



# The Per Niente



**Per Niente Club** Editor Joe Di Leo

Email [jdileo@adelphia.net](mailto:jdileo@adelphia.net)

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Bank of America founder A.P. Giannini in 1929

Like a lot of folks in the San Francisco area, Amadeo Peter Giannini was thrown from his bed in the wee hours of April 18, 1906, when the Great Quake shook parts of the city to rubble. He hurriedly dressed and hitched a team of horses to a borrowed produce wagon and headed into town — to the Bank of Italy, which he had founded two years earlier. Sifting through the ruins, he discreetly loaded \$2 million in gold, coins and securities onto the wagon bed, covered the bank's resources with a layer of vegetables and headed home.

In the days after the disaster, the man known as A.P. broke ranks with his fellow bankers, many of whom wanted area banks to remain shut to sort out the damage. Giannini quickly set up shop on the docks near San Francisco's North Beach. With a wooden plank straddling two barrels for a desk, he began to extend credit "on a face and a signature" to small businesses and individuals in need of money to rebuild their lives. His actions spurred the city's redevelopment.

That would have been legacy enough for most people. But Giannini's mark extends far beyond San Francisco, where his dogged determination and unusual focus on "the little people" helped build what was at his death the largest bank in the country, Bank of America, with assets of \$5 billion. (It's now No. 2, with assets of \$572 billion, behind Citigroup's \$751 billion.)

A.P. Giannini was born in San Jose, Calif., in 1870, the son of immigrants from Genoa, Italy. His father, a farmer, died in a fight over a dollar when A.P. was seven. His mother

later married Lorenzo Scatena, a teamster who went into the produce business. Young A.P. left school at 14 to assist him, and by 19 he was a partner in a thriving enterprise, built largely on his reputation for integrity. At 31 he announced that he would sell his half-interest to his employees and retire, which he did. But then fate intervened, and his real career began.

At 32, A.P. was asked to join the board of the Columbus Savings & Loan Society, a modest bank in North Beach, the Italian section of town. Giannini soon found himself at odds with the other directors, who had little interest in extending loans to hardworking immigrants. In those days banks existed mainly to serve businessmen and the wealthy. Giannini tried to convince the board that it would be immensely profitable to lend to the working class, which he knew to be credit worthy.

He was soundly rebuffed. So in 1904 he raised \$150,000 from his stepfather and 10 friends and opened the Bank of Italy — in a converted saloon directly across the street from the Columbus S&L. He kept the bartender on as an assistant teller. There he began to exploit his guiding principle: that there was money to be made lending to the little guy. He promoted deposits and loans by ringing doorbells and buttonholing people on the street, painstakingly explaining what a bank does. Traditional bankers were aghast. It was considered unethical to solicit banking business.

Giannini also made a career out of lending to out-of-favor industries. He helped the California wine industry get started, then bankrolled Hollywood at a time when the movie industry was anything but proven. In 1923 he created a motion-picture loan division and helped Mary Pickford, Charlie Chaplin, Douglas Fairbanks and D.W. Griffith start United Artists. When Walt Disney ran \$2 million over budget on Snow White, Giannini stepped in with a loan.

In 1919 he had organized Bancitaly Corp. as a launching pad for statewide expansion. That was succeeded in 1928 by TransAmerica Corp., a holding company with wide interests in financial services, including some overseas banks. That same year he bought Bank of

America in New York, one of the city's oldest lending institutions.

Giannini retired again in 1930 and moved to Europe, convinced that his successor would carry on in his spirit. But during the Great Depression, TransAmerica management switched focus. Feeling betrayed, Giannini returned to retake control. He had always encouraged employees and depositors to become shareholders of the bank. To win a 1932 proxy fight, he knocked on doors again, getting all those working-class shareholders to give him their votes.

He then consolidated TransAmerica's California bank holdings under the Bank of America name, which would survive when regulators forced TransAmerica to break up in the '50s, just a few years after A.P.'s death.

When Giannini died at age 79, his estate was worth less than \$500,000. It was purely by choice. He could have been a billionaire but disdained great wealth, believing it would make him lose touch with the people he wanted to serve. For years he accepted virtually no pay, and upon being granted a surprise \$1.5 million bonus one year promptly gave it all to the University of California. "Money itch is a bad thing," he once said. "I never had that trouble."

By DANIEL KADLEC in Time magazine  
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