

*Mr. Storke, in 1914 to Santa Barbara, California
Mr. Storke's stand on FRB appointments
in 1914. A.S.*

Los Angeles, California.
June 30, 1934.

Hon. Eugene R. Black,
Governor of Federal Reserve Board,
Washington, D. C.

Dear Governor:

I think your colleagues, Messrs. Miller and Hamlin, (I refer to them because they served with me on the Board when it was organized in 1914) will concur in the statement I now make that as the first Chairman of the Federal Reserve Board, I stood strongly for the position then taken, and subsequently maintained, I think, by the Board, that no appointments as Chairman and Federal Reserve Agent of the Federal Reserve Banks should be made for political reasons. I still maintain that position, and I should like you to understand that, in the suggestions I am going to offer, I am not moved in the slightest degree by political considerations. Two of the gentlemen whose names I mention happen to be Democrats, and one of them happens to be a Republican. Any one of them would make an admirable Chairman and Federal Reserve Agent of the Federal Bank of San Francisco.

I. Thomas M. Storke, of Santa Barbara, California, qualified as a Democrat, but a thorough independent. He has supported sometimes Democrats and sometimes Republicans with his influential papers. I know Mr. Storke intimately, and speak from actual knowledge of his exceptionally high character and standing, his great executive ability and the fine position he holds in the respect and estimate of the people of California. I believe his appointment would be received with universal satisfaction by bankers and businessmen throughout the state, and by all classes of our people. The following brief sketch of Mr. Storke is taken from the publication, "Who's Who":

"STORKE, Thomas More, newspaper pub; b. Santa Barbara, Calif., Nov. 25, 1876; s. Charles Albert and Martha (More) S; A.B., Stanford U., 1898; m. Elsie Smith, of Santa Barbara (1904) dec.; children; Jean Isabel, Elsie Margaret, Charles Albert; m. 2nd, Marion Day, of Sioux City, Ia., 1920; 1 son, Thomas More. Owners and publisher Santa Barbara Daily News since 1901, and of the Santa Barbara Morning Press since 1932. Address: Santa Barbara News, Santa Barbara, Calif."

II. Edward Elliott, lawyer and Vice-President of the Security-First National Bank of Los Angeles, and in politics a Republican. Mr. Elliott served as a member of the Board of the Federal Reserve Bank at San Francisco some years ago, and was at one time offered the position of Chairman of the Board and Federal Reserve Agent, but declined. I think this was in 1927. Perhaps the fact that Mr. Elliott is identified with one of the largest banking institutions in the state would cause dissatisfaction among other bankers, particularly the large groups. Perhaps the Giannini interest might feel that it is not fair to them to put at the head of the Federal Reserve Bank an officer of one of their chief competitors. Aside from this, however, Mr. Elliott's qualifications are in every respect admirable. The following brief sketch on Mr. Elliott is taken from "Who's Who":

"ELLIOTT, Edward, banker; b. Murfreesboro, Tenn., August 3, 1874; s. William Yandell and Margaret Graham (Johnston) Elliott; A.B., Princeton, 1897, A.M., 1900; studied univs. Berlin and Heidelberg, 1900-02; Ph.D. Heidelberg, 1902; m. Margaret Randolph Axson, of Ga., Sept. 8, 1910. Teacher, Bolton, Tenn., 1897-98; instr. in Latin, 1898-1900, in jurisprudence, 1902-05, preceptor in dept. of history, politics and economics, 1905-09, prof. politics, 1909-15, dean of the college, 1909-12 Princeton U; lecturer internat. law 1913-16, prof. 1916-20, U. of Calif. Admitted to San Francisco bar, 1913; dir. Federal Reserve Bank of San Francisco, 1917-20; vice pres. Security-First National Bank, Los Angeles, Calif. Author: Die Staatslehre John C. Calhoun's, 1903; The Biographical Story of the Constitution, 1910; Selected Documents in International Law, 1914; American Government and Majority Rule, 1915; State Bank Membership in the Federal Reserve System, 1919. Also numerous articles. Address: Security-First National Bank, Los Angeles, Calif."

III. Wilson McCarthy, lawyer, formerly of Salt Lake City, Utah, but now a resident and practicing attorney in Oakland, California. Mr. McCarthy happens to be a Democrat. He was for some years a director of the Reconstruction Finance Corporation at Washington, a post he filled with great satisfaction and from which he recently retired. Mr. McCarthy is an able man and would, I think, prove an excellent Chairman and Federal Reserve Agent. I do not find a sketch of Mr. McCarthy in "Who's Who", but I think he is so well-known to the members of your Board that a biography is not necessary. I understand that Mr. McCarthy, since coming into the state, has identified himself with the Giannini interest, and if he were appointed, perhaps the claim would be made by competitors of the Gianninis that it was not fair to appoint someone identified with that interest as chairman and Federal Reserve Agent in San Francisco.

I have not spoken to anyone of these gentlemen about this matter. My one concern is to see the position filled by a man of the highest character, standing and ability. Each of these gentlemen fulfills that requirement.

My personal judgment is that Mr. Storke's appointment would be best considering all the conditions in the state, because he is not identified with any banking interest, is completely independent of any interest of any kind, political or otherwise, and therefore would be acceptable, as I said before, to everybody.

I hope that these suggestions may prove of some value to you in deciding this important matter.

With kindest regards, I am

Cordially yours,

WGM/C

W. G. McAdoo

(C O P Y)