

Internal Memorandum

Interview with Mr. Carl Pitman,  
now Vice President of the Boston  
Reserve Bank

March 1, 1954

Mr. Pitman went to work two days after the Bank opened.

There were then fourteen members banks in the First District (as of November 3, 1953, there were 317).

He talked mostly about the banking holiday on which his memory is very clear. He thought that the method then pursued was antiquated even as of that time. The business of banks<sup>^</sup> having to throw securities on the market in order to improve their reserve position set up a chain-reaction. Rumors spread from the smallest things. One of their member banks had a depositor who came in five minutes after the usual closing hour and was told that the Bank was closed. ~~She~~ thereupon spread the rumor that the Bank was bankrupt. *A run followed.*

The most vivid tale he told was the Manchester story which had to do with a bank under the name of Amoskeag and an industrial company under the same name. The industrial company lost \$5 million, and when that statement was spread across the newspaper headlines, the French-Canadian population of the town thought it was the Bank which had lost the money and immediately started a run. Mr. Pitman remembers going up <sup>at 60 mi. per hour</sup> with a truck carrying \$200,000 in cash to help the bank. Every possible measure, including a special issue of the newspaper, radio messages, etc., ~~were~~ <sup>had</sup> used to spread the fact that the bank was solvent; the run was stopped (research into local papers would probably turn up more details on this story.).

The First District lost no money on bank closings. The big problem was in Arrostock County, but that Maine County is a continuing

problem and now that the floor has been taken out from under the potato harvest it is again a problem.

Mr. Pitman remembers his banking career as a series of crises.

His most vivid memories center around the following dates:-

- World War I financing;
- 1921 depression
- 1929 crash
  - Bank holiday
- 1932-37 or 38 depression--business poor
- 1940 Germany invaded Norway and Denmark.
  - Foreign funds control.
- 1942 Spring -- Regulation V and financing problem
  - How were we to finance a war so unprepared?
  - We had to get the goods out (See History of V Loan program, World War II)

He said that the District was "hungry for earnings in the early days" and not very popular among commercial banks. When the Federal Reserve of Boston was first opened, one bank which had reluctantly subscribed for stock sent in the filthiest old bills they could find to pay their subscription.

He also had details on World War I operations, when a vast amount of patriotism surged in Boston. There were days when the firemen went up on ladders and took money subscribed for liberty loans out of the <sup>2<sup>nd</sup> story windows of</sup> brokerage houses as part of the great public campaign. There was a house to house campaign and \$1,000 bonds were sold on promissory notes which the banks then rediscounted.

Mr. Pitman has spent his entire working life in the Bank. He retires in a year or two. He never went beyond high school, so that banking was education as well as occupation.

He says that the Bank's Clearing Division has reached a volume of a million checks a day. They pick up and deliver currency and coin within a 50-mile radius.