

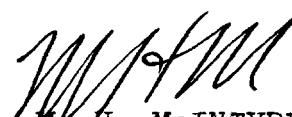
THE WHITE HOUSE
WASHINGTON

March 4, 1936

PERSONAL

MEMORANDUM FOR GOVERNOR ECCLES:

The attached correspondence from Senator Bone, together with the President's memorandum to me, is self-explanatory. Would you be good enough to take this up with the President at the first opportunity.


M. H. McINTYRE
Assistant Secretary
to the President

March 4, 1936

Personal

My dear Senator:

The President has asked me to thank you for your note of February twenty-seventh with which you forwarded a letter written you by Mr. C. W. Greenough of Spokane, Washington, relative to the Federal Reserve Bank in that community.

Your courtesy in bringing this to the President's attention is greatly appreciated.

Sincerely yours,

M. H. McINTYRE
Assistant Secretary
to the President

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Honorable H. T. Bone,
United States Senate,
Washington, D. C.

COPY

UNITED STATES SENATE

February 27, 1936.

The President,
The White House,
Washington, D. C.

My dear Mr. President:

I am sending along a letter written by Mr. C. W. Greenough, former Prosecuting Attorney of Spokane County, State of Washington. Mr. Greenough is a very able lawyer and a very fine gentleman. He is expressing a viewpoint which I thought might be interesting to you.

With kind personal regards,

Sincerely yours,

(Signed) H. T. Bone.

C. W. GREENOUGH
Attorney and Counsellor at Law
Suite 1004-1005
Old National Bank Building
Spokane, Washington

Feb. 21, 1936

Hon. Homer T. Bone,
United States Senator,
Washington, D. C.

My dear Homer:

I note by the papers that the new Federal Reserve board has been appointed by the President.

The Federal Reserve Bank at Seattle is represented by Warren Lewis, who I understand is a member of the Republican state committee. In Spokane the Federal Reserve Bank is represented by Weaver and Weaver, the elder Weaver being a member of the Republican state committee likewise. I know that the Federal Reserve Bank is supposed to be outside the scope of political influence and I am wondering if a change in the board might not open the way for a few Democrats at least in such responsible positions. Our Republican friends have seen to it in the past that the Federal Reserve Bank is kept out of the sphere of political influence by seeing to it that it is solidly Republican.

I realize fully the position that the Democratic members of Congress are in with respect to such a situation as this. The responsibility for the above situation rests at the top of the government of course and it has been extremely difficult to influence the top when it comes to matters of this kind. However, it is demoralizing to the organization. The Democrats here do not take the position that the responsibility for the situation rests upon the members of Congress, but nevertheless are continuously railing and urging the various committeemen to do something about it. For that reason only I am attempting to pass it on to you.

Trusting that you will not find this suggestion adding unduly to your already heavy burden, and with best wishes, I am,

Yours sincerely,

(Signed) C. W. Greenough.

CWG:L

March 9, 1936.

MEMORANDUM:

TO - Mr. McIntyre
FROM - Chairman Eccles

In response to yours of March 4th, transmitting a letter from Senator Bone, together with a letter to the Senator from Mr. Greenough in which complaint is made respecting counsel employed by the Federal Reserve Bank Branches at Seattle and Spokane, I am enclosing herewith a copy of my reply to Senator Bone which I trust will satisfactorily dispose of the matter.

Although my reply to the Senator sets forth the legal limitations upon any official action by the Board of Governors with respect to such a situation, naturally where feasible I shall use my influence in the direction of having people in the System who are not unfriendly. I shall be glad to have you forward me information of this kind from time to time.

enclosure
LC, fgr

FOR CIRCULATION

First to Mr.

Eccles ✓

March 6, 1936.

Mr. Broderick ✓

Mr. Szymczak ✓

Mr. McKee ✓

Mr. Ransom ✓

Mr. Thompson ✓

Mr. Clayton ✓

Mr. Merrill ✓

Mr. Bethel ✓

Mr. Carpenter ✓

Mr. _____ ✓

Mr. _____

Mr. _____

Please note, check and return to Mrs. _____

My dear Senator:

Your letter of February 27th addressed to the President has been referred to me for consideration and reply. With your letter you enclosed a letter addressed to you by Mr. C. W. Greenough, an attorney of Spokane, Washington. Mr. Greenough complains that the Seattle and Spokane Branches of the Federal Reserve Bank of San Francisco are employing as counsel prominent Republican attorneys, in the one case a member of the Republican State Committee, and in the other case a junior partner of a firm, the senior partner of which is likewise on the State Committee.

While it might be contended that the close connection of these attorneys with party politics disqualifies them for service with a Federal Reserve bank, that is a question of policy which it is not within the province of the Board of Governors of the Federal Reserve System to control.

As you may know, the Federal Reserve banks, as well as the branches of such banks, are each controlled by a board of directors of which a minority is appointed by the Board of Governors. In the case of the branches at Seattle and Spokane the Board here in Washington appoints two out of the five branch directors, the others being appointed by the Federal Reserve Bank of San Francisco acting through its board of directors. The qualifications of counsel employed by a Federal Reserve bank or branch would seem to be a matter entirely within the discretion of its board of directors.

Aside from the legal jurisdiction of the Board in this matter, your letter and that of Mr. Greenough are being brought before the Board of Governors for their information.

Yours sincerely,

(Signed) M. S. Eccles

M. S. Eccles,
Chairman.

Honorable H. T. Bone,
United States Senate,
Washington, D. C.

LC/fgr