

AMENDED IN SENATE JULY 8, 1999
AMENDED IN ASSEMBLY APRIL 6, 1999
CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

Assembly Concurrent Resolution

No. 2

**Introduced by Assembly Member Papan
(Principal coauthor: Assembly Member Machado)
(Principal coauthor: Senator Burton)
(Coauthor: Assembly Member Alquist)**

January 6, 1999

Assembly Concurrent Resolution No. 2—Relative to creating the Joint Committee to Investigate Financial Institution Mergers and Acquisitions.

LEGISLATIVE COUNSEL'S DIGEST

ACR 2, as amended, Papan. Financial institutions: investigating committee.

This measure would establish a Joint Committee to Investigate Financial Institution Mergers and Acquisitions.

Fiscal committee: no.

1 ~~WHEREAS, According to an article by Daniel Kadlee~~
2 *WHEREAS, According to an article by Daniel Kadlec*
3 *in the December 7, 1998, issue of Time Magazine,*
4 *Amadeo Peter Giannini “found himself at odds with other*
5 *directors of Columbus Savings and Loan Society who had*
6 *little interest in extending loans to hard working*
7 *immigrants”;* and



1 *WHEREAS, Amadeo Peter Giannini "... also made a*
2 *career out of lending to out-of-favor industries...*
3 *including California's wine and movie industries"; and*

4 *WHEREAS, In 1904, because Mr. Giannini was at odds*
5 *with his fellow bankers and their reluctance to extend*
6 *banking services and loans to working immigrants and*
7 *small businesses, he formed Bank of Italy in San*
8 *Francisco, California; and*

9 *WHEREAS, A. P. Giannini eschewed personal wealth*
10 *for fear of losing touch with the people he wished to serve;*
11 *and*

12 *WHEREAS, According to writer Kadlec, "A. P.*
13 *Giannini always encouraged his employees and*
14 *customers to become shareholders and to fully*
15 *participate in the success of the bank"; and*

16 *WHEREAS, Banks established in California over many*
17 *decades have and had grown and prospered with the*
18 *State of California; and*

19 *WHEREAS, These banks have or had evolved into*
20 *multinational corporations, maintaining their corporate*
21 *headquarters in California; and*

22 *WHEREAS, These banks obtained their early, critical*
23 *expansion-inducing deposits from the people of*
24 *California and have or had continued to draw much of*
25 *their financing from all of California; and*

26 *WHEREAS, The people of California, recognizing the*
27 *mutuality of interests in having a vital business and*
28 *personal banking industry in the state, have or had*
29 *endeavored, over the years, to accommodate and*
30 *facilitate the expansion and economic health of these*
31 *banks; and*

32 *WHEREAS, The people of California have or had taken*
33 *a certain pride in watching their banks grow and thought*
34 *of them as their banks; and*

35 *WHEREAS, These California banks through*
36 *"mergers" but more properly identified as "acquisitions"*
37 *have been gradually taken over by foreign (other state)*
38 *banks and their headquarters have been located outside*
39 *of California; and*



1 *WHEREAS, Mergers and acquisitions of in-state banks*
2 *by foreign (other state) banks and holding companies*
3 *have traditionally resulted in the acquired bank's gradual*
4 *withdrawal from community involvement; and*

5 *WHEREAS, Community involvement by local*
6 *financial institutions provides more interest in and*
7 *development of those local communities; and*

8 *WHEREAS, California, being the sixth largest*
9 *economy in the world, should be the headquarters of*
10 *national and international banks; now, therefore, be it*

11 RESOLVED BY THE ASSEMBLY OF THE STATE
12 OF CALIFORNIA, THE SENATE THEREOF
13 CONCURRING, *That the California Assembly and*
14 *Senate hereby express their serious concern over*
15 *mergers and acquisitions of California banks by foreign*
16 *(other state) banks and holding companies and the*
17 *removal of financial institution headquarters from*
18 *California; and be it further*

19 RESOLVED, *That the Assembly and Senate further*
20 *express their serious concern over the loss of local*
21 *branches and financial institution services in California;*
22 *and be it further*

23 RESOLVED, *That there is hereby created the Joint*
24 *Committee to Investigate Financial Institution Mergers*
25 *and Acquisitions; and be it further*

26 RESOLVED, *That the committee shall commence a*
27 *study of the potential impact of the removal of the*
28 *corporate headquarters of banks from California and*
29 *whether the state would be well advised to withdraw*
30 *funds currently deposited in those banks in order to*
31 *ensure that these funds best serve the people of the State*
32 *of California; and be it further*

33 RESOLVED, *That it shall be the purpose of the*
34 *committee to investigate and determine the detrimental*
35 *consequences to the State of California, its agencies and*
36 *departments, and its inhabitants resulting from financial*
37 *institution mergers and acquisitions, and if the committee*
38 *finds that these activities have resulted in damage to the*
39 *state, its people, or its institutions, it shall ascertain and*



1 *recommend available methods or sanctions to correct the*
2 *wrongs; and be it further*

3 *RESOLVED, That the committee shall particularly*
4 *address the effects of mergers and acquisitions in the*
5 *areas of community investment, charitable contributions,*
6 *related social activities, and advancement opportunities*
7 *for women and minorities; and be it further*

8 *RESOLVED, That the committee shall investigate and*
9 *determine how to provide incentives for national and*
10 *international banks to make their headquarters in*
11 *California; and be it further*

12 *RESOLVED, That the committee shall examine the*
13 *financial institution industry, sizes of financial institutions*
14 *in California, and their participation in California*
15 *communities' development; and be it further*

16 *RESOLVED, That the committee shall examine access*
17 *to financial services as a result of mergers and acquisitions*
18 *and the number of branch closures by type and size of*
19 *affected communities; and be it further*

20 *RESOLVED, That the committee shall examine*
21 *methods of allowing independent community and local*
22 *financial institutions to participate in the moneys of the*
23 *State Treasurer's Pooled Money Investment Account and*
24 *other state financial business; and be it further*

25 *RESOLVED, That the committee shall examine the*
26 *need for people-to-people contact and the role of*
27 *philanthropy; and be it further*

28 *RESOLVED, That the committee shall examine the*
29 *changes in niche markets and whether they are being*
30 *filled by new charters so that there are minimal exposures*
31 *and an available safety net; and be it further*

32 *RESOLVED, That the committee shall examine the*
33 *impact upon public revenue as the result of removal of a*
34 *major financial institution headquarters from California*
35 *to another state; and be it further*

36 *RESOLVED, That the committee shall consist of five*
37 *Members of the Assembly appointed by the Speaker of*
38 *the Assembly and five Members of the Senate appointed*
39 *by the Senate Committee on Rules; that a Member of the*
40 *Assembly shall chair the committee; and that the*



1 *chairperson shall appoint committee staff; and be it*
2 *further*

3 *RESOLVED, That the committee and its members*
4 *shall have all of the rights, duties, and powers conferred*
5 *upon investigating committees and their members by the*
6 *Joint Rules of the Senate and Assembly as they are*
7 *adopted and amended from time to time, which rules are*
8 *incorporated herein and made applicable to the*
9 *committee and its members; and be it further*

10 *RESOLVED, That the Assembly Committee on Rules*
11 *may make money available from the Assembly Operating*
12 *Fund as it deems necessary for the expenses of the Joint*
13 *Committee to Investigate Financial Institution Mergers*
14 *and Acquisitions; and be it further*

15 *RESOLVED, That any expenditure of money shall be*
16 *made in compliance with policies set forth by the*
17 *Assembly Committee on Rules and shall be subject to the*
18 *approval of the Assembly Committee on Rules; and be it*
19 *further*

20 *RESOLVED, That the Joint Committee to Investigate*
21 *Financial Institution Mergers and Acquisitions shall,*
22 *within 15 days of authorization, present its initial budget*
23 *to the Assembly Committee on Rules for its review,*
24 *comment, and approval; and be it further*

25 *RESOLVED, That the Chief Clerk of the Assembly*
26 *transmit a suitably prepared copy of this resolution to the*
27 *author for appropriate distribution.*

28 ~~*in the December 7, 1998 issue of Time Magazine, Amadeo*~~
29 ~~*Peter Giannini “found himself at odds with other*~~
30 ~~*directors of Columbus Savings and Loan Society who had*~~
31 ~~*little interest in extending loans to hard working*~~
32 ~~*immigrants”;*~~ and

33 ~~*WHEREAS, Amadeo Peter Giannini “... also made a*~~
34 ~~*career out of lending to out-of-favor industries ...*~~
35 ~~*including California’s wine and movie industries”;*~~ and

36 ~~*WHEREAS, In 1904, because Mr. Giannini was at odds*~~
37 ~~*with his fellow bankers and their reluctance to extend*~~
38 ~~*banking services and loans to working immigrants and*~~
39 ~~*small businesses, he formed Bank of Italy in San*~~
40 ~~*Francisco, California; and*~~



1 ~~WHEREAS, In 1928, Mr. Giannini acquired New York's~~
2 ~~Bank of America and the Bank of Italy became Bank of~~
3 ~~America headquartered in San Francisco, California; and~~

4 ~~WHEREAS, A.P. Giannini eschewed personal wealth~~
5 ~~for fear of losing touch with the people he wished to serve;~~
6 ~~and~~

7 ~~WHEREAS, According to writer Kadlec, "A.P.~~
8 ~~Giannini always encouraged his employees and~~
9 ~~customers to become shareholders in Bank of America to~~
10 ~~fully participate in the success of the bank"; and~~

11 ~~WHEREAS, The Bank of Italy established in California~~
12 ~~in the City and County of San Francisco became Bank of~~
13 ~~America and over many decades had grown and~~
14 ~~prospered with San Francisco, and the State of California;~~
15 ~~and~~

16 ~~WHEREAS, Bank of America had evolved into a~~
17 ~~multinational corporation, maintaining its corporate~~
18 ~~headquarters in San Francisco; and~~

19 ~~WHEREAS, Bank of America obtained its early, critical~~
20 ~~expansion inducing deposits from the people of San~~
21 ~~Francisco and California and has continued to draw much~~
22 ~~of its financing from San Francisco, the Bay Area, and Los~~
23 ~~Angeles, and all of California; and~~

24 ~~WHEREAS, The people of San Francisco and all of~~
25 ~~California, recognizing the mutuality of interests in~~
26 ~~having a vital business and personal banking industry in~~
27 ~~San Francisco and in the state, had endeavored, over the~~
28 ~~years, to accommodate and facilitate the expansion and~~
29 ~~economic health of the Bank of America; and~~

30 ~~WHEREAS, The people of San Francisco and all of~~
31 ~~California had taken a certain pride in watching the bank~~
32 ~~grow and thought of it as, in a special way, "their bank";~~
33 ~~and~~

34 ~~WHEREAS, Bank of America had demonstrated, over~~
35 ~~a period of years, that it was cognizant of certain~~
36 ~~obligations it had as a responsible corporate citizen; and~~

37 ~~WHEREAS, Bank of America became BankAmerica;~~
38 ~~and~~

39 ~~WHEREAS, BankAmerica, on April 13, 1998, suddenly~~
40 ~~announced that it planned to agree to a voluntary merger~~



1 with NationsBank, located in Charlotte, North Carolina;
2 and

3 WHEREAS, The merger would be better
4 characterized as an acquisition of BankAmerica by
5 NationsBank because the headquarters have been moved
6 to North Carolina, and control of the California activities
7 of the Bank of America are gradually becoming
8 controlled by non-California management; and

9 WHEREAS, BankAmerica and NationsBank further let
10 it be known that the board of directors of the merged
11 banking entity would be dominated by officers of
12 NationsBank; and

13 WHEREAS, The new corporate entity is to be known
14 as Bank of America; and

15 WHEREAS, Mergers and acquisitions of in state banks
16 by foreign (other state) banks and holding companies
17 have traditionally resulted in a gradual withdrawal from
18 community involvement; and

19 WHEREAS, Community involvement by local
20 financial institutions provides more interest in and
21 development of those local communities; and

22 WHEREAS, California, being the sixth largest
23 economy in the world, should be the headquarters of
24 national and international banks; now, therefore, be it

25 *Resolved by the Assembly of the State of California, the*
26 *Senate thereof concurring,* That the California Assembly
27 and Senate hereby express their serious concern over
28 mergers and acquisitions of California banks by foreign
29 (other state) banks and holding companies and the
30 removal of financial institution headquarters from
31 California; and be it further

32 RESOLVED, That the Assembly and Senate further
33 express their serious concern over the loss of local
34 branches and financial institution services in California;
35 and be it further

36 *Resolved,* That there is hereby created the Joint
37 Committee to Investigate Financial Institution Mergers
38 and Acquisitions; and be it further

39 *Resolved,* That the committee shall commence a study
40 of the potential impact of the removal of the corporate



1 headquarters of Bank of America from San Francisco and
2 of whether the people of San Francisco; and be it further

3 ~~Resolved, That it shall be the purpose of the committee~~
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33 _____

34 CORRECTIONS
 35 Text — Pages 3, 4 and 5.

36 _____

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