Inventory of the Department of Investment Records

Finding aid written by Ron Cascella
California State Archives
1020 "O" Street
Sacramento, California 95814
Phone: (916) 653-2246
Fax: (916) 653-7363
Email: ArchivesWeb@sos.ca.gov
URL: http://www.sos.ca.gov/archives/
© 2008
California Secretary of State. All rights reserved.
Descriptive Summary

Title: Department of Investment Records
Dates: 1907-1971
Collection number: R305
Creator: California Department of Investment
Extent: 36 cubic feet
Repository: California State Archives
Sacramento, California

Abstract: The records of the Department of Investment, and its divisions, document many different facets of California's financial past. The records described in this inventory concern only the Division of Banking, the Division of Corporations, Division of Real Estate, and the Board of Investment.

Physical location: California State Archives
Language: English

Access
Some files produced by the Department of Investment are restricted according to California Government Code Section 6254.

Publication Rights
For permission to reproduce or publish, please contact the California State Archives. Permission for reproduction or publication is given on behalf of the California State Archives as the owner of the physical items. The researcher assumes all responsibility for possible infringement which may arise from reproduction or publication of materials from the California State Archives collections.

Preferred Citation
[Identification of item], Department of Investment Records, R305.[series number], [box and folder number] or F3736:[folder number], California State Archives, Office of the Secretary of State, Sacramento, California.

Acquisition Information
The California State Archives acquired the records of the Department of Investment according to state law.

Agency History
The Department of Investment was established by law in 1929 (Chapter 277, Statutes of 1929, in effect August 14, 1929). The department was created to bring under a single administration the activities and functions of five previously separate...
departments, i.e. the State Banking Department, Bureau of Building and Loan Supervision, State Corporation Department, Insurance Department, and State Real Estate Department. Under the 1929 law that created the Department of Investment, each of these departments became divisions that remained autonomous with no change in their functions, responsibilities, or powers. The same law also specified a Board of Investment consisting of the Superintendent of Banks and the respective commissioners of the remaining four divisions with each member serving as chairman in regular rotation. The current chairman was known as the Director of Investment.

Since the 1929 law specified that "...the powers heretofore or hereafter vested by law in said governmental agencies shall continue to be so vested, and shall not be transferred or consolidated in the Department of Investment" it is appropriate here to briefly discuss the history and functions of the State Banking Department, the State Corporations Department, and the State Real Estate Department.

The State Banking Department was established in 1909 (Chapter 76, Statutes of 1909). The chief officer was the Superintendent of Banks. This department's major functions included issuing state charters for new banks and trust companies and licensing new branch offices; conducting annual financial examinations of all state-chartered banks, foreign banking corporations, and trust companies; and liquidating and conserving the assets of banks in cases of bankruptcy.

The State Corporations Department was established in 1913 (Chapter 353, Statutes of 1913) with the Commissioner of Corporations serving as its administrative head. The department's responsibilities included issuing permits to companies to sell securities; licensing securities brokers and agents; regulating advertising and other matters pertaining to securities; and administering various laws including the Credit Union and Franchise Investment Laws.

The State Real Estate Commissioners Department was first created in 1917 (Chapter 758, Statutes of 1917). In 1919 the law establishing the department was held unconstitutional by the courts, and was repealed. The law repealing the State Real Estate Commissioner's Department also created a new department named the State Real Estate Department (Chapter 44, Statutes of 1919). The purpose of this department was to provide for the licensing and regulation of real estate licensees. The name of the department was changed in 1929 to the Division of Real Estate when the Department of Investment was created. In 1935 the Real Estate Board was created consisting of the Real Estate Commissioner and six other members who served at the pleasure of the Governor and acted in an advisory capacity.

The Department of Investment ceased operations after 1969 (Chapter 138, Statutes of 1969) whereupon the individual departments under its jurisdiction were transferred to the Business and Transportation Agency. Under the purview of the Business and Transportation Agency the departments continued to maintain their autonomy, as they had when they were divisions within the Department of Investment.

**Scope and Content**

The records of the Department of Investment, and its divisions, document many different facets of California's financial past. The records described in this inventory concern only the Division of Banking, the Division of Corporations, Division of Real Estate, and the Board of Investment. The records are also organized by these divisions. This record group contains 36 cubic feet of textual records that include subject files, correspondence, meeting minutes, credit union revocations, prospectus, security sales applications, bank audits, financial ledgers, investigation files and reports, lot subdivision applications, subdivision reports, Governor's task force files, hearing files, comptroller bulletins, and many records that relate to the liquidation of Japanese banks (banks that were owned by companies based in Japan) after the Empire of Japan's attack on Pearl Harbor December 7, 1941.

The Board of Investment records relate to the meeting of the division heads and covers the years 1960-1963. The records group is mainly illustrative of the administrative tasks of the board itself such as budget allocations, department procedures, regulations, and reports on the activities of the individual divisions.

The Division of Banking records relate to two major topics. The first component consists of records relating to the review and audit of California financial institutions. The second component consists of records relating to the liquidation of Japanese-owned banks after the outbreak of World War II. There is a wealth of information about two major banks, Yokohama Specie Bank, Ltd. and Sumitomo Bank, Ltd.

The Division of Corporations records contain a large amount of records generated by the office of the Chief Deputy Commissioner including subject files and correspondence pertaining to a wide variety of subjects including securities permits, licensing of securities brokers and agents, advertising of securities, and administering various laws including the Credit Union and Franchise Investment Laws.

The Division of Real Estate records contain files related to the subdivision and sale of land in California as well as the licensing of real estate agents. There are files that pertain to the investigation and hearings of real estate agents that had complaints filed against them or otherwise broke the law. There are also reports that summarize the subdividing of lands.

**Organization**
This record group is organized into four subgroups: Board of Investment records, Division of Banking records, Division of Corporations records, and the Division of Real Estate records.

**Subjects**
California. Dept. of Investment
California. Division of Corporations
California. State Real Estate Division

**Related Material**
Department of Real Estate
Department of Banking
Department of Corporations
Department of Insurance
Bureau of Building and Loan Supervision

---

**Records of the Board of Investment 1960-1964**

**F3736:1-8** Series 1. Minutes 1960-1963

Physical Description: 8 file folders.

Arrangement
Arranged chronologically.

Scope and Content Note
Minutes contain agendas, letter received, rough drafts, reports, regulations, summaries, bulletins, questionnaires, and memoranda as background materials covering Board of Investment procedures; budget allocations; buying and issuing of second mortgages or deeds of trust; regulation of retirement systems; proposed legislation; home construction industry funding; regulation of real property loan brokers; state evaluation teams; real estate investment trusts; disclosure of sub-division financing; violations of Corporate Securities Law; “22 Point Program” (to curb abuses in public sale of real estate securities); property appraiser approval standards; 10 percent Trust Deed Company investigations; Aid to Investors Program; bankruptcy of savings and loan associations; insurance premium financing; out-of-state sub-division regulations; legislative committee reports; municipal bond financing; interstate land sales; and regulation of institutional lenders.

**F3736:9** Series 2. Chairman’s Correspondence 1960-1963

Physical Description: 1 file folder.

Arrangement
Arranged chronologically.

Scope and Content Note
Copies of letters sent, drafts, minutes and memoranda pertaining to: competition between state and federal associations for new facility licenses; activities of Real Estate Division, 1962; review of real property loan broker questionnaires; Board of Investment sub-committee regarding 10 percent Trust Deed Companies’ violation of fiduciary relationships; second mortgage lenders practices; proposed amendments to California Banking Law; sub-Committee on Real Property Loan Broker Legislation; mortgage insurance and home mortgage loans; home construction industry funding; trust deed sale regulation; and investors’ funds protection.
F3736:10-19  Series 3. **General Subject Files 1960-1964**

- **Physical Description:** 10 file folders.
- **Arrangement**
  Arranged alphabetically by subject title and chronologically thereunder.
- **Scope and Content Note**
  Letters received, copies of letters sent, rough drafts, reports, transcripts, questionnaires, lists, telegrams, press releases, and memoranda relating to: legislative subcommittee hearings on trust deeds; proposals of California Real Estate Association (C.R.E.A.); conference on interstate land sales; moratorium on loan payments to disaster areas; second trust deed financing; real estate investment trusts; final subdivision public reports; Trustor's Corporation; and sale-leaseback benefits.

---

F3736:20-68  Series 1. **Bank Examinations 1907-1952**

- **Physical Description:** 49 file folders.
- **Arrangement**
  Arranged alphabetically by bank name and chronologically thereunder.
- **Access Information**
  RESTRICTED, pursuant to Government Code section 6254(d)(1, 2, 4), however records older than 75 years are open for research.
- **Scope and Content Note**
  Includes letters received, copies of letters sent, reports, summaries, lists, statements, deeds, assignments, applications, certificates, oaths, resolutions, transcripts, articles of incorporation, by-laws, and memoranda.
  Bank examination papers relate to economic condition and resources of the bank; actions of the Board of Directors; and investments and disposition of funds. Banks are audited routinely once a year or when requiring special audits.
  Included are samples of examinations representing special audits pertaining to: chartering new banks; maintaining cash reserves; purchasing loans from another bank; accepting and holding securities as surety for execution of court and private trust functions; approving amendments to articles of incorporation; purchasing defunct companies; merging with another bank; insufficient bonding to cover deposits; incomplete credit information on clients; extending credit limits to mortgage companies; and changing number of directors in by-laws.

---

R305.04, Boxes 15-22, Folders 1-4  Series 2. **Audit Reports 1950-1960**

- **Physical Description:** 128 file folders.
- **Arrangement**
  Arranged alphabetically by name of bank then chronologically by year of audit.
- **Access Information**
  RESTRICTED, pursuant to Government Code section 6254(d)(1, 2, 4).
- **Scope and Content Note**
  Audit reports were either generated by the Federal Deposit Insurance Corporation (FDIC) or the Federal Reserve Bank of San Francisco and contain information regarding all of the bank's finances. This can include detailed information about account lists, outstanding loans, investments, payroll, and cash reserves. Also included in each report is a letter written by the auditor that summarizes the report findings as well as providing an opinion about the bank's board of directors and the overall competency of bank management.
Series 3. **Japanese Bank Liquidation Claims Files 1941-1962**

Physical Description: 32 file folders.

Arrangement
Arranged alphabetically by subject heading.

Access Information
RESTRICTED, pursuant to Government Code section 6254(c) (Unwarranted invasion of personal privacy) and section 6254(d)(1, 2, 4).

Scope and Content Note
The files relate to claims made to the Division of Banking during the liquidation of the Yokohama Specie Bank, Ltd. and Sumitomo Bank, Ltd. The banks were closed on December 8, 1941, and subsequently liquidated, as a consequence of the outbreak of World War II. Claimants are organized alphabetically by their last name. Those who had several pages to their claim received their own folder, while most were placed in the folder bearing the first letter in their last name. These files can include the original claim letter, a copy of the response written to the claimant, and supporting documentation. These files are labeled the same as they were prior to re-foldering during processing.

Series 4. **Japanese Bank Liquidation Subject Files 1938-1963**

Physical Description: 44 file folders.

Arrangement
Arranged alphabetically by subject heading.

Access Information
RESTRICTED, pursuant to Government Code section 6254(c) (Unwarranted invasion of personal privacy) and section 6254(d)(1, 2, 4).

Scope and Content Note
Japanese Bank Liquidation Subject Files are general administrative files of the Division of Banking during the liquidation of the Yokohama Specie Bank, Ltd. and the Sumitomo Bank, Ltd. The banks were closed on December 8, 1941, and subsequently liquidated, as a consequence of the outbreak of World War II. Subject Files relate to insurance, taxes, specific individuals, and federal agencies associated with to foreign asset liquidation (such as the Office of Alien Property). Also included are five folders of translated documents without the original Japanese language version. These files are labeled the same as they were prior to re-foldering during processing.

See Appendix A for an alphabetical listing of subject headings.
### Series 5. Japanese Bank Liquidation Correspondence Files 1941-1962

- **Physical Description:** 36 file folders.
- **Arrangement**
  - Arranged alphabetically by folder title.
- **Access Information**
  - RESTRICTED, pursuant to Government Code section 6254(c) (Unwarranted invasion of personal privacy) and section 6254(d)(1, 2, 4).

**Scope and Content Note**

Files contain correspondence sent to and from the Division of Banking during the liquidation of the Yokohama Specie Bank, Ltd. and the Sumitomo Bank, Ltd. The banks were closed on December 8, 1941, and subsequently liquidated, as a consequence of the outbreak of World War II. Correspondence files include information about bank liquidation status, particular individuals and accounts, correspondence to other financial institutions about the Division of Banking’s investments, and other federal and state governmental agencies. Folder titles include letters of the alphabet under which correspondence is filed by last name, or into their own folder if there are more than a few related pages. These files are labeled the same as they were prior to re-foldering during processing.

### Series 6. Japanese Language Account Files 1932-1941

- **Physical Description:** 16 file folders.
- **Language of Material:** Records are written in Japanese.
- **Arrangement**
  - Arranged alphabetically by account holder.
- **Scope and Content Note**
  - These files contain correspondence and account documentation regarding specific Yokohama Specie Bank, Ltd. and Sumitomo Bank, Ltd. account holders. Most of the documents are written in the Japanese language.


- **Physical Description:** 7 file folders and 10 volumes.
- **Language of Material:** One ledger is written in Japanese.
- **Arrangement**
  - Arranged by subject.
- **Access Information**
  - RESTRICTED, pursuant to Government Code section 6254(c) (Unwarranted invasion of personal privacy) and section 6254(d)(1, 2, 4).

**Scope and Content Note**

These ledgers were created during the liquidation of the Yokohama Specie Bank, Ltd. and the Sumitomo Bank, Ltd. The banks were closed on December 8, 1941, and subsequently liquidated, as a consequence of the outbreak of World War II. Liquidation ledgers include correspondent accounts, cash receipts, cash disbursements, journal entries, general ledger entries, loans, savings department entries, commercial department entries, payroll, claims, and also one ledger that is written entirely in the Japanese language.
Records of the Division of Banking 1907-1965

R305.10, Box 25, Folders 1-8

Physical Description: 8 file folders
Arrangement
Arranged chronologically by year.
Access Information
RESTRICTED, pursuant to Government Code section 6254(d)(2) (reports involving financial information).
Scope and Content Note
Comptroller Bulletins were generated monthly for the Governor. They summarize what activities were happening in the Division of Banking and include information about new banks being licensed (California banks and national banks that will operate one or more branches in California), new bank branches being opened, banks changing locations, banks changing ownership, and banks that went out of business.

R305.11, Box 25, Folders 9-10

Series 9. Regulation Files 1922-1961
Physical Description: 2 file folders
Arrangement
Arranged chronologically by year.
Scope and Content Note
Regulation files contain records related current regulations and the creation of legislation that would regulate the institutions within the sphere of responsibility of the Division of Banking. Files include correspondence concerning the existing regulatory framework, draft legislation that would change existing regulations, correspondence about draft legislation, and correspondence about official division positions on proposed legislation.

Records of the Division of Corporations 1936-1971

F3736:69-70

Series 1. Chief Deputy Commissioner’s Correspondence 1969-1970
Physical Description: 2 file folders
Arrangement
Arranged chronologically.
Scope and Content Note
Copies of letters sent, reports, and memoranda pertaining to Business and Transportation Agency meetings; proposed legislation; procedures for review and issuance of interpretive opinions and policy letters; amendments to rules and regulations; departmental activity reports; requests for copies of corporation laws; speaking engagements; complaints; and inquires concerning sale of debt securities by churches, insolvency of industrial loan companies, fraudulent advertising by loan companies, Franchise Investment Law, investment advisers’ licensing, public offerings of Broker-Dealer Securities, and credit disability insurance.
F3736:71-117  Series 2.  **Chief Deputy Commissioner’s Subject Files 1968-1971**

Physical Description: 47 file folders
Arrangement
Arranged alphabetically by subject title and chronologically thereunder.

Scope and Content Note
Letters received, copies of letters sent, notes, rough drafts, reports, summaries lists, bulletins, press releases, articles, agreements, rules and regulations, amendments, by-laws, and memoranda relating to: advertising; Attorney General’s Office; budget matters; cattle plans; complaints and inquiries; Corporate Securities Law (C.S.L.); Escrow Law Revision; foreign securities; franchises, Franchise Investment Law (F.I.L.); insider trading; investigations; proposed legislation; People’s Credit Union; Public Records Act; and Special Project Officer.


Physical Description: 36 file folders
Arrangement
Policy letters are arranged alphabetically by respondent’s name, while Interpretive Opinions are arranged numerically and chronologically thereunder.

Access Information
RESTRICTED, pursuant to Government Code section 6254(d)(3) (correspondence regarding financial information).

Scope and Content Note
(1) Policy Letters and Interpretive Opinions are similar with the exception that Policy Letters include Corporations Counsel’s approval to issue an interpretive opinion. Broken series covering the same subjects, which supplement each other, these two groups include letters received and memoranda. Both Policy Letter and Interpretive Opinions pertain to interpretation of the Corporate Securities Law and Franchise Investment Law covering such subjects as corporate certification requirements; private association membership sales; securities options; stock exchange licensing; registration of share certificates; investment annuity contracts; non-profit nonstick corporation exemptions; investment advisors; transfer of securities; tank car contracts; subsidiary franchising; limited partnership interests sales; subsidiary shares sales; corporation and retailers agreements; and franchising requirements. NOTE: Interpretive Opinions Nos. 407 and 418 are confidential. For further information contact the Corporation Commissioner’s Office.

(2) Miscellaneous and related materials. Arranged chronologically includes copies of letters received and sent, reports, summaries, and memoranda regarding summaries of amounts of opinion requests and disposition of requests; office procedures for handling interpretive opinions; pending assignments of Office of Policy; interpretive opinion summaries; and non-interpretive opinions (i.e. transactions not an exception to the law) concerning such topics as: jurisdiction of non-profit associations, non-issuer transactions, over-the-counter intrastate securities, security holders exchange, advertising security sales, pension or profit sharing trusts, investment advisors, stock option plans, investment partnership agreements and real estate development.

Physical Description: 3 file folders
Arrangement
Arranged alphabetically by company name and chronologically thereunder.
Scope and Content Note
Letters received, copies of letters sent, rosters, schedules, questionnaires, reports, and affidavits covering the company's financial condition.
A typical report contains general information such as corporation name; business address; brokers' or agents' names; directors' and officers' names; shareholders' names; assets and liabilities; receivable loans; floorings; receivable contracts and trade acceptances; installment investment certificates used; dealers' deposits, withholds and reserves; expense reserve for bad debts; legal reserve; statement of income and expenses from last annual report; delinquent accounts; notarized affidavit; and auditor's report.

Series 5. Prospectus 1967

Physical Description: 12 file folders
Arrangement
Arranged alphabetically by company name and chronologically thereunder.
Scope and Content Note
Includes letters received, copies of letters sent, rough drafts, statements, agreements, stock specimens, telegrams, articles of incorporation, by-laws, and memoranda submitted for approval by licensed brokers for underwriting and selling securities.
A typical prospectus includes request for consideration plus filing fee; preliminary prospectus; Securities and Exchange commission registration statements and amendments; underwriters' stock agreements; stock certificate specimen; analysis for prospectus clearance, legal opinion on qualifications; prospectus approval by corporations counsel; and final copy of prospectus.


Physical Description: 33 file folders
Arrangement
Arranged numerically by application number and chronologically thereunder.
Scope and Content Note
Includes letters received, copies of letters sent, permits, orders, stock specimens, resolutions, articles of incorporation and by-laws regarding permission to issue, sell and transfer securities.
A typical application includes request for permit; copy of articles of incorporation and by-laws; stock certificate specimen; stock option plan and agreement; Board of Director resolutions authorizing filing of application; statement listing names, addresses, and biographical information about offices and directors; financial statements; permit analysis by corporations counsel; permit to issue and sell securities; transfer application; and order of consent to transfer.
Series 7. Credit Union Revocations 1956-1971

Physical Description: 2 file folders

Arrangement
Arranged alphabetically by company name and chronologically thereunder.

Scope and Content Note
Includes letters received, copies of letters sent, rough drafts, forms, statements, applications, certificates, reports, minutes, directories, articles of incorporation, and memoranda representing samples of license revocation under Credit Union Law.

A typical revocation is divided into sections relating to correspondence and forms, public, and license and bond. Correspondence and forms section contains specimen forms; reports of examination includes list of assets and liabilities, statement of income and expenses, analysis of loans, statement of surety bond and insurance coverage, and report on conclusions and recommendations; supplement report to annual examination; suspension order of credit union; and correspondence relating to bond cancellation and liquidation. Public section consists of minutes of organization meeting; articles of incorporation and by-laws; applications for certificate to act as Credit Union; directories of officials; and notifications of changes in officers and directors. License and bond section contains copy of credit union license; certificate of election to wind up and dissolve; order of suspension; notification of bond termination; and order of revocation by dissolution.


Physical Description: 2 file folders

Arrangement
Arranged alphabetically by task force name.

Access Information
RESTRICTED, pursuant to Government Code section 6254(d)(2)(reports generated for the internal use of a financial department).

Scope and Content Note
These files relate to task forces created by the Governor to address particular issues. These files concern the "Home Building and Construction" and "Management Evaluation" task forces and contain correspondence, background research, transcripts, legislation, and completed reports. The task force on Home Building and Construction was charged with investigating why the construction of new homes in California was low when considering the economic expansion of the country and large population of 20-29 year olds in the state. The task force on Management Evaluation was charged with reviewing other state agency's polices and procedures and to make recommendations to improve their efficiency.


Physical Description: 1 file folder

Arrangement
Arranged chronologically.

Scope and Content Note
Hearing file consist of internally created correspondence from within the Division of Corporations. Includes memoranda and correspondence relating to hearing procedures, dates, locations, and a calendar of upcoming hearings.

Records of the Division of Real Estate 1934-1970
Series 1. Hearing Files 1945-1965

Physical Description: 71 file folders

Arrangement
Arranged alphabetically by office and then by hearing number.

Scope and Content Note
These files are for hearings regarding the licensing of a real estate agent in the state of California. Hearings could be initiated for reasons such as official complaints filed against a real estate agent; legal action; or investigation of a real estate agent. These files consist mainly of the hearing's final report that includes a summary of the matter in question, a summary of the investigation conducted, and the final decision of the Division of Real Estate.

Series 2. Subdivision Reports 1934-1970

Physical Description: 160 file folders

Arrangement
Arranged chronologically by year, then alphabetically by office, then by report number.

Scope and Content Note
Reports concern applications to subdivide property in order to develop, sell, or develop then sell the smaller pieces. Information included in the reports are address/location of the property to be subdivided, what type of development the owner plans for the subdivided property, how the new development receive services, as well as information on pricing for the new units. Offices included in the series are San Francisco, Oakland, Sacramento, Los Angeles, Fresno, and San Diego.

Series 3. Investigation Files 1965-1970

Physical Description: 31 file folders

Arrangement
Arranged numerically by file number.

Access Information
RESTRICTED, pursuant to Government Code section 6254(f) (Investigative Files).

Scope and Content Note
The Division of Real Estate created these files when it performs an investigation. Investigations can be initiated because of a consumer complaint against a licensed real estate agent or initiated by a deputy commissioner in response to piece of information discovered during the course of normal duties. Files can include complaints, witness lists, signed statements, interview transcripts, related newspaper articles, and other personal information about the person being investigated. Only files from the Sacramento office are included.