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Stamford, Conn.
July 20. 1916.

Dear Governor Strong:

Among the many good things in a letter received from Mr. Jay written after his call upon you was the suggestion that you would like to hear from us once in a while. I am led to take up the suggestion, because he added "Governor Strong's doctors will not let him write letters yet."

I am taking a part of my vacation. Left on the night of July 17th after the new collection plan had been in operation two days. I have heard no call to return so my plan of operation must be working. The worst feature of the establishment of the new service was the presence of Mr. Broderick and his men during the entire week. I was in the vaults from Monday morning till Thursday night excepting Wednesday morning. To cap the climax, Mr. Jacobson dropped in during the : and act to see how we planned to do our work. I have been consoling myself with the thought that perhaps they wanted to see how New York would handle the new work so they could answer questions and advise others etc.

So much for the bank. I thought I would tell you how I am reducing some of my weight, and hardening my muscles, and clearing my brain.

Last Summer we stayed in the city and before it had run its course made up our minds we could not do so again.

I have always wanted to have a spot of ground in the country to tinker with. So Mrs. Jefferson and I spent a great many days last Fall with real estate men in all the cities and towns from Norwalk to Stamford. We had a great many delightful excursions in nearly as many kinds of conveyances, but always returned to the city full of interest in what we had seen.

At last we struck Stamford and found several places that interested us. We were looking for an old New England farm house, but could not find one within commuting distance, so finally lost our hearts to a tract six miles back of Stamford. The owner was in need of money and we were the first persons to look at it.

Sixty acres of wild woodland, six miles from the railroad seemed like an awful proposition for us, but we had ~~two~~ (2) friends quite as much interested as we were ourselves, and we interested a fourth and bought the tract.

We have a great many beautiful sites, many knolls, a stream of water running through the property and another and bigger brook for one boundary line.

During the Winter we built two rough bungalows and we are now enjoying them to the full. We have had to work hard to tame this Connecticut nature as much as we have and see days, weeks and months more of work, but we do enjoy it. My little girl does not want to go back to the city. She is somewhat of a fairy and is in love with the natural things around her. The animals and birds, and particularly the frogs and toads are a constant source of delight. The boy, much younger, is having a glorious time. How glad we are that we are out of Brooklyn at this time.

As for me - I am working at many kinds of jobs. Just at present I am putting in a pump to raise the water for household use from a spring. I want the pump to be housed well during the winter and so dug a small cellar under one corner of the house. My how I perspired.

When the cellar - or I think at the present stage I should say hole -

was completed I made a crib for the pump and set it in concrete. We have a fine sand and gravel bed on the property so I did not have to go far for that. Tomorrow, I hope to lay the pipe and if the first few strokes on my hand Kewanee bring that precious fluid I shall feel well repaid. Then I shall try to get it where I want it in the house and up the hill to the other bungalow.

To some, I suppose work of this kind would be just work. To me it is enjoyment. I see a pond between us and the road some day - with a pretty bridge over it - something like the one on the Boston Post Road at Rye. I see a complete water system,

-drives, a series of woodland paths, a central garage and laundry and lots of things - many of them in the distant future when other and kindred souls have the temerity to come out here and work too.

We went out yesterday after-noon on an exploring expedition, in search for a plateau of cedars we are supposed to possess. There are plenty of them and I shall have no difficulty in finding material to finish my cedar porch rail. On the way back I discovered an immense rock high above the surrounding country and blazed a new trail to the road. The rest of the party went up the way I came down and we shall make other pilgrimages there in the future. Mrs. Jefferson has discovered another beauty spot along the border brook and is counting on showing it to me while I am home.

We have a good variety of trees and I hope some day to start a collection of specimens. I want to show the bark, the wood finished and unfinished, the foliage and the fruit. Oaks predominate on the uplands and maples and beech on the lowlands. We have very little white birch but there is quite a lot of paper birch scattered through the woods. I found a grove of them in a far corner yesterday.

I am sure that you are enjoying the beauties around you and that you are doing everything you can to gain strength. We miss you but we are all doing our best to keep things moving.

I don't know whether this personal ramble about my vacation and Summer in the woods interests you or not but it will serve to assure you that I am thinking of you, and wishing, very hard, that you will get well rapidly.

With the best of wishes, I am

Faithfully yours,

[illegible] Jefferson

95

FEDERAL RESERVE BANK

OF NEW YORK

AUDITING DEPARTMENT

August 9, 1916.

Dear Mrs. McLaren:

I enclose herewith bill from Hemstreet's for $201.25 to which you referred just before leaving.

We have satisfied ourselves regarding the $1.50 and $30.00 charges, but inasmuch as the 679 pages upon which the charge of $169.75 is based are in the press, we shall be unable to make any examination of this part of the bill. As there is considerable of the work yet to be done, I suggest that you draw a check for this, and we shall keep track of the matter and check the pages as soon as the books are delivered. I shall also write you at that time if there is any discrepancy.

Very truly yours,

H M Jefferson

Auditor.

Mrs. V. C. McLaren,
C/o Benjamin Strong, Jr., Esq.,
The Lewiston,
Estes Park, Colorado.

HMJ/HAB
Enc.

95

FEDERAL RESERVE BANK
OF NEW YORK

AUDITING DEPARTMENT

August 29, 1916.

Mrs. V. C. McLaren,
"The Lewiston,"
Estes Park, Colorado.

My dear Mrs. McLaren:

I wired you today in accordance with the enclosed confirmation and in dictating this letter confirming it am surprised to find that it was addressed to "The Lawrence" instead of "The Lewiston." I telephoned to the telegraph company and hope that it reached you without trouble.

Mr. Falkenbury called to-day and said that volumes 33 - 38 inclusive were in the hands of the printer and finished; that volumes 39 - 42 were ready, but that the book-binder would not undertake any more work until he had received some money on account. While no bills have been rendered by them for the month of August, Mr. Strong is indebted to them at the present time for about $650, including July bill $201.20.

I am sure that you would like to pay the July bill immediately, and inasmuch as the August account is heavier than it probably will be again owing to the large number of volumes prepared, they would like very much if you could pay them something on account. You will remember that after my visit I mentioned that they probably have very little capital to work on. I believe that the profits on this entire work for Governor Strong are very small, and that they are compelled to make large outlays for labor, etc. In addition to this they are probably more of the artistic type and do not pay so close attention to accounts and records as a "cold-blooded" business man might do. It occurs to me that if some way could be found to have the money in their hands quite promptly, the quality of work done by them would no doubt be of a higher grade than if they have cause to worry over money matters.

Mr. Falkenbury just telephoned and said that he had received a letter from you with check for $201.25 for the July bill. I could almost see his face over the telephone.

We are taking care of the books and posters as they are delivered, and you may be sure that I shall be glad to do anything I can to help in this matter.

With kind regards to you and Governor Strong, I am,

Very truly yours,

H. Jefferson

Auditor.

HMJ/IWB.
Enc.

Misc. 34 9 Rine 8101 ev 95

FEDERAL RESERVE BANK
OF NEW YORK 8359 Rec HMJ/ELS 12:25 p.m. (TO BE MAILED)

Postal

CONFIRMATION OF TELEGRAM

Lewiston

We have today telegraphed you as follows:

August 29, 1916.

Mrs. V. C. McLaren, Secretary,
The Lawrence,
Estes Park, Colo.

Hemstreet says July bill two hundred one twenty five not paid August charges aggregate over four hundred dollars Needs money badly Please wire July bill and some on account August if willing

H. M. Jefferson

Charge a/c of
Benjamin Strong, Jr.

B-2

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FEDERAL RESERVE BANK
OF NEW YORK

AUDITING DEPARTMENT

August 30, 1916.

Dear Mrs. McLaren:

Your telegram of the 30th instant advising that you had mailed a check for $400. to the Hemstreet Company, has been received. I am very glad that you remitted this amount to them and know that it will be very gratefully received.

I have asked the Hemstreet Company to be sure to send their bill to me promptly, showing this credit, and I shall forward it to you as soon as we can make some kind of a check of the items.

Very truly yours,

H M Jefferson

Auditor.

Mrs. V. C. McLaren,
The Lewiston,
Estes Park, Colorado.

HMJ/HAB

95

Jefferson

FEDERAL RESERVE BANK

OF NEW YORK

AUDITING DEPARTMENT

B.A.Jr.

SEP 16 1916

September 8, 1916.

Dear Governor Strong:

I enclose herewith two receipted bills from Hemstreet's, one being for $201.25 covering the clippings for the month of July and the work on 679 pages from January 9th to March 12th, the other covering clippings for the month of August and work done on volumes 33 to 40 inclusive. In connection with this latter bill, the check I had from you was for $400. which is $4. in excess of the bill rendered. I shall keep track of this and see that you get value for the money so advanced in the September account.

I would like to make a suggestion in connection with future payments for this work, which I trust you will not consider as presumption on my part. You will doubtless realize that practically all of the cost of preparing these books for you represents money paid out by the Hemstreet's Bureau for paper, labor, cost of binding and so on. Their profit is small, amounting to not more than 20%. While the concern seems to be well-organized to do its business, they do not seem to have a great store of capital and I asked them this morning if they would be able to arrange their finances easily and comfortably if I should arrange with you to pay them for the books as delivered and pay for the monthly charges for papers at the end of the month.

They said this would be very satisfactory to them, if arrangements could be made so that I would pay on delivery instead of having to send the bills out to Colorado and then to have the checks come back.

To accomplish this end, in connection with the bill for the month of August, I had planned to have them return to me any portion of the $400. not used, provided that was a substantial amount, but after studying into the matter they found they would be able to deliver all but two of the volumes called for in the bill, which they did. I gave them the $400.

I am wondering if you will be willing to open a small account upon which I could draw checks as the books are presented, sending you the bills as paid, and thus keep these earnest fellows keenly enthusiastic over the work they are doing for you.

The work continues to be in most excellent shape and the books are handsome-looking volumes. We are binding them up carefully so as to keep the dust out and storing them so that nothing will injure them in any way. If you think well of my suggestion it might be well to provide some money at an early date, as I feel confident that there will be deliveries, within two or three weeks, of books that are now in process.

I am delighted to hear the good reports from you and hope that each letter will show continued increase in strength.

Very truly yours,

H M Jefferson

Benjamin Strong, Esq.,

Estes Park, Colo.

HMJ/HA

95

FEDERAL RESERVE BANK
OF NEW YORK

AUDITING DEPARTMENT

September 29, 1916.

B.A.Jr.
OCT 2 - 1916

Mrs. V. C. McLaren,
The Lewiston,
Estes Park, Colo.

My dear Mrs. McLaren,

I enclose herewith bill of Hemstreet's amounting to $239.35 net. In checking this we found an error of ten in the count of the pages and we reduced the bill $2.50, after telephoning to Mr. Hemstreet.

I am not familiar with the arrangements regarding the labeling of the 44 volumes at 50¢ and will have to rely upon you to check that.

If there is any deduction for this or any other part of the bill will you kindly send a check for whatever amount is satisfactory at your early convenience.

Cordially yours,

H M Jefferson
Auditor.

HMJ/ELS
Enc.

Misc-37

Office Correspondence

FEDERAL RESERVE BANK OF NEW YORK

Date March 30, 1916.

To Governor Strong

Subject: Cooperation among Bank Auditors.

From H. M. Jefferson

While you were abroad I had a conversation with Mr. E. S. Underhill, of the Department of Justice, regarding a young man who had applied to them for a position. The conversation naturally turned to the subject of auditing and accounting in general, and I outlined a plan of cooperation among the men in banks who are responsible for methods of accounting which met with his hearty approval. The plan I proposed has been in my mind for three or four years and would, I believe, if put in actual operation, be of value to the banks of the country.

Every bank president, especially one in charge of large resources, feels a responsibility for the assets under his care and at times wonders if he is receiving the best possible protection. Defalcations and irregularities of any kind within a bank are spoken of in whispers, the details rarely getting beyond the four walls of the institution suffering the loss. If any information does leak out it is a garbled report, of no value to those who may at any time be placed in a similar situation. Within the institution the real facts are known to a few officers, many of whom are not sufficiently informed regarding accounting methods to apply adequate safeguards as a result of the experience. There is no literature on the subject on bank auditing and practically none on the subject of bank accounting. Banks are not cooperating in the way they should in the matter of improvement of methods.

It seems to me that the movement which I will outline very briefly would make for improvement in this respect and at the same time would make it possible for the Federal reserve banks to start something that would be gratefully received by the member banks. The plan I have in mind is as follows:

1. Organize under the auspices of the Conference of Governors,

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date March 30, 1916.

To Governor Strong

Subject: Cooperation among Bank Auditors

From H. M. Jefferson

or otherwise, a bank auditors' conference or association, with the auditors of the twelve Federal reserve banks and a few picked men as a nucleus. Among these picked men I would suggest representatives of the Department of Justice, the Comptroller's office, the State Banking Departments, the auditors of several of the large banks in each of the Federal reserve cities, Mr. C. A. Benten, of Marwick, Mitchell, Peat & Company, and possibly representatives of certified public accountants in the large cities who have considerable bank auditing to do.

2. Arrange a permanent headquarters with a paid secretary, who should be a competent bank man, or during the process of organization one of the members might act as secretary with a competent assistant to ~~do the active work~~.

3. Secure a pledge from each bank having a representative in the conference to permit its representative to submit to the secretary of the conference, upon request of any member, details of any methods of operation, of any part of its system of accounting or reporting including the details of any plans to circumvent defalcations, or the details of any defalcation it might have suffered, or anything of like nature. This information to be received and used as follows:

Each member to be privileged to request the secretary to secure for him information about a definite problem; such requests to be submitted to each member of the conference without giving the name of the applying bank; each member to prepare and submit a reply to the secretary.

These replies to be edited by the secretary, a report prepared showing the results of the review, and a copy submitted as confidential matter to each of the members of the conference; all names of banks and of members of the conference to be eliminated.

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date March 30, 1916.

To Governor Strong

Subject: Cooperation among Bank Auditors.

From H. M. Jefferson

The report so prepared by the secretary to be receipted for by the members and kept in strict confidence at all times.

Reports might be surrounded with other instructions if these seem to be desirable or necessary.

4. The expense of conducting this work should be met by assessment on the banks or by a fixed annual fee of say $50 which might be reduced as the membership is permitted to increase.

I should like to have your candid opinion of this idea. If you think it is worthy of the effort, I shall be glad to work out the details and confer with you about it.

HMJ/JM

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FEDERAL RESERVE BANK

OF NEW YORK

B.A.K.

OCT 11 1916

October 6, 1916.

Dear Governor Strong:

On March 30, 1916, after much careful thought, I dictated a memorandum regarding cooperation among bank auditors but have refrained from presenting it to you until you had an opportunity to rest up a bit. The more I think over the problem the more valuable I think an organization of a limited number of the best auditors in the country would be to us. I have a number of problems in my mind now on which I would like to have the opinions of such a group of men. I might name a few of these and in a few words show the problems and suggestions presented.

1st. The question of continuous vs. periodic audits of money and securities.

> I am very anxious to install in the Federal reserve bank the most complete and safest method of caring for money and securities that can be devised, at the time we transfer our assets from the outside vaults to the new vault. The auditors of some of the banks in Cleveland keep daily control of assets as deposited in and taken out of the vault. The Bankers Trust Company follow the same practice, with which you are familiar and in hearty accord. I have always felt that this can be carried to such an extent that the auditor becomes a part of the operating staff of the bank. He should be sufficiently far away from the actual operation to view the handling of the assets as an outsider. I believe that while current control might well be established over securities, it should not be put into effect with regard to counter cash and with money held over night by tellers. Responsibility there should be concentrated upon the tellers and those having control. Securities deposited in the vault may be regarded in the same category as officers' cash and, therefore, subject to dual control. Before we begin to plan for the arrangements in our new vault I mean to look more thoroughly into the Bankers Trust Company's methods, and to visit Cleveland to study their methods. It would be very helpful to present the broad phases of this question to the best bank auditors in the country.

2nd. The question of security furnished by loose leaf and machine records.

Modern methods of handling bank work are employing machines to wonderful advantage. I have just been discussing the ledgers of the Federal Reserve Bank of Richmond with Mr. Peple, and I believe they are rendering more complete and valuable service to their member banks than we are. From what Mr. Peple says everything seems to work out in wonderful shape. These results are accomplished because they are willing to admit the validity of loose leaf and machine records. The opinions of such a body of men as I have in mind on a subject of this kind would be very valuable.

3rd. Block proving.

We have heard quite a little of late, in New York, about the relative merits of re-listing checks vs. block proving. After trying some experiments in accepting re-listing we have gone back to the block proving system. It would be valuable to know the experience of others in this respect.

4th. Form of reconcilement of members' accounts.

Our system of having the banks report only on the balance and vouchers without giving us the figures from which the reconcilement is prepared has led my department to the conclusion that much more satisfactory results would be obtained if we asked our member banks to show us how they arrive at the reconcilement of our statement with them. When I was in Richmond with Mr. Broderick we had a discussion of this problem and I have been in a very receptive mood toward the complete form ever since. I should like to present this question to a group of experienced men.

5th. Combination of mail teller and transit department.

Mr. Hendricks has been anxious to combine our mail teller with the transit department. As a matter of principle it seems to me that the incoming mail ought to be entirely separate from the outgoing mail. In our case, where so much of the incoming mail consists of checks to go out immediately through the transit department, there may be some arguments on the question of consolidation. Here again I should like to know if experienced bank accountants as a whole would stand solidly against consolidation of two such departments.

I have been thinking a great deal about this conference, association, or whatever it should be called, since I dictated my memorandum of March 30th, and a number of times have felt that I would start the movement in a quiet way without referring it to anyone by inviting the auditors of the Federal reserve banks and a dozen or more others to join me. I have refrained largely because I believe that the plan would give the best results if there were a few more men connected with it and if sufficient money could be provided to hire a secretary to do the work. I also believe that the large banks would be very glad to contribute to its support.

As I mentioned on my memorandum I should like very much to have your candid opinion of this idea, and if you think it is worthy of the effort I should be glad to work out any further details that may be necessary.

Very truly yours,

H M Jefferson

Benjamin Strong, Esq.,
The Lewiston,
Estes Park, Colorado.

HMJ/IWB.

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FEDERAL RESERVE BANK
OF NEW YORK

AUDITING DEPARTMENT

October 7, 1916.

Mrs. V. C. McLaren,
The Lewiston,
Estes Park, Colo.

Dear Mrs. McLaren,

I acknowledge receipt of your letter of October 3d regarding the photographing of Governor Strong's war books.

I shall do my best to comply with Governor Strong's wishes in this matter, and will report to you of any action that takes place in connection with it. I shall also telephone to Mr. Hemstreet on Monday and indicate to him that they may proceed with the work if they desire.

Very truly yours,

H M Jefferson

HMJ/ELS

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FEDERAL RESERVE BANK
OF NEW YORK

AUDITING DEPARTMENT

October 9, 1916.

Dear Governor Strong:

Mr. Hendricks sent me an "S. O. S." to send you "P. D. Q." a statement of Federal reserve notes outstanding, divided according to denominations, and thinking that you might like to know something about the gross action, I have had figures prepared as of the close of business October 9th as per statement enclosed.

There was quite a demand for Federal reserve notes during the month of September, and it would appear that there will be some demand during the month of October. We took out 2,400,000 this morning.

If this is not just what you want I shall be very happy to send other figures.

Very truly yours,

H M Jefferson

Benjamin Strong, Esq.,
The Lewiston,
Estes Park, Colo.

HMJ/IWB.
Enc.

Close of Business October 9, 1916.

Amounts in Dollars.

	5s	10s	20s	50s	100s	TOTALS
Federal reserve notes delivered to bank since organization	48,400,000	50,800,000	16,240,000	2,200,000	6,000,000	$123,640,000
Sent to Comp't. to be destroyed	22,268,565	19,195,810	3,529,060	206,350	837,700	46,037,485
Total outstanding	26,131,435	31,604,190	12,710,940	1,993,650	5,162,300	77,602,515

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FEDERAL RESERVE BANK
OF NEW YORK

AUDITING DEPARTMENT

October 16, 1916.

Dear Mr. Strong:

Your letter of October 11th regarding my memorandum about co-operation among bank auditors, is received. I am very glad that you approve of the idea and am grateful for your suggestion that it be started among the men of the Federal reserve system and of the Federal Reserve Board. Your suggestion appeals strongly to me. We should get the twelve banks in fine working order before inviting others to join us.

For a long time I have felt that the auditors should get together more frequently and be a clearing house for the many practical questions that come from all sources. I judge, from your letter, that you are in accord with this, and I shall feel free to urge something of this kind.

This morning I had a letter from Mr. Gamon, of Philadelphia, enlarging upon the necessity of uniform methods of handling accounts with other Federal reserve banks. He says that this is but one of many questions he would like to present and thinks that a conference of auditors would solve many of the problems that now confront us. I shall refer our correspondence and my memorandum to Mr. Treman at the first opportunity. He is planning to be out of town for a day or two this week, and I shall be on jury duty for the entire week, but I shall make it a point to see him at the first opportunity and advise you regarding his opinion of the plan.

Sincerely yours,

H M Jefferson

Auditor.

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

HMJ/HAB

95

FEDERAL RESERVE BANK
OF NEW YORK

B.S.Jr.

AUDITING DEPARTMENT

JAN 12 1917

December 16, 1916.

Dear Governor Strong:

I have refrained from sending you a copy of the minutes of the conference of auditors until I could revise them a little and find time to comment upon the action taken. I am very glad I waited because Mr. Bullen called after having been present at the conference of governors and gave me a memorandum of the action taken by them upon our recommendations. I have indicated on the copy of the minutes I am sending you the decision of the governors which I am sure will be interesting.

The secretary of the conference apparently relied entirely upon the stenographer who was with us part of the time and really did not measure up to his responsibilities. I therefore felt that it was necessary to cooperate with the stenographer myself and revise the minutes as you find them.

The volume of the minutes is not large but the work done at this conference was extremely helpful. To begin with, every bank was represented which I felt would be the case if we held the conference in the Middle West instead of Washington as was first proposed. Then, too, we had been operating under the collection system for a number of months and each delegate had something to offer for discussion.

The whole army was out of step on the first topic discussed. Eleven delegates and two visitors disagreed with me to a finish on the question of deducting the cost of operating the transit department from current expense and setting it up on the books as a separate item. I argued very strongly for carrying the entire expense of the bank in one account and managed finally to secure the privilege of carrying the entire expense into current expense during the month and making one deduction at the end of the month as a memorandum to appear on the expense register and on the statement of condition (Form 34) sent to the Federal Reserve Board for that day. I shall thus be able to carry this account along in the usual manner on our books reporting separately to the Federal Reserve Board uniformally with the rest of the banks.

We had an extremely interesting discussion in connection with the consolidation of the two accounts with the Federal reserve banks and finally agreed to the plan given in full on page 8 . I believe this is a marked step in advance though I was in favor of two accounts until within six or eight weeks of the conference. We have had so many entries in the mutual accounts upon which there have been disputes that we finally adopted the policy of not arguing for our viewpoint but simply passed entries in accordance with the way that they had been placed on the books of the other banks. I found that the other banks had been having similar experience and that entries of exactly the same nature would be passed through the books in different ways. The new plan of consolidation of the accounts will save all of this trouble and all of the correspondence connected with it and it will give us an opportunity to experiment with synchronization of entries which is an essential condition of daily settlement. The strongest objectors to the consolidation of the accounts were those who were in the habit of buying New York exchange and they felt that they would lose some of the control they now have on what they term their own funds.

Mr. Broderick actually dictated the motion regarding the spreading of the cost of notes issued over the entire year found upon page 5 . Mr. Bullen, as a delegate to the conference presented the motion, and I am inclined to think we passed it without much consideration. At all events the governors turned it down at once and I am glad they did.

It seems to me that the banks which are compelled to telegraph their full statement on Friday night will be much benefited if they can send forward only the figures required for the Board's published statement. The governors asked Mr. Bullen to state the reason for this change and they appointed a committee to confer with the Federal Reserve Board regarding the whole subject including the sending of the figures for Thursday night instead of Friday night. It seems to me that the Friday figures are much more desirable than Thursday figures from many viewpoints including the fact that the New York Clearing House and the New York State Banking Department's figures are published on that day.

The question as to whether the Federal reserve banks should regard the reserve balances of member banks instead of the gross balances as the basis of their accounting was presented in connection with the revision of the daily statement (Form 34). It was decided to show the reserve balances of member banks and the amounts upon which credit had been deferred on the statement and this has been agreed to both by the governors and the Federal Reserve Board. This is a long step toward giving deferred credit, if not an actual adoption. We can show the figures from our present records and if we continue to report the accounts in this way I shall be inclined to be in favor of changing our members' ledgers so as to show the reserve balance as the basic feature. I am wondering how the new form 34 will take with all the powers that be,including Senator Owen. He was in the bank a day or two ago and argued very strongly with Mr. Sailer about the immediate availability of drafts upon Federal reserve banks.

The discussion of methods of determining the cost of operating the transit department showed some slight differences in the items to be included but I think that while we do not agree absolutely we are all trying to follow the plan outlined by the Chicago conference of transit managers as closely as possible and we therefore did not recommend any change in this respect.

While Mr. Jacobson was present Mr. Bullen made a strong plea for standardization of statistics required by the Federal Reserve Board and said he thought the Board should determine just what statistics they would require for at least six months in advance and that no change should be made in its requirements during that time and when made to be made sufficiently far in advance to make it possible for the banks to adjust their records so that the figures could be compiled from the records. He showed how hard it was to receive requests for statistical figures after the original records had gone into the files and said he felt this work was entirely useless.

I think the other items in the minutes will explain themselves. If not, I shall be very happy to write you regarding any of the details.

The routine work of the bank is running along very smoothly. The clerks are making good hours and all departments are getting good clean proofs. The transit department handled approximately 38,000 items per day during the month of November with an average overdifference of 20¢. Their hours were between 4:10 and 5:30 with just a few occasions where some of the clerks were a little late.

While in Chicago I had an interview with a Mr. Lyle of the Union Stockyards National Bank. The officers of this bank have evolved an interesting merit and demerit system for use with the younger clerks. Their plan in short is to reward each clerk with a credit called a merit for each piece of work well done, for prompt attendance, etc. Larger numbers of merits are given for securing accounts. The number is increased as the average balance is larger. Demerits are given for lateness, absence, errors and other things improperly done. At the end of a quarter, these are summed up and the clerk receiving the net largest number of merits is given a money prize. Mr. Lyle says that it has changed the attitude of the clerks in his bank in a wonderful degree and that they are very well pleased with the results. It has been in operation but nine months so they probably will have a number of new things to learn about it.

This is the first time I have seen this in operation in a bank although I have studied a number of plans in connection with other industries. I do not wish to make any recommendation about this but thought you would be interested in hearing of a plan of this kind.

With kind regards and sincere good wishes, I am,

Respectfully yours,

H M Jefferson

Auditor.

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

HMJ/ELS
Enc.

FEDERAL RESERVE BANK
OF NEW YORK

B.A.G.

JAN 9 1917

AUDITING DEPARTMENT

Dec 30. 1916
10:45 P.M.

Dear Governor Strong:

I was strongly tempted to send you a night letter giving you some of the figures after we had closed the books for the year. I decided not to do so, however, since a wire would be so incomplete and so hard to decipher. I have prepared a statement for you in long hand which I am sure you will find interesting.

We have been conservative in our dividend payments and have charged off so heavily that it seems to me it might be a good plan to send a set of these figures, with such revision as may seem desirable, to our member banks just as soon as a circular can be printed. Mr Jay's report will not be out for several weeks and it seems to me our stockholders are entitled to the information. I shall make this suggestion to Mr. Treman Tuesday morning for his consideration.

Now I shall say good night to the Federal Reserve Bank for the year 1916, wish you a most happy New Year, and go home.

Yours sincerely,

Jefferson

Net earnings		426.189.01
Profit and loss Jan 1. 1916 debit	111.22	
Charged off during the year:		
Expense of organization - local	49.882.39	
Assessment for expenses of FRBd prior to 6/30/12	22.407.57	
Furniture & equipment	63.442.17	
Premium on US bonds & notes bought	152.22	
Claims for currency shortages, checks lost etc	16.12	
		136.012.02
Available for distribution		290.176.99
Dividend Nov 2. 1914 to March 31, 1915 inclusive		127.113.01
Profit and loss credit balance Jan 1. 1917		163.063.98

Statement of Income and Expense and Profit and Loss Year 1916.

Earnings from		
Bills discounted - Members	37.368.26	
Acceptances purchased	530.483.75	
Warrants	214.122.13	
US bonds & notes	81.644.49	
Bond profit realized	43.515.01	
Commissions	42.387.09	
Service charges received	32.959.90	
Exchange received	887.83	
Miscellaneous	240.76	
Total earnings		983.609.22
Expenses		
General expenses	454.847.68	
Cost of Federal reserve notes used	95.240.	
Exchange paid	68.09	
Allowance for depreciation on furniture and equipment	7264.44	
Total expenses		557.420.21
Net earnings		426.189.01

Liabilities

Capital paid-in	11.865.750.
Profit and loss	163.063.98
Government deposits	3.571.391.94
Due to other F.R.Bks - collected funds (net)	12.373.721.91
" " Member-banks - reserve balances	237.907.354.87
" " " " - uncollected items	18.552.984.84
" " other F.R.Bks. - uncollected items	2.085.975.49
Cashier's checks outstanding	188.275.81
Other liabilities	149.756.24
Total liabilities	286.858.275.08

Condensed Statement of Condition of the Federal Reserve Bank of New York Dec 31. 1916.

Resources.

Rediscounts - Member banks	7.071.158.55
Acceptances purchased	41.457.184.04
U.S. bonds, Treas. notes & Municipal wts.	3.219.861.62
Items in process of collection (dfd. debits)	23.077.418.64
Exchanges for clearing house	2.503.168.21
Federal reserve notes and other cash	13.865.897.46
Balance in Gold Settlement Fund	20.570.000.
Due from Treas. U.S. Red. Fund F.R. Notes	250.000.
Gold coin and certificates	159.321.257.50
Legal tender notes, silver ctfs & coin	15.265.474.80
Other resources	256.854.26
Total resources	286.858.275.08

H. M. Jefferson 95

FEDERAL RESERVE BANK
OF NEW YORK

AUDITING DEPARTMENT

B. S. Jr.

FEB 21 1917

February 2, 1917.

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

Dear Mr. Strong:

Since receiving your letter of January 13th I have made a condensed summary of the action of the conference of auditors and find that we have lived up to the resolutions, as indicated in the following schedule. The items marked (X) have been completed:

CONSOLIDATION OF "DUE TO" AND "DUE FROM" ACCOUNTS:

(1) One account (X)
(2) Immediate debit and credit entry for telegraphic transfers. (X)
(3) Defer all other debit and credit entries.
Partially completed: working on the balance.
(4) Endeavor to synchronize all entries.
Partially completed: working on the balance.
(5) Report credit side - Gold Settlement Fund. (X)
(6) Daily statements - reconcile weekly. (X)
(7) Wash out differences except errors. (X)
(8) Defer credit for drafts drawn)
Drawee bank open draftaccount)
Under ordinary conditions the entry for a draft presented over our window would synchronize with the entry on the books of the other banks if we debited immediately on payment. We draw no drafts on other banks and, consequently, have taken no action.

CALCULATION OF RESERVE:

Items.

Due to member banks - reserve account. (X)
Due to F. R. banks - collected funds. (X)
Due to branches and offices. (X)
U. S. Government deposits. (X)
Cashiers checks. (X)

Expense checks. (X)
Returned item checks. (X)
Dividend checks. (X)

Deduct.

Exchange for clearing house. (X)
Checks and other cash items. (X)
Due from F. R. Banks - collected funds. (X)
Due from branches and offices. (X)

REPORTS TO FEDERAL RESERVE BOARD:

Condensed statement Friday, instead of Form 34
Not interested, since our statement goes forward by mail.
Form 34 shows:
Due to member banks - reserve accounts. (X)
Due to member banks - deferred credits. (X)
Due to F. R. Banks - collected funds. (X)
Due to F. R. Banks - deferred credits. (X)
Separate report of transit expense after January 1st. (X)
General cooperation with F. R. Board re statistics.
I am disappointed with this matter since our meeting but hope to adjust some things when Mr. Broderick makes his next examination.

ACCOUNTS WITH MEMBER BANKS:

Show reserve balances on Form 34. (X)
Adjust internal accounting re members' accounts, as desired.
We have taken no action yet. It does not affect the other Federal reserve banks; so there is no need for immediate attention.

TREASURY DEPARTMENT:

Send check upon receipt of returned checks. (X)

TRANSIT COST AND SERVICE CHARGE:

(1) Current expense, exclusive of expenses of transit department. (X)
(2) Expenses of transit department - grouped with suspense. (X)
(3) Service charges net - grouped with suspense. (X)
(4) No recommendation as to items to be included. (X)

ACCOUNTS WITH OTHER FEDERAL RESERVE BANKS:

(1) Acknowledgment of letters for deferred credit; show details. (X)
(2) Advise cost registered mail and insurance at time of shipping notes. (X)
(3) Credit all letters without change. (X)
(4) Make special entry and advice of debits and credits for errors. (X)
(5) Daily statements show sufficient explanation to reconcile without looking up advices.
Have made revisions, within the last few days, improving our outgoing statements, and am working on further details.
(6) Service charges to be assessed on the basis of items received as of the day of receipt - show total number of items and cover calendar month.
We propose to put this into effect during February.
(7) Mail confirmation of telegraph advice to indicate clearly that telegraph advice has been given. (X)

I have recently written to the other auditors regarding a method of simplifying reconcilements and am receiving interesting replies. I requested Dallas and San Francisco to wire on receipt of my letter. While the plan I have suggested is not meeting with favor, we shall settle this point not later than February 7th.

I think you will see from the foregoing that we are following up closely the details of this conference and mean to give all recommendations a thorough trial. This spirit seems to pervade the entire system.

At last I have succeeded in persuading the other officers to let me have John Raasch to assist in studying operations in the various departments and in endeavoring to make the work of each department as systematic and efficient as possible. We shall work together and keep our eyes open for every possible improvement. In this connection we have arranged to visit Hartford on Tuesday, where I know of an extremely well organized office. We shall get from this visit a great deal of help in the matter of making surveys, to say nothing of ideas. Among other things we shall study the question of a record of individual performances of the clerks. I know that we shall report to you from time to time good progress in many lines.

With all good wishes, I am

Sincerely yours,

H M Jefferson

Auditor.

HMJ/HAB

FEDERAL RESERVE BANK
OF NEW YORK

AUDITING DEPARTMENT

May 22, 1917.

B.S.Jr.

Benjamin Strong, Esq.,
4100 Montview Boulevard, MAY 26 1917
Denver, Colorado.

Dear Governor Strong:

You will undoubtedly wonder why we showed among the assets on our press statement an item of $83,361,000 as due from depository banks on account of fiscal agent.

This was done in accordance with the following letter received from the Federal Reserve Board:

"With the view of giving the Board a clearer idea of your bank's activity as fiscal agent for the Government in connection with the latter's loan transactions, it is requested that your bank include among Government deposits (Code "CAKE") the amounts received as subscriptions to U. S. certificates of indebtedness and bonds of the pending and subsequent loans whether or not redeposited with the subscribing member and nonmember banks. An additional asset item "Due from depository banks - fiscal agent account" (Code "BABA") should be set up, this item to include subscribed amounts redeposited with subscribing banks and trust companies.

"Our Statistical Division will show separately in the published weekly statement, following item "Due from other F. R. Banks - net" the new item "Due from depository banks - fiscal agent account," and it is requested that your bank's published weekly statement likewise show separately the corresponding asset-item."

Very truly yours,

[signature]

Auditor.

FEDERAL RESERVE
BANK OF NEW YORK

OFFICE CORRESPONDENCE

Date October 10, 1919.

To Governor Strong

Subject: Statement for London Economist

From H. M. Jefferson

I submit the following comparative statement of condition of the twelve Federal reserve banks as at the close of September 5 in response to your memorandum of October 6 regarding a form of statement for the London Economist:

As Shown in The Economist	£	Suggested Form	£
Total gold reserves	413,410,000	Gold reserves	413,410,000
Of which held by banks	157,110,000	------------------------------------	
Legal tender, notes, silver, etc.	13,964,000	Legal tender notes and silver reserves	13,964,000
------------------------------------		Redemption Fund - Federal reserve bank notes	2,232,000*
Bills discounted for members of Federal reserve banks	369,484,000	Bills discounted for member banks	369,484,000
Bills bought in open market	70,934,000	Bills bought in open market	70,934,000
------------------------------------		Government obligations	55,515,000*
Government deposits	11,822,000	Government deposits	11,822,000
Total net deposits	346,248,000	Other deposits - net	334,426,000
Federal reserve notes in actual circulation	522,338,000	Federal reserve notes in actual circulation	522,338,000
------------------------------------		Federal reserve bank notes in actual circulation	44,713,000*
------------------------------------		Ratio of total reserves to net deposit and Federal reserve note liability combined	50.4%
------------------------------------		Ratio of gold reserve to Federal reserve notes in circulation after setting aside 35% against net deposit liabilities	60.1%

* Please note particularly the paragraph beginning at the bottom of page two.

FEDERAL RESERVE
BANK OF NEW YORK

OFFICE CORRESPONDENCE

Date October 10,1919.

To

Subject: Statement for London Economist

From

I think we should try to get them to eliminate the misleading line indicating the gold held by the banks. While this statement is correct it does not convey the true status. On the date in question the banks carried £ 421,465,000 Sterling in eligible bills with the Agents although they were required at the time to carry only £ 324,386,000 Sterling, leaving an excess of £ 97,078,000 Sterling. The banks might have requested the Agents to transfer this amount of gold to their vaults, which would have materially increased the amount held by them. I have no figures to show the amount of Federal reserve notes on hand on the same day, but the gold in the banks might also have been increased by depositing the Federal reserve notes with the Agents and demanding gold. These facts, together with the legal status permitting the banks to count gold with the Agents as reserve, would seem to argue against the negative item "Of which held by banks."

The attention of The Economist should be called to the punctuation in the third item and they should be requested to omit the comma between "tender" and "notes." You will notice that I have changed the phraseology of this item also.

The amount of Government obligations held seems to me to be a rather large figure to omit and I have shown this and also the amount of Federal reserve notes in actual circulation. Showing the notes, however, raises the question of reserves against bank notes and would seem to require the showing of five per cent redemption fund, which at

FEDERAL RESERVE
BANK OF NEW YORK

OFFICE CORRESPONDENCE

Date October 10,1919.

To

Subject: Statement for London Economist

From

this time amounted to £ 2,232,000 Sterling, which I have also inserted. Is it wise to suggest the addition of three figures of this character which may dwindle to very small proportions when these bank notes are redeemed ~~or~~ and silver certificates take their place ?

The Economist shows Government deposits £ 11,822,000 Sterling and Total net deposits £ 346,248,000 Sterling, which includes Government deposits. I have suggested that Government deposits be shown as one figure and "Other deposits" shown net, the sum of the two giving the total net deposits.

I have shown two reserve percentages although personally I would much prefer to see only Ratio of total reserves to net deposit and Federal reserve note liability combined.

I notice that The Economist is rather particular about showing the gold held abroad by a number of the banks. Our figures for September 5 show nothing of this kind and it is usually such a small item that I would suggest disregarding this amount in recommending a change in the statement.

You also instructed me to show some explanatory remarks about each item. The following may be helpful:

Gold reserves:

Includes gold coin and certificates in vault, Gold Settlement Fund with Federal Reserve Board, gold with foreign agencies if any, gold with Federal Reserve ~~Agents and~~ Gold Redemption Fund for Federal reserve notes.

FEDERAL RESERVE
BANK OF NEW YORK

OFFICE CORRESPONDENCE

Date October 10,1919.

To

Subject: Statement for London Economist

From

4.

Legal tender notes and silver reserves:

Legal tender notes, silver certificates and silver coin in vaults.

Redemption fund for Federal reserve bank notes:

Five per cent redemption fund deposited with Treasurer of the United States to redeem Federal reserve bank notes presented for redemption.

Bills discounted for member banks:

Receivables of member banks rediscounted for their credit and advances to member banks on their own notes secured by receivables or U. S. bonds, notes and certificates of indebtedness.

Bills bought in open market:

Acceptances bought from banks and brokers in open market.

Government obligations:

United States Government bonds, notes and certificates of indebtedness the major portion of which are deposited with the Treasurer of the United States as security for Federal reserve bank notes.

Government deposits:

Self-explanatory.

Other deposits - net:

Reserve deposits of members, clearing deposits of nonmembers, deposits of Federal land banks, and foreign banks and governments less amounts of checks credited but not yet collected.

Federal reserve notes in actual circulation:

Demand obligations of the U. S. Government issued through the Federal reserve banks secured in the first instance by deposits of commercial paper.

Federal reserve bank notes in actual circulation:

Demand obligations of Federal reserve banks secured by U. S. Government bonds or certificates of indebtedness deposited with the Treasurer of the United States.

FEDERAL RESERVE
BANK OF NEW YORK

OFFICE CORRESPONDENCE

Date October 10, 1919.

To

Subject: Statement for London Economist

From

5.

Five Per Cent Redemption Fund:

Carried with the Treasurer of the United States to redeem such Federal reserve bank notes as are presented.

Reserve percentages:

Self-explanatory.

Thinking it may be desirable, I attach hereto The Economist of September 13 and the Board's statement from which the figures were prepared.

FC

95

Estes Park, Colo., July 28, 1916.

Mr. H. M. Jefferson,
P. O. Box 458,
Stamford, Conn.

Dear Mr. Jefferson:

I was delighted to receive your letter of July 20th, with news of things in the office and particularly at your home. It is a good thing for you fellows to get away from the grind for a few weeks and I am glad that you and Mrs. Jefferson are able to get so much enjoyment out of the country. Your plan is a very sensible one and there you certainly won't grow tired of it.

This is just to acknowledge your letter and thank you for it and to say I will be delighted to hear again whenever you have time to scratch off a few lines.

I am improving out here and you won't know me when I get back.

With warmest regards,

Sincerely yours,

95

Estes Park, Col.,

August 29th, 1916.

Dear Mr. Jefferson:

Your wire was received last night, and in view of the fact that I forwarded a check to Hemstreet's last week, which should have been received before this time, did not wire the money as requested. It may have been delayed in reaching its destination, as they give as their address, the stupid one of "Tenth Avenue, near 45th Street", which is rather indefinite for a firm newly located and not of impressive size.

No bill has been received for August work on the clippings, but Mr. Strong is willing to send a check for $400 as suggested by your wire, and I am enclosing this, though Mr. Strong would prefer to have these bills in hand before paying them.

May I suggest that in order not to inconvenience the Press Clipping Bureau that you approve their bills as soon as you conveniently can and forward them to me as promptly as possible! I appreciate the position of the Bureau, but, of course, Mr. Strong would like to see the bills before paying them.

With kind regards,

Sincerely yours,

Secretary to Mr. Strong.

H. M. Jefferson, Esq.,
Federal Reserve Bank,
New York City.

95

Estes Park, Colo.,

October 11th, 1916.

Dear Mr. Jefferson:

Replying to yours of October 6th, enclosing memorandum regarding cooperation among bank auditors, I think the plan is a good one. You have, however, undertaken too ambitious a program to make it of practical value to the Federal reserve banks at this stage of their development. The organization should be a very small one consisting of representatives from a number, possibly all, of the reserve banks, and representatives from the Federal Reserve Board. What we need in the System is uniformity of method. This can only be arranged by meetings of the auditors who will devise methods which are acceptable to all of the reserve banks, and where one or more of the banks proves recalcitrant, then the authority of the Board should be available to bring them into line.

You know the principle which I think should apply in this matter. The responsibility for results rests upon the men in charge of the different departments and, personally, I would not care to go into the detail of how the results are obtained with too great care, so long as the principal objects seem to be achieved. We must not burden the System with too much detail, too much accounting, reporting, etc. It is an expensive organization already and the meeting of auditors should be directed toward reducing the machinery, To H. M. Jefferson, Esq. Oct. 11, 1916.

and simplifying it rather than adding new and expensive operations. If you and your associates can bring about that result, it will save money, clerks salaries and expenses of organization.

At the outset, I would not think the holding of such a town meeting as would result from having representatives from other organizations than the reserve banks themselves. Why don't you talk this over with Mr. Treman and see if, with his consent, the Board cannot be interested in promoting the plan, which I think is an excellent one? We must, however, simplify the machinery and reduce the expense of it.

Thank you for writing me so fully. I will be interested to hear of what progress you are able to make.

Sincerely yours,

H. M. Jefferson, Esq.,
Auditor, Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

95

Denver, Colorado,
January 9, 1917.

Dear Mr. Jefferson,

Thank you for yours of the 30th ult. giving me the closing figures which are very interesting - the results are certainly gratifying and I agree that some figures of this sort should be sent to the member banks at once, preliminary to the regular annual report. I hope you can arrange to do that.

Very truly yours,

H. M. Jefferson, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

95

Denver, Colorado,
January 13, 1917.

My dear Mr. Jefferson:

I am sorry to have so delayed an answer to yours of the 15th reporting the proceedings at the Conference of Auditors. It seems to have been a very satisfactory meeting with no end of progress and the action by the subsequent Conference of Governors I hope will give effect to what has been done. Don't forget that these matters need constantly following up; in fact, that is the heart of organization and the basis of its success.

The system of merit and demerit which you refer to was tried at the Bankers Trust Company and developed some friction. I believe in keeping a record of the personal performance of each clerk, but doubt the wisdom of publishing comparative results. In a bank like ours I think we might adopt a marking system to cover errors; in other words, negative performance, but it should be based upon the observations of the head of each department, who should be held responsible for the individual performance of each man under him.

I am glad to learn that the directors have shown a considerate and human view of the interests of the force; they deserve it for they have worked hard and faithfully.

With warmest regards,

Very sincerely yours,

E. M. Jefferson, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Denver, Colorado,
March 21, 1917.

Dear Mr. Jefferson:

I have been over the various forms of Statement of Condition and your memorandum of explanation, in relation to which please submit to the officers the following suggestion:

One of the liabilities of the bank is undoubtedly the deferred liability represented by checks in process of collection. I do not see how the statement of the bank can be considered as including all ledger assets and liabilities without showing this liability on one side and the offsetting asset of checks in process, etc.

Although the rough sketch that I recently suggested would have to exhibit our profits in such a way as to disclose our earnings with more accuracy, I am now inclined to believe that Mr. Curtis is correct and that these figures and details should not be shown. I agree with Mr. Hendricks' criticism, also with Mr. Sailers.'

As stated in my former letter, I do not believe in dividing the gold between the respective funds, of which, of course, there are three and not two. This I feel quite strongly. The use of the words "Collection Items" and "Uncollected items" are both objectionable, as you say, although I think the figures should be shown. There should be no difficulty in adopting a title which would be descriptive and accurate. Amont the assets it might be "Uncollected Items City and Country" and among the liabilities "Deposits not yet Collected".

Statement "D" covers most of this ground, but not quite all. I understand that the item of Exhhanges for Clearing House and Cash items

To - Mr. Jefferson. March 21, 1917.

$4,053,094.09, is exclusive of items in the deferred accounts, so I think the statement should be corrected in order to show those items, consolidating them, if you please, as suggested above. The last two items in Resources might be consolidated under the title "All Other Assets". The liabilities side of the statement strikes me as being all right, except that Net Earnings and Unearned Discount and Other Liabilities might be consolidated under one head - "All Other Liabilities"

What I do not understand in Statement D. is members deposits being carried at $245,000,000 and due to other Federal Reserve Banks $101,000. As explained at the top of page 6 of your memorandum, I presume this figure is justified, but I don't seemaable to reconcile it with the figures as shown on B. and E.

You gentlemen can adjust these figures of deposit libilities much better than I and I won't bother you with suggestions, but as to the other items suggested above I hope that the statement can be put out in the form indicated.

Here again, might it not be a good plan to endeavor to get substantial uniformity among all the Reserve Banks?

Thank you for writing me so fully.

Very truly yours,

H. M. Jefferson, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Denver, Colorado,
February 21, 1917.

Dear Mr. Jefferson:

I was glad to have your letter of February 2nd, for more reasons than you possibly realize. The essence of success in an organization is a talent for following things up. I have wondered sometimes whether the proceedings of the Governors' Conferences and of the other various meetings received that kind of treatment, as they should, and your letter is very reassuring as to the Auditors' work. Success to your efforts. It is by such work as that that we are going to have an ideal system and, particularly, an ideal bank in New York.

Yours very truly,

H. M. Jefferson, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Denver, Colorado,
May 26, 1917.

Dear Mr. Jefferson:

Yours of the 22nd just reaches me and raises a question that I would like to discuss with you on my return next week. I am not at all sure that our books show our relations to the government's financial transactions in just the right way, but let's have a full discussion of the subject and make sure that we get started right.

Very sincerely yours,

H. M. Jefferson, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Office Correspondence FEDERAL RESERVE BANK OF NEW YORK

Date October 6, 1919

To Mr. Jefferson

From Governor Strong

Subject: Bank Statement for London Economist

Will you please look in the current number of the London Economist, which shows a rather poor form in which they print the statement of the Federal Reserve Bank. I am anxious to have the Federal Reserve statement published in the Economist in better form than at present, and wish you would prepare a suggestion of a form, together with some explanatory remarks about each item, bearing in mind that they have very little space available for the publication of an extended statement and that it should, as nearly as possible, conform to the Bank of England statement, but should give the reserve percentages in addition.

Misc. 37

Office Correspondence

FEDERAL RESERVE BANK OF NEW YORK

Date October 16, 1919.

To Mr. Jefferson

From Benj. Strong.

Subject: STATEMENT FOR LONDON ECONOMIST

I should think it would be possible to consolidate the figures for the Economist without the addition of much, if any more, space than they now use so as to show assets and liabilities somewhat as shown for the Bank of France, and the reserve percentage as you recommend.

Won't you take another try at it and then prepare a letter, addressed to Hartley Withers, care of the Economist, explaining just what is included in each figure, showing the method of consolidation, and the reasons for stating them in the form in which they are stated rather than in the form given in the Economist.

As the figures are cabled every week, it is necessary, of course, to include as few items as possible, but I think we should in some way get a balanced statement without, however, putting in the footing.

I will be glad to have the papers back with an explanatory letter.

BS.MSB

Hotel du Cap d'Antibes,
Antibes, July 13, 1926.

PERSONAL

Dear Mr. Jefferson:

Mr. Case has just written me that you have resigned to accept the position of Assistant to the President of the First National Corporation of Boston. I hope it means excellent things for you. We shall miss you at the Bank very much indeed, but I don't suppose we can say that of recent years any more than Professor Kemmerer can!

It has been one of my regrets of the last few years that the enormous growth of the Bank and the enlargement of its activities seems to have thrown me out of personal contact with so many of the officers, and this has applied to you unfortunately the same as many of the others. I hope you realize that your influence in the organization has been felt and has always been good. You have the affection and respect of everybody in the Bank, and I am especially anxious that you should feel that the years spent with us were not wasted. It is a sacrifice and, I fear, always will be to limit one's future by work of that sort, but the satisfaction comes in realizing it is public service.

I am writing you to make sure that you understand how warmly you have my good wishes for success and happiness.

Sincerely yours,

Mr. Howard M. Jefferson,
c/o Federal Reserve Bank of New York,
New York.

BS:M