

The Papers of Eugene Meyer (mss52019)

121 09 001-

Subject File, Federal Reserve Board, Transamerica Corporation, 1931-32

EUGENE MEYER

SUBJECT FILE

FEDERAL RESERVE BOARD
TRANSAMERICA CORPORATION

1931

Calkins, John V.
Harrison, George L.

May 29, 1931.

Mr. Jno. U. Calkins, Governor,
Federal Reserve Bank of San Francisco,
San Francisco, Calif.

My dear Governor Calkins:

I received your letter of May 22 with enclosed copy of your letter to Governor Harrison. I have talked with Governor Harrison on the telephone about the matter, and I feel that there is a misunderstanding which I hope that you and he will succeed in clearing up to your mutual satisfaction. I would only add that in times like these, where our responsibilities are so serious, we must, at all hazards, avoid to the utmost allowing personalities to interfere with our work in the public interest.

I do not mean by this that I do not think it is well for you to write to Governor Harrison when you take exception to the way he handled, or you believe he handled, the situation at the time referred to, but I hope that both you and Governor Harrison will clear up the matter so that there will be no ill feeling and also so that in the future misunderstandings may be avoided.

Governor Harrison told me that he proposed to write to you with regard to the matter, and I understand that he will send me a copy of his letter.

With cordial regards, I am

Sincerely yours,

(Signed) Eugene Meyer

Governor

FEDERAL RESERVE BANK OF SAN FRANCISCO

May 22, 1931.

CONFIDENTIAL

Confidential

The Honorable Eugene Meyer
Governor of the Federal Reserve Board
Washington, D. C.

My dear Governor Meyer:

I enclose herewith a copy of a letter written
this day to Governor George L. Harrison of the
Federal Reserve Bank of New York, which I think is
self-explanatory and in regard to which I only repeat
the statement made in the last paragraph of the purpose
I have in mind in sending a copy of the letter to you.

Yours very truly

John U. Calkins

Governor

Enclosure

May 22, 1931

Mr. George L. Harrison,
Governor, Federal Reserve Bank of New York,
New York City.

My dear Governor Harrison:

I should be less honest than I think I am if I did not write you unequivocally in regard to my understanding and appreciation of what happened on the occasion of my call at your office on Saturday morning, May 2d.

At about eleven p. m. on Thursday, April 30, 1931, I received in my room at the Carlton Hotel in Washington, a telephone message from Mr. Day, Deputy Governor in San Francisco, telling me that they had a story in San Francisco to the effect that the Bank of America N. A. of New York would be taken over the following morning by the National City Bank of New York. I immediately called you and told you what I had heard. You answered that you had heard nothing about it and knew nothing about it, but indicated that you did not believe that the story was true or that the National City Bank of New York was contemplating taking over the Bank of America of New York. I suggested that it was desirable that we should know, and you volunteered to call Mr. Case. In a few moments you called me back and said that while Mr. Case appeared to be somewhat sleepy, having been gotten out of bed, he knew nothing about the rumor. As this appeared to be merely negative and unsatisfactory, I suggested that we still ought to know, whereupon you said that you would call Mr. Mitchell of the National City Bank. After some moments you called me back and told me that Mr. Mitchell had said that there was no truth in the story, that the National City Bank would not take over the Bank of America N. A. on the following morning or, so far as he knew, at any time.

On the following morning I discussed the matter with you, and you told me that, while you had not heard that the National City Bank of New York was considering taking over the Bank of America N.A. of New York, there had been discussion in New York in regard to the Bank of America N. A., that the Clearing House was dissatisfied with the situation, particularly the management of that bank, and that eventually the bank would probably be taken over by some interest,

Upon my pointing out that the worst feature of the situation as it affected us and affected the Bank of America National Trust & Savings Association of San Francisco was that due to the connection of the two banks through ownership by the Transamerica Corporation with its management in New York, you suggested that I go to New York the following morning, saying "We will get Mr. Walker and Mr. Monnet in and find out about it." After some discussion, it was arranged that I should call at your office on the following morning, Saturday, May 2d.

I called at your office somewhere about ten o'clock and told one of the boys in your hallway that I wished to see you. He apparently went into your office and did not reappear until Mr. Case came out of his office, greeted me, and took me into his office, explaining in some casual way that you were in conference with someone. After a lapse of some time, during which I remained in Mr. Case's office in conversation with him, you came in and said that you had been discussing the situation with Mr. Thiebaut of J. P. Morgan & Company, ~~and~~ who was their street contact partner, or something to that effect, and that he said that while there was some talk about the Bank of America N. S. he did not think it was particularly serious. (It was reported at about that time that the Bank of America N. A. was obtaining an unusually large amount of currency and that it had been reported that there was a run on one of their branches.)

After some moments of discussion you left Mr. Case's office, where I remained, and after perhaps an hour you returned, when, much to my surprise, I found that Messrs. Walker and Monnet had been in your office and had left. You recounted your discussion with them, which apparently brought out little significant information. You also said that it had been agreed by them that Mr. Rounds, Deputy Governor in your bank, should spend as much of the weekend as was necessary at Mr. Walker's house for the purpose of obtaining information in regard to the status of the Transamerica Corporation and its banks. You mentioned the fact that Messrs. Walker and Monnet had told you that the Transamerica Corporation was borrowing about \$50,000,000, and upon my suggestion that we were more interested in what amount could be raised by the Transamerica Corporation for the purpose of supporting its banks, if necessary, you indicated that that was one of the things Mr. Rounds would endeavor to ascertain and said that we would be promptly informed as to the results of Mr. Rounds' inquiry.

Being old and slow, it was not until a few moments before I left the Federal Reserve Bank of New York that I realized that I had been intentionally prevented from participating in conference with Messrs. Walker and Monnet of the Transamerica Corporation and that my presence in the bank had been skilfully stage-managed to prevent my seeing Messrs. Walker and Monnet and to prevent their seeing me. (Considering our relations and all the circumstances, if Mr. Walker during his stay in your office was aware of the fact that I was in the adjoining office and did not take the opportunity to meet me, he was both discourteous and indiscreet.)

As I had gone to New York at your suggestion for the specific purpose indicated when you said "We will get Mr. Walker and Mr. Monnet in and find out about it", I was somewhat shocked. Of course, as I fully realized at the time, all this was directly and personally insulting to me, but that does not particularly interest me, for I was not there in any personal capacity. My call was not for any personal purpose, the relations between you and me were in no sense personal relations, but were the relations of the executives of two Federal Reserve Banks immediately interested and concerned in a situation of obvious gravity, and the course that you pursued prevented me from obtaining information to which I was entitled and which you were under obligation to impart. You did promise to furnish any information obtained by Mr. Rounds promptly. That promise was made on May 2d. I am writing this letter on May 22d, and we have received from you no iota of information. Obviously, considering the situation and your promise in regard to it, we should have had the information obtained by Mr. Rounds at once and in full, or, if Mr. Rounds obtained no information, we should have promptly had that information. It is true that on Friday, May 8th, six days after Mr. Rounds began his inquiry, you telephoned me and said in effect that there was no news about the situation and gave absolutely no information in regard to what had been learned through Mr. Rounds' investigation or otherwise.

The purport of this letter is to set out the relations, or the absence of relations, between you and me as executives of two Federal Reserve Banks in connection with a situation in which both are interested (this bank more vitally than the Federal Reserve Bank of New York for obvious reasons), the potential dangers of which were increased by the very meagre and unsatisfactory information in regard to the responsibility of the Transamerica Corporation, controlling one and holding the other.

I admit that I am dumb, but not dumb enough to fail to realize the significance of your avoidance of sharing such information as you had or may have obtained.

This letter is written for two purposes: The first, indicated in its first paragraph, is to say frankly to you that I understand and appreciate what you did. The second purpose is to provide a record, and because I believe that that record should be a formal record, and not because I wish to avail myself of the alibi with which you provided me, I am sending a copy of this letter to Mr. Eugene Meyer, Governor of the Federal Reserve Board, with a covering letter, a copy of which is attached hereto.

Yours very truly,

JOHN U. CALKINS

Governor

FEDERAL RESERVE BANK
OF NEW YORK.

CONFIDENTIAL

June 6, 1931.

Dear Governor Meyer:

I understand from Governor Calkins that he has forwarded to you a copy of the letter which he addressed to me under date of May 22. In accordance with my agreement with you over the telephone, I am enclosing herewith a copy of a letter which I prepared for him under date of May 27 and which I have today dispatched to him with a postscript.

I hope it is not necessary for me to say further to you not only how distressed I am with Governor Calkins' impressions of this whole episode but also that even in retrospect I cannot see any substantial basis for his feeling that there was a deliberate and designed slight on my part. Certainly, nothing could have been further from my mind. I would not have had it happen for anything.

Faithfully yours,

GEORGE L. HARRISON

Governor

Hon. Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

P. S. I shall forward you a copy of the memorandum on Transamerica when I can have an extra copy made on Monday

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

May 27, 1931.

Dear Governor Calkins:

I was surprised and distressed yesterday morning to receive your letter of May 22 in which you report your impressions of what transpired on the occasion of your visit to my office Saturday morning, May 2.

First of all, let me assure you that I was wholly unconscious of any slight or discourtesy to you at that time and that under no circumstances would I have done anything deliberately or intentionally to give you any cause for the impressions which you got at that time as to my attitude towards you either personally or officially. In the circumstances, I am, of course, much disturbed about your letter and want unequivocally to tell you how sorry I am that, whether through my fault or not, you should have felt in the least slighted on any visit to this bank. Without affirming or debating individual statements in your letter I hope you will please let me give you a frank review of the events of that occasion as I recall them.

As you may remember, when I saw you in Washington on Friday morning, May 1, in Mr. Miller's office, I invited you to come to New York to spend the week-end with me and to stay at my apartment. That invitation was sincere and wholehearted. But you were not free to accept and stated that you would come up on the night train and call at my office at some time Saturday morning. It so happens that later on Friday, after I had seen you in Mr. Miller's office, Mr. Bartow of J. P. Morgan & Company, telephoned to me in Washington to say that he was very anxious to see me early Saturday morning regarding conditions here and especially with reference to rumors which were going about the street about the Bank of America of New York. Accordingly, I arranged to see him early Saturday morning and was in conference with him when you appeared at the bank. You may remember that you gave me no intimation of the hour at which you would call and in any event I felt that I was obligated to see Mr. Bartow as soon as possible, especially as I did not know when you would arrive here. During the course of my talk with Mr. Bartow, and before I had had any opportunity to get in touch with either Mr. Walker or Mr. Monney, the latter telephoned to me to say that he and Mr. Walker would like to come over as soon as possible to see me privately about an important matter. I told them to come a little later as I was then engaged. Immediately after Mr. Bartow left my office, my secretary informed me that you were with Mr. Case and I want

in at once to see you and reported in some detail of my conversation with Mr. Bartow. I mentioned even then that Mr. Monnet and Mr. Walker were coming in to see me at their request and that I would undertake to find out what I could that was new about the situation. In a short while, my secretary came to Mr. Case's office to advise me that Mr. Monnet and Mr. Walker were here and I thought it necessary for me to see them alone certainly at first because they had telephoned me themselves to ask to see me privately. I had not then invited them to call upon me. My intention at that time was to ask you to come into the conference immediately after they had disposed of the matters about which they wanted to see me but the subject of which I did not then know.

As soon as I returned to my own office, Mr. Monnet and Mr. Walker advised me that they wanted to talk about a change in the management of the Bank of America of New York as had been requested by the New York Clearing House Association, and wanted to talk over with me the difficulty they were experiencing in getting any one to head the bank who would give it the necessary prestige and experience, a difficulty which they admitted was much enhanced by the fact that control of the institution was vested in the holding company, Transamerica, and not with individual shareholders.

It so happens that during the course of this discussion, Mr. Delafield, president of the bank, telephoned to Mr. Monnet to advise him that some rumors had just started on some of the branches of Bank of America of New York and that rumors, telephone and otherwise, were being circulated among their depositors with resulting disturbance and excitement. In view of this advice, Mr. Monnet and Mr. Walker decided that they had better return at once to their own office, but as they were leaving I told them I had intended myself, when I left Washington the day before, to get in touch with them that Saturday morning in order to talk about the whole Transamerica situation with especial reference to its relation to the Bank of America of New York and Bank of America, N.T.S.A., that I felt that many of the rumors and the talk which was then apparently precipitating runs on some of the branches of Bank of America of New York no doubt grew out of the fact that no one here in the market seemed to know what was the real position of Transamerica and its complexity of affiliates, that I felt it was most important for them to collect all the figures, reduced to real values, and to make them available to some one in the market who would be in a position to answer rumors or quiet disturbing talk that was then in process, that I felt that these figures should be made available perhaps to the Clearing House Association, the Stock Exchange, or the Federal Reserve Bank, but that it was important that they be made available to some one very promptly.

They immediately said that they would like to give us the figures and would do so at once if we cared to have them. I explained that I myself was not an accountant and that I would like to have Mr. Rounds go over the whole situation with them but that I would not want him to do so except that they agreed that they would give him complete and full information about the whole situation, and that I would in fact expect Mr. Rounds to be as "impertinent as possible" in order to cover every aspect of the matter which was in the minds of a number of people. Before he left my office Mr. Walker hurriedly advised me on a few points which I had mentioned as needing elucidation, such as the total amount of borrowings of Transamerica and its affiliates; further borrowing power of the group; the amount of Transamerica stock and the amount of Bank of America of New York stock which they had purchased during the past week in order to stabilize the price of these stocks; and individual borrowing accounts of different officers of Transamerica. But these topics he merely touched upon saying that he would give them to Mr. Rounds in detail.

I mentioned to Mr. Monney and Mr. Walker that you were here in the bank, that you, as I, were concerned about this whole situation, and that I hoped they would be in a position to expedite collection of the necessary information. They said that, for the reasons previously mentioned, they were in a hurry to leave, cut short their visit, and explained that they would arrange to see Mr. Rounds sometime during the course of the afternoon and over the week-end.

I immediately went back to Mr. Case's office and told you in much more detail than I have recounted in this letter, of the conversation, with the possible exception of that part of it about which they had asked for a private interview, that is, a change in management of the Bank of America of New York. In fact I conveyed to you quite completely and literally from notes I had jotted down, the complete conversation so far as it related to Transamerica. In the circumstances I cannot understand your impression that I had avoided sharing with you any information in my possession. I finally told you that I would of course, expect to keep you informed and to send you Mr. Round's report as soon as it was available.

As I remember, it was shortly after twelve o'clock when you started to leave the bank and I asked if you would not stay for lunch with me and talk the matter over further, but you said that you must go up-town preparatory to leaving for the West. I am sorry indeed that you did not at that time give me any indication whatever that you felt any slight of that there was any discourtesy on my part. It would have given me a much better opportunity then to explain the whole situation fresh in my mind, than I now have to do so by letter.

On May 8, which must have been a day or two after you reached San Francisco, I telephoned you to report that Mr. Rounds was still studying the situation and to let you know what little information we had at that time. I do not remember the full context of our talk but it lasted some six minutes. Since that time Mr. Rounds has had frequent interviews with the Transamerica people and has prepared two or three preliminary drafts of a report which he has had to amend from time to time as new figures were made available. We have not given any one a copy of the report, not even the Transamerica people, because I was loath to do so before Mr. Rounds had an opportunity finally to check all his figures on the basis of those figures that were being made available to him. While his report is now in final form, or at least as complete as he can make it upon the basis of available information, I have not given it to any one as yet only because of the fact that he has been in Washington the past week where, by arrangement with the Comptroller, he is to be given an opportunity to discuss the latest report of the Bank of America, N.T.S.A. Inasmuch as a considerable amount of the figures which he has written off on the Transamerica statement in some fashion relate to the Bank of America, N.T.S.A. I felt it wiser and more constructive to hold up Mr. Rounds' report until he had an opportunity in Washington to seek further authoritative information with respect to that institution. I had hoped and expected that he would be home last Saturday but he is still detained in Washington on the Federal Reserve System Reserve Committee, and I have had no word from him regarding the Transamerica situation in the meantime. This is the only explanation which I have for holding up his report which was otherwise complete on May 15.

I felt that in the circumstances this course was the wisest one, certainly a much more satisfactory one to Mr. Rounds himself, who has had relatively little time or data available to go into such a complicated and intricate set-up as you know Transamerica to be.

I hope, however, to be able to dispatch the report to you some time this week after Mr. Rounds returns from Washington. As I told you, however, in our telephone conversation on May 8, I will let you know if I hear of anything new that develops. You told me that you would do the same. In view of the fact that neither of us has had occasion to communicate with the other, I have assumed, as I hope you have assumed, that nothing concrete has developed to report, although I do know from several talks with Mr. Walker and Mr. Monnet that they now recognize that Transamerica must materially dilute their interests in Bank of America of New York and Bank of America, N.T.S.A. as soon as that can safely be arranged and under proper auspices. But that is a question which would still involve much time and discussion pending a more favorable opportunity than the present to do anything definite or final.

I shall of course keep you informed of anything new that I hear and hope that you will please be good enough to do likewise.

I am sending a copy of this letter to Governor Meyer who has asked that I forward him any reply that I make to your letter of May 22. I am only sorry, as I said at the outset, that anything should have transpired in my office that would make you either personally or officially attribute to me motives or intentions or discourtesies which were in fact a complete surprise to me and quite unequivocally beyond any thought or intention on my own part.

Very truly yours,

George L. Harrison
Governor.

Mr. John U. Calkins,
Governor, Federal Reserve Bank,
San Francisco, California.

P. S. June 6, 1931

Since dictating this letter on May 27, Mr. Rounds has returned from Washington, has had further talks with the Transamerica people since his discussions with the Comptroller's office in Washington, and has redrafted his report as prepared on May 15, although he has kept the May 15 date not knowing how much or to what extent figures then available to him may possibly have changed in the meantime. I have not given this report to any one here in New York and do not intend to do so, although I have shown a copy of it to Mr. Walker and Mr. Monney. In addition to the copy which I am sending to you confidentially, I shall also send a copy to the Federal Reserve Board for their confidential information.

I understand that Mr. Walker and Mr. Monney are still actively pursuing their plans to make a complete and constructive reorganization of the Transamerica set-up, although this is a matter which they tell me will require some delicate and perhaps prolonged negotiations, especially in so far as they relate to a private banking house here in New York. I do know, however, that they are working along the lines of a substantial dilution of their banking interests both here and on the Coast and that they are most determined not to do anything at any time or in any fashion that will be likely to precipitate difficulty either here or on the Coast.

Other than this I have no news to report to you, although I understand that the Comptroller of the Currency is in New York today going over the report of the Bank of America,

N.T.S.A. with officers of that institution who are here in New York, as well as with officers of Transamerica Corporation. I have no knowledge, however, of the particular matters to be discussed. If I hear anything further I shall let you know and hope you will also be good enough to keep me posted of any developments there.

STANDARD TRUST COMPANY
FIVE PERCENT
GTD DEEBLETS BOND

FEDERAL RESERVE BANK OF NEW YORK

CONFIDENTIAL

June 9, 1931.

Dear Governor Meyer:

Referring to my letter of June 6 with which I forwarded to you a copy of a letter that I sent to Governor Calkins, I am glad to enclose herewith for your information an informal memorandum which Mr. Rounds prepared for me with reference to the Transamerica set-up.

As Mr. Rounds explains in the memorandum, many of his figures are of necessity loose estimates of probabilities rather than an accurate analysis of values. On the whole, however, I imagine they are fairly nearly correct and probably give a fair general picture of the situation. In view of the fact, however, that Mr. Rounds had no opportunity himself to make any personal examination of the institutions covered in his report, he is naturally anxious, as I am, that his figures and conclusions will be considered most informal and therefore of necessity confidential.

Very truly yours,

GEORGE L. HARRISON

Governor.

Hon. Eugene Meyer,
Governor Federal Reserve Board,
Washington, D. C.

To Governor Harrison

May 28, 1931

From L. R. Rounds

Transamerica Corporation

CONFIDENTIAL

Following our conversation this morning, I reviewed my figures with particular reference to the Bank of America N.T.S.A. and the Corporation of America, its security affiliate.

As I told you this morning, I am advised that the examiner estimated some \$14,000,000 of losses. On this basis I am inclined to think my estimate of \$15,000,000 is probably not enough, but whether it should be increased by \$5,000,000 or \$10,000,000 is anybody's guess.

With regard to the Corporation of America, I find that I had already estimated losses of \$51,000,000 out of a net worth of \$91,000,000 or a little more than half. I think if I were making the estimate today I would be inclined to increase this estimated loss by perhaps \$5,000,000 to \$10,000,000, but estimating probable losses in these companies cannot be done except on the roughest kind of a basis, and I think perhaps on the whole it is as well to stick to the original figures, having in mind, however, that they certainly do not over-estimate the probable losses.

CONFIDENTIAL

June 2, 1931.

Subject: Transamerica Corporation

Deductions from the Book Values of the Transamerica Bank Holding Company

In arriving at the allowed figures as shown on the attached balance sheet, deductions from book values were made aggregating \$52,613,000. This consists of items arbitrarily deducted as representing probable losses incident to the following properties:

Banca d' America e d' Italia.....	\$6,572,000.
Bank of American New York.....	7,000,000.
Bank of America N.T.S.A.	15,000,000.
Corporation of America	24,000,000.

These deductions are necessarily on a very arbitrary basis, particularly those with respect to the Corporation of America. The cut was made heavier there because of the fact that a very large proportion of the assets of this company represents properties and accounts taken over at various times from the California banks.

CONFIDENTIAL

May 15, 1931

To Governor Harrison

Revised as of June 2, 1931

From L. R. Rounds

Subject: Transamerica Corporation.

At your request I have gone over the statements of the Transamerica Corporation and its numerous subsidiaries and have secured, where necessary, additional information from the officers of that corporation. The work has necessarily been rather hastily done and has not involved any audit or checking of values. The values of securities as used have been those furnished by the Transamerica people, which I believe to have been accurate based upon market figures wherever there is a market. In the case of valuations assigned to securities where there is no market, investment values are based upon the book values as shown by the respective institutions with reasonable allowances for losses. I do not think in any case values are any less than is proper.

Attached will be found an outline of the corporate structure, which will indicate the type of organization and the lines of ownership.

There is also attached a condensed balance sheet of The Transamerica Corporation showing in comparison figures as reported December 31, 1930, and in the second column, figures adjusted to their own book values. In the case of the controlled banks and companies, these values are on the basis of the book value of the respective companies. In the case of holdings of listed securities, values are on the basis of the market. These figures show a value of all investments of \$257,000,000. in comparison with \$1,101,000,000. as reported. In this connection it is of interest to note that since my figures were prepared the Transamerica Corporation has prepared some figures of its own, their figures showing \$250,000,000 (They have deducted a further \$5,000,000. for the dividend payable April 1, giving a net value after the dividend of \$245,000,000., or \$10.18 a share for the outstanding stock) which is in comparison with \$257,000,000. as shown on the attached statement. This difference is due to the fact that I did not undertake to eliminate the excess values in all of the small companies as I dealt only with the major companies.

The figures shown in the third column of this balance sheet are the result of more or less arbitrary deductions made in an effort to get at a reasonably conservative valuation. These deductions have been made mainly in the values given to the three banks and the Corporation of America. For instance, Bank of America N.T.S.A. has nearly \$1,100,000,000. in resources, of which nearly \$900,000,000. is invested in earning assets, the largest single item being \$314,000,000. of loans on real estate. It is quite inconceivable under existing conditions that there is not considerable grief in these assets, and that ultimately substantial losses will have to be taken. The same thing is true of the Bank of American California State Bank, and also the Bank of America New York. With regard to the latter institution we have more definite information. The assets of the Corporation of America, after shrinking the value in its holdings in stock of the Bank of America New York to book value, total approximately \$91,000,000. While the information available in New York is not very complete as to details, it is my understanding from such information as I have been able to obtain, that a very considerable proportion of these assets, which consist quite largely

of real estate and accounts receivable, has been transferred from time to time from the assets of the Bank of America N.T.S.A., and they appear to be of such a character as would be likely to present considerable grief. It is allowances for items of this kind which make up the difference of \$77,000,000. between the book figures and the "allowed" figures. Whether it is enough or too much, it is impossible to say, and probably would be almost as difficult to determine even after an extensive examination of the assets in detail, but the allowances are not out of proportion to the losses which are likely to be encountered. While this deduction may seem large in relation to the net capital, it is in fact less than 5% of the exposed values of the banks and companies concerned.

I have also endeavored to ascertain what is the collateral position of the various companies. All borrowing, except for a limited amount of inter-company borrowing, is now done by two companies as follows.

Borrowing Companies

Inter-Continental Corporation	\$49,463,000.
Bancamerica Blair Corporation	9,000,000.
Total borrowings	<u>58,463,000.</u>

Of the above borrowings the following is from owned banks:

Bank of America N.T.S.A.	13,000,000.
Banca d' America e d' Italia	1,433,000.
Bank of America New York.	3,000,000

The balance of the borrowing is from a number of the large commercial banks mostly but not entirely in New York. The total market value of all securities owned by the Inter-Continental Corporation is approximately \$48,000,000. To provide the collateral necessary to support its loans, it has borrowed from other fully owned companies a little over \$19,000,000. market value of securities. With the exception of about \$4,000,000. of its own miscellaneous securities probably not acceptable as collateral, all of the securities are pledged to secure the Inter-Continental Corporation loans. The securities borrowed from affiliates include all of the bank stocks representing minority interests, and in addition about 25% of the holdings in Bank of America New York. It also includes all of the holdings in the Firemen's Fund Insurance Company, the only other listed stock owned. The total value of all collateral pledged is about \$850,000. above margin requirements. The pledged collateral includes about \$6,000,000. U. S. Government bonds. Apparently considerable selling of securities has taken place within recent ~~month~~ weeks with some increase in the cash held by the investment companies. Present cash of all companies amounts to a little less than \$15,000,000., of which \$12,000,000. is on deposit with the Bank of America N.T.S.A.

The unpledged security holdings of all companies, except Bancamerica Blair Corporation, are as follows:

Miscellaneous Unpledged Securities property of	
Inter-Continental Corporation.....	\$4,197,000.
Bank Stocks Owned	
Bank of America New York 639,903 shares at say	
45, market value.....	28,800,000.
Bank of America N.T.S.A. wholly owned, book val. 221,311,000.	
(allowed for asset purposes at \$146,500,000.)	

Bank of America (State Bank California) book value....	6,388,000.
Banca d' America e d' Italia book value.....	18,000,000.
First National Bank Portland book value.....	2,700,000.

Fully Owned Companies	Book Value
Pacific National Fire Insurance Company	2,611,000.
Occidental Life Insurance Company	1,115,000.
Bankitaly Mortgage Company	2,206,000. ?
California Joint Stock Land Bank	1,362,000. ?
General Tel. & Elec. Corporation	7,500,000. ?
Total Fully Owned Companies	14,794,000.

Of the above unpledged holdings, the Bank of America New York is the only stock having a ready market and which would be considered as acceptable collateral for a bank loan. 233,000 shares of the stock have already been pledged as collateral. This probably represents as large a proportion of this particular stock as the lending banks would readily accept. It would, therefore, probably not be an easy task to borrow heavily against the remaining unpledged stock of this bank.

Of the two banks in California, Bank of America N.T.S.A. and Bank of America State Bank, 99.6% of the former and 100% of the latter are owned so that this stock has no market at all. It would not be readily acceptable in substantial amounts for a bank loan except by special arrangement. The stock of the Banca d' America e d' Italia probably has no collateral value in this market. The stock of the First National Bank of Portland and of the two insurance companies possibly has some collateral value, but it would be very limited. The stock of the other fully owned companies probably has no collateral value.

There will also be found attached statement of condition of the Bank of America N.T.S.A. and the Bank of America State Bank California. I have discussed these statements in some detail with Mr. H. P. Preston, Vice President of the Transamerica Corporation, who was formerly located in California. With regard to the bond account, Mr. Preston tells me they have recently received in New York a list comprising about one-half the total holdings of the N.T.S.A. and an analysis of it indicated that about \$14,000,000. would be quickly saleable, while the remaining \$12,000,000. would be rather slow. In response to my question, he said he considered the slowness to be more a question of inability to sell without a loss, than of marketability. Also in response to my question he said that the bond account as a whole showed only nominal, if any, depreciation at the present time.

With reference to the item U.S. Government Securities Pledged \$156,000,000., he said this represented securities pledged to secure deposits of the state and of communities and municipalities and also of the United States Government. He was of the impression that the California law

did not permit of the pledge of a very wide variety of securities. It was suggested to him that the requirements for collateral for United States Government deposits permit of the pledging of a considerable variety of collateral and that if other collateral could be substituted for any part of this, it would help to improve the liquid position of the bank.

With regard to the item of Other Assets Pledged \$60,000,000., he understood this represented securities pledged with the state to cover trust funds.

With regard to the item of Loans on Real Estate including Mortgages, \$314,000,000., he said 70% of this was on city property and 30% on country property, mostly in small loans to customers of the bank. In response to a question he said that there were some foreclosures but he thought very few. He described in some detail the activities of the bank in the making of real estate loans, expressing the opinion that this work was under the supervision of a man of very broad experience and great ability in that field.

In response to my question as to the course of deposits, he said that the shrinkage had come mostly in the larger accounts and particularly in their bank accounts. He referred to the practice which the bank had encouraged in the past, under which eastern banks transferred in the late afternoon their excess reserves to the Bank of America N.T.S.A., they paying interest thereon instead of borrowing at the reserve bank. He said that recently this business had entirely disappeared as a result of rumors, the banks being unwilling to make the transfers. He expressed the opinion that time deposits and demand deposits of local depositors did not show any material loss. The figures on the exhibit attached show some shrinkage in time deposits. Mr. Walker has shown me his daily statements for the month of April, which indicate a variation from a high of about \$533,000,000. to a low of about \$523,000,000. in this classification.

The item of \$24,000,000. Other Liabilities, is said to represent mainly travelers checks sold and outstanding.

While this exhibit shows a ratio of quick assets to unsecured net demand deposits of 50.7%, it should be noted that the ratio of quick assets to all deposits is but 15.9%.

In the case of the Bank of America State Bank, the ratio of quick assets to unsecured net demand deposits is stated as 31.1%. Similarly the ratio of this bank's quick assets to its total deposits is 17.1%. In this connection it should be noted that practically the entire quick assets of the State bank consist of cash in till and balances due from banks. It is my understanding that most of the balances due from banks represent balances with the N.T.S.A., and that these balances represent on the average more than 50% of the total quick assets. Under ordinary conditions this would reflect a very unwise procedure, but in the circumstances the two banks are so closely bound together by management, name and general reputation, that probably any effort to make the State Bank less dependent upon the N.T.S.A. would be without effect in any case.

Bancamerica Blair Corporation

This company is now borrowing \$9,200,000. It has approximately \$8,000,000. due to customers and about \$4,000,000. of other accounts payable. The company has a net worth of about \$21,000,000. Its assets consist of cash \$5,600,000., Liberty Loan bonds \$1,000,000., and about \$37,000,000. in other securities, mostly stocks. About \$14,000,000. of these securities are pledged to secure the loans. Of the balance of \$23,000,000. unpledged, about \$10,000,000. are classified as prime securities which would be readily available as collateral. While no examination was made of the list of these securities, it is understood that the remaining \$13,000,000. classified as other than prime, have some collateral value, but a considerable part of them would perhaps not be available as security for loans except by special arrangement.

TRANSAMERICA CORPORATION
OUTLINE OF CORPORATE STRUCTURE....

CONFIDENTIAL

Transamerica Corporation

This is strictly a holding company. Its investments are limited to 100% ownership in six other holding companies as follows:

I. Transamerica Bank Holding Company

Owns the following:

- A. Bank of America N.T.S.A. and its affiliate, Corporation of America, 99.6%

Corporation of America owns the following:

1. Bank of America State Bank California 100%
2. First National Bank of Portland 52%
3. Bank of America New York 20%, and Bancamerica Blair Corp. 20%
4. Controlling interest in ten or twelve other smaller banks.
5. Minority interest in many more small banks. Total investment \$4,200,000.
6. 100% or controlling interest in a considerable number of other small enterprises.

- B. Bank of America New York and its affiliate, Bancamerica Blair Corporation, about 40% of the outstanding stock.

- C. Banca d'America e d' Italia, about 85%.

II. Transamerica Mortgage Holding Company

Owns 100% interest in the following:

- A. Bankitaly Mortgage Company.
- B. California Joint Stock Land Bank.
- C. Ontario Bond & Mortgage Company 94.6%

III. Transamerica Insurance Holding Company

Owns 100% interest in the following:

- A. Pacific National Fire Insurance Company
- B. Occidental Corporation.
 1. Occidental Life Insurance Company
 2. Occidental Investment Company
- C. American Brokerage, Inc.
- D. America & Security Insurance Company
 1. John B. Shea Company
- E. Firemen's Fund Insurance Company, owns about 46,000 of the 300,000 shares outstanding.

IV. Inter-Continental Corporation.

This company holds title to some \$48,000,000. market value of miscellaneous securities mostly stocks, many of them of a highly speculative character, oil stock predominating. This corporation evidently is intended to function as a sort of investment trust and trading company.

V. Transamerica Public Utilities Holding Company

Owns 29% of General Telephone and Electric Corporation, which in turn owns 100% of Associated Telephone & Telegraph Company.

VI. Transamerica Service Company.

This is a small corporation operating as a purchasing organization for the purchase of supplies, blank checks, etc. It engages in no financial operations.

May 6, 1931

TRANSAMERICA CORPORATION

BALANCE SHEET

(000 Omitted)

Investments	As reported <u>12/31/30</u>	T.C. Figures 3/31/31 <u>Bank Values At Book</u>	Allowed Figures <u>5/1/31</u>
Trans. Bk. Holding Company.....	1,050,334	223,864	171,251
Inter-Continental Corporation...	38,136	15,818	1,000 ?
Trans. Ins. Holding Company	8,553	6,572	6,572
Trans. Mtg. Holding Company	4,051	3,638	- - -
Trans. Service Company.....	20	20	20
Trans. Public Util. Holding Co..	<u>- - -</u>	<u>7,500</u>	<u>4,000 ?</u>
Total Investments.....	1,101,095	257,412	182,843
Due from Affiliated Companies.....	9,717		8,800
Cash	6,159		130
Miscellaneous	<u>210</u>		<u> </u>
Total Assets	1,117,192		191,773
 Liabilities			
Accounts Payable (Dividends)..	6,185		25
Capital (\$25 par 23,823,413 shrs)	595,585		191,748
Paid in Surplus	511,257		
Profit & Loss Surplus	<u>4,164</u>		<u> </u>
Total Capital Funds	1,111,006		191,748
	<u> </u>		<u> </u>
Total Liabilities	1,117,191		191,773

GENERAL ACCOUNTS
 FEDERAL RESERVE BANK OF ST. LOUIS
 FEDERAL RESERVE BANK OF ST. LOUIS

Telegram
Federal Reserve Board
Washington

January 8, 1932

Newton and Calkins - San Francisco

At its meeting today the Federal Reserve Board considered the situation with respect to the contest now going on for control of the holding corporation that owns substantially^{all}/of the stock of the Bank of America National Trust and Savings Association. The feeling of the Board is that already the publicity that has taken place and the court actions that have been instituted have adversely affected not only the welfare of the bank but, because of its magnitude, the banking and business interests generally of the territory served and, indeed, have been a disturbing factor in general banking confidence throughout the country. The Board feels that not only would the Federal Reserve Bank of San Francisco be justified in using its friendly offices to the fullest extent in this situation, even though not a part of its official duties, but that the public has a right to expect the officers and directors of the Federal Reserve Bank of San Francisco to intermeditate in the situation. While the Board appreciates that you are in the best position to determine what should be done, it nevertheless suggests that the Federal Reserve Bank of San Francisco, at the proper time and in the discretion of its management, may properly call into conference the representatives of the two factions and make every effort to bring about a composition of the existing differences as promptly and as conclusively as possible and endeavor to remove existing or prospective adverse actions affecting the welfare of the bank and the banking position of your community. If such conferences fail of prompt and satisfactory results, the Federal

Newton and Calkins (2) January 8, 1932

Reserve Board suggests as a further possible course of action that a group of men commanding public confidence be invited to confer upon the situation. Because of the grave public interests involved, the Board feels that such a group may properly be asked to intervene and use their good offices to assist in composing existing differences. The Board takes this action solely in the public interest and the suggestions made have neither been initiated nor suggested by any of the parties to the controversy referred to.

Morrill

WHEREAS, two factions are striving for control of the holding corporation that owns substantially all the stock of the Bank of America, N.T. & S.A., which in turn affects the future of the management of the Bank, and through ~~the~~ publicity and Court action has already adversely affected not only the welfare of the Bank, but because of its magnitude, also the banking and business interests generally of the wide territory served.

THEREFORE BE IT RESOLVED that the Board requests Governor Calkins immediately to call into conference the representatives of the two factions and in conference with Chairman Talley of the Board of Directors of the Bank, make every effort to compose their differences immediately and conclusively in such manner as shall remove existing or prospective adverse effect upon the welfare of the Bank and of the territory served; and if such conference fail of satisfactory result that Governor Calkins so report to this Board, and thereupon invite a group of men commanding public confidence, and of known outstanding character, having no partisan interest in these factional differences, to intervene because of the grave public concern involved, and to use their good offices to compose such differences, failing which they will make report of their conclusions to Governor Calkins ~~for~~ ^{with} further suggestion ^{for} ~~and~~ action.

The practical course is:

- (1) Factions to agree on nominees for Trans America, with the Eastman committee or others nominating the balance of power, or nominating a majority of the Board (effective at once) with agreement that all proxies will be ~~assigned~~ ^{assigned} to a disinterested assignee who will agree to vote for their re election on July 15th unless otherwise directed by representatives of both factions, and that at once
- (2) the ~~Trans America~~ Bank Board be named by agreement or through the committee, entirely

of Californians, Mr. Walker retaining (his
agreement so far as Bank is concerned)

(3) new nominees of bank board to be
approved by Mr. Talley, it being understood
they too are to be elected for the next year
and are to be in harmony with Mr.
Talley and support him; and that

(4) if the representatives of the factors
cannot agree, then they leave to
the Eastern committee or some other
they agree upon to dispose of their
differences

The situation is so critical and so
tremendously important, I think the
Board justified in going to any
length informally to ~~settle the~~
that may be necessary to enforce
peace; and from what I hear
such a way out will secretly be
welcomed by somebody or somebodies
who cannot well retire voluntarily
from position assumed - and save
their face

*Eastman
Wallace Alexander
Archbishop*

The practical course is:

- (1) Factions to agree on nominees for Trans-America, with the Eastman Committee or others nominating the balance of prices, or nominating a majority of the Board (effective at once) with agreement that all proxies will be assigned to a disinterested assignee who will agree to vote for their reelection on February 15th unless otherwise directed by representatives of both factions, and that at once.
- (2) The Bank Board be named by agreement or through the Committee, entirely of Californians, Mr. Walker retiring. (He is agreeable so far as Bank is concerned.)
- (3) New nominees of Bank Board to be approved by Mr. Talley, it being understood they too are to be elected for the next year and are to be in harmony with Mr. Talley and support him; and that
- (4) If the representatives of the factions cannot agree, then they leave to the Eastman Committee or some other they agree upon to dispose of their differences.

The situation is so critical and so tremendously important, I think the Board justified in going to any length informally that may be necessary to enforce peace; and from what I hear, such a way out will secretly be welcomed by somebody or somebodies who cannot well retire voluntarily from position assumed -- and save their face.

*(Left by Mr. Paul Shoup
Jan. 8/32)*

Transamerica Corporation

OFFICE OF
CHAIRMAN OF THE BOARD

*Confidential
file*

44 Wall Street,
New York City,
January 22, 1932.

Honorable Eugene Meyer,
Governor, Federal Reserve Board,
Washington, D. C.

Dear Governor Meyer:

Referring to our conversation yesterday about the indebtedness of the Bank of America, N.T. & S.A., I give below the figures as of yesterday, January 21st:

Bills Payable at Federal Reserve.	\$51,000,000.
Bills Payable to New York Banks on \$25,000,000 credit.	17,600,000.
Due to National Credit Corporation.	10,500,000.
<i>in course</i> Other Bills Payable against Mortgages and cost of sale to Metropolitan Life.	<u>5,000,000.</u>
Total - - - - -	\$84,100,000.

The Bank also has repurchase agreements, presumably on Government Bonds, amounting to \$8,100,000. Adding this to the above makes a total of \$92,200,000.

In addition, the Bank is short in its reserve required at the Federal \$12,200,000.

I trust this gives you the information you desire.

I appreciate very much the time you gave me yesterday. Am leaving for the Coast probably tomorrow night and will make a last effort to see if anything can be done to solve the present unfortunate situation.

With kindest regards, I am,

Yours very sincerely,

Elisha Walker

Elisha Walker



TELEGRAM
RECONSTRUCTION FINANCE CORPORATION
WASHINGTON

February 1, 1932

Calkins - San Francisco

You are requested immediately to communicate the following message verbatim to Transamerica Corporation at San Francisco and to Associated Transamerica stockholders QUOTE The contest now in progress between Associated Transamerica stockholders and Transamerica Corporation for proxies which will control the election of directors at the annual meeting of shareholders of Transamerica Corporation on February fifteenth has proceeded to a point where the conflicting aims of the opposing groups affect adversely the public interest STOP Under ordinary circumstances the selection of directors of a corporation should be left to the unrestricted choice of its shareholders STOP But the conditions surrounding the present controversy, the importance of the interests controlled by Transamerica Corporation, and the manner in which the campaign for proxies has been conducted by both groups as well as the effect which further controversy of this character may have upon the important interests not directly engaged in the fight for proxies, impel us to the conclusion that in the public interest the selection of the board of directors should be removed from controversy and entrusted to impartial hands, with the view of selecting a board that will represent no single group, but all stockholders and the general public STOP We, therefore, strongly urge the unqualified adoption by both groups of the following plan COLON Transamerica Corporation and Associated Transamerica stockholders shall each select one member of a committee of three, the third member to be

OFFICIAL BUSINESS
GOVERNMENT RATES
CHARGE RECONSTRUCTION FINANCE CORPORATION

TELEGRAM
RECONSTRUCTION FINANCE CORPORATION
WASHINGTON

Calkins - Page 2

agreed upon by the two thus selected, or in case they do not agree, the third member to be named by some individual or public body agreed upon by them for this purpose STOP The committee so selected shall be authorized by both groups to nominate the directors of Transamerica Corporation who shall take office February fifteenth STOP The representative selected by Transamerica Corporation and the one selected by the Associated Transamerica stockholders shall each have the right to veto one selection for such nomination agreed upon by the other two to serve on the board of directors STOP Both groups, i. e., Transamerica and Associated Transamerica stockholders, shall agree to vote all proxies held or which may be obtained for the board so nominated STOP The matter is one of such great public moment that it demands your immediate consideration and your early acceptance of the foregoing, which to be effective must be without qualification STOP Kindly transmit your answer to the Governor of the Federal Reserve Bank of San Francisco STOP UNQUOTE If the parties to whom this message is delivered do not agree to the plan ^{ed} suggests ^{promptly} after having a reasonable time to consider it, you should notify us ^{if it then seems desirable,} immediately so that we may authorize you, ^{to} without unnecessary delay, to give ^{the} this message to the press in order that the stockholders and the public ^{may} shall understand the situation well in advance of the stockholders meeting STOP ~~In offering this proposal, the Federal Reserve Board and the Reconstruction Finance Corporation are moved by a sense of public duty in the situation and therefore believe that the~~

OFFICIAL BUSINESS
GOVERNMENT RATES
CHARGE RECONSTRUCTION FINANCE CORPORATION

*Federal Reserve Board
R. F. C.*

C O P Y

February 3, 1932

Calkins - San Francisco

Replying to your telegram of today, please convey the following to Associated Transamerica stockholders QUOTE The Federal Reserve Board and the Reconstruction Finance Corporation submitted a definite and simple plan which simply protected all stockholders, as well as the public interest, and was intended to end the unfortunate contest now proceeding STOP Under existing circumstances, no other plan fully meets the requirements of the situation STOP There is no time for protracted negotiations or discussions STOP We therefore request the Associated Transamerica stockholders to let us know at once whether they accept or reject the proposal as made, and express the hope that a prompt acceptance may be forthcoming UNQUOTE

Federal Reserve Board

Reconstruction Finance Corporation

COPY

113 gb

San Francisco 9:53 a.m. Feb. 3,

(1932)

Governor Meyer

Washington.

Transamerica corporation reply your message February second quote Fully realizing as we do the seriousness of the situation we accept without qualification the plan proposed by you unquote Associated transamerica stockholders reply quote On January twenty ninth nineteen hundred thirty two in response to a communication received from the Honorable J. W. Pole, Comptroller of the Currency, dated January twenty eighth nineteen hundred thirty two, wherein he set forth a plan somewhat similar to the one suggested by you, we expressed our willingness to cooperate in an endeavor to compose existing differences. We set forth in detail a plan of proportionate representation which we consider would be acceptable to the holders of a majority of the outstanding shares of transamerica corporation stock represented by this association and which was eminently fair to the minority. Up to date we have received no response from Mr. Pole other than an acknowledgment of the receipt of our letter, together with the statement that a copy thereof has been transmitted to Transamerica Corporation for its consideration, and enclosing a copy of transamerica corporation reply to Mr. Pole. We assume that you are not familiar with the contents of our communication and so that you may be fully informed, we are attaching hereto a copy thereof. This plan should be acceptable as it gives an equitable representation to all of the stockholders and if accepted, would insure the selection of a board of

Sheet 2 Meyer. San Francisco

directors representative of their will. We are prepared to submit our proxies immediately, as outlined in our letter to Mr. Pole, and thereby make possible the announcement forthwith of the termination of the controversy in the interest of all concerned. unquote. May I suggest that Board and Corporation immediately wire message to be delivered to associated transamerica stockholders today substantially quote your reply dated February second to our message same date is equivocal, evasive and not responsive to our proposal. We are entitled to and demand prompt unqualified acceptance of our proposal or unqualified rejection of our proposal unquote

Calkins

1:18 p. m.

COPY

140gb Rush

San Francisco Feb 4 95lam

Governor Meyer.

Washington.

Substance of reply received from Associate Transamerica stockholders this day follows quote We must again express our deep regret that the present management of Transamerica remains inflexible and unwilling to accept the very equitable and practical plan for the selection of a Board of Directors which associated transamerica stockholders transmitted to the comptroller of the Currency under date of January twenty ninth nineteen hundred thirty two, and which was transmitted to Federal Reserve Board reconstruction finance corporation under date of February second nineteen hundred thirty two. In this connection we have no hesitation in stating that a very heavy responsibility rests upon the present management of Transamerica in its determination to carry out its present program, regardless of the desire of the owners of a majority of the stock of that corporation. We have asked for and received a very definite commitment from the members of our association who hold a majority of the stock of transamerica corporation. The plan submitted by you is widely at variance with that commitment, and we cannot without violating our trust accept it, furthermore, in our opinion, that plan will not protect the stockholders or serve the public interest or meet the requirements of the situation. We are convinced that any plan which would deprive the stockholders of transamerica of their legal right to select its board of directors will not only meet with the resentment of the stockholders, but likewise with public disapproval. The stockholders of Transamerica corporation

alone are authorized to determine for themselves by whom the corporation shall be governed and its policies determined. They have a right to expect that the agencies of government shall not attempt to disfranchise them, in the selection of a board of directors, by imposing upon them methods other than those prescribed by law, and which cannot be considered as other than autocratic. Unquote.

Calkins

117p

COPY

113 gb

San Francisco 9:53 a.m. Feb. 3,

Governor Meyer

Washington.

Transamerica corporation reply your message February second quote Fully realizing as we do the seriousness of the situation we accept without qualification the plan proposed by you unquote Associated transamerica stockholders reply quote On January twenty ninth nineteen hundred thirty two in response to a communication received from the Honorable J. W. Pole, Comptroller of the Currency, dated January twenty eighth nineteen hundred thirty two, wherein he set forth a plan somewhat similar to the one suggested by you, we expressed our willingness to cooperate in an endeavor to compose existing differences. We set forth in detail a plan of proportionate representation which we consider would be acceptable to the holders of a majority of the outstanding shares of transamerica corporation stock represented by this association and which was eminently fair to the minority. Up to date we have received no response from Mr. Pole other than an acknowledgment of the receipt of our letter, together with the statement that a copy thereof has been transmitted to Transamerica Corporation for its consideration, and enclosing a copy of transamerica corporation reply to Mr. Pole. We assume that you are not familiar with the contents of our communication and so that you may be fully informed, we are attaching hereto a copy thereof. This plan should be acceptable as it gives an equitable representation to all of the stockholders and if accepted, would insure the selection of a board of

Sheet 2 Meyer. San Francisco

directors representative of their will. We are prepared to submit our proxies immediately, as outlined in our letter to Mr. Pole, and thereby make possible the announcement forthwith of the termination of the controversy in the interest of all concerned. unquote. May I suggest that Board and Corporation immediately wire message to be delivered to associated transamerica stockholders today substantially quote your reply dated February second to our message same date is equivocal, evasive and not responsive to our proposal. We are entitled to and demand prompt unqualified acceptance of our proposal or unqualified rejection of our proposal unquote

Calkins

1:18 p. m.

C O P Y

February 3, 1932

Calkins - San Francisco

Replying to your telegram of today, please convey the following to Associated Transamerica stockholders QUOTE The Federal Reserve Board and the Reconstruction Finance Corporation submitted a definite and simple plan which amply protected all stockholders, as well as the public interest, and was intended to end the unfortunate contest now proceeding STOP Under existing circumstances, no other plan fully meets the requirements of the situation STOP There is no time for protracted negotiations or discussions STOP We therefore request the Associated Transamerica stockholders to let us know at once whether they accept or reject the proposal as made, and express the hope that a prompt acceptance may be forthcoming UNQUOTE

Federal Reserve Board

Reconstruction Finance Corporation

COPY

San Francisco, Calif., February 5, 1932.

Eugene Meyer, Chairman

Reconstruction Finance Corporation.

I have delivered to Transamerica Corporation here written demand that they immediately make good or adequately secure 36 million dollars unsatisfactory assets in bank subject to existing lien thereon. Time being such a vital element I suggest that my demand be supported by a statement from you as Chairman, Reconstruction Finance Corporation, to Transamerica in New York, N. Y., that action on part of their Board, promptly complying with my demand, seems vitally necessary step. This I believe fully justified in view of your Corporation's position as potential creditor step. It would be helpful if you could consistently communicate your views to Walker by telephone in order to enable him more readily to obtain essential Board action before regular meeting next Wednesday.

J. W. Pole