

JUL 20 1950

Honorable Thomas E. McCabe, Chairman
Board of Governors of the
Federal Reserve System,
Washington, D. C.

Dear Mr. McCabe:

Permit me to comment on your letter of July 3, 1950, addressed to the Comptroller of the Currency, a copy of which was attached as an exhibit to your affidavit to the United States Court of Appeals.

I believe it is pertinent to point out that the Comptroller's memorandum to the then Secretary of the Treasury, which was turned over to the Board of Governors in confidence, was dated August 1945. In short, the memorandum related to a situation which existed five years ago. It is a truism to point out that intervening events often interfere to alter opinions and conclusions grown stale through the passage of time. This particular case supports that precept. As the Comptroller has pointed out to you, between 1945 and 1950 there has intervened a drastic reduction in Transamerica's holdings of Bank of America, and the death of Mr. A. P. Giannini, whose forceful personality as Chairman of both Boards was largely responsible for the hypothesis of an identity of interest between these two institutions. In addition, the Comptroller also informs me that since the preparation of the confidential memorandum above referred to there has been a marked amelioration in the Bank of America's attitude toward supervisory authority.

All these factors contribute to outmode and render inappropriate your quotation from the Comptroller's confidential

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memorandum to Secretary Vinson. I feel constrained to add that the Treasury does not release to the public confidential correspondence and memoranda between federal agencies; nor does it believe that the practice of making public such memoranda contributes toward the frankness which should exist between the agencies.

Very sincerely yours,

(Signed) JOHN W. SNYDER

Secretary of the Treasury

7/20/50 File to Mr. Delano