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Denver, Colorado,
January 3, 1917.

PRIVATE.

Dear Judge:

I asked Hendricks in a recent letter to have a word with you about the practice which he advised me had been adopted of sending copies of the weekly reports which are sent to me to the Reserve Board and have heard nothing about it since writing. This struck me as an unusual proceeding and since the Board's recent action I am inclined to feel that I would rather not get the reports in that form than to have them subject to review and, consequently, less frank and complete than they might otherwise be.

At no time during the past two years have I felt the slightest desire to withhold complete confidence from the members of the Reserve Board, even in this Bank of England matter. The whole subject was laid before them without reservation, but it seems that this course involves some danger and I am writing to ask your opinion as to the wisdom of continuing to send those weekly statements.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Board,
New York City.

BS/CC

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36

Denver, Colorado,
January 3, 1917.

Dear Judge:

I am struggling with a great accumulation of mail and have reached yours of the 22nd, which in fact was right at the top of the pile.

Those Christmas knick-knacks were really bully. I have read none of the books and will in due time read them all with great enjoyment, particularly the Life of Cellini.

What can I say to you beyond my essay to Treman in regard to recent Washington developments. I have been heartsick over the whole thing - first the French credit, then the exchequer bills and now this announcement about the Bank of England. Can it be a fact that you and I, with possibly a few others, are the only ones that have any common sense? I do not mean this egotistically, but only as applied to kindergarten first bills in affairs of importance, and I am not necessarily referring to peace negotiations which have been bungled from the start. However, I wish some of these fellows in Washington, so long as they cannot be "translated" could be transported to Europe and just hear the sounds and smell the smells of battle from a distance of a few hundred miles - it would do them good.

After mature deliberation, I have decided to let the Bank of England episode take its official course and I am writing nothing on the subject to the members of the Board at Washington, at any rate until they write me. If I did write them officially, it would be to advise

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To - Mr. Curtis.

January 3, 1917.

them that I am sending in my resignation, which I am selfish enough not to do, at any rate until the finishing touches are put on these foreign arrangements.

So much for now. We had wonderful experiences in the mountains, concerning which I will try and write you later.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
January 9, 1917.

Dear Judge:

That mistake about your mansion was not my fault, but was the result of an old understanding I had that you and your good wife Laura were going to live sensibly hereafter and avoid the nuisance and care of a house, but I guess you are too old fashioned. Thanks for the details. I cannot really send you much sympathy about that ankle; you have been bragging too much lately about good health and the misfortunes of your associates and this is the way the Lord visits his anger upon you. I would write more seriously about it had I not received a letter from the office regarding your accident and telling me you would be around again on Monday.

Between your letters, Treman's and one or two from others at the bank, including a copy of Harding's rather insulting communication, I get a very good picture of what is going on. It does not promote appetite, sleep or peace of mind and then I was disturbed by Treman's statement that the Board had resolved to ask permission from the Reserve Board to negotiate with the Bank of France, after we had been negotiating for nearly a year. The Board's function is to approve or disapprove; our procedure is to negotiate subject to approval or disapproval, and it is a bad procedure to take official action in that way, although perfectly proper to consult informally, which I would suggest being done instead of taking personal action. Treman sent me a copy of the cable to Cunliffe.

Confidentially, I have just spent two days in a very careful study of a letter to the Bank of England, which has been dispatched to New York

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and which, very confidentially, I have gone over on technical points with George Roberts, who is here and of course is familiar with these questions of gold values; he was very helpful. Nevertheless, the matter is of such great importance that it ought to be carefully checked in New York by competent people. It is the best I can do out here without advantage of the of the "advice of the lily goddess.

Sorry you are having trouble about your Secretary; don't let those women boss you.

The arrangement about salaries, particularly yours, pleases me very much - more than you may appreciate, although you are the beneficiary. It gives me the excuse once more to tell you what a tremenduous comfort, protection and strength it has been to have you along side through this difficult and bustling period of development. If you are not sorry that you abandoned old Boston for our bad company and disputatious surroundings, then we need neither of us regret it I hope.

If P. J. needs a further change and his doctor thinks Denver is too cold, tell him I will meet him at Hot Springs, Ark. or any old place down in that country where it is warm and balmy for a little visit any time he says, and it will do us both good. Dr. Sewall recommends that I do just that thing if I can get someone to join me for company, and the same remark applies to you if he cannot get away and applies still stronger to both of you, if you can both get away.

To me all indications of peace negotiations and collateral news indicate that Germany is up against it and putting up a big bluff. If peace does not result, we may see a new period of frightfulness on the

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To - Mr. Curtis. January 9, 1917.

ocean, possibly also on land, and then official Germany bowing as gracefully as possible to their own people when they really sue for peace, stating that they cannot afford to fight the world, including U.S.A. I am beginning to think the peace move was inspired by some intimation that Washington was finally going to act. Personally, I think the President's move was at the right time, or substantially the right time, but bungled in the handling and yet that there is still the possibility of peace resulting; in this I know you wont agree. Don't fail to get out here if possible. I would like to have one day, if no more, with you and Jay and Treman, and get the real story of what's been going on and see if we could not smooth things out a bit.

Give my love to Laura and tell her she might as well send me that $20.00 unless I happen to owe anybody else money that she knows of, in which case to pay my debts.

I hope your accident proves to be trifling.

With warmest regards,

Affectionately yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
January 10, 1917.

Dear Judge:

I have read the Minutes of the 9th Conference with much interest and return the copy herein. On the whole it impresses me as being a progressive meeting, with much more accomplished than the one before, but I still think I would omit that reference which contains the possibility of trouble.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City, N. Y.

BS/CC

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Denver, Colorado,
January 10, 1917.

My dear Mr. Curtis:

Yours of the 5th, enclosing copy of the Minutes of the 9th Conference of Governors, is just received. I have not yet read the full report, but as to topic 4c, the conference apparently took no action upon that subject and it appears to be a report of the Secretary as to what he had done in relation to previous actions taken. In my opinion, no object will be served by including it in the report.

Thank you for sending me the record, which I will return when read.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
January 11, 1917.

PERSONAL.

Dear Judge:

It was nice to get your bully letter of the 8th and Miss Carlton promises to permit no more confusion as to your status with the Board. It was possibly due to the fact that with governors and doctors over there in profusion, it seemed necessary to furnish them also with a judge.

Thank you for the advice about those reports, which should not go to Washington. Also for various other explanations confirming views that I already held, gathered from various sources. I have sent a rather complicated letter to Treman, addressed to the Bank of England, which I am sorry was not written on the bank's letterhead. Possibly the first page can be re-written, or, if it is all re-written, Mr. Treman may prefer to sign it. The only point in my signing it was the influence of a personal equation and a little ridiculous pride in signing a letter which may give effect to a banking alliance of historical importance.

Don't worry about my resignation - I have got one on file already at the bank, and I guess as long as the bank is in the vocative, I wont do any more about it.

My guess just now is that the leak investigation will be permitted to die, if it is not killed by congressional assassination, but I would like to see the thing cleared up.

I have sent Mr. Treman some comments on all the amendments which came to me, in rather unfinished shape, and I am just sending him copy of

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To - Mr. Curtis. January 11, 1917.

another letter recently written to Warburg on this subject. These are matters that really require discussion to bring out views, and I am handicapped in expressing any opinion here.

A word about that article you enclose. You know I have always definitely and with great determination set my face against entertaining any ideas such as suggested in the latter part of this article. I will be most reluctant to change my views, but if there is any ground for doing so, I would like to know it. What do you think yourself?

I have not read the "Passing of the Great Race", just now being engaged with Mr. Hurst's book - Political Economy of War", afterwards expecting to tackle those that you sent me.

Please give all the boys my warmest regards and the same to yourself. I hope your ankle comes around promptly.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
January 19, 1917.

Dear Judge:

Thanks for yours of the 13th. I am relieved about the application you mention, for it would have been a mistake to make formal application as I have written Mr. Treman.

There are two sets of French paper money; one the big set in a scrap book which I sent you from Estes Park, asking that it be put in the tin box or some other safe place; and the other is a small paper box filled with little envelopes, each one containing a few specimens. I hope that they have not been misplaced. They are rare and will be very difficult to get later on.

Your guess about the Piping Rock bill seems to be correct. Mrs. McLaren has various expenditures to make for me, so you might hand her the cash if you owe me and I guess it would be a good plan to do the same thing with what Laura had left over.

It was a stupid blunder for me to mention Hot Springs, Ark. in my letter - I meant Castle Hot Springs, Ariz. This letter will be stale when it reaches you, but the situation today is as follows: I decided to suggest Chandler, Ariz. instead of Castle Hot Springs, not only because the hotel is good, but it is in a most interesting country where they have those petrified forests and other wonders. On receiving your telegram I called the hotel by telephone and after some argument, found it impossible to get rooms. I also ascertained that everything on the Santa Fe road down to that country is booked except on the 27th of this moth,

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To - Mr. Curtis. January 19, 1917.

so I switched back to Castle Hot Springs, as I telegraphed you yesterday, and I am now awaiting a telegram from there as to whether they can give us accommodations. If not, I am proposing to suggest Colorado Springs, as the Antlers there is a splendid hotel and besides that Robert Masson, whom you met through Casenave, will be there and I know you will enjoy seeing something of him. I hope to get definite word to you before long. You can imagine my delight at the prospect of a visit with you and Green.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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WESTERN UNION TELEGRAM

Form 260

250

V. E. ATKINS, VICE-PRESIDENT NEWCOMB CARLTON, PRESIDENT BELVIDERE BROOKS, VICE-PRESIDENT

S No.	TIME FILED	CHECK

he following Telegram, subject to the terms
ack hereof, which are hereby agreed to

Denver, Colorado, January 19, 1917.

J. P. Curtis, Federal Reserve Bank, New York City.

English letter mailed last night. Approve your making addition suggested by Woodward when it arrives.

Benjamin Strong.

Chg. Benj. Strong,
4100 Montview Blvd.
Denver.

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Federal Reserve Bank of St. Louis

ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TI

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office For this, one-half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TEL PAID FOR AS SUCH, in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegran amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyo the sum received for sending the same, *unless specially valued;* nor in any case for delays arising from unavoidable interruption in the working of its *errors in cipher or obscure telegrams.*

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-deliver gram, whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegr[illegible] is hereby a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum pa[illegible] or agreed to on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company whe reach its destination.

4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his ag expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a tele such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days gram is filed with the Company for transmission.

7. *No employee of the Company is authorized to vary the foregoing.*

THE WESTERN UNION TELEGRAPH
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

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A full-rate expedited service.

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A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less. Subordinate to the priority of transmission and delivery of regular telegrams. Must be written in plain English. Code language not permissible. Telephonic delivery permissible. Day Letters receiv express understanding that the Company only undertak the same on the day of their date subject to condition time remains for such transmission and delivery during hours, subject to priority of the transmission of regu

NIGHT LETTERS

Accepted up to midnight for delivery on the morni ensuing business day, at rates still lower than standard rates, as follows: The standard day rate for 10 words sh for the transmission of 50 words or less, and one-fifth of day rate for 10 words shall be charged for each addition less. Must be written in plain English. Code lang missible. Mail delivery, postage prepaid, permissib

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Denver, Colorado,
February 15, 1917.

Dear Judge:

Your visit was a perfect delight and I cannot tell you how much real good it did me to have ten days with you and to unburden myself of all the accumulations of the last six or eight months.

You now have taken a peep through the telescope one uses at this distance from affairs, realize that in some ways one's vision is at any rate more comprehensive from a distance and I hope you can stir up our partners on some matters which I think we agree are not in good shape at the office. So much for business.

The bill at the Arizona Club was $8.95, the bill at the hotel was $111.70, so making allowances for my spending one more day than you did, I figured that you owe me about $54.45. I feel as though I owed you a great deal more, however, for your trip out did me a world of good. I got accommodations Monday afternoon and reached Denver yesterday afternoon, after a very comfortable trip, paid up all the bills in Phoenix, called on the Bishop and returned his books, said goodbye to him for you, left directions for forwarding your mail and left a card at the Arizona Club, so I hope all the chores were cleaned up.

Give as good an account of me as your conscience will permit to the boys at the office, and again many thanks to you for devoting good vacation days to visiting the invalid.

Faithfully yours,

James F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
February 15, 1917.

Dear Judge:

I am sending a remittance of $1.40 to the Piping Rock Club today. This is in payment of bill for the month of January.

Yours very truly,

James F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

CC.

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Denver, Colorado,
February 23, 1917.

Dear Judge:

I am returning with this Mr. A. Maurice Low's article on Blockade and Contraband, which I have read with a good deal of interest. Possibly I am justified in using a phrase which I think I have heard from your lips - to the effect that it contains nothing new. To tell you the truth, it did not impress me very strongly. In part, it is assertive rather than convincing and certainly it is a bit amaturish. It reminds me of some of the stuff I have written myself on various subjects that I did not know enough about to justify committing myself. Furthermore, for some strange reason he does not touch on the subject of the mails.

If you happen to come across a spare copy of this, I would be glad to add it to a collection of documents I have on this subject.

You promised to send me some material on the subject of the Budget. In connection with the work you fellows are doing in that matter, have you come across an English book written by E. Hilton Young, M.P., published in 1915, entitled "The System of National Finance".

I have been led to write him a long letter, containing a few modest suggestions, such as tearing up the constitution, and a few other things like that, and have an extra copy for you to read , but don't dare send it until after I have first read your production.

I am getting along first rate, have caught up with my mail and am looking forward today to Masson's arrival. He is going to spend the night with me and start east tomorrow.

Please give my love to Laura and tell her that I will be writing

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To - Mr. Curtis. February 23, 1917.

her in a few days in answer to her last letter, which I appreciated very much.

Best regards old man, from

Yours faithfully,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Federal Reserve Bank of St. Louis

Denver, Colorado,
February 26, 1917.

Dear Mr. Curtis:

Yours of the 23rd, containing copies of telegrams exchanged with Monsieur Pallain, has just reached me and it seems as though this matter was now in the best possible shape. Don't forget in considering this matter that we have not referred to possible Moratoria.

This is not a very good time to experiment with the Federal Reserve Exchange. Possibly in view of foreign developments the Board may be willing to post pone the matter for a while. I will try and not delay the return of the revised memorandum for Pallain.

Yours very sincerely,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Federal Reserve Bank of St. Louis

Denver, Colorado,
February 26, 1917.

Dear Judge:

I am returning the draft of a proposed letter to the Federal Reserve Board on the subject of the Bank of England announcement, and have made one or two pencil suggestions which I will explain:

Paragraph (a). It will be a poor plan to permit this letter to give the impression that the text of the cable to which they object was inspired, if you please, by you. The violation of confidence really effected me personally as much as anybody and I think you are fully justified in sending a letter which will put the responsibility for that inquiry made through Morgan upon me.

On page 3, last paragraph, I think it may be just as well to alter the phraseology so as not to indicate that Mr. Morgan was responsible for any censorious statement conveyed to the Bank of England through his partner, but that whatever expressions contained in the cable might have had that appearance were really inspired by my telephone request. There is enough antagonism in the air already and we must be very careful not to appear to shove this difficulty on to Mr. Morgan's shoulders.

Your letter crossed a letter of mine to Mr. Treman, commenting on Harding's letter, copy of which he sent me, and I cannot help but feel that a good deal of the difficulty respecting this cable correspondence was really due to lack of consideration at the bank of my own views, sent by telegram from Phoenix, in which I stated that these cables were personal matters, over which, as a matter of fact, the Committee of our Board had no control.

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To - Mr. Curtis. February 26, 1917.

On the whole, I think your letter is just, but just about as harsh as the letter from the Reserve Board. Personally, I do not care how harsh a letter is sent so long as it is framed in such a way so as not to bring down the wrath of the Board on unoffending officers of the bank, when really the whole responsibility for the negotiations from beginning to end rests upon me and, frankly, I have no desire to shirk or avoid it. If the Board wants to fight about this matter, I am perfectly willing to do so and tell them frankly exactly what I think about their performances. But, personally, I do not think you and Treman and our directors should be censured for something that was so distinctly my own affair.

As to the principle of having the record made clear, I am in hearty agreement.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Enc.

P. S. Since dictating the above the local newspapers contain rather ominous news about the war situation and state that the President is to address Congress this afternoon. I don't want to advocate a policy that will simply stir up trouble in the System when heavy responsibilities must be carried by the Board and by ourselves, and it may be prudent simply to address a letter to the Board stating that there were certain errors in Mr. Treman's letter which as a matter of record, now that the Board has made a written record of the subject, which must be corrected, but in consideration of the disturbed conditions it has been decided to postpone any further correspondence until the situation is clearer, meantime making clear that the officers or the directors of the bank insist upon clearing the record in view of Governor Harding's letter. It is hard for me to judge of these matters from here because the days are kaleidoscopic and beyond everything prudence and conservatism should characterize our attitude.

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Denver, Colorado,
February 26, 1917.

Dear Judge:

Thanks for yours of the 21st about the directors' records. Let me explain why I made the suggestion:

The records of a bank are like the construction of a lady's fan. The books of original entry are represented by the tips of each of the bones when the fan is spread out, and those records should all lead through the various books of entry, down to the central authority where all transactions are reported and where all transactions are authorized, viz.- the Minute book and the record of the reports to the directors; that, so to speak, is the hinge of the fan. Few men in considering the organization of a bank take the trouble to get the real perspective as to these records and you know my anxiety that our little bank shall be a model of correctness in that regard, hence these fatherly remarks.

Yours very sincerely,

J. F. Curtis,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
February 26, 1917.

Dear Judge:

Thanks for yours of the 20th. The cap has been sent but so far the only footwear which has turned up is a pair of socks, one of which was torn beyond repair, and we are now taking stock to see whether there is anything more such as golf stockings, etc.

I have heard from Jerome Greene and I am amazed that we did not get his wire.

Don't worry about being unpopular at the bank. The trouble with that bank, and almost the only trouble, is the lack of capacity on the part of the Senior officers to organize their own work effectively, and this is very largely due to their unwillingness, or inability, to learn how to delegate less important matters to subordinates and to have this act of delegation a systematic one, so that the machinery of the bank, without detaching people from their regular routine, will take care of a great part of what is now done by the officers; it is a matter of training. If I were to answer the question as to what is the greatest obstacle in the way of a man's developing into a real executive, I would unhesitatingly answer - "His own conviction that he can do things better than some other fellow".

I am glad to learn of Jay's success in Washington. I rather wish that Treman had undertaken the job so that there might be no appearance of timidity on his part in meeting the Board.

About Governors' Conferences, if Harding discourages them I nevertheless think they should be held but, if possible, without ignoring the Reserve Board.

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To - Mr. Curtis. February 26, 1917.

I am writing separately, commenting on your "condone letter".

Backus' death was a great shock to me. He and I have been friends since I was a boy of ten or twelve. We have always fought more or less but still have remained friends.

I like these hand-written letters of yours, which exhibit the freedom of restraint imposed by the censorship of a stenographer and typewriter, so lets have some more of them.

With every good wish and love to Laura,

Faithfully yours,

J. F. Curtis, Esq.,
57 East 52nd St.,
New York City.

P. S. Again referring to the day's news. I have just received copy of a letter from the office addressed to Treman by Harding, throwing cold water on another Governors' meeting on the ground that the times are ticklish. There is something in the suggestion. If we are going to have a real situation I don't think a meeting should be held, thus taking all the governors away from the banks.

BS/CC

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Bk of France

Denver, Colorado,
March 2, 1917.

Dear Mr. Curtis:

Yours of the 24th ult., containing suggestions for revision of the Bank of France memorandum, reached me yesterday and I have been spending some time in studying over the changes, as well as polishing up the letter addressed to Pallain, concerning which you have suggested no changes.

(1) Now as to the memorandum, I think all the changes proposed are good and much to the point, but in paragraph 8 it seems to me we should add a clause following the word "practicable", substantially as follows:

> "And in general the amount of obligation payable in gold which may be incurred at any one time by one institution in favor of the other to be limited as stated in paragraph 16 below".

The reason for the addition is a little difficult to make clear and I will illustrate it by a specific transaction: At today's rates of exchange we can buy 5 francs 85 centimes for $1.00. If we invest in francs at that rate and deposit them in the Bank of France, there is nothing to prevent our at once ordering the Bank of France to ear-mark gold for the amount of these francs, or possibly to ship the gold to England. Assuming that the cost of moving the gold were normal instead of abnormal as at present, and we were able to lay these francs down in New York in the form of imported gold, it would only take 5 francs and 18 centimes of this gold to repay us the original cost of $1.00, which purchased 5 francs and 85 centimes, so that our profit would be the difference between 5.85 and 5.18, which is, of course, the amount of present depreciation in French exchange. This kept

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To - Mr. Curtis. March 2, 1917.

up indefinitely would either restore French exchange to normal, or pump the Bank of France out of gold. These figures are rought and I am only stating the thing theoretically to illustrate what should be guarded against. Practically, the transaction would not be possible, because we could not physically move the gold. It is, of course, to prevent just such things happening that the Government has prohibited gold exports, otherwise neutral countries would be buying francs at a discount and taking gold out of the Bank of France, probably storing it in some neutral country like Switzerland. The addition of the proposed clause indicates to the Bank of France that while we will construe the agreement as imposing an obligation upon them to liquidate everything owing to us in gold, yet the amount of the debt which may be incurred will be subject to their own control, as provided by clause 16.

(2) Please refer to my letter of February 11th, addressed to Mr. Treman from Phoenix, as to various points requiring special investigation, some of which are still to be completed.

(3) Mr. Cann has just written me of his acceptance of an offer from Canada, which I greatly regret. He is a valuable man, having much experience in lines where none of the others have. It emphasizes the necessity for getting a man that knows about foreign exchange just as promptly as possible. Mr. Cann himself may be able to help in this.

(4) The Assay Office men can undoubtedly give information about French coinage, as they handle considerable quantities of it.

(5) I would like to know whether Mr. Jay submitted the details of the proposed arrangement with the Bank of France to the Federal Reserve Board, or simply submitted an application for consent to the appointment.

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To - Mr. Curtis. March 2, 1917.

(6) The changes in the letter to be addressed to Pallain are all of language and not substance, but I cannot prepare a final draft of either letter or memorandum until I hear from the office about --

(7). If the Assay Office can be persuaded to waive the 50¢ charge for bars, it will simplify the arrangement all around. It took a lot of correspondence with Cokayne of the Bank of England to make that matter clear to him and I fear that Pallain will not take as kindly to the suggestion of putting such a charge on the Bank of France as the officers of the Bank of England did.

(8) When the memorandum is finally in shape to be forwarded, it should be carefully bound as one document and the original copy sent with an original letter by registered mail on one steamer and another complete set sent by registered mail on a different steamer. I suggest that they be bound along the left margin instead of at the top, that being the French custom.

(9) Correspondence and transactions in foreign exchange matters are conducted with more formality and care than our domestic transactions. If we can get a man who understands these matters, his first job should be to sketch up forms of drafts, forms of advices and other matter of that kind, which should be in the best form possible, and ready in advance.

(10) In order that we may be ready to act promptly, I think we should get up the forms of letters, resolutions, etc., together with a form of agreement, to submit, for use with the other eleven Reserve Banks, and have them all ready to send out just as soon as the arrangements are concluded.

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To - Mr. Curtis. March 2, 1917.

(11) The consent of the Federal Reserve Board to the appointment of the Bank of England was coupled with a requirement that the form of the agreement for participation by the other Reserve Banks must be submitted to the Board for approval. That strikes me as being reasonable and, of course, should be undertaken informally but promptly and in advance of submission to the banks.

(12) It is going to be most difficult to avoid a leak in relation to the terms of our arrangements in London and Paris, when they are to be mulled over by 120, or more, people. Therefore, I suggest that the paper which is used for these communications have printed in red across the top in some conspicuous place a statement of the following general character;

"The contents are confidential and must not be disclosed to other than authorized officers or directors of the Federal Reserve Bank to which addressed."

(13) I would like to get the present concensus of views of the officers and directors of our bank as to the amount of money which we should employ in London and Paris respectively.

(14) Before either the London or Paris arrangement can be operative our directors must prepare a Resolution, authorizing the adoption of the agreement or memorandum authorizing the opening of the accounts and their conduct and authorizing signatures to drafts by such method as they prescribe, also authorizing the endorsing of drafts. This resolution will be the authority for the officers of the bank to employ some of our money in these foreign transactions and, of course, to act for the other eleven reserve banks.

This is all I can think of in connection with our proposed foreign

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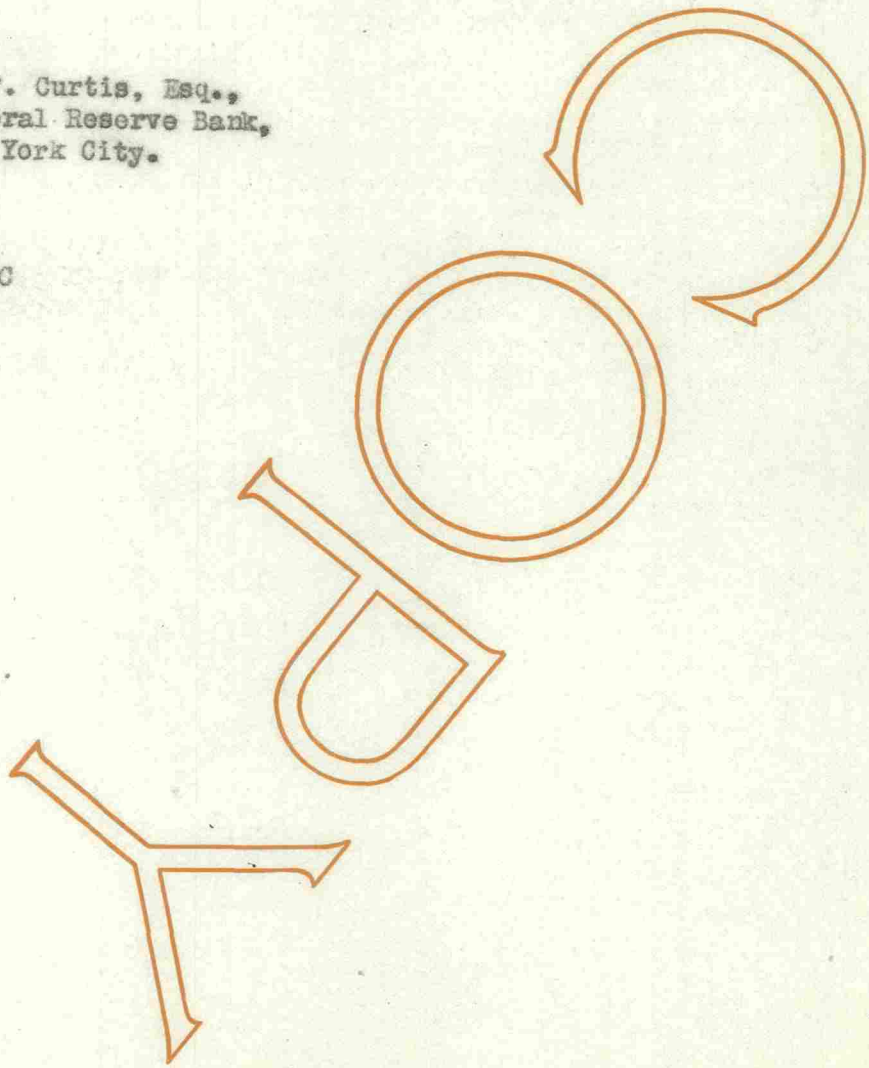
To - Mr. Curtis. March 2, 1917.

arrangements, and I will send the completed letter and memorandum just as soon as I hear about the assay charges.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC



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Federal Reserve Bank of St. Louis

Denver, Colorado,
March 2, 1917.

Dear Judge:

Your telephone message was only next door to a visit, but I am sorry we did not have a better connection.

Aikens' first letter to me (which I enclose) you will observe was a very definite and positive decision not to come to New York. I felt that it was so definite that I could not urge him, particularly as he had already met Mr. Woodward and Mr. Peabody and they had doubtless discussed it to a finality, but a few days later I got another letter from him, which seemed to open the door a bit, so I at once wrote him again just on the chance that we might be able to move him, and then, think it was on Monday or Tuesday of this week, I telegraphed him, urging that he try and arrange to get out to see me any way. This telegram crossed one which he had already despatched to me immediately upon receiving my letter, stating that he would endeavor to come out to see me and would telegraph definitely in a day or two. I then telegraphed him again, urging the wisdom of doing so, as I really felt that the situation was sufficiently important to require a personal meeting before final decision.

My decision in sending him this telegram was hastened a bit by a letter from Warburg, in which he rather casually referred to a meeting with Aiken in which Aiken had communicated to him his decision, not necessarily final however, not to come to New York. I only got Aiken's reply day before yesterday and was awaiting his further telegram before deciding whether it was worth while to communicate with the office about it.

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To - Mr. Curtis. March 2, 1917.

The thing I find it difficult to explain is the positive character of Aiken's first letter, which is enclosed, and then the terms of his second letter, which seem to leave a loop-hole.

I hope you may make progress with him and if not, send him out here and I will see what I can do.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Encs.

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Denver, Colorado,
March 2, 1917.

Dear Judge:

Referring to your letter about the Bank of France communication, I want to continue our conversations at Phoenix by using this Bank of France matter to illustrate one of the points I made there about the orderly procedure of the bank. Your letter was signed by Mr. Jay, who made one slight change in it, after apparently taking it home, or up town, and then added a postscript to it. These letters have some value as a record of the business of the bank and should not be taken out of the bank in that way and then botched up by the addition of hand-written postscripts, or making changes in the body of the letter, so that the record in the bank does not conform to what is at the other end of the line. It is of slight importance in correspondence with me, but of considerable importance as a matter of regular practice.

The real point of this letter, however, is to advise you that I am writing Mr. Jay personally a little letter of complaint and protest as to the way this matter of gold bars has been handled. In the first place, everybody seems to take a crack at it and now at the last minute, when we are just on the eve of sending our letter to France, the terms of which are dependent somewhat upon the arrangement made about these assay office charges, Mr. Jay sends me telegrams, asking for further information. I am writing to call your attention to the fact, as I have his, that I wrote the bank some months ago, urging that a study of this subject be made so that we would be well prepared in advance to deal with it. The proper course to have

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To - Mr. Curtis. March 2, 1917.

followed upon receiving my first letter would have been to assign one of the Junior officers, or possibly two of them, to making a thorough investigation and report, as was done in the matter of Fiscal Agency affairs. Apparently that course was not followed and the bank seems to be relying upon the very general information and views that I have out here, that really only permit me to make a broad suggestion of what we ought to try and do, relying upon the men at the bank to develop it in detail and ascertain its feasibility. I hate and abhor and distrust these last minute half-baked, telegraphic decisions about important matters. Somehow or other I have a feeling that painstaking care is not being applied to some of these matters requiring investigation and where accuracy and detail is important. After all of our correspondence about the Bank of England letter, the poor letter got off with a clause in it which never should have been there, resulting in Cunliffe's cable.

There are a good many arrangements still to be effected in connection with these foreign matters. We have further dealings to be conducted with the Reserve Board, also negotiations with the other eleven banks; a lot of detail about the handling of the work in our own office. I have endeavored in my separate letter to you to suggest some of the things that need to be done, but, frankly, these are matters of detail to some extent with which I have had little recent experience and I cannot personally rely upon my own knowledge of these details to make sure that everything is covered; that must be done by someone that the bank must employ and the negotiations with the Reserve Board and the other banks must be conducted by one of the officers who is acquainted with this whole story and not by a number of the officers. Do let us put the handling of this matter in

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To - Mr. Curtis. March 2, 1917.

the hands of one person, not let it get scattered throughout the bank, and hold that one person responsible to see that everything is attended to promptly and correctly, nothing omitted and no mistakes made.

I have not written Treman as I have to you and Jay about this, because I would rather lose an arm than hurt his feelings in the slightest degree; it is up to you and Jay to arrange these matters and I do hope you will write me an encouraging report on the way they are going to be handled.

It is bad form for me to be writing to you about a matter which in this instance seems to have been handled by Mr. Jay; I am doing so, however, because we talked it over when we were in Phoenix, and I think agreed that something had to be done to get the work of the Senior officers better organized. This letter, therefore, and the one to Mr. Jay, is simply to register my last kick on this subject. I will never write another complaining letter as long as I am out here, but, if I ever get back and these rough places are not smoothed out, I tell you old man there is going to be some dust flying about in that bank that will make it a very uncomfortable place. You fellows can afford to take the time to sit down and talk these matters over frankly among yourselves and I hope this letter may inspire yoy and Jay and Treman to do so.

Best regards and good luck to your efforts.

Faithfully yours,

J. F. Curtis, Esq.,
57 East 52nd St.,
New York City.

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Denver, Colorado,
March 4, 1917.

Dear Mr. Curtis:

Yours of the 27th ult. is just received. Also a copy of Pallain's reply, which Mr. Treman telegraphed me. Please note how well founded my prophesy was that the announcement of consent to making the appointment would be taken by Pallain as meaning much more than it really does. It is extraordinary how French emotions come to the surface and I do hope that the necessity for pursuing the course which we have taken will not result in some misunderstanding and failure. You know it is a very unpleasant thing to have one's pet baldoon deflated.

Commenting on the last paragraph of your letter, I can picture you polishing up your weapons, or possibly, like Umslopagas, filing your teeth in preparation for the conflict. Don't get gay and enlist; that is not your job just now and, while I expect that one or both of my boys will find a way into some arm of the service if we really get down to business, I am so opposed to the whole volunteer system that I sometimes think it would be better for us to get licked than to subject the nation to the injustice and outrage of a continuance of the volunteer system.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

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FILING DEPT.
DEC 11 1917
FEDERAL RESERVE BANK

36

Denver, Colorado,
March 4, 1917.

PERSONAL.

Dear Judge:

Thanks for yours of the 28th, enclosing check for $308.50. I have sent the Piping Rock vouchers to Mrs. McLaren, and am blest if I know whether the account is squared up or not; if you have paid me too much, let me know and I will refund.

It is hard to suggest anyone to take Mr. Cann's place. He had experience which was needed in our organization and I am really disturbed that he is leaving.

Ability to locate good men is a mighty valuable asset in the bank and it's got to be exercised just now by you fellows, to get exactly the right man to do the credit work and a good man who understands foreign exchange. The only way to get them is to hunt. If you will permit me to repeat a suggestion that I have frequently made about the bank, the location of the right man should be one man's job, and this ought to be done right away without any delay, or we may be caught in a very uncomfortable situation - unmaned when we should be overmaned.

This matter of getting a good credit man and a good foreign exchange man is going to be in my mind until I hear that they have got them. There really is nothing I can do from here, except to say "hunt".

I am enclosing, with diffidence, copy of my letter to McAdoo on the subject of a Budget, which please consider as confidential. After mailing it I read the debate at the Constitutional Convention in New York, all covering this same subject and I am satisfied that I am not as far wrong in this matter as most amatures are in offering suggestions about other

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To - Mr. Curtis. March 4, 1917.

people's business.

I am keen to get hold of that book on the budget to which you refer.

Treman has written me of the action of the Committee regarding those Bank of England cables; the whole thing distresses me a lot, because it really was badly handled at the office, andwe seem to be confronted with an unnecessary rumpus and yet will leave a very bad record if we decide not to have a rumpus.

On the whole, I think the broadest view to take of the matter is that this is no time to be fighting among ourselves. The responsibility for all of those matters really rests upon me and it should be put on my shoulders, and I will be quite satisfied to have our bank say so to the Reserve Board and then if they want to row with me, I guess I can tackle the job as well as anybody; it will keep hard feelings out of the bank, which is important.

I am still awaiting word about Assay Office charges before completing the letter to Pallain.

Many thanks for your letter.

Faithfully yours,

H. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

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To - Mr. Curtis. March 4, 1917.

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I am still awaiting word about Assay Office charges before completing the letter to Pallain.

Many thanks for your letter.

Faithfully yours,

H. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

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Denver, Colorado,
March 7, 1917.

Dear Judge:

Thanks for yours of the 3d, with translation of Pallain's letter. I have sent him a reply as per enclosed copy, which can go in our files.

It is a strange thing that the French Consul here at Denver, to whom I telephoned about the letter when Pallain's cable came, claimed that he knew nothing whatever about it and had never heard of such a letter.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

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Form 1217

CLASS OF SERVICE DESIRED	
Fast Day Message	
[illegible]y Letter	
Night Message	
Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.
Check
Time Filed

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

COPY.

Denver, Colorado,
March 7, 1917.

J. F. Curtis, Federal Reserve Bank,
New York City.

Omissions regarding abrasion foreign coin due to my having no data which I requested Bank to investigate and then overlooked. It can be covered by separate letter requesting suggestions stop/. Think clause waiving advantage future Moratoria is desirable if you consider such provision is even morally binding.

Benjamin Strong.

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Federal Reserve Bank of St. Louis

ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for comparison. For thi -half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR AS SUC consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amoun eived for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the sum received sending the same, *unless specially valued;* nor in any case for delays arising from unavoidable interruption in the working of its lines; *nor for errors in cipher or obscure egrams.*

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegra whether used by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount *this* telegram is hereby valued, unless a greater value is stated in riting hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of ie per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its estination.

4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or owns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to ontract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to such office y one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is iled with the Company for transmission.

7. *Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all he foregoing terms.*

8. *No employee of the Company is authorized to vary the foregoing.*

THE WESTERN UNION TELEGRAPH COMPANY
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

FAST DAY MESSAGES

A full-rate expedited service.

NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

DAY LETTERS

A deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less.

SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, a follows: The standard day rate for 10 words shall be charged for the trans mission of 50 words or less, and one-fifth of such standard day rate for 1 words shall be charged for each additional 10 words or less.

SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Nigl Letter" service, the following special terms in addition to tho enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Compar be mailed at destination to the addressees, and the Company sh be deemed to have discharged its obligation in such cases with respe to delivery by mailing such Night Letters at destination, posta prepaid.

B. Night Letters shall be written in plain English. Code langua is not permissible.

No employee of the Company is authorized to vary the foregoing.

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Denver, Colorado,
March 15, 1917.

Dear Judge:

Yours from Boston is just received on my return from Chicago, where I had a bully visit with Aiken and McDougal.

Jay writes me that he has turned over my letter regarding the gold matter, together with the copies of correspondence attached, to you without detailed examination; that won't do, - the letter was sent to him for his own benefit and it will do mightly little good to have him delegate examination of these matters to someone else. Again let me suggest a further cultivation of the "concept of selective values".

My letter of March 4th referred to a letter received from Mr. Jay to the effect that he would investigate the subject of Assay Office charges and let me know promptly, so that I could incorporate any changes necessary as a result of his inquiry, but after waiting some days and hearing nothing further which justified making any change in the Pallain letter, I completed the letter and memorandum and sent it on to you.

Yours of the 6th & 8th, which antedate your Boston hand-written letter and which refer to the various points covered by my recent letters on this subject, are before me, but I want to read them over carefully, with all of the correspondence before me, before replying. I understand now that the letters are on the way to France and only wish that I was on the way there too.

Best regards and many thanks for your patience in this matter.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
March 15, 1917.

Dear Mr. Curtis:

I have just been over yours of the 6th and am somewhat puzzled as to just what shape the Bank of France letter was in when finally mailed. Apparently, the changes mentioned in your, covered by the separate memorandum enclosed therewith, could not have referred to the signed copies which I mailed to the bank on the 2nd, because some of the changes had already been made in my letter and because your reference to lines, etc., do not correspond with the copies sent on that date.

Referring to the Memorandum, I note the change in the last sentence of 12-(e), but please note that the word "either" occurs in the last line of the porposed change, which undoubtedly should be the word "other". The change in No. 11-(a) is, of course, all right now that the standards are known. The correction in paragraph 8, making a period after the word "ownership" must refer to some other than the signed copy sent you, because that is the concluding word of the paragraph in the one dated March 5th. The signed copy of March 5th contains the addition to paragraph 8 which you refer to. I am unable to understand what you mean by omitting the last sentence of paragraph 21; in my opinion, paragraph 21 consists of only one sentence. The change in paragraph 19 is, of course, all right.

The memorandum of changes suggested in the letter do not correspond with my last copy and I cannot tell exactly how to correct my copy. As I understand the letter has been sent; won't you also send me for my files an exact copy of the final draft, embodying all changes made? I await your further advices.

Very sincerely yours,

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DENVER, COLORADO,
March 19, 1917.

Dear Mr. Curtis:

Yours of the 16th is just received and in order to get a reply to you at once I am returning the draft of the proposed letter to the Banco de la Nacion Argentina, without retaining a copy and without attempting to recast it, as I realize that you will want to dispatch it without any delay and it can just as well be prepared at the office.

Replying first to the comments contained in your letter:-

Paragraph 5, suggesting purchases of sterling bills, was included simply as a suggestion to offer a means of introducing our facilities between the Argentine banks and those of the London banks which are now customarily employed so largely for Argentine credits. I think Warburg overlooks one matter in this connection, - the process of shifting commercial credits from one market to another, as from London to New York, almost invariably results in a merchant, such as an Argentine exporter, at first opening credits in both markets. He may be drawing bills on London when he needs cash in New York, and I thought it might prove an added facility, particularly if steamship communication between the Argentine and London is delayed or interrupted, to have a New York market for these sterling bills. The matter is not particularly important and I certainly don't urge the suggestion, although I think you will find that some such plan is already in mind in connection with the arrangements in the Philippines, where a somewhat similar situation exists.

Paragraph 6 of my draft was included for a number of reasons, the

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principal one being that unless some such business is conducted, the whole arrangement is a barren one and really does not amount to anything. The Argentine bank carries balances now, I believe, with important New York banks, and gets interest on them, and so far as their relations with us are concerned, I cannot see the slightest object in their having an account with us which will bear no interest, unless we are going to employ their balances from time to time in the purchase of bills. The same thing is true as to our balances in the Argentine. I not only see no object in opening an account there and keeping of balances in Buenos Aires, but I don't see how the account can be made a workable account unless through some investment arrangement. In the first place, exchanges are liable to run at a discount through a considerable part of the year and then at a premium for the balance of the year, because of the character of the commerce of the two countries, both of which are agricultural. We certainly don't want to pile up millions of dollars in dead balances with an Argentine bank, with no other object than buying their friendship. The situation there is so different from that in London and Paris and Berlin that it is straining matters a bit any way to attempt a relationship which does not include commercial banking and I thought in including an investment feature, it might put us and them in position to accumulate exchange in considerable volume when prices made it a purchase, so to speak, and that the accounts could be liquidated when exchange advanced.

As for the qualification of my paragraph 2 about competition, etc., it strikes me as being all right and I can see no objection in the clause

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To - Mr. Curtis. March 19, 1917.

as now prepared. If that paragraph, as well as No's 5 & 6, were omitted, the scope of the proposed plan would be so limited as to be of no great value to either party, either in normal times or in emergency.

Possibly Warburg overlooked the fact that the Argentine currency and exchange situation is quite different from those prevailing in Europe and that they have adopted in the Argentine and I believe still have in operation what is known as the gold exchange currency, the same as that of the Indian Empire. Unless I am mistaken, the Argentine government and the Banco de la Nacion Argentina carry gold redemption funds in Europe and in this country and if they desired us to act as one of their exchange agents, they might want us not only to take the custody of gold, but to honor their drafts for redemption purposes and, possibly, at times to invest the redemption fund as is done by the India Council in London in commercial bills or government bills. These are matters which I assumed Warburg had investigated during his trip and could advise us about.

Warburg's thought as to #4 is only partly true. The handling of commercial credit by a foreign bank agency and the purchase of bills drawn under those credits are transactions which go hand in hand. While there is a small commission exacted for the commercial credit, there is always an exchange and a discount profit on the purchase of the bills, and I should say that the profits on the purchases of bills are 2, 3 and even 4 times as great as the commissions received for opening the credits and I still maintain that the purchase of long bills in competition with member banks will be a serious tactical blunder and one which we would later regret. Why would it not be well to get the facts on this subject before coming to a

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To - Mr. Curtis. March 19, 1917.

decision? These can be obtained by a conference with the National City Bank, the Guaranty Trust Co., the Bank of New York, Bankers Trust Co. and other institution that are developing this business.

I have endeavored to answer above the inquiry in regard to mutual endorsements. If we buy bills for each other, we certainly should guarantee them; at any rate I would not think of having bills purchased for us down there without the guarantee of the Banco de la Nacion Argentina, and if we required them to guarantee, naturally we must do so ourselves.

Commenting in general upon the letter, I think the elimination of the provisions for purchase of sterling bills, for investing in New York bills and, possibly, restricting the purchase of long dollar bills for our account, would so emasculate the whole proposal as to render it of no value.

Please note change in the wording of paragraph 2. Documentary bills are very definite articles of commerce which are thoroughly understood by those two words, and the documents attached are almost invariably referred to as shipping documents, except when the bill is drawn against shipments of securities, against bills for collection, or against gold shipments, and it hardly seems necessary to make reference to those types of bills in this letter.

On page 6 you refer to our possibly ear-marking gold certificates. To my mind this is a dangerous proposal. The Sub-Treasury redeems gold certificates in New York by paying gold coin which frequently has been in circulation for a long time and is abraded anywhere up to 1/2 of 1%. We used to figure on an abrasion loss of 1/4 of 1% on the average in with-

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Federal Reserve Bank of St. Louis

To - Mr. Curtis. March 19, 1917.

drawing coin for shipment to Europe when bars at the premium of 50¢ per thousand could not be obtained. If we ear-marked gold for our correspondent and subsequently shipped the gold to them, there might be a loss of 1/4 of 1%, or even more, which we would have difficulty in explaining. Here again, the importance of dealing with this whole matter of bars and abrasion is emphasized. My suggestion is to make no reference to gold certificates whatever and state that we will ear-mark coin at its nominal value, undertaking that the abrasion shall never exceed 1/2 of 1%, and possibly make some explanation that we are endeavoring to get into a position where we can hope to get bars of practically full weight for use in transactions of this character.

The suggestion of holding gold in pension and making a charge for the service seems a little inconsistent any way with the general scope of the plan and it might be wiser to put this clause in the form of an inquiry as to whether such a service at charges similar to those being made for another correspondent, would be of any value.

In my first draft I omitted any reference to a Moratorium. I am under the impression that a Moratorium was established in the Argentine when the war broke out, but just what the situation is now I cannot say. It might be well to inquire.

If it is decided to leave in the clause about purchases of bills payable in dollars, I would advocate leaving in the sentence which you mark as redundant on page 6, simply for emphasis.

Commenting only on the form of the letter, the first sentence

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To - Mr. Curtis. March 19, 1917.

impresses me as being weak and a little lacking in the character of cordiality which these South Americans expect. One needs to make a very polite bow in the opening and concluding sentence of a letter to those fellows, which I suggest be done in this case.

By all means before sending the letter I would ascertain from the National City Bank just what volume of business they are doing in bills and how important it is, so as to be on the safe side. Won't you send me a copy of the letter whenever it is ready to be dispatched, also a copy of the letter finally sent to France? I hope Warburg is satisfied with what is being done in this Argentine matter.

Success to your efforts, particularly to the extent of keeping Warburg happy about this matter.

Very sincerely yours,

J. F. Curtis, Esq.,
Secretary,
Federal Reserve Bank,
New York City.

BS/CC

Enc.

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Federal Reserve Bank of St. Louis

J. F. Curtis

Denver, Colorado,
March 21, 1917.

CONFIDENTIAL.

My dear Judge:

Yours of the 17th was just what I needed. To tell you the truth, I have been hung up out here so long that I am like a chunk of venison that has gotten a bit high.

On the question of reorganizing the work of the Senior officers, which should be a work of direction and not of actual drudgery, let me make the following comments, which I can do better at a distance than I can face to face. Three things stand out in my mind in this connection which I want you and Jay to have very much before you:

1. The circumstances of my absence make it extremely difficult for me to get into a lecturing attitude with you and him and impossible for me to do so with Treman. I have imposed upon all of you by my absence and recognize how much the office difficulties are due to the temporary character of present arrangements made in my behalf.

2. I have never found any difficulty in applying authority as distinct from influence to subordinates. It does not cost me a pang to chop the head off an incompetent subordinate in the bank. That is not true of those with whom one is associated on even ground and, particularly, when they are men of equal or greater ability and brains, whom one deals with as personal friends and associates rather than underlings, so I have been guilty of a certain procrastination myself in facing some of these questions with my own pals.

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To - Mr. Curtis. March 21, 1917.

No consideration of friendship, loyalty or obligation to an individual would outweigh with me the obligation to the bank in having it managed right, so, no matter what it may involve in the way of pressure and discussion, I think you and Jay and I have got to cooperate to get results that will relieve any of us of anxiety on this score.

Your infernal modesty, or something just as bad, has always led you to assume an attitude of ignorance, or even indifference, to matters of routine organization. Your memorandum convinces me that that is all bluff. You know just as well and better than I do where the weaknesses are and how they should be corrected and, with my blessing, I am writing to say - go to it.

For a day or two I was so out of temper with that gold matter that I could have written a slam bang telegram with great enjoyment, but it is eivdence of my physical and mental improvement out here that I had sufficient control to do so. Hand this to Jay from me, however, that without attempting to fix responsibility, the matter was inexcusably neglected and that it is not the only thing that has been neglected in that way. You fellows will have to sort out the responsibility among yourselves.

Delano gets here Friday and I may hear news about these various "pronunciamentos". Without posing as a prophet, but rather as a sport, I would be willing to wager a bet that the first announcement about Treasury bills was made with the President's approval only after representations had been made to the President by members of the Reserve Board and in McAdoo's absence; that upon McAdoo's return he convinced the President that a mistake had been made, and that it was due to the President's insistence through

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To - Mr. Curtis. March 21, 1917.

McAdoo that the Bank of England announcement was made on December 26th and that the recent announcement, which I think has been called the Crow Banquet, was simply a deferred righting of the mistake which could not be righted earlier without practically disgracing the Reserve Board. I have no information to substantiate this theory but believe it strong enough to bet on it.

About the Argentine matter. I am glad we are going ahead in a tentative way because after all our Board's policy of delay is not based upon very sound reasoning and I have not felt it was justified. No harm can come of the approach and certainly some good will result through keeping Warburg happy. I am absolutely opposed to Warburg's proposal that we should go ahead blind, without securing information from member banks, in these matters and certainly would not adopt that policy. The Reserve Banks are primarily the instruments for facilitating and conserving the business of the member banks, and as soon as we get that principle out of our minds and become so independent of our own proprietors that we don't successfully protect and promote their interests, we will begin to witness the decline and fall of the Reserve Empire.

You ask me about the Russian upheaval. It whipped me off my feet -- not so much the revolution but the evidence of the personal distrust of the Czar. I have always had a good deal of confidence in the feeling of respect and admiration of the common people of Russia for the Little White Father and would not have been surprised to hear of a wholesale massacre of his incompetent and Pro-German hangers on. What has now taken place is so extreme that I fear the consequences somewhat. One cannot start democratic

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To - Mr. Curtis. March 21, 1917.

ideas in a mass of 170,000,000 uneducated people and give them the reins of authority without having the vehicle bumping over a pretty rocky road for awhile. In other words, what forces can be relied upon to check this tremendous revolution of government and ideas of government in such a loose-jointed empire as Russia? I won't feel comfortable about it until we read of the Russian armies winning victories.

Just now one thought is much in my mind. How can the Democratic party, including the President, face the people of this country without sinking hearts when they realize that two years ago the ablest men in the United States were literally on their knees to the administration, begging that steps be taken to protect the country against eventualities, by the enactment of suitable laws to strengthen our army and navy. Nothing that we now can do will repair that damage of delay and what we do accomplish will be at a cost almost prohibitive.

My trip to Chicago whetted my appetite and after the elapse of a little time I am confident that it would be good business for Mr. Treman and Mr. Jay to take a flyer, say leaving on the Century on Friday, and spending a few hours with me in Chicago to discuss matters. I would like to do this particularly before any opinion crystalizes as to a reorganixation of the bank's personnel. Please talk it over with them.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Letter

Should mark an X opposite class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.

TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Check

Time Filed

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

Denver, Colorado, March 23, 1917.

J. F. Curtis, Federal Reserve Bank,
New York City.

Telegram received. Suggest cabling Cunliffe substantially as follows quote. We suggest the following four changes in revised memorandum of March nineteen sixteen. First omit references in opening sentence and in paragraph twelve to conclusion of war as we propose earlier start. Second omit provision in paragraph six for ear marking gold only at convenience of debtor institution so that account will be definitely on a gold basis but debtor institution will be protected by understanding that it shall name in advance the limit of such obligations to be incurred. Third omit change in paragraph ten with respect to word voluntary so as to conform to last suggestion. Fourth omit words if so agreed in paragraph twelve under same understanding as in our second suggestion stop. As we contemplate transactions as soon as proposed arrangement ratified it is necessary in present circumstances to define understanding that obligations will be met in gold if not otherwise settled but we would expect you in advance of operations to place the limit which you desired upon the amount of gold obligation which you would incur stop. All other changes satisfactory. We will await your reply by cable to above suggestions before revising memorandum. End of cable. Please mail copy of cable as finally sent.

Benjamin Strong.

Chg. Benj. Strong,
4100 Montview Blv.

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Federal Reserve Bank of St. Louis

AL[illegible] TELEGRAMS [illegible]

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back [illegible] one-half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATE[illegible] TELEGRAM AND PAID [illegible] in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond [illegible] received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the sum [illegible] for sending the same, *unless specially valued;* nor in any case for delays arising from unavoidable interruption in the working of its lines; *nor for errors in cipher or* [illegible] *telegrams.*

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram, wh[illegible] caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is stat[illegible] writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tent[illegible] one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach it[illegible] destination.

4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. *Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to* contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.

7. *Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.*

8. *No employee of the Company is authorized to vary the foregoing.*

THE WESTERN UNION TELEGRAPH COMPANY
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

FAST DAY MESSAGES

A full-rate expedited service.

NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

DAY LETTERS

A deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less.

SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

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B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less.

SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

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Federal Reserve Bank of St. Louis

Denver, Colorado,
March 26, 1917.

My dear Judge:

Thank you for yours of the 20th on the matter of the correspondence with the Bank of France. This seems to straighten everything out so far as you and I are concerned and now we must await the reaction in Paris.

My mistake about your telegram was due to my assumption that you had received the final draft of the letter and memorandum, which did not reach you in fact until the following day.

We have had another fall of snow out here and, consequently, golf is again deferred. They surely do have sudden changes of weather in the spring in this country, but fortunately none of those miserable, drizzly, raw March days such as we have in New York. I had a bully visit with Delano, concerning which I am writing Treman, so will not repeat.

Best regards to you all.

Very truly yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Federal Reserve Bank of St. Louis

Denver, Colorado,
March 29, 1917.

Dear Judge:

Thanks for the promise of a letter. I look to you to drop me a line now and then, reporting the progress made by the upper circle in the bank. The cable to Cunliffe is surely all right and I hope we get a prompt and satisfactory reply.

I had a bully visit with Delano. He is all right, sound as a nut on the various matters that we have discussed so frequently, and I think will be an influence to prevent a narrowing down of policies in Washington, but our little German friend finds it very difficult to keep his finger out of the pie in the bank in New York. I have warned him to get himself in good trim against my return in June, when he will find a very stubborn and rebellious partner at the bank, prepared to have his own way a great deal more than seems to have characterized the management of the bank recently.

I may be a little over severe about Warburg's attitude, but recently I must confess he has jilted me pretty hard in the appearance of a rather unreasonable attitude towards the management of the bank in New York and we have got to have it out sooner or later.

This morning I put in my first real attempt with some golf practice with the professional. Everything went all right except my wooden clubs which I am determined to conquer. After getting a drive going in perfect shape from the tee with a good straight ball from 250 to a maximum of 280 yards, I smashed the head off the club, but with the irons, the professional

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To - Mr. Curtis. March 29, 1917.

says that in a month he will guarantee I will go back home and lick you. I made eighteen perfect approach shots, one right after the other without a miss, which is pretty good for me. The result is that I feel so good this afternoon, I could lick my weight in wild cats.

Best regards to all the boys. I hope to see you all in a couple of months.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

COPY

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Federal Reserve Bank of St. Louis

Denver, Colorado,
April 3, 1917.

Dear Mr. Curtis:

Yours of March 30th reached me last evening and, as you will realize when you receive my letter of April 2nd, the changes which you suggest while different in language are identical in purpose with those contained in my letter, so I have telegraphed you today as per enclosed confirmation.

As to my remaining here any longer, it really is becoming ridiculous. When I am able to play eighteen holes of golf every day, have gained twenty-six pounds, for I now weigh nearly 156, and am stronger and more vigorous than I have been in years, I feel very much like a slacker. This is impressed upon me all the more now that I have one boy in a mobilization camp and another one straining at the leash to get away - I have no doubt he will do so whatever I say, so it is time for me to get back home, as I have telegraphed.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Form 1217

CLASS OF SERVICE DESIRED	
Fast Day Message	
Day Letter	
Night Message	
Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.
Check
Time Filed

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

Denver, Colorado,
April 3, 1917.

J. F. Curtis,
Federal Reserve Bank,
New York City.

Replying yours thirtieth have already mailed letter suggesting almost identical changes you propose stop. In view of developments I am strongly tempted to return at any rate for brief period so as to exchange views as to our policy in New York and Washington. Telegraph how you and others feel.

Benjamin Strong.

Chg. Benj. Strong,
4100 Montview Blv.

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Federal Reserve Bank of St. Louis

ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR AS SUCH, in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the sum received for sending the same, *unless specially valued;* nor in any case for delays arising from unavoidable interruption in the working of its lines; *nor for errors in cipher or obscure telegrams.*

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram, whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.

4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.

7. *Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.*

8. *No employee of the Company is authorized to vary the foregoing.*

THE WESTERN UNION TELEGRAPH COMPANY
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

FAST DAY MESSAGES

A full-rate expedited service.

NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

DAY LETTERS

A deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less.

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Form 1217

CLASS OF SERVICE DESIRED

...st Day Message	
... Letter	
...nt Message	X
Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.
Check
Time Filed

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

Denver, Colorado,
April 4, 1917.

J. F. Curtis,
Shoreham Hotel,
Washington, D. C.

Agree with wisdom of taking governors into complete confidence as to status of various foreign proposals stop. They must be impressed with confidential character of arrangements.

Benjamin Strong.

Chg. Benj. Strong,
4100 Montview.

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INCORPORATED
NEWCOMB CARLTON, PRESIDENT

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No employee of the Company is authorized to vary the foregoing.

NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less.

SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company will be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

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Form 1217

DESIRED
Day Message
Day Letter
Night Message
Night Letter
Patrons should mark an X opposite the class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.

Check

Time Filed

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

Denver, Colorado, April 4, 1917.

J. P. Curtis,
Shoreham Hotel,
Washington, D. C.

Confidentially I am very anxious if any commissioners are sent abroad to deal with financial arrangements with allies to have a hand in the negotiations at any rate so far as Reserve Banks are concerned stop. Could you arrange to see either Secretary or Governor while in Washington, explain that I contemplated a trip this year any way and feel very strongly that our relations with proposed correspondents London and Paris make it desirable if it can be arranged stop. I can go at any time in any capacity desired and am perfectly able to do so without injury to health.

Benjamin Strong.

Chg. Benj. Strong,
4100 Montview.

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Federal Reserve Bank of St. Louis

ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for comparison. For thi one-half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR AS SUCH in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amoun received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the am receive for sending the same, *unless specially valued;* nor in any case for delays arising from unavoidable interruption in the working of its lines; *nor for errors in cipher or obscu telegrams.*

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram, whethe caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is stated i writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth o one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach it destination.

4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities o towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor t contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to such offic by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram i filed with the Company for transmission.

7. *Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to a the foregoing terms.*

8. *No employee of the Company is authorized to vary the foregoing.*

THE WESTERN UNION TELEGRAPH COMPANY
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

FAST DAY MESSAGES

A full-rate expedited service.

NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

DAY LETTERS

A deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less.

SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely and at a events; but that the Company's obligation in this respect is subjec to the condition that there shall remain sufficient time for the trans mission and delivery of such Day Letter on the day of its date durin regular office hours, subject to the priority of the transmission of reg ular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuin business day, at rates still lower than standard night message rates, a follows: The standard day rate for 10 words shall be charged for the trans mission of 50 words or less, and one-fifth of such standard day rate for l words shall be charged for each additional 10 words or less.

SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Nigh Letter" service, the following special terms in addition to tho enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Compar be mailed at destination to the addressees, and the Company sh be deemed to have discharged its obligation in such cases with resp to delivery by mailing such Night Letters at destination, po prepaid.

B. Night Letters shall be written in plain English. Code l is not permissible.

No employee of the Company is authorized to vary the foregoi

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Denver, Colorado,
April 4, 1917.

CONFIDENTIAL.

FILING DEPT.
DEC 11 1917
FEDERAL RESERVE BANK

Dear Judge:

Yours of the 30th is just received; also the various enclosures. I am telegraphing you today as per enclosed copies.

The foreign arrangements must, of course, be submitted to the Governors at this meeting and I hope the program for handling the account as I roughly outlined it some months ago will also be submitted.

About the 2% certificates of indebtedness, I agree entirely with the attitude of the Board as to the way this matter was handled by the Secretary, but I think had I been there I might have recommended that no resolution be prepared, at any rate in exactly the form as finally drafted. Personally, I would like to have talked this over with McAdoo to get his point of view before taking action. In the first place, he is under great pressure and in the second place I think he is not very well posted on transactions of this character and possibly has not had time to get information from those who might be of assistance to him.

The British Government borrows immense sums of money even in times of peace on short bills of various kinds. Sometimes these are placed in the market on tenders, in fact I think that is the usual procedure. Announcement is made by the Bank of England that they will receive tenders for so many millions at 30 days, so many at 90 days, so many at 6 months. Bids are made on the basis of a rate of discount and allotments are made by the Bank of england to the bidders, acdording to the rates bid.. The other type of borrowing conducted by the British Government is directly from the Bank of England.

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Federal Reserve Bank of St. Louis

To-* Mr. Curtis. April 4, 1917.

This is an operation that is constantly taking place and instead of requiring in each instance a protracted negotiation by custom the Government always pays the Bank of England 1/2 of 1% less than the bank's minimum discount rate. Our minimum discount rate is 2%, our maximum 4%, consequently our arrangement would be 1/2 of 1% below the mean rate. The mean rate being 3%, would make the rate on these borrowings 2-1/2% and as the rate for bills is uniform with all Reserve Banks, it would apply equally to each lender. I am writing Mr. Jay a letter on the subject of Government borrowings and enclose a spare copy of this paragraph of my letter to you which you might hand him.

The real complaint which can be made about the Secretary's course is not so much the rate, which was 1/2 of 1% too low, but rather the fact that he went ahead and established a rate and fixed the terms without consulting the lenders at all. This should not be allowed to happen again.

Now as to my separate telegram addressed to you at Washington about foreign negotiations, I do not like to butt in on the Treasury Departments plans, particularly when it involves what might appear to be an egotistical assumption of the ability to do something which McAdoo may not be ready to accept. The fact is, however, that my going to London and Paris just when I did a year ago - that is during the pressure at Verdun - at a time when things really looked very black, and proposing financial arrangements to the Bank of England and the Bank of France, as well as the part which by chance I was able to take in the English-French negotiations here when Lord Reading came over, would I believe give me a splendid opportunity to do some good work over there on the most favored nation basis. You can imagine how keen I am

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To - Mr. Curtis. April 4, 1917.

to get at it, particularly as all of these international loans in which our government is interested should be handled, so far as banking arrangements are concerned, through the Bank of England and the Bank of France abroad and the Federal Reserve Banks in this country. I was rather disappointed that some suggestion along this line had not been made in connection with the Danish transaction, where we could have been of servide I think.

I am writing confidentially to Fred Delano on this subject, but to no one else. If you can get something started, I would greatly appreciate it. So far as health is concerned, the trip would do me good rather than harm and Dr. Sewall would certainly not object.

All of these recent developments emphasize the necessity for concluding our gold arrangements with the Treasury and the sooner, the better. Many thanks for your letter. Please keep me posted.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Encs.

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Denver, Colorado,
April 4, 1917.

Dear Judge:

Thank you for your note and the clipping. I congratulate Warburg upon his broadminded attitude in arranging for the appointment of the Bank of England and the Bank of France as our correspondents.

I am glad to hear that they are after Buchanan et al, but do not recall that we had any signed Minutes bearing on the matter. Possibly you refer to the document in which they charged us with all sorts of outrageous things. I will be glad to hear how the matter turns out.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
April 6, 1917.

My dear Judge:

Just a line to exchange mutual felicitations and congratulations that the time has at last arrived where you and I can both look a German in the eye and call him a savage. I suppose your blood is at fever heat and that you are expecting to go off in an aeroplane or with a mosquito fleet, or something of that sort, but, frankly, you have no right to do it, when there are millions of young fellows without families, who have no obligations of the character you have to discharge in the line of your present work.

Ben is with his regiment at Trenton for the moment, but will probably be shipped off somewhere before very long. I have written Fred Delano, asking him to investigate what is necessary to be done to have him transferred to some special training corps so as to get a commission. He is bright and capable and would make a good Lieutenant. If you have any suggestions, I would like to hear them. Ben enlisted in the National Guard about a year ago and has had that much training with his Company and besides that has taken the military course at Princeton.

Isn't it ridiculous, inconsistent and intolerable that I should be fooling my time away out here, playing golf and going to pink teas, when Ben is training to get himself in shape to get shot. I am well enough to go home and should be home, and the only thing that has restrained me so far has been the fear that you and the others will get up on your hind legs and bark at me until I was shamed into a condition of complete irresponsibility, but you are going to see me back before very long, unless

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To - Mr. Curtis. April 6, 1917.

I am mistaken.

I hope you understood my telegram to Washington. It would be a calamity if some political commission was sent to Europe just now to look after financial arrangements over there, when it ought to be done, at least to a large extent, through the Reserve Bank System. Those people over there after the Anglo-French loan negotiations, and largely as a result of my trip, are all very warm friends of mine and I certainly don't want to miss the opportunity of availing of the relationship.

This is the time for us to get in some grand licks in the matter of our organization and I hope you do it soon.

Best regards to you all.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City, N. Y.

BS/CC

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Denver, Colorado,
April 9, 1917.

Dear Mr. Curtis:

Yours of the 3d, enclosing copy of the letter sent to the Banco de la Nacion Argentina, is just received. I have no criticism of the letter to make nor, in fact, does paragraph 4 appear particularly dangerous as to the interests of the member banks, so long as we don't act under it. As I wrote Warburg, we are either going to buy bills or we are not going to. If we buy them, we compete with our members; if we don't buy them, we don't compete. Business is now moving smoothly down there and rates are I understand fair and this paragraph 4 would doubtless be construed as being for use only in emergency or when rates and conditions made it difficult for our member banks to handle the business.

The President's message was certainly a corker. I only wish we had started our work of preparation earlier because I believe from all I hear out here that there is no possibility of our giving any military assistance to the allies in less than a year. On the other hand, the President's patience during the past two years has not put him in an unasailable position and the best evidence of this is the freedom with which Congress is granting him extraordinary powers.

I sent a brief cable to Cunliffe and Pallain, with greetings, just as soon as Congress passed the joint resolution, and their replies are as follows:

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To - Mr. Curtis. April 9, 1917.

"Warmest thanks and a hearty welcome to our splendid new ally whose cooperation means much to us. (Sg.) Cunliffe."

"Profondement Touche de votre message mous exprime notre joie de voir L'amitie seculaire qui lie les etatsunis et la france aboutir a une cooperation devant assurer le triomphe de notre commun ideal de justice et de liberte stop. Veuillez croire a mon bien cordial attachment et aux voeus sinceres que je forme pour vous. (Sg.) Georges Pallain".

Best regards.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

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Federal Reserve Bank of St. Louis

Denver, Colorado,
April 9, 1917.

Dear Judge:

Thank you for your telegram from Washington and for having a word with Secretary McAdoo on the subject of my wire.

About a bond issue of possibly several billions, Mr. Jay spoke of a possible bond issue when he telephoned me the other night, but I did not gather from what he said that it would be of any such proportions. But the letter I sent him was very hastily written and in view of your telegram, should be revised.

If Secretary McAdoo contemplates a bond issue of some billions, I hope that he and his associates will realize that there will be a good many difficulties to overcome in handling such a loan at anything like the rates of interest which have heretofore prevailed on our Government loans and, particularly, the absence of the patriotic enthusiasm throughout the country generally, which has made it possible for England and France to place huge loans during the past two years.

I feel very strongly that the cost of this war should be largely paid out of taxes and as such taxes cannot be collected under a period of some months or a year, that a considerable part of the borrowing should in the meantime be in the form of short notes of the Government, to be paid off out of taxes as collected. That I think should be the general scheme of finance. The country is rich enough to pay a considerable part, if not all, of our participation in the war out of taxes and avoid piling up a big funded debt, except to the extent that we lend money to our allies.

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Federal Reserve Bank of St. Louis

To - Mr. Curtis. April 9, 1917.

As to such bonds as are issued, my idea is that they should be generally of the following character:

(a) They should not be exempt from income tax, or at any rate from the surtax. Issues of Government bonds that are free of taxation have the effect of creating a preferred class of wealthy people who escape the payment of taxation and besides that it puts the Government in position of entering into obligations with its bond holders, to violate which would be no less than repudiation. England has avoided this mistake and France has likewise, to a great extent. We should pay the higher rate of interest and collect income tax on bonds. I do not suppose our friends at Washington will agree to this.

(b) Bonds issues should be convertible into subsequent issues, which might be made at higher rates of interest.

(c) They should have either early maturity, say five or ten years, or possibly a somewhat longer maturity, the Government reserving the right to redeem them at par at the end of five or ten years.

(d) There should be no currency privilege attached to the bonds.

(e) Sinking fund provisions for new issues, as well as for those now outstanding, should be incorporated in the statute authorizing bond issues at this time, and my idea would be to have the sinking dund applied to making purchases of bonds in the open market, rather than towards redeeming them at par by drawings.

(f) The rate of interest will, of course, depend upon the

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length of time the bonds have to run and whether they are to be tax exempt or not. Of course, 3-1/2% is the lowest possible rate at which a tax exempt bond could be sold and when one considers the sale of some billions, it would be out of the question to market them at any such rate, in my opinion. England made a serious mistake in her first bond issues in fixing too low a rate of interest. Our Government should issue a bond at par, fixing an interest rate which will result in the bonds commanding a premium at once. Subsequent financing will then be made much easier, and every experienced bond man will agree as to the wisdom of insuring the premium on an issue with the optimism and enthusiasm that goes with it.

So much for the terms of the bonds. Something, it seems to me, should be done to take care of the old 2's. If the Government issues a 3-1/2%, or possibly in time a 4%, bond for war purposes, it will be most unfortunate to have the 2's decline to corresponding levels and I should think that the National Banks should be given the privilege of exchanging the 2's which carry the currency provision for the new bonds without the currency provision, under some restriction which will not effect a contraction of bank note currency too rapidly. This would not be difficult to bring about and in justice to the National banks should be done.

I am also of the opinion that the position of the Reserve banks as purchasers of large amounts of the 2's for conversion, should also be carefully safe-guarded. It would be a great deal better for the country, as a whole, if these matters are dealt with promptly and in a broad-minded way, than to have a lot of patch-work applied as we go along. The Reserve banks, as well as the National Banks, should be absolutely protected against loss

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through a possible decline in Government bonds.

When it comes to marketing an issue of some billions, if the loan is to be successful it must be handled with a great deal of skill and must be preceded by an educational campaign of huge proportions. Otherwise, I would expect to see the loan fail just through inertia and indifference on the part of people generally who have no such enthusiasm as will be stirred up if there is actual fighting going on in the country or on our border. Assuming that an attractive interest rate is authorized, it should be possible to organize the country into twelve districts, more if necessary, with a view to having subscriptions made through the National, State and Private bankers and bond houses, through the Federal Reserve Banks, Post Offices and Sub-Treasuries. To stir up the necessary enthusiasm and educate the public, I should think that all of the responsible bond houses of the country should be organized to conduct a campaign. These bonds should be purchased by investors and not by the banks. And if private investors can be made accessible to the Government through the data, investment lists, etc., of the bond houses, it might be well to suggest the development of an organization through the formation of committees in the various Federal Reserve districts. This selling organization in each district would, of course, be expected to tabulate all the insurance companies, trust companies, savings banks and similar institutions, with a view, if possible, to making preliminary sales in large blocks; that is the best advertising of a bond issue that can be made.

The proceeds of the offering of a large bond issue could not be paid into the Government or to the Reserve Banks, without great disturbance to

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money conditions, unless distributed over quite a period. The way to handle that is not simply by having the subscriptions payable in installments, but by deferring the payment for as long a period as possible. Meantime the Government borrowing money on short notes, the maturities of which correspond with the dates on which the bond subscriptions are pauable. In that way, one hand will wash the other and disturbance to the money market is avoided. Of course the proceeds should be paid to the Federal Reserve Banks and it would be desirable, if possible, to have the payments made through the member banks principally, as the Reserve banks could then finance such payments by discounting paper, if needed. Having subscriptionsahd payments handled throughout the country by districts would result in a minimum disturbance, because the proceeds would stay within each Federal Reserve Distsict and be available to the banks of that district until checked out by the Government and, of course, the Government would exercise care to see that funds in the respective Federal Reserve Districts were disbursed, to as great extent as possible, in those distructs.

It seems to me highly important that the proceeds of any loans made to the allied powers should be handled through the Reserve banks. Surely, with our arrangements so nearly completed with the Bank of England and the Bank of France, there should be no hesitation on the part of the Government in arranging that a foreign loan should be handled in that way.

I am strongly of the opinion that the only safe way in which huge Government loans can be placed in this country just now, without disturbance to the money market, will be by the temporary use of short borrowings, to which I have referred above. 3, 6, 9 & 12 months' bills should be authorized

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To - Mr. Curtis. April 9, 1917.

and sold from day to day as the Government needs money. They can then be paid off out of taxes when they come in and out of the proceeds of sales of long time bonds when made, and the adjustment becomes very largely one of bookkeeping. I do hope McAdoo realizes this because failure to regard this point as of controlling importance might result in such serious money disturbances as to defeat the whole financial program.

I will be glad to have any further particulars that you can get about this matter. Meantime, hope the above rough suggestions may present some points of interest.

Very sincerely yours,

J. F Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Federal Reserve Bank of St. Louis

Denver, Colorado,
April 10, 1917.

Dear Judge:

Your letter from 1718 H. Street has just come and I have read it with deep interest. I am glad you had opportunity to convey my message to McAdoo, as I feel so thoroughly helpless just now that I look on myself as a slacker.

About the big bond issue I will make the following comments on your remarks and the memorandum you send:

1. It would be a fatal mistake to invite tenders for such an issue of bonds. The Government should fix the rate and make it sufficiently attractive so that the issue would be over subscribed at once and sell at a premium before the lists were closed. The experience abroad should be sufficient to demonstrate this, particularly in England.

2. 3-1/2% is the very lowest rate at which the bonds could be placed and I have some doubt of a very large issue going at that rate. Certainly it would not if the war situation and enthusiasm were allowed to cool. Possible we belong to that class of stupid nations that require education by expensive experience before learning and, if so, the people on Capitol Hill have the power to indulge themselves in that luxury. I agree that 500,000,000 could be sold at 3-1/2%, possibly even a billion, but much beyond that I think very doubtful.

3. It would be a fatal blunder to accumulate the proceeds of a huge Government loan like this in depositaries in advance of disbursement. Of

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course the turn over will be immense any way and, if the Reserve banks are the only direct fiscal agents of the Government, they will need to exercise a good deal of skill and should have wide discretion in appointing sub-depositaries. The employment of short loans, as the British Government has done, is a skillful way of handling such transactions because it mitigates the evil of expansion and contraction.

4. With some reservations, I am inclined to the view that special deposits of the proceeds to the extent necessary should only be made with members of the Federal Reserve System. I have hesitated to say this positively because we are in a national emergency where discrimination of that sort should be avoided but, after all a Federal law authorizing deposits of Government funds with State banks is a pretty radical proposal, even in time of war. Possibly the best plan would be to have either the Reserve banks or the Secretary of the Treasury in position to exercise discretion in that matter, as it seems impossible to forecast what the requirements of the situation might be from time to time.

5. A memorandum of Mr. Kenzel's report on inquiries among certain bankers indicated to me that the selection of those of whom inquiry was made had been rather hastily considered. I have sent Mr. Jay some suggestions which I hope he will regard and possibly these inquiries might be made very quietly through important member banks in the other large cities of the State. I sympathize with McAdoo's difficulties as to the money trust, etc. But certainly we should have no difficulty in getting any opinions that he desires from New York bankers, including Jack Morgans.

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To - Mr. Curtis. April 10, 1917.

6. I am personally strongly of the view that the cost of the war should be paid largely out of taxes, but I think these taxes should be equitably distributed and am delighted to observe that McAdoo's mind is running toward a considerable reduction of the exemption figure in the income tax.

7. McAdoo is absolutely right in stating that this is going to be a difficult and delicate situation to handle. I do hope that political considerations are eliminated and sound business judgment is used to determine what the course shall be. Most important of all, the first loan must be a success.

As to personal matters. I am getting along all right, except for a little cold during the last few days and I am no more restless than the situation and my own circumstances justify. Of course I want to see Ben who is with his regiment, but for the present at any rate have abandoned any thought of returning before June and even then I expect to give you a splendid exhibition of shirking the heavy work.

About your own plans. It is so exceedingly important that the bank should not be crippled that I do hope you are not tempted into some war activities, which would really be of less importance to the country than your work at the bank. If we can see our part of the job successfully conducted, our consciences will be satisfied, even though there will be no spectacular stuff about it and no glory. Besides that, you and I are too old for military duty and we should admit it. Many thanks for your letter and for all the news.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

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Denver, Colorado,
April 16, 1917.

Dear Judge:

I have yours of the 9th, enclosing copy of your letter to Secretary McAdoo, which strikes me as excellent. My view about taxation on Government bonds you understand and, frankly, I do not think the gentlemen who attended that meeting have thought enough about it or investigated the subject thoroughly enough to see the force of my own position, which really is unanswerable in the case of a country like England or France. Commenting by paragraphs:

1. Just about my views, except for taxation.

2. I thoroughly agree.

3. Ditto.

4. Ditto.

5. Ditto.

6. Ditto.

7. With this paragraph I do not agree. A billion dollar transfer at one stroke is too heavy. I am enclosing copy of a letter just written to Aiken at his request which refers to this matter and I will not repeat.

8. See also Aiken's letter.

You will observe that on the whole and with the exceptions stated, we are in almost absolute agreement.

In handling this matter I suggest correspondence, etc., be entirely in one man's hands. It seems to be yours at the moment and I hope you continue to look after it. Many thanks for keeping me posted.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

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Federal Reserve Bank of St. Louis

Denver, Colorado,
April 16, 1917.

Dear Judge:

I am grateful to you for your nice, long, personal letter of the 12th. The book "The Financial Administration of Great Britain" has reached me and I have just started reading it. Will write you later of any impressions I gather and send a copy to Jerome Greene. I suggest your urging Jay to see that Mr. Schiff is consulted in these Government bond matters. It will come back from Washington, of course, through Warburg if he is not and it is important that his views be obtained.

I don't agree with you about only subsequent purchases of 3's by Reserve banks being convertible. At first glance that would seem to be logical as to both Reserve banks and National banks that hold the 2's, but don't forget that the most important consideration to the Government during war times is to preserve unimpaired the economic strength of the country, because the country's business pays the taxes and it must be kept going normally and without shock, at any cost. The ownership of over $700,000,000 of 2's by the National banks is a menace to the economic stability of the Government if by chance their value should be reduced comparably to the reduction in the value of British consols. Therefore, I think that within reasonable limits the National banks should be protected.

About the Vanderlip dinner - I would like to have seen the Reserve bank move first in that matter, particularly as it was our own suggestion, made over a year ago, to have these meetings with the Clearing House. I hope it is arranged to have them at our own office. Mr. Saunders will, I hope, realize that a bank like ours cannot be run from Washington.

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Federal Reserve Bank of St. Louis

To - Mr. Curtis. April 16, 1917.

My letter to Aiken covers the ground about this matter of depositing money with State banks. It is a close point and we must go back over 50 years in order to get precedent for Government deposits with State banks and then, if you investigate the record of those days, you will find it filled with some of the most scandalous chapters in the Government's financial history.

I wrote Mr. Treman some time ago about bills bearing German names, particularly South American. That is a good subject to put in the hands of our new Credit man for investigation.

As to the duration of the war, tell Dr. Carrel to stick to his last; the war will be over this year unless I am mistaken very greatly in my estimate of German capacity to see the hand writing on the wall. The only possibility of its lasting two or three years longer is as a result of Russia making a separate peace, which would be a disaster.

I hope you don't enlist, or to put it differently - that you are not allowed to enlist and for the latter hope I rely partly upon Laura and partly upon the enlightened common sense of the Government. I wish I could rely upon you with equal assurance, but you are a bloodthirsty chap and I know hanker to kill some Germans.

Glad to hear the drills, etc., are working all right. I suggest that our organization be built up now rather than later when pressure is on. Ask the boys to consider what shape we are in to handle $500,000 or $1,000,000 subscription to a bond issue, in case we should be asked to do so.

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To - Mr. Curtis. April 16, 1917.

I am still hanging on here by my eye-lids. Have just returned from a four or five days' outing with some friends and devote today to cleaning up accumulated mails.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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deral Reserve Bank of St. Louis

Denver, Colorado,
April 17, 1917.

Dear Mr. Curtis:

Thank you for yours of the 12th, with various enclosures.

In order to preserve a good chronological record of the various steps of our English arrangement, I suggest that Miss Parker be asked to prepare a file of various letters and memoranda, to be bound up carefully and put in the archives.

Of course I shall return to New York to see Lord Cunliffe while he is in this country and await word as to his plans before making my own.

In reading over the Press statement, I am struke with the fact that it appears to be a bit cold. Possibly that cannot be avoided without going into more detail than we feel justified in doint. I am sorry that it was not brought out a little more clearly that the negotiations for this arrangement were undertaken a year ago, as that would help set straight the unfortunate announcement about which we complained.

Please keep me advised of Lord Cunliffe's plans and movements.

Best regards.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

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Denver, Colorado,
April 18, 1917.

Dear Judge:

The enclosed correspondence and copy of my letter to Captain Logan all explain themselves.

Will you do whatever the needful may be?

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City, N. Y.

BS/CC

Encs.

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eral Reserve Bank of St. Louis

Denver, Colorado,
April 22, 1917.

Dear Judge:

Thanks for yours of the 17th, enclosing copy of Minutes of the tenth Conference of Governors.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

COPY

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Confidential file

Curtis

36

MONTVIEW BOULEVARD
DENVER, COLO.

Denver, Colorado,
May 18, 1917.

CONFIDENTIAL.

Dear Mr. Curtis:

Enclosed is the statement handed to me by Mr. Seymour, outlining the procedure which has been devised for supervising foreign exchange transactions in London. I have read this carefully and suggest now that you add it to the file of papers on this subject, making sure that it is not accessible in the office, as it was handed to me in great confidence.

The memorandum I left with you covers all the suggestions that occurred to me at the time and I now further suggest that you keep posted on the progress of the legislation in Washington relating to this matter. Meantime communicate with Mr. Frank Polk of the State Department to ascertain their wishes, etc.

There is no doubt of the advisability of starting something as soon as possible. It should center in New York and be under the supervision of the Reserve Bank.

Very sincerely yours,

Paul Warburg

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

One Copy to Albert Strauss
" " " Secy

Enc.

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Federal Reserve Bank of St. Louis

Denver, Colorado,
May 22, 1917.

Dear Judge:

I have been over the diagram of the Liberty Loan organization with great interest and it looks to me very good indeed. So good in fact that the only suggestions I can make are of quite minor importance. For one thing, I see no provision for a woman's organization, no evidence of an official connection with the organization of the American Bankers Association, no provision for organizing children in the work of selling bonds, particularly school children, and what possibly is more important than any of these - no provision as to permanent organization, which would naturally come along later any way. I am returning the chart as I shall be returning myself in a few days and but forward these modest suggestions for you and Mr. Jay to consider.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Enc.

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Denver, Colorado,
July 23, 1917.

Dear Judge:

Many thanks for yours of the 16th. No telegram has reached me from Dr. Pratt - possibly it was suppressed at the office.

I am grieved and disappointed that this matter of proper legislation covering trade with the enemy is not, apparently, being dealt with as it should be. Might it not be desirable for you, using my name if you please, or at my request, to send copies of the correspondence in this matter to Polk, McAdoo, Dr. Pratt and Mr. Gregory, and tell them that you are submitting the matter to these four departments in the belief that it is of sufficient importance to be dealt with in the pending bill introduced by Mr. Adamson, and if they deem it desirable, I will be very glad to meet with representatives of the departments on my return east, as I expect to be in Washington on the 15th of August.

In the meantime the proposed amendment might be polished up by including any ideas that Mr. Kent has.

I am enclosing a letter which might be sent to Lord Cunliffe (first page to be re-written on the Bank letterhead). Please ask Mr. Jay and Mr. Treman to show you my letters of today on other matters. A heavy mail today makes this brief.

With my best to you all,

Yours very truly,

Enc.

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Federal Reserve Bank of St. Louis

Denver, Colorado,
July 26, 1917.

Dear Judge:

Thank you for yours of the 21st. I will start signing those letters at once and return them when finished.

The change placing authority in the Federal Reserve Board instead of with the Federal Reserve Banks I presume is all right, only reports on these matters must not require approval in Washington and action must not be delayed by that sort of centralized authority. The business is done in New York, action is required instantly and the delay of constant reference to Washington would be fatal. Besides that, it is a matter which should be dealt with under the general authority of the Secretary of the Treasury rather than the Reserve Board.

Best regards to you and many thanks for following up this matter.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

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96
Curtis

Denver, Colorado,
July 31, 1917.

Dear Judge:

Thank you for yours of the 27th. This reply may not reach you, as I understand you are headed for a holiday, which delights me exceedingly.

The only criticism I have of the proposed amendment to the "Trading with the Enemy Bill" is the possibility that it will result in the Reserve Board attempting too great a detailed supervision of transactions which are being conducted at a distance. It is all well enough for them to have the authority, but much depends upon the way in which it is exercised. After the legislation goes through I would anticipate altogether too much red tape and regulation to make the work practical and simple.

You ask what I think of the war situation. To me it looks very bad indeed. I see no hope of an early conclusion of the war and a possibility of some breakdown in the meantime, and possibly before we are prepared to put our weight under the load. I wish our various complicated organizations for conducting the war could be centralized, consolidated and more authority put in one head man.

Incidentally, it appears to me that all of the suggestions which were discussed at that meeting at Magnolia are being gradually put into effect, with the exception of the International Council, which to my mind is the most important of all. Best regards to you and Laura.

Copy

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36

November 13, 1917.

Mr. J. F. Curtis
Federal Reserve Bank
New York City.

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DEC 6 - 1917
FEDERAL RESERVE BA

Dear Mr. Curtis:

I have yours of the 7th enclosing Champ Clark clippings and will shortly mail you copy of my reply to his letter, together with his. Much obliged for the office news.

Replying to yours of the 9th in regard to the fofoign trade banks, my opinion is that they should be given the rate established for the acceptances of member banks, the reasons being as follows:

First, they are, in fact, organized for the purpose of enabling member banks, through a separate corporation, to do a type of business collectively which they are not able to do individually and should not be discriminated against in rates.

Second, there is no competitive situation to deal with preferentially as between member and non-member banks.

Third, in general, they are established for the purpose of developing a business where favorable rates should be a part of the plan of encouragement.

Fourth, their ~~requirements~~ Compliance with the restrictions imposed by the Reserve Board should be considered as equivalent to membership.

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I told Mr. Kenzel that that was in general my view and asked him to have the question submitted through you to the Committee or the Board and I hope very much that the Board will accept this view, making it apply to the Mercantile Bank, the American Foreign Banking Corporation and the International Banking Corporation.

Please suggest to our Board that if we do not favor these institutions with the best rate they will be at a disadvantage in competing with foreign banks which have agencies in New York.

I am hoping to see you and the family down here later. Let me know what the prospect is.

With best regards,

Very sincerely yours

Virginia Hot Springs

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Federal Reserve Bank of St. Louis

Woods Hole, Mass.,
August 12, 1918.

Dear Jim:

I was glad to get yours of the 9th. It took three telegrams to get anything like a decent report from you, or Jay, or anybody and I was in a great rage about it until your letter came.

Of course it is perfectly obvious that there is nothing in the soldier idea. It is also perfectly obvious that there is nothing serious the matter with you, and equally obvious that what you need is just what the doctor orders, some rest and recreation and fresh air.

I will try and run up to Manchester while you are there, but had to abandon the trip with Charley Norton because I have too much to do here.

I do not believe that Mr. Beyer would fill the bill in Mr. Grey's place.

Has it occurred to you that with Warburg's leaving the Federal Reserve Board Chapman may be released, and, if so, we might find a place for him? I am writing Warburg about it.

I do hope that pressure is regularly exerted to get that space, otherwise we are in a bad hole.

Please take care of yourself and don't worry about the office.

With best regards,

Sincerely,

James F. Curtis, Esq.,
Manchester, Mass.

BS.MSB

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Federal Reserve Bank of St. Louis

September 3, 1918.

Dear Jim:

I wrote Laura from Woods Hole a couple of days ago, explaining that I had been obliged to make an unexpected trip to Washington after returning almost to Woods Hole, that is as far as Boston, which made it impossible for me to get up to Manchester as I had hoped to do. Unfortunately her letter was delayed in reaching me, which accounts for the delay in my reply. Now I have yours of the 25th and really feel very sorry indeed that I could not have a visit, because I fear from your letter that you are a bit blue and not feeling very well. That won't do! There is nothing to be blue about. Certainly you have no such excuse for the blues as I have on the score of health, and your job is to loaf about until you are feeling fit enough to come down here and spell me a bit.

This morning I am back on the job, as are most of the others at the bank, Treman being the only one away, so don't you worry about the shop, but submit to reasonable regulations of an affectionate family who are simply doing what we all want them to do -- putting you back on your feet.

Many of the problems that have been troubling us in connection with the loan, etc., are gradually working out and I think I begin to see daylight. The only real difficult job seems to be to convince the New York bankers that there is always going to be enough money to go 'round. They have chronic attacks of "cold feet" but the new arrangement of the money pool, I hope, will serve as a hot water bag.

Please give my love to Laura, and my best to you.

Faithfully yours,

James F. Curtis, Esq.,
Manchester,
Massachusetts.

BS/MSB

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Federal Reserve Bank of St. Louis

September 6, 1918.

Dear Jim:

This is my first chance to tell you a bit of what's doing at the bank, without any desire, however, to suggest your returning, or any thought of it, but rather to let you know that we are getting along all right, but, nevertheless, miss you from the daily councils.

The wind up of my holiday was disturbed, as I wrote you, by an unexpected trip to Washington, but I have been on the job since Tuesday and find things moving along pretty well. Treman is here; Jay is spending two or three days in Washington; and Case went off last night for his vacation. Otherwise the force is fairly intact.

The Liberty Loan Organization is well ahead on its work save in one or two particulars, such, for instance, as this wretched part-payment plan. We have worked out a temporary solution for this loan which our friends of the War Savings Organization feel is something in the nature of sticking the knife into their corpse, the death blow having been inflicted at the time of the Third Loan. I have a telegram from Vanderlip to-day, however, which announces the intention of the Treasurer to bring the War Savings Organization under the general direction of the Federal Reserve Bank, and asking me to take the matter up with their committeemen at once. Needless to say we will do it. I only wish we had room in which to put them.

You will rejoice at the announcement which will appear in the morning papers to the effect that the Money Committee proposes to take a rather absolute and arbitrary control of stock exchange loans. We expect to get reports of borrowings by all stock exchange houses daily and when they indicate a tendency to borrow too much, simply tell them to stop and shut down on them. One must deal with the devil with his own weapons, and these Prussian methods are only excusable on that ground. Meantime I hear in the club up-town that there are more than a few people in this neighborhood who think we are bossing the job rather vigorously.

My last letter from Ben was a brief note expressing his trepidation on the eve of examinations for a commission. I have entire confidence that he will pass all right.

Our loans lately have been bouncing up and down, with fluctuations of $70,000,000 or more, and, in that connection, we have about concluded arrangements with the sixty-eight faithful banks permitting the Money Committee to control roughly $600,000,000 of their stock exchange loans.

I have forsaken golf for tennis recently, finding that the latter agrees a letter better with a violent disposition.

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Please give my love to Laura, and my best to your good self.

Don't forget that rest makes people well and after that exercise makes them strong. Your job just now is to rest.

Sincerely,

James F. Curtis, Esq.,
Manchester, Mass.

BS/MSB

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September 18, 1918.

Dear Jim:

I have not written you, not wanting to turn your thoughts in the direction of the bank, but it seems as though you would certainly be interested in the enclosed copy of a letter to Judge Ingram and the resolution of our Board regarding the selective draft, also the enclosed communication which I am addressing to all men liable to military service. All of the material was rather hastily prepared as we learned only the day before the registration was to be made that one of the questions on the registration card had material bearing upon subsequent exemption procedure. We have decided that it is necessary, for the benefit of the organization, to take matters pretty generally into our own hands and decide which men should and which should not claim exemption. I sincerely hope that you agree with the general tenor of the papers enclosed.

We are busy, but I think very well ahead of the program in comparison with previous loans.

The vacation schedule is pretty well completed and I think all will be back at the bank by the end of this week or the first of next week, so don't worry about your own absence. If you come down to Glen Cove, I am going to insist that you stay there and do not permit yourself to be drawn into the machine until I have had a talk with you myself, and, if necessary, with your advisors, medical and otherwise. Above all things, don't get restless. We are all keen to see you at your best and at the bank, but not too soon.

Sincerely,

James F. Curtis, Esq.,
Manchester, Mass.

BS/MSB
Encs.

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Federal Reserve Bank of St. Louis

September 18, 1918.

Dear Laura:

Pardon a dictated note to send you the enclosed addressed to Jim. If you think it is all right to pass on to him, please do so.

Sincerely,

Mrs. James F. Curtis,
Glen Cove,
Long Island.

BS/MSB
Enc.

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October 11, 1918.

Dear Jim:

Thanks for your letter of Saturday, which I really answered in person.

You have been advised of the action of the Board, and now I insist that you accept the decision of the Board cheerfully and make it your business to get well. I have been through this, and worse, and I am sure that you can do it.

Sincerely,

James F. Curtis, Esq.,
Glen Cove,
Long Island, N. Y.

BS/MSB

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Federal Reserve Bank of St. Louis

J. F. Lewis

FILING DEPT.

Lake George, N. Y.,
February 3, 1919.

MAR 5 1919

Dear Jim:

Read

I have your two letters of January 23rd and 27th. It was very quiet after you and Laura and the rest of the party left, but, as I wrote Laura, I spent a week up at Schroon Lake ice fishing with some friends and managed to have a pretty good time.

I gather from what Laura said that Mrs. Jay was greatly concerned about Pierre's health. Treman has talked with her and has written me quite fully. Won't you make it your duty to watch him and see that we don't add another to our list of cripples? If there is any danger I am coming back.

About the proposed pamphlet - in a word my idea was to publish a digest of the various circulars, regulations, etc., relating to transactions with the reserve bank as fiscal agent of the Government as a guide both to member banks and to the public. It is a very simple thing to prepare because the instructions would relate particularly to qualifying as Government depositaries, handling certificates of indebtedness, handling Government bonds and coupons, making transfers, interchanges, etc., etc. These things are all specifically laid out and would principally consist of a digest in plain language of Treasury Department circulars and of our own. Just now these various instructions are covered by a multitude of circulars and amended circulars which have become so voluminous and complicated that institutions find it necessary frequently to write and make inquiry although the information is in their hands already.

I am enclosing a check for $277; $40 covering my share of the flowers sent to Dorothy Straight and $237 being the additional investment I

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MAR 3 1919
FEDERAL RESERVE BANK

am making in George Marvin, without hope of financial, physical or moral return thereon.

The skating continues fine and I am keeping at it every day.

My best to all at the office.

Sincerely yours,

J. F. Curtis, Esq.,
Deputy Governor, Federal Reserve Bank of New York,
15 Nassau Street, New York.

BS.MSB

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MAR 5 1919
FEDERAL RESERVE BANK

Lake George, N. Y.,
February 7, 1919.

Dear Jim:

I have yours of the fifth, which calls for a reply as to two very difficult propositions, namely Anderson and Williams.

As to the first - I am not sure that I agree with your suggestion that he needs patting on the back. The suggestion was natural enough because I guess you are unfamiliar with a lot that has preceded the present situation. I have written Arthur that I would expect to see him on the fourteenth when I come down. The fact is that some months ago I had this whole thing out with him and with his partners. The situation was fully explained to all of them, and particularly to Lamont, and all made it just as difficult as possible for us to continue the arrangement with Anderson. But, nevertheless, we did continue it, with a thorough understanding all 'round of the importance of his remaining on the job. Within a few weeks Lamont calmly goes abroad, taking with himAnderson's assistant and throwing the whole situation into confusion. Primarily, I blame Lamont for not showing us more consideration, which he could have done by chosing another secretary for his work abroad rather than George Whitney, but I also blame Anderson because if he asserted himself as much with his people at 23 Wall Street as he does with us, Lamont, I have no doubt, could have been induced to make some other arrangement than to take Anderson's right hand man away at this time.

My first impulse, on hearing of all this from Anderson, was to go right to New York and try and get Sweezy to take the job. On further consideration, I wrote him that I would talk it over on the fourteenth. He is as pig-headed about some of these things as a mule and I would rather tackle him face to face than by correspondence.

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I think you will find he has had a very frank talk with Mrs. Pratt about his work in the organization, and she writes me that he invited himself to dinner with the family one night and, after an evening of discussion, he seemed to be satisfied to go ahead and do the best he could.

FILING DEPT. MAR 7 1919 FEDERAL RESERVE BANK

It is just as well right now to say nothing further about it, I believe, until I get down. You little know the amount of bedevilment and difficulty I have had between various members of that head-strong bunch.

About Williams - I am in much doubt. Your own suggestion I don't believe is a good one should it come as a voluntary contribution to the discussion. On the other hand, if Senator Weeks' bill to abolish the Comptroller's Office reaches the point where the Senate Committee has a hearing, then it could be easily arranged to get a unanimous expression from the governors of the reserve banks. You see, the reason why volunteering an opinion would be of no value is because Williams couldinstantly say in reply that the reserve banks were attempting to grasp too much power, even the power now exercised by the Comptroller, and that pretty soon they would be running the whole Treasury. I have thought, and have recently written Jay suggesting whether it might not be a good plan for me to write Carter Glass a personal and thoroughly frank letter on this subject. Still another method would be to have a group of bankers whose character and position would insure their being beyond reproach as to motive, to ask all of the banks of the country for a referendum vote.

The devil of it is that Williams will make it a personal matter. It should not be approached on that ground at all, but that ground cannot be escaped on account of his personality. Very forceful arguments could be advanced for doing away with the Comptroller's Office and if he were a big enough man he would advance them himself and be the strongest advocate of doing so.

I have never been able to understand why the Federal Reserve Board hasn't done something about this matter. They are the ones to do it, and should be at it.

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Mr. Curtis 2. 7. 19.

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MAY 5 1919
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I guess I'm getting old - At any rate I've lost my desire to fight with that fellow such as I had in the earlier days.

Talk it over with Jay and let me know how he feels.

Faithfully yours,

J. F. Curtis, Esq.,
Deputy Governor, Federal Reserve Bank of New York,
15 Nassau Street, New York.

BS.MSB

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FILING DEPT.

MAR 5 1919

FEDERAL RESERVE BANK

Lake George, N. Y.,
February 8, 1919.

Dear Jim:

I have just read in the newspapers that Weeks is pressing his bill to abolish the Comptroller's Office and expects to have some hearings. The only way in which the reserve banks can appear safely in the matter would be to have the committee call upon the governors for expressions of their views. I know weeks, but don't see why I should be made the victim or cat's paw in the matter. Furthermore, I think Weeks is making a serious blunder in attacking the subject on the two grounds which he has announced; one the abolishment of duplication of function; and the other the temperamental disqualification of the present incumbent. He had better leave the latter alone, for he will get licked on it. Were I asked for a frank opinion about the Comptroller, a well-balanced, judicial reply would necessitate my saying in brief that he is an honest, conscientious and energetic man, and has been the victim of a lot of rather unintelligent and spiteful criticism; that he really desires, and has sought in his own way to establish better banking methods. On the other hand, that temperementally he is led to employ arbitrary, and in some cases, abusive methods which have led to a great personal dislike and antagonism on the part of the banks, and that there has been much fault on both sides.

The mere fact that you and I differ with Williams in many of his theories of banking and in the conduct of his office is no justification for claiming that he should not be reappointed. He has done some highly emotional and passionate things, but I believe it would be difficult to prove disqualification in an atmosphere that is so surcharged with personal animosities. They are his protection.

If I were Senator Weeks, I would base the whole procedure upon the

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theory that the establishment of the Federal Reserve System resulted in a lot of unnecessary duplications which can now be eliminated because the system is well established and in competent hands. The four great duplications referred to are:

FILING DEPT.
MAR 5 1919
FEDERAL RESERVE BANK

Check Collection
Clearing Houses
The Subtreasury System
The Comptroller's Functions as comptroller of the currency and supervisor of banking.

Why not lump the whole thing together, and appeal to Congress on the sound and safe ground of eliminating duplication and expense? Upon that ground appeal can be made to the bankers of the country for support and all personalities can be avoided. I think Weeks is rather stupid in his program.

I wish you would talk over with Jay the possible advisability of a discussion of this matter with Glass.

Faithfully yours,

J. F. Curtis, Esq.,
Deputy Governor, Federal Reserve Bank of New York,
15 Nassau Street, New York.

BS.MSB
Dictated but not read.

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MAR 5 1919
FEDERAL RESERVE BANK

Lake George, N. Y.,
February 27, 1919.

Dear Judge:

Thanks for yours of the twenty-fourth, regarding real estate and tenents. After discussing matters with Mr. Trowbridge, I am disposed to push the building program somewhat, and think we should get to work on the tenents pretty soon.

I am disturbed about the uncertainties as to the Ely title. Does that mean a long drawn out procedure to quiet the title? Mr. Trowbridge has suggested that if the title difficulty is to indefinitely postpone our acquisition of the Ely title, word to that effect should be conveyed indirectly (so that it would not be known as coming from us) to Cohen and his associates. It would make him pretty tired to get hung up on a high price with the end piece and if a defective title intervenes between him and us, so that it makes it impossible for us to buy him out. There is an old saying about being hoisted by your own petard, that might apply.

In my opinion, Cohen is bound to lose money on his purchase, unless we see him out, because he has purchased real estate, undoubtedly at such a price that it can not be made to pay without modern improvements, etc., and he hasn't enough land to put up a big building.

Your very formal letter to the other governors may, as you say, arouse the ire of the Federal Reserve Board. Why didn't you just drop them a personal note, asking if they would stay over a day or two for some semi-social, semi-business discussion?

Faithfully yours,

James F. Curtis, Esq.,
Deputy Governor, Federal Reserve Bank,

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Lake George, N. Y.,
March 1, 1919.

Dear Jim:

I have your note of the twenty-seventh, and am enclosing my check for $49., covering my share of the expense of the dinner in honor of the Secretary. Thanks for looking after my end of it.

Faithfully yours,

James F. Curtis, Esq.,
Deputy Governor, Federal Reserve Bank of New York,
15 Nassau Street, New York.

(signed in Mr. Strong's absence)

WSB
Enc. - Check No. 1004 - $49.00

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Misc. 4

Office Correspondence

FEDERAL RESERVE BANK OF NEW YORK

Date June 30, 1919.

To Mr. Curtis

Subject:

From Benj. Strong

LIBRARY

JUL 1 1919

FEDERAL RESERVE BANK

Your new partner spoke to me about a first-rate man who is now in Joe Cotton's office, and Mr. Treman has just spoken to me of a Mr. Paine, of White and Case.

Will you have a word with me about this at the first opportunity?

BS/MSB

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December 10, 1919.

Dear Jim:

My friend Roberts Walker, of White and Case, some time ago suggested that your friend Freund, who has been working with the Railroad Administration, might be a likely partner for a young lawyer. I think I spoke to you about it, but he mentioned it again today and I wanted to make sure that I had not overlooked it, hence this note.

Sincerely,

J. F. Curtis, Esq.,
Woolworth Building,
New York City.

BS.MSB

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Form 1207

CLASS OF SERVICE DESIRED	
Telegram	
Letter	
Night Message	
Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT — GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

April 8, 1921 19

To Mrs. James F. Curtis

Street and No.

Place Roslyn, Long Island

Dear Laura

I am distressed about your loss and propose that we give a donation party gifts limited to solid silver and other articles attractive to burglars

Benj. Strong

SENDER'S ADDRESS FOR ANSWER

SENDER'S TELEPHONE NUMBER

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ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it REPEATED, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED MESSAGE AND PAID FOR AS SUCH, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED message, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED message, beyond fifty times the sum received for sending the same, *unless specially valued;* nor in any case for delays arising from unavoidable interruption in the working of its lines; *nor for errors in cipher or obscure messages.*

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this message whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this message is hereby valued, unless a greater value is stated in writing hereon at the time the message is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other Company when necessary to reach its destination.

4. Messages will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.

7. *Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all foregoing terms.*

8. *No employee of the Company is authorized to vary the foregoing.*

THE WESTERN UNION TELEGRAPH COMPANY
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

TELEGRAMS

A full-rate expedited service.

NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

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December 23, 1921.

My dear Mr. Curtis:

Mr. Strong has asked me to send you the enclosed as a little Christmas remembrance for James F. Curtis, Jr.

With kind greetings, believe me,

Yours very truly,

George Leyer

James F. Curtis, Esq.,
Woolworth Building,
New York City.

Enc.

Dear Mr Beyer.
Many thanks for the bond which I received o.k.
Merry Christmas to you.
J F Curtis

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J F Curtis

January 14, 1922.

Dear Jim:

Today for the first time I am taking a crack at a little mail, preparatory to going away for a week or ten days, after which I expect to be back at the office.

I can't tell you how much I appreciated the word that I received at the hospital from you and Laura, including your two letters, some flowers, and a lovely plant which seemed to have a certain tenacity of life that outlasted everything else that I had in that line.

They told me a day or so ago that you had been good enough to call here at the house to see me, - all of which transpired after you had left. The fact is that I have been shut off entirely from callers, and, until the last day or two from any conversation, because the Doctor wanted my tongue to be free of any unnecessary motion. As he expressed it, I was no more entitled to use my tongue than a man was justified in walking on a broken leg that was only half knit. That was the reason why they gave you the message. But we will make it all up on my return, and I hope to have a fine visit with you and Laura, and kiss the god-son. Please give Laura my love and tell her I will write her an extra special just as soon as I get my fist going.

With my best to you both,

Sincerely yours,

J. F. Curtis, Esq.,
Woolworth Building,
New York City.

Dictated but not read.

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J.F. Curtis

January 30, 1922.

Dear Jim:

This is my first day at business, and among other items and a large accumulation of mail, I must promptly answer yours of January 18.

I do not know what comment you have heard with respect to my views on the subject of the amendment of the Federal Reserve Act, recently passed by the Senate. I do recall the provisions of the so-called Burton bill very clearly, although I have not it before me at the moment. Do you remember at the Plaza Hotel, when I was done up in plaster, my having stated that if a definition of "class representation" of the Federal Reserve Board was to be made, it should be sufficiently comprehensive to be free from the possibility of criticism. I have no objection whatever to having a farmer on the Federal Reserve Board, and I do not think that as the law will read, with the Senate amendment passed, that it is open to objection on that ground alone. My objection relates more to the method of dealing with the matter, and more specifically to the rumor, which may not be the fact, that the arrangement for the passage of the amendment was the result of a bargain, or understanding, that a farmer would be appointed. Let us have the farmer; but do not let's tie the hands of the appointing power except under the constitutional provision as to confirmation. I would rather have no definition in the law, than to have a bargain of that character made, although I cannot say definitely that any such bargain was made. Another ground of objection is that no reference is made to having a man or men of banking experience on the Board. That strikes me as unfortunate in the extreme.

You may be surprised to learn that I have a good deal more sympathy for the so-called Agricultural Bloc than some people appear to have. What I

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object to most strenuously is the employment of special coalitions, in such a way that the whole legislative program is held up. If they could only have been restrained for a reasonable time, I believe that Congressman Anderson's Commission would have furnished the material to Congress for a more thorough-going treatment of all these questions, than is possible in a piece-meal scheme of legislation.

Of course, I recall that sliding scale provision in the Burton bill, which I confess was a fancy idea of my own - one of those bright ones that one gets after working until four o'clock in the morning on what seems to be an impossible situation. But fallible mortals can change their views. I now regard it as a peculiarly vicious proposal, although I did not express it that way when making that infernal statement.

The name of the school at Mesa, Arizona is The Evans School; but I am afraid that we must write to Bishop Atwood to learn the name of the Head Master, which has completely gone out of my head.

I hope that you and Laura and the youngsters are well, and that I will soon be able to have a visit with you.

Thanks for your letter.

Yours sincerely,

James F. Curtis, Esq.,
Woolworth Building,
New York, N. Y.

BS.MM.

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December 20, 1922.

Dear Jim:

I am enclosing a little Christmas present for that godson of mine, the delivery of which I hereby entrust to you. With it I am also sending a very Merry Christmas to all the family.

Yours sincerely,

James F. Curtis, Esq.,
Woolworth Bldg.,
New York City.

BS.MM

Enc. ($50.00 bond)

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FILING DIV.
DEC 26 1922
FEDERAL RESERVE BANK

December 22, 1922.

Dear Jim:

Thanks for your note. I wish I could run down for Christmas Day, but I have a big family party that will take up the whole day.

Please give my love to Laura and to the kids, and a very Merry Christmas to all of you.

Yours sincerely,

Mr. James F. Curtis,
c/o Messrs. Curtis, Fosdick & Belknap,
Woolworth Bldg., New York City.

BS.MM

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December 20, 1923.

Dear Jim:

The enclosed is a little Christmas remembrance for that godson of mine, the delivery of which I am kindly entrusting to you.

With best wishes for a very Merry Christmas, believe me,

Yours sincerely,

Mr. James F. Curtis,
233 Broadway,
New York, N. Y.

enc.

2- U.S. Treasury Ctfs. $25 each (maturity value)
(Registered)

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December 27, 1923.

Dear Jim:

Many thanks for your nice note. For a while I am cutting out evening engagements almost entirely. There are a few that I cannot absolutely escape, but I think until another month or so is past, that I must still go slow. If you ever lunch uptown, we might arrange to lunch together instead, as I am cultivating the habit of working uptown in the morning and then loafing in the afternoon.

Happy New Year to you.

Sincerely,

Mr. James F. Curtis,
233 Broadway,
New York, N. Y.

BS.MW

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Curtis

October 28, 1924.

Dear Jim:

I hope you will understand my delay in answering your letter which reached me at Colorddo Springs.

I was not very well while there and did no letter writing, and unfortunately our Committee was in session when you came in yesterday, and I could not stop for a chat.

I am sending Mac's letter on to Waddy.

Please come in again when you are down in the neighborhood.

Sincerely,

James F. Curtis, Esq.,
Woolworth Building,
New York, N. Y.

P. S. Your reference to Basil's affairs is rather cryptic, and I am not sure that I understand the reference.

BS LS

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Curtis

February 16, 1925.

Dear Jim:

I am just back from the South today and am obliged by the usual accumulation of mail to send this typewritten regret to your note of the thirteenth.

On the nineteenth the Trust Companies Section of the American Bankers Association is giving its banquet, and I am already committed to that. I am still being careful about evening engagements, but now and again feel obliged to accept invitations to these bank affairs.

I am sorry, though, to miss meeting General Sir Frederick Maurice, and a chance of so interesting a gathering.

My best to you!

Sincerely,

HPDavison

Mr. James F. Curtis,
233 Broadway, New York.

MSB

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deral Reserve Bank of St. Louis

Curtis

Hotel Brighton,
Atlantic City, N.J.,
February 21, 1928.

Dear Jim:

You may not have seen the enclosed note from Curtis. I count it a fine production from a boy of his age, with evidences in it that his dad has an eye to his scholarship, just as he had to "those ones" at the Federal reserve bank in years gone by.

We might have a little argument about the spelling of "affectionately," and whether Godson can be spelt with a small "g" and show proper respect to the Deity.

I am proud of the boy, just as you must be.

Sincerely yours,

Mr. James F. Curtis,
67 East 53rd Street,
New York City.

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Jan. 14 1917

57 EAST FIFTY-SECOND STREET

R.A.L.

JAN 9 1917

Dear Gor=

Please excuse the pencil. Iam laid low by a twisted ankle procured while running after a car in an over-zealous haste to reach my morning tasks yesterday. We have had it X rayed & the plates show no broken bones, so I expect to be out & about again by monday. It was very painful yesterday, but is quite amenable to reason today.

From your last letter you seem to be laboring under the delusion that we live in a low down apartment. Not at all. I would have you know that we occupy a mansion 14 ft. wide & very neat & cosy. Hall sitting room & dining room on the 1st floor, library &

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bed-room on the next + nursery + spare bed-room above that, so you see we are very comfortable

Doubtless they have told you all the news from the bank. The Bank of England matter still boils, but less violently. Woodward Towne + Peabody have been appointed a Com^tee to go to Wash^n + make our position clear + try to straighten matters out. Harding sent a rotten letter to Treman to the effect that the Bd would be more pleased to see the Bank complete its arrangements with the B of E than to criticize the Bd's policies etc. I think he ought to be made + withdraw it.

I'm sorry I omitted to send you a copy of our cable to Cunliffe. It didn't say anything except to express your + our regret at the premature publication + hope to continue negotiations by mail. We've had no reply yet so far as I know—

I think now we ought to get busy + do business both in London + Paris.

You may think it odd that one as lazy as I write long hand but I'm in a pickle over my secretary. When Mrs Mac. came back I thought I would try out Miss Parker who has been doing Treman's work, as I had originally intended, particularly as Miss Ericsson isn't entirely satisfactory. But this announcement was greeted by indignant tears on the part of Miss E (isn't it hell to be so popular?) So now I don't know whether I have one two or no secretaries.

The directors gave me a pleasant surprise by increasing my salary to $15,000 which is duly appreciated. I am glad to say Sailer, Hendricks, Kinzel, + Jefferson also were increased. They also gave an emergency increase due to the H.C. of L. of 10% to those getting $1200 or less, 7½% up to $3,000 + 5% above that amt, except for you + Treman, tho' I don't know why you two unfortunates were omitted unless the H.C. of L. doesn't touch governors!

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P. J. came in to see me this a.m. looking much better than when I last saw him though he has not yet completely shaken his cough. If he doesn't shake it in 10 days or so he ought to go away again I think as there is no sense in his trying to do things when he isn't really up to 100%. But I guess we can attend to that all right.

The Allies have put the kibosh on the peace talk all right & I think will give a polite but cool reply to Mr Wilson. It seems to me that the latter is making a mistake in trying to get the Senate to approve of his course, as it will just give rise to much acrimonious debate without doing anybody any good. I am really planning to come to Denver some time this month.

P.S. Laura says there are about 20 left of your new year's presents to wait for it. She also sends love

So no more now from

Jessie

P.S. Laura says there are about 20 left of your presents to wait for it. She also sends love

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36

FEDERAL RESERVE BANK
OF NEW YORK

B.A.K.
JAN 11 1917

PERSONAL

January 8, 1917.

My dear Gov:

I have your two letters of January 3rd. Before answering them, permit me to observe that your new stenographer (CC) apparently shares the erroneous view, somewhat current among others, that I am an employe of, a member of, or subject to the Federal Reserve Board, as I note that the said CC addresses me at the Federal Reserve Board, New York City. It is true that the Board is very active in the affairs of the bank but they have not yet moved their office over here, so kindly keep me in my proper place for a little while longer.

About the weekly reports I have to say that copies of the letters to you have not been sent to the Federal Reserve Board for several months. It was a practice which began, I think at the suggestion of Delano, some time during the summer, when he found that we sent you a weekly synopsis of affairs, as he thought it would save us trouble if we sent a copy to him. My impression was at that time that we sent him a copy with the understanding that it was for his confidential information and not to go on the files of the Board. The practice was continued until the end of September when Mr. Jay decided that in view of some of the matters which were included in the reports, it would be unwise to continue sending them to Mr. Delano, and since that date, so far as I know, no copies have gone to the Board.

About the Bank of England matter and matters in general at Washington, I agree with you that there seems to be nobody who understands the effect that words may have. With Mr. Wilson I feel this is clearly based

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upon the fact that he does not himself translate words into deeds and, therefore, has lost touch with those who do. He also gets wrapped up in the beauties of his own expressions and fails to make them express his meaning as clearly as he used to.

With the Board I think the case is somewhat different, although the result comes to about the same thing. I know they are having a very hard time there owing to the variety and strength of the cross-currents, concerning which you are not unaware, but it does seem that every time they open their mouth, they put their foot in it.

As you and I both surmised, Davison was not the greatest diplomat on record, especially when asked how many of the treasury bills they proposed to issue. His reply was to the effect that they proposed to issue them without any limit and up to any amount that the banks would purchase, and when one member of the Board (who was friendly) said, "Do you mean absolutely up to the point of saturation?" Davison replied, "Yes," and he would give no figures of any possible limit, except such vague remarks as possibly half a billion or a billion.

Two days later the New York Tribune had a story that the amount to be issued was up to a billion, which apparently affected the Board. Commenting on this phase of the situation, Jack Morgan told me that they had not intended to issue, as a matter of fact, more than the amount of gold held by the British government in Ottawa, which was something over a hundred millions, and his only comment on the ~~issue~~ result of the Tribune statement was that it was a new thing in his experience to learn that this administration took anything the Tribune said as grounds for conduct.

At the conference one of the members of the Board, who wanted to straighten things out, asked Davison if he could not postpone any announcement or action for about a week, thinking that during that time the more

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violent members of the Board might be composed into a position of acquiescence. To this, however, Davison only replied that their arrangements were made and could not be held back, and that he was only telling these things to the Board as a matter of courtesy and not with the expectation of receiving any advice.

Of course the Bank of England announcement was made to offset the treasury bill one, and the combination of the various announcements naturally tends to make everybody wag their heads sagely and say, "I told you so, political motives are still in control." However, our committee is going down to have a conference with them on Wednesday, and I hope may accomplish some good. In the meanwhile don't you want to draft a letter to the Bank of England, putting the final touches on the understanding, so that we can really get busy? Perhaps you have already done this without its having come to my attention, as I have not been at the office for almost a week.

As to resignations, there are so many of them fluttering in the breeze that I hope nobody sets the example by actually shipping one along. Delano told me confidentially that it was all they could do to persuade Harding from resigning when he got a very good offer the other day. He has been ill and under much criticism and apparently was about ready to throw up the sponge but they persuaded him that the fat would surely be in the fire if he did, and so he is staying on. I suppose if he did resign, Barney Baruch would be appointed in his place, in order to prove that the stories about his profits on the "leak" are base slanders. Nevertheless, I have sort of a feeling that Barney was short of the market at the correct time, although, like Tom Lawson, I couldn't prove it. By the way, permit me to assure you that the "A. Curtis," who wrote to Congressman Wood, is not yours truly, nor even my distant relative, Allan. Apparently it was a name selected by a humorous letter writer because it sounded like somebody real, I suppose. It is still very amusing

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to a Bostonian to see some people taking Tom Lawson seriously at this late day.

I think Gus Gardner has the right idea of what happened, to the effect that some of the ticker news service people broke the confidence which apparently Lansing had placed in them. You don't know Barron as well as I do, but neither he nor his henchmen would hesitate to turn a little trick like that, especially when it was so easy to make a little money. or rather a lot of

The reason why this letter is so long and discursive is that I sit at home with my feet in a chair and have nothing else to do but talk. and here

Have you seen a copy of the Board's proposed amendments, as shown in Opus 944? In case you have not, I am sending you a copy, I am sorry but not as I only have one & assume the Board has supplied you.

I think their suggestions concerning the amendments to Section 19 are very good and I believe they have struck upon the right principle, except that I do not believe in the idea of requiring any amount of till money to be carried in the member banks' own vaults, as provided at the top of page 3 of Opus 945, in view of the other provisions of the amendment. The real effect of the change, with this sentence added, is to leave the reserve requirements the same as at present (except as to the amount held against time deposits) and permit 5% of the reserves to be carried in deposits with Federal reserve banks, in gold certificates, silver certificates, greenbacks, Federal reserve notes, Federal reserve banks notes, national bank notes, or quarters, dimes or nickels,-- which does not seem to me a very scientific provision. I would be more in favor of their original plan of having the only reserves required, a balance in the reserve bank, and let each member bank decide for itself the amount of till money which it considered necessary or desirable to have on hand for the conduct of its business.

As for the amendment shown on Opus 906-b, I am strongly opposed to it, as I believe the only time that the Board would exercise the function of increasing the reserve requirement would be when it was absolutely useless or

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when such action would bring on the panic, which it was intended to prevent.

I am also opposed to Opus 947, as I don't believe in trying to tease the State banks into the system by this sort of half-way bait. In my opinion it won't work and the Board will be in the position of publicly asking for something that the State bankers will publicly refuse. On the other hand, if it does work, I think it will antagonize the national bankers, who will stand by and see the State bankers obtaining what will appear to be the only useful thing to be got out of the reserve system without paying the same price for it.

I am in favor of the amendment to Section 17 of the Act, as proposed, and only wish the Board would go a little further still along this line.

In Opus 950 I think they make a mistake not to correct the sections there and change No. 4 to No. 14 in the third line.

I hope this letter has not overwhelmed you with its length and that you won't attempt to reply except on the instalment plan.

I am still expecting to go West some time this month, although the exact date gets farther off the nearer it approaches. I trust you survived the holiday season without mishap.

Yours, as ever,

Sincerely,

JFC

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP

I am glad you liked our presents. What do you think of the enclosed from the "Outlook"? Have you read "The Passing of the Great Race"?

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36

FEDERAL RESERVE BANK

OF NEW YORK

Personal

B.A.H.

JAN 19 1917

January 13, 1917.

My dear Gov:

Referring further to your letter of January 9th, you need not be disturbed in mind about the action of our board with respect to the Bank of France matter. Neither the board nor Mr. Treman contemplated asking the Federal Reserve Board for permission to negotiate with the Bank of France and his letter was misleading in this regard. All that was contemplated was to send down in the near future an application for permission to appoint the Bank of France correspondent and agent, which would be made out in exactly the same form as the formal application with respect to the Bank of England.

Referring to your letter of December 24th, I want to say that I think you are under a misapprehension about the foreign paper money that has been given to me. So far as I am aware, nothing has been handed to me by Mr. Peixeotto. Of course, I have a little box filled with your paper money but I think it came to me from somebody at your apartment, although I may be wrong.

I note that in both November and December I deposited $6.20 to your credit at the Bankers Trust Company to take care of Piping Rock Club bills. Your note of December 7th, however, seems to indicate that the second one should have been for $8.50, so that I guess I owe you $2.30, which I will repay if it is the correct amount.

Don't forget to advise me promptly what you want to do about Hot Springs, Ark., as I am really very nearly on the wing now for the West.

Sincerely yours,

A.C.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

ESC/CHP

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Federal Reserve Bank of St. Louis

POSTAL TELEGRAPH – COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
ERNEST & CRANMER BUILDING
920 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4600

TELEGRAM

DELIVERY NO. 8 73 26

The Postal Telegraph-Cable Company (Incorporated) transmits and delivers this message subject to the terms and conditions printed on the back of this blank.

16D—29018

DESIGN PATENT No. 40829

Y/F 130F

TELEPHONED
To Same
By Le
Time 1038a

57 cb jo 29 1019am

CB NewYork Jan 18 17

Benjamin Strong

4100 MontView Blvd. Denver Colo.

for

Will start chandler January 26th. Jerome Greene also coming can you reserve room for him Suggest you join our train near Trinidad Will telegraph details later

J F Curtis

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POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS, TIME SENT, Etc.



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. — EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN TELEGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

To guard against mistakes or delays, the sender of a telegram should order it REPEATED; that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR AS SUCH, in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the sum received for sending the same, UNLESS SPECIALLY VALUED; nor in any case for delays arising from unavoidable interruption in the working of its lines; NOR FOR ERRORS IN CIPHER OR OBSCURE TELEGRAMS.

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery of this telegram, whether caused by the negligence of its servants or otherwise, beyond fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a REPEATED telegram, is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.

4. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.

5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.

6. The Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.

7. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.

8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CLARENCE H. MACKAY, PRESIDENT.

CHARLES C. ADAMS, VICE-PRESIDENT. — EDWARD REYNOLDS, VICE-PREST. AND GENERAL MANAGER. — CHARLES P. BRUCH, VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

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Federal Reserve Bank of St. Louis

POSTAL TELEGRAPH – COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
[illegible]T & CRANMER BUILDING
[illegible]20 17TH STREET
D[illegible]VER, COLO.
TELEPHONE: MAIN 4600

TELEGRAM

DELIVERY NO. 392 Mb

The Postal Telegraph-Cable Company (Incorporated) transmits and delivers this message subject to the terms and conditions printed on the back of this blank.

16D—29018

DESIGN PATENT No. 40639

97cbwh 22 1114a

CB.newyork,Jan 19,17

Benjamin Strong

4100 Montview Boulevard [illegible]enver, Colo

Woodward suggests adding at end of letter the words quote or desirable end quote letter as changed approval by Kent and Roberts

J. F. Curtis

2/K 1305

TELEPHONED
To Same
By RC
Time 1120a

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Federal Reserve Bank of St. Louis

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS, TIME SENT, Etc.



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

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EDWARD REYNOLDS, VICE-PREST. AND GENERAL MANAGER.

CHARLES P. BRUCH, VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

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Federal Reserve Bank of St. Louis

Jerome Greene is back already. He says he was sick in San Francisco with vertigo for a few days but did telegraph us that he couldn't join us. Apparently he got sort of lonely & so came home ahead of time.

Isn't it sad about Finston - He was a good man - I am making myself unpopular at the bank by telling everyone they're no good.

Jay was in Washington today & arranged for a confidential handling of

Feb. 20 [illegible]

57 EAST FIFTY-SECOND STREET

R.A.H. 10 A.M.
FEB 26 1917

Dear Gov.

Many thanks for your letter & also for attending to all the chores at Dover. I will reimburse you as soon as I get my accounts straightened out. In the meanwhile may I trouble you to send me my cap & ask Miss Andrews if I left some socks and/or golf stockings behind in your house &

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our French matters
telegraphed that he had
met with success. So
we will send the Pallain
cable tomorrow.

Truman tells me that
Harding said to Aiken
recently that he didn't
think there was any use
in having Governors'
Conferences more than
twice a year, but I am
suggesting holding one
in March just the same.

Am drafting a very
fierce rejoinder to Hardings

"Londore" letter of Feb 6th
but I doubt if I can per-
suade the rest to stand for
it, though I am violently op-
posed to leaving the record
stand as though we had
been in the wrong & the
Board maligned angels
of forgiveness & light.

Doubtless you have seen
that Backas has died —
of mastoiditis in 15 minutes.

Laura sends her love. Please
give mine to your charming daughter
whom I would like to challenge to
another game of Parcheesi.

Have spent most of my time at
Blackwell's Island & the Night Court since my
return, trying to ameliorate the condition

Op-ed down. Toddlin' Town tittles. It's a fine life! yrs ever etc.

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57 East Fifty-Second Street

Feb. 20th (1917)

Dear Gov:

Many thanks for your letter and also for attending to all the chores at Phoenix. I will reimburse you as soon as I get my accounts straightened out. In the meanwhile, may I trouble you to send me my cap and ask Miss Andrews if I left some socks and/or golf stockings behind in your house?

Jerome Greene is back already. He says he was sick in San Francisco with vertigo for a few days but did telegraph us that he couldn't join us. Apparently he got sort of lonely and so came home ahead of time.

Isn't it sad about Funston. He was a good man. I am making myself unpopular at the Bank by telling everyone they're no good.

Jay was in Washington today to arrange for a confidential! handling of our French matters and telegraphed that he had met with success. So we will send the Pallain cable tomorrow.

Treman tells me that Harding said to Aiken recently that he didn't think there was any use in having Governors' Conferences more than twice a year, but I am suggesting holding one in March just the same.

Am drafting a very fierce rejoinder to Harding's "condone" letter of Feb. 6th, but I doubt if I can persuade the rest to stand for it, though I am violently opposed to leaving the record stand as though we had been in the wrong and the Board maligned angels of forgiveness and light.

Doubtless you have seen that Backus has died of mastoiditis in 15 minutes. Laura sends her love. Please give mine to your charming daughter whom I would like to challenge to another game of Parchesi.

Have spent most of my time at Blackwell's Island and the Night Court since my return, trying to ameliorate the condition of the down-trodden prostitutes. It's a fine life!

Yrs,

J. F. C. (CURTIS)

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FEDERAL RESERVE BANK

OF NEW YORK

B.A.H.

FEB 26 1917

February 21, 1917.

My dear Governor:

In your letter of December 21, 1916, to Mr. Treman you suggest that arrangements be made, if they have not already been undertaken, to have the data which is now submitted at each meeting of the board of directors in the blue binders assembled in periods corresponding to our financial year, bound in a permanent leather binding with suitable inscription on the back and with an index which will make the contents readily accessible.

I find that Mr. Jefferson has recently undertaken the binding of a large quantity of miscellaneous material which is received periodically at the bank, such as the daily treasury statements, our weekly reports to the Federal Reserve Board, the Comptroller's statements, and all of our miscellaneous data that is in any way worth preserving. In connection with this he has also made arrangements to have the matters presented to the directors bound in accordance with your suggestions.

As you probably are aware, the practice in this regard has been, since the reports have been submitted in formal shape, for the auditor to certify to the reports submitted at each meeting and for the secretary to certify that a copy of such reports was presented to each director at the meeting. The certified copy is then handed to the auditor at the end of the meeting and kept by him under seal. Consequently, when these are bound up for each year, the volumes will contain complete and certified copies of all such reports of condition submitted to the directors.

We are having the same thing done with respect to the reports from

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the auditor that are submitted to the board, except that I do not certify to the fact of their submission but that fact now appears in the minutes of every board meeting, with a sufficiently accurate description of the auditor's report to identify it. In the old days the minutes only showed that the auditor submitted a report or reports, without identifying description, but our practice has improved in this regard.

With respect to your suggestion that the contents be indexed, we are all of opinion that the index would be larger than the report itself and would be somewhat superfluous, as of course the data is always arranged in the same order and will appear in the bound volumes chronologically, so there should be no difficulty in finding any particular piece of information required. Of course, this would not be true with respect to the names of banks for which rediscounts were made or for the names of makers or indorsers of acceptances or warrants, but all of these things can be readily found elsewhere in the bank.

Very truly yours,

JFCurtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

JFC/CEP

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Federal Reserve Bank of St. Louis

FEDERAL RESERVE BANK

OF NEW YORK

P.A.V.

FEB 26 1917

February 23, 1917.

My dear Governor:

On the 21st we sent a cablegram to M. Pallain in your name as follows:

> "Your letter December twenty seventh received stop Before sending reply outlining our final and definite proposals we propose to make application to Federal Reserve Board for its consent to our appointing Bank of France our agent and correspondent stop If consent is granted announcement thereof without stating proposed terms would be made promptly in newspapers similar to announcement made of authority to appoint Bank of England stop Will it be agreeable to you to have such announcement made prior to our arriving at a definite understanding of actual terms stop Please reply Federal Reserve Bank New York."

to which we received to-day the following reply:

> "Recevons votre telegramme stop Nous empressons vous repondre que nous serait agreable vous voir prendre aussitot que possible dans memes conditions que pour Banque Angleterre initiative de la communication a faire stop Vous remercions une fois de plus de vos dispositions amicales stop Mes meilleurs compliments personnels."

which I have translated as follows:

> "Your telegram received stop We hasten to reply that we would be pleased to have you set in motion the communication as soon as possible under the same conditions as for the Bank of England stop We thank you once again for your friendly actions stop My best personal compliments."

As I think you were advised the other day, Mr. Jay went to Washington and obtained an understanding from the Board that such an application from us with respect to the Bank of France would be acted upon promptly and favorably and that anyannouncement concerning it would be made only after advice to us.

This afternoon Mr. Jay called up Mr. Warburg and told him of the

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receipt of the cablegram and read him a draft of application which we propose to send forward, as follows:

> "In accordance with the provisions of Paragraph E of Section 14 of the Federal Reserve Act, the Federal Reserve Bank of New York hereby respectfully makes application for the consent of the Federal Reserve Board to open and maintain an account with the Banque de France, an organization established under the laws of the French Republic, having its principal place of business in Paris, France, and to appoint the said Banque de France its correspondent and to establish the said Banque de France as its agent in said French Republic, and to open and maintain a banking account for the said Banque de France."

Mr. Warburg suggested that we do not forward this letter till tomorrow as the Board would not act on it on Saturday and he was going to be away and he would prefer to be present when the application was received, so this will be mailed some time during the day to-morrow and I will attempt to return to you with suggestions for changes the draft of the letter embodying our final proposals to M. Pallain.

Rhoads was in for a little visit this morning but did not have much that was new to report. I tackled him on the committee report on Federal reserve exchange, which he said simply represented a compromise and was in his opinion about the best they could have pulled out of the fire at the time. His personal view still is that the whole thing is unnecessary and that it would be better not to do anything at all.

Very truly yours,

Curtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP

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Sketches for forms of checks & advices of drafts. & other details
Conn— New man — Inman letter Feby 11 —
Letterhead — Other F. R. Banks —
Assay office — FEDERAL RESERVE BANK Confidential Clause —
Dis F.R. Board See — OF NEW YORK
Changes in draft of letter — Purch #8 & 16
Binders — Amount —
Reg. mail & duplic. —

February 24, 1917.

My dear Governor:

The draft of the letter and memorandum to be forwarded to the Bank of France has been given careful consideration by the officers of the bank, as well as by Messrs. Kent and Roberts, and we have the following suggestions to make:

IN THE MEMORANDUM

Paragraph 6, line 2. Change the word "commission" to "commissions."

Paragraph 8. The clause which limits the setting aside and earmarking of gold to a time "when rates of exchange will not allow withdrawals without loss to the creditor institution" meets with three criticism as follows:

1. It is not entirely clear what the word "withdrawals" will be interpreted to mean.

2. It requires the Bank of France to set aside gold on the assumption that the Federal Reserve Bank of New York has determined for itself and from its own data (which cannot be verified by the Bank of France) that the situation described in the limitation actually exists.

3. If there should be an active dealing in exchange, it would be extremely difficult even for the reserve bank to know exactly whether or not the whole or any designated portion of its credit balance could be withdrawn without loss, as of course the francs represented by the balance would have cost varying amounts of dollars. Mr. Kent thinks that this phrase might easily lead to misunderstandings and to suspicions on one side that the other institution was not playing quite fair.

I have, therefore, drafted a suggested change, which would leave the paragraph reading as follows:

> "The debtor institution, at the request of the creditor institution, to set aside and earmark gold on a bullion basis representing balances due, and upon like request to ship gold in settlement of balances, all as set out below:

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"In the case of gold set aside and earmarked, the same to be separately packed and stored and clearly identified as to ownership. It should be understood that the amount of gold or coin to be set aside or earmarked during a given period is to be arranged for by the creditor institution with the debtor institution as far in advance of the request as practicable."

Paragraph 11 (a). We have not been able to establish with finality the French mint rate and think this matter should be covered carefully in the letter. In the meanwhile I would suggest that 11 (a), (b) and (c) read as follows:

"(a) The Bank of France to earmark and set aside refined gold bars, nine-tenths fine, for the Federal Reserve Bank of New York at the FRENCH MINT rate, which we understand is francs 3437 per kilogram of pure gold,-- or

"(b) When refined gold bars are not available, the Bank of France to earmark and set aside (1) United States gold coins for account of the Federal Reserve Bank of New York at their bullion value at a rate equivalent to the rate of francs 3437 per kilogram of pure gold,-- or

"(c) The Bank of France to earmark and set aside (2) French gold coin at its bullion value at a rate equivalent to the rate of francs 3437 per kilogram of pure gold."

Paragraph 12 (d). Mr. Kent thinks it would be wise to delay sending the letter until we can arrange for the abrogation of the remelting charge and thus eliminate the last two sentences, which he feels may upset the French equanimity. As you know, we are working on this but have not yet got a definite agreement from the Treasury Department. If we succeed in getting one in the next few days, we will telegraph you.

Paragraph 14, line 2. Insert after the word "undertaken" the words "by either institution for the other." This will remove any possible misunderstanding through errors in translations, which might lead them to believe that we were binding ourselves with respect to other arrangements with banks of other nations.

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If these changes meet with your approval, will you redraft the letter to suit yourself in final form, and for this purpose I enclose herewith some of our letter paper.

Very truly yours,

J. F. Curtis by B.M.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP
Encs.

P.S. On the preceding page I have suggested a slight change of arrangement. I understand that they are to earmark
(a) bars
(b) U.S. or French coin
If this is correct your (b) & (c) could be combined & reduced in volume

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FEDERAL RESERVE BANK

OF NEW YORK

F.R.B.N.Y.

MAR3 1917

February 27, 1917.

My dear Governor:

In the matter of the Bank of France we have received word from the Federal Reserve Board that they have approved our application for permission to appoint the Bank of France our correspondent and agent and open accounts with it, both abroad and at home, and have stated that they will make announcement to this effect in the morning papers of Thursday. We have accordingly cabled to M. Pallain as follows:

> "Greatly pleased to receive your message twenty second stop. We have received from Federal Reserve Board authority to appoint Bank of France our agent stop. Their action covers only formal authority to appoint leaving all details and terms to be agreed upon between us stop. Our views and proposals for such agreement go forward by mail probably this week stop. This bank will make no announcement until terms have been agreed upon between us but Reserve Board will announce in newspapers March first that our application for authority to appoint you as agent has been approved and will quote paragraph E. Section fourteen of Federal Reserve Act indicating business permitted to be done through such agency and will state that other Federal reserve banks may participate through us in agency relationship when established."

which, as you will perceive, is intended to reconvey the notion that "all is not gold that glitters."

I regret that owing to Woodward's absence, his suggestions have not been incorporated in the redraft of the letter which I sent you on Saturday but he is going over it to-night and will let me have his views to-morrow.

There is not much else new in this part of the world. As Mr. Wickersham remarked to-day, he is prepared to stand behind the President if he can be sure that he won't get his toes mashed in the process. However, I suppose these subtle motions indicating a forward progress still confirm you in your theory of the depth of his understanding.

Yours as ever,

AC

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.
JFC/CEP

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Personal

FEDERAL RESERVE BANK
OF NEW YORK

F.R.B.N.Y.
MAR3 1917

36
Davies

February 28, 1917.

Dear Gov:

I enclose herewith a check for $308.50 composed of the following items:

Loaned - - - - - - - - - - -	$290.75
Piping Rock Club bills and	1.40 16.35

PIPING DEPT.
DEC 11 1917
FEDERAL RESERVE BANK

for all of which please accept my grateful thanks.

I told Mrs. McLaren that I did not understand about the Piping Rock Club bills as Laura and I abandoned the principle of signing your name down there some while ago and these things should not come in to bother you. If you have the slips on which these charges are based, would you be so kind as to send them on to me so that I can see if somebody is putting one over on us.

I am more than sorry to learn that you caught cold on the trip back from Phoenix and hope that you are shaking it off in good shape.

W. B. tells me that we were very foolish not to go on to Globe and especially to the Magma Company's mine, where they have some very interesting new operations going on.

I am afraid Mr. Cann's place will be hard to fill. Have you any suggestions as to a successor, either in his capacity of credit man or of foreign exchange expert.

Everything is very quiet here and you would not know that we are on the verge of war. Perhaps we ain't!

I have just received your letter of the 23rd and note that you have been led to write McAdoo a long letter containing a few modest suggestions, of

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which you have an extra copy for me but don't dare send it until after you have first read my production. I don't know what production you are referring to in this instance, as I haven't promised to advise anybody of anything, so far as I know. Please send me the extra copy, as I should like to see if my ideas as to how to run the Treasury Department are correct.

I am sending you a copy of Maurice Low's "Blockade and Contraband." I agree with you that it is not very deep. I think his weakest point is attempting to justify the blockade of the Baltic ports of Germany against our commerce but leaving them open to trade with the Scandinavian nations, where he and Sir Edward Grey attempt to say that the situation is justifiable because "the passage of commerce to a blockaded area across a land frontier or across an inland sea has never been held to interfere with the effectiveness of the blockade." This really does not answer the criticism and seems to me a very foolish form of assertion, in the first place comparing the Baltic to an inland sea and in the second, attempting to get away from the real proposition, which is the blockading of definite ports on the Baltic. However, I think in the main his pamphlet is correct.

I don't think he fails to touch on the subject of the mails for the reason that you probably think he does. My idea is that there is no real question of the authority of Great Britain to censor the mails as she does.

The book on the budget, which I promised you, has not yet been published but you shall have a copy as soon as it comes along.

Sincerely yours,

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP
Encs.

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Federal Reserve Bank of St. Louis

FEDERAL RESERVE BANK

OF NEW YORK

BANK OF FRANCE

March 3, 1917.

My dear Governor:

We have just received a letter from M. Pallain, dated February 13, 1917, of which a rough and ready translation is as follows:

"Dear Mr. Strong:

"The French consular agent at Denver has notified me that my letter of December 27th last, to which I made allusion in my telegram of the 29th, has been presented to him and that he has not been able to take delivery and give a discharge to the postal service. Perhaps the address on it was not sufficiently precise. In any event the letter has not been returned to me.

"In case you have never received it, I enclose herewith a copy and ask you to excuse this entirely involuntary delay.

"M. de Neuflize has told us of your expected return to New York. I hope very much that you are now entirely returned to good health and I am very glad over it.

"Please accept, dear Mr. Strong, my most cordial sentiments and regards.

(Signed) G. Pallain."

There was also enclosed a copy of the letter of December 27th.

Very truly yours,

JFCurtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP

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Federal Reserve Bank of St. Louis

Curtis

Bk of France

FEDERAL RESERVE BANK

OF NEW YORK

B.A.H.

MAR 15 1917

March 6, 1917.

My dear Governor:

I have your letter of March 2nd with reference to the Bank of France and beg to reply as follows:

1. I enclose herewith a memorandum of changes which I would suggest making in the memorandum and also a memorandum of changes which I would suggest making in your letter to M. Pallain.

2. As to the various points you have raised, I will summarize them as follows:

(a) No. 1 on page 1 of your letter you will perceive has been adopted.

(b) No. 2. All the points covered in your letter of February 11th to Mr. Treman have been attended to, as follows:

(1) Messrs. Roberts and Kent have advised with us.

(2) We are advised that the Bank of France buys bar gold at francs 3437 per kilo. of pure gold, which is equivalent to the legal price of francs 3444.44 less the coinage charge of francs 7.44, which equals francs 3437. If this were translated into a rate for standard French gold coin, it would be francs 3093.3 for one kilogram, as the French gold coins are supposed to be 90% fine gold and 10% copper alloy. However, owing to the process used for mixing the gold and alloy, it is impossible to have all the coins uniformly 90% fine gold and because of this the mint allows a limit of tolerance of one one-thousandths with respect to the fineness of the gold coins. Consequently, I would suggest that we leave the rate as it was suggested in my letter of February 24, 1917, i. e. relating only to pure gold.

(3) Changed, as you have already been advised.

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deral Reserve Bank of St. Louis

MEMORANDUM OF SUGGESTED CHANGES IN MEMORANDUM RE BANK OF FRANCE.

Change last sentence in No. 12 (e) to read:

"French gold coins which are abraded below the limit of tolerance of 1/10 of 1% for hundred franc pieces and fifty franc pieces, 2/10 of 1% for twenty franc pieces and ten franc pieces, and 3/10 of 1% for five franc pieces, are not to be shipped if either gold or gold coin is available."

Change No. 11(a) by striking out the words "which we understand is" and substituting therefor the word "of."

Change paragraph 8 by making a period after the word "ownership" and a new sentence immediately following. Place at the end of the last sentence a semi-colon with the following:

So shown on my Copy

"And in general the amount of obligation payable in gold, which may be incurred at any one time by one institution in favor of the other, is to be limited as stated in paragraph 16 below."

Omit the last sentence of paragraph 21.

Insert a new paragraph after 19, as follows:

"Each institution agrees to waive the benefit of any moratorium or other law now or hereafter existing, which might prevent or delay the carrying out of any of the obligations of this contract."

Were these made?

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MEMORANDUM OF SUGGESTED CHANGES IN LETTER TO M. PALLAIN.

Not Cost Line

Page 1, last line. Change "confirmation" to "confirmations." End the sentence with the word "herewith," and add the following sentence:

> "Naturally we are delighted that we have received official authorization from the Federal Reserve Board to proceed with these negotiations to a conclusion."

7

Page 2. Strike out the first line.

Page 3, lines 9 and 10. Strike out the words "with the government's consent." Change the next sentence to read as follows:

> "However, should our information be incorrect and should the exportation of gold require the assent of your government, I assume that it will be necessary to obtain the government's assent to our proposed arrangement which contemplates the settlement of the account by exportations of gold under certain contingencies."

Add at the end of the letter a clause stating that our figures concerning the mint rate for gold bars and gold coins and the French limit of tolerance are in accordance with advices received in this country and if they are not correct, they should be changed in the memorandum of agreement.

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(4) The French limit of tolerance has been investigated and is covered in memorandum and letter.

(5) Same as to French law on gold exports.

(6) We have confirmed your understanding that French gold coins are 90% fine gold and 10% copper alloy.

(7) Covered by suggested changes in letter and memorandum.

(8) Same as (7).

(c) (Your No. 5) Mr. Jay submitted the details of the proposed arrangement with the Bank of France to Mr. Warburg individually after the Board had approved our application for permission to appoint the bank our agent, and with the understanding that the draft of memorandum would not go on the files of the Board. In fact it was returned by Mr. Warburg under date of March 2nd with a letter in which he said that without submitting the matter formally to his colleagues he had given them an opportunity individually to look it over, and neither they nor he had any comment to make, and that the memorandum appeared satisfactorily to cover the case. He also added, not by way of criticism, that he did not quite understand why broad emphasis should be laid upon French bills drawn or indorsed by American firms and vice versa dollar bills on America drawn by French firms, and I understand Mr. Jay has given him an explanation of the underlying thoughts in this connection.

(d) As to whether the Assay Office can be persuaded to waive the 50¢ charge for bars, I cannot say, but I think we should send the letter and memorandum forward even with this troublesome point left undecided. You have doubtless seen Mr. Jay's letter of March 3rd to Secretary McAdoo, but I doubt if we get a reply to it for at least a couple of weeks.

(e) Your other suggestions, covered by your Nos. 8-14 inclusive, will receive attention in due course.

I trust that this sufficiently covers the situation. If not, do not hesitate to fire when ready.

Yours sincerely,

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP
Enc.

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POSTAL TELEGRAPH – COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
[illegible]ST & CRANMER BUILDING
[illegible]) 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4500

TELEGRAM

DELIVERY NO. 437

The Postal Telegraph-Cable Company (Incorporated) transmits and delivers this message subject to the terms and conditions printed on the back of this blank.

16D—29018

DESIGN PATENT No. 40529

495-chho 88 1249p

cb New York Mar 7-17

TELEPHONED
To Same 2/h 1308
By Lo
Time 1258p

Benj Strong
4100 Montview Blvd
Denver Colo

Your letter March third and enclosures received we note paragraph eleven D states abraded coin are not to be earmarked or shipped if other gold or coin is available whereas paragraph twelve E states abraded coin are not to be shipped stop Is omission of word earmarked in twelve E intentional or shall we insert it stop Same divergence appears in our English letter stop Shall we include a paragraph mutually waiving benefit of future moratoriums stop We are advised existing moratorium does not apply please wire answer.

J F Curtis.

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POSTAL TELEGRAPH-COMMERCIAL CABLES



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

OPERATOR'S NOTATIONS, TIME SENT, Etc.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN TELEGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

To guard against mistakes or delays, the sender of a telegram should order it REPEATED; that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR AS SUCH, in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the sum received for sending the same, UNLESS SPECIALLY VALUED; nor in any case for delays arising from unavoidable interruption in the working of its lines; NOR FOR ERRORS IN CIPHER OR OBSCURE TELEGRAMS.

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery of this telegram, whether caused by the negligence of its servants or otherwise, beyond fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a REPEATED telegram, is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.

4. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.

5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instruction regarding it to this Company's agent in its said office.

6. The Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.

7. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.

8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CLARENCE H. MACKAY, PRESIDENT.

CHARLES C. ADAMS, VICE-PRESIDENT.

EDWARD REYNOLDS, VICE-PREST. AND GENERAL MANAGER.

CHARLES P. BRUCH, VICE-PRESIDENT.

THE GREATEST TELEGRAPH SERVICE IN THE WORLD

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is not published yet. When it is it will be twins!

I don't understand one sentence in your letter of Mch 4th to the effect that you are awaiting word re Assay Office charges before completing the Pallam letter; as on Mch 2nd you sent us a complete P. letter which is going forward via Tusserand today I hope (though do not know).

Yours ever

JKC

Mch 9th 1917.

14 WEST CEDAR STREET
MAR 15 1917
DEC 11 1917

Dear Sir,-

Thank your letters of Feb 26, Mch 2 & Mch 4th (two) & thank you for the cap which has arrived safely. Do not fash yourself further about Stockings etc as doubtless they fell by the wayside at Phoenix San Antonio etc.

I am not prepared to answer your various

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belief that the Pres't will not do anything except write & talk.

Am in Boston to attend the funeral of my aunt which was yesterday. She was 84 & the last survivor of my father's family.

Will send you a real letter when I return to N.Y. The Budget book questions & suggestions as yet. But I have prepared a memo on "defects in Office Organization" which I have left with Jay & will convey to Truman next week.

Changing the leopard's spots was a cinch job compared with some others, & I never was much of a magician anyway.

I have not enlisted so far, & am now falling back into my former

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FEDERAL RESERVE BANK

OF NEW YORK

March 16, 1917.

My dear Governor:

I enclose herewith a draft of a letter which has been prepared in the bank, after considerable conversation to-day and yesterday with Mr. Warburg, who was here. It presents a composite of his views and those of Messrs. Treman, Jay, Peabody and myself. You will observe that we have omitted Nos. 5 and 6 of your draft, as we were not quite clear what the scope of the suggestions might be considered to be by the Banco de la Nacion Argentina, nor exactly what advantages would accrue from including them. Possibly, if necessary, they could be taken up at a later time in the negotiations, if you think they are important.

We have also added a qualification to your No. 2 in order to make clear that we do not wish to compete with the commercial banks in ordinary commercial transactions. What would you think of omitting No. 2 entirely and merely suggesting the possibility of handling items for collection and thus open the subject up for discussion, without making any tentative offer?

As to No. 3 (e), further consideration would seem to indicate that this ought to be in the nature of a general remark and not be a subdision of No. 3; also that perhaps we should not offer to take custody of gold for a consideration, unless we make the offer as a separate suggestion to go into effect only if the general reciprocal and mutual arrangements are not entered into.

As to No. 4, Mr. Warburg's thought seems to be that the principal profitable exchange business for our member bank branches in the Argentine will consist of arranging credits and getting the commissions, rather than

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in purchasing bills of exchange, and consequently that we could go into the exchange market and buy long bills there without creating competitive conditions. In fact, he thinks that the public knowledge that "dollar exchange" was eligible for purchase by our Federal reserve banks and would be purchased there by them on occasions, when necessary, would assist our member bank branches in establishing dollar exchange. He felt, however, that we would, of course, use this judiciously and only when fair rates were not readily obtainable in the Argentine for dollar drafts.

With respect to the mutual indorsement of the bills purchased, we are wondering what your views are as to whether we would ever be required to purchase bills here for the Argentine bank, and if so, what kind of bills. In other words, would this requirement of our indorsement ever place us in an embarrassing position?

You will note that we have toned down somewhat the restrictive language of No. 4 by striking out the word "emergency," but to offset this we have inserted that the transactions in question should only be undertaken when both institutions are of opinion that the international situation between the two countries requires some action.

As Mr. Warburg feels a little sensitive over the amount of time which has elapsed since his first suggestions to us were made, we would like to get your reactions upon this draft at the earliest possible moment, by Wednesday next if that is practicable, when we hope to have an executive committee meeting.

Please excuse the somewhat sketchy form in which the draft is sent you, which is caused by our desire to save time.

We would hope to be in a position to make up final letter after getting your views.

Very truly yours,

Benjamin Strong, Esq.,
4100 Montview Boulevard,
DENVER, COLO.
Enc.

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36.
Curtis

FEDERAL RESERVE BANK

OF NEW YORK

B.A.K.

MAR 21 1917 FILING DEPT.

MAR 1 1 1917

FEDERAL RESERVE BANK

CONFIDENTIAL

March 17, 1917.

My dear Governor:

There are a variety of matters which you probably would like to hear about which have been lying fallow for some while.

In the first place, on the question of reorganizing the efforts of the officers of the bank I enclose herewith a memorandum which I have given to Messrs. Treman and Jay with the hope that we may possibly reform ourselves. I have been very anxious to get at this matter but the opportune time never seems to arrive, which, as you know, is one of the things which need most to be reformed. However, I expect next week, after the governors' committee on Federal reserve drafts has completed its labors, we can sit down and thrash this matter out.

Mr. Jay has handed me your letter of March 2nd with reference to the way in which the gold bar proposition has been neglected, and I am preparing a report on this matter attempting to distribute praise and blame in an impartial manner. So far I have found no praise to be distributed. I think it is a case where you would be justified in enjoying a complete loss of ~~time~~ temper and doubtless you have already had that pleasure.

I would like to get your reaction on the board's recent recantation of its French and English Treasury bill pronunciamento of last November. It seems as though they had now reversed their position completely under the guise of claiming that the public had misunderstood them. Joe Cotton told me yesterday, however, very confidentially that he was informed by a very "high" democrat close to the administration as positive truth that the President himself had

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The system which in practice prevails, although known to be opposed to the theory of the office, is that the time of the other officers with whom a given one is conferring is less important than the time of the individual calling by telephone or in person.

6. The senior officers do not organize their work so that the routine is disposed of early in the day and by a given time.

7. The officers have not a proper "Concept of selective values." In other words, too great a proportion of their time is taken up with matters of comparative insignificance.

8. The decisions reached by the senior officers with respect to the policy to govern detail operations of the bank should be transmitted through the cashier, with written memoranda, to the other officers interested.

9. The circulating letter-book, containing copies of letters sent out the preceding day, should circulate.

The only way in which I see this book, nine times out of ten, is by sending especially for it. The remedy suggested is to make the reading of the book a necessary preliminary to the day's work of each officer.

JFC/CEP

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written or inspired that utterance of the board's, which, if true, might account for some of the subsequent squirmings. Joe says he believes it owing to the source of his information; and, of course, there is this point to be considered - that Davison, I believe, had an interview with the President just before his interview with the board, so possibly there is something in it.

With respect to the Banco de la Nacion Argentina matter, I am at a slight loss to understand the sudden turnabout of my associates. On February 27th our executive committee voted that, in view of existing international situations, it was inadvisable at the present time to take up negotiations with banks in countries other than England and France. On February 28th our board of directors approved this action. However, the day before yesterday Mr. Warburg came to the office and was very anxious for negotiations to be begun with the Argentine and when I arrived at the conference I found everybody agreed that we must get a letter right off to them, apparently because W. had felt hurt in his feelings that we had not taken any speedier action. I told Mr. Treman to remind him that our application for permission to appoint the Bank of England our agent had lain at the Federal Reserve Board's office unacted upon from August 29th till December 25th and that, in view of this delay, six weeks consideration of the Argentine matter, concerning which you and he were in such disaccord on one of the principal points, did not seem to me very serious. However, we now seem to be engaged in bustling off a letter to the Argentine in spite of my efforts to have it delayed until it can be well considered, especially by yourself. We are calling an executive committee meeting for Wednesday to go over this matter, although I doubt if we can have your reply by that date.

As far as I can make out after talking somewhat fully with Mr. Warburg, your views and his on the Argentine proposals are not quite so divergent as they appear at first sight. His idea, apparently, is not so much to have the bills purchased there for our account as a regular thing but to establish the fact that we are ready to purchase them at a fair rate and thus, not only assist in

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establishing a stable market but also in getting away from the situation where the agencies of our member banks deal in their own acceptances. If we could phrase this proposal in such a way as to tie it down to approximately that suggestion, I think it might be all right. I urged that we ask the member banks in question (both the City Bank and the First National of Boston) how they would feel about it, but Mr. Warburg thinks this would be inadvisable, although he bases his argument on the statement of what he thinks would be for the advantage of the member banks. It seems to me that the easiest way to find out what their feelings of their advantages are is to ask them, and I hope we shall do this before the letter actually goes forward.

What do you think of the Russian upheaval? It looks as though it was a great thing for the Allies and the cause of democracy generally.

The President seems to be reaping, or rather the country is, the results of his surrender of last summer.

Yours sincerely,

JFCurtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

JFC/PE
Enc

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MEMORANDUM OF DEFECTS IN BANK ORGANIZATION

CONFIDENTIAL

1. There is a lack of proper distribution of functions among the officers.

With the exception of matters similar to applications under the Clayton Act, the issue of Federal reserve notes and other activities which are by law placed upon the Federal reserve agent, there is practically no subject in connection with the operation of the bank which is not from time to time handled by all the senior officers. Take as an example the following:

(a) The sale of French gold coin. On this matter work was being done simultaneously by Messrs. Treman, Jay, Curtis, Sailer and Higgins.

(b) Investigation of best method of obtaining gold bars. Work has been done on this matter simultaneously by Messrs. Treman, Jay, Curtis and Cann.

(c) Investigation of method adopted by Bank of France in purchasing gold coins and bars. Work has been done on this matter simultaneously by Messrs. Treman, Jay, Curtis, Sailer, Cann and Crane.

(d) Method for inaugurating Federal reserve bank drafts. Work has been done on this simultaneously by Messrs. Treman, Jay, Woodward, Curtis and Hendricks.

2. There is no method or system by which any particular matter will be automatically referred to any particular officer.

3. The senior officers do not delegate enough of their work to the junior officers.

4. When work or powers are delegated, they should be delegated with finality and the person to whom delegated should be held responsible for results.

5. Conferences between the senior officers, as well as conferences between all officers, are permitted to be interrupted.

(a) By telephone calls,

b. BY VISITORS

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FEDERAL RESERVE BANK
OF NEW YORK

March 20, 1917.

My dear Governor:

I have your letter of the 15th with reference to the Bank of France communication, and note your difficulties in fitting in the language used with the correspondence apparently at hand.

You show a keen analytical sense and highly developed powers of deduction in the second sentence of your letter, in which you state that apparently the changes mentioned in my letter of the 6th, with the accompanying memoranda, could not have referred to the signed copies which you mailed to the bank on the 2nd. This is all very true. My letter of the 6th had reference to your draft of letter to M. Pallain and memorandum of agreement which accompanied your letter to Mr. Treman of February 11, 1917, forwarded from Phoenix, Ariz., and consequently all of the references are to those documents.

This letter of mine was mailed on March 6th. The signed copies of the final letter to M. Pallain and memorandum of agreement, which you say in yours of the 15th you mailed to the bank on March 2nd, appear to have been accompanied by a letter from you dated March 3rd, and in any event did not reach the bank until March 7th, just after my letter of the 6th had gone forward.

As practically all of the suggestions that I made on the 6th had already been incorporated in your signed redraft, which accompanied yours of the 3rd, we adopted your letter and memorandum as it was, with only the slight changes that I think have already been indicated to you by telegraph and otherwise. If you have retained, as I assume you have, a copy of your

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letter to M. Pallain, dated March 5, 1917, and marked "Registered," you will find that that is an exact copy of what was forwarded to him on the "Rochambeau" through the French Embassy pouch and on the "Monterey" by registered mail, except that at the end of the letter, on the bottom of page 4, the following was added:

> "P. S. We are advised that the French limit of tolerance upon abraded French coins is 1/10 of 1% for one hundred franc pieces and fifty franc pieces, 2/10 of 1% for twenty franc pieces and ten franc pieces, and 3/10 of 1% for five franc pieces. If our advices are incorrect, paragraph 12 (e) should be changed in order to include a correct statement of what the limit of tolerance is."

If you have preserved a copy of the memorandum marked "Confidential" and entitled "Memorandum of terms and conditions suggested to apply to proposed relations between the Federal Reserve Bank of New York and the Banque de France," which accompanied the aforesaid letter addressed to M. Pallain, you will find it is an exact copy of what went forward to him by the two methods of communication above set forth, with the following exceptions:

1. On page 4 of your memorandum, on line 5, the word "gold" has been inserted between the words "or" and "coin" making that line read "or shipped if other gold or gold coin is available."

2. On page 5, line 6, the words "earmarked or" have been inserted between the words "be" and "shipped," making the line read "which are abraded below the French limit of tolerance not to be earmarked or shipped."

I hope this straightens out all your difficulties.

Very truly yours,

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

JFC/CEP

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Form 1201

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

RECEIVED AT 915-919 SEVENTEENTH ST., DENVER, COLO. ALWAYS OPEN

Fone No. Y/R 1307
Fonod to Strong Stern
Time 1230 1148a 9/Ca 2/23
By [illegible] 13 to be mailed

B18 NY CP 118 NL DUPLICATE OF TELEPHONED TELEGRAM

NEWYORK MAR 22 1917

BENJAMIN STRONG 541

4100 MONTVIEW BOULEVARD DENVER COLO

REPLYING YOUR TELEGRAM ON ENGLISH MEMO TAKE FOLLOWING SUGGESTIONS CHANGE OPENING SENTENCE AND PARAGRAPH TWELVE BY OMITTING REFERENCE TO CONCLUSION OF WAR AND SUBSTITUTING A DATE TO BE MUTUALLY AGREED UPON STOP PARAGRAPH SIX IT SEEMS INADVISABLE TO HAVE EARMARKING GOLD DONE ONLY AT CONVENIENCE OF DEBTOR INSTITUTION INSTEAD OF A REQUEST OF CREDITOR UNDER A GENERAL UNDERSTANDING AS TO AMOUNTS STOP PARAGRAPH TEN SAME SUGGESTION AS ABOVE WITH RESPECT TO WORD VOLUNTARY STOP PARAGRAPH TWELVE UNLIQUIDATED BALANCES SHOULD BE SETTLED IN GOLD IN ANY EVENT AND NOT QUOTE IF SO AGREED END QUOTE STOP OTHERWISE CHANGES SEEMS REASONABLE STOP WE WILL USE CUNLIFFES LETTER AS ADDITIONAL ARGUMENT

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Form 1201

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
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If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

	SYMBOL
	Blue
	Nite
	N L

e three symbols check (number of message. Otherter is indicated by the appearing after the check.

ECE

IVED AT 915-919 SEVENTEENTH ST., DENVER, COLO. ALWAYS OPEN

1B18 NY CP SHEET 2 DUPLICATE OF TELEPHONED TELEGRAM

TO OBTAIN WAIVER OF ASSAY OFFICE CHARGE FROM TREASURY DEPARTMENT

J F CURTIS

MAR 23 130AM

Fone No.

Fonca to Strong Denv

By Va to be Marked

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Federal Reserve Bank of St. Louis

FEDERAL RESERVE BANK

OF NEW YORK

B.A.H.

APR 2 1917

March 28, 1917.

My dear Governor:

I give below copy of a cablegram just received from Lord Cunliffe, which seems very satisfactory:

> "Answering your cable agree in principle to your three suggestions as we here understand them and beg you to mail proposals for consideration."

If you have any suggestions as to phraseology to be used in the final draft of the proposal, please send them on without delay.

Very truly yours,

JDurtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP

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FEDERAL RESERVE BANK

OF NEW YORK

B.A.H.

March 26, 1917.

MAR 29 1917

My dear Governor:

I meant to write you a long letter to-day - also yesterday, and possibly the day before - but haven't seemed to get around to it.

I enclose herewith a copy of cablegram which is going forward this afternoon to Lord Cunliffe and hope you approve.

Yours sincerely,

Harrison

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP
Enc.

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FEDERAL RESERVE BANK

OF NEW YORK

March 30, 1917.

My dear Governor:

I enclose herewith the changes which we are proposing to suggest to Lord Cunliffe in the final draft of the memorandum of agreement.

Will you please telegraph if this language meets with your approval. If it does not, please telegraph any additional suggestions.

Very truly yours,

JCurtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

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Change opening paragraph to read as follows:

The following points confidentially and tentatively agreed upon for submission and ratification by the respective institutions with a view to being put into operation when mutually convenient:-

Change 1st part of 6. to read as follows:

6. GOLD. Subject to such limitations as may have been agreed upon under the provisions of clause 10, and as below stated, the debtor institution will, at the request of the creditor institution, set aside and earmark gold on ~~the~~ a bullion basis, representing balances due. Such gold to be clearly identified as to ownership.

Change 10 to read as follows:

10. The intention of the arrangement is that all transactions in gold (other than earmarked gold) between the two institutions shall be upon exactly equal terms as to each, provided that either party may limit the amount of its obligation to earmark and set aside gold, and/or to settle its debit balances in gold, to definite amounts for definite periods, in advance. In the absence of the establishment of any such limitation, all balances shall be settled in gold, if desired by the creditor institution.

Change 12. to read as follows:

12. This arrangement is to be subject to cancelation by either institution, in whole or in part, except as to transactions in process, on notice by letter or cable; it being understood that subject to such limitations as may have been agreed upon under the provisions of clause 10, any unliquidated balance either way will be settled in gold, if desired by the creditor institution.

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FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL

March 30, 1917.

FILED
MAR 31 1917
FEDERAL RESERVE BANK

My dear Governor:

I enclose herewith a copy of the programme for the governors' conference to be held on April 4th in Washington. If you have any suggestions to make, please let me know. This programme has been somewhat hastily arranged owing to lack of time.

You will note No. 15, Foreign Arrangements. My view is that the time has arrived for us to tell the governors the exact status of our various foreign proposals, giving them copies of the agreements that are in process of negotiation, with the request that they obtain from their boards of directors authorization to advise us whether, and if so for how much, they desire to go into the proposed transactions. We have got to make the plans some time and it seems to me that our arrangements are now so near completion that we might as well take the others into our confidence, even though it includes having 144 people know the exact terms of the proposed contracts. Of course, it would be done under a strict pledge of secrecy and confidence. Will you let me know whether you think this is wise and if not, what you would suggest in its place.

I understand that Mr. Treman has already written you fully about the 2% ninety-day certificates of indebtedness, which Mr. McAdoo wished upon us. Our board of directors, while desiring to comply with the request of the Government, felt very strongly that this was not a proper way to have the financing done and agreed to so express itself in a preamble and resolution. I enclose herewith what might technically be called "the

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rake's progress", indicating the various forms in which this resolution evoluted from the somewhat snappy and straight from the shoulder legal form of Mr. Locke through the various stages of diplomacy and smoothness, as shown by its final rhythmic measure. I think the point which the directors wished to make is pretty well set forth in language that will not tend to rile the Secretary unnecessarily, but I believe it was very necessary to make the point, especially in view of the fact that the newspapers seem to indicate that we are to be asked to subscribe to $50,000,000. more in a short time.

I have your letters of March 15th, 21st and 26th, none of which have I answered.

In the matter of handling the gold bars, I have completed my labors and made a report which has been handed to Messrs. Treman and Jay, ~~and of which I enclose herewith a copy~~ do not. Every day we are proposing to get at this matter, as well as the general reorganization of the office and the functions of its personnel, but we haven't yet got around to having any definite results in this regard.

The Bank of England matter seems to be moving very smoothly and by the end of the week I think we ought to be able to put all counter proposals in definite form for going forward.

I have been spending a little time running down the contract which Messrs. A. Iselin & Company have made with the Carranza government for the purchase of gold and having it coined at the Philadelphia Mint to the extent of $10,000,000. worth, which we were asked to look up by our friends in Washington owing to the fact that a man named Stallforth was mixed up in the transaction. Stallforth is a German who was in with Rantelen on some of the passport frauds and other German activities over here. However, Ernest Iselin tells me Stallforth has really very little to do with this matter, their principal outside negotiator being a man named Osterheld.

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If you know anything about these men or this proposition, let me know. I have run them down pretty well here and think I know the scope of their activities fairly closely. As Iselin & Company keep complete control as to the disposition of the money when minted, I think the transaction is perfectly safe.

Sincerely yours,

JFCurtis

P.S. Didn't include a copy of your report on the gold matter as others haven't read it yet.

JFC

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

JFC/CEP
Encs.

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FEDERAL RESERVE BANK

OF NEW YORK

March 31, 1917.

Received from J. F. Curtis, Counsel of the Federal Reserve Bank of New York, a document purporting to be the minutes of a meeting of the Executive Committee of the National Industrial Peace Conference held in the City of Washington on July 31, 1915, with the signatures indorsed thereon of H. Robert Fowler, Chairman, and H. B. Martin, Secretary; to be returned upon request.

Wm R. Benham
Special Agent,
Dept. of Justice.

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The ~~undersigned~~ Executive committee elected at the convention of the National Industrial Peace Conference held in the City of Washington on July 31st, 1915, at which were present the representatives and delegates of the Farmers' National Grange, National Society of Equity, National Farmers' Union, including five million organized farmers, and delegates representing the central labor bodies of the principal cities in the United States, comprising two and one-half million members, in pursuance of the instructions contained in the resolution of the National Industrial Peace Conference creating the Committee, and acting under authority therein conferred, does hereby make the following report and recommendations:

Continuance of the European war means a most tremendous catastrophe to civilization and humanity.

The best energies and efforts of all should be exerted to stop it immediately. The war is being kept alive to-day only by the United States pouring in on a transcendently great scale all its resources in money, war supplies, food, clothing, transport animals and vessels.

All this is being done at the behest of the overlords of the great criminal trusts which for years have afflicted the country.

To break the strangle hold of these vultures and bloodsuckers upon the financial resources of the country, and to destroy their malign influence, now forcing our people day by day along the bloody path of slaughter and desolution, will require direct action by the people at large.

PRESENT CONDITIONS

The committee has absolutely convincing proof that a group of men now in control of the great trusts' conspiracies, headed by members of the firm of J. P. Morgan & Company, who are and have been for years past robbing the people of this country of several millions of dollars a day, are in possession of contracts for war materials and supplies of various kinds from the governments of Great Britain, France and Russia, on a scale so transcendently enormous as to guarantee to the contract mongers a profit of more than four hundred millions of dollars, and that in return for these contracts and the profits flowing from them, the masters of the great trusts' conspiracies have entered into undertakings to obtain loans of money from the banks of the Federal Reserve System for account of Great Britain and her allies, to the amount of, at least, a billion and

H. Robert Fowler, Chairman.

H. B. Martin, Secretary.

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a half dollars.

By various devices and juggles these contract mongers have already extracted from the banks in the Federal Reserve System more than five hundred million dollars, and are now making sedulous efforts to secure immediately, at least, an equal additional amount from the national banks embraced in the Federal Reserve System.

The Federal Reserve Board, ~~Secretary of the Treasury and Comptroller of the Currency~~ not only refuse to put a stop to these transactions, but ~~all of them~~ exhibit a willingness to allow the entire money and credit resources of the banks in the Federal Reserve System to be used without limit in furnishing money for use in buying munitions and supplies by which the European war is fed and kept alive.

The Federal Reserve System was designed and organized by Congress for the express purpose of destroying the Morgan money trust power. Nevertheless, this same sinister power still exercises an effective control over the moneys and credit resources of the people, as embraced in the Federal Reserve System.

Complete evidence of this may be found in the conditions which obtain in the Federal Reserve Bank of New York. The Governor of this institution is Benjamin Strong, Jr., who up to the time of his election as such was President of the Bankers Trust Company of New York. This concern, with resources of $210,000,000. is a citadel of the Morgan money power, and no man could be its president except he did the absolute bidding of Morgan and his allies.

Before the Congressional Committee investigating the money trust H. P. Davison, a member of Morgan & Company, testified that the Bankers Trust Company was controlled by a voting trust managed by Morgan & Company.

That the Morgan money trust power completely dominates the Federal Reserve System to-day is well evidenced by the fact that a man like Strong got to be governor of a Federal reserve bank holding one-half of the total moneys of the system.

Since the beginning of the present European war there has been added to the public debts of the European governments the sum of over twenty-five billions of dollars, and this debt is increasing at the rate of seventy million dollars each day, a condition that spells but one

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result - bankruptcy of the warring European nations, and, as things now are, the bankruptcy of the institutions in the Federal Reserve System in the United States, because the proceedings of Morgan and those acting with him now being carried on with full concurrence of the officers of the Government, will create a condition in the national banks and the Federal reserve banks resulting in these institutuons having practically their entire lending resources tied up in loans to agents of European governments, whose bankruptcy must inevitably occur in the very near future.

A high principle of international law forbids a neutral country from furnishing in time of war aid in money to belligerent governments. Should the present policy of the banks in the Federal Reserve System be continued such conditions will inevitably subject the United States to the payment of an enormous indemnity of probably more than a thousand million dollars. Certainly should the question of such an indemnity be referred to an international court of arbitration the decision would be adverse to the United States, largely because of the contentions advanced by our own government in the Alabama case following the Civil War, which were upheld by the international arbitration court, and, at the instance of our own government, written into the body of international law.

The foregoing constitute a truthful statement of conditions as they are and of what the country may look forward to if the money trust power is permitted to continue in their foul work of feeding and keeping alive the European War.

The people of this country, peace loving and animated by an all-pervading desire to keep this country out of war and see our nation take the lead in bringing peace to the war distracted nations of Europe, are confronted with the necessity of striking directly at the heart and source of the one great influence and power which aims to defeat these purposes.

By direct action of the people alone can the money trust power exerted over the banks in the Federal Reserve System ~~and life insurance companies~~ be destroyed. The accomplishment of such a task would be a work great in fruitful good to humanity and civilization.

The National banks in the Federal Reserve System are using

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your money deposited in their hands to enable the warring European governments to purchase in this country munitions of war, which kill each day many thousands of human beings. You can stop this at once and see to it that the moneys of the people deposited in banks are applied to benign and peaceful purposes for the benefit of the masses of the people.

The most crying need of the day in this regard is the furnishing and creation in each state of a rural credit system, by which the farmer may obtain from banks operated under state charters loans upon reasonable and fair terms, the object of such loans being to facilitate and encourage a healthy increase in farm ownership and production, thereby cheapening the cost of living and encouraging a very great legitimate interest.

This committee recommends as follows:

TO ALL AMERICANS, REGARDLESS OF SECTION OR PARTY, WHO DESIRE TO END THE PRESENT WAR IN EUROPE AND MAINTAIN AN HONORABLE PEACE WITH ALL NATIONS THROUGH THE FIRM AND IMPARTIAL ENFORCEMENT OF OUR EXISTING NEUTRALITY LAWS:

You are advised to immediately take the following action:

1: Withdraw any personal deposit you may now have in a national bank, and redeposit same in a bank operating under state charter, whose officers will pledge themselves to remain free from any affiliation with war mongers or their undertakings.

2: Request the officers of your savings bank to withdraw any savings bank moneys on deposit with a national bank and redeposit same in some solvent bank operating under state charter, whose officers will pledge themselves as indicated herein.

3: Communicate personally or by letter with your City, County, and State Treasurer, requesting each of these officers to draw out any moneys now on deposit with a national bank and redeposit same in some solvent bank operating under state charter, whose officers will give a pledge as herein indicated.

Resolutions adopted at the National Convention of the Farmers' Union at Lincoln, Neb., Sept. 9, 1915:

Whereas the Wall Street banking agents of warring European powers are securing the aid of Federal reserve banks throughout the United States to help them finance loans of hundreds of millions of dollars to these

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nearly bankrupt belligerent governments, in gross violation of international law and involving the peril of the most disastrous financial panic and loss for this country; and whereas this is a warning to our people of the gravest danger to the financial safety of the United States and a gravely added danger of involving our country in the European war, and whereas the glaring contrast afforded by this Federal Reserve System proposing to loan 500 million dollars to wild war speculation and a poor 30 million dollars to move the billion dollar cotton crop of the South, is so striking that it must be clear to all that this Federal Reserve Bank System as now organized furnishes no equitable aid to the farmers. Therefore to the end that we may cause the early adoption of a better and more equitable system:

Resolved that we recommend that the vast body of our people who favor peace and who need this money here in the United States for handling the legitimate business of Agriculture and Commerce, should transfer their deposits from Federal Reserve System banks to state banks who will pledge themselves to allow none of the banks' or the depositors' money to be used in the unlawful and most dangerous business of financing foreign wars between other nations.

Resolved that we empower and direct our national officers and national executive committee to confer and cooperate with the committees of the National Industrial Peace Council, and the various other agricultural, industrial, reform and business organizations of the United States who favor keeping the United States out of war and bringing the calamitous war in Europe to an early close; with a view to devising the most effective means of quickly ending the war and securing a universal permanent peace.

Resolved that we hereby recommend that all friends of peace oppose the election to the office of President, Vice-President, Senator or Representative of the United States any candidate who refuses to vote and pledge himself for the Government ownership exclusively of all arms and munitions works and forever put an end to private profit in the making of any of the instrumentalities of war within the United States.

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FEDERAL RESERVE BANK

OF NEW YORK

B.A.H.

APR 5 1917

March 31, 1917.

Dear Gov:

As you are possibly not a subscriber to that estimable sheet now run by Mr. Frank A. Munsey, I take pleasure in enclosing herewith copy of an article appearing in to-day's issue, and invite your particular attention to the parentage of the plan for appointing the Banks of England and France representatives of the Federal Reserve System.

In connection with the trial of Messrs. Buchanan, Monett, Fowler, Martin, et al.. I had a chat with United States Attorney Marshall the other day, who has asked us to let him have the signed copy of the minutes of the meeting of the executive committee of the National Industrial Committee's conference, which I am accordingly doing. This trial is set for April 16th and I believe ought to be one of the most important of the trials against the pro-German sympathizers.

Sincerely yours,

J.H. Curtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP

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FEDERAL RESERVE BANK

OF NEW YORK

B.A.H.

APR 9 1917

April 3, 1917.

Dear Governor:

I enclose herewith a copy of the final draft of letter to the President of the Banco de la Nacion Argentina, which I understand Mr. Treman is signing and sending forward to-day, accompanied by a Spanish translation which Mr. Warburg has had made. The latter is writing a personal letter to Mr. De Iriondo, which will go forward at the same time.

I hope that the restrictions placed about No. 4, on pages 2 and 3, will appeal to you as being sufficient protection against interfering adversely with our member banks.

We are off this afternoon to the governors' conference.

Wasn't that a fine message?

Yours sincerely,

JFCurtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP
Enc.

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Form 1201

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

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202 NY SQ 34 DUPLICATE OF TELEPHONED TELEGRAM

Q NEWYORK NY 341P APR 3 1917

BENJAMIN STRONG 1059

4100 MONTVIEW BLVD DENVER COLO

TELEGRAM RECEIVED JUST LEAVING FOR WASHINGTON DO NOT THINK IT NECESSARY OR ADVISABLE FOR YOU TO COME ON NOW SUGGEST YOUR WAITING TILL AFTER WASHINGTON CONFERENCES ARE OVER JAY WILL TELEPHONE YOU THIS EVENING

J F CURTIS

212PM

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Misc

Shoreham
Apr 4 6 P.M.

Dear Jay -

Here we are still at it + not a dish washed, so to speak. Wold would like 750 of your adrs. Van Z has telegraphed Ramsey to find out what he wants but hasn't heard from him yet -

We spent the whole morning with the Board - McAdoo handed out a criticism of our resolution on the 20% certificates + elaborated a defense of his actions. He then outlined in a general way what lay in his mind as to govt financing which was discussed to a certain extent. Delano + Attebury have been with us for an hour + we are still discussing the collection system.

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I think sentiment is swinging towards going after the State banks by express, but no conclusions have been reached.

Have not yet reached the topics of Fed. Res. bank drafts or amendments to the Act.

We are to meet with the Board again at 10:30 tomorrow & I don't see any chance of an adjournment tomorrow.

McAdoo asked for information as to whether the Reserve Banks would like to be offered the next $50,000,000 of short time offers, but he was called away from the meeting before he got the replies which were unanimously to the effect that they should be offered through the reserve banks but not to them—

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everybody is here except
Wells & Miller.

Warburg struck me as
very depressed.

Delano says Stony has put
29 pounds & seems to be in
fine fettle.

Sorry not to be able to
report better progress.

Yrs FAE

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C O P Y (handwritten letter)

Shoreham, Apr. 4, 6 PM

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Delano says Strong has gained 29 pounds + seems to be in fine fettle.

Sorry not to be able to report better progress.

Yrs.
JFC[Curtis]

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Form 1204

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

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WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

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MIC WASHINGTON D C APL 6 1917

BENJ STRONG

4100 MONTVIEW DENVER COLO

SECRETARY SAYS THERE IS NO PRESENT PROSPECT FOR A FOREIGN COMMISSION BUT APPRECIATE YOUR OFFER AND WILL KEEP IT IN MIND STOP CONFERECES JUST ENDED STOP HAVE YOU SOME NEWS ON A BOND ISSUED OF SEVERAL BILLIONS IF SO WRITE US AT NEWYORK STOP EVERYTHING PRETTY QUIET

JIX CURTIS

APL 7 905 AM

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into their nearby rivals. However (4
of course they have the remedy in
their own hands by joining the system,
& I believe that this discrimination
(which seems to me entirely justifiable
on sound banking principles) would
act as an additional lever to the
wavering patriotic impulse of the better
State banks & trust cos. & bring them
into our midst. What say you?

Please give your best thoughts
to these problems, as there will
be plenty of time to do things even
after McAdoo makes his recom'ns
as the House & Senate will, I think,
want to be enlightened on some of
these fiscal matters.

Incidentally McAdoo told me
that he couldn't publicly invite the
big bankers & financiers to confer
with him, though he is anxious to

apr. 7. 1917.

P.A.W.

APR 10 1917

H 17/18

Dear Gov:

It took me 20 hours to get in
to see McAdoo but I finally did
& telegraphed the result last night.
He seemed quite confident that
everything would be arranged on
this side, but I think he may well
be mistaken. He appreciated your
offer & will carry it in mind.

We spent a good part of
our time discussing, at his
request, the proposed bond issue
which he intimated would be for
between 2 and 4 billions. I enclose
herewith a memo which represents
the general views of the Gov'rs on this

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regard. McAdoo said one thing which I think is very foolish, i.e. that he was firmly convinced that the price should not be offered flat, but that there should be tenders for price as well as amount. I think with an issue of this size this would be a terrible mistake as either (a) there would result enormous confusion or (b) (which is more probable) nobody would feel like bidding a premium & the country would be in the rather sorry position of having asked for a premium & had it turned down.

The other points of importance were the rate, McAdoo apparently himself being in favor of around 3½% though saying there was a strong sentiment on the hill for 3%; the convertability, on which M. was all right, but again he thought the

Congress might balk; ~~the~~ the method of handling, i.e. making use of the Reserve banks as the only direct fiscal agents of the Govt., where he seemed favorable but luke warm; and the handling of the actual payments on subscriptions. This the Govt found the hardest nut to crack, as the amounts will be so large that everything will get thrown out of gear unless great care is used. Do you think it would be wise to leave this money on deposit only with members of the Fed. Res. system? I am inclined to that view tho' of course in the case of non-member banks & trust cos. we would be asking them to work like dogs on a piece of work the net result of which would be to draw their deposits out & put them

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come on as yet. Great calamities + there is no present financial disturbance in sight. We will keep you thoroughly posted as to events. If you came on now you would likely get exhausted before the real problems break on us + thus do both you + the bank, not to mention the Govt, a great injury, by being out of commission when you are most needed. So just keep your Shirt on for another seven weeks.

As to myself. As you know I have a (customarily) vague feeling of desire to take a more active + less sedentary part in this conflict. On the other hand no one knows better than I do that I'm getting a trifle oldish, fat, + short of breath + that at least for the present it is clearly my duty to stay + help the bank

Get into shape for hardening the muscles. But first won't we get together + go over what thoughts the Chas mountains air brings you.

to get their views, because then the politicians on the hill would howl that the Bankers had arranged a high rate + split themselves a big profit, + had taken us into camp. He said it was already intimated there that he was the friend of wall St. (Dourly smiled - not laughed)

So I said if he felt that way there was a method of getting the views of the bankers quietly without their coming + Washington, + he replied that he wished I would see some of them + explain the political situation of which he is afraid, + get their views as best we

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could, which will begin to do on Monday.

M. said that he did not think there would be immediate action on this matter, but he was anxious to have the public mind prepared for a good big issue. At the conference yesterday afternoon with about 7 of the Governors M gave a very good talk on the seriousness & bigness of the undertaking we are starting on, the necessity for sacrifices & economy, especially in the matter of waste of foods, etc, & that the people must make up their minds to universal liability of property service as well as [illegible] & outlined some good stiff increases in the income taxes as well as lowering of the exemptions to $1500 or $1000, & it was a very good little shock & I must say showed insight, imagination & a high conception of obligations. Everybody concurred in the necessity for financing a large part of the war by taxation, though I don't think the rest go quite so far as you & I do.

It seemed to shock McDougal to hear me suggest taking 50% of incomes of over $500,000. for example. But I think we will come to it, & probably the figure will be lower than $500,000.

Now a word on personal matters. First as to yourself. You ought not to

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[Carter]

April 7, 1917

Dear Gov.

It took me 20 hours to get in to see McAdoo, but I finally did and telegraphed the result last night. He seemed quite confident that everything would be arranged on this side, but I think he may well be mistaken. He appreciated your offer and will carry it in mind.

We spent a good part of our time discussing, at his request, the proposed bond issue which he intimated would be for between 2 and 4 billions. I enclose herewith a memo which represents the general views of the Governors in this regard. McAdoo said one thing which I think is very foolish, i.e., that he was firmly convinced that the price should not be offered flat, but that there should be tenders for price as well as amount. I think with an issue of this size this would be a terrible mistake as either (a) there would result enormous confusion or (b) which is more probably) nobody would feel like bidding a premium and the country would be in the rather sorry position of having asked for a premium and had it turned down.

The other points of importance were the rate -- McAdoo apparently himself being in favor of around 3 1/2%, though saying there was a strong sentiment on the hill for 3%; the convertibility, on which M. was all right, but again he thought the Congress might balk; the method of handling, ie., making all of the Reserve Banks as the only direct fiscal agents of the Government, where he seemed favorable but lukewarm; and the handling of the actual payments on subscriptions. This the Governors found the hardest nut to crack, as the amounts will be so large that everything will get thrown out of gear unless great care is used. Do you think it would be wise to leave this money on deposit only with members of the Federal Reserve System? I am inclined to that view, though, of course, in the case of non-member banks and trust companies we would be asking them to work like dogs on a piece of work, the net result of which would be to draw their deposits out and put them into their nearby rivals. However, of course, they have the remedy in their own hands by joining the System, and I believe that this discrimination (which seems to me entirely justifiable on sound banking principles) would act as an additional lever to the wavering patriotic impulse of the better State banks and trust companies and bring them into our midst. What say you?

Please give your best thoughts to these problems, as there will be plenty of time to do things even after McAdoo makes his recommendations as the House and Senate will, I think, want to be enlightened on some of these fiscal matters.

Incidentally, McAdoo told me that he couldn't publicly write the big bankers and financiers to confer with him, though he is anxious to get their views, because then the politicians on the hill would howl that the Bankers had arranged a high rate to suit themselves and get the profit and had taken McAdoo into camp. He said it was already intimated here that he was the friend of Wall Street!(I only smiled -- not laughed.) So I said if he felt that way there was a method of getting the views of the bankers quietly without their coming to Washington, and he replied that he wished I would see some of them and explain the political situation of which he is afraid and get their views as best we could, which I will begin to do on Monday.

McAdoo said that he did not think there would be immediate action on this matter, but he was anxious to have the public mind prepared for a good big issue. At the conference yesterday afternoon with about 7 of the Governors McAdoo gave a very good talk on the seriousness and bigness of the undertaking we are starting on, the necessity for sacrifices and economy, especially in the matter of waste of food, etc., and that the people must make up their minds to universal liability of property service as well as military and outlined some good stiff increases in the income taxes as well as lowering of the exemption to $1,500 or $1,000. It was a very good

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Federal Reserve Bank of St. Louis

speech and I must say showed insight, imagination, and a high conception of obligations. Everybody concurred in the necessity for financing a large part of the war by taxation, though I don't think the rest go quite so far as you and I do.

It seemed to shock McDougal to hear me suggest taking 50% of incomes of over $500,000, for example. But I think we will come to it, and probably the figure will be lower than $500,000.

Now a word on personal matters. First as to yourself. You ought not to come on as yet. Great calm prevails and there is no present financial distrubance in sight. We will keep you thoroughly polsted as to events. If you came on now, you would likely get exhausted before the real problems break on us and thus do both you and the Bank, not to mention the Government, a great injury, by being out of commission when you are most needed. So just keep your shirt on for another seven weeks.

2nd as to myself. As you know, I have a (customarily) vague feeling of desire to take a more active and less sedentary part in this conflict. On the other hand, no one knows better than I do that I'm getting a trifle oldish fat, and short of breath and that at least for the present it is clearly my duty to stay and help the Bank get into shape for handling the vast sums that will pour in through the N.Y. District. But that won't last forever, and I want to be looking ahead a bit. Let me know what thoughts the clear mountain air brings you.

Best wishes for a Happy Easter. Yrs.

J. A. C.

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FEDERAL RESERVE BANK

OF NEW YORK

B.A.H.

APR 16 1917

April 9, 1917.

My dear Gov:

I enclose herewith a copy of a letter I am sending to-day to Secretary McAdoo, which explains itself. Those present at the meeting were Messrs. Vanderlip, Davison, Banks, Harris, Murphy, Mitchell, Alexander, Jay of the Guaranty Trust Company, Jay and myself. Mr. Jay has just received your letter on the subject of Government bond issues, and we note that you concur in most of the ideas contained in this memorandum except as to having the bonds tax exempt.

I have also received your letter of recent date, which I will not attempt to reply to in detail at the present time owing to the lateness of the hour. Portions of it have already been answered by my handwritten letter from Washington of last Saturday. I will write you more fully to-morrow.

Yours sincerely,

H. Curtis.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP
Enc.

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FEDERAL RESERVE BANK

OF NEW YORK

Curtis

PERSONAL

B.A.H.

APR 16 1917

April 12, 1917.

My dear Gov:

I feel much distressed at having failed to answer the variety of your letters for the last ten days, but circumstances over which I have but slight control have interfered.

I have read with much interest the treatise which you forwarded to the Secretary of the Treasury on the matter of budget making, which is extremely good. I hope he has time to read it and act upon it, but I am afraid budgets and other such-like dry topics will all go whistling down the wind for some years now. However, I have requested the Institute for Government Research to send you as soon as possible the first of the series of books concerning which I spoke to you, which is entitled "The Financial Administration of Great Britain," and is prepared by Willoughby, Willoughby & Lindsey and published under the auspices of the institute. Doubtless you will find all of your views fully sustained in this book, which I hope you will read with pleasure and profit.

Affairs at the bank move forward with a certain acceleration of pace but not as much as you would think.

I wrote you concerning our conference on bond issues, the only result of which so far has been an indignant wail from Mr. Jacob H. Schiff to Mr. Jay, plaintively and indignantly inquiring why his firm was omitted when we were having the conference. Mr. Jay spent some three-quarters of and hour in pacifying the old gentleman yesterday afternoon and explaining to him that it wasn't much of a conference anyway. My letter to the secretary has not yet been acknowledged.

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We are about to try to get conversion 3s added to the list of bonds which are to be included with the new issues at 3 1/2% or higher if higher rates are got out during the war, but I don't think we shall have any success in this regard. Of course, our plan would include only the conversion 3s to be subsequently issued, as everybody must concede that bonds that have already been sold have passed under the bridge and should not be considered.

Last night Mr. Vanderlip had a dinner at the Metropolitan Club for the purpose of bringing together the directors and officers of this institution with the Clearing House Committee. All the committee were there and also all of our directors except Mr. Locke, and also Jack Morgan and Alexander. We had a very agreeable dinner and all hands agreed that it would advisable to have stated meetings between the Clearing House Committee and the reserve bank directors or executive committee for the purpose of conferring on topics of vital interest to the banking community, and that these should begin now before any troubled times appear, so that no comment will be caused by such cooperative meetings being known.

Our new director, Mr. Saunders, made a suggestion that before such an arrangement be made it would be advisable to consult with Washington. Vanderlip said, "That is very interesting. Why do you feel that?" to which Saunders replied that he felt that his boss was in Washington, which had rather a startling effect on the rest of the company, and we spent most of the balance of the evening in trying to dispel that impression, I think with some success, but the episode was very entertaining.

We did not have time to talk very much about the bond issue. What do you think about limiting the depositaries of the money collected to members of the Federal Reserve System? This is one of the points being chiefly debated at the present time. My view is that it is not an unfair discrimination and is one that should be made, as the Government has no control over

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state banks and trust companies that are not members, and while it would perhaps lessen their ardor in disposing of the bonds and getting subscriptions, still it might be a sufficient inducement to result in bringing some of the best ones over the line into the system, on the basis of an enlightened self-interest coupled with patriotism.

Mr. Jay suddenly decided to go to Washington to talk with the Reserve Board about amendments and also other matters, including bond issues and the practice to be adopted by the bank in discriminating against acceptances bearing German names. Our present plan is not to purchase any acceptances that contain any evidence of having been owned by or used for the benefit of any German institutions or persons. Of course, this question only affects very few of the bills we buy, principally the ones from South America, but I think our practice should continue as above outlined and it will do so unless there is some objection raised from Washington. Jay is going to try to get a copy of the British blacklist from Sir Richard Crawford, which we can use for our guidance.

I note that your sons are becoming more bloodthirsty than I ever have been, and I guess you won't either be able or have an inclination to restrain them. Dr. Alexis Carrel says that the present generation will not see the finish of the war. He has just returned from France and ought to know what he is talking about but I hope he doesn't. It seems to me the war will finish within a couple of years now, because after the submarine campaign fails, as it seems to be failing, the people of Germany will gradually wake up to the fact that the odds are too heavy against them.

So far I haven't allowed my war-like spirits to take complete possession of me. The most that I have done is to join a college men's training corps, which is to hold drills and lectures and give instructions for super-educated, otherwise ineligible, individuals, two or three evenings

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a week. I went to the first lecture night before last and there were seven-hundred men there, much to my astonishment. We learned that there were three sorts of discharges in the Army, not counting those when a bomb goes off prematurely. We also learned a lot of other relevant facts, all of which I have no doubt are useful.

We have inaugurated a drill at the bank, which seems to work pretty well. When the gong rings, everybody takes his proper station and nobody gets shot; the main vault is closed in two minutes after the money counters' cash is put in, and the auxiliary vault is closed in four and a half minutes after all the money and securities from up-stairs are put in.

During the course of these four and a half minutes no place could be more unsafe than the main floor, as there are fifteen men with revolvers and four with rifles in the mezzanine ready to victimize the unsuspecting intruder or some of the more unpopular of the officers. However, in order to insure greater safety for ourselves, all those who have revolvers and rifles and don't know how to shoot are being taught at the 71st Armory or some other safe place.

I am glad to hear you boast a little bit about your golf. That not only means returning strength and vigor for you but a steady income of dollars and golf balls for me, and I welcome it accordingly on both grounds.

Hoping you are the same, I remain,

Sincerely yours,

JFC

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP

P. S. --- Since writing the above your two letters of April 9th have come in.

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I see in your long one you cover most of the points about the bond issue. I am sending it to Aiken, who is going to Washington on Saturday to be there a week with his wife and children and who is going to take up these matters again with the Board and the Secretary and keep us advised.

J. F. C.

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FEDERAL RESERVE BANK

OF NEW YORK

April 23, 1917.

Dear Gov:

I have your note of April 18th, enclosing communications to and from Jimmy Logan, who by the way is a major and not a captain. He seems to have been about as accurate on your title and occupation as you were on his.

I have also had a letter from Logan concerning various ones of these French officers who are coming over to teach at Harvard and other places, and will endeavor to get in touch with them. Major Adzan, however, went right through New York to Boston and so I have not been able to see them as yet.

I had the good fortune to see the British commissioners arriving in Washington yesterday afternoon, although I did not have an opportunity of meeting any of them. It was a great sight!

We will get in touch with Lord Cunliffe as soon as possible and keep you advised of what their plans are.

Yours sincerely,

J F Curtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP

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CLASS OF SERVICE	SYMBOL
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Day Letter	Blue
Night Message	Nite
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If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT — GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

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Q NEWYORK NY 123P 23

BENJ STRONG 1144

4100 MONTVIEW BLVD DENVER COLO

Phone No. Ke 1286
Forwd to Carlton
Time 5:50 P
By RS to be Forwarded

I WILL CALL YOU ON TELEPHONE AT TWO THIRTY THIS AFTERNOON OUR TIME UNLESS YOU ADVISE TO CONTRARY

J F CURTIS.

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FEDERAL RESERVE BANK
OF NEW YORK

April 23, 1917.

My dear Governor:

We have been trying to reach you by telephone for about four hours but so far have been unsuccessful.

I send you herewith a copy of a letter which we have to-day forwarded to Lord Cunliffe at Washington. Mr. Jay has arranged to see him there to-morrow morning, and both Mr. Jay and Mr. Treman are to meet him at a dinner given by the Secretary of the Treasury in Washington to-morrow night.

Very truly yours,

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP
Enc.

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FEDERAL RESERVE BANK
OF NEW YORK

April 23, 1917.

My dear Governor:

I have your letter of April 17th with respect to the Bank of England matter. I agree with your suggestion as to making a good chronological record of the various steps of this arrangement, and will have this done forthwith.

Very truly yours,

J Curtis

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colo.

JFC/CEP

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WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

CLASS OF SERVICE	SYMBOL
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BENJAMIN STRONG 969

4100 MONTVIEW BOULEVARD DENVER COLO

TREMAN AND I AGREE THAT IF YOUR HEALTH PERMITS IT IS ADVISABLE FOR YOU TO JOIN CONFERENCES AT WASHINGTON WHERE EVENTS ARE MOVING RAPIDLY PLEASE WIRE US YOUR DECISION AND TRAVELING SCHEDULE IF YOU DECIDE TO COME EAST

J F CURTIS.

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FEDERAL RESERVE BANK
OF NEW YORK

PERSONAL

July 16, 1917.

Dear Governor:

I have neglected writing you about affairs at the bank because there did not seem to be very much to say.

I have tried to move forward the amendment to the trading with the enemy bill but with very little success. I sent a copy to Leland Harrison, who told me by telephone that he felt he could not do anything about it, as the original bill had been drafted by the Departments of State, Treasury, Commerce and Justice, and he did not think one department could very well try to have it amended without the others. He seemed to think that you ought to come back and go before the committee. I pointed out to him that it seemed somewhat extraordinary that a private citizen should be asked to travel 2,000 miles for the purpose of coordinating four departments in Washington, but I don't think I made much impression or headway. He also said he understood Pratt had sent you a telegram asking you to come, to which I replied that I hoped you would not pay any attention to it.

I also tried to get an expression of suggestions or criticisms from David Hunter Miller, who is acting for the State Department in getting information of gold exports from New York through the United States Attorney's Office, and he is giving me copies of everything he gets. Miller, however, said he felt he could not give me any suggestions, as he was tied up with the State Department, so I got nothing useful from him.

Finally I sent a copy of my amendment to Senator Fletcher, with a letter urging that it be adopted, as it appeared that nobody else was going to take any initiative in the matter.

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I had some talks with Kent on this matter, and he thought the amendment fairly good but suggested getting in touch with Pratt, which I haven't done as yet but will try to do some time this week.

I notice you have broken into print and have read your article with great pleasure.

We are having a series of meetings this week on Liberty Loan and war savings plans, which will take up most of our time, I think. Otherwise matters are very quiet. I hope you are forgetting business and getting a real rest.

Yours, as ever,

HPCurtis

Benjamin Strong, Esq.,
128 Gilpin Street,
Denver, Colorado.

P.S. Call money touched 15% today, closing at 4%. We made advances of $5,000,000.

P. S. --- I am enclosing herewith a letter from Lord Cunliffe, which I am sending on for your attention, as I believe it is your intention to handle this correspondence yourself. I have not acknowledged receipt of the letter.

HPC

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Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

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WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Form 1201

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Night Letter	N L

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Q NEWYORK NY 150P JULY 19 1917

BENJ STRONG

967

128 GILPIN ST DENVER COLO

MAJORITY OF GOVERNORS THINK IT ESSENTIAL TO HAVE A CONFERENCE BEFORE NEXT LOAN CAMPAIGN AND HAVE SUGGESTED AUGUST FIFTEENTH AT WASHINGTON IN ORDER TO BE NEAR TREASURY DEPARTMENT WOULD THIS BE AGREEABLE TO YOU PLEASE WIRE

J F CURTIS

1211 PM

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WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

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BENJ STRONG JR 1298

4100 MONTVIEW BOULEVARD DENVER COLO

THANKS YOUR LETTER TWENTY SEVOND MUCH AS I SHOULD LIKE TO SEE YOU CANNOT FEEL THAT THERE IS ANY OCCASION FOR YOUR RISKING THE TRIP BOARD HAD LONG MEETING WITH CUNLIFFE TODAY DISCUSSUNG GENERAL CONDITIONS SPECIAL NEGOTIATION IN WHICH YOU ARE INTERESTED WAS NOT TOUCHED UPON IT APPEARS TO ME THAT NEGOTIATION IS PRACTICALLY COMPLETE AND THERE IS NOTHING WE WOULD HAVE TO DO NOR DO I THINK ANY PERSONAL CONFERENCE BETWEEN YOU AND CUNLIFFE WOULD ADD AT THIS

RUSH NIGHT LETTER

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FEDERAL RESERVE BANK

OF NEW YORK

FILING DEPT.
NOV 2 - 1917
FEDERAL RESERVE BANK

July 20, 1917.

Dear Governor:

I enclose herewith a draft of a report of a conference held this week with respect to the next Liberty Loan campaign. It is proposed to lay this before Mr. McAdoo early next week, but before doing so we would like to obtain your views. May we impose upon your leisure by asking you to read it through and telegraph us your suggestions.

We also held a meeting on war savings, which was very successful. I will send you a copy of the report as soon as it is ready.

With respect to our internal organization for the next campaign, our executive committee has voted to have a permanent Bond Issue Division organized under Mr. Sailer's direction, on the understanding that he is to be relieved of a large portion of his present duties, which are to be distributed among the assistant cashiers (obtaining a new assistant cashier for this purpose, if necessary), and that he select a new assistant cashier to take immediate charge of the division and that Mr. Gregory will be retained in an advisory capacity with compensation. I hope you approve of this plan. It is the result of much travail of thought and meets the views of Messrs. Treman, Jay, Sailer and myself, as well as those of such of the executive committee as have passed upon it.

I trust the weather you are having is better than ours, which is getting a little torrid.

Sincerely yours,

Benjamin Strong, Esq.,
128 Gilpin Street,
Denver, Colo.

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LIBERTY LOAN CONFERENCE.

Report of a conference held in New York City, July 17 and 18, 1917, at which the following named gentlemen were present:

A. L. Aiken, Governor, Federal Reserve Bank of Boston.

C. J. Rhoads, Governor, Federal Reserve Bank of Philadelphia.

George J. Seay, Governor, Federal Reserve Bank of Richmond.

E. R. Fancher, Governor, Federal Reserve Bank of Cleveland.

J. B. McDougal, Governor, Federal Reserve Bank of Chicago.

Pierre Jay, Chairman, Federal Reserve Bank of New York.

J. F. Curtis, Secretary, Federal Reserve Bank of New York.

N. P. Hallowell, Lee Higginson & Co., Boston, Vice Chairman of the Liberty Loan Committee of New England.

J. R. Macomber, President, Harris, Forbes & Co. of Boston, and member of Executive Committee of Liberty Loan Committee.

Phillip Stockton, President, Old Colony Trust Co. of Boston, and member of Executive Committee of Liberty Loan Committee, and representative of the Boston Clearing House.

Robert R. S. Weeks, Harris, Forbes & Co. of Boston, and member of Publicity Committee.

John K. Allen, Wood, Putnam & Wood, Executive Manager of Publicity Committee.

C. S. Bullen, Assistant Cashier, Federal Reserve Bank of Boston.

C. E. Perkins, Lee Higginson & Co. of Boston and Secretary of Liberty Loan Committee.

N. D. Jay, Vice President, Guaranty Trust Co. of New York, and member of Executive Committee of Liberty Loan Committee.

G. E. Gregory, Vice President, National City Bank of New York, and Manager of the Bond Issue Division of the Liberty Loan Committee of New York.

Guy Emerson, Vice President, National Bank of Commerce in New York, and Secretary of Publicity Committee of Liberty Loan Committee of New York.

C. E. Mitchell, President, National City Company of New York, and member of Distribution Committee of Liberty Loan Committee of New York.

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E. B. Sweezy, Harris, Forbes & Co. of New York, and member of Distribution Committee of Liberty Loan Committee of New York.

G. J. Ward, Cassatt & Co., Philadelphia, and member Executive Committee of the Selling Campaign.

W. C. Janney, Montgomery, Clothier & Tyler of Philadelphia, and General Manager of Selling Campaign.

F. M. Hardt, Cashier, Federal Reserve Bank of Philadelphia.

Lewis H. Parsons, Graham, Parsons & Co., Philadelphia, and member of Executive Committee of Selling Campaign.

J. F. Bruton, Director, Federal Reserve Bank of Richmond, and President of First National Bank of Wilson, N. C.

Channing Rudd, Alexander Brown & Son, Baltimore, and Chairman of Liberty Loan Committee for Maryland.

L. B. Williams, Hayden, Miller & Co. of Cleveland, and Vice Chairman of Liberty Loan Committee of District No. 4.

L. W. Manning, Secretary, Federal Reserve Bank of Cleveland.

Allard Smith, General Manager, Cleveland Telephone Co., and member of Publicity Committee of Liberty Loan Committee of District No. 4.

H. L. Stuart, Halsey, Stuart & Co., Chicago, and member of Publicity Committee of Liberty Loan Committee of Chicago

W. M. J. Fisk, William A. Read & Co., Chicago, and Chairman of Distribution Committee of Liberty Loan Committee of Chicago.

Edward Clifford, retired, Assistant to Chairman, Publicity Committee of Liberty Loan Committee of Chicago.

Lewis B. Franklin, Treasury Department, Washington, D. C.

J. A. Broderick, Chief Examiner for the Federal Reserve Board.

- - - - - - - - -

The conference organized by appointing Mr. Aiken as chairman and Mr. Curtis as secretary, and adopted a programme which included a discussion of the terms of the bonds and certificates and the selling and other organizations relating to the flotation of Liberty Loans.

After the adoption of the programme the conference was divided into four committees, every member of the conference being a member of one of such

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committees. Each committee prepared a written report covering the topics assigned to it, which was submitted to the general conference, and discussed in detail. The following is a report of the final action taken by the conference after consideration of the committee reports:

TERMS AND CONDITIONS OF NEXT ISSUE OF LIBERTY BONDS.

1. Amount of Issue and Rate of Interest.

Recommendation - That the next issue of bonds be three billion dollars at three and one-half per cent.*

Comment - This recommendation is based on the assumption that the present issue of Liberty Loan bonds will be selling approximately at par at the time the new offering is made, and that the Government will take the necessary steps to maintain the market price at par for the outstanding issue while the campaign is in progress.

2. Date of Issue.

Recommendation - That the selling campaign begin not earlier than October 1, 1917.

Reasons - 1. The last payment for the first loan is not due until August 30th and the various Federal Reserve banks will be in communication with the banks in their districts relative to the first loan well into September. There should be a breathing spell of at least a month between the ending of one loan and the beginning of another.

2. During September many of the cereal crops are being moved, which usually means high rates of money. Moreover, the farmer is absorbed in moving his crops and would be hard to approach on the subject of investment. For both these reasons a selling campaign during this time should be avoided.

3. September and August are without question the worst investment months in the year.

4. Bank presidents and directors, mill owners, corporation heads, etc., who would be large buyers of these bonds, are not back from their vacations in September. Their absence will decrease their own subscriptions but also materially reduce the purchases of their companies.

*(Note: Three members of the committee of thirteen which considered the selling campaign felt that the successful flotation also depended upon the Federal reserve banks naming a ninety day rediscount rate on paper secured by these bonds at a rate of three and one-quarter per cent.)

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5. The number of bond salesmen in active business has been very materially reduced by war activities, making the services of those remaining a very necessary factor in the selling campaign. Many of these men also will still be away on vacations and not available before October 1st.

All in all, September seems a most unfortunate month in which to begin a drive on the largest loan ever issued by this country.

3. Maintenance of Price at Par.

Recommendation - That a sinking fund be provided under which bonds will have the benefit of a fund of say one-eighth of one per cent. a month for making purchases in any month when the issue sells below par. This sinking fund not to be accumulative.

Comment - The experience of Great Britain with a similar provision in the terms of the last loan has been very satisfactory.

4. Payment by Instalments.

Recommendation - That an intitial payment of two per cent. upon application be required and that subscribers be given the option of paying either in full or in instalments, provided that under no circumstances shall they be permitted to alter or amend the terms of their original subscription, except that any subscriber who has elected to pay in instalments may pay in full, without notice, upon any instalment date.

5. Delivery of Bonds.

Recommendation - That definitive bonds or interim certificates in small denominations be prepared and ready for delivery at the beginning of the selling campaign.

TERMS AND CONDITIONS OF ISSUE OF CERTIFICATES OF INDEBTEDNESS.

1. Time and Method of Offering.

Recommendation - That certificates of indebtedness be offered for subscription every fortnight; that payment for them be made by credit on the books of the subscribing bank, the certificates being held as security by the Federal reserve bank; that the banks be not required to pay interest on such deposits; and if practicable, that a schedule of withdrawals be agreed upon in advance.

2. Rate of Interest.

Recommendation - That the rate of interest be determined by the market and other conditions existing at the time of offering.

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Comment - In the opinion of the conference it is not only advisable but necessary that Congress should give the Secretary of the Treasury complete authority to determine the rate of interest at which short time certificates of indebtedness shall be issued from time to time.

3. Retirement.

Recommendation - That certificates of indebtedness should be callable at par and interest, at the discretion of the Secretary of the Treasury, on ten days notice.

TIME SCHEDULE OF SELLING CAMPAIGN.

1. Closing of Subscription Books.

Recommendation - All subscription books to close 27 days after the opening of the campaign. October 1 to October 27, inclusive.

Comment - By "opening of campaign" is meant the date that Government circulars, application blanks, etc., are distributed by the various Federal reserve banks.

2. Hour of Closing Subscription Books.

Recommendation - That the subscription books remain open until the close of business on the last day of the campaign, and that the various subscription agencies be allowed to receive subscriptions up to that hour.

3. Report of Subscriptions to Federal Reserve Banks.

Recommendation - That the period during which banks and trust companies must tabulate and report their subscriptions to Federal reserve banks on prescribed forms be fixed at 5 days -- October 28th to November 1st inclusive.

4. Reports by Federal Reserve Banks to Treasury Department.

Recommendation - That the period during which Federal reserve banks must report their subscriptions to the Treasury Department be fixed at 7 days -- November 2nd to November 8th inclusive.

5. Allotment by Treasury Department.

Recommendation - That the period within which the Treasury Department will make allotment and report to the Federal reserve banks be fixed at 3 days -- November 9th to 11th inclusive.

6. Payment of First Instalment.

Recommendation - That the period within which the Federal reserve banks shall prepare allotment letters to be sent to the subscribing banks, and within which subscribing banks shall make payment to the Federal reserve banks, shall be fixed at 15 days -- November 12th to November 26th inclusive.

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7. Other Instalment Payments.

Recommendation - That the second instalment be made payable December 20th and the third on January 17th.

EXPENSE OF LOAN CAMPAIGN.

Recommendation - That the Treasury Department apportion among the districts, at least 30 days before the opening of the campaign, the funds available to meet the expenses of placing the issue.

Comment - It is the unanimous opinion of the conference that if the present organization is to be effectively maintained and the next campaign made a success, additional funds equal to another 1/10 of one per cent. of the amount of the loan must be provided to meet the necessary expenses of the campaign; and the Secretary of the Treasury is earnestly requested to take steps to provide such funds, even to the extreme of asking Congress to amend the Act for this purpose.

FRANKING PRIVILEGE.

Recommendation - That the Secretary of the Treasury be requested to obtain the most liberal franking privilege possible in behalf of all Liberty Loan matter put out by Liberty Loan committees and the Federal reserve banks.

ORGANIZATION OF CENTRAL LIBERTY LOAN COMMITTEES.

Recommendation - That each Federal reserve bank exercise its discretion with respect to the character of its Liberty Loan Committees.

Comment - The conference is of the opinion that conditions in the several Federal reserve districts are so varying as to call for different forms of organization. The committees established by the various reserve banks were found to be in the main highly effective, and their experience will enable them to eliminate the weak spots and increase their efficiency without attempting uniformity of organization.

ORGANIZATION OF FIELD FORCE.

Recommendation - That each Federal reserve bank call for volunteer experienced salesmen for the campaign, the call and recommendation for appointment to be subject to the approval of the Liberty Loan Committee from each district. Recommendation for appointment of salesmen to be forwarded by the Federal reserve banks to the Secretary of the Treasury, by whom all appointments will finally be made. Suitable insignia for salesmen and others designated by the Federal reserve banks and the Liberty Loan Committees acting together to be furnished by the Treasury Department.

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DISTRIBUTION OF LITERATURE.

1. To Liberty Loan Committees.

Recommendation - That the Treasury Department send all of its official circulars only to Federal reserve banks, and that the reserve banks should undertake the distribution of such circulars to all subordinate Liberty Loan Committees.

2. To other banking institutions.

Recommendation - That the Treasury Department send to every bank and trust company and other banking institution in the country its official circulars relating to the Liberty Loans.

Comment - It was stated to the conference that the Treasury Department had under consideration the preparation of a communication to be addressed to each bank and trust company in the country requesting to be advised of the number of its depositors in order to enable the Secretary of the Treasury to furnish such banks, to be forwarded to each depositor, circulars explaining the Liberty Loan and appealing to the depositor to purchase the bonds.

This plan met with the hearty approval of the conference, and in connection therewith it is suggested that the Treasury Department advise the various Federal reserve banks of the names of the banks which furnish this information so that the matter may be followed up further by the Liberty Loan Committees.

FURTHER CONFERENCES.

Recommendation - That representatives of the twelve central Liberty Loan Committees meet in Washington with representatives of the Treasury Department prior to the campaign, for the purpose of discussing and coordinating methods; and that this conference arrange for proper contact with the Treasury Department to facilitate operations during the campaign.

TECHNICAL ADMINISTRATION.

A special committee of technical representatives of the Federal reserve banks has been formed to make recommendations in regard to the details of the receipt and payment of subscriptions, deliveries of interim certificates and definitive bonds; also, all matters relating to deposits of Government funds in connection with the sale of Liberty Loan bonds. The report of this committee will be submitted to the Secretary of the Treasury as promptly as possible.

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APPENDICES.

There are appended hereto reports of the Committee on Selling Organization (Appendix "A") and the Committee on Publicity (Appendix "B") which embody many suggestions interesting to the Federal reserve banks and Liberty Loan committees, but which do not deal with matters which must necessarily be passed upon by the Treasury Department.

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APPENDIX "A"

SELLING ORGANIZATION.

It is the opinion of the districts represented at this meeting, namely, Boston, New York, Philadelphia, Richmond, Cleveland and Chicago, that the most effective programme of selling is the one carried out in the last campaign, in general, as follows:

Appointment of Central Committees by the Federal reserve bank, and the appointment of local committees covering all banking centers, which are to be assisted and directed by experienced bond salesmen.

Each local district should be organized with the greatest possible detail. It is the opinion of the committee that this can be best developed by the maximum amount of personal contact in every line of endeavor. For instance, in large cities a chairman for each important trade should be appointed from that trade by the Liberty Loan Committees. This chairman should then form a committee of his own to completely cover this trade. An experienced salesman reporting to the Liberty Loan Committee should be made sponsor for this committee to help the chairman in every way. The method of covering a city by trades committees does not preclude the city being also covered by salesmen who shall be allotted various districts.

Between the various Liberty Loan campaigns we recommend that each district maintain a skeleton organization at small expense in order to take care of any details which may come along, such as arranging reports, completing the files and notifying chairmen of various local committees of any important decisions bearing on the Liberty Loan bonds, rendered in Washington.

It is recommended that a representative, appointed by the American Bankers Association, be added to the distribution committee, or some other suitable committee, in each Federal reserve district, in order that the various Liberty Loan Committees shall receive the benefit of its valuable work and

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organization. That an effort be made to have all other organizations, including the women's organization, insurance companies, express companies, etc., cooperate with the various Liberty Loan Committees through their membership in any given localities.

It is recommended that in the agricultural territories farmers' organizations, county fair associations, and State, county and district school authorities be called upon to use their influence to disseminate information and stimulate interest in the sale of bonds.

It is our opinion that bond salesmen should be used to a greater extent than in the last campaign to organize and supervise local committees throughout the various districts, rather than to utilize these men for house to house canvass. This work can be covered by available persons not necessarily trained to the bond business.

The "movie" campaign should be carried on with reels, slides and speakers, as heretofore, but with greater definiteness as to authority, especially as pertains to speakers at "movie" performances. It is our belief that the reels and slides should be furnished from a central bureau, but that speakers at movie performances should be furnished by the speakers' bureau of each district.

In regard to meetings and speakers, it is our belief that the best results will be obtained by speakers' bureaus in each district, reporting to distributing rather than publicity committees. We recommend that the active manager of the publicity work should be made a member of the distribution committee. We believe that very important results come from meetings, and that these should be extended beyond those of the past campaign.

We strongly urge the desirability and necessity of simplifying the methods of subscription.

We recommend that any prospectus or circular that is issued from Washington be so simple and concise in its language that it will be understood

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by laymen, and that it be printed in bold type, on one side of paper only.

We recommend that the whole machinery of the Post Office Department be used as a means of soliciting and taking subscriptions.

It is the sense of this committee that the apportionment of the amounts to be raised by the twelve Federal Reserve Districts, and reapportionment by such districts over towns and cities in their respective territories was a very potent factor in the development of subscriptions during the past campaign, but it is also felt that the basis on which such apportionments were made among the twelve Federal Reserve Districts should be given further study, to the end that it may be as nearly equitable as possible. We are of the opinion that the apportionment, <u>within</u> Federal Reserve Districts, should be left to the judgment of the Liberty Loan Committees controlling such districts.

It is recommended that the smaller investors should be reached through some organization to which they belong, rather than by devoting the services of bond salesman to soliciting $50 and $100 subscriptions. A special committee should be appointed to devote itself exclusively to securing subscriptions from wealthy individuals and corporations, each individual and corporation being expected to contribute a certain minimum.

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APPENDIX "B"

PUBLICITY

Discussion at the conference of publicity representatives has brought out the fact that the policy adopted in the last campaign as working in existing organizations is the most satisfactory that can be devised.

The amount of work necessary, however, in order to obtain the full co-operation of organizations skilled in the highly technical work of advertising, the supplying of news, etc., requires months of preparation and this Committee accordingly recommends that facilities be provided by the Federal reserve banks in each district for the immediate establishment of at least a small Liberty Loan Publicity headquarters. This will serve as a rallying point for the scores of people who want to help in the publicity of the next campaign and who are anxious to lay their lines plenty of time in advance in order to avoid confusion and unnecessary expense.

Our Committee is unable at this time to attempt to cover the expenses and technical points with regard to the distribution of publicity material and other educational work undertaken by the Publicity Committee during the last campaign. These matters have been made the subject of separate reports in the districts of Chicago, New York and elsewhere and those particularly concerned will find these reports available. It may be said, however, that the general tendency of all students of the subject is toward the same conclusion, namely that the general publicity machinery exists in a highly organized condition and that the chief thing necessary to enable it to function in the next campaign to the highest degree of efficiency, is an immediate establishment of headquarters and duly constituted authorities. The hundreds of organizations which go to make up the American publicity machinery will then be informed definitely as to just what is required of them, thus enabling them to adopt a policy of preparedness.

The Committee feels that one of the most important points to be con-

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sidered involves coordination between the Publicity Committee and all other Liberty Loan sub-committees and agents. This applies particularly to the work of the Publicity Committee and that of the Distribution or Selling Committee. These two bodies are called upon to do work which in many of its features is identical. In the district of New York, the distinction largely lies between educational work; such as advertising, news, moving pictures, posters, etc., and the personal solicitation on the part of trained men who could actually go and sell the bonds.

During the last campaign the Speakers' Bureau was under the Distribution Committee in Boston and under the Publicity Committee in New York and Chicago. No rule can be laid down in this matter. It is clear, however, that a definite understanding should be had at the outset as to a division of responsibility in all matters connected with bringing the loan to the attention of the public whether through the written or the spoken word.

It is our opinion, however, that there is no fundamental reason for any crossing of wires between the selling and publicity committees. Each committee must know what the other is doing. It is largely a question of having one man responsible for results in every committee and holding the managers of the selling and publicity committees responsible for a complete coordination of their respective line of work.

In this connection it should be said that the responsibility of establishing committees in the various industries should lie directly with the General Liberty Loan Committee. When a committee of railroad men for example is established, this committee should be the recognized medium for reaching railroad men both with regard to publicity and with regard to selling. Such a committee should not be called primarily a selling committee any more than it should be called a publicity committee. In our opinion it should be called a Railway Liberty Loan Committee and it should then be the duty of the managers of the Selling and Publicity Committees to see that the Railway Committee thor-

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oughly understands the campaign laid out and cooperate in full in selling the maximum number of bonds in every possible way.

It goes without saying that every committee is anxious to cooperate in every possible way with such central organizations or steering committees as may be established in Washington. During the last campaign there was a Director of Publicity in the Treasury Department who was able to cooperate with the various Liberty Loan Committees in seduring the assistance of the Government Printing Office and in many other ways.

It is impossible, however, for any human being, no matter how wide his experience, to form a temporary organization in Washington which can enable or guide in detail the work of the various Liberty Loan Committees with their various local problems and requirements which differ.

It is true, however, that if a director of publicity is to be appointed for the next loan, he should be appointed immediately, in order that the Liberty Loan Committees may be able to cooperate with him from the outset.

It is, however, earnestly recommended that the Publicity Committee in each district be given an approximate idea early in the campaign as to how much money it can spend. Obviously $10,000. early in the campaign is of much more value than many times that amount toward the end of the campaign.

With the view of making certain specific recommendations, the committee offers the following concrete suggestions:

1. ORGANIZATION.

An ideal committee is one responsible to the executive committee of the district and composed of trained advertising men, a sales manager accustomed to selling merchandise to masses of people, representatives of bond houses, and an experienced newspaper man possessing the confidence of the city editors.

(a) The publicity committee should be in constant and intimate contact with the distribution committee and speakers' bureau, both of which furnish

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much material for news publicity;

(b) The Director of Publicity in the Treasury Department can assist the district committees in several ways, but each district should be left to develop its own methods and not depend upon anyone else for ideas or material, with the exception of buttons which shoudd be ready in the hands of the secretary of the executive committee of each district before the loan opens. This is important. The button should be given out when the subscription is made.

(c) Committee organization -- The publicity committee should have a chairman or executive manager who should give his entire time to the work and be responsible for all details.

The inside organization may well be;

1. The executive manager,
2. A member responsible for advertising "copy,"
3. A member to handle the outside organization such as the Womens' Special Aid, etc.
4. A member to put through spectacular things to gain publicity,
5. A member to handle the news publicity.

This organization should be permanent until the close of the Government financing for war purposes. The executive manager can keep a skeleton organization in interim between campaigns. During the campaign there is work for all the members.

In the larger cities in each district there might be local subcommittees on publicity to post advertising matter and attend to details in which the central committee may need assistance.

(d) As news publicity is essential and newspaper advertising and news are interdependent, it is desirable, if possible, that some paid publicity should begin with the opening of the campaign and be continued, if possible, until its close. The cost of such a campaign may be provided for as each executive committee finds possible.

In addition to daily newspaper advertising all merchants and other advertisers should cooperate by using references to the bonds in their own advertising.

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All traction companies, steam and electric, should carry advertising posters in and on their cars. Posters on billboards, dead walls, boardings and in store windows should be profusely used.

Brief educational and inspirational leaflets should be distributed to the public with public service and commercial invoices in parcels, pay envelopes and other ways to gain entrance to homes.

American citizens speaking other languages than English should be reached by the foreign language press and by posters and leaflets in foreign languages.

In conclusion this committee desires to say that while it regards the problem of floating an additional loan in the fall as a most serious and difficult one, it believes that if suitable opportunity is given to put the case before the American people in a clear and intelligent way and if suitable offices and other facilities are promptly provided, the next loan can be carried through even more successfully than was the last one.

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FEDERAL RESERVE BANK
OF NEW YORK

July 21, 1917.

Dear Governor:

I am sending under separate covers about four-hundred letters which I understand you want to sign personally. They are addressed to various people who have been employed in the various Liberty Loan committees. The letters are divided into two groups, one representing persons whose employment has terminated; the other, those who are still at work. There is also a small group of Gregory's immediate assistants, who are addressed personally. I hope you don't get writer's cramp from attending to them.

The governors' conference has been definitely called for August 15th.

Referring to the amendment to the trading with the enemy bill, I have finally sent a copy to Harding, Crosby and Charles Warren of the Department of Justice, and urged them to get together with the State Department and Department of Commerce and get some action. This morning I have a letter from Harding, saying that he and Warburg have taken the matter up with Crosby and made a change, placing the authority in the Federal Reserve Board instead of with the Federal reserve banks, and adding that this was for submission to Secretary McAdoo for administrative approval. I am writing him stating that either way suits me, provided we can get some action, and also saying that Messrs. Kent and Rovensky have agreed to go to Washington, if call upon, to present a statement of the situation and of how it can be remedied. I am also telling him that I am getting some data from Blackett as to the way it is handled in England. I think that possibly we may be able to make some headway now.

Very truly yours,

Benjamin Strong, Esq.,
128 Gilpin Street,
Denver, Colo.

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P. S. --- I enclose a letter from Mr. Ingalls Kimball, which has not been answered.

J. F. C.

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36

FEDERAL RESERVE BANK
OF NEW YORK

July 27, 1917.

Dear Governor:

I have just received your telegram of July 23rd addressed to me in Washington. Unfortunately our train was so late that I didn't go to 1718 H Street at all and so missed receiving it.

Kent and I spent the morning trying to be heard by the sub-committee of which Senator Ransdell is chairman, which has the bill in charge, but as they only sat an hour and a half and adjourned at noon to meet again the following day, we had no success. However, we did, I think, convince Crosby of the necessity for getting the bill through and he is taking an active interest in it and in consultation with Warburg and others has made some changes in the draft which I prepared, so that it now reads as shown in the enclosed memorandum.

We also talked with Messrs. Harding and Delano, who were favorably inclined towards the plan, but stated that they could not press for the bill unless requested to by some of the Departments. I have not heard anything further from Crosby but am writing him to-day as to whether any progress has been made. (Didn't get around to it.)

I have just received your two telegrams to Mr. Jay with reference to the organization of the Liberty Loan committees and agree with both of them. He is out of town to-day for the week-end but will doubtless take the matter up on Monday.

We are having a slight discussion with the Board as to the method of holding the next conference of governors, and I will let you know the final developments next week.

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We are to-day forwarding your letter to M. Pallain, together with your memorandum which Messrs. Treman, Kent and I have gone over. Mr. Kent is showing it to M. De Neuflize this afternoon.

The war situation looks pretty bad from this end of the wire. How does it look out there?

Yours sincerely,

H Curtis

Benjamin Strong, Esq.,
128 Gilpin Street,
Denver, Colo.

Am also forwarding your letter to Lord Cunliffe

HC

Enc.

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Form 1201

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

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DUPLICATE OF TELEPHONED TELEGRAM

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Q NEWYORK NY 540P JULY 31 1917

BENJAMIN STRONG 1324

Brown Palace Hotel

128 GILPIN ST DENVER COLO

PROPOSED CONFERENCE OF GOVERNORS POSTPONED LETTER FOLLOWS

J F CURTIS

407PM

M174

Miss Carlton

Fyi

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FEDERAL RESERVE BANK
OF NEW YORK

Personal

FILING DEPT.
SEP 9 1918
FEDERAL RESERVE BANK

August 9, 1918.

Dear Gov:

Since last we met I have been spending my days in the consultation rooms of all the doctors in town, with the following result.

Martin says there is nothing the matter with me, so far as he can find out, but I ought not to attempt to be a soldier. Cutler says there is nothing the matter with me, so far as he is concerned, but I ought not to attempt to be a soldier. He does admit that I have slight astigmatism of one eye--I have forgotten which--and he has prescribed a pair of spectacles which now adorn me. He thinks that this astigmatism has been a contributing cause to my headaches and tiredness and that the glasses will help to bring relief. Hunt (who is a nerve specialist) says there is considerable the matter with me from his point of view, although he agrees with the other two from their points of view. He claims that I am suffering from concussion of the brain, nervous exhaustion and shock to the nervous system, and he also says that I would be foolish to be a soldier at the present time, as in his opinion I couldn't last very long. He has prescribed a complete rest for a while, no worries, more exercise, out-of-door life in a cool climate, and more to eat.

Three days ago I received practically an opportunity of going over at once to France with a commission in the new Chemical Warfare Service, Gas Defense Division, which is being hurriedly organized at Pershing's request. They are taking over a lot of hand-picked civilians, practically all college men, many of my friends and associates. Percy Haughton, the foot-ball coach, is a major and one of the chief cooks in the new service. I listened to

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their siren songs for three days, but have finally told them to-day that I would not join up with them now for various reasons. However, they claim they can keep a place open for me later on, and as I think it is a great opportunity, I propose to keep in touch with them, but with no intention of making any final decision or move until after the next Liberty Loan Campaign, so you need have no cause for worry yourself on my account, and I have to-day telegraphed you to that effect.

We are moving to the little cottage on my Mother's place at Manchester on Tuesday night. Hunt says four weeks will be better for me than three, and that even more than four would be advisable. I told him that it was imperative that I be back in time for the next Liberty Loan and he made no opposition to that.

If you are going, or have gone, to Charley Norton's, stop over and spend a few days with us at Manchester on your way back. I will show you what a real golf course is like; also some ~~great~~ real golf.

We have had no reply from Sam Untermyer. I am leaving this matter in Mr. Sailer's hands.

I have given some thought to obtaining a new assistant secretary for the Liberty Loan Committee and believe the best man would be Mr. Beyer, if you feel that you can let him spare that amount of time, which, as you know, is not really very much. I think this would be a great help in keeping you absolutely advised of everything and having the whole mechanics right under our own control.

Since dictating the earlier part of this letter, I have talked with Leffingwell about space in the building. He says he has been holding up the question of taking a definite attitude with respect to Untermyer and the other tenants until McAdoo's return, as he has no doubt that McAdoo's personal influence would have far greater weight than any letter he, Leffingwell,

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could write. He promises to take the matter up with McAdoo promptly next week. I have asked him to communicate direct with Mr. Sailer.

Please give my warm regards to Katherine.

Yours as ever,

JFC

Benjamin Strong, Esq.,
E. G. Spaulding Cottage,
Woods Hole, Mass.

JFC/CEP

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FEDERAL RESERVE BANK
OF NEW YORK

January 23, 1919.

Dear Governor:

I attended the meeting of the board yesterday, at which the first half of your letter was read by the chairman. I said that I was charged with the duty of seeing that the whole of the letter was read, whereupon the second half was handed to me to read. He says he is really very well now and doesn't see any reason for going away at the present time, but agrees to go at the first sign of tiredness or trouble. The reading of the letter naturally precipitated some little discussion and I think the situation is in perfectly good shape.

We certainly had a fine time at your hostelry and only wished we could have stayed longer and put away a few more griddle cakes.

I am sorry to be dumb about the only piece of business you asked me to do, and still sorrier to have to admit dumbness, but I have talked with both Barrows and Hudson concerning the proposed pamphlet on our practice with respect to Government bonds, and I find that no one of the three of us has clearly in mind what the object of the pamphlet is to be, i. e. whether to instruct banks or to instruct individuals, or both, and whether it is to contain copies of all the regulations or whether it is to be more simple and narrative in form, or whether it is to combine the two. I am afraid I didn't listen very closely while you were talking on this subject, as I can't remember what you said you wanted, so if you can let me have your views in a few words, pray do so and I will attend to the rest. There is not much new to report except that we are actually going ahead to establish a branch at Buffalo. Code says Hamilton is going to take $50,000,000 more of the C/D for the Tob. Govt.

Hope your wife & grandson are continuing to flourish.

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Jan 27 14

FEDERAL RESERVE BANK
OF NEW YORK

FILING DEPT.
MAR 5 1914
FEDERAL RESERVE BANK

Dear Ben —

In my ~~limitless~~ wisdom I have assessed your share of the flowers at Willard's services at $40 + I hope that this is agreeable to you. You perceive that I have adopted your suggestions & not dividing it equally — As I have learned by experience that this is the character of transaction concerning which you would never express a criticism even if you felt one, I do not ask for either commendation or damnation but only for a check, as I am paying the florist direct —

Hope you are keeping fit,

amused & away from work.

Things seem to be quiet here but I am not very much "in the know" as yet. My Doc says to work till 3 or 3.30 now. Naturally I'm thinking of changing physicians.

Mr Wilson seems to be having some success in Paris. How stupid of people not to know that the word "open" means open & that the word "a fond" means secretly.

But I am with him at heart, which still beats in unison with the pulse of the universe or mankind or humanity, whichever is pulsating at the moment.

Yours

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J F Curtis

FEDERAL RESERVE BANK

OF NEW YORK

February 24, 1919.

FILING DEPT.

See 111.1

Dear Gov:

I have your note of February 20th about the Governors Conference and enclose herewith a copy of a letter which I am sending to all the other governors. I am inclined to think this will irritate the Board but if we find that it irritates them too much, of course it can be dropped.

I have handed your check over to Lang Marvin, who is naturally pleased, but he wants me to say that, as he has repeatedly told me, he does not want you to feel any obligation in the matter in any way and that he would be very glad to continue as George's creditor without any substitution. He adds that since I have sent him the check, he presumes that you are anxious to take his place and he consequently accepts the check with many thanks.

In this connection I told him that I had not spoken to you about it after the first time, when you agreed to go in, but that you had several times spoken to me about taking up the "white man's burden" and discharging your oral understanding entered into at that time.

See 604

Referring to your letter of February 6th on the subject of real estate purchases, I am still at work getting a complete roster of all our outstanding leases. So far I am not upset over the situation, although there are several that run beyond May 1, 1920. I am still in agreement with the views of our real estate brokers that in most of the cases it would be unwise to frighten the tenant too early in advance with talk about our desire to get immediate possession. You may rest assured that these matters are not being overlooked and whatever parcels we are getting with outstanding leases on them, we are getting with our eyes open and because we feel that the situation is best handled in that way. I will send you a little further line about this in a few days.

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FILING DEPT. MAR 5 1919 FEDERAL RESERVE BANK

Referring to your letter of February 18th on the subject of protecting Liberty bond holders again fraud, I may say that we have already started considerable investigations along the line you suggest. Bogart is in charge of this and has some "Baby Bonds" which he hands to some not too well dressed employe to offer for sale in the various offices, concerning which you write. This individual is accompanied by a secret service man (also not too well dressed) for the purpose of getting exact information as to what the dealers do and say with respect to these purchases.

Of course, it is very hard to catch them, as they simply make an offer of a price, generally without saying that it is the market price or anything else, and naturally there is not much legal pressure that one can bring to bear upon people who buy things for less than they are worth from a willing, even though ignorant, seller. However, the matter is not being neglected. I am expecting a report from Mr. Bogart any day and will let you know what he says when it comes in.

Yours sincerely,

J.F.C.

Benjamin Strong, Esq.,
Cluneden,
Lake George, N. Y.

JFC/CEP

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FEDERAL RESERVE BANK
OF NEW YORK

February 27, 1919.

Dear Gov:

The total cost of the dinner at Sherry's in honor of the Secretary of the Treasury was $490., of which your share is $49. If you will forward me personally a check for this amount, I will dispose of the matter without its going on the books of the bank.

Yours sincerely,

J. F. Curtiss

Benjamin Strong, Esq.,
Cluneden,
Lake George, N. Y.

JFC/CEP

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FEDERAL RESERVE BANK
OF NEW YORK

FILING DEPT.
MAR 5 1919
FEDERAL RESERVE BANK

February 28, 1919.

Dear Gov:

I have your letter of yesterday. I understand Mr. Beyer is sending you the draft of programme prepared by the Federal Reserve Board for the conference on March 20th. This seems to me so all inclusive and so much more complete than I had supposed would be the case, that there is hardly any use in my attempting to prepare any supplemental programme, especially in view of the fact that I haven't received any suggestions from any of the other governors, so I think that we may as well consider that the idea was born to die.

Yours sincerely,

J.F. Curtis

Benjamin Strong, Esq.,
Cluneden,
Lake George, N. Y.

JFC/CEP

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APR 16 1919

FEDERAL RESERVE BANK

Yellow copy on 607.1 Courtesy J.H. + Organization chart

April 15, 1919.

647.6 607.1

Dear Governor:

I have your memorandum of April 14th on the subject of the chart, and since the receipt thereof have also obtained a copy of the revised chart amended as of April 14th, and beg to give you below my comments on the organization above the line indicated at the meeting at the Union League Club.

1. I have no comments to make with respect to any matters appearing above the line joining the words "Organization" and "Operation."

2. With respect to the matters below that line, I recommend the following changes:

(a) The elimination of the title of deputy governor from all except one person. The purpose of this is to make a single deputy governor whose functions shall be to exercise the powers of governor in the absence of the governor. During the presence of the governor he should keep in touch with the detail of administration of all the bank so far as possible, so that he would be the natural conduit through which questions of policy would go from the other officers to the governor.

(b) I would change the titles of the three principal officers under the heading "Organization" to read as follows: Comptroller, Counsel, Director of Administration.

(c) I would change the titles of the principal officers under the left-hand subdivision under the word "Operation" to read as follows: "Cashier, Director of Collections, Director of Foreign Exchange, Director of Loans, Director of Investments.

(d) I would change the titles under the right-hand subdivision under "Operation" to read as follows: Fiscal Agency Director, Fiscal Agency Director. While this repetition of title seems unfortunate, my imagination is not sufficiently acute to invent a differentiation of title for the six divisions under the Fiscal Agency Department which would accurately describe a combination and division into two parts of the six functions outlined, and

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APR 16 1919

FEDERAL RESERVE BANK

consequently I leave the person in charge of a half of the work with the same title as the other person, believing, as I do, that the supervision of those six divisions would require more than one man, under a proper organization.

(e) I would have all the titles above described on the same line with each other and the individuals exercise similar authority and be of similar rank, although, of course, not necessarily to receive similar compensation.

3. I have no comments to make with respect to the Buffalo Branch part of the chart.

Very truly yours,

Benjamin Strong, Esq.,
Governor, Federal Reserve Bank of New York,
New York.

JFC/CEP

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DENISON AND CURTIS

WOOLWORTH BUILDING, NEW YORK CITY

6 October 1919

Mr. Benjamin Strong,
15 Nassau Street,
New York.

Dear Ben,

Here is $5 reward for your ability as a golfer.

Eliot Wadsworth wants to join the Piping Rock Club. Davison and I are putting him up. They tell me that some endorsing letters are required.

Will you be so kind as to write one to F. L. Crocker, Secretary, 5 Nassau Street; if you have time; otherwise don't bother.

Yours sincerely,

H.P.C.

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DENISON AND CURTIS

WOOLWORTH BUILDING, NEW YORK CITY

December 11, 1919.

Dear Ben,

Many thanks for your letter of the 10th with reference to Freund. You did speak to me about it some days ago.

I also have your two letters on the subject of doughnuts. If I had as large a staff as you, I might gather together enough information to put you down. I notice you do not quote from any New England authorities.

Yours very truly,

JFC

Benjamin Strong, Esquire,
Federal Reserve Bank of New York,
15 Nassau Street,
New York City.

JFC:EM

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Dec 16

[1921]

CURTIS, FOSDICK & BELKNAP

ATTORNEYS & COUNSELORS AT LAW

WOOLWORTH BUILDING

NEW YORK

JAMES F. CURTIS
RAYMOND B. FOSDICK
CHAUNCEY BELKNAP

WILLIAM J. CURTIS
COUNSEL

CABLE ADDRESS: CURTISITE

Dear Ben.

Your careful watch-dogs won't let me come to see you (I suppose on the ground that my argumentative manner would prove too heavy a temptation to stretch on your part) but I suppose there is no objection to my writing you a line & conveying a bit of sympathetic affection & hope for a speedy recovery. Your wishes in the matter of privacy have been truly wonderfully followed as it was only with the utmost difficulty and after some efforts ending in failure that I discovered where you were & what had happened.

You certainly have played no hard luck. The only compensation that I can see is that you don't have to have your daily contest with J.S. Williams who has apparently remained quiet now for almost a month. I am thinking of becoming a near-banker again, not by giving up the law,

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Well, Ben, I know I don't need to write you to keep your spirits up, as you always carry them with you. But I am sure you will get well & get back to work & can come down & see us. Talking of seeing you - as a great concession to Mrs. F.F. I left my rest & vacation & do all the

But by joining in organizing a new institution. The plan is very tentative as yet & may not materialize. Have they told you that Prather is going to Belgium as soon as the Conference is over? and that George Marvin got as far as Paris with a party of Pennsylvania Quakers who were on their way to help feed Russia & who searched in the Seine when G. got lost instead of in the many other more likely places; and that he was finally found & shipped back to the U.S.A. only a little the worse for wear?

Some day I shall write the story of his life & thereby book "Main Street" of the South Sea Poles of the mat.

W. C.E. Hughes is doing some grand work isn't he. I only wish Mellon could make some progress but nothing much seems to happen in the Treasury, though doubtless Waddy would not agree. I hear that all frontively all the young women of Washington are trying to capture him.

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NEW YORK

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RAYMOND B. FOSDICK
CHAUNCEY BELKNAP

WILLIAM J. CURTIS
COUNSEL

CABLE ADDRESS: CURTISITE

December 28, 1921

Benjamin Strong, Esq.,
St. Vincent's Hospital,
Seventh Avenue & 11th Street,
New York.

Dear Ben,

Many thanks for your present to the boy, which arrived safely and is much appreciated.

Your watch-dogs give such good reports of your progress that I ~~may~~ shall come up to see if they will let me in. You certainly have had one hard pull, and I do hope that your troubles are about over and that best wishes for a happy New Year do not sound like hollow mockery.

Yours sincerely,

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RAYMOND B. FOSDICK
CHAUNCEY BELKNAP

WOOLWORTH BUILDING
NEW YORK

WILLIAM J. CURTIS
COUNSEL

CABLE ADDRESS: CURTISITE

ACKNOWLEDGED
JAN 30 1922
B. S.

January 19, 1922

Benjamin Strong, Esq.,
The Marlborough-Blenheim,
Atlantic City, N. J.

Dear Ben,

Having heard some comment with respect to the views accredited to you on the subject of the amendment to the Federal Reserve Act which has recently passed the Senate of the United States, I take pleasure in inviting your attention to the language found in Section 8. of a bill introduced into the Senate December 1, 1913, by Mr. Burton, with the early history of which I understand you are somewhat familiar. This Section provided that the government and control of the Federal Reserve Bank of the United States should be vested in a board of 7 directors, to be known as the Federal Reserve Board, all of whom should be appointed by the President of the United States by and with the advice and consent of the Senate, and whose selection should "be made from persons who are citizens of the United States and are qualified by experience and training for the proper discharge of the duties imposed upon them by this Act, and in making such selections due weight shall be given to the agricultural, commercial, and industrial interests of the different sections of the country, and at least three of the members shall be

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persons recognized as possessing exceptional banking and financial experience."

This should be compared with the provisions in the present Federal Reserve Act to the effect that in appointing members of the Federal Reserve Board "the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country"; and that "of the 5 members thus appointed by the President, at least 2 shall be persons experienced in banking or finance."

From this it would appear that the wise and distinguished authors of the Burton bill made a more careful provision to safeguard the agricultural interests of the country than did the authors of the Federal Reserve Act. It certainly is interesting to see this particular chicken come home to roost! It seems to me that the agricultural bloc has jockeyed the situation around so that it is pretty difficult to object to this change as a matter of principle, e x cept for the unfortunate part of having the Board composed of 8 instead of 7 members. The method of bring it about, however, is certainly far from pleasant.

Hope you are having a good time and rapidly recovering your health. For heaven's sake, don't come back too soon. (This means you.)

Yours as ever,

AGS

JFC/T

Many thanks for your letter of the other day. By the way did you remember that we had a sliding scale provision for rediscount rates in the Burton bill?[2] It gave me a shock to see it.

AGS

Can you tell me the name of the school we have at Mesa, Ariz.? the name of the headmaster?

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COUNSEL

CABLE ADDRESS: CURTISITE

FILING DIV.
DEC 26 1922
FEDERAL RESERVE BANK
ACKNOWLEDGED
DEC 22 1922

December 21, 1922

Dear Ben,

Many thanks for the Liberty bond, which I will see is safely delivered to your godson and which I know will be deeply appreciated, both by him and his parents.

We are going to be in Glen Cove on Christmas day. Would you care to come down for any part of it, in case you haven't other engagements?

Yours as ever,

JFC

Benjamin Strong, Esq.,
Governor, Federal Reserve Bank of New York,
15 Nassau Street, New York.

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Dec. 26th

233 BROADWAY
NEW YORK

ACKNOWLEDGED
DEC 27 1923
R S

Dear Ben

I have received & will duly hold your as usual munificent present & your godson J.C. jr. in whose behalf many thanks.

You may hear from him direct if it doesn't seem too far off by the time my letter reaches him. It's mighty nice to receive these remembrances, also your card & letter.

Lets get together

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Sometime soon when you feel
up to an evening of idle
chatter.

Yours as ever

AC

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Curtis

CURTIS, FOSDICK & BELKNAP

ATTORNEYS & COUNSELORS AT LAW

WOOLWORTH BUILDING

NEW YORK

JAMES F. CURTIS
RAYMOND B. FOSDICK
CHAUNCEY BELKNAP

WILLIAM J. CURTIS
COUNSEL

CABLE ADDRESS: CURTISITE

ACKNOWLEDGED

OCT 28 1924

R. S.

October 1st, 1924.

Benjamin Strong, Esq.,
c/o Spencer Penrose, Esq.,
Broadmoor,
Colorado Springs, Col.

Dear Ben:-

I am passing along herewith a letter from Mac to Wady which we thought would interest you. Will you please return it to the latter when you have read it?

I am sorry you got away without my having got more of a glimpse of you this summer, but trust we will do better on your return. I have just had a long visit from our old friend the Bishop ~~from~~ of Arizona. He asked tenderly after you and he seems to be in his usual good form, especially, as Bill Woodward would say, "in the vocative".

If you should happen to see Miss Page and Carolyn Swift in Broadmoor, please give them my love. I have a feeling that they probably are not there, but am not sure just exactly what their plans are.

Drop me a line how you are. I do hope your old enemy is not getting rambunctious again, + that your visit has no other significance than a pleasant vacation in a wonderful place. Basil's affairs progress slowly, sometimes backwards, but I live in hopes that something will develop favorably shortly.

It will be good to see old Chink again.

Yrs ever,
R.C.

Have you seen Cosby's life of Willard Straight?

P.S.

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Feb. 13th 1925

233 BROADWAY
NEW YORK

ACKNOWLEDGED
same day as
FEB 16 1925
R. S.

Dear Ben Just a Dinner which
you have already accepted
Gen. Sir Fredk Maurice
is going to stay with me
next week & I am giving
a Dinner of 10 or 12 men
at the Coffee House for him
on Thursday the 19th at 8 o'clock.

I hope very much you
will join us; and believe
you will find it interesting.

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I will let you go home any time you want, if late hours are still Taboo with you -

Do come.

Yours as ever

J. F. Curtis

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