

Mar 11, 1913 — Jan 16, 1915

1913.

Mar 11.

Tuesday. Gov. Fox offers me place on Met. Water and Sewerage Board. At first I declined it but he begged me to take it as a duty to the State. Said the Presdt shld offer me a permanent position and that this was not to stand in the way in slightest degree if I would only accept it. He said he would gladly endorse me for Coll<sup>y</sup> or even an Ambassadorship.

Mar 12

Wed.

Gov Fox called me up at Tavern Club in the afternoon - said Council was in session and begged me to allow him to send in my name. Finally I said I would accept and that P.M. he phoned me.

Mar 15

Sat.

Dr Conklin came to my house: much pleased at appointment. Very bitter against Foster: said he had circulated a petition all over the State for appointment as Sec. of Navy: sd John Cummings told him he had signed it; sd he had talked w. certain influential people in Wash. & that the Gov had died quietly so Foster would always oppose me but that the old time radicals were now very friendly. Said he had an appointment w. Geo Red Currier & called him on telephone: said no one would oppose my appointment was very angry w. Gov Fox.

Some day lunched at Univ. Club with Gen Schob who had w. him Gen Nelson, Mr Brandeis et al.

Brandeis was very friendly and cordial: doubtless he had read my interview in B. Post (see B. Post) & was much pleased at my willingness to accept position on Met. Water Board, that it was a splendid thing to give me

my law practice to give all my time to the Board as I told him I would do; I drove him to his house after lunch.

Mr & Mrs Ezra Thayer called. Said was sorry Brundage was not put in cabinet; - that he thought the specific charges vs him e.g. the Lusk case etc were probably not true; that B. had grave faults & did not play fair & was not a good fellow; - no idea of sportsmanlike conduct or of Anglo Saxon idea of fair play, but he was so able & well equipped that, with his imagination & constructive ability, he was sure he was not in cabinet. I spoke of having met given an affidavit as to B's standing for use in a divorce suit and he said it was probably the Gray case. He said B. had an enormous income, at least 50000 per year from his practice.

Mar. 15

Saturday. Had letter from Tom Rice saying that Gov. Peabody had had a talk with Sec. Meador & that the latter wanted me to accept some position in Treasury to help him in Lusk's case & Rice asked if this would be agreeable to me; sd Franklin Roosevelt knew of this & that Mr Meador was to lunch w. him Sunday, & that if I could come then he would let Roosevelt know how I felt about it etc.

Mar 16

Sunday  
about 4 P.M. Judge Meador of N.Y. called me on long distance telephone, sd he was authorized by Sec. Meador to tender me my old position in Treasury & begged me to accept it. I said I would

not humbly accept as I had no inclination to go  
back to the Treasury and I had accepted on  
Gov Fox the position of Water Com<sup>r</sup> & that I had  
decided to withdraw from the practice of law and give  
my whole time to this office. Finally after a long  
talk Judge McAdoo asked me if Sec. M. could not  
get a man satisfactory to him & should bring up  
the matter again, would I not consider it from  
a point of view of duty to the Party. I told him  
that if such a request should later be made I  
should give it consideration from the point of view  
of duty but that I could give no assurance  
that I should accept it, but that I would  
not decline it without after most careful  
consideration from the point of view of duty; I  
said from the pt of view of inclination I had  
absolutely no desire to go back. He finally said  
the Secy might later write me something it was to  
me as a duty to the Party.

I then called Mr. Rice; he said Peabody and  
Roosevelt had never mentioned specifically any  
particular office, but that they knew Sec. M.  
would gladly give me any office I could take  
hold

went to Wash. to argue Post Off. case.

called on Sec. Lane. He said, and already had written  
me, that I ought to make myself sure, that I  
should be given some important position etc. I said  
I was an applicant for no office, that with me  
it was wholly a question of service, and that I

could be nothing enough to ask for it and never could or should. Told him about Sec. Meadows. He agreed with me that there was no reason why I should feel any sense of duty to go back to the Treasury. He evidently wanted to know whether there was any office I would accept and finally in reply to an almost direct question I said that I could be of more service as e.g. Ambassador to Japan, with which country I was familiar, but that I would never ask for this or any other office; - that I did not care enough for any office to ask for it and that even if I wanted any thing badly, which I did not, I could & would never ask for it.

I spoke of Rice as Gen. to Hulland and also spoke kindly of Brandeis which seemed to interest him greatly.

Returning to the hotel I found a telephone call from Mr. Newton, Pres. Secy of Meadows - I had left a card that day in M.A. but did not ask to see him. Called up Newton who said the Secy wanted to see me the next morning. I said I would go back that night & he asked me to wait a minute - he then said he had seen the Secy who wanted very much to see me, but had nothing special to say to me. I expressed regrets that I could not stay over.

I then called up Bertha who said there was an important letter at my office from Judge Meadows. I then called up Meadows in N.Y. and found him very angry that no letter had been sent me from the Secy - said the Secy had that

him in a polite honest etc. - I told him of my telephone message & he begged me, out of consideration for him to stay over and see Meadows. I told him not to worry on my account as I did not want the office & did not see how I could possibly accept it even were the stand down of duty. Finally I agreed to stay over & call on Meadows. Agreed also on returning to stop over in N. Y. and see him.

ms 26

Wednesday. Called on Sec. Mr. Advo who seemed very glad to see me & said I was better qualified than he to be Sec. of the Treasury. He spoke of Judge Meadows and said that he hoped he could consider me as available for that Sec'y, if, according to my late w. Judge Meadows - he could not secure the kind of man he wanted. I told him I had no inclination to return, in fact I decidedly did not want to come back - and that I certainly could not be considered as being on any available list. Finally, after a long talk, he made me promise that if he did not get the right man for the place, and should have the matter up with me again, I would give it careful consideration from the point of view of duty, altho I said I could not promise to accept it. I finally said we will leave it this way, and I shall not expect to hear from you again unless you are absolutely unable to get the man you want. He seemed very much pleased and we left with a pleasant understanding.

This am. took breakfast w. Andrew Peter and went over, talked matter with him: he said I would be very desirable to come back in this position, that the Admin. would gladly give me anything I might want. I told him just what I told Lane & said I would never ask for anything.

That night had talk w. Judge Meadows on New. Club N.Y. via telephone. He said Sec. Meadows told him that Purist Wilson said this position should be tendered to me and asked him as a friend of mine to call me up and find out. I would be willing to accept it. Judge Meadows said he telephoned Sec. Meadows as to his talk w. me & he said he would write me begging me to accept as a matter of duty.

Said that later, learning that Sec. Meadows had not written me he had told Sec. McCa. how annoyed he was & that it had hurt him in a public position etc; that Sec. Meadows asked him if my appointment would not interfere with the present political situation in Ill.; that he had said he was sure it would not and that the Sec. then asked if I would be in sympathy with the Admin. & he replied absolutely yes, that I had been a Tariff Reformer for many years. Judge Meadows then said something leading me to believe that Jos. H. O'Neil had been talking with the Sec. & that he was not very favorably disposed towards me; that he told the Sec. that O'Neil & his friends were not in sympathy with Wilson & that Sec. said laughingly, "well,

I guess will have to give you O'Neil the slip.  
 I was planned bully to judge Me A. my position on  
 political questions since 1896, & that I was V.  
 President of the Union College Mens League and President  
 of the Union League of Mass. & that I was in  
 absolute sympathy with the Admin.  
 Judge Me A. also said that after my telephone  
 message he had sent a long telegram to Sec.  
 Me A. also, stating how annoyed he was etc.

the meeting  
 upon P. 3,  
 Mar. 19

Complimented by Council as Mr. Water Com.  
 At once determined to give up practice of law  
 and resided as local counsel of C.P.R. (See  
 letter to Shaughnessy & Crilman, Gen. Council.)

See Sec. Ross as to collectibility of Boston: my  
 name presented by Congressmen on list of ten; I  
 was only name receiving votes of all the Congressmen.

Several congressmen told me that Sec. Me A. also  
 said there was some opposition to me as  
 Asst Sec. Gen. Mass. Mr. Thatcher said Me A. also  
 asked him if fact that I had been counsel  
 for B & M. RR should militate against me.  
 T. said, absolutely no; that my services were  
 needed as an expert on Int. Com. & Int. Law  
 and that it was to my credit that my  
 expert knowledge on these matters was  
 recognized.

Mr. McNary also told me that Sec. Bryan  
 asked him if it was true that the fact that

I had been advised of the B & M. RM was not generally known & that he had told me that this had been a purely political change and that there was nothing in it; that Mr. Medd. always had known this & that my work had been in connection w. the B. Chamber of Com. & that every body cognizant with this matter knew it. He said Bryan shared very pleasantly of me.

July 21<sup>st</sup>

Monday, Sec. Mr. Adcox in Boston, telephoned me but I was out at Cory Hall hospital seeing June who had just been operated on. On returning, called Mr. Sec. Meddoo but he had left for N. York.

Tom Riley saw me & strongly urged my appointment as Call<sup>r</sup> - Sec. Mr. West saying - lets assume that Mr. Hamlin is out of it or is dead - but Tom said I can see no one else unless he is to be Asst Secretary. (Tom had written several letters as also Dr. Laughlin urging this strongly).

July 23

Wed.

About 3.30 P.M. Meddoo called me on long distance telephone from Wash. Said he wanted me to accept old position of Asst Sec., that he could find no other man as well qualified, that it was my duty to accept, that he would have called on me long ago except for reasons which he would bully explain when he saw me, that while he bullly appreciated that I did not desire the place yet he needed me badly and that the Admin<sup>n</sup> must have me. I said I would at once go to Wash<sup>g</sup> to settle matter over & would arrive

them Friday am. He said he could not wait and in fact he had already sent my name to the President relying on my sense of duty to accept. Finally I told him that while I did not want the nor any other position, yet I did want to help the President & himself and that I could not resist this call to duty and ∴ placed myself unreservedly in his hands. He thanked me most warmly and wrote me later a most kind appreciative letter (See Ser. B.M. 7. ).

§ See 7. 96 E

July 25

Friday. President sends my name to Senate.

July 28

Monday. Emperred by Senate.

July 29.

Called up Grenville MacFarland on telephone on another matter - he said he was delighted at my appointment, that <sup>or rather interested</sup> since I introduced the resolution on the B.M. 7. as Chairman of Council on Resolutions in the State Convention of 1912, he knew I was a man who could be trusted to do absolutely what I believed to be right and that I could always count on his support.

July 30

Wed.

See Mr. Adoo in his telephone message asked me to find out something as to how Taylor, candidate for call & suggested my seeing Boardman. I had met B. I think the day before in the Y.M. Club & he had told me that he had seen McAdoo on Sunday at Beverly and had

stingily endorsed me but don't see. saying that Meador could have perfect confidence in me.

I called at B's office this Am. He said he had telephoned me the day before, that the belt Taylor name should be dropped. I told him I talked w. Hooper at Provermenton the day before & that he had said he had written a confidential letter to Meador about Taylor; that while he did not say what he wrote, I rather felt sure what he did not say, that the letter was hardly favorable.

B. said that Hudson was honest but not a stingy man; that he had recommended Hays of Springfield to Meador the Sunday before and after some talk he said he would recommend just whichever was called of Int. Rev. Said he would like to <sup>see</sup> acknowledge as Callu Chas. Warren but he did not admit it because of the wide spread opposition, not confined to any one factor, to him.

I told him Hays was one of my warmest supporters in the Tax fight & that if I recommended him every one would say I was rewarding my friends. I told him if I was asked of course I should say that he was a first class man. B. then dictated a letter to Meador, in answer to his request for a recommendation, and endorsed Hays & whichever.

I then told B. I had made up my mind to endorse or recommend no one but then offered as I did be of more value to Meador, under the peculiar situation & the sensitiveness of the



Congressmen, if I kept absolutely out of it. He  
busily agreed w. me as to the expediency of  
this.

B. in the letter, said Taylor should be dropped. I  
agreed to this especially in view of an interview  
w. Sp. Aft Chandler saying Taylor was very thick  
with Mrs Shelton, of the den messenger smuggling  
cash, & had published a statement in the  
Post as to who put in a label in her trunk  
wh. informant could only have come from her;  
that Taylor had been called before the Grand  
jury but did not adequately explain this.

July 30

Wed. left for Washington

July 31

Thursday. In Wash. Talk w. Meadows. Begged to be  
excused for making any recommendation for  
Colby. Mr Astor was very cordial and said he  
thought my course was wise. I advised him  
to keep in close touch w. Brandeis and to do  
nothing w. out consulting him, that he would be  
four & would go out of his way to help him.  
Lunched w. Aug. Murray. Told him could have  
nothing to do w. collectorship.

Aug 1

Friday. Took oath of office. Nearly 100  
were present.

Aug 2

Saturday. Dined at Chevy Chase Club w. Sims  
Hollis and Saulsbury.

Aug 3

Sunday.

Ernest Drapper dined w. me at Alet. Club.  
Prof. Bullaer later joined us there.

First case I had was as to sending Sh Agent Chamber  
to Paris to help Dist Atty in Boston discover  
smuggling cases. Asst Sec. Curtis declined to let  
him go altho Dist Atty & later the Atty Gen.  
said interests of Govt would be jeopardized so  
he did not go. Conferred w. Sec. & he agreed C.  
shld go & I so advised him.

Aug 4 - 11

Sec McAdoo read over my digest of the proposed Bill  
and one morning sent for me and introduced me  
to Rep. Glass. We had a conference & finally they  
asked me to go over the Bill & make amendments  
removing all inconsistencies & making any other  
suggestions I wanted. I prepared a long list of  
amendts after many conferences w. Glass and finally  
the Secy said he would accept them without even  
reading them, he was so busy. Mr. Willis of N. Y. Jun.  
Com. is retained as financial expert by the House  
Com. & Glass telegraphed him to come down. I found  
that he agreed w. me on almost every suggestion  
I made. The Sec. gave me one proposed amendt  
allowing Reserve Banks to discount directly for members  
notes based on w. house receipts w. out even the  
indorsement of a member Bank; he said Pleasht  
w. was inclined to favor this & he must be  
prepared to give him a damned good reason  
on rejecting it. I pointed out that at least the  
notes shld be indorsed by a member Bank &

that if this were done, while I did not love it, yet I would not object if we to save the Bill; will lose the same position. Glass said he agreed w. us & wd fight hard to reject it in toto but wd insist any way that such paper must be endorsed by a member Bank.

I tried hard to put in a provision that the Reserve notes shld have on them the name of the Bank. taking them out, but Glass said Bryan wd not agree to this & that he was following the Bill carefully through his friends in the Com<sup>tee</sup>; that it was B. who insisted that the notes must be issued by the Govt.

I also revised an amendment auth. Nat Bank to establish savings Bank departments, striking out permission to buy other Banks for their purposes. Glass said if this were allowed certain Republican support had been promised for the Bill.

I also revised amendt as to exchange of 2% bonds for 3% s.

I gave Glass a copy of the Man. laws on Savings Banks.

The Sec. also turned over to me Bullard's suggestions for amends to Income tax law asking me to advise him wh. to accept them.

Aug 6

Wed. Meadew said he wanted Brundis to act as counsel for Receiver of a failed Prov. Bank.

Advised him again to consult B. in all details. Meadew would then call him in detail the next day.

Aug 8

Friday.

went over w. Bumpers & met Presdt Union at White house.

Aug 10

Sunday. Maher calls on me. Said Insur. Cent. RR had asked to be bonded to carry passenger baggage from Montreal to the U.S.; that only authority under law was to carry under bond from one point in U.S. to another thro' foreign territory; this was covered by Sec 3005 & 3006 Rev. Sta; that no foreign carrier had ever been bonded for such business except that Canad. Nav. RR had been given such a bond 2 years ago but had executed it only this year under this bond baggage of passengers could be forwarded from Quebec to any point in U.S. by delivering it to an Amer. carrier at first port of arrival in U.S. The approval of this bond was never published in Treasury decision.

Mr. said these carriers have all rec. bulletins about from this U.S. officers examine baggage at Quebec and if not dutiable it is put in a sealed case going through to destination without delay without entry if seals are intact; if dutiable it can be forwarded under Canadian seal or the officer at Quebec can give notice to officers at frontier and it can be appraised there or an entry could be made under I. T. Act.

The only authority under law for such bonded routes is from one U.S. Port to another and even these bonded routes have been limited to Amer. carriers.

apparent exceptions:-

The Grand Trunk RR is incorporated, as to the part of route in Maine, under the laws of Maine; so also the CPR and it also owns the Soo Line. M. said the CPR once made an application for such a bond and then withdrew it, before 1893. M. said the Quebec Prov. application was on the way to me but he would mark it special in some way call it to my attention.

M. said other laws were Sec. 3000 & 3001 relating to appraised goods and Act No 13. 1911 auth. bonded carriers to load & unload at night; also the S. J. Act of June 10, 1880 relating to unexamined and unappraised goods.

M. also said Sec. Shaw had consolidated all such bonds into one form, making rather absurd results.

Aug 11

Monday. John Barrett Moore dined with me.

Said he was not happy in State Debt and should not stay there longer than 1 year; that the Debt was not properly organized, there being no accurate division of duties between the Asst Secs; that frequently inconsistent letters were sent out; that Osborne was a sheep rancher and knew absolutely nothing about his duties; that Adair altho very able was old & feeble; that Malone had almost no attention to his work, continuing the practice of law in N. York. B. was very bitter against Gen Foster; said that when Sec. of State or just before, he had many claims in behalf of Dr. Everts & that he made

contract w. Mr. May a lawyer to prosecute these claims, he to receive a share in the fees; that he had a dispute w. May who thereupon filed the contract w. the State Debt when Gresham was Sec. of State; that Foster tried to induce Gresham to remove contract from the bills but Gresham refused & this led to the quarrel between them; that undoubtedly by this time he believed Foster had succeeded in getting possession of them through Laurying his son-in-law. (Judge Gresham once told me the same story.)

Aug. 13

Wed. Sec. Bryan called me up to ask if Gen. Frank Struts was counsel of B & O. R.R.; I said he was but resigned; that I resigned as counsel in 1910 & I did not know whether Struts was unemployed but that Sen. Hallis could doubtless tell him.

In evening called on Bryan & was with him a hour; he was very cordial; spoke of his appointment; said Presd. W. did not look obnoxious to him nor did he look acceptable; said he badly believed Senate would not confirm him; said he had about given up ambition to be Presd., that he wanted leisure time to study & that in 3 months he could run enough for a year; talked much about bible history & read many extracts from his Memoray address - Scotland giving me a copy w. his autograph.

Said he had decided to replace Struts on Dublin. Boundary etc Com. - that he heard he was personal counsel of Miller. I said if he

wanted his resignation I felt sure Strout would at once accede if he wrote him that he wanted a man in the Com<sup>r</sup> in full sympathy w. the Admin<sup>r</sup>, and he said he would write him a nice letter along these lines. Said he wanted Mrs Bryan to know Berlin. Spoke of financial Base and said notes of banks passing from hand to hand had all the benefits of money. Was called on telephone several times as to financial Base and suggested men who could influence Democrats to vote for Base; evidently was subsidizing it & taking keen interest in it.

July 10-17

Many complaints as to sealing of cars going thro Canada bet U.S. points; sent Sk. Apt Wheatley to examine into it.

Aug 21

Thursday. Cong. Curley called & said Geo West Williams wanted an Ambassadorship; that he was out in the cold, every body against him & he told him he would help him; said he had bitterly attacked Bryan in Nebraska but that he<sup>c</sup> had seen Bryan who bore no resentment; also that he had just seen Pres<sup>t</sup> W. & was surprised to find him apparently not hostile, but if anything apparently friendly. Said he came to me to see if I would oppose W.<sup>W.</sup> as undoubtedly I would be consulted.

I told him I should not object in any way; that W. had attacked me unjustly but that his attitude was so grotesquely untrue that I could afford to ignore it; that in any event I bore no malice

and that if he saw ~~that~~ but he could say this to Williams, not in my name, however; that if W. came to Washington I should be glad to see him & we could settle up our old scores in 5 minutes; that from the view of political strategy I saw much to commend such an appointment and that so far as I was concerned I had no objections to offer but would let bygones be bygones. I said I could hardly write a letter, the matter not being in my dept. but if asked I would cheerfully express the above views.

Curly seemed very much pleased & said he would tell W. of our conversation.

Aug 23

Saturday, met Chief Justice White at Showham & we took breakfast together. He was very pessimistic about our success, said he had a plant costing \$365,000 which was not worth 365 cents; ed he did not complain, however, if Congress believed this to be best policy; said he was inclined to believe that Mexican matters should best be worked out through Huerta. He had come up from White Sulphur Springs in way to Amer. Bar Assn meeting in Montreal.

Aug 24

Sunday. Took long drive w. Atty Gen. McPherson & then walked home 2 1/2 miles & we dined at Met. Club. He asked me again to get a first class man on him as <sup>an</sup> Atty. General; said very difficult to get a Democrat; suggested Ho. Ned Williams; he said he was too cranky; I said he was a very able lawyer & that he had attacked me very bitterly and, as

I was sure some time he would realize, unjustly, but that I never allowed such things as this to cloud my judgment as to a man's ability. He also spoke of a suit vs. Sö. Pac. R.R. & I suggested Brandeis: this seemed to please him favorably; he asked if I thought he would be willing to take the position as suit probably must be brought in Kentucky: I said I felt sure he would. He said he had offered to return here in the United Shoe blacking and N.Y. N.H. & H. case but that B. advised against this.

He also asked me to find out whether Joseph Knight was a Democrat as of the war, he thought he could find a place for him in office work. I strongly urged Jim McConville brother for same position & he said he would consider it. He said Mr. Olney wanted him to appoint John A. Sullivan Dist. Atty & he asked about Tom Riley: I sd Sullivan was a splendid man but that I had endorsed Riley & I felt he was a man well equipped for the place & moreover had done splendid work as Chron. of State Am<sup>e</sup>: I begged him to consider him carefully for the place.

Aug 25

Monday. Sulman (Rev. Sec), Halstead & Wheatly dined with me at Cosmos Club to talk over complaints of illegal practices at Blue Rock, Buffalo in connection w. scaled road en route from one point in U.S. to another entering Blue Rock. W. sd it had been source of trouble for years, - that while trains had gone thro w. out inspection, that entries had been made days after the cars

had gone through, that our inspectors were too friendly w RRs; that the Collectors were in close touch w RRs or had been through practices of selling customs blanks, abolished by consolidated act. W. suggested for Buffalo a customs zone system, said when he was there last week one of RR managers said it the right way but sel. wld require buying more land by RRs & that the expense was prohibitory. After a long conference we decided to appoint a customs com<sup>n</sup> of 3, one of whom shld be experienced in border work, to consider the advisability of a customs zone and to hear all parties in interest. W. also said he thought the RRs should be obliged to put in all seals and put number of the seal on the car manifest. There are many empty cars going thro Bla River & there have no manifest except what is called a bridge manifest issued by the Inter. Bridge Co. owned by Grand Trunk stockholders. W. sd the policy of the bridge owners was to send as many cars as possible over the bridge to get the tolls & that there was great congest<sup>n</sup> there: that the Mich. Cent. cld easily send its empties through Nap. Falls & then greatly relieve the congest<sup>n</sup>. The Canadian regulation require RRs to put in seals & put notation on manifest.

Aug 26

Tuesday. Met Ant. Sec. Malone at breakfast at Sherburne; sd he had been a while in Boston studying Coleridge situation; that he shld report to Sec. Waddo that Edmund Bellings shld be collector, and perhaps Maynard for Surveyor;

that a rumor had reached his ears that Maynard had once been convicted for crime & that he was leaving this wk. I sd I thought Maynard might do for Surveyor. He also sd Malley would be good for Dist. New. Coll<sup>v</sup>. Said he heard John A. Sullivan was desisted by Catholics on having somewhat slight hints from his Irish & Catholic friends. I sd I felt sure no truth in this, that S. was a man of highest standing & character etc.

Said he had met w. Mayor Fitzgerald; had great difficulty in getting him to say whom he wanted for Coll<sup>v</sup>. He heard Burnett & Malone sd he had heard that Burnett was a high brow and aristocrat; that Mayor F. sd this was not so & that finally he said that, so far as this being true, Burnett was a gang man and while Sec'y of Elevated Ry he had passed over the steps to members of the legislature.

Malone heard Carroll, of the Union League & said he ought to have some office.

He also said that Col. House thought that Hodges should be kept as appraiser in which I cordially concurred; also sd Meadow told Col. House he was delighted w. me. He said I had put the Admin under great obligation to me by finally consenting to become Asst Sec'y.

Aug 27

Thursday. Sec. McAdoo told me the President intended to enforce the Neutrality Law from now on most rigidly against the Huerta regime; that he did much care, confidentially, whether the insurgents did succeed in getting arms etc from us; that the Culler must use reasonable discretion; that both he & the Presdt felt that it was nec. to have Culler in absolute harmony w. the Admin. He asked me to call on resignation the Culler at \_\_\_\_\_, Texas and give me name of new man for Island.

\*  
See also  
Infron.  
h. 24

This P.M. some one telephoned that the knowledge of free entrance of baggage w. out examination be given to Atty Gen who was just going to Montreal to care of Amer. Bus Assocn. I found no President but such a privilege to cabinet officers; only abstinent exception was when Sec Knox and later Root went to So. America but they went on strictly official business to So America & even practically in private always. The only countries granted cabinet officers were the "countries of the Post" which did not carry free entrance w. out ex. amtn. Went over to Atty Gen.; he said he knew nothing of this and made no request; that of course he wanted no such privilege. I told him if such unusual privilege were granted some newspaper correspondent might discover it and attack him; but that I would of course give the Countries of the Post to him. He seemed very grateful to me for showing to him.

Advised him to consult his lawyer as to just what for Atty General.

28

Thursday. John P. Mitchell, collector at N.Y. and Dr. Cleveland  
 expect came down & we had a two hour conference  
 on the reports submitted by Dr. Cleveland on changes  
 in N.Y. Customs House.

Mr. <sup>Buright</sup> Baughnot (?) mentioning the profile of Richford  
 and Congressman Green (Rep.) of Vermont called to  
 take over application of C.P.R. to have mail from  
 Canada going into U.S. at Richford it en route  
 through Newhart to Boston. Points entered at  
 Newhart rather than at Richford. Mr. B. had a  
 brief which he said contained some reflection on  
 C.P.R. and Dept. Clerks & said before being it he  
 had been advised by Cong. Green to strike out  
 all such offensive references. He asked me as to  
 this and I said he must use his own judgment  
 as to this. He asked me to look over the brief  
 this P.M. and also report of ~~Det.~~ Mr. Stone (?)  
 who had been asked to make an investigation.

I read it over & he returned w. the Congressman  
 later; he said he found at the Cust. Dep.  
 that Stone's report had not yet been received.

I told them that I could leave up the  
 matter then as I was going to Boston the  
 next day - they both agreed that of course I  
 could do nothing until Stone's report was  
 received. Mr. B. said Cong. G. had told him he  
 ought to strike out certain G's in his brief  
 & he would do so & file it the next am.

At his request I told him the Dept. could  
 take no action, unfavorable to his contention  
 that Richford should not be disturbed, without  
 giving him an opportunity to reply the question

fully.

I told them both that I should give the matter my most careful consideration, that I had been Counsel for the B. & O. R. R. but had no matters in connection with the Nat. Bond since 1910; that I should enforce the laws of U.S. without fear or favor. They both expressed themselves strongly & warmly that they would be perfectly satisfied with my decision on the matter.

Aug 27 contd.

See supra  
p. 22

During the talk with Mr. McKeynolds said he was & would be addressed because prior to appointment he had given advice to Captains under N. J. "Seven Sisters" law. Said also he had given opinion to Steel Trust as to how to keep within the law; also that he had written the President telling him of this before his appointment.

were

under Sect 6.

at request of Sec. McAdoo I wrote a carefully prepared legal opinion as to power of Congress to levy income tax on bond interest of Am. citizens due to non-resident foreigners. My opinion was that Congress could not levy such a tax on the foreign bond holder but could tax the interest as an excise tax on the Amer. holder, which however, it had not done in the Act. Sec. McAdoo wrote letter, prepared by me, to Sen. Williams & Rich. House asking my opinion & suggesting that Act be made perfectly clear our way in the other. Sec. asked me to speak to House about it & I attended to him & had several conferences.

also wrote him several letters. See letter B.R. On Sat. Sept. 6 Sen. Williams introduced an amendment wh. was passed by Sen. in favor of whole specifically taxing such interest payments as a tax on the foreign bond holder.

also perhappd list of amendments to Fin. Bill made rec. by change in Bill to object that Reserve notes shd be redeemable in gold only. See. He also wrote me that there had better be some sub- Senate but that he had sent a copy of my letter to Cong. Glass.

4th 6  
Saturday. Dist Sec. Williams telephoned me at Hotel, 3 P.M. that Sen. Sumner had sent Secy an important letter as to amendt allowing damage allowance on imp'd wires etc. He sent letter to me & Sen. Sumner Secy, he brought, brought it wh. Dist was closed & all clear away. I perhappd a draft changing proposed amendt & brought it to Sumner & had conference w. Sen. Powell who introduced the amendt; he accepted my changes & the Sen in Comm passed the amendt. See my letter to Secy.

4th 9  
Tuesday.

See Mr. Advo. said he shd appoint Billings Colls at Boston & he called wh. those Congressmen in Town to test them; many were away. Peters, Perlman & Durbach came to see him & Durbach bitterly protested vs Billings. Peter told me the advo offered the position to him but he declined it.

I had nothing to do with it perhappd about of

Bellings & knew nothing about it until Meddow told me, except that Asst Sec. Malone told me one day at breakfast that he had been in Boston and should recommend Bellings (see section 1.20).

See Meddow asked me about Bellings & I said that while I did not know him at all well I had the highest opinion of his capacity & integrity & believed it to be a fine appointment from the point of view of character & capacity, but that I feared it would not be agreeable to the organization.

Sept 10

Wednesday.

Protests continue to come in against Bellings. Andrew Peters told Secretary in my presence that he ought not to appoint him because of opposition of State machine. Congressmen but Andrew was evidently scared by the noise. Peters said all the Congressmen would have & in fact did agree in Hudson but Mayor Joly. bitterly objected wh. threw Hudson out.

See Meddow told me he should not yield an inch & asked me to go right down to the Senate to see if Lodge & Wickers would interfere any object to Bellings. At once called on Sen. Lodge who said B's appointment would be a great mistake, that he could not get along w. anyone, that he had heard he was very wild in early life, that we were the ones who would rubber stamp his appointment wh. he believed to be a very

boast me; he said however so long as he was concerned he had no intention of fighting her embroilment, provided Sen. Wessons raised no objection, unless of course charges were filed against her wh. an investigation proved her unfit. He told me to reach Wessons in telephoning if possible, he thought he had gone to Boston. Sen. Lodge sd he interposed no objection either to Maynard or Malley (Surveyor & last Rev Comm<sup>r</sup>) and could nothing as to Naval officer (Nash of N.H.) as that went to N.H. altho he thought it ought not to go there.

Went back to Treasury & then got Wessons in telephoning at Boston; he sd he would interpose no objection to Bellows, altho his opinion of her was exactly what I told her Lodge said to me, now to Malley nor Maynard.

Sen. Lodge raised no objection to calling for resignation of Graves, Surveyor and Lyford, Naval officer; said Ned Curtis had told duty the Sub Treasurer he ought to resign at once.

Sec. McAdoo said if the Surveyor & Naval officer had not resigned when asked he should have said publicly of rec. that he had asked resignation of Surveyor bec. of the dress making brands in his dress on ground that while of course not personally cognizant of them he must be held responsible, and as to Naval officer the good of the Service demanded a change as this officer cost 4 cents to collect a dollar as aginst only 2¢ at Phila & that the expense must be cut down & he believed

Page 28 is missing in the microfilm.

Page 29 is missing in the microfilm

at Chicago instd of at N.Y., its destination, it would be liable to a fine of \$25 on its bond. This telegram was perused in Cont. Div.; I had nothing to do with the matter except to sign the telegram laid before me.

Mr. Cont. RM writes to me asking that customs track at Vancouver be descentd, also that inspection by night be allowed; this was descendentd by Cont. Sec. Carter.

Sept 18

Thursday, Mr. Maher called at Hall; said the Canad. Nov. bond for carrying baggage to border would reach me today; said no authority under law for it and that a similar bond approved by Justice Cont. RM a year or two ago was never published in Mas. Divs. Said also I. 7. Act gave all needed privileges to border RMs, and that Consular sealing no longer necessary except so far as it dispensed with necessity for entry. (Brown in Mem. says under I. 7. enters generally along border, no examtn required.)

Told Sec. McAdoo of Maher calls on me & asked if he thought it wise to allow him to come to me over head of Divin; I said he had given me valuable information as to practices of the Divin & that he was in Dist when I was here before. Sec. M. said he thought I should use my discretion & permit it if I thought it helpful.

I told him as to fact of Justice Cont. bond not being publd as one of the things Maher had given me valuable information about.

I also told him about Rickford. Newport custom-  
-vess, said I had been Council for B. M. Co  
and RR's of Nov. N.E. including Grand Trunk and  
C.P.R., and that I felt that there were many  
loose practices along Canadian border which  
must be dismantled; that the Canad. RR's  
would utterly object. He said he would  
back me to the finish in embarking the laws,  
only to keep him informed from time to time,  
so he would know in a general way what  
the decisions were.

Nov 19  
Friday. The bond of Canad. Nov. RR has just come up  
to my desk, - the one Mr. Maher spoke about. I  
asked Mr. Eilman to ask the Customs Dept under what  
authority of law such a bond could be authorized by  
the Dept. Later he said there was no authority, -  
merely international courtesy. I then asked if any  
similar bonds had been approved in the past. He  
inquired & said none. (Maher sd Quebec custom bond  
has approved). I then called for the entire record.

Nov 20  
Saturday evening. Asst Atty Gen Jermian came to my  
room in hotel & at his request I loaned him  
my Sup. Ct digest of Ill. cases thro Vol 214 and  
the digest, without index, since then.

Nov 23  
Tuesday. Before Combs' Comm<sup>ee</sup> w. Sec. McAdoo. He  
asked me to explain Cust. adm. audits, was "in the  
sland" 2 1/2 hours. Sen. Williams is set against most  
of our suggestions. Was at first rather savage but  
at end was tamed down.

Sept 23.

Meeting. Discussed w. Asst Atty Gen. Drumm. Asst Solice. Gen. Davis.  
 Mr. <sup>Grant</sup> Brett, Com. Supr N.Y. W. Post, Mr. Willert, Com. of  
 London Times. Mr. Benish, Dept of Justice. Mr. Transbarger of  
 War Dept. & Dr. Alsbury, Sec. of Chemistry.

Sept 24

Wednesday. CPR this Twobry appeared to me directly  
 to permit Tra - see page 29 - to be delivered at  
 Chicago instd of N.Y. Letter of Twobry said,  
~~It~~ or rather it was reported to me that  
 T. said to Capt. Gen that Sp/Agent at Chicago  
 told CPR he would prosecute if seals  
 were broken. Gilman said Hulstrand said he  
 regretted having referred in telegram to  
 breaking seals on part of penalty of \$25.  
 Gilman said this privilege had been denied  
 to Amer. RRs two years ago and published in  
 N.Y. decision. I said if this were so to  
 purpose letter in accord. Therewith ministry  
 shipment to N.Y. Gilman said it was  
 perfectly horrible that importers had had  
 a low freight rate on this shipment to  
 N.Y. - much lower than local rate to  
 Chicago & by change of destination had been  
 trying to secure benefit of this lower rate; also  
 that importers might think the tea was of  
 such character that it might be rejected  
 at N.Y. but accepted at Chicago.  
 Letter sent ordering entry at N. York.

A few days ago Sub. Atty. Whately asked me in an  
 official letter to resign Anthony Ludden of N.Y.  
 from his appointed position under Atty Gen. office to  
 his old position of Customs Agent under St. Atty.  
 Gen. at N.Y. Reason given in letter was that Ludden  
 was an able lawyer & his services were needed in  
 the Atty Gen. work. W. came down w. his letter - I asked  
 wh. Ludden was a Dem. or Repub. - he said a Repub.  
 but his services were needed in strictly business  
 matters. I then sent all report & wrote Civil  
 Serv. Com. to consent to transfer. A day or so  
 later a letter came from Civil Serv. Com. urging  
 to consent to transfer & pointing out that while  
 Ludden was Cust. Agt in N.Y. in 1911 he was a  
 District Rep. leader & had attended State Convention  
 etc in absolute violation of Civ. Serv. Law & Rules; that  
 Com. used blackleg to undermine & sustain him  
 & order him to resign from his political position;  
 that they did get no satisfaction from that; that  
 they vehemently pointed out that he was defying  
 the law & asked for his removal; that the  
 excuse he gave for violating the law was abhor-  
 rable was that he was daily expecting an  
 assignment to an expected position; that that  
 then transferred him to expected position in  
 Atty Gen. Dept; that the Com. used blackleg  
 to remove him complaining that by a deliberate  
 violation of law he had been promoted to  
 an expected position; that Atty Gen. refused to  
 remove him & said he was not then violating  
 the law.

Whately never intimated to me anything about

This record lent but his request was barely begun  
 names. Later I learned that Mr. Halstead  
 Chief of Cust. Bureau had told Brew who was  
 acting Sup. Agt. in N.Y. - that Ludden  
 record was a bad one & should be investigated;  
 that W. brought down his letter to me &  
 the letter of the Dept to Ev. Sec. Com - w. out  
 having it checked by Cust. Dir. The next  
 day W. came down with a letter to Assembly  
 of City & Dept in charge of cust. matters  
 in N.Y. and in it he asked Assembly to  
 give Ludden a list of Ludden's  
 other names etc. I told W. I should not  
 agree to this - he said he understood letter  
 was in accord. w. my instructions - I sd this  
 was not so. I had merely told him he  
 could send Assembly a copy of the Ev.  
 Sec. Com - letter.

I told all the facts to the Secy and he  
 recalled that W. be ordered to report in  
 writing all the circumstances leading up to his  
 request for Ludden's transfer & especially to  
 state wh. at the time of making request  
 of me he knew of Ludden's record. As  
 W. was in charge of N.Y. when Ludden was  
 acting as Cust. Agt. he must have known  
 all about it. I drew up Mem. directing  
 W. to report as above, also a letter to  
 Ev. Sec. Com - which Sec. H. signed stating  
 that neither he nor C. S. H. knew anything  
 of Ludden's record until it was revealed  
 in this letter & that a thorough investigation

would be made.

I had recommended W. to Sec. H. but <sup>as he</sup> insisted  
as Sub. Agent in briefest suggestion of a letter - see  
Curtis letter to me - who said that W. was the  
ablest man in the service and would be  
absolutely loyal to me.

This case seems to be one of absolute disloyalty  
and I can never trust W. again. What we  
shall do about it will be decided when the  
investigation is completed.

at 20 Ned was in Washington & came to see me at  
Met. Club. Said he had seen by Sen. Weston of  
W. Va in N.Y., that the Senate asked him to  
ask me to tell Sec. H. from him that there  
was much objection in banking circles in  
N.Y. because bankers feared that Sec. H. was  
prejudiced against them; that he hoped Sec. H.  
would do something to remove this fear; that  
any Bank violating the laws should of course  
be punished, but it should be made clear that  
Sec. H. was not prejudiced against all Banks;  
that it was different now to remove loans  
from Baa Sec. of this general objection; he  
further said he - Sen. Weston - had covered  
W. Va for Weston.

I told Ned these matters did not come under  
my jurisdiction but that of course I would  
tell Sec. H. what Sen. Weston said. I added  
that, in my opinion, the N.Y. Banks were  
determined to prevent passage of any Bank  
Bill & would use every means to accomplish

their purchase as they realized their great centralized power over credit would be materially cut down by this Act and depressed over the whole country as it ought to be.

Within the next day or two I mentioned this to See H. He said he thought Sen. W. was copied in to these statements by the N. Y. interests.

Oct.

1-6

Have had considerable trouble with exportations along Mexican border. The collector at Laredo issued instructions whether to permit exportation under the joint resolution of 1912 forbidding exportation of arms or munitions of war or proclamation of the President — of horses, saddles, girths, hay and other <sup>whichever included by Federal army or by other parties</sup> feed etc. We through asked opinion of Atty Gen who declined to give specific answer but laid down as a general principle that only articles primarily & directly used for war were munitions of war within the prohibition of the joint resolution; he also enclosed copy of a banner upon that provisions & clothing were not munitions of war.

This was all the help we could get so we proceeded to enforce the opinion and instructed the collector at Laredo that horses, saddles, girths, hay & feed were not munitions of war whether destined for Federal army or other parties.

Later Sen. Sheppard of Texas sent us a telegram to report that large no. of horses were being shipped out of Laredo under these instructions and that collectors were discriminating in other

shipments such as clothing etc against the Constitution and in favor of Federalists. I ordered an investigation of latter charge.

Meanwhile, I discovered that Wellesham had given an opinion that saddles were Munitions of war, and the President sent over an advance copy of a letter permitting exportation of our saddle thus indicating opinion that saddles were Munitions of war. I felt that our instructions to the Colles at Laredo - which were related to Colles at N. Orleans - should be specifically passed on by State & Atty Gen. Dept, and especially so when Mr. Hildt of State Dept telephoned that the Mexican Charge had asked permission to export 1000 horses at San Antonio for the Govt.

I called up Councillor Moore who at first ~~thought~~ horses were munitions of war; then I called up Atty. Gen. who also was inclined to think they were. Then I went to Sec. McAdoo and advised him to take it over w. President; he went right over and later said President did not fully understand the Joint Resolution & thought he had discretion to shut off all supplies, contraband as well as Munitions of war & that he personally would like to do this as to all factors in Mexico. Then Sec. McAdoo went to Moore who told him President had discretion only to permit exportation of Munitions of war in certain cases, and as to what were Munitions of war was a question of legal construction, but that the Joint Resolution did not touch in any way articles which, the Joint Resolution of war, were contraband of war.

See Mr. Van asked me to see Moore and on Friday P.M. Oct. 3 I went over. Mr. Moore said he had prepared a Mem. to effect that we were right that horses, to whomsoever consigned, were not instruments of war, nor were saddles, but as Westerman had ~~also~~ ruled that saddles were he should not disturb this altho he was sure it was an erroneous ruling, & that Atty Gen Mc Reynolds ought to overrule Westerman. He also said Mc Reynolds opinion could only be construed as the Treas. construed it.

I then called up Devin who said he was inclined to agree that horses were not instruments of war & sd Westerman's opinion on saddles was hastily prepared and was wrong. He was going away & asked me to confer w. Herron as to the 2nd request for an opinion of Atty Gen which we sent over the day before. Later Mr Moore's memo arrived, as above.

Oct 4

Saturday.

Herron came over & said he had prepared an opinion for Atty Gen signature that horses were not instruments of war & that he should also overrule Westerman as to saddles.

He was very done w. Moore at Met. Club; he suggests to tell Herron that he could say that Westerman evidently meant military saddles & thus he would appear not to be overruling him.

Oct 3

Friday evening. Meadows telephoned me that President had signed tariff Bill and the Treasury at once would collect all over the

country that new law would be in effect Sat.  
morning. Messrs failed to call me to be present.

Mon, Comm. State Dept send me Mem. to effect that  
houses are not monuments of war.

Thursday. Accepted invitation to address Man. Dem. State  
Convention of Taub's Bill not enacted into law by Sat.  
A rumor reached us that the Convention would not immedi-  
-ately endorse the President in the Taub's Bill. I called  
up Tom. Riley in Boston; he denied this and asked me  
to draw up any plausibility in Adams, Taub's and Finin.  
Bill I wished to go on the platform & he would see  
they were inserted. I mailed such telegrams wh. I  
prepared late that P.M.

Sat. Dem. State Convention started out, or rather the  
Resolutions Com. all specific references to the Presd.  
Sec. of State and Sec. of Treasury. Never mentioned either  
in telegrams altho it did contain a very general  
endorsement of Taub's Finin. Bill etc. Much indignation  
there.

Monday. Sec. H. said Trumbull was largely responsible  
for delay in Bellings' attempt as he had advised  
Presd to wait etc.

Lunched at Stoughton w. Atty Gen., Adams & Trumbull.  
Trumbull said he wanted Presd to send in  
Bellings' name alone; I suggested that this would  
make public that Presd was angry because  
not endorsed. I thought he should greatly  
send in the whole slate, as if nothing had  
happened.

Atty Gen. some days ago asked me to write Sherman Whipple as to legal standing of Francis as Counsel; I did & Whipple answered him highly as did also Homer Allen - I sent letters to Atty Gen.

At this luncheon Malcom & Trumulty were absent of Council. Atty Gen said he thought Sullivan should be appointed, especially in view of action at State Convention.

I sent Prudt and Sec. Bryan (personal interviews) my plans & those adopted by Convention. Bryan said he did not see how any member of the Admstr. could help in Campaign.

In a long letter I declined to permit Mr. Curt PM. to visit to old practice of entry at Vancouver, under wh. entry often not made unless cars had left.

Then Am. met Asst Sec. Osborne, St. Dept. and told him of plan. Convention. He asked why Williams did not stop it. I said I thought he was not there. I told him Williams wanted an Ambassadorship. He seemed surprised but favorably so. St. W. had come to him to get an interview w. Bryan. I told him I thought it would be good politics to give W. some object as it would tend to bring our diversified interests in line; that W. had attacked me bitterly as he had the Prudt & Bryan but I did not care & wd. forget the past & about to promote harmony.

at above luncheon Trumulty spoke w. enthusiasm

of Dem. name on Ev. in N.J. - Fielder, I think. Said he had written urging Adams to keep out of the fight & that he, Tammaly, had given him a piece of his mind.

Wed. about 10 P.M. returning to Hotel, found note to call on Boston operator, did so and Judge Kelly answered. He asked wh. Carroll was appointed Dist Atty; I told him I did not know, but would ask Atty Gen.

I then questioned him as to Dem. platform at County Saturday. He said my proposed platform was not received until Sat. Am but he admitted that they were then in his possession. He said the proposed sheepie endorsement of Prudt Wilson was before the Com. & vigorously objected to because of the proposed appointment of Bellings. He said, however, that the platform did sheepie endorse Prudt Wilson. I said I had all the Sunday papers & not as mentioned the Prudt name in the platform; he said the papers must have printed the original draft of the platform; I asked him to send me a paper evidencing an endorsement of the Prudt in the platform; he said he would do so.

He also showed of Andrew Peter having something to do w. platform as finally adopted, also Quincy. Peter was a member of Resolute Can.

at laying of corner stone of Boston City Club. In evening there was a dinner at Hotel Somerset and 1150 attended, all the dining rooms being used. by Prudt Tabb, Geo. Smith & I were the shears.

after dinner Mr. Bacon of News Bureau asked me

to say to Sec. Meddow that Mr. Easton President of the Nat. Shawmut Bank had come out against the currency Bill and he suggested that Sec. M. send for Easton to discuss terms of a compromise; he said he would be glad to come in with him.

I told this to Sec. M. who was very angry w. Easton & intimated that the million dollars of Phil. bonds which he had intended getting the Sec of War to transfer from Mr. N. P. Halliwell Bank in Boston to the Shawmut Bank might never be transferred.

Oct 13

Have had some trouble with book publishers as to fixing most value of imported books; they insist that the export price to them be taken as market value - this would be absol. contrary to law altho it was done in 1877 under Sec. Sherman. The last Admin fixed up a kind of compromise letting the price act. paid but w. a proviso that it shld not be more than a certain % below the foreign list price. This also was absolutely illegal. In addition the last Admin held that authors royalties were not part of list value, - an absolute violation of a decree of the Bd of G.

Under existing practice the Bn publishers import br. books unbound - the duty being the same as in bound books - and bind them in this country. They contend there is no book most value abroad for sheets unbound and

that the home price should be taken working backwards to get for. most value. Royalty however is paid on these sheets except that it is paid after importation. If we took prices in this country - there are none but unbound books. The importers want us to take the price they pay for the sheets without royalty, altho royalty is as much a part of the cost as type setting or printing.

I wrote McEva that price paid is not for. most value and that we could not accept it as such. I explained fully that in almost all imports there is a special export price wh. can not be taken as most value. If it were taken the large importing publisher could get books or sheets at less rate than the small publisher & the rate of duty would vary.

This afternoon Sec. H. sent me a letter from the President enclosing a letter from McEva, & the Pres. sd he regarded the duty on books as a sinless one & hoped something shd be done to mitigate the severity of the law.

In the letter of McEva he said - "Sec. Hamlin regards only the law & the law is forbidly" or words to that effect.

Oct 15.

Wed.

Geo. Fred Williams called at office; I saw him at once; he seemed very pleasant and acted as if there had never been anything between us. I told him that altho I felt he had been unjust to me I felt no resentment and that I wanted to see the Party united. He said that his opinion had changed about Wilson as well as about myself and that in a political fight much was said in heat of discussion; that if I had come to him we could have worked out a programme of action wh. both could have agreed on with unanimity & enthusiasm, that he hoped old scores would be treated & forgotten, that if there was anything in the world he could do for me in the future I could call on him & he would respond. He said he originally thought Wilson was an ultra conservative & could see no good in him but now he was lost in admiration of him as a great leader; that he fully realized that the most valuable men were those who changed easily opinions in light of experience, that he was one who had so changed & he was free to admit I was another. I told him I wanted to go to him before my campaign but my advisers were strongly against it; he said that if I had we would have reached a perfect understanding and that I would have had his loyal support. I told him of Curleys letter w. me & said I told Curley I should have no objection to his appointment as a diplomatic officer, that in the country I thought it could be good politics; that I had so stated to Don See Osborne and I

had advised the Atty Gen. to return him in an  
important case.

We were together over half an hour and at his  
request I took him in to see Sec. McAdoo. He came  
back and talked some minutes more; he said  
Sec. Bryan had intimated a desire to have him  
accept some position & he was to see him this  
am.; that he was to lunch w. Smeaser class; that  
he had a Bill on Patent Monopolies he hoped to see  
enacted. He also praised Sec. McAdoo highly.

He finally left saying that he hoped we should  
be good friends again & forget the best wishes  
I willingly reciprocated.

He was very bitter against Gov. Fox and said his  
actions - even when good - were based on no principle  
or morality.

22  
Wednesday Tuesday.

Mr. Brigham of B. House, called. He said the despatch  
in Hansard of the 11th day that McAdoo was to see  
few Senate and useful & I was to be admitted in his  
place was not sent by him but by another  
man who said he got information through Root  
to expect that the rumor came from Albany  
and started from Col. Rice and the Pruyn family.

I told him Rice had been abroad for some  
months & only knew of my appointment by cable;  
that the Pruyn family were all dead except Robt  
Pruyn of Albany; that no friend of mine would do me  
the injury to spread such a base rumor. I told him  
I should at once speak to the Secy about it. He said  
not to do that but I assented.

I then told him Sec. Newton all about it; he said he

had turned the original version to Kelley of the Post. Amer. who bravely admitted it was a hot weather yarn & then went to the Secy & told him all about it & said I should run them down & find what truth there was in it tho I believed it was absolutely false. He was very nice & begged me to let it drop; he said he fully understood that there was a concerted plan to discredit him in every way possible, he believed was engineered by business interests & that similar efforts were being made to bring about an estrangement between himself and Asst Sec. William. I shall never forget how kind and broad he is; he shows a big mind on a high level. I told him my only ambition was to finish my 4 years & then be elected Gov of Mass, & also to write a History of our own times modelled after McLintock's English history.

She. Rep. of Oct 21 said G. J. Williams was to be appointed Minister to Mexico but that I was opposed to him. I at once telegraphed Williams that this report was absolutely & unqualifiably false & recd back a telegram from him that he knew that I had said kind things about him. I also wrote him to same effect.

Bingham of Transcript also called and I asked him to say as above & in the evening I called Mr. Asst. Pres office & dictated an interview stating same.

Oct 23 Thursday.

Spent an afternoon w. Sec. Meadows & Mr. Ellet, saw  
adviser of Compt. of Currency going over latest  
draft of Gen. Lic. & making changes there.

I objected to new clause auth. Fed. res. Pass to  
large amt Nat. Bk. Notes but Meadows wanted them in.

Nov 10 Monday.

Mr. Arnold, Spec. Asst Atty Gen. to examine into the  
Wannamaker settlement who has been studying the  
situation in connection with the Grand jury, called  
at house 6.45 P.M. and gave me a copy of his  
report. He said the Atty Gen. asked him to ask  
me to read it before he read it & he wished  
me to talk it over with him. The report  
advised a new civil suit to cover addit. duties  
lost to Govt but made no recommendations  
as to an indictment.

This P.M. wrote letter to Sec. Meadows outlining my  
speech before Canadian Club during to which  
he asked me to go to represent him. I took  
pounce on any further reciprocity w. Canada  
at present & went into whole history carefully.  
I asked the Sec. to send this to the Presdt  
to see if he approved. I said Mr. Foster  
acting Prime Minister of Canada was to speak  
and I felt sure he would talk of Reciprocity  
& I wanted specific instructions. The Secy  
wrote Presdt a letter enclosing mine.

Nov 11 Tuesday.

The Presdt telephoned over that he thought it

would be better not to mention Richman's  
so I changed my speech at last minute  
& sd nothing about it.

at the dinner (N.Y. Plaza Hotel) Mr Foster  
went into the question just as I feared  
he would. (See Scrap Bk) but I followed  
my instructions & said nothing.

Nov 12 Wednesday.

Left N.Y. 8.08 Am. Went over Warrman's  
wharf carefully. Arrived Wash. 2.35 PM  
and found message from Atty Gen to come  
over & see him. Telephoned & made appointment  
for 4 P.M. Found Charles Choate & the  
Warrman of United Shoe Mach. Co. there.  
We had long talks later as to Warrman's  
suit. I told Atty Gen that I was satisfied  
there was a carefully prepared scheme  
of fraud, that the Govt was defrauded,  
that the game was corrupt, that the  
Warrman's had protested by the fraud,  
and that in my opinion they must  
have known of the fraud; that a new  
civil suit should be brought for addit.  
damages found due by the wharf;  
that as to an indictment there was  
probably enough evidence to successfully  
meet a State to dismiss; that as to  
whether we could prove beyond a  
reasonable doubt that John W. & his  
sons knowingly conspired to defraud  
the Govt was another question which I

must carefully consider before reaching a definite conclusion.

The Atty Gen. said he had had a talk with Mr. Arnold & would read his report carefully; that he feared it would be impossible to convict on an indictment because of the fact that the fraud could not amount to more than a fraction of 1% of the duties annually pd by W. to the Govt ( $\frac{1}{2}$  of 1% as stated in Arnold report) and that there was no specific evidence referred to in the report showing W's guilty knowledge or participation in the conspiracy; that W. would probably take the stand and swear that he knew absolutely nothing of the fraud or that goods for his personal use were being brought in free in sample packages; that he could show his large dealings with the Cust. house & could aver that it was all taken care of by his Agent without his knowledge and that a jury would probably find him not guilty unless the proof was most convincing. He finally asked me to take it over with him again after he had read the report.

W 15 Sat.

Sec. M. asked me to prepare a memorandum criticizing the new confidential draft of financial bill making the reserve notes legal tender and providing for redemption of Nat. Bn notes by issuing legal tender Treas. gold notes.

W 16 Sunday. Prepared mem. & sent it to Sec. who later

called me in telephone and asked me to come to his house in evening for a conference at his house at 8.30. Went there & found Sen. Owen, Hullin, Pomeroy and Shafroth. The Sec. strongly opposed the legal tender plan also the clause allowing member banks to hold reserve notes in their reserves. Sen. Owen said he had just left the President who said that while he was not prepared to combat the legal tender idea he thought at this time for technical reasons it was inopportune; that when the bill was enacted this could be considered as a second step. Sen. Owen said he would be guided by the wishes of the President as deal all, except possibly Sen. Pomeroy; he said also the President said he would not object to allowing Trust Cos & State Bks to continue to hold Nat Bk notes in their reserves.

Mr. McAdoo asked me what I thought of the legal tender idea & I said that if you accepted the idea as to greenbacks it would logically follow you should accept it as to all other similar notes, such as proposed new gold notes to redeem Treasury Nat Bk notes, silver certs, gold certs etc; that I feared making the Fed reserve notes legal tender would prevent the speedy redemption the new act sought to secure - see my letter to Sec. -; that I thought the Nat Bk notes, at times were redundant & that the new gold notes could be as good as the Nat Bk notes and no contracts would be possible. Sen. Owen denied

any redundancy in Nat. BK notes - this was in answer to my statement that as his plan in the draft called for 100% in gold behind each gold note it would be better to use the gold to cancel the Nat BK notes outright; finally I said that if the Rebels bought the legal tender idea the mere publication of the proposal might precipitate a pan. panic, no matter how logical the plan was & that if I were a speculator I would sell everything before such announcement. This seemed to influence all their advice. Sen. Clower & it was agreed he should sound the Republicans on the Com. C.

Sen. Shaproth said in the West it was very difficult to get legal tender c.g. to offer to redeem on option & he improved and with the use of making silver certificates & gold certificates at least legal tender. Finally he suggested having the Fed. Res. Notes redeemable by the Treasury in gold or lawful money but by the Treasury in gold. I asked him if he would agree to have the act changed so that the Bns must redeem the Treasury in gold if the Treasury pays gold in redeeming these notes. He said yes, & Sec. Meador and I said we would not object to this change on above understanding.

Monday

Mr. Arnold, Sec. Asst to Atty Gen. in Warramasseer case called by appointment and went over the criminal phases of the suit. He has no doubt of the personal guilt of the Warramasseers but realizes that it will be very difficult and

Nw 17.

perhaps impossible to convict them, altho he is sure the evidence is such that a motion to dismiss after the Govt evidence is in, could not be sustained. He has not yet reached a conclusion as to whether to advise a criminal prosecution or not.

He told me he wished to say something to me in absolute confidence; I said I did not wish to hear anything I could not freely tell the Atty Gen. He agreed to this and then said that Mr. Lewis, U.S. Council Safety had said to him that he could not hope to secure any preferment from this Admin., that Mr. Lewis could have secured a Civil office for him, that John Warramasser had said to him that a bill toward Louis Arnold would be of great use to him in his business and that he wd be glad to give him a large return. Arnold said he hated to have to tell me this as he believed Lewis was an absolutely honest man.

Either Saturday or Friday a Mr. Alexander of Trenton N. J., I think a newspaper man, called on me & talked much about the Warramasser case; he said he disliked him and had room for it but he knew, with all his faults, he was not the kind of man to deprive the Govt of duties. He also said he had great power thro the press and would make a terrible fight if attacked. I am satisfied he was sent to try to intimidate me.

Nov 18  
Tuesday.

Arnold and I were with the Atty Gen. from 2.30 to 5 on Wynnman's case. We went over the financial books with great care. The Atty Gen asked many questions and had evidently read the report carefully. He said it appeared evident that a scheme for defrauding the Govt had been devised and successfully put through and that it was clear the Examiners had been corruptly passing dutiable goods as free or at reduced values; that before deciding whether the grand jury should be asked to indict the W's he wanted to be sure that the evidence secured in which could be secured would be sufficient to convict; he seemed absolutely fair and impartial and to desire simply to get at the truth of the matter; he said it was a heavy responsibility and that he wished to have no action not warranted by the evidence; he seemed to have some doubt as to whether conviction could be had - requiring proof beyond a reasonable doubt - considering that there was absolutely no evidence directly implicating any of the W's and he felt that the most careful study of the report should be made before definitely deciding as to what course to pursue. Arnold said if indictment was brought it should contain conspiracy counts as well as direct charges of importing by false invoices etc under Sec 9 Admin. Act and other statutes; as to the conspiracy counts he did not much rely on except by way of admission of evidence; that it was really important to get at the houses of foreign houses who sold the

personal goods to the U.S. and that their deposition  
 should be taken. The Atty Gen. reminded him  
 that in a criminal case such depositions should  
 could not be taken but witnesses would have to  
 be brought from Europe and that it might  
 be very difficult to secure such witnesses as  
 foreign firms would not willingly testify in  
 such a good evidence as the U.S. Arnold said  
 he thought one Govt could persuade the French  
 Govt to induce these firms to testify and that  
 the French Govt under French law examined books  
 of French firms regularly. Arnold did not know  
 whether the French Govt had power to order any  
 French firm to produce their books. A. also  
 said if he could not know by the firms  
 accounts just what they sold the U.S. and the  
 press etc the indictment would probably  
 fail; he said he would consider this very  
 night & report in the morning. Arnold also  
 said he had made no definite recommendations  
 in his report but merely stated facts, law etc  
 as he wished to keep his mind open until  
 the whole matter could be gone over with  
 the Atty Gen.; that altho' he felt certain the  
 facts would surely carry the Govt by a  
 motion to dismiss yet he had not reached  
 the conclusion that the Govt was even reasonably  
 certain to be able to secure a conviction by  
 proof beyond a reasonable doubt; that in  
 this matter he still kept an open mind  
 without reaching any conclusion. We finally  
 adjourned at about 5.30 P.M.

I remained after him a few minutes and the attorney asked me how I looked on it. I told him that I had just over the report and made some notes; that it was one of the ablest reports I had ever read, but that to really master it would require many days - perhaps a weeks careful study, which, in view of pressing Treasury work, I did not possibly give to it; that I was satisfied of the corruption of the Governor or at least of his such utter neglect of his duties as to raise almost irresistibly a strong belief in his corruption; that there was clear evidence of a carefully planned scheme to get these goods in without paying duties; that it was almost impossible to believe that the Commissioners did not have knowledge of it, but that it was conceivable tho' not probable that they may not have had such knowledge; that there was however no direct evidence to prove such knowledge or any overt act and that a conviction if secured could be based on the fact of the long continuance of the practice rather than on any overt case under it; that I had no special knowledge of criminal law; that if to bring an indictment or ask the jury for one it would be necessary to believe that the evidence was strong enough to prove beyond a reasonable doubt the guilt, I at that time, based on the me. short time allowed for examination of the report, but I could not say that we could feel even reasonably certain of his duty to prove the matter; but that if the only inquiry were

whether the evidence at hand raised a strong suspicion of guilty knowledge or practices, my opinion when reached by further study of the report, might be different; that in my present study I certainly did not advise him not to turn the matter over and I advised him to go ahead. I then said that if I were Atty Gen I should feel disposed to ask some able lawyer, well versed in criminal law and also customs law, to read the report carefully and give his opinion as to what it showed.

Nov 19-

Wed. 2 P.M.

With Atty Gen again, who again discussed with Arnold the possibility of getting at the bank books. Finally the Atty Gen. said he would like to have some able member of the bar go over the report and out with a knowledge of customs & criminal law and get his opinion; he said he wanted some man of such standing & ability as would command respect to all our men; he asked me if I knew of any such man & I said the best man I could think of was Wallace Appleton of N.Y. He asked Arnold if he would object to such a course & he said it would be most agreeable to him as he had been so wrapped up in the details of the case that it would be helpful to have some bright man read over his report.

The Atty Gen then asked me if I would

ask Mac Farlane to come down & see him and I said I would.

Going over the case again Arnold said that in spite of his feeling us to the guilt of the W.S. yet he felt bound to say that on the question of being able to prove it beyond a reasonable doubt the chances were 4 to 1 against success.

The wing hawks say that the Dem. members of the Sen. Finance Com. adopted Sen. Shober's suggestion, approved by me, of making the Fed Reserve notes redeemable by the Res. Bank in gold or lawful money, but by the Treasury in gold only as demanded.

Nov 20

Thursday, went over Warran's case w. See the other; he asked me as to salient features of the report and he felt that an indictment should be brought; he said it would be ridiculous to indict the witness and to let the man live on so long; that the mere fact that we might not be able to prove the case beyond a reasonable doubt was no reason for not prosecuting as there was enough evidence to raise a very strong suspicion, was a moral conviction of guilt; that the fact that the evidence was purely circumstantial was no reason for hesitate as this was usually the case even in murder trials.

I advised him to see the Atty Gen at once & he said he would; I also advised him not to send for MacFarlane until he had seen the Atty Gen.

Nov 20

The Inv. appn at NY - McClelland - has ruled that where books are imported in sheets unbound or sold bound in U.S. and the royalty is payable in the U.S. on each bound book when & only if sold, the Royalty is not a part of the br. net value of the imported sheets. The decn was dated Nov 16 so we have 10 days in which to appeal. I told Sec Madden about it & urged him to call it to the President's attention so that he could direct us whether to appeal to Bd of 3 id. He said he would do this & noted the fact that the appeal must be claimed on Nov 22 as last day. We went over it fully and I said ordinarily in a question of this importance I should take an appeal but that the decn set at rest a long continued controversy & if the Pres did not want an appeal taken, I felt we could safely acquiesce.

Nov 18 Monday.

4 ant Sec. Curtis called & asked me to let in Mrs Van Allen Thambrows objects case as he understood my decn. to say duty was only a temporary ruling; he also had sent a brief attacking them of et of Curt. Appeals on the Buckle case, somewhat similar. I told him I should not change my decn & he asked if he could go to the Secy & ask him to overrule me. I said I had absolutely no objection.

to such action on his part and he went in and talked with him. The Sec. said he would leave into the matter personally.

Nov 21 Friday.

Had talk w. Sec. Macadoo on to Warrumaker case; he said he had talked the matter over with the President and that the Pres't felt that if the evidence secured made out a strong prima facie case the indictment should be pressed, and he asked me to say this to the Atty Gen tomorrow at the conference, 2 P.M., and he added that on the facts shown, if Atty Gen. should decide not to push the matter it would give rise to a worse scandal than the Cameron case.

Nov 20 Thursday evening.

Invited w. Mr & Mrs Henry White; Present, Lady Shing Real, Judge & Mrs G. W. Holmes, Judge & Mrs Pitney, Sir Admiral O'Neil, As. Sec. & Mrs Franklin Roosevelt, Mrs Plano, C. H. & H. P. H.

Nov 22 Sat.

3 P.M. Conference bet. Atty Gen. Mr. Arnold & myself at Atty Gen's office. Mr. Weir, Atty & John Warrumaker attended. Atty Gen. told them he would be glad to receive any explanation they could give of the passing free of duty of chest. made at Phila. were shown for a few minutes - said there was no bond & no endorsement - that the Gov't had notice in each case. advised that there were packages marked samples whose value was not returned; that the Gov't examiners passed these packages on free bring of no commercial value; that the Gov't was thus responsible for failure to receive duties lawfully due; in reply to Atty Gen. he said it was hard to believe that Gov't was not coerced;

that this theory, however, was largely negated by  
 fact that in many cases the exam<sup>n</sup> notes in  
 invoice showed the presence of duty goods in  
 the package & yet he passed them free; that this  
 was incomprehensible; he later however said  
 that it looked certainly like corruption; he did  
 give no explanation. Then John W. Chase and  
 denied that there was any knowledge in his  
 part that any duty goods were ever admitted  
 free; sd he never had ever seen the exam<sup>n</sup>  
 Briefly; that he assumed his employees charged  
 w. duty of passing goods through the custom  
 house and paid all duties due; that he never  
 had anything to do w. paying duties or accounting  
 for goods received. Then Arnold pointed out to  
 him that the previous settlement was based on  
 the order slips & that he or his firm had  
 concealed fact that large amts of goods had  
 been brought in free charged to personal acct  
 of himself, Rodman W. & T. W. He positively denied  
 these were for himself; Arnold cited specific  
 instances e.g. boxes of engraving & Rembrandt  
 pictures; he denied ever having ordered any  
 such boxes; A. said they were received by  
 by his Secy in his own office; he denied this  
 & said he had inspected nothing but his own  
 mail; that these must have been for the firm;  
 he pointed out that in his case the packages  
 were only about 1 each month & sd he did  
 not & did not know anything about them.  
 We thought he would be very much surprised  
 at this discovery of personal packages but

he evidently knew all about them as did also  
 Louis; he said also that if indicted it would  
 probably ruin his credit & force him into bank-  
 -ruptcy & would cause suffering to the 14,000  
 people employed by him; he said he was not a  
 rich man. A. then said something about his  
 property amounting to 15 millions & he said he had  
 taken out a mortgage for 10 millions. He absolutely  
 denied that the items in the sample case would  
 know were for his personal acct.

Then Rodman W. came into room; he told him  
 the Paris business was conducted; said that  
 orders were issued to put no packages into  
 the red case to avoid any possibility of  
 fraud; said that all packages were put in  
 cases by Hamilton, who is now insane; that J.  
 had whole charge of this matter; that he  
 had never paid personally for any of his  
 purchases; that they were paid by Paris office;  
 that they were charged to his account and  
 later these charges were paid by him; that he  
 knew nothing as to wh. his goods would duty  
 & did not know; that he made no entries  
 but assumed that all duties were paid etc.

He admitted that there was deplorable looseness  
 in methods of accounting but he knew nothing  
 of it until later by Louis.

West said the same system was in force  
 today, showing there was no fraudulent intent.  
 Arnold denied this.

Finally it was suggested that they give no

detailed information as to the value of the notes charged to personal account & they said they would.

J.W. said he had heard that exam & report had been overruled by his political influence but that he had never directly or indirectly interfered w. any abstracts; that Sen. Quay & Co. were better enemies.

They were pressed again & again but could give no explanation of the brands save as above.

After they had gone - about 6.45 P.M. - the atty Gen. said he did not see how an indictment could possibly be sustained, at least as against J.W. I asked if the facts did not show at least a prima facie case of fraud and the atty Gen. sd he thought not; Arnold departed decidedly as to this, and I said, without having formed a definite opinion, it seemed to me taking all the facts, including the presents to Hartshorn, Apper, & the Insurance policy, a prima facie case might be said to have been made out, that certainly I could not now say it had not been made out.

I said I could not resist the conclusion that this must have been known to the Gen or at least to R.W.; that the case against J.W. was certainly much weaker than against R.W. that it was at least conceivable that the Gen may have carried out the scheme w. out the knowledge of the father, altho I admitted this was hardly likely.

Arnold did not agree to this either Atty Gen. did.  
 I also explained upon that Bessy must have  
 been buried with money; Arnold did not agree  
 to this but thought B. might have been directed  
 by the Abbess Hartrambt to do as he did and he  
 added that he believed Hartrambt's successor  
 present was crossed but this could not be  
 proved.

The Atty Gen. then asked as to the St. of Lumbes  
 & Arnold said he was satisfied that we had  
 at 2 months yet before the Conscience charge  
 would be outlawed, and the Atty Gen. asked  
 him to let him know definitely as to this.

There was much talk about the fact that  
 W. produced his books very reluctantly  
 & this was vehemently denied by Lewis & J.W.  
 and asserted by Arnold. The destruction of  
 letters was also talked about and other  
 records and to my mind no very satisfactory  
 explanation was given, especially as to Paris letters:  
 they all denied that it was against the  
 French code to destroy all letters after a year.

Finally J.W. said all houses were at Atty Gen  
 disposal & I understood him to say that  
 he would produce all accounts of French  
 firms who sold their alleged personal goods  
 to the W's in Paris.

J.W. absolutely denied that his private officers  
 had received or any of these firms' goods.

During the talk as to production of lists of  
 French firms, Lewis asked in reply to question of  
 Arnold wh. he would agree to abstract of a Com<sup>n</sup> to

last testimony abroad, - do you want this on the indictment or on some further point of duties? I do not remember Arnold's reply to this. We were also sure if any further duties were found due they would be paid - even if it amounted to \$200,000 more. This was the best suggestion made as to further pay to.

Now said frankly that the fact that some 740 odd parcels were mailed charged to his personal acct were handed free all the entering duty, were looked over, and that evidently they had been sent in a false invoice by Thullier and by the Com<sup>rs</sup>, but that he was absol. innocent of any intent to defraud or any knowledge of fraud; he said his pers. expenses amount to over \$200,000 per year and that he kept no accounts, every thing being settled for him by the Paris and U.S. offices.

Arnold walked home with me and I asked him to prepare a short current statement as to the proof to show a prima facie case. He said he would do this.

Nov 22

Evening. Dined w. Adm. Sutherland: Present, Sen. & Mrs. Weeks, Mrs. Spencer, Capt. of Anstons, Mrs. Mary Smith, Mr & Mrs Brown et al.

Sat.

Signed letter to Collr of Cust. Ct. ordering him to collect duty due on Cust. Ct. & G. Trans. RRs for repairs made in Canada to engines etc used wholly in domestic trade in U.S. Ruled also that engines & cars engaged in international trade were not dutiable & did not be repaired in Canada w. out being subject to duties.

Last week I ordered practice resumed of putting an inspector on every train of Et Nov. RR running between Winnipeg & Noyes, at urgent request of Sen. McLumber who said ex-amb at Noyes made great delay at border & C.P.R. was advertising that their trains were running thru in time. Some time ago we discontinued putting inspectors on trains: all the RRs objected but finally all but the Et Nov. agreed to the discontinuance as no great delays were shown in practice after inspectors were taken off. The Et Nov. has much more trans. traffic than the other RRs & its delay = greater.

The Cust. Dir prepared a letter just after the discontinuance, wh. I signed, to Sen. McLumber & Hunt, saying if dissent showed delays the practice would be resumed. Sen. McLumber came to see me several times & I assured him the promise in the letter - wh. I did not originate would be kept. I felt that as long as inspections were in Canada trains in East the same facilities should be accorded trains, and other Amer. trains in competition w. Canada trains in N. West. The Et Nov. however was told that this was a

temporary order, pending full investigation of the question all along border. I would have to see all inspectors taken off, if possible, but if not all AMs should be given equal facilities.

Nov 23 A day or two ago the clubs were directed to certify to Sec. Treas. those clerks etc who were below a fair standard of efficiency and stability of the Customs Division certified the names of Johnson & Blake. I looked it over with him & he said he felt it was his duty to do this as Blake could not do a real days work & much of his work had to be done over again. I sent for Blake to look it over with him but he had just and as the Secy said he must leave the report that evening I checked it.

The next morning Blake came down, his son in law Troobley, the papers announced had just committed suicide in Canada & I explained the matter to him telling him the reason for sending the report to Congress was to secure some pension or retiring legislation. I told him not to worry as I was his friend & he seemed much relieved.

Nov 25 Tuesday.

Mr Cowsey, Sec. Macadams secretary told me today that the Chief Clerk took up the matter w. the Secretary & he decided not to report Blake & Rose of the Appmt Div, as the latter was of great value to Secy as to old practices, forms etc. I told Cowsey Blake

Nov 23. Sunday.  
Lunched at country club w. Sen. Beckman.  
Present the Hon. W. Sherman, Minn. &  
wife, Sen. The origin etc etc.

had also been of great help to me. I had nothing to do with this but was delighted with the act of the Secy.

Last week Claude Bennett ~~wrote~~ telegraphed me to try to secure his appointment as counsel of the C.R.R. in place of Twomey; this morning I wrote him that as the C.R.R. had business at times w. the Dept I could not directly or indirectly recommend any one for such appoint, and I send the same to Miss Graves, Bennett's Secy who called on me this am.

Nov 24

Monday

Lunched w. Atty Gen who asked me about Charles Warren as a possible Asst Atty Gen. I praised him in highest terms and asked him to write Mr. Story and Mr. Olney who wd confirm what I said and would tell of his high standing at the Bar better than I could.

The Atty Gen. also talked over the Warramason case & expressed the view that there was not enough evidence to indict him but said he had not formed yet a positive opinion. I urged him to appoint Arnold of N.Y. as Asst Atty Gen in charge of Customs Conf. Bd Ed. He said Sec Macadoo was strongly and really offensively urging him to appoint Giboney but that he knew he was not fit for the place & positively wd not appoint him. I have the same opinion of him, but wd

Nov 26. Wed. L. S. Brandler  
Lunched with her.

of loyalty to Macados, of course, said nothing.  
Sat.

Nw 29

Some days ago I ordered cust. div to refuse to land Can. Nov. RR but carrying dut. baggage from Montreal to places in U.S. and also ordered the bond allowed Quebec Cust. RR to be cancelled.

Claude Bennett called this am and wanted me to recommend him to the CPR and BOM. as counsel. I told him I must absolutely decline to recommend him or anyone else as these RR's at times had business at the Dept. He was very persistent & I had to deal with him almost shrilly. I told him it wd be as improper as for a judge to recommend counsel, and that under no circumstances would I do so.

Nw 30.

Sunday.

Rode to Balto & thence to Beovlandwell and lunched with Charlie McNamee.

Dr & Mrs Randolph were supper with us.

Ill 1

Monday.

Whately, Estabrook & I had meeting at which a Mr. and his Atty Mr. were present & set forth a plan they had discovered for defrauding the customs revenue by the Brewer in N.Y. The fraud consisted in slushy rick'd beer w. certain bbls containing less than regular quantity; these bbls were chosen by examiner by grapes in collusion w. inspectors by putting a label very near the bung hole so the grapes could know just what bbls to mark for examining & then the whole

importation was assured on duty in terms of the short bills. They showed us checks given to grangers as regular pay for the bond.

Wheatley advised laying matter before Just Atty who could ask for Court order to produce the books of the Customs suspected and then the books could be taken by the Sh. Agents. They said they had seen also a set of public or private invoices showing that the Cus. invoices were false as to quantity shipped.

I had a talk w. the Secy and he wanted Wheatley to go ahead and W. went to N. Y. best handling on the roll as a customs mch..

They said the total bonds - assuming the other two importers were also in collusion & they stated amount as to some of them - would amount to nearly a million dollars per year of duties withheld, not counting penalties being.

Give dinner; present: See Macadoo, Atty J. McKeighan; Lord Campbell, of British Legation, Cong. Peter, and Sec. Roosevelt, Mr. Willert of London Times; also Miss Abigail Weston, Miss Myles, Mrs Dexter of Boston, Mrs Peter, Mrs Roosevelt & Mrs Willert.

Tuesday.

8:45 Am. Howard Elliott of N. Y. N. H. & H. RR called me on telephone; sd he was to see Atty Gen this PM and wanted to see me and asked if I could see him for a minute. I told me to come up to my house. He came up and said he wanted to talk over the N. E. RR situation. He showed me a letter from President Hadley of Yale to President Wilson

assuring him ~~to~~ to give more time to the RR directors  
 to work out the RR problems before bringing  
 suit; he said the Atty Gen wished to have the  
 following RR lease annulled, among other things:  
 he said this would require action from Mass. legisla-  
 ture and that R. I. & Conn. did not want the  
 system split up. He made no request of me  
 to do any thing but I gathered that he might  
 intend to ask me to speak to the Atty Gen about  
 the matter, so I anticipated any thing he might  
 have said by saying that this was a matter  
 he must work out personally with the Atty Gen;  
 that I had a very high opinion of his high  
 character & honor & his scrupulous regard  
 for every interest. He said he thought he  
 might speak to Sec Houston; I told him I  
 thought that would be injurious rather than  
 helpful. He said he had talked w. Sec Lane.

He said a suit now might see a reversal  
 on the whole system & entail great loss on  
 innocent investors. I told him there was  
 certainly a feeling here that the directors  
 were not going forward with broken  
 shield in doing voluntarily what would be  
 done by a suit and that very likely the  
 Atty Gen. felt this. I said the only advice I  
 could give him would be to go frankly to  
 Mr. Brewster & ask his advice and cooperate  
 in working out the problem & that altho I  
 never had spoken to him on the subject I  
 felt sure that if approached in good faith  
 he would meet him half way & talk him  
 in any better way.

at 5 P.M. soon drive w. Atty Gen. & told him of  
 Elliott's call & what I said to him; he seemed  
 to agree as to my suggestion as to Beaudette.  
 He had asked me to drive to talk over a bit of an  
 act Atty Gen in charge of custom cases before Bd  
 of N.Y. I spoke to Sec. M. and he told me  
 the Atty Gen had been very sharp and almost  
 discourteous with him in turning down his recom-  
 mendation of Mr. Gibbons for the position; that he  
 wished I would tell him that the Sec. M. if the  
 Treasury was to be consulted would prefer to be  
 consulted directly by the Atty Gen as the act  
 was a N.Y. one & very important. During the  
 drive the Atty Gen said Sec. M. had treated  
 Gibbons in an almost offensive way; that he had  
 looked him up & found that he was a hard  
 drinker, and a restless loud mouth man; that  
 he talked loudly even in lumber shops of his  
 practice & that he had traded on his friendship  
 with Sec. M. in his law business; he had heard  
 of Gibbons' row with Tra. Examiner Mitchell  
 and said that he never would appoint him. Sec.  
 M. told me that the Presd. he wanted G. to  
 have the appointment & that the Presd. had so  
 written the Atty Gen. I told the Atty G. that  
 Sec. M. took a personal interest in this  
 appointment & that he should consult w.  
 him. The Atty Gen. had previously told me he  
 did not appoint Arnold (in charge of the  
 Womanauer case) as he thought his judgment  
 was not very good & he preferred a Democrat.

Dec 2

Tuesday.

In evening dined w. Mr & Mrs Henry George; present Mr Graham Cuy. from Illinois, Mr Siddons Com. & District. Mr Cohen, Mrs George et al.

Dec 3

Wednesday.

Evening. Dined w. Mrs Bayard; Present, Adam Stanton, Dr & Mrs Randolph, Mr & Mrs Matthews, Mr & Mrs Truckee, Prof. Swisher, Com. of Patents & Mrs Ewing, Mrs Barrett Wendell, Mrs Beidle, Adam O'Neill etc.

Dec 4.

Thursday.

Dined w. Mr. & Mrs Tom. Walker.

Dec 5.

Friday. Attended Musical at White House.

Dec 6.

Saturday

Dined w. Com. of Patents & Mrs Ewing to meet Sec. Lane & wife. Present: Mr & Mrs Mills; Adam & Mrs Davenport; Mr & Mrs Butler. (Rep. Sub. Ct.), Sec & Mrs Lane.

signed letter denying application of Can. Nav. RR to be bonded for carrying baggage from Montreal to points in U.S. as no authority in law to accept such a bond.

also discontinued bond heretofore granted to Quebec Cent. RR in unpublished decision for same reason.

N.Y. Tribune would charge that Asst Sec Williams unprovenly helped Almsy secure U.S. Trust Company & that his brother was a director of Almsy Co.

Macadoo denies this (see Se. Bk). Told me last night walking home that ailer of Repp Natl Bk was at bottom of this; that ailer rec'd

4 years per year on Nat. City Bk N.Y. to represent them, in addition to his regular salary; that the Pepp Bank had made loans to Mrs. employees O.K. d by Ailes; that he had had a stormy interview with Glover & Ailes & had intimated to them that if any more attacks emanated from them he might withdraw the Govt deposits from the Bank.

Telephoned Brandeis at Hotel Sweden to see Atty Gen. as to Charles Warren.

Dec 7 Sunday

Atk. Ten Eyes of Albany & Mrs Ten Eyes took supper with us.

Dec 8 Monday.

Ant See Williams & wife dined w. us and took us to theater.

Dec 9

Tuesday

Arnold called & gave me mem. to show John Warraman knew his pers. goods were being rented w/out services in violation of law. He had appointment w. Atty Gen at 2 P.M. I said I shld not attend unless he asked me, but I did not hear from him. He said he had no doubt but that J.W. knew of the illegal practice.

Dec.

Dined with Mrs Squire. Present: Mr Nibler, Mr & Mrs Zabb Mr & Mrs Harlan etc.

Dec 11

Thursday

Dined w. Mrs Bralk. Present: Mr & Mrs Roosevelt, Mr Elliot, Mrs Meyer, Mr Willett & Mr Chandler.

Dec 13

Sat.

Went to N.Y. as guest of W.B. Howell at dinner of Bob Ed. at Sherry's. Returned on midnight train.

Mrs. Dr. Randolph gave a tea for Bertie; Mrs. Bayard, Mrs. Ruffe also present; among the guests was Lady Sherry, First wife of Brit. Ambassador.

Dec 14

Sunday.

Mr. & Mrs. Cletty of Belgium & Mr. Fumadon dined w. us.

Dec 15

Monday.

Ordered an inspector to go from Wrentham to Noyes on extra night train on Nov. Pae. RR. Found that alternate tracks would be turned to C.P.R. Did this at request of Sen. McClure.

Also ordered the same regulations for inspection at Lowellton. He as well adopted at Wrentham.

No more to be examined until entry made etc.

Dec 16

Tuesday.

Dined w. Mrs. Shelden; Present Col. McNicoll?, Mr. Giddis, Mr. & Mrs. Crozier, Sec. of War & Mrs. Garrison, Mr. Robertson, Mrs. Sheridan etc.

Dec 17

Thursday.

Sent to Sec. State a letter signed by Sec. M. asking state Dept if the President has issued any proclamation exempting Russia from discrim. duty of 10% under Act 1913 & previous acts. The Russian Consul at Chicago apparently asked call w. this duty was being imposed. I told Sec. M. this disc. duty was clearly applicable, bec. the Russian Treaty was at an end, unless the President had proclaimed Russia under Sec. Rev. Sts; that I had seen inquiries in newspapers as to this; that in my opinion the matter could sooner or later be

inquired into by Congress; that he must either  
 put the burden on St. Dept of advising us or  
 he will have to assume responsibility of not  
 assuming the duty; he accor. signed the letter &  
 until officially advised by St. Dept we can  
 not assume the duty.

Dined at French Embassy; Present Sec & Mrs Bryan,  
 Sec & Mrs Redfield, Sen. Bacon, Joh. Amb. Lady Sking  
 Hill, Secy. Amb & wife; Costa Rica Amb. & wife; Henry  
 White etc etc.

See 18  
 Thursday,

Mr. Wash. Naval Officer at Boston called yesterday  
 and again this Am. while here he said he  
 wanted to know if he could accept a  
 pass which might be sent him by Bd of A. N. A.  
 of wh. he had been Council for some years.  
 I told him certainly not & that in my  
 opinion he could not consistently remain  
 Council of any A. N. or other except in  
 order, directly or indirectly having to do  
 with customs. I added that a new regulation  
 would shortly be issued on this subject &  
 advised him to refer to Atty. He said he  
 would do this at once. I then directed  
 a regulation to be framed covering the whole  
 question.

At 4 P. M. Mr. Lewis, Atty for Warramasser called  
 and stated until 6.15. Before he came Mr Arnold of  
 N.Y. called me up to know when I would be  
 ready to reach a conclusion on the W. case. I said  
 I had not been able to go over the matter but

hoped to very soon.

Wise went over case. Said that W's innocence was shown by fact that for a long time while investigation was in progress he had not even had a lawyer his own being away; that when the settlement was made & his books ret'd to him he did have destroyed them but that he did not but kept them intact; that for over a year he was watched by SA Apts etc but nothing was suspicious was found by them. He said also that it might well be that Tom Warrumaker had entered the scheme unknown to his brother & Fulton; that Tom, now dead, was in charge of the Penn business when it originated.

He told me that Atty Gen told him he had decided the whole matter (cost); I said this was not so, that while the Atty Gen had asked me to go over the matter w. him, the responsibility was on him & that while I should try to be helpful in explaining the records as shown by Arnolds report, I was not at all sure I made any definite expression of them.

I said the case is not whether case should be submitted to Grand jury - that had been done, but it was wh. it should be withdrawn or abandoned - a very different matter.

I asked him wh. ordinarily a Dist Atty let jury know his opinion as wh. Bill should be bound; he said in 99 cases out of 100 yes altho indirectly; any such direct action would be illegal.

I then asked him how a jury should decide

as to finding a true Bill; he said the question was not whether the case was proved beyond a reasonable doubt but whether the jury felt satisfied that a crime had been committed and that the evidence pointed towards guilt of suspected person.

I then asked <sup>what</sup> the relief he sought was & he said a statement to the jury that the Govt was satisfied no Bill should be found. I asked if Wm. W. had asked to be allowed to go before Grand Jury & he said if Atty Gen decided not to withdraw the matter he should ask that privilege.

I then asked him if it would be legally possible to present the evidence to the Grand Jury & allow W. & Rodman W. to appear before it and permit the jury on their oaths to consider the matter free from any attempt to influence their decision. He said such a course, as to the evidence, was the only legal course, but that in practice the jury were made to know indirectly just what Govt. Atty wanted; that it was the easiest thing in the world for a Dist. Atty to trace or defeat a Bill.

I thought he seemed to act as if the middle course above indicated was about all he looked to secure.

I told him there were facts stated in Arnold's report wh. certainly seemed to call unquestionably for careful explanation & I asked him practically in so many words if he did not think that the W.'s should be treated justly by

permitted them to go before the jury and be cross examined and then allow the jury to consider the whole evidence as applied to the law without any attempt to influence their honest judgment by the Dist. Atty. He did not answer this directly but I certainly gathered from his manner that he hardly looked on anything different. Finally I said I would go over the matter with Sec. M. He left asking me to let him know when & if the Pres. made any remarks to the Atty. I said I would submit this request to Sec. M.

Walked home w. Sec. M. I went over above with him; he was quite indignant at Lewis' statement that Atty. S. said he had dumped case over onto us; at last he said he would decide to have any responsibility in the matter. He asked me my conclusion & I said I had reached none yet but I was gradually leaning towards the view that in view of Arnold's report & sub. doct. I could hardly have the responsibility of advising an abandonment of the proceedings but that it rather seemed to me that the W's should be permitted to go before the jury and that the jury should be permitted to consider the case w. out any influence by the Dist. Atty. other than a bare, honest presentation of the evidence, with of course a cross exam. of the W's; that I felt that a crime had been shown - the long continued absence of the particulars in the curs. invoice

inscribed by law; which I understood to be the gist of the case - Mr. Arnold having repeatedly said that any emergency events would be merely to get in evidence otherwise perhaps inadmissible; that this crime in fact had resulted in loss of duties by the Exor; that the W's had directly benefitted by this scheme; that the gift of the Camera & the part of insurance come to the Abbr, and also the abhorrent knowledge by JW. of the entire absence of supervision in the Consular service - all certainly called for answer if they were not evidence directly of personal guilt.

See Mr. asked me to prepare a letter to atty. along these lines for his careful consideration.

Ke 19. Friday. Mrs Sally Winslow & her sister in law Mrs Winslow (Mrs Patton) and Madame Allot of Brussels lunched with us.

See Macadoo walked home with me last night and said he had had incorporated in the Currency Bill my amendments as to issuing Bonds to raise gold to redeem the Reserve notes & he hoped he could keep it in the Bill.

Ke 20 Sat.

Lunched w. Belgian Minister de Van Haverwith to meet Hon. & Mrs Allot. Present: Mr & Mrs H; Mrs de Ribaert daughter of Holland Minister, Belg. Sec of Legation.

Dined w. Gen & Mrs Crozier; Present Sec of War & Mrs G; Sen & Mrs Newlands; Mrs Boardman; Mrs McLawley; Mayor Biddle, Sr. etc.

Dec 23 Tuesd.

Invited by Presdt to go to White House at 6 P.M. to see him sign financial bill. An impressive sight. The Cabinet, House & Sen. Comms etc also were present. The President after signing delivered a short address. Some weeks ago I ordered that expense of trucking sugar from ship to scales must be born by the refiners at Port. N. Y. & also. For years this expense at these Ports had been paid by Govt altho at N. Orleans it was paid by refiners. N. Orleans refiners protested and after studying the matter held that expense at all Ports must be paid by refiners. Thousands of dollars annually were thus saved to Govt.

Dec 25 Thursday.

Sec. H. sent for me at 4 P.M. Told me Mr Williams was to be made Comptroller of Currency and that he felt that it was vital that his successor as Asst Sec. in charge of Fiscal Bureau should be a man of the most absolute integrity and one well versed in finan. matters; also said he wanted a man he knew & could work with; he added that he wished very much that I could take this position altho he hated to ask me to give up the Turbott work. I was so eminently fitted for and so successfully undertaking; that he was tired out and knew he could rely on me to look him as he appreciated the work I had done in getting the Fin. bill into shape; that he would have to go West early in the new year and be away perhaps 6 weeks; that I would

be the standing Asst Sec. & Acting Sec. & would have to manage the Treasury in his absence even as to appointments etc but that I could keep in touch w. him by wire; that he hated to put this extra burden on me but that he knew of no one in the country so well fitted for the work.

Mr Sec Williams was also present and he begged me to underbase it.

I told the Sec. that I was enlisted for the war and his wishes would be carried out by me with pleasure, that while I was attached to the Customs work, I had had much familiarity w. the fin. work 20 years ago and would be glad to undertake the other if he wished it.

He seemed very much pleased and asked me to suggest some man for the Customs work; I at once suggested Halstead, the Chief of the Customs Div & this idea seemed to please him; he asked me to look up his record, indorses etc on files of Asst Sec.

Mr Williams suggested Mr Polk of N.Y. whom the Sec. originally wanted for call at N.Y. but the Sec. said he thought he would not do as the appointee should be an expert.

He 28 Thursday, Mr M. has been laid up with a bad cold & gen. malaise for several days. Was thought to employ S. Car. for a few days rest. Conference w. Arnold as to W. Car. Told him to say to Atty Gen. that Sec. M. wished to go over the

-1914-

can with me before making any definite recommendation but that on the present record I could not see that the proceedings be dismissed on the facts seemed unnecessary; to call for explanation from all concerned; that W. should be allowed to go before the Grand jury & that possibly his testimony might throw light on the question.

Even dinner at home; Sec. of Agric. & Mrs. <sup>Houston</sup> Tucker, Asst Sec of State & Mrs Osborne; Adm. Stanton; Dr Baumann Charge of Swiss Legation; Mr & Mrs Henry White, Mrs Franklin Roosevelt, Mrs Buzard.

Found application of C.P.R. to send cars at Aberdeen Junction as a means of sending them through to Newport vt without entry at Richford.

Dec 29 Monday.

at dinner; Mr & Mrs J.E. Melrose; Mr & Mrs Grison and Mr Alexander.

Dec 31 Wed. Anna Cox party at dinner.

1914

Jan 1

Lunched with Mrs Aldis; Briter reviewed w Mrs Melrose; at 5 P.M. reviewed at our home; in evening dined w Franklin Roosevelt.

Jan 2

Friday.

Post. Gen Burdson called. Said he had written Dr Campbell that Chase and Costello should not be appointed and to seriously consider Mr McClintock.

I had no part in this contest other than to give  
 you Carroll a letter to Blandin.

Start

Jan 3 Sat.

The winter club clerk Dick Fisher called & said Sec.  
 wanted to know the political situation in Mass as  
 regards Com<sup>r</sup> of Currency. I said Scribner  
 was ideally equipped for the place & was my  
 friend - that I did not claim to know the  
 political situation - advised him to write to Dr  
 Campbell & Judge Kelly.

James Folan of Newwood wrote thanking me  
 for the good words I chose as to his friend  
 Blandin - said he heard this from Washington.

Dined at Green Embassy; Present. Brazilian Amban.  
 wife - An Emma, Argentine Minister & Arthur Mason,  
 Sec of Int<sup>n</sup> Affairs, Sec. War Affairs, Mrs Elmore,  
 Commander Bay - Ed - etc etc

Jan 4 Sunday.

Dined w. Charles James Adams.

Jan 5 Monday.

Dined w. F to theater w Sec. & Mrs Lane.

Jan 6

Tuesday. 4.30 P.M. Howard Elliott called and wanted  
 to go over N. Haven RR matters. I reminded him  
 that when here a month or so ago I advised  
 him to consult Blandin; he said he had but  
 B. wanted to force N. Haven RR to sell B&M. stock  
 at a price wh. wd be a terrible sacrifice. He  
 showed me a list of proposed trustees for  
 B&M stock but I advised him to show it to

Beaudrie as I felt certain he would be fair and helpful; he also showed up lawyers suggested by him to carry out Atty Gen's wishes; said Atty Gen would not consent to Robbins, or Choate; that while he advised Olney he thought he had been too much mixed up in the matter to act etc. I again advised his serving Beaudrie especially in question as to whether Moorfield Storey would be a good lawyer to act. I called up Beaudrie at his suggestion but he was out and Elliott said he would surely see him later.

Jan 7

Wed.

Sherman Washburn wrote asking me to make appointment w Atty Gen. as representing stockholders of N.H. RR - said Directors were trying to secure unanimity in their settlement and that stockholders had right to be heard in this. I sent her note to Atty Gen. asking her to write him directly & wrote him to this effect.

Jan 8

Thursday

Show at Court of Women's Gen. League at Willard Hotel 11 am.

Dined w. Sen Leases; Present Ch. Justice White & wife, Justice Lamar & wife, Mr & Mrs Harlan, Mr & Mrs Loring, Mr. Dwight, Com<sup>r</sup> & Mrs Ewing, Gen & Mrs Fitzhugh etc.

Jan 7  
Friday.

Dined w. Prof. Walcott. Present: an Sec. & Mrs Roosevelt.  
Mr. Low, Mr. Henderson, Capt Bay. Ed. Mrs Brall  
Miss Boardman, Mr & Mrs Trevelman.

Jan. 12  
Monday.

Sec. McAdoo went over Treasury matters with me; said  
he wanted me very much to leave the fiscal Bureau  
and that for my own sake he thought it very  
desirable as no one could force what might  
happen perhaps in the near future. From what he  
said in the way in which he said it I began to  
think there may be something in view that he  
does not expect to see his term out.

He asked me to think of some one to do the custom  
work; he seemed favorably inclined to Peter  
when he had been speaking to in the train and  
who evidently had told him what he told me  
that he would leave an Asst Secretaryship. I  
said he was a fine fellow and merely suggested  
that he tell him or anyone else in the  
place what a difficult task it was, neces.  
continuous work, little vacation etc.

Sec. Redfield sent for me to see his reports just sent  
abroad to investigate pottery costs. At my suggestion  
he wrote letter to Mr. Advo stating that his  
investigation would be private and details as to  
sources or individuals will not be made  
known to any other Dept except merely the  
result in general; I said Boriquien would not  
open their book except on such assurance and  
advised him to have Sec. M. and the President

indorse approval in the letter. He said he would take it up with the President, and

Jan 13

Tuesday. Genl. Counsel of Wammamaker called and I told him that Mr. Macadoo and I had reached the conclusion that we could not advise the Atty Gen. to dismiss the Grand Jury proceedings in view of the record. He said Arnold talked to him of a settlement of the pers. goods by force of \$70000. I said I had no authority even to discuss this unless asked by Atty Gen and the matter had not been mentioned by him to me.

Sec. H. said he had talked w. Presdt about making Peter Ant Sec. but that he thought it would not be wise politically to leave two Gen. Secs. also that he had some doubts as to Peter's industry and capacity for hard constant work.

Jan 14

Friday.

Sec. H. told me in absolute confidence that Gen. Roy and Hall had objected to President that Huerta's down-fall was surely a question of time; that the Constitutionals had plenty of money & if they could only buy ammunition etc they could readily destroy of Huerta; that the Culler at Nogalery Arizona was very strict in forbidding extracts of what he called Memoranda of Genl. and was unduly severe on Constitutionals; that a vessel would shortly leave San F. bound for China.

and that he hoped its clearance would not be hindered. He then said squarely that the President hoped we could be reasonably lenient as the prohibition of exportation of what were called munitions of war - a very indelicate phrase - <sup>as it</sup> was now a direct bar in success of constructionists.

I told Sec. Dr. that the clearance of vessels was under control of Sec. of Commerce - the collector acting under him. He asked me to bring matter to attention of Sec. Redbird.

Also asked me to call call at Nagaly to Wash. to be sure he was not unduly severe in interpretation of munitions of war.

Jan 17  
Sat.

Sec. Dr. again spoke of above.

Also asked me to review dispatch Col. Meas & War Dept as to who, under new law that the Treas. or War Dept should collect tolls through Pan. Canal & as to system of accounting and to submit my conclusions direct to President.

Also, at request of Oswald Bellard, asked me to review dismissal of two negroes from Custodian force of Atlanta Custom House - involving a charge of segregation.

David W. Jones Riffs: President Dr. Joffroid (the nephew), Adam and Mrs. & another nephew.

1914

Jan 19

Monday.

Atty G. called me up & said Arnold was fearful that delay in taking up addit. civil settlement vs Warramawassers might prejudice that case. I told him of local interviews and said I would not even discuss a civil settlement unless directed by him. From his manner I rather felt that he wanted to discuss the criminal proceedings. I told him Mr. Macados and I had gone over the matter and we could not advise this in view of the record. He asked me to call him up when I was in Boston.

Jan 20

In Boston. Dinner Tavern Club.

Jan 22

Thursday

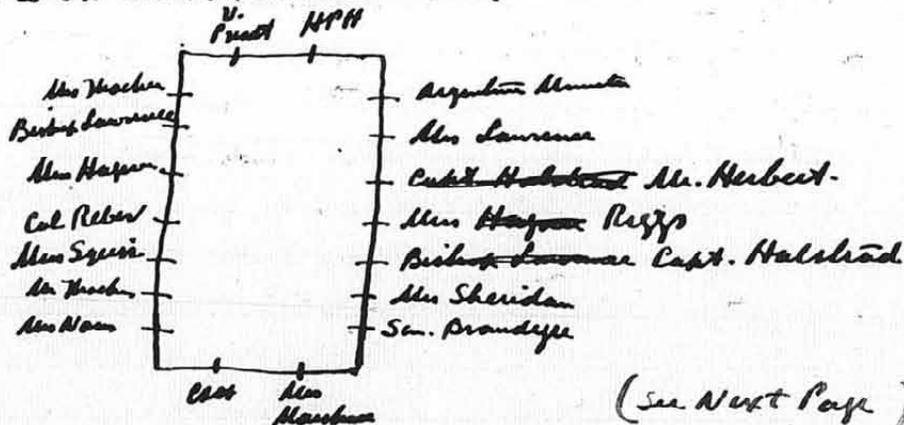
Called up Atty Gen as requested. Told him of my mem. reviewing Warramawassers case and said if he wished it I would send him a copy. He said he would like to see it and would later discuss matter with me.

I accordingly wrote him a letter in my own hand sending the mem. but had a copy typed for my copy book.

Dined with the Herrings Patten to meet Cardinal Gibbons; Present. The Cardinal, C. Justice White, Judge Hughes, Sen Bacon, Sen Debbert, Co-Sen Aldrich, Spanish Ambassador, Embassy British Ambassador, & wife etc etc. Miss Clark (Shearer Clark's daughter) etc.

Jan 24  
Saturday.

Gave dinner to V. Prescott & Mrs Marshall:



Jan 25  
Sunday.

Lunched with Mr & Mrs Augustus Gardner. Present:  
Mr & Mrs Rollins Wood, Mr & Mrs Geo Howard, Sam Williams  
Mrs Gardner.

Evening. R. C. Sturges' work supper with us.

Jan 26  
Monday.

Gave lunch to Mr & Mrs Barclay of Philadelphia; Present Mr &  
Mrs F. Roosevelt (An. Sec Navy), Minister of Sweden Mr  
Ekroger & wife.

Jan ..  
Evening.

Dined w. Mr & Mrs Arnold Hayes: Present Mrs Carhite,  
Mr & Mrs Rogers, Gen. Davis, Mr & Mrs C. F. Adams,  
Mr & Mrs Fairfax Harrison, Col. Ernst, Adm. Stanton  
et al. Later went to visit of V. Prescott.

Jan 27  
Sec. Macados would be best to announce that  
I was to succeed Ant See Williams in charge  
of Irish Bureau and to be Acting Sec. of  
Norway.

Went to visit German Embassy & later to Judge.  
visit White house.

Jan 24 Contd.

Mr. State Dept then Mr. Coon arranged the seats at table for me. Mr. Coon said the VP must sit next to me w. H.P. H. and I to follow it over w. Mrs. Marshall. I called up Miss Hagner to ask us to this but neither she nor Mrs. Squire knew what to do nor did Alvin Ruggles; the latter called up Mrs. MacVoy who said no such rule existed in the last Admin. Finally I asked Mrs. Marshall & she said sometimes above rule followed and sometimes not. I asked her what was the proper way & she said just as Mr. Coon did so we followed the course.

Jan 27 Tuesday.

Mr. Gardner called and said Wash Post had a statement yesterday that he gave a lunch Sunday followed by cards. He thought this might limit him politically & asked if I would write him a letter denying it which I at once did. It was an ordinary lunch & of course no cards were played nor any games.

Jan. 28 Wed.

Dined with Gen Foster to meet Sec. & Mrs. Ryan.

Jan 29 Thursday

Dined w. Mr. Miller, out to Sec. Antwerp. Later at request of Gen. Marshall.

Jan 30

Friday.

Dined w. Mrs. Campbell.

Jun 23 Friday.

Collector Handy of Nogales, Ariz. came to Wash. in order. Said the Constructalists had plenty of money and were getting arms & ammunition. Asked him how this could be done. He said only way he could think of would be by concealing them in coal shipped to Mex. from Denver.

See Redfield later, at Presid. reception

Jun 29

at Sec. H's request prepared mem. for Presid in favor of having all acts of Pan. Canal zone audited by Aud. of War Dept. See letter RR. President acquiesced. This by letter.

Ordered Mr. Cuth. RR to inquire re injury to custom house warehouses caused by smuggling illegally.

Rebanded request of J.W. Meyer to permit entry of our goods along Can. border destined for export by Atlantic seaboard w. out production of Can. invoice.

Jun 30 Friday

Dined w. Mr. Doughlin

Jun 31 Sat.

Late this afternoon Gilman told me that a new edition of the Congressional directory was being prepared and Treasury had just corrected it and would send the proof that night; that Asst Sec. Williams had ordered Williams the chief clerk to send in the proof keeping his name as Asst Sec. in charge of Fiscal Bureau and leaving a blank opposite

Office of Compt. of Currency; he wanted me to  
 reverse this order. It seemed extraordinary as  
 Williams was to leave with a Compt. of Cur.  
 Monday. I said that W. was still acting Sec.  
 & I could not interfere. The printing did not  
 be finished until after Monday. It was an  
 exhibition of petty vanity which bore out the  
 charges of temperamental infirmities made  
 of Williams.

In evening dined w. Mr. Bales.

No 1

Sunday

Lunched w. Mrs. Richardson.

Evening. Alay & Ashley & wife dined w. us.

No 2

Monday

Edman told me that he had heard (presumably  
 from Humber, W's assistant) that Williams was  
 very jealous because my name had been  
 in old Compt. directory ahead of his and that  
 he revised order above so that his name  
 would appear, for 3 months at least, ahead  
 of mine, altho' he did not hold the office.  
 5 P.M. Williams took with a Comptroller.

He had just the Luman issue with and he  
 asked me to deliver his Commission not to  
him but to Luman. He evidently was unwilling  
 to receive his Com<sup>n</sup> from me as he should  
 have done. I asked him if I should make  
 any remarks in delivering to him his Com<sup>n</sup>  
 as Acting Sec. & he then said as above I  
 was only to deliver the Com<sup>n</sup> to Justice  
 Luman & he would deliver it to him.

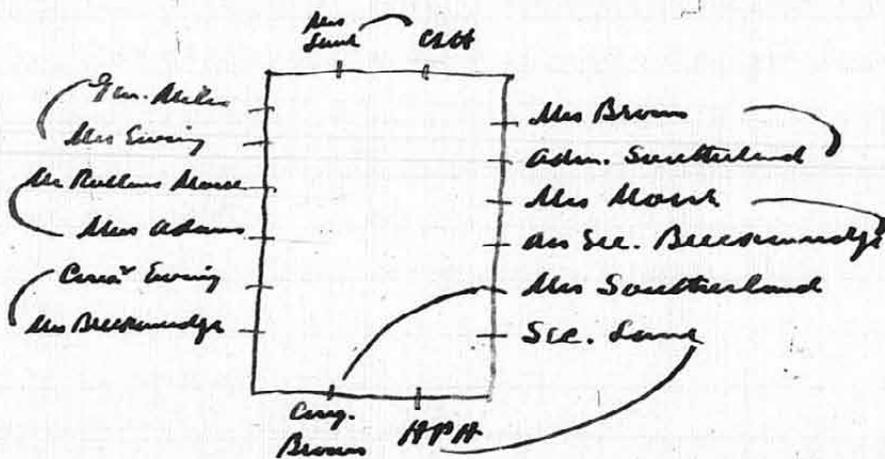
The room was filled w. flowers presented by the Williams family and a photographer took a picture of the justice administering the oath.

It was a grotesque and absurd scene. His vanity is obviously insatiable.

In the morning I advised him not to sign as Actg Sec. as his salary as Compt. began on the morning of day in which he took oath and there was a grave question wh. he did legally sign. He said he would consider the matter, but as none of his mail came to me he evidently refused.

As Sec. Newton told me that every one under him was delighted to see him go.

Wing. Love dinner to see & Mrs. Lane.



No. 3.  
Acting Sec. of Treasury  
quitting today  
Tuesday

Mr. Cook of State Dept arranged seats for me & said Gen. Miles outmarched Actg Sec. Beckenmeyer.

No 3. Dined w. Mrs. Houston.

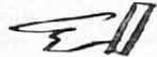
No 4. Wed. at home. Harold Williams dined w. us.

No 5. Thursday.

Dined w. Sen. & Mrs. Oliver.

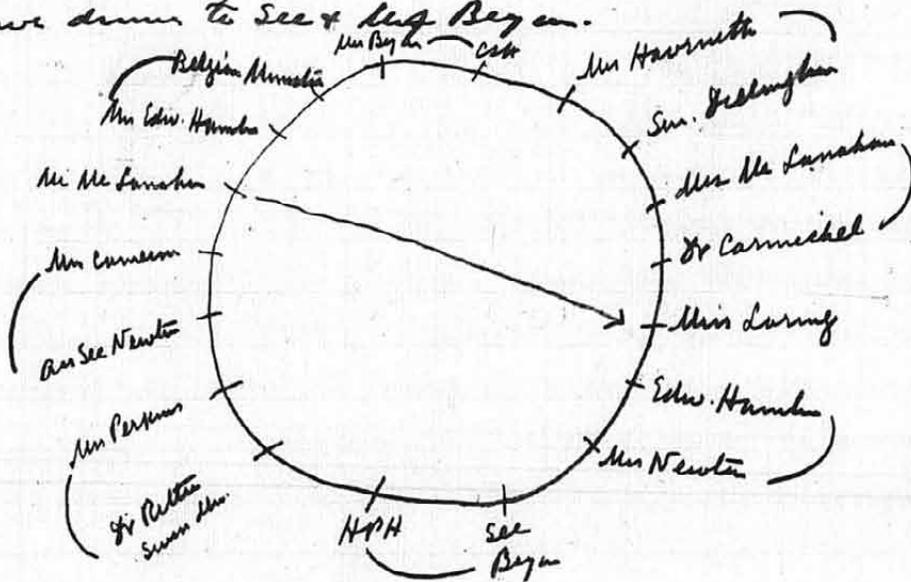


also a letter from Ellery to Tom Thacker saying Ellery  
 is my friend & would be glad to endorse me but  
 my office if he only knew what I wanted;  
 that I only would say that of Asst Sec. advised me  
 I would consider it; assumes I could have letter  
 at Post in Asst Sec. if I wanted it; thinks I  
 could harbor Asst Sec.

See h. 9 

Mar 5 Thursday.

Went down to see & help Bryan.



Last week Asst Sec Newton told me had arranged & had  
 written assistant down to transfer his Pres. Sec. to a  
 vacancy & arrange him to his office at a slightly  
 higher salary but that Mr. Wellman as acting Sec.  
 without consulting him had overruled this and  
 ordered me of his clerks assigned to this vacancy,  
 that he had appealed to Secy who said the  
 order must be reversed.

Mar 3 Tuesday

Went over Bureau of Inv. & Property w. NPH and

see New York.

Mr. Ralph told me he was going to speak to  
Cushman Williams about his seeing his  
Ralph's business losses & debts - that the  
man was worried to death with the  
night work, that it was not lawful and  
would cause public scandal. I approved  
of his course.

Mon 9 Sat.

Cushman Williams came in and asked me to  
tell Mr. Shear of Income Tax debts not to  
send to my copies of the returns of the  
names he gave me but to send the originals  
and I at once told Thompson to convey the  
message to Shear. Later Williams said the  
names referred to were J. P. Morgan, Roosevelt  
& also. Later Shear said he wrote to call for copies of these  
returns & later would for the originals.

Ralph, Dr. Ben. L. & P., sent me the following  
letter - see next page.

Later Williams told me just what Rockefeller's return  
was, showing that it had been shown him.

COPY.

TREASURY DEPARTMENT  
BUREAU OF ENGRAVING AND PRINTING.

March 7, 1914.

My dear Mr. Hamlin:

In connection with the removal of the Bureau to its new building, I find a very embarrassing situation due to the fact that, in planning the building, the necessity for separate toilet and dressing rooms for the colored employes was overlooked and as there is a shortage of toilets in the building due to a lack of funds, it is difficult to at once make any arrangements for the separation of the colored employes in these rooms and, while it is probable that, after we have been located in the new building a month or so, it will be possible for me to devise some means of making proper arrangements, it will be necessary, due to our hurried removal, to permit of the commingling of the two races in the work and other rooms. I believe that I will be able to settle the matter eventually without difficulty, but deem it my duty to call your attention to this condition in case there may be any discussion of it.

Respectfully,

(Signed) J. E. Ralph

Director.

Honorable Charles S. Hamlin,  
Assistant Secretary of the Treasury.

Mon. 7 Monday.

Richard Wiley to Ralph stating that his arrangements for permitting commingling of races in work rooms etc. was approved but that his shirt that in a month or so he would provide proper arrangements for segregation called for a definite ruling and he was advised that segregation because of color could not be permitted by the Dept.

I enclosed this reply w. letter to Seeg who today is in N. Y. also enclosing letter from Willard on subject - for Seeg's attention.

I spoke to Asst Sec Newton who fully approved and to Pres Sec. Cooney who also warmly approved. He said that there was segregation in the Treas. Dept even in writing of letters; that while ordinarily letters were addressed - "Sir" or "Madam" and signed "Respectfully Yours" yet when addressed to colored employees the words Sir and Madam and the ending Respectfully, yes - were omitted.

[Since writing above have found that there was no order issued as to above but that Williams whenever he knew that a letter was to a colored man or woman ordered it rewritten as above. Also learned W. would never let a colored person sit down in his presence, except when a colored Auditor called on him & then it disturbed him greatly.]

Nov. 10 Tuesd.

Saw Sec. H. early in the morning; he said nothing about my letter as to Ralph but he appeared rather glum as if he had seen it and did not approve it.

Later that afternoon I spoke to him about it - he seemed distressed about it and asked what should be done. I told him there was but one course - to meet the press squarely. He said you mean to allow him to segregate? I said in the emergency absolutely forbid segregation. He said in a despairing tone - that would cause terrible opposition in the South. I said I did not believe this - in any event in a few days it would blow over & the matter would be ended while if segregation were permitted there would be continuous trouble wh. would last thro' the admn.

I added that I could have to believe that Ralph was not deliberately trying to cause trouble in sending a letter so couched but could not; that he had deliberately thrown down the gauntlet of battle to him as Secy & the case must squarely be met in the record; that I feared this whole matter was being hit in this way, as a political matter & he must squarely meet it as this letter would be used in the future against us & that in my opinion if he did not squarely forbid segregation it would become the great political issue for the future.

I told him of the newspaper rumors that

I had forbidden segregation; that when that  
 news was published the matter had  
 never come before me nor had I ever  
 discussed it; I told him about teleph.  
 message or letter w. Ralph last Friday  
 night or wh. he never referred to any  
 such letter altho I received the letter  
 the next day - Sat.; also that Monday  
 Am Mar 9 I went w. Ralph & was taken  
 to the Sen. Com. on Appropriations down  
 & back with him & that he never alluded  
 to the letter he had sent me. I also showed  
 of Villards letter saying his legislative  
 agent had told him of my ruling (altho  
 I had at that time never heard of or  
 considered such a ruling.

I added that the above satisfied me  
 there was some preliminary plan to bring  
 this issue & that I feared Ralph must  
 be privy to it as such a rumor could only  
 have emanated from his Bureau.

He then said - I saw Ralph - I was wrong then!  
 I said is he not in chambered sewer?  
 He said No.

I pointed out that removal would not  
 settle the question but would make it  
 more acute, & I added - he has thrown  
 down the gauntlet to you - you must  
 meet the issue squarely. He said he  
 would consider it.

Later Am See Newton said he had referred  
 to remove 2 colored men on a Southern

incumbency who were not in the civil service  
 altho the Senator (Swanson of Va.) demanded  
 their removal for political reasons, & that  
 Sec. Meddow finally sustained him.

Attached hereto is a copy of my letter to Sec. M.  
 and of my proposed letter to Ralph:—

Nov. 11

Wed.

Met Atty Gen at Mehist. Club at lunch; I was with  
 Robt Munroe & he was with a N.Y. Lawyer Mr. Condit.  
 Atty Gen said he did not know what to do with  
 Warramaker Grand Jury matter; I advised him  
 to do as I suggested in my Mem. which I sent  
 him;— to insist on their giving the jury an explanation  
 of the frauds & not to discuss the proceedings.

Mar 12. Thursday. 5 P.M.

Had long interview w. Ralph. Asked him to tell me frankly all facts as to segregation in the Bureau. His story boiled down is as follows:-

- I. Prior to incoming of Dem. Admin.
- II. Since " " " " " "

I. Old Building.

- a) Separate dressing rooms for colored employees.
- b) Some of colored dressing rooms had separate lockers; where no separate lockers all locker rooms used indiscriminately i.e. no segregation except as to Sex.

c) Dining rooms.

1 in attch for females exclusively; - all white and none colored.

Two other lunch rooms.

1) For women adjacent to dressing rooms of white & colored women. Only 4 tables. White & colored used this, as only 25 could be accommodated, all the women as a rule would get their food and take it to work rooms or dressing rooms to eat it.  $\frac{1}{5}$ th of the 25 were colored and in 5 years of my admn. there were no complaints.

2) In sub basement. Used by both sexes and both races.

As a matter of fact colored races

rarely used these tables altho no rule against it.

The blacks were very discreet as to use of common tables and no complaint was made.

70 per cent of entire force were colored - about 450 and equally divided as bet. the sexes.

In giving employment I have discriminated in a measure against the blacks, otherwise half the force or more would be black.

## II. Present Admin.

### Old Building.

Early in the admin a delegate of white girls from plate printers Union and some girls from Examining Division complained of conduct of 3 or 4 colored girls who insisted on sitting at tables with white girls altho there were other vacant tables. Under pressure the forewoman the white girls used certain tables 2 being left for colored girls.

I got the Matron to speak to them but they said they would not desert unless so ordered by Ralph, who then asked them to use these tables & they did for a while. Mrs Hopkins also told them they were very foolish. Mrs. Rosalind Murray - was very impertinent to Mrs Hopkins who loused into her beard and reported that she was unwell; she was finally removed for insubordination. She was the source of many bitter articles in the "Bee".

In April An Sec. Williams visited the Bureau following a visit by Mrs. Wilson the wife of the President. Williams went around the work rooms & wherever he found a white woman working with or near a colored man he asked in a loud tone whether it was not offensive to her to be so near a colored man. This stirred up trouble; there had never before been any complaints.

Later Williams sent Ralph a letter ordering that no white girl should be permitted to sit alongside of a colored man or woman on same machine - although in many cases they were at least 10 feet apart.

As there had been absolutely no complaints Ralph returned the letter with a note stating this was unworkable and Williams withdrew the written order but gave a verbal order that no white girl should be assigned to a machine with a colored girl.

Ralph then gave orders that this should not be done unless absolutely necessary.

In October 1913, Ralph under orders from Williams, Ch. Clerk, ordered by Williams, posted a notice in certain toilet rooms that they were for exclusive use of whites.

This order was the cause of all the trouble.

Williams also ordered Fitzpatrick or Abbott Down to order Ralph not to recommend

colored people for promotion and Fitzhaller gave this order verbally to Ralph.

### New Building.

The new building was designed under Sec. McVeigh who was very liberal in his ideas as to colored people.

Under the plans of building as carried out could not have separate toilets unless they are partitioned off or signs posted

In new building you could partition off the dressing rooms and this might be done without causing trouble, except that there are 3 girls of mixed blood but to all appearances absolutely white who would have to be forced into the colored partition and they will bitterly object to this

It would be perfectly practicable not to partition off the dressing rooms but to assign the lockers so that there would be no trouble whatsoever

Williams also wanted absolutely separate work rooms for whites & colored but Ralph said this was absolutely impracticable at present time.

Ralph said he hoped ultimately he could establish entirely separate colored dressing in the work rooms.

I told him to drop this absolutely.

As result of our conference I laid down 4 general Rules for his guidance and he said they were practicable & would furnish a good basis for conducting the Bureau, with, of course, reasonable discretion to arrange individual complaints in a manner just to all. These rules were:-

1. Justice to all.
2. No notices on toilet rooms.
3. No discrimination in promotions.
4. No discrimination in work rooms.
5. No partitions in dressing rooms.

Mar 13. Friday.

Had later w. Sec. Meadows. He wrote down Rules 2, 3, 4 & 4<sup>45</sup> and said he would consult w. the President

Later in the day he said he had gone over the matter with the President who specifically approved the above general Rules which were to be given to Ralsh verbally.

As to Rule 4, it was distinctly understood that the Director was given discretion in individual cases to arrange as far as possible, w. out open clash, so that individual dissatisfaction could be met by arrangement; the general rule however being that there shld be no discrimination because of color.

Mar 14

Friday.

Williams called at my office and commented on the high income which Roosevelt had returned stating the amount, thus showing that the Secy had told him.

Yesterday the Com<sup>r</sup> of Dist. Nev. told me that recently Williams brother had called on him with a few lawyers named Lyons and they both argued as to a certain claim - that it was the province of the Sec. of Treasury rather than of the Com<sup>r</sup> to decide the claim altho at that time his own brother the As Sec. would have decided it.

Mar. 16

Saturday.

Sent for Ralph and gave verbally the following instructions saying the Secy approved them. I did not let him know the Presd also had approved them:

Sec. p. 108 for the 5 instructions.

Ralph said he was confident he could carry them out without friction; that posting no notices in toilet rooms was the real thing to do & would remove all trouble. He said he would quietly talk w. some of the negro leaders & advise caution & no expressions of exultation on their part.

I also asked him to tell me exactly what segregation there was in the Bureau prior to and since Gen. Adair came into power.

He said there was practically as much segregation under last Admin as now in the work rooms save only that it was not mandatory & that the negroes were grouped in several <sup>groups</sup> divisions ~~colored wood~~ in one division, while now they are all in one group in each Division. With exception of notice posted in toilet room, as much segregation there as now.  
 Ralph's statement as to existing segregation:-

#### 4. Work rooms.

##### 1. Plate Printing Division

100 colored women working for white printers and 20 colored messengers.

No segregation here

##### 2. Engraving Room.

50 women then of whom 40 are colored.

No segregation

##### 3. Postage stamp perforating room

150 women of whom 40 are colored.

Each machine requires 2 women. Of them, 30 machines are manned entirely by white girls and 10 machines by colored girls.

There is no isolation however; all are near together.

##### 4. Surface printing Div

30 Press men - of wh. 1 is colored.

260 women in Division of which 40 are colored.

15 of the 40 colored women feed printers for white men. This is 2<sup>nd</sup> highest class of labor.

also 60 women employees of wh. 20 = colored.  
They sit at tables w. whites.

No segregation.

There are in this room about 40 women on the  
perforating and trimming machines of which  
 $\frac{1}{2}$  are colored.

Occasionally white & colored girls occupy same  
machine.

5. Plating room.

60 girls here of which 20 are colored  
2 girls occupy each table and 2 colored  
girls invariably occupy same table.

6. Examining Room.

400 women of wh. 30 = colored.  
Frequently occupy same table but generally  
group them on different sides of same  
table.

7. Numbering Room.

Money is counted here. No colored girls

8. Weighing Room.

No colored girls

There never has been any segregation among  
the Men.

i.e. Drying room, Examining Room, Seiball  
Room. Trimming room. Plating room, of  
which latter  $\frac{9}{10}$  are colored.

There are in Bureau about 465 colored hands  
out of 4100 = abt 10%.

Of the 465, 240 = women & 210 = men.

Of the 210 men,

10 = in stable, all colored there except Foreman.

80 = in Rag laundry in wh. all = colored.

40 = unclassified laborer of wh. all = colored.

15 = watchmen (also 65 whites). No segregation

65 = skilled laborer. Classified under level  
service. (Equal no of whites).

No segregation except dressing rooms & toilet.

Of the 240 women:-

100 = Plate Printing

40 = Dressing room

40 = Postage stamp Perforating.

40 = Surface printing

20 = Plating room

30 = Waxing iron

These figures = approximate only.

Ralph said he would put up no partition  
in dressing rooms as instructed & he did  
arrange lockers so as to avoid friction.

He said there would be a separate dressing  
room for the laborer, all colored - but  
this would be because their hard work  
would make them obnoxious; that there



Mar 21

Sat.

Atty Gen. telephoned over that he had <sup>4</sup>10000 from Warramaker Co. in settlement of their liability to Govt. Asked me as to accepting it. I asked of the meant dismissal of criminal proceedings. He did not answer directly but from what he said I inferred he intended to dismiss them. He said he had sent for Arnold to discuss it. I told him I would prefer to have them explain to the Fed jury as to the fraud but that, of course, it was for him to determine.

Mar 23

Monday.

Arnold called; sd Atty Gen. asked him to see me; I told him Sec. Meadows had I had sent a memo. to Atty Gen. setting forth our views & that we must not lose; that while my opinion had not changed I realized that the responsibility for action was on Atty Gen. and that he must consider every phase including the chances of winning a long if criminal proceedings were pushed.

Arnold said chances were certainly 4 to 1 against our winning; that practically the only hope was to get a disagreement; that even if we convicted them, the evidence wd be so purely circumstantial that the Govt. cd hardly ask for and the Court would certainly not inflict a term of imprisonment; that if we should press the case it would

almost impossible to prove the value of the personal goods; that we could not get at the French books of those who sold the goods to the U's unless French Govt ordered them produced; that in present condition as between France & U.S. - great irritator because of new tariff & U - the French Govt would certainly not help us; that even if it did it would cost a very material part of a dollar to recover a dollar; that the civil settlement of \$10000 was a very good one. He evidently was inclined to accept the offer.

Mar 24

Tuesd. Sec. H. told me Wamamasee case considered by cabinet this am & it had decided not to proceed w. criminal proceedings.

Mar 27

Friday.

Atty Gen. by telephone asked if Mas. was ready to report whether acceptance of \$10000 from Wamamasee was a good settlement of civil liability. I told him I thought it was not and let him know definitely as soon as Halstead had reported on it.

Ralph, Dir. Bur. Inv. & Printing called in an abstract matter. I asked him as to conditions in Bur. following my instructions as to segregation. He said: -

No signs have been placed on the toilets or checked. There has been no trouble or friction of any sort. He said he had continued

some of the colored people to be normally discreet so as to avoid an open clash & that they had said they would willingly & cheerfully do this.

Dressing rooms.

As decided, no partitions were put up and everything went on quietly but that finally the leaders of the colored women came to him & said they greatly preferred to have dressing rooms of their own. E.g.:-  
Nat. Currency Printing Div.

There are 80 white women and 3 colored women here. They all used dressing room in common for from 2 weeks to 1 month; then the colored woman asked to be given a separate dressing room, saying they would be happier and better contented if they could have one.  
Surface & Framing Div.

This is adjacent to above Div & is included in above remarks. 80 colored women in both divisions.  
Printing Div

White & colored using common dressing room. No trouble.

Numbering Div

Has only 3 colored men & no colored women except 1 colored woman in charge of dressing room. The 3 colored men are using the common dressing room. One white man did object but when Ralph said he had seen him take and eat pie carried in hands of a colored man, he laughed and seemed satisfied.

Lunch Room

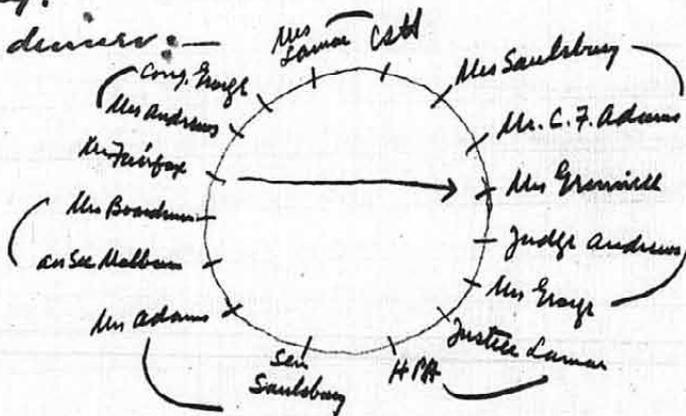
That room used in common by whites and colored. By common consent the colored took certain tables, - entirely voluntarily. No trouble at all

Discrimination in Promotions

This discrimination, ordered by As. Sec. Williams, has in pursuance of order of C. B. D., been entirely done away with and absolute justice in promotions is now being accorded colored employees.

30 Tuesday.

gave dinner:



Wed.

Rev. Mr. Grimpe a colored clergyman called to ask if segregation would be put an end to in printing & especially in Ben. Eng. & Printing.

I told him he of course knew how broadly I was to the negroes & he said he knew that. I said Rome was not built in a day and that we must have patience to which he assented cheerfully. I said my arm was jerked & that I should go quietly and slowly towards this end; that above all

things I wanted to keep out of the news. He spoke of the signs in toilet rooms as the most offensive manifestation of segregation. I asked him if any signs were to be seen in new Building & he said Not yet. I told him to wait until signs were put up before worrying about it.

I also said should depend on him to advise me as to needs of colored men & he went away in good humor and satisfied, I think, that I want to do justice and will do it unless interfered with.

Dan Cowley called. Said his relative was the many niece of Madame Bussell the dressmaker who was under indictment for smuggling in Boston; that her atty Mr. Sturman was in Wash. w. letter to atty Gen from Dist. Atty French; that he had asked atty Gen to advise that Madame Bussell be allowed to pay heavy fine & have her case ended in plea of nolo contendere; that no Court would send her to jail & that her friends would raise \$1000 to pay fine wh. was more than Court would impose. He asked as to procedure and I said any proposition for indictment would prob. be sent to Treasury & referred to St. Apts; that they probably would not consent to any disposition of case other than what Ct would order. He said he was in touch w. Finney atty for other debts & he knew he could arrange to have other debts paid

guilty & have such sentence as Court would impose if only Adams presence were let off from known sentence. I told them if the whole matter could be disposed of & expense of trial saved to limit such a proposition might be considered.

Later Steinman called & sd Asst Atty Gen Adams and Harris told him they would advise letting Breckell off w. a heavy fine - nothing said as to other details.

Later Crossley called in telephone asking for address of Whalley Sub. Sh. apt in N.Y. as he wished to see him. I told him it would be useless to call in him until some remonstrance was sent over by Atty Gen but that he could write As Sec Malburn and ask to have a heavy when matter was sent to Treasury. See letter to me from Crossley.

Apr 18 Sat.

Took 9 Am train for N.Y. went to Hotel Vanderbilt and met there Sec Meador, Sec. & Mrs Houston and Miss Wilson, daughter of the President.

at 5 PM we sailed in Rev. Cutter Abondaga for Mattapoisett. Arrived there 8.30 Am Sunday after quiet voyage. Spent day loafing at houses. Sailed back 5 PM & struck a heavy S.W. gale - very rough all all were very sick except Sec. Meador who says he was not. I was squamous for a while but not sick.

Early Monday Am a wireless told us the

things I wanted to keep out of the news. He spoke of the signs in toilet rooms as the most offensive manifestation of segregation. I asked him if any signs were to be seen in new Building & he said Not yet. I told him to wait until signs were put up before worrying about it.

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Dan<sup>l</sup> Cowley called. Said her relative was to marry niece of Madame Justice the dressmaker who was under indictment for smuggling in Boston; that her atty Mr. Sherman was in Wash. w. letter to atty Gen from Just. Atty French; that he had asked atty Gen to advise that Madame Justice be allowed to pay heavy fine & have her case ended in plea of nolo contendere; that no Court would send her to jail & that her friends would raise \$1000 to pay fine wh. was under the Court would endorse. He asked as to procedure and I said any proposition for settlement would prob. be sent to Treasury & referred to the Apts; that they probably would not consent to any disposition of case other than what Ct would order. He said he was in touch w. Finney atty for other debts & he knew he could arrange to have other debts paid

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 saved to suit such a proposition might be  
 considered.

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 and Harlan told him they would advise  
 letting Prescott off w. a heavy fine - nothing said  
 as to other debts.

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 all all were very sick except Sec. Meador  
 who says he was not. I was squamous  
 for a while but not seas.

Early Monday Am a wireless told us the

President was to read special message to Congress  
 over Mexican situation. We ordered all  
 ahead & caught 9.15 train for Wash.  
 then went to hear President deliver his  
 message.

On the train Sec. Houston said he hoped President  
 Wilson would make no statement that we did not  
 intend to stay in Mexico after accomplishing our  
 purpose & Sec. McAdoo strongly agreed with him.  
 Houston's ultimate solution was to disregard  
 Monroe doctrine and have spheres of influence  
 under control of U.S. & Britain & Germany over  
 all So. America except possibly the Argentine.

Apr 23

Thursday

Just across along Mexican border in report of  
 cables that arms & ammunition were coming  
 in en route to Mexico, some for Federalists &  
 some for Constitutionalists. Malburn & I went to  
 Secy who had with him here, Garrison &  
 Houston. I advised sending teleg. to all cables  
 to hold all such exports pending final instructions  
 & told him we sent telegram sent day before.  
 He rather sharply said he could not do that  
 at least until he had talked w. President who  
 was then out driving. That evening just as  
 I was going to Russian Embassy to dine Sec  
 McAdoo telephoned me to send such a  
 teleg. to all collections. I called up Silman  
 & told him to get Malburn & send out such  
 teleg. which they did.

Apr 24

Friday.

Mr. Mays came & collector ~~Post~~ Cobb especially asked for Sheriff's orders as to arms etc already there. Sec. Meddow considered matter.

Apr 25

Sat.

Sec. M. not at office today. Told me to settle all matters w. Malburn. I advised M. to have conference w. War Dept & at 12.30 we went there & had conference w. Asst Sec., Beamanidge & Gen. Wothersham, Chief of Staff. We agreed to war calls to hold all munitions of war and to give them constructively into power of army officers. There was no authority of law for this but we agreed that such munitions might later be used against our people & that the emergency demanded quick action. Gen. W. said he wd assume all responsibility.

Apr 26

Sunday

Sec. Meddow by telephone asked me to see that all calls were worded that above order did not cover food or food substitutes.

Apr 27

Monday

Told Sec. Meddow in my opinion it was most advisable to issue 100 millions of Panama Bonds out of the 200 million available; that the Treasury was not in good condition as there was not over 10 millions surplus of assets over liabilities unless you include in assets the subsidiary silver coin and

bulletin wh. was not really a debt carrying asset; that of the net balance in general fund of about \$3 millions, 51 millions were in the depository BAs leaving only 32 millions in Treasury & Sub Treasury; that the subord. securities & bulletin amount to about 25 million leaving only abt 7 millions over liabilities.

Seidm. advs did not seem to be at all disturbed by the view - as he has several times before; that the liabilities did not become due all at once & that therefore we could treat the assets like a Bank reserve and as long as they were 25% of the liabilities everything was smooth. He has often said that we could loan another cash reserve fund from present assets perfectly safely.

He seems to have given ideas of Govt finance, more like the Howes bank.

He said he would not think of issuing bonds now as everyone would think it meant war: I told him if he issued them at any other time he would be criticized as admitting the Treasury position was weak; as it really was; that this was the time to hunt out Panamas & that Williams agreed with me absolutely.

He could not be brought to see any necessity for any action.

The papers say he told Underwood that the Treasury could easily show 50 millions now for war purposes - I hope for his reputation he did not say this.

Later he asked me as to his power to issue certificates of indebtedness under old War Revenue Act of 1898 as amended by Tarver Bill of 1909. I gave him a memo. on this. These certificates run only for 1 year and  $\therefore$  it would be very poor policy to issue them.

Apr 27 Monday

Some time ago a Com<sup>r</sup> of Cherry House Arsenal of Wash. Natl Bk<sup>r</sup> called & later wrote saying that  $5\frac{1}{2}$  millions be deposited w. the Bk<sup>r</sup> to help in paying the District taxes, as had been done for past few years; last year 4 millions were deposited and apportioned in proportion to indiv. & trust Co. deposits. I spoke to Secy & he said he would not give the Regs Nat. Bk a dollar because of their unjust attacks on himself & Williams. I told him this would cause a better row and that he would be severely attacked. He said he did not give a damn - he would fight them back.

About this time a stunt as to receipts from taxes was sent us by Auditor of State of Mo. Dist. saying it had been purchased by a clerk Hodgson at request of Ailes U. Pres. Regs Bk and Auditor referred it to us. I said this infmtn should not be given. Later Williams called me up and asked me to look up the clerk intimating he ought to be discharged. I did this and found that altho the clerk had given the infmtn to Ailes in past years, he had not

given it out this year but had referred it to  
auditors who referred it to me.

Williams also said he had heard that  
Ailsa was delighted that I had been made  
fiscal Sec'y, - meaning thereby to prejudice  
me against him.

This morning I told Sec. we must decide  
as to the tax deposit. He said he had  
decided on this Saturday (w. out consulting  
w. me) & that he would make a deposit  
but would not give Refs Bk anything. I  
protested saying that I accepted all he  
said as to its attack on him & Williams  
& as to his statement that Ailsa was a "damned  
scoundrel", but that this was a business  
question, that the Refs Bk would be  
injected - i.e. of its indiv. & trust deposits -  
to 1 1/2 millions (if 4 were deposited in all)  
and if it were not given this amount  
it would inconvenience the Board; that in  
any event if he gave the 4 million to other  
Bks they would not need as much and  
did not use it but in all probability  
they would give the Refs Bk its share.

He said he didn't give a damn what  
the Bks did w. the money. I earnestly  
begged him not to do this as it would  
justify a charge of vindexiveness in  
making public deposits & that it would  
cause a scandal & probably a cong.  
investigation. He said he was not afraid  
of the Refs Bk and he directed me to

prepare a letter to the Clearing House Com<sup>ee</sup> saying he would deposit 4 millions in certain Bks but the old attachment would not be followed but he would approve it accord. to his own judgment.

\* I accordingly prepared such a letter & sent it in to him.

His act is extraordinary, no matter how unjustly the Regs Bk attacked W. & himself, and I am seriously considering wh. I ought not to resign.

Williams seems to be his evil genius - he is evidently secretly influencing McAdoo and they are allowing personal vendictiveness to dominate their management of the Treasury finances. If this keeps up I shall resign.

Apr 29 Wed.

Saw Williams this am & he chose District Tax matter saying Regs Bk should not be given a dollar. I told him such action would surely result in charges of vindictive discrimination; he said we would be criticized if we did not refuse to give them any money. He has evidently persuaded the Secy to adopt his view.

Later Williams told Thompson that the attachment perhaps could be made on basis of Reserves & suggested that I ask each Bk what their reserves were.

Apr 30 Thurs.

\* I checked a letter for Secy to sign to Clearing House Com<sup>ee</sup> of District saying not exceeding

4 millions would be deposited with certain Natl Bks but the old rule of apportionment would not be followed but the Secy would apportion in his discretion.

I also signed a letter to Auditor saying he had properly refused to allow the clear to give out information as to tax receipts from District.

Later I sent a letter to each Natl Bk in District asking for surplus - there was none written to Reg's Bk & I asked Thomson to ask Williams w. he thought we should write it also & he replied yes.

May 1

Tuesday.

One of Comm<sup>rs</sup> of Wash. Natl Bk clearing house Comm<sup>ee</sup> called; I told him Sec. had just sent them a note fixing 4 millions as maximum to be deposited & that Sec. would apportion and some security to be taken in his discretion & he would advise them shortly.

May 2

Sat.

Had another talk w. Sec. H. as to District tax deposit; he sd he positively would not give a dollar to Reg's Bk; asked me to purchase apportionment w. Williams on this basis; I sd I did not agree w. Williams & wished he would make the apportionment. He said he understood fully that I believed he could not lawfully discriminate vs Reg's Bk & that I assumed

no responsibility for his action; that he had positively made up his mind on the matter and that he hoped I would talk to him & perhaps some form of abatement with Williams, altho he said W. had really nothing to do with it. I went to Williams and had a talk w. him; sd I did not approve the disbursement but wd of course help in any way to ascertain the sum as directed by Sec'y. I told W. that if we took 4 millions as the maximum & then abated it in proportion to deposits & then stated that Reg's Bk leaving say 2 1/2 millions abated as if 4 in all, it wd be possible for the Bk to work back and show that the appt was based on 4 millions & thus prove deliberate discrimination vs Reg's Bk. He said he did not object to this as the intention was to thus discriminate & the Sec'y wd say so openly. I told him I did not believe the Sec'y wd publicly state that he intended to and least discriminate vs the Reg's Bk, but he said he would do so. Finally he said he wd love to talk it over w. Mr. Sands of Can. Natl as to maximum amount needed & wd ask him to see me Monday about it.

May 4. Monday.

Williams brought the Sands U. Prudt of Com. Nat Bk (?) to see me. We asked him as to necessity of deposit on District Bks. He said they could get along w. 3 millions but if this at least were not given them they would severely rubber and would have to call loans. W. asked him as to Reg's Bk & he said they did not loan on commercial paper as much as did the other Bks but he said it would rubber as all the other Bks if deposits not made & would have to borrow money to replenish their reserves.

After he left I asked W. what he thought ought to be done & he said he thought the only thing to do would be to deposit 3 millions among the Bks but willing to go to Reg's Bk. He said to abstract it among the Bks as last year in order to under & trust Co. deposits. He added that it would be better not to abstract among all Bks at 4 millions & then shove out Reg's Bk as they did before; over & see mathematically the decrease vs Reg's Bk. Last week he said he did not object to this.

I had thoroughly pointed out to him my objection to this decrease & consequently preferred to have him take charge of it.

I then told Huddleston to write letters abstracting it on this basis. Com Bk - the Trust Co., I think, had not sent in its statement as to deposits and later Williams

sent me the appropriation list adding in his own hand about \$300,000 I think, for the Bank.

\* I then checked letters to the Bureau regarding the appropriation for the Secy to sign.

He signed them but directed Kelly not to mail them until after cabinet meeting tomorrow.

I hope he will take it up at the cabinet meeting & that sound sense will prevail.

At first I thought I would refuse to check them but as they were ordered to be sent by the Sec. on his own responsibility and over my protest I felt it my duty to check them.

Later I talked w. Sec. as to rec. for a bond issue to refund Panama expenses. I said we were in a critical condition here, paying out more than we took in & were losing our gold; I thought the Bps were strengthening their gold reserve at expense of Treasury but would let him know definitely when he got the wedding list. He seemed willing to issue bonds up to 50 million; I said too would be better to put Treasury in good position. He still would like to issue certificates of indebtedness but I pointed out they must be redeemed in 1 year and would ultimately intensify the situation.

\* He asked me incidentally to discuss form of public subscription - which we agreed was the best form altho we could lose money by it.

May 5 Tuesday.

Late this P.M. Sec. ordered letters to be sent out to Dist. Bks. amounting to 3+ millions of dollars but giving nothing to Reggs Bk. This P.M. Flaherty of Reggs Bk. called but was told the letters would go out tonight.

May 6

Wed.

Mr. Flaherty, V. Presdt Reggs Bk. called at 10 am. and asked me what Reggs Bk. could get. I told him the Secy personally had distributed the fund among the Dist. Bks & had not allotted anything to Reggs Bk. He seemed very much distressed - sd. Reggs Bk. had to pay 1/5 of the Dist. taxes and would be severely injured by this disbursement. He then asked the reason for this disbursement. I told him - as discussed yesterday by the Secy - that the Secy personally had made this allotment and that I must refer him to the Secy for his reasons. He said it was a rank, unjust disbursement & asked if I thought it would be of any avail to try to see the Secy; I sd. he had better go to Cooney and say he wished to see the Secy & he went out saying he would do this. Later Cooney told me he did not come to him.

Later in the day Mr. Glavin wrote the Secy a letter asking for an explanation for this disbursement.

Cooney brought it in & I told him to give it to Secy M.

That afternoon Sec. M. told me - in presence of Williams - that Williams would probably send a sheet to show the Reggs Bk. did not need

this deposit as it had little commercial value and loaned its money to Nat. City Bk. in N.Y.

Their whole attitude has changed; until now they were ready to say frankly that they declined to make the deposit bec. of unban political attacks of Pepp Bk & Nat. City Bks vs McKisno & Mellham; now, however, they wish to defend their action on other grounds.

\* Later Sec. W. told me he had consulted the Presdt w. regard to the matter; I am amazed that the Presdt did not carefully look into this.

Sec. W. also said the Pepp Bk had established in fact an espionage on the Treasury through loans to employees and that he knew just what employees had loaned from them & that he would see that the loans were paid up or dismissed the employees.

Last week Sec. asked me - the other members of Congress being present - whether I thought the designation of the Nat. Steamship Bk. as one of the Bks to form a reserve Bk. would be looked on as a discredit against it rival the 1<sup>st</sup> Nat<sup>l</sup>(?) - Savings Bk. who represented the Nat. City Bk. interests; he sd he wanted to designate it. I told him that the Nat. Steamship was one of the strongest Bks and that its directors were men of character and influence in the community & that it would be very natural

to him to the Bank. I added that ~~East~~ & I had been better political opponents but that I felt able to rise up above any such considerations.

Late this P.M. Mrs. Eleanor Wilson called up Beets & said she wanted Anna to come to the wedding.

This Am. As Sec. Newton at my suggestion yesterday asked Sec. M. directly wh. we were expected at the wedding. Two weeks ago Sec. M. told Mrs H & J. were to be invited - a week ago he said his official family were expected but no invitation had come. I told Newton I did not go w. out a direct invitation nor could Beets.

This Am. Sec. M. sent for me & said of course we were both expected; that it was arranged that he should give out his invitation personally. That he should also have Anna invited.

This explanation above telephone from Mrs. Wilson. Mrs. Houston told Beets today she had received no direct invitation. The whole matter has been very cleverly managed.

Sec. M. said today I ought to attend the cabinet meetings in his absence & that he wd. so advise the Presd.

This P.M. Mr. Warburg (of the Fed Res. Bd) came over from N.Y. in response to telegram <sup>left out</sup> from

Meadow to take over Pan. Bond issue; he said on facts submitted by me such an issue was necessary & he would advise us how much could be floated.

May 7

Thursday.

Mr. Hursey called me from N.Y. on telephone; very desirous to know him but gathered that in the opinion it would be very difficult to trace was 50 million of Panama bonds. Said he would write me a confidential letter.

6 P.M. Attended wedding of Sec. H. & Mrs. Leelan with Berta & Anna; after wedding we also sat down to supper; Anna drew the silver thimble in the wedding cake. Afterwards there was dancing in wh. Anna took part. We gave as a present a beautiful antique Chippendale mirror.

~~That~~

Yesterday morning Sec. H. told me he had urged the Board to put me on Fed. Res. Bd but that the Board while appreciative of what I had done for the Admin. felt that as there would be 3 members, - Meadow, Williams & Miller on the Bd taken from Admin. office holders, he would be criticized for putting in another. I sd that I had had no intimate that my name was before the Bd except thru the newspapers; that while of course I should have accepted if offered, I felt that when I saw Miller's name, that settled the matter on the Board irregardless, as Sec. H. said he had

declined -

already done. Seidl. seemed very disturbed lest I shld feel that he had not recd my appointmt; he said he had had it in mind from the past.

I did not say to him - what I felt - that the Presdt shld have offered me the appointmt before appointing Miller, or shld have at least sent for me and have expressed some appreciation for what I had done for the Admin in accepting a subordinate position and have explained why he could not offer me the position.

May 8

Friday.

Several newspaper representatives have called & said there was a general consensus of opinion that I was entitled to always place & that I wld be appointed.

May 9

Saturday.

Hugh Wallace called & said in confidence that Col. House had urged on the Presdt the necessity of appointing me. He said the only trouble seemed to be that it wld seem 4 members of the Admin. officers; also that it was the Chairmanship and that "the Presdt board I was too young for such a position. I said if this were the only objection he shld appoint some one else chosen - he replied that he felt sure the Presdt did not want to make Warburg chosen & might have to if the man in place of Olney were

not made them.

He said he thought House ought to go in & talk w. Olney; I said I had never expressed any dread for the posture & could say and wanted to be able to say that no friend of mine by my knowledge, or current had urged my name. He said - then you forced me to see Olney or Col. House to see him, I said absolutely. From his manner, however, I announced he would see him.

He said House saw Olney Sunday May 3 & thought he would accept.

I told him that if I were President I would not admit myself after Miller had been admitted.

He said if not admitted, there would probably be changes in the cabinet & I would be in line.

He said Col. House and he both felt it was essential that I should be admitted.

May 12 Tuesday

~~Mr~~ Mr. Sumner (colored) called & said Ralph of Ben of Inf. & Army had issued orders segregating colored people in the dressing room and ordered them to use toilets only in that room. I told him I could not believe this as I had heard nothing from him, & we would surely have asked permission before making any such order. He said that if the colored people were left alone they would naturally come together; it was an order that they objected to, or at least all but a very few. I told him I would examine into this at once.

He also asked me to talk a colored man under Auditor Cram who had been a housekeeper but had been put to work on the calculating machines & old not stand the strain & feared Cram would reduce his salary.

October

May 13 Wed.

Ralph came over and said he had positively issued no such order & sd he would like to have Mr. Ewins case & see him. He said he had had some complaints from whites at places using lockets but he had advised the whites if they objected to use lockets in blow below.

May 14 Thursday.

Wrote Mr. Ewins to call & see Ralph. Also wrote Cram to do something if he conscientiously could for the man Mr. Ewins spoke to me about.

Personal Cram advised removal of two bookkeepers in Bur. of Leg. & Printing; the record attached seemed to show clear case of misbehavior and I approved the dismissal. A few minutes later Washington called & sd he was a union villain & had a cancer on his right arm on shoulder; that he had been attending to a door which now had been closed up & that he had been ordered to do heavy work which he could not do but was glad to do sweeping & other light work.

I called back order of dismissal & called up Ralph who said Washington was a hunchback; I told him that that might be

but that as he knew we were carrying on the rolls many aged, infirm & sick people and I did not want to have it said we had removed a colored veteran while allowing other disabled employees to remain. He said he would leave into the east.

For the past month have been very much worried over the free gold in the Treasury wh. has fallen off over 59 millions since Jan. 1. Under the McCaugh order placing all Govt receipts in the Bns only balances are now paid into sub-treasuries & the Bns call out gold & send in other money in part of excess over fixed deposits; when they give us some gold they turn over much in Nat. Bn notes, silver etc.

The McCaugh order did not apply to payments to 5% redemption fund but on Mar 10, 1913 Am. Sec Bailey ordered or authorized these payments to be made to depts. Bns. As we this year will redeem practically the whole Natl Bn circulation, it meant that 750 millions of dollars old be diverted from Treasury & paid to Bns; as a fact about 1/2 of this has been paid directly into Treasury, so under Bailey order about 375 millions per year were diverted from Treasury.

Today I revised Bailey's order as it was illegal, the Sts requiring these payments to be made w. the Treasury of U.S. This will keep Treasury to accumulate free gold.

I also sent out circular requiring Bors to buy  
 of them charges on Nat. Bors currency sent  
 in for redemption of the notes sent in were  
 fit for reserve. Casbury examined statute  
 & was satisfied that Bors should buy for  
 of them in all Nat. Bors notes sent in wh.  
 fit or unfit. In 1879 Sec. Sherman issued  
 such an order, but in 1881 modified it to  
 apply only to notes wh. were out for  
 reserve; later he reversed this entirely.

About  $\frac{1}{3}$  of Nat. Bors notes sent in for  
 redemption are fit for reserve & thus charge  
 will probably keep them out in circulation  
 and save drain on Treasury gold in redeeming  
 them. I found Treasury often had for such  
 notes by check wh. could be converted  
 at sub Treasury for gold. I directed that  
 as far as possible we should buy for  
 them notes by shipping lawful money.

Below two rulings will greatly help  
 Treasury gold.

See my letter to Sec. Meadow and to Mr.  
 Warburg as to them & as to suggested bond  
 issue or certificates of indebtedness.

The great financial act of 1900 which  
 creating a gold reserve of 150 millions,  
 failed to provide any means for raising  
 for gold to maintain the parity clause  
 and under it we can't use the gold  
 reserve as long as there is any true gold  
 in the Treasury.

\* At my suggestion the Fed. Res. Act - Sec 26 -

give authority to issue gold bonds or gold notes to preserve this parity.

May  
Book 15

Compt. Williams sends letter addressed to Seeg showing the conduct of Refg Bk; - that it loans letters or nothing on comm. paper, but largely in investment securities & makes large deposits in N.Y. in Nat. City Bk; says their claim that business run in default will suffer if no deposit is made against tax parts is false & untrue.

[This Bk never made such claim: Mr Sands said this Bk loaned letters on comm. paper. Mr Glover said in letter to Seeg said its customers paid 1/5<sup>th</sup> of the taxes and that the Bk would be injured by not being given a share of these deposits.]

The Seeg called me up from N.Y. this am to ask abt proposed easement to N.Y. City to build subway under the P.O. I told him of Warburg's letters as to issuing certificates of indebtedness & what I thought of it; he said he would not issue them. I told him I had the gold situation well in hand & could give him at least a weeks notice in advance of any critical situation.

May 22 Friday.

Malburn in N.Y. Sk. Apts Jan send me letter in Res. to Gov. Pombina N.D. I.J. privileges. Letter tells Sk Apts only reason he gives in favor are 1) we're more no addit. cost; 2) lower post Nov. Pac. RR on equality with other RRs as to traffic bet. Wemying & Alen. & St Paul.

I wrote mem. to hold letter for Malburns committee adding that in my opinion the best that going to J. privileges will put an Amer. RR on even ground w. a foreign RR would seem to be a subterfuge reason - if there were no attempt to grant these privileges.

May 26

Monday.

Easter called & stayed over 1/2 hour. His ostensible reason was to see Compt. Williams & urge admt of Director in Res. Bds by the Res. Bd before the local directors were elected. He seemed pleased that the RR was selected to form the Res. Bd of Boston. I told him the League Com<sup>tee</sup> asked me and I went over the Director of the RR and said there was no reason why the RR should not be designated. He said he hoped I would do all I could to secure a member of the Res. Bd from Boston. I told him the Credit had not consulted me in the matter & added that I had seen his name as well as my own insert'd in that connection. He said he could not even consider such a proposition & that he probably couldn't get it anyway. He never said a word to me about my chance of being appointed & thus clearly indicated his

opponent. Later Andrew Peters called & they went together to see Williams.

6.30 P.M. Peters called at home; said he saw the President last week & presented names of J. S. Smith and Prof. Sprague of Harvard but told President that my name was on all lips & would please everybody; that the President praised me most highly but said the S. West wanted a man on the Board & seemed rather inclined to pass over N. England. Peters sd he thought Easton really wanted the place.

In evening dined w. the McChintrens. Sen. Haller was there & he said the President ought to accept me - that all factions would unite on me. Said he would write to President tomorrow and call on him Thursday. I told him I could not let anyone speak to him in my behalf. He said he fully appreciated this but what he had to say was in behalf of N.E. & not of me personally.

Wed.

May 27  
 Mr. May W. Fitzgerald called; said I ought to accept position on Res Bd. I said no offer had been made me. He said he had talked it over w. Easton who seemed friendly but said I could not accept it. I said if offered I would accept. He asked if he could write or see the President. I said I had told my friends not to ask for this, that if it came it must come absolutely unsolicited.

May 30 Sat.

Two weeks ago John Lind called asking for letter to our border customs officials for Sen Herbert J. Brown asking every courtesy for him.

I called up White House & Tennally send all report - at request of Sen. Bryan, and a letter was given him. Two or three days ago Collier Pabst wired from Galveston asking if the old Mrs. Brown in a quasi official capacity. Went over to see Bryan Thursday PM May 28. He said Brown was collect arms etc for Constructivists. Asked me to wire Collier at Galveston & N. Orleans not to permit export of arms etc across border nor by sea direct to Mexican Ports, which I did. Also wired Pabst that Brown was a man of high character and standing & to accord him every lawful courtesy.

This Am received telegram from Pabst that Brown had chartered schooner & wanted to clear for Brownville Texas; suspected arms cargo for Constructivists & had withheld clearance & asked for instructions.

I went to St. Dept - got Sec. B at his house - he asked me to take telegram to Prescott & get his instructions. Went over about 10.15 - Prescott was still in bed - left telegram & went to home. Called up Redfield but he was away for the day. Called up Chamberlain Secy of Navy & he agreed w. me we had no legal right to prevent schooner clearing for any Port, Mexican or otherwise so long as

she was not conducting an armed expedition  
vs friendly power.

Prepared a mem. to this effect and dictated  
it to Mr Foster at White House who gave it  
to Presdt.

\* 12.15 Presdt W. called me on telephone and  
said that whatever the law might be he  
thought it more expedient to waive the  
collector to permit clearance only for  
some foreign port other than Mexico, e.g.  
Cuba, & I told him I would attend to  
this at once.

Took Brandeis to ride. He spoke of reserve Board and  
said my appoint would be ideal and that  
to his knowledge my name had been strongly  
urged upon the President

June 1 Monday

Brandeis dined with us. Seemed very much  
interested in my appointment. Spoke very  
enthusiastically of Warburg.

June 5

Friday. Mr Looney, private Secy of McAdoo, said  
a number of newshaker representations  
yesterday asked Mr McAdoo about my  
chances for Res. Bd & McAdoo said that  
was for the President to determine; that  
my appoint would be a very great loss  
to him personally but that he wanted to  
say that there was no appoint under  
the Govt I was not currently <sup>qualified</sup> entitled to

feel and that I ought to have anything I wanted.

June 7

Sunday  
Mr. Mead has not mentioned the Reserve Bd to me since his return except once last week he asked me to consider a legal question he was talking over with Elliott saying - this is a matter you will be interested in - and then suddenly corrected himself by saying - we shall have to have many talks about the Reserve Bd from the Treasury point of view.

Mr. Williams nearly every day intimates that I am to be appointed & from his intimacy w. Sec. Mead I feel quite sure they must have talked it over together.

June 8

Sec. Mead has been severely criticized in N. Y. papers for demanding 1 million dollars for easement to tunnel under N. Y. P. O. & C. T. House building. He has always seemed averse to granting this on any terms. He asked Elly & Co to appraise it & they said it was worth 1 million dollars. The day he was married he asked me to look into it. I asked Atty Gen to get U. S. Dist Atty, N. Y. to examine letter & he replied that bec. of the conditions in the letter the U. S. could act only as a nominal consultant other than in aspect of N. Y. City - which it was willing to give, that all damages to present building

and all extra expense in foundation of any new bldg in business shall be made good. I carefully examined the letter & reached same conclusion & telephoned this to Sec. H. at Cornish. He seemed disturbed at this & insisted that I should write Atty Gen & ask if there was anything in the letter releasing him from charging the most value of the easement wh. his expert said was 1 million dollars. I did this & he replied there was nothing in letter to prevent charging full most value but he refused to say what this was. Sec H. Advise him by letter asked me to ask expert in what grounds he based his opinion & he replied that he assumed the land in same position as if owned by private individual w. out any conditions or restrictions but if restricted as now pointed out its value receipt be little or nothing. I then saw Atty Gen & he suggested an arbitrator.

Finally Sec H. wrote letter to Pub Sew Comm. deam by me suggesting such an arbiter but he put in at end a statement that one of the terms of the grant was that the Pub Sew. Comm. - in view of the unwarranted attacks on him - must publish his letter at its own expense in every paper in N. Y. I begged him - by a written mem. not to do this but he insisted.

June 9 Tuesday.

Mr. Dudley of Wash. Star told me in confidence that Humphreys had just told him I would not be added to Reserve Board.

Have every reason to believe Sec. M. asked Priddy to appoint me. Am disappointed that Priddy does not promote me - he does not seem to be very appreciative of what I have done for him.

June 10

Wash. Post announces that I am not to be on Reserve Bd.

June 12 Friday

Sec. McAdoo, just before going to cabinet meeting called me in & said the Priddy - at his earnest request, had decided to appoint me on the Fed. Res Board; that his only hesitation had been because putting 4 members on from his official family might be criticized; was it not for this I would have been among the first to be appointed. I thanked him and assured him I gladly ~~accept~~ accepted. He then asked me if the Priddy was obliged to designate the Governor & Sec. how when the names were sent in - I said no, he did not designate them until they were appointed & confirmed. He added that he should ask the Priddy to make me Gov.

In the afternoon he sent for me again & said that the Priddy would send the name

to the Senate on Monday & that he had determined to designate me as Gov and Mr Jones a lawyer of Chicago as 2<sup>nd</sup> Gov.

He said Secs Houston & Buelson strongly backed him up in his request for my appointment & designation.

I told him how I appreciated the lesson that I hoped the Board would be harmonious as dissenting opinions would weaken its influence; that there were many questions which must come up under the Act, in the relation between the Board and the Treasury which could only be adjusted by most cordial and intimate relations between the two, that in some of these e.g. deposits of public moneys the Treasury was all paramount and that in all these relations there must be perfect harmony betw. the Treasury & the Board.

He said he could not tell me how pleased he was at the President's decision altho he did not know how he could get along w. out men the Treasury & that I must talk to him in choosing my successor. I suggested Malburn & he said he would talk with me about it.

He seemed very much relieved at my appointment for he said the large financial interests would more or less be united to control the members. I told him the only special quality I claimed was tact in harmonizing conflicting interests & that

in that way I could be helpful & that I should do my utmost to weld the Board together in a united whole. He said if this could be done we could demonstrate to the country and even the extreme radicals that the Act would really benefit all the people.

He told me not to mention my appointment to any one except that I could - telephoning Bertie say I thought the matter was arranged satisfactorily.

June 13 Saturday

Received letter from Stewart Tabbony enclosing copy of letter to McAdoo warmly endorsing my appointment. He referred to a talk we had together Thursday P.M. late evening here with me. He then said he hoped I would be appointed & I told him I had never sought it directly or indirectly nor had any friend w. my knowledge solicited it for me; that I felt I could help Mr. McAdoo if appointed by securing fair play if any attempt was made by big financial interests to control the Board in any under way. This was in response to his statement that he feared Harding would be influenced by Wall St. as Mr. Bertrand who recommended he was a mullman very close to the interest. He also distinguished Worthing, knew little of Miller. I told him I could

do much towards without harmonizing and  
felt I could be useful in bringing the  
Board together in unity but without this  
the Act would fail.

As a matter of fact the only time Mr  
Maddox spoke to me of the Reserve Board  
was the day before he was married  
and yesterday - Friday.

June 15

Noted  
for Res. Board

Monday. 12.30. Celebration of flag day at Newry.  
I delivered an oration.

2 P.M.

President sends to Senate my nomination as  
member of Fed. Res. Board for a two year  
term.

June 17

Wednesday. Went to Boston for Yale game & Com.  
day. To Mattapoisett Thursday P.M. Left there  
Sat Am & arrived in Wash. Sunday am  
Received enormous number of congratulatory  
letters.

June 22 Monday.

Sen. Huller sent me a letter saying I would  
surely be confirmed.

Sen. Weeks called 5 P.M. Asked me to give  
Asst Appr Group 30 days leave starting  
from August 1. Said I would see  
Secy to do this.

Sen. Weeks then said - "well - you are subject  
to congratulations on your own account".

I said Yes and he then began to talk about the Reserve Bd & said the Com<sup>r</sup> wanted to be sure that none of the members were subject to any untoward influences or influences. I sd - this was clearly their duty. He sd he was in the sub com<sup>r</sup> to which my name had been referred & that no objection would be made to me or to Miller. He asked if I had ever been a director of a Natl Bk & I said Yes - the Natl Cash Bk about 15 years ago - it was absorbed by the Natl Sharemont. He then asked as to my business affiliations - I said I had absolutely none - that I retired from law when I became Natl Water Com<sup>r</sup> - except for B. Ch. Commerce for a short time - & that I had no business affiliations & owned not a share of any bank or trust Co. He said he also gave up business when he went into Senate. I said my wife had a few shares of bank stock & trust Co stock & that I should sell this also. He seemed to think this not strictly necessary but I said I intended to do it. I said also I was trustee of the Peabody estate but shld also resign from that. I added that I felt that membership in that Board was like membership in the U.S. Supreme Bench.

We then talked about Warburg & Jones. He seemed very favorably impressed w. Warburg but wanted to know about Jones. I showed him a telegram letter from Asst Treas Sherman of Chicago enclosing an editorial from an obscure paper praising Jones & sd I would send him a copy also showed him a letter from House Chamber praising Jones.

Sen Haller also called this morning - said there was no objection to me - that Sen Brewster told him I was the only man whom he recognized as fit for the post; that he supposed if Sen Fred Wellman were here he might receive his old charge of a secret retainer from the B.A.A.; that he had shown of this to members of the Com<sup>tee</sup> & had told them it was a laughable absurdity. I told Sen Wellman had come to me & we had made it up and that W. had written me a letter from Greece congratulating me on my promotion to the fiscal business.

Mr Brandeis and Mr Rublee of Wisconsin dined with me at Army & Navy Club. Brandeis said - your friends will take care of you as to embarrasment.

June 23 See Meadco called me up late at night and asked me to do all I could with Sen Wellman as to embarrasment of Mr. Jones.

June 24

Mr. Laughlin, former Asst Sec of State and now  
 Rep. of Chicago paper met me in cars  
 and said I surely would be embraced  
 but Jones & Warburg would be rejected.

July 2

Thursday Am

Senator Hitchcock, acting Chairman of the Senate  
 Banking & Currency Comm. called me at Treasury  
 about 11.30 am. He said he had read the  
 sketch of my life and he wanted to say to  
 me that Charles E. Russell's book had been sent  
 the Comm. - he did not say by whom - in which  
 I was attacked as having had a secret return  
 of \$1000 from the Post & Marine RR while  
 practicing law in Boston. I told him fully as  
 to this, explained how it originated and showed  
 that it was simply a political attack  
 as there was no secrecy about it whatever.  
 He asked me the exact time during which  
 I was returned and I explained to him  
 fully as in the letter subsequently sent  
 Sen. Hollis. He then hung up the telephone.

A little later Sen. Hollis called me up to  
 say the Comm. had voted 11 to 1 (he must  
 have meant 10 to 1 as Sen. Owen is in Europe)  
 to report favorably on my nomination after  
 carefully considering the Russell article  
 and my reply. He said Sen. Brewster voted  
 against me because of this article & said  
 he would have voted for me otherwise.  
 Hollis said - on my inquiring whether it was

not be well to ask Mr Brandeis to see him. That this was an excellent idea & I at once telephoned Brandeis to the Jordan - he said he would see Brewster at once & later telephoned he had seen him and he felt sure he would not violently oppose me altho he could not say he had completely disarmed his opponents.

I then wrote Sen. Hollis a letter giving all the facts as to my relationship with the B. Ch. Com. & B. & M. R.R. and sent it to him.

Left on train 4.03 P.M. for Boston, at 11.15 late next afternoon.

July 2 Evening. Met Sen Weeks in N. Y. at station - he told me about same as Hollis - said he had urged Brewster to vote for me and Hollis confirmed this. Said he would use every means to bring Brewster over, and at one time he thought he would insist on my being given the opportunity to go before the Com. but they were all - except Brewster - of opinion that as I was in private life I had a right to have any case & were satisfied there was no secrecy in my return.

In letter to Sen. Hollis & Claborn showing attitude of Com. see my Masony letter book & serial B.A.

July 3 Today, in Boston w. met Sen. Halloran. Went

See Se. Bd.  
and  
B. & M. R.R.  
page

July 2

July 3

to MCA in afternoon. Found telegram from Fowler that Senate at 4 P.M. had adjourned to Monday for lack of quorum.

July 4 Sat. at MCA.

July 5 Sunday. Left for Wash. in P.M.

July 6 Monday.

See Sec. Act  
and  
Act. Act  
Book

In Wash. Sent another letter to Sen. Hollas and Sen. Weeks & Brandegee as to B.C.M. going into matter most fully. Sen. B. was on train with me last night and he said if Brewster attacked me he would gladly defend me in Senate.

At Masony found letter from Hollas that he had shown my letter of last Thursday to Sen. Brewster and he felt sure he would not oppose me.

\*Confirmed  
by Senate  
July 6

5.45 P.M. Sen. Brandegee has just telephoned that I was just confirmed by the Senate without a dissenting vote.

A minute later Sen. Hollas telephoned to same effect, and said Senate passed a vote to notify the President of the confirmations.

I at once went home & called up Bertie at MCA & told her & then sent a wireless to Sec. Meddow on the Monday on Long Island Sound.

July 7

Tuesday.

Went to see Sen. Hollis at Chevy Chase Club. Present, Sen. and Mrs. Hitchcock, Sen. Salisbury et al.

July 8

Wed.

Wrote letter to judges of Probate Court, Boston and sent formal application resigning as trustee for the Phillips et al under will of Anna P Peabody to take effect Sat. July 11. I found the estate had some few shares in Nat. Shawmut (About 75) and a smaller no. in a Salem, <sup>Nat.</sup> Bank & Trust Co. While probably my co-trustees would have sold this stock if I asked them I thought the fairest thing was to resign absolutely to qualify as member of Res. Bd.

July 9.

Judge Hoag of Prob. Ct. wrote that my resignation as trustee was accepted to take effect July 11 as requested.

Also wrote Mr. Higginbotham to sell Better's shares of Nat Bk of Com. N.Y. (17 sh.) and Union Trust Co. of N.Y. (45 shares).

July 10

Friday. L. H. Co. write they have sold the sh. of Nat Bk of Com.

I thought it was better to do this altho the act did not seem to require it.

July 15

Wed.

Dined at old Mill on Rock Creek park in honor of Sec. Lane's 50<sup>th</sup> birthday. Present: Sec. & Mrs. Bryan; Sec. & Mrs. Lane; Sec. & Mrs. Meador; Sen. & Mrs. Newlands; Mrs. Ames. This is Mrs. Smith a guest of Presdt: also President Welan.

July 16

Thursday.

Mr. Elliott told me Sec. Meador decided not to designate the Gov. & Vice Gov. of Res. Bd. in the commission but simply to make out all commissions as Member of Res. Bd. & later to make the designations.

July 27

attended opening of Lake Lodge canal and made a speech.

Aug 1

Sat. Sec. Meador telephoned me to go to N. Y. Monday and later asked me to come to Wash. Sunday Am. for a consultation.

Aug 2

Sunday

Arrived Wash. 1.30. Left w. Sec. Meador bus N. Y.

9 P.M. Attended bankers conference. Sec. Se. Bd.

Aug 3

Monday Aug 3 then Thursday Aug 6 in N. Y. in charge of Sec. Treasury, and then Vogelberg in Curacao. Passed in collateral for Old-Vermont notes with Mr. Harding of Res. Bd.

On Tuesday Aug 4, there was a line up of 3 or 4000 people asking for gold in exchange for Nat. Bd. notes & silver certificates. Altho not legally entitled to gold I instructed them and those to pay gold freely when asked for in nominally small amounts. Later I telephoned

See Mr. Adoo: at first he objected this but I told him a reversal might cause a panic & he agreed to let me do as I wished. The result was that the line disappeared in a day or two.

July 7

In Wash.

Sat.

See Mr. Adoo said President had designated me as first Governor of the Reserve Board and he ordered a designate to me drawn up by Assistant Director.

July 10

Took oath of office in See Mr. Adoo's room. Butler was present and a large number of people including Sec. Hunter & Lord, Sen. Owen, Simmons & Hazel Smith, Mr. Elan etc. etc. See H. made a speech and called on me to reply. First meeting called on Thursday.

Took oath of office

July 12

Vanderlip called me from N.Y. in behalf of Com<sup>r</sup> of N.Y. Ch. Com. Said they wished legislation to author. holding Natl. tax notes as part of lawful reserves; that our Res. owed Canada and England about 150 millions; that England had abstracted in capital in Canada to receive all assets dec. English people; that it would be dangerous to pay this out of our reserves.

I at once asked Sen. Owen & Simmons & Mr. Elan to come to Dept: held conference 3 P.M.; they said impossible to change law under 2 weeks; I thought next to Controller that he could permit reserves to be drawn on without my

legislation & we agreed this was proper course  
to pursue. Arranged w. Vanderlip for conference  
Thursday morning at wh. Eldridge reb. his car  
would be present.

Aug 13 Thursday

Conference 10 am: Present Eldridge & Reserve Board  
Sen. Owen Mc Elan & Eldridge. Whole situation  
gone over, shown that England's mortmain  
had caused her people for paying any debts: it  
seemed insupportable for us to draw down  
gold reserves of banks to buy her. Eldridge  
thought if we could be worked out by  
completely allowing reserves to drop.

2.15

Conference at White House w. President. He  
delivered an address.

3 P.M.

Reserve Bd organized. Sec. H. said President  
would be grateful if Dr. Fric of Princeton  
could be made Secy of Bd; that Mrs. Welles's  
dying request was for this. Bd unanimously  
elected her.

also passed resolution that Comptroller was  
justified in permitting reserves to fall under  
present extraordinary conditions.

Aug 14

conference of Ch. Com. under bodies, bankers etc.

In afternoon had talk w. Woodward & Eldridge.  
Brought out clearly that Board in N. Y. had not  
yet decided to buy Canad. & English credits in  
gold to Canada; The Treasury had merely said  
it would allow reserves to be encroached and that

of ultimately it was decided that gold must be sent to Canada it could be taken from the reserves altho they might be depleted.

Seth Low, Geo Francis & Peters dined w. me at Met. Club.

For work done on Reserve Board see minutes of meetings.

Aug 27 Thursday

Mr Warburg in written memorandum strongly opposes allowing Res. Bds until some amendments are made to the Res. Act; strongly advocates change so as to require member banks to deposit their reserves with Res. Bds along with Fed. Res. notes which should be made available as part of lawful reserves; sd that new banks under present law would not get more than 250 million of gold and as 1/2 cld be paid in with coin paper the rest would be only about 150 million - too small a sum to be of any avail in present emergency. On other hand he said that if member banks would deposit reserves - even the total money - w. Res Bds we would get 800 million of gold wh. wld sustain our whole commercial system without difficulty.

Aug 28 Friday

Went over Warburg's suggestions in full board. Much discussion as to Res. notes; I pointed

out they were tied down to and represented  
 com. paper. Warburg & the Secy thought  
 that Fed Res notes could be issued for  
 gold under Sec. 14(a) - power to exchange  
 Fed. Res. notes for gold etc. Wellman and I  
 agreed that this meant merely to  
exchange notes already issued for gold  
 The Secy said the intent of the law was  
 that new Res. notes could be issued for  
 gold. I pointed out that this would  
 constitute a new kind of Fed. Res note  
 not auth'd by the act & if auth'd would  
 require the gold to be held as a trust  
fund & if this were so, the Res might  
 purchase a present gold certificate to such  
 notes.

The Secretary then said we ought seriously  
 to consider the propriety of the U. S.  
 suspending gold payments. He did not say  
 this had been considered by the Cabinet  
 but from his manner this seemed clearly  
 to have been the case. He pointed out that  
 this would enable the U. S. to keep the  
 gold against wh. gold certificates were  
 outstanding, altho the certificates would  
 still be in circulation. Miller said they  
 would be at a discount wh. Sec. H. denied.

Well now I rather felt that the Fed Res  
 act was not passed to keep the U. S. on a  
 gold basis but rather to make our bank  
 liquid so it could be used instead of  
 call loans & further to keep Govt money

deposited w. Res. Co. and the member banks reserves similarly deposited away on Wall St, the duty of maintaining parity being on the Sec. of Treasury who was given extra powers to issue gold bonds for this purpose.

The minute the Secy mentioned such a power however I made up my mind that I would consent to any amendment of the Res Act which would avert such danger.

Washington felt confident that with these amendments we could keep U.S. in gold base w/out much if any danger of suspension.

In evening we met and drew up certain amendments.

Mr. Glass said no hope of amendments as any bill would be lashed down with vicious amendments.

Sen Owen at once introduced a bill containing draft provisionally adopted by us at above evening session. It was understood however that no bill would be put in writing until we had shown amendments to Sec. & Presdt. The next morning we changed the amendments by striking out acceptances of 2 named commercial banks etc. The Owen bill does not represent views of Bd. and some things in it e.g. lower cap. limit of Nat Bks we had not agreed to & had so informed Sen Owen.

Sept 12 Sat.

Mr. Miller presented comments to show that Fed Res Bd of Atlanta would soon have to shut its door if called in for gold.

This was based on Warburg's views. They both forgot that Fed. could protect itself by raising discount rate. They also seem to think Res. Bd. must furnish all gold needed for export as if they were the only banks in the U.S.

They are both soundly permeated.

Oct 7 Wednesday.

Today we finished election of Govt directors by electing the Cleveland bank directors. United now every election was unanimous by in the election of Henry Wolfe, Mann, Delano, Miller & Warburg voted No. Mr. Harding said that while satisfied that Wolfe had the character & ability requisite yet he feared that the matter might be construed as a political issue & ∴ he felt constrained to vote no Wolfe. He said however that in view of the fact that W. was elected last week and the Secy was authorized to tell this to Mayor Baker of Cleveland in adverse vote now - the matter having already been <sup>re-</sup>considered - would put the Secy in a very awkward & embarrassing position & he should ∴ vote for Wolfe.

The vote stood: aye, Williams, Hamble, &

Harding; No. Delano, Miller & Warburg. The Secy

thereupon voted Kay & W. was declared elected.

There was quite a bitter contest over this matter. Miller was told the Secy that he Miller was voting to save the Secy from himself!

Some time ago Sen. Burtin went over the various names with me & objected to Wolfe not apparently on any ground of character or behavior but chiefly as I remember, on the ground that Wolfe had not treated him fairly in his newspaper, that once he had taken a few sentences from one of his speeches & had magnified them unfairly & had attacked him unjustly.

I have high opinion of Burtin & would not willingly do anything to offend him but in passing over W.'s endorsement I was satisfied that he was among the best men for this place & that not to appoint him would be to do the very thing we all sought to avoid, - to allow political reasons to influence us.

Sen. Pomeroy was very strongly interested in Wolfe & testified to his high character.

Last week or the week before we elected Homer Johnson of Cleveland to the position but he declined to take it because of his professional relations to banks etc.

At our request he came in and was very bitter towards Wolfe. Working said he told him that whenever Wolfe got

drunk he would say that he would be  
 Cox and that our lawyer asked him to  
 appear for him in a law suit but it was  
 of such a nature that he declined.  
 Last week in morning the Secy sent  
 down a note which we were in some  
 way us to give Sen. Pomeroy a hearing.  
 Wadsworth Warburg moved to adjourn on  
 the ground that we should never give a  
 hearing to any Senator or Congressman except  
 upon our invitation. Williams & I protested  
 & said this would put us in a bad &  
 ridiculous position. Miller said in adjournment  
 we should go up to my room and listen to  
 Pomeroy informally. I said it would  
 be ridiculous to hold our office in this  
 manner but they persisted and voted  
 to adjourn Williams & I voting No. I felt  
 this was most discourteous to the Secy.

Later we met Pomeroy in my room -  
 this was Thursday Oct 1 at noon.  
 After some discussion Warburg said to  
 Pomeroy speaking as he said for the  
 Board that the only reason we had for  
 not voting for W. was that he did not  
 give the necessary time to the cause as  
 it would involve almost continuous  
 presence in Cleveland at first and  
 much time always. This statement was  
not in fact true as Warburg and some  
 of the others were influenced against  
 W. by Johnson's statements. Shortly after

Worthing said to Williams his statement was not true. I very nearly objected to the statement when it was made but did not want to have any debate before Pomeroy. Miller then asked Pomeroy if he could obtain assurance from W. as to whether he would give the necessary time even if it involved residence in Cleveland. This was done as Miller later admitted in hope that W. would say so.

In afternoon I said to Board that in my opinion the above statements committed the Board to W. if he gave satisfactory assurances & I should in such case vote for him. Worthing said if he gave such assurances we must then vote that the directors must move to Cleveland & give all his time; altho in San F. Texas and other States we had not required this.

While we were speaking Sen. P. called me on telephone & said he had just been talking to W. who gave all necessary assurances. Later Sen. P. wrote me as to this. (See his letter).

Later that afternoon on the next day after long discussion we voted to elect W. and Meadow of Cleveland & Worthing said if Meadow would serve with Wolfe he would be perfectly satisfied. We then asked the Secy to call up Mayor Baker & ask if J. would serve on above conditions.

Friday or Sat. the Secy said he had telephoned  
Baker who said J. would serve & that he  
(Mayor B.) in whole thought W.S. selection  
would be a wise one.

On Monday or Tuesday at another meeting  
Belano moved to reconsider election of  
Walbe. Much rather bitter discussion  
followed. I said that as the objection  
to W. came from Johnson's remarks to  
Warburg, W. should have a chance to  
be informed of the & to answer the  
William agreed w. me. Warburg was very  
mad & sd if this were done he would  
never again give any confidential informa-  
-tion to the Board. Finally on vote it  
was moved to reconsider, Williams, the  
Secy & I voting no and Harding, Miller  
Belano & Warburg voting aye.  
Finally, as above stated, Walbe was  
elected.

The Secy was very indignant at the  
treatment of his request for leaving of  
Sen. Power - said he had talked it  
over w. Presdt Wilson who said he would  
consider it his duty to remove any one  
leaving the preposterous position that  
our Board would hear no Sen. or Pres.  
except by mistake

During the discussion above Mr. Warburg stated  
that he would agree if W.S. election were  
voted down that he would vote for him on  
first vacancy our year began date, or that he

would agree that we should tell him that we could use our influence to have elected a member of the Advisory Council or of some local bank to be focused in connection with the Fed. Res. bank. My answer was that if he could elect a year from now he would be fit review.

Oct 9  
Friday.

Fisher Wade of St Louis and a Com of St. L. merchants came in advocate a 150 million fund to help cotton growers, handlers, shippers etc.

Res. Bd named myself, Haedling and Workman to hear. We discussed plan for 3 hours. As originally presented a syndicate was to be formed which would raise 150 million for wh. they were to receive 7% net. The syndicate managers were to loan this through banks as their agents to banks in South who were to lend to individuals at rate of not over 6% per lb & were to rediscount the notes at rate of 7% plus further sum of  $\frac{1}{10}$  of 1% per month ( $1\frac{2}{10}\%$  per year) to cover expense of managers and commissions to managers & their agency banks. No limit was put on what the borrowing banks should charge borrowers. After long discussion they reluctantly agreed to limit rate to  $8\frac{5}{10}\%$ . We further said that the exact com to be paid must be explicitly stated and I said that having our syndicate manager would not be satisfactory but it should be

a course of at least 3 prominent bankers at least 2 to be in South.

Oct 10 Sat.

Warburg prepared a letter summarizing approving details of plan but saying nothing as to syndicate manager. He had said only one he had talked with was J. P. Morgan & I felt this would not be satisfactory alone. I thought rate was too high but all present said rate in South was 10% upwards the other money laws being got around.

Finally we went to Seely & later he came down to meeting & said he was willing to endorse such a plan in principle but that he would not endorse the particular plan as he thought interest rate too high. Later I prepared a letter, slightly changed by Seely agreeing to such a plan in principle but desiring to discuss or approve rate of interest, currency etc. (See Serial Bk.)

As the Seely was leaving room after Board approved my letter he said he hoped we would use every endeavor to obtain for us soon as possible. I said this would be done and that a call for capital subscription should be issued in near future.

Suddenly Warburg paced up and down the room violently angry attacking me

for my conduct as far as being doing the Board or some such expression; said it was absurd to vote before conference with Gov of N.Y. and other banks; that I often forced the Board to change its views to please the Secretary; that he was disgusted that he had voted for McLellan of Indiana when he saw him; that he was disgusted with waiting for Secretary when late etc and that as Gov I was responsible for defects of Board, that he did not intend to stand it any longer etc etc.

Then Harding opened by saying the banks could not open until certain preliminaries accomplished, that he should never again vote for anyone against his honest conviction etc etc. - referring to the Wolfe abstract.

I replied to Wearing that I had never & could never influence Board to vote against its conviction; that Williams & I who had bought and bid with the Secy had great objection for and respect for his opinion. W. then said or implied we were voting w. Secy because of objection etc. Williams & I denied this and I said the most significant difference to any other opinion was our defence to W. in abstract of Story as Gov altho we had none to bear that charge might be attached in ground that Story wd not have courage to w. stand N.Y. candidate

influence. This rather staggered him & I added that the only criticism I had heard of myself that I was too lenient in presiding & not strict enough.

W. & Harding then both opposed my sudden opening of the banks & spoke of fact that if amended as to reserves was not adopted by Congress the Bank would be quickly forced to close etc.

I replied that even if amendment did not pass I should vote to open the banks as soon as the nec. preliminaries were accomplished & that they were sure to show next day as I believed it was our duty to carry out the will of Congress.

Harding thought I said that I would vote to open at once before nec. preliminaries were accomplished and was very mad but I made my stand clear.

I then said I appreciated that neither W. nor H. were in sympathy with the Act unless amended & that they believed until amended the banks should never open. They denied this rather freely when I reminded them of the report by the Fin. Com<sup>tee</sup> on the proposed amendments written by W. & especially endorsed by H. saying banks should never open unless amendments passed. This somewhat quieted them.

Finally Miller moved that they vote to

asked a time to consider & report next  
Wed. just what preliminary steps should be  
taken before opening.

Then W. began again about defects of  
Board & that Secy was only one member  
that responsibility was on me as Gov  
& I replied that I should share no  
responsibility & felt satisfied I had  
discharged my duties fairly and justly.

Then Miller delivered an analysis of  
of the Secy's character - brilliant and  
ambitious but unable to give me time  
to duties of Bd; that it was more or less  
amusing to discuss a question perhaps our  
know & suddenly have Secy come in &  
have to go over all again & be intimidated  
perhaps have to change our views to  
please Secy's snap judgments.

Finally the meeting adjourned.

I am about satisfied W. is absolutely  
out of sympathy w. Res. Act unless he  
can turn it into a vast system of  
centralization w. N.Y. the predominant  
factor & that he is representing the  
wishes of the N.Y. banks rather than  
the people - in fact I suspect he  
has little sympathy with the people.

Oct 14 Wed. Spoke at convention of Amer. Bkrs Assn at Richmond.

Oct 15 Thursday.

3 P.M. Board meeting. Secy. read a letter addressed to him as Chairman of Board from Postmaster. The Post said many complaints had been made to him by Senators & also that the Board was deliberately working back an organization of the Reserve Bks; that he knew this was untrue; that in order to show it to be untrue he hoped the Board would use every effort to expedite the opening. The Secy also read a letter prepared by himself to the Board urging haste & saying the case should be opened by Nov 2.

Washburn was very indignant saying both letters implicitly criticized the Board; he added that had it not been for delays caused by Secy's being late at meetings much better progress would have been made. The Secy at once asked W. what he meant and a bitter controversy seemed imminent. W. backed down, however, & did give no instances.

It was sd we had asked the directors to state at conference next week the earliest moment they could be ready & that it would be disadvantageous now to make any announcement. It seems the circular to the directors was signed by the Secy of the Bd & prepared by the Council & none of the other members had

seen it.

There was a long discussion, Washburn saying we could not open before Dec. 1 at earliest.

Stung was in town & we called him down into the meeting. He said N.Y. bankers felt strongly Jan 1 should be earliest day bec. of business in gold but he admitted to Williams the Res. bns would not object w he affected by that. His real reason seemed to be that this was a bad time for the Res to open & he said we should wait until all could be heard at the meeting next week. At first he said the clerical force could not be ready but later he said that N.Y. would not be the last bank to open in any event. He agreed w Washburn that we could not properly open until Fed. Res. notes were printed & he said in reply to my question why Res could not open & merely rediscount by bank credits or cash that this would make the Res merely safe deposit Co's.

Finally it was agreed no announcement should be made before the meeting Dec 20.

We also voted to issue call on part of 1st subscr. of cap. stock pay. Nov 2.

Oct 23 Friday.

British Ambassador

Oct 19 Monday.

British Ambassador came to Reserve Board with Sir George Paish & Mr Blackett who were invited by Sec McAdoo to come over to discuss Int. exchange matters etc. He introduced them to us & we had a very short talk.

Oct 20 Tuesday

Convention of directors of Reserve banks. Sec Mc. taken ill. We gave Sir Geo. a dinner at Army & Navy Club - Sec Mc. was to have given him out. Later we went to Cuffet supper at same club for Res. bank directors & Sir Geo gave a short address.

Oct 23. Friday

Meeting to arrange cotton pool. also w. Sir Geo.

Oct 24 Sat. " " " " " "

also meeting with Sir George at 11.30. Representing the U.S. Sub Com<sup>tee</sup> consisting of my self and Warburg; Mr. Res Bank Gov Stung of N.Y.; Bantless Curre, Wiggins and Mr Brown of Brown Bros. N.Y.

On Friday we discussed the value allowed Amer. Eagles when delivered at Montreal. Sir Stung contending value not enough.

On Sat. Sir Stung outlined difficulties in establishing N.Y. Res bank and unworkability of its guaranteeing gold for acceptances.

to discharge British debt.

Sir Geo. said: 1. The British Govt will remain on a specie basis for inter. payments. 2. It will agree to accept former bills for present indebtedness provided the security is first class. 3. It will not object to being paid in credits when bills mature.

He agreed that securities sent here for sale should not be or should not be paid in gold as Eng. people did not buy gold but credits.

Finally we adjourned until next Friday & Gov Stimson agreed to present a memorandum covering whole question.

Friday evening Oct 23 dined w. Warburg; he wants Res. Bd to give 100 millions of gold to cover balance bills. Mr. Schiff and Gov. Stimson were opposed to this.

Oct 30 Friday.

Session of Com<sup>ce</sup> w. Sir George

Oct 31 Session. 10 to 1.30.

At these sessions Gov Stimson read a number of mem<sup>os</sup> covering <sup>of</sup> price allowed for gold at Ottawa. Claimed not high enough. Sir G. said if Eng. allowed more it would facilitate gold exports from U.S. and thus injure us. We replied this would be so in normal conditions but not now. Sir G. advised us not to begin exact cost etc which Bd of England should allow but merely claim as a matter of justice we should be allowed a greater sum.

1) Facilities for free transportation for selling cotton to England and assistance from England in financing its movement.

Gov. Story said advised that there was an understanding bet Eng. Muffles not to buy cotton save for hand to mouth. Sec. J. denied this and said matter was slowly righting itself; that Manchester shippers at first were short sighted but were now more reasonable; that he had advised that Lev. Cotton exchange should now be opened, etc.

c) Opening stock exchange. d) Payment to England of indebtedness not yet provided for. We know these are together using c) as an excuse for bringing up the principal question d)

Gov. S. said Com. of N.Y. stock exchange should go to London to consult w. London stock exchange Com. before opening.

After long discussion Gov. S. said he, Weyger & Brown would make a start in writing as to a plan for taking care of the stock exchange in case any securities were dumped upon us after opening. The plan suggested was a syndicate of banks and bankers who would lend to stock exchange broker taking stock exchange collateral; a com. w. the syndicate to draw in certain Eng. Cos as an Bd of England the stock exchange collateral to be given as security; thus the banks in the syndicate would be indiv. liable in the

Bills; furthermore the Reg. Act. were to agree to renew these bills if considered necessary by the syndicate and that would relieve our own necessity of covering these bills w. gold wh. Strong sd they would never be willing to do.

Weyger said to me that our old gold could be put in Res. Act by discounting conv. paper is necessary in future.

Gov. Strong sd Res. Act could not safely guarantee to deliver gold in future. If system was successfully established they could do it but could not agree to do it.

Sec. Ev. at first insisted on Govt bonds as collateral but finally said he would advise Pres. Govt to agree when some such plan as above.

Quentin then arose as to how this plan should be presented to Sec. Ev. whether as a suggestion of the bankers, W.S. Weyger & Beaman or as a suggestion from our whole subcom<sup>tee</sup>. Sec. Ev. said he could not cable a suggestion merely from bankers - it must have approval in principle of Selig and of Reserve Bd. Walbury then called up Sec. Meadows in N.Y. & he said he had no objection to the matter being given to Sec. Ev. if understood to be merely a mem. from the bankers but if anything more he & the Bd must have opportunity to consider it. (I had previously telephoned Ev. & advised him to say this.)

Finally we adjourned until next week.  
 We then called a meeting of Res. Bd and  
 I suggested that if any reserve were to  
 be given to be cabled to Cham. or by cheque  
 w. approval of Secy & of Res. Bd we ought  
 first carefully to consider it as also the  
 Secy & the Presid. We all agreed to this.

As a basis for all discussions as to amounts  
 owed abroad we took the figures prepared  
 by business comm: showing Sur. 379.1 million  
 less from, 56.6. Net debt 322.4, as follows:

	Million	
Credit balances	95	Debit balances due
Time drafts	63	from all countries,
acceptances for		56.6 million
our acct.	86	
Com. credits still		
unpaid	50	
Treasury credits	15	
Loans to be for		
Corp. credits	12	
Exchange we must		
deliver not covered by		
alone	13	
Being loans & cred.		
obligations pay. abt		
Securities	5	
Dividends	8	
Due Europe for see's		
held but not yet paid	.7	
And due Europe for see's		
held but not rec'd		
from Europe	18.	

As I understand it from this next balance is to be finally deducted the 80 million U.S. notes for which gold has been provided. Also the 100 million gold pool & the exchange made in exports.

We are agreed w. Gov. Stimson that in all human probability the increasing exports with the 100 million gold pool would amply take care of our indebtedness and that the only cause for anxiety would be whether an opening of silver exchange we should be flooded w. our securities sent back for sale. The above suggested arrangement the bankers throughout would take care of the possibility provided it could be carried through.

Tuesday.

Went to Boston to vote.

In Boston with Mr. Harding of Reserve Board.

10 AM met Council of clearing House. After long discussion they said would meet tomorrow and would probably advise raising of 5 millions towards cotton loan provided Atty Gen of U.S. gave opinion that it did not violate Sherman Anti Trust law, Clayton Bell or other laws of U.S. I said I would ask Secy to obtain an opinion from Atty Gen.

1 PM. Lunched at St Botolph Club with directors of Fed Res Bd and later visited office also the officers they expected to leave permanently. Left for Wash. 5 PM.

New  
text 3

New  
text 4

New 4 Wed.

In Wash. Roubay would not allow Currier to raise 5 million if ok of Atty Gen. was obtained. They also stipulated in Boston that the Guaranty Fund was to give preference to class A contributors. Nothing in the report as to this but Harding said it was the intention & such power must have been omitted by error.

Sec. Meddow said Atty Gen did not want him to ask opinion by formal letter as yet but would see him. Later he came over & had conference with Secy. At Secy's request I wrote him a letter & stated request of Boston clearing House Com.

Sec. Meddow said he would give the suggestion of the bankers committee as to a 100 million loan from Brit. Govt or Bd of England to Sir George W. his general approval. I pointed out that Warburg & I were asked a sub-committee to represent Reserve Bd & we should have in it & he formally agreed to this.

3 P.M. Meeting bet. Secy. Warburg, Estt and Sir Geo. & Mr. Blaesett.

Sec. M. said he approved in principle of the suggestion of the bankers committee & that Sir Geo. could cable it over informally, altho bankers would not sign it until tomorrow. I suggested that reference to Brit. Govt be eliminated as it was merely a suggestion of a plan from the bankers.

and finally the suggestion was amended so that it read that the loan was to be arranged by or through the Bd of England or other British banks.

I redrafted letter of bankers - originally addressed to me - so that it read addressed to Warburg & myself as a Sub Com of Res. Bd; also drafted a letter from Warburg & myself to Sec. transmitting the bankers letter to the Secy w. our approval of the principle of the plan, stating that we were authorized by Res Bd thus to transmit it. The Secy promised Sir Geo to send him a letter of approval tomorrow.

4.45 called meeting of Res. Bd which authorized us so to forward letter to Secy.

At Sir Geo's suggestion the bankers letter to Warburg & myself was slightly amended by adding clause that the suggestion was merely a tentative one & making it clear - as was the fact - that it came from the bankers & was not suggested by Sir Geo. Warburg called up string and dictated the letter wh. the bankers came was to send us.

Nov 13

Friday.

Fixed discount rates. Williams wanted our districts fixed at 6% and I rather agreed with him as a purely temporary matter. After long discussion however the conclusion was reached that rates should be higher in districts where money or rather credit was needed. We fixed rate of 5½% for 30 days or less at N. Y & Phil. and 6% for others: at 6% flat for Boston, Cleveland, Chicago etc and 6 and 6½ for San F. St Louis, Dallas, Minn. Richmond, Atlanta etc. We decided to give Boston, Cleveland & Chicago 5½ for 30 days or less & deliberated them but they said they did not want it.

Nov 14

Sat.

Decided to put Richmond down to 6% clean also St Louis - straight.

Finally announced rates:

Boston

N. Y. 5½ for 30 days or less. 6% for others

Phil

" " " " " " " "

Clevel. 6% straight

Kan City 6% & 6½

San Fran. 6% & 6½

Minn. 6% & 6½

Dallas 6% & 6½

Richmond 6% straight

Atlanta 6% & 6½

Chicago 6% straight

St Louis 6% straight

Fisher made word us asking for very low rates to be increased later - as I remember he wanted as low as 3%. We all thought this foolish as it would quickly drain

any exit from the Southern branch and no bonds  
 would go there.

Originally Kas C. wanted 7% but when Warburg  
 telephoned, Mr Sawyer said he did not want  
 to be out of line w. rest of country and  
 asked for 6%.

Atlanta originally asked for 5% but explained  
 this was in theory Govt would debase  
 large sums with it, and later sd if no  
 such guaranty could be given it wanted  
 6%.

San F. org. asked for 5 1/2 and 6%. We felt  
 that while this would be all right for  
 San F. it would not do for the whole  
 west district and that 6 & 6 1/2 was more  
 wise at least in best instance.

The report as to exit was unanimous.

Nov 17

Tuesday. Called down bond of 100 million dollar com-  
 -mitted today. We had much trouble with the  
 Boston case. Harding & I went to Boston & met the  
 clearing house comm (see substa): they said they  
 would approve subscr of 5 million - we had  
 asked for 10 - if I would secure opinion from aty in  
 either later Pratt intimated that even then they  
 might not do it unless their counsel Huletian  
 sd it was not in violation of anti trust law.

I went back and the Pratt asked whom of  
 aty in who said it did not violate such  
 laws. Meanwhile Huletian had given an opinion  
 that the question was doubtful and that  
 any director voting to subscribe incurred risk.

of indictment by a future Adm. Hurlston also went to Philadelphia and secured opinion of John S. Johnson. The complete opinion was not published - only the latter part advising against such seizure. Mr. Swinwell O'Connell of 1st Natl Bank told me that Johnson held that the Anti Trust laws were not violated.

The Secy invited a number of Boston Bank Presidents to meet him on week. Friday Nov. 13. but all regretted for one reason or another except Amory Cleveland of Webster & Allen who came on & later subscribed to fund.

Easter told me in confidence that Stackton of Old Col. Trust Co. defeated the motion to subscribe - it was defeated by our vote.

Irwin Abbott came down Sat. Nov 14 and said Stackton (or his father Howard Stackton or both) also voted against it in the Merchants Natl (Howard Stackton is a New Mass)

Easter also said that the Cotton Trusts were fighting the fund as they felt it would raise price of cotton they had to buy. Col. Higginson wrote to same effect to Sec. McAdoo.

Swinwell told me that the Stacktons, Mr. Dismantle and Mr. Prundergast and also hidden Peabody & Co bought it collectively.

Nov 17

Tuesday Am. called who Stackton & Thayer and

asked them if they would not vote to invest a  
\$500,000 class A certifs w. out joining the agent.  
They said they would take this up.

Staebler was somewhat angry at reports that  
Barton wanted the gold pool for its own  
benefit but was unwilling to help Sumner  
as to Colton; said Barton did not want or  
need the gold pool; - that the bankers save  
their share - Franklin very reluctantly; he  
even intimated that should grow out the  
bankers wanted that Barton had 35  
millions of gold obligations - was not sure

Nov 18

had. I wrote Staebler a letter quoting letter  
from Brad Purdy of clearing h. association strongly  
opposing use of a gold pool - saying the  
whole clearing h. course concerned (see letter  
to him).

Staebler & Meyer both would they did not  
subscribe. Staebler said in telegram that  
he would not even touch it to a vote as  
the policy was never to put to a vote  
any matter against wh. there was strong  
opposition (!).

Am disgusted w. the Barton bankers & am  
satisfied their refusal to come in was  
due to, -

- 1) Anger at indictment of N. Haven directors
- 2) Republican politics.
- 3) Influence of Colton members who looked  
still further to depress Colton.
- 4) That question of acute trust laws was  
merely a subterfuge.

Nov 20 Friday

Sir George Paish called in Secy who asked me to be present. Last week the Secy told the Reserve Board that the British Govt had told Sir George that it was so busy it could not answer the suggestions of the Bankers Comtee for some days; the Secy added that financ. matters had so intervened that he felt it could not be harmful if the whole matter were dropped. He asked Lombard who was going to N.Y. to ask the bankers Comtee, if they agreed to this, to make this suggestion wh. the Secy would give to Sir George.

Sir George at this interview - Friday - said he had heard nothing from British Govt but it was not surprising considering the matters in their hands such as the war loan, double income tax etc. See Meddoo said he was in no hurry as Sir G. could confer with me while he was away at Jekyll island and it was so arranged.

The Comr of State Dept called & said Dept was besieged w. requests to know status of the Reserve Board. I advised him to tell Asst Sec. Phillips to take matter up w. Secy Meddoo. He said the State Dept felt somewhat that our Board outranked asst secretaries & clearly outranked all Comrs. He said further they thought the Govt shld come next after the Solicitor General outranking Navy Admirals.

Later I talked it over w. Secy McAdoo. I said he was clearly wrong in stating some days or weeks ago that Compt. Williams outranked the Res. Bd as the Fed. Res Act - so far as related to Fed. Res notes, says but violation of act etc put the Compt. as much under Res. Bd as under the Secy of the Treasury. He seemed to agree w. this.

I also advised him to suggest to President to be very liberal in fixing status of the Board as many of them felt humiliated and that it would be easier for us to insist upon the legal limits of the Board in many matters seen to arise of themselves. The Presd't gave them a high status. I told him Cooper sd the State Deptmt felt they were clearly above Asst Secs. He said Atty Gen was about to rule that the Board was an independent Board & that it would have been easier to rule they outranked Asst Secretaries if they were a branch of the Treasury Deptmt. He further said if they outranked Asst Secs this did not apply to Williams the Comptroller. This seemed to trouble him very much. He said the Presd't would probably be annoyed to have the matter brought before him but I pointed out that whatever their status was it should be fixed once for all & he agreed to this. I told him also what Cooper said as to status of Gov. He said - clearly the

Gov. without other members of the Board but if he were first clear about this it would seem circumstances e.g. on New Year's day to have the Gov. sequestered, & also the Vice Gov., from rest of Board and he thought the whole Board should have some status.

Nov 29 Sunday.

McStung called. Said I gave him letter to Trumby and Priddy gave him an interview & accepted invitation to speak at dedication of tablet given by Cong. to Clayton house in wh. Priddy & Jolly blades lived after destruction of White House. Engraved invitation was sent out w. approval of Trumby. ceremony to take place Wed. Dec. 2. That a few days ago Priddy wrote letter w. drawing invitation saying that otherwise reciprocity might be violated: that the cause was in despair & contemplated going up whole matter stating publicly it was owing to Priddy's w. drawing. I said I would see Trumby.

Nov 30 Monday.

Called on Trumby: he said blades had written Priddy to w. draw invitation because of row of Secy w. Amer. Inst. over new buildings on City Inn. etc. I said I did not know blades had written or I did not have time to him; that I feared such action would injure Adams politically as it would send back the architects business over whole country.

J. said he agreed it was a terrible row & was very severe on blades - said that before

Bryan, Daniels & all advise the President was leaving a  
board lunch. Said he would speak to President & let  
me know.

Said also President made great mistake in his  
attitude on Segregation. I said if he had known  
facts he need not have justified, abhorrently,  
enforced segregation as there was none at least  
in the hotel rooms, lunch rooms, and dining  
rooms in new Penn. Bldg. & Party. Explained whole  
history to him & he said I ought to see President  
and tell him about it; I said I had telephoned  
a memo. to Sec. McMiller a few days ago.

He also said President kept away from trouble  
too much; that being always with a doctor  
trouble thought him an invalid; that recently  
when going for Hemorrhoids to Williamsstown  
Mr. Sawyer took him to house by back roads  
to avoid crowd seeing him; that this had  
made him very unobscure.

Spoke also of Reserve Board & rumors of a  
split & resignation; said this would ruin the  
Democratic Party as the members or at least  
Warburg & Delano were big men and the people  
might side w. them.

I told him there were and would be divisions  
but I felt I could keep the Board together  
provided they did not feel humiliated & I  
told him of their desire to have their status  
fixed.

He said President was disgusted with four of  
them & would like to remove them; that he  
said "they want their status fixed? Well, I

well status them!"

I explained to Tamm that it originally might have been their social status, as Prudt thought, but that was not the candidate now: that they felt they were part of the army under lead of Prudt & that he should let them know wh. they were fighting, as privates in the rank or as officers; that there were many questions ahead on wh. they could give great trouble - that they felt they had great powers - far greater than I believed they had, and that it would be far easier to induce them to accept reasonable limitations of power if the Prudt showed that he had a high obsequiation of their status, but that if he humiliated them by e.g. putting them below ant Sec - it would certainly make them more tenacious as to their extreme powers, and that if these powers were what they claimed they would be as powerful as the Prudt himself.

He agreed w. me & said he would get Prudt to tell ant. Sec Phillips to take no action in matter of status until he could see him; also said Prudt should invite them to lunch & pay some attention to them.

Nov 30 Monday.

Invited w. Aust Sec. Roosevelt. British Ambassador there; asked me if I thought it absol. nec. for Aust. Govt to reply immediately to our proposals through Sec. Ev. Paish. Knowing Sec. Meadow's attitude - explained to Pres. Bd. that he would be glad to leave all negotiations lapse - I told him that sincerely personally and entirely unoffensively, I saw no reason for urgency in view of the great improvement in our export trade.

Dec 4

Williams, Lamb. & Wallace came in - I think this was the day - to speak of Martin Sec. Meadow's sum. law. They had a litigant from Peabody, Int. Director, of Seattle saying directors had voted not to comply Martin. W. was very indignant & Wallace had a litig. he proposed to send Peabody telling him he must fix the matter. I said this would not do & that it might embarrass the Pres. Bd., Sec. Bd. & the Public. W. was said even if it became public it would embarrass nobody as Martin was the best man for the place etc (?). I said it would hurt in the directors hands a weapon they did use against us and the matter should now be dropped. Don't know what they finally did but fear W. will make some break.

Dec 5 Sat.

Invited w. Aust Sec. Roosevelt.

Called in an Sec. Phillips at his request to talk over status of Pres. Bd. He said St. John had reached conclusion that Pres. Bd. was inferior in

status to Ant Secs & he showed me a list in which the order was Ant Secs. - Secs of Legation - Res. Bd. & asked me my opinion. I said I felt that Res. Bd. overstepped Ant Secs as the Bd had in it the Sec. of Treasury & had broad indist. powers. that Ant Secs had no power except under orders of the Secy. He asked how Bd differed from F.C. Com<sup>rs</sup> and I said by fact that Secy of Treasury was on it. He said the President must settle it.

I then called on Humboldt in another matter and told him, also told him the St. Pitt had dissolved him down 8 or 10 members - as Phillips told me. He was furious & said no Republican as he should fix his status - he was also emphatic that we overstepped our jurisdiction.

This evening dined w the Sec. Phillips was there & after spoke to me and asked about my opinion saying he had sent letter to Presdt.

I reiterated my opinion and said the least that should be done would be to make Ant Secs & Res. Bd coordinate - raise cash to outstand Secs of Legation. He at once agreed to this & said it was a happy solution & he would write the Presdt - I advised him not to & said I would leave it up to Sec. McAdams.

Dec 7

Monday.

Sec. M. returned from South. Asked me about status of Bd & I told him all the facts.

To my surprise I found him suggesting all manner of difficulties as to giving status to Bond ahead of Ant Secs. He saw some difficulties

to making them of equal rank. He went saying that these difficulties were suggested by the Board - that he had nothing to do with it, that he would be delighted personally etc etc.

It was perfectly evident that he did not want the Bd. to have any high status.

Williams showed me a letter from Gov. Per. Capt. Peun of blaming why Directors turned down Martin. It was only \$5000 job was cashed & that Martin admitted he did not properly fulfill such duties; that he was affected w. tuberculosis & there was great prejudice in Pa. coast to such invalids etc.

Dec 8. to Jan 1. 1915

Too busy to write in diary.

Had several conferences with Asst Sec Phillips over with Sec. Meador, at wh. Sec. M. went speaking of the difficulties of making Fed. Bd rank ahead of Asst Secs. and of course Mr. Phillips agreed with him. I told them both frankly that I did not care a straw about the matter but that my associates felt very keenly about it and several had said they never would have accepted membership on the Board if they thought their relative position was to be on a par with Asst Sec's - that it would interfere with their duties to put them in such a relatively low position, especially the rank originally suggested to the Board by Phillips - to put

and was ahead of Secs of foreign embassies and legations and to put the Reserve Board behind them.

I added that in my opinion the Reserve Board outranked Ant Secs from the very nature of the great powers granted to them by Congress, while Ant Secs had no power whatsoever except to carry out the orders of the Sec'y and from the further fact that the Board was absolutely independent, as ruled by the Atty Gen, in so far as its principal duties were concerned.

Sec. M. then expressed doubts as to the other Comms - the Int. Com. Com., Civ. Serv. Com. etc.

I said the Reserve Board differed from a Com<sup>n</sup> a) It has in it a cabinet officer b) It is independent c) There is no appeal from its decisions.

I begged the Sec'y to talk w. the members but he did not consent to and finally suggested that Phillips had better do this.

Finally I brought matter before the Board and it informally asked Adams and Miller to see Phillips later.

Subsequently Phillips told me he had had a talk with both and that Miller was very better.

I told Phillips that it was a very risky matter, that the members were beginning and had taken office many at great personal sacrifice & that to make the Fed humiliated would impair their work and usefulness. He seemed very much

disturbed and said "you know the Purcell has already decided the question". I did not know this nor how he had decided it and did not ask. He added - "However he will undoubtedly change if the St. Dept asks him and we must satisfy the Board and I will recommend that the Board be given a status above Asst Secs.

Have not heard from the matter since except that we gave a dinner Monday Jan 11 at which Harding & Asst Sec. Mallum were present; I asked Coase of the State Dept how to seat them and sent him a diagram putting Mallum ahead of Harding. He wrote a letter saying that he had changed the list putting Harding ahead of Mallum.

1915  
Jan 1 +

Sec. Lane told me at my home new Year day that Sec. M. was disturbed about the Atty Gen's opinion that our Board was independent of the Treasury. Sec. Lane also told <sup>Mr. Muller</sup> ~~Berke~~ that it was absurd not to put the Reserve Board ahead of Asst Secs & Mr. Muller told Berke.

At a dinner Jan 13 at Sec. Berke's table told Berke we were clearly ahead of Asst Secs.

Atty Gen Gregory in the latter part of Dec. told me over the telephone that he had no difficulty in deciding that we were independent of the Treasury but that his

opinion had been "held up" for a long time -  
 adding that "I would understand" meaning  
 that Sec. 13. had had it held up.

Jan 16

In the last month we have been preparing regulations  
 on acceptances under Sec 13 & 14 of Fed. Res. Act.  
 Warburg has prepared many drafts - all of  
 which he has mixed up 13 & 14 and I have insisted  
 on their being kept distinct. Sec 13 has to do with  
closed market operations while Sec 14 is called for  
 open market operations. In my mind Sec 13 merely  
 gave the privilege to member banks to accept  
 import & export bills while Warburg claims -  
 our counsel Elliott agreeing with him - that  
 "acceptances" in Section 13 means the same as  
 "business acceptances" in Sec. 14. Such an interpre-  
 -tation would enable the Fed. Res. to discount  
 - when indorsed by a member bank - acceptances  
 of State banks, Trust Cos and as well as of private  
 banks. I do not believe Congress intended to  
 give any such privilege to State banks and private  
 banks under Sec 13. The FR. Act as passed by  
 HR in express words limited such <sup>discount of</sup> "acceptances"  
 to acceptances of member banks when indorsed  
 by at least one member bank. The Senate in  
 various drafts of amendments retained their  
 words until the Owen modified amendments  
 of Dec 1. which were adopted finally by  
 the Senate. The Owen draft struck out the  
 words of "member banks" leaving the power  
 in FR. Res. to discount "acceptances" generally.

I thought this was done merely because it was unnecessary to repeat the words "member banks", as it was plain that this was the intent of Congress. I called up Sen. Owen who said while not clear in his recollection yet he thought he intended to broaden the word. Even if true I think the word is plainly limited to member banks and he has thoroughly agreed to this & regards the distinction as vital.

To my mind, Sec. 14 - the open market power is much broader than S. 13 and extends to all acceptances, not being limited to imports and exports. On the other hand Elliott thinks the power to purchase acceptances under S. 14 is also limited to imports & exports.

To my mind there when market powers were given - not to encourage the business by Amer. banks of the import trade (this was done by S. 13 giving member banks power to accept such transactions) but merely to give Fed. Res. Bank a right to establish a liquid secondary reserve at times when there was no demand for redemptions of commercial paper and also the right to protect its action in raising or lowering the rate of discount to protect the gold reserve by buying or selling in open market in competition w. members and all other banks so as to imitate or contract credits.

Elliott contends that S. 14 as also S. 13 was intended to encourage the business of import transactions - a very narrow view

The question may be asked - what debbarance does it make? The answer is, in my view Sec 14 relates only to extraordinary powers to be used only when actually necessary for the protection of the Fed. Reserve system under stringent regulations, while accord. to Washington view Sec 13 gives power to Fed Res. bank to discount St. Br. acceptances and private bankers acceptances as a regular operation.

To my mind, everything under Sec 13 must be done as a matter of right in the best of those benefitted i. e. State Brs, & indus. banks as well as Members (if 13 covers them), while Sec 14 is simply an authority to do certain things when beneficial to the Fed Res system. In other words under Washington theory it is our duty to invest a certain portion of our resources in acceptances of St Brs and private brs. I agree that such is our duty as to all property covered by S 13 i. e. Member bank acceptances but that all other acceptances must be governed by our consideration of the needs of the Fed Res system. In actual practice, W. S. theory might result in a very large proportion of our assets being constantly invested in acceptances of banks or private bankers outside of the system resulting in inability of the banks to hold other Fed Res brs by reduction of operations.

\* Originally, W. combined all authority to make such investments in acceptances when

indorsed by Member bank which at least had the merit of giving the direct benefit of the operation to such banks. Mr Strong objected vigorously to this & W. accor. changed his views & tried to give all privileges without any limitation to member bank indorsements altho the Fed Adv. Council apparently told us they should be so limited.

I also insisted a limit should be set to the amount wh a Fed. Res bank should so assist & W. bought this better, as also my proposition that a limit should be set to a certain proportion of its net assets of any private banker or bank thus accommodated.

Finally we arranged & rather W. drew a draft of regulations under S. 14 chiefly but including also S. 13 which avoided the broad construction of acceptances wh. he contended for under S. 13-. I finally obtain consultation w. Willie - agreed to accept this as a compromise, there being inserted a statement that the ~~strict~~ spirit of the law limited such transactions to acceptances of member banks or indorsements by member banks. I insisted however on the other limitations mentioned above.

Then we recd a letter from Senator Owen enclosing a telegram from Jacob Schiff protesting against Federal Res. law discounting acceptances of banks and bankers for the assistance of the Russian Govt. Sec. H.

thought we did not interfere; I took the contrary  
view and told him we did not under the Act  
buy foreign Govt notes or bonds or discount a  
note of a Gov. Govt and  $\therefore$  we ought not to do  
the same thing indirectly. DeLoach took an  
unpleasant to the opposite view. Finally we all  
agreed to write Owen that no regulation authority  
acceptances had yet been issued and that  
we would carefully consider the Schibb telegram.