,964.77
Imperial	720,357.75	Santa Clara	57,026.59
Kern	70,751.21	Solano	44,800.00
Kings	87,000.00	Sonoma	4,000.00
Los Angeles	72,080.00	Stanislaus	46,188.81
Madera	20,000.00	Tehama	363,569.28
Marin	31,900.00	Tulare	108,949.68
Mariposa	51,453.50	Ventura	31,970.00
Mendocino	2,500.00	Yolo	44,849.90
Merced	166,869.61		
Monterey	165,509.97		3,551,132.18

## Participation mortgage trusts

Name	Source of loan	Amount	Amount of trust funds invested
Hale Bros. Realty Co. ....	Head office	\$500,000.00	\$500,000.00
Providence Hospital, Q. ....	Eleventh and Broadway, Oakland.	200,000.00	200,000.00
Levaggi Estate Co. ....	California-Montgomery	57,500.00	57,500.00
Anita Grimm .....	do.	74,000.00	72,650.00
College of Notre Dame, Belmont. ....	San Jose	263,000.00	260,735.00
College of Notre Dame, San Jose. ....	do.	82,500.00	82,500.00
Acorn Realty Co. (E. F. Golliett) .....	Eleventh and Broadway, Oakland.	510,000.00	510,000.00
John DeMartini et al. ....	California-Montgomery	75,000.00	75,000.00
Warehouse Investment Co. ....	do.	102,500.00	94,500.00
E. J. Burkhard .....	Los Angeles No. 20.	70,000.00	64,400.00
William P. Rogers .....	do.	375,000.00	288,850.00
J. H. Birnbaum Investment Co. ....	do.	150,000.00	89,275.00
H. Bercovich .....	Oakland Bank office	250,000.00	250,000.00
T. W. Corder (Inc.) .....	do.	300,000.00	300,000.00
Barney Jacobs Estate. ....	do.	100,000.00	99,319.05
Total .....		3,108,500.00	2,944,729.05

Mr. BACIGALUPI. Exhibit J is a comparison, over a period of the last five years, of the course of deposits of the Bank of Italy National Trust & Savings Association in various communities as against those of competing banks. This comparison is offered in support of our contention that our competition has not hurt our smaller competitors, and that to the extent of their capacity to serve they have grown proportionately.

I think, gentlemen, that this chart also will prove most interesting. The exhibit has, for instance, Bakersfield First National Bank. Its deposits on December 31, 1924, were \$1,075,000 and its deposits on December 31, 1929, were \$2,035,000.

The Bank of Italy, National Trust & Savings Association, at the end of December 31, 1924, was \$6,800,000. In December, 1929, they were \$8,500,000. The percentage of increase of the First National of Bakersfield was 89.30 per cent while that of the Bank of Italy was 24.88 per cent. That same ratio does not prevail all the way through, but we have given it for the leading communities and many of the rural communities of California. That is Exhibit J.

(Exhibit J referred to is here printed in full, as follows:)

## EXHIBIT J

Showing increase or decrease in deposits over period of five years

	Deposits Dec. 31, 1924	Deposits Dec. 31, 1929	Increase or decrease	Per cent increase or decrease
Bakersfield:				
First National Bank .....	\$1,075,000.00	\$2,035,000.00	\$960,000.00	89.30
Bank of Italy National Trust & Savings Association .....	6,875,000.00	8,586,000.00	1,711,000.00	24.88
Chico:				
Butte County Savings Bank .....	2,119,000.00	2,003,000.00	-116,000.00	-5.47
First National Trust & Savings Bank ..	2,542,000.00	3,272,000.00	730,000.00	28.72
Peoples Savings & Commercial Bank ..	814,000.00	1,200,000.00	386,000.00	47.42
Bank of Italy National Trust & Savings Association .....	2,065,000.00	2,641,000.00	576,000.00	27.89
Fresno:				
First National Bank .....	2,369,000.00	4,776,000.00	2,407,000.00	101.60
Bank of Italy National Trust & Savings Association .....	17,645,000.00	17,893,000.00	248,000.00	1.41
Haywards:				
Bank of Hayward .....	2,108,000.00	2,820,000.00	712,000.00	33.78
Bank of Italy National Trust & Savings Association .....	1,971,000.00	2,976,000.00	1,005,000.00	50.99

Showing increase or decrease in deposits over period of five years—Continued

	Deposits Dec. 31, 1924	Deposits Dec. 31, 1929	Increase or decrease	Per cent in- crease or decrease
<b>Long Beach:</b>				
Citizen State.....	\$404,000.00	\$414,000.00	\$10,000.00	2.48
California First National Bank.....	2,880,000.00	4,763,000.00	1,883,000.00	65.38
Farmers & Merchants Bank.....	9,792,000.00	12,149,000.00	2,357,000.00	24.17
Seaside National Bank.....	(1)	2,213,000.00	2,213,000.00	100.00
Western Trust & Savings.....	3,106,000.00	3,078,000.00	-28,000.00	-.90
Bank of Italy National Trust & Savings Association.....	7,136,000.00	18,576,000.00	11,440,000.00	160.31
<b>Madera:</b>				
First National Bank.....	1,324,000.00	1,388,000.00	64,000.00	4.83
Bank of Italy National Trust & Savings Association.....	1,478,000.00	1,936,000.00	458,000.00	30.99
<b>Merced:</b>				
First National Bank.....	(1)	952,000.00	952,000.00	100.00
Bank of Italy National Trust & Savings Association.....	2,598,000.00	6,695,000.00	4,097,000.00	157.70
<b>Marysville:</b>				
First National Bank.....	959,000.00	995,000.00	36,000.00	3.75
Decker Jewell.....	1,524,000.00	1,688,000.00	164,000.00	10.76
Northern California Bank of Savings.....	3,408,000.00	3,482,000.00	74,000.00	2.17
Bank of Italy National Trust & Savings Association.....	2,926,000.00	2,948,000.00	22,000.00	.75
<b>Modesto:</b>				
Modesto Trust & Savings Bank.....	2,145,000.00	4,541,000.00	2,396,000.00	111.70
Bank of Italy National Trust & Savings Association.....	1,961,000.00	3,338,000.00	1,371,000.00	69.91
<b>Monterey:</b>				
First National Bank.....	1,316,000.00	1,958,000.00	642,000.00	48.78
Monterey Bank.....	(1)	396,000.00	396,000.00	100.00
Bank of Italy National Trust & Savings Association.....	1,975,000.00	2,661,000.00	686,000.00	34.73
<b>Napa:</b>				
First National Bank.....	3,041,000.00	3,517,000.00	476,000.00	15.65
Bank of Italy National Trust & Savings Association.....	2,777,000.00	2,876,000.00	99,000.00	3.56
<b>Oakland:</b>				
Central National Bank.....	20,552,000.00	28,499,000.00	7,947,000.00	38.67
Central Savings Bank.....	28,888,000.00	31,584,000.00	2,696,000.00	9.33
First National Bank.....	(1)	4,479,000.00	4,479,000.00	100.00
Farmers and Merchants Bank.....	4,844,000.00	5,814,000.00	970,000.00	20.02
Oakland Bank.....	52,826,000.00	(2)		
Bank of Italy National Trust & Savings Association.....	19,483,000.00	75,259,000.00	55,776,000.00	286.28
<b>Ontario:</b>				
First National Bank.....	1,027,000.00	1,772,000.00	745,000.00	72.54
Citizen's National Bank.....	(1)	701,000.00	701,000.00	100.00
Bank of Italy National Trust & Savings Association.....	550,000.00	1,487,000.00	937,000.00	170.36
<b>Oroville:</b>				
First National Bank.....	1,048,000.00	1,237,000.00	189,000.00	18.03
Bank of Oroville.....	675,000.00	904,000.00	229,000.00	33.92
Bank of Italy National Trust & Savings Association.....	1,890,000.00	2,733,000.00	843,000.00	44.60
<b>Redwood City:</b>				
First National Bank.....	1,012,000.00	1,004,000.00	-8,000.00	-.89
San Mateo County Bank.....	1,214,000.00	1,273,000.00	59,000.00	4.86
Bank of Italy National Trust & Savings Association.....	1,800,000.00	3,160,000.00	1,360,000.00	75.56
<b>Sacramento:</b>				
California National Bank.....	14,815,000.00	23,605,000.00	8,790,000.00	59.33
California Trust & Savings Bank.....	11,070,000.00	19,645,000.00	7,575,000.00	68.45
Capital National Bank.....	10,378,000.00	12,990,000.00	2,612,000.00	25.17
Citizen's National Bank.....	631,000.00	1,149,000.00	518,000.00	82.09
Merchants National Bank.....	3,100,000.00	2,773,000.00	-327,000.00	-10.55
Sumitomo Bank.....	(1)	1,285,000.00	1,285,000.00	100.00
Bank of Italy National Trust & Savings Association.....	9,207,000.00	49,920,000.00	40,713,000.00	442.20
<b>Salinas:</b>				
Monterey County Bank.....	3,430,000.00	6,246,000.00	2,816,000.00	82.10
Bank of Italy National Trust & Savings Association.....	2,620,000.00	5,291,000.00	2,671,000.00	101.95
<b>San Jose:</b>				
First National Bank.....	7,709,000.00	8,800,000.00	1,091,000.00	14.15
San Jose National Bank.....	1,350,000.00	2,390,000.00	1,040,000.00	77.03
Bank of Italy National Trust & Savings Association.....	11,610,000.00	14,092,000.00	2,482,000.00	21.29

<sup>1</sup> New bank.<sup>2</sup> Acquired by Bank of Italy.

Showing increase or decrease in deposits over period of five years—Continued

	Deposits Dec. 31, 1924	Deposits Dec. 31, 1929	Increase or decrease	Per cent in- crease or decrease
<b>Stockton:</b>				
First National Bank.....	\$1,914,000.00	\$2,615,000.00	\$701,000.00	36.62
Stockton-Saving and Loan Bank.....	7,424,000.00	8,338,000.00	1,214,000.00	17.04
Union Safe Deposit Bank.....	1,438,000.00	1,837,000.00	379,000.00	26.99
Bank of Italy National Trust and Sav- ings Association.....	11,073,000.00	15,617,000.00	4,544,000.00	41.04
<b>Ventura:</b>				
First National Bank.....	833,000.00	1,551,000.00	718,000.00	86.19
Home Savings Bank.....	431,000.00	1,550,000.00	1,119,000.00	259.63
Union National Bank.....	( <sup>1</sup> )	1,384,000.00	1,384,000.00	100.00
Bank of Italy National Trust and Sav- ings Association.....	2,582,000.00	6,088,000.00	3,506,000.00	135.79
<b>Woodland:</b>				
Bank of Woodland.....	690,000.00	636,000.00	-54,000.00	-7.83
Bank of Yolo.....	1,725,000.00	2,234,000.00	509,000.00	29.51
Yolo County Savings Bank.....	2,389,000.00	2,550,000.00	161,000.00	6.74
Bank of Italy National Trust and Sav- ings Association.....	2,711,000.00	2,496,000.00	-215,000.00	-7.93
<b>San Francisco:</b>				
Anglo California Trust Co.....	52,466,000.00	72,265,000.00	19,799,000.00	37.74
Anglo and London Paris.....	115,910,000.00	111,313,000.00	-4,597,000.00	-3.96
Hibernia Savings.....	75,681,000.00	75,603,000.00	-78,000.00	-.10
San Francisco Bank.....	92,916,000.00	120,138,000.00	27,222,000.00	29.29
Wells Fargo Bank & Union Trust Co.....	112,513,000.00	125,558,000.00	13,045,000.00	11.59
Bank of Italy National Trust and Sav- ings Association.....	91,452,000.00	256,625,000.00	165,172,000.00	180.61
<b>Los Angeles:</b>				
Citizen National Trust and Savings... Farmers and Merchants National Bank.....	87,951,000.00	118,496,000.00	30,545,000.00	34.72
United States National Bank.....	45,164,000.00	57,559,000.00	12,395,000.00	27.44
Union Bank & Trust Co.....	3,959,000.00	16,038,000.00	12,049,000.00	302.05
Bank of Italy National Trust and Sav- ings Association.....	12,207,000.00	23,614,000.00	11,407,000.00	93.44
	77,278,000.00	138,077,000.00	60,799,000.00	78.67

<sup>1</sup> New bank.

Mr. BACIGALUPI. Exhibit K and Exhibit L comprise specimens of accounting department reports and report forms in use by the Bank of Italy.

Now, these are technical and I put them in for good measure, feeling that if the committee should desire to press into service some expert who would want to make a summary of the accounting forms and system used, he would find the bulk of that here.

(Exhibits K and L are not printed but held in the committee room for reference.)

Mr. BACIGALUPI. Exhibit M is an authentic copy of the bank's usual semiannual supplemental report of earnings, operating ratios, and so forth, prepared for the information of the bank's chief executives. The particular point which we desire to stress here is that several of the smaller country branches will be noted as operating at a loss and yet no branch of the Bank of Italy has ever been closed because it was not operating at a profit. It has felt that it could very conveniently stand these small losses and offer them as a willing contribution to the residents of these smaller communities, who otherwise would be forced at no little inconvenience to go to neighboring towns for their banking accommodations.

That is this report, gentlemen [exhibit], and this will answer your question, sir [exhibit to Mr. Fort]. Starting with about page 6 or 7, we begin to itemize the various districts and branches. This has to do with the earnings of branches and also covers loans, too, I think. Exhibit K would give you the deposits.

(Exhibit M is not printed but held in committee room for reference.)

Mr. BACIGAL\*PI. Exhibit N contains two articles on the trust department of a branch bank and should prove of interest.  
(Exhibit N referred to is here printed in full as follows:)

## EXHIBIT N

## DEVELOPING AND ADMINISTERING TRUST BUSINESS IN A BRANCH BANKING SYSTEM

(By W. J. Kieferdorf, Vice President, Bank of Italy, National Trust and Savings Association, San Francisco, Calif.)

Branch banking is now regarded as the boldest forward step in American finance, but it would fail of its true destiny if it did not include in every instance a complete program of fiduciary service.

There must be no subordination of fiduciary service to commercial and savings banking, or relegation of it to the background as a secondary activity, declares Mr. Kieferdorf. Every community where a branch is located, not matter how small nor how far-removed from the head office of the bank, should be given the benefits of metropolitan trust service.

Mr. Kieferdorf describes the methods adopted in California by his institution to initiate and develop trust service in the branch banking system of that State. Every trust, whether private or court, is administered at the branch where it originates. The head office, through the district supervisors, maintains control by requiring a system of reports and strict adherence to given policies. The record system used in estate settlement, custodian service, the system of tickler cards, the filing of trust agreements, the supervision of escrows, and the method of reviewing securities and investments are fully explained.

A state-wide educational program was begun by the Bank of Italy nearly 10 years ago, and intensified during the past four years, to the end that all employees, advisory board members and stockholders, individually and collectively, should be made "trust-minded" and "will-conscious." The fine team work which resulted accounts in large measure for the growing number of nominations of the bank under wills—now upwards of 5,000 a year—and for the fact that the trust earnings of some of the smaller branches exceed the earnings of their respective banking departments.

One of the most satisfactory results of the campaign has been the highly satisfactory relations with lawyers. Past antagonisms have been largely dispelled by the frequently reiterated policy of the bank scrupulously to respect the rights of attorneys and their relations with their clients.

The introduction of branch banking into American finance is now almost universally regarded as the boldest, if not, indeed, the greatest forward step in the financial progress of our country.

Those of us who hail from the great West, who have witnessed the birth and growth of this new, yet very old, idea of banking, whose imaginations have been fired by its immense possibilities for public service, recognize that it had its inspiration in the same spirit of daring, the same spirit of self-sacrificing adventure that led our forefathers—the hardy pioneers of California—nearly 100 years ago, to brave the pathless prairies, the trackless deserts and the snow-capped, towering mountains to reach the promised land.

Whether it be confined to the limits of a city and thus becomes merely local in its operations, or whether it be extended to include a group of cities more or less contiguous, or whether, indeed, it embraces under one central management, banking service to the several hundred cities and towns and villages of a great State, complete branch banking, based as it is upon sound and enduring principles, must find a permanent abode in our country. The time is not far distant, if I may hazard a prophecy, when the public of the States that do not now permit branch banking, viewing this safer, more complete, more varied, more democratic, more widely extended metropolitan banking service, will demand appropriate legislation so that this proven type of banking may be permitted in their own States; and then, only, will small communities, now generally denied adequate banking facilities and corporate trust service, enjoy the ministrations of the corporate fiduciary and the trained trust officer, and be able to command for their development the great capital concentrated at the head office of the bank, as and when they require it.

## NO BRANCH BANK COMPLETE WITHOUT FIDUCIARY SERVICE

But branch banking would fail of its true destiny, however, if it did not include in every instance in its far-reaching program complete fiduciary service, for it is axiomatic that complete banking service connotes complete fiduciary service.

There must, even in a branch banking system, be no subordinating of fiduciary service to commercial and savings banking; there must be no relegating it to the background as a secondary activity; there must be no dodging the duty of giving every community where a branch is located, no matter how small nor how far removed from the head office of the bank, the benefits of metropolitan trust service.

The criticism occasionally imputed to branch banking institutions—that the branch managers and perhaps the branch trust officers are mere machines in a fine network of automatons, that their sole guide is the ubiquitous and omniscient rule book, and that they have no independent judgment or discretion—is refuted by the service given, by the appreciation of thousands of satisfied depositors and stockholders, and best of all by the results obtained. No other instrumentality of finance was ever dedicated to a higher ideal of service than branch trust service in a branch banking system.

It is scarcely possible for me, in the limited time at my disposal for the preparation of this paper, to discuss, except superficially, trust service in "city-wide" institutions, or in institutions having branches in a few more or less contiguous cities.

I welcome the suggestion of your program committee that I may limit this discussion to trust service more or less state-wide in scope, and describe the progress that has so far been made and some of the methods adopted in California by the institution that I am honored to represent, in its attempts to initiate and effectuate this service in our great State.

## PROGRAM FOR STATE-WIDE SERVICE

At the outset may I say that while highly satisfactory progress, both from the standpoint of service and of net profits, has been made, particularly during the last few years, in extending trust service to practically every one of the 293 branches in the 166 cities in which the bank operates, much additional work must yet be done to perfect our administrative processes, and much additional personnel must be trained at the head office, where in fact all of our trust men are trained. The results so far obtained encourage us to continue the plan as originally laid out for the development of "State-wide trust service." It would, however, be erroneous to conclude that we have achieved perfection in this wide, new field of trust endeavor, and that we may now rest on our laurels.

The trust service of our bank in the beginning was confined to the metropolitan areas of San Francisco and Los Angeles, and localized at the main office in each city. The branches contiguous to the main offices in these two cities were limited in their fiduciary service, with few exceptions, to escrows handled by part-time or full-time escrow men or assistant trust officers, who, though familiar with trust work, referred all prospects for trust business to the main office. To-day, after 10 years of successful experimentation, this is still the case in all of the large cities where more than one branch is located—except that, attached to each main office, are highly-trained trust men who call at the branches regularly to interview the prospects that the branch managers have interested in a trust or a will; the assistant trust officers at the main office, too, are always at the call of the branch managers for special appointments. It is a vital part of our system, and the key note of our success, that there must be intimate and constant cooperation between the branch manager on the one hand who, himself, is well versed in the practical phases of trust management by reason of head office training, and on the other hand the trust officer, who supplies the technical knowledge. This combination works perfectly, and is of the greatest importance in the rural districts. Our intricacy trust service, therefore, is not, at this stage of our development, a serious problem. The key cities of the trust districts, as explained later, are district centers; the trust officers in charge of the offices in these key cities are district trust supervisors as well.

As new branches were added in the rural communities, new centers of trust activity were established—first in the cities of the Santa Clara Valley and in the great valley of San Joaquin; then in the coast counties and the great valley of the Sacramento River; and finally in the extreme northern and extreme southern sections of the State, all this expansion taking place while the institution was a State bank.

## BANK OF ITALY UNDER NATIONAL CHARTER

With already existing trust offices in many of the most important cities, subordinated in policy and operation to the head office in San Francisco, it was but natural that the district plan of organization for the administration of trusts should be adopted; and, accordingly, the State of California, with respect to Bank of Italy state-wide trust administration and development, was divided into 14 trust districts, covering geographically the entire State, each district, with one exception, having its supervising trust officer and staff.

While this plan was in the making, the bank was nationalized, and we found ourselves for the first time with a definitely fixed number of branches, now numbering, as before stated, 293 in all, offering banking services in 166 cities, with no further increase possible under the limitations imposed by the present national banking laws.

Each district is, in a sense, a complete unit subordinated to the head office only with respect to policy, accounting, supervision of investments, compliance with established procedure, and control of the personnel. The size of any district depends on density of population and geographical location; in several districts there are four or more counties with as many as a dozen banking branches, all within easy reach of the district trust officer's headquarters in a central branch, which is usually located in the most important city or town of the group.

## THE IDEAL DISTRICT STAFF

The ideal district staff consists of the district trust officer, assistant trust officer, trust examiner, and the usual clerical and stenographic help. In addition to his local duties, the district trust officer keeps in constant touch with the branches in his jurisdiction, has a definite visiting day for each of them, and endeavors to adhere as closely as possible to a regular schedule of visits so that the branch manager can make definite appointments with the clients of his branch. He is also subject to call at any time if a special emergency or special business requires his presence. His whereabouts is known at all times at the trust headquarters so that he can be reached whenever he is needed. Thoroughly trained at the head office in trust administration, probate matters, living trusts, agencies, escrows, securities management, and tax questions, and having a basic legal, and often a liberal classical, education, possessing sufficient maturity to impress his clientele and justify their confidence, the district trust officer is the keystone of the arch in the finely-knit-together fiduciary structure. Attendance at periodic meetings of district trust officers at the head office and constant touch with the trust executives of the bank, assure uniformity of operation throughout the system and faithful adherence to established policies.

The branch managers, on the other hand, have acquired, with very few exceptions, a fine practical knowledge of trust functions and know how the trust department can serve their clientele. Each branch maintains its own trust records, handles the receipts and disbursements required by the trusts, and diarizes the specific duties in the administration of estates, thus assuring local administration of estates and trusts, as against absentee administration. In fact, in most districts the closest possible cooperation exists between the branch banking staff and the district trust officer. Due to comparatively few changes among managers of branches, many of whom have had legal training, the educational efforts that are constantly expended to educate the rank and file of the entire banking system of the bank in trust matters and the resultant efficiency of operation and intelligent attention to duty account for the success so far attained. Under this arrangement, the branch manager is the business manager of the trusts handled at his branch; the district trust officer is the consultant, supplying legal and technical skill; while the trust examiner audits and keeps in order the accounting detail so that proper reports may be made to district headquarters and the head office, as required by the rules of the bank.

## CARRYING TRUST SERVICE TO RURAL COMMUNITIES

Before the advent of the branch bank giving trust service, rural communities in our State were without trust service. The unit banks located there could not efficiently and profitably give such service. Grouped into districts under the district plan of administration, the clientele of contiguous rural communities and towns can now be as effectively served as if the trust departments were established in each community, and profitably, too; for estates of decedents must be

probated and the affairs of the living must be administered in the country as well as in the city; and wealthy agriculturists and prosperous small-town merchants have need of trust service as well as their brethren in the big cities. In fact, the district plan of trust administration, under the branch banking idea, is so elastic that possible mergers with other branch-banking institutions in the State that have trust departments can readily be consummated. Indeed, if by new legislation national banks shall be permitted to extend their service to border States within their respective Federal reserve districts, the program of administration and control of trust business, if desirable, could readily be adapted even to this new condition, subject, of course, to the varying laws of the other States within the Federal reserve district.

It requires no great stretch of the imagination to picture a gradual unification of probate law, procedure and practice, and uniformity of inheritance-tax laws in such States, if this drastic change in our banking laws affecting branch banking in the national system should come to pass.

#### EDUCATIONAL PROGRAM FOR TRUST OFFICIALS

The problem of supplying trust executives and supervising trust officers has been practically solved by our educational program started nearly 10 years ago and intensified during the past 4 years. To-day it is a regular part of our routine at the head office under the leadership of veteran trust men who understand branch banking and branch psychology and who, in addition to the burdens of their ordinary duties, are giving generously of their own time and talents as professors in the great school of fiduciary science.

We realized early in the game that education was the basic necessity; education of the higher officers, of the general banking staffs, of the advisory board members of each branch; also education of the public in the communities where our branches are located; and finally, to some extent, of lawyers by frank disclosure of our plan of operations, to the end that all of our employees, advisory board members and stockholders, individually and collectively, should be made "trust minded" and "will-conscious." Commercial bankers in the past have side-stepped trust business because they did not understand it; and some declined to lend a willing ear because to familiarize themselves with fiduciary service meant study and too much attention to technical details and legal matters that were not to their liking. The objective of our great State-wide campaign of education is to make the far-flung personnel familiar with the fundamentals of trust service—to impart to them the basic principles of fiduciary service by various educational devices, such as "question and answer" courses, talks by trust officers and trust examiners, trust literature, perennial classes at the head office, lectures, and community meetings; this program is succeeding beyond our expectations. While this is being written, there are at our head office 25 representatives of various branches, some of whom have had legal training, undergoing an intensive two-weeks' study of trust functions. Only a few of these men are in the trust department of the bank; the majority of them are in the banking department. When they return to their respective branches, they will not only be better fitted by reason of their training to appreciate trust service, but they will also have absorbed some of the enthusiasm of the big city bank. The remarkably small turnover among our branch executive officers, and the promotions from within the organization if there be changes, make this educational effort well worth while. It is no reflection on the intelligence and enthusiasm and good will of the general personnel of our bank, now numbering 7,200 men and women, including advisory board members, that the job of "selling the trust department" to the rank and file of the bank must still go on, no matter how satisfactory our progress is, nor how thoroughly the trust department is appreciated.

No small rôle in this educational effort is played by the district supervising trust officer; he is the leader and teacher as well as the trust expert, aided and abetted by the branch manager who is the originator of trust business at his branch, and the efficient trust administrator when it has been placed on our books.

#### FINE TEAM WORK BRINGS BUSINESS

It is this fine team work that accounts for the ever-increasing record of nominations of our bank under wills, now numbering upwards of 5,000 a year; it accounts, too, for the fact that the trust earnings of some of our smaller branches exceed the earnings of their banking departments. What better encouragement can a branch manager have?

As already stated, every trust, whether private or court, is administered at the branch where it originates. This is in accordance with our desire to give metropolitan trust service to every community where a branch of our bank is located.

The head office, through the district trust supervisors, maintains an indirect control by requiring a system of reports and strict adherence to well-defined policies. For example, Circular A-247 directs that on the last day of each month, each branch shall prepare a "fiduciary financial statement" which must be forwarded to the district trust supervisor who, in turn, examines it and immediately sends it to the head office. This fiduciary financial statement is a transcript of the "trust general ledger" as of the close of the last day of the month, showing the control accounts of all trusts handled at the branch.

Circular A-260, to cite another example, sets forth in detail the documents that must be sent to the head office and to the district or subdistrict headquarters.

#### RECORD SYSTEM IN ESTATE SETTLEMENT

Whenever any of our depositors dies leaving a will in which our bank is named executor two copies of the following documents are sent in due course to the district or subdistrict headquarters, where they are carefully checked, after which one copy is forwarded to the head office for additional checking before being permanently filed: Copies of will, petition for probate, letters testamentary, notice to creditors, statement of publication of first notice to creditors, affidavit of publication of notice to creditors, inventory and appraisal, all petitions for sale of real or personal property, all orders confirming sales, order for family allowance, income, inheritance, and federal estate tax returns, all accounts rendered, petition for distribution, order settling final account and decree of distribution, final discharge.

Likewise, when the bank acts as administrator with the will annexed, or administrator without a will, copies of the principal documents similar to those above must be sent to the head office and district or subdistrict headquarters in the same manner except, of course, that a copy of renunciation of the one entitled to act must accompany the petition for letters of administration.

When the bank acts in other fiduciary capacities under court trusts, such as special administrator, trustee under wills, guardian of minors or incompetents, the relative documents must be similarly supplied to the district headquarters and head office.

#### RECORDS IN CUSTODIAN SERVICE

The service offered by trust departments of banks to act as depository or custodian of the personal property of decedents for personal executors, administrators, trustees and guardians, thus effecting a reduction in the bond that may be required of such executors and administrators, trustees and guardians, is being appreciated now more generally than heretofore by the legal profession. In these cases, the branches are required, pursuant to the requirements of Circular A-260, to file in due course at the district office and at head office copies of (a) order of court designating the bank depository of such personal property, (b) receipt for securities deposited, (c) order terminating depositoryship, (d) receipt of executors, administrators, trustees, or guardians.

In foreclosure matters under deeds of trust securing loans, in cases where the bank is not the beneficiary, copies of (a) the deed of trust and note, (b) notice of breach and election to sell, (c) notice to trustee, (d) notice of sale, (e) affidavit of publication, (f) affidavit of posting notice of sale, (g) copy of trustee's deed must likewise be filed at the district offices and the head office at the proper time.

Most attorneys comply graciously with our requests for duplicates of all necessary documents required by our plan of district and head office control, thus eliminating much copy work in our own offices.

#### SYSTEM OF TICKLER CARDS

In order to assure our receiving copies at appropriate times, and to maintain a check on the various necessary steps in probate and other procedure, so that there shall be no failure on our part to comply with the laws governing the administration of court trusts or our duties in other respects, a system of tickler cards has been set up at the head office and at district or subdistrict offices, on which are printed (a) trust number, (b) name of depositor, (c) capacity in which

we are acting, (d) the list of important documents described above, and (e) two blank columns to the right of each card, respectively, headed "Date due" and "Date received."

For example, when the district office (or head office) receives notice of the death of one of its clients, leaving a will in which our bank is named executor, the card headed "executor" is immediately filled in by inserting the trust number, the name of the decedent, and the approximate dates when the various documents should be filed.

The opening record card and a copy of the will should be received almost immediately after receiving notice of death of testator; a copy of the petition for probate of will, within 30 days; letters testamentary, within 30 days; request for income tax determination should be submitted to the internal revenue collector immediately upon receipt of letters testamentary; notice to creditors should be published immediately upon issuance of letters testamentary; statement of publication of notice to creditors should be filed within 30 days after date of issuance of letters testamentary; preliminary report for Federal estate tax (where necessary) must be filed within 60 days from date of death; inventory and appraisal should be filed within 90 days from date of issuance of letters testamentary; report of inheritance tax appraiser and determination of inheritance tax should be filed within six months from date of death so that the tax may be paid and the 5 per cent discount taken advantage of; Federal estate tax returns should be filed within one year from date of death; final account and petition for distribution should, ordinarily, be filed immediately after time for notice to creditors has expired; decree of distribution should be received within a reasonable time thereafter, and decree of final discharge should be received shortly after that.

All dates are, therefore, listed in the first column under "Date due," and the card is placed in the tickler file and will automatically show up on the date first appearing thereon. In each instance, the dates are far enough in advance so as to enable us to write to the branch that a certain document should be filed on a certain date. This is followed up if necessary until a copy of such document is received by the district office and the head office. When such document is received the date of such receipt is entered in the second column under "Date received," and the card is immediately placed in the tickler file under the next following date and so on until all documents have been received.

It is conceivable that there may be documents filed in connection with any estate, the titles of which do not appear on these cards, such as petitions and orders for sale of property; any extraordinary proceedings, etc. In these cases, it is usually easy to obtain a copy of the respective documents without delay and without the necessity of a follow-up.

#### FILING OF TRUST AGREEMENTS

This same official circular (A-260) requires the filing of copies of all private trust agreements and declarations of trust. Practically all private trust agreements and declarations of trust are prepared at our head office, although many such documents, especially subdivision trust agreements or declarations, are drafted at our Los Angeles main office; but whether prepared by us from data sent us by the district offices or elsewhere, all such agreements and declarations are reviewed at the head office, where one copy, after execution of the trust, must be filed. The original executed copy remains at the branch where the settlor transacts his business, the duplicate original is handed to the customer. Notarial acknowledgments of the signatures of all parties to such documents must be affixed to original and duplicate copies.

Advances to trusts, both private and court, are charged to a specific fund of \$100,000 of the bank's capital set aside for this purpose. Branches are authorized to draw against this fund up to the amount allocated to them by the head office, and are required (Circular A-256) to send, each night, to the head office or to the district or subdistrict headquarters, as applicable a report of any change in the title of "Advances to private trusts" or "Advances to court trusts," including full particulars. Should it become necessary for any branch to make an advance to either a court or private trust in excess of the authorization for that particular branch, head office, upon application, increases the allocation to this branch and reduces the allocation of some branch not requiring advances for the time being, thus obviating the necessity of increasing the total fund in excess of \$100,000. Under no circumstances are our branches permitted to carry any funds in these accounts beyond the total amount authorized for the branch, nor must any loans to beneficiaries or settlors of such trusts be carried under these titles.

## SUPERVISION OF ESCROWS

Supervision of escrows is committed to district and subdistrict headquarters where copies of (a) escrow agreements, (b) any amendments thereto, (c) assignments thereof, must be filed.

All stocks and bonds held by branches in their court and private trusts must be reported to the head office trust department through district or sub-district headquarters on a special form provided for the purpose, on the fifteenth of each month from the "Asset ledgers." If there has been no change since the last report, the form must nevertheless be returned, marked "No change" (Circular A-272).

All uninvested cash held by branches in court and private trusts must be reported at close of business on Friday of each week from trust cash ledger sheet, to the head office through district or subdistrict headquarters, as applicable.

## REVIEW OF SECURITIES AND INVESTMENTS

The review of securities and the investment of cash requiring investment are undertaken at present by three subsidiary committees, composed of executive trust officers and other branch executives, operating, respectively, at San Diego for the San Diego district, which includes the extreme southern section of the State; at Los Angeles for the metropolitan district of Los Angeles, including such cities as Long Beach and Pasadena; and at head office trust department for the balance of the State. The proceedings of these meetings are set forth in formal minutes, forwarded immediately to head office in San Francisco for final action of the director's committee. Additional investment committees for the investment of trust funds and the audit of securities will be appointed for other sections of the State as conditions may require.

When it is found that there are uninvested cash funds available for investment in any trust, the branch, at which the trust is administered, reports such fact to the district trust supervisor, who forwards such request to the office where the trust investment committee functions, together with a statement of facts concerning the particular trust, accompanied by his recommendation as to the nature of investment which he deems appropriate. This matter is then submitted to the proper subsidiary investment committee, which meets as often as is necessary. This committee decides upon the nature of the security to be purchased as an investment for the trust, taking into consideration the purpose of the trust, the existing assets, the ages and other sources of income of the beneficiaries, the date of termination, and other pertinent facts. Thereafter, the action of this committee is reviewed by the directors' investment committee of the bank for final disposition. In practice, the directors' committee rarely reverses the judgment of the subsidiary investment committees, as the bank's policy with reference to investment of trust funds and the kind of securities to be selected is well known and established. So there is no undue delay in promptly investing cash funds in suitable securities.

## ALLOCATION OF PROFITS

The question of allocation of profits, when business originating in one branch is administered at another, is generally settled by inquiry into the merits of each case separately. However, as a general rule, when a will is obtained by one branch and later probated at another branch, because of change of residence of the testator, or for some other reason, the originating branch receives 25 per cent of the fee collected by the administering branch.

Time will not permit further detailed description of the operation of trusts at branches and the supervision exercised by district headquarters and the control maintained by the head office at San Francisco, to assure faithful and accurate service.

Besides the examinations and audits made by the trust examiners of the trust districts and the periodic examinations made by the national-bank examiners and by the office of the superintendent of banks of the State of California which has jurisdiction over the operation of trust departments of all State and National banks in our State, the general auditors of the bank conduct rigorous audits of all trust department records at the head office and the branches. Under such rigid supervision it is not likely that deliberate neglect in administrative service is possible.

It is plain that the trust operations at our branches are safeguarded in every possible way. In fact, our bank may be visualized as operating unit trust de-

partments in every branch where court and private trusts are being administered; yet the units themselves are grouped together in districts under the direction and supervision of the district trust officers, who must look to the head office in San Francisco for general policies and practice.

There is no dearth of potential trust business in the rural districts of our State. Our out-of-town branches, under capable trust district administration, will serve the public in rural districts satisfactorily and profitably, and will do much to make our State thoroughly "trust minded," thus stimulating trust business for the other large banks of our State that conduct trust departments.

#### COOPERATION WITH LAWYERS

Our relations with lawyers for the most part have been highly satisfactory. Antagonisms of the past have been largely dispelled because the members of the bar are now thoroughly aware of our desire to work whole-heartedly with them, rather than against them. Our former president and now chairman of our advisory committee, James A. Bacigalupi, himself an outstanding attorney, personally assured the lawyers of our State, in his many eloquent public utterances, that our institution will always scrupulously respect the rights of attorneys and their relations with their clients, and will retain the services of any reputable attorney who refers any business to our bank.

In conclusion, may I refer to the report of the public trust officer of New Zealand for the year ending March 31, 1929, which recently reached me? It discloses the fact that the office "has branches and agencies in 110 cities and towns throughout the country," where trusts are handled in much the same manner as in our bank; that "the value of estates and funds under administration on March 31, 1929, was 48,334,790 pounds sterling" (nearly \$250,000,000); that "during the year wills numbering 6,053 were deposited with the public trustee"; that on March 31, 1929, "62,841 wills of living persons were held in safe custody"; and that during the year "3,508 new estates and funds of a total value of 7,091,350 pounds sterling (nearly \$35,000,000) were accepted for administration." The report also showed that "the wills on deposit represent prospective business worth over 250,000,000 pounds sterling" (over \$1,250,000,000).

I look forward to the time, even though perhaps comparatively few years may yet be allotted to me, when the great branch banking institutions yet to come, of which the few now in existence are but the forerunners, located in every strategic financial center of our country, will not only disclose records as monumental as those that I have just quoted but what is more important will give to finance a new dignity and a nobler objective, offering to every community in our country, near and remote, the safe and dependable service of the corporate trustee and the ministrations of trust-minded bankers and sympathetic trust officers.

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Mr. Chairman, ladies and gentlemen, I have been asked to address myself this morning to a brief consideration of the growing importance of the trust department in the modern bank.

My only warrant to speak to you with any degree of authority upon this subject must be found in the fact that I began my banking career, a little more than a decade ago, as the organizer and manager of the trust department of my institution, having been chiefly attracted to the work by a keen appreciation of the immense potentialities of trust company service. While it was not my good fortune to remain in intimate association with this newer phase of the banking business for more than a few years, I have never relinquished my warm initial interest in its development, and have consequently followed its progress with ever-increasing conviction and delight.

The outstanding and unmistakable impression that even the most casual observer receives to-day when contemplating the ever-broadening opportunities for genuine and helpful corporate trust service to the public, is that of marvelous growth.

I shall not burden you by a long recital of statistics, but I deem it opportune to cite just a few pertinent facts in support of the proposition that trust business in the United States to-day—both potential and actual—is increasing at a tremendous rate.

A nation-wide survey conducted by this the trust company division of the American Bankers Association has disclosed the fact that there are to-day

approximately 3,500 qualified trust departments of banks in our country as against only 14 in 1870; that the majority of the trust companies or active trust departments of banks in this country in operation to-day have been established since 1915; that over 20,000 officers and employees of banks in the United States are to-day devoting their full time to the handling of trust work, and that fully 45,000 Americans chose a corporate executor or trustee during the past year alone.

From the recent report of the Comptroller of the Currency, in which trust findings from the bank call of June 29, 1929, are summarized, we are struck by the following significant figures:

There are to-day in operation in the United States 1,734 trust departments of national banks alone, managing 75,988 individual trusts, representing assets in excess of \$5,237,000,000—a gain of 359 per cent in such assets and of 191 per cent in the number of such trusts since 1926. The assets under corporate trusteeships in national banks aggregate more than \$7,370,000,000—a gain of approximately 200 per cent over similar assets in 1926. This is indeed a remarkable showing, particularly when cognizance is taken of the fact that until the comparatively recent enactment of the Federal reserve act national banks were not permitted to exercise trust power.

In a recent address the Hon. Joseph S. McCoy, United States Government actuary attached to the Treasury Department at Washington, D. C., revealed the significant fact that approximately 400,000 estates, representing assets of over \$5,000,000,000, are now probated annually, and that about 60 per cent of this vast sum, or over three billions for the year ending December 31, 1927, belonged to estates administered in only five States of the Union, namely, New York, Pennsylvania, Illinois, Massachusetts, and California.

Statistics recently released in the States of Massachusetts and Pennsylvania—the only two States in the Union which publish consolidated statements of trust funds held in all trust companies or trust departments of banks, both State and national—show that the total trust funds administered by banks in the State of Massachusetts in 1900 amounted to about \$14,000,000, and that in 1929 this volume has grown to the imposing figure of \$600,000,000, while in the State of Pennsylvania the total funds held in all banks in 1900 approximated \$500,000,000, and that in 1929 this volume has increased to the staggering figure of more than \$4,000,000,000.

And now, for your greater edification, permit me to conclude these citations with a passing reference to just one type of corporate fiduciary service which has only lately sprung into being, but which promises, if intelligently and diligently cultivated, almost unlimited possibilities—I allude to the life insurance trust.

Life insurance, like a great giant that has but lately found his stride, increasing by leaps and bounds because of the realization that insurance of human lives must be viewed as to its objects in terms of income rather than of principal, now looks to the corporate fiduciary as the complementary medium for the complete fruition of its purpose, because life insurance without a concomitant conservation plan—so that the beneficiaries may be the better protected and their comforts and independence the better assured—fails of its essential destiny.

It is of immense significance, therefore, that in the United States to-day there are in force nearly \$100,000,000,000 of life insurance; that this is now increasing at the rate of \$10,000,000,000 a year, and that life insurance companies, during 1928, paid out in cash total claims calculated to be in excess of \$700,000,000. It is estimated that of this huge sum of life insurance in force to-day, only \$2,000,000,000, or 2 per cent of it, has as yet been lodged with American trust companies under agreements of trust; yet more than five hundred millions so held or in excess of 25 per cent of this total was trusted during the past year alone.

Impressive as these figures are—in my humble opinion—they do not begin to reflect the true measure of the immense resources awaiting trust company management in America.

At this juncture, however, it behooves us to pause a moment to seek and to firmly establish in our minds the real reasons for this recent phenomenal popularity, throughout the country, of corporate trust service.

In the first place, the wealth of the American people has grown apace during the past 15 years with the ever-increasing prosperity of our great country. This unprecedented rapid enrichment of so large and widely scattered a proportion of our people—therefore almost total strangers to the intricate science of safe investment, conservation, and transmission of so much newly acquired wealth—rendered it not only advisable but most necessary that they should seek the guidance and the cooperation of some trusted, wiser, and better qualified friend or acquaintance.

In the second place, be it said to the enduring credit of our banks engaged in the field of fiduciary service, the American people have been gradually and are now being more rapidly, led to understand and to appreciate the overwhelming superiority of corporate trust service. Our people are coming more and more to realize that whether the qualified bank act as custodian of securities, or as escrow holder; or as the executor or trustee under the will of a decedent; or administrator of his estate; or guardian of the estate of a minor or incompetent; or trustee of a living trust with all the wide ramifications of custody and investment management that modern finance implies; or trustee under corporate hypothecations for the protection of bondholders; or registrar of stock to safeguard the shareholders against overissues; or transfer agent to facilitate the issuance of stock in conformity with the rigid rules of our stock exchanges—in fine, that in all of its wide range of endeavors, the underlying principle of corporate trust activity is conservation, protection, painstaking, and efficient service, cordially, conscientiously, and constantly supplied. Schooled in the practice of probate law; expert in financial matters; familiar with the handling of stocks, bonds, real estate, and life insurance; functioning at times as an investment committee for the speedy and safe investment of trust funds; auditing and revising at other times the securities left by a testator or subsequently acquired and held in trust; using the bank's superior credit information, always ready at hand, to pass judgment on questionable notes and other evidences of debt; having at instant command the combined experience of seasoned bankers to solve the ever new and intricate problems of modern taxation and finance; available at all times during business hours; never incapacitated by illness or absence, and enduringly strong as to financial responsibility—the qualified bank as executor, trustee, guardian, or depositary stands commanding and paramount in the field of fiduciary service.

Verily, in this new era of massive industrial and commercial structures; in this day of our complicated and highly specialized civilization, departmental financial emporiums are inevitable, and the one big opportunity of banks for further profitable development and of public benefaction lies in the field of trust service.

Having established the growing recognition of, and the ever-increasing demand for, corporate fiduciary service, it would seem to follow that every bank of any size or importance in our country should seek to equip itself to handle trusts. It should do so not only because of the material profit to be directly derived from a trust department when once well organized and properly developed, but also because such a department will insure the retention of a bank's depositors who might otherwise be attracted to a competitor in their search for this service. It is not only advisable, but important, therefore, to regard the trust department as a most effective cementer of a bank's general business. It operates at once to retain present depositors, and the likelihood of retaining the patronage of their succeeding generations is not only a reasonable expectation but almost an absolute certainty.

This leads us to a brief consideration of what should be the proper attitude of a bank's general management toward the trust department.

In the first place, as I view it, the trust department should be regarded neither as an "ornament" nor as a "side show." The modern bank should see to it that its trust department is placed at least on a par, both as to prominence and importance, with its general banking departments; it should exercise great diligence and care in the selection of its trust officer; it should not relinquish its initial interest in the department or cease its cooperation with its trust executive after his selection; it should not leave the development work to the department alone, but every general officer and employee, under the guidance of the trust officer, should at once undertake to learn enough about the broad functions of the department and the superiority of its service so as to be able to recognize and to intelligently direct a prospective piece of trust business as soon as it appears; and above all, its general management should be patient and tolerant in its expectations of huge profits.

It frequently happens that trust departments are tucked away in the basement or in some other remote and inconspicuous place in the bank, and that little or no effort whatever is exerted on the part of the institution's general officers or contacting personnel to feature or to build up the new department. Dissatisfaction or disappointment is then later expressed because of the slowness of the progress made, and erroneous appraisements are indulged in regarding its worth and potentialities. In this day of hurry and scurry the uninitiated public must be sold on everything new, and the only way to get over the message that a new service has been added by a bank is to feature it strongly, both in the prominence,

propriety, and attractiveness of its quarters and in the bank's campaign of publicity and advertising.

A bank, therefore, should not elect to enter the trust field unless it intends to make the trust end of its business a major department of the institution. In the establishment of a trust department, a bank's first concern should be to so equip and develop it as to be prepared to render a type of service that will insure the highest degree of safety and satisfaction to its customers and thereby reflect credit not only upon itself but likewise upon every other trust company and trust department in the country.

And in this connection, I am pleased to proclaim—to the enduring credit and honor of this country's banks which have already entered this fertile field—that no charge of negligence or loss has ever been successfully prosecuted against any bank engaged in the administration of a trust. This is, indeed, an enviable record and one which we must jealously maintain.

As to the selection of a suitable trust officer, too much emphasis can not be laid upon the essential qualities which he should possess. He should be, above all, a man of recognized sterling character, and in addition should possess executive ability, initiative, sound judgment, a fair knowledge of banking, investments and law, and be blessed with some imagination and plenty of soul. The quest for such a man may, on first thought, seem almost hopeless, and in candor it must be admitted that it is no easy task to find one—not already a trust company employee—who will at once measure up to all of these exacting requirements.

I think that the experience of my institution in this particular is eminently pertinent, and I therefore make bold to cite it. We are to-day exercising trust functions through every one of our 292 offices, spread over 166 cities of California, and, with but a scant half dozen exceptions, every one of our trust men and women have been developed within our own organization. Our trust department is only 12 years old and the major part of its development, both as to business and personnel, has taken place within the last six or seven years. We first chose intelligent men and women who possessed the natural qualities set down among the requirements I have here enumerated, and then we set to work building them up in the qualities or essentials which they lacked but which are readily attainable and acquired through application and study. We have made lawyers out of bankers and bankers out of lawyers, and in not a few instances we have made both bankers and lawyers out of just plain good men and women. My successor as the head of our trust department, was neither a banker nor a lawyer when he first joined our institution in 1918 and entered the trust department in 1920. I had, however, known him at college and had long admired him for his excellent qualities of mind and heart. By dint of application and observation he has proven himself a master in the science of fiduciary service, having served as chairman of the trust section of the California Bankers Association and delegated to represent it at this convention as vice president for California. He has gradually developed an exceptional personnel, ever keeping his organization in step with the growth of our trust business, so that while the department did not begin to show material profits until about seven years ago, he nevertheless kept it "in the black" practically from the very beginning of his administration. He has also, in the interim, personally supervised a systematic campaign of education in the matter of trust company functions, among our directors, advisory board members, general officers and employees throughout the States, and stands ready to-day to intelligently, safely, and efficiently care for, through his splendid department, the ever growing volume of trust business which is being influenced to our institution.

It has been my observation that while some uninitiated bankers are inclined to underestimate the importance of the trust department, more of them are prone to expect too much from it, too soon.

The trust department is in truth a potential gold mine which offers almost inexhaustible possibilities as a profit maker, but it requires much intelligent, painstaking and constructive effort and plenty of patience and cooperation before pay dirt is struck. I offer this out of sympathetic regard for such unfortunate trust officers as there may be in the country to-day whose superior general officers may be a little too restive and unreasonable at times in their expectations of immediate fabulous profits. I have known some managers of trust departments who have been driven, because of this unwarranted clamor for immediate and larger profits, to knowingly accept trusts fraught with the probability of most disastrous liability to the bank. This of course should not be. A bank's first concern in the operation of a trust department should be

to maintain the highest and safest standard of trust service, and this can only be done by carefully scrutinizing every bit of trust business before accepting it, and by careful and expert handling after it has been undertaken.

As to what would be reasonable to expect by way of profits from a trust department, I believe it to be the consensus of men qualified to voice an opinion that normally no profit should be expected for at least the first five years of operation, and that in cases where such a department has been established over a period of years and has succeeded in building up a volume of business, it should attain an operating ratio of at least 50 per cent, so that of every dollar taken in at least 50 cents should represent the net profit to the institution. The potentialities for profit from this source, over the years, may therefore be said to be most encouraging and practically unlimited.

In this day of keener banking competition and the insatiable demand of the public for more and varied gratuitous personal service, it is not only advisable but almost necessary that banks turn to this newly cultivated field of the trust department as a certain and most effective means of restoring narrowing banking profits.

Another intriguing feature of corporate trust service, in addition to the most appealing human side of the business, lies in the fact that the idea of competition is supplanted by the idea of cooperation and that in the trust business there is no competition in the real sense of the term. In other words, every success achieved and work well done in this field by one bank inevitably inures to the benefit and profit of all. This great service needs only to be understood to be appreciated, so that the sooner its message can be spread among our bankers and the public generally, the greater and the more enduring will its importance become.

Let us, therefore, acknowledge the ever-growing importance of the trust department in the modern bank; let us strive to give it its proper place of importance in our institutions. Let us be unflinching in our efforts to hold high the type of our trust personnel and to keep excellent the character of the service rendered; let us resolve to ever put quality above quantity and safety above profits in our pursuit of this most interesting and helpful humanitarian feature of our banking service; let us never fail in our willingness and eagerness to sympathetically cooperate with our trust officers in the discharge of their trying and most important responsibilities; let us not be niggardly in our educational efforts to make the great American people "will conscious" and to bend the public attitude toward "trust mindedness"; and then, and only then, may we hope and confidently expect to reap our reward a thousandfold, a reward not only in dollars and cents, but—what should be of infinitely greater satisfaction to us as the favored recipients of such boundless confidence—in the abiding appreciation and undying gratitude of generations yet unborn.

Mr. BACIGALUPI. Exhibit O comprises two tabulations showing, among other things, that an original investor in one share of Bank of Italy stock in 1904 who exercised all of his rights to purchase additional shares when issued, would have invested, up to and including January 25, 1930, \$54,510 and would now own 3,469 shares of Transamerica Corporation stock (provided he has exercised his privilege to exchange his Bank of Italy stock for Transamerica stock). Figured at the present market value of \$44 per share, his shares would have a value of \$152,636, equivalent to an average cost of \$16 per share, and representing an unbooked profit of \$98,126, or an average profit of \$28 per share. He would further have received dividend payments of \$22,563. The combined profit from appreciation in market value of shares held with dividends received totals \$120,689. This amounts to an average total profit of \$35 per share purchased, equivalent to 219 per cent return for the period on the actual investment, or an average profit of about 9 per cent per year.

(Exhibit O referred to is here printed in full, as follows:)

## EXHIBIT O

Table showing the status on January 25, 1930, of an investor who purchased 100 shares of stock in the Bancitaly Corporation on the date of organization and exercised all his rights to purchase additional shares

Date	Total shares			Shares purchased with rights exercised			Total cash investment	Dividends		
	Number	Approximate market price	Approximate market value	Number	Rate	Cost		Rate	Amount	Total
June 30, 1919	100	\$100.00	\$10,000.00				\$10,000.00			
Dec. 30, 1919								\$3.00	\$300.00	\$300.00
June 30, 1920		105.00	10,500.00					3.00	300.00	600.00
Dec. 31, 1920								3.50	350.00	950.00
June 30, 1921		110.00	11,000.00					3.50	350.00	1,300.00
Dec. 31, 1921								3.00	350.00	1,650.00
June 30, 1922		115.00	11,500.00					3.50	350.00	2,000.00
Dec. 31, 1922								3.50	350.00	2,350.00
June 30, 1923	200	121.00	24,200.00	100	\$115.00	\$11,500.00	121,500.00	4.00	400.00	2,750.00
Dec. 31, 1923								4.00	800.00	3,550.00
June 30, 1924		120.00	24,000.00					4.00	800.00	4,350.00
Sept. 30, 1924								2.00	400.00	4,750.00
Dec. 31, 1924								2.00	400.00	5,150.00
Mar. 30, 1925								2.00	400.00	5,550.00
June 30, 1925		209.00	41,800.00					2.00	400.00	5,950.00
July 3, 1925	229			29	160.00	4,640.00	26,140.00			
July 10, 1925	258			29	185	5,365.00	31,505.00			
Sept. 30, 1925								2.25	580.50	6,530.50
Dec. 31, 1925								5.25	1,354.50	7,885.00
Mar. 30, 1926		387		129	225.00	29,025.00	60,530.00	2.25	580.50	8,465.50
Apr. 10, 1926	1,935	(19)								
June 30, 1926		79.00	152,865.00					.56	1,083.60	9,549.10
Sept. 30, 1926								.56	1,083.60	10,632.70
Dec. 31, 1926	2,056			121	85	10,285.00	70,815.00	.56	1,083.60	11,716.30
Mar. 30, 1927								.56	1,151.36	12,867.66
June 30, 1927	2,467	120.00	296,040.00	411	100.00	41,100.00	111,915.00	.56	1,151.36	14,019.02
July 29, 1927	3,433	90.00	310,770.00	(19)						
Sept. 24, 1927	3,946			(20)						
Sept. 30, 1927	3,946		540,602.00				(9)	.56	1,933.68	15,952.70
Dec. 31, 1927	3,946	137.00						.56	2,209.76	18,162.46
Mar. 31, 1928	3,946							.56	2,209.76	20,372.22
June 30, 1928								.56	2,209.76	22,581.98
Sept. 30, 1928								.56	2,209.76	24,791.74
Oct. 31, 1928	4,946	(21)	(22)							
Nov. 1, 1928	7,4,093	125.00	511,625.00							
Jan. 1, 1929								.56	2,209.76	27,001.50
Apr. 15, 1929		135.00	552,553.00							
Apr. 25, 1929							(3)	1.00	4,093.00	31,094.50
Do.	4,133	(24)	552,555.00				111,915.00	1.00	4,133.00	35,227.50
July 25, 1929	4,133									
Do.	10,4174	145.00	593,485.00				111,915.00			35,227.50
Aug. 23, 1929	4,174	154.00	642,796.00					11,093.00		40,320.50
Sept. 10, 1929	10,435	65.00	678,275.00				111,915.00			40,320.50
Oct. 25, 1929	10,539	65.00	685,036.00				111,915.00			40,320.50
Do.							(14)	.40	4,174.00	44,494.50

<sup>1</sup> 100 per cent increase in capital. Sold 90,000 shares in odd lots to stockholders over varying periods at prices averaging \$115 per share of new stock for each share formerly held.

<sup>2</sup> Dividend changed to quarterly basis.

<sup>3</sup> Christmas dividend \$5.

<sup>4</sup> 1 new share for each 7 held to stockholders of record this date.

<sup>5</sup> This dividend voted on 3,463 shares to stock of record Sept. 15, 1927.

<sup>6</sup> Transamerica conversion, 1 for 1.

<sup>7</sup> Stock dividend 1-40; 1 share of Bank of America for 40 shares Bancitaly Corporation. Later converted into Transamerica stock on basis of 1 share of Bank of America for 1½ shares Transamerica Corporation.

<sup>8</sup> Dividend amount changed to \$1 and date forwarded to Apr. 25, 1929. First Transamerica dividend.

<sup>9</sup> Stock dividend 1-100.

<sup>10</sup> Stock dividend 1-100.

<sup>11</sup> Intercoast warrants issued on basis of 1 for 9 (rights to subscribe to 463 shares on basis of 4,174 shares as of July 25, 1929). Selling price of rights, \$11.

<sup>12</sup> 150 per cent stock dividend on stock of record July 25, 1929. (4,174 shares).

<sup>13</sup> 1 per cent stock dividend on stock as of record Oct. 5, 1929. (10,435 shares).

<sup>14</sup> Dividend changed to \$1.60 on basis of 40 cents per quarter. On stock as of record Oct. 5, 1929.

<sup>15</sup> Stock dividend 1-100.

<sup>16</sup> 25 per cent stock dividend and par reduced to \$25.

<sup>17</sup> 40 per cent stock dividend.

<sup>18</sup> 14½ per cent stock dividend.

<sup>19</sup> Trans-America conversion.

Table showing the status on January 25, 1930, of an investor who purchased 100 shares of stock in the Bancitaly Corporation on the date of organization and exercised all his rights to purchase additional shares—Continued

Date	Total shares			Shares purchased with rights exercised			Total cash investment	Dividends		
	Number	Approximate market price	Approximate market value	Number	Rate	Cost		Rate	Amount	Total
Nov. 5, 1929.....	10960	\$65.00	\$712,400.00	15 421	\$55.00	\$23,155.00	\$135,070.00			\$44,494.50
Jan. 25, 1930.....	10960		712,400.00				135,070.00	\$0.40	\$4,384.00	48,878.50
Do.....	11069	44.00	487,036.00				17 135,070.00			48,878.50

<sup>14</sup> Rights to purchase additional shares of new Transamerica stock to be issued Nov. 20, 1929 to stockholders on record Nov. 5, 1929. Basis of rights 1-25; rate \$55. The value of the stock acquired through exercising these rights is shown as the price prevailing on Sept. 24, 1929.

<sup>15</sup> Stock dividend (1-100).

<sup>17</sup> Average cost per share, \$12.20.

## SUMMARY

Eleven thousand and sixty-nine shares of Transamerica Stock worth \$487,036 have been secured for \$135,070 equivalent to an average cost of \$12 per share, and represents a profit of \$351,966 at the market price of \$44 a share, or an average profit of \$32 per share.

Including the dividend payments of \$48,878.50, the combined profit from appreciation in market value of shares held, with dividends received totals \$400,844.50. This amounts to an average total profit per share purchased of \$36, or 300 per cent for the period. This would average approximately 27 per cent a year.

Table showing the status January 26, 1930, of an investor who purchased one share of stock in the Bank of Italy on the date of organization and exercised all his rights to purchase additional shares

Date	Shares acquired through exercising rights		Total shares acquired to date	Total investment to date	Dividends		Ratio of capital increase
	Number	Cost per share			Rate	Total to date	
Oct. 31, 1904.....			1	\$100.00			
June 30, 1905.....					\$2.50	\$2.50	
Dec. 31, 1905.....	1	\$105.00	2	205.00	2.50	5.00	2-3
June 30, 1906.....					2.50	10.00	
Dec. 31, 1906.....					2.50	15.00	
June 30, 1907.....					2.50	20.00	
Dec. 31, 1907.....					2.50	25.00	
June 30, 1908.....	4	110.00	6	645.00	2.50	30.00	2-1
Dec. 31, 1908.....					3.00	48.00	
June 30, 1909.....					3.00	66.00	
Dec. 31, 1909.....					3.00	84.00	
June 30, 1910.....					3.00	102.00	
Dec. 31, 1910.....					3.00	120.00	
June 30, 1911.....					3.00	138.00	
Dec. 31, 1911.....					3.00	166.00	
June 30, 1912.....					3.00	174.00	
Dec. 31, 1912.....					3.00	192.00	
June 30, 1913.....	1	130.00	7	775.00	3.00	210.00	1-4
Dec. 31, 1913.....					3.00	231.00	
June 30, 1914.....					3.00	252.00	
Dec. 31, 1914.....					3.00	275.00	
June 30, 1915.....	3	130.00	10	1,165	3.00	294.00	3-5
Dec. 31, 1915.....					3.50	329.00	
June 30, 1916.....					3.50	354.00	
Dec. 31, 1916.....					3.50	390.00	
June 30, 1917.....	5	140.00	15	1,865	3.50	434.00	1-2
Dec. 31, 1917.....	10	147.50	25	3,340	3.75	490.25	2-3
June 30, 1918.....					3.75	584.00	
Dec. 31, 1918.....					3.75	677.75	
June 30, 1919.....	5	150.00	30	4,090	4.00	777.75	1-5
Dec. 31, 1919.....					5.00	854.00	
June 30, 1920.....	5	160.00	35	4,890	12.50	1,302.75	1-6
Do.....	10	165.00	45	6,540			2-7
Dec. 31, 1920.....					6.00	1,572.75	
June 30, 1921.....	5	200.00	50	7,540	6.00	1,842.75	1-9
Dec. 31, 1921.....					6.00	2,142.75	
June 30, 1922.....	25	200.00	75	12,540	6.00	2,442.75	1-2
Dec. 31, 1922.....					6.00	2,937.75	
June 30, 1923.....					6.00	3,432.75	

Includes special dividend July 14 of \$7.50.

Table showing the status January 25, 1930, of an investor who purchased one share of stock in the Bank of Italy on the date of organization and exercised all his rights to purchase additional shares—Continued

Date	Shares acquired through exercising rights		Total shares acquired to date	Total investment to date	Dividends		Ratio of capital increase
	Number	Cost per share			Rate	Total to date	
Dec. 31, 1923.....					\$6.75	\$3,939.00	
Mar. 5, 1924.....	6	\$200.00	81	\$13,740			1-15
June 30, 1924.....	6	225.00	87	15,090	6.75	4,445.25	1-13
Dec. 31, 1924.....					7.00	5,034.25	
June 30, 1925.....					7.00	5,663.25	
Dec. 31, 1925.....					7.75	6,337.50	
June 30, 1926.....	12	250.00	99	18,090	8.00	7,035.50	1-7
Dec. 31, 1926.....	24	450.00	123	28,890	9.00	7,924.50	1-4
Mar. 21, 1927.....					4.50	8,478.00	
June 30, 1927.....					1.31	9,122.52	
Sept. 30, 1927.....					1.31	9,767.04	
Oct. 25, 1927.....	123	(*)	615				
Dec. 31, 1927.....					1.50	10,689.54	
Do.....	102	180.00	717	47,250			1-6
Mar. 31, 1928.....					1.50	11,765.04	
May 5, 1928.....							
June 30, 1928.....					1.50	12,840.54	
Sept. 29, 1928.....					2.00	14,274.54	
Oct. 31, 1928.....							
Nov. 1, 1928.....							
Dec. 31, 1928.....							
Apr. 25, 1929.....					2.00	15,708.54	
Do.....					1.00	16,990.54	
July 25, 1929.....							
Do.....					1.00	16,285.54	
Aug. 23, 1929.....							
Sept. 10, 1929.....							
Oct. 25, 1929.....							
Do.....							
Nov. 5, 1929.....	132	55	3,435	54,510	13.40	21,188.54	1-25
Jan. 25, 1930.....					.40	25,562.54	
Do.....							

Average cost per share to stockholder, \$15.71.

\* Quarterly hereafter.

<sup>1</sup> Stock split 4 for 1, per value reduced to \$25.

<sup>2</sup> 25 per cent stock dividend.

<sup>3</sup> Special 50 cents dividend on national Bankitaly profits.

<sup>4</sup> Transamerica conversion, 1½ for 1.

<sup>5</sup> Stock dividend, 1 for 40; a share of Bank of America for 40 shares of Bank of Italy stock. Later converted into Transamerica stock on basis of 1 share of Bank of America for 1½ shares Transamerica Corporation stock.

<sup>6</sup> Dividend changed to \$1 and date forwarded to Apr. 25, 1929.

<sup>7</sup> Stock dividend, 1 per cent.

<sup>8</sup> Intercoast warrants issued on the basis of 1 for 9 (rights to subscribe to 145 shares on basis of 1,308 shares as of July 25, 1929); selling price of rights, \$11.

<sup>9</sup> 150 per cent stock dividend on stock of record July 25, 1929 (1,308).

<sup>10</sup> 1 per cent stock dividend on stock of record Oct. 5, 1929 (3,270 shares).

<sup>11</sup> Dividend changed to \$1.60 on basis of 40 cents per quarter. On stock of record Oct. 5, 1929.

<sup>12</sup> Rights to purchase additional shares of new Transamerica stock to be issued Nov. 20, 1929, to stockholders on record Nov. 5, 1929. Basis of rights, 1-25; rate, \$55.

<sup>13</sup> Stock dividend, 1 per cent.

#### SUMMARY

Three thousand four hundred and sixty-nine shares of stock having a value of \$152,636 at the present market price of \$44 a share have been secured for \$54,510, equivalent to an average cost per share of \$16, and representing a profit of \$98,126, or an average profit of \$28 per share.

Including the dividend payments of \$22,683, the combined profit from appreciation in market value of shares held with dividends received totals \$120,689. This amounts to an average total profit of \$35 per share purchased, equivalent to 219 per cent returned for the period on the actual investment, or an average profit of about 9 per cent per year.

Mr. BACIGALUPI. Exhibit P is a booklet which fully describes the bank's employes' compensation and benefit plans. These plans have had the effect of materially quickening the interest of the bank's employes and have resulted in materially lowering labor turnover, in increased efficiency, and in more general and telling participation in new business activities, and in insuring a more cordial, courteous, and efficient service to the public.

(Exhibit P, referred to, is here printed in full, as follows:)

EXHIBIT P

EMPLOYEES COMPENSATION AND BENEFIT PLANS OF THE BANK OF ITALY,  
NATIONAL TRUST & SAVINGS ASSOCIATION, CALIFORNIA

INTRODUCTION

When the Bank of Italy opened its doors for business in 1904, it began a banking career which has proved to be one of the most noteworthy in the history of American finance.

Guided by the principles so clearly laid down by its founder, A. P. Giannini, the bank has avoided "entangling alliances"; and its officers and employees, refraining from all outside interests, have "kept clean, kept clear, and attended solely to the business of banking." It is only fitting, therefore, that on the twentieth anniversary of its founding, the bank should add to its previous plans for the advancement of its employees' interests, a plan designed to perpetuate and still further to encourage and reward that whole-souled loyalty to the welfare of the bank upon which its success has been founded.

With the remarkable results of these policies, as evidenced by the growth of the bank and reflected in the character of its service, every one has long since become familiar. Very little is known, however, of what the bank is doing to perpetuate and encourage these policies and at the same time give to employees the widest possible opportunities and privileges. One of the most important aspects of this phase of the bank's activities is found in the development of the various plans for employees printed in this booklet.

In the development of these plans the board of directors has been mindful not only of the welfare of its employees—it has been mindful of the welfare of the stockholders and of the public as well. It has been the experience of the board that whatever benefits and rewards employees stimulates a desire on their part to effect economies in operation, to increase efficiency, and to give better service to the public. It is, therefore, not as an act of philanthropy but rather as a sound economic move for the benefit of all concerned that the bank has inaugurated its various plans for employees. More particularly are these purposes served by the last of these plans, which adds to the employee's normal compensation, a share in the capital stock of the bank, the size of which depends upon the faithfulness with which he serves the bank, his frugality, and his effort, (combined with those of his fellows) in increasing the net receipts of the bank or in decreasing its cost of operation.

For this reason, the plan is put forward not as profit-sharing, but rather as a plan of employee compensation—over and above normal salaries—to be used by employees in acquiring an ever-increasing share in the ownership and control of the bank. Employees are thus put in a position to capitalize their efforts in behalf of the bank and build themselves up to a position it would otherwise be impossible for them to attain.

That in the working out of this plan stockholders would be benefited has been frankly granted. That is only fair and that the stock they acquire shall have an increasing value is as important to the employee stockholder as to any other. For this reason, it was decided that after deducting from the net receipts of the bank all operating expenses, all normal dividends, and all proper reserves for depreciation, taxes, and insurance, 40 per cent of the remaining net receipts should be used as a fund to purchase stock for employees, and to meet the expense of administering this and other plans for employees.

In considering the way in which the above sum could be distributed most fairly, it was suggested by employees who were consulted on the plan, that it should be in proportion to such contributions as employees themselves wished to make for the purchase of stock. It was felt that employees would acquire stock more rapidly if they added their own savings, and that it would be quite appropriate for the bank to distribute the fund in proportion to these savings. This, however, did not meet all the requirements of the board of directors who wished to bring everyone into the plan irrespective of what he could afford to contribute. It was therefore decided that while employees would be allowed to contribute a percentage of their salaries as savings for the purchase of stock, and would have such savings increased by proportionate contributions of the bank from the fund, the bank would also pay to every employee who received less than \$6,000 a year, a sum based upon his salary and length of service, called "extra compensation,"

which would operate as the employee's minimum contribution, must as if made by the employee himself. The bank's contribution of extra compensation could then be increased by the employee up to a maximum amount determined by his salary and length of service. Since those with a small salary and with dependents would find it harder than others to exercise this latter privilege, it was further decided that, in the case of a married employee with children who receives less than \$2,400 per year, the bank will add to such employee's extra compensation, for each dependent child, an amount equal to 15 per cent of the sum of his extra compensation and such additional contribution as he has made himself. There is a maximum limit in this provision of 45 per cent of the sum of such extra compensation and additional employee contribution.

The fund remaining after deducting extra compensation is termed "Special Compensation" and is to be prorated among employees in proportion to their contributions to the savings provision of the plan, no matter whether such contributions are the result of extra compensation contributed by the bank, percentage of salary contributed by the employee, or the sum of these two contributions.

Thus arose the three main features of the plan: Extra compensation, savings provision, and special compensation. These features are the essence of the plan. For the rules concerning their administration, the percentages paid as extra compensation, the amount employees may contribute, the methods of prorating special compensation, the manner in which stock is held and acquired, and for other necessary provisions, the plan itself must be consulted.

From the combination of these three features comes the incentive of the employee to find in the development of the bank his own best development. Through the operation of the plan, the employee acquires stock by doing what every other person does who builds a business for himself—that is, by devoting his time to it, by increasing the value of his services, by contributing his money, and finally by helping increase the profits of the bank; for it is by doing all of these things that he is enabled, under the plan, to acquire an ever-increasing share in the ownership and control of the bank.

The plans for employees, other than the compensation plan, have been in operation for some time, and employees are familiar with them. The full text of these plans is also published in this booklet, in order that employees may have a complete knowledge of the opportunities and advantages available to them. All the plans express the settled policy of the bank to build the organization by and for its own employees—a policy that has resulted in rapid advancement from within, and which means the development of employees to positions of ownership and financial independence as fast as circumstances make possible.

#### EMPLOYEES COMPENSATION PLAN

(Adopted October 14, 1924; effective January 1, 1925; amended to January 1, 1927)

The uniform practice of the bank has been to require employees to devote all of their time and energy exclusively to the welfare and advancement of the interests of the bank, without emoluments or fees other than the regular compensation paid by the bank. To insure the perpetuation of this practice, to provide a method of compensation for employees which will stimulate a desire on their part to effect economies in operation and to increase efficiency, to encourage employees to become part owners in the bank, and to reward saving by employees, the bank has adopted the following plan of compensation.

This plan has three provisions: (1) Extra compensation; (2) savings provision; (3) special compensation.

1. *Extra compensation.*—Each employee now or hereafter in the continuous employ of the bank, and receiving a total fixed salary of less than \$6,000 for the calendar year, shall be entitled to extra compensation consisting of a percentage of his salary based upon length of service, as follows:

The minimum percentage shall be 5 per cent, and shall apply to the employee up to and until the end of the first full calendar year of continuous employment. Thereafter, the percentage of extra compensation shall be increased by 1 per cent for and during each full calendar year after the completion of the first full calendar year of continuous employment, until a maximum of 10 per cent of the current year's salary is received. After that, it shall continue at the rate of 10 per cent.

Any employee who shall not remain in the continuous employ of the bank for at least one full calendar year shall not be entitled to extra compensation. Employees who do so remain in the employ of the bank shall be credited on Janu-

ary 1 following the first full calendar year of continuous employment with extra compensation equal to 5 per cent of the salary theretofore paid to the employee, and extra compensation shall not be credited prior thereto.

After the first full calendar year of employment, the extra compensation shall be credited to the salary of the employee semiannually on January 1 and July 1, but shall be retained by the bank and paid out only through the operation of the savings provision hereinafter mentioned, provided that an employee after becoming entitled to credit of extra compensation at the rate of 10 per cent for one year may receive such portion of the extra compensation in excess of 3 per cent of his average semiannual salary as he shall in writing direct. Said sums shall be paid to him semiannually.

For the purpose of fixing extra compensation, continuous service with an institution absorbed by the bank shall be considered as employment with the bank.

*II. Savings provision.*—The bank shall deduct from the salary of every employee as often as his salary is payable, not less than 3 per cent nor more than 10 per cent of the salary, plus 1 per cent of the salary additional for and during each full calendar year after the completion of the first full year of continuous employment, but in no event in excess of 30 per cent. The sums so deducted shall be paid forthwith to the trustee hereinafter mentioned.

The percentage to be deducted from the salary shall be fixed as follows:

(a) In the case of employees who are credited with extra compensation (i. e. those who receive a salary of less than \$6,000 per annum), the minimum percentage to be deducted shall be the amount of such extra compensation, and said minimum deduction shall be made from the extra compensation at the time it is credited; provided, that in the case of employees who have been entitled to credit of extra compensation at the rate of 10 per cent for one year, the minimum to be so deducted thereafter may be reduced at the option of the employee to not less than 3 per cent of the salary. The maximum which may be deducted at the option of any employee shall be 10 per cent of the salary plus 1 per cent of the salary additional for and during each full calendar year after the completion of the first full calendar year of continuous employment, but any amount so deducted in excess of the extra compensation prior to the end of the first full calendar year of continuous employment shall be paid to the employee if his employment is terminated prior to said date. The extra compensation percentage shall be counted as part of the maximum which may be deducted.

(b) In the case of employees who are not credited with extra compensation (i. e., those who receive a salary of \$6,000 or more per annum), the minimum percentage to be deducted shall be 3 per cent of the salary, and the maximum which may be deducted at the option of the employee shall be 10 per cent of the salary plus 1 per cent of the salary additional for and during each full calendar year after the completion of the first full year of continuous employment. Any sums deducted prior to the end of the first full calendar year of continuous employment shall be paid to the employee if his employment is terminated prior to said date.

For the purpose of fixing the percentages under the savings provision, the employment of an employee shall date from the time of entering the employ of the bank; or in the case of employees of institutions absorbed by the bank (including purchase of a majority of the capital stock of such institutions for the benefit of the bank), employment shall date from the date of acquisition of such institutions.

On request, employees must demonstrate to the bank their financial ability to pay the amount of the optional deduction from their salary.

In the case of a married employee with children, who is receiving a salary of less than \$2,400 per year, the bank, after application to it through its executive committee and investigation of the merits of the case, will increase the amount of such employee's extra compensation, as follows: For each dependent child under 18 years of age there shall be added 15 per cent of the extra compensation and optional deduction paid to the trustee under the savings provision; but this sum is not to exceed a maximum of 45 per cent of the extra compensation and optional deduction paid to the trustee under the savings provision. The additional sum so provided shall be paid to the trustee under the extra compensation provision.

*III. Special compensation.*—The bank will pay to the trustee semiannually, on or about January 1 and July 1 of each year, beginning July 1, 1925, as special compensation to employees, upon the terms herein provided, a sum equal to 40 per cent of the current net receipts of the bank of Italy National Trust & Savings Association and National Bankitaly Co., (estimated separately), for the semiannual period then ended, less the sums provided for employees' benefits.

The current net receipts for the purpose of this plan shall be determined as follows:

From the receipts for the semiannual period then ended, there shall be deducted:

1. All operating expenses, interest, taxes, commissions, and charges of every kind and character during said period.
2. Deductions for reserve or contingent funds, or for any other purpose which the board of directors or executive committee may direct.
3. The regular or special dividends declared or paid during said period.
4. Any profits realized during said period upon any assets owned on December 31, 1924, which at said date were not carried upon the books, or which were carried upon the books at substantially less than their actual value.

There shall be charged to this 40 per cent of said current net receipts all sums paid or set aside during said period for employees' benefits now or hereafter in operation either under this plan (excepting fixed and special compensation), or otherwise.

The balance shall be paid to the trustee, and all except such reserves as the trustee may deem it necessary to set up to cover extra and special compensation of employees not entitled to credit for said extra and special compensation (i. e., employees not having completed their first full calendar year of service), shall be prorated to the credit of the respective employees having one full calendar year or more of service, in proportion to the respective sums paid to the trustee for the credit of said employees under the provisions of the extra compensation and savings provision during said period.

Upon the completion of the first full calendar year each employee shall receive credit for extra compensation as hereinbefore provided, and a prorata of special compensation on the total savings deduction and extra compensation then standing to his credit at the average rate that has prevailed during the preceding three semiannual periods for the distribution of special compensation. In figuring such average rate, amounts smaller than 1 per cent shall be dropped.

Each employee shall also receive, as his prorata of the profit or loss arising from the increase or decrease in the value of the stock purchased with funds reserved for credit to him upon the completion of his first full calendar year, a credit or a debit equal to the average increase or decrease in the value of the stock purchased with the funds in the hands of the trustee during the three preceding semiannual periods. This credit for debit shall be figured as a percentage of the total amount, before posting interest, standing to his credit upon the completion of his first full calendar year. Amounts smaller than 1 per cent shall be dropped.

*IV. Application of funds by trustee.*—All sums paid to the trustee shall be applied by the trustee semiannually (following the receipt of the payment of extra and special compensation), in the acquisition of capital stock of the Bank of Italy National Trust & Savings Association (together with such beneficial interest in the stock of National Bankitaly Co. as shall be appurtenant thereto) at a price which shall be fixed semiannually by the board of directors and the trustee, said price to be substantially the market price. In the event of a disagreement, the price shall be fixed by a majority of a board consisting of a representative of the board of directors, a representative of the trustee, and a third person, selected by the two.

Each employee shall be credited on the books of the trustee with the nearest number of full shares which can be purchased for him at the price set. Any excess over the sum required for the purchase of the nearest number of full shares shall be used by the trustee, together with similar excesses as to other employees, in the acquisition of capital stock of the Bank of Italy National Trust & Savings Association, and upon the receipt of the succeeding semiannual payment of extra and special compensation, the trustee shall credit to or deduct from each employee as to whom there has been any such excess, a sum equal to his pro rata participation in the profit or loss arising from the purchase of said stock. The profit or loss arising from the purchase of said stock shall be deemed to be the difference between the price then fixed for stock as provided in the preceding paragraph and the price fixed for stock at the succeeding semiannual date. All dividends on said stock shall be credited to employees in proportion to their interest therein. In prorating profit and loss and dividends no account shall be taken of fractions of less than 1 per cent.

The dividends (except stock dividends) accruing upon stock purchased by the trustee shall be paid by the trustee to the respective employees in accordance with their respective interests therein. Stock dividends shall be held by the trustee and carried to the account of the respective employees.

In the event stockholders of the bank are given the right to subscribe to additional shares of its capital stock, the employee shall have the right to purchase

said shares in proportion to the number of shares then held by the trustee to his account (not including shares represented by trust certificates) by delivering to the trustee, 20 days prior to the termination of said right to subscribe, a sum sufficient to purchase said shares, and said shares so purchased shall be delivered to said employee. Upon a failure of an employee to exercise said right to subscribe, the trustee shall have the right in its individual capacity to subscribe for and purchase said shares and upon said purchase the said shares shall be the individual separate property of the trustee.

The employees shall not be entitled to receive any of the sums paid to the trustee except upon the terms provided in this plan, but the same, and the stock purchased thereby, shall be carried upon the books of the trustee to the account of the respective employees, subject only to application and disposal as herein provided for.

The full and complete voting power on all stock acquired and held by the trustee under this plan shall be vested in the trustee.

V. *Delivery of trust certificates and certificates of stock.*—After January 1, 1925, upon the termination of 10 calendar years of employment, net stock which has been acquired by the trustee for the account of an employee under the provisions of this plan, shall forthwith be held by the trustee under a trust, the provisions of which are found in that certain agreement of trust, dated as of October 14, 1924, between the bank, the trustee, and employees of the bank, which agreement is incorporated in this plan and is a part hereof. A duplicate original of said agreement is on file in the office of the trustee and is open to inspection at any time. The trustee shall forthwith deliver to the employee a trust certificate evidencing his ownership in said shares of stock, subject to the provisions of said agreement. Said agreement provides that the voting power of said stock is vested in the trustee under said agreement, and that at the termination of 10 years after the issuance of the trust certificate the trust as to the shares represented thereby shall terminate, and the shares shall be delivered to the holder of said trust certificate. The certificates held or delivered under the trust shall not be sold or transferred without 10 days' prior written notice thereof being given to the trustee, during which period the trustee shall have the option of purchasing said certificate and the shares represented thereby, at the average price per share at which the trustee has acquired shares under the provisions of the plan during the preceding semiannual period, or in the event no shares have been so acquired, then at a price determined by a board appointed in the manner provided in section IV hereof.

Employees who have been on January 1, 1925, for 10 calendar years or more in the employ of the bank, or who thereafter attain such length of service, shall be entitled (after January 1, 1925, or after attaining such length of service, as the case may be), on the termination of each semiannual period, to the trust certificate herein provided for, for the stock which has been purchased for the account of said employee under the provisions hereof; and the date upon which the trust as to such certificate shall terminate, shall be 20 years from the first of the calendar year following the date upon which such employee entered the employ of the bank, as determined under the savings provision.

Employees who have been on January 1, 1925, for 20 calendar years or more in the employ of the bank, or who thereafter attain such length of service, shall be entitled (after January 1, 1925, or after attaining such length of service, as the case may be), on the termination of each semiannual period, to a certificate of stock covering the shares which have been purchased during said period for the account of said employee under the provisions hereof, free and clear of any trust.

VI. *Termination of rights.*—The rights of the employee under the plan shall terminate as follows: (A) Discharge for cause; (B) discharge without cause, employee coming under pension plan, death; (C) resignation.

(A) *Discharge for cause.*—In such event, the trustee shall pay to the employee in full and complete discharge of all of his rights under this plan, and in the property in the hands of the trustee, the sums actually contributed by the employee out of his salary, which are still in the hands of the trustee (i. e., for which no trust or stock certificates have been issued), with interest thereon at the rate of 4 per cent per annum up to the last semiannual period on any amounts paid prior thereto upon which no dividend has been paid, and such employee shall receive nothing on account of extra and special compensation; provided, that if the bank has suffered a loss on account of any dishonest or negligent act of the employee, then so much of the sum to which the employee would otherwise be entitled shall be paid to the bank as is necessary to make good such loss. The extra and special compensation or the proceeds thereof to which the discharged

employee would otherwise be entitled at the time of severance, shall be held by the trustee, and prorated among the other employees in the same manner as the succeeding credit of special compensation is prorated. Discharge for cause shall include discharge by reason of disloyalty, dishonesty, immorality, insubordination, negligence, or any similar cause.

(B) *Discharge without cause, employee coming under pension plan, death.*—In any such event, there shall be delivered to the employee, or his nominee, or the beneficiaries under his will, or his heirs, in full and complete discharge of all his rights under this plan and in the property in the hands of the trustee, the stock which has been purchased for the account of said employee under the provisions of this plan, plus any unexpended sums for his account in the hands of the trustee, and less all sums or stock or trust certificates theretofore paid or delivered to the employee by the trustee; provided, that the trustee at its option may in lieu thereof pay to the employee or his nominee or the beneficiaries under his will or his heirs, the value of said stock based on the price per share last fixed for the purchase of stock under this plan, whereupon all rights of the employee (or his nominee, or the beneficiaries under his will, or his heirs) under this plan and in the property in the hands of the trustee shall terminate; provided further, that special and extra compensation benefits shall cease to accrue from the first of the semiannual period of the severance.

In no case shall an employee who is discharged from the service of the bank, i. e., leaves the service for some cause other than voluntary resignation, have any right to be considered under the classification, "Discharge without cause," except in the event of death, availability for pension under this pension plan, or disability acquired while in the service of the bank as a permanent employee in good standing. In all other cases where an employee is discharged and where the cause of reason for such discharge is not of such a nature as to warrant forfeiture of the employee's extra and special compensation, as provided in VI-A, "Discharge for cause," the executive committee may, at its discretion, fix the terms of payment and the amounts due each employee under this plan. Payments to employees may be made immediately or at some time subsequent to the date of discharge, but not to exceed one year, at the discretion of the executive committee. Payment may not be, except in cases judged by the executive committee to be for some special reason worthy of it, in amounts or stock exceeding what would be payable or deliverable to the employee in case of voluntary resignation. The decision of the executive committee shall be final in all cases of discharge, and upon receipt of the cash or stock, as authorized by the executive committee, the interest of the discharged employee in the plan and in the property in the hands of the trustee shall terminate.

(C) *Resignation.*—In such event, there shall be paid or delivered to the employee 12 months after the resignation becomes effective, in full and complete discharge of all of his rights under this plan and in the property in the hands of the trustee, a sum equal to the amounts theretofore paid to the trustee by or for the benefit of said employee on account of extra compensation, savings, and special compensation, less all sums and stock and trust certificates theretofore paid or delivered to the employee by the trustee; or in lieu thereof, at the trustee's option, the said stock and unexpended sums held for his account may be delivered to him, provided that extra and special compensation shall cease to accrue from the first of the semiannual period in which the employee resigns.

If the employee shall resign prior to the completion of his first full calendar year of employment, then the sums deducted from his salary under the savings provision hereof shall be paid to him when his resignation becomes effective.

VII. *General provisions*—(A) *Those entitled to benefits of plan.*—All employees of the Bank of Italy National Trust & Savings Association and Stockholders Auxiliary Corporation, and of such other corporations, associations, firms, and businesses as the boards of directors of these corporations shall determine to be associated institutions (which are herein collectively referred to as the "Bank"), who remain in the employ thereof for at least a full calendar year are entitled to the benefits of this plan with the exception of:

(1) Employees excepted by resolution of the executive committee; (2) part-time employees; (3) employees eligible to or receiving pension benefits; (4) Mr. A. P. Giannini, the author of the plan and for that reason, at his request, excluded from participation in its benefits.

Employment for the purpose of this plan shall be computed from the first day of the first month of continuous employment, if the first day of actual service is on or before the fifth day of the month, otherwise it shall date from the first of the calendar month next succeeding.

Absence on military service in the World War shall not be deemed an interruption in employment.

The term "employee" shall include the officers of the bank.

(B) *Not assignable.*—The interest of the employee under this plan shall not be grantable, transferable, or otherwise assignable by the voluntary or involuntary act of the employee, or by operation of law, nor be liable or taken for any debt, liability, or contract of any employee, except as herein otherwise provided.

(C) *Termination.*—This plan may be modified, amended, or terminated at any time by resolution of the board of directors, which shall also have power to interpret and apply the provisions hereof and supply any deficiencies therein. No employee participating hereunder shall have any vested right or interest in the continuance of the said plan.

(D) *The trustee.*—The trustee shall be the Bancitaly Corporation, or such successor as the board of directors may hereafter from time to time appoint.

The trustee shall not be responsible for anything save its gross negligence or willful neglect. It shall not be under any duty to segregate or keep separate the moneys or properties held hereunder, and its investment of said moneys and properties shall not be limited to those ordinarily approved for trust investment, nor shall it pay any interest upon the same save as herein specifically provided. Up until such time as a trust certificate for the shares is delivered under the provisions of Section V of the plan, the trustee shall be the absolute owner of all shares of stock acquired by it under the plan, with all the rights incident to absolute ownership; and up to the delivery of said trust certificate the right and interest of the employee shall be that of a party to a contract only, which, when fully performed and completed, and not before, will entitle said employee to the payment or delivery herein provided for. It is contemplated that the trustee will use under this plan, shares of stock in its possession at the time of the adoption of this plan, and also shares which it may acquire in the future before funds are in its hands available for the purchase of additional stock under this plan. In every such case, the trustee shall be entitled to use the said shares under this plan and shall thereupon be credited in its individual capacity with the value of said shares so used, as said value is fixed in accordance with the provisions of this plan.

(E) *Loans.*—In the absolute discretion of the trustee, a loan or loans may be made to an employee in cases of necessity, to be secured by the interest of the employee under this plan, but so long as such employee is indebted to the trustee he shall not be entitled to any special compensation, except to the extent that his optional deduction from salary and extra compensation for the then current period shall exceed the amount of any loan made by the trustee.

(F) *Miscellaneous.*—Length of service and date of employment, for all purposes of this plan, except for fixing the rate of extra compensation, shall be computed in accordance with the definitions contained in the savings provision hereof.

The terms "Boards of Directors" and "Executive Committee" as used herein shall mean the board of directors and the executive committee of the Bank of Italy National Trust & Savings Association.

#### SICKNESS DISABILITY BENEFITS

All employees of the bank, after four months of continuous service, shall be entitled to receive sickness disability benefits during periods of physical inability to work by reason of sickness or accidental injury, except when due to illegal cause, immoralities, or unprovoked encounter, under the following plan:

Each employee absent because of illness as defined above, will continue to receive his full salary during the continuation of said absence, provided the period of such absence does not exceed one-sixteenth of the entire period of previous continuous employment, and is justified by the submission of a doctor's certificate. In cases of absences of not more than two days, the personnel department may waive the requirement of a doctor's certificate. If the term of absence under this plan shall exceed a period of 30 days, the provisions of this plan become inoperative, except that in justifiable cases the executive committee may allow full benefits.

If between any two periods of sickness or disability there is not a lapse of at least four months, the second said sickness shall, for the purpose of this plan, be considered a continuance of the first.

In computing the period of such service at any time, the term of any previous absence will be deducted from the full term of employment; however, absence on account of military service incident to the World War shall, for the purposes of this plan, not be considered as an interruption in employment.

## SERVICE DEFINED

Service with any bank heretofore or hereafter acquired by the Bank of Italy National Trust & Savings Association shall, for the purposes of this plan, be considered as employment in the service of the Bank of Italy National Trust & Savings Association.

This bank reserves the right to alter, amend, or suspend any of the provisions of this plan in part or in their entirety at any time without notice in so far as they apply to any specific employee or group of employees.

This plan, in its application to any particular employee, will automatically cease to operate immediately upon his death.

## VACATIONS

The vacation period for the employees of the Bank of Italy National Trust & Savings Association is from March 15 to September 15 of each year, and all employees whose term of service falling within this period is one year or more are allowed two week's vacation.

To those whose term of service within this period is six months or more, but not one year, one week's vacation is allowed.

Otherwise, no vacations are permitted, except by special arrangement with the personnel director.

Mr. BACIGALUPI. Exhibit Q is Neal's California banking chart as of December 31, 1929, which discloses the name and location of all banks open in California on that date. This is supplied so that your committee may form a clearer concept of the competitive banking situation which prevails in California to-day.

(Exhibit Q is not printed but held in committee room for reference.)

Mr. BACIGALUPI. Exhibit R is a collection of testimonials commendatory of branch banking gathered by the bank's supervisors throughout California. They are respectfully submitted for what value or importance you may deem to attribute to them. The name and address of the person interviewed is given in each instance and we have felt that perhaps some of the statements made may contain at least the germ of a new thought or point of view.

(Exhibit R is not printed but held in committee room for references.)

Mr. BACIGALUPI. Exhibit S shows the earnings of Bank of Italy and National Bankitaly Co. from 1921 to 1929, inclusive.

(Exhibit S, referred to, is here printed in full, as follows:)

EXHIBIT S  
Bank of Italy National Trust & Savings Association

	1921	1922	1923	1924	1925	1926	1927	1928	1928
<b>GROSS EARNINGS</b>									
Discount interest on loans.....	\$7,202,217.63	\$8,937,923.51	\$11,424,339.51	\$13,199,644.84	\$13,779,704.61	\$15,615,916.00	\$24,141,779.34	\$26,509,248.43	\$27,445,781.49
Interest from other banks.....	1,151,844.59	1,111,624.73	1,017,794.26	1,185,496.91	1,186,502.53	1,388,499.02	1,148,977.96	1,765,409.75	1,735,083.72
Interest on investments.....	1,815,612.18	2,270,855.54	2,759,703.89	3,268,654.28	4,611,464.32	5,094,205.23	7,346,208.13	10,048,562.50	10,538,561.39
Exchange.....	228,388.09	206,633.72	184,244.20	197,083.12	286,437.26	309,437.26	309,437.26	1,731,847.78	1,863,847.84
Rents (net).....	258,922.05	334,228.44	334,228.44	334,228.44	334,228.44	1,333,483.12	1,498,006.09	2,001,626.87	2,476,380.52
Other income.....	497,444.12	324,822.47	505,305.98	1,007,464.14	548,871.82	758,026.32	1,775,757.14	2,001,626.87	2,476,380.52
Bad debt.....									
Loss on investment.....	530,362.76	476,817.81	437,326.71	1,336,677.23	2,284,692.80	1,308,314.90	7,027,100.07	5,886,567.03	5,390,901.40
Trust department.....	76,350.41	46,153.48	122,885.64	114,240.14	87,739.66	82,628.45	272,763.17	626,542.67	779,365.87
Sale of real estate.....	8,814.99	30,524.69	3,891.15		285,103.82				
<b>Total.....</b>	<b>10,794,226.82</b>	<b>12,880,914.30</b>	<b>15,704,108.75</b>	<b>20,095,917.88</b>	<b>22,920,701.66</b>	<b>24,408,055.09</b>	<b>42,046,924.61</b>	<b>46,122,355.80</b>	<b>48,428,892.81</b>
<b>LESS OPERATING EXPENSES AND TAXES</b>									
Expenses.....	3,747,783.69	5,187,089.08	6,321,528.28	6,901,696.87	7,224,649.91	7,883,159.36	13,290,065.51	15,839,921.80	14,487,433.38
Interest paid on deposits.....	3,610,164.56	4,751,340.01	6,060,522.22	7,764,138.70	8,891,649.34	10,051,320.13	14,960,278.99	15,949,767.38	17,416,000.30
Interest on bills payable and rediscounts.....	421,107.35	128,723.45	275,612.89	29,719.41	228,472.37	277,973.01	506,956.32	1,078,897.37	969,150.33
Taxes.....	298,500.00	433,915.29	399,000.00	483,412.17	582,109.55	622,588.70	922,981.45	1,650,081.62	1,244,731.46
<b>Total.....</b>	<b>8,077,555.90</b>	<b>10,801,068.73</b>	<b>13,086,563.39</b>	<b>15,178,967.15</b>	<b>16,926,841.17</b>	<b>18,904,991.20</b>	<b>29,750,282.27</b>	<b>34,518,668.17</b>	<b>34,146,431.47</b>
<b>Net earnings.....</b>	<b>2,716,670.92</b>	<b>2,379,845.57</b>	<b>3,617,545.36</b>	<b>4,916,950.73</b>	<b>5,993,859.49</b>	<b>5,503,063.89</b>	<b>12,896,642.34</b>	<b>11,603,687.63</b>	<b>14,277,151.34</b>
<b>Special Items:</b>									
Depreciation.....	4,614.09	161,152.39	266,039.94	464,080.64	594,001.28	500,822.98	1,289,615.93	1,784,270.16	1,569,651.15
Losses.....	228,346.76	424,573.18	396,203.98	474,103.09	318,441.03	375,868.83	1,118,833.42	1,036,447.15	1,449,833.93
Goodwill.....	298,047.11	188,650.00	184,265.28	238,728.91	850,461.69	869,482.12	615,754.72	4,300,000.00	1,502,358.85
Contingent liabilities.....	128,000.00	1,500,000.00	1,684,843.75	1,694,843.75	1,736,750.00	2,212,708.33	4,103,332.31	6,000,000.00	6,000,000.00
Dividends.....	1,140,000.00	2,599,154.63	2,066,119.89	2,846,922.63	7,985,078.89	4,049,882.26	7,771,615.12	13,124,717.31	11,878,329.57
<b>Total.....</b>	<b>1,974,156.15</b>	<b>3,769,336.09</b>	<b>3,093,438.84</b>	<b>4,094,744.42</b>	<b>12,365,381.65</b>	<b>11,752,762.42</b>	<b>25,670,007.13</b>	<b>23,960,727.20</b>	<b>23,368,290.47</b>
<b>Included in undivided profits.</b>									
Balance forwarded from previous period.....	1,738,509.68	2,510,724.45	2,321,415.39	3,327,840.86	5,398,008.96	3,555,940.59	5,293,122.22	10,394,119.44	8,872,119.76
<b>Undivided profits at end of period.....</b>	<b>2,516,724.45</b>	<b>2,221,415.39</b>	<b>3,327,840.86</b>	<b>5,398,008.96</b>	<b>8,735,940.39</b>	<b>7,269,122.22</b>	<b>10,394,119.44</b>	<b>8,872,119.76</b>	<b>11,271,350.23</b>
Surplus.....	2,500,000.00	2,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	20,000,000.00	27,650,000.00	45,000,000.00	45,000,000.00
Capital.....	10,000,000.00	15,000,000.00	15,000,000.00	17,000,000.00	17,000,000.00	20,000,000.00	27,650,000.00	50,000,000.00	50,000,000.00

## National Bankitaly Co.

	1921	1922	1923	1924	1925	1926	1927	1928	1929
GROSS EARNINGS									
Discount.....		\$2,302.26	\$5,545.88	\$838.74	\$959.37	\$1,090.05	\$578.97		
Interest on loans.....	\$55,117.76	130,892.37	162,431.59	237,749.00	518,156.63	671,536.31	1,620,272.40	\$2,687,038.78	
Interest on investments.....				21,302.55	14.79	212,446.08	501,538.66	1,698,303.59	
Commissions.....		2,494.95	3,075.77	54,372.55	60,771.53	146,694.03	138,007.88	29,129.98	
Other income.....	2,802.14	4,414.41	17,239.71	29,572.55	271,187.47	94,047.26	64,242.59	158,307.12	
Interest and income on real estate.....	58,255.74	35,561.77	142,217.06	28,276.75	77,187.47				
Dividends received.....	232,567.17	414,152.59	265,240.66	166,410.77	213,534.78	77,356.32	870,682.38	508,217.39	
Profit on investments.....	95,123.87	3,492.10	178,065.69	628,241.36	852,925.97	1,076,945.14	9,940,307.20	2,738,545.40	\$10,270,642.89
Total.....	443,886.68	993,280.58	907,768.56	1,456,314.58	1,984,135.45	2,872,208.81	13,920,119.23	13,043,374.14	10,270,642.89
LESS OPERATING EXPENSES									
Expenses.....	35,324.81	43,324.40	50,863.47	43,010.64	298,093.88	384,622.99	593,694.28	648,298.64	
Interest.....	155,200.63	276,415.76	34,058.13	230,210.10	948,395.17	948,522.69	669,395.17	258,525.58	
Taxes.....	6,707.53	12,723.86	33,483.72	64,761.25	123,001.93	2,828.91	1,425.62	1,521,334.54	
Losses.....	33,066.16	148,400.53			317,436.99	18,398.04	6,165.29	121,171.03	25.00
Total.....	230,305.13	479,875.55	138,405.32	336,981.39	823,667.67	1,204,392.44	1,250,500.36	2,543,389.19	25.00
Net earnings.....	213,581.55	513,385.03	769,363.24	1,119,333.19	1,160,467.78	1,667,876.37	12,669,528.87	10,499,984.95	10,270,617.89
Special Items:									
Depreciation.....			33,225.65						
Employees compensation.....					100,000.00	27,782.00	57,000.78		
Stock dividend.....					133,676.49	94,558.18	965,930.89		
Carried to contingent.....							3,000,000.00		
Goodwill.....							93,054.99		
Transferred to B. of I.....							1,336,370.14		
Carried to surplus.....		200,000.00					1,690,000.00		
Dividends.....		90,000.00	352,500.00	612,500.00	787,500.00	1,073,958.33	2,426,500.00	8,000,000.00	6,000,000.00
Total.....		290,000.00	385,725.65	612,500.00	1,226,176.49	1,201,208.51	10,402,565.30	10,202,456.41	4,270,617.89
Increase in undivided profits.....		223,385.03	383,637.39	506,893.10	65,708.71	466,577.86	2,266,963.37	297,528.54	
Balance forward from previous report.....	7,530.97	221,092.52	444,477.55	828,115.14	1,384,948.33	1,269,239.62	1,735,817.48	4,002,781.05	4,300,300.59
Total undivided profit end of period.....	221,092.52	444,477.55	828,115.14	1,334,948.33	1,269,239.62	1,735,817.48	4,002,781.05	8,300,300.59	8,570,927.48
Surplus.....	1,800,000.00	4,000,000.00	5,800,000.00	7,800,000.00	27,800,000.00	27,800,000.00	63,050,000.00	63,050,000.00	63,050,000.00
Capital.....	1,000,000.00	1,500,000.00	1,500,000.00	1,750,000.00	1,750,000.00	2,000,000.00	15,000,000.00	20,000,000.00	20,000,000.00

Mr. BACIGALUPI. We pass now to a hurried reference to and general description of Bankitaly Corporation, which is the second column of Chart 1 (printed at p. 1350).

In 1918, as will be noted on the right of Chart No. 1, Bankitaly Corporation was incorporated under the laws of the State of New York, with an original authorized capital of \$5,000,000. This company was organized pursuant to repeated requests of Mr. A. P. Giannini by many Italians and Americans of Italian origin residing in New York, who were desirous of duplicating in that great financial metropolis of the nation, the success of a bank operated—in so far as might be permitted by the laws of that State—along the general lines and pursuant to the general policies of the Bank of Italy in California. Mr. A. P. Giannini was president of Bankitaly Corporation from the date of its incorporation to the day of its dissolution in 1928. Shortly after its incorporation it acquired the control of the East River National Bank of New York.

In 1924 Bankitaly Corporation acquired the Commercial Trust Co. of New York, which institution, after having been concerted into a national bank was, in the same year, merged with the East River National Bank.

In 1925 the Bowery Bank of New York was similarly acquired and similarly merged under the name of Bowery and East River National Bank. The East River National Bank was presided over by Dr. A. H. Giannini—brother of Mr. A. P. Giannini who went from California to New York for that purpose—from the date of its purchase by Bankitaly Corporation to the time when it merged with the Bank of America National Association of New York.

The Bank of America of New York was acquired by Bankitaly Corporation in 1928, immediately converted from a State to a national charter in March of 1928, and merged with the Bowery and East River National Bank during the following month, Dr. A. H. Giannini becoming chairman of the board and Edward C. Delafield its president.

A security affiliate of the Bank of America National Association under the name of Bankamerica Corporation was immediately formed with a capital of \$10,000,000 and a surplus of \$5,000,000.

It may be of historical interest to note in passing that the Bank of America, New York, is a direct successor of the First Bank of the United States, founded in 1812. The capital, surplus, and profits of the Bank of America National Association on December 31, 1929, totaled \$74,428,309.59; its deposits \$305,904,586.25, and its total resources \$437,940,048.82. It is now operating 35 offices in New York City.

The other banks and corporations acquired by Bankitaly Corporation—given in the chronological order of their acquisition—were the following:

Capital Co., a general California corporation, acquired in 1918. Practically all of the assets of this company consist of business properties in California and elsewhere. Its principal function, therefore, is to acquire, hold title to, manage, and otherwise deal in desirable city real estate.

Banca Dell Italia Meridionale, a controlling interest in which was acquired in 1919. Its head office was then situated in Naples, Italy, and it operated two branches, one in Naples and the other in Pozzuoli. In 1922 its capital was increased from 100,000,000 lire (approximately

\$5,000,000) to 200,000,000 lire (approximately \$10,000,000) and its name was changed to Banca d'America ed'Italia. Its head office moved to Rome and later to Milan—the leading industrial and commercial city of Italy. This bank is to-day operating 37 branches and agencies scattered throughout the Italian peninsula; its working capital is 238,000,000 lire (approximately \$12,000,000), and its total resources approximately 1,021,091,986.29 lire (approximately \$51,054,599.35); it is recognized as one of the most liquid banks in Italy and ranks, in size, among the five largest banks in that nation. The entire present investment of our group in this bank amounts to \$6,340,309.47.

Ameritalia is an auxiliary corporation to Banca d'America e d'Italia, organized in 1928 under the laws of Italy, with a paid up capital of 200,000,000 lire. It is an investment company and deals in both United States and European securities.

In 1926 Bancitaly Corporation acquired the French American Bank, and in 1927 the United Bank & Trust Co., both of the city of San Francisco. These banks were consolidated April 30, 1927, and the French American Corporation was established as the security affiliate of the consolidated bank. In 1928 the Security Trust Co., of Bakersfield was acquired and immediately consolidated with the United Bank & Trust Co., the name of the consolidated bank being changed to United Security Bank & Trust Co.

In addition to its ownership of these operating properties, Bancitaly Corporation invested a very large portion of its working capital in prime securities listed on the New York Stock Exchange.

The capital stock of Bancitaly Corporation was issued entirely in the form of common stock.

Exhibit O, heretofore submitted, contains a table which shows the status on January 23, 1930, of an investor who purchased 100 shares of stock in Bancitaly Corporation on the date of its organization and exercised all his rights to purchase additional shares. Such an investor—having exchanged his Bancitaly Corporation stock for Transamerica—would now own 11,069 shares of Transamerica having a present market value of approximately \$487,036, at a total cost to him of \$135,070, equivalent to an average cost of \$12 per share. This would represent an unbooked profit of \$351,966, at the market price of \$44 a share, or an average profit of \$32 per share. Including the dividend payment of \$48,878.50, the combined gain from appreciation in market value of shares so held, with dividends received, the total would be \$400,844.50. This would average 300 per cent on the investment for the period or 27 per cent per year.

Up to about the middle of 1928, the bulk of the stockholders of both the Bank of Italy and Bancitaly Corporation—about 125,000 in number—were residents of California. Both stocks were listed on the San Francisco Stock Exchange and traded in on the New York Curb. So enthusiastic were these stockholders over the results actually accomplished and realized, that many of them became greedy and borrowed funds wherewith to increase their holdings, while others, encouraged by their example and also desirous of realizing great and certain profits immediately, did likewise. The market values of these stocks under this unprecedented demand naturally increased in leaps and bounds. Outside money began to pour into California and so-

called finance companies began to spring up throughout the State advertising their readiness to lend liberally on the security of these stocks. These companies and individuals lent money freely, charging as high as 12 per cent per annum and, in some instances, a commission besides. Through our legal department, one of these concerns was arrested and prosecuted for a violation of the California law and a conviction obtained, to which wide publicity was given. These loans and the collateral supporting them were held in escrow by competing banks and by title companies. The terms of these escrows called for a selling of the stock on the market, should the market at any time reach a certain lower level. Mr. Giannini repeatedly warned the public, through the press, against this excess and cautioned the people to refrain from purchasing the stocks of these institutions unless they bought them for cash and for an investment. As the then president of the Bank of Italy, I, in my annual report to the stockholders, held January 10, 1928 (a copy of which report was mailed to every stockholder and widely commented upon by the press), had the following to say upon the subject:

In the last analysis the sustained market value of any stock is generally reflective of the popular appraisal of present worth and future probabilities of enhancement, and while we prefer to remain silent as to what our thoughts may be upon the subject of justifiable market values, we do wish to voice the belief that with our unusual capitalization and resources, our well-distributed, well-appointed, enthusiastic, and experienced organization, our large number of seasoned, loyal, helpful, and satisfied shareholders distributed throughout the State (most of whom have come from banks acquired and now incorporated in our system); and, finally, with the cooperation of our powerful and resourceful affiliations and the prestige accruing from present position and past performances, no financial institution in California promises to share in greater measure in the increased prosperity that inevitably is in store for the West, than does the Bank of Italy.

This optimistic comment, however, should not be accepted by any shareholder, who may be indebted to any source for any portion of his or her holding of bank stock, as an inducement to carry on in expectation of immediate increment or higher returns, nor should it be taken by others as an encouragement to go into debt for the purpose of increasing their holdings. Those who owe, we would urge to sell enough to clear them, and those who can not pay for what they buy, we would most strongly counsel to strictly refrain.

Despite these warnings, the market values of our stocks during the ensuing February, March, April, and May were run up to ever increasing highs. Bank of Italy passed \$300 and Bancitaly Corporation passed \$200 per share. Suddenly, in the first part of June, 1928, the fire of enthusiasm died out. On a limited market with many sellers and no purchasers, it was not long before the market prices were depressed to levels which in turn set off tier after tier of the above-mentioned escrows, thereby bringing about, with each new low, a new flood of selling orders. Naturally, this abnormal situation caused the stocks to descend to ridiculous lows for a short while and the unpleasant experience dampened speculative and even investment ardor for some time thereafter. The loyalty of practically all of the investing stockholders throughout the ordeal was admirable, and, as far as our banks were concerned, not the slightest evil result occurred. In fact the Bank of Italy showed a very material gain in its deposits as of June 30, 1928, over December 31, 1927.

This occurrence led to the formation of Transamerica Corporation. The reasons underlying its organization are best expressed in the

letter which Mr. A. P. Giannini addressed to the stockholders of Bank of Italy and Bancitaly Corporation on October 24, 1928, and I take the liberty of quoting its pertinent portions here:

Pursuant to these deliberations, Transamerica Corporation was incorporated under the laws of Delaware, early this month, and the basis of exchange for Bank of Italy stock has been fixed at one and three-quarters shares of the new corporation for each share of Bank of Italy, and on the basis of share for share as between Bancitaly Corporation and Transamerica Corporation.

We firmly believe that the proposed plan will have the following beneficial, advantageous, and desirable results: First, consolidation, with resulting saving in operation, into one organization of the control of not only Bank of Italy and Bancitaly Corporation, but of their affiliations as well, namely, National Bankitaly Co., California Joint Stock Land Bank, Bankitaly Agricultural Credit Corporation, Bankitaly Mortgage Co., Americommercial Corporation, Pacific National Fire Insurance Co., and Capital Co.; second, advantages of operation under the favorable corporations laws of Delaware; third, removal of the stock of the Bank of Italy and Bancitaly Corporation from the various exchanges, leaving Transamerica Corporation stock alone to be dealt in on the open market, thus eliminating from the operation of the controlled institutions themselves any concern regarding stock-market fluctuations; fourth, a wide listing of Transamerica Corporation stock on the various stock exchanges, thus insuring a broader and more stable market.

As a result of this one communication practically all stockholders of both Bank of Italy and Bancitaly Corporation exchanged their holdings for Transamerica Corporation stock on the basis fixed.

In due course Transamerica Corporation acquired varying interests in the following corporations. They are all set out on Chart No. 2, with "Transamerica" at the bottom (printed at p. 1350):

	Per cent
California Joint Stock Land Bank, having a capital of \$916,000, surplus and profits of \$584,546, and resources of \$16,760,342-----	100
Bank of Italy National Trust & Savings Association and National Bankitaly Co.-----	99. 65
Bankitaly Agricultural Credit Corporation, having a capital of \$1,000,000 surplus and profits of \$20,337, and resources of \$2,988,000-----	100
Bankitaly Mortgage Co., capital \$1,000,000, surplus and profits \$891,873, and resources of \$24,767,766-----	100
The Bank of America National Association of New York and Bancamerica Blair Corporation. (Blair & Co., founded in 1890 and incorporated in 1920, was acquired by Transamerica Corporation in 1929 and merged with Bancamerica Corporation, the security affiliate of the Bank of America National Association, under the name of Bancamerica Blair Corporation)-----	59. 35
Commercial Holding Co., capital \$500,000, surplus and profits \$1,973,473, and resources \$81,423,052. This company was formed to act as an active trading company-----	100
Bankitaly Co. of America, capital \$167,500,000, surplus and profits \$213,371,268, and resources \$450,796,806. This company was formed under the laws of Delaware and succeeded to the operating properties specified in the chart above its name, together with the miscellaneous listed securities theretofore owned by Bancitaly Corporation, which was legally dissolved in 1928-----	98. 81
Occidental Corporation, the holding company owning Occidental Life Insurance Co. and Occidental Investment Co.-----	90
Bank of America, California, and its security affiliate, Corporation of America, the successor to French American Corporation, dissolved in 1929. Bank of America of California is the result of a consolidation of the United Security Bank & Trust Co. with the Merchants National Trust & Savings Bank of Los Angeles, acquired by Transamerica Corporation in 1928: Bank of America of California has a capital of \$20,000,000, surplus and profits of \$13,500,733, and resources of \$377,986,434. It is a State bank and not a member of the Federal reserve system. It operates a State-wide branch system through 161 branches-----	97. 99

Pacific National Fire Insurance Co., capital \$1,250,000, surplus and profits \$1,564,622, and resources \$3,231,707. This company was organized in 1911 and acquired in 1927 with the purchase of the Farmers and Merchants National Bank of Sacramento by Bancitaly Corporation. Transamerica Corporation has a capital of \$585,648,700, surplus and profits of \$590,863,941, and resources of approximately \$1,176,512,641.----- 100

Exhibit T is a collection of the most recent published statements of the above-named banks and insurance companies, from which may be noted not only their financial status, but the names of their principal officers and directors as well.

I present that for the record.

(Exhibit T referred to is here printed in full as follows:)

## EXHIBIT T

## THE BANK OF AMERICA

*Directors.*—George N. Armsby, vice president, Bancamerica-Blair Corporation; Frank Bailey, chairman, The Prudence Co.; Harry Bronner, director, Bancamerica-Blair Corporation; William H. Coverdale, Coverdale & Colpitts; Allen Curtis, Curtis & Sanger; Frank L. Dame, president, North American Co.; Arthur V. Davis, chairman, Aluminum Co., of America; Edward C. Delafeld, president; Gayer G. Dominick, Dominick & Dominick; Archibald Douglas, Douglas, Armitage & McCann; Douglas L. Elliman, Douglas L. Elliman & Co.; Henry J. Fuller, Aldred & Co.; Emanuel Gerli, president, E. Gerli & Co.; A. H. Giannini, chairman of the board; A. P. Giannini, president, Transamerica Corporation; Otto J. A. Grassi, L. Gandolfi & Co.; Crowell Hadden, chairman, Brooklyn Savings Bank; P. C. Hale, president, Hale Bros. Stores (Inc.); George Hewlett, Hewlett & Co.; Charles W. Higley, president, Hanover Fire Insurance Co.; Robert J. Hillas, president, Fidelity & Casualty Co.; Gilbert H. Johnson, Isaac G. Johnson & Co.; Sam A. Lewisohn, Adolph Lewisohn & Son; Hunter S. Marston, vice president, Bancamerica-Blair Corporation; William S. Menden, president, B. M. T. Corporation; John Hill Morgan, Rumsey and Morgan; A. J. Mount, president, The Bank of Italy, N. T. & S. A., San Francisco; Acosta Nichols, Spencer Trask & Co.; E. J. Nolan, president, The Bank of America of California, Los Angeles; Frank C. B. Page, president, E. W. Bliss & Co.; Martin S. Paine, Magnus Co. (Inc.); Lionello Perera, vice president; R. Stuyvesant Pierrepont, New York; T. R. Preston, president, Hamilton National Bank, Chattanooga, Tenn.; John E. Rovensky, vice chairman; Nicholas M. Schenck, president, Lowe's (Inc.); R. A. C. Smith, chairman, White Rock Mineral Springs Co.; Samuel Thorne, Delafeld, Thorne, Burleigh & Marsh; Alfred P. Walker, New York; Elisha Walker, president, Bancamerica-Blair Corporation.

*Officers.*—A. H. Giannini, chairman of the board; Edward C. Delafeld, president; John E. Rovensky, vice chairman; Elisha Walker, chairman executive committee.

Wall Street office: Vice presidents: Clare Walker Banta; Gilbert E. Chapin; Charles E. Curtis, cashier; Clarence M. Fincke; Elmore F. Higgins; Edward Hudson; Lionello Perera; Edward W. Russell; Henry J. Schuler.

Comptroller: A. H. Gibson.

Assistant vice presidents: Edward Craig, William A. Creelman, P. J. Hebard, Adrian M. Massie, Mark B. Peck, Guido Perera, Gaillard B. Smith.

Auditor: William H. Stoffel.

Assistant cashiers: Henry J. Drake, Dominick Infantino, F. A. Magrath, A. Edward Scherr, jr., John H. Trowbridge.

Assistant comptrollers: A. Elliott Pinkus, F. R. Rappel.

Assistant auditors: H. L. Brummer, Robert E. Larkin, G. H. Sinclair, H. B. Tagg.

Trust department: Wm. J. Montgomery, vice president; Frederick G. Curry, vice president; Dudley F. Fowler, assistant vice president; Charles W. Devoy, trust officer; Paul E. Landon, trust officer; J. L. Crolius, assistant trust officer; Wm. R. Lockwood, assistant trust officer; J. E. Robertson, assistant trust officer.

Foreign department: L. B. Heemskerk, vice president; A. W. Austin, assistant vice president; John W. McKeon, assistant vice president; Wellington Elmer, assistant cashier; H. B. Husted, assistant cashier; Silvio Perera, assistant cashier;

F. W. C. Rideout, assistant cashier; Rodolfo Rojas, assistant cashier; F. Gonzalez-Rosa, assistant cashier.

## BANKING DEPARTMENT

Commercial banking: The Bank of America National Association is essentially a commercial bank and the deposit accounts of business organizations, individuals, and banks are solicited. Liberal credit facilities are extended to industrial and commercial houses. Loans are also made on approved collateral.

Thrift department: This department accepts deposits at a higher rate of interest than that which applies to checking accounts. It is primarily intended for the small depositor who is interested in accumulating a fund which can remain undisturbed.

Collections: Collection of notes, drafts, foreign checks, and bills of exchange is the function of this department. With world-wide connections, this institution renders a collection service which is direct and efficient.

Transfers of funds: The Bank of America National Association is enabled through its membership in the Federal reserve system and its correspondents to arrange for transfers of funds to out-of-town points by wire and executes telegraphic orders from out-of-town depositors to make payments in New York City.

Credit department: The credit facilities of The Bank of America National Association are made available through a carefully organized and efficient credit department. Information as to trade conditions, markets, and industrial conditions helpful to the bank's customers is also furnished by this department.

## BRANCHES

Branch office system: Through the advantageous location of branch offices in strategic business centers of greater New York we are in a position to augment our national and international banking service by a system of community banks.

Main office, 44 Wall Street; 8 Broadway, Produce Exchange Building; 257 Broadway, opposite City Hall; 105 Hudson Street, corner Franklin Street; 399 Broadway; 680 Broadway; 124 Bowery, corner Grand Street; 387 Broome Street; 28 Mulberry Street; 282 Seventh Avenue; 1451 Broadway; Madison Avenue, corner Fortieth Street; Seventieth Street, corner Madison Avenue; 2018 First Avenue, corner One hundred and fourth Street; One hundred and sixteenth Street, corner First Avenue; 363 East One hundred and forty-ninth Street; 4547 Third Avenue; Westchester and Castle Hill Avenues; 3556 White Plains Avenue.

Brooklyn: 16 Court Street; 166 Montague Street; Court Street, corner Schermerhorn; 294 Livingston Street; Flatbush Avenue extension at De Kalb Avenue; 41 Washington Avenue; 211 Fourth Avenue; 131 Union Street; Avenue U and West Fifth Street; Fifty-fifth Street and Thirteenth Avenue; 6323 Fourteenth Avenue; 934 Third Avenue; 4924 Fourth Avenue; 8524 Fifth Avenue.

Staten Island: 577 Bay Street, Stapleton, Staten Island.

Queens: Roosevelt and Alburtis Avenues, Corona, Long Island.

## STATEMENT OF CONDITION, DECEMBER 31, 1929

*Resources*

Cash in vault and in Federal reserve bank	\$26, 447, 459. 33	
Due from banks and bankers	99, 115, 462. 67	
		\$125, 562, 922. 00
United States Government securities		19, 980, 361. 74
Other securities		33, 750, 229. 63
Loans and discounts		218, 323, 795. 05
Customers' liability under acceptances		38, 540, 863. 94
5 per cent redemption fund with United States Treasury		225, 000. 00
Accrued interest receivable and other assets		1, 556, 876. 46
		<hr/>
		437, 940, 048. 82

*Liabilities*

Capital.....	\$35, 775, 300. 00	
Surplus.....	35, 500, 000. 00	
		\$71, 275, 300. 00
Undivided profits.....		3, 153, 009. 59
Reserved for contingencies, taxes, interest, etc.....		1, 869, 035. 92
Deposits.....		305, 904, 586. 25
Liability as acceptor, indorser or maker on acceptances and foreign bills.....		50, 832, 499. 52
Circulation.....		4, 174, 920. 00
Unearned discount.....		702, 235. 82
Other liabilities.....		28, 461. 72
		<hr/>
		437, 940, 048. 82

## FOREIGN DEPARTMENT

Foreign banking: The foreign department of The Bank of America National Association is more than 100 years old. This department finances imports from all parts of the world; finances exports to all parts of the world; buys and sells foreign exchange-draft or cable; issues travelers' letters of credit and travelers' checks, insuring proper introduction to our correspondents abroad and safe and convenient carrying of funds.

Foreign market information: The foreign department has on file reports on many of the larger concerns in important foreign cities and all information that it has obtained or can obtain is at the disposal of customers.

## TRUST DEPARTMENT

The fiduciary field embraces a variety of services enabling this bank to assist both individuals and corporations in the management and conservation of all forms of property.

Personal trusts: The personal trust department accepts appointments as executor to settle estates of deceased persons under will; administrator to settle estates of deceased persons under court appointment; testamentary trustee to conserve and manage estates under the provisions of a will; trustee under agreement to conserve and manage estates under living or voluntary trusts; custodian to care for securities, relieving the owner of routine and detail, without his relinquishing control; guardian of the estate of minors; committee of the property of incompetents; agent for individuals.

The Bank of America National Association administrator to settle estates of deceased persons under court appointment; testamentary trustee to conserve and manage estates under the provisions of a will; trustee under agreement to conserve and manage estates under living or voluntary trusts; custodian to care for securities, relieving the owner of routine and detail, without his relinquishing control; guardian of the estate of minors; committee of the property of incompetents; agent for individuals.

Corporate trusts: The corporate trust department accepts appointments as depository and agent under escrow, reorganization and voting trust agreements; receiver; registrar of stocks and bonds; transfer and fiscal agents for corporations; trustee under indentures covering note issues; trustee under mortgages securing bond issues; agent for corporations.

Statistical service: Statistical information gathered under the supervision of men trained in analyzing investment securities is available to our depositors without charge.

## THE BANK OF AMERICA SAFE DEPOSIT CO.

Modern safe deposit facilities are at the disposal of customers at the following offices: 44 Wall Street, New York; 105 Hudson Street, at Franklin Street; 680 Broadway at Great Jones Street; 124 Bowery at Grand Street; 28 Mulberry Street; 1451 Broadway at Forty-first Street; 21 East Fortieth Street at Madison Avenue; 843 Madison Avenue at Seventieth Street; 2261 First Avenue at One hundred and sixteenth Street; 4547 Third Avenue at One hundred and eighty-fourth Street; 3556 White Plains Avenue at Two hundred and twelfth Street; Westchester and Castle Hill Avenues; 166 Montague Street, Brooklyn, N. Y.; 294 Livingston Street, Brooklyn, N. Y.; 934 Third Avenue, Brooklyn, N. Y.; 131 Union Street, Brooklyn, N. Y.; 211 Fourth Avenue, Brooklyn, N. Y.; Roose-

velt and Alburts Avenues, Corona, Long Island; 577 Bay Street, Stapleton, Staten Island, N. Y.

## BANCAMERICA-BLAIR CORPORATION

(Identical in ownership with the Bank of America National Association)

Bancamerica-Blair Corporation, formed by consolidation of the international investment house of Blair & Co. (Inc.) and The Bancamerica Corporation, is the security affiliate of The Bank of America National Association. It offers to customers of the bank a complete investment service, maintaining wire connections with principal cities in the United States and abroad.

The corporation underwrites and distributes original issues of investment securities, and offers with recommendation, selected and diversified bonds and stocks. It will gladly give information regarding investments and review security holdings upon request.

The principal office of Bancamerica-Blair Corporation is located temporarily at 24 Broad Street, New York City. Other offices are as follows: Albany, Atlanta, Baltimore, Boston, Buffalo, Chicago, Cincinnati, Cleveland, Hartford, Los Angeles, Milwaukee, Minneapolis, Oakland, Omaha, Philadelphia, Pittsburgh, Portland, Oreg., Portland, Me., Providence, Rochester, St. Louis, St. Paul, San Diego, San Francisco, Scranton, Seattle, Syracuse.

Affiliated offices in London, Paris, Berlin, Rome, and Milan.

## BANCA D'AMERICA E D'ITALIA

[Societa Anonima—Sede, Sociale, Roma, capitale sociale L.200,000,000 interamente versato—riserv L.33,000,000—direzione generale, Milano]

*Situazione dei conti al 31 Ottobre 1929*

## ATTIVO

Cassa e depositi liquidi presso Istituti.....		L.121, 994, 442. 91
Titoli di Stato e garantiti dallo Stato.....		129, 818, 711. 05
Portafoglio:		
Proprio.....		196, 934, 482. 89
Incasso.....		22, 055, 727. 22
Riparti:		
Su titoli di Stato e garantiti dallo Stato.....	L.11, 225, 401. 55	
Su titoli industriali.....	34, 944, 916. 10	
		46, 170, 317. 65
Titoli di Proprieta.....		7, 294, 258. 63
Correntisti—Saldi debitori.....		102, 971, 816. 18
Banche e corrispondenti—Saldi debitori.....		268, 329, 123. 13
Conti correnti garantiti.....		47, 481, 607. 67
Debitori per accettazioni ed avalli.....		52, 857, 640. 10
Stabili ed Impianti.....		5, 309, 177. 14
		<u>1, 001, 217, 304. 57</u>
	Conti d'ordine	
Titoli e Mercì:		
A cauzione di servizio.....	12, 646, 372. 90	
A garanzia.....	91, 485, 904. 37	
In deposito.....	561, 094, 270. 80	
Della Cassa Prev. Impieg.....	3, 914, 212. 15	
		669, 140, 760. 22
		<u>1, 670, 358, 064. 79</u>

PASSIVO		
Capitale.....		L. 200, 000, 000. 00
Riserve.....		38, 000, 000. 00
Depositi a risparmio.....		134, 001, 722. 60
Banche e corrispondenti—Saldi creditori.....		498, 162, 094. 32
Cedenti all'incasso.....		41, 326, 906. 97
Assegni in circolazione:		
Circolari.....	L. 21, 322, 997. 67	
Ordinari.....	3, 073, 837. 58	
		24, 396, 835. 25
Accettazioni e avalli conto terzi.....		52, 857, 640. 10
Fondo Previdenza Impiegati.....		617, 036. 47
Dividendi in corso ed arretrati.....		612, 051. 00
Risconto dell'attivo.....		2, 478, 449. 00
Utili.....		8, 764, 568. 86
		1, 001, 217, 304. 57
	Conti d'ordine	
Titoli e Mercì:		
A cauzione di servizio.....	L. 12, 646, 372. 90	
A garanzia.....	91, 485, 994. 37	
In deposito.....	561, 094, 270. 80	
Della Cassa Prev. Impieg.....	3, 914, 212. 15	
		669, 140, 760. 22
		1, 670, 358, 064. 79

Il Presidente del Consiglio de Amm.ne, V. Scialoja.  
 Il Direttore Generale, A. Alvino.  
 Un Sindaco, G. Moro.  
 p. Il Contabile Capo, G. Marinello.  
 Ameritalia Societa Anonima—Sede Sociale: Milano; capitale interamente versato L. 200,000,000; riservato statutariamente agli Azionisti della Banca D'America e D'Italia (medesima Direzione).

## CONSIGLIO DI AMMINISTRAZIONE

Presidente: S. E. Gr. Cr. Prof. Vittorio Scialoja.  
 Vice presidenti: Rubino Gr. Uff. Avv. Michele, Mele Gr. Uff. Dott. Davide.  
 Consiglieri: Alvino Comm. Angelo, Del Gaizo Gr. Uff. Luigi, Ferrando Cav. John, Ferrara Comm. Edoardo, Fimiani Ing. Quirino, Giannini Amedeo P, Giannini Comm. L. Mario, Grant, John M., Hale, Prentis C., Latorraca Cav. Francesco, Liccioli Ing. Mario, Passalacqua Gr. Uff. Marco, Pedrini Comm. Armando, Perera Comm. Lionello, Taussig Comm. Dott. Edoardo, Vitelli Comm. Crescenzo, Zunino Frank A.  
 Segretario del consiglio: Gianrini Comm. Avv. Emilio.  
 Sindaci effettivi: Cortinois Dott. Rag. Angelo, Di Trani Rag. Michele, Lari Avv. Cesare, Leva Avv. Domenico, Moro Prof. Rag. Gr. Uff. Giovanni.

## ADVISORY COMMITTEE

James A. Bacigalupi, P. C. Hale, L. M. Giannini.

## GENERAL EXECUTIVE COMMITTEE

L. M. Giannini, member advisory committee, chairman; A. J. Mount, president, vice chairman; W. E. Blauer, vice president, vice chairman; Orra E. Monnette, vice chairman board of directors, vice chairman; George A. Webster, vice president, vice chairman; James A. Bacigalupi, past president, member advisory committee; W. A. Bonyng, vice president; G. A. Davidson, vice chairman board of directors, Louis Ferrari, vice president; A. P. Giannini, past president; A. J. Gock, vice president; Morgan A. Gunst, vice president; P. C. Hale, vice president, member advisory committee; W. H. Harrelson, vice president; A. Pedrini, vice president; L. Scatena, chairman board of directors; A. E. Sbarboro, vice president; E. J. Wightman, vice president; W. H. McGinnis, secretary.

## GENERAL FINANCE COMMITTEE

W. E. Blauer, vice president, chairman; A. J. Mount, president, vice chairman; A. J. Gock, vice president, vice president, vice chairman; W. E. Bentz, vice president; Louis Ferrari, vice president; Fred A. Ferroggiaro, vice president; Morgan A. Gunst, vice president; A. W. Hendrick, vice president; George Panario, vice president; A. E. Sbarboro, vice president; R. E. Trengove, vice president; George A. Webster, vice president.

## BOARD OF MANAGEMENT, SAN FRANCISCO DIVISION

A. J. Mount, president, chairman; A. Pedrini, vice president, vice chairman; George A. Webster, vice president, vice chairman; W. E. Baluer, vice president; R. B. Burmister, vice president and cashier; Louis Ferrari, vice president; A. J. Gock, vice president; Morgan A. Gunst, vice president; W. H. Harrelson, vice president; A. W. Hendrick, vice president; F. R. Kerman, vice president; W. J. Kieferdorf, vice president; E. Leimert, vice president; A. E. Sbarboro, vice president; W. R. Williams, vice president.

## BOARD OF MANAGERS, LOS ANGELES DIVISION

H. R. Erkes, vice president, chairman; W. A. Bonyng, vice president, vice chairman; W. J. Braunschweiger, vice president, vice chairman; W. E. Benz, vice president; A. H. Brouse, vice president; H. R. Coulter, vice president; G. A. Davidson, vice chairman board of directors; Orra E. Monnette, vice chairman board of directors; Marc Ryan, vice president; R. E. Trengove, vice president; E. J. Wightman, vice president.

## REPRESENTATIVES

London, John M. Grant, vice president, 13 Moorgate; New York, H. P. Preston, vice president, 44 Wall Street; Chicago, A. A. Wilson, vice president, 105 West Adams Street.

## BRANCHES

Alameda, Alhambra, Anaheim, Anderson, Angels Camp, Arcadia, Arcata, Atwater, Bakersfield, Benicia, Berkeley, Beverly Hills, Brawley, Burbank, Burlingame, Camarillo, Centerville, Chico, Chula Vista, Colma, Compton, Concord, Corning, Coronado, Crescent City, Culver, City, Daly City, Danville, Dos Palos, Eagle Rock, East Bakersfield, El Centro, Emeryville, Escondido, Eureka, Fairfax, Fillmore, Firebaugh, Fort Bragg, Fortuna, Fresno, Fullerton, Gilroy, Glendale, Gridley, Gustine, Half Moon Bay, Hanford, Hayward, Healdsburg, Highland Park, Hollister, Hollywood, Huntington Park, Kelseyville, King City, Knights Landing, La Jolla, Lakeport, La Mesa, Lancaster, Lankershim, Live Oak, Livermore, Lodi, Lompoc, Long Beach, Los Angeles, Los Banos, Los Gatos, Madera, Manteca, Martinez, Marysville, Mayfield, Mendocino, Merced, Mill Valley, Modesto, Monrovia, Monterey, Morgan Hill, Mountain View, Napa, National City, Newhall, Oakland, Ocean Beach, Ocean Park, Oceanside, Ojai, Ontario, Orange, Oroville, Palmdale, Palo Alto, Pasadena, Paso Robles, Pescadero, Petaluma, Piru, Pittsburg, Placentia, Pleasanton, Pomona, Redding, Redondo Beach, Redwood City, Reedley, Roseville, Sacramento, Salinas, San Anselmo, San Bernardino, San Bruno, San Diego, San Fernando, San Francisco, Sanger, San Jose, San Juan Bautista, San Leandro, San Luis Obispo, San Mateo, San Miguel, San Pedro, San Rafael, Santa Ana, Santa Barbara, Santa Clara, Santa Cruz, Santa Maria, Santa Monica, Santa Paula, Santa Rosa, Sausalito, Sawtelle, Selma, Shafter, Soledad, Sonoma, South San Francisco, St. Helena, Stockton, Sunnyvale, Taft, Tipton, Torrance, Tracy, Tulare, Ukiah, Cacaville, Vallejo, Van Nuys, Venice, Ventura, Visalia, Walnut Creek, Wasco, Watsonville, Wheatland, Willows, Wilmington, Winters, Woodland, Yreka, Yuba City.

## BRANCH, CHAIN, AND GROUP BANKING

1439

*A national bank—Condensed statement of condition, Bank of Italy, National Trust & Savings Association, December 31, 1929*

## RESOURCES

First mortgage loans on real estate.....	\$243, 945, 840. 55	
Other loans and discounts.....	297, 671, 877. 15	
		\$541, 617, 717. 70
United States bonds and certificates of indebtedness.....	177, 894, 688. 63	
State, county, and municipal bonds.....	49, 935, 009. 89	
Other bonds and securities.....	15, 859, 041. 20	
Stock in Federal reserve bank.....	2, 850, 000. 00	
Total United States and other securities.....		246, 538, 739. 72
Due from Federal reserve bank.....	\$25, 626, 547. 95	
Cash and due from other banks.....	158, 240, 958. 80	
Total cash and due from banks.....		183, 867, 506. 75
Banking premises, furniture, fixtures, and safe deposit vaults (292 banking offices in California).....		31, 958, 656. 19
Other real estate owned.....		14, 100, 448. 62
Customers' liability under letters of credit and acceptances.....		37, 506, 471. 70
Customers' liability on bills purchased and sold.....		3, 881, 415. 04
Interest earned on bonds and loans.....		4, 974, 555. 62
Other resources.....		667, 861. 75
Total resources.....		<u>1, 055, 113, 373. 09</u>

## LIABILITIES

Deposits:		
Savings.....	\$582, 873, 629. 68	
Commercial.....	311, 019, 103. 19	
Letters of credit and acceptances.....		893, 892, 732. 87
Bills sold with our endorsement.....		37, 506, 471. 70
Circulation.....		3, 881, 415. 04
Dividends unpaid.....		8, 566, 080. 00
		<u>3, 015, 514. 96</u>
Capital.....	\$50, 000, 000. 00	946, 862, 214. 57
Surplus and profits.....	58, 251, 158. 52	
Invested capital.....		108, 251, 158. 52
Total liabilities.....		<u>1, 055, 113, 373. 09</u>

All charge-offs, expenses, and interest payable to end of year have been deducted in above statement.

More than 1,500,000 depositors.

## DIRECTORS

Edw. C. Aldwell, James A. Bacigalupi, W. A. Bonynge, H. Cartan, Eustace Cullinan, G. A. Davidson, P. J. Dreher, Paul B. Fay, Alfred Ghirardelli, George J. Giannini, A. J. Gock, Morgan A. Gunst, P. C. Hale, C. N. Hawkins, L. M. MacDonald, J. A. Migliavacca, A. J. Mount, N. A. Pellerano, A. E. Scarboro, Myer Siegel, Waller Taylor, E. J. Wightman, O. J. Woodward, Geo. W. Feltier, W. W. Garthwaite, W. J. Kieferdorf, Dr. D. E. Bacigalupi, W. E. Blauer, Dr. G. E. Caglieri, C. C. Chapman, Clarence P. Cuneo, W. W. Douglas, Will S. Fawcett, Mark E. Fontana, A. P. Giannini, L. M. Giannini, Chas. F. Grondona, Marshal Hale, Wm. H. Harrelson, J. F. Leahy, John G. Mattos, jr., Orra E. Monnette, A. Pedrini, Robt. D. Rossi, L. Scatena, J. H. Skinner, R. B. Teffy, George Webster, Jos. F. Cavagnaro, Louis Ferrari, F. A. Ferroggiaro.

## BANK OF AMERICA OF CALIFORNIA

*Statement of condition at close of business, December 31, 1929.*

## Resources:

Loans and discounts.....	\$244, 145, 134. 59
United States and municipal bonds, other securities.....	56, 636, 622. 43
Bank premises, equipment, and vaults.....	12, 034, 317. 21
Customers' liability under acceptance and letters of credit.....	3, 228, 997. 24
Earned interest receivable.....	3, 000, 510. 51
Other resources.....	1, 519, 452. 72
Cash and due from banks.....	57, 421, 399. 77
<b>Total resources.....</b>	<b>377, 986, 434. 47</b>

## Liabilities:

Capital stock.....	20, 000, 000. 00
Surplus.....	7, 000, 000. 00
Undivided profits.....	6, 500, 733. 24
Reserve for interest, taxes, etc.....	1, 778, 238. 57
Acceptances and letters of credit.....	3, 252, 426. 24
Other liabilities.....	1, 820, 463. 65
Deposits.....	337, 634, 572. 77
<b>Total liabilities.....</b>	<b>377, 986, 434. 47</b>

Total resources of the Bank of America of California, the Corporation of America, Merchants National Realty Corporation, America Investment Co., and affiliated banks and trust companies owned or controlled by the stockholders of the Bank of America of California are in excess of \$400,000,000.

## OFFICERS

President: E. J. Nolan.

Vice presidents: C. R. Bell, Marco H. Hellman, Irving H. Hellman, Will F. Morrish, Howard Whipple, R. M. Philleo (cashier), H. H. Ashley (manager trust department), H. R. Coulter (comptroller), Robert R. Yates, F. N. Belgrano, jr., Louis H. Moore, R. W. Watson, J. A. Westmoreland, J. M. Dupas, Arthur S. Crites, John M. Perry, Hilliard E. Welch, T. J. Brant, J. H. Rosenberg, C. W. Prollius, G. W. Schmitz, A. G. Maurer, B. H. Brown, G. L. Pape, H. B. Kelley, Thomas M. Williams, Stewart McKee, E. A. Winstanley, Roger Bocqueraz, J. A. Taylor, L. S. Colyer (trust officer), J. E. McGuigan (trust officer), F. H. Gay, and G. M. McClerkin.

## COMPREHENSIVE TRUST SERVICE

The trust department acts as executor, administrator, guardian, and as trustee under wills; also as trustee under living trusts, in life insurance trust agreements, and for subdivisions. The corporate trust department is equipped to act as trustee under indentures to secure bond issues, as transfer agent and registrar of corporate stocks, as dividend disbursing agent, and as depository for reorganization committees.

To the permanency and financial responsibility of a corporate trustee, the trust department of this bank adds the advantages of state-wide facilities, years of experience, and the most modern equipment in conducting all forms of trust activity for its clients.

## AMERICA INVESTMENT CO. OWNED BY THE SHAREHOLDERS OF BANK OF AMERICA OF CALIFORNIA

Complete investment service, including the underwriting and distribution of high-grade securities, is afforded. Stocks and bonds, listed and unlisted, are bought and sold in all markets. Direct access to private wires permits prompt execution of New York Stock Exchange transactions.

Members: Los Angeles Stock Exchange and Los Angeles Curb Exchange. Associate members: San Francisco Stock Exchange and San Francisco Curb Exchange.

Business with the America Investment Co. may be transacted through any branch of the Bank of America of California.

## SAN FRANCISCO BRANCHES

Northern division headquarters, 631 Market Street.  
 Bay View, 4850 Third Street.  
 Bush-Montgomery, Bush and Montgomery Streets.  
 Donohoe-Kelly, 68 Sutter Street.  
 French American, 108 Sutter Street.  
 Fugazi, 2 Columbus Avenue.  
 Hayes Valley, 498 Hayes Street.  
 Humboldt, 783 Market Street.  
 North Beach, 1500 Stockton Street.  
 Oriental, 939 Grant Avenue.

## SAN FRANCISCO REGIONAL ADVISORY BOARD

Leon Bocqueraz, chairman of the board of directors; Wyatt Allen, grain broker; C. J. Auger, jeweler; J. A. Bergerot, insurance; X. de Pichon, agent, Compagnie du Bolco; George Filmer, Filmer, Bradford & Maxwell; L. S. Goldstein, president L. S. Goldstein Co.; Christian Hellwig, capitalist; W. J. Hotchkiss, president Standard Creamery Co.; A. P. Jacobs, president Jacobs, Nalcolm & Burt; A. G. Luchsinger, jr., vice president Humboldt branch; Louis R. Lurie, president the Lucie Co.; R. D. McElroy, real estate and insurance; G. W. McNear, importer and exporter; Dr. Howard Morrow, physician; Dr. J. H. O'Connor, physician; Oliver J. Olson, president Oliver J. Olson Co., shipping; A. Pechoultres, president Pacific Realty Co.; G. Pouchan, capitalist; C. R. Puckhaber, vice president Fresno branch; Carl Raiss, Carl Raiss & Co.; Arthur E. Rowe, capitalist; Adolph P. Scheld, capitalist; Dr. T. E. Shumate, president Shumate Pharmacies; John G. Sutton, capitalist; Kenneth Walsh, Walsh, O'Connor & Co.

## BOARD OF DIRECTORS

Chairman: Leon Bocqueraz.

Members: Morgan Adams, president Mortgage Guarantee Co., Los Angeles; H. H. Ashley, vice president and manager trust department; C. H. Baker, C. H. Baker Co., San Francisco and Los Angeles; Thomas W. Banks, Banks, Huntley & Co., Los Angeles; F. N. Belgrano, jr., vice president; C. R. Bell, vice president; Arthur S. Bent, president Bent Bros., Los Angeles; Roger Bocqueraz, vice president American Solvents & Chemical Co., San Francisco; T. J. Brant, director Title Insurance & Trust Co., Los Angeles; B. C. Brown, Chas. Brown & Sons, San Francisco; Louis M. Cole, president Royal Packing Co., Los Angeles; R. H. Collins, Collins Kelvinator Corporation, Pasadena; H. H. Cotton, chairman executive committee, Municipal Bond Co., Los Angeles; H. R. Coulter, vice president and comptroller; Arthur S. Crites, vice president; O. K. Cushing, Cushing & Cushing, attorneys, San Francisco; A. de Breteville, vice president J. D. & A. B. Spreckels Securities Co., San Francisco; D. M. Dorman, chairman of board of directors, California Dairies, (Inc.), Los Angeles; J. M. Dupas, vice president; E. E. Duque, secretary and general manager California Portland Cement Co., Los Angeles; F. J. Edoff, capitalist, Oakland; D. K. Edwards, capitalist, Los Angeles; Herbert W. Erskine, Keyes & Erskine, attorneys, San Francisco; C. W. Fay, vice president Opt Improvement Co., San Francisco; W. D. Fennimore, president California Optical Co., San Francisco; F. W. Flint, jr., capitalist, Los Angeles; H. W. Frank, Harris & Frank, Los Angeles; H. C. Fryman, president Hayward Hotel Co., Los Angeles; James A. Gibson, jr., Gibson, Dunn & Crutcher, attorneys, Los Angeles; J. A. Grennan, John A. Grennan, real estate, San Francisco; Alfred Harrell, the Bakersfield Californian, Bakersfield; Marco H. Hellman, vice president; Irving H. Hellman, vice president; James W. Hellman, president Hellman Hardware Co., Los Angeles; Will E. Keller, capitalist, Los Angeles; John E. Marble, capitalist, Los Angeles; Henry S. McKee, president American Capital Corporation, president Pacific Investing Corporation, Los Angeles; Clay Miller, Clay Miller & Co., San Francisco; A. F. Morlan, president Title Guarantee & Trust Co., Los Angeles; Will F. Morrish, vice president; E. J. Nolan, president; Geo. L. Payne, Payne's Bolt Works, San Francisco; John M. Perry, vice president; R. M. Philleo, vice president and cashier; Paul A. Pflueger, partner, Max I. Koshland Co., San Francisco; R. I. Rogers, capitalist, Los Angeles; James Shultz, capitalist, Los Angeles; Howard Spreckels, the Spreckels Companies, San Francisco; Joseph Toplitzky, Joseph Toplitzky Co., real estate and investments, Los Angeles; Nion R. Tucker, Tucker, Hunter, Dulin & Co., San Francisco; H. A. Van Norman, chief engineer and general manager, bureau of water-

works and supply, city of Los Angeles; O. A. Vickrey, O. A. Vickrey & Co., real estate, Los Angeles; Hilliard E. Welch, vice president; Howard Whipple, vice president; Robert R. Yates, vice president.

#### HEAD OFFICE AND BRANCHES

Head office: 660 South Spring Street, Los Angeles.

Branches: Alameda, Alturas, Anaheim, Antioch, Arcata, Arroyo Grande, Auburn, Bakersfield (2 branches), Bell, Berkeley (7 branches), Bieber, Bishop, Brentwood, Chino, Chowchilla, Cloverdale, Colfax, Colton, Dinuba, Dixon, Dunsmuir, Elk Grove, Encinitas, Exeter, Fall River Mills, Fellows, Florence, Fowler, Fresno, Gardena, Geyserville, Glendale, Graham, Grass Valley, Healdsburg, Hermosa Beach, Hilmar, Hollister, Hollywood, Huntington Park, Isleton, La Habra, Lincoln, Livingston, Lodi, Lone Pine, Los Angeles (36 branches), Maricopa, Modesto, Monterey Park, Napa, Nevada City, Newcastle, Norwalk, Oakdale, Oakland (11 branches), Orland, Pacific Grove, Palm Springs, Petaluma, Pismo Beach, Placerville, Point Reyes Station, Ramona, Red Bluff, Redlands, Richmond, Ripon, Riverside, Sacramento (4 branches), St. Helena, San Bernardino, San Carlos, San Clemente, San Diego, San Francisco (10 branches), San Jose, San Luis Obispo, San Pedro, Santa Rosa, Solana Beach, South Pasadena, Stockton, Suisun, Susanville, Taft, Tomales, Truckee, Turlock, Upland, Vallejo, Valley Ford, Visalia, Walnut Park, Whittier, Williams, Yuba City.

Mr. BAGIGALUPI. Each of these corporations is operated entirely independent of the others and managed—in so far as the ordinary conduct of their business is concerned—exclusively by its own competent body of officers and directors. Naturally, Transamerica Corporation exercises its legitimate prerogatives as the principal owner and keeps in constant touch with the activities of its various properties through regular reports that are issued within the organizations for the information and guidance of their own officers. Practically all of the policies of these various institutions were established before Transamerica Corporation was formed, and are still pursued. Any radical departure from any of these policies or abnormal expenditures, however, would call for prior consultation and consent of the management of Transamerica Corporation. The sole concerns of Transamerica Corporation are to select and maintain competent boards of directors and managements for its holdings and to cooperate with them in promoting the efficiency and profitableness of their operations.

The financial dealings between Transamerica Corporation and its controlled banks are purely those of depositor and depository.

As between the subsidiaries themselves, all financial transactions are kept wholly within the law and the dictates of sound business judgment. Borrowings by subsidiary companies from any of the subsidiary banks have been and are exceptional and entirely upon a well secured basis (listed stocks and bonds with an ample margin).

As between the subsidiary banks in the matter of bank deposits and exchange, all other things being equal, preference is given by one to the other, but as regards new business, where they chance to operate in the same territory, keenest legitimate competition is the rule. Each subsidiary possessing a competent management and being held responsible for the safe and profitable conduct of its own affairs, no other attitude could reasonably be expected.

‡ Exhibit U contains a copy of the articles of incorporation, a copy of the by-laws, and a list of the directors and principal officers of Transamerica Corporation.

(Exhibit U, referred to is here printed in full, as follows:)

DIRECTORS OF TRANSAMERICA CORPORATION

Elisha Walker, chairman board of directors Transamerica Corporation.  
 George N. Armsby, vice president Bancamerica-Blair Corporation  
 J. A. Bacigalupi, general counsel Transamerica Corporation and chairman  
 advisory committee Bank of Italy National Trust & Savings Association.  
 C. R. Bell, vice president Bank of America of California.  
 W. E. Blauer, vice president and chairman general finance committee Bank of  
 Italy National Trust & Savings Association.  
 Leon Boqueraz, chairman board of directors Bank of America of California.  
 Harry Bronner, director Bancamerica-Blair Corporation.  
 Edward H. Clark, president Cerro de Pasco Copper Corporation and president  
 Home State Mining Co.  
 Paul D. Cravath, Cravath, de Gersdorff, Swaine & Wood, attorneys, New  
 York.  
 Edward C. Delafield, president the Bank of America National Association,  
 New York.  
 Louis Ferrari, vice president Bank of Italy National Trust & Savings Associa-  
 tion.  
 W. W. Garthwaite, vice chairman board of directors Bank of Italy National  
 Trust & Savings Association.  
 A. H. Giannini, chairman board of directors the Bank of America National  
 Association, New York.  
 A. P. Giannini, chairman advisory committee Transamerica Corporation.  
 L. M. Giannini, president Transamerica Corporation.  
 C. N. Hawkins, president California Cattlemen's Association.  
 P. C. Hale, vice president and member advisory committee, Bank of Italy  
 National Trust & Savings Association.  
 Hunter S. Marston, president Bancamerica-Blair Corporation.  
 Jean Monnet, vice chairman board of directors, Transamerica Corporation.  
 W. F. Morrish, vice president Bank of America of California.  
 A. J. Mount, president Bank of Italy National Trust & Savings Association.  
 E. J. Nolan, president Bank of America of California.  
 A. Pedrini, vice president Bank of Italy National Trust & Savings Association.  
 H. P. Preston, vice president Transamerica Corporation.  
 J. E. Rovensky, vice chairman board of directors the Bank of America National  
 Association, New York.  
 A. E. Sbarboro, vice president Bank of Italy National Trust & Savings Asso-  
 ciation.  
 E. R. Tinker, chairman executive committee Bancamerica-Blair Corporation.  
 George A. Webster, vice president Bank of Italy National Trust & Savings  
 Association.

BY-LAWS OF TRANSAMERICA CORPORATION

OFFICES

1. The principal office shall be in the city of Wilmington, county of New  
 Castle, State of Delaware, and the name of the resident agent in charge thereof  
 is the Corporation Trust Co. of America.

The corporation may also have offices at such other places as the board of  
 directors may from time to time appoint or the business of the corporation may  
 require.

SEAL

2. The corporate seal shall have inscribed thereon the name of the corporation,  
 and the words "Incorporated October 11, 1928, Delaware." Said seal may be  
 used by causing it or a facsimile thereof to be impressed or affixed or reproduced  
 or otherwise. The secretary may have duplicate seals made and deposited for  
 use with such officers as the board of directors may designate.

STOCKHOLDERS' MEETINGS

3. The first or organization meeting of the stockholders shall be held at 460  
 Montgomery Street, San Francisco, Calif. All other meetings of the stockholders  
 shall be held at the office of the corporation in the city of Wilmington, county of  
 New Castle, State of Delaware: *Provided, however,* That the board of directors

may hold said meetings in such other office or place as the said board may designate.

4. An annual meeting of the stockholders, after the year 1928, shall be held on the second Saturday of February in each year, if not a legal holiday, and if a legal holiday, then on the next Saturday following, at 10 o'clock a. m., when they shall elect by a plurality vote, by ballot, a board of directors, and transact such other business as may properly be brought before the meeting.

5. The holders of a majority of the stock issued and outstanding, and entitled to vote thereat, present in persons, or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by law, by the certificate of incorporation or by these by-laws. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person, or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of voting stock shall be present. At such adjourned meeting at which the requisite amount of voting stock shall be represented any business may be transacted which might have been transacted at the meeting as originally notified.

6. At each meeting of the stockholders every stockholder having the right to vote shall be entitled to vote in persons, or by proxy appointed by an instrument in writing subscribed by such stockholder or by his duly authorized attorney and submitted to the secretary at or before such meeting and bearing a date not more than three years prior to said meeting, unless said instrument provides for a longer period. Each stockholder shall have 1 vote for each share of stock having voting power, registered in his name on the books of the corporation, except that no share of stock shall be voted on at any election for directors which has been transferred on the books of the corporation within 20 days next preceding such election: *Provided, however,* That the board of directors shall have power to close the stock transfer books of the corporation for a period not exceeding 40 days preceding the date of any meeting of stockholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect: *Provided, however,* That also in lieu of closing the stock transfer books as aforesaid, the board of directors shall have authority to fix, in advance, a date not exceeding 40 days preceding the date of any meeting of stockholders, or the date for any payment of dividend, or the date for the allotment of rights of the date when any change or conversion or exchange of capital stock shall go into effect as a record date for the determination of the stockholders entitled to notice of and to vote at any such meeting, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any change, conversion, or exchange of capital stock, and in such case only such stockholders as shall be stockholders of record on the date so fixed shall be so entitled to such notice of and to vote at such meeting or to receive payment of such dividend, or to receive such allotment of right, or to exercise such rights as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid. The vote for directors, and, upon the demand of any stockholder, the vote upon any question before the meeting, shall be by ballot. All actions shall be had and all questions decided by a plurality vote.

7. Written notice of the annual meeting shall be mailed to each stockholder entitled to vote thereat at such address as appears on the stock book of the corporation, at least 10 days prior to the meeting.

8. Special meetings of the stockholders, for any purpose, or purposes, unless otherwise prescribed by statute, may be called by the president, and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding, and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

9. Business transacted at all special meetings shall be confined to the objects stated in the call.

10. Written notice of a special meeting of stockholders, stating the time and place and object thereof, shall be mailed, postage prepaid, at least 10 days before such meeting, to each stockholder entitled to vote thereat at such address as appears on the books of the corporation.

11. All notices required by these by-laws or otherwise to be mailed may be mailed either from the principal office of the corporation at Wilmington, Del., or from any other office or place that may be determined by the board of directors.

## DIRECTORS

12. The property and business of this corporation shall be managed by its board of directors, three in number. Directors need not be stockholders. They shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until his successor shall be elected and shall qualify.

13. The directors may hold their meetings and have one or more offices, and keep the books of the corporation, except the original or duplicate stock ledger, outside of Delaware or at such other offices of the corporation or other places as they may from time to time determine.

14. In addition to the powers and authorities by these by-laws expressly conferred upon them, the board may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

## COMMITTEES

15. There shall be an executive committee of such number as the board of directors may determine, appointed by the board of directors, all of whom shall be members of the board of directors. The members of the executive committee shall hold office for one year and until their respective successors shall be appointed. The executive committee shall, between sessions of the board, have all the powers of the board of directors in the management of the business and affairs of the corporation, and shall have power to authorize the seal of the corporation to be affixed to all papers which may require it. The taking of any action by the executive committee shall be conclusive evidence that the board of directors was not, at the time of such action, in session.

16. The secretary or a member of the executive committee shall keep minutes of all its proceedings and all proceedings shall, from time to time, be reported to the board of directors and shall be subject to revision or alteration by the board of directors provided no rights of third parties shall be affected by such revision or alteration. The presence of two members of the executive committee shall constitute a quorum for the transaction of business. The executive committee may take action without a meeting on the written approval of such action by a majority of the committee. A majority of the directors may fill vacancies in the executive committee. The board of directors shall appoint the chairman of the executive committee and a vice chairman or such number of vice chairmen as the board may determine.

The board of directors may appoint other committees, each committee to consist of two or more of the directors which, to the extent provided in the resolution appointing the committee or in these by-laws, shall have and may exercise the powers of the board of directors and the management of the business and affairs of the corporation and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in these by-laws or as may be determined from time to time by resolution adopted by the board of directors. Every committee shall keep regular minutes of its proceeding and report the same to the board when required.

## COMPENSATION OF DIRECTORS

17. Directors, as such, shall not receive any stated salary for their services, but by resolution of the board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the board: *Provided*, That nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

18. Members of special or standing committees may be allowed like compensation for attending committee meetings.

## MEETINGS OF THE BOARD

19. The newly elected board may meet at such place and time as shall be fixed by the vote of the stockholders at the annual meeting, for the purpose of organization or otherwise, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting: *Provided*, A majority of the whole board shall be present; or they may meet at such place and time as shall be fixed by the consent in writing of all the directors.

20. Regular meetings of the board may be held without notice at such time and place as shall from time to time be determined by the board.

21. Special meetings of the board may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

22. At all meetings of the board two directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these by-laws.

## OFFICERS

23. The officers of the corporation shall be chosen by the directors and shall be a president, two executive vice presidents, vice presidents, a treasurer, a secretary, assistant vice presidents and assistant treasurers, and assistant secretaries. The board of directors may also choose additional executive vice presidents, vice presidents, assistant vice presidents, assistant secretaries and assistant treasurers, and such other officers as they may determine. The secretary and treasurer may be the same person, and any assistant treasurer may also be an assistant secretary and any vice president may hold at the same time the office of secretary or treasurer.

24. The board of directors, at its first meeting after each annual meeting of stockholders, shall choose a president, the executive vice presidents, the vice presidents, the secretary and the treasurer, and such other officers as they may determine, none of whom except the president need be members of the board.

25. The board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

26. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

27. The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the whole board of directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole board of directors.

## THE PRESIDENT

28. (a) The president shall be the chief executive officer of the corporation; he shall preside at all meetings of the stockholders and directors; he shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the board are carried into effect.

(b) He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation.

(c) He shall be ex officio a member of all standing committees, and shall have the general powers and duties of supervision and management usually vested in the office of president of a corporation.

## EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS

29. (a) The executive vice presidents and the vice presidents, in the order of their seniority, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and shall perform such other duties as the board of directors may prescribe.

(b) Each executive vice president shall have the same powers as the president and, while subject to the authority of the president, may exercise such powers

notwithstanding the fact that the president is not absent or disabled. Any action taken by a vice president in the performance of the duties of the president, or either executive vice president, shall be conclusive evidence of the absence or inability to act of the president and the executive vice presidents at the time such action was taken. The vice presidents shall also have such other and further duties as may be assigned to them respectively by the board of directors.

(c) Upon any vacancy in the office of president caused by death or incapacity or any reason deemed sufficient by the board of directors, the senior executive vice president shall succeed to the office of president and in the event of the death or incapacity of both the president and the senior executive vice president, the other executive vice presidents and the vice presidents, in the order of their seniority, shall succeed to the offices of president and executive vice presidents, respectively, until otherwise ordered by the board.

#### THE SECRETARY AND ASSISTANT SECRETARIES

30. (a) The secretary shall attend all sessions of the board and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders, and of the board of directors, and shall perform such other duties as may be presented by the board of directors, the president, or the executive vice presidents, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation, and when authorized by the board or these by-laws, affix the same to any instrument requiring it, and when so affixed it shall be attested by his signature or by the signature of the treasurer. He shall be sworn to the faithful discharge of his duty.

(b) The assistant secretaries, in the order of their seniority, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties as the board of directors shall prescribe.

#### THE TREASURER AND ASSISTANT TREASURERS

31. (a) The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the board of directors.

(b) He shall disburse the funds of the corporation as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the president and directors, at the regular meetings of the board, or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the corporation.

(c) He shall give the corporation a bond if required by the board of directors in a sum, and with one or more sureties, satisfactory to the board, for the faithful performance of the duties of his office, and for the restoration to the corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the corporation; but the board of directors may, if they see fit, dispense with such bond.

(d) The assistant treasurers in the order of their seniority shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties as the board of directors shall prescribe.

#### SIGNATURES

32. (a) All checks, drafts, notes, acceptances, bills of exchange and all other obligations of the corporation shall be signed by the following officers, to wit, president, or executive vice president, any vice president, any assistant to president, any vice president, the treasurer or assistant treasurer and secretary or assistant secretary, or by any person or persons thereunto authorized by the board of directors. The president or executive vice president, or any vice president, or any assistant to the president, or any assistant vice president, or the treasurer or any assistant treasurer, secretary or any assistant secretary, is authorized to indorse on behalf of the corporation, any checks, drafts, acceptances, bills of exchange, notes or other negotiable instruments, and to accept any bills of exchange, drafts or acceptances.

(b) All indorsements, assignments, transfers, stock powers or other instruments of transfer of securities standing in the name of the corporation shall be executed for and in the name of the corporation by any of the following officers, to wit, the president, or executive vice president, or any vice president, or any assistant to the president, or any assistant vice president, or the treasurer or any assistant treasurer, or the secretary or any assistant secretary, or by any other person or persons thereunto authorized by the board of directors.

(b) The president, the executive vice president, any vice president, any assistant to the president, any assistant vice president, the treasurer, any assistant treasurer, or the secretary or any assistant secretary, may execute a proxy to vote any stock standing in the name of this corporation.

(d) General signing powers shall be vested in the president, the executive vice president, any vice president, any assistant to the president or any assistant vice president, the treasurer, any assistant treasurer, acting with the secretary or any assistant secretary, and said officers are authorized to execute all contracts, deeds, conveyances, mortgages, pledge agreements, negotiable instruments of all kinds, and all other written instruments or documents affecting the business or the property of this corporation, and no resolution of any kind or character of the board of directors shall be necessary in order to evidence said authority.

(e) It shall not be necessary to the validity of any instrument executed by any authorized officer of this corporation that the execution of such instrument be evidenced by the corporate seal, and all documents, instruments, contracts, and writings of all kinds signed on behalf of the corporation by any authorized officer thereof shall be as effectual and binding on the corporation without the corporate seal as if the execution of the same had been evidenced by the affixing of the corporate seal.

#### VACANCIES

33. If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, the remaining directors, though less than a quorum, shall choose a successor or successors, who shall hold office until the next annual election and until a successor or successors have been duly elected, unless sooner displaced.

#### DUTIES OF OFFICERS MAY BE DELEGATED

34. In the case of the absence of any officer of the corporation, or for any other reason that the board may deem sufficient, the board may delegate, for the time being, the powers or duties, or any of them, of such officer to any other officer, or to any director: *Provided*, a majority of the entire board concur therein.

#### REMOVAL

35. Any person elected to office by the board of directors may be removed at any time upon vote of the majority of directors in office at any meeting specifically called for the consideration of such removal.

#### CERTIFICATES OF STOCK

36. The certificates of stock of the corporation shall be numbered and shall be entered in the books of the corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the president, or one of the executive vice presidents, or a vice president or any assistant vice president, and the treasurer or an assistant treasurer, and the secretary or an assistant secretary: *Provided*, That when the law of Delaware shall permit, the board of directors may have the certificates of stock signed by the lithographed or printed signatures of the president, secretary, or other officer; such certificate to be in the form approved by the board of directors.

#### TRANSFERS OF STOCK

37. Transfers of stock shall be made on the books of the corporation only by the person named in the certificate or by attorney, lawfully constituted in writing, and upon surrender of the certificate therefor.

## CLOSING OF TRANSFER BOOKS

38. The board of directors shall have power to close the stock transfer books of the corporation for a period not exceeding 40 days preceding the date of any meeting of stockholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect: *Provided however*, That in lieu of closing the stock transfer books as aforesaid, the board of directors may fix in advance a date, not exceeding 40 days preceding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion, or exchange of capital stock, and in such case only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

## REGISTERED STOCKHOLDERS

39. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

## LOST CERTIFICATE

40. Any person claiming a certificate of stock to be lost or destroyed, shall make an affidavit or affirmation of that fact and advertise the same in such manner as the board of directors may require, and the board of directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representative, to give the corporation a bond, in such sum as they may direct, not exceeding double the value of the stock, to indemnify the corporation against any claim that may be made against it on account of the alleged loss of any such certificate; a new certificate of the same tenor and for the same number of shares as the one alleged to be lost or destroyed, may be issued without requiring any bond when, in the judgment of the directors, it is proper so to do.

## INSPECTION OF BOOKS

41. The directors shall determine from time to time whether, and, if allowed, when and under what conditions and regulations the accounts and books of the corporation (except such as may by statute be specifically open to inspection) or any of them shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

## CHECKS

42. All checks or demands for money and notes of the corporation shall be signed by such officer or officers as the board of directors may from time to time designate.

## FISCAL YEAR

43. The fiscal year shall begin the 1st day of January in each year.

## DIVIDENDS

44. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock.

Before payment of any dividend there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any

property of the corporation, or for such other purpose as the directors shall think conducive to the interests of the corporation.

#### DIRECTORS' ANNUAL STATEMENT

45. The board of directors shall present at each annual meeting, and when called for by vote of the stockholders, at any special meeting of the stockholders, a full and clear statement of the business and condition of the corporation.

#### NOTICES

46. Whenever under the provisions of these by-laws notice is required to be given to any director, officer, or stockholder it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, by depositing the same in the post office or letter box, in a post-paid sealed wrapper, addressed to such stockholder, officer, or director at such address as appears on the books of the corporation, or, in default of other address, to such director, officer, or stockholder at the general post office in the city of Wilmington, Del., and such notice shall be deemed to be given at the time when the same shall be thus mailed.

Any stockholder, director, or officer may waive any notice required to be given under these by-laws.

#### AMENDMENTS

47. These by-laws may be altered or amended by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote thereat, at any regular or special meeting of stockholders if notice of the proposed alteration or amendment be contained in the notice of the meeting, or by the affirmative vote of a majority of the board of directors if the alteration or amendment be proposed at a regular or special meeting of the board and adopted at a subsequent regular meeting: *Provided, however,* That no change of the time or place for the election of directors shall be made within 60 days next before the day on which such election is to be held, and that in case of any change of such time or place notice thereof shall be given to each stockholder in person or by letter mailed to his last known post-office address, at least 20 days before the election is held.

#### WAIVER OF NOTICE

48. Whenever, under the provisions of these by-laws or of any law, the stockholders, directors, or committees are authorized to hold any meeting after notice or after the lapse of any prescribed period of time, such meeting may be held without notice or without such lapse of time by the written waiver of such notice signed by every person entitled to such notice.

#### AMENDMENT TO SECTION 12 OF BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on January 8, 1929, at 2 p. m., section 12 of the by-laws of Transamerica Corporation was amended so as to read as follows, to wit:

"12. The property and business of this corporation shall be managed by its board of directors, 19 in number. Directors need not be stockholders. They shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until his successor shall be elected and shall qualify."

#### AMENDMENT TO SECTION 22 OF BY-LAWS

At the same meeting section 22 of the by-laws of Transamerica Corporation was amended so as to read as follows, to wit:

"22. At all meetings of the board seven directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any such meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these by-laws."

## AMENDMENT TO SECTION 12 OF BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on May 29, 1929, at 10.30 o'clock a. m., section 12 of the by-laws of Transamerica Corporation was amended so as to read as follows, to wit:

"12. The property and business of this corporation shall be managed by its board of directors, 22 in number. Directors need not be stockholders. They shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until his successors shall be elected and shall qualify."

## AMENDMENT TO SECTION 22 OF BY-LAWS

At the same meeting section 22 of the by-laws of Transamerica Corporation was amended so as to read as follows, to-wit:

"22. At all meetings of the board eight directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these by-laws."

## AMENDMENT TO SECTION 16 OF BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on May 29, 1929, at 10.30 o'clock a. m., section 16 of the by-laws of Transamerica Corporation was amended so as to read as follows, to wit:

"16. The secretary or a member of the executive committee shall keep minutes of all its proceedings and all proceedings shall, from time to time, be reported to the board of directors and shall be subject to revision or alteration by the board directors provided no rights of third parties shall be affected by such revision or alteration. The presence of four members of the executive committee shall constitute a quorum for the transaction of business. The executive committee may take action without a meeting on the written approval of such action by a majority of the committee. A majority of the directors may fill vacancies in the executive committee. The board of directors shall appoint the chairman of the executive committee and a vice chairman or such number of vice chairmen as the board may determine. The board of directors may appoint other committees, each committee to consist of two or more of the directors which, to the extent provided in the resolution appointing the committee or in these by-laws, shall have and may exercise the powers of the board of directors and the management of the business and affairs of the corporation and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in these by-laws or as may be determined from time to time by resolution adopted by the board of directors. Every committee shall keep regular minutes of its proceedings and report the same to the board when required."

## AMENDMENT TO SECTION 32 OF BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on August 19, 1929, at 4 o'clock p. m., section 32 of the by-laws of Transamerica Corporation was amended so as to read as follows, to wit:

## "SIGNATURES

"32. (a) *One signature.*—The president, or the chairman of the executive committee, or any executive vice president, or any vice president, or the treasurer or any assistant treasurer, or the secretary or any assistant secretary, or any other person or persons authorized by the board of directors, are and each of them is hereby authorized to indorse on behalf of this corporation any checks, drafts, acceptances, bills of exchange, notes, or other negotiable instruments, and to accept on behalf of this corporation any bills of exchange, drafts, or acceptances; to execute for and in the name of this corporation all indorsements, assignments, transfers, stock powers, or other instruments of transfer of stock, bonds, and other securities standing in the name of or owned by this corporation; to execute proxies and to vote any stock standing in the name of this corporation.

"(b) *Two signatures.*—The president or the chairman of the executive committee, or any executive vice president, or any vice president, or the treasurer or any assistant treasurer, together with the secretary or any assistant secretary, or any person or persons authorized by the board of directors, are hereby authorized to execute for and on behalf of this corporation all contracts, deeds, conveyances, mortgages, pledge agreements, negotiable instruments of all kinds, or documents affecting the business or property of this corporation, and to sell, convey, and transfer any property, real, personal or mixed also, to sign all checks, drafts, notes, acceptances, bills of exchange and other obligations of this corporation; and no resolution of any kind or character of the board of directors shall be necessary to evidence said authority."

"SEAL

"It shall not be necessary to the validity of any instrument executed by any authorized officer or officers of this corporation and the execution of such instrument be evidenced by the corporate seal; and all documents, instruments, contracts and writings of all kinds signed on behalf of the corporation by any authorized officer or officers thereof shall be as effectual and binding on the corporation with out the corporate seal as if the execution of the same had been evidenced by affixing the corporate seal thereto."

I, the undersigned, \_\_\_\_\_ assistant secretary of Transamerica Corporation, a corporation, do hereby certify that the foregoing is a true, full, and correct copy of the by-laws of said Transamerica Corporation, adopted at a meeting of the incorporators held in San Francisco, Calif., on October 31, 1928, as amended to date by the board of directors; that said by-laws have never been further amended or repealed and are still in full force and effect.

In witness whereof I have hereunto set my hand and affixed the corporate seal of said corporation, this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_,

*Assistant Secretary of Transamerica Corporation.*

#### AMENDMENT TO SECTION 8 OF THE BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on January 20, 1930, at the hour of 10 o'clock a. m., section 8 of the by-laws of Transamerica Corporation was amended so as to read as follows, to wit:

"8. Special meetings of the stockholders for any purpose or purposes, unless otherwise prescribed by statute, may be called by the chairman of the board, and shall be called by the chairman of the board, or vice chairman of the board, or president or secretary, at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding, and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

#### AMENDMENT TO SECTIONS 12 AND 14 OF THE BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on January 20, 1930, at the hour of 10 o'clock a. m., sections 12 and 14 of the by-laws of Transamerica Corporation were amended so as to read as follows, to wit:

#### "DIRECTORS

"12. The property and business of this corporation shall be managed by its board of directors, 28 in number. Directors need not be stockholders. They shall be elected at the annual meeting of stockholders and each director shall be elected to serve until his successor shall be elected and shall qualify.

"14. In addition to the powers and authorities by these by-laws expressly conferred upon the, the board may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders: *Provided, however,* That the board of directors may not, and no officer or committee shall sell the holdings of the corporation in any wholly owned and/or affiliated and/or practically controlled banks or company without the approval of at least two-thirds of the entire membership of the board of directors either expressed at a meeting by resolution concurred in by two-thirds

of the entire board of directors or by a written consent executed by at least two-thirds of the members of the board."

AMENDMENT TO SECTIONS 15 AND 16 OF THE BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on January 20, 1930, at the hour of 10 o'clock a. m., sections 15 and 16 of the by-laws of Transamerica Corporation were amended to read as follows, to wit:

"COMMITTEES

"16. (a) There shall be an advisory committee of such number as the board of directors may determine appointed by the board of directors and all of whom shall be members of the board of directors, which will meet at such times as it may desire, and which shall have available to it upon its request any information concerning any phase of the activities of the corporation or its affiliated or subsidiary companies. It shall be consulted in matters of major importance and matters involving policy, and shall serve in an advisory capacity to the board of directors and the management, and may submit its recommendations or reports to the board of directors, the executive committee, or management. The board of directors shall also elect a chairman of the advisory committee and two vice chairmen thereof. The members of said committee shall hold office for one year or until their respective successors are elected and qualify.

"(b) There shall be an executive committee of such number as the board of directors may determine, appointed by the board of directors, all of whom shall be members of the board of directors. Regular meetings of the executive committee shall be held in the city of New York at such times and on such notice as shall be fixed by resolution of the executive committee. Special meetings of the executive committee may be held in the city of New York or the city and county of San Francisco, Calif., and may be called by the chairman of the board or vice chairman of the board or the president upon such notice as the executive committee shall fix. The members of the executive committee shall hold office for one year and until their respective successors shall be appointed. The executive committee shall, between sessions of the board, have all the powers of the board of directors in the management of the business and affairs of the corporation, and shall have the power to authorize the seal of the corporation to be affixed to all papers which may require it. The taking of any action by the executive committee shall be conclusive evidence that the board of directors was not at the time of such action in session. The secretary or a member of the executive committee shall keep minutes of all its proceedings and all proceedings shall, from time to time, be reported to the board of directors and shall be subject to revision or alteration by the board of directors provided no rights of third parties shall be affected by such revision or alteration. The presence of four members of the executive committee shall constitute a quorum for the transaction of business. A majority of the directors may fill vacancies in the executive committee. The chairman of the board shall be the chairman of the executive committee.

"16. The board of directors may appoint other committees, each committee to consist of two or more of the directors which, to the extent provided in the resolution appointing the committee or in these by-laws shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in these by-laws or as may be determined from time to time by resolution adopted by the board of directors. Every committee shall keep regular minutes of its proceedings and report same to the board when required."

AMENDMENT TO SECTIONS 20, 21, AND 22 OF THE BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on January 20, 1930, at the hour of 10 o'clock a. m., sections 20, 21, and 22 of the by-laws of Transamerica Corporation were amended so as to read as follows, to wit:

## "MEETINGS

"20. Regular meetings of the board of directors shall be held without call and without notice at 460 Montgomery Street in the city and county of San Francisco, State of California, on the second Wednesday of each month commencing with the month of March, 1930, at the hour of 3 o'clock p. m. At least two special meetings each year shall be called and held in the city of New York.

"21. Special meetings of the board may be called by the chairman of the board on five days' notice to each director, either personally or by telegram; special meetings shall be called by the chairman of the board, the vice chairman of the board, the president or secretary, in like manner and on like notice, at the written request of two directors.

"22. At all meetings of the board one-third of the total number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these by-laws."

## AMENDMENT TO SECTIONS 23, 24, 27, 28, 29, 30, AND 31 OF THE BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on January 20, 1930, at the hour of 10 o'clock a. m., sections 23, 24, 27, 28, 29, 30, and 31 of the by-laws of Transamerica Corporation were amended so as to read as follows, to wit:

## "OFFICERS

"23. The officers of the corporation shall be chosen by the directors and shall be a chairman of the board, a vice chairman of the board, a president, two executive vice presidents, vice presidents, a treasurer, a secretary, assistant vice presidents and assistant treasurers, and assistant secretaries. The board of directors may also choose additional executive vice presidents, vice presidents, assistant vice presidents, assistant secretaries, and assistant treasurers, and such other officers as they may determine. The secretary and treasurer may be the same person, and any assistant treasurer may also be an assistant secretary and any vice president may hold at the same time the office of secretary or treasurer.

"24. The board of directors, at its first meeting after each annual meeting of stockholders, shall choose a chairman of the board, a vice chairman of the board, a president, the executive vice president, the vice presidents, the secretary and the treasurer, and such other officers as they may determine, none of whom except the chairman of the board, the vice chairman of the board, and the president need be members of the board.

"27. The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the whole board of directors. If the office of any officer or officers or a committee member becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole board of directors.

"28. (a) The chairman of the board shall be the chief executive officer of the corporation; he shall preside at all meetings of the stockholders and directors; he shall have general and active management of the business, affairs and property of the corporation, and shall see that all orders and resolutions of the board are carried into effect. He shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the corporation. He shall be ex officio a member of all standing committees, and shall have the general powers and duties of supervision and management usually vested in the chief executive officer of a corporation.

"(b) The vice chairman of the board shall perform such duties as from time to time shall be assigned to him by the board of directors or the chairman of the board. He shall be ex officio a member of all standing committees, and in the absence or disability of the chairman of the board the vice chairman of the board shall perform the duties of the chairman of the board, and, while so acting, shall be subject to all the restrictions upon the chairman of the board.

"29. (a) The president shall perform such executive duties in connection with the general management of the affairs of the corporation as the board of directors

shall prescribe. He shall be ex officio a member of all standing committees; and he shall, in the absence or disability of the chairman of the board and the vice chairman of the board, perform all of the duties of the chairman of the board, and, while so acting, shall be subject to all the restrictions upon the chairman of the board. The president in the Pacific coast territory, subject to the direction of the board of directors and the supervision and authority of the chairman of the board shall be the chief executive officer.

"(b) The executive vice presidents and the vice presidents, in the order of their seniority, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and shall perform such other duties as the board of directors may prescribe.

"(c) Each executive vice president shall have the same powers as the president, and, while subject to the authority of the president, may exercise such powers notwithstanding the fact that the president is not absent or disabled. Any action taken by a vice president in the performance of the duties of the president, or either executive vice president, shall be conclusive evidence of the absence or inability to act of the president and the executive vice presidents at the time such action was taken. The vice presidents shall also have such other and further duties as may be assigned to them respectively by the board of directors.

"30. (a) The secretary shall attend all sessions of the board and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders, and of the board of directors, and shall perform such other duties as may be prescribed by the board of directors, the chairman of the board, the vice chairman of the board, the president, or the executive vice presidents, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation, and when authorized by the board of these by-laws, affix the same to any instrument requiring it, and when so affixed it shall be attested by his signature or by the signature of the treasurer. He shall be sworn to the faithful discharge of his duty.

"(b) The assistant secretaries, in the order of their seniority shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties as the board of directors shall prescribe.

"31. (a) The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the board of directors.

"(b) He shall disburse the funds of the corporation as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the chairman of the board, the president and directors, at the regular meetings of the board, or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the corporation."

#### AMENDMENT TO SECTION II OF THE BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on January 20, 1930, at the hour of 10 o'clock a. m., section 32 of the by-laws of Transamerica Corporation was amended so as to read as follows, to wit:

#### "SIGNATURES

"32. (a) *One signature.*—The chairman and the vice chairman of the advisory committee, the chairman of the board, the vice chairman of the board, the president, or any executive vice president, or any vice president, or the treasurer or any assistant treasurer, or the secretary or any assistant secretary, or any other person or persons authorized by the board of directors, are and each of them is hereby authorized to indorse on behalf of this corporation any checks, drafts, acceptances, bills of exchange, notes or other negotiable instruments, and to accept on behalf of this corporation any bills of exchange, drafts, or acceptances; to execute for and in the name of this corporation all indorsements, assignments, transfers, stock powers or other instruments of transfer of stock, bonds, and other securities standing in the name of or owned by this corporation; and to execute proxies and to vote any stock standing in the name of this corporation.

(b) *Two signatures.*—The chairman and the vice chairman of the advisory committee, the chairman of the board, the vice chairman of the board, the president, or any executive vice president, or any vice president, or the treasurer or any assistant treasurer, together with the secretary or any assistant secretary, or any person or persons authorized by the board of directors, are hereby authorized to execute for and on behalf of this corporation all contracts, deeds, conveyances, mortgages, pledge agreements, negotiable instruments of all kinds, or documents, affecting the business or property of this corporation, and to sell convey, and transfer any property, real, personal or mixed, also to sign all checks, drafts, notes, acceptances, bills of exchange and other obligations of this corporation; and no resolution of any kind or character of the board of directors shall be necessary to evidence said authority."

"SEAL

"It shall not be necessary to the validity of any instrument executed by any authorized officer or officers of this corporation that the execution of such instrument be evidenced by the corporate seal; and all documents, instruments, contracts, and writings of all kinds signed on behalf of the corporation by any authorized officer or officers thereof shall be as effectual and binding on the corporation without the corporate seal as if the execution of the same had been evidenced by affixing the corporate seal thereto."

AMENDMENT TO SECTION 46 OF THE BY-LAWS

At a special meeting of the board of directors of Transamerica Corporation, held at the office of the company, 460 Montgomery Street, San Francisco, Calif., on January 20, 1930, at the hour of 10 o'clock a. m., section 46 of the by-laws of Transamerica Corporation was amended so as to read as follows, to wit:

"NOTICES

"46. Whenever under the provisions of these by-laws notice is required to be given to any director, committee member, officer, or stockholder, it shall not be construed to mean personal notice, but such notice may be given, in the case of stockholders, in writing, by mail, by depositing the same in the post office or letter box, in a postpaid sealed wrapper, addressed to such stockholder, at such address as appears on the books of the corporation, or in default of other address, to such stockholder at the general post office in the city of Wilmington, Del., and in the case of directors, committee members, and officers, by telegraph, to the last business address known to the secretary of the corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed or telegraphed.

"Any stockholder, director, or officer may waive any notice required to be given under these by-laws."

CERTIFICATE OF INCORPORATION OF TRANSAMERICA CORPORATION

ARTICLE I

The name of this corporation is Transamerica Corporation.

ARTICLE II

Its principal office in the State of Delaware is located at No. 7 West Tenth Street, in the city of Wilmington, county of New Castle. The name and address of its resident agent is the Corporation Trust Co. of America, No. 7 West Tenth Street, Wilmington, Del.

ARTICLE III

The nature of the business of this corporation and the objects or purposes proposed to be transacted, promoted, or carried on by it are as follows, namely:

1. To subscribe for, purchase, acquire, invest in, hold for investment or otherwise, own, trade, and general deal in, and to use, sell, assign, transfer, pledge, mortgage, or otherwise dispose of, the stocks, bonds, and other evidences or indebtedness of any corporation, domestic or foreign, public, quasipublic, of private, and to possess and exercise in respect thereof all rights, powers, and privileges of individual owners or holders of such stock, including the right to

voted thereon and to execute proxies therefor, and also to the extent now or hereafter authorized or permitted by the laws of the State of Delaware to purchase, hold, sell, exchange, or transfer, or otherwise deal in shares of its own capital stock, bonds, or other obligations from time to time to such an extent and in such manner and upon such terms as its board of directors shall determine and as the laws of Delaware may permit: *Provided*, That this corporation shall not use any of its funds or property for the purchase of shares of its own capital stock when such use would cause an impairment of the capital of this corporation: *And provided further*, That shares of its own capital stock belonging to this corporation shall not be voted directly or indirectly.

2. To do any and all acts and things for the protection, improvement, and enhancement in value of such securities or of any thereof, or designed to accomplish any such purpose.

3. To buy, hold, own, maintain, sell, convey, generally deal in, lease, mortgage, exchange, and otherwise trade in and dispose of real property of all kinds or any interest or right therein, within and without the State of Delaware and in any and all of the States, Districts, Territories, or dependencies of the United States, and in any and all foreign countries in accordance with the law thereof; to carry on the business of developing and improving real property; to build, construct, operate, maintain, lease, and sell dwelling houses, apartment houses, business blocks, and buildings of all kinds and descriptions; to improve, enhance in value, or alter all kinds of buildings and other real estate, both improved and unimproved; to maintain a general real-estate agency, including the right to manage estates and to act as agent, broker, or attorney in fact for any person or corporation; to supervise, manage, and protect the real property of the corporation, and any interest or claim held by it in the same; to have the same insured against fire and other casualties; to exercise all rights and powers, to perform all transactions, and in every respect to deal with real property to the same extent that is permitted under the laws of the State of Delaware to any commercial corporation.

4. To acquire by purchase or otherwise, own, sell, lease, let, convey, mortgage, pledge, exchange, invest in, trade in, and generally deal in personal property of every kind, character, and description without limitation in any and all parts of the world in accordance with law to the same extent as is permitted to any commercial corporation by the laws of the State of Delaware.

5. To acquire, own, hold, and dispose of grants, concessions, and franchises or interests therein; to cause to be formed, merged, or reorganized, and to promote and aid in any way permitted by law the formation, merger, or reorganization of any business, concern, firm, association, or corporation, domestic or foreign, and to do all acts and things permitted by law tending to aid in establishing the business and promoting the success of any such business, concern, firm, association, or corporation; to take over properties, manage the affairs and conduct the business of such concerns, firms, associations, and corporations, and in the course of which business to dispose of, deal in, realize upon, or otherwise turn to account, and to hold, possess, and improve the property thereof, real or personal, of every kind and description, and to assume the liabilities of any such person, firm, association, or corporation, and to take in any legal manner the whole or any part of the business or acquire and to pledge, mortgage, sell, or otherwise dispose of the same.

6. To promote and assist, financially or otherwise, corporations, domestic or foreign, public, quasi public or private, firms, syndicates, associations, individuals, and otherwise, and to the extent permitted by law to give any guarantee in connection therewith for the payment of money or for the performance of any other undertaking or obligation; to institute, enter upon, assist, promote, or participate in commercial, mercantile, and industrial works, contracts, ventures, enterprises, and operations without limit to the extent permitted by law, and to aid in procuring necessary means, facilities, and capital for the same to such extent as may be permitted by law.

7. To act as financial and business agent, general or special, for domestic and foreign corporations, public, quasi public and private; individuals, partnerships, associations, firms and syndicates, and as such to develop, improve, and extend the property, trade, and business thereof, and to aid any lawful enterprise and in connection with acting as such representative or agent or broker for any principal to give any other aid or assistance to such extent as may be permitted by law.

8. To guarantee the payment of dividends upon stock, or interest upon bonds, notes, and other evidences of indebtedness or obligation, or the performance of

the contracts or other obligations of any corporation, domestic or foreign, public, quasi public or private, copartnerships, association, syndicate, firm, or individual to such extent as may be permitted by law, and to such extent to enter into, make, perform, and carry out contracts of every kind and for any lawful purpose with any person, firm, association, corporation, syndicate, or others.

9. To borrow money with or without pledge of or mortgage upon any or all of its property, real or personal, as security, and from time to time to make, execute, indorse, and issue bonds, debentures, promissory notes, bills of exchange, and other obligations of the company for moneys borrowed or in payment for property acquired or for any other objects and purposes of the company or its business, and to secure the payment of any such obligations by mortgage, pledge, deed, deed of trust, indenture, agreement, or other instrument of trust, or by other lien upon, assignment of, or agreement in respect to all or any part of the property, rights, privileges, or franchises of this corporation, wherever situated, whether now owned or hereafter to be acquired.

10. To apply for, obtain, register, purchase, lease or otherwise acquire, hold, own, use, operate, introduce, develop or control, sell, assign, or otherwise dispose of, take or grant licenses, patents, inventions, patent rights, copyrights, privileges, improvements, processes, trade-marks, trade names, formulæ, labels, designs, brands and blends, and any interest therein, and similar rights of any and all kinds and whether granted, registered, or established by or under the laws of the United States or of any other State, country, or sovereign, and to use, improve, exercise, develop, grant licenses in respect of, sell, trade in, or otherwise turn to account the same; to acquire water and water rights within and without the State of Delaware for all purposes; to promote irrigation, construct and maintain dams, levees, weirs, canals, ditches, and do all other acts necessary to secure, impound, and use water for irrigation, drainage, and other purposes so far as can be done in accordance with law.

11. To act as insurance agent for any fire, accident, life, casualty, or other insurance company, and generally to conduct and maintain a general insurance brokerage and commission business, and generally deal in, place, and contract, either on commission or otherwise, insurance of every kind or character; to become a member of any brokers' or other insurance board or organization convenient or proper for the carrying on of any such business.

12. To act as trustee under deeds of trust securing obligations for the payment of money, or otherwise act as trustee to such extent as may be permitted by the laws of Delaware or by the laws of any State in which this company may do business.

13. To organize or cause to be organized under the laws of the State of Delaware, or of any other State, district, territory, province, or government, a corporation or corporations for the purpose of accomplishing any or all of the objects for which this corporation is organized, and to dissolve, wind up, liquidate, merge, or consolidate any such corporation or corporations or to cause the same to be dissolved, wound up, liquidated, merged, or consolidated.

14. To carry on any other lawful business whatsoever which may seem to the corporation capable of being carried on in connection with the foregoing, or calculated directly or indirectly to promote the interest of the corporation or to enhance the value of its properties; and to have, enjoy, and exercise all the rights, powers, and privileges which are now or which may hereafter be conferred upon corporations organized under the same statutes as this corporation.

15. To do a general financial, industrial, mining, manufacturing, shipping, importing and exporting, brokerage, merchandising, farming business, and to engage in any other business or transaction permitted by the laws of Delaware to any commercial corporation.

16. In the acquisition of any property, real or personal, hereinbefore mentioned, or of any shares of stock, debentures, bonds, or other evidences of indebtedness, or any other rights or privileges of any kind or character, this corporation may issue in payment thereof, in whole or in part, shares of its own capital stock, or otherwise pay for the same in shares of its own capital stock or in the bonds or other evidences of indebtedness issued by this corporation, and the board of directors of this corporation shall have the right to determine the value to be placed on any such shares, bonds, or other indebtedness of this corporation so issued or exchanged.

17. To conduct its business (including the holding, purchasing, mortgaging, and conveying of real and personal property) in the State of Delaware, other States, the District of Columbia, the territories, colonies, and possessions of the United States, and in foreign countries; and to maintain such offices either within

or without the State of Delaware as may be convenient; provided, however, that nothing herein contained shall be deemed to authorize this corporation to construct, hold, maintain, or operate within the State of Delaware railroads, railways, telegraph or telephone lines, or to carry on within said State any public-utility business.

The foregoing clauses shall be construed both as objects and powers and the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of the corporation; and it is the intention that the purposes, objects, and powers specified in each of the paragraphs of this Article III of this certificate of incorporation shall, except as otherwise expressly provided, in no wise be limited or restricted by reference to or inference under the terms of any other clause or paragraph of this article or any other article of this certificate of incorporation, but that each of the purposes, objects and powers specified in this article and each of the articles or paragraphs of this certificate of incorporation shall be regarded as independent purposes, objects, and powers.

## ARTICLE IV

The total authorized capital of the corporation is \$250,000,000, and the total number of shares authorized of the corporation's capital stock is 10,000,000, and the par value of said shares is \$25 each.

The shares of capital stock of this corporation may be issued by this corporation from time to time for such consideration as from time to time may be fixed by the board of directors of this corporation; and all issued shares of the capital stock of this corporation shall be deemed fully paid and nonassessable and the holders of such shares shall not be liable thereunder to this corporation or its creditors. No stockholder of this corporation shall have any preemptive or preferential right of subscription to any shares of any stock of this corporation, or to any obligations convertible into stock of this corporation, issued or sold, nor any right of subscription to any thereof other than such, if any, as the board of directors of this corporation in its discretion from time to time may determine and at such price as the board of directors from time to time may fix, pursuant to the authority hereby conferred by the certificate of incorporation of this corporation, and the board of directors may issue stock of this corporation, or obligations convertible into stock, without offering such issue of stock, either in whole or in part to the stockholders of this corporation. The acceptance of stock in this corporation shall be a waiver of any such preemptive or preferential right which in the absence of this provision might otherwise be asserted by stockholders of this corporation or any of them.

This corporation shall be entitled to treat the person in whose name any share is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the corporation shall have notice thereof, save as expressly provided by the laws of the State of Delaware.

## ARTICLE V

The number of shares with which this corporation will commence business is 60 shares of the par value of \$25 each.

## ARTICLE VI

The names and places of residence of each of the original subscribers to the capital stock of this corporation are as follows:

Name	Residence	Number of shares of stock sub-scribed
William T. Sweigert.....	San Francisco, Calif.....	20
S. J. Tosi.....	do.....	20
Eustace Cullinan, jr.....	do.....	20

## ARTICLE VII

The corporation shall have perpetual existence.

## ARTICLE VIII

The private property of the stockholders shall not be subject to the payment of the debts of the corporation, but shall be exempt from corporate liability.

## ARTICLE IX

The number of directors of this corporation shall be fixed and may be altered from time to time as may be provided in the by-laws. In case of any increase in the number of directors, the additional directors may be elected by the board of directors to hold office until the next annual meeting of the stockholders and until their successors are elected and qualified. In case of vacancies in the board of directors a majority of the remaining members of the board may elect directors to fill such vacancies. Any director may, by vote of a majority of the directors, for any cause deemed by them sufficient, be removed as such director, and any director may also be removed by a majority vote of the stockholders entitled to vote at any annual or special meeting thereof, for any cause deemed sufficient by the directors present at such meeting. The officers of this corporation need not be stockholders therein.

## ARTICLE X

In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

(a) To make and alter the by-laws of this corporation, without any action on the part of the stockholders; but the by-laws made by the directors and the powers so conferred may be altered or repealed by the stockholders.

(b) To fix, determine, and vary the amount to be maintained as surplus, and subject to the other provisions and requirements of this certificate of incorporation the amount or amounts to be set apart or reserved as working capital.

(c) By resolution passed by a majority of the whole board, to designate three or more of their number to constitute an executive committee, which committee, to the extent provided in said resolution or in the by-laws of this corporation, shall have and exercise (except when the board of directors shall be in session) any and all of the powers of the board of directors in the management of the business and affairs of this corporation and have power to authorize the seal of this corporation to be affixed to all papers which may require it.

(d) To authorize and cause to be executed mortgages and liens, without limit as to amount, on the real and personal property of this corporation.

(e) To sell, exchange, assign, convey, or otherwise dispose of a part of the property (whether real or personal), assets and effects of this corporation less than the whole or less than substantially the whole thereof, on such terms and conditions as they shall deem advisable without the assent of the stockholders in writing or otherwise.

(f) With the consent in writing of or pursuant to a vote of, the holders of a majority of the number of shares of capital stock issued and outstanding to sell, exchange, assign, transfer, and convey or otherwise dispose of the whole or substantially the whole of the property (whether real or personal), assets, effects, and good will of this corporation (including the corporate franchise and other intangible property of this corporation) upon such terms and conditions as the board of directors shall deem expedient and for the best interests of this corporation.

(g) From time to time to determine whether and to what extent and at what time and place and under what conditions and regulations the accounts and books of this corporation, or any of them, shall be open to the inspection of any stockholder; and no stockholder shall have any right to inspect any account, book or document of this corporation except as conferred by statute or the by-laws or as authorized by resolution of the stockholders or board of directors.

## ARTICLE XI

This corporation may in its by-laws confer powers upon its board of directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon them by the laws of the State of Delaware.

## ARTICLE XII

The stockholders and board of directors shall have power, if the by-laws so provide, to hold their meetings and to keep the books of this corporation (except such as are required by the law of the State of Delaware to be kept in Delaware) and documents and papers of this corporation outside the State of Delaware and to have one or more offices within or without the State of Delaware at such places as may be designated from time to time by the board of directors.

## ARTICLE XIII

All of the powers of this corporation, in so far as the same may be lawfully vested by this certificate of incorporation in the board of directors, are hereby conferred upon the board of directors of this corporation.

## ARTICLE XIV

This corporation reserves the right to amend, alter, change, add to, or repeal any provision contained in this certificate of incorporation in the manner now or hereafter prescribed by statute, and all rights and powers conferred by this certificate of incorporation on stockholders, directors, and officers are granted subject to this reservation.

We, the undersigned, being each of the original subscribers to the capital stock hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of Delaware and in pursuance of the general corporation laws of the State of Delaware, being chapter 65 of the Revised Code of Delaware and the acts amendatory thereof and supplemental thereto, do make and file this certificate, hereby declaring and certifying that the facts herein stated are true and do respectively agree to take the number of shares of stock hereinbefore set forth opposite our respective names, and accordingly have hereunto set our hands and seals this 6th day of October, 1928.

WILLIAM T. SWEIGERT. [SEAL.]  
S. J. TOSI. [SEAL.]  
EUSTACE CULLINAN, JR. [SEAL.]

In the presence of:

EDWARD P. McAULIFFE.

STATE OF CALIFORNIA,  
*City and county of San Francisco, ss:*

Be it remembered that on this 6th day of October, 1928, personally came before me, Edward P. McAuliffe, a notary public in and for the city and county and State aforesaid, William T. Sweigert, Eustace Cullinan, jr., and S. J. Tosi, parties to the foregoing certificate of incorporation, known to me personally to be such, and I having first made known to them and each of them the contents of said certificate, they did severally acknowledge that they signed, sealed, and delivered the said certificate as their several voluntary act and deed, and that the facts therein stated are truly set forth.

Given under my hand and seal of office the day and year aforesaid. My commission expires December 31, 1930.

EDWARD P. McAULIFFE,  
*Notary Public, San Francisco, State of California,*

STATE OF DELAWARE,  
*Office of Secretary of State:*

I, Charles H. Grantland, secretary of state of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of certificate of incorporation of the "Transamerica Corporation," as received and filed in this office the 11th day of October, A. D. 1928, at 1 o'clock p. m.

In testimony whereof I have hereunto set my hand and official seal, at Dover, this 11th day of October in the year of our Lord one thousand nine hundred and twenty-eight.

[SEAL.]

CHARLES H. GRANTLAND,  
*Secretary of State.*

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF TRANSAMERICA CORPORATION AND OF INCREASE OF CAPITAL STOCK

Transamerica Corporation, a corporation organized and existing under and by virtue of the provisions of an act of the General Assembly of the State of Delaware, entitled "an act providing a general corporation law, approved March 10, 1899," and the acts amendatory thereof and supplemental thereto, the certificate of incorporation of which was filed in the office of the secretary of state of Delaware on October 11, 1928, and William H. Snyder, vice president of said Transamerica Corporation, and George E. Hoyer, secretary of Transamerica Corporation, hereby certify:

First. That at a meeting of the board of directors of said Transamerica Corporation, duly held and convened, a resolution was duly adopted, setting forth an amendment proposed to the certificate of incorporation of said corporation, a copy of which resolution is as follows, to wit:

"Resolved, That it is advisable that Article IV of the certificate of incorporation of Transamerica Corporation be and it is hereby amended so as to read as follows:

"ART. IV. The total authorized capital of the corporation is \$1,250,000,000 and the total number of shares authorized of the corporation's capital stock is 50,000,000 and the par value of said shares is \$25 each.

"The shares of capital stock of this corporation may be issued by this corporation from time to time for such consideration as from time to time may be fixed by the board of directors of this corporation; and all issued shares of the capital stock of this corporation shall be deemed fully paid and nonassessable and the holders of such shares shall not be liable thereunder to this corporation or its creditors. No stockholder of this corporation shall have any preemptive or preferential right of subscription to any shares of any stock of this corporation, or to any obligations convertible into stock of this corporation, issued, or sold, nor any right of subscription to any thereof other than such, if any, as the board of directors of this corporation in its discretion from time to time may determine, and at such price as the board of directors from time to time may fix, pursuant to the authority thereby conferred by the certificate of incorporation of this corporation, and the board of directors may issue stock of this corporation, or obligations convertible into stock, without offering such issue of stock, either in whole or in part, to the stockholders of this corporation. The acceptance of stock in this corporation shall be a waiver of any such preemptive or preferential right which in the absence of this provision might otherwise be asserted by stockholders of this corporation or any of them.

"This corporation shall be entitled to treat the person in whose name any share is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the corporation shall have notice thereof save as expressly provided by the laws of the State of Delaware."

"Be it further resolved, That a special meeting of the stockholders of Transamerica Corporation be and it is hereby called to be held on the 9th day of February, 1929, at 9.30 a. m. of said day, at the office of the company, Du Pont Building, in the city of Wilmington, State of Delaware, for the consideration of such amendment and for the purpose of voting upon said recommendation made by the directors to amend the certificate of incorporation of Transamerica Corporation by increasing the authorized capital stock of the company from \$250,000,000, evidenced by 10,000,000 shares of a par value of \$25 each, to \$1,250,000,000, evidenced by 50,000,000 shares of a par value of \$25 each, and for the transaction of any and all business in connection therewith that may properly come before such meeting; and further

"Resolved, That written notice of such special meeting, signed by the president and the secretary of the company, be either delivered to each stockholder entitled to vote in respect of said proposed amendment or entitled to attend said meeting or mailed to him at his post-office address, if known, at least 10 days before the date fixed for said meeting, said notice to set forth a brief summary of the changes to be effected by said amendment, and said directors deem it advisable that said notice shall contain a brief summary of said changes to be effected by said amendment instead of containing a copy of said amendment in full."

Which resolution declared said amendment advisable and called a meeting of the stockholders of said corporation for consideration thereof.

Second. That thereafter, pursuant to the aforesaid resolution of its board of directors, a special meeting of the stockholders of said Transamerica Corporation

was duly called and held in accordance with law and the by-laws of the corporation, at the office of the corporation in the city of Wilmington, State of Delaware, on the 9th day of February, 1929, at 9.30 o'clock in the forenoon, at which meeting more than a majority of the voting stockholders of said corporation were present in person or by proxy. That at said meeting a vote of the stockholders by ballot in person or by proxy was taken for and against said proposed amendment, which vote was conducted by Alfred Jarvis and L. H. Herman, two judges appointed for that purpose by said meeting; and that at said meeting by vote conducted as aforesaid, said amendment was adopted pursuant to section 26 of the general corporation law of Delaware, as amended, the persons or bodies corporate holding the majority of the issued and outstanding voting stock of said corporation voting for said amendment, to wit, 7,324,159 shares out of the total issue of 8,993,417 shares were voted for said proposed amendment, and no shares were voted against the same, as appears by the certificate made by said judges.

In witness whereof said Transamerica Corporation has caused its corporate seal to be hereunto affixed and this certificate to be signed by its vice president and its secretary, this 9th day of February, 1929.

WILLIAM H. SNYDER,  
*Vice president.*  
GEO. E. HOYER,  
*Secretary.*

STATE OF DELAWARE,  
*County of New Castle, ss:*

Be it remembered, that on this 9th day of February, 1929, personally came before me Herbert E. Latter, a notary public in and for the county and State aforesaid, William H. Snyder vice president of Transamerica Corporation, a corporation of the State of Delaware, the corporation described in and which executed the foregoing certificate, known to me personally to be such, and he, the said William H. Snyder as such vice president, duly executed said certificate before me and acknowledged the said certificate to be his act and deed, and the act and deed of said corporation; that the signatures of the said vice president and of the secretary of said corporation to said foregoing certificate are in the handwriting of the said vice president and secretary of said company, respectively, and that the seal affixed to said certificate is the common or corporate seal of said corporation, and that his act of sealing, executing, acknowledging, and delivering the said certificate was duly authorized by the board of directors and stockholders of said corporation.

In witness whereof I have hereunto set my hand and seal of office the day and year aforesaid.

HERBERT E. LATTER,  
*Notary Public.*

Appointed February 24, 1927; State of Delaware; term two years.

STATE OF DELAWARE,  
*Office of Secretary of State:*

I, Charles H. Grantland, Secretary of State of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of certificate of amendment of certificate of incorporation of the Transamerica Corporation, as received and filed in this office the 11th day of February, A. D. 1929, at 1 o'clock p. m.

In testimony whereof I have hereunto set my hand and official seal, at Dover, this 11th day of February in the year of our Lord one thousand nine hundred and twenty-nine.

[SEAL.]

CHARLES H. GRANTLAND,  
*Secretary of State.*

Mr. BACIGALUPI. This preliminary statement, owing to the ground to be covered and explained, has necessarily become very long. I ask your indulgence, however, if I prolong it a little, because I feel that it would be incomplete were it not to include a brief announcement of at least a few of the opinions we hold with reference to the subject matter of this timely investigation, formed as a result of our

comparatively long personal and intimate touch with all types and forms of banks now prevalent in the United States.

We see nothing wrong with well-organized and well-managed group banking as it exists in the United States to-day, excepting that it is not as resourceful, flexible, efficient, or economical as branch banking. We believe that group banking is a great improvement over the individual or unit form, however, and a decided step in the right direction.

We firmly believe that large-scale branch banking over wide and diversified areas has demonstrated its decided superiority, in the following particulars, wherever it has been tried:

1. It is more economical because:

(a) Operating expenses should be less, due to the efficiencies and economies which large-scale organization, purchasing, and so forth, make possible.

(b) Overhead should be less, due to the centralization of administrative functions and elimination of unnecessary duplication of facilities.

(c) Credit losses are less, due to intelligent credit supervision by picked men, which only a large and highly profitable institution can afford to employ, and due also to the inherent soundness that comes from loans spread over a wide area and competent officers close at hand to watch them, as against loans all placed in one community or lent at a distance without any one connected with the lending bank to constantly follow them up.

(d) Assets enjoy a higher earning rate, due to the increased facilities for investment and greater experience in investment that naturally comes with the handling of large amounts of money.

2. Local communities receive a safer and more adequate banking service because:

(a) They enjoy a sound depositary for funds that presents an equal and undivided responsibility to all its patrons, and is capable of easily weathering the complete or partial agricultural or industrial failure in any given section during one or more years.

(b) No financial need is too large or too small to be supplied; and such banks are in a far better position to finance the sound and legitimate growth of a community than would be possible through the employment of local capital alone.

(c) An opportunity is offered residents of every community served to share, through stock ownership, in the profits not alone arising from the branch within their own locality, but those that accrue from the entire system as well.

3. Branch banking is a financial bulwark making generally for greater soundness and progress and is destined to become, as we see it, one of the Nation's most invaluable assets.

We have for several years been, in principle, favorably disposed to branch banking without any territorial limitations. It is our view that the ideal system of banking should permit parent banks to establish branches in any part of the world. This privilege is now possessed by all of the leading foreign banks and has been of great value to foreign countries in building up and holding their foreign trade. We have become a great commercial nation and our prosperity is dependent upon the efficient development of our foreign trade in all sections of the globe. Congress has recognized in the Federal reserve act the principle that banking should follow this trade by giving to national

banks the right, with the approval of the Federal Reserve Board, to establish branches in foreign countries. Recently the Bank of Italy National Trust and Savings Association was given permission to open a London branch.

While we recognize that our country is not now prepared by experience or education to engage in nation-wide branch banking we are nevertheless of the theory that this type of branch banking under proper regulation and control would give, in conjunction with foreign branches, the widest possible diversification of business and the greatest soundness. Such a system of branch banking would not, however, be expected to proceed entirely from New York City. In our great country the future will witness many strong commercial centers with banks fully able to exist independently of New York. There would be branch banking systems with head offices in Minneapolis, San Francisco, Detroit, Chicago, Buffalo, St. Louis, Atlanta, New Orleans, and so on.

For the present we are engaged in branch banking in the State of California upon a State-wide scale. Our branches are operated under a great variety of conditions of soil, climate, industry, and business. While we are not advocating or supporting any particular legislative suggestions at this time we are nevertheless in a position, by virtue of our experience in every aspect of branch banking, to avail ourselves of any enlargement of the territory in which national banks may be permitted to engage in branch banking.

I wish to thank the committee for its patience and consideration and I shall be glad to answer to the best of my ability any questions which you may propound.

The CHAIRMAN. I am going to suggest, Mr. Bacigalupi, that the committee recess now until 2.30 this afternoon, when we shall be pleased to have you back. I am supposing, now, that you have completed your formal statement.

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. The members of the committee will want to question you on different phases of your statement at the afternoon meeting. Without objection, then, the committee will stand in recess until 2.30 this afternoon.

(Whereupon, at 12.25 o'clock, p. m., the committee recessed until 2.30 o'clock, p. m.)

#### AFTER RECESS

Upon the expiration of a recess, the committee resumed its hearing.

The CHAIRMAN. The committee will please come to order.

My attention has been directed to a matter that I want to call to the attention of the committee, to the effect that a concern in New York City, calling themselves "patent law reporters," 154 Nassau Street, headed by Herbert B. Sanson, is apparently taking these proceedings held before our committee on the subject of branch, chain, and group banking and is reprinting them and apparently selling them to the public.

From the information which comes to me from a reliable source, they are conducting a campaign for the sale of these public hearings, which are available to everyone in the country without cost so long as the supply furnished the committee lasts.

It would seem unfortunate that anyone should be attempting to exploit the distribution of these hearings for the purpose of making money.

The circular or card of some sort which these people are apparently sending out is as follows:

## BRANCH, CHAIN, AND GROUP BANKING

Every phase of this important subject is being investigated by House Committee on Banking and Currency.

Not since the creation of the Federal reserve system has anything so vitally affected American banking.

Send your order to-day so we will know how many copies to prepare of the proceedings.

## HOUSE RESOLUTION NO. 141

PATENT LAW REPORTERS,  
154 Nassau Street, New York.

Please prepare and send me ----- copies of the proceedings of above committee, for which I agree to pay at the rate of 25 cents per page.

Signature..... Title.....  
Bank..... City.....

The CHAIRMAN. One banker, without stopping to think and being interested in the hearings, signed one of these cards, and a few days later was presented with a bill for \$1,200, and he is now resisting the payment of this bill and these people are evidently attempting to collect.

I simply wanted to call this to the attention of the committee so that you would know what is taking place. It would seem to me that it is a matter that ought to be stopped. I do not know that it is within the jurisdiction of the committee to stop it.

Great numbers of these hearings have been asked for and mailed out. They are undoubtedly getting them from these printed hearings.

I simply want the committee to know that some people were attempting to exploit the banks in regard to these hearings. I am sure that if any bank wants copies of these hearings, they can be made available through the usual channels here without going to to this great expense, but it is apparent that some banks are innocently being mulcted in this manner.

Mr. WINGO. As I understand it, this concern made inquiries beforehand, and, of course, the clerk properly told them he knew of no law against it, and there is no reflection whatever on the clerk; he did the proper thing.

I imagine that these people, by payment of the fixed charges provided by law and the regulations of the Government Printing Office, could get copies of the hearings, but the viciousness of it was that, while it was perfectly lawful, they sent out notices and took advantage of what they know is an obvious fact, that the busy banker possibly would get the impression that he has to pay that much in order to get the official reports of this committee, when there has never been any disposition upon the part of the House to decline to allow us to have printed whatever was necessary to meet the legitimate demands of those interested in any of our hearings.

I think it would be unfortunate if any bank should be required to pay for a copy of these hearings, and I think it is a part of a proper charge upon the Public Treasury for this committee to have whatever

copies printed that may be necessary to meet the demands of any banker or of any other citizen who is interested in this subject, having them follow the customary course of writing to the committee or to their own Congressman or Senator in order to get copies.

I think the chairman ought to consider how he can make public such a suggestion, even though it may result in greater demand being made upon us than ordinarily would be made, for I do not like the idea of a bank, like the one you mentioned, having to pay \$1,200 and then perhaps having to pay five, six, or ten times that much before they get through, and I think something ought to be done to warn the bankers that they do not have to buy these hearings, that if any bank is interested the committee will furnish copies to them, either through request made directly to the committee or on their Congressman or Senator.

Mr. FORT. Of course, we can not furnish them without limit, without exhausting the appropriation.

Mr. WINGO. What we ought to do is to meet every legitimate demand without the bankers having to pay some private source a profit for these hearings.

Mr. FENN. In connection with Mr. Strong's very valuable testimony before the committee a year or two ago, the chairman informed me that they had an authorization to print 5,000 extra copies, and the demand for these hearings is going to be as great.

The CHAIRMAN. Greater.

Mr. FENN. The time will come when we will have to ask for that authorization.

Mr. WINGO. But if the point as to demand should be reached that Mr. Fort refers to, that we would have exhausted our appropriation, we could then merely do what we frequently have to do, tell them that certain documents are exhausted but that they can procure them from the Public Printer at a certain price, and to find out and tell them what that price is.

It might be wise, in order to prevent a terrific and unnecessary demand, to let the committee simply take care of requests through the members, and then if some man should write me where I did not think he was entitled to it, where it was mere idle curiosity on his part, I could do with him as I do sometimes with others, tell him that, of course, I have not an available copy to send him but that it can be procured by purchasing it from the Public Printer for so much.

Mr. FENN. I do not recall of these hearings ever having been in the Public Printer's hands.

Mr. WINGO. I think we should arrange for additional copies to be distributed at cost.

The CHAIRMAN. I think that, so far as additional copies are concerned, we probably will find it necessary to get authority to print them, and later on, perhaps at the conclusion of this study, it may be possible to print them in one or two volumes instead of in the smaller pamphlets as now.

I brought this matter up so that it would be a notice to the country generally that this thing was taking place, and that it was not the view of the committee that anyone should be permitted to exploit the banks.

I want to quote a little further——

Mr. GOODWIN. May I ask a question?

The CHAIRMAN. Yes.

Mr. GOODWIN. Do I understand that any private individual or organization may print a copy of the hearings before this committee and include on the cover, "House of Representatives, United States Congress, Public Document Number so and so"?

The CHAIRMAN. I understand that can be done.

Mr. WINGO. I do not know how far they could go. I suggest, Mr. Chairman, that you look into what the law is, and the precedents, and what the rulings have been with respect to copying a public document by way of private printing.

The CHAIRMAN. I will be very glad to do that.

So that the members of the committee may know what is happening, I would like to finish this statement. This gentleman writes that an officer in his bank glanced over this card, a copy of which I have inserted in the record, and concluded from the reading of the contract that he was ordering four copies of a pamphlet that would cost 25 cents each. Then the letter goes on—

He thought—

The officer of that bank—

it would be worth that much to have these reports here in our files—not that we had any particular use for them. To our great astonishment we find that a set of these proceedings consisted of more than two volumes and enough pages so that the four copies would make an aggregate cost of something like \$1,200.

The thing is a fraud on its face, of course, and we canceled the order immediately as soon as we discovered the error, April 23, explaining that we had misread his contract.

We are to-day in receipt of the following letter from this man Sansom:

"We were very much surprised to receive your letter of April 23 stating that you were returning the proceedings of branch, chain, and group-banking investigation after all the hard work we did in filling your signed order which we accepted as bona fide.

"When the packages arrive we shall naturally be compelled to refuse to accept the same, because we feel that we have fulfilled our part of the specific performance contract called for in your signed order, a photostatic copy of which is inclosed herewith. We tried to make it so simple and plain that a child could understand it.

"We must therefore insist that you O. K. our statement for payment as soon as possible. Will you kindly advise your decision in the matter?"

"Yours very truly,

"PATENT LAW REPORTERS.  
"SANSOM."

Mr. BRAND. What city was that letter sent from?

The CHAIRMAN. New York City.

Mr. DUNBAR. Mr. Chairman, some of the bankers would like to read the proceedings as they occur, during the time we are in session. Now, we can not receive enough copies to send them to all the banks in our district, and possibly to supply that kind of a want when the proceedings are over. As I understand it, we will then receive enough copies so that we can send one to each bank in our districts.

Mr. WINGO. No.

Mr. DUNBAR. We can not?

Mr. WINGO. Do not let that suggestion get "orated" around.

Mr. DUNBAR. Does not this fill a want?

Mr. Chairman, may I ask Mr. Wingo if this does not fill a want?

Mr. WINGO. No; there are some bankers in my district and yours that would not read them even if we sent them to them.

Mr. BRAND. Some of them have not time.

Mr. WINGO. I move this, that the chairman be directed to investigate this matter fully and take such steps as he deems proper to properly protect the banks against exploitation and the hearings of this committee from being used in an improper way, and that he then advise the committee subsequently what he has done and found out.

The CHAIRMAN. Is there a second to that motion?

Mr. FENN. I second the motion.

The CHAIRMAN. It is so ordered.

Now, Mr. Bacigalupi, Mr. Fort has to be away from here a little later on, and I am going to break the regular program to let Mr. Fort proceed with you at this time.

#### STATEMENT OF JAMES A. BACIGALUPI—Resumed

Mr. FORT. Let me say, Mr. Chairman, that if there is anyone else in the same boat, I should be glad to have him proceed.

In your various set-ups, Mr. Bacigalupi, have you any rules and regulations which render it certain that there is no cross ownership of each other's securities by your corporations?

Mr. BACIGALUPI. Yes, sir.

Mr. FORT. In other words, to take a concrete illustration from the chart, would it be possible, in the way you are operating, for the Bank of Italy, to be the owner of stock of the Transamerica Corporation?

Mr. BACIGALUPI. No, sir.

Mr. FORT. Would it be possible for the Bank of Italy National Trust and Savings Association to have loans on the stock as collateral of the Transamerica Corporation?

Mr. BACIGALUPI. Yes, sir.

Mr. FORT. Generally speaking, Mr. Bacigalupi, is it not possible for a considerable duplication of resources to occur in any like organization if the subsidiary corporations of a major holding company either own the stock of the parent company or loan on it?

Mr. BACIGALUPI. I would say no. I have not the exact terms of the law that is applicable to that particular point clearly in mind, but the national bank act prescribes very clearly the percentage of the capital of a bank that may be loaned to any individual borrower or the character of security to be given.

Mr. FORT. I think you have got my question a little confused. I do not refer so much to the loan by the Bank of Italy to the Transamerica Corporation. The national banking act does regulate the amount of loans that could be made to one borrower, but it does not regulate the amount of loans that can be made on one type of collateral. For example, we can loan 10 per cent, we will say, of the resources to an individual borrower, but there is nothing in the law as it stands at the present time to prevent a bank lending 100 per cent of its total resources on the identical collateral, whether Government bonds or any other security.

Mr. BACIGALUPI. I do not have that clearly in mind. My impression was that the law was full on that subject and that it did limit it as to the quality or kind of security. Our policy, however, has been that we have been very careful in our loans on any collateral to see to it that not more than a certain percentage was loaned on any type

of security, and then, also, that that particular loan should not exceed a certain percentage of the value that was fixed on that security by the finance committee of the bank.

Mr. FORT. That interests me very much parenthetically, because we have had that question up here, as to whether or not there should be a limitation of the percentage of a bank's resources which should be loaned on an identical collateral. You say that you have such rules?

Mr. BACIGALUPI. We have such a rule, and we apply that.

Mr. FORT. What is that rule, as to the maximum limit of your resources that can be loaned on a certain collateral?

Mr. BACIGALUPI. My recollection of the rule is that they shall not lend more than 50 per cent.

Mr. STRONG. There are just one or two things that I wanted to ask about.

In your statement to the committee, you said:

Briefly told, the method used by the Bank of Italy in acquiring the stock of a bank prior to the early part of 1917 was as follows: California forbade and still forbids the bank to purchase the stock of another bank.

Then you went ahead and described how you organized the corporation, first using individuals to buy that stock for the corporation.

Mr. BACIGALUPI. Possibly you misunderstood me or I did not make myself plain.

Section 31 of the bank act, which is the only provision of the California bank act which has to do with the purchase of another bank, deals only with the purchase of assets of the other bank, namely, mortgages, notes, bonds, and the other assets that make up the going concern. Now, naturally, if you were the owner of a bank that was about to be sold, the preliminary negotiations would have reference not to the assets but would have reference to how much you were going to get for your stock in that bank, and you naturally would not consent to the transfer of the assets of your bank, to be incorporated into the assets of the Bank of Italy until you knew definitely how much you were going to get, and in most instances you would want to have the money in hand or the consideration in hand for your stock, which represented your interest in that business.

Inasmuch as the law forbids one bank from buying the stock of another bank, we had to resort to individuals buying the stock, who were friendly to the bank, and then proceeding under section 31 of the bank act to sell, get the two-thirds consent of the stock of the selling bank, get the two-thirds consent of the stock of the purchasing bank, and the resolution of authorization from the boards of directors of the purchasing bank and of the selling bank, and then come to an agreement as to the purchase and sale of those assets pursuant to section 31, and when that operation was completed there was left in the shell of the selling bank in assets and cash, or convertible assets, capital, surplus, and undivided profits, sufficient to retire or to reimburse the individuals for the stock they purchased.

Mr. STRONG. Then, when these friends of the bank bought the stock they bought it for the bank?

Mr. BACIGALUPI. Yes, sir.

Mr. STRONG. And turned it over to the bank?

Mr. BACIGALUPI. Yes, sir.

Mr. STRONG. That was done to avoid the law.

Mr. BACIGALUPI. No, not to avoid the law. It was done to comply with the law.

Mr. STRONG. No. The law forbade a bank from buying the stock of another bank, so the friends of the bank bought the stock and turned it over to the bank, and that gets around the law.

Mr. BACIGALUPI. The bank did not buy the stock; it bought the assets in strict compliance with section 31.

Mr. STRONG. What becomes of the stock?

Mr. BACIGALUPI. It bought the assets from the then stockholders of the bank, who were the friends of our institution.

Mr. STRONG. But what became of the stock finally?

Mr. BACIGALUPI. It was liquidated; the bank was liquidated and those who purchased it repaid.

Mr. STRONG. To get around the law, which says that one bank can not buy the stock of another, your bank has its friends buy the stock, and then from its friends it buys the assets, and there is nothing left for the institution but to liquidate.

Mr. BACIGALUPI. It was all done legally.

Mr. STRONG. It was done legally to avoid that statute.

Mr. BACIGALUPI. There was not any avoidance of a statute. It was done openly, and with the full acquiescence of the supervisory authorities.

Mr. STRONG. It might be, but it got around the California law.

In the purchase of these banks, was any money made, any increased amount of stock issued? To be frank about it, was any water put into it?

Mr. BACIGALUPI. I do not know exactly what you mean by water.

Mr. STRONG. Oh, yes, you do.

Mr. BACIGALUPI. No; in this connection I do not, because the capitalization of the bank was increased from time to time, as was referred to in my opening statement of this morning, and the dates of the increase of the capital of the bank and the prices at which the various issues were sold for are all tabulated in Exhibit A that is before this committee.

Mr. STRONG. When a bank was bought by friends of your bank and then the assets turned over, was any money made?

Mr. BACIGALUPI. No, sir; not a nickel.

Mr. STRONG. Was any money made or any stock watered, any paper profits made in the building of these subsidiary corporations, or the corporations to take over these various organizations or banks?

Mr. BACIGALUPI. I do not understand your question.

Mr. STRONG. Well, let us take the purchase of these various banks. The Commercial National Bank, the Liberty Bank, and the Bank of America were consolidated into the Liberty Bank of America, and that turned over to the Bank of Italy.

Mr. BACIGALUPI. Yes, sir.

Mr. STRONG. Were any paper profits made in those transactions?

Mr. BACIGALUPI. No, sir. If there were any profits resulting from any of these transactions, they were shared by all of the stockholders of the institution.

Mr. STRONG. Was there any profit?

Mr. BACIGALUPI. I am positive there was not any profit, because they were sold at their actual appraised value.

Mr. STRONG. If the Bank of Italy takes over a bank or organizes a bank or has its friends buy a bank and then buy the assets and that is converted into the Bank of Italy, is there any stock issued in excess of the amount of stock of the original bank?

Mr. BACIGALUPI. No. If the Bank of Italy, for instance, were to buy a bank to-day, its capital is more than ample to accommodate a bank or several banks of rather large structure, and there would be no occasion to issue any additional capital.

Mr. STRONG. I also noticed that in your statement you said that one of the principles you insist upon is total abstinence from politics and all controversial questions.

Mr. BACIGALUPI. Yes, sir; that do not directly affect the weal of the institution.

Mr. STRONG. That is what I wanted to know. If you thought that the good weal of the institution was to be served by getting into politics, would the Bank of Italy get into politics?

Mr. BACIGALUPI. No, sir; not as such.

Mr. WINGO. What is that?

Mr. BACIGALUPI. Not as such.

Mr. STRONG. Not as such. Would its officers get into politics?

Mr. BACIGALUPI. No. I pointed out this morning that there were 125,000 people who owned an interest in these institutions. Naturally they would not take kindly to a deal that they did not consider fair and just.

Mr. STRONG. Have you taken any interest in State politics in California?

Mr. BACIGALUPI. The bank has never done anything of the kind. As far as the last governor's campaign was concerned, I have not any doubt that a number of our stockholders in California voted for the present governor as against Governor Richardson, whose administration was openly and avowedly antagonistic to our institution. In fact, the existence or the further growth of our institution was practically one of the issues of the campaign.

Mr. STRONG. Then the bank does get into politics.

Mr. BACIGALUPI. No; the bank does not get into politics.

Mr. STRONG. Of course, the charter itself does not get into politics.

Mr. BACIGALUPI. I do not even mean to be technical or facetious, Mr. Congressman, in what I am saying.

Mr. STRONG. You say you have 100,000 employees, and, of course, they have relatives and friends and families, and you say that they got into this governor's fight?

Mr. BACIGALUPI. I did not say we had 100,000 employees. I said we had 125,000 stockholders in the Bank of Italy and in the Bancitaly Corporation—

Mr. STRONG. And they have friends?

Mr. BACIGALUPI (continuing). Who have money invested in these institutions, and it was a most natural thing for them to resent any arbitrary position or any unlawful and unjust position in their estimation and contrary to their interests.

Mr. STRONG. Of course, they would be advised by somebody that their interest was affected.

Mr. BACIGALUPI. I do not think there was anybody in the State of California that did not know it was going on. In fact, there was pending at that particular time, and prior to the campaign, a suit in

the supreme court entitled "Bank of Italy v. John Franklin Johnson as superintendent of banks of the State of California," which had to do—

Mr. STRONG. Now, let me ask you this—

Mr. BACIGALUPI. Pardon me, but I would like to explain this, because I think that in fairness to the people whom I represent here we should have the facts, since you opened that up.

Mr. STRONG. Go right ahead.

Mr. BACIGALUPI. I read to you purposely this morning the only sections in the California banking act which deal with the right of a State bank to establish branches. That power is vested exclusively in the superintendent of banks, and it is made entirely dependent upon his finding as to whether or not the public advantage and convenience of the locality is to be promoted by the establishment of such a branch. It leaves him practically the czar of the situation.

Now, the Bank of Italy had been operating in the city of Los Angeles since 1912. It entered Los Angeles not brand new, but through the acquisition not of one but of several banks which it operates in the manner I outlined this morning.

When the Bank of Italy entered Los Angeles, Los Angeles was not the great city that it is to-day. Within the last six or eight years, Los Angeles has grown to double, triple, or even quadruple its former population.

Mr. Giannini was one of the first to sense the need or the opportunity of a bank operating in Los Angeles that was not originally designed for a large town, with its narrow streets and the rest of it, and with the outlying area becoming rapidly populated by this influx of people from all parts of the United States, and that it was the opportune thing for a bank to bring itself to the people in these outlying business districts that were rapidly springing up throughout the city.

It was then about 1921 when our competitors in California began to encourage, following the example of the Bank of Italy, the establishment of branches, and they began to work on the superintendent of banks and they got him to enunciate what is known as the *de novo* rule—in other words, he made a law which we felt was absolutely illegal—to the effect that a bank might establish branches only in the locality where it had its principal place of business, and that was done in the face of a statute which was plain and which made no discrimination between any State banks in California.

So that they began to get permits for all of these branches, and the superintendent of banks found that the public interest and convenience would be promoted in the event that they asked for the privilege of establishing a branch, but to us he would say, "Because you have your head office in San Francisco, under the *de novo* rule I can not grant you that permission."

In the flyleaf of this brief, which I filed with this committee, our attorney tabulated the branches that were granted to the various banks in Los Angeles territory, and I will read here merely the footnote.

Between June 20, 1921, and June 18, 1925, the date this proceeding was commenced (four years) Superintendents Dodge and Johnson together granted permits for 122 *de novo* branches in Los Angeles, 2 to the petitioner, 3 to the Bank of America, and 117 to the above-named 5 favored Los Angeles banks.

Now, I wish to present that, Mr. Chairman, and to have it marked the next exhibit letter. (Exhibit V.)

The CHAIRMAN. Without objection, the part referred to will be printed in the record at this point.

(The tabulation referred to is here printed in full, as follows:)

## EXHIBIT V

Branches in Los Angeles—(Exs. 114, 102, and 101—See Appendix pp. 3-10)

BRANCHES WHEN SUPERINTENDENT DODGE TOOK OFFICE JUNE 20, 1921

	De Novo	Merger	Purchase and sale	Total
Bank of Italy.....			3	3
Security Trust & Savings Bank.....	2		1	3
Pacific Southwest Trust & Savings Bank.....	7			7
Hellman Commercial Trust & Savings Bank.....	4			4
Citizens Trust & Savings Bank.....	4			4
California Bank.....	2	15		17
Citizens State Bank of Sawtelle.....	1			1
Yokohama Specie Bank.....	1			1
Total.....	21	15	4	40

BRANCHES GRANTED BY SUPERINTENDENT DODGE (JUNE 20, 1921-FEBRUARY 1, 1923)

Bank of Italy.....	2			2
Security Trust & Savings Bank.....	11	3		14
Pacific-Southwest Trust & Savings Bank.....	24	2		26
Hellman Commercial Trust & Savings Bank.....	8	1		9
Citizens Trust & Savings Bank.....	17			17
California Bank.....	11		1	12
Bank of America.....		1		1
Total.....	73	7	1	81

BRANCHES GRANTED BY SUPERINTENDENT JOHNSON (FEBRUARY 1, 1923, WHEN HE TOOK OFFICE, TO NOVEMBER 24, 1925)

Bank of Italy.....			1	1
Security Trust & Savings Bank.....	9	2		11
Pacific-Southwest Trust & Savings Bank.....	13			13
Hellman Commercial Trust & Savings Bank.....	13			13
Citizens Trust & Savings Bank.....	8			8
California Bank.....	3	2		5
Bank of America.....	3			3
Total.....	49	4	1	54

Between June 20, 1921, and June 18, 1925, the date this proceeding was commenced (four years), Superintendents Dodge and Johnson together granted permits for 122 de novo branches in Los Angeles, 2 to the petitioner, 3 to the Bank of America, and 117 to the above-named 5 favored Los Angeles banks.

The history of the petitioner's 6 branches in Los Angeles (4 purchased and 2 de novo) appears infra p. 4. The history of the 15 branches acquired through merger by California Bank appears in Exhibit 114 (Appendix, p. 6).

Mr. STRONG. Then, I understand from what you said that the fact that the banks that were your competitors seemed to get more consideration from the superintendent of banks forced the stockholders of your bank to take an interest in politics?

Mr. BAGGALUPI. It forced them to a decision as to what candidate who was running for office they would vote for; yes.

Mr. STRONG. And when that candidate was elected, was the man who was then appointed superintendent of banks satisfactory to your stockholders?

Mr. BACIGALUPI. Neither the stockholdings nor any of our institutions had absolutely anything to do with the naming of the superintendent of banks.

Mr. STRONG. I understand that, but I am asking you if the superintendent of banks that the new governor appointed following this contest was satisfactory to your stockholders?

Mr. BACIGALUPI. He was just as satisfactory to our stockholders as he was to the stockholders of every other bank.

Mr. STRONG. Since he has been in office, have you been getting as square a deal as you did before?

Mr. BACIGALUPI. The Bank of Italy, within a very few days after he was named by the governor, became a national bank, and thus put itself out of the jurisdiction of the superintendent of banks of the State of California.

Mr. STRONG. Have you any State banks in your group?

Mr. BACIGALUPI. We have now the Bank of American of California.

Mr. STRONG. And are they getting a square deal?

Mr. BACIGALUPI. They are getting a square deal.

Mr. STRONG. But before they did not?

Mr. BACIGALUPI. No, sir.

Mr. STRONG. The incentive, then, is to get into politics, for these big institutions?

Mr. BACIGALUPI. I deny that the Bank of Italy or any of its stockholders as such is in politics, and I deny that the Bank of Italy has ever asked for or ever received political favor from any California official.

Mr. STRONG. The proposition I am trying to get at is this: I very much fear, as a citizen, that great banking institutions such as you are building up in California and such others that are being built up will get into politics. The second national bank in the United States did get into politics.

Mr. BACIGALUPI. I do not think you need have any apprehensions on that score.

Mr. STRONG. No, because—

Mr. BACIGALUPI. May I say this? Just to illustrate, there would not have been a chance for the Bank of Italy or any of its affiliations doing anything in politics unless the people themselves who had an interest in this institution felt that they were absolutely being discriminated against.

Mr. STRONG. Certainly.

Mr. BACIGALUPI. All right. The average holding of the 125,000 stockholders of our institution, as I recall it, was about nine shares each. Now, you can not conceive that on any political issue or on any political candidate that there would be any unanimity or that there would be any consensus of opinion, or that there would be any power resting in the hands of the administration of an institution of that type to get Jews and Gentile, Catholic and Protestant, wet and dry stockholders, such as our institutions possess, to agree, unless it was something that was absolutely raw and scandalous and that by its own weight and momentum would force them to assert their rights.

Mr. STRONG. Certainly; unless those 125,000 stockholders thought that their rights were being invaded, they practically would not take

any interest, but if they thought that their rights were being invaded, they would get into politics and help elect a governor that would appoint a superintendent of banks favorable to them.

Mr. BACIGALUPI. That is not a fair statement, Mr. Congressman.

Mr. STRONG. I say they would.

Mr. BACIGALUPI. No; I do not think so.

Mr. STRONG. I was invited to a moving-picture show not long ago, and the man who invited me told me that he would like to go to a certain place because, as he said, "I just bought some stock in that corporation."

So, men are persuaded in what they do by what they think is their personal interest.

Mr. BACIGALUPI. Whether you are a stockholder of an institution or not, you as an American citizen resent arbitrary acts and unfairness, and as an individual you will stand up for what you consider to be your rights as an American citizen.

Mr. STRONG. Yes, sir, and if I had been a stockholder in your corporations and I thought that the superintendent of banks out there was not treating the institution in which I held stock fairly, and there was a contest over the governorship, I would vote for the governor that would appoint a superintendent of banks that would treat my institution fairly, and that is just what I think everybody else would do.

For that reason, I am wondering if there is not a danger in building up these large holding companies, that own thousands of shares of stock.

Mr. BACIGALUPI. Well, I do not see any danger in it at all.

Mr. STRONG. I have in mind the history of the second United States bank, and I am looking ahead to what might come.

Mr. BACIGALUPI. I defy any of our bitterest competitors, and we have some, to cite a single instance wherein the Bank of Italy or anyone directly or indirectly connected with it has ever sought to exercise any political power in the State of California.

Mr. STRONG. That may be true, but, nevertheless, whereas the former superintendent of banks seemed to have leaned toward your competitors, he is no longer in office.

Mr. BACIGALUPI. I will say this, that if to-morrow a similar situation arose, I have not any doubt that the stockholders of our institution would react in exactly the same manner.

Mr. STRONG. That is just what I think; it is just what I am trying to come to.

Mr. WINGO. I believe that you gentlemen are going to agree directly.

Mr. STRONG. I think most anybody would agree to that proposition.

Mr. BACIGALUPI. I know that I can see a very clear distinction in this transaction. I think that as American citizens it is our right to resent abuse and injustice—

\*Mr. STRONG. Certainly.

Mr. BACIGALUPI (continuing). And to fight for the right—not to use our power illegitimately and to try to force our will upon everyone else.

Your proposition seems to beg the question to this extent, that you are presuming or assuming that in consideration for the political

support that he may have received from our stockholders, the present governor made an agreement with reference to the naming of a superintendent of banks that would be favorable to our institution, which I deny.

Mr. STRONG. No; I only think you got rid of a superintendent of banks who was not favorable.

Mr. BACIGALUPI. He was not; he was decidedly and openly unfavorable, and the governor himself went on record as stating he was doing exactly what the other banks of the State of California wanted him to do, and, as far as he was concerned, they had more votes than the Bank of Italy.

Mr. STRONG. I see. I am not disputing that proposition at all, and I have no doubt that the stockholders and officers of the second United States bank thought that Andrew Jackson was very unfair, and I do not doubt that the superintendent of banks was unfair to you, but I am just pointing out that in the building up of a great financial institution there can be established a great power which might be used in politics.

Mr. BACIGALUPI. The vice of the United States bank was that it was not trying to run its own business, but the other fellow's business—that is where the vice was, and there is no parity between the two cases.

Mr. STRONG. I have no doubt that if the present managers of the Bank of Italy were to continue for all time, they would always do just and right toward the people and in their politics, but what I fear is that after you build up a nation-wide institution, with hundreds of thousands of stockholders, there might be officers of the bank in the next generation that might use that power in politics.

Mr. BACIGALUPI. I know, and may I say this, Mr. Congressman: I do not know what your politics is, but say that you were a stockholder and owned nine shares in our bank—

Mr. STRONG. That is a violent assumption, from my standpoint.

Mr. BACIGALUPI. And the management of that bank asked you to vote for a candidate of an opposite party: Do you think that your interest in the nine shares in the banking institution would be strong enough of an inducement to warrant your abandoning your party principles?

Mr. STRONG. Probably not, but I might be human enough, if you came along and said, "Don't you know that the governor will appoint a superintendent of banking that is working against us and your interests," and I will say, "Very well, I will not vote for him."

Mr. BACIGALUPI. I do not think your small interest in the institution would prompt you to do it and I do not think any reasonable, sensible business man would be influenced.

You should realize in these days we have no longer institutions dominated by one man. You take the financial interests in our institutions, beginning with any one interest, beginning with Mr. Giannini and going on down, his control is insignificant. Our claim to our right to a tenure in office is that we run our bank and do not meddle with politics or get interested in any business except our own.

Mr. STRONG. I want to say that while the average shareholdings in your institution may be only nine shares, there are a great many of them that have a much larger interest, that are devoting their lives to the institution.

Mr. BACIGALUPI. But they have only one vote.

Mr. STRONG. But they are devoting their lives to it and when they come to a matter of voting for a governor that will appoint a superintendent of banks that will be favorable or unfavorable to that institute, nobody will have any doubt as to whom they will vote for.

Mr. BACIGALUPI. I deny our stockholders had any assurance as to who would be appointed superintendent of banks.

Mr. STRONG. Certainly not. They knew one governor was appointing an unfavorable man and the other might appoint another kind.

Mr. BACIGALUPI. Well, he could not be any worse.

Mr. STRONG. Just another question or two. Are all of your many banks and branch banks and corporations now controlled by the Transamerica Corporation?

Mr. BACIGALUPI. To the extent that I outlined them and as shown by the chart.

Mr. STRONG. How many banks and branch banks does that number?

Mr. BACIGALUPI. I can not tell you offhand. The records will show that, Mr. Strong.

Mr. STRONG. Five hundred?

Mr. BACIGALUPI. Well, we have 292 in the Bank of Italy, 161 in the Bank of America, and I think 35 in the Bank of America of New York. That makes 488 in California and New York.

Mr. STRONG. Have you any in any other city besides New York?

Mr. BACIGALUPI. No, sir.

Mr. STRONG. None on Chicago?

Mr. BACIGALUPI. No, sir.

Mr. STRONG. This bank you have in Italy——

Mr. BACIGALUPI. Yes, sir.

Mr. STRONG. Does the Transamerica Corporation control that?

Mr. BACIGALUPI. I think it has about a little more than control—about 50.49 per cent; not quite 51 per cent. It has a little over 50 per cent and its total investment is some \$6,000,000 in American money.

Mr. STRONG. But they have control?

Mr. BACIGALUPI. Yes, sir.

Mr. STRONG. How many banks are there in that group in Italy?

Mr. BACIGALUPI. Thirty-seven offices.

Mr. STRONG. Any other banks in which you have any stock at all?

Mr. BACIGALUPI. Oh, yes; we have shares in a number of banks in the United States, as investments.

Mr. STRONG. In about how many States?

Mr. BACIGALUPI. I could not answer that.

Mr. STRONG. A dozen?

Mr. BACIGALUPI. I would be guessing if I said that.

Mr. STRONG. Have you any interest in other banks in countries besides Italy?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. Would you furnish for the committee, Mr. Bacigalupi, a list of stockholdings in other banks in the United States that you or any of your affiliated companies own?

Mr. BACIGALUPI. Yes, sir.

Mr. STRONG. I want to clear the atmosphere by making plain my purpose in asking these questions. I am one member of this committee who absolutely fears that the building up of nation-wide branch banking is a dangerous thing. You have been operating just a few years and yet you have almost 500 banks. I am wondering whether or not, in 25 years, we will not have money and credit in the United States so monopolized in a few groups that it will really constitute a menace and whether or not, when you get that position, some one will not get into control and seek to dominate and control the national politics.

Mr. BACIGALUPI. I do not think you need fear a monopoly of money and credit. What will result, in my opinion, if anything, would be a battle between giants, rather than a battle between a number of—may I say it—pygmies, and I think the competition will be just as keen, and I think the financial structure of this country will be very much better controlled and the credit situation very much better organized than it is to-day.

Mr. STRONG. But what I am afraid is that it will be a battle of giants against the pygmies.

Mr. BACIGALUPI. The institutions will be controlled by the people who own the institutions.

Mr. STRONG. And there will be a great mass of the people not represented at all.

Mr. FENN. With the permission of the committee and the assent of the chairman, inasmuch as the gentleman from New Jersey (Mr. Fort) has an important engagement, I ask unanimous consent that my time be yielded to him.

The CHAIRMAN. Mr. Fort.

Mr. FORT. Mr. Bacigalupi, we were discussing here a few moments ago the question of duplication of resources in these holding organizations. I have had occasion to see it myself, occasionally, in insurance companies where one has owned the stock in another and the second has owned stock in the first, the net result being that the published statement of the capital and resources contained duplication and is capable of great deception. I know of one notable case where, when they got through, the two insurance companies had nothing left—each owning the other.

That is possible, of course, to the extent that the management permits it in any of these organizations, which contain more than one corporation not in the banking line. That is correct, is it not?

Mr. BACIGALUPI. Yes, sir.

Mr. FORT. We have asked other witnesses who have appeared before the committee from group and branch banking systems if they would be willing to furnish us with their suggestions, based upon their experience, as to the form, if any, that regulatory legislation should take. Would you be willing to do that?

Mr. BACIGALUPI. I would be glad to.

Mr. FORT. And in doing it, would you consider this question as to whether cross ownership should be permitted or whether one of the subsidiary corporations in such a group, being a banking corporation, should be permitted to loan on the stock of the holding corporation or of other corporations in the group?

Mr. BACIGALUPI. I shall be glad to do that, and, incidentally, say that our policy has always been very strongly against indulging in that practice.

Mr. FORT. I have not a doubt it has been, but we would like your judgment as to a way in which we could perhaps avoid it in a management that perhaps did not possess the same judgment.

I also notice your reasons for setting up what is now the National Bankitaly Co. and originally the Stockholders Auxiliary Corporation?

Mr. BACIGALUPI. Yes, sir.

Mr. FORT. I take it that that parallels what is generally called the Security affiliate?

Mr. BACIGALUPI. Yes, sir.

Mr. FORT. And you have, by some legal device, arranged it so that the stock of the National Bankitaly Co. can only be transferred with share by share of the Bank of Italy?

Mr. BACIGALUPI. Yes, sir; all shares of the National Bankitaly Co. are owned by Mr. Giannini, Mr. P. C. Hale, and myself as trustees for the Bank of Italy and the evidence of the beneficial interest of each stockholder is indorsed on the back of the Bank of Italy's certificate, so that the transfer of the Bank of Italy's certificate transfers also the beneficial interest in the National Bankitaly Co.

Mr. FORT. And that is a practice that you thoroughly approve of—that business of tying up nonbanking stock with banking stocks?

Mr. BACIGALUPI. Yes, sir; we have had no occasion to regret it.

Mr. FORT. The functions of such a corporation are not banking functions, are they?

Mr. BACIGALUPI. No; not necessarily.

Mr. FORT. Is your management the same in the National Bankitaly Co. and in the Bank of Italy?

Mr. BACIGALUPI. No, sir; except it naturally came under Mr. Giannini's general jurisdiction.

Mr. FORT. Is the directorate the same?

Mr. BACIGALUPI. No, sir.

Mr. FORT. Do you believe that such organizations should have the same directorate and management?

Mr. BACIGALUPI. No, sir.

Mr. FORT. Under the laws of California, is your bank—of course, it is now a national bank—but under the laws of California are such banks allowed to buy and sell stocks for their own account?

Mr. BACIGALUPI. No, sir.

Mr. FORT. Do you believe they should be allowed to do that?

Mr. BACIGALUPI. No, sir. That is the reason we took it out of the bank and put it into the bank affiliate.

Mr. FORT. And your reason for so believing is what?

Mr. BACIGALUPI. Our real reason was that we did not consider it strictly a banking function.

Mr. FORT. But you do believe it is proper—and I know a great many who agree with you—to tie up the control and ownership and operation, in effect, of a company doing business which is not properly a banking function, with a bank?

Mr. BACIGALUPI. Yes, sir; and we predicate that opinion upon our experience. We have builded a big organization. We have upwards of 5,000 men and women in the Bank of Italy alone. There are a number of legitimate functions not strictly banking that can be availed of by our group for the benefit of stockholders. These functions we have found in many instances to be taken advantage of in many banks by the men who are the paid trustees of the stockholders who convert these otherwise legitimate opportunities to their own personal advantage.

It was always Mr. Giannini's idea that we were to serve our stockholders 100 per cent and to avail ourselves of this instrumentality in every legitimate way for the benefit of the stockholders and we have found that the auxiliary or security affiliate is that type of institution. It helps to keep the bank cleaner for the benefit of the depositors of our bank; it makes it somebody else's specific business to take care these assets that are placed there; it permits us, through our affiliate, to take over such assets as are objected to by the examining authorities or are objected to by our own examiners. Real estate that has been on the books for more than five years must, arbitrarily, be written off and we take care of that through that auxiliary. We have come to believe that our banking structures are becoming more and more the financial emporiums of the country, and that we should departmentalize anything relating or incidental to the banking business, and anything that can not be handled through the bank, can be handled through the affiliate, and handled through that affiliate without additional expense.

We believe the affiliate furnishes an additional backing to the bank and it is for benefit of the depositors of the bank.

Mr. FORT. I notice you use yours for the purpose of taking bad assets out of the bank—and I appreciate any bank like yours must get some bad ones with the best of management—taking them out and putting them in the affiliate so that the eventual loss or possible salvage will go to the bank's affiliate stockholders?

Mr. BACIGALUPI. Who are identical and whose ownership is in the same proportion.

Mr. FORT. Do you think there is any hazard where you have a combined management of the two institutions that the thing might work the other way?

Mr. BACIGALUPI. I do not follow you.

Mr. FORT. That the bank may take over from the securities affiliate very slow moving frozen bonds that it might have gotten loaded with on syndicate operations—is there any danger of that?

Mr. BACIGALUPI. I do not think so.

Mr. FORT. It has never happened with yours?

Mr. BACIGALUPI. No sir; the bank is under examination—

Mr. FORT. The assets might be good, but slow.

Mr. BACIGALUPI. It would soon be detected if that was the policy of the management and a halt would be called.

Mr. FORT. In the operation of your trust department, do you buy for the account of the trusts which are operated by your banks—any of them—do you buy securities from your own securities affiliate?

Mr. BACIGALUPI. Our policy has been unalterably against that. The only securities that we have ever bought from our affiliated

securities department have been United States Government bonds, county, State and municipals.

Mr. FORT. And you believe, as I do, that that is sound practice and should be perhaps enforced?

Mr. BACIGALUPI. Yes sir; that is sound. I think that a trustee should get one fee and one fee alone and that is the fee provided for in the private trust agreement by the express terms of the agreement and, in the case of a court trust, by the award of the court, and he or it should not make any other profit from his position.

Mr. FORT. Do you bank trust funds with your own banks?

Mr. BACIGALUPI. If we do, we do it pursuant to the Federal reserve requirement and the State banking requirement.

Mr. FORT. And what has been the rate of interest allowed trust funds?

Mr. BACIGALUPI. Nothing on commercial deposits, but the law does require that such deposits in the commercial department shall be secured in the manner provided by law.

Mr. FORT. Is there any reason, Mr. Bacigalupi, generally, why a bank should be allowed to make a profit in its banking department out of the funds which they deposit with itself from the trust department?

Mr. BACIGALUPI. I do not see that it is gaining any advantage there because if it gets a deposit from that source, there is no difference from getting it from any other source. If it is deposited in its commercial department, it is putting up securities which it is rendering inactive for other purposes.

Mr. FORT. I have not the law before me, but I understand in the State of Kentucky the law requires a bank which banks any trust funds, with which it is entrusted, with itself, to pay 5 per cent interest, while those funds remain uninvested, to the trust, on the theory that you have just so well and properly stated, that it should make nothing out of the trust except the legal fees and, therefore, to get no benefit from lending that trust fund while it is in its bank.

Mr. BACIGALUPI. I do not know about the laws of Kentucky.

Mr. FORT. Would you feel that some such law requiring the bank to account to the cestui qui trust for funds banked with itself is bad legislation?

Mr. BACIGALUPI. I do not see that it will serve any particular purpose. I do not see why a corporate trustee should be penalized over an individual trustee. An individual trustee has the right to deposit where he cares to. He does not have to give security in many instances.

Mr. FORT. He has to give a surety bond.

Mr. BACIGALUPI. He may be liberated many times from doing that by the terms of the will.

Mr. FORT. If he mingles those funds with his own funds, he would have to account for all losses as well as any profits.

Mr. BACIGALUPI. If he has any left; yes, sir.

Mr. FORT. And would have to account for it if he mixes it with a mortgage fund, for the rate of interest he received on the mortgage?

Mr. BACIGALUPI. Yes, sir; but there is no intermingling of trust funds by the corporate trustee.

Mr. FORT. But when they are deposited and become a part of the general resources of the bank and the bank lends them with other funds, for their own account—

Mr. BACIGALUPI. But they are secured deposits.

Mr. FORT. The law of Minnesota, I will say for your information, we have learned in these hearings, forbids a corporate trustee from banking with itself uninvested trust funds. Do you feel that that is improper legislation?

Mr. BACIGALUPI. I think the law that is incorporated in the Federal reserve act is sufficient.

Mr. FORT. You have spoken very well in your statement and pointed out the very unusually liquid condition of your institution. Now do you feel there is any difference in the need of liquidity in a branch system from the need of liquidity in a unit bank in proportion of the total deposits?

Mr. BACIGALUPI. I would say that possibly we have been a little overconservative because of the fact that we were blazing a trail and we were on trial, if you please, and that it behooved us to maintain a position that was more liquid than we felt was conservative.

Mr. FORT. But I ask you specifically, do you feel that the spread of deposits coming from many communities, as they do in such a branch system as yours, makes it necessary that a branch banking system like yours should have greater or less liquidity than a unit bank with all deposits in one spot?

Mr. BACIGALUPI. We have come to believe that it would be less necessary for us to maintain as high a liquid position than would be required of a unit bank.

Mr. FORT. I notice in your statement that you set up one of your corporations here in part for the purpose of acting as an insurance agent?

Mr. BACIGALUPI. Yes, sir.

Mr. FORT. You also own your own fire insurance company?

Mr. BACIGALUPI. Yes, sir; the Transamerica does.

Mr. FORT. Is it a part of your practice to require borrowers or to suggest to borrowers that they should insure with your own company?

Mr. BACIGALUPI. No, sir; and I should like to explain that.

Mr. FORT. I should like to have you do that.

Mr. BACIGALUPI. When we first started to buy country banks, we invariably found that the president or cashier of the bank was the agent of a number of different insurance companies in his own personal capacity and that when Mary Brown or Jim Smith came into the bank to borrow money from the bank this individual agent always made it his business to say to the individual, "I am an insurance agent and I will grant this loan if I am given the privilege of writing this insurance," and he would write it and put the commission in his own pocket.

Now, that was contrary to the spirit of our organization which, as I tried to point out, was always designed to act for the benefit of the stockholders, and what we would do in those instances was to say to the former president or cashier, predicated upon his personal income from that particular source over a period of three to five years, "How much do you think your business is worth?" And he would fix a price on it and we would pay him in cash, and then we would say to him, "Hereafter you continue to do as you have done before, except you are not to force the service upon anybody. Try to place it if you can, and if you do, whatever profit accrues from that source, goes

into the common treasury to be divided among the stockholders of the institution."

That led to a great deal of opposition on the part of the insurance fraternity of California. It led to legislation in the State which prohibited or sought to prohibit—it never became a law—a corporation from acting in that capacity.

That, however, never became a law, as I say, and through our branches, we place insurance not only on our own properties but whenever the people who deal with us request it. If our representatives find the insurance has already been placed by a customer of the bank, the bank does not seek to interfere with it. If it is something that comes logically, without importuning, it is written and the profit distributed among the stockholders of our institution.

When we bought the Farmers & Merchants Bank of Sacramento, there was in that combination an insurance company, which was purchased along with the bank. It was a small company, but has been built up to about three times its former size, in the last year and a half.

Mr. FORT. And that has not been built up then, by any insistence or suggestion on the part of your bank or any agents that the people should use the Pacific National Fire Insurance Co., if they were placing insurance on mortgages taken by any of your side corporations?

Mr. BACIGALUPI. No, sir; we have never importuned anybody. We believe it would be a very unwise policy to force our services upon the public.

Mr. FORT. But pretty generally they insure that way?

Mr. BACIGALUPI. Where an individual officer has nothing to gain personally, his interest is not going to be as keen as if the money were to go to him.

Mr. FORT. I noticed, in looking at the figures for your company, they indicate that the capital and surplus are very small in respect to resources. Do you reinsure as you go along?

Mr. BACIGALUPI. It reinsures liberally.

Mr. FORT. The chairman of this committee has introduced a bill in the House recently, the effect of which is to stop any further development of group banking systems in this country, pending really, I take it, a decision by Congress on what it wants to do about it. Have you any views on the wisdom or unwisdom of that legislation?

The CHAIRMAN. Just a moment: That is a somewhat drastic statement of what the bill proposes.

Mr. FORT. I can read the act. It is very short:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That after the approval of this act it shall be unlawful for any corporation, copartnership, individual, or trustee to purchase or otherwise to acquire more than 10 per cent of the shares of the capital stock of more than one member bank of the Federal reserve system, whether State or national bank member, except after first obtaining the approval of the Comptroller of the Currency with respect to national banks and of the Federal Reserve Board with respect to State member banks. Any person or corporation violating this act shall be deemed guilty of a misdemeanor and shall upon conviction thereof, in any district court of the United States, be fined not more than \$10,000.*

I have had sympathy with the viewpoint expressed in this bill, that we have gone pretty fast in this business, and we might do well to stop and digest what we have done. Have you any view as to

whether such legislation would interfere with the legitimate banking practices in this country now?

Mr. BACIGALUPI. I would not be true to the position that I have heretofore enunciated, were I to say, with all due respect to the proponent of the bill, that I favor it. As I stated this morning, I do not see anything wrong with group banking as it exists in the country to-day, and I do not think it presents any occasion for alarm.

The CHAIRMAN. May I say something there?

Mr. BACIGALUPI. Yes.

The CHAIRMAN. I do not think you caught the intent and purpose of this bill. It does not impede it, except as to irresponsible people who are attempting to get hold of groups of banks and build up larger banks, who would first have to get the consent of the Comptroller of the Federal reserve before they can take over a bank, whereas, now they can go out and take over banks without asking anyone's consent.

Mr. BACIGALUPI. But that bank is under the direct jurisdiction of either the comptroller or the superintendent of banks, and subject to examination.

The CHAIRMAN. That is true, but the comptroller has no authority to stop the acquisition of control of stock in a bank by anyone.

Mr. BACIGALUPI. I understand that. I am not aware that there has been any abuse in the country of that. Possibly you are in possession of information that I do not know anything about, but I personally have been in the mill so long that I am never in favor of interposing a lot of hurdles in the natural trend of things; in other words, if the thing is not wrong in principle, it is unnecessary, in my humble opinion, arbitrarily to set up 10 per cent or 20 per cent interest in another institution, as a limit.

Mr. CHAIRMAN. Mr. Bacigalupi, if I may interject here, I have stated many times that this chain or group idea is perhaps all right when in strong hands and properly managed, but history shows that group banking in the past, where it was in weak hands, was very dangerous and usually resulted in failures.

Mr. BACIGALUPI. I can appreciate what you have in mind, Mr. Chairman, but my only objection was to the point that it is necessary by your proposed bill, in the pursuit of what I consider a perfectly legitimate function, to run to an official and obtain his consent. As I understand the bill, there is not any standard; there is not any procedure fixed, excepting an application must be made for permission, irrespective of whether the group that seeks to acquire the 10 per cent in the other bank may be the strongest or the weakest. The strongest one may be refused and the weakest one granted. I say that with all due deference to the comptroller, whom I see in the room.

You must make a showing and make an argument every time the thing comes up, and you meet one official who has one view, and run up against his successor, who may have altogether a different view of it, and this makes an additional prohibition that I do not think is necessary.

Mr. FORT. If, however, in the judgment of the committee, our choice was between stopping this thing for a while until we could thoroughly settle what regulatory legislation ought to be adopted, or going ahead on regulatory legislation, without more study, it would

probably be wiser, would it not, for us to stop it than to pass regulatory legislation without really sufficient investigation?

Mr. BACIGALUPI. I think that is true.

Mr. FORT. That is my view of the wisdom of this legislation, that it relieves us from the necessity, perhaps, of doing something that otherwise we might not have the time thoroughly to investigate and study. I think that was somewhat in the chairman's mind.

The CHAIRMAN. Yes. From your own past experience, Mr. Bacigalupi, I can understand your objection to the enlargement of the supervisory provisions over such matters.

Mr. FORT. That is all.

Mr. FENN. I have only one or two questions to ask Mr. Bacigalupi. You say that you got into all the places you wished to in California, with the exception of Sacramento, and I believe you say in your statement that you could not buy a bank in Sacramento. Have you succeeded in getting into Sacramento?

Mr. BACIGALUPI. I stated in my statement of this morning that, pursuant to a popular petition, led by the chamber of commerce, a de novo bank was established there. Subsequently to that time we have purchased in that city the Peoples Bank and the Farmers & Merchants National, with which the insurance company was connected.

Mr. FENN. When you acquired a foothold in Sacramento, what was the effect on the other banking interests in Sacramento?

Mr. BACIGALUPI. I think that will be shown in Exhibit J.

Mr. FENN. You could not tell offhand?

Mr. BACIGALUPI. I am quite certain that it did not perceptibly hurt anyone.

Mr. FENN. It did not?

Mr. BACIGALUPI. No, sir.

Mr. FENN. What effect did it have on the original banking situation—and when I say original banking situation, I mean the banks in existence before you go into a place what effect has your setting up banking institutions in places where you were not before—had on the original banking institutions, as to driving them out of business, or causing their business to fall down, or have you absorbed their business?

Mr. BACIGALUPI. The result is evidenced by one of the exhibits, which shows that in many of the communities a well run unit banking competitor has thrived rather than been hurt by the competition; in other words, to the full extent of their capacity to serve, our competition made them a little more courteous and a little more vigilant and injected some new life into them, and in other instances, through no fault of ours, some of our competitors have gone out of business.

Mr. FENN. I understood in some place you maintain you branches where it is not profitable, in order to serve the public, as a public convenience and necessity?

Mr. BACIGALUPI. Yes, sir.

Mr. FENN. Have you other competitors in California in systems similar to yours?

Mr. BACIGALUPI. Yes, sir; we have none exactly like ours, in that there is no other state-wide branch banking system, but in the Los Angeles area, for instance, we have plenty of competition, and in

the San Francisco area we have the American Bank & Trust Co. that operates all the way from Los Banos up to Oakland. Then up in the Sacramento district we are in competition with another institution that operates a chain of banks in the upper end of the State.

Mr. FENN. And that competition has not been detrimental to you or to your competitors?

Mr. BACIGALUPI. Not that I have noticed, no, sir.

Mr. FENN. I take it it has been what we call fair competition?

Mr. BACIGALUPI. Yes, sir.

Mr. FENN. Supposing that the Bank of Italy, or whatever you may call it, should acquire these other institutions in California—those of which you have just spoken, your competitors at the present time—is it your opinion that that would destroy competition in California?

Mr. BACIGALUPI. No, sir.

Mr. FENN. The result would be that there would be other competition that would arise?

Mr. BACIGALUPI. Yes, sir. I figure there are people in California who would not do business with us on a bet, and as long as there is a profitable field, there will always be other banks spring up to take care of the business that they feel they might command.

Mr. DUNBAR. You are distinctly a branch banking institution?

Mr. BACIGALUPI. Yes, sir; the Bank of Italy is.

Mr. DUNBAR. I understood you to say you had become a national bank?

Mr. BACIGALUPI. Yes, sir.

Mr. DUNBAR. The Bank of Italy is now a national bank?

Mr. BACIGALUPI. The Bank of Italy National Trust & Savings Association; yes, sir.

Mr. DUNBAR. We have heard it stated here that the advantages of branch banking are that it affords a convenient method to promote business or to run business in any part of the country. In small communities it gives the advantages of large banking facilities.

Mr. BACIGALUPI. Yes, sir.

Mr. DUNBAR. That is the idea?

Mr. BACIGALUPI. Yes, sir.

Mr. DUNBAR. My experience has been, although I have never borrowed any money, when a man was in business and had sufficient assets, he could borrow money almost anywhere.

Mr. BACIGALUPI. I do not understand that, Mr. Dunbar. Will the reporter please read the question?

(The reporter read the question.)

Mr. BACIGALUPI. That is true. He could borrow it where he could get it. If the bank in the locality was too small, he would have to go elsewhere. You know, Mr. Dunbar, the law regulates the amount that any bank can lend, and limits it to generally 10 per cent of the capital of that bank. If your note was \$20,000 and the lending limit of that bank was only \$10,000, of course, you would have to go to another community to be accommodated.

Mr. DUNBAR. Statements have been made respecting competition. You find plenty of competition with the branch bankers?

Mr. BACIGALUPI. Yes, sir; we have plenty.

Mr. DUNBAR. A large bank in New York has a bureau for, say, 2 or 3 or 4 States, and they canvass those 2 or 3 or 4 States with a

view to obtaining good loans. If that is the case, where is the advantage of that system of yours?

Mr. BACIGALUPI. Our advantage lies in this, Mr. Dunbar; take, for instance, our head office being in San Francisco, we operate in one hundred and sixty odd localities in California. If we haven't the opportunity of lending our money in San Francisco, there is always a demand for that money somewhere along the lines, and in each one of those points we have competent officers who are part of our own organization who know the local people and know the local values. We do not have to take the opinion of any local real-estate man, or any promoter, to place our money.

The money is placed through our own organization and watched by our own men, and it makes for greater service to the public and it makes for greater safety to the institution that does the lending.

Mr. DUNBAR. Then your advantage is that where there is a want to be supplied, you can go in through your branch banks and supply that want?

Mr. BACIGALUPI. Yes, sir.

Mr. DUNBAR. I have heard a great deal said about the scarcity of credits. I come from a country neighborhood and my observation has been that a great many of those people in that community have had too much credit. The people have gone to farm-loan banks and borrowed money on their farms when they did not need the money, in the hope of branching out and putting in improvements and they have done so very unwisely and now they find themselves confronted with this loan from which no real advantage or profit has been obtained.

On the other hand, if they had not borrowed the money they would have been far better off.

Mr. BACIGALUPI. There is no question about it. That has been our experience.

Mr. DUNBAR. I know a bank that is being liquidated and its president thought it a good idea to borrow money from the farm land bank where he could get it at a smaller rate of interest and put it into mortgages on farms at a higher rate. That man lent money into channels that have become frozen and now he is liquidating his bank.

I have never been able to understand fully how you are supplying a want, although your success in California is evidence you are supplying a want.

The few questions I asked you were for personal information. I have nothing else.

The CHAIRMAN. I suggest we now adjourn until 10.30 tomorrow morning.

(Whereupon, at 4.15 o'clock p. m., the committee adjourned to meet at 10.30 o'clock Wednesday, May 7, 1930.)

## BRANCH, CHAIN, AND GROUP BANKING

WEDNESDAY, MAY 7, 1930

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON BANKING AND CURRENCY,  
*Washington, D. C.*

The committee met at 10.30 a. m. in the committee room, Capitol, Hon. Louis T. McFadden (chairman), presiding.

The CHAIRMAN. The committee will come to order. Mr. Busby, are you ready to proceed?

Mr. BUSBY. When it comes my time.

The CHAIRMAN. It is your time now.

### STATEMENT OF JAMES A. BACIGALUPI—Resumed

Mr. BUSBY. Mr. Bacigalupi, the resources of your institutions, combined, are about \$2,000,000,000, are they not?

Mr. BACIGALUPI. Of Transamerica Corporation?

Mr. BUSBY. Yes.

Mr. BACIGALUPI. I think the statement will show, as filed yesterday, \$1,176,000,000.

Mr. BUSBY. Has the Transamerica Corporation issued all of the stock that it is authorized to issue under its charter?

Mr. BACIGALUPI. No, sir.

Mr. BUSBY. What amount is issued and what amount remains to be issued when you deem it advisable to use it in the future?

Mr. BACIGALUPI. My recollection is that the total authorized issue was 50,000,000 shares and of that 50,000,000, about twenty-three million-odd shares have been issued.

Mr. BUSBY. That leaves you about 27,000,000 shares of Transamerica Corporation to be utilized in the future when you need it for further expansion?

Mr. BACIGALUPI. Yes, sir—about, in round numbers.

Mr. BUSBY. Transamerica Corporation stock stands at 44 or 45 on the curb market?

Mr. BACIGALUPI. Between 40 and 45; yes, sir.

Mr. BUSBY. In other words, your holdings, under the Transamerica Corporation have not, up to this time, reached half of its possibilities under the present market value of the Transamerica stock as authorized in its charter?

Mr. BACIGALUPI. I do not believe I understand your question.

Mr. BUSBY. Will you read it, Mr. Reporter?

(The reporter read the question.)

Mr. BACIGALUPI. If you mean by your question it has not issued all of its shares yet, I would say yes.

Mr. BUSBY. What else could I mean by the question?

Mr. BACIGALUPI. I do not know.

Mr. BUSBY. In other words, you have 50,000,000 shares of Transamerica to be sold on the market and you have issued 23,000,000 shares of stock, leaving 27,000,000 shares to be issued when you deem it advisable, as a business proposition, to issue it and expand your business with the proceeds of that 27,000,000 shares?

Mr. BACIGALUPI. The 50,000,000 which represents its present authorized capital may, if the occasion require, be increased again. I do not understand your question when you say that we have not reached half of our possibilities.

Mr. BUSBY. Have you, at the present time, any definite idea of the ultimate goal to be reached in the activities of your different business institutions, controlled and operated under the management of the Transamerica Corporation?

Mr. BACIGALUPI. No, sir.

Mr. BUSBY. What would you say is your objective to be reached as business stands now?

Mr. BACIGALUPI. To take full advantage of situations as they present themselves in the future along the lines of our general activities.

Mr. BUSBY. In other words, your intention is to follow up consolidations and absorptions of other business institutions, as the economic advantage appears to your holding company in the future?

Mr. BACIGALUPI. That is correct.

Mr. BUSBY. Is that confined to the United States?

Mr. BACIGALUPI. I think I made it plain yesterday that our view is that it should go beyond the bounds of the United States.

Mr. BUSBY. Do you not think that European countries, at the present time, and possibly other countries in the future, will be just as fertile fields for the activities of your business institution as the United States?

Mr. BACIGALUPI. Well, it is hard to say. Other large banks in this country are operating profitably in foreign countries.

Mr. BUSBY. Of course, the main objective in your expansion, is profitable operation?

Mr. BACIGALUPI. That is the idea.

Mr. BUSBY. And you see no limitation or recognize no limitations in the way of national boundaries or anything like that?

Mr. BACIGALUPI. No, sir.

Mr. BUSBY. The Bank of Italy is what you might term, with many other like institutions, professional bankers, are they not?

Mr. BACIGALUPI. It is a national bank.

Mr. BUSBY. I notice on page 6 of your statement you say "That one of the inflexible rules has been to rigidly require in its (the Bank of Italy) service a full 100 per cent of time, thought, and energy of its officers and employees, without distinction."

Mr. BACIGALUPI. Yes, sir.

Mr. BUSBY. And so far as you are able to do, you make every individual that is connected with your institution bank-minded and very thorough in that particular line?

Mr. BACIGALUPI. Yes, sir.

Mr. BUSBY. You are not interested in your employees developing into other lines other than that in which the duties prescribed by the employment require, are you?

Mr. BACIGALUPI. No, sir; and as an inducement to that, we have adopted our special compensation plan which gives every one of our employees, from the janitor up, an interest in the profits of the institution itself.

Mr. BUSBY. Did it ever occur to you that a situation might arise where, through one element of the population of our country or of any country, becoming professional bankers, that the social status of the country might be thrown out of line by that element working at the problems of organization and getting credits together and wealth together, all the time, while the other people are going out and creating wealth by labor on the farms, in the factories and mills?

Mr. BACIGALUPI. I am sorry, Mr. Busby, that that question I do not understand either; in other words, do I understand that by men devoting 100 per cent of their time in the discharge of duties assigned to them that a situation would develop detrimentally to the other elements of society in which they live? Is that what you mean?

Mr. BUSBY. Yes; I will say that and ask another question.

Mr. BACIGALUPI. I do not think any man discharging any legitimate duty will injure anyone else.

Mr. BUSBY. I am not talking about discharging legitimate duties, but I am talking about one element of the population of our country who are engaged in banking, contriving, legally scheming, and putting together plans and interlocking activities in a banking and fiscal field of operation, to go so far as to affect the general status of the social fabric of the Nation.

Mr. BACIGALUPI. No; I do not think the workings of any group along lines that are lawful is going to militate against any other citizens of the country.

Mr. BUSBY. Well, the wealth of the Nation—political economy tells us that that comes from about three sources, the principal of which is labor and, of course, the mines and soil. You agree with that, do you not?

Mr. BACIGALUPI. I am always reminded, when I hear that assertion made, of the fact that the Italian laborers had that view not many years ago and they dispossessed all of the managements of the industries in Italy, and the managements surrendered the factories over to them and said, "All right; if you can run them better than we can, go ahead and run them," but they found, without capital, labor did not get very far, and I think in three days they welcomed the old managements back again.

Mr. BUSBY. I am not talking about any socialistic scheme.

Mr. BACIGALUPI. You say—

Mr. BUSBY. Do you disagree, for instance, with Henry George, and the best economists in the country? Do you disagree with them?

Mr. BACIGALUPI. I have never read them.

Mr. BUSBY. I am not just simply quoting Henry George. I am talking about this economic situation.

Mr. BACIGALUPI. I say that capital and labor must go hand in hand.

Mr. BUSBY. To make myself plainer, as to one element being professional bankers and others going about their daily activities, we have in this country a military organization. That military

organization is trained in warfare and military tactics and in the art of organizing and applying force; so much so that it has become very efficient, and if it should go out and attack the great masses of our people throughout the Nation, it could, in a sense, exterminate them, until they rose up and met them. I want to say this, that the armed strength is drawn from the people, notwithstanding its proficiency in its line. Its recruits must come from the masses, yet because of the superior training of that element in their line, they can overwhelm millions.

Now, do you see any similarity between the banking fraternity of this country and the example I have drawn to your mind?

Mr. BACIGALUPI. None at all.

Mr. BUSBY. You do not see any at all?

Mr. BACIGALUPI. No, sir.

Mr. BUSBY. Notwithstanding the farmer and merchant and all are daily engaged in applying methods to produce and you folks are applying methods to gather in and developing most improved methods of reaching that result and perfecting that result, still you do not see any danger ultimately to the social fabric of our Nation from that source?

Mr. BACIGALUPI. None whatever, Mr. Busby, because I think without the people, these institutions will not get anywhere.

Mr. BUSBY. And without the people, the Army could not be raised. Is not that true?

Mr. BACIGALUPI. Well, without the people, you could not have these forces that are running these institutions, either.

Mr. BUSBY. Surely, but I call your attention to a statement by Mr. Mellon. According to the Treasury Department's statistics, they show that there are 290 Americans with incomes of over \$1,000,000 each; 11 Americans with incomes above \$5,000,000 each; several men have \$50,000,000 a year each, and one, at least, has an income of \$100,000,000 a year.

Does it not seem to you that the wealth and the advantages that come from wealth in our country, are getting very unequally distributed?

Mr. BACIGALUPI. I do not think there has ever been a time in the history of the United States when wealth has been more generally distributed than within the last 10 years, and I further see no connection between that and the matter we are speaking of; namely, group and branch banking.

Mr. BUSBY. All right. I am sure you do not. But do you not think that the systems of banking are of more concern to the people of the Nation, from an economic standpoint than from the banking standpoint?

Mr. BACIGALUPI. I think the people are surely interested in the banking structures of the country.

Mr. BUSBY. Surely they are—and those that are doing the business. But if the banking institutions of the country build up a system that oppresses the people, do you not think the primary purpose of the investigation of this committee should be with respect to the economic situation rather than with your bank as a private institution?

Mr. BACIGALUPI. Perhaps so.

Mr. BUSBY. Do you think our concern should be primarily with your banking institution as a private institution?

Mr. BACIGALUPI. Oh, not at all.

Mr. BUSBY. Is not our interest from the economic standpoint than from the standpoint of the prosperity or lack of prosperity of your institution?

Mr. BACIGALUPI. I think it should be from both points that you should view the question and not from one alone.

Mr. BUSBY. Now, Mr. Fisher says, in an article recently written, that 97.8 per cent of the people do not pay income taxes and that only 2.2 per cent of the people pay income taxes. Do you call that equal distribution of wealth and incomes?

Mr. BACIGALUPI. No; I think that our system of assessing income tax is susceptible of improvement.

Mr. BUSBY. Are you not sure, from the official records that you are familiar with, that the trend is toward larger accumulations of wealth in the hands of fewer individuals in this country?

Mr. BACIGALUPI. No; I do not think so. That has not been my experience.

Mr. BUSBY. Have you not noticed the income-tax returns have indicated that very clearly in the last two or three years?

Mr. BACIGALUPI. I think that a lot of people are paying income tax to-day that were not paying it two or three years ago.

Mr. BUSBY. What I am getting at is the last report shows there were 70,000 less returns made by those making income-tax returns, and with these great increases in the few income-tax returns—you say you are not familiar with that?

Mr. BACIGALUPI. No; I am not.

Mr. BUSBY. You say that you send your representatives among the school children of your State periodically to gather up the pennies and whatever deposits they care to make in your bank?

Mr. BACIGALUPI. Yes, sir.

Mr. BUSBY. What do you assign as your reason for doing that?

Mr. BACIGALUPI. Well, the primary purpose, as I tried to allege, was the encouragement of thrift among the children.

Mr. BUSBY. Is not the primary purpose to get them tied into the Bank of Italy as customers from their infancy, so as to hold them through old age?

Mr. BACIGALUPI. That may be one of the results, but we have not seen very much evidence of that and we have been operating the school-saving system since 1911. While some of them, when they attain majority, come to us as a natural thing, many of them have never been heard of, and naturally we have not made any profit from the venture up to date and it is very unlikely there will be any for some time.

Mr. BUSBY. Do you lose those deposits when they get big enough to know more about the banking business, or what do you mean by that?

Mr. BACIGALUPI. That is hardly a fair question. I do not know the motives.

Mr. BUSBY. I do not mean they leave you because they suspect you or anything like that, but as they get older, do they pull their accounts out? You say you lose many of them.

Mr. BACIGALUPI. Sometimes we lose them when they leave school and we never hear of them again.

Mr. BUSBY. You think that is a proper function for a bank to exercise in the make-up of our social fabric?

Mr. BACIGALUPI. The State banking authorities in California and elsewhere in the United States have been very loud in their praise of the system and logically it can teach them nothing but good and, in fact, in order to qualify as a collector of school savings, there must first come the official appointment by the board of education of the community sanctioning the practice and approving the bank and, in addition to that, there must also be obtained the permit of the State superintendent of banks to the solicitation, so it has the cooperation, in California at least, of the State banking department and of the various boards of education.

Mr. BUSBY. Well, that may be true, but do you regard that as a proper function to be exercised by a bank?

Mr. BACIGALUPI. I surely do.

Mr. BUSBY. It is not a banking function, is it?

Mr. BACIGALUPI. It is.

Mr. BUSBY. Now, that is what I referred to awhile ago. But do you call this helping to educate the people into the right way of thinking financially and supplying a deficiency that the school does not afford?

Mr. BACIGALUPI. Yes; because we feel that if we ourselves are not the direct beneficiaries of that training, that the banking structure of the country is going to receive the benefit of it. Naturally, habits formed in infancy are the ones generally persevered in.

Mr. BUSBY. Do you think this county is overbanked at the present time?

Mr. BACIGALUPI. I think we have a lot more banks than we should have of the type that many are; yes, sir.

Mr. BUSBY. Do you not think they should be consolidated into systems like yours and others of the leading group and branch systems?

Mr. BACIGALUPI. I certainly do; yes, sir. That is what we have been the exponents of during these many years.

Mr. BUSBY. What service would be rendered to the people that they can not have out of their own organization and arrangement, by that kind of consolidation?

Mr. BACIGALUPI. I have endeavored to outline the advantages.

Mr. BUSBY. Then you need not go into that again.

Mr. BACIGALUPI. I have endeavored to outline those advantages in my opening statement.

Mr. BUSBY. What lines of business does the Bank of America Corporation enter, through its subsidiaries and affiliates and various institutions?

Mr. BACIGALUPI. Will you please read that question again?

(The reporter read the question).

Mr. BUSBY. Banking is one of its functions, is it not?

Mr. BACIGALUPI. First of all, let us understand what company you are referring to—the Bank of America?

Mr. BUSBY. The Transamerica Corporation and its institutions, affiliates and subsidiaries. What lines of business—in other words,

what business activities does it enter into with some one or another of these institutions under its control? Banking, of course, is one.

Mr. BACIGALUPI. The leading lines are indicated on the chart—banking, security investment business, fire insurance, and life insurance.

Mr. BUSBY. I noticed a few days ago that the Bancamerica-Blair Corporation bought 7 per cent of General Foods (Inc.), and you put a director on the board of the corporation.

Mr. BACIGALUPI. That was the Bancamerica-Blair.

Mr. BUSBY. That is your institution?

Mr. BACIGALUPI. Transamerica owns 59 per cent of that company.

Mr. BUSBY. And consequently controls the policies of Bancamerica-Blair Corporation?

Mr. BACIGALUPI. Oh, I would not say that it controls the policies. It controls the situation as to who shall be its officers and it is up to them to run a profitable institution along the general lines laid down.

Mr. BUSBY. Is it a holding institution?

Mr. BACIGALUPI. Not that I know of.

Mr. BUSBY. You outline what it is in your statement, do you not?

Mr. BACIGALUPI. Yes, sir.

Mr. BUSBY. Do you know what the activities of General Foods (Inc.), are—what field it enters?

Mr. BACIGALUPI. No; that matter was handled entirely by the New York office of Bancamerica-Blair. It is their business to act as underwriters of certain issues and to enter into certain participations and that is done in the ordinary course of their business.

Mr. BUSBY. Where you put a director on a board; you are not merely underwriting for that institution, are you?

Mr. BACIGALUPI. Well, that all depends on the terms of the underwriting. It may be that if you were to invest in a million shares of a corporation, you would want to have some representation on the board to find out what the policies of that board are going to be and have a voice in the management.

Mr. BUSBY. I am speaking specifically of this purchase. Do you know anything about that happening?

Mr. BACIGALUPI. About which?

Mr. BUSBY. The Bancamerica-Blair purchasing 7 per cent of the stock of General Foods (Inc.), and securing representation on the board of directors of General Foods (Inc.).

Mr. BACIGALUPI. The source of my information in that respect, Mr. Busby, is exactly yours—I saw it in the newspapers.

Mr. BUSBY. Is there any end in any field of commercial activity or industry that the Transamerica Corporation would turn down if it saw good business and a profit in the business?

Mr. BACIGALUPI. Generally speaking, I would say that, pursuant to its powers, it would naturally bestir itself in every legitimate avenue to make a legitimate profit for its stockholders.

Mr. BUSBY. It is organized under the Delaware law, is it not?

Mr. BACIGALUPI. Yes, sir.

Mr. BUSBY. Its powers are coextensive with the explorations that have been made from pole to pole, under that kind of charter.

Mr. BACIGALUPI. Its powers are defined in the articles of incorporation, which are on file with the committee, and we sought to make them as broad as we could, naturally.

Mr. BUSBY. So your holding corporation, with its possibilities, as alluded to, and its policies as just outlined by you, may go into any field of business—grocery chains, dry-goods stores, 5-and-10-cent stores, and so forth; in fact, it is in all of those now as a stockholder?

Mr. BACIGALUPI. Naturally, as an individual may become a stockholder in these concerns, but it is not within the purview of Transamerica to engage in the business of chain stores or in the grocery business or tea business or any other businesses than those of banking or akin to banking.

Mr. BUSBY. Not as supervising the individual stores, but as owning the stock; it finances those institutions, and directs the policies of those institutions?

Mr. BACIGALUPI. I would not say that. It would naturally endeavor to direct the policy in so far as it could, but what one director can do on a board of directors of General Foods, for instance, you know as well as I do. I do not know just how much influence one director has on a board of directors.

Mr. BUSBY. Do you think the building up of that kind of system in this country among the people of the country is for the greatest good of the masses in the outlying districts and sections that can not have a voice in the management of any such gigantic scheme of banks?

Mr. BACIGALUPI. In the last analysis, Mr. Busby, the success of a banking system or the success of a grocery business is dependent upon public patronage, and if they do not get the public patronage they can not survive.

Mr. BUSBY. I recognize that, and all are dependent on having a source of credit.

Mr. BACIGALUPI. Yes, sir.

Mr. BUSBY. If you can control and furnish the source of credit, you do not worry about what will be done by the individual institution, because you know you can dictate how it shall approach the public and almost how the public shall come to it.

Mr. BACIGALUPI. If we were the controllers of the credit of the United States, your conclusion would be correct, but I think our organization is a very small factor in that.

Mr. BUSBY. Well, the banking credit runs around \$72,000,000 and you are getting up to where you have a nice percentage of that.

Mr. BACIGALUPI. There is a lot of competition in our line of business—in all lines of business in which we are engaged.

Mr. BUSBY. Taking your records from 1928, since the organization of the Transamerica Corporation, you have been combining and bringing together assets in a very rapid manner, have you not?

Mr. BACIGALUPI. Yes, sir.

Mr. BUSBY. And you are still at that.

Mr. BACIGALUPI. We are still active; yes, sir.

Mr. BUSBY. Still active at that?

Mr. BACIGALUPI. Yes, sir.

Mr. BUSBY. You see no end to your activity along that line?

Mr. BACIGALUPI. I have already stated, Mr. Busby, that we are in the business and we intend to continue in the legitimate pursuit of it; yes, sir.

The CHAIRMAN. Mr. Bacigalupi, in your statement to the committee yesterday, you gave practically an unlimited indorsement to not only nation-wide but to international branch banking?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. That is correct?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. You made practically no limitation, did you, with that, except as to proper management?

Mr. BACIGALUPI. And sufficient capitalization.

The CHAIRMAN. Sufficient capitalization?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. I infer that that was probably your scope. Am I correct in that?

Mr. BACIGALUPI. It is our scope if it can be accomplished legally.

The CHAIRMAN. I rather inferred, from my own knowledge of the development of your institution, which was confirmed yesterday by your very complete statement of accomplishments, that practically from the very beginning, you had a definite plan and your accomplishments to date have been in fulfillment of that original plan of development. Is that correct?

Mr. BACIGALUPI. If I created that impression, it was unintentional. No one connected with our institution visualized at the outset just what the ultimate picture would be. We did set out along lines that we felt were calculated to lead in the right direction and our present accomplishments have been realized in the pursuit of the original plan or the original lines laid down.

The CHAIRMAN. Then am I correct in inferring if now there were no limitations as regards branch banking in the United States, your plan is so developed that you could and probably would establish branches in every State in the Union?

Mr. BACIGALUPI. I would not say in every State, but I would say that we feel that our organization, as now set up, is competent and would be disposed to avail itself of the opportunity of establishing itself through the acquisition of banks in the leading centers of the Nation; yes, sir.

The CHAIRMAN. And if you, as a matter of business policy, decided to go into every State, you would feel that it was good business that you should do so?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. And in that connection I also infer that if the possibilities were favorable, and, in connection with your interests or the interests of your customers, it was found necessary to establish additional branches abroad for your customers, you feel you should do that to render proper service to your customers?

Mr. BACIGALUPI. Yes, sir. That, however, Mr. Chairman, is a privilege that every national bank in the United States enjoys to-day.

The CHAIRMAN. Yes; you so stated yesterday. You stated, in answer to Mr. Busby's question, that the authorized capital stock in the Transamerica Corporation is 50,000,000 shares?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. And you have issued and sold 23,000,000?

Mr. BACIGALUPI. Yes, sir; twenty-three million odd.

The CHAIRMAN. At what price was that stock sold?

Mr. BACIGALUPI. Well, most of it was issued in exchange for the stocks of existing corporations, Mr. McFadden, in the various proportions fixed for each trade. For instance, the first two holdings that were incorporated into Transamerica were those of the Bank of Italy, N. T. & S. A., in which one and three-quarters shares of Transamerica were given in exchange for one share of the stock of the bank and share for share of the Bancitaly Corporation, and if my recollection serves me correctly, the rate of exchange between Transamerica and the Bank of America of New York was one and a half.

The CHAIRMAN. When Transamerica was formed, how much of that stock was used in exchange for existing companies and how much new capital went into Transamerica?

Mr. BACIGALUPI. Well, my recollection is that practically all of the capital of Transamerica has been made up in this exchange of stocks for existing corporations.

The CHAIRMAN. No new stock has been sold?

Mr. BACIGALUPI. There was one issue authorized at \$55 a share.

The CHAIRMAN. How many shares?

Mr. BACIGALUPI. That was when the market for the stock was around \$65. But before those rights were availed of, there was a drop in the market October last, together with other market stocks, which brought it below the \$55 and, as a consequence, I do not think that much of that issue has been subscribed.

The CHAIRMAN. What was the authorized issue for sale at that time?

Mr. BACIGALUPI. I think a million shares. That is my recollection.

The CHAIRMAN. Your plan contemplates the sale of these additional shares from time to time as they think advisable?

Mr. BACIGALUPI. We have no plan on that.

The CHAIRMAN. For capital needs?

Mr. BACIGALUPI. Yes, sir; and our plan contemplates really the exchange of Transamerica shares for the shares of going concerns that are desirable acquisitions on a basis that will be agreed upon.

The CHAIRMAN. By going concerns, you mean by that financial institutions, banks, and investment companies or business concerns engaged in manufacture and distribution of commerce?

Mr. BACIGALUPI. No; banks.

The CHAIRMAN. Are you engaged now in the sale of your stocks? In other words, I noticed some time ago that Mr. Giannini issued a statement that it was his purpose to extend the stock ownership of the group to all of the States of the Union and, as I recall it, the stock to be held by 500,000 separate individuals?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Is that program proceeding? Is there an active program for the sale of Transamerica stock and if so, on what basis?

Mr. BACIGALUPI. I think that through a corporation known as the Intercoast Trading Co., which is not controlled by Transamerica—

The CHAIRMAN. Are they interested financially in the company?

Mr. BACIGALUPI. Transamerica?

The CHAIRMAN. Yes.

Mr. BACIGALUPI. I think it owns about 30 per cent of the stock. There is a campaign on looking to the placement of this stock in various States.

The CHAIRMAN. Are actual sales being made and, if so, at what price?

Mr. BACIGALUPI. At the market, at the close of the curb the day previous.

The CHAIRMAN. So that you have an organization of which you own 30 per cent actively engaged in selling the stock of the Trans-america Corporation at the present market?

Mr. BACIGALUPI. Prepared to. I would not say it was under way. I am not familiar with that phase of it.

The CHAIRMAN. Is that directed from California or from New York?

Mr. BACIGALUPI. From New York.

The CHAIRMAN. That is a New York house that has charge of that particular work?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. So that the announced program of sometime ago of increasing the number of shareholders and securing a wider distribution, is in process?

Mr. BACIGALUPI. As I understand it; yes, sir.

The CHAIRMAN. What is the usual commission to be paid on the sale of the stock?

Mr. BACIGALUPI. I do not know as to the details of that, Mr. Chairman.

The CHAIRMAN. And you do not know where it is being sold?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. Mr. Busby, in his questions to you, referred to your taking a position in the stock of General Foods?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Which is one of the large groups controlling produce and foodstuffs. When you take a position in securities of any company like that, does it also include a voice in the management?

Mr. BACIGALUPI. Not necessarily.

The CHAIRMAN. Does that investment indicate to you that you are going to take an active participation in the operation of General Foods?

Mr. BACIGALUPI. As I stated, in answer to Mr. Busby's question, that matter was a bit of financing by the Bancamerica-Blair of New York, concerning which I know nothing more than what I saw in the paper. As I understand and know of the general custom of underwriting, when there is a material underwriting by any financial house, it does generally require that it have a voice in the directorate of that company, and it seems to me that is what occurred in this particular instance.

The CHAIRMAN. In the colloquy between Mr. Busby and yourself, you referred to the question of directing through a director. I think you stated—one or both of you—that there was a director on the board representing that group?

Mr. BACIGALUPI. I think the newspaper article to which Mr. Busby referred did state there was to be a representative of Bancamerica-Blair to go on the board of General Foods.

The CHAIRMAN. You will agree that, if a director representing your entire group is on that board, he would have quite some influence, backed by the influence of your entire group?

Mr. BACIGALUPI. I think he would be a factor and have considerable to say; yes, sir.

The CHAIRMAN. In the information which you furnished the committee yesterday you included a list of loans made to large groups in California. I notice among those groups that there was a large volume of loans granted to certain concerns, showing that you are intensely interested in concerns which do a produce business; at least, they do the same kind of business General Foods do. I rather gained the impression that you might have more than a passing interest in entering General Foods, by putting yourself in a more favorable position for influencing possible consolidations or the taking over of many of these concerns doing a business similar to that of General Foods. Am I correct in assuming that possible that might be your interest in this investment?

Mr. BACIGALUPI. I would say that you are incorrect, Mr. Chairman. There is absolutely no connection between any loans made by the Bank of Italy to any of its customers and any group that might be financed by the Bancamerica-Blair. I do not know which concerns you mean. However, if you mean any California food concerns engaged in business in California, I would say that each account stands on its own individual basis. It is a reciprocal basis. They carry deposits with us and we agree to take care of their seasonal demands up to a certain extent.

The CHAIRMAN. Perhaps my inquiry was inspired by the fact that some of your associates in the Blair Co. are interested in the food stuffs corporations in California?

Mr. BACIGALUPI. There is absolutely no connection in that. If you will trace back far enough in the history of those accounts, you will see that we are doing no differently with reference to them to-day than we have done over long years past. The accommodations they get from us they get from a number of eastern banks and other banks in California.

The CHAIRMAN. Then as to General Foods—and I am only citing that as one instance, that was brought out this morning in connection with other concerns of similar nature—your only thought is to make an investment and procure for your group its proportionate share of the banking business that would come from a transaction of that kind?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Now you are a director, are you not, of Transamerica?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. And you are a director of the Bank of America of New York?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. You are not?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. What are your directorships in connection with the affiliated companies now?

Mr. BACIGALUPI. I am past president and chairman of the advisory committee of the bank of Italy, also a director of the bank of Italy; I am vice chairman of the advisory committee of Transamerica, its

general counsel with reference to its western interests, and a director of Transamerica.

I have certain directorships in some of the subsidiary companies that are more or less nominal and I do not recall them offhand. But I shall be glad to furnish you a list, if you desire it.

The CHAIRMAN. Well, I do not think that is material. It identifies you as a leading factor in all of these?

Mr. BACIGALUPI. I have been a sergeant in the ranks from the beginning and have been in all of the wars since 1904.

The CHAIRMAN. Referring to these charts, which have been placed in the record showing the different organizations from the beginning, starting with the bank of Italy down to the final consummation of the Transamerica Corporation, the Transamerica Corporation is purely a holding company?

Mr. BACIGALUPI. Yes, sir; it is not an operating company.

The CHAIRMAN. It has investments outside, of course, of your own group?

Mr. BACIGALUPI. Those that are outlined on the chart which you have.

The CHAIRMAN. Its investments, then, are confined entirely to its investments in the affiliated companies of the Transamerica group?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. It does not go out and buy other securities?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. Purely a holding company in every respect?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Each one of those companies listed on the chart, as affiliated companies, or controlled companies, are operating now as individual units under their their own management?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. And is it in contemplation that you might merge the whole into one composite group and operate under the name of Transamerica?

Mr. BACIGALUPI. No, sir; it could not be possible.

The CHAIRMAN. But you have not reached the full scope of your possible development in that direction; in other words, you may take over other groups and operate them in particular parts of the country or in other lines of industry?

Mr. BACIGALUPI. That is our hope. I would not say other lines of industry, unless they are akin to banking.

The CHAIRMAN. Your investments in companies like General Foods would be simply listed among the investment funds of your different groups?

Mr. BACIGALUPI. As an investment of Bancamerica-Blair, the security affiliate of the Bank of America of New York, which is, in turn, owned about 59 per cent, I think, by the Transamerica.

The CHAIRMAN. In your affiliation there, through the Blair concern, have you a membership on the stock exchange?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. On any of the stock exchanges?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. You do not own any seats?

Mr. BACIGALUPI. We have an associate membership in the San Francisco Exchange, which was an inheritance from the old stockholders Auxiliary.

The CHAIRMAN. Do any of the directors of your company own, or any company you control have, seats on any exchanges?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. So that whatever stock exchange transactions they have with the different exchanges, they do through regularly constituted stock exchange houses?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. And in that respect they are no different from an individual dealer who may want to buy and sell on the stock exchange?

Mr. BACIGALUPI. That is right, with the exception of the San Francisco Exchange. The affiliated company has an associate membership, like other large banks have, that entitles them to a voice but not a vote, and, I think, to half commissions.

When the San Francisco Stock Exchange was first established, as I recall it, they needed the assistance of the banks in getting the thing started and each of the banks put in \$1,200 or \$2,500—I forget which. For that, they got an associate membership. But outside of that, there is no connection whatsoever.

The CHAIRMAN. The Bank of America of New York has membership in the clearing house?

Mr. BACIGALUPI. I have no doubt of it.

The CHAIRMAN. Through that institution you can handle for your affiliated companies or your member banks which do business with the New York banks, brokers' loans?

Mr. BACIGALUPI. I am not sure that they do.

The CHAIRMAN. And receive the commissions that are permitted to be paid on that class of loans?

Mr. BACIGALUPI. I do not know anything about the commissions. I am not familiar with the New York practice.

Mr. WINGO. In order that I may understand this, you say, "clearing house"?

Mr. BACIGALUPI. Yes.

The CHAIRMAN. I was asking him whether the New York bank was a member of the New York Clearing House Association.

Mr. BACIGALUPI. And my answer is that I think it is.

The CHAIRMAN. And if, in that capacity, acting as the depository of country banks or members of your own group, it was not in a position to place brokers' loans on the stock market under the rules and regulations promulgated by the stock exchange?

Mr. BACIGALUPI. I imagine if it is a member of the clearing house—and that is one of its privileges—it would enjoy it, but I am not familiar with what those privileges are.

The CHAIRMAN. You are not active in the management of the Bank of America of New York?

Mr. BACIGALUPI. I have nothing to do with it whatsoever.

The CHAIRMAN. Now, Mr. Bacigalupi, permit me to ask you—

Mr. WINGO. Just a moment, Mr. Chairman. Your question might leave the impression to a person reading the record, that that is the only available source of participating in brokers' loans in New

York City. I think that is the impression the reader of the record would get.

The CHAIRMAN. I did not mean that of course. Mr. Bacigalupi, you referred in your testimony yesterday to the question of segregation of assets. Of course that is provided for under the laws of the State of California.

Do you favor generally—I am asking you now for information in connection with possible legislation here before this committee—the segregation of assets for better protection of depositors who do business with the banks?

Mr. BACIGALUPI. My opinion is that as long as a bank is sufficiently capitalized that the provisions of the McFadden Act or the national banking act, as amended, are adequate in that respect.

The CHAIRMAN. Yesterday, when Mr. Fort was questioning you, referring to the bill which I introduced the other day, certain things were said, and I want to repeat his question to you and see if you are of the same mind now as you were yesterday.

Mr. BACIGALUPI. I have already read the record and I may say that I must have misunderstood him.

You have reference, Mr. Chairman, to the question that he asked with reference to what my opinion would be—

The CHAIRMAN. Let me read his question. I have the minutes right before me:

Mr. FORT. The chairman of this committee has introduced a bill in the House recently, the effect of which is to stop any further development of group banking systems in this country pending, really, I take it, a decision by Congress on what it wants to do about it. Have you any views on the wisdom or unwisdom of that legislation?

Then the chairman said:

Just a moment. That is a somewhat drastic statement of what the bill proposes.

Then Mr. Fort read the bill, which is as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That after the approval of this act it shall be unlawful for any corporation, copartnership, individual, or trustee to purchase or otherwise acquire more than 10 per cent of the shares of the capital stock of more than one member bank of the Federal Reserve System, whether State or national bank member, except after first obtaining the approval of the Comptroller of the Currency with respect to national banks and of the Federal Reserve Board with respect to State member banks. Any person or corporation violating this Act shall be deemed guilty of a misdemeanor and shall upon conviction thereof, in any district court of the United States, be fined not more than \$10,000.

Mr. Fort further said:

I have had sympathy with the view point expressed in this bill, that we have gone pretty fast in this business, and it might be well to stop and digest what we have done. Have you any view as to whether such legislation would interfere with the legitimate banking practices in this country now?

Mr. Fort, of course, was putting a more drastic thought to that bill than was contemplated in the bill.

Now, in view of what you said yesterday, I should like to have you restate your position or correct the misunderstanding of the question.

MR. BACIGALUPI. What you have read so far is all right, as far as I can see. The only point I wish to make had reference to Mr. Fort's following question:

If, however, in the judgment of the committee, our choice was between stopping this thing for a while until we could thoroughly settle what regulatory legislation ought to be adopted, or going ahead on regulatory legislation, without more study, it would probably be wiser, would it not, for us to stop it than to pass regulatory legislation without really sufficient investigation?

My answer was, I think that is true.

I should like the privilege of amending the answer to this effect: that I surely think that the bill as proposed should not be enacted at this time because I feel it will have the effect of placing in the hands of certain officials an arbitrary power, namely, of saying yes or no, without any standard or norm being fixed in the bill itself, upon which these officials are to predicate their consent. But if it came to an election before this committee or before Congress, to pass a bill of this kind or to kill further progress in group banking, which I consider perfectly legitimate and most timely, I surely would favor a bill along the lines as has been prepared; in other words, I favor the status quo until Congress has made its study and is ready to make a comprehensive enactment, but if it feels that something must be done in the interim, then I think that the election should be in favor of permitting the thing to go along in strong hands, leaving it within the jurisdiction of certain constituted Government authorities to regulate.

THE CHAIRMAN. In connection with the maintenance of the status quo, some of us are fearful lest, during the continuance of that status quo, developments may proceed to such an extent that it may be fraught with much danger; in other words, weak groups or a weaker group, might acquire a large number of banks and the public might be exploited in the sale of stocks and it might be purely a promotion proposition, not in strong hands.

Of course we, in Congress, must recognize that there are strong groups and weak groups.

MR. WINGO. Is that the object of the bill? I have not found out yet.

THE CHAIRMAN. The object of the bill is to require, before this procedure goes any further, that they consult the Comptroller of the Currency and the Federal Reserve Board before they acquire more than 10 per cent holding in any bank.

MR. BACIGALUPI. My point, Mr. Chairman, is that if that is the purpose of the bill, it would be a very easy matter, it seems to me, to set up in the bill a standard; in other words, groups possessing less capitalization than an amount which you gentlemen feel adequate or strong, would have to get consent.

THE CHAIRMAN. I tried to make clear to you what we are trying to cover here—the possibility of exploitation in weak hands—and you have differed with the methods which have been suggested by me in the form of this bill. I would like very much, if I have conveyed to you my thought, to have your suggestion as to how to meet that situation.

MR. BACIGALUPI. That would be rather presumptuous on my part. I would not deign to do that. I must confine myself to the statement of my opinion and the reasons as the basis on which I predicate it, that it vests an individual or a group of individuals with too much arbi-

trary power. It would give the impression to the general public that Congress is against this thing and, for that reason, it requires that the acquisition of more than 10 per cent of another bank by any group, irrespective of how strongly capitalized and well managed it is, shall not be permitted.

Mr. WINGO. So that I may follow you, gentlemen, I want to state that I do not yet catch the purport of the bill. When you say "weak hands"—that the object of the bill is to enable the comptroller to see that no group should engage in the further development of group banking except those who are strong financially—is that what you mean?

Mr. CHAIRMAN. In an extreme degree, it would indicate or tend to get to that point; yes.

Mr. WINGO. I am trying to find out what you have in mind.

The CHAIRMAN. That these people who are engaged in consolidating groups of banks in the country must have financial responsibility and integrity and have sufficient knowledge of what they are doing and make that known to the Federal reserve and to the comptroller to justify them in granting them permission in taking over these banks.

Mr. WINGO. The 10 per cent provision is not intended to be similar to the monopoly provision contained in the antitrust law?

The CHAIRMAN. It was to prevent this until they got the approval of the comptroller or the Federal Reserve Board. There are instances where some banks have been taken over or attempted to be taken over by what looks to be totally irresponsible people.

I have in mind one instance where the institution itself is pretty well known to be insolvent, and it seems to me there should be something requiring the submission of situations or developments of that kind, to some supervision. It may be an impossible thing to do.

Now, Mr. Bacigalupi, you referred to your trials and tribulations, more particularly in the earlier days, with authorities in California, in regard to proceeding with your development. I wish you would, for our benefit, elucidate a little upon your difficulties there, and, in that connection, I would like you to go into the matter in quite some detail as to just what your problem was, because in previous hearings before this committee, pretty general reference was made to the alleged fact that you had gone into politics in California and elected a governor, and it was indicated it was done for the purpose of securing your own appointee as superintendent of banks, so that you could get away from the embarrassment you were laboring under in building your picture. An explanation of the difficulties which you were experiencing at that time would be of material benefit to us in the study that is now before us.

From my own knowledge, you were being held up in obtaining branches and taking over institutions that were a part of your program. It not only applies to the State institutions, but you were impeded in Washington in getting branches which you deemed desirable. It seems to me that is exceedingly pertinent to the study we are making here. I wish you would give us the benefit of the troubles you were experiencing at that time.

Mr. BACIGALUPI. I should like very much to do it, Mr. Chairman and gentlemen, but it is a narration of a very long history and just how pertinent it can be, I have my doubts. I tried to explain it in my opening statement, as generally as I could.

Mr. WINGO. May I suggest to the chairman that you made a statement there that was not clear, that he was impeded in Washington. What did you have in mind?

The CHAIRMAN. There were many times when they wanted to open branches and they could not get permission to open them.

Mr. WINGO. From whom?

The CHAIRMAN. The comptroller in Washington, and the Federal reserve people.

Mr. WINGO. In other words, he was impeded in his efforts to get action from the Federal Reserve Board and the Comptroller of the Currency?

The CHAIRMAN. Yes, and I should like to have him explain whether that "impeding" came from the banking officials in California or in Washington. That has a bearing on the study we are making.

Mr. BACIGALUPI. In a very general way, we start with the statements made in my preliminary or introductory report, that, beginning about 1921, other banks in California, principally in Los Angeles, began to emulate the example of the Bank of Italy by establishing branches throughout the southern portion of the State.

Los Angeles, as I stated yesterday, was then undergoing a tremendous development. It was a city on wheels. Thousands of people were coming in from all parts of the country, principally from the Middle West of the United States, and as I stated also yesterday, Los Angeles was never built for a metropolis. Its streets were narrow and traffic was terribly congested in the downtown area. It threatened the life and limb of anyone who came downtown to do much shopping. As a consequence, neighborhood business settlements began to rise up and Mr. Giannini was among the very first to sense the necessity of going to the people and, as I recall it, made a request of the then superintendent of banks for permission to establish a number of branches in and about the outskirts of Los Angeles.

Our competitors got together and caused the superintendent of banks to enunciate what is called the De Novo Rule.

As pointed out yesterday, there are only two sections of the banking code that are applicable to State banks establishing branches in California, which are section 127, which provides that—

No bank shall transact any business in this State without the written approval of the superintendent of banks

And section 9 which states that—

No bank in this State, or any officer or director thereof, shall hereafter open or keep an office other than its principal place of business, without first having obtained the written approval of the superintendent of banks to the opening of such branch office—

And so forth.

In the light of that authority, the superintendent of banks enunciated a rule that no bank in the State could establish a branch outside of the city wherein it had its principal place of business unless the public advantage and convenience required it. In other words, he changed the words "promotion of public advantage and convenience" to a mandatory thing—"requiring" advantage and convenience.

Pursuant to that edict, we were forbidden, because of the fact we were the only bank operating in Los Angeles which had its head office outside of Los Angeles, from making an application because, as

he told us on a number of occasions, "It is useless for you to file your application; I can not grant it."

The flyleaf of the brief, which is an exhibit before your committee, which I presented yesterday, indicates that, in the four years, 122 findings of local advantage and conveniences were made by the superintendent of banks in favor of our competitors and but two to the Bank of Italy during those four years, but the two of them had been already committed for by the superintendent of banks before the enunciation or promulgation of the rule.

It happened, however, that we had our International branch, which was the result of the purchase of the old International Savings Bank of Los Angeles. We had been operating in a certain quarter of Los Angeles for a number of years and it developed that the city desired to condemn a strip of land which included that building, the strip of land to be used as a boulevard. That was the center of a continuous area, but by putting in that wide boulevard to provide for fast-moving vehicles through the center of it, it necessitated our election as to whether we would go on this side of the boulevard with our established business or whether we should go on the other. If we went on this side [indicating] we would lose the patronage which we had built up that come from the other side of the circle.

Just about that time, as I was debating the necessity of going to him and saying, "Here is a vested interest and right that we have; your de novo rule is illegal; if you do not accommodate us at any other place, give us an additional license here to accommodate the patrons we have that hail from this side [indicating] and another one to accommodate the business we have already built up that emanates from this other side; it is certain that we shall lose business if this is not permitted. When our manager, a Miss Grace Stormer, manager of our women's banking department, in Los Angeles, who knew the superintendent of banks from former days, when she was secretary of the State senate and he was a deputy in the State treasurer's office, came to me and asked for permission to establish a branch for the women's department in the Women's Athletic Club situated several blocks away on the ground that it would promote the convenience and advantage of the hundreds of women members of that club, I said to her: "It is useless for us to try. The minute we go to the superintendent, he will pull this de novo rule and we are barred before we start; we are prejudged."

She said: "I have already had an informal talk with him and he assures me that the permission will be granted and an exception will be made in this case."

So I then, at the very next meeting of the board of directors, had a resolution passed authorizing the establishment of a branch of the Bank of Italy in the Women's Athletic Club and also a resolution authorizing application for an additional license to operate an additional branch in the divided International branch already established. Applications were made pursuant to that authorization and the denial came back in each instance predicated solely upon the de novo rule; in other words, the letters recognized that public advantage and convenience would be promoted in substance, but because of the existence of this de novo rule, he regretted that he would have to deny the application.

For the first time did those letters present us with an absolute denial predicated upon the *de novo* rule. Theretofore he was in the habit of finding that public advantage and convenience would not be promoted and that barred us and because we were sure the supreme court would not interfere with the exercise of his sound discretion, we really had nothing upon which we could base a legal action. But these letters, predicated exclusively upon the *de novo* rule, gave us an excellent opportunity and we decided to make a test case before the supreme court and to mandamus the superintendent of banks to issue the permits feeling that here was a clear-cut issue of law and not of fact, predicated upon two letters that could not be plainer, where the legality of the *de novo* rule could be determined.

Instead of his coming in and admitting that he had denied them on the ground of the *de novo* rule; that his attorney had advised him he was acting strictly within his rights, and leaving the matter up to the court to determine whether he had acted within the purview of his powers in enunciating that rule, they insisted on a commissioner being appointed and taking depositions and during the taking of the depositions, which lasted for three months, the superintendent of banks denied he wrote the letters. He admitted he signed them but they were dictated by someone in his office.

The CHAIRMAN. I rather gained the impression from you yesterday that the superintendent, in all of these matters of resistance to the development of your plan, was not acting on his own initiative?

Mr. BACIGALUPI. No; he had as his attorney a man who had been the attorney for his predecessor, who was then the leading factor in the development of a competing branch bank system in Los Angeles, and this ex-superintendent of banks continued to be the *de facto* superintendent of banks through this attorney of the succeeding superintendent and, in the course of these depositions, it developed that he had made a very thorough study; in fact, he brought in clock counts of pedestrian traffic passing these two given locations, and after very much deliberation, he stated in his testimony that he had been forced to conclude that the public advantage and convenience would not be promoted by the establishment of those branches, changing his tune and making his position in conformity with section 9 rather than the terms of this *de novo* rule.

Well, the upshot of the whole thing was that the matter went before the supreme court and was argued and the supreme court side-stepped the issue, by first finding that the superintendent had committed perjury when he said he did not sign the letter, but it further stated that, in the course of the depositions taken in the course of the proceedings, he testified that he made a thorough study and found that public advantage and convenience would not be promoted and that that was in strict conformity with the terms of section 9 of the banking act and that, having found that they were unable to interfere with the discretion which the law vested in him, declined to—

Mr. BRAND. In other words, they passed upon the facts instead of the law of the case or the facts and the law of the case?

Mr. BACIGALUPI. The facts as developed in the testimony after the proceedings had commenced.

Mr. WINGO. They permitted him to amend his own record of findings of fact, as set out in the official letter.

Mr. BACIGALUPI. It would take me a month to cover all of the facts, but during all the time of this sparring for position, we had, in the interim, come into the Federal reserve system.

The Federal Reserve Board, listening to the rumblings that were going on in California, not between unit and branch banks, but late-coming branch banks then in the field, sent out a commission to investigate these things and we had hearings such as your committee is having, investigating these things and the economics of the situation.

The CHAIRMAN. All of this indicates that your progress was being fought by established large groups in California?

Mr. BACIGALUPI. They were being established and were sparring for place and they were seeking to catch up by working on the State banking department and also the Federal Reserve Board in Washington to hold us in check while they came along. That is plain language and that is what occurred.

Mr. WINGO. It was not group banks as much as branch banks?

Mr. BACIGALUPI. No, sir; these were branch banks.

Mr. WINGO. In other words, there were two other large branch-banking systems being developed in competition with yours?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. In other words, there was a determined effort to keep your group out of southern California?

Mr. BACIGALUPI. Yes, sir; and we had, in 1923, a hearing here in Washington before the Federal Reserve Board on this general question of branch banking.

Present at this hearing was this former antagonistic superintendent of banks then the leading factor in the building up of a competing branch-banking system in the southern portion of the State, and we had representatives of the California League of Independent Bankers and quite a delegation of Cook County bankers and it developed into a debate between the virtues and merits of unit banking as against branch banking.

During all this time, being dependent on either the superintendent of banks or upon the Federal Reserve Board for permission to establish new branches, there were times when we got the consent of the superintendent of banks of California and were denied or delayed by the Federal Reserve Board in Washington.

But the final outcome—

Mr. BRAND. That is what I want to hear. I have to go. What did they finally decide?

Mr. BACIGALUPI. The final decision was that all the applications we made were eventually granted.

Mr. BRAND. By the Federal Reserve Board?

Mr. BACIGALUPI. By the Federal Reserve Board at Washington and, in this connection, I wish to state this, that this record, as it has been built up before this committee, has an unsavory reference to the one and only case of alleged arbitrariness on the part of our institution in the establishment of branches in California, and that is the celebrated or notorious Santa Maria case, and I want to clear the atmosphere on that.

The first place wherein that was mentioned, was at the hearing before the Federal Reserve Board in 1923. The charge was that the Bank of Italy, in its arrogance, went down to Santa Maria;

that Mr. Giannini went to Mr. Teetsen, the president of the Bank of Santa Maria, who was on his sick bed and endeavored to force him to sell his bank to the Bank of Italy, threatening that if he did not sell the bank, he would start a brand new bank and run him out of business.

That accusation was made by a man who is now in one of our subsidiaries and I believe that he believed it when he said it, but the facts are contained in this brief which I prepared and sent to Hon. M. C. Elliott who was, as I understand it, the original attorney of the Federal Reserve Board and who was then representing us.

I laid the facts of the Santa Maria case out very explicitly in this brief. In that case we had the consent of the superintendent of banks to establish a branch, but were being held up by the Federal Reserve Board and after the filing of this brief and an investigation made by the Federal Reserve Board, through the officials of the Twelfth Federal Reserve District in California, the permission of the Federal Reserve Board of Washington was granted the Bank of Italy to establish a new branch there.

Now, I wish to file this brief in the record.

The CHAIRMAN. Without objection, it will be placed in the record.

Mr. WINGO. What is it? What has it to do with the proposition here?

Mr. BACIGALUPI. It has this to do, Mr. Wingo, that as I recall it, in some proceedings held before this committee, some reference was made to a hearing had two years ago before a similar committee or before this committee, in connection with the McFadden bill and some statement was made that both sides or all sides were represented before that committee. As a matter of fact we were not represented, and as I recall it, some reference was made to this Santa Maria case.

Mr. WINGO. You are referring to the colloquy before this committee in either 1924 or 1925 between Mr. Drum and some witness, referring to the Santa Maria case?

Mr. BACIGALUPI. Yes.

Mr. WINGO. In other words, you contend that you were not represented and Mr. Drum did not present your side as you thought it should be?

Mr. BACIGALUPI. He did not and only our opponents were here.

Mr. WINGO. This is your brief presented when?

Mr. BACIGALUPI. My letter to Hon. M. C. Elliott, under date of January 8, 1924, that fully explains the Santa Maria incident that has been so liberally referred to in discussions of this kind dealing with the alleged tactics of our institution in the establishment of branches in California.

Mr. WINGO. In other words, you contend it is relevant here because the claim is made that branch banks may indulge in driving out unit competitors from business by the same tactics alleged?

Mr. BACIGALUPI. Exactly.

Mr. WINGO. I think it is germane because the Bank of Italy was not represented, and Drum and someone else was engaged in a colloquy in this matter.

Mr. FENN. Is not this a fair statement, that the statement has been frequently made that systems such as this have gone in and driven out unit banks?

Mr. BACIGALUPI. Absolutely, and it is the only case that has been cited by the opposition against us.

Mr. BUSBY. I should like to say about these briefs and unsolicited letters gathered promiscuously from the public—of course this is not as technical a proceeding as a court proceeding, but there is no relevancy between letters such as presented yesterday, gathered from the public promiscuously, and briefs filed on one side of a proposition before a committee such as this one. Of course it may be relevant, but I do not see the relevancy of bringing briefs into questions that deal with the hearings here unless both sides of the issue can be briefed, in order that we may have an opportunity to understand it.

(Discussion off the record.)

Mr. FENN. In accordance with the averments that have been made here, that associations of the character of this one go into communities and drive out unit bankers—

Mr. BACIGALUPI. Not only that, we have been accused of certain things that were not true and this is the first time I have had a chance to answer them and I ask that this go in.

The CHAIRMAN. The accusation is frequently made that groups similar to yours, in taking over a bank, in some community where it seems in your judgment it is desirable to take them over, where you meet with obstacles in the taking over of the bank, it has been the common practice—and this refers to others—to make some definite or side agreement with the officers of those banks whereby you might gain control of the institution and, in doing so, you make a contract with the officers of the bank for a long period of time to stay with you, frequently at good salaries. What is the common practice?

Mr. BACIGALUPI. The common practice is, in the acquisition of an institution, where we find that one or more individuals in that institution are desirable men, for us to retain them in order to insure our retention of their good offices, and we have entered into contracts of employment with them.

Mr. FENN. Is not that the common practice in the consolidation of two national banks, to combine the officers of the two banks? I know of several instances where that has happened in my own State where two national banks or member banks have combined, where the officers of the combining banks were retained, one being the chairman of the board of directors and the other the president of the bank. It is not an uncommon thing where I live.

(The brief referred to by Mr. Bacigalupi is here printed in full, as follows:)

EXHIBIT W

SAN FRANCISCO, CALIF.,  
January 8, 1924.

Hon. M. C. ELLIOTT,  
*Southern Building, Washington, D. C.*

DEAR MR. ELLIOTT: Ever since the copy of your letter of December 20, addressed to our general counsel, Mr. W. G. McAdoo, came to my notice, I have endeavored to find sufficient time to dictate a memorandum of the true facts concerning the so-called Santa Maria case. The wind up and the beginning of a year are generally busy periods in a bank's activities and as a consequence I have been delayed in dictating such a statement. I trust, however, that it is not too late and that the following recital will have the effect of convincing the Federal Reserve Board at Washington that there was positively nothing in the conduct of the Bank of Italy in its efforts to enter the Santa Maria field, pursuant

to repeated urgent invitations of the people of that community, that was in any way unethical or censurable.

The accusations made at the open hearing at Washington in September of last year by the president of the California Unit Bankers, and his colleagues were wholly unjustifiable, came as a complete surprise, and had absolutely no place at said hearing.

In substance, they charged that in 1921 the president of the Bank of Santa Maria was lying ill at a hospital in San Francisco; that his bank was in a frozen condition and in sore straits; that our president, Mr. A. P. Giannini, realizing the precarious condition of both the president and the Bank of Santa Maria, went or sent word to him "demanding" that he sell out his bank to the Bank of Italy on terms arbitrarily imposed by Mr. Giannini, and that in the event of his refusal to comply the Bank of Italy would enter the field by the establishment of a new branch and run him out of business. One of the speakers, as I recall his remarks, stated that when the Santa Maria banker refused to be browbeaten into selling on the impossible terms sought to be imposed by Mr. Giannini, the Bank of Italy employed certain officers of the Bank of Santa Maria and sent them out through the Santa Maria country "buying up the pass books on that bank," and that on one occasion these men, agents of the Bank of Italy, had saved up some 85 of such pass books and took them into the Bank of Santa Maria in a lump, "laid them down on the counter and demanded the money." That on the following day Mr. L. M. MacDonald, then our vice president, called in to see the cashier of the Bank of Santa Maria, and asked him how he "liked" the "wallop" he had gotten the day before from the Bank of Italy, concluding his jeering interview with the flat though positive statement that if the Bank of Santa Maria did not capitulate to the Bank of Italy, the Bank of Italy had many more such "wallops" to administer. It was further charged that because of this harassment the Bank of Santa Maria could no longer operate as a unit bank and that it was immediately thereafter forced to sell out to another institution, the Pacific Southwest Trust & Savings Bank, of which it became a branch.

Now, for the real facts: When, in the early part of 1921, the Bank of Italy entered the field at San Luis Obispo, a county seat situated about 28 or 30 miles from Santa Maria, it did so through the acquisition and merger of the Union National Bank. The former officers of that institution organized an independent State bank in San Luis Obispo and took with them practically all of the employees of our predecessor, it became necessary for us to immediately recruit a working staff for our San Luis Obispo branch. In selecting such officers we naturally looked to men with banking experience who were familiar with men and conditions in that part of the State. For the position of manager of that office, we selected a previously assistant cashier of the Bank of Santa Maria, but who at that time was the retiring president of the California Bean Growers Association; and for the positions of assistant cashiers, we chose and employed two young men previously employed by the Bank of Santa Maria. One came with the Bank of Italy on April 1, 1921, and the other joined our San Luis Obispo staff on April 15, of the same year.

There was absolutely nothing ulterior in the employment of these men. In fact, before employing one of them, I personally took a trip to Santa Maria and interviewed the cashier of the Bank of Santa Maria for the purpose of getting a line on his character and ability. The cashier was most enthusiastic and generous in his statements concerning him and it was largely upon the cashier's recommendation that we employed him.

In the latter part of April or the first part of May, word came to us through our San Luis Obispo manager, that the president and cashier of the Bank of Santa Maria were disposed to sell their institution to the Bank of Italy, and he was told that if such was the case we would be glad to have the president call upon us here in San Francisco on the occasion of his next visit. In due course, both he and the cashier visited our head office and our conference took place in my private office on the sixth floor of the old Bank of Italy Building, situated at Clay and Montgomery Streets. The interview was most pleasant and satisfactory in every way. The president represented to us that he was getting along in years and was desirous of getting out of the banking business; that his private interests were sufficiently large to engage the attention of his son, who had no ambition to become actively engaged in the banking business, and that as long as the cashier and the other employees of the bank would be taken care of in the new order of things he was anxious to quit. I personally drafted the agreement and escrow instructions, pursuant to the verbal understandings there reached, and in due course they were executed by the president and cashier of the Bank of Santa Maria

on the one side, and our president, Mr. A. P. Giannini, on the other. I am inclosing the original agreement and escrow instructions so that you may see the fairness of them, and particularly so that you may notice from the firmness of the president's signature that he was not, as some of our accusers would have the board believe, a poor helpless sick man, languishing on a bed of pain, at the time this agreement was entered into.

Mr. C. B. Wingate, who, as you will observe from a reading of the inclosed agreement, was chosen by both sides to act as the umpire, was then a deputy in the office of Mr. C. F. Stern (now vice president of the Pacific Southwest Trust & Savings Bank, of which institution the Bank of Santa Maria is to-day a branch), and was decided upon after informal assurance had been given us by a former associate of his that he would act in that capacity if called upon. This same gentleman had theretofore acted in a similar capacity, while a deputy under a previous superintendent of banks, on the occasion of our purchase of the First National Bank of Merced and our attempted purchase of the Pioneer Bank of Porterville, so that we had no occasion to doubt for a moment but that he would act in this case if called upon.

I here quote from an original memorandum recently submitted to me by Mr. W. H. Snyder, our chief examiner, who in the last part of May and the beginning of June, 1921, conducted an examination for the Bank of Santa Maria pursuant to the terms of the attached agreement. You will notice that his examination and investigation was not confined alone to the Bank of Santa Maria, but extended, with the consent of the latter, to the affairs of the Valley Savings Bank of Santa Maria and, to a certain extent, the First National Bank. I invite your attention to this, particularly because it is evidence of the fact that the three institutions were then practically under one control. As a matter of fact, even to-day, the Bank of Santa Maria crowd practically dominate the banking situation in Santa Maria. This is what Snyder has to say on the subject of his examination:

"Examination of the Valley Savings Bank of Santa Maria and the Bank of Santa Maria were made by me on a holiday—which I believe was May 30, 1921. On that same occasion I met with the officers of the First National Bank of Santa Maria. It was understood at that time that we were negotiating for the purchase of the Valley Savings Bank and the Bank of Santa Maria with the understanding that we were to have a working agreement with the First National Bank owned by the same stockholders as controlled the other two banks.

"According to my examination of the Valley Savings Bank, I found it in first-class condition. The Bank of Santa Maria, however, I felt was in very poor condition. In that bank there were assets amounting to something over a million dollars, which I did not consider proper banking assets. On these loans I estimated a loss of from \$300,000 to \$400,000.

"The cashier of the Bank of Santa Maria admitted to me in my room at the Santa Maria Inn that my analysis of the assets was substantially correct but that he could not face the president with conditions as they were. He made an offer to me of a new Cadillac automobile if I would put through on behalf of the Bank of Italy a tentative proposition which was then under their consideration. Within five minutes after this offer had been made to me, I met Dr. L. R. Sevier, a member of the advisory board at Los Angeles, in the lobby of the hotel and made the cashier admit to Doctor Sevier the offer which had been made to me."

It soon became evident after Snyder's examination, early in June, 1921, that we could not get together, so we called upon Mr. Wingate to come in and settle the dispute. Mr. Wingate then advised us that he could not act without permission from his chief, Mr. C. F. Stern, who was in Los Angeles. He reached Mr. Stern over the long-distance wire and Mr. Stern flatly refused to permit Wingate to act.

Mr. Stern was evidently in Los Angeles at the time closing his negotiations with the First National Bank and the Los Angeles Trust & Savings Bank (now the Pacific Southwest Trust & Savings Bank) to enter the employ of the Los Angeles Trust & Savings Bank in the capacity of vice president, for on June 20, 1921, Mr. C. F. Stern resigned from the bank superintendency and became vice president of the Los Angeles Trust & Savings Bank.

Wingate's refusal to act as umpire entirely upset and terminated our negotiations for the acquisition of the Bank of Santa Maria and its affiliated bank, the Valley Savings Bank of Santa Maria.

The moment it became known in Santa Maria that said negotiations had fallen to the ground, a large percentage of the residents and business people of the community, particularly the farmers who were looking to the entry of our institution

for relief in the matter of loan accommodations, which because of local frozen conditions, were not being met by the local banks, a great deal of dissatisfaction ensued, and Jesse, young Rice and Brown, former Santa Maria men and at that time our representatives in the neighboring town of San Luis Obispo, were made the recipients of urgent appeals to do something toward relieving the distressing situation. I have since interviewed our representatives Messrs. Rice and Brown and have their positive and unqualified assurance that there was nothing in their conduct at that critical time which could in any way be construed as unethical by the Santa Maria banks.

As you will note, our negotiations terminated in the beginning of June, 1921, just as the first six months' period was drawing to a close. Many of the disgruntled Santa Maria people, particularly those who were looking for new or additional loans, naturally began to prepare, even at great discomfort to themselves, to transact their banking business and receive their banking accommodations through our San Luis Obispo office, 28 or 30 miles away.

We inclose statement of Santa Maria accounts opened at our San Luis Obispo office, all practically opened during the first seven months of 1921, just furnished me by our representatives Messrs. Rice and Brown. You will observe from the dates thereof that it was an impossibility, at any one time, to present anywhere near "85" pass books. Rice and Brown positively deny ever having "bought up" a single pass book, and as positively deny that they, or either of them, or anyone connected with our institution, ever went into the bank and demanded payment of a single pass book "over the counter." They positively declare that every pass book which was transferred by Santa Maria depositors was sent through the regular course.

It does appear that at the end of the six months' period, namely, during the month of July, 1921 (a time when deposits are usually transferred so as not to suffer any loss in interest) that the pass books transferred from Santa Maria to our branch at San Luis Obispo did aggregate some \$50,000 but no special point can be made of this fact when, as you will observe from the inclosed machine list, the total loan accommodations extended to the same Santa Maria depositors aggregated \$335,752. In other words, if the deposits obtained from the Santa Maria territory in 1921 amounted to \$113,863.28, we benefited rather than hurt the Santa Maria institutions when we assumed \$335,752 in loans from that territory. We submit that a showing such as this, namely, a ratio of loans to deposits of 3 to 1, can only establish the fact that we very materially and substantially helped rather than hurt the situation.

Now, a word as to MacDonald's jeering statements: The following are quotations from a recent written statement submitted by him to me at my request:

"Referring to your request for information regarding the Bank of Italy's application for a branch at Santa Maria, although it is quite a long time since I had a conversation with the cashier of the bank of Santa Maria, I will say without hesitation that the statement which was attributed to me at the Washington conference, is entirely untrue.

"It may be possible that he mentioned our having taken a number of accounts away from him to our San Luis Obispo branch, but I am wholly unable to recall any such conversation. If it were mentioned at all, I would have assured him that it was quite natural for these former officers of his institution to have friends in his district who would look to them for relief. A number of loans made through our savings department resulted in the distinct benefit of the Bank of Santa Maria, which was at that time unable to supply its clients with sufficient funds to take care of their required mortgage loans."

There can be no question, considering the difficult situation in which the Bank of Santa Maria found itself in 1921, but that if we had even intimated to outsiders what our examination disclosed or had done anything to hurt rather than to help, nothing in the world would have saved them, for there was no large bank in California at that time, other than our own, engaged in State-wide branch banking which would have taken them over.

As a matter of fact, the Bank of Santa Maria continued to operate independently for a full year after July 7, 1921 (during which month we are accused of "buying up" their pass books), and it was not until July of 1922 that the Pacific Southwest commenced its branch-banking operations on a wide scale (under the leadership of the former superintendent of banks, Mr. C. F. Stern) by absorbing this very bank, among the very first of its acquisitions outside of the Metropolitan area of Los Angeles. If the Santa Maria forces were—as charged—forced, because of our harassment and unethical tactics, to unwillingly retreat into the arms of a big branch bank, I submit that the retreat was quite leisurely and orderly.

Many of the people of Santa Maria would not accept the situation forced upon them. They insisted in pointing out that all banking facilities in the town were controlled by one group, depriving the residents of any competition; and that for years they had been anxious to get the benefit of the competition and facilities of the Bank of Italy, but monopoly was always strong enough to prevent it.

Acting upon such appeals and a lengthy petition bearing the signatures of hundreds of residents and business men of Santa Maria, we filed a petition for a new branch there on September 7, 1921, with Mr. Dodge, the then superintendent of banks. This was followed by a visitation upon him by a large delegation of Santa Maria's leading citizens, urging that the application be granted. Many of these men took a decided risk in so coming, for they realized what the attitude of the local banking group toward them would be if our application were denied. Their coming, notwithstanding the inevitable result, must demonstrate clearly the seriousness and the urgency of the situation.

Mr. Dodge held the application from September 7 to November 23, 1921, when, as will be noted from the copy of his letter, hereto attached, he dismisses the subject in the following very general and stereotyped language: "I have found that the public convenience and advantage of the city of Santa Maria, County of Santa Barbara, State of California, will not be promoted by the licensing of the branch office desired by you. I am therefore refusing your application."

We have no means of possessing exact information on the subject, but my personal opinion of the matter is, based entirely on my observations and varied conferences with Mr. Dodge on the Santa Maria situation, that his real motive in denying our application was a desire to maintain a friendship of long standing between himself and the attorney for the Tietzen interests in Santa Maria. Dodge was chairman of the Los Angeles board of supervisors at the time he was made State superintendent of banks, and this attorney was, prior to and during Dodge's incumbency as superintendent, the chairman of the Santa Barbara County board of supervisors, and had occasion to meet Dodge frequently in the State organization of county supervisors, and was generally very aggressive in a political way in his county. He was very active in his opposition to our entry, and Dodge, on several occasions, went out of his way to tell me and others of our bank what a great friend of his this attorney was. I mention this solely because one of the members of the board asked me "why" Mr. Dodge had denied our application, and not wishing to confuse the issue by any undue prolongation of the Santa Maria controversy at the hearing—which controversy was wholly out of order there—I simply replied that I didn't know.

When Mr. Johnson, the present superintendent of banks, succeeded Mr. Dodge, the old appeal was again renewed by many of the people of Santa Maria, who were not satisfied, even though the Pacific Southwest has since entered the field. They argued that the same old interests still controlled the local banking situation, and argued for the real competition which would flow from our establishment there.

Accordingly, on June 22, 1923, we renewed our application, and on July 13, 1923, Mr. Johnson granted our application. A copy of Mr. Johnson's letter is also here attached.

Fortunately, Superintendent Johnson has since expressed himself more fully on the Santa Maria situation in his letter to the Federal Reserve Board at Washington, under date of October 30, 1923, dealing with the question of branch banking generally, reference to which letter is here made. I desire, however, to here quote fully the principal paragraph in said letter which treats specifically with the reasons underlying his granting of our Santa Maria application:

"So far as I am aware, and judging from the reports of the Washington hearing that have come to me, the only instance where the propriety of a branch charter granted by me has been seriously questioned is that granted to the Bank of Italy for a branch de novo at Santa Maria. The Santa Maria situation has been an acute one for a considerable time, far antedating my incumbency as superintendent of banks. No profit can come from my entering into a discussion here of the merits of the Santa Maria situation. I accept the responsibility for the decision and wish to say that it was my own independent decision; that I knew at the time a former superintendent of banks had refused permission and I was well aware of the fact that there would be considerable criticism and a great deal of misunderstanding of my motives in the event that I did grant permission to the Bank of Italy to enter Santa Maria de novo. I felt, however, that they had a right to apply and that I could not escape the responsibility of decision on the ground that some one else had acted or because the situation was very obscure in some particulars or because my motives might be misunderstood. Besides

reviewing a full and voluminous record containing many letters and petitions setting forth the necessity for another bank in Santa Maria, there were many hearings held by me, and I believe that I heard all that there was to be heard on both sides of the controversy before making my decision. The decision was made solely on the grounds of public convenience and necessity and I wish to say here that nothing has since been presented to cause me to change the opinion that I then formed that the people of Santa Maria were entitled to additional banking facilities.

"I do not intend to enter into a defense of my position in this matter any further than this and to state that so far as the conference agreement with reference to branch banking is concerned, the decision in the Santa Maria case was made with that agreement entirely before my mind and that the decision was made, not in violation of that agreement, but rather as coming within the exception laid down in that agreement which had been very carefully placed therein at the suggestion of my attorney at the time the agreement was entered into. He pointed out the fact that to permit the agreement to be made hard and fast so that no banks de novo should be granted to branch banks in communities where there were other banks would be to abdicate the authority granted me in the bank act, and would be in violation of my oath to accept the duties and responsibilities of that act, i. e., to refuse to determine for myself in obedience to the mandate of that act in each and every instance where application is made, whether 'the public convenience and advantage would be promoted' by the granting of the charter to the applicant. More than that, it was then pointed out and the logic apparently appealed to all the conferees that discretion should reside in the superintendent to deal with those instances where through failure to keep pace with the demands of the community the local banks had failed to meet the requirements of local service. Instead of incorporating the language of the statute into the exception, the language was changed from the 'public convenience and advantage be promoted thereby' to 'public convenience and advantage require it'; in other words, the shade of difference runs from the rather mild word 'promoted' to the somewhat positive word 'require,' and in my finding after a personal investigation of conditions at Santa Maria I so found and have advised the Bank of Italy that I would give them permission to enter the town of Santa Maria upon the ground that I found the conditions to come within the exception laid down in this limitation, to wit, that the public convenience and advantage of Santa Maria required further banking facilities. The Santa Maria case is the only instance where any question has been raised in all the many cases where charters have been granted since the conference. The very fact that this is the lone instance shows that it is the exception and not the rule."

The foregoing frank statement of the superintendent's findings and conclusions should suffice to lay at rest any and all of the unfounded and wild accusations which have been made by selfish interests. It is not alone a safe assumption, but the fact, that if ever pressure was brought to bear upon any State official to swerve him from his plain duty, that pressure was exercised on Mr. Johnson in this case; and be it said, to his enduring credit, that he fearlessly stood by his findings and honest convictions, regardless of consequences.

We submit that the establishment of a branch of the Bank of Italy in Santa Maria will not injure the Pacific Southwest Trust & Savings Bank or the other banks there and that the introduction of our competition will of necessity insure to the convenience and advantage of that community.

We therefore authorize you to present this statement to the Federal Reserve Board and to petition for a rehearing of our Santa Maria application.

Very truly yours,

JAMES A. BACIGALUPI,  
*Vice President.*

This agreement, made and entered into this 19th day of May, 1921, by and between Paul O. Tietzen, of the city of Berkeley, County of Alameda, State of California, first party, and stockholders auxiliary corporation, a corporation organized and existing under and by virtue of the laws of the State of California, second party, witnesseth:

That for and in consideration of the sum of \$10, in lawful money of the United States of America, this day paid to first party, the receipt of which is hereby acknowledged, first party hereby promises and agrees to sell to second party, and second party hereby promises and agrees to purchase from first party, 3,001 shares of the capital stock of the Bank of Santa Maria, a corporation, of Santa Maria, Calif., for the sum of \$425,000, subject to the following terms and conditions:

It is hereby further understood and agreed by and between the parties hereto that first party shall on or before the 24th day of May, 1921, deposit the certificates evidencing 3,001 shares of the capital stock of said Bank of Santa Maria, properly indorsed in blank, in escrow with the Crocker National Bank of San Francisco under and subject to escrow instructions in substantially the following form:

The CROCKER NATIONAL BANK,  
*San Francisco, Calif.*

GENTLEMEN: I herewith hand you certificates, properly indorsed in blank, evidencing 3,001 shares of the capital stock of the Bank of Santa Maria, and request and instruct you to deliver said stock to the Stockholders Auxiliary Corporation upon payment by it to you for my account of the sum of \$425,000, lawful money of the United States of America, or such lesser sum as you may be advised in writing is due me for said stock by W. H. Rice, James E. Fickett, or W. H. Snyder, and C. B. Wingate, or his nominee, or a majority of them on or before the 1st day of June, 1921, or the same shall be delivered unto said Stockholders Auxiliary Corporation upon my written order.

In the event that no such payment is made on or before said 1st day of June, 1921, then you are to return said stock to me upon my demand therefor.

Very respectfully yours,

PAUL O. TIETZEN.

It is also further understood and agreed by and between the parties hereto that immediately after the deposit of said stock in escrow as aforesaid, the loans of said Bank of Santa Maria shall be examined and appraised by W. H. Rice, acting for first party, and James E. Fickett or W. H. Snyder, acting for second party, and in the event that they are unable to agree upon the value of any or all of said loans, then C. B. Wingate, or his nominee, shall be forthwith called in to decide the value of any and all such disputed loans, and his decision shall be final and binding upon both of the parties hereto. Should the said appraised value of the loans be so found to be not more than \$50,000 less than the present book value thereof, then the consideration hereinabove fixed for said shares of stock shall stand and first party shall not be made to suffer any reduction in said purchase price because of said condition; should the said appraised value of the loans, however, be found to be more than \$50,000 and not more than \$100,000 less than the present book value thereof, then the consideration or price hereinabove fixed for said shares of stock shall be reduced by a sum equal to one-half the amount of such appraised shrinkage or depreciation over and above said first \$50,000 thereof; and should the appraised value of the loans be so found to be more than \$100,000 less than the present book value thereof, then first party may not be called upon to stand a greater reduction in said purchase price than a sum equal to one-half of the amount of said appraised shrinkage or depreciation over and above the first \$50,000 and up to the first \$100,000 thereof, but in such event it shall be optional with second party to go through with said purchase on the basis of such reduced consideration or to wholly withdraw and declare this sale voided and canceled, unless first party shall immediately declare his readiness and willingness to accept a reduction in said purchase price equal to one-half of the total amount of such appraised shrinkage or depreciation over and above the first \$50,000 thereof.

Payment for said stock in the sum so found to be due pursuant to the method aforesaid shall be made by second party to said escrow holder in the manner and at such time or times after said appraisal as first party may direct.

It is further understood and agreed between said parties, as a further consideration and condition of this sale and purchase, that in the event of the consummation of said sale and purchase said first party will remain with said bank in his present official capacity and at his present salary until January 1, 1923, or as chairman of the advisory board attached to said office, in the event that the business and assets of said bank shall be purchased by and merged into the Bank of Italy before said 1st day of January, 1923; it being understood that first party shall be required only during said time to lend his good will to said institution and to attend meetings of the board, whenever convenient to him, with full right to absent himself from the State for any purpose whenever he may desire to do so.

Time is hereby made and declared to be of the essence of this agreement.

This agreement shall bind the heirs, executors, successors, and assigns of the parties hereto.

In witness whereof, the first party has hereunto set his hand and seal, and the second party has caused this agreement to be executed by its president, thereunto duly authorized, and its corporate seal to be hereunto affixed, the day and year first above written.

[SEAL.]

PAUL O. TIETZEN,  
STOCKHOLDERS AUXILIARY CORPORATION,  
By A. P. GIANNINI, *President*.

This agreement, made and entered into this 19th day of May, 1921, by and between Paul O. Tietzen and L. P. Scaroni, first parties, and Stockholders Auxiliary Corporation, a corporation organized and existing under and by virtue of the laws of the State of California, second party, witnesseth:

That for and in consideration of the sum of \$10 this day in hand paid to each of said first parties, the receipt of which is hereby acknowledged by each of them, first parties hereby promise and agree to sell to second party, and second party hereby promises and agrees to purchase from first parties 126 shares of the capital stock of the Valley Savings Bank of Santa Maria, for the price and on the terms and conditions following:

It is hereby understood and agreed by and between the parties hereto that first parties shall, on or before the 24th day of May, 1921, deposit the certificates evidencing said 126 shares of the capital stock of said Valley Savings Bank of Santa Maria, properly indorsed in blank, in escrow with the Crocker National Bank of San Francisco, under and subject to escrow instructions in substantially the following form:

The CROCKER NATIONAL BANK,  
*San Francisco, Calif.*

GENTLEMEN: We herewith hand you certificates, properly indorsed in blank, evidencing 126 shares of the capital stock of the Valley Savings Bank of Santa Maria, and request and instruct you to deliver said stock to the Stockholders Auxiliary Corporation upon payment by it to you, for our account, of such sum as you may be advised in writing is due us for said stock by W. H. Rice, James E. Fickett or W. H. Snyder, and C. B. Wingate, or his nominee, or a majority of them, on or before the 1st day of June, 1921, or the same shall be delivered unto said Stockholders Auxiliary Corporation upon our written order.

In the event that no such payment is made on or before said 1st day of June, 1921, then you are to return said stock to us upon our demand therefor.

Respectfully yours,

PAUL O. TIETZEN.  
L. P. SCARONI.

It is further understood and agreed by and between the parties hereto that immediately after the deposit of said stock in escrow, as aforesaid, all of the assets of said Valley Savings Bank of Santa Maria shall be examined, and the actual value thereof shall be appraised by W. H. Rice, acting for first parties, and James E. Fickett or W. H. Snyder, acting for second party, and in the event that they are unable to agree upon the actual value of any or all of said assets, then C. B. Wingate or his nominee, shall be forthwith called in to decide the actual value of any and all such disputed assets, and his decision shall be final and binding upon all of the parties hereto. The price for said shares of stock shall be fixed by said appraisers, and shall be based wholly upon the appraised actual value of the assets of said bank, nothing to be allowed for the good will of the business of said bank.

Payment for said stock in the sum so found to be due, pursuant to the method aforesaid, shall be made by second party to said escrow holder, or in the manner and at such time or times after said appraisalment as first parties may direct.

Time is hereby made and declared to be of the essence of this contract.

This agreement shall bind the heirs, executors, successors, and assigns of the parties hereto.

In witness whereof said first parties have hereunto set their hands, and second party has hereunto caused its corporate name to be subscribed, and its corporate seal to be affixed by its president thereunto duly authorized, the day and year first hereinabove written.

PAUL TIETZEN,  
L. P. SCARONI,  
*First Parties.*  
STOCKHOLDERS AUXILIARY CORPORATION,  
By A. P. GIANNINI, *President*.

## List of savings accounts transferred to Union National Bank from Santa Maria banks

Date	Name	Amount	Date	Name	Amount
1921			1921		
Mar. 14	E. Palo.....	\$136.16	July 7	A. Flocebini.....	\$2,000.00
May 12	Gin Chong.....	2,756.00	Apr. 18	F. W. Grisingher.....	2,000.00
12	do.....	1,060.00	May 9	do.....	2,000.00
15	Harry Sellars.....	250.63	Apr. 16	Filippo Guerra.....	1,000.00
July 1	Gin Chong.....	2,278.64	July 9	Silvia Guerra.....	1,500.00
7	David Richina.....	5,052.22	7	Chas. Maretti.....	3,500.00
7	A. L. Brown, administrator.....	1,076.22	7	J. C. Maretti.....	25,000.00
7	F. C. Abernathy.....	227.76	Apr. 16	do.....	4,000.00
Aug. 11	James W. Irby.....	900.00	May 12	Gin Chong.....	7,000.00
Mar. 21	Jim Margaroll.....	670.00	July 8	F. L. Novo, treasurer U. P.	
July 15	Elmer C. Rice.....	543.00		E. C. ....	422.75
11	Gin Hong Gin.....	1,326.00	7	Artura Rossi.....	4,091.08
1	A. T. Alliani.....	2,000.00	May 18	Antonio Mossi.....	2,300.00
16	A. Belloni.....	3,000.00	July 5	Albino Bonetti, guardian	
9	John Belloni.....	4,275.39		J. Bonetti.....	5,721.16
June 20	A. Bondietti.....	1,000.00	9	M. Lanini.....	2,000.00
July 1	A. Cavola.....	1,000.00	Apr. 26	Marion B. Rice.....	5,000.00
Aug. 13	Ernest Degasparis.....	1,000.00	6	W. H. Rice.....	7,107.84
July 11	Rina Degasparis.....	500.00	Jan. 15	Albino Bonetti.....	5,000.00
7	Estate A. L. Stanley.....	3,668.23			
7	P. C. Bonetti.....	1,300.00			113,863.28

## Loans made to Santa Maria customers

Date	Name	Amount	Date	Name	Amount
1921			1921		
Apr. 9	F. D. & J. D. Bello.....	\$4,800.00	Apr. 11	W. L. Black.....	\$2,500.00
July 14	J. F. Ventura.....	6,532.00	May 21	J. J. Branson.....	400.00
June 16	J. D. Bello.....	800.00	June 29	P. H. Carroll.....	1,000.00
8	F. D. Bello.....	500.00	June 30	A. L. Novo.....	4,287.00
Apr. 21	Goodwin Dana.....	6,000.00	Mar. 15	J. F. Dias.....	2,000.00
July 16	W. E. Elliott.....	400.00	24	J. R. Ferini.....	250.00
Apr. 20	E. G. Fields.....	500.00	June 25	S. A. Florence.....	1,225.00
May 14	J. S. Gulari, Jr.....	525.00	Mar. 21	P. Z. Fogle.....	400.00
Aug. 23	H. F. Kaar.....	332.98	July 14	Manuel R. Jorge.....	1,273.00
Jan. 28	W. F. Torrence.....	2,500.00	5	Frank Gregory.....	50.00
June 24	C. J. Miehle.....	985.00	June 30	Raul A. Leal.....	300.00
Apr. 13	J. C. Munoz.....	200.00	Mar. 26	Edward Marcil.....	600.00
Mar. 15	Toney Roderick.....	1,000.00	June 28	J. D. Martinez.....	8,500.00
Apr. 15	A. F. Silva.....	10,000.00	May 25	M. M. Martinez.....	4,000.00
Apr. 14	Jaecinto Silva.....	600.00	July 1	Miehle Bros.....	2,947.02
June 21	A. L. Smith.....	4,000.00	June 21	A. S. McLaughlin.....	1,000.00
May 14	C. W. Smith.....	1,400.00	Mar. 9	Novo Bros.....	2,800.00
Mar. 10	Albina Bonetti.....	1,200.00	July 11	M. S. Pereira.....	5,400.00
Apr. 10	A. V. Bras.....	33,000.00	Apr. 23	L. F. Pezzoni.....	2,000.00
Apr. 1	J. J. Silveira.....	7,500.00	June 23	P. A. Philbrick.....	3,200.00
July 19	E. J. Canary.....	1,540.00	3	Joe F. Silva.....	1,300.00
Apr. 4	D. Cavalli.....	1,250.00	29	Manuel Bento.....	1,300.00
May 9	J. D. Farla.....	800.00	July 15	Thom Silva.....	1,020.00
July 18	Geo. R. Gibl.....	12,600.00	May 6	F. M. Soares.....	3,800.00
Apr. 22	F. H. Hamilton.....	784.00	July 28	J. J. Souza.....	500.00
June 30	F. W. Haslam.....	3,000.00	June 9	A. Tomasini.....	13,000.00
Mar. 24	W. C. Hillier.....	2,000.00	May 27	M. C. Vincenti.....	745.00
June 20	J. F. Kaar.....	5,450.00		Hughes Bros.....	7,500.00
Apr. 7	F. J. Marcell.....	3,450.00	Mar. 23	Joe Soares.....	30,000.00
June 24	Miehle Bros.....	1,500.00	May 6	Frank M. Soares.....	25,000.00
Mar. 19	D. M. Muscio.....	450.00	Mar. 1	John V. Brass.....	40,000.00
Spet. 7	S. H. McFadden.....	5,500.00	Apr. 7	F. D. & J. D. Bello.....	20,000.00
Apr. 13	F. L. Novo.....	3,750.00	13	F. L. Novo.....	3,750.00
May 24	Rice & Pulliam.....	3,500.00	June 7	Julian Garcia.....	350.00
Apr. 19	Giral J. Sheehy.....	6,500.00			
June 1	Joe Soares.....	2,700.00			
May 6	Antone Souza.....	5,500.00			335,752.00

STATE BANKING DEPARTMENT,  
San Francisco, Calif., November 23, 1921.BANK OF ITALY,  
San Francisco, Calif.

GENTLEMEN: Please be advised in response to your application of September 7 for my license to your institution to operate a branch office of your departmental

savings, commercial, and trust company business in the city of Santa Maria, in the county of Santa Barbara, State of California, that in the exercise of the discretion granted me by section 9 of the bank act, I have found that the public convenience and advantage of the city of Santa Maria, county of Santa Barbara, State of California, will not be promoted by the licensing of the branch office desired by you. I am therefore refusing your application.

I acknowledge in connection with your application receipt of your check in the sum of \$50 to pay for the license requested. I am therefore returning you to a check in that sum, this representing the return to you of the fee offered for the requested permission.

Yours very truly,

JONATHAN S. DODGE,  
*Superintendent of Banks.*

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STATE BANKING DEPARTMENT,  
*San Francisco, Calif., July 13, 1923.*

BANK OF ITALY,  
*San Francisco, Calif.*

GENTLEMEN: This is in reference to your application of June 23, 1923, for permission to establish a branch office in the city of Santa Maria, Calif.

After due investigation I have concluded that the public convenience and advantage requires the establishment of additional banking facilities in this city. Accordingly, your application to establish this branch office is granted subject to the usual permission of the Federal Reserve Board.

We have previously acknowledged receipt of the necessary resolution of your board of directors and the license fee of \$50. When you have received the permission of the Federal Reserve Board and have determined upon the date of opening, please advise and our license will be issued as of the dated determined upon.

Yours very truly,

J. F. JOHNSON,  
*Superintendent of Banks.*

Mr. WINGO. I think, Mr. Chairman, before the witness leaves, that we should have an explanation of the obstruction they had here in Washington. The statement was made originally that they were impeded by the comptroller as well as the Federal Reserve Board. I think the record ought to show that, in that proceeding at that time, you were not a national bank. That was before you had joined the national system, and the comptroller did not pass upon that, and the comptroller was not a party to what they contend was a discrimination against you on account of these influences and pressure brought to bear by your competitors here at Washington.

That was simply a hearing before the Federal Reserve Board, because you were a member of the Federal reserve system and the rules that had been made at that time requiring you to get the permission of the comptroller were not involved there?

Mr. BACIGALUPI. That is true. The comptroller had no jurisdiction over our institution at that time.

Mr. SEIBERLING. How are we operating here—on general questions?

The CHAIRMAN. I am asking the questions but I am willing to yield to you.

Mr. SEIBERLING. I want to ask a question at this point.

The CHAIRMAN. Then I yield to you.

Mr. SEIBERLING. Do you contract with these officers prior to taking over the bank or afterwards?

Mr. BACIGALUPI. That is understood in the general transaction.

Mr. SEIBERLING. You would not take over the stock of the bank unless—

Mr. BACIGALUPI. Unless we had the key men to carry on with.

Mr. SEIBERLING. And you assist them to get the stock occasionally?

Mr. BACIGALUPI. They are naturally desirous of consummating the sale, and it is up to them to deliver the 51 per cent or two-thirds of the stock, as the case may be; yes, sir.

Mr. SEIBERLING. In how many instances have you increased their salaries?

Mr. BACIGALUPI. I could not say that.

Mr. SEIBERLING. Could you look up your records and tell us?

Mr. BACIGALUPI. I would say in some instances we have increased their salaries.

Mr. SEIBERLING. Substantially?

Mr. BACIGALUPI. Well, I would say that, in some instances, yes, we have increased the salaries substantially.

Mr. SEIBERLING. The salary is always fixed in the agreement before you take over the bank?

Mr. BACIGALUPI. Not necessarily before. We have had an understanding and the agreement has been consummated in a few cases.

Mr. SEIBERLING. That is all.

The CHAIRMAN. These different groups, Mr. Bacigalupi, that have been appearing before the committee, have voluntarily furnished us with a little more in detail information as regards how and where their stock is held; for instance, the Marine Midland group gave us a list of the distribution of 4,986,000 shares of their stock, indicating that so many shares were held by a certain number of stockholders in Buffalo, so many in New York City, and then they gave the number of stockholders and the total holdings by States. Do you have your stockholders list made up in that manner so you could give the committee the benefit of that same information?

Mr. BACIGALUPI. Yes, sir; you want the list of stockholders?

The CHAIRMAN. A list of stockholders showing—

Mr. BACIGALUPI. The number of stockholders of Transamerica with respect to their residence—is that the idea?

The CHAIRMAN. By States.

Mr. BACIGALUPI. Segregated by States.

The CHAIRMAN. And we should like to know how much is held in New York City and how much in California.

Mr. BACIGALUPI. We can get that and will be glad to furnish it.

The CHAIRMAN. This acquisition by your group of the eastern part of your banking operations—that was done entirely in the Bancitaly Corporation, was it not?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. And Bancitaly was then your holding company for your California interests?

Mr. BACIGALUPI. It was not a holding company of our California interests. The stockholdings of the Bancitaly Corporation were not identical with those of the Bank of Italy.

The CHAIRMAN. The Bancitaly Corporation was not, in the strict sense that the Bank of America is, a holding company?

Mr. BACIGALUPI. No, sir; a holding and operating company.

The CHAIRMAN. But it did not have the same stockholding interests?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. Now, there is a unification in the general stockholding interests, through Transamerica so that every stockholder has an interest in all of your companies—the affiliated interests?

Mr. BACIGALUPI. To the extent that Transamerica has.

The CHAIRMAN. In the taking over of these banks, one of the reasons, of course, is concentration of management and elimination of waste, effort and expenses. What has been your experience in that connection? Have you considerably reduced your operating expenses?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Through the introduction of your own centralized management of these institutions?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. To what extent would you say that is possible in your practice?

Mr. BACIGALUPI. I have never worked it out or had it worked out. I venture to say we have cut down 25 or 30 per cent.

The CHAIRMAN. How do you effect that?

Mr. BACIGALUPI. We effect it by concentration of activities, by standardization in forms, cutting down on advertising, that is, working under more favorable advertising contracts than prevailed in the case of the individual operators when they were operating as individual units. There is also a saving in operating with our general capitalization, which is generally stronger or bigger than is necessary, we can accommodate and handle very many more deposits. We can, through our widespread organization, avail ourselves of a number of opportunities of getting a profit that could not be availed of by scattered units and then our savings on the purchase of supplies, alone, for the system is tremendous; in fact, we are cutting down on that to a great extent even now.

The CHAIRMAN. I understand in your official family, there is no duplication of salaries?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. One man in your organization draws but one salary from one of the institutions—one of your affiliations?

Mr. BACIGALUPI. That is true, with the possible exception of myself. Within the last few months I was placed on a retainer from the Bank of Italy and one from the Transamerica Corporation.

The CHAIRMAN. And as attorney for the bank?

Mr. BACIGALUPI. In my capacity as chairman of the advisory committee; in other words, the Bank of Italy is run by its regular organization. Under the by-laws of the Bank of Italy, however, there is set up an advisory committee. The function of the advisory committee is to see to it that the established policies of the institution are adhered to and being made up of men who have gone through the ranks, holds itself available for consultation and advice in any matter of importance that may arise.

The CHAIRMAN. Now, as to the board of directors and the officers of the Transamerica Corporation, do they draw salaries from the Transamerica Corporation, or do they draw their salaries, remuneration, from their respective institutions?

Mr. BACIGALUPI. Generally from their respective institutions.

The CHAIRMAN. And all are identified with one or another of your affiliates?

Mr. BACIGALUPI. Yes, that is substantially correct.

The CHAIRMAN. Is this particular board and staff of officers actively engaged in the direction of your affiliated companies?

Mr. BACIGALUPI. The board of directors of Transamerica?

The CHAIRMAN. Yes.

Mr. BACIGALUPI. It has nothing to do with them.

The CHAIRMAN. Simply acts in the capacity of a holding company?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Whose activities are of a modest nature?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Now, after the advisory board, which is the next step down from the board of the Transamerica?

Mr. BACIGALUPI. Well, as outlined—

The CHAIRMAN. Is that the advisory board?

Mr. BACIGALUPI. No; the advisory board—there is an advisory board connected with each of the branches of the Bank of Italy situated outside of San Francisco that serves in the same capacity as the old board of directors. With reference to the business of that particular branch.

The CHAIRMAN. But those are all tied in one advisory committee, are they not?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. They are not?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. So that the members of the advisory committee draw their salaries from the affiliates in which they are directly connected?

Mr. BACIGALUPI. They draw no salary, but receive a fee for attendance at the meetings of the advisory board, as they did when they were directors of the unit bank, when it was so operated.

The CHAIRMAN. There is no general advisory board?

Mr. BACIGALUPI. There is an advisory committee of the bank, made up of—

The CHAIRMAN. What do you mean by "the bank"?

Mr. BACIGALUPI. The Bank of Italy.

Mr. FENN. Is there a general advisory board over all? Is there a general advisory board over the Bank of Italy, the Transamerica Corporation, and all the subsidiaries, that gives advice to all the subsidiaries?

Mr. BACIGALUPI. No. There is an advisory committee of the Transamerica Corporation, which is made up of Mr. Giannini, chairman; Mr. P. C. Hale, vice chairman; and myself, vice chairman. We act in an advisory capacity to the management of the Transamerica Corporation. Then there is an advisory committee of the Bank of Italy, made up of Mr. P. C. Hale, Mr. L. M. Giannini, Mr. Giannini's son, and myself as chairman.

The CHAIRMAN. Of course, you have a number of affiliated companies here. There has come into this discussion the question of whether or not the supervising authorities should not have the right to examine the financial affairs of all the affiliated companies—for instance, the Comptroller of the Currency to examine the national banks, and the State examining board to examine the State banks.

What is your opinion in regard to that?

Mr. BACIGALUPI. I believe that the Comptroller of the Currency, wherever it is a national bank, or the State superintendent of banking,

wherever it is a State bank, under existing law has the right to trace through any transaction that he finds in the banks that leads either to an individual or to a corporation, and that he has the right, if he finds anything that looks out of order or on which he desires further information, to pursue that matter into the holding company if he chooses.

As to whether he should be vested with the right to go in and investigate the affairs of a holding company that have no direct bearing upon any transaction that he finds in his examination of the bank, I seriously doubt the wisdom or the justice of it.

The CHAIRMAN. Where there is a common stockholding ownership, would that same view prevail?

Mr. BACIGALUPI. Yes, sir. I do not see that that would make any more difference than if it were an individual who owned all the stock of an institution. It would not necessarily vest the supervisor with the authority to go in and investigate the private affairs of an individual owner if, in his examination of the bank, he did not run across any item that indicated any abuse or any transaction that was out of order or that needed explanation.

The CHAIRMAN. Then it is your thought that in cases like that, the supervising authorities now have sufficient authority—

Mr. BACIGALUPI. I think they do.

The CHAIRMAN (continuing). To go into the examination of affiliated companies where those transactions indicate that the affiliated company is participating with the bank—

Mr. BACIGALUPI. In fact, Mr. Chairman, I will say that in actual practice, whenever the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve bank, or a State superintendent of banks has desired to trace through any item, or has demanded any explanation or any statement with reference to a particular transaction that he found in the bank, he has always been given the information and has been given access to the books and the records of the corporation with reference to that particular item.

The CHAIRMAN. With reference to the present method of examination by the comptroller's office—for instance, of a group like yours—you probably have observed that a plan has been worked out, not of simultaneous operation but of asking your branches to report on a certain date, under oath, I believe, the condition of your bank, so that the examining force spends a great deal of time in the head offices of groups like yours.

Do you feel that that is a proper examination of these banks? Have you any suggestion to make as to any improvement?

Mr. BACIGALUPI. Our experience is, and I am glad to say it, that our bank has never received a more thorough or a more satisfactory examination that it has received at the hands of the Comptroller of the Currency pursuant to the method now in force. The examinations we have found most comprehensive and thorough, and satisfactory in every respect.

The CHAIRMAN. Do the Federal reserve people examine your banks separately?

Mr. BACIGALUPI. They have not since we have become a national bank. Prior to our nationalization, we used to be examined jointly by the State superintendent's office and by the Federal reserve bank.

The CHAIRMAN. Some of your banks, of course, are not members of the Federal reserve system and they are under the supervision of the State banking department, are they not?

Mr. BACIGALUPI. Yes, sir; the State superintendent of banks.

Mr. WINGO. I understand that you put a list of the directors of your institutions in the record yesterday?

Mr. BACIGALUPI. Yes, sir.

Mr. WINGO. Does that list cover the Transamerica Corporation?

Mr. BACIGALUPI. Yes, sir. It covers the Transamerica and all of the important subsidiaries.

Mr. WINGO. Does that undertake to show the business connections in the industrial world of these directors?

To show you what I have in mind, when Mr. Decker and Mr. Wakefield, representing group banks, were here, they furnished lists which would show for example, that a certain director was president or vice president of a certain railroad, and another director of their banking corporation was president of a power company.

The point I am getting at is this, that I would like to have the record show the connection of these men who are directors in the Transamerica Corporation and its subsidiary corporations with the business world, such as railroad, power, wholesale, manufacturing, motor interests, and such as that.

Mr. BACIGALUPI. I do not think, Mr. Wingo, that the list as prepared would in all instances show that, but if it is the desire of this committee that it should, we shall undertake to do it.

Mr. WINGO. That would aid, because you will catch the drift of some of the questions of the chairman this morning. We want to see what tie-up there is between some of these banks and the business world. For instance, indicate whether a certain director is president of a railroad company, or of a power company. Edsel Ford, just to give an illustration, was shown to be a director in one of these groups, and we would like to have such illustrations as that.

Mr. BACIGALUPI. I understand. I think the exhibits with reference to the directors of the banks are printed, and I believe that one, of the Bank of America of New York, does set them up with a description of their principal outside connection; and if it is found that that is not the case with respect to the others, we shall undertake to do that.

Mr. WINGO. We would not care for all their business connections, but just the principal ones. For instance, Edsel Ford might be a director in half a dozen corporations, but his principal business connection is with the Ford Motor Co., and, in the case of the president of a power company, that might also be the case. You catch the point?

Mr. BACIGALUPI. Yes.

Mr. WINGO. When you took over a unit bank in California and turned it into a branch of your Bank of Italy, what changes, if any, in the interest rate took place in that particular community?

Mr. BACIGALUPI. Our uniform practice has been to adopt a maximum rate of 7 per cent. For instance, when we entered the San Joaquin Valley, where we found on entry that the prevailing rate of interest on loans was 8, 9, and in some instances 10 per cent, we immediately brought every one of the loans then in the pouch down to a maximum of 7 per cent, and enunciated a rule that interest on such loans should thereafter be at the rate of 7 per cent.

Mr. WINGO. That is on the loans made. Do you have a varying rate at the same time on different loans in these branches?

Mr. BACIGALUPI. Our rates vary all the way from, generally speaking, 6 to 7 per cent.

Mr. WINGO. That is at the same time?

Mr. BACIGALUPI. Yes.

Mr. WINGO. The same date. You might make a loan to-day to one customer at 6 per cent and on the same day make another loan at 6 per cent—is that true?

Mr. BACIGALUPI. Yes, sir. The general rule is 7 per cent. There are exceptions made at 6 per cent, and those exceptions are predicated upon the volume of patronage or the volume of business that we get from the particular individual.

Mr. WINGO. The customary exceptions, that are made in large banks?

Mr. BACIGALUPI. In the ordinary course of business.

Mr. WINGO. Let us take the situation with reference to the seasons, that is, a variation in rate at the particular time. Is there a fluctuation of rates in these smaller towns?

Mr. BACIGALUPI. No, sir.

Mr. WINGO. The same throughout the year?

Mr. BACIGALUPI. Yes.

Mr. WINGO. On deposits, what has been the effect when you took over a unit bank, on the rate of interest paid on their balances?

Mr. BACIGALUPI. Our prevailing rate on savings deposits is 4 per cent. In Los Angeles, for instance, where we have very keen competition, where they have several kinds of such accounts, we naturally seek to meet the competition there; but 4 per cent, generally speaking, is the prevailing rate on savings accounts.

Mr. WINGO. The point I was getting at is the effect on interest rates in these smaller communities where your branches supplanted the unit banks. Does it have any appreciable effect one way or the other, within your knowledge?

Mr. BACIGALUPI. No. My experience is that the prevailing rate paid to depositors has been generally maintained.

Mr. SEIBERLING. May I ask a question there?

Mr. WINGO. Yes.

Mr. SEIBERLING. I suppose you have the very best of accountants?

Mr. BACIGALUPI. I think so. We have a couple of them with us right here, so that I would not dare to say anything to the contrary.

Mr. SEIBERLING. And they get up comparative operating statements?

Mr. BACIGALUPI. Yes, sir.

Mr. SEIBERLING. Do those comparative statements show the operations of the banks prior to acquisition by you, as well as subsequently?

Mr. BACIGALUPI. No; I do not think we tabulate that.

Mr. SEIBERLING. You do not go back into your old operations?

Mr. BACIGALUPI. No.

Mr. SEIBERLING. Well, has the interest rate on deposits, as shown by your operating statements, showed a decrease or an increase?

Mr. BACIGALUPI. I think they would show about the same; in other words, no material variation one way or the other.

Mr. SEIBERLING. How about your interest rate on loans? What would they show as to that?

Mr. BACIGALUPI. They would show less in many instances, particularly when we started. Of course, after we were in business for a considerable time, other banks who were charging more than 7 per cent had to meet our rate.

Mr. SEIBERLING. That is all.

Mr. WINGO. Under the law of California, when you are operating a branch banking system under the State law, and before you converted into a national bank, whenever you established a branch you had to increase your capital stock, your minimum amount representing that particular branch, did you not?

Mr. BACIGALUPI. Not necessarily.

Mr. WINGO. Does not the law of California require it?

Mr. BACIGALUPI. No. The law of California requires that your general capital shall be so much for a bank operating in a city of a certain size, and that it shall be so much more for every additional branch taken on. If your capital at the time you absorb 1, 2, or 10 units is more than that general requirement, there is no necessity for increasing your capital. For instance, to-day if we were operating as a State bank, we could take on about \$800,000,000 more in deposits without increasing our capital.

Mr. WINGO. I read some time ago a complaint of the State Bank Commissioner of California and it was stated that there were no such restrictions in the national bank act as there were in the State banking law of California, and that the tendency was to put a premium upon having national charters.

Did you read that statement?

Mr. BACIGALUPI. I did not pay any attention to that.

Mr. WINGO. Since you have become a national bank, you can create as many branches as you please without a requirement as to additional capital to represent those particular branches?

Mr. BACIGALUPI. Yes; I think that is so.

Mr. WINGO. The point I am getting at is this, that I understand that the State law of California does have a statute governing the matter of minimum capital for additional branches, and where the bank already has utilized its capital base, if it wants to increase its operations in the way of establishing additional branches, it has to enlarge its capital structure, and the minimum, I think, is not less than \$25,000 for each branch in California. On the other hand, under the national banking act there is no such provision, but if the comptroller approves of the establishment of that branch he may, as a condition precedent, if he so desires, say that you shall have so much additional capital. Do you know of any instance in which that was done?

Mr. BACIGALUPI. No, I do not.

Mr. WINGO. At the time you had this hearing before the Federal Reserve Board in Washington, either in 1923 or 1924, to which you have referred, Judge Elliott represented you as attorney at that time, did he not?

Mr. BACIGALUPI. Yes, sir.

Mr. WINGO. And he was the same attorney that was formerly attorney for the Federal Reserve Board, and I believe he is dead now?

Mr. BACIGALUPI. I did not know he was.

Mr. WINGO. Mr. McAdoo, late Secretary of the Treasury, was attorney for your bank at the same time, was he not?

Mr. BACIGALUPI. Not at that particular time.

Mr. WINGO. I thought he was your general counsel?

Mr. BACIGALUPI. Not at that particular time; he was then no longer acting in that capacity. On the occasion of this hearing at Washington, I appeared personally.

Mr. WINGO. Now, just a few questions about the McFadden proposal in this late bill that he has introduced. I do not understand it, and I do not understand his explanation. I say that with all kindness to the chairman.

As I understand that bill, if it were enacted into law and I were to buy, after the passage of that act, 15 per cent of a State bank in Arkansas that belonged to the Federal reserve system, if I already owned more than 10 per cent of the stock of another member bank I could be fined \$10,000 in a Federal court.

Mr. BACIGALUPI. Yes, sir.

Mr. WINGO. Even though the State law of Arkansas, governing that corporation, had no such penalty?

Mr. BACIGALUPI. Yes, sir; as I understand it.

Mr. WINGO. As a lawyer, do you believe that that would stand up?

Mr. BACIGALUPI. I do not know. I doubt it.

Mr. WINGO. Suppose that it did stand up, and Mr. McFadden seems to want this formation of the group banking business to be in the hands of "strong men." I believe is his expression. Suppose that some "strong man" did want to violate that law and get control of a string of large banks involving millions of dollars, say like Mr. Decker's group. He could do so if he suffered a maximum penalty of \$10,000 for the privilege of getting that monopolistic control.

Mr. BACIGALUPI. If that is the only penalty provided.

Mr. WINGO. Yes; if that is the only penalty provided, but the other penalties now written in the statutes seem, under the present administration, to have subsided into a state of innocuous desuetude, and so I presume that this is an attempt to revive the statute against monopolies. That is what I thought when the chairman introduced the bill, but he says now that it is to guarantee strength against weakness, but I suggest that no one need be alarmed, for it will not be enacted into law at this session of Congress.

Now, at the time that you were talking about that struggle that you had with two other group bankers that were trying to engage in the branch banking business in competition with you, that were trying to profit by the experience of the Bank of Italy as a pioneer in the branch banking field, I do not think it will hurt anything to refer to the fact that one of those companies was the Pacific—

Mr. BACIGALUPI. Pacific Southwest Bank and Trust Co.

Mr. WINGO. And the other group was called the Security, I think.

Mr. BACIGALUPI. They are now consolidated.

Mr. WINGO. They are now consolidated, but you had more trouble with the Pacific at that time than you had with the Security, did you not?

Mr. BACIGALUPI. Yes, sir. Mr. Stern, who became the executive vice president of the Pacific, had for 18 months, between 1918 and 1920, been the superintendent of banks of California. During his entire tenure of office, we were absolutely denied, by the use, as he

boasted, of his "strong arm," a single permit. He justified himself on the ground that branch banking was obnoxious, was everything un-American and everything wrong, and he could not, as the savior of the State of California, grant us any permission whatever, and then immediately upon his retirement from office he became executive vice president and hired our chief assistant accountant and one of our vice presidents, and proceeded to duplicate the system of the Bank of Italy in southern California.

The CHAIRMAN. The executive vice president of what?

Mr. BACIGALUPI. Of the Pacific Southwest Bank & Trust Co. of Los Angeles.

Mr. WINGO. Your answer to my question was a more complete response than I had hoped for, and it saves my asking some follow-up questions.

What is the name of the man who is the head now of the merged institution?

Mr. BACIGALUPI. Mr. Sartori.

Mr. WINGO. That friction has for the most part been removed, has it?

Mr. BACIGALUPI. Yes, sir.

Mr. WINGO. And there is peace now in the branch banking field in California?

Mr. BACIGALUPI. Peace ever since we have nationalized.

Mr. WINGO. Maybe this "savior" that was so alarmed at branch banking has seen the error of his ways since he has gotten into the game.

Mr. BACIGALUPI. I think he is no longer connected with the Pacific.

Mr. WINGO. And possibly we have been relieved of his connection.

Mr. BACIGALUPI. I am referring to Mr. Stern.

Mr. WINGO. Of course, not to Mr. Sartori. I had Stern in mind, too.

That is all.

The CHAIRMAN. In the discussion that has been taking place here, reference has been made to the control of these groups. Is there in force in your particular organization any plan for the perpetuation and control of management?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. Is there a control vested in the stock in any manner?

Mr. BACIGALUPI. No, sir; no pool, no agreement of any kind. It is up to the stockholders of the Transamerica to clean out if not satisfied.

The CHAIRMAN. And, so long as successful management prevails, the present management will probably continue?

Mr. BACIGALUPI. We hope so. That has been Mr. Giannini's consistent policy from the very beginning. There never have been any pooling arrangements of any kind, and the stock has been scattered and the control at no time has been vested in any limited group.

The CHAIRMAN. Do you maintain a market through any one of your affiliated companies on your stock?

Mr. BACIGALUPI. What do you mean by that?

The CHAIRMAN. Do you support the market on your stock, by purchase or sale?

Mr. BACIGALUPI. Generally speaking, I would say no.

The CHAIRMAN. It was quite necessary in the earlier days of your organization, was it not?

Mr. BACIGALUPI. Mr. Giannini personally took an interest in doing what he could to regulate it indirectly through watching the thing, but beyond that he was powerless to go.

The CHAIRMAN. There was included in the record of these hearings reference to a case where an affiliated holding company whose stock was owned 100 per cent by the stockholders of a national bank owned 77 per cent of the stock of its bank, whereas the national bank law prohibits the ownership by a bank of its own stock.

In that connection, do any of your affiliated companies hold stocks of the Transamerica Co. for investment?

Mr. BACIGALUPI. I think one of the subsidiaries owns some shares of Transamerica.

The CHAIRMAN. Which subsidiary?

Mr. BACIGALUPI. I think it is the Bankitaly Co. of America.

The CHAIRMAN. Is that for the purpose of maintaining stabilization in the market price of that particular issue?

Mr. BACIGALUPI. No.

The CHAIRMAN. It is just held for a specific purpose, as a matter of investment?

Mr. BACIGALUPI. Yes; to have it on hand in event of any prospective consolidation.

The CHAIRMAN. Do you loan on your own stocks to any of your affiliated companies?

Mr. BACIGALUPI. No.

The CHAIRMAN. Do your banks loan to borrowers, with Transamerica stock as collateral?

Mr. BACIGALUPI. Not on Transamerica alone, as a rule. There have been certain instances where there has been some Transamerica added to other assets in order to make the loan better, and there may be some loans on Transamerica alone, but wholly within the law.

The CHAIRMAN. Do any of your banks loan on the stock of any of your affiliated companies exclusively?

Mr. BACIGALUPI. No, sir. There is a general rule against the doing of that where the borrower has no independent financial responsibility.

The CHAIRMAN. But they do permit the stocks to be pledged along with other securities?

Mr. BACIGALUPI. Once in a while when it is deemed necessary to make a loan better, we make them put up whatever Transamerica stock they have, but no loans are ever made to assist anyone in the purchase of Transamerica stock.

The CHAIRMAN. You spoke yesterday of certain pools that were operating in Bank of Italy stock.

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. A couple of years ago?

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Were any of your affiliated companies members of any of those pools?

Mr. BACIGALUPI. I should say not; no, sir.

The CHAIRMAN. And none of the officers or directors of your bank engaged in any pooling arrangement in connection with those stock operations?

Mr. BACIGALUPI. No, sir; and, furthermore, we refused to accept even an escrow that involved the purchase of our stock on margin.

The CHAIRMAN. Do your banks made it a practice to loan to your officers and directors?

Mr. BACIGALUPI. No sir; long before there was any law against it for State banks.

The CHAIRMAN. So that none of your officers and directors borrow from the banks with which they are connected?

Mr. BACIGALUPI. Whether there has been an exception made since the bank has become a national bank, I am not familiar, but prior to that time there never was.

The CHAIRMAN. But, as far as your State banks are concerned, none of them loan to your officers and directors?

Mr. BACIGALUPI. No, sir.

The CHAIRMAN. Nor to any of their companies in which they are interested?

Mr. BACIGALUPI. No.

The CHAIRMAN. Are there any other questions?

Mr. WINGO. Just one other question on this proposed bill of Mr. McFadden's.

This has been suggested, that we enacted that into law, and assuming that the courts should hold that you could not thus control the purchase or sale of stock in State corporations by an individual, then there would be two things that would appeal to those who would feel that there was nothing inherently wrong in the act that is being penalized. We frequently run up against business men who sincerely and honestly believe that certain restrictive and regulatory statutes are unwise and vicious, and such a man would feel that he had two courses, one to adopt one of several obvious expedients to get around it, and the other would be to say, if it were a national bank, that they will convert into a State bank and will not put it in the Federal reserve system or, if it is a State bank and in the Federal reserve system, they will withdraw it from the Federal reserve system and then they get out from under this proposed \$10,000 fine. That is, assuming that a gentleman wanted to buy more than 10 per cent for the obvious purpose of control and you want to prevent that so-called monopolistic control, then it would be the tendency to take the banking business of the country out of the national system or out of the Federal reserve system, when the expressed desire of most people is to bring them in and find ways and means of getting them into the Federal reserve system.

That is one of the chief fears that have been expressed to me with reference to Mr. McFadden's bill. However commendable may be his purpose for checking monopoly, which is always very objectionable here, it is feared by some that it will have the opposite effect.

Has that occurred to you?

Mr. BACIGALUPI. It had not occurred to me specifically, but I follow you.

Mr. WINGO. Is there some possibility of that being the result, in your judgment?

Mr. BACIGALUPI. Since you mentioned it, I think so; I think that it is very likely that that would be the result. As I understand the bill, it penalizes the member State bank or the national bank, does it not?

The CHAIRMAN. It applies to member State banks of the Federal reserve system and to national banks exclusively. It could not reach, of course, nonmember State banks.

Mr. BACIGALUPI. It would not reach the individual who did the purchasing, would it?

Mr. WINGO. Yes; it would.

Mr. BACIGALUPI. Would it?

Mr. WINGO. Yes. The language is that:

After the approval of this act, it shall be unlawful for any corporation, copartnership, individual, or trustee to purchase or otherwise acquire—

even by inheritance—

more than 10 per cent of the shares of stock in the capital stock of more than one member bank of the Federal reserve system.

and so forth.

Mr. BACIGALUPI. That is true, but if this member State bank withdraws from the Federal reserve system prior to the sale or the acquisition by the individual, or converts from a national to a State bank, then that individual is not buying 10 per cent of the stock of a member bank or of a national bank, is he?

Mr. WINGO. That is the very point I had in mind. It would have a tendency to drive national banks out of the national bank system and State banks out of the Federal reserve system. Then, if he did own more than 10 per cent in one, and he wanted to buy more than 10 per cent in another, and he came to you or to me as lawyers and said that he wanted to do that and that it would help the banking situation to do it but that he did not want to pay \$10,000 penalty, we might say:

Oh, well, take one of these banks out of the Federal reserve system and let the other one act as the sewer through which you will drain the benefits of the system into it.

That is what I am afraid of. I am afraid that, instead of bringing the banks under the control of the Federal reserve act, this legislation would have a tendency to drive them out.

I may be in error, but I just wanted to suggest that as a possibility.

Mr. SEIBERLING. I would like to ask one or two questions.

I am very much interested in the interest rate that we were discussing, and I am wondering if you would be willing to submit to this committee, but not to be printed in the record, the detailed operating accounts of your banks, together with the comments of the auditor submitted to your board of directors each year since your organization?

Mr. BACIGALUPI. I think we have in that consolidated report done that. It contains everything for the last three years. There is an Exhibit M, Mr. Congressman, which is an authentic copy of the bank's usual semiannual supplemental report of earnings, operating ratios, and so forth, prepared for the information of the bank's chief executives. Mr. Vincent, our cashier, tells me that that covers it.

Mr. VINCENT. For comparative purposes, there are three semi-annual periods.

Mr. SEIBERLING. From the first, since you organized the Bank of Italy?

Mr. BACIGALUPI. We nationalized in 1927, so that you would have it from the time we were a national bank, and that is already in the record.

Mr. SEIBERLING. That is all.

The CHAIRMAN. In view of the discussion which has taken place here in regard to my bill recently introduced, I would like to say this, that this bill was introduced at the time for the purpose of bringing to light particularly this situation that had come about because of the discussion of this particular phase of this subject before this committee, which has tended to point out to the public at large the opportunity for irresponsible people to acquire a group of banks and attempt to build up in this country an independent organization.

Now, of course, in the framing of this bill, which was done hurriedly, I did not cover every angle of the thing. I was trying to point out the possible danger of a development of that kind. In the present state of the national banking law and of any other statutes that may be applicable, this exploitation is permitted to continue, and, so far as I am personally concerned, I would like to see the situation protected in some manner. It may be that it is impossible to do it by legislation. Congress is shortly going to adjourn and, before Congress convenes again, if the pace that has been continuing for some time past goes on, when this committee or the Congress again takes up this subject in the fall it is going to find a very different situation to deal with than at present.

Now, whether it is wisdom on the part of the members of this committee and of the members of Congress to leave this thing wide open and go back to our homes and let these groups proceed uninterruptedly and change the whole trend of our banking situation or not is still yet to be determined. My own thought has been that the introduction of this bill would bring forth discussion which might result in some proper solution, if there was danger of that situation, and correct it.

I think that is about all I care to say about that particular subject at this time.

I think now, Mr. Bacigalupi, that we have finished with you, at least for the time being.

Mr. BACIGALUPI. Thank you.

The CHAIRMAN. And we appreciate greatly your appearance here and the frank way in which you have presented your case, and I extend to you the committee's thanks.

Mr. BACIGALUPI. I wish, in return, to thank you and the committee for your patience, and to reassure you that I have made every effort to be full and frank in everything I have presented to the committee.

The CHAIRMAN. The committee stands adjourned.

(Thereupon, at 1 o'clock p. m., the committee adjourned until Thursday morning, May 8, 1930, at 10.30 o'clock.)



## BRANCH, CHAIN, AND GROUP BANKING

THURSDAY, MAY 8, 1930

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON CURRENCY AND BANKING,  
*Washington, D. C.*

The committee met in the committee room, Capitol, at 10.42 o'clock a. m., Hon. Louis T. McFadden (chairman) presiding.

The CHAIRMAN. The committee will come to order.

Mr. A. P. GIANNINI, the head of the development of what is now the Transamerica Corporation, originally the Bank of Italy, is present.

Mr. Giannini, your associate and technician, Mr. Bacigalupi, has presented to the committee the details of the development of your banking operations up to the present time very lucidly and very completely. However, we recognize you as the directing head of this development from which you have so recently retired as the active head, and at different times in the past, pertaining to the subject of the development of your banking operations, particularly with reference to the novelty of the plan and the development of chain banking and group banking in its various aspects as affecting the national banking situation and the Federal reserve system, your activities have frequently been brought to the attention of this committee, but this is the first time that we have had the pleasure of your presence.

We are very glad indeed to have you here, and because of the importance of your organizations there is much that you can give us relative to the study on which we are now engaged, on the subject of branch, chain, and group banking, a development which at this time is proceeding rapidly and which tends to indicate a possible change in the whole make-up of our financial system.

We want you to feel at ease and hope that you will give us the benefit of your observations as regards this particular development which is so important to our whole financial problem in the United States, if not throughout the world.

I hope you will be perfectly frank with the committee, and if there is anything you feel you would rather say to us off the record, we have permitted other witnesses who have appeared before the committee to make statements off the record, and if in the discussion that you are going to participate in here to-day you feel that there is something which should be said for the benefit of the committee behind closed doors, I will be glad to present that to the committee for action.

### STATEMENT OF A. P. GIANNINI

Mr. GIANNINI. Thank you, Mr. Chairman.

There is not anything that I can add to what Mr. Bacigalupi has told you in so far as the Transamerica Corporation and the Bank of

Italy are concerned. If you want me to talk about my experience with them, all right; but in so far as the Transamerica Corporation, the Bank of Italy, and the Bank of America of New York are concerned, I do not want to be considered as representing them at this meeting, but as representing myself only.

The CHAIRMAN. I might say that if it is your wish to be permitted to make an uninterrupted statement as to which the members of the committee may want to ask you certain questions, you may do so if you desire, and I might add at the outset that there are one or two phases of this development of yours which will be of particular interest to the committee.

Mr. Bacigalupi referred quite briefly both in his prepared statement and in response to questioning yesterday to the difficulties which you encountered particularly with reference to the banking department of the State of California and the Federal reserve system here in your earlier days. Since then, however, many of those difficulties have been overcome, but you have largely extended your operations by the acquisition of your interests in New York and the concentration of your control in the Transamerica Corporation, where you have centered in a holding company practically the control of all of your various operations, which were so lucidly set out in the statement made by Mr. Bacigalupi.

We would like, I think, as a committee to have you explain any details of your plan in taking the New York interests into your operation, what effect that had on the Federal reserve system, and what your contacts and connections with that have resulted in.

I am just giving you that as a brief outline of what I think will be of particular interest to us at this time.

Mr. GIANNINI. As I said before, I do not want to be talking for the Transamerica Corporation, the Bank of Italy, or the Bank of America of New York.

I will say that in 1918 we entered New York through the purchase of the East River National Bank, so that the acquisition of the Bank of America in 1928 was not anything new in so far as the Transamerica Corporation was concerned and was merely for the purpose of facilitating and enlarging our existing operations there.

The CHAIRMAN. Would you care to make an introductory statement?

Mr. GIANNINI. I have not any statement to make. I am just here to answer questions. If you want to ask me as to my experience, as to what I may think of branch banking, all right; but so far as the corporations are concerned, I have retired, as you know, and I do not want to speak for them to-day or at any other time.

The CHAIRMAN. Mr. Bacigalupi referred yesterday to the scope of your original plan and the carrying out of that plan as being rather broad—

Mr. GIANNINI. Whatever he says I will back up.

The CHAIRMAN. He made the statement that you were prepared, if the law permitted it, to establish branches not only throughout the United States, but that you saw no reason why, in caring for the needs and requirements of your customers, you should not have branches throughout the world, not necessarily centered in New York, but wherever outside of New York you saw fit to continue.

Mr. GIANNINI. I might say this, Mr. Chairman, that if you want to compete successfully in this business, as is the case in any other business, you have to have a bank in New York. If you will look up the standing of the Bank of Italy you will find that it ranks sixth, seventh, eighth, or ninth in commercial bills and acceptances. We would have difficulty in getting that business unless we had a New York connection, and we never could have secured that business as a unit bank. In the Bank of Italy to-day, as you know, we have nearly 300 branches, and we would not have anywhere near the business that we have if it had not been that the Bank of Italy was big enough to handle it. We to-day rank near the top, along with the big New York banks, because of the manner in which we are doing business, and we are keeping that business on the coast and to that extent lessening the importance of New York.

The CHAIRMAN. I would like to ask you whether, in view of your retirement as the head of the Transamerica Corporation, this change of leadership, by the election of Mr. Walker, will mean that your head office will be in the city of New York?

Mr. GIANNINI. No, sir; the office of the president is in California. Mr. Walker is chairman of the board of directors, Mr. Monnet is vice chairman, and Mr. L. M. Giannini president of the Transamerica Corporation. Mr. Monnet is in charge of the European operations.

The CHAIRMAN. So that the directing head of the Transamerica Corporation is still in California?

Mr. GIANNINI. Yes, and Mr. Bacigalupi is a vice chairman of the Transamerica executive committee, and he has been in close touch with its affairs from the very beginning.

The CHAIRMAN. Mr. Fenn, have you any questions that you would like to ask?

Mr. Fenn. Very few. Mr. Giannini, you and the Bank of Italy are pioneers, are you not, in branch banking in this country?

Mr. GIANNINI. I think in state-wide branch banking, yes; that is, the Bank of Italy is the pioneer.

Mr. FENN. And you have extended that system now to New York?

Mr. GIANNINI. Yes, in 1918.

Mr. FENN. And, of course, you would not be in it unless you were thoroughly satisfied that it is a proper banking system, and the only question I care to ask in relation to that is this: This system, I assume, has worked satisfactorily to your customers, to your depositors, to your stockholders, and to the public in the course of the years in which you have had charge of that great enterprise, and I want to ask whether, in your opinion, that system should be extended to parts of the country which do not at the present time admit that branch banking is a proper system of banking? In other words, would you endeavor to put it into certain parts of New England?

Mr. GIANNINI. I would make it nation-wide and world-wide. It is coming, gentlemen, and you can not stop it, and you are bucking up against a stone wall if you try. You can not buck natural economic forces. You can not keep village blacksmiths, stage drivers, and wagon makers in the game. The wholesale grocery house and the investment banking house have to make way for better methods.

Mr. FENN. You would impose, if you had the power to do it, your system on the State of Connecticut, which is a very rich State,

although small in area, and which has very strong banks and which has had very few failures of banks? The numerous failures which seem to have occurred throughout the country have not occurred, generally speaking, in Connecticut, and perhaps not in New England and the East.

Would you impose, if you could, your system on the State of Connecticut?

Mr. GIANNINI. Well, I do not know what you mean when you say "impose," but if Congress permits banks to have nation-wide branch banking, it is up to the banks to do it.

Mr. FENN. Do you think that it would be a good thing for Connecticut, using that small State as an illustration?

Mr. GIANNINI. I think it would be a good thing for Connecticut to have a branch banking system; yes.

Mr. FENN. Despite the opinion of the State of Connecticut that it would not be a good thing—and there are very experienced bankers in Connecticut.

Mr. GIANNINI. There are very good bankers in New England.

Mr. FENN. And strong banks.

Mr. GIANNINI. And strong banks.

Mr. FENN. And the percentage of failures has been very small.

Mr. GIANNINI. But New England would have been very much better off in the last few years if it had had nation-wide branch banking.

Mr. FENN. In what respect?

Mr. GIANNINI. Your textile business and leather business would have been better.

Mr. FENN. Very few things have been bad in New England. Our textiles have been bad, but that has been universal throughout the country.

Mr. GIANNINI. I am only expressing my opinion.

Mr. FENN. I want your opinion, and I am not arguing with you at all.

Mr. GIANNINI. I understand that.

Mr. FENN. Then you are thoroughly committed to the idea of the branch banking system as being the best for the country?

Mr. GIANNINI. No question about it; absolutely no question, especially in these days of rapid communication and rapid transportation, when your small towns are drying up and there is going to be less and less need for these small banks.

Mr. FENN. Why is it that in Connecticut in the last five years a great many small banks have been instituted and organized?

Mr. GIANNINI. Perhaps you have suburban towns in Connecticut that are growing, and in growing towns that is all right.

Mr. FENN. As a matter of fact, to-day there are very few suburban communities there.

Mr. GIANNINI. Are these towns that you spoke of growing towns?

Mr. FENN. They are growing as the Nation has been growing in population, but these towns that I speak of practically are adjacent to the city of Hartford, right within the limits.

Mr. GIANNINI. Do those banks give a complete banking service?

Mr. FENN. I know of two excellent banks there, one in the town in which I live and one in West Hartford, and each one is as strong as it can be within its limitations, and when the stock of those banks

is put out, the capital may be at \$50 a share but it is put out at \$125, or, if the capital is at \$100 a share it is put out at \$225. In other words, they start as strong banks.

Mr. GIANNINI. They are making money?

Mr. FENN. They are making money despite the large banks adjacent. I am wondering whether you think your system would be of advantage to a community such as the one of which I speak.

Mr. GIANNINI. I think so. You would give those communities immediately banks with metropolitan facilities; you would give them trust departments, securities departments, and so on, and they would be able to give a service that small banks can not give. I do not know how small these banks are—\$20,000 or \$25,000?

Mr. FENN. No; \$150,000.

Mr. GIANNINI. But there are some \$20,000 banks in the country with capital of less than \$100,000.

Mr. FENN. I am speaking particularly of New England. I do not think that we have any banks with as small a capital as that.

Mr. GIANNINI. In this country to-day there are many banks with \$5,000, \$10,000, \$15,000, or \$20,000 in capital, and I can not see how a small bank, especially in a town that is not growing and that has facilities of communication with nearby and larger cities, can make any money in these days of high costs of operation. Your banks are paying just as much interest to-day as before the war and are getting no more interest on loans to-day than before the war.

Mr. FENN. Your premise, upon which you make that statement, is outside of New England, is it not? Are you familiar with conditions in New England?

Mr. GIANNINI. I am not at all familiar with New England; I admit that. I say this, that if you have nation-wide branch banking, you will get away from this Wall Street influence that we hear so much about. Let us say that we had nation-wide branch banking; you would have on the boards of directors of those institutions men in sympathy with agriculture, oil, livestock, and so forth, because naturally if those directors came from banks in the tenth and eleventh districts they would have representation on the New York boards and you would then have men in New York in sympathy with the rest of the country, and they would see that the rest of the country got what it deserved.

Mr. FENN. Have you looked into Mr. Pole's proposition as to trade areas?

Mr. GIANNINI. No, sir. There is only one way to do this business. If you are going to let the banks do branch banking, give them the same privilege that other businesses have.

Mr. FENN. Your reference to San Francisco and to the branch banks meeting the necessities of the coast in the way of banking was somewhat in line with Mr. Pole's proposition for trade areas. Other trade areas might be, for example, St. Louis, Chicago, and so forth.

Mr. GIANNINI. That might be a good beginning, but I see no reason why you folks should not start right in and permit banks to do what other businesses are doing. For example, the automobile business is on a nation-wide scale; the accessory business is on a nation-wide scale, and to-day a farmer goes to town to buy goods from Sears, Roebuck & Co. or Montgomery Ward & Co.; or he goes there to see a moving-picture show. All of these businesses are on a

nation-wide scale, and why in the world should not banking be on the same basis? If you do that, you can have experts at the heads of the various departments and give a better service to the public.

Mr. FENN. And the small communities will be taken care of by the branches?

Mr. GIANNINI. The small banks in the small communities to-day are drying up. A man goes to the larger town, driving in over the good roads we now have, to transact his business and do his marketing, and perhaps see a picture show, and he does his banking while he is there.

Mr. FENN. But up in New England they carry the moving pictures to the small towns.

Mr. GIANNINI. All right. But even your moving-picture business is on a nation-wide basis. In the old days a farmer or a merchant who had a bank was competing with another farmer or merchant running a bank; but to-day he is competing with experts, and the bank having the experts gets the good stuff and the other bank the poor stuff. Likewise, in the old days your power company, your gas company, and your street railroad company would want a franchise, and the bank had a hand in everything that happened; but to-day those perquisites are gone. The public-service corporations are now nation-wide. You can not do to-day what you did in those days, when banks were used more or less to feather some one's nest. In the old days a man with a family could live well on \$250 a month. To-day I do not see how in the world you can make a decent living out of a small bank and pay salaries large enough to keep good men in those small banks, to meet the competition they have to face. How can you expect a farmer to run a bank successfully against the trend of the times? I can not see it.

Mr. FENN. Along the same line, do you think that the same doctrine would apply to insurance companies, life and fire?

Mr. GIANNINI. They are nation-wide; world-wide.

Mr. FENN. They are nation-wide.

Mr. GIANNINI. To-day you have farm troubles. I dare say that you would come nearer a solution of your farm troubles if you had 15 or 20 large banks that cooperated with the Government. For instance to-day the Farm Board is trying to do a lot of things that call for the cooperation of the banks. If you had large banks you might be able to go to these banks and say; "Cooperate with us; don't lend on land that is not fit to grow prunes, that is not fit to grow peaches, and so forth," or "Don't lend over so much on this, or that," and things of that kind, and you might be able in that way to kill over production.

Mr. FENN. Do you think it would be wise for the Government, or proper or useful, that there should be a control of these holding companies?

Mr. GIANNINI. I do not believe the holding companies are the best solution, but the holding company is a better proposition than the unit bank. There is only one way to do banking, and that is on a branch basis, with one capitalization, one charter, and one responsible organization. I do not know what you really mean when you talk about 'chain' banks.

Mr. FENN. Group or chain.

Mr. GIANNINI. They are supposed to be the same thing, are they not? Chain banks are not the same as chain stores.

Mr. FENN. Or chain hotels.

Mr. GIANNINI. Chain stores or chain newspapers are in reality branch organizations. The Hearst papers are probably owned by one corporation, and the chain stores, like Woolworth's, have one organization, one head, one board of directors. But when you talk about chain banking, you mean something of a different character. As a matter of fact, I do not think there is such a thing as chain banking. Group banking is probably what you have in mind; holding company banking. Chain banking—if you use the word "chain" to mean what it does in chain stores is nothing more nor less than branch banking. Chain stores are branch stores, such as the Atlantic & Pacific and Woolworth's, and Liggett's drug stores. You can not get away from the necessity for the same thing in the banking business. The automobile is here and with the congestion in the bigger cities, you have to have neighborhood banks you have neighborhood moving-picture houses, or neighborhood stores and so on down the line. Why in the world should we not have banks, and strong banks, where good banking service is needed?

To-day in California we have in the State something like 4,000,000 population. Yet because of our branch banking system we are able to do things out there that they are doing elsewhere only in cities of 5,000,000, 6,000,000, and 7,000,000. The city of San Francisco, had a \$41,000,000 bond issue for its water system, and the Bank of Italy handled the whole thing. I think you will find that Mr. Rand, at Buffalo, can do the same thing. And let me say here that I think in what these large banking systems in cities such as San Francisco, Buffalo, and so on, can do, you have the answer to the question raised by those who fear that Wall Street is going to control all the money. Mr. Rand has probably \$400,000,000 at his command, and why in the world should he want to go to Wall Street and put himself under one of these New York bankers? He is going to handle his own affairs and keep all the business he can in Buffalo.

Mr. FENN. Make their own trade area?

Mr. GIANNINI. Absolutely, and he is going to do things for the district that never could have been done before.

The CHAIRMAN. In that connection, Mr. Giannini, Mr. Rand was before us here and he explained the scope of his business.

Mr. GIANNINI. Mr. Decker, at Minneapolis, has an organization with \$400,000,000 or \$500,000,000, and I do not know why he should want to go to New York to float securities. He is a bigger man at the head of his own business than he would be as vice president of a bank in New York.

The CHAIRMAN. Practically all of the representatives of these groups that are being built up now have admitted their existence to be due to the legislative restrictions now existing. I think without exception that every man who has testified before this committee and who is engaged in group banking has told the committee that it was a makeshift and that he would prefer to do a branch banking business to a group banking business.

Mr. GIANNINI. Of course, it is a makeshift, but it is a mighty good thing that they did what they did, because as a result of it you have a healthier banking situation to-day.

The CHAIRMAN. In other words, you approve of the development of groups?

Mr. GIANNINI. Absolutely, and there is only one way to control it, and that is to give the Comptroller of the Currency the right to examine a holding company. If he says that it is all right then it ought to continue to buy banks until such time as you have branch banking. If you have a good strong holding company, it is much better than to have small, weak, banks in the hands of small, weak stockholders.

The CHAIRMAN. In other words, you would give the Comptroller access to holding companies?

Mr. GIANNINI. I would give him the right to examine them. That was the law in California before we became a national bank. Whenever the Bank of Italy was examined, the affiliates were examined, too, and I think that that is one of the things that should be done. But when you do that, perhaps you should say that the holding companies should have a capital investment no smaller than \$2,000,000 or \$3,000,000 and that for each new bank that they take on they must have additional capitalization, according to the deposits that they take over, in order to protect the public. By such regulation you are then giving the public better security than you do under the present unit system.

The CHAIRMAN. Mr. Lord testified before this committee to the effect that he did not think it was possible for a unit bank to exist successfully in towns of less than 10,000 population. Would you concur in that?

Mr. GIANNINI. Well, I do not know. I have not looked into that. I am not a very good man at figures, but I do know this, that branches might exist in towns of perhaps 2,000 or 3,000 population, or even less, because they will sell securities, do a trust business, and so on. I do not see how any bank with simply a good commercial and savings business can make a go of it in towns with less than 5,000 population.

The CHAIRMAN. In other words, your thought is that if we had nation-wide branch banking in this country, these small towns and hamlets scattered all over the country, which are now served in many instances by banks unsuccessfully operated and failing, could and would be served by branches?

Mr. GIANNINI. I should say in all growing towns, yes. As to towns that are drying up and that will eventually disappear, they might be served with the idea that when the time comes that the business is no longer profitable it would then be transferred to the nearest branch. They could in that way afford to keep offices in those small towns where the independent bank could not, because, if the branch did not turn out to be a profitable venture, the branch bank could move those deposits over into the next branch.

The CHAIRMAN. If branch banking on a nation-wide basis were permitted, do you visualize a development of them from one center, or would you see this development in groups throughout the country?

Mr. GIANNINI. In groups throughout the country. I am sure you would have large banks in several sections of the country.

The CHAIRMAN. Do you see any possibility there of a centralized control of various groups?

Mr. GIANNINI. I do not know; I do not think so. You have three or four enormous banks in New York, and they could not take in all

of the banks of the country. There are probably in Chicago 75 or 100 banks. I do not know how many a single one might take in, but I do not see how they could absorb everything.

The CHAIRMAN. You would think that certain classes of banking, even though branch banking were permitted on a nation-wide basis, would continue to exist?

Mr. GIANNINI. No doubt about it. First of all, we must get rid of the idea that there is going to be a money trust. There is not a money trust in Europe, and yet they have had branch banking there for years. You can get money cheaper in France to-day and it always was cheaper in England since the war than it is here. You have a tariff on farm products and other things, but you have no tariff against money. In the event money should get too high in this country it would come into the United States from all over the world. It is ridiculous to say that this country could have a money trust. You might have it through international arrangement, but never could you have a money trust otherwise.

Let us say that somebody has a good loan in Lincoln, Neb., and it would cost 8 per cent to get it from the bank there; Chicago or New York could make the loan for 5 per cent. A man does not have to do banking in a particular town in these days of good roads and good telephone service. There can not be any such thing as a money trust in these days in so far as controlling rates is concerned.

The CHAIRMAN. Do you see any possibility of that coming about through the Bank for International Settlements?

Mr. GIANNINI. I have not had a chance to study that; I would rather not go into it. I have certain ideas, but I do not think I would want to express them at this time because I have not gone into that question as thoroughly as I might. I am going over to Europe and will look into things a little bit, and if I get any information, I will impart it when I get back.

The CHAIRMAN. The Comptroller of the Currency has outlined, as you know, a plan proposing the extension of branch banking to trade areas. I infer from what you have said here that you would prefer to see it nation-wide rather than limited to trade areas. Do you see any difficulties confronting the establishment of nation-wide branch banking now?

Mr. GIANNINI. None at all. To be consistent, you certainly should permit banks in this country to have branches here, as well as to have them in Europe and China and Japan. This country is allowing branches of its national banks to be established in every part of the world except our own. Why should not New York banks have branches in New Jersey or Connecticut or anywhere around through there just as logically as in some foreign country?

The CHAIRMAN. That is all.

Mr. WINGO. As I gather, Mr. Giannini, you feel that the changed conditions in the United States by reason of improved means of communication and transportation have enlarged the field of activity of the bank just like it has of the store and every other business, and that that has increased the competition between communities as well, and that in the sharp clash of that competition the larger and the best equipped and more economically run unit is going to take the business?

Mr. GIANNINI. No question about that; absolutely no question.

Mr. WINGO. You have not discovered anyone who feels that there is any reason why a banker should maintain his capital in the banking business after it becomes unprofitable, any more than a man should keep it in the automobile or steel business or anything else? In the last analysis, if a bank in a town does not pay its stockholders, sooner or later they are going to liquidate, unless local pride or some local necessity causes the business men to maintain the institution that is unprofitable—is not that true?

Mr. GIANNINI. Lots of them would liquidate today if they could, but they have loans that they can not cash in on. That is why they stay in business. They have to wait until such time as they can get in shape to liquidate. That is the situation as it is, particularly in the farming sections.

But if you had branch banking, then these little town banks could become part of a big bank and turn over their paper and get cash for it, which they can not do now.

Mr. WINGO. I do not know whether you mentioned this, but a great many people who appeared here have referred to the failures in recent years of so many small banks in small towns. In my study of that question, I have learned to have a great deal of respect for the conclusion of one gentleman who appeared before the committee and who said that in many instances it was the towns that failed before the bank failed.

Mr. GIANNINI. That is true.

Mr. WINGO. In other words, that business had dried up, and it is the same as the situation where the business of the local merchant has gone to the larger store in a larger community. The system of highways we have today and the automobile have caused many a small merchant to go out of business, and that same cause is responsible for many of the local banks going out of business.

Now, something was said about the size of a town in which a bank could be profitably maintained. While as a general proposition it is true that there is some direct relation between the size of the community and the size of its banking activities, yet there are exceptions, and I suspect you will admit that there are small towns where their banking resources and their natural wealth are a great deal larger than in other communities having a larger population. That is true, is it not?

Mr. GIANNINI. Yes.

Mr. WINGO. For illustration, we will take a town that is located in a very rich farming community. In addition to being located in a rich farming community, there may not be many competing towns nearby, so that its trade territory is larger, and it may have larger banking resources and the banking business would be more profitable in that town than maybe in some other town of possibly eight or ten times the population, but which latter town has a larger number of other towns surrounding it, the people in which are maintaining their local merchants. Then, too, it may be that the farming business runs a great deal poorer in the territory surrounding the larger town, because it might be in a hilly country where farming is not so productive.

But it is your opinion, is it, that the main reason why the country bank is failing is because the business is leaving and going to the larger centers, and naturally the banking business has got to follow the other business?

Mr. GIANNINI. Yes, and because of poor methods.

Mr. WINGO. Poor management?

Mr. GIANNINI. First of all, this is what is happening in what you call the chain-store business or the branch-store business. In the old days, the corner grocer had both the cash and the credit customers, did he not? To-day what has he left but the credit customer? In order to make money, he has to charge that credit customer enough to offset his losses, but the chain store has only the cash customer, buys in larger quantities, and has a lower overhead. So I do not see how the corner grocer can compete against the chain store, for the corner grocer has left, as I said, only the credit customer. The same is true with respect to drug stores and shoe stores, for they can not compete with the merchant who gets the cash business. How can they buck against that? I do not see how they can do it, and in the same measure I do not see how the small unit banker can justify his position economically, as against branch banking. I believe branch banking should be extended on a nation-wide and world-wide basis, for if you do not have direct branch banking you are going to have it indirectly through holding companies.

Mr. WINGO. In other words, whether wise or unwise, you feel that the economic trend, the trend of business and of the industrial world, is toward this concentration into larger units, with the alleged resulting economy, more efficiency, and the contended ability to secure more capable executives? You feel that that is a natural trend that is bound to assert itself, and that that business structure will naturally be attracted to a credit structure which serves it and on which it may depend?

Mr. GIANNINI. No question about that; you are going to have in banking something along the line of the department store; you are going to have banks that can give in the financial field just what the department store gives in its line. That is bound to come.

Mr. WINGO. We understand that you have retired from the active management of the organization of which you are the builder, and one reason why we ask you questions is that we realize that you are a man that has succeeded in this business; you are the pioneer in branch banking and if anybody knows it, you ought to.

Based upon that experience and your observation, can you conceive of any practical reason why you should confine banking operations to the arbitrary political line of a State any more than you would confine the automobile business or the grocery business to those political lines?

Mr. GIANNINI. No. The more diversification you can have, the better. The trade area perhaps would be a good start to try it out—just a beginning—but it would seem to me that if you are going to do this thing, it would be better to do it right. You have laws on the books passed 50 years ago that do not meet the conditions of the times at all; that do not meet the new conditions, and I see no reason why, after you have studied this question thoroughly, you should not take whatever action is necessary to give banking the same privileges that other businesses have. So long as a bank has the required capital, I see no reason why it should not be permitted to expand.

Remember this, that a large bank, a bank with \$100,000,000 capital, or \$125,000,000 or \$150,000,000 capital, with many branches, has many eyes, and long before its business goes bad the management will hear about it. You have clearing houses, the Federal reserve and national and State examiners likely to call a halt before its affairs become too tangled. On the other hand, there are no eyes at all on the small bank except the examiner, and (in a one-man institution, with no department heads) everything that man running the small bank does is under his hat.

With a large bank you have it departmentalized with many eyes and many people with their fingers on the pulse, so that really it is difficult to do the things that you can do when one man is the whole works, as used to be the case before there were any large banks, in the old days.

Mr. WINGO. In other words you subscribe to the theory that some men in business and in banking hold, that in a branch banking system that is unlimited as to its territory, by the very nature of things within that organization there are certain self-protective interests that are self-corrective against abuses and that they are really more efficient than any regulatory or prohibitory statutes passed by legislative bodies?

Mr. GIANNINI. You are right. Let me point out to you one advantage that we have over some of the foreign branch banking systems. I remember years ago going up on the Soo Line to Medicine Hat, which was just opening up. There was a Canadian bank on the ground, with no local officers, no local directors, no local people connected with it. That same system has been in effect elsewhere. But in California we go out and purchase an established institution with local officers and a local board of directors who see to it when they come into the system that their section of the country gets a square deal and who are on the job to see when things go wrong. They are not men sent down there to run that bank, but the old president or vice president of the bank continuing on and with their money invested in the business, of which they have become a part.

In this case of Medicine Hat, they may have had no stockholders in that section at all, but when we went down, as an illustration, and took over an institution like the First National Bank of Fresno, a roll of honor bank, of which O. J. Woodward was president we could not tell Mr. Woodward to do things that he thought were unsound. The same thing was true when we took over Mr. Foster's bank in Ventura and Mr. Teefy's bank in Stockton and in the various other cities where branches were established. Mr. Woodward and Mr. Teefy and Mr. Foster became a part of our institution when they saw how we did our business, they became so enthusiastic about it that they got other people in the neighborhood to become interested in our bank as stockholders.

Mr. WINGO. Based upon your experience, you know that one of the chief objections—

Mr. GIANNINI. May I interrupt?

Mr. WINGO. Yes.

Mr. GIANNINI. That reminds me that when we took over the First National Bank of Fresno, I think they were charging from 9 per cent to 12 per cent interest for loans, and we announced in the newspapers

that all loans that were then out at from 9 to 12 per cent would be reduced to 7 per cent, and we did reduce them to 7 per cent. We did that also in many other cases.

Mr. WINGO. That is one point that I was going to ask you about later, but I will take it up now.

Based upon your experience and actual practice in developing a branch banking system in California, what was the effect upon interest rates, first on interest rates on loans?

Mr. GIANNINI. A reduction nearly everywhere. A country banker—and there are a lot of good country bankers and some poor ones; I do not want anybody to get the idea that there are no good country bankers—

Mr. WINGO. This committee has found out that there are really more banks in the country than bankers, and you can proceed on that theory.

Mr. GIANNINI. As I started to say, a country banker has a hard time making a profit in his limited field. Expenses run up and the banks are put to it to show earnings. Naturally the tendency is to charge as high a rate as possible on loans—10, 11, and 12 per cent, and in some cases they even charged commissions. We are tickled to death to get good loans at 7 or 6 per cent, and in the big cities at 4½ or 5 per cent.

Mr. WINGO. This contention has been made, and I want to get your answer to it. You reduced the rate for either of two reasons; either you wanted to help the community by giving a lower rate, or you had surplus funds that you wanted to put out and by making a bargain rate you were able to do it. But the contention has been made that you did that for the purpose of stifling the competition of a unit bank left in that territory.

Mr. GIANNINI. No unit bank in California can accuse us of that; that is not so. It is our position, and has been from the first, that high-priced loans, or high rates of interest on loans, are not desirable, for you are putting the borrower out of business if you charge 10 or 12 per cent, which he can not stand. We contend always that a man who has to pay 10 or 12 per cent is usually a poor risk. The man that will fight hard to get cheaper interest rates is the one that we want to loan money to, and if he is willing to pay any old price, look out. It is these high-priced loans throughout the country in small banks that are causing trouble.

Take the big banks; the sounder bank in the community will take the 6 per cent loan, and the small bank that is not wise takes the 10 or 12 per cent loan because it has to do it to make a showing on the profit end—without considering the losses that will wipe out the difference in the interest rate.

Mr. WINGO. Is not this true, that some of these communities that you are operating in are possibly more highly developed than in some of the other States; that in some of these smaller communities in the agricultural States they have not yet developed their industrial possibilities and that a scarcity of capital and the high cost of doing business are both factors that determine the rate, independent of the risk itself? For illustration, there are some communities where they charge 10 per cent or 8 per cent without regard to the risk. In other words, if you went into the bank to get \$500 and put up a \$1,000 Government bond, they would charge you their current rate for all

loans, and in most of these smaller country towns in my district they have a fixed rate to all customers at all times of the year. They contend that they have a scarcity of capital in that community and that they can not exist except upon that rate.

Mr. GIANNINI. It is not sound banking when they do it because—and Mr. McFadden will bear me out—these men who borrow have varying accounts; you will have one man who will keep a good balance—he may have a savings account, and he may bring in his friends and employees to do business with your bank, thus increasing your business. He is naturally entitled to a better rate, and I can not see why any bank should indiscriminately charge 10 per cent to good and bad. You ought to discriminate just as you do in commercial paper or in commercial bills—prime commercial bills, so much, and the next grade so much. It should be the same as with notes, as with commercial paper.

Mr. WINGO. In connection with the other phase of interest, interest paid on deposits, particularly on checking accounts or on savings accounts, what effect was there upon that interest rate when you took over a town bank or a unit bank and in its place established a branch of your bank? What effect did that have upon the rate of interest that was paid on daily balances or on checking accounts?

Mr. GIANNINI. You seldom pay interest on daily balances, particularly on small accounts; in fact, we have not been doing that as they do in New York or elsewhere. But the savings account interest was continued; we continued to pay the same rate of interest. Some time after the big fire in 1907, we did pay less than 4 per cent on savings accounts, but it has been 4 per cent nearly all the way through, and while country banks paid three per cent or three and a half, we paid 4 per cent.

Mr. WINGO. Let us take another charge that has been made against your branch banking business, and I am using your bank out there as an illustration of branch banking; I am not referring to a personal charge made against you or your bank, but it is a charge that goes against all branch banking and it represents the fear of those who are opposed to branch banking, and that is that instead of increasing the available capital for a community, by substituting your branch for the unit bank it has a tendency to drain the capital out of the community. What is your answer to that?

Mr. GIANNINI. Mr. Bacigalupi made that clear to you yesterday. Did he not have figures on that?

Mr. WINGO. Possibly he did.

Mr. BACIGALUPI. There is one exhibit that covers that very fully, and I think it shows that in 100 branches out of the 292 that have total deposits of \$279,000,000, we have loaned through those branches \$277,000,000.

Mr. WINGO. Very well; I will not pursue the question.

Mr. GIANNINI. The head office carries the investment in bank buildings and in bonds, and remember that we have one of the largest holding of Liberty bonds in the United States. In California to-day the Bank of Italy is buying not only Liberty bonds perhaps to a greater extent than any other bank in the United States, but I dare say that we probably buy as many, if not more, Treasury certificates than any other bank in the United States. If you wish, you can check that through the Federal reserve, but I think you will find that by

reason of our branch-banking system, with 4,000,000 people out there in California, the Bank of Italy has probably bought more Treasury certificates and certificates of indebtedness than any other bank in the country.

Mr. WINGO. I was interested in that general proposition, so far as I am concerned.

Mr. GIANNINI. I just want to show you what the Bank of Italy has done in California. It has humanized banking, and has kept in close personal touch with the customer, encouraging small business.

I see that the National City Bank is doing the same thing now; they are making loans on security of \$500 and so on. In all businesses they have learned the value of the individual of limited means, the clerk and so on, just as to-day they have learned to treat labor differently than formerly. Big business has changed. Things are not what they used to be, for the poor man of to-day becomes the rich man of to-morrow. The "little fellow" is the best customer that a bank can have, because he is with you; he starts in with you and stays to the end, whereas the big fellow is only with you so long as he can get something out of you; and when he can not, he is not for you any more. The "little fellow" will save \$6,000 or \$10,000 and then he will build a home, and then come back and save another \$6,000 or \$8,000 and buy another home.

You know that.

Mr. WINGO. There is another objection that has been urged against branch or group banking, and that is that if you drive the unit banker out of business with the branch banks, there will not be any more opportunity for advancement in the banking world for young men who want to engage in the banking business.

What is your answer to that?

Mr. GIANNINI. I do not know but that Mr. Bacigalupi can cover that better than I, but I will say this, that there are a lot of people in the Bank of Italy to-day who would have still, been small salaried bankers if it had not been for the Bank of Italy taking their bank into the system. The moment that was done they had the opportunity to grow up from a managership or assistant cashiership or teller in that branch to a teller or official in a bigger branch, and finally to the head office.

I can illustrate one case right here. Mr. Vincent, for instance, is our cashier now. We bought a bank in Stockton some 8 or 10 years ago, was it not?

Mr. VINCENT. 1917.

Mr. GIANNINI. What were you then? Bookkeeper?

Mr. VINCENT. Bookkeeper.

Mr. GIANNINI. And I think we brought you to the head office inspection department?

Mr. VINCENT. Yes.

Mr. GIANNINI. And so on down the line. To-day Mr. Vincent is the cashier, near the top, at the head office; then one of our officials in Los Angeles was formerly the manager of a small Livermore Bank, a \$1,500,000 bank—Mr. McFadden knows him—and to-day he has passed the million dollar mark; he says that he wants to take things easy. That man was getting \$18,000 and an interest in the profits at the time he retired.

Take the former \$300 men, and we have many men like that. Mr. Mount, who is now president of the Bank of Italy, and Mr. Blauer, chairman of the general finance committee and the head of the credit department, and so down the line. In fact, we built up our organization mostly through the employees who came into the Bank of Italy in connection with these banks that we have taken over. The moment we take over an institution the bookkeeper, say, there, is aroused to new hopes for the future. We have promoted many of our executives from the branches, and they have developed. We have unquestionably one banking organization that can do nation-wide or world-wide branch banking, because of the fact that we have these men.

Mr. WINGO. In other words, you contend that branch banking opens a wider door because of the opportunities for advancement than is the case with the individual unit bank?

Mr. GIANNINI. Absolutely. To-day there is a dearth of good banking material, but you develop men in branch banking through your departments in a way that you can not develop them in a one-man bank. First of all, the president of a one-man bank, if he controls that institution, does not want anybody around him who amounts to much; he usually wants to run it with "yes" men; whereas in a bank such as ours or in any other big business you have to have men around you who can make their own decisions. If the head of a department wants to surround himself with "yes" men, the general executive committee, representing the stockholders, will see to it that the condition is changed. There are men in our various departments who will be able to take the place of the department head when he goes out. In all big businesses today they see to it that there are men in line to take the place of those above them. That situation can not obtain in the small institution, and in consequence the one-man business is rapidly disappearing.

Mr. WINGO. Some one has suggested that the great danger in the banking business is just like the great danger in the automobile business or the steel business, or in any other great business organization, that these large units are built up by pioneers like yourself, but that when you and men like you pass out we are going to have a dearth of material that will have the capacity to handle these large units, these large organizations, these large systems.

You do not think that is so?

Mr. GIANNINI. They will have better material because they will get it from our ranks, because those who are in the ranks will know that they have a chance and prepare for it, whereas in these small businesses they usually feel that they have to wait until the man ahead dies. In big business today, if a man is in the way, he goes out.

Take my own case: I think I still have a "punch" left in me to-day, but maybe four, five, or six years from now I will be just as some other people who are at the head of institutions; the boys will make believe that they are listening, but it will go in one ear and out of the other. That happens in many institutions, but I did not give them that chance. I retired to make way for others to advance.

Mr. WINGO. Mr. Chairman, that is all.

The CHAIRMAN. Mr. Strong.

Mr. STRONG. Mr. Giannini, I would like to ask you what objection you see to area-wide branch banking?

Mr. GIANNINI. Well, the wider the diversification, the better the thing is. I do not know how you divided your Federal reserve districts, but I certainly would not have branch banking confined solely to the textile business or leather or solely to the cotton or the grain or the wheat business. The wider the diversification, the better. So I say that nation-wide and world-wide branch banking is more desirable. That is the ideal way to do business. To start with, trade areas might be all right, but I can not see any advantages in that over nation-wide branch banking.

Mr. STRONG. It has been suggested that we should have branch banking limited to trade areas. While we have never been able to get a good definition of the term "trade area," except that it should be that area comprising large cities or commercial centers that attract business, it was suggested that perhaps we might have 37 trade areas in the United States.

Mr. GIANNINI. If you had 37 districts it would be too many. That would not be the right way to start off with branch banking. If you started off with 12 districts, or 15, or 6 or 7, it would be much better. I think half a dozen better than 37.

Mr. STRONG. Outside of limiting the opportunity to build a great institution like yours, what objection would you see to limiting branch banking?

Mr. GIANNINI. It might be all right to start out limiting the area. That would simply be a compromise; a halfway measure. We can see no reason why the condition that exists with respect to the tendency toward the elimination of the small unit bank, in the small town should not be recognized. Branch banking is coming ultimately, for things continue to a great extent to take care of themselves, automatically. Take to-day the lumber industry; that has been a great thing in this country, yet to-day the inroads made on the lumber industry through steel have been tremendous. Where they used to have wooden frames for concrete work in building you will find that they are now using steel and cement and things of that kind, and it is the same with the wholesale grocer—the middleman. I noticed yesterday that three wholesale dry goods houses merged—one at St. Louis, one in West Virginia, and one in San Francisco. They had to do it. Business is drying up. The Penney Co., the Butler Co., nation-wide stores, can buy goods cheaper than wholesale firms can in San Francisco. Tillman and Bendel and the Cluff Co. have retired from business. There are houses in New York that are in business to-day, but we know that they are not doing the business they used to do, and so on down the line.

Mr. STRONG. As I understand you, it is your thought that limiting branch banking to trade areas simply retards its scope, which prevents the building up of that great system of banking which you think is desirable and would be most successful?

Mr. GIANNINI. Exactly. You want to get into every community that is available. For instance, American bankers have gone into South America and have won their share of business. I think American business is in strong there, and the credit for getting in there, to the extent we have, is due to the American banks, which have pioneered down there in great shape. If it had not been for our banks

we could not have developed that business. If you want to help all sections of the country, you must give them big banks. In my opinion, the day of the \$25,000 bank has passed. How many banks have we now with less than \$50,000 capital—probably 20,000?

Mr. WINGO. Possibly 20,000 with capital less than \$100,000.

Mr. GIANNINI. First of all you must remember in the olden days, the little banks had all of the prosperous little independent stores in these towns that were doing both a cash and credit business. But to-day the chain store is going in those towns and the chain store keeps its account in a distant city. Of course they still have their little stores, and those stores keep their little accounts in the local bank, but those stores really do not pay the bank because they are not making the money. They have only the credit business now. The cash business that it used to have has gone to the chain stores. In the olden days that little store had both cash and credit. Any store that does business only on a credit basis can not possibly compete with a store doing a cash-basis business.

Mr. STRONG. I think those who are advocating to the committee trade area branch banking do it upon the theory they can have a big bank in the commercial centers and branches all over the trade area and that would be sufficient.

Mr. GIANNINI. I think that is a good beginning, but in that trade area you would have to make changes from time to time, because conditions change. As I said awhile ago, the condition of the little bank is bad and it is going to be still worse.

Mr. STRONG. Is it not your opinion, if we start this trade area branch banking, we must come to nation-wide branch banking soon?

Mr. GIANNINI. I do not know about soon. My own opinion is that if the trade area branch banking should prove better—which I do not think it would—or meet the conditions, naturally you would not want to change.

Mr. STRONG. In your judgment it will extend to nation-wide branch banking?

Mr. GIANNINI. I do not know about that. It may work out very much better with trade area branch banking than I think, and you might not want to change.

You gentlemen, I think, know more about that than I do.

Mr. STRONG. You would not want this committee to limit branch banking to branches within the trade area and have San Francisco the trade area for your particular institution?

Mr. GIANNINI. Oh, we now have already branches in all of California. Limiting the area to San Francisco would not be the right idea. You would want to give us at least California, and you would want to give us probably the twelfth Federal reserve district.

Mr. STRONG. That would be satisfactory?

Mr. GIANNINI. As far as I am concerned, I think nation-wide branch banking is the ideal way of doing it, as well as for any other business.

Mr. STRONG. Now, as to the matter or examination: Is it not true, in the management of your bank, you depend largely upon your own examiners?

Mr. GIANNINI. You mean on credits?

Mr. STRONG. As to the condition of the bank.

Mr. GIANNINI. Well, I would not say largely, and then again perhaps I might say largely. We do have examiners come in there, but we have our own men, who we think are as good if not better than the examiners appointed by the examining authorities.

Mr. STRONG. Your men are probably more experienced and you pay higher salaries?

Mr. GIANNINI. Exactly. I dare say the Government has some good men who work for them, but I think it is with the idea of that job leading to a better job.

Mr. STRONG. When they come to examine such a large system of branch banks as yours, do they not have to depend largely on your examiners?

Mr. GIANNINI. No, sir; because every loan above \$500 is scheduled at the head office. They could come into our head office to-morrow and check up every loan above \$500 throughout our system, without sending a single man to the branches. But they always do send men to the branches to check each of them.

Mr. STRONG. You have in the neighborhood of 500 banks and branches, we found out day before yesterday. Of course a Government bank examiner's office could not very well send a man to all of the branches at once; they would have to depend largely upon the condition they found in your main bank and as reported by your examiners.

Mr. GIANNINI. They do send a man to every one of the branches. Probably the country has 25,000 banks to-day and they send those examiners to those 25,000 banks and it is much more difficult to handle them than if they were all parts of one big branch banking system.

Mr. STRONG. But when they go into half a dozen of those banks, they can go in on any one day and examine them. They could not do that with your banks.

Mr. GIANNINI. Well, if they were separate and independent banks, things could be done—switching of money could be done. They could not do that in a branch banking institution, but it can be done in separate institutions.

Mr. STRONG. In group banking it could be done?

Mr. GIANNINI. I am not going to say that.

Mr. STRONG. I know you are very generous.

Mr. GIANNINI. I am certain that it would not be done by the gentlemen who are in group banking to-day.

Mr. STRONG. I know that the men in the banking business to-day are all right.

Mr. GIANNINI. You are fortunate in having, in the group banking systems, good bankers. You have, in the First National, the Northwestern, the Marine Group and those others, the very best men in the business.

Mr. STRONG. I agree with you, but I am talking about examinations.

Mr. GIANNINI. It is simpler to examine branch banks than independent banks, who have no system, and often with no credit files and no statements.

Mr. STRONG. Why is it easier?

Mr. GIANNINI. Because the unit banks have no uniform system. When they come to us, we have everything laid out so the examiners

can see everything quickly. The examiner, in a country bank, often has to go there and show the country banker how to run it. Everything with us is right out where it can be seen. The examiners can read our records and take our layout, and can make a confirmation of everything by checking each and every item, if they so desire.

Mr. STRONG. You think a Government organization, having 30 or 40 examiners could check 500 branches very properly?

Mr. GIANNINI. They can check them at different times. They can go into the head office and have the complete picture and go to the branch later and find out whether the head office reflected the true condition.

Mr. STRONG. Of course you have your system organized, and all we can learn is that it is an unusually good and perfect one, but suppose you were charged with the examination of your system and only had 40 examiners, do you think you could send those 40 men out and, in the course of a few months, get an accurate examination?

Mr. GIANNINI. Outside of the several bigger offices, we could do it in a week. Remember, the Government is rich enough, and the branch banks would be rich enough, to give the comptroller a sufficient force of efficient examiners to do it. Also remember, that the banks are paying the bills for these examinations. The men who are employed in the work, however, are paid too little, I think. They ought to pay enough to compete with the men the banks have.

Mr. STRONG. You agree with the proposition that the Government ought to employ as good examiners as the banks do themselves, and charge that expense to the banks?

Mr. GIANNINI. Absolutely; that should be done. I say positively you have to have good examiners and if you do not pay them enough, the Government can not attract good help in that direction, except when a man takes a position with the Government with the view of getting a better job after he has gained experience.

The CHAIRMAN. In your advocacy of nation-wide branch banking, if developed, what effect in your judgment, would that have on the Federal reserve system?

Mr. GIANNINI. The effect would be this: You would bring in the banks that you now do not have in the system. They would all be part of the Federal reserve system. No big commercial bank would want to stay out of the Federal reserve system.

The CHAIRMAN. Do you think changes would be necessary in the Federal reserve system to meet that situation?

Mr. GIANNINI. No, sir. Something was called to my attention with respect to a question asked by some member of your committee. He asked: If a bank capitalized at \$10,000,000 should take over a bank with \$1,000,000 capital what difference would that make? Do you remember that question?

The CHAIRMAN. Yes.

Mr. GIANNINI. When you take over a bank with a million dollars, you are in the same position as before. If you are taking it over on a consolidation basis, you have \$11,000,000 instead of \$10,000,000 as before. There is another advantage to the Federal reserve which I think is unfair, and should be corrected. The moment the bank with \$1,000,000 capital—to which I just referred—becomes a part of the metropolitan bank, for instance, we are required to put in 2 or

3 per cent more reserve than before. Take the case of the First National Bank in Fresno. When we took it over, the reserve was 7 per cent, but now we are required to keep 10 per cent. So, the Federal reserve is getting an additional 3 per cent of our money.

When the First National Bank of Fresno was independent, it was required to keep 7 per cent reserve, but after the Bank of Italy took it over, the Bank of Italy is required to keep 10 per cent. I say it is unfair. Of course I understand how it happened. You did not foresee branch banking coming along and that is the reason for that situation. However, it is a thing that should be corrected because it is not fair. Every time we take over a bank in a country town, if the reserve is around 4, 5, 6, or 7 per cent, we are required to raise it to 10 per cent. So, we are strengthening banking to that extent anyhow.

The CHAIRMAN. Of course the question of mobilization of reserves is largely an arbitrary matter anyway, and the distribution of the requirements between the central reserve city—

Mr. GIANNINI. Did you get what I just said, Mr. Strong?

Mr. STRONG. No.

Mr. GIANNINI. I said that when we took over the First National Bank of Fresno, that bank was required to keep 7 per cent reserve, but the moment it became a part of the Bank of Italy, we had to keep 10 per cent. Any time we take over a country bank that was required to keep 7 per cent or 5 per cent before, we have to raise it to 10. So, I say, we are strengthening the banking system to the extent of increasing the reserves, at any rate. I think that thing should be corrected. We ought not to be compelled to carry any more reserve than the banks are required to carry before we take them over.

Mr. BRAND. Mr. Chairman, will you yield to me?

The CHAIRMAN. Yes.

Mr. BRAND. Now, Mr. Giannini, my questions are going to be short.

Mr. GIANNINI. All right, Mr. Brand.

Mr. BRAND. And what I want from you is, if you please, answers to my questions as short as possible. It is now nearly 12 o'clock.

Mr. GIANNINI. I will not guarantee that, because nobody can tell what I will do.

Mr. BRAND. I am convinced of that already, though I do not say that offensively.

I want to know from you, in the first place, for the benefit of the committee, what evil, if any, exists in the present banking laws of this Nation?

Mr. GIANNINI. What evil?

Mr. BRAND. What evil exists, if any?

Mr. GIANNINI. That is one that I just spoke about—7 per cent reserve requirement increased to 10 per cent.

Mr. BRAND. Is there any other evil, in your judgment, in the present banking system?

Mr. GIANNINI. I think another evil is the small capitalization at which you allow banks to open. It seems to me no bank should have less than \$100,000 capitalization. I think that five, ten, fifteen, twenty, and twenty-five thousand dollars is too little.

Mr. BRAND. What remedy do you suggest to this committee to correct these evils to which you have referred?

Mr. GIANNINI. Branch banking, nation-wide and world-wide.

Mr. BRAND. Nation-wide and world-wide?

Mr. GIANNINI. Yes, sir, to meet changed conditions.

Mr. BRAND. You said something about a money trust awhile ago, and that you did not think a money trust could be formed. I want to ask you if the character of branch banking which you stand for is set up all over the country and the group branch adherents also continue to take over banks throughout the country, don't you think this is calculated to create a monopoly of money and credit?

Mr. GIANNINI. No.

Mr. BRAND. That is the way I want my questions answered.

Mr. WINGO. That was short enough, too, was it not, judge?

Mr. BRAND. Yes. What is your objection to the present group banking system in your State?

Mr. GIANNINI. The only objection is I consider branch banking better than group banking, but group banking is better than the present unit bank. I have no objection to group banking. I think that is a step in the right direction, preparatory to the other.

Mr. BRAND. You think the independent unit bank ought to be destroyed?

Mr. GIANNINI. No. Now, lets get back to this question you asked about monopoly, just awhile ago.

Mr. BRAND. Briefly now.

Mr. GIANNINI. Do you not realize that if a bank is charging too much interest, there is nothing to prevent banking charters being issued in Chicago or New York, which will enable banks to spring right up and take care of the business, if the other banks charge too much?

Mr. BRAND. What rate of interest do you charge borrowers?

Mr. GIANNINI. Mr. Bacigalupi can answer that better than I, but probably all the way from 5 to 7 per cent.

Mr. BACIGALUPI. The average is 6½ per cent.

Mr. BRAND. What do you charge the farmers?

Mr. GIANNINI. I should say not more than 6 or 7 per cent—6 or 7 per cent generally.

Mr. BRAND. What do you pay on savings deposits?

Mr. GIANNINI. Four per cent.

Mr. BRAND. In all your banks?

Mr. GIANNINI. In Los Angeles they have what they call a special savings account against which you can draw checks. I think they pay 3 per cent on that, but on the real savings deposits it is 4 per cent—term savings.

Mr. BRAND. How many banks in your system out of the State of California have you in the United States?

Mr. GIANNINI. I do not know. Mr. Bacigalupi answered that probably yesterday. You mean outside of the United States?

Mr. BRAND. No; in States outside of California.

Mr. GIANNINI. The only bank we have outside of California is the Bank of America in New York.

Mr. BRAND. In what countries in the Old World have you branches?

Mr. GIANNINI. Just the bank in Italy.

Mr. BRAND. What countries are they in?

Mr. GIANNINI. In Italy.

Mr. BRAND. Just one in Italy?

Mr. GIANNINI. Yes, sir.

Mr. BRAND. I though you said something awhile ago about one being in South America?

Mr. GIANNINI. No; I was talking about the other New York banks. The development of American trade down there has been mostly through the advent into that continent of New York banks.

Mr. BRAND. What percentage do you loan to farmers in the country towns?

Mr. GIANNINI. Mr Bacigalupi probably gave that yesterday. Have you any idea on that, Mr. Bacigalupi? In the country towns, practically all of it goes to the farmers.

Mr. BRAND. Do you loan farmers on real estate?

Mr. GIANNINI. Yes, sir.

Mr. BRAND. What do you charge them for loans on real estate?

Mr. GIANNINI. Not over 7 per cent, I think. You must remember that I retired over five years ago from the active management of the Bank of Italy.

Mr. BRAND. But you have not forgotten what went on while you were there?

Mr. GIANNINI. I have a pretty good idea. However, I have not been at the head office of the Bank of Italy over three or four times in the last five years.

Mr. BRAND. What is the average size of the loans that you make to farmers?

Mr. GIANNINI. No good credit risk is ever turned down.

Mr. BRAND. Do you loan on lands?

Mr. GIANNINI. Yes; and loan upon open note. We do not lend, as a rule, on crop mortgages. That is bad banking.

Mr. BRAND. I agree with you.

Mr. GIANNINI. Except with the signature of the landlord.

Mr. BRAND. Do you lend on personal property?

Mr. GIANNINI. The greatest trouble with the country banker to-day is the crop mortgage end of it. You can not get away with that.

Mr. BRAND. I agree with you on that. Do you loan on personal security outside of crop mortgages, to farmers?

Mr. GIANNINI. Yes, sir.

Mr. BRAND. Then, your system supplies all the money the farmers of your country have occasion to borrow?

Mr. GIANNINI. Absolutely. I think the record will show that. I think the Federal Reserve will testify to that and the authorities in California can.

Mr. BRAND. Suppose you had a bank in the State of Georgia, where I come from: Would you continue that policy down there and supply the farmers all the money they needed?

Mr. GIANNINI. No question about that. Do not overlook one thing, that you usually get half a per cent to 1 per cent more on those loans. Now, of course, you will say, "Why?" You naturally ask, "Why do you get more from him than from a business man?" Well, the business man will come in and pay off and the business man will often carry as much again with you as he owes you. The farmer will have nothing with you for nine months and most of that will be required to pay off the debt.

Mr. BRAND. For how long do you loan to the farmers?

Mr. GIANNINI. Until the harvest, and usually, if he has bad luck, we will carry him over until the next year. We do not like to have to carry over paper, but we do it sometimes.

The CHAIRMAN. I am inclined to think, from the testimony which you have not heard, Mr. Giannini, and the questions Mr. Brand is asking now, that he is going to extend an invitation to you to come down into Georgia.

Mr. BRAND. In a way, I wish he would establish branches in counties down there where at present they do not have banking facilities.

Mr. GIANNINI. You have some goods banks in Georgia, and I think you would have no difficulty in getting all you wanted for the farmers in Georgia if you had farmers on your boards. When we took over the Fresno Bank, for instance, we immediately put men on the board who were interested in agriculture. The same thing was true in Hollister where we put Mr. Hawkins on the board, and so on down the line.

Mr. BRAND. Take a country bank in your State, for instance, one located in an agricultural country, do any of the citizens of that town where the bank is located, own any of the stock?

Mr. GIANNINI. Yes, sir.

Mr. BRAND. About what percentage?

Mr. GIANNINI. In most cases, a great deal more than what the acquired bank had in the way of capital.

Mr. BRAND. But as a rule, you have the controlling stock—you have the majority of the stock?

Mr. GIANNINI. Who has?

Mr. BRAND. Your system.

Mr. GIANNINI. But, Judge, we have 171,000 stockholders.

Mr. BRAND. That is not an answer to the question. Suppose you were to establish a branch, as suggested by Mr. McFadden, in Georgia, and you elect your board of directors. Where do you select those directors?

Mr. GIANNINI. When we take over a bank—say in a country or farming town—we put two or three men from that bank on our board in Atlanta, for instance, representing the stockholders of that bank who have converted their holdings from the stock of a country town bank to the Atlanta bank stock.

Mr. BRAND. What percentage of the stock would you own in that bank?

Mr. GIANNINI. Who would own?

Mr. BRAND. Your system?

Mr. GIANNINI. Well—

Mr. BRAND. Of the bank which you took over.

Mr. GIANNINI. The bank we took over, if it had a capital of \$150,000—

Mr. BRAND. Do you get the majority of the stock?

Mr. GIANNINI. We get it all. That bank is liquidated.

Mr. BRAND. But you give the community the opportunity of selecting some of the directors?

Mr. GIANNINI. I think Mr. Bacigalupi should give you the process.

Mr. BACIGALUPI. It is all outlined in the record.

Mr. GIANNINI. When we take over a bank that bank goes out of existence and becomes a part of our institution and its whole capitalization is converted into our stock.

Mr. BRAND. But as I understand you, you let some of the people in that community serve as directors of the bank?

Mr. GIANNINI. Yes sir; but if they are not directors, the advisory board still runs the bank under our supervision.

Mr. BRAND. What is the smallest city or town in which you have a branch?

Mr. GIANNINI. We have some small ones, perhaps Tipton and San Miguel—

Mr. BRAND. Just give me the population.

Mr. GIANNINI. I do not know what they have in population.

Mr. BACIGALUPI. About four or five hundred people. We have banks in many towns under 500, I should say.

Mr. BRAND. That answers the question to my satisfaction.

Mr. GIANNINI. But if this thing continues, and the people continue to leave the small country towns, it will affect our business and we may have to merge them with other banks.

Mr. BRAND. What dividends do you pay your stockholders, as a rule?

Mr. GIANNINI. The Bank of Italy is paying \$6 a share.

Mr. BRAND. What is the value of a share?

Mr. GIANNINI. \$25 par.

Mr. BRAND. Do you go into a town or city and take over a bank into your system where there is already a bank established in that town?

Mr. GIANNINI. Yes; and in every town we have ever entered the other bankers have become better bankers.

Mr. BRAND. But you do that?

Mr. GIANNINI. Yes, sir. We take over an existing institution. We do not go in there new. We do not add to the banks of that town. We simply enter the town through the acquisition of an established institution. That is one thing that you folks should do, it seems to me—and pardon me for saying so—to restrict a bank to entering a territory through the acquisition of an existing institution.

Mr. BRAND. Instead of forming a new bank?

Mr. GIANNINI. Yes; except in the big cities. In the country town, you should restrict it, as we do in California, to taking over an established institution—no de novo institutions—and in that way you protect the banker, because he gets more for his bank than he could have before. That will protect the 20,000 bankers in this country.

Mr. BRAND. I think that is a wise policy. In other words, you would not go to Broad Street in one town and establish a new bank when there was one across the street established for many years?

Mr. GIANNINI. That is right.

Mr. BRAND. Although you would be willing to take over that bank?

Mr. GIANNINI. Yes, sir. Only once have we entered a town by establishing a new bank, and that was in Sacramento.

Mr. BRAND. Mr. Bacigalupi referred yesterday to something in which I was very much interested—something about the policy which your bank had toward children depositing money in the banks. I

agree with him fully on what he said upon that subject and the reason you do so. My question is, what rate of interest do you pay the children?

Mr. GIANNINI. Four per cent.

Mr. BRAND. What is the statute in your State as to majority?

Mr. GIANNINI. 21 years.

Mr. BRAND. You take money from children under 21 years of age?

Mr. GIANNINI. Yes, sir.

Mr. BRAND. Suppose they want to take out any deposits?

Mr. GIANNINI. They can draw them out any time.

Mr. BRAND. You pay the money back to minors?

Mr. GIANNINI. Through their parents or guardians; yes.

Mr. BRAND. Do you pay it back to the children or to the natural guardian?

Mr. GIANNINI. Pay it back to the guardian.

Mr. BACIGALUPI. They come in with the parents or their legally constituted guardians.

Mr. BRAND. You seem to be following the law pretty well all around. As I understood Mr. Bacigalupi, he said, in reply to a question from some member of the committee, that he thought the status quo, as it exists now, should not be interfered with in regard to any proposed legislation by Congress in regard to the banking systems of the country. Do you entertain the same opinion?

Mr. GIANNINI. In regard to the Federal reserve, and so forth?

Mr. BACIGALUPI. In regard to this legislation.

Mr. BRAND. In reference to this legislation which we are now discussing.

Mr. GIANNINI. Not to make any changes at this time?

Mr. BRAND. His answer was that there are group banking, unit banking, branch banking and chain banking and, as I understood him, he was not in favor of changing the status quo. You agree with that now?

Mr. GIANNINI. Yes, sir; I think you are doing the right thing to study the matter before you take any action.

Mr. BRAND. You do not want us to do anything to interfere with your system?

Mr. GIANNINI. Which system do you mean? You can not interfere with our system because if you did, I imagine we would then have to go back to the State system because the State permits State-wide branch banking.

Mr. BRAND. How many national banks have you?

Mr. GIANNINI. Only one bank, and while we have 292 branches we are only one bank. That is all we are.

Mr. BRAND. All of your banks belong to the Federal Reserve system?

Mr. GIANNINI. Yes sir; except one bank. We brought the banks into the Federal reserve, because many of the banks we took over were not members of the Federal reserve, and when they came into our system, they became members of the Federal reserve. There is one bank out there that your McFadden Act will not permit to come in; that will come in the moment the law will permit it. At the present time, it has to remain outside the Federal reserve system, because it has taken on branches since the McFadden act was passed.

Mr. BRAND. I will ask you this question, as an experienced banker: What benefit is it to a State bank, for instance, or any unit bank, to belong to the Federal reserve system when it has no occasion to borrow any money from the Federal reserve banks or from any correspondent bank in New York or elsewhere.

Mr. GIANNINI. Only for the prestige it will gain and perhaps added business. I think it ought to get business through membership in the Federal reserve that it otherwise would not get. There are people who will not do business with a bank unless it is a member of the Federal reserve system.

Mr. BRAND. You think there are advantages besides the ones I mentioned?

Mr. GIANNINI. Yes, sir. I think a big bank can not do without the Federal reserve. You have to transfer money, for instance, from Boston to Chicago or to Baltimore or other places, and you can do it in a couple of minutes through the Federal reserve.

Mr. BRAND. Referring to Georgia, I wish you would establish some branches in Georgia, in the counties of the State in which there are now no banking institutions. I want to know if you have any branches in Georgia now?

Mr. GIANNINI. No, sir. But Mr. Young, Mr. Maddox, and Mr. Ottley down there are very good bankers.

Mr. BRAND. You have no banks there now?

Mr. GIANNINI. No, sir.

Mr. BRAND. Have you any stocks in banks down there?

Mr. GIANNINI. I would not want to say. We did have stocks in banks all over the country.

Mr. BRAND. I am talking about Georgia. Have you any stocks in banks in Georgia?

Mr. GIANNINI. I think not. If we have a holding there it is very small.

Mr. BRAND. In one bank or more than one?

Mr. GIANNINI. We would not have more than 50 or 100 shares, if we did have. I know we did have 100 shares in a bank in North Carolina.

Mr. BRAND. How came you to invest in stocks in a bank down there?

Mr. GIANNINI. Because we thought good bank stocks three or four years ago a good investment, and it turned out so. We have sold most of them.

Mr. BRAND. How old are you?

Mr. GIANNINI. I am 60 years of age and have retired.

Mr. WINGO. Now, Mr. Giannini, ask him how old he is.

Mr. GIANNINI. He is about 55.

Mr. BRAND. I am 69.

The CHAIRMAN. Mr. Giannini, in connection with this concentration, of course, of banking business which would come through the establishment of branches nation-wide, under the Federal reserve plan of operation, we have the country divided up into 12 districts. The banks in each one of those districts are compelled by law to keep their legal reserve requirements with the Federal reserve bank in that particular district?

Mr. GIANNINI. Yes.

The CHAIRMAN. Under this plan of permitting branch banking to extend nation-wide, of course, there would be a concentration of banking assets other than in each of the Federal reserve districts. That would bring about a change, would it not, in the character of business of the Federal reserve system? It would affect the mobilization of the reserves for each Federal reserve district within that district. It would cause the transfer of some of those funds into other districts.

Mr. GIANNINI. You would have to enact legislation to make those banks have divisional offices or district offices. In fact, under the right kind of nation-wide branch banking would have (just as the railroads or the telephone companies or other concerns)—they would probably, have a supervising office in each district.

The CHAIRMAN. If the law permitted nation-wide branch banking, and it should so develop that your institution, with its headquarters in San Francisco, would have branches in every State in the Union—

Mr. GIANNINI. Yes.

The CHAIRMAN. The Federal reserve under the present law would require the legal amount of the reserves to be kept in the twelfth district in San Francisco?

Mr. GIANNINI. Yes, sir.

The CHAIRMAN. In other words, what you are suggesting is, if such a condition as that came about, it would be necessary to figure up the amount of business from each district and keep the necessary balance in each district?

Mr. GIANNINI. Yes, sir.

The CHAIRMAN. There would have to be an amendment to the law in that respect?

Mr. GIANNINI. Yes, sir.

The CHAIRMAN. That would cover it?

Mr. GIANNINI. Yes, sir.

The CHAIRMAN. Such a plan as that would obviate the possibility of the concentration in any one or perhaps three districts, if there were three systems doing business over the country—the concentration of reserve in any one district?

Mr. GIANNINI. Exactly.

Mr. WINGO. What would follow? If you wanted to retain the 12 districts, and if you wanted to divide it up equally between the 12 different banks, you would have to give some of the banks larger territory than they now have or reduce some of them.

The CHAIRMAN. Such a plan would either require redistricting the federal reserve system or some fund to protect the funds originating in the 12 districts, so as to keep them in the districts in which they originate.

Mr. GIANNINI. I think you would find, with nation-wide branch banking, we would have, naturally, an office in St. Louis, and if St. Louis was the main town in that district, we would have a head office or main office watching the business or supervising the business in that district.

The CHAIRMAN. In other words, you would have a suboffice in each of the districts?

Mr. GIANNINI. Yes, sir.

Mr. GOODWIN. If branch banking were permitted nation-wide by legislation, what, in your opinion, would be the effect on the independent unit banks?

Mr. GIANNINI. The effect would be that those who would have enough business to warrant going into branch banking would profit largely because their banks would net them probably three times what they do to-day.

Mr. GOODWIN. Do you think it could exist side by side against a powerful branch bank?

Mr. GIANNINI. I do not see what chance a small independent bank has against a branch bank having the best talent passing on things. The stronger bank will discover weak paper long before the little bank will know about it and in many cases will get rid of it to the little bank.

Mr. GOODWIN. Is not the inevitable result that the little bank will either be required to liquidate or be absorbed by the branch banking institution?

Mr. GIANNINI. I would not want to say liquidate. The little bank would be foolish to continue on when it could sell out and merge with the bigger bank and receive stock in exchange worth two or three times as much as that of the little bank previous to the merger.

Mr. GOODWIN. But the branch banking system would not take in a weak-unit bank.

Mr. GIANNINI. If it has business enough to justify it it would. It may be that a bank has not deposits large enough to enable it to run profitably, because it is known to the people in the community that the bank is weak; but if it were a strong bank, it would get the business and, in that way, the bank would be getting back all of the deposits in that town.

Mr. GOODWIN. You have one branch of your institution in Italy?

Mr. GIANNINI. That is a separate institution and not a branch.

Mr. GOODWIN. Is that institution self-sustaining by the capital provided in Italy?

Mr. GIANNINI. Yes, sir. The National City Bank has branches there and London banks have branches. However, we have not. We have a separate institution.

Mr. GOODWIN. So that the bank in Italy has no connection with your institution in the United States except that it is owned partly by your own interests here?

Mr. GIANNINI. About 50 or 60 per cent.

Mr. GOODWIN. Are the profits in that bank proportionate to the profits that you make in this country?

Mr. GIANNINI. I would not say so up to this time, but they have been paying dividends. I think they have done perhaps as well as any other bank there.

Mr. BRAND. What is the average salary of your clerical force in these banks in these small communities?

Mr. GIANNINI.—About \$220, so Mr. Vincent advises.

Mr. BRAND. Is that the average?

Mr. VINCENT. Yes.

Mr. BRAND. What do you pay your stenographers?

Mr. VINCENT. Their compensation varies.

Mr. BRAND. What do you pay your stenographers and tellers in these small banks?

Mr. VINCENT. We have a more or less extended salary rate for each step. Stenographers range from \$90 to \$135 and savings tellers range from \$115 to \$150 and commercial tellers range from \$125 to \$190 or \$200.

Mr. BRAND. What do you pay your cashiers?

Mr. VINCENT. The small community banks have no cashier. The assistant cashiers range by gradual steps up.

Mr. GIANNINI. But all participate in the profits and in many cases, it is equal to their salary. All employees interested in the business from the president down, and that is the big thing.

The CHAIRMAN. I should like to ask a question of Mr. Bacigalupi. In Exhibit G I notice you say in 100 branches over 70 per cent of the local deposits are loaned in the local communities.

Mr. BACIGALUPI. Yes, sir.

The CHAIRMAN. Where are they located?

Mr. BACIGALUPI. Those places are specified in the exhibit.

The CHAIRMAN. I got the impression that these branches are mainly located in Los Angeles and San Francisco. Am I correct in that?

Mr. BACIGALUPI. I do not think so.

The CHAIRMAN. If it is not made clear, will you not clarify it by an explanation?

Mr. BACIGALUPI. It is clear. The name of the branch is given. It is given in detail.

Mr. GIANNINI. There is one observation I should like to make and that is when you have a bank of one hundred or two hundred million capital, it becomes a public institution. The Government is interested in it. You can not have anything happen to that. Even the other banks will come to its rescue unless it is too bad. But they are not interested in the little bank.

Mr. BRAND. Did any of your banks or customers make any call loans last fall when the interest got so high?

Mr. GIANNINI. We may have made some, but not to any extent.

Mr. BACIGALUPI. No; very little, about three days in all.

Mr. DUNBAR. Are you incorporated under the laws of the State of Delaware?

Mr. GIANNINI. The Bank of Italy is not. The Bank of Italy is a national bank now. You mean the Transamerica Corporation?

Mr. DUNBAR. Yes.

Mr. GIANNINI. That is a Delaware corporation.

Mr. DUNBAR. And that relieves you from double liability?

Mr. GIANNINI. Yes; except in California. I think in California the law applies there. In California they hold that in so far as business is done in California, there is an unlimited liability.

Mr. DUNBAR. If every State in the Union should have established branch banking systems, and you ran your systems according to the charter of the State of Delaware—

Mr. GIANNINI. You could own them through stock ownership, but you could not run them in the various States except by conforming to the State laws.

Mr. DUNBAR. The banking laws of Delaware do not apply when you operate your institution in the State of California?

Mr. GIANNINI. Our bank really operates under the Federal law. It is a national bank. Previously to that it was a State bank.

Mr. DUNBAR. The national law gives a bank the right to have branches in its own territory.

Mr. GIANNINI. Yes, sir. You can buy a bank in existence provided it has its head office in our city, which is San Francisco. In other words, we could buy another bank in San Francisco and merge it into the Bank of Italy.

Mr. BACIGALUPI. That is, if its branches were operating at the time of the passage of the McFadden Act.

Mr. GIANNINI. Yes, sir.

Mr. DUNBAR. Under the McFadden bill, you said one of your banks was not a member of the Federal reserve system?

Mr. GIANNINI. Because it had acquired branches afterwards.

Mr. DUNBAR. I do not understand how you can operate branches; I do not understand how you have 200 branch banks in the State of California under the existing law.

Mr. WINGO. Possibly you overlook one provision, Mr. Dunbar. Under the McFadden Act the Bank of Italy which was at that time a State bank, could come into the national system bringing with it all the branches that were in existence at the time the McFadden Act was enacted into law.

Mr. DUNBAR. No other State bank could duplicate that now?

Mr. WINGO. In a State where a State bank has now branches, it can go into the national system and retain any branch it had in existence at the time the McFadden law was enacted.

Mr. DUNBAR. Any State can enact a law which will permit branch banking within that State?

Mr. WINGO. Certainly.

Mr. DUNBAR. What you want the Federal Government to do—

Mr. GIANNINI. I do not want them to do anything. I am only talking as an outsider. I am no longer in the banking business.

Mr. DUNBAR. Oh; you are only talking?

Mr. GIANNINI. I do not want you to do anything. I am out of the game, as far as I am concerned. I have retired.

Mr. DUNBAR. Your idea would be if you were in the banking business that it would be best for the banks of the United States to have branch banking authorized by the Congress of the United States all over the United States?

Mr. GIANNINI. Yes; the same as any other business.

Mr. DUNBAR. Have you any idea about how many banks we would have of the size of the Bank of Italy in the United States?

Mr. GIANNINI. It would depend upon whether they would be able to buy the banks. There might be so much competition they could not get any.

Mr. DUNBAR. There would be competition?

Mr. GIANNINI. Yes, sir; and the little banks would profit by it. Therefore I say that the little bank who opposes us is a darn chump.

Mr. DUNBAR. What is the advantage of having a Federal law on the subject when a State now can authorize branch banking?

Mr. GIANNINI. The State can authorize it within the State, but nation-wide branch banking would permit it to be established throughout the country.

Mr. DUNBAR. How did you get into the bank in New York City?

Mr. GIANNINI. Through the Transamerica Corporation.

Mr. DUNBAR. You could not take over a bank like that now?

Mr. GIANNINI. Yes, by purchasing the stock through the Trans-america Corporation.

Mr. DUNBAR. The Bank of America of New York is not a part of the Bank of Italy, except through the holding company?

Mr. GIANNINI. That is right.

Mr. DUNBAR. You can do that with any bank?

Mr. GIANNINI. Yes, sir; but it is not an ideal way of doing business.

Now, let me point out another advantage in this branch banking: The moment we entered Santa Clara, for instance (which happens to be the town that Mr. Bacigalupi comes from), when we bought that bank the lending limit was \$10,000. There happens to be a large business there which has seasonal requirements running up to \$200,000 or \$250,000. Before we took over the bank in Santa Clara, it was impossible for that business to satisfy its needs in the local field, because the bank there could not legally lend so large a sum. In consequence, the business had to get its accommodation in some distant city. The moment we took that bank over we were able to handle that business locally, and to extend the same lending facilities there as obtained everywhere else throughout our system. So, when we establish branches in the farming communities, we are bringing into the farming sections banks with metropolitan facilities. And if we had nation-wide branch banking in the farming sections we would have the same banking facilities as obtained in New York City, so far as loans are concerned. The moment a branch of the Bank of Italy enters a town it could lend \$10,000,000 in that town unsecured, if it wanted to.

Mr. DUNBAR. Just one or two more questions: From what you have said, I judge that anybody, unless he is a hermit who lives out in the woods and is unknown, who has credit, can borrow money, and does not have to depend upon the local bank. For instance, you said that New York banks were lending money all over the lot.

Mr. GIANNINI. Only in New York. They have no branches outside of New York, except in Europe.

Mr. DUNBAR. But, instead of having branches, do they not have a department that deals with the making of loans in every State in the Union?

Mr. GIANNINI. They have customers in every State in the Union. To-day all the big firms of the country borrow in New York because the local banks can not take care of them. However, we have concerns to-day in San Francisco that used to go to New York but now get all their accommodations in San Francisco. Perhaps I can cite the prune growers, without mentioning names and, I think, for instance, the raisin growers and others who used to go to New York but now they get all they want at home.

Mr. DUNBAR. I know that the representatives of the large banks going over the country looking for loans, number almost as many as the commercial travelers. My experience out in my country is that a man can borrow money as easily as he wants to.

Mr. GIANNINI. That is what I have said.

Mr. DUNBAR. Therefore, branch banking would not affect that region except in this way, that they would be making their business transactions closer at home.

Mr. GIANNINI. Yes, sir; and with people in the banks familiar with local conditions. The loans would be made out there locally and not in New York.

Mr. BACIGALUPI. In other words, the branch bank has a local interest whereas the outsiders who come in lend when money is plentiful, but when they need it they have no hesitancy in calling it in.

Mr. GIANNINI. Yes. But your branches will take care of your customers all of the time.

Mr. WINGO. My attention has been directed to the fact that this thing takes the cream of the business from the independent banks.

Mr. GIANNINI. Certainly. When money is plentiful the outsiders go out and seek these loans from New York, but when money is not plentiful, they expect the little fellows in the local places to take care of the localities' needs. It is much safer for any one to do business in his own territory than through New York. Some banks have gotten into trouble in California, because, when they had too much money, they went out into other sections of the State and were bitten.' They took up loans the other banks would not take.

Mr. DUNABR. The trouble in my district is that it has been too easy to borrow money and they have borrowed money to get richer and have gotten into trouble.

Now, Mr. Chairman, I should like to ask Mr. Bacigalupi a question. I want to know, in your system, if you can go into a State which has no branch banking law and establish a bank?

Mr. BACIGALUPI. No, sir.

(Discussion off the record.)

The CHAIRMAN. I suggest that the committee adjourn.

(Whereupon, at 12.45 o'clock, p. m., the committee adjourned meet at 10.30 o'clock a. m., Tuesday, May 13, 1930.)

