

Internal Memorandum

Visit to Cleveland Bank - January 11, 12, 13, 1955 - Memorandum No. 2

This memorandum is composed of notes on individuals who were interviewed either with groups of people or as individuals.

Larry Landis

Mr. Landis said that the Bank has the Federal Reserve Notes, that being the name of a publication put out, from 1918 to 1925 as well as later editions. Mr. Landis and Mr. Flinkers both talked of ^{the} Catletsburg Case. The details of it I do not know. I think it was probably one of those par collection cases. At any rate, the phrase which kept being repeated was "that gal with the baby buggy full of coin and the six shooter strapped around her waist." There was also a detail of a 14¢ check on a Kentucky bank. The Kentucky bank deducted 10¢ exchange charge and sent back two two-cent checks in payment (this may have been two two-cent stamps).

Irene Bagley

She was formerly secretary to Mr. Fancher, then to Mr. Fleming, then to Mr. Gidney, then to Mr. Fulton. In other words, she has served as secretary to the four presidents which the Bank has had. She is not serving Mr. Fulton now but has been made Personnel Counselor to the employees.

Donald Thompson, First Vice President

Mr. Thompson is a lean, gray ^{economist} ~~man~~ with a sense of humor who claims that his main job is to be pushed around. He came to the Cleveland Bank in 1946 from the Federal Reserve Bank of San Francisco, where he had served from 1923 to 1929. He also had service with the Board in Washington from 1930 to 1934. Mr. Thompson then went to the F. D. I. C. where he served for twelve years, then to the National Bureau. Mr. Gidney brought him to the Cleveland Bank in 1946, in charge of the branches.

Mr. Thompson should be interviewed at another time. He has a great deal of valuable information.

A. H. Laning, Vice President and Cashier

Mr. Laning is a tall, white-haired man of charm and experience who still cherishes a feeling that he should have gone to college and regrets that he did not. Mr. Laning went to the Board in Washington on February 25, 1915 as private stenographer to Mr. Hamlin. He served from that date to 1917, then was transferred to the Statistical Division, where he worked in 1917 and 1918. He went to Cleveland in 1918 and has served in various divisions there. Mr. Laning says that the Examination Division was started very early in the Board and probably under Mr. Joseph Broderick. He says that bank operations employ perhaps forty per cent of the people working in the Cleveland Bank. Most of them are in the Non-Cash and the Cash Divisions. He says that bank operations are continually changing and that the two things which have most impressed him in the Cleveland Bank have been the growth of the Bank on the one hand, and the continual change in operations on the other. (It sounds as though operations might be as important as Philadelphia thinks ~~it is~~ in some monograph of this history).

Mr. Charles Bolthouse

Mr. Bolthouse is now Vice President in charge of archives and access control, also in charge of securities. It is he who locks up six billion dollars in cash and securities in the vault every night. He was, for fifteen years, manager of the Cash Department and for ten years in another capacity, both these operations in Cleveland. He has charge of safekeeping for member banks. He does a good deal in outside and public relations, and he runs the office choir. He claims that his chief job is getting along with the senior officers. This is by way of being a joke, as he is the oldest officer in the Bank in point of service.

Mr. E. H. Ehninger

Mr. Ehninger is General Auditor of the Bank. No appointment with him was arranged, but early in my arrival at the Bank, he who had an office next to mine came in to introduce himself. He is a tall, stately, white-haired man who must have been rather handsome when he was younger. His face seems to bear the scar of an operation which might have been plastic surgery in World War I. As his name indicates, he is of German stock. He came to the Bank as a temporary employee in 1919 after his release from the army. He had been an accountant in banks in earlier days, having started in two Washington banks, The American Security and one on East Capitol Street. He had an uncle who seems to have guided his career when young. He came to Cleveland as a temporary employee because he was waiting for a job promised him at the White Motor Company, and he fancied himself bored with banking. The White Motor Company was reconverting to private industry, and the job was not yet ready. He started in the Cash Department as a teller, and when it appeared that the Bank needed a general bookkeeper in January, 1919, he was persuaded to stay.

I asked him what stood out in his mind as the great change in the Cleveland Bank. He spoke first of growth. When he came to work for the Bank, the total resources were 450 million dollars. It now has about ten times that much. This tenfold increase is relatively slow in comparison perhaps with other industries, but he believes that any man with ability has a great opportunity in the Bank. He said that it used to be considered an honor to work in the Bank, and people were fine-tooth-combed for all their past history. Good conduct and church membership were prerequisites.

Going back in his memory, he said that the older generation worked for nothing when they in a bank and usually gave their services for a year as apprentices. The generation before that paid for a year's apprenticeship in the Bank and then worked for a year free. This was the old counting-house tradition which continued.

Mr. Ehninger himself began at \$30.00 a month in 1912. He was a graduate of a commercial high-school and a stenographer. At the age of 17, he was considered a very bright boy. The cashier of the Washington bank for which he went to work was then doing all the bank's correspondence by hand in hectograph ink. Learning that the new employee was a stenographer, he went out and bought the bank's first typewriter in order that he might avail himself of the lad's help.

Mr. Harry F. McKee was then head of the bank of which he was talking. He took Mr. Ehninger to hearings on the Clayton Amendment on the Sherman Anti-Trust Act, and Ehninger there served as McKee's private reporter. Mr. Glass and Mr. Willis were testifying for Congress in opposition for the then-banking interests. Mr. Ehninger remembers Glass as a very capable chairman and that no banker could confuse him. He regards him as having been forthright and sincere in his purposes, and to the active and curious boy, Mr. Glass did not seem a politician.

Mr. Ehninger has been a member of the American Institute of Banking since 1913 and has taken all its courses. He still goes to its foreign meetings. He thinks it important that there has been a growing recognition of the need for supplemental education in banking of the kind which the A.I.B. gives. Bank employees are now encouraged to take A.I.B. courses, and if they pass, the Bank refunds their fees.

He says that the Board has written allowing a refund on college courses allied to banking (this should be checked). He sees much greater recognition of need for specialized education for employees.

The war period was very hard on the banks. It brought very high turnover, sometimes worse than 100% in the actual war years. Quality of work went out the window. These recent years are easier. The Bank Personnel Division is now able to be more selective in its new people and to expect more responsibility from its older employees. The Korean war did not hit so badly as World War II. In World War II, it was impossible to get any help. In the Korean war, the Bank got help of a lower grade and had to train them. Also the Korean war brought in women 55 to 60 in age for

check collection work. This is very fast and very nervous work and really requires young people. The result of putting older women on it was chaos.

Asked what the duties of an auditor were, Mr. Ehninger said the General Auditor prescribes systems for efficiency, determines that regulations of Treasury and Board are complied with, serves as eye and ear for the Board of Directors. His work is largely preventive.

At this point, Mr. Taylor and Mr. Anderson, former officers of the Bank, now retired, came in for interviews. Mr. Ehninger stayed with them, and the discussion which follows was fairly general.

Mr. Taylor and Mr. Anderson

Mr. Taylor came to the Bank December 7, 1914, three weeks after it opened. Mr. Anderson arrived on December 2, 1918, Mr. Ehninger in January, 1919. Mr. Anderson had been at Panama during the building of the canal. He worked there under General Goethals. He came to the Bank in answer to an advertisement for someone to take charge of the internal files.

Mr. Taylor had gone to the Mellon National Bank (he started in 1902 with the Second National Bank; the First and Second National Banks joined forces and crashed in 1913). He had attended high-school with Mr. ^{Horace} ~~Hollis~~ Davis, secretary to Mr. Wills, the early chairman of the Cleveland Bank. The daughter of Mr. Davis is now at the Cleveland Bank working for Hugh Boyd. Mr. Wills and Mr. Fleming, the second president, were close friends.

Mr. Wills was described as very much of an up-and-coming young man. The Cleveland Plain Dealer called him "the man with a million friends" and put out a special edition when he died. He had a big Bible class and belonged to practically everything in Cleveland. He was a very generous person who believed in giving the young a hand. His illness was due to appendicitis, which was not recognized by the young doctor who was called in. Two speaking engagements had been arranged for him, and these Mr.

Anderson took over. When the latter returned, Mr. Wills was dead. Mr. Davis died in March of 1923, Mr. Wills in 1925. (The building in which the Bank now operates was opened in August, 1929, so that Mr. Wills, who was active in its planning, barely outlived it).

Mr. Fancher died in 1935. The ^{post} office which he occupied was still called Governor during his term. (A man named Bradford of Lehigh University once wrote a history of banking in Cleveland. This was a thesis and is in the library. Mr. Coates of the Clearing House may also have written).

Mr. Fancher and Mr. Wills got on very well, perhaps because they were men of such contrasting characters. Mr. Fancher, who had the reputation of being a cold, stern, but very capable man, ran the shop, and Mr. Wills, whom everybody loved, was the front man. (Miss Bagley said that when she went to work for Mr. Fancher, a friend said, "Irene, don't work for that man. He has ice-water in his veins, and if you stuck an ice-pick into his heart, all that would come out would be ^{ice splinters} ~~ice-water~~"). Mr. Fancher had a hatred of publicity, and it is said that when the building was opened, he would not allow press photographers to enter. His general attitude was, "It's none of the public's business." Mr. Fancher made very few speeches; Mr. Wills talked everywhere. Mr. Wills had been on temporary assignment to the Board of Governors. His great accomplishment was that he "sold" the System to the banks of the Cleveland district. He and Herman Stringer "sold" the par collection idea. His wife was very straight-laced, the children are doing well.

Mrs. Fancher is still living. No one seems to think that there are Fancher papers or Wills papers which have been taken away from the Bank, but it might be worthwhile to write Mrs. Fancher.

There seemed to be a good deal of belief that ^{the} Newton Baker papers, concerning the Federal Reserve System, might yield a good deal. These men thought that there was still a private file on the Federal Reserve in Cleveland. Sterling Newell, Counsel

for the Bank, now deceased, was the person who would have known about these. At present, Joe Hostetler or Mr. Virden, the Chairman, might get introductions which would possibly open these. (It is not impossible that all these papers are now in the Library of Congress).

The general consensus seemed to be that the Comptroller's office has a private memo showing why Cleveland was chosen and that Mr. Gidney might be able to get hold of this.

In talking of the difficulty of hanging on to papers, they said that Mr. Edwin C. Baxter, first chairman of the Bank, had, in the beginning, torn up the first three months of daily statements, seeing no reason why they should be kept.

There was talk of Circular 7 of the Board which the Irving Bank of New York is supposed to have composed and which set forth the operation of the System. This called for fourteen carbon copies of everything.

Fancher's right-hand man was one Lynn Walters. He was the first teller. There is some thought that he might have papers worth knowing about or might have memories which would contribute to this history. *He is supposedly living in Knoxville, N.S.*

The banks of Cleveland did not welcome the System in the beginning. Like so many bankers in other places, they felt that they did not need it or want it and that it was simply shoved down their throats. The quarters were inadequate, the staff was inadequate, the financing of World War I was a new task for everyone. Men worked all night and slept on the floor.

Mr. Anderson said that the Kentucky bankers in particular then resented as now resent anything in the way of regulation, even the state system. They want to run their banks their own way. Very few of the small Kentucky banks are in the System, the largest ones are members.

Of Lyman Treadway, Deputy Chairman, they said that he was a lawyer who came in with Fancher and a very tough customer.

Of the Liberty Loan, they said that Mr. Taylor was then the Auditor. The Bank was operating in four downtown buildings, and the resulting chaos had not been cleaned up by 1919 when Mr. Ehninger came in. Of Mr. Taylor as Personnel Officer, they said that in his term, "No personnel officer ever employed more attractive women." The general belief was that the present crop does not measure up to the older ones. A half dozen of Mr. Taylor's choices married Bank officers. In those days they got the cream of the crop from the best high-schools in Cleveland. Now the most intelligent ones go to industry, unless they go to college and do not get into the working world.

Asked about the 1920-22 period, during which agricultural banks in some sections had such difficulty, they said that Cleveland had done heavy rediscounting in those years for every other district but one. Being an industrial district, they were protected from the agricultural difficulties. Their trouble in the west was that wheat went up from \$1.00 to \$3.00 a bushel, land values went up accordingly, and banks loaned on the inflated values. The trouble moved from Iowa toward the east. Cleveland became the balance wheel of the System, partly because it had no seasonable demand. In those days, Cleveland expected to be the automobile center of the country. White, Peerless, Cleveland, Chandler, Grant Motor Cars, Lozier, and Winton were all made in Cleveland, but as mergers came along, the city finally lost out to Detroit.

Mr. L. B. Williams, Chairman of the National City Bank, was first chairman of the Liberty Loan Committee. In 1935, Mr. Taylor was in on the destruction of Gold Certificates, after gold had been called to the Treasury. Many of these Gold Certificates had never circulated, and they looked like new money. Nevertheless, they were destroyed and burned.

Speaking of 1935, the three men remembered that there were three lines at the window getting ^{out} in their gold. \$85,000 in gold was taken out by a business firm and brought back when gold flowed back in.

They did remember Mr. Fancher standing on a table in one of the threatened banks and making a speech telling people that they were harming themselves and everybody else by the state of panic then prevailing.

In 1933, two of the biggest banks in this city closed, The Union Trust Company and the Guardian Trust and Savings. It was the Michigan Moratorium on banks which broke Cleveland's back. This has been the general opinion of those with whom I have talked - that the Union Trust was closed unjustly. It finally paid out 100% on the dollar in some ten or twelve years, and then an institution called Union Properties took over what was left, followed by the Union Bank of Commerce which took over the staff. The Standard Trust, a Union Bank, ^{of} the Brotherhood of Locomotive Engineers) also closed.

As compared with Cleveland, Cincinnati had no banking panic. The population was solid German and not easily moved to panic. The Cleveland Trust Company had runs but did not fail. The Kentucky banks were in trouble, but not too many were suspended. Pittsburgh had no important suspensions. Toledo lost the First Bank of Toledo, the Ohio Citizens', and the Guardian Trust of Toledo.

They said that the Pittsburgh branch was ready to open when Mellon and Fancher got into a row on clearing.

The original minutes of the Board are kept in the Bank, that is, the Board of Directors of this Bank.

Mr. Clouse

Mr. Clouse, a younger man, third generation in this Bank, says that the older men were much more "radical" than now.

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