

INTERVIEWEE: WILLIAM B. CAMP (TAPE #1)

INTERVIEWER: DAVID G. MC COMB

DATE: December 12, 1968

M: To start off, Mr. Camp, I would like to know where you were born and when.

C: Mr. McComb, I'm proud to tell you that I am a native Texan. I was born in Greenville, Texas, November 25, 1913.

M: And then you got your college education where?

C: I moved from Greenville, to Houston, and finished high school at San Jacinto High School in Houston and Baylor University in Waco.

After leaving Baylor I came directly to Washington. My father was with the Securities Exchange Commission here.

M: Let me interrupt you here--you got a degree from Baylor?

C: I didn't finish Baylor.

M: You didn't finish Baylor. Did you have a major?

C: I had a major in accounting.

M: And then you came to Washington?

C: Right.

M: Those were hard times.

C: Those were very hard times. Almost every Congressman's office was filled to capacity with people beseiging them for jobs.

M: This was 1933?

C: No, I came here in 1935.

M: Oh, you came in '35.

C: '35. Mr. Rayburn, who was then Speaker of the House, sent me down to this office out of the goodness of his heart. He had nothing to gain politically,

but in one of his many untold acts of kindness, sent me down here in February of 1937. He just merely picked up the telephone and made a call and said to me, "You go down there tomorrow and they will have a job for you." From time to time I would see Mr. Rayburn, quite naturally, and he always called me "Bacon" because that's my middle name. He said, "Bacon, are you getting along all right in the Comptroller's Office."

I said, "Yes."

He said, "Well, if you ever get in any trouble, let me know."

I said, "Mr. Rayburn, if I ever get in any trouble, you'll be the last man I'll ever let know." He was a great fellow.

M: So what was your first job here?

C: I started out in the Comptroller's Office in the file room, started out as a file clerk.

M: Is that literally at the bottom?

C: That was really at the bottom. That is correct. As far as I know--this office is about one hundred and five years old now, and I say this in all humility to you--I am the first Comptroller who has ever come up from the ranks as a career man; and I will say that my appointment by President Johnson, I think, is further recognition that he is recognizing career people in government. It has certainly proved a great boom to our recruiting program.

We have men stationed strategically throughout the United States who do nothing but visit colleges and universities in an endeavor to attract to this office the most capable people. It's a highly competitive market, so to speak, and I don't know of anything that has helped us as much as the President's appointment of me. Because when we speak to young

people they ask, "Well, how far can we go?"

Our recruiters say, "Well, the present Comptroller started out with us in the file room, and he is now Comptroller. So there is no limit to how far you can go."

M: Was this usually a political appointment then?

C: Well, no, this office has been about as free of politics as any office in the Federal Government. We do not exist on public funds. Our operation is financed by assessments against the national banks, so that no appropriations feature comes into the picture. So politics has largely been out of it.

M: Now, you are appointed for a set term, are you not?

C: Appointed for a five-year term and under the statute the Comptroller is a very, I think, a very unique individual in government. It's a five-year term and you can only be removed by the Senate for reasons which have to be conveyed to the Senate by the President.

M: You can only be removed by a vote of the Senate?

C: That's correct, for reasons that have to be conveyed to the Senate by the President.

M: I see.

C: Theoretically, if you are leading a clean life and doing a good job and have an entirely unblemished record, if a President called the Comptroller and said, "I would like your resignation," he can just tell him, "I'm sorry, but I'm not disposed to give it to you." And there would be nothing really that could be done about it.

M: What's the reason for this unique position?

C: I really don't know. I really don't know.

M: It does seem unusual.

C: It is unusual. As a matter of fact, the whole office, in my opinion, is unusual because if you think about it, it's the only regulatory body in the government structure that I know of which is vested in one man. The Federal Reserve is a board, the FDIC is a board, the Federal Trade Commission is a board, the Securities and Exchange Commission, all the others, the Federal Power Commission, they are all boards.

This office has a very interesting history. The picture on the wall here is Mr. Hugh McCullough, who was the first comptroller. He was later, on two later, different occasions, Secretary of the Treasury. He was a private banker in Indiana. He came here originally to oppose--today we would call him a lobbyist and maybe that's what they called him then--he came here originally to oppose the National Currency Act, and he stayed on under that act to become the first Comptroller.

Well, the comptroller is required by statute to make a report, an annual report, to be delivered to the Speaker of the House, and in Mr. McCullough's first report, he was so critical of the whole operation of the National Currency Act that it really resulted in the rewriting of that act into the National Bank Act.

This gentleman behind you, is Charles Dawes, who was Comptroller and later a Vice President of the United States. This gentleman here is Mr. Preston Delano, whose term as Comptroller far surpassed any other comptroller. He was kin to Franklin Delano Roosevelt, as you may surmise by his name. So he was comptroller almost fourteen years, as I recall, which is the longest term of any comptroller. Since the inception of this office in 1863, there have been twenty-two comptrollers; I'm the

twenty-second. Some have been colorful; some have been listless; some have been innovators like Mr. Saxon and then some have been controversial like Mr. Saxon.

M: But you have been the first career professional.

C: Yes sir, that is correct, as far as I know.

M: Okay. You started in the filing cabinets. When did you go from there?

C: Well, I went from there to the finance section and stayed in the finance section about a year. In 1938--I believe it was March of '38--I went out on the road as an assistant examiner in national bank receiverships. There were still a lot of banks in liquidation from the early thirties. I spent about three years in that capacity, and nothing has ever given me--I just could not have gotten that experience anywhere else.

M: This is what--the late 1930's.

C: This was in 1938.

M: The banks were still in trouble?

C: They were still closed. They had been closed in '33, but they were still liquidating, you see.

M: I see.

C: The last receivership closed bank that I was in was the First National Bank of Detroit which was one of the largest receiverships. That had been in liquidation--I left there in March of '41. It had been closed in '33 and it still had a lot of liquidation to do. That's quite an interesting story, if I'm not talking too much about that.

Senator Couzens, from Michigan, was quite a powerful Senator in those days and he had been an original partner of Henry Ford's. Somewhere along the line they had a cleavage, a very deep cleavage, and Ford bought

Couzens out for really a substantial fortune. But as the Ford Motor Company grew and progressed, Couzens became more bitter because although he did receive a fortune for his share, he recognized that maybe it was a mere pittance in light of the potential of the Ford Motor Company. So in the 1930's, when Couzens was still in the Senate, it is thought by many--and I am one of those--that Senator Couzens was instrumental [in] blocking federal aid from the Reconstruction Finance Corporation to the First National Bank of Detroit, which would have kept the bank open.

See, the Ford Motor Company had a lot of money and Couzens thought, "Well, if that bank closes and the motor company has to take its place in line with all the other creditors and wait for liquidation over the years, that will put a real squeeze on them." There's quite a story there, and I don't have any doubt that Couzens was largely instrumental in the bank not getting the help from the Reconstruction Finance Corporation which would have kept it open. The bank later paid off about one hundred and eight percent, and the shareholders got something back, which is pretty good evidence that it never should have been closed in the first place.

M: So when you liquidated, then, it came out all right.

C: It came out all right, but still, as is the old saying "There is an ill wind which blows nobody good," and the ill wind which really blew that one good, I would say, was Pearl Harbor. Now, many of the assets that that receivership still had on its books were small industrial plants, and residential properties, which, when the war build-up came prior to and after Pearl Harbor, they became "hot articles," so to speak on the market. They just liquidated them right off.

M: Well, if that bank had been liquidated earlier, then, the stockholders might not have gotten a thing.

C: Well, they may not have if it hadn't been for Pearl Harbor, you might say--and the war effort--they may not have gotten that much back.

M: Now, did you work to try to reopen some of these banks, too?

C: That was all done during the bank holiday. I was in Baylor University at the time. It happened to come at the spring term. The bank examiners then--as you know, Roosevelt had declared a moratorium, and it made no difference whether you had money or didn't. That was a great "Leveller" you might say, during that period.

The first note I ever signed in my life was at Baylor University because I had no money and even if I had it, I couldn't have gotten it. So they just lined up the students and they had somebody sitting behind a desk with a pad of blank notes and you just signed a note for your tuition. But to answer your question a little more specifically, they did go into a number of banks--probably went into all of them--and those that were, after examination, found to be sound asset wise, they allowed to reopen. Many of them never did reopen. They closed them.

M: So you were in sort of the mopping up operation.

C: Yes, sir, after they closed and began the liquidation process--it took many years in some cases--I was an examiner who went into those banks to see if the receivers were collecting the maximum amount of money.

M: That must have been a tough job.

C: It was a tough job, and I think it has a little bit of humor to it. When an examiner is examining a closed bank, he takes a position that is almost diametrically opposed to the position that you take when you are examining an open bank.

M: You better explain this.

C: All right. You are a receiver of the bank. I am the examiner. I say to you, "Mr. McComb, how about this loan to John Jones."

You say, "Oh, Mr. Camp, I have done everything in the world to collect that loan." I'll ask you what legal steps you may have taken, and you say, "Oh, I've done that." And we'll explore the whole thing.

And I'll say to you, "I think that loan's good, and I'm going to list it in my report as good."

And you say to me "Don't list that; I can't get it. I've tried everything." But what I was doing is putting you on record to Washington to spur you on more or less, because I thought the loan was good. Do you follow me?

M: Yes, I follow you.

C: Now, when you go into an open bank, it's a different thing. You'll try to defend a loan as being good that the examiner doesn't think is good and doesn't think it ought to be on the books, and he says, "No, you have to write that one off; you can't carry it as an asset." So the approaches are very different.

M: Well, then you worked at liquidating banks for three years. Did that bring you up into the war period then?

C: Yes, that's right, and I was not in the service. I was my mother's only sole source of support. In March of 1941, I went to Philadelphia, and I was there until about September of '46, when I came back here to Washington.

M: This is at a branch of your office.

C: Well, that's right. At that time, the country was divided into twelve

districts. Philadelphia was the headquarters of the Third District. Now, our operations are now divided into fourteen districts. We changed that. We've put a district in Memphis and we put one in Denver, but throughout those districts there are also subdistricts. For instance, in Texas, Dallas is the principal headquarters city, but we have offices in Houston and offices in Austin.

M: This sounds like you follow the Federal Reserve system.

C: Well, we did follow the Federal Reserve before the change. When we had the twelve regions, we were almost exactly the same as the Federal Reserve, but we don't follow them to that extent now.

M: I see. So you were at Philadelphia, and then you returned to Washington.

C: That's right.

M: This was in 194--.

C: I returned to Washington in September of '46, and about July of 1949, I was commissioned a full-fledged examiner. Now that entails a very comprehensive examination, both oral and written, here in Washington. No matter where you were stationed, once you are determined to be ready to take the examination, we bring you to Washington, put you through about three days of questioning which is recorded now--it used to be transcribed by a stenographer--and also is comprised of written questions.

Now this on the wall here, I don't know whether I can pick it up,-- I'm really quite proud of this. I hope you will understand that I am saying this in all humility to you. The credentials that I had when I was an assistant when I was in the Insolvent Division have somehow become misplaced. I'd give anything to have them. But here are the credentials that I had in March of '41 when I went out as an assistant to national

bank examiners.

M: That's an identification card?

C: That's my identification. And, this is the credentials I got in September of '49 when I was commissioned a national bank examiner. That's signed by Mr. Delano. This certificate is signed by John W. Snyder, who was then Secretary of the Treasury. Now this certificate right here is my commission from the President as Comptroller. That is something I am quite proud of.

M: That's your whole life right there, isn't it?

C: That's my whole life, that is correct. This picture is in the Cabinet Room of the White House before the surtax bill. That's me right here.

M: On the right of the President, Fowler on the left.

C: This is--I can't remember his name; this is Betty Furness; this is Mr. Wirtz, who is Secretary of Labor; this is Mr. Boyd--who is--no, this is Gardner Ackley who was the Economic Advisor; this is Mr. Freeman, Secretary of Agriculture; this is Mr. Boyd, Secretary of Transportation; This is Mr. Trowbridge, who is Secretary of Commerce, and a very brilliant young fellow, has heart trouble and he had to resign; this is Mike Greenebaum with the Federal Home Loan Bank Board; this is Mr. Driver, the head of the Veterans' Administration; and that's me and Secretary Fowler; and this is Larry O'Brien.

M: That's a nice picture.

C: It really is.

M: Okay. Now you are a fully commissioned bank examiner, and you continued your bank examination work.

C: That's right.

M: How long does this go on?

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- C: Well, I started out, and my first assignment I had what is known as subdistrict in Winchester, Virginia. You will see that that is 1949. About 1951, I was called to Washington, which is a wonderful assignment, I might say. It's one of the best, if not the best, in the country because the District of Columbia is very unique, banking-wise. It isn't a state, so that every financial institution in the District of Columbia, regardless of where it is chartered, and some are chartered outside the district, is in fact a national bank. One chartered in West Virginia, for instance; one is chartered in Virginia; the National Savings and Trust Company was actually chartered by an act of Congress. So every financial institution, meaning a bank, in the District, regardless of its title, is supervised by this office, which made it a very nice assignment because there was so much work here that there was very little travel involved. You could be home. So in 1952 I became the, what is known as the "chief examiner" for this area, and I had the responsibility of examining the national banks in Washington, and those in Baltimore.
- M: Now, your examination work is primarily what?
- C: Well, the examination of a bank has largely, you might say, three facets. Principally, it is to determine the liquidity and the soundness of the assets of the bank; it's an asset evaluation. It has audit features in it; it's not altogether an audit, but it has many features of an audit.
- M: Well, you have to judge the assets.
- C: That's correct. And then, also, you, of course, want to determine if the bank is complying with all the federal banking statutes. For instance, you may have a real estate loan to Nelson Rockefeller or any rich man you can name, but if it didn't meet certain standards as prescribed by the

statutes, it could still be an illegal loan--although it would be perfectly sound.

M: Do you judge personnel at all in such an examination?

C: Yes, we do. Management, the management factor is a very, is, of course, one of the very stable factors. There is an old saying in banking that "too much capital in the hands of bad bankers, is worse than not enough capital in the hands of good bankers."

M: So you look at the officers?

C: That's right. We look at the asset structure; we look at the earnings; we look at the management; we look at the future prospects of the bank.

M: Which means knowing something about the company side in which it operates.

C: That's right.

M: Environment.

C: That's correct. Also we look at the ownership characteristics, whether the stock is widely distributed or whether it's closely held. All those features we go into.

M: And if you find, say, an illegal loan, what do you do?

C: Well, we set it up on page two of the report, which is really the most important page, as a violation. These reports are required to be reviewed by the directors, and it has to be entered into the minutes of the bank that the directors have actually received and reviewed this report. So if there are a substantial number of violations, we would naturally follow this up by a letter from our regional office and later by a second letter from this office as to what had been done to correct it.

M: And then do you have to go back and reexamine to make sure that it is done?

C: We don't do that if the bank is in good condition. We would examine it in

the normal turn of events.

M: This is what--twice every three years?

C: It's three times every two years. But if the bank is in unsatisfactory condition, we examine them much more frequently, as you can well understand.

M: In judging personnel, what do you look for?

C: Well, I think the personnel is largely reflective of the condition that you find the bank in. If you find, you might say, a "wheeler-dealer" type, you are going to find a lot of borderline loans and investments in the bank. Sometimes they become too earnings-conscious. On the other hand, and this is somewhat of a criticism in and of itself, you might find in certain communities where there is tight ownership--close control--an arch conservative, very arch conservative management, to the extent that they are really not performing the function they should be performing for the community.

M: Right. So what can you do about that?

C: Well, about all he can do there is to use "jawbone" on them. Naturally, if the bank is in good condition you can't be hypercritical, but you can sit down and say that "this doesn't look like that you are doing the job th that you ought to be doing in the community." You have to sit down and have a general discussion really to determine that because there are some areas in the country that we call--well, I don't know what the name would be for them--say in regions of West Virginia, where coal mining has been the only source of income or the principal source and the mines have closed down, so that you might go in a bank in those areas, and surprisingly enough you would find a full volume of loans, but they are not loans that originated in that community. The bank had to buy them from somewhere

else. You can't be hypercritical about it because it is plainly evident that there is just no loan demand there. So each one really has to be judged on its own merit.

M: Now, does federal policy filter down to a bank examiner. Say, for example, you are in a recession and the government wants to make funds more liberal and easier to get. Does this come down to you at that level?

C: No, it really doesn't.

M: You are more concerned with the statutes?

C: We are concerned with the liquidity and the soundness of the bank. In other words, our responsibility is really, first, to the depositors and, secondly, to shareholders and you might say, thirdly, to the Federal Deposit Insurance Corporation. We have to keep all that in mind.

M: Right. Okay, well, this brings up another point.

C: But it's quite natural that where you would find, as you do from time to time, some depreciation in government bonds that a bank may own, we don't criticize that.

M: Well, now, how do you work with the Federal Deposit Insurance Corporation?

C: The Comptroller is a statutory member on the board of directors of the FDIC, so that I attend all the board meetings. And I have a man over there to represent me at the staff level and in all the preliminary work that goes into the preparation of the agenda, and just all the background behind the agenda. I work very closely with Mr. Randall. He and I have had a very fine relationship. Now speaking quite frankly to you, Mr. Saxon didn't get along very well at all with the FDIC. He was roundly criticized for not going to the board meetings. He sent one of the deputies over, and he also had his battles with the Federal Reserve.

M: Well, we'll get to that in a minute. Well, now, does the FDIC also send out examiners?

C: Yes, but they do not examine national banks. They accept our examination reports. We furnish the FDIC, at their request, any examination report they want. We also furnish the Federal Reserve one examination a year, for which the Federal Reserve pays us. I think we got about four hundred thousand dollars last year from the Federal Reserve for examination reports that we furnished them.

Now, we have an arrangement with the FDIC. Any bank that we have on our so-called "problem" list--and there are always, traditionally a number of them--we just automatically send those reports over to the FDIC. That's the arrangement we have with them. Of course, any bank that they want to make--any report that they wish they can have even if they are in A;1 condition. We have no compunctions about it, though it would be a waste of time to send a report over on a bank that is in obviously very fine condition.

M: As far as the individual bank is concerned, they could expect an examination from you, from your office and from no one else?

C: If it is a national bank. We also examine the branches of banks overseas, and I don't know that I am exactly correct on the figure on this, but I think now that the number of branches overseas of American banks is three hundred and over ninety percent of those are national banks. We have examiners who do nothing but travel all over the world examining those branches, and the last figures I saw there was on deposit in American banks overseas about fourteen billion dollars. Now, I think that's more money on deposit overseas than all of the states except seven--obviously New York, California, New Jersey, I can't remember all seven--but that is

a tremendously growing trend.

M: What happens in a situation like that where you have strong overseas branches and you get into the balance of payments problem?

C: Well, it doesn't affect us because, again, we are really still looking for asset soundness, you see. But what really does happen is the liquidity squeeze--which was in August of '66. There almost was a banking crisis in this country, and I don't believe anybody really realized until after it was over how close it was. I know we as supervisors probably didn't and a lot of the bankers didn't. It's sort of like going over a cliff in a car and not getting scared until you come home and sit down and get to thinking about it.

But what the larger banks in the East did was, they went to Europe in their branches and got what we call "Eurodollars." As a matter of fact, any American dollar that is on deposit overseas, no matter where it is on deposit--it doesn't have to be in Europe--is automatically termed "Eurodollar." That's the term for it. It could be in Japan and still be called "Euro-dollar." There was no restriction on what could be paid in terms of interest for those dollars, so New York banks, for a period there when liquidity was real tight, really bought "Eurodollars" for liquidity purposes.

M: This, of course, would show up in your examination books.

C: It shows up the liquidity, yes, indeed. It sure did. And this is, I think, is one of the most interesting periods we have had in banking.

M: Was this during the sterling devaluation?

C: No, just a credit squeeze in this country so the demand for credit was just such that the banks just couldn't generate the deposits locally to meet it, so that we had a liquidity formula--I won't go into it because

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it's complicated but the banks were just overloaned really. This fed all the way up from the smallest country bank. Well, it actually fed all the way right up the line to New York. For instance, you might have take-- say, we take a small bank in Texas. I'll make this a hypothetical case. But the agricultural area banks, really the small ones have been harder, affected by this also because the cost of farm machinery has gone up tremendously. So maybe a little bank somewhere in Texas already had a full loan portfolio and it was getting pressing demands from customers that they knew were good. So maybe they would call up the Republic of Dallas, let's say--I'm just using that name--which would have been a correspondent, what we call a correspondent of theirs, and say, "Listen, would you buy some participations from us. If we make these loans that we are now being asked to make, would you buy some participation? "

Well, if the Republic had room to maneuver, they probably would say, yes, they would--and in many cases did. Well, what happened then was, sometimes we will say that the Republic--now, I'm not referring to it specifically--it would find itself in the same position. It was overloaned, you see, and was getting the same loan demands. So probably they would go to New York to their big correspondent, and if New York helped out, which in many cases they did, why finally it fed all the way up the line to New York and then there was no place to go, you see--except New York banks were able to go to Europe.

M: As Harry Truman used to say, the buck stopped there.

C: The buck stopped there, that's right.

M: So they went to Europe to get--

C: They've got "Eurodollars," that's right. They really bought liquidity. That's right.

M: Is there any limitation to the number of overseas branches a national bank can have?

C: No, none. There are--I'm not really greatly versed in this--but overseas branching by an American bank has quite a number of, you might say, overtones. For instance, there are secrecy laws in some countries that cause some difficulties for us.

M: Is Switzerland an example of that?

C: That's right. It would be one. And then we had the classic case of a bank in the Middle East that had a branch in New York, close last year. I can't recall the name of that, but some of those countries have secrecy laws that are quite sensitive.

M: So if you went into an American branch, you are going to be subjected to the foreign nation's laws, too.

C: Well, that doesn't apply throughout the world. In some countries, it's very sensitive. For instance, in this one country, I can't remember--it's a Middle Eastern country, but I can't recall the name of it--they just asked our examiners not to come in there. It's perfectly obvious that we can't--and as I recall the State Department at the particular time said, "Well, if you could lay off of this for a little bit."

M: But you still have an obligation to examine.

C: We still have the obligation to examine, that is correct. Now, what you can do, and this isn't entirely satisfactory, but all of the banks which have overseas branches have a foreign department here in this country which really oversees the operation and has many of the duplicate records and supporting documents that you would find if you went into the branch overseas. So you can, to a degree, supervise by going into the foreign

departments here in this country, but that isn't wholly satisfactory.

M: Is there any problem with the American bank having most of its assets say overseas?

C: There's really no problem there. I don't know of a case of that sort. And Senator Javits last year introduced a Foreign Bank Branch Act. In other words, it's gotten to be of somewhat more than the usual interest, but what it originally proposed was that any country could have one so-called "free branch"--one--in any state in this country. Well, that set off a storm right off because Texas, for instance, Texas has no branch banking, and they said, "Well, hell, this is going to get somebody's foot in the door to branch banking in Texas. Why should we let a Canadian bank or a French bank or an English bank come down to Texas and have one branch, you see." Some of the states do allow it. New York has a number of foreign branches.

Really, the most satisfactory type of foreign operation in this country, in my opinion, is in California. There they require that you charter a bank in California so that you've got dedicated capital and you've got local directorate and then that particular bank can have branches. You follow me?

M: Yes.

C: I've testified on this. I would not in any way want the responsibility if that bill ever passed. I would not take the responsibility of examining a branch of a foreign bank in this country because in my mind it would be meaningless--unless you could examine the main office which we would have no authority to do, say, if it were a French bank. You follow me?

M: Yes.

C: Because the principal asset on the branch statement could well be "Due from Main Office." It could be an item due from main office. But unless you knew the condition of the main office, it's meaningless.

M: Is there any evidence that banks try to dress up their books when they know you are coming?

C: No, not when they know we are coming, if you mean they inflate totals and that sort of thing. There is some feeling in some quarters that some banks endeavor to so-call "window dress" their statements at the end of the year. I do know that some of this goes on. But to some degree a considerable measure of it is not really the fault of the bank.

For instance, a bank may, a large bank will have any number of corporate accounts. I'm just picking a name here--General Motors, or Humble Oil, or any that you can name. They also want their statement at the end of the year to look real good, so they will have a tremendous cash deposit with the bank right over year-end. Do you follow me?

M: Yes.

C: That's something the bank has no control over.

M: Of course, now, in your examination, you go back in time. You can actually trace the banking process.

C: That's right. We have a very complete and continuing record of almost every major item in the bank.

M: So window dressing would be easily seen through by your examiners?

C: That's right. And even if it were so-called "detected," as long as the bank is sound assetwise, there really wouldn't be much you could do about it. The biggest complaint on that score comes from other bankers. In other words, if you've got three or four banks in a small town, particularly,

or even in a large town, and you've got three or four that are running pretty close to the same size, you know, they are naturally watching each other very closely. They will say, "This bank windowdressed; it did this; it did that," you know.

M: Is branch banking the problem to you?

C: Yes, it's a real problem to this office. We've got a number of cases in court on branching banking. We've got one in Utah now. Roughly about a third of the states allow no branch banking; about a third allow full branch banking, that is, statewide--

M: Like California?

C: Like California; and the remaining third allow what you would call a restricted form of branch banking. Now when you get into restricted forms, we have some trouble legally. For instance, in the Dakotas they don't even speak of them as "branches." They call them "paying and receiving stations"--paying and receiving stations. They say that they can pay checks and receive deposits and that's all they can do.

M: They don't loan?

C: They can't make any loans, that's right. There's where there becomes a major difference between this office and some of those states. This office takes the position that the functions of a national bank are prescribed by federal statute, so that when we issue a certificate for a branch--let's say in the Dakotas where these paying and receiving--, we issue a full-fledged certificate. If they want to make loans, that's their business.

We've been in court on this a number of times. The only restriction that we really recognize as far as the states are concerned are geographical

and capital ones. In other words, if--or a numerical one, some of the states will say that you can only have--they say a branch has to be at least fifteen hundred feet from the main office and it can't be less than five hundred feet from another. We have to recognize all that, and we do.

M: Does this given any problem in inspection?

C: Well, it does give some problem. We've just approved one, I believe, in Illinois. In any event, there was a question of its being challenged. It hasn't been challenged in court yet, but in the files it has been challenged by a competitor bank that the distance is not legal. Well, the applicant bank had gotten surveyors to make a survey. They certified that it is correct and they are willing to stand on it.

M: While we are on the subject, from your point of view, would you prefer to have federal regulation over branch banking rather than state?

C: I really would, and I don't say that in any biased way. I think that the--I'm speaking very frankly to you now--the state banking departments are largely in many cases, I'd say, politically oriented. The makeup of the examining personnel is politically oriented, and I don't think that you get the same degree of efficiency of examination and supervision that we give them in it.

M: From a little bit different angle--

C: We have some great difficulties also in the charter area of new banks. Of course, Mr. Saxon, as you know, chartered some six hundred--seven hundred banks, and I've been very conservative on chartering banks. But where we have a great deal of difficulty with state bank supervisors is this--now I'm going to point out that a lot of them are politically oriented. For instance, in the state of Florida--and you don't have to classify this--

the last report I had they had seventy-six applications on file for state banks, one of which dated back to 1956, and I was told the other day that it is now up to a hundred. I didn't see the list, but somebody from Florida said it is now up to a hundred.

Now, nothing would ever be done about the state application unless somebody filed for a national application in which event the banking commissioner very likely would pull out a 1956 application, and say, "Oh, I have one that predates yours." And we require that anybody who files an application with us has to go forward to document it fully, economically and financially and biographically and every way within thirty days. And we try to give them an answer in ninety days. We don't sit on them, but the states do. It's quite conceivable that you, if you were a well-known banker in a particular state, could drop into, informally, into a state banking commissioner's office and say, "Listen, I'm thinking about I'd like to have a branch out in a shopping center that's being built in my town," and he might say to you, "Oh, Mr. McComb, I don't think that that's quite ready for a branch yet; you're a little premature." He may make just a handwritten note that Mr. McComb came in today and stated that he was interested in the branch, such and such. You never file an application. So that as time goes on, and the shopping center is completed and obviously could support a branch, then a national bank may file for it, at which time the state banking commissioner will pull out this little informal memorandum saying that he's got an application that predates yours. We have all those troubles.

M: So national control would help straighten that out?

C: Well, I will say this to you, also in all humility, when I became Comptroller

the liaison between the Comptroller's office and the state banking commissions had almost broken down from under Mr. Saxon and I'm not saying that was altogether Mr. Saxon's fault, because he saw some of these things that I have mentioned earlier. But I had our field people contact all of these state banking commissioners and told them that we would inform them immediately when we got an application, and we would give them the information if we had an application for a new charter, or a branch at a stated location, but that it had to be a "two-way street" and that we were going to expect the same thing from them. In most cases, I'm pleased to say, that has worked very well.

M: Maybe we ought to catch up on your chronology. You were chief examiner here in Washington for awhile.

C: I was in charge of subdistrict "A", which comprises the Washington and Baltimore banks. Then I was brought into the office in January of 1961 as an assistant chief national bank examiner under Mr. Gidney, who was Comptroller then. Then in November of '61, Mr. Saxon became Comptroller, and in April of 1962 I was made a deputy Comptroller. In October of 1962 I was made First Deputy Comptroller. Now that's the highest career position you can obtain in the office.

M: Right under Saxon?

C: That's right. I had the office next to him right here. Normally that would be the highest career position until I became Comptroller, which obviously now this could be the highest.

M: Well, then, you were here through most of the period when Saxon was putting in his program?

C: That's right, I was.

M: Now, I'm aware that he was somewhat controversial.

C: I think "somewhat" is too mild. He was entirely controversial. But I will say--and I didn't agree with everything Mr. Saxon did, nor would he have agreed with me had I been comptroller; that's human nature--but many of the innovations that Mr. Saxon brought about, which were frowned upon generally, particularly by state bank supervisors for instance, the issuance of debentures being one, and trading in Federal funds, have now been enacted into law by the states. They recognize it. The state banks have said "We need it" and they recognized it and it has now been enacted into law. To that degree, many of the states, quite frankly, may be better off in a legal posture than we are because we did this by administrative ruling, you see, and they subsequently had it enacted into law for their state banks.

M: Well, now, what was John Saxon trying to do?

C: Jim Saxon?

M: Jim Saxon.

C: Well, my opinion is that Jim Saxon was under--and I stress this as my opinion--but I think that Jim Saxon was under instructions, as were others. For instance I think the Small Business Administration was under the same instructions from President Kennedy, to liberalize credit in this country. "Let's get more money out; let's get it working; let's put the money out." And we did, in my opinion, quite frankly, in the light of performance, we did, in my judgment, charter too many banks. A great many of the ones we have chartered have been problems from the very outset.

M: You said six-seven hundred new national banks.

C: That's right.

M: And compared to years before, this is an outstanding increase?

C: Oh, yes, there is no question about it. For instance, I think I approved about twelve last year. But I want to stress, also, that many of these banks--when you disapprove or approve a bank, it comes down to a judgment question. You could just as likely make a mistake by disapproving one as you could by approving one. It's a judgment factor, and some of the banks that Mr. Saxon approved have injected greater competition into the community. The banks that were already there, the existing banks, has actually redounded to their benefit because they've gotten "on the ball." They updated their lending procedures, and they've gotten more modern. So I think, now, this isn't criticism at all. I think one of the best banks that we chartered, actually was in Houston. That was the Capital National, with which you are probably familiar. Now that bank had a very dynamic man who was then the chairman of the board of Continental Oil, and a very fine group of young bankers. It has just been a wonderful experience. As far as I know, it had probably the largest opening day deposits of any new bank that we ever chartered. I think it had seventeen million dollars on opening day.

M: That's a nice way to start.

C: That's right. We've also pioneered almost exclusively the chartering of the so-called integrated or even all-Negro banks.

M: Was this under Saxon?

C: This was under both Mr. Saxon and myself. Mr. Saxon chartered one of the first. Do you live in Houston?

M: Yes, sir.

C: Well, one of the first was the Riverside National in Houston. We've chartered one in Dallas, one in Atlanta, one in New York City.

M: Is this due to presidential interest in civil rights?

C: Well, I think it's due to presidential interest in trying to give the Negroes a feeling that they can operate on their own. In my own judgment its aware the economic base would support it. I think it's a wonderful thing, just in public relations alone. If a Negro goes to a bank in a town where there are no Negro banks and he is declined for a loan--rightfully so on the basis of the facts--chances are he'll come out of the bank rather chagrined. But if there is a Negro bank in that town, and say after having been turned down by a white bank he then gravitates to the Negro bank and if it's being properly run, he's going to get the same answer there--"no." So he doesn't feel that he's being put upon in any way. This creates a better feeling, I think.

M: Did you get any Presidential directive or order saying that you ought to encourage this sort of thing?

C: No, I never have. I've talked to the President on a number of occasions about banking. I must say that he is very interested in banking, and the President stressed to me at the ranch in his bedroom before I came back on the plane--he was taking a nap--he said, "Bill, I want you to examine the banks very, very thoroughly. That's what I want. I want them examined." I think any President must have somewhere in the back of his mind that naturally he doesn't want anything to happen like what happened under the Hoover Administration. Mr. Johnson has been, he's just been very interested in banking, and he's insistent on good examinations. That's what he wants.

M: Now, did Saxon get into difficulty with the Anti-Trust Division of the Justice Department?

C: Well, yes, I wouldn't say get into difficulty. Of course, under the Bank Merger Act of '66 as revised, why, it is recognized that--I've got several suits against me in the Justice Department. I'm being sued in Nevada, being sued in Maryland, being sued in New Jersey, and maybe some other places. But that comes down to a judgment question, too.

M: How did Saxon get along with the FDIC?

C: He didn't get along with them very well at all. As I told you earlier, he didn't attend the meetings.

M: And they were offended by this?

C: Well, yeh, he sent deputies over to--

M: Did he treat the Federal Reserve this same way?

C: He was much more antagonistic toward the Fed than any other agency because the Federal Reserve up until recently has been, in my judgment, as far as their bank supervision very myopic and very outdated. Now, there was a conference last--I believe it was in June, I was supposed to be on the panel, but my mother had an operation and I couldn't go--in San Juan, Puerto Rico, in which Governor Mitchell on that panel said that as far as he was concerned the Fed had no real interest in banks. Chairman Martin, who was there, denied that, but the Fed just recently updated some of their policies. Now, one of the great topics of the day is conversions--banks leaving the state system and coming over to the national. And undoubtedly the reason for it is that because of the myopic view of the Federal Reserve on some banking questions. We just had the Wells Fargo Bank, which is a very large bank in California, convert into a national system.

The Wachovia Bank, which is in Winston, Salem, North Carolina, has converted. But there's no race on my part to draw the banks into the national system.

I recognize the dual banking system.

M: Let me get something straight. Now, I've always been told that all national banks have to belong to the Federal Reserve System.

C: They do; that is correct.

M: So when a state bank becomes a national bank--

C: It has to come into the Fed. That's right.

M: Now, wouldn't there be dual control then?

C: Well, there really has been dual control at that point, because as a national bank they have to be a member of the Federal Reserve. To divert a little bit, there has been a continuing trend of banks withdrawing-- state member banks withdrawing from the Federal Reserve, because if you are a member of the Federal Reserve, you have to carry certain required reserves. Some banks feel that's an expense; that they could put that money to work and that their other correspondent banks can do as much for them as the Federal Reserve can do. But once they convert from a state member bank to a national bank, we take over the examination functions for instance. We pass on any merger applications that--

M: Not the Federal Reserve?

C: Not the Federal Reserve. We pass on any merger applications they may have--branching all of those areas, we pass on them.

M: So that's what you mean when they join the national system?

C: That's correct.

M: So even though the Federal Reserve does have legal control over some of the policies, the actual control, the de facto control, is here.

C: If it's a national bank, that's right. Yes, sir.

M: I see. Well, now, that--if there is a great run of state banks joining the national banking system, is this offensive to the Federal Reserve System?

C: Well, I don't say that it is offensive to them. Recently some people have gotten quite excited about it, and I got a letter from a gentlemen in New York who was quite concerned about the switchover from state to national banks, saying it was going to destroy the dual banking system. Well, since that time, the Fed has changed its policies considerably on certain issues, and I replied to the letter from the gentleman in New York and told him that at that time there was only about two of major significance. Others had indicated that they might be coming this way, but I said, "Two swallows do not a summer make."

M: Is the most outstanding example there the conversion of the Chase Manhattan Bank?

C: That's correct. That happened under Mr. Saxon, as you are aware. Since I've been Comptroller, I guess the two prime examples would be the Wells Fargo and the Wachovia.

M: Well, now maybe we should move on, now that we've gotten Mr. Saxon in trouble, and he has offended some of the other executives.

C: I'll say this--it took a person of Mr. Saxon's drive and--I'm going to use a coarse term here--guts to get accomplished what had to be done.

M: So you would not object to the goals--what was accomplished?

C: No, I would not, because, as I say, many of them have now been adopted legally by the states and been recognized by others. What I've tried to do is, since I became Comptroller, is to keep all of that that I thought

was good and to defend it--some of it is still being harrassed by Mr. Patman mostly--and to throw out that which I thought was not good.

M: But you have now really retreated then from the goals made by Saxon?

C: No. I've made some changes, but I haven't. That's right. And we're being constantly beseiged to retreat, but I've held firm.

M: Incidentally, is there any relationship between this office and the SEC?

C: Only in some minor ways. Where there's going to be an issue of stock that has to be registered, you know; where the issue is of sufficient size and they are now making some--we are in some--I wouldn't want to call it a controversy, but for some time we've been in a rather deep discussion with the SEC on stock dividends. They've got certain prescribed formulas that they make corporations adhere to, and they say that banks are subject to those same set of rules, and we take the position that they are national banks and we lay down the rules. That's still in limbo at the moment.

M: Did Saxon cross swords with the SEC, too?

C: Yes, he did. And I don't know. It had to do, of course, with the mutual fund, the co-mingled agency account which he approved for the First City National Bank. He and Manny Cohen, as I understand it, at one time really did lock horns, but they were always sweetness and light when Jim left. He was quite friendly with Manny. So I think they both admired each other.

M: Did Saxon's term of office come to a close or--.

C: It came to a close.

M: And so a new appointment had to be made?

C: That's right.

M: Did Saxon seek reappointment?

C: My own opinion is, and I could not document this, but my own opinion is that he was very desirous of being re ppointed.

M: Then we get into the details of your own appointment. What happened?

C: Well, that's the part I enjoy telling the most. I was over at the Washington Hotel having lunch and I got a call from the White House, from Marvin Watson.

M: This is the first indication?

C: First indication, that's right. And he said, "The President is down at the ranch, and he wants you to come down there." He said, "Can you be ready in an hour?"

Well, I live on the other side of Bethesda, Maryland, and it takes me an hour to get home. So I told him, "I don't think I can do that, but I'll do my best." So I immediately rushed over here to the office and called home. My wife was supposed to go, too, but she was out in the yard raking leaves. She has never gotten over this because she missed a visit to the ranch. She couldn't hear the phone. What I wanted to do was to tell her to get ready and to start packing some of my clothes. But anyway I did make the plane, and I got down to the ranch, and had a very delightful evening--.

M: Well, did you go home?

C: I went home and packed and then they held the plane out at Andrews Field for me.

M: This was Air Force One?

C: No, a Jetstar. So I got down there and the President then was out with-- I can't think of his name. He is in the motion picture business. He had built a home on one of the lakes down there.

M: One of his assistants?

C: No, it wasn't one of the President's assistants. This fellow is head of one of the movie companies. Anyway, this fellow had built a home out on one of the lakes, and President and Mrs. Johnson had gone with him by helicopter to look at the new home. They came in later. I had dinner with the family that night, which was quite pleasant. Before we went to bed, before the President went to bed, he said, "Bill, I'm going to get up and vote tomorrow, I'll get up pretty early. When I get back, we'll have a little chat." Well, I naturally knew that he wanted to talk about my background and my experience and question me.

M: What's the date on this?

C: That would be, I believe, November 9.

M: '67?

C: '66. There was an election down in Texas. So he said, "You sleep late in the morning if you want to." Anyway, I thought that would be fine. I would get up and have my constitutional, be all sharp as I could be when he got back. Instead of that, quite early in the morning I got a rap on my bedroom door, and it was one of the President's aides and he said "The President wants you to get up and get dressed and go with him, and he wants you to be ready in twenty minutes." Normally, it takes me twenty minutes just to get my pajamas off. I'm one of those who staggers around the room and rubs sleep out of my eyes, but I did get ready.

With us was Larry O'Brien and his wife--no, just Larry O'Brien and I going to Johnson City. Mrs. Johnson was in the front seat, and the President was driving. And as he drove out of the driveway, Mrs. Johnson--it was still quite early in the morning, Mrs. Johnson said, "Oh, I think I

see some muskrats swimming in the river."

And the President immediately put the brakes on the car, and said, "Where, where?" He said, "I don't see them."

I said, "Mr. President, I see them. I think there are three of them." Well, he drove the car off the road a little bit out into the field there and just sat there maybe ten, fifteen minutes perfectly entranced watching those muskrats. Now, that really made quite an impression on me because I couldn't help but think how human that was. Here was the President of the United States on the way to vote, and he takes time out to watch some muskrats cavorting in the river.

M: He was also driving his own car.

C: Driving his own car, that's right. The Secret Service following him.

M: Was this a Cadillac?

C: It was a Continental. And on the way to Johnson City there was a truck, sort of a furniture-type truck ahead of us, and Mr. Johnson was getting pretty close to it. I never would have given it a thought, but the Secret Service, which was behind him, said to him on the inter-communications system, "Mr. President, don't get any closer to that truck." See, it's quite conceivable that somebody would just open up the rear door of those things and have guns in there and everything else.

So, on the way to Johnson City the President questioned me in great detail about the functions of this office and about my philosophy of banking and how the office should be operated and so forth. So when we got to the polling place, which is the Pedernales Electric Coop, the President and Mrs. Johnson got out and I said, "I'll just wait here, Mr. President." Newsreel and newspaper people were there.

"No," he said, "get out and come with me. I want you to come with me." So I went in with him, while he voted. It was a very large room that he voted in--typical big ballot--and I stood off to the side while he marked the ballot. So when we came out, then, on the steps of the coop--all the news media were waiting for him to come out, and they asked him a number of questions. You know, at that time, he had a throat operation pending. Do you remember that? He hadn't decided then whether he was going to have it at the hospital at Bergstrom Air Force Base or whether he would have it here. They questioned him about that, and they questioned him about how he might have voted on some local issues down there, and so forth. And some other questions, and I was standing behind him, maybe five or ten feet, while all of this was going on. Then the final question, one of the reporters said, "Mr. President, do you have any other announcements to make today?"

He said, "Yes, I'm going to make Bill Camp Comptroller of the Currency." He said, "Step up here, Bill." And that's the way it was broken to me.

M: You had no choice to refuse or anything, did you?

C: Of course, I knew what I was down there for, and I was very pleased and proud, but he had never asked me. He just said, "I'm just going to make Bill Camp Comptroller of the Currency. Step up here, Bill." And that was it. After that I spent a very pleasant time with him. I spent most of the--well, all that day up until noon driving around the ranch. You know he likes to look at his deer and look at the whole operation.

M: So he took you around the ranch?

C: He drove me around all morning. We went back to the ranch--well, actually,

we stopped by the bank there first in Johnson City. And that has a group of apartments, very nice units over it. I guess for overflow guests, I don't know. But we went up there, Larry O'Brien, the President, and I, had a Coca Cola and so forth. Then we drove around and went back to the ranch and he picked up Mrs. O'Brien, drove her around to show her the deer, and he stopped, the Secret Service was following, he stopped. One very large deer came right up to the car. The President was going to get out, and he told us that this deer had been given to him by the Governor of Maine. He was going to get out and give this deer a cigarette. He asked Mrs. O'Brien for a cigarette.

Well, I didn't know until that time a deer would eat cigarettes, but this was a big deer, had a tremendous rack on him, and the Secret Service said to him, "Mr. President, I don't believe I would get out of the car." So he rolled the window down, and Mrs. O'Brien gave him a cigarette, and he fed that to the deer. The deer ate it, paper and all. He said, "Give me another one," and she did that. The deer ate the second cigarette.

So then we went back and had lunch with the family. He had just returned--you know, he and Mrs. Johnson went on that trip almost around the world, remember. They were both pretty tired. So he actually put his pajamas on and went to bed to take a nap. But he told me at lunch that before I left he wanted to see me, so I went into his bedroom. He was still in bed. At that time, he stressed to me again, in no uncertain terms, that he did want banks examined very thoroughly, and that's what I've tried to emphasize since I have been Comptroller.

M: Of that whole trip, that is what stands out in your mind?

C: That he wanted the banks examined, that's right. He wanted them examined.

Quite frankly I don't think, I'm sure--and I'm not saying this in any way to be critical to Mr. Saxon--but during his tenure as Comptroller, banks weren't examined as they should be.

M: Do you think the President knew this?

C: I think he did. He certainly stressed that he wanted them examined.

M: Just a side question, which is not as important as your appointment. But he's had a lot of criticism about his automobile driving, and you've driven with him.

C: He drove very carefully the day I was with him--very carefully.

M: You have no complaints?

C: No complaints at all. He was very careful. There was some humor to that, you know. The--what do you call them--whoever had charge of the elections, the ballot boxes--I understand it varies in Texas as to the hours the polls open--but whoever this fellow was said that he wasn't going to open those polls until X time, let's say eight o'clock, no matter who showed up. Of course, the President showed up before that time, and he opened the polls.

M: Since you spent some time--

C: I'll tell you another thing. The President has been very anxious that we keep close liaison with bankers, and at his suggestion we have--I say, "we" Mr. Sherrill, Bill Sherrill who is a Texan, now a Governor of the Federal Reserve; Chairman Randall of the FDIC; and myself have gone on speaking junkets where we gather the outstanding bankers in the area. They are generally two-day trips and are very tiring. We subject ourselves to any question that they might want to ask us. We've been to California; we've been to Wisconsin; we've been to Missouri; we've been to

Texas twice; we've just been to Michigan, just everywhere. I think that that's meant a lot to the President that people who were supervising banks in his Administration would come out and subject themselves, have dinner with them, or luncheons, as the schedule might be, and just invite any question that they may have on their minds, or ask for even any criticisms that they may have. "How can we do a better job for you?" That's the theme that we've tried to emphasize.

M: Are you impressed that the President thoroughly understands what your job is, and what you are doing?

C: Oh, absolutely.

M: And he has a good conception of banking and banking policy?

G: Oh, he does, indeed, he really does. I think he has an exceptional conception of it.

M: Are you in a position to judge his knowledge of banking with that of other Presidents?

C: No, I'm really not. I would say, though--I don't think it's any secret--that the President has an interest in a number of banks that you may be aware of. He's quite naturally, for that source alone, quite interested in banks. When we went up over the bank in Johnson City where we had a Coke, we talked maybe for an hour, and he's quite knowledgeable in banking as to the day-to-day operation of banks. I would say that he certainly has as good, if not a better grasp, of banking than any President that we have ever had.

M: Does Mrs. Johnson share this knowledge?

C: Well, I really don't know. She has a reputation of being a wonderful businesswoman, and she is certainly a very gracious lady, but I just

don't know whether--I would presume that she would possess far above the average knowledge.

M: Since you have spent some time with them in an intimate social setting, there has been criticism of the President that he is a rather crude man in language. He uses a lot of earthy language.

C: He's never done that in my presence.

M: He wasn't offensive to you?

C: Not a bit. I think any President, in his own environment, when he gets back home, even as you and I, are different human beings than we may be in this office or in the office of the Presidency. I don't know; you are more relaxed; you are just a different human being.

M: Well, you are a fellow Texan, and might be in a better position to judge this than somebody else.

C: I have nothing in the world to gain by saying this, but I really believe that the President will go down as one of the really great Presidents.

M: He's also reputed to have a rather quick, strong temper. Have you ever had any experience with that?

C: Well, he has never exhibited that to me, no.

M: Okay, now you are appointed Comptroller, and you are in your position. What do you do? You've got a problem left over from Saxon; you've got people offended in the Federal Reserve and elsewhere, so what do you do?

C: Well, what I've tried to do is to, as I indicated to you earlier, first establish a rapport with all of the fifty banking commissioners. I've tried to attend every board meeting of the FDIC--and for fifteen months there was a vacancy over there. The full board is three, and there were only two, so that I had to go--not that I didn't want to--but I have a

very fine, I feel, working relationship with the Federal Reserve and the FDIC.

Now one of the most important things, I think, that I've overlooked telling you, that the President did, the President initiated, was the establishment of a coordinating committee of bank supervisors. This was done at the insistence of the President, and in the documentation which has already gone out of here a part of the Treasury history. That will be in the library down there. All the letters in connection with it between certain bankers and the President and Mr. Saxon being Comptroller then. So he insisted that the Secretary of the Treasury form this coordinating committee which would be made up of the head of the Federal Reserve, Mr. Saxon, the FDIC, and the Federal Home Loan Bank Board. That was a wonderful idea and piece of work that the President did, in my opinion.

M: This has been beneficial?

C: It has been entirely beneficial, because we generally meet every two weeks, and the chairmanship is on a rotating basis, quarterly. We have a free and frank exchange of views. We don't always agree, but it's all done in the spirit of good fellowship and understanding. It just can't help but redound the benefit of the whole financial community.

M: So these meetings in themselves help smooth over affairs?

C: That's right.

M: Well, then, what else do you do?

C: Did the President do?

M: No, you do.

C: Well, I, as I say, in line with the President's emphasis on good examinations,

we established this recruiting program--have thirty people who do nothing but visit colleges and universities. Mr. Saxon was commissioning bank examiners at that time without giving them this three-day test that I spoke to you about earlier. One of the first things I did was say that nobody could examine a bank until he had taken and passed this three-day test. We also are having seminars throughout the country to which we do invite the top people, bankers, in their field whether it be trust, investment, or loans. We have about eighteen men who do nothing now but try to keep abreast of the great changes in automation as it affects banking.

M: Is this a fairly recent phenomenon?

C: It is. It is. I would say that has been within the last two years.

M: Does this complicate or does it help you?

C: To some degree it complicates. To other degrees it really helps. In a bank that may have had thirty or forty thousand installment loans, we'll say. In the old days each loan would be represented by a card, and if you wanted to prove the total of those loans you had to actually get a great number of men and take those cards and run them individually on adding machines to prove the total. All that's done on computer now. If you had a dealer, an automobile dealer who may have what we call an "indirect line" to the bank--paper he could put in there--the only way you could get that together would be to go through all those cards and put them together. Now, by computer, you could say, "How many loans has the XYZ Buick Corporation put in here?" It could run it out for you just like that. So it's been a great time saver. But we do have to devote a lot of time and manpower just to try to keep our people trained to the changed ways that take place every day.

M: So they have to understand this electronic thing.

C: They have to understand. That's correct. They have to understand it.

M: Well, also, when you took over, then, you were more careful about the chartering of the national banks.

C: Very much so. Yes, sir.

M: And this is slowed down now?

C: That's right. Slowed down considerably.

M: So in that particular aspect you've taken a more conservative--

C: Much more.

M: And have you had any difficulty with that?

C: No, there are some areas of the country which are dynamic areas and continue to grow. Again, I come back to Houston, where I get a lot of pressure now and have been getting for some time; the people in Houston wanting more banks. They want to put one out there, for instance, where the new airport is going to be; they want to put one on the Galleria Shopping Center; and they want to put one out near the Dome stadium. So you get all these pressures, and I realize that you can't forever sit still or operate out of a vacuum and particularly in a dynamic and growing area like Houston is, for instance.

INTERVIEWEE: WILLIAM B. CAMP (TAPE #2)

INTERVIEWER: DAVID G. MC COMB

M: What else have you done? You slowed down the number of charters coming out; you've reestablished good relationships with the FDIC and the Fed. What else?

C: Well, I have restructured the office back to the way it used to be. Mr. Saxon had it structured on what he considered to be a functional basis.

M: You mean organized according to functions?

C: Yes. For instance, I was First Deputy Comptroller, and I brought the assistant chief national bank examiners back in here again so that we could review the reports--again, stressing the President's interest in examination, so we could have closer control here, not only of what the regional Comptrollers were doing to follow-up bad situations or unsatisfactory situations. For instance, if you examined a bank and the condition was unsatisfactory and the regional Comptroller wrote a letter and sent a copy of it in here; maybe we didn't think it was strong enough, maybe it was not complete enough; maybe he didn't write a letter at all and after examination report we thought he should write one, you see. So now each of the Deputy Comptrollers and the Chief National Bank Examiner has specifically assigned number of states. Now that's very important, I think, because it enables them to be more fully aware of the economic or other banking factors within those states. It also enables them to be acquainted with the bankers.

We do have--Mr. Saxon initiated this, and I have continued it--each of the fourteen national bank regions has an advisory committee. Our

people go out and meet with them, generally twice a year. I also have a national advisory committee, which is made up really of the top bankers in the United States. Mr. Kennedy--when he was made Secretary of the Treasury--he was on my committee.

M: David Kennedy?

C: David Kennedy. And George Champion from the Chase Manhattan; and George Moore from the First National City. This is the top echelon of bankers in this country who make up the national committee. I meet with them twice a year. This is on the basis that this is not our committee, it is theirs. "We are here; we want you to tell us what your problems are. Be perfectly frank with us; criticize us if you wish. We're not abashed about being criticized and so forth."

Also, I have made a number of revisions in the manual, what we call the Comptroller's Manual. I've introduced any number of what I've figured are--what I'm sure are economies within this office, in going to automation and closer fiscal control. And for the first time to my knowledge in this history of this office, I insisted that we be audited by an outside firm of Certified Public Accountants. Now, always in the past, we have been audited by the Bureau of Accounts, which is a bureau within the Treasury. But I thought it was better for us to have an audit of our own. Let's get outside audits. So we got Price Waterhouse. As long as I'm Comptroller, that will continue. So we've done that. I've changed a number of Mr. Saxon's rulings, and I've made some of my own, and I've tried to defend those that I think are good. One of the biggest controversies which has arisen in banking in years and there is going to be a very stern battle almost from the outset of Congress on it. In a

November issue, incidentally, of Time Magazine had a rather lengthy article on it, with my picture alongside that Mr. Patman's. But the issue is the so-called one-bank holding company, and the battle lines, I would say, are being drawn. There is going to be a very vigorous fight there. The Federal Reserve is going to take the position that they are--I'm not going to say that they are entirely against them--but that they ought to be brought under the same set of restrictions that the registered bank holding companies are. I'm going to take the position that they should not. And the banking fraternities are split on either sides.

M: What is the basis for your position?

C: Well, number one, I don't think that any legislation is necessary. You see, a bank holding company is presently defined by law as any company which owns 25 percent or more of two or more banks. What these banks are doing now is forming one-bank holding companies, and the holding companies are branching out--or some think they will branch out--into other lines of endeavor.

But where the problem arises is there are any number of one bank holding companies where the emphasis is coming from the other direction. For instance, the United Mine Workers owns a bank here in Washington; they own the National Bank of Washington. Baldwin Piano Company just bought a company back in Denver, Colorado. The Teamsters own a bank. Sears Roebuck owns a bank. Certain leasing companies own banks. Insurance companies own banks. So where you are having trouble, can you say to the banks that "You can't go out through a holding company and acquire a leasing company," but a leasing company can have carte blanche authority to acquire banks. My posture is going to be that there is no legislation

necessary. I honestly don't feel that we need any because we already have enough statutory authority. We can control the flow of loans and investments that might be brought into play between the bank and its holding company parent. There are all sorts of statutory controls that we already have.

Now, I met with Chairman Martin at lunch on this some time ago. Of course, I think the Federal Reserve was likely to introduce legislation in the last session of Congress except mainly the reason they did not was because it was late in the legislative year. That's my theory. I told Mr. Martin that if you go before a committee as a bank supervisor and you are opposing something that banks have been doing or contemplate doing, the natural question would be, if I were on the other side of the aisle, if I were a Congressman on the committee, would be, "Can you point out to me, would you point out to me some of the abuses, some of the misuses?" and this thing is so new now I couldn't point out any abuse to you. I don't know of any. Mr. Martin said, quite frankly, he didn't either at the time.

M: A miscellaneous question, do you think national banks should have the right to grant branches across state lines?

C: I really don't--I do not. On the branching question--although I think every state ought to have branch banking and I think it ought to be statewide--I've been very frank with all the banking groups I have met with. And I went to Texas and made a speech in San Antonio in which I advocated branch banking, which I might say again in some humility took a little bit of nerve because that's a hot subject in Texas. But I have always taken the position that I, as Comptroller, would not endeavor to force anything on a state--that if a state wanted branch banking, it ought to evolve through local legislature that people in the banks are

close to the legislators, the people are; there ought to be a spontaneous desire on the part of the people and it ought to emerge in the form they want. I'm not about to come down from Washington and try to break the barrier. I'm sort of a states' righter man in that regard.

M: And therefore you would prefer the state control remain rather than have say a nationwide Bank of America?

C: Yes, I think that's right, although there are so many things that come into play it almost moots the question of branch banking, and one of the things is credit cards. I'm not speaking of bank credit cards, necessarily, I'm speaking about non-bank credit cards.

M: Such as--?

C: Well, I can take my AMOCO Oil card, and I can get gasoline; I can go down where I hunt geese and stay at the motel; I can just do any number of things with it.

M: So the question of spreading branch banks is really not as important as it might have been?

C: That's right. It's almost moot because now everybody's got a bank in his pocket; he's got a pocketfull of credit cards.

M: I see.

C: You may be traveling through Texas which has no branch banking, and yet you may have a Bank Americard in your pocket.

M: Right. It does the same thing.

C: It does the same thing. That's right.

M: Well, now, I've exhausted my questions for you, and I want to give you an open-ended question. Is there anything that you want to make a comment about or touch on that I haven't brought up?

C: No. There are, from time to time, certain efforts--rather strenuous efforts have been made to make this office subject to audits by the General Accounting Office. Now that has always been defeated. We opposed it very bitterly and very strongly. Last year before Mr. Patman's committee, the Federal Reserve opposed it, and this office opposed it and the FDIC opposed it. Now, Mr. Patman indicated he's going to make a push toward that. I think it would be a very bad thing. He points out that the Pentagon is audited by the GAO. Well, that may be true, and that's perfectly well and good. But the confidentiality of an examination report has always been zealously guarded. It's obvious that if we had something in an examination report about you that would be detrimental, that you were an alcoholic, that you beat your wife, you had trade bills all over town, I just don't think that--that's a matter between the examiner and this office and the bank. And I don't believe that government people--other government people--ought to be coming in and having access to all this information.

M: And you trust Price Waterhouse?

C: They make an audit of our operations, but they don't see our examination reports.

M: I see.

C: You see, what the General Accounting Office claims is that they can't assess, they can't evaluate, is a better word, the FDIC insurance fund unless they can look at examination reports.

M: I see.

C: Well, that's really hogwash because the only way in the world that you could, in any way, evaluate the adequacy of that fund would be to examine

every insured bank in this country as of the same date, and that's impossible. Now Mr. Patman, I think, also feels that this office ought to be on appropriated monies. In my opinion that it would be the worse thing in the world. Number one, why, when an agency has operated for one hundred and three years on non-tax funds, why burden the taxpayer any further? But my principal point is this: Suppose, and this is hypothetical, suppose that you were Chairman of the Appropriations Committee, and some constituent of yours wanted a charter or a branch in a situation that really wasn't meritorious.

M: This would put you in a bad spot.

C: He would put the pressure on you--likely he could. He would say, "You either approve it or I'm going to cut your appropriations." So I think this independent stance should be maintained at all costs, and the bankers feel the same way.

M: Anything else?

C: No.

M: Well, I'll call the interview to a close, and I thank you for your time.

C: You're welcome, indeed. I enjoyed it very much.

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NATIONAL ARCHIVES AND RECORDS SERVICE

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By William B. Camp

to the

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In accordance with Sec. 507 of the Federal Property and Administrative Services Act of 1949, as amended (44 U.S.C. 397) and regulations issued thereunder (41 CFR 101-10), I, William B. Camp, hereinafter referred to as the donor, hereby give, donate, and convey to the United States of America for eventual deposit in the proposed Lyndon Baines Johnson Library, and for administration therein by the authorities thereof, a tape and transcript of a personal statement approved by me and prepared for the purpose of deposit in the Lyndon Baines Johnson Library. The gift of this material is made subject to the following terms and conditions:

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By WILLIAM B. CAMP

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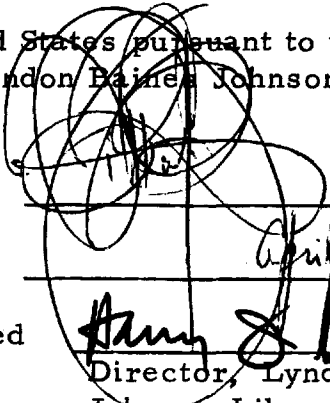
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