

C O P Y

Washington, D C May 27 1905

To the President,

The White House,

Washington, D. C.

Mr President:

At the request and upon advice of representative bankers of the United States, I beg to present the following:

The American Express Company, while chartered as an express company and being in reality a common carrier, has been for a number of years past engaged in the banking business, to the great detriment of bankers everywhere in the United States. The competition of the Express Company in this line has been severely felt in the domestic business, through their issuance of so called "American Express Checks," but it is more serious in foreign exchange banking, where they not only sell American Express Checks but have entered the field as well in the Commercial Letter of Credit business and in the purchasing, or strictly speaking, discounting of foreign exchange bills.

The American Express Company as a foreign exchange banker receives deposits, discounts bills and buys and sells exchange. For deposits received the express company gives check books, the same as any other bank with the exception of the fact that the depositor is obliged to withdraw his funds in sums or multiples of \$5, instead of in such amounts as he may desire, as in the case of a bank. The Express Company by discounting bills at sixty and ninety days and other maturities is clearly in the discount business, and it advertises and does buy and sell exchange, both domestic and foreign. A bank, whose legitimate

business is covered by these transactions, is obliged to incorporate under the laws of a State or of the United States, subject to either State or National supervision, is called upon to keep a reserve to protect depositors and pay taxes to the State. The American Express Company as a banker does none of these things and in addition is an institution with nine thousand branches, a kind of organization not allowed banks in this country, and is consequently able to run its banking department without sundry expenses which a properly organized banking institution is obliged to pay. This, of itself, is sufficient to justify banks in requesting the United States to regulate the matter.

There are, however, two other conditions which obtain that are even more serious. The Express Company is enabled, by being in two lines of business to break the spirit of the Interstate Commerce Law, which not only works to the injury of bankers of the country, but also to other express companies competing for the carrying business.

The American Express Company as a common carrier is authorized to charge banks for expressing currency, say between New York and Chicago, fifty cents per thousand, but they can ship currency between these points for themselves as foreign exchange bankers for nothing, other than the cost of carrying space, thus making it possible for them to alternate transactions between New York and Chicago, eliminating the fifty cents per thousand difference which other banks are obliged to figure on.

The second point in which they can conflict with the spirit of the Interstate Commerce Law, by means of their dual nature, is in making rates on shipments. Instead of reducing the rate for carrying a shipment, to Berlin, for instance, the

Express Company as a common carrier, can offer the same rate that a competitor would, but as a foreign exchange banker it can offer to buy the bills of the shipper which are drawn on a Berlin consignee against the shipment, for more than the market value of the bill. By so doing the Express Company in effect cuts down the carrying rate for the shipment, as the shipper actually receives more for his shipment, because of the premium paid him on the bill drawn against the goods, than he could provided the bill was sold in the open market, or to his bankers. The rate paid for the foreign bill while prohibitive to a banker, can be figured by the express company as merely a reduction in the profit for carrying the shipment.

As this matter affects interstate and international commerce, it can only be regulated by the Federal Government. If the Attorney General of the United States has no jurisdiction under present laws, new legislation to cover the case is desired, and will be attempted if the justice of the complaint is recognized by our present Government.

Very respectfully yours,

(Signed) F I Kent.

DIRECTORS.

STEPHEN BAKER, President Bank of the Manhattan Co.
 SAMUEL G. BAYNE, President Seaboard Nat. Bank.
 EDWIN M. BULKLEY, Spencer Trask & Co. Bankers.
 JAMES G. CANNON, Vice President Fourth Nat. Bank.
 E. C. CONVERSE, President.
 HENRY P. DAVISON, Vice President First Nat. Bank.
 WALTER E. FREW, Vice President Corn Exchange Bank.
 FRED'K T. HASKELL, Vice Pres. Illinois Trust & Savings Bank, Chicago.
 A. BARTON HEPBURN, President Chase Nat. Bank.
 THOMAS W. LAMONT, Second Vice President.
 EDGAR L. MARSTON, Blair & Co. Bankers.
 GATES W. MCGARRAH, President Mechanics' Nat. Bank.
 GEO. W. PERKINS, J. P. Morgan & Co. Bankers.
 WILLIAM H. PORTER, President Chemical Nat. Bank.
 DANIEL G. REID, Vice President Liberty Nat. Bank.
 EDWARD F. SWINNEY, President First Nat. Bank, Kansas City.
 JOHN F. THOMPSON, Vice President.
 GILBERT G. THORNE, Vice President Nat. Park Bank.
 EDWARD TOWNSEND, President Importers' & Traders' Nat. Bank.
 ALBERT H. WIGGIN, Vice President Chase Nat. Bank.
 SAMUEL WOOLVERTON, President Gallatin Nat. Bank.
 EDWARD F. C. YOUNG, President First Nat. Bank, Jersey City.

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J. F. THOMPSON, Vice President.

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D. E. POMEROY, Treasurer.

B. STRONG, Jr., Secretary.

H. W. DONOVAN, Asst. Treasurer.

F. N. B. CLOSE, Asst. Secretary.

BANKERS TRUST COMPANY

7 WALL STREET

CAPITAL \$ 1,000,000. SURPLUS \$ 500,000.

NEW YORK October 24th, 1908.

- Personal -

Fred I. Kent, Esq.
 Chicago, Illinois.

Dear Kent:-

The spirit of your letter just at hand pleases us very much. We are sorry that you have decided against New York, but I understand the situation perfectly, and although of course I suppose I am unduly enthusiastic over the outlook here, I have no doubt that were I in your place I should have decided just as you have done, to stick by the institution in which I had been born, bred and reared, and where I had always met such handsome treatment. I hope that in this connection you will present my personal regards to Mr. Forgan and express to him my hope that he will regard our talk with you as a compliment not only to yourself, but to Mr. Forgan personally and to the institution which has trained up such a capable executive.

I feel sure that, as you say, many opportunities will arise for us to co-operate and it is pleasant to know that a strong friendship exists on both sides.

Now in regard to Aspden, you remember that I had quite a talk with him the day that you were here, and you told me in a general way how you regarded him. I know, from the fact that you visited him at Toronto to learn something of his experience, that you have a regard for that experience. What I want to know now is whether there are any outs about him beyond the question of possible tinge of jealousy in his personal character which you mentioned. Am I not correct in my remembrance that you said that he was honest, energetic, capable, with sufficient experience in foreign exchange to be able to handle that end without making any breaks, and with sufficient knowledge of the interior and country banks in the United States to be able to know just about what we desire to accomplish with them, and the spirit in which we wish to handle it?

Further, is there any other man that you have in mind more capable than, or, as capable as, Aspden, for this particular job? If you are free to do so, tell me a little, will you, about this feature of jealousy in his personal character, just how it showed itself and how serious it was? It is impossible for us ever to secure a perfect man. Will Aspden answer our purposes better than any other man that we can think of? Would it please you to tell him that you have given him a

Fred I. Kent, Esq.

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October 24, 1908.

clean bill of health, a strong recommendation, and have urged us to give him this opportunity? I hope I am not bothering you too much in this matter and that I may hear from you promptly.

Very truly yours,

L-H

A handwritten signature in cursive script, appearing to read "F. I. Kent", is written over a horizontal line. The signature is fluid and somewhat stylized.

P. S. I haven't had a minute's time to straighten out my foreign accounts yet, but you may be sure that you will hear what is coming to you in the way of debits in due course of time. With regards to your wife,

DIRECTORS.

STEPHEN BAKER, President Bank of the Manhattan Co.
 SAMUEL G. BAYNE, President Seaboard Nat. Bank.
 EDWIN M. BULKLEY, Spencer Trask & Co. Bankers.
 JAMES G. CANNON, President Fourth Nat. Bank.
 E. C. CONVERSE, President.
 THOMAS DEWITT CUYLER, Pres. Commercial Trust Co. Phila.
 HENRY P. DAVISON, J. P. Morgan & Co. Bankers.
 E. HAYWARD FERRY, Vice President Hanover Nat. Bank.
 WALTER E. FREW, President Corn Exchange Bank.
 FRED K. T. HASKELL, V. Pres. Ill. Trust & Savings Bank Chicago.
 A. BARTON HEPBURN, Chairman, Chase Nat. Bank.
 THOMAS W. LAMONT, J. P. Morgan & Co. Bankers.
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 GATES W. MCGARRAH, Pres. Mechanics & Metals Nat. Bank.
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 DANIEL E. POMEROY, Vice President.
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 GILBERT G. THORNE, Vice President Nat. Park Bank.
 EDWARD TOWNSEND, Pres. Imp. & Traders' Nat. Bank.
 ALBERT H. WIGGIN, President Chase Nat. Bank.
 SAMUEL WOOLVERTON, President Gallatin Nat. Bank.

CABLE ADDRESS: BANKTRUST, NEW YORK.



CAPITAL \$ 3,000,000
 SURPLUS & PROFITS \$ 6,000,000

OFFICERS.

E. C. CONVERSE, President.
 BENJ. STRONG, JR., Vice President.
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 H. W. DONOVAN, Treasurer.
 H. F. WILSON, JR., Asst. Secretary.
 R. H. GILES, Asst. Treasurer.

7 WALL STREET

NEW YORK July 19, 1911.

F. I. Kent, Esq.,
 c/o The Barker,
 Barker, Maine.

Dear Kent,

I was glad to receive that little "bark" from The Barker this morning, and hear what you are doing with a great deal of interest indeed.

Mr. Schmid tells me that his department is not very busy, except on Travelers Cheque matters. They have a balance of about \$3,250,000 in the account just now, and I judge a good many cheques going through. We are hearing a good deal about the cotton crop just now. It looks like the greatest crop the country has ever raised. If your Bill of Lading situation is free of serious entanglement, we should have this year a chance to make a killing in handling cotton bills. Think over our present facilities and see to what extent we may be able to enlarge them. My idea would be to ask our Committee to authorize the use of a certain amount of money in the department for the purchase of cotton bills, and then start our campaign in advance of the movement of cotton to the seaboard. This you probably have thoroughly in mind.

August 1st is all right, don't hesitate about the extra time. I am hoping that you are getting a lot of good out of your vacation, and that the weather is permitting it.

You need not worry about the stock. It is put away for you, and you can take your time about making arrangements.

You will be interested to know that our Directors on Monday unanimously approved the plan of merger with the Mercantile, and the Mercantile Board meets today to act on the agreement. Twenty-one of their Directors have promised to attend the meeting and vote for the plan, so that transaction is just about concluded.

What you say about a busy winter doesn't begin to

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express what I can see showing up over the horizon in the way of work. Notwithstanding that, I have just about completed my plans to go up to Canada September 6th ~~or~~ 7th for three or four weeks, and try and get a moose and a caribou, some big trout, a collection of black flies, and a winter's supply of N. O².

With best regards, and thanking you for your letter and the good news of yourself,

Sincerely your friend,

Reed Arrington

S-W.

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