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BEFORE THE FEDERAL RESERVE BOARD

IN THE MATTER OF THE PETITION OF BANKERS
IN NEBRASKA AND WYOMING ASKING THAT
THE TERRITORY COMPRISING THE SAID
STATES BE TAKEN OUT OF FEDERAL RESERVE
DISTRICT NUMBER TEN AND BE ANNEXED TO
FEDERAL RESERVE DISTRICT NUMBER SEVEN.

**Abstract of Parts of Testimony Before Organization Committee
and Brief and Argument on Behalf of the Federal
Reserve Bank of Kansas City in Reply to
Brief in Support of Petition.**

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ABSTRACT OF PARTS OF THE TESTIMONY.

Extracts from Testimony Heard at Lincoln, Nebraska.

Witness Allen W. Field testified (p. 2028):

“More than ninety per cent of the national banks in Nebraska keep accounts with Lincoln banks, showing that making Lincoln a Federal Reserve city would be following the customary course of business.”

(P. 2030.) “There would be no purpose and no intention to contend that Omaha has not even a larger business, even in our own State, than Lincoln. We have only shown that we have business connections with so large a per cent to show that it is perfectly feasible and in the line of ordinary trade, or else they would not be doing business with us at all at this time.”

“Now referring to the fact that was suggested, you say, Would not Chicago show a larger per cent? I think very likely. I am not an expert on that line, but I think very likely. I think perhaps New York would show an equally large per cent, because the tendency at all times under the old banking act was to concentrate the sources in the central cities; and it is exactly the reverse of the theory, as we under-

stand, of the present law. It is intended to segregate the banking capital."

(P. 2031.) "So that when you undertake to establish that by the present business I think you will not establish nor locate a single reserve district where there would not be cities outside of your district where a much larger per cent of the banks doing business within that district would prefer to be connected with, than any bank or any city that you can locate within the district. There would be rare exceptions on that, of course."

The Secretary of the Treasury: "It would be hopeless and perfectly useless for some of the cities now having relations with Chicago to insist upon the maintenance of these relations, because the law requires a severance of some of those relations; but the purpose of the law is to establish this banking system in such a way, as I said before, to conserve in the largest degree the customary course of business then within the given districts."

(P. 2034.) The Secretary of the Treasury: "It is not intended to alter the course of trade, but to alter the course of the exchange between the banks. You see there is no alteration in the courses of trade in the sense that you refer to, because what goes to Omaha and to Lincoln now will continue to go there. Cattle will be sold in Omaha and Lincoln, if that is a cattle market, just as before. But these banks are simply going to hold their reserves and deal very largely with the bank exchanges and rediscounting facilities. So the point, of course, is to locate that bank where, as an adjunct to trade and commerce within the district, it will be most convenient and will serve its purpose in the highest degree."

Mr. Field (p. 2035): "* * * The cattle movement in the southern part of this State is largely to Kansas City or St. Joe, because they can always get money accommodations from there. That is about the principal reason."

The Secretary of the Treasury: "Don't they go there because that is the market where they can sell their stuff?"

Mr. Field: "Yes, sir; it is the market, because they have had the money."

Mr. Field: "The exports from this great agricultural district will seek a market south, as well as east. Our products will hunt further outlets than the eastern markets. They will go through the Panama Canal and will go through the Gulf of Mexico. so that we will have a trade relation north and south, as well as east and west, in this district."

Mr. Field (p. 2037): "This Federal District that must be made up in some way from territory from Nebraska, Kansas, Iowa, Missouri, South Dakota, Montana, Wyoming, and Colorado will be of necessity overwhelmingly an agricultural district."

(P. 2038.) "While the predominate interest in this Federal District will be agricultural, it is that interest which should be principally considered in the formation of this district and the location of the Federal Reserve city. Nebraska stands out prominently as a representative of purely agricultural interests. It has practically no mining interests. Its manufacturing interests are in their infancy. Its agricultural interests can be realized only by a consideration of its growth and the volume and value of its products."

(P. 2043.) "Of course, under the conditions as they have been in the past, business in the trade of this district is not with Lincoln, nor is it with Omaha, nor is it with any city particularly within the district. It has gone outside of the district, and it will go; but why should that have any effect or bearing upon the proposition of establishing a bank? When it comes to the location of a reserve bank, is not the place which is the most accessible and most easily reached in the entire district the proper and fit place for such a bank to be located?"

L. E. Wettling, accountant for the Attorney General and the Railroad Commission, testified that Wyoming has no direct railroad connections with the twin cities, and that its natural territory is toward the Missouri River through Lincoln.

And Walter S. Whitten, secretary of the Lincoln Commercial Club, testified (p. 2062): "I would not want to undertake to argue that the volume of business in Lincoln is greater than that in Missouri River towns that are contending for one of these regional banks, nor that there is any particular territory that is ours exclusively. The territory that surrounds Lincoln is also strongly competitive territory for Omaha, Sioux City,

St. Joe, and Kansas City, and in the western part of it with Denver.”

(P. 2063.) “To Kansas City we have three direct lines” (railroads).

W. S. Mellor, secretary of the Nebraska State Board of Agriculture, testified (p. 2074):

The Secretary of the Treasury. “Now, Mr. Mellor, you referred in your paper to the 1910 values of live stock on Nebraska farms as being something over \$220,000,000; where was this handled?”

Mr. Mellor: “*This was handled at South Omaha.*”

Ward M. Burgess, wholesale dry-goods merchant, testified (p. 2081): * * * “Wyoming belongs to Omaha and to Nebraska as a distributing proposition. We have direct lines in Wyoming, and we do the business into Wyoming as against every other center.”

John C. French, cashier of the Stock Yards National Bank, South Omaha, testified (p. 2092) that of the live stock receipts Nebraska was first with nearly 50 per cent. * * * Wyoming was second.

Henry W. Yates, president of the Nebraska National Bank of Omaha, testified (p. 2100): “I would like, if the Committee will allow, to refer to the question of districts. I think you asked Mr. Burgess if he thought the districts should be limited to eight and if our proposition would cover a number of eight or more. Now, I differ somewhat from some of my friends in the Omaha clearing-house in that respect. I believe that the intent of this law—which grows upon me the more I examine it—will be better served by small districts than it would be by a few large ones.” * * * * (P. 2106.) “Sufficient national bank capital and surplus do not exist in the territory which might be assigned as tributary to Denver to permit of the organization of a reserve bank. To add to that district Nebraska and Kansas, or any part of them, in order to make up the deficiency, would meet with the unanimous disapproval of every business interest in the territory affected.”

The Secretary of the Treasury (p. 2109): “Now, for instance, will a parring of exchanges between these banks, and assuming that you had a reserve bank at Omaha, your Omaha

exchange would pass at par in all parts of the country, just as much so as New York exchange does now—now, with that condition of affairs there would be no reason why some exchange other than Omaha in this district would be satisfactory? Wouldn't that be true?"

Mr. Yates: "That probably would be true."

The Secretary of the Treasury (p. 2118): "Mr. Yates, of course our real problem here is this: this is not a question of local pride or prestige."

Mr. Yates: "No."

The Secretary of the Treasury: "Here is a great common problem that must be solved in the interest of all of the people of this country and not in the interest of bankers or of any particular business interest, but in the interest of every man in this country who works for a living and everybody dependent upon him for a living. Now, we can quite understand the natural pride of these different communities and the rivalries existing between these different cities for headquarters for a bank, but the Committee is obliged to disregard that and it is obliged to ask every man who comes here to consider this proposition from the broadest national aspects and standards of pure patriotism and a desire to have it solved in the interest of all the people of the country. Now, that is the thing to which the Committee is directing its attention, and upon which we wish to get all the light we can; and it is for this reason we ask the different questions, for instance, that we have asked you about Chicago, because we are considering this as an economic problem and not as a political problem, for we do not intend to allow politics to enter into our decision in the slightest possible degree." * * * * * (P. 2123.)
 On the theory that the larger available amount of information would be in a large city, would not that force to Chicago?"

Mr. Yates: "*If we should go to Chicago, what would Chicago know about Nebraska or Kansas or Colorado or Montana or Wyoming? It would know nothing, while almost any Omaha banker can tell you a great deal about it.*" * * * * *

(P. 2126.) * * * * * "But Wyoming unquestionably comes to Omaha. Our railroads are run through there direct."

Frank Fowler, secretary of the Nye-Schneider-Fowler Company, of Fremont, Nebraska, testified (p. 2144): "In financing, the average business man in the main body of this district would, of course, first finance at home; next, he would go to the large town nearest him; that would be his secondary banking point. But the moment he got away from that and was facing in a large way a Missouri River bank, the main body here would take Omaha as between St. Paul and Minneapolis, Omaha and Kansas City." * * * * *

"Corn is our greatest crop, and this territory represents the heart of the corn belt west of the Mississippi River or north of the Missouri. Corn is not a bankers' crop. It is largely stored, and a well-fixed farmer will carry it through the season, and largely it goes into live stock, which, in their turn, call on the banks for funds for the purchase of the stock and then for the purchase of the feed that goes into the stock."

J. Welpton, banker, of Ogallala, testified (p. 2150): "Practically all of our business is with Omaha. We keep our reserves pretty much at home."

J. H. Kelley, of the Citizens' National Bank of Gothenberg, testified (p. 2152): "We have very little business in Denver; our principal business is with Omaha and with a slight account with Chicago and New York for exchange purposes."

L. M. Talmage, of the First National Bank of Grand Island, Nebraska, testified (p. 2153): "Nearly all of our cattle and the trend of our business is to the Omaha market. A few of our hogs go to the St. Joe market."

C. E. Burnham, banker, of Norfolk, Nebraska, testified (p. 2155):

The Secretary of Agriculture: "And what would be your second choice?"

Mr. Burnham: "Chicago; but in saying Chicago I do not think it would be to the interests of Nebraska to be connected with a bank there that would necessarily be so large by having to reach out and take in the territory as far West as Nebraska."

Fred Volpp, of Scribner, testified (p. 2159): "We have only a small account in Chicago, and a very small account in New York. Ninety-five per cent of our business is with

Omaha and that is also true of our business men and business houses."

George N. Seymour, of Elgin, Nebraska, testified (p. 2160): "As to my experience, what I would have to say is, that for a quarter of a century I have lived in northern Nebraska—north-east Nebraska. I have handled cattle and hogs and grain and live stock generally, and during that time we did no business and our Omaha territory has no business to speak of outside of Omaha. *I don't think that a load of hogs has been shipped to any other market than South Omaha from our territory for ten years. We used to ship our cattle to Chicago years ago, especially the heavy varieties, but the markets on the Missouri River, especially Omaha, have been so much better than former years that none of our cattle go anywhere else; and the percentage of business on the northern business in northern Nebraska on the north and Norfolk on the west is done with Omaha, especially our own localities, where it is practically all the business we do.*"

The Secretary of the Treasury: "Is that true of the banks?"

Mr. Seymour: "That is true of all the banks and true of all the territory in which we buy cattle; and I would hardly have a second choice, because we have no business to speak of, except in jobbing to a certain extent, with Chicago. I should say of our retail merchants' business 75 per cent was with Omaha and maybe 15 per cent with Chicago and 10 per cent with St. Joe and Kansas City."

The Secretary of the Treasury: "Well, your national banks, business men, cattlemen, and others look to Omaha?"

Mr. Seymour: "Absolutely. We have no other outlet."

Mr. W. S. Delano testified as follows (p. 2164): "The farmers of this State, more and more, are having a surplus fund, and heretofore in my time as a citizen-indorser I have found when distress comes this money is away in the Eastern cities. We would like to have a regional bank in Nebraska, where this money may be retained. The fact is, that we have such great wealth in these two sections, and the locations that I have given you would serve this great area in the interest of the farmers of the north Central States."

The Secretary of Agriculture: "Mr. Delano, your point is, that if these reserves that may heretofore have gone out of

the section were retained in the section, they would meet the normal necessity for industrial development, rather than something speculative, perhaps?"

Mr. Delano: "Yes, that is the idea. I believe that we are entitled to have the money that we produce in this region retained here."

The Secretary of Agriculture: "For development purposes?"

Mr. Delano: "Yes, sir."

The Secretary of Agriculture: "Now, that argument would apply to this great section in here?"

Mr. Delano: "Yes, sir."

The Secretary of Agriculture: "And it might be conserved just the same if the location were one place or another, provided it satisfied your general idea as to the area? Now, have you any particular preference for the location of such a bank?"

Mr. Delano: "*Well, when I take the trend of the live stock and the graining in my section of the State, and as far as I know it stops at Omaha, and there is the point where our remittances come from. I have seen the Omaha market grow from a bare cornfield to almost the second live-stock market in the world; I believe in some instances it is the second. I think our Omaha hog market is the second or nearly so; if not, it is pushing to the second place.*"

The Secretary of Agriculture: "Where do you and your neighbors go, and where do you look for the transaction of business?"

Mr. Delano: "*Our grain and live stock all go to Omaha—to the live-stock market.*"

The Secretary of the Treasury: "You think your neighbors throughout that section of the State all feel the same way about it?"

Mr. Delano: "Why, I know their business all goes there."

The Secretary of the Treasury: "And you think a bank located at that point would best conserve the interest of that section of the State?"

Mr. Delano: "Yes, sir."

The letter of the Beatrice Creamery Company, of Denver, at page 140 of the printed letter to the United States Senate, says that it does an annual business of \$2,000,000 in butter and eggs, and that at least 70 per cent of the cream used for manufacturing butter and at least 75 per cent of the eggs gathered for retailing and sale are collected and shipped to it from Kansas and Nebraska; that it draws the majority of its supplies for raw material from Kansas and Nebraska. All told, there are 250,000 cases of eggs entering annually into Denver, worth at least \$1,500,000, of which 80 per cent is brought in from Kansas and Nebraska.

Extracts from Testimony Heard at Denver.

In support of the intimate relations existing between Denver and Wyoming, we desire to call attention to the following testimony contained in the Stenographer's Record:

The testimony of J. Frank Edmonds (p. 2216):

"The entire fire insurance business of * * * Wyoming, * * * not only premiums, but the payment of losses, is handled in Denver for seven companies." (P. 2217.) "Although the region of which Denver is a center is one of the most sparsely inhabited in the entire country, there are in Colorado, Wyoming, and New Mexico alone over three thousand agents, all of which report to Denver."

The testimony of Richard A. Malone (p. 2251):

"The completion this year of the Burlington Railroad connections in Wyoming, in a through route via Denver from Seattle to Galveston, will increasingly make Denver the natural center of trade for all Wyoming." * * *

Mr. H. Van Duessen, of Rock Springs, Wyo., secretary of the Wyoming Bankers' Association, testified as follows (pp. 2294-95):

"I have been delegated to speak for the bankers in Wy-

oming. I have sounded the opinions of the bankers through the State, and I am satisfied that the bankers and the varied interests of the State are favorable to Denver as the location of this regional, district bank. The Northern section of bankers have done so [passed resolutions], and I have correspondence from a set of banks on the Union Pacific favorable to Denver. It is for this location. There are 103 banks in our Association, 31 of which are National banks and 72 State banks. Of the State banks, probably one-half are eligible in the event the law would perm it their subscribing to capital stock."

On page 2297 he said: "We prefer Denver, because it is located in closer proximity to our State than Omaha. I presume it would change our normal current of business if we were attached to Denver rather than Omaha. The volume of our business goes east, yet, so far as the Regional Bank is concerned, we prefer to have our banking relations with a bank in Denver. My second choice would be Omaha. We have expressed no third choice; I presume it would be Chicago. I would not say that with any authority, however, nor would I state it with any degree of confidence. If you will allow me to make a statement (p. 2298), not only the bankers, but the business men of Wyoming have expressed themselves on this question, to some extent, through the banks, and, taking my own view and knowledge of the opinions of the business men there, I think they can be considered as a criterion of the opinions of business men in other towns in Wyoming. Rock Springs is two hundred miles from Salt Lake City, and it is four hundred miles from Denver, and I find, upon investigation, that from 75 to 90 per cent more business is conducted with Denver than with Salt Lake City. We are in this portion of Wyoming that Mr. Armstrong would include in the district of Salt Lake, the western one-third."

The following facts in reference to Wyoming also appear in a letter of the Organization Committee to the United States Senate, transmitted April 29, 1914 (page 140):

"Wyoming has live stock and gold interests and some agricultural interests." (P. 141.) "Denver, on account of its geographical location, superior railroad and banking facilities, has for some time been the market for the alfalfa produced in
* * * Wyoming * * * and a part

of Nebraska, and will continue to expand and come more into its own in a short time, for Denver has been assured of stopping in transit arrangements at this point on hay by railroad companies. This stopping in transit at Denver will apply to hay originating in Wyoming. * * * The facilities for storage of hay on any of the farms in Wyoming * * * are totally inadequate."

Mr. George Berger, president of the Colorado National Bank, testified:

"The sphere of Denver's influence would be Colorado, Wyoming, Utah, and New Mexico."

Mr. Alexis C. Foster testified (p. 2213 $\frac{1}{2}$): "Our business is investment bonds in the city of Denver. Our purchases in Wyoming for 1912 were \$1,992,000; sales, \$1,970,000; 1913 purchases, \$485,000; sales, \$602,000."

For proof of the facts referred to herein, as far as they relate to Kansas City and are not set forth herein by specific reference, we refer to the testimony of the various witnesses heard before the Organization Committee at Kansas City, on January 23, 1914.

We also refer to the summary of the same appearing on pages 174 to 181 inclusive and accompanying maps in the letter of the Organization Committee to the United States Senate, transmitted on April 29, 1914. We also direct attention to the original Brief of the Committee of the Banks of Greater Kansas City, and Brief supplemental thereto, thereafter filed with the Committee.

BRIEF AND ARGUMENT.

I.

The Brief and Argument of the Petitioners should not be considered, inasmuch as the same are not predicated upon any testimony heard by the Organization Committee, but are

based upon *ex-parte* statements compiled by the petitioners, without any opportunity for cross-examination being afforded to the opposite party.

This proceeding, if we comprehend it, is not being prosecuted as a matter of original right, but is in the nature of an appeal from the action of the Organization Committee in including the territory embraced within the States of Nebraska and Wyoming in District Number Ten. It is contended that the action of the body was arbitrary and a violation of that part of Section 2 of the Federal Reserve Act which provides "that *the districts* shall be apportioned with due regard to the convenience and customary course of business."

Under the rule of procedure promulgated by the order of the Federal Reserve Board on August 28, 1914, it is clearly contemplated that the briefs of the parties shall be based on testimony heard before the Organization Committee, and that in reviewing what was done by the Committee, the Board will look solely to the testimony taken by and record made before the Organization Committee.

Petitioners' Brief is barren of the slightest reference to any testimony heard by the Committee and should be disregarded, especially as to all recitals of alleged facts appearing therein.

II.

THE RULE ORDINARILY APPLYING TO THE REVIEW OF THE ACTION OF BOARDS SIMILAR TO THE ORGANIZATION COMMITTEE SHOULD BE APPLIED IN THIS MATTER, and the action remain undisturbed unless it clearly appear that its decision was so arbitrary as to be palpably in disregard of the evidence, or was not made in good faith, or was the result of fraud.

Bearing in mind the fact that the action of the Committee is assailed solely on the ground that the Committee in creating District Number Ten did not have due regard for the convenience and customary course of business, we are first concerned with ascertaining what is meant by the term "due regard." According to the approved definitions, the term, as here used, means fair, just, and proper regard, under all of the facts and circumstances appearing to the Committee. Thus it will readily be seen that the action of the Committee can not and should not be set aside, unless it appear that in some manner it was guilty of some abuse of the discretion vested in it by the act of Congress. It is also necessary for this to be so apparent as to indicate a palpable disregard of its duty. In this connection the action must be measured not solely by the situation with reference to the States of Nebraska and Wyoming, but with reference to the duty imposed upon it of dividing into twelve separate and distinct districts all of the territory embraced in the United States in such manner as to serve the greatest good to all and make the system as a whole most complete and effective. In the working out of such a gigantic problem, with all of its attendant complications, it is not surprising that some disappointments may have occurred.

III.

From the decision of the Organization Committee filed April 2, 1914, and the statement in relation thereto filed April 10, 1914, it is apparent that this Committee performed its most difficult task wisely and in good faith, and after full consideration of every factor that had the slightest bearing upon the situation.

This is made manifest by a reference to that part of the decision of the Committee wherein it sets forth the more important factors which governed the Committee in the determination of the districts and the selection of the cities therein. Summarized, these factors, as therein reported, are as follow:

First. The ability of member-banks within the district to provide the required minimum capital.

Second. The mercantile, industrial, and financial connections existing in each district, and the relations between the various portions of the district and the city selected for the location of the Federal Reserve Bank.

Third. The probable ability of the Federal Reserve Bank after organization to meet the legitimate demands of business.

Fourth. The fair and equitable division of the available capital of the Federal Reserve Banks among districts created.

Fifth. The general geographical situation of the district, transportation lines, and the facilities for speedy connection between the Federal Reserve Bank and all portions of the district.

Sixth. The population, area, and prevalent business activities of the district, whether agricultural, manufacturing, mining, or commercial, its record of growth and development in the past, and its prospects for the future.

Seventh. The Committee endeavored, as far as practicable, to follow State lines.

Let us now apply these factors to the facts adduced before the Committee, and ascertain how consistent the action of the Committee was in creating District Number Ten and locating the bank therefor at Kansas City.

The total capital of the Federal Reserve Bank of Kansas City, on the basis of six per cent on the total capital stock and

surplus of the assenting national banks in the district, would amount to \$5,590,015. From this it will readily be seen that to create a reserve bank in this territory required either the inclusion of the State of Nebraska, or the addition of some other territory from which the required capital could be produced.

The Federal Reserve Bank in Chicago, on the same basis, would have a capital stock of \$12,479,876, and will be the second largest institution under the Federal Reserve System. To take from District Number Ten the territory embraced in the States of Nebraska and Wyoming would tend to bring about a most inequitable apportionment of the capital stock of the two institutions and would greatly injure and impair the efficiency of the Federal Reserve Bank in Kansas City, without any substantial, additional benefit accruing to District Number Seven.

Applying these factors, it is difficult to conceive of the possibility of a district that more thoroughly corresponds to the theory proposed by the Organization Committee than does District Number Ten, especially when we consider the population and prevalent business activities of the district as a whole.

From the Abstract of the Record, appearing elsewhere, it abundantly appears that the paramount and supreme industry of the State of Nebraska is that of farming and stock-raising; this is likewise true of the State of Wyoming.

It is readily conceded that the most important commercial centers in District Number Ten are the cities of Omaha, Denver and Kansas City, and that the commercial and trade influence of these centers radiates therefrom and naturally draws thereto the business of its legitimate tributary trade territory. Inasmuch as this petition has to do solely with the complaint

of the banks in the States of Nebraska and Wyoming, it will be unnecessary at this time to call attention to the peculiar conditions existing at Denver which likewise exist at Kansas City, but it is extremely important that careful consideration be given to the industries and the character of business transacted at Kansas City and Omaha, to the end that it may be ascertained what similarities exist therein. It can not be denied that Omaha and Kansas City each exert an independent influence in certain zones of this district. Omaha, being the metropolis of the State of Nebraska and its principal railroad center, naturally and necessarily draws to it that portion of the business of the State of Nebraska which is most convenient and accessible to it; Kansas City performs in a like manner, but by reason of its larger size, its more diversified industries, its peculiar location with reference to other large centers, its additional transportation facilities, and for many other reasons, draws its trade from territory vastly greater than that occupied by the city of Omaha.

The character of business carried on at each of these centers is surprisingly similar, even down to the smallest detail. The character of the business done at Kansas City is merely a reflection of the general character of the business industries of the States of Kansas, Oklahoma, Missouri, New Mexico, Colorado, Nebraska, and Wyoming; while the character of the business done in Omaha reflects the character of the business in the State of Nebraska and her tributary territory. We shall first enumerate the principal business activities that are centered at Kansas City, and hereafter refer to the principal business activities that are centered at Omaha, so that this similarity may be made more apparent. The facts hereinafter recited with reference to Kansas City are contained in

the testimony of the witnesses heard by the Organization Committee in its hearing at Kansas City, on January 23, 1914, and are shown by the Stenographer's Transcript of the testimony at pages 1810 to 1997, inclusive, and exhibits then filed, and are summarized in the report or printed letter from the Reserve Bank Organization Committee, transmitting to the Senate of the United States the briefs and arguments presented to such Organization Committee at the various hearings had before it. In support of the facts hereinafter recited in favor of Kansas City, we call especial attention to the testimony hereinbefore referred to and also to pages 170 to 181, inclusive, of said letter and the various maps and exhibits appearing therein.

Kansas City ranks first in proximity to the Nation's meat supply.

Kansas City ranks second in the live stock industry.

It ranks second in meat-packing.

It ranks first in the sale of agricultural implements, in the sale of yellow pine lumber, in Pullman business, as a mule market, and as a hay market.

It ranks second in primary grain receipts and railroads.

It ranks third in poultry and egg business, in telegraphic business, in lumber business, and in flour output.

It ranks sixth and seventh in bank clearings, seventh in postal receipts, and tenth in factory output.

It has within a radius of 125 miles a population of 2,344,369, and within a radius of 250 miles a population of 8,271,050. It has a jobbing and manufacturing territory populated with 12,770,601 people. It has sixteen trunk lines of railroads, and, in addition thereto, thirty-two separate subordinate lines of railroads, supplying unsurpassed distributing facilities. These

railroads bring in and send out of Kansas City, daily, 260 passenger trains and handle an average of 2,000 cars of freight daily. It has recently constructed freight terminals which furnish the most complete and efficient plan in the world for handling the freight.

It is the largest winter wheat market in the world. Grain exporters, having Kansas City for their headquarters, export more hard winter wheat than all other exporters in the United States combined. It is one of the most important markets for grass and field seeds in the United States and receives its seeds from fourteen different States, Nebraska and Wyoming being among the number. During the year of 1913, there was received and officially inspected in Kansas City grains of the following kinds and quantities:

Wheat	33,870,000 bushels
Corn	21,928,750 bushels
Kaffir Corn	1,973,000 bushels
Oats	10,174,500 bushels
Rye	458,700 bushels
Barley	364,000 bushels

These figures do not include the large amount of grain bought by Kansas City grain merchants, which is not stopped or inspected at Kansas City, which is conservatively estimated to be between thirty and thirty-five million bushels, being grain bought by Kansas City merchants, paid for through Kansas City banks in the States of Nebraska, Kansas, Missouri, and Oklahoma, which grain moves direct from the point of shipment either for export to the milling trade, or to other grain merchants for distribution, or to the consumers direct.

Kansas City ranks fourth in its grain elevator capacity. Kansas City grain dealers ship large quantities of Kansas and

Nebraska hard wheat, corn and oats to the eastern seaboard.

Kansas City merchants own and operate a large number of elevators in the State of Nebraska, buying grain direct from the farmer. Kansas City is the largest market and distributing point for hay in the world. It is the largest primary alfalfa market, and the States of Nebraska and Wyoming are two of the seven greatest alfalfa-growing States.

Kansas City handled during the year 1913, 7,993 horses and mules from the State of Nebraska. During the same period there were received in its stockyards 59,136 head of cattle, 137,067 hogs, and 56,207 head of sheep from the State of Nebraska.

Kansas City ranks second in the meat-packing. Kansas City is the greatest stocker and feeder market in the world and during the year 1914 shipped to various localities, including the State of Nebraska, 914,000 head of such cattle of the conservative value of \$50,000,000.

During the year 1913 there were shipped to Kansas City, from the State of Nebraska, 1,966 cars of cattle, 2,503 cars of hogs, 280 cars of sheep, and 363 cars of horses, and there were shipped to Nebraska from Kansas City, during the same period, 767 cars of feeder cattle, the aggregate value of which is \$9,536,200. During this period, 290,510 head of live stock were shipped from the State of Nebraska, and sold on the live stock market in Kansas City. Kansas City merchants representing thirty odd lines, during the same period sold in the State of Nebraska merchandise of the value of \$7,065,625. Montgomery Ward & Company, one of the greatest mail order houses in the world, has within the last few years located a branch house in Kansas City, being influenced in its location by the superior railroad and mail facilities offered thereby for

the transaction of its business with customers in the West and Southwest. The accessibility of Nebraska to Kansas City is made apparent when the figures furnished by this concern are studied. It appears therefrom that 12.3 per cent of the total business done by this concern through Kansas City was done with customers in the State of Nebraska, while only 12.9 per cent of its business was done with customers in Missouri. Sears, Roebuck & Company, a mail order house of like magnitude, established a branch in Kansas City for similar reasons.

Kansas City motor car dealers, during the year 1913, sold and distributed to customers within the State of Nebraska motor cars and motor car accessories of the aggregate value of \$980,000.

From the foregoing it must be apparent to the most casual investigator that Kansas City's greatness in commercial activity is the natural and direct result of its proximity and natural connection and association with the agricultural and live stock interests which exist in its natural territory.

Let us now examine into the factors which contribute to Omaha's commercial industries. They are briefly referred to on pages 275 to 277, inclusive, of the letter hereinbefore mentioned. On page 275, its supporters advance, among other reasons for its selection as a location for a Federal Reserve Bank, the fact that the "trend of travel and business from the West and Southwest have centered at three conspicuous points on the Missouri River and the upper Mississippi; that from the Northwest section goes to St. Paul and Minneapolis, the central West goes to Omaha, and the Southwest to Kansas City. There can be no dispute concerning these three points—no rival claims can be advanced against them."

It is true this statement was made in argument and sup-

port of the location of a bank at Omaha, but it is a statement made by the same bankers who are now arguing against Kansas City as a proper banking center for this district.

On the same page, its champions, in setting forth its claims, refer to the following features, thereby indicating that they regard the same as the most pertinent factors for consideration in connection with the question of the proper location of the Federal Reserve District:

“Nebraska’s crop of wheat, oats, corn, and hay for 1912 was worth over \$228,000,000. Its corn crop in 1912 exceeded the total gold production of the United States for the same year. The territory adjacent to Nebraska is one of the greatest agricultural producing territories in the world. Nebraska has 49,000,000 acres of land, 28,000,000 of which are the most productive known to the agricultural experts.”

Omaha is the third largest packing center in the world and is the largest sheep market, the third largest in cattle, the third largest in hog receipts, and the second largest feeder market; it is the second largest corn market in the United States; it is the fourth primary grain market in the United States; it is the largest creamery butter producing center in the world.

These facts appearing in the Brief are supplemented and augmented by the oral testimony given by the various witnesses before the Organization Committee at the time of the hearing at Lincoln; it is unnecessary now to refer to them with greater detail; they only confirm what is known and admitted by everybody, to-wit:

That the principal industries and resources of the State of Nebraska are centered around its agricultural interests.

It must also be conceded that the industries of the States of Missouri, Kansas, and Oklahoma are almost identical with

those of the States of Nebraska and Wyoming. Indeed, the industries we find in Nebraska are common to all of the other States; and while a dissimilarity exists, as in Colorado, by reason of its large mining industries, and in Kansas and Oklahoma by reason of their large gas and oil interests and the industries that have sprung up by reason thereof, all of these last-named States possess all of the characteristics that are possessed by the States of Nebraska and Wyoming.

Enough has been said to justify the States of Nebraska and Wyoming being grouped with the State of Kansas, the State of Oklahoma, and that part of the State of Missouri embraced within this district.

Kansas and Nebraska have always been intimately associated historically, politically, and commercially—in fact, they are as nearly alike in those things that go to make a great State as are the two proverbial peas. It would have violated history, tradition, and the customary and usual business relations to have divorced them in creating a district for a Federal Reserve Bank.

The Committee doubtless experienced a most difficult and arduous task in its effort to carve out twelve separate and distinct districts that would, when created, most effectively respond to the purposes in contemplation by the law-makers when they inaugurated the new Federal Reserve System.

It uses in its statement of April 10, 1914, the following significant language:

“The Committee realized that the division of the country into districts was far more important and complex than the designation of the reserve cities, and that the latter duty was subsidiary and relatively simple, waiving considerations of local pride or prestige. In arranging the districts, the consideration of the character and growth of industry, trade, and

banking, no less than the traditions, habits, and common understandings of the people, was much more intimately involved.

"It became clear, in the hearings, that comparatively few people realized or seemed to realize what the act was intended to accomplish; what the nature and functions of the reserve banks were to be; and how little change would occur in the ordinary financial relations of the communities, the business establishments, and the individual banks.

"Critics of the decision of the Committee reveal misunderstanding in these directions, and either do not know, or appear not to know, that the Federal Reserve Banks are bankers' banks and not ordinary commercial banks; that they are to hold the reserves and to clear the checks of member banks, make rediscounts for them, and engage in certain open-market operations. As a matter of fact, the ordinary, everyday banking relations of the community, of business men, and of banks will not be greatly modified or altered. The purpose of the system is to remove artificiality, promote normal relations, and create better conditions, under which everybody will transact business.

"Every city can continue to do business with individuals, firms, or corporations, within its own limits or in its own region or in any other part of the Union or the world in which it has heretofore done business.

"Reserves are to be held in a new way and in new places, so far as this act controls them, but banking and business generally will no more be confined within districts than heretofore, and it is simply misleading for any city or individual to represent that the future of a city will be injuriously affected by reason of its failure to secure a Federal Reserve Bank. Every city which has the foundations for prosperity and progress will continue to grow and expand, whether it has such a reserve bank or not, and well-informed bankers, especially, are aware of this."

It also appears from the same report that the creation of a Reserve District in the middle and far West presented problems of great difficulty, as will be found from an inspection of page 22 thereof, where the conflicting contentions and preferences of the various States in the territory involved are

fully referred to. It was necessary to establish a Federal Bank somewhere in this region, and the Committee finally determined upon Kansas City as the proper location therefor. That its decision was wisely exercised is evidenced by the reasons it assigns therefor on pages 22 and 23 of the last-name report, as follows:

“It seemed impossible to serve the great section from Kansas City to the mountains in any other way than by creating a district with Kansas City as the headquarters, or to provide for the northwest section except by creating a district with Minneapolis for headquarters. The only other thing that could be done with Nebraska under the conditions which presented themselves was to relate her with Chicago, and this seemed to be inadvisable under the circumstances. The Kansas City banks serve a very distinctive territory and would serve it more satisfactorily than St. Louis could have done. The relations of that territory on the whole are more largely with Kansas City than any other city in the middle West with which it could have been connected. It will, of course, be recognized by those who are informed that of the four cities (Denver, Omaha, Lincoln, and Kansas City), Kansas City is the most dominant banking and business center.”

The original claim of Kansas City was based on the assumption that the city of Omaha would be included within the same district as Kansas City, and upon this assumption Kansas City claimed the entire State of Nebraska as her legitimate territory. When it later appeared that there was a possibility of Omaha being placed in a district other than Kansas City, Kansas City relinquished its claim to any part of the State of Nebraska lying north of the Platte River, but the territory lying south of the Platte river it claimed, always has claimed,

and still insists was its natural territory, even as against Omaha.

In reference to Wyoming, it will appear from the testimony taken before the Organization Committee at Denver that the commercial relations between that State and Denver have been especially close and intimate. This may be readily understood when it is considered that Cheyenne and Laramie, the principal cities of that State, are approximately only one hundred miles distant from the City of Denver.

IV.

ANSWER TO PETITIONERS' CONTENTION AS TO COURSE OF BUSINESS.

The petition is predicated upon the ground that "the customary course of business participated in by Nebraska and Wyoming is almost entirely east and west, and that but a small fraction thereof pursues a north-and-south course. The business of Nebraska and Wyoming centers largely in Chicago."

This allegation fails to find any substantial support in the proof produced before the Committee. On the contrary, as far as the State of Wyoming is concerned, the proof shows overwhelmingly that its business transactions, so far as they are carried on with outsiders, are carried on primarily with Denver, and secondarily with Omaha, while much of its business is done with Kansas City.

The business transactions of the people of the State of Nebraska, outside of Omaha, are carried on primarily with the cities of Omaha, Kansas City, Lincoln, and St. Joseph, in the order mentioned.

The petitioners fail to distinguish between the trend of

commerce and the customary course of business. It is conceded that the vast territory embraced in this district, producing, as it does, a very large part of the nation's food supply, is not sufficiently populated to consume within its borders what is produced therein, but that a very large quantity of its products must ultimately go, and be consumed, elsewhere. In this sense, the trend of commerce is to the more thickly settled districts in the East and to the Eastern seaboard, from which much of the products of the farms in Nebraska, Wyoming, Kansas, Colorado, Oklahoma, and New Mexico ultimately find their way to foreign countries. The farmer and stock-raiser, whose industry and resources produce the crops and fatten the live stock, takes practically no part in putting the same into the hands of the consumer. His dealings are almost entirely with individuals residing within his immediate territory. *The record fails to disclose any case where the producer deals directly with Chicago.*

The small producer markets his product in the first instance largely with the local dealer in his home locality, and his connection therewith entirely ceases at that point. The local dealer disposes of the products so purchased to dealers located in the four cities aforesaid, and his connection therewith then entirely ceases. The larger producers ordinarily engage in commerce to the extent of shipping their products to the markets in the four cities aforesaid, and it is by them disposed of *within this district*, and they have no connection with the same thereafter.

The products of the farms and pastures very largely find their way to markets within the district and are paid for within the district. The process of future marketing is, of course, carried on between people in this district and people

elsewhere. If the argument advanced by petitioners should be regarded as sound, then a Federal Reserve Bank could never be located in a district that was a producer rather than a consumer, and this large territory, producing such an enormous surplus over and above its own requirements, would not be entitled to have located anywhere within it a Reserve Bank.

Banks are merely agencies in aid of carrying on this business by providing for it the conveniences of exchange, and financial assistance when required. And it is illogical to contend, that, because the banks in the large centers in the territory have a larger volume of transactions with the city of Chicago than with each other, the customary business of any part of the district has been disregarded. These banks owe their existence to the nature, character, and volume of the business carried on in their respective territory. After the producer has severed his connection with his product and it has found its way into the hands of the meat-packers and the grain-dealers, all located within the district, the latter must, of course, provide for its further marketing and these transactions make the course of money not from our banks to *Chicago banks*, but *from Chicago banks* to our banks. The big dealer pays the producer through the local bank, and he then markets the property purchased and the money paid therefor comes from Chicago and other Eastern cities. The meat, the wheat, the corn, and the flour go to the East, but the money that comes therefrom *comes from* the East. Heretofore it has to a considerable extent remained in the reserve cities there, and has gone to swell the resources of Eastern financial institutions, and has been available only in small part for the financial requirements of the territory which created and produced it. One of the principal features of the

new order brought about by the Federal Reserve Act is that of making this money directly and primarily available for the supplying of the financial demands of the territory where it properly belongs.

The argument likewise places the banks of Nebraska and Wyoming in a most inconsistent position. They now complain that the Organization Committee did not create the district with due regard to the customary course of business done.

Before the Organization Committee they contended that the customary course of business of those States was either with Denver, Omaha, Lincoln, or Kansas City, or that it was *within rather than without* the district as created by the Committee. In this latter contention they were supported by all of the facts.

The people of those States will have the same markets as heretofore, and their customary business will be carried on as heretofore, without the slightest interference or inconvenience and entirely uninfluenced by their location in this reserve district.

Due regard was given to the claims of the petitioners, and no violence was done to the customary course of business, and their convenience was and is best served by being associated with Kansas City, rather than Chicago.

V.

The statements incorporated in the Petitioners' Brief compiled from the Banker's Encyclopedia, giving the listed correspondents of National Banks in the States of Nebraska and Wyoming, have no legitimate bearing upon the customary

course of business within the district, especially under the present system.

If these figures could be regarded as indicating the customary course of business, they would indicate that it was with the city of New York, rather than with the city of Chicago, as they show that 194 Nebraska banks and 29 Wyoming banks listed New York correspondents, and only 138 Nebraska banks and 20 Wyoming banks listed Chicago correspondents, or that the customary course of business runs to New York as against Chicago in the ratio of 223 to 158.

It is known to every well-informed banker that, except the banks in the large cities, nearly all banks which are remote from centers like Chicago and New York keep accounts there solely for exchange purposes. This is especially true in this locality, where much Eastern money is loaned, at low rates and for a long period, upon the security of our farm lands, and the holder requires payment in Chicago on Eastern exchange which can be used at par.

The provision of the Federal Reserve Act to the effect "that every Federal Reserve Bank shall receive on deposit at par from member banks or from Federal Reserve Banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal Reserve Bank, checks and drafts drawn by any depositor in any other Federal Reserve Bank or member bank upon funds to the credit of said depositor in said Reserve bank or member bank" will, as soon as it is appreciated by the smaller member banks, revolutionize the present practice of carrying accounts in Chicago and New York for exchange purposes. This was the purpose of the law-makers, and it will be one of the most effective agencies in overcoming the injurious practice of centralizing the money of the country in large cities like

New York and Chicago, thereby rendering it largely unavailable to the financial operations of the territory where it was produced and where it legitimately belongs.

VI.

Petitioners' statistics concerning items handled by Nebraska banks are not fair.

Much stress is laid by petitioners upon the statements compiled from the returns made by about 150 of the national banks in Nebraska, showing number and amount of items handled on Omaha, Chicago, and Kansas City, respectively. In compiling these figures, it seems that the petitioners have not been entirely fair. They have failed to include transactions handled by a very large number of the national banks in Kansas City's claimed natural banking territory; they have failed to include any returns from the city of Lincoln; and they have included the returns from only one of the non-petitioning national banks of that State. If the list of omitted national banks is carefully studied, it will be readily apparent that these figures are not based upon returns from *all* of the national banks in the State, but only from about one hundred and fifty of them, and that there is an apparent disregard of a very large number of national banks in the territory claimed by Kansas City as its natural banking territory, even as against Omaha. These figures, based as they are upon only partial and very incomplete data, should be entirely disregarded.

The territory claimed by Kansas City as its natural banking territory is shown by the map reproduced on page 175 of the letter to the Senate, from which it appears that that 129 banks located at points indicated thereon carried accounts

in Kansas City, and the territory is very largely ignored in the aforesaid compilation of these statistics.

It is claimed that "the Reserve Banks of Chicago could get from any leading Chicago bank information respecting individual officers, banks or commercial paper of Nebraska and Wyoming; while at Kansas City the reverse would be true."

This statement apparently indicates a change of opinion since the hearing before the Organization Committee, for at that time Mr. Henry W. Yates, whose name appears on the present brief, said:

"If we should go to Chicago, what would Chicago know about Nebraska or Kansas or Colorado or Montana or Wyoming? It would know nothing; while almost any Nebraska banker would know a great deal about it."

Observations of the course of country bankers, covering a period of many years, justifies the assertion that the officers of very few banks in Nebraska, outside of the larger centers, are personally known to Chicago bankers. Their dealings with Chicago are along exchange lines, and when they have been compelled to discount their paper, it has been done largely with the larger banks in their own immediate territory, and not with Chicago. If the truth could be ascertained, we do not doubt but that more Nebraska bank officers are personally acquainted with Kansas City bankers than are acquainted with Chicago bankers. Many of the officers in Kansas City banks acquired their banking experience in the State of Nebraska. Kansas City bankers are on hand to give their information; Omaha and Lincoln bankers are readily accessible by the telegraph and telephone; two of the nine directors of the Federal Reserve Bank of Kansas City are residents of the State of Nebraska; the class of paper to be handled will be

largely of the same character handled by the banks in Kansas City; so that it is a far cry to even intimate that the new organization will be handicapped by inability to quickly and thoroughly acquire all information concerning prospective borrowers that is necessary to its proper protection or to the fair, prompt, and just treatment of its patrons. Much of the business thus far done by the Federal Reserve Bank in Kansas City has been done with Nebraska institutions, and its officers have yet to hear the slightest complaint of any hardship or inconvenience to which the Nebraska banks have thought themselves subjected.

VII.

Convenience.

In order for the Nebraska or Wyoming banker to go to Chicago, he must first come to some Missouri River gateway point: Omaha, St. Joseph, or Kansas City. When he reaches Omaha, he is 300 miles nearer Kansas City than he is to Chicago; and at St. Joseph, he is over 400 miles nearer. From every point in these States, Kansas City is more accessible than Chicago. Assuming that his personal presence is desired at the Federal Reserve Bank, many a Nebraska banker could leave his home community in the early morning, reach Kansas City, and have several hours for the transaction of his business and be back in his home town at a reasonable hour in the evening. The large number of trains running each way daily between Omaha and Kansas City afford not only reasonable, but thoroughly adequate transportation facilities: The cost of such a journey from Omaha to Kansas City is substantially less than that to Chicago. The telegraphic rates be-

tween Omaha and Chicago are $33\frac{1}{3}\%$ in excess of what they are between Omaha and Kansas City, and the telephone rates between Omaha and Chicago are almost three times as great as they are between Omaha and Kansas City; the rates between Omaha and Chicago being \$2.75 for 3 minutes' conversation as against \$1.00 for the same service between Omaha and Kansas City. The mail dispatches from Kansas City daily are set forth at page 178 of the letter to the Senate. The tabulation there shows that every reasonable facility is afforded. Chicago mails must go first to either Omaha, St. Joseph, or Kansas City, while mails from Kansas City go either direct by way of St. Joseph or Omaha, making it certain that a letter mailed in Kansas City will reach its destination in every part of the State of Nebraska more quickly than from Chicago.

VIII.

Statements contained in Exhibits "D," "E," "F," and "G" do not justify petitioners' conclusions based thereon.

Exhibit "D."

This exhibit contains the statement that of the total tonnage on the Union Pacific Railroad Company, originating in the States of Nebraska and Wyoming, destined to points *on or beyond* the Missouri, 87.1 per cent goes to Omaha and 11.6 per cent to Kansas City. As there is nothing to show what *part, if any*, moves beyond the Missouri, the figures fail to reveal any information whatever as to the amount thereof going to Chicago. Even if the inference is attempted to be indulged that some part of this tonnage goes immediately forward as through freight, it must be in the face of positive testimony heard before the Committee at Lincoln.

Witness Delano said (p. 2164): * * * "As far as I know, it [live stock and grain] stops at Omaha. * * * Our grain and live stock all go to Omaha, to the Omaha market."

Witness Seymour (p. 2160) said: "We used to ship our cattle to Chicago years ago, especially the heavy varieties; but the markets of the Missouri River, especially Omaha, have been so much better than former years that none of our cattle go anywhere else."

The Secretary of Agriculture (addressing witness John C. French) (p. 2093): "What percentage of live stock from this country would go *through* to Chicago, would you say?"

Mr. French: "A very small percentage."

It should be remembered that the Union Pacific lines carry on much more extensive operations in the territory in Nebraska adjacent to Omaha than in that part thereof adjacent to Kansas City.

Exhibit "E."

The same criticism that is made of Exhibit "D" as to the pertinency of the data as indicating any trend of travel to Chicago may likewise be made to this exhibit.

These figures show that of the live stock shipments originating in Wyoming and Nebraska and transported over the Burlington in 1913, 21,410 cars went to Omaha, and 14,288 cars to Kansas City and St. Joseph; and that, of the grain so originating, 14,141 cars went to Omaha, and 9,016 cars to Kansas City and St. Joseph. The other figures refer to local products and are not significant in determining trend of travel.

Incidentally these figures do show that Kansas City does a very substantial business over this line when it is perceived

that there came from these States in one year about 35,000 cars to Omaha and about 23,000 cars to Kansas City and St. Joseph. This surely does indicate that Nebraska and Wyoming do *some* business towards the Southeast.

Exhibit "F."

The statement of Mr. F. Walters, general manager of the Northwestern, refers to a railroad that has no direct connection with Kansas City. Are the petitioners entirely fair when they publish statistics relative to the Northwestern, which would naturally take a very substantial part of its business to Omaha, and omit entirely all reference to the Missouri Pacific, the Rock Island, and the Grand Island, when they know, as will every one who cares to investigate, that these roads are the natural feeders of Kansas City and St. Joseph, even as against Omaha?

Exhibit "G."

This exhibit, also unfair as it is, refers only to the Union Pacific and Burlington lines, omitting all mention of the facilities existing between Kansas City and Nebraska points over the Rock Island, the Grand Island, and the Missouri Pacific through St. Joseph or by direct route to Kansas City.

Kansas City has daily 21 mail dispatches to the North and 13 to the Northeast.

The schedule of mails between Kansas City and Omaha is as follows:

Mails for Omaha, Nebraska, close at Kansas City post-office as follows:

- 7:55 a. m., via Missouri Pacific Train No. 103
- 11:00 a. m., via Burlington Train No. 121

12:15 p. m., via Missouri Pacific Train No. 107
 10:00 p. m., via Burlington Train No. 23
 10:20 p. m., via Great Western Train No. 4

Mails from Omaha, Nebraska, reach Kansas City post-office as follows:

8:15 a. m., via Burlington Train No. 22
 10:30 a. m., via Burlington Train No. 44
 4:52 p. m., via Missouri Pacific Train No. 104
 5:10 p. m., via Burlington Train No. 20
 10:00 p. m., via Burlington Train No. 22
 11:55 p. m., via Burlington Train No. 26

These dispatches unquestionably furnish every reasonable mail facility between the two cities, and are such that at Omaha mail going and coming from Kansas City cannot be delayed so as to prevent it quickly reaching its destination.

If we may be permitted one short journey outside the record in answer to the contention of petitioners concerning the mail facilities between Omaha and Chicago, based upon alleged facts outside the record, we desire to reproduce a letter from the post-office authorities at Omaha, dated January 16, as follows:

“Replying to your attached inquiry, beg to advise as follows:

“The time of dispatch of mails Omaha to Kansas City:

8:00 A. M.	4:10 P. M.
8:45	10:10
1:30 P. M.	11:00
	11:35

"The time mails from Kansas City are received at this office:

7:16 A. M.	12:46 P. M.
7:56	5:47
9:10	6:20
	9:16

"The time of dispatch of mails Omaha to Chicago:

6:45 A. M.	5:40 P. M.
7:16	8:00
12:10 P. M.	11:35

"The time of receipt of mails from Chicago at Omaha:

12:30 A. M.	10:15 A. M.
1:25	1:49 P. M.
7:56	3:19
9:10	4:09
	5:14"

This communication tells its own story and conclusively shows the desirability of Kansas City over Chicago from the standpoint of convenience.

The alleged wrongs which the petitioners are attempting to remedy by this proceeding are imaginary, rather than real. The relief they ask is not warranted by the facts and is inconsistent with, and would be violative of, the purpose and spirit of the Federal Reserve Act. We feel confident that the bankers of these States who have already had business transactions with the bank at Kansas City fully appreciate the advantages growing out of an association with this city, rather than with Chicago, and that as the system becomes better known and understood they will commend, rather than condemn, the wisdom of the Organization Committee in placing them in District Number Ten, with Kansas City as head-

quarters. The action of the Committee is in strict accord with ~~their~~^{its} duty under the law, and should not be set aside.

Respectfully submitted.

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of Kansas City.