

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

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Wm. C. Cleveland
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29dea

Cleveland 229pm mch 11

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Meyer,

Washn.

I have wired today the following message to the Secretary of the Treasury: Quote After careful consideration of the president's executive order of March ninth, 1933, and regulations and published statements of the Secretary of the Treasury made with respect and pursuant thereto, it is the unanimous opinion of the Board of Directors of this bank now in session, all members being present, that under conditions existing in the fourth Federal Reserve District it will be impracticable to provide for the opening of any member banks on a free and unrestricted basis except as now regulated by the Secretary of the Treasury without creating serious jeopardy to their continuance on such basis and with the probable result that such banks, pursuant to subsequent orders of the Secretary of the Treasury, will be required to restrict the basis of their operations.

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It is further believed by this board that an immediate identification of certain banks as sound, by granting to them of licenses as indicated in the communications from the Secretary of the Treasury will do incalculable damage to order other banks which on further examination would justify support by the resources of the Government.

It is therefore respectfully suggested that the Secretary of the Treasury reconsider the program he has announced modifying it at least to the extent to provide a restricted basis of operation of all banks deemed worthy of the license from him in order that a more careful and thorough analysis of conditions existing in the various communities of the country be made before it is attempted to expose any banks in the country to the hazards involved to them, in free and unrestricted operation to the extent now contemplated with license from the Secretary of the Treasury and to expose other banks

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to the breaking down of public confidence in their soundness through failure to obtain such license from the Secretary of the Treasury. This Board sees fit to make this suggestion to you in full appreciation that under conditions now existing there are without question many banking institutions the present condition of which precludes their reopening with governmental support through the Federal Reserve System or otherwise. It would seem to this Board that a change in the announced program of the Secretary of the Treasury is justified by facts which we believe are being brought to his attention from various parts of the country, which we think are fairly typified by conditions obtaining in the Fourth Federal Reserve District. unquote. In view of your great experience in operation of the Federal Reserve System and intimate knowledge of banking conditions obtaining throughout the country we believe you will appreciate the pertinence

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of the views which we have expressed.

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