

STENOGRAPHER'S MINUTES

---

THE RESERVE BANK  
ORGANIZATION COMMITTEE.

---

---

"FEDERAL RESERVE DISTRICT DIVISIONS AND LOCATION  
OF FEDERAL RESERVE BANKS AND HEAD OFFICES."

---

*vs.*

---

---

*At* Denver, Colorado,

---

*Date* January 26th, 1914.

---

Law Reporting Company, Official Stenographers  
115 BROADWAY, — NEW YORK  
TELEPHONE, 2820 RECTOR

THE RESERVE BANK  
ORGANIZATION COMMITTEE.  
FEDERAL RESERVE DISTRICT DIVISION AND LOCATION  
OF RESERVE BANKS AND HEAD OFFICERS.

Denver, Colorado, January 26, 1914.

APPEARANCES:

The Secretary of the Treasury.

The Secretary of Agriculture.

GORDON JONES, appearing for Joint Committee  
of the Denver Chamber of Commerce and Clearing House.

GEORGE BERGER, appearing for Colorado National  
Bank, Denver.

ALEXIS C. FOSTER, appearing for Causey, Foster  
& Company, Investment Bonds, Denver.

JOHN C. OSGOOD, appearing for Victor-American  
Fuel Company.

A. E. de RICQLES, appearing for American Live-  
stock & Loan Company.

WALTER A. DIXON, appearing for Great Western  
Sugar Company.

THOMAS BURBRIDGE, Miner, Cripple Creek, Colorado,  
representing Production and Reduction of Precious Metals.

RICHARD H. MALONE, representing Transportation  
Facilities of Denver.

MORRISON SHAFROTH, appearing for Denver Chamber  
of Commerce.

JOHN C. MITCHELL, appearing for Denver Clearing  
House Association.

J. FRANK EDMONDS, appearing for Fire Insurance  
Companies.

W. W. ARMSTRONG, appearing for National Copper  
Bank of Salt Lake City.

C. S. BURTON, appearing for Utah State National  
Bank of Salt Lake City.

GEORGE E. ABBOTT, appearing for First National  
Bank of Cheyenne, Wyoming.

H. VAN DEUSEN, appearing for Wyoming Bankers' As-  
sociation.

C. N. BLACKWELL, appearing for Executive Committee,  
New Mexico Bankers' Association.

FRED A. ROOE, appearing for Minnequa Bank, of  
Pueblo.

HENRY C. HALL, appearing for Chamber of Commerce,  
of Colorado Springs.

JOHN W. MOREY, appearing for Morey Mercantile Com-  
pany.

W. D. TIDWELL, appearing for Denver and Colorado  
State Fruit Associations.

WILLIAM J. LLOYD, appearing for Western Union Tele-  
graph Company.

W. P. ALLEN, appearing for Mountain States Telegraph  
& Telephone Company.

MEYER HARRISON, appearing for Penn Mutual Life  
Insurance Company.

WILLIAM P. MCPHEE, Merchant, Denver, Colorado.

## PROCEEDINGS.

The Secretary of the Treasury: The Federal Reserve Act requires this Committee to divide the United States into not less than eight or more than twelve Federal Reserve Districts, and to locate within each one of those districts headquarters for a Federal Reserve Bank. In reaching our determination, the law requires that districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be co-terminus within a state or states.

The problem before the Committee is largely an economic one. It is not a political one and it is in no sense a local one. It is distinctly national, and it has been necessary for the Committee to say in every community in which we have had sittings that matters of local pride or of local prestige must necessarily give way before the common interest. The patriotism of the country must be appealed to in order that this question may be settled in such manner as to bring to the country the maximum of the advantages that this bill is designed to produce.

We are necessarily obliged to make this trip or to cover this ground in the shortest possible time, not only because

we feel it is to the interest of the country to settle this question as quickly as possible, but also because of the heavy duties that are pressing upon the Secretary of Agriculture and myself. We are not, therefore, able to give as much time as we would ordinarily like to give to gentlemen in these respective communities who naturally want to talk a great deal about purely local characteristics. What the Committee is seeking is not so much oratory, but certain fundamental facts, and I desire to ask that, as far as possible, the gentlemen confine themselves to those things which are essential and necessary to enable us to determine the question before us.

I think it would be wise for each community represented here to select a certain spokesman. I do not know how many Denver has chosen, but we would suggest that they be selected with reference to the presentation of the case from different aspects so that the same ground won't be covered twice, and, of course, the same suggestion applies to any other community that may be here today.

I see Mr. Gordon Jones is on the list first representing Denver. Will he please take the stand?

## STATEMENT OF GORDON JONES.

The Secretary of the Treasury: Mr. Jones, state your full name and occupation and your residence, for the benefit of the record.

Mr. Jones: Gordon Jones, Banker, Denver.

The Secretary of the Treasury: Mr. Jones, the Committee likes to begin always by having presented a map showing the territory which you suggest for a Federal Reserve District. Have you prepared such a map?

Mr. Jones: The map will be presented by the next speaker. I have just a few preliminary remarks, as Chairman of the Joint Committee of the Clearing House and Chamber of Commerce.

Gentlemen, you have traversed a considerable portion of what was designated in our early geographies as the "Great American Desert." In 1837, when a bill was pending in Congress to establish a post-route from Independence, Missouri to terminate at the mouth of the Columbia River, Daniel Webster explained in the Senate: "What do we want with this vast, worthless area; this region of savages and wild beasts, of deserts, shifting sands and whirlwinds of dust, of cactus and prairie dogs? To what use could we ever hope to put

these great deserts or these endless mountain ranges, impregnable and covered to their very base with eternal snows?" We hope to show you today in the very brief time allotted us the wonderful achievements of an indefatigable and persevering West. We believe the importance of this region will be impressed upon you to such an extent that the insistence for a Federal Reserve Bank cannot be denied a people who have made a most wonderfully fruitful country out of "this vast, worthless area." Denver is the recognized center of the territory between the Missouri River and the Pacific Coast; without a rival, and supreme in her command of all kinds of business carried on throughout this region -- financially, commercially and agriculturally. Denver is a most natural selection in carrying out the purpose of the Federal Reserve Act; for we understand the new law contemplates that the people of the entire country shall share equally in its benefits.

The states of this region are more similar in kind and character, with a natural similarity of needs and securities, than almost any other section of the country. This region is unique. Its conditions and its needs are not understood and cannot be appreciated outside its own boundaries. It is

an empire within itself, of itself and by itself. No branch bank, dominated by a parent located elsewhere, would furnish the facilities needed. A special training, from years of actual experience and intimate contact with our own conditions has qualified us to administer the affairs of our own Federal Reserve Bank in such manner that the needed benefits may be extended, our banking, commercial and agricultural interests at the same time furnishing the greatest degree of safety to the banks. We believe you are now in the city that advanced, among the first, the idea of regional banks, instead of a centralized institution with branches. This was advocated before the Vreeland Committee at its hearings in Denver, November 8, 1911, and is only mentioned that you may understand that outside of local interests or financial gain there would be here an especial pride in making a regional bank a success.

In presenting our claims I would like to mention one thing which makes Denver pre-eminently the logical location for the Federal Reserve Bank, and that is, the most modern mint in the United States. You are already aware that there is now in the vaults of this mint a cash balance exceeding \$500,000,000. We would remind you that there has been de-

posited and purchased at this mint since 1902 nearly three hundred millions of dollars worth of bullion, and that gold and silver bullion is received from Canada and every producing state in the Union. 90 percent. of all the Alaska gold is sold to the United States assay office at Seattle and re-deposited in the Denver Mint. All the bullion purchased by the United States assay offices west of the Missouri River, excepting the United States assay office at Carson, Nevada, is sent to the Denver Mint as a re-deposit. This bullion comes from United States assay offices located at Helena, Montana, Boise, Idaho, Salt Lake City, Utah and Seattle, Washington. The average amount received from this source is \$17,800,000 per annum. Coin is shipped from the Denver Mint to all the sub-treasuries of the United States as well as to the banks in every part of the country. During the year 1913, which was an average year, gold bullion was received from Alaska, Arizona, California, Canada, Georgia, Idaho, Mexico, Montana, Nevada, New Mexico, Oregon, South Dakota, Utah and Wyoming. These deposits were in addition to those received from the United States assay offices already mentioned.

Since February, 1906, there has been coined at Denver Mint

in gold, silver subsidiary and minor coins, \$183,046,360, and the institution has earned in various ways as the result of its operations \$10,890,316.84.

We would like to call to your attention the fact that in the division of the United States into Consular Districts the following great foreign powers have selected Denver on account of its logical and geographical location as one of the prominent cities of the country where they have established headquarters of their Consular representatives, to-wit: Austria-Hungary, Belgium, Denmark, France, Germany, Great Britain, Italy, Japan, Mexico, Norway, Sweden and Switzerland.

These facts are important and significant, especially so when we consider that neither Kansas City, Omaha nor Salt Lake City are Consular seats.

We will have no difficulty in furnishing the necessary capitalization within this region, even if the National Banks should not provide the full amount. Our state institutions are greatly enthused over the privilege accorded them of joining the system and many have signified their intention of becoming members.

The Secretary of the Treasury: Let us have the next witness, who can produce the map.

Mr. Jones: Mr. George Berger, of the Colorado National Bank.

STATEMENT OF MR. GEORGE BERGER.

The Secretary of the Treasury: Give your full name and occupation.

Mr. Berger: George B. Berger, President, Colorado National Bank, Denver.

The area of the territory we claim is 932,540 square miles; population, 3,193,891. There are, therefore, something less than four people to each square mile, in a very sparsely populated territory, but it is a territory of tremendous undeveloped resources, and with the development of those resources it will grow in population in having a Federal Reserve Bank.

I have here a statement showing the capital and surplus of the National Banks in the states, if you care to have the total, or I can give the states. The total is \$56,907,241.

The Secretary of the Treasury: National Banks?

Mr. Berger: National Banks alone.

The Secretary of the Treasury: Capital and surplus?

Mr. Berger: Capital and surplus.

The Secretary of the Treasury: You do not include undivided profits?

Mr. Berger: No. Of the state banks, capital and surplus, \$59,318,595. The number of banks in the territory claimed, national banks, is 466; state banks, 1152, or a total of 1618. Aggregate deposits, covering business in the territory, \$277,908,000. That is based on the reports of the Comptroller, of October 21, 1913, but it is necessarily estimated where we have to split a state.

State banks deposits an aggregate of \$222,159,000, or a total of \$500,067,000.

Now, the number of bank accounts and the aggregate balances (average four months) received by the Denver Clearing House Banks from their customer banks in this territory, is as follows: (I have given that in detail.) Total, \$16,780,000.

The Secretary of the Treasury: Let us have the states.

Mr. Berger: Colorado, 512 is the number of banks; aggregate deposit, \$12,600,000.

The Secretary of the Treasury: That includes state and national banks?

Mr. Berger: State and national banks.

The Secretary of Agriculture: How about national banks?

Mr. Berger: I have not separated them.

The Secretary of the Treasury: Will you have them separated and give us a tabulation of that?

Mr. Berger: Utah: Twenty-four banks, \$1,360,000.

New Mexico; Twenty-one banks, \$530,000.

Wyoming: Twenty-four banks, \$1,270,000.

Nebraska: Fifteen banks, \$100,000. That is twenty-six counties in Nebraska, and is estimated.

The Secretary of the Treasury: That is the state and national?

Mr. Berger: That is state and national.

Kansas: (Twenty-four counties estimated) Ten banks, \$90,000.

Texas: (Eighty-two counties estimated) \$335,000.

The Secretary of the Treasury: How many banks?

Mr. Berger: Six banks.

In Oklahoma: No banks, no deposits.

Arizona: Thirteen banks, \$100,000.

In Idaho; Ten banks, \$100,000 deposits.

In Montana: Ten banks, \$290,000 deposits.

South Dakota: (Eight counties estimated) Two banks, \$15,000.

Total: \$16,780,000.

✓ The Secretary of the Treasury: Do you mean those are the banks that keep balances in Denver?

Mr. Berger: Those are the banks that keep balances in Denver, yes sir.

The Secretary of the Treasury: And you have not got the national banks?

Mr. Berger: I have not segregated them. This is national and state.

The Secretary of Agriculture: Do you know how many state banks would be eligible?

Mr. Berger: No, I haven't that, no sir.

The Secretary of Agriculture: Do you know the capitalization of the different banks?

Mr. Berger: No, I haven't that.

The Secretary of the Treasury: Proceed.

Mr. Berger: The yearly volume of cash business sent by Denver Clearing House Banks, to Colorado, \$250,520,000.

To Utah: \$9,710,000.

To New Mexico: \$3,260,000.

To Wyoming: \$7,650,000.

To Nebraska: (Twenty-six counties estimated) \$3,000,000.

Twenty-four counties in Kansas, \$2,000,000.

Eighty-two counties in Texas, \$4,000,000.

The Secretary of the Treasury: What do you say, that that represents clearances?

Mr. Berger: That represents the volume of business, cash items that the Denver banks sent to these banks in these various states for collection.

The Secretary of the Treasury: Covering what period?

Mr. Berger: This covered 1913.

The Secretary of the Treasury: Just for that year?

Mr. Berger: Yes.

The Secretary of the Treasury: Check collections?

Mr. Berger: Check collections. Eighty-two counties in Texas, \$4,000,000.

Three counties in Oklahoma, \$150,000.

Arizona: \$1,350,000.

Idaho: \$2,300,000.

Montana: \$3,350,000.

South Dakota: (Eight counties) \$330,000.

Total: \$287,620,000.

The Secretary of the Treasury: On that point, what is your practice here in check collections? Do you collect checks free?

Mr. Berger: No.

The Secretary of the Treasury: For your depository banks?

Mr. Berger: In Wyoming, Colorado, Utah and New Mexico, we collect and charge the actual cost to us; in these other states we add 15 cents a hundred to the actual cost.

The Secretary of the Treasury: What do you pay on balances?

Mr. Berger: Country bankers, we pay  $3\frac{1}{2}$  percent.

The Secretary of the Treasury: Is that a uniform rule?

Mr. Berger: Uniform rule, yes. Yearly volume of out-of-town cash business handled by the Denver Clearing House Banks for their Customer Banks in this region:

From Colorado: \$204,400,000.

Utah: \$9,900,000.

New Mexico: \$8,650,000.

Nebraska: (Twenty-six counties, estimated) \$2,000,000.

Kansas: (Twenty-four counties, estimated) \$1,000,000.

Wyoming: \$8,150,000.

Texas: (Eighty-two counties, estimated) \$2,500,000.

Oklahoma: Nothing.

Arizona: \$850,000.

Montana: \$3,200,000.

Idaho: \$920,000.

George Berger

South Dakota: (Eight counties, estimated) \$80,000,  
or a total of \$239,550,000.

Denver Clearing House banks handled, approximately,  
\$16,000,000 in shipments of currency, gold and silver, in-  
coming and outgoing, for Customer banks in the above outlin-  
ed territory during the year 1913.

The Secretary of the Treasury: \$16,000,000?

Mr. Berger: \$16,000,000, currency and gold shipments,  
et cetera.

The Secretary of the Treasury: Have you any apportion-  
ment of that?

Mr. Berger: I have not apportioned that, no. Denver  
clearings for the year 1913, \$478,933,323.

Denver has only six Clearing House banks, which accounts,  
in a measure, for the fact that that item is not larger.  
Average deposits in all the Denver banks, --

The Secretary of the Treasury: Are all the Denver Nation-  
al banks in the Clearing House?

Mr. Berger: They are, yes sir.

The Secretary of the Treasury: Not all the state banks?

Mr. Berger: None of the state banks. It is confined  
to national banks.

Average deposits in all Denver banks, \$75,000,000, 1913.

## George Berger

On October 21, 1913, the Denver Clearing House banks had loans and re-discounts to country banks, \$1,340,800.

The Secretary of the Treasury: What did you say the figures were for 1913?

Mr. Berger: Clearings?

The Secretary of the Treasury: Total deposits.

Mr. Berger: Total deposits in the Denver banks?

The Secretary of the Treasury: Yes.

Mr. Berger: \$75,000,000, State and National -- all banks.

The Secretary of the Treasury: I see. And the National banks about \$37,000,000?

Mr. Berger: Yes. On October 21, 1913, the Denver Clearing House Banks had loans and re-discounts to country banks, \$1,340,800. At that time the banks held commercial paper, that is, paper they had bought in the open market, \$2,724,000.

The Secretary of the Treasury: How much of the Denver banks re-discounting was borrowing of other banks?

Mr. Berger: Nothing.

The Secretary of the Treasury: Borrowed nothing?

Mr. Berger: No.

The Secretary of the Treasury: What time was this?  
the

Mr. Berger: This was, <sup>the</sup> October 21st call, and I merely men-

## George Berger

tion this about the commercial paper to show that Denver banks were able to supply their home demand and also to buy a considerable part in the open market at that time.

The Secretary of Agriculture: What is the time of your heaviest demand?

Mr. Berger: The time of our heaviest demand usually comes in the fall.

The Secretary of Agriculture: On the average, how much borrowing do you have to do?

Mr. Berger: You mean banks in Denver?

The Secretary of Agriculture: Yes.

Mr. Berger: It is very seldom that the banks in Denver borrow -- very seldom.

The Secretary of Agriculture: Have you figured out the capital, I mean the strength of this proposed regional bank?

Mr. Berger: Yes, I have here. Assuming that a regional bank, comprising only National banks, for the mentioned territory, is placed in Denver, this bank would, without subscription from the Government or the public, have a capital of approximately \$3,400,000 and deposits would be about \$7,000,000. After three years the deposits would increase to \$15,000,000. This does not include any amount of govern-

## George Berger

ment United States deposits that would be placed in the bank; I assume there would be some. Then, assuming that all the state banks qualify and join the system, this bank would commence business with a capital of about \$7,000,000 and with deposits of about \$14,000,000.

The Secretary of Agriculture: How many of those have the requisite capital?

Mr. Berger: I haven't got those figures.

The Secretary of the Treasury: How can you make an assumption without knowing that, I mean an intelligent assumption?

Mr. Berger: No, perhaps you cannot make an <sup>intelligent</sup> assumption. I am only going on the fact that this proposition or new plan had been received very favorably, and I think the state banks would be compelled to come in.

The Secretary of the Treasury: The question is that of eligibility. State banks could not qualify if not eligible.

Mr. Berger: Perhaps true, but I think most of them will qualify.

The Secretary of the Treasury: I know, but they cannot qualify if they are not eligible. If we had some line upon the eligible banks --

## George Berger

Mr. Berger: I can give those, of course, later.

The Secretary of the Treasury: We would like to have that. Do you know what the law is with respect to the right of the banks in this territory, -- let us take Colorado -- the state bank's right to subscribe to this stock?

Mr. Berger: I understand it has not, -- under the present law, that it cannot hold stock in another.

The Secretary of the Treasury: Do you know how it is in any of the other states?

Mr. Berger: No, I do not.

The Secretary of the Treasury: So that for the purposes of your discussion you must necessarily limit this wholly to the national banks?

Mr. Berger: Yes.

The Secretary of the Treasury: Now, Mr. Berger, the law, of course, as I said to you before, requires this Committee to have due regard to the convenience and customary course of the business in the different districts that may be allotted. I notice you have taken in here, -- well, let us take Montana to begin with. To what extent has Denver commercial intercourse and relations with Montana?

Mr. Berger: Well, I think that is largely the livestock interests. I have no figures, because some one that will

George Berger

follow me can give you figures in that respect.

The Secretary of Agriculture: Should you say that the movement of trade is towards Denver or towards the east from Montana?

Mr. Berger: I should think, the way it is now, it is rather towards the east than towards Denver.

The Secretary of Agriculture: We had documents presented at another hearing showing that 80 percent. of the banks desired to go to St. Paul.

The Secretary of the Treasury: From Montana.

The Secretary of Agriculture: And the remainder, 20 percent., to Chicago. What reason have you for thinking that they would like, for convenience, to be connected with Denver?

Mr. Berger: I have no reason.

The Secretary of Agriculture: It is purely arbitrary?

Mr. Berger: It is purely arbitrary.

The Secretary of the Treasury: In the laying out of this district, -- how was this, you had a committee?

Mr. Berger: Yes.

The Secretary of the Treasury: Did your committee give any consideration to the normal course of business in this district, or did you just take an arbitrary territory that

George Berger

you thought would be a good thing for Denver or that would supply the required capital?

Mr. Berger: Of course we had to bear that in mind, Mr. Secretary; we had to show the capital, and in doing that we extended the territory perhaps further than the present courses of trade would justify.

The Secretary of the Treasury: Now, to what extent, when you come right down to the real facts, -- and that is what this Committee must have, -- to what extent <sup>really</sup> would a district here be normally and naturally served by Denver? I am talking about the contiguous and tributary territory with which the bulk of the business is largely done with Denver. What area would that be? In other words, what is the sphere of Denver's normal influence?

Mr. Berger: The sphere of Denver's normal influence would be Colorado, Wyoming, Utah and New Mexico.

The Secretary of the Treasury: New Mexico?

Mr. Berger: Excluding, possibly, some part in the Pecos Valley.

The Secretary of the Treasury: Have you any figures here that would give us the banking capital of the national banks in that particular territory?

## George Berger

Mr. Berger: No, I have not.

The Secretary of the Treasury: Could you give us that?

Mr. Berger: I can.

The Secretary of the Treasury: I observe you have connected the western half of Nebraska in this district. Now, testimony was submitted to us at Lincoln, which showed practical unanimity of sentiment in Nebraska for attachment of Nebraska to the Omaha district.

Mr. Berger: Yes.

The Secretary of the Treasury: And people in Omaha, of the Chamber of Commerce, they asserted that the normal courses of trade throughout Nebraska are eastward to Omaha and Chicago.

Mr. Berger: I think that is true. Western Nebraska, however, and Western Kansas do some banking business in Denver.

The Secretary of the Treasury: I understood from your statement that there are relatively very few banks that have their accounts in Denver.

Mr. Berger: Yes, very few.

The Secretary of the Treasury: Now, as to Texas, I believe you stated that none, or that in Oklahoma, no banks in Oklahoma had an account here?

Mr. Berger: No.

## George Berger

The Secretary of the Treasury: And Western Oklahoma, I can understand that, because, of course, the railroad lines here trend wholly to Kansas City and towards Chicago. The connections with Denver are very bad. Now, as to Western Texas, you have got about half the State of Texas here.

The Secretary of Agriculture: No, not half.

The Secretary of the Treasury: Well, fully a third of it. You have got the entire Panhandle and this part west of San Antonio.

The Secretary of Agriculture: Practically nothing except El Paso, in point of commercial importance.

The Secretary of the Treasury: Yes, but I am speaking of the area that is embraced and of the courses of business through that territory, the transactions and the trade, that is where?

Mr. Berger: I think the Panhandle we might consider our territory, on account of the railroad line running down to the Panhandle.

The Secretary of the Treasury: You mean the Colorado & Southern?

Mr. Berger: Yes sir, in point of accessibility, in point of time.

## George Berger

The Secretary of the Treasury: You mean the northern part?

Mr. Berger: The northern part, yes.

The Secretary of Agriculture: That is largely a cattle country?

Mr. Berger: Yes.

The Secretary of Agriculture: Do those cattle come to Denver or Chicago or Kansas City?

Mr. Berger: It is divided.

The Secretary of Agriculture: To what extent?

Mr. Berger: I cannot tell you.

The Secretary of Agriculture: It would be very valuable to have that.

Mr. Berger: I imagine Mr. Ricgles, who follows me, can give you figures.

The Secretary of Agriculture: You have included Arizona.

Mr. Berger: Yes.

The Secretary of Agriculture: Does that business come to Denver or to the West?

Mr. Berger: It does not come to Denver direct. While we have some business in Arizona, a good deal of that business goes to El Paso. We have included El Paso in our district, because El Paso gets that New Mexico business, and I think it is fair to take in Arizona on that question.

## George Berger

The Secretary of the Treasury: Does not more of the Arizona business trend towards California?

Mr. Berger: I cannot say; not sufficiently informed about that.

The Secretary of the Treasury: As to Utah, how about Salt Lake City?

Mr. Berger: Salt Lake City carries a great deal of money in Denver, do a great deal of banking business in here. I think Denver does a great deal of clearing for Salt Lake City through the eastern cities.

The Secretary of the Treasury: Salt Lake City is a reserve city and she would not carry very large balances ordinarily in Denver, which would not count as reserve.

Mr. Berger: Perhaps not, but they have carried large balances in Denver, and they do now. I think it is for exchange purposes and for purposes of convenience.

The Secretary of the Treasury: For purposes of convenience?

Mr. Berger: Yes.

The Secretary of the Treasury: Do you know to what extent Salt Lake City carried reserves in other cities?

Mr. Berger: No.

George Berger

The Secretary of the Treasury: Where would they normally go to, to Chicago, wouldn't they?

Mr. Berger: I should think they would go to Chicago.

The Secretary of the Treasury: Where does Denver carry her reserves?

Mr. Berger: Mostly in Chicago.

The Secretary of the Treasury: To what extent?

Mr. Berger: It would only be a guess. I should say we carried three-quarters in Chicago.

The Secretary of the Treasury: 75 percent.?

Mr. Berger: Yes.

The Secretary of the Treasury: Where do you keep the remaining 25 percent.?

Mr. Berger: St. Louis and New York.

The Secretary of the Treasury: Of course you understand that this bill provides that there shall be branch institutions?

Mr. Berger: I do.

The Secretary of the Treasury: And the districting is made mandatory upon the Federal Reserve Banks. Assuming that it was not practicable, and I state that with reference, of course, to the fundamental economic conditions, -- assum-

## George Berger

ing that a bank headquarters, however, could not be located in Denver, what would Denver's choice then be as to the headquarters for a Federal Reserve Bank?

Mr. Berger: I should say, Chicago.

The Secretary of the Treasury: Be Chicago. Now, as between Omaha and Kansas City, what would it be?

Mr. Berger: I couldn't say. I don't know. I have not considered that sufficiently.

The Secretary of the Treasury: How about St. Louis?

Mr. Berger: I think Denver would prefer Chicago to St. Louis.

The Secretary of the Treasury: The normal course of your business transactions is more with Chicago than St. Louis, of course?

Mr. Berger: Decidedly.

The Secretary of the Treasury: But if it is not practicable in the division of the country to throw this territory into either Chicago or the St. Louis district -- assuming that districts are created there, which is not, of course, yet determined -- and then Omaha and Kansas City were under consideration, the Committee would like very much to know where Denver would be most inconvenienced in those circumstances?

## George Berger

Mr. Berger: Personally, I should say Omaha, but I cannot speak for anybody else; other bankers might have different opinions.

The Secretary of the Treasury: That is your personal view?

Mr. Berger: My personal view.

The Secretary of the Treasury: I want to say now, in order that there may be no misunderstanding, that the questions asked by the Committee are not indicative of any trend of thought at all upon this proposition. We ask questions in order to bring out the facts and no inference must be drawn that the Committee has any view whatever upon the proposition, because we don't know anything, have no opinion until the facts are in from the entire country, and we ask the question in all these cities, what would be their choice if they could not themselves be the headquarters for one of the Reserve Banks. Mr. Jones put in his statement here and went on to say that a branch bank could not serve Denver. Now, what is your view of that?

Mr. Berger: My view is the same as Mr. Jones'. I think that a branch bank would be, of course, under the control of the parent bank. Any question<sup>of</sup> importance, I imagine, would go

## George Berger

to the head of the bank for decision, and it might involve -- might at times be very dangerous, this question. I don't believe that a banking management sitting in Chicago would have any knowledge of our collaterals.

The Secretary of Agriculture: Who would manage the parent bank?

Mr. Berger: Who would manage the parent bank?

The Secretary of Agriculture: Yes.

Mr. Berger: I presume the directors.

The Secretary of Agriculture: Where would they be selected from?

Mr. Berger: They would be drawn from the district.

The Secretary of Agriculture: The entire district?

Mr. Berger: Yes.

The Secretary of the Treasury: Now, if the headquarters bank, including Denver, were located at Omaha, say, or Kansas City, merely to illustrate the point, and the directors of that bank would be drawn from the entire district, undoubtedly Denver would have representation upon that Board. Now, the directors of the headquarters bank would be less local to Omaha or Kansas City, as the case might be, say, of the Federal Reserve Bank, that is, the headquarters bank,

## George Berger

than would be the directors of the local bank, because in the nature of things the directors of the branch bank would be more intimately associated with the more restricted district which that branch serves. In those circumstances, you would likely have a larger representation on the Board of this branch bank than you would have on the Board of the Federal Reserve Bank itself. Due to the familiarity with the local conditions, and they play a very important part in most cases, you would naturally have on the branch bank board of directors a larger representation familiar with local conditions than you would have on the board of directors of the Reserve Bank itself.

Mr. Berger: I realize that, Mr. Secretary. I believe that it would give the final say where that money shall be loaned to the people at the head bank, not the branch bank.

The Secretary of the Treasury: The branch bank will, of course, have very large authority under the Act, for it is controlled by a board of seven directors, and it is the purpose of the Act to give it adequate authority to deal promptly with conditions by telegraph and telephone, bringing these institutions into intimate, close and quick touch with each

## George Berger

other, that no delays of consequence are likely to arise, except upon very large questions of policy, but upon the ordinary business of re-discount these Reserve Banks are exercising largely re-discounts between the member banks acting as fiscal agents for the government. Isn't that the normal course?

Mr. Berger: Yes, but I still say that if there is not enough money to go around among all the points, there might be times of great stringency and the conditions surrounding the branch bank would be bad at that time.

The Secretary of the Treasury: Why?

Mr. Berger: Where that branch bank would take care of the immediate territory.

The Secretary of Agriculture: Why, if, under this bill, these directors are drawn from the whole district?

Mr. Berger: There are nine directors. Those nine directors include a very large district, and we might have no director on that board from Colorado; might come from some other part of the territory.

The Secretary of Agriculture: And another part of the district might not have one?

Mr. Berger: True.

The Secretary of Agriculture: So that your argument

## George Berger

would apply to one city as well as to another.

The Secretary of the Treasury: Now, on the other hand, in case the reserve bank of the district was to -- if there was not enough money, as you suggest, and an exigency presented itself, it would resort, of course, to its powers under the Act, either ask some other reserve bank to re-discount its paper, or else make application to the Federal Reserve Board for issuance of currency. The issuance of currency in those circumstances would be based upon the eligible paper required by the Act, and if the Denver banks could supply that paper and some other banks could not, they would undoubtedly get their money, because it is not going to be handed around as a matter of accommodation, it is going to be dealt with as a business proposition. So that, so long as the banks in Denver in those circumstances could produce eligible paper required, paper and gold reserve required by the Act, you would get no relief from the Federal Reserve Board. The purpose of the bill is to prevent that kind of contraction and constriction that the country has suffered from heretofore.

This territory, as you have laid out, the capitalization does not produce the amount of capital required by the Act?

## George Berger

Mr. Berger: No, it does not.

The Secretary of the Treasury: And if you limit the territory still further to the legitimate sphere of Denver's territory, -- I mean Denver's trade influence, you would have a very small and weak institution here, one likely to be unable to take care of the legitimate demands that might be made upon it, so that it would have to take care of what we call a seasonable demand.

Mr. Berger: I realize that of course the smaller the territory, though, the smaller the demand.

The Secretary of the Treasury: What is your thought in limiting territory? What have you assumed to be the division cut into districts, eight or ten or twelve or --

Mr. Berger: Assumed eight districts.

The Secretary of the Treasury: Is that your judgment, that it would be better to have the minimum number of districts?

Mr. Berger: It is.

The Secretary of the Treasury: Than the maximum?

Mr. Berger: It is.

The Secretary of the Treasury: If you restricted Denver's territory to the smaller area you described, you would produce a very weak institution here, which would very likely

George Berger

have to be very largely a borrowing institution, would it not?

Mr. Berger: I am not so sure of that. I think that if we can judge by the fact that the Denver banks have not been borrowers, have never really been borrowers, that we might draw the inference that <sup>the</sup> a regional bank would not need a very large capital.

The Secretary of the Treasury: Isn't it your idea that division of the country into districts, these regional banks, these communities should, so far as possible, be made self-contained and as nearly equal in financial strength, so that they may, as far as possible, take care of the normal conditions in their respective districts?

Mr. Berger: So far as possible, I think they should take care of their own particular districts.

The Secretary of the Treasury: Let me ask you, how do you regard the trend of commercial transactions, so far as Denver is concerned, -- it is undoubtedly eastward and north-eastward?

Mr. Berger: Yes.

The Secretary of the Treasurer: I believe you said that?

Mr. Berger: Yes.

The Secretary of the Treasury: Would it not be better for

## George Berger

the benefit of this western country to lay this district out, definitely preserving the normal courses of business and making a stronger financial district than the one you propose here? I mean for the benefit of this section, isn't it better to have a district with, if possible, a counterpoise or borrowing end, as against a well developed lending end, so that the one may feed the other and that the normal business transaction may be preserved and conserved?

Mr. Berger: I am not so sure. Of course we have a line here which is north and south. The territory comprises industries of great diversity, and it seems to me that you would have a more even demand for money in this territory, taken as a whole, than you would if it was laid out the other way. If you laid it out the other way, -- go to Chicago or Omaha, and the demand comes at one time of the year there, in the fall. I think in this territory there would be a very even demand.

The Secretary of the Treasury: Any greater diversity east and west than over the strip lying north and south? You are making an argument or, rather, Mr. Jones did, I think, about the very great importance of the United States Mint here because of the ability to distribute currency quickly over a given district. That implies accessibility from

George Berger

all parts of the district, rapid and quick communication. This district, as you have laid it out, is not at all accessible in the highest degree to Denver. There are parts of it that are quite remote in the matter of transportation.

Mr. Berger: Our map shows the 24 hour limit; this green circle (indicating) represents 24 hours' service from Denver. It is true that Montana and Texas are a long way from here in point of time and distance, but what other point are they closer to?

The Secretary of the Treasury: I think Montana is undoubtedly closer to St. Paul and Minneapolis, the bulk of it. Now, the great trunk lines of railroads which cross Montana east and west furnish very rapid and quick service to St. Paul and Minneapolis, and undoubtedly the natural trend of business in that territory is to those points, and it would do great violence, according to the testimony already submitted if it were attached to a district lying south; in other words, the mandatory requirements of the Act would prevent us from attaching Montana, (unless other testimony were exhibited later on, in addition to what has already been presented) for attaching Montana to the Denver district.

The Secretary of Agriculture: We have not heard, Mr. Ber-

## George Berger

ger, but suppose that we find that Arizona business trends to some other point and Montana business is to some other point, and in view of the fact that there has been practically unanimous representation that all of Kansas and Nebraska ought to be attached to eastern points and we should be compelled, by those representations and in conformity with the law, to connect them with other points, then what would you suggest? Would you think it better to have that constricted area or to have a larger area that would put you in a district that would have a strong bank, one of considerable banking power? Of course you know that under the Act it is the intention that these districts shall be nominally independent.

Mr. Berger: I should rather see Denver have the one smaller district or smaller capital. I don't think we can consider the present entirely; I think we have got to look to the future.

The Secretary of Agriculture: We will have to do that over the whole country, not merely one section.

Mr. Berger: True, but we are in the center here of a country that is only partially developed, a country of tremendous resources, and the next decade will see tremendous

George Berger

changes in the whole question.

The Secretary of Agriculture: You understand that a smaller banking area would give you smaller banking power?

Mr. Berger: I understand it.

The Secretary of Agriculture: And it is the question the Secretary asked, whether or not, for the development of this section, it would be better to have a larger area and a stronger institution.

Mr. Berger: I think for the development of this section it is better to have Denver a regional bank than to have it attached as a branch to some other bank.

The Secretary of Agriculture: Now, if that area were limited, you would probably have a banking capital of less than three millions, wouldn't you?

Mr. Berger: Yes, we would, if you confine it to national banks alone.

The Secretary of Agriculture: And reserves and deposits of --

Mr. Berger: I have no figures on it.

The Secretary of the Treasury: This bill provides for the parring of exchange between these federal reserve banks when this system is in operation, and the reserve provisions of

George Berger

the bill have been complied with, so it is not necessary to keep reserves with any other city. To what extent do you think, then, it is going to be necessary to keep balances in the present central reserve cities for purposes of exchange?

Mr. Berger: Well, speaking for the Denver banks alone, I think Denver banks would keep accounts in Chicago and in New York, unquestionably.

The Secretary of the Treasury: Even though the exchange of the district in which Denver might be located would pass at par anywhere, you think it would still be necessary?

Mr. Berger: Yes, I think so.

The Secretary of the Treasury: I will submit you a question which I would like the Clearing House of Denver to consider for us. I will read this part of the Act:

Section 13 of the Act provides, among other things:

"Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal Reserve Bank may discount notes, drafts and bills of exchange arising out of actual commercial transactions; that is, notes, drafts and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the pro-

George Berger

ceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act."

We should like to have the Denver Clearing House, -- and we are asking the same question everywhere and also of the commercial bodies interested, to consider that section of the bill very carefully, and to submit a brief to the Committee within the next two or three weeks giving us your definition or your suggestion of a definition of the meaning of commercial paper, under this Act, and also, as far as possible, suggest to us a standard form of notes, drafts, and bills of exchange, as related to the different forms of commercial transactions.

Now, for instance, you have, as I understand it out here, cattle paper, as we call it, cattle paper?

Mr. Berger: Cattle paper, yes.

The Secretary of the Treasury: We would like your suggestions as to what should be a standardized form of such paper, what it should contain, so that it might be adopted as a standard, commercial form for banks. Such standardization would be very useful in transactions between member

## George Berger

banks and the Federal Reserve Banks hereafter. Will you be kind enough to do it?

Mr. Berger: We will do that, Mr. Secretary.

The Secretary of the Treasury: Section 16 of the Act also provides, among other things:

"The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal Reserve Banks and their branches, and may, at its discretion, exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks."

We should be glad if the Denver Clearing House would consider also that aspect of the matter and submit a brief or suggestions as to what, in your judgment, would best facilitate carrying out the purposes of the Act.

(Mr. Berger excused.)

(The map, so identified, marked "Berger Exhibit No. 1, Denver, January 26, 1914.")

(Paper used as basis for testimony, so identified, marked "Berger Exhibit No. 2, Denver, January 26, 1914.")

## Statement of Alexis C. Foster

The Secretary of the Treasury: Mr. Foster. Give your name, Mr. Foster, and occupation.

Mr. Foster: Alexis C. Foster, dealers in investment bonds, Denver.

The Secretary of the Treasury: Give your firm name.

Mr. Foster: Causey, Foster & Company.

The Secretary of the Treasury: Dealers in investment bonds?

Mr. Foster: Yes sir.

The Secretary of the Treasury: You know the problem confronting the Committee. If you have any light that you can shed upon it, we will be glad to hear from you.

Mr. Foster: I have prepared a very short report, if you care to have me read it.

The Secretary of the Treasury: Yes, you may read it, or, if it is wholly statistical, it may be filed as an exhibit.

Mr. Foster: It is not wholly statistical, either.

The Secretary of the Treasury: Read it.

Mr. Foster: (Reading) The undersigned committee, representing Denver Bond Dealers' Association, offer the accompanying figures, which we respectfully beg to state prove Denver to be the most important banking center between St.

Alexis C. Foster.

Louis and the Pacific Coast. In order that we might lay before you actual figures rather than estimates, we submitted to forty-six houses in this city, dealers in investment securities, uniform blanks which we asked them to fill out from their books, showing their purchases and sales during the years 1912 and 1913. Twenty-eight houses responded as requested. Eighteen houses, large and small, for one reason or another, were unable to furnish us statements.

We have tabulated the figures taken from the books of the twenty-eight houses. We have made an estimate of the transactions of the eighteen houses. We have aggregated the actual figures and our estimates, and they show a grand total of \$164,968,924 of purchases and sales of investment securities by Denver houses for the years 1912 and 1913. This is an average --

The Secretary of the Treasury: We ought to be able to collect some income tax out here.

Mr. Foster: I believe you will, I am sure. This is an average of \$82,484,462 per year, or at the rate of more than a quarter of a million dollars each business day.

The figures do not include mining stocks and bonds, nor any securities primarily speculative.

## Alexis C. Foster

Now, our statement shows bona fide investment transactions in corporation stocks and bonds, municipal bonds and warrants, irrigation bonds and securities, commercial paper, city and farm loans dealt in as investment securities. All figures indicate market value, not par value, and show actual amounts in cash.

The above figures refer to the general importance of Denver as an investment banking center. For the information of your Committee, we have totalled the transactions in investment securities of Denver houses for the years 1912 and 1913 in the regions made up of Colorado, New Mexico, Arizona, Utah, Idaho, Montana, Wyoming, Western Nebraska, Western Kansas, the Black Hills section of South Dakota, the extreme western part of Oklahoma, the Panhandle and the western triangle of Texas. These figures show total purchases and sales in that region of \$104,878,693.

The Secretary of the Treasury: Have you got it divided by states?

Mr. Foster: Yes sir.

The Secretary of the Treasury: Read it, will you?

Mr. Foster: Will you have the totals or --

The Secretary of the Treasury: Just the totals in each state.

Alexis C. Foster.

Mr. Foster: Colorado: Total purchases for the year 1912, \$16,000,000. -- I will leave off the odd amounts.

The Secretary of the Treasury: Yes.

Mr. Foster: Sales in the same territory, \$16,000,000. In 1913, Colorado: Purchases were \$14,000,000, odd, and the sales, \$16,000,000, odd.

In the State of Utah, the total is \$829,000, purchases in 1912; sales in that state, that is, investment securities in that state for the same year, \$779,000. In the year 1913, purchases, \$926,000; sales in that state, \$463,000.

The Secretary of the Treasury: Business men don't seem to be quite agreed about 1913, according to your figures.

Mr. Foster: We haven't any falling off in investment securities in 1913.

The Secretary of the Treasury: There seems to be a substantial growth there.

Mr. Foster: I think you will find that it shows up very well with the year before.

Montana shows total purchases for 1912 of \$340,000, and the sales in Montana of the same year, \$167,000. Purchases in 1913, \$294,000, and the sales in 1913, \$259,000.

California: Purchases for 1912 were \$3,139,000; sales in

Alexis C. Foster.

California for the same year, \$1,887,000. Purchases in California for 1913, \$645,000, and the sales for the same year, \$535,000.

New Mexico: Purchases for 1912, \$101,000, and the sales, \$76,000. In 1913, purchases \$139,000 and the sales \$172,000.

Wyoming: Purchases in 1912, \$1,992,000; sales, \$1,970,000. 1913, purchases, \$485,000, sales, \$603,000.

Idaho, -- and by the way, Mr. Secretary, I would like to say that we have always had a very large business in Idaho, especially in municipal bonds; I believe the bond houses in Denver have furnished considerable more than one-half of the municipal bonds that have been issued in that state.

The Secretary of the Treasury: These securities, I was going to ask you a little later, are the bulk of them municipal or corporation?

Mr. Foster: I have them all here tabulated.

The Secretary of the Treasury: You need not go through the tabulation, but the percentage would be about what, the percentage of municipal and of the corporation securities?

Mr. Foster: In Idaho?

The Secretary of the Treasury: Take the total.

Mr. Foster: Total purchases in 1913 of municipal bonds

Alexis C. Foster.

were \$11,000,000, and the total purchases of corporation bonds dealt in was \$16,000,000.

The Secretary of the Treasury: That answers it. I think that covers about what I wanted to ask to get a line on the distribution through these cities.

Mr. Foster: For instance, Idaho, we purchased \$1,794,000 last year. In Washington, we purchased \$1,748,000.

The Secretary of the Treasury: What did the sales amount to?

Mr. Foster: Sales in the State of Washington were \$385,000 for the year 1912, and \$331,000 for the year 1913; and in Idaho, the sales were considerably larger than that, \$1,069,000.

The Secretary of the Treasury: You may proceed with your main argument.

Mr. Foster: That, Mr. Secretaries, completes this report.

The Secretary of the Treasury: I see. Will you kindly file that as an exhibit to your testimony?

Mr. Foster: Would you like one copy of three copies?

The Secretary of the Treasury: Three.

(The papers, so identified, in triplicate, were marked "Foster Exhibit No. 1, Denver, January 26, 1914.")

Alexis C. Foster.

Mr. Foster: I would be very pleased to answer any questions which you might wish to ask me. We have separated here actual figures from the estimated all the way through.

The Secretary of the Treasury: That is all, thank you.

(Mr. Foster excused.)

The Secretary of the Treasury: The next witness, Mr. Edmonds.

STATEMENT OF J. FRANK EDMONDS.

The Secretary of the Treasury: Give your full name and occupation.

Mr. Edmonds: J. Frank Edmonds,<sup>Manager,</sup> Fire Insurance Companies. I was not called until this morning, therefore I will be pardoned for reading what I have gathered here.

The Secretary of the Treasury: What kind of insurance is it?

Mr. Edmonds: Fire insurance and loans. The natural and recognized fire insurance centers of the West, are Chicago, Denver and San Francisco. So thoroughly is this acknowledged that over thirty-five fire insurance companies have managerial departments in Denver, while eighty-five other companies maintain offices in Denver for their traveling representatives and for their loss adjusters.

J. Frank Edmonds.

The Secretary of the Treasury: You need not take this down; it will be filed as an exhibit. How far this question of fire insurance indicates the trend of trade and commerce, it is pretty largely a local question, a few houses?

Mr. Edmonds: Yes. This is very short.

The Secretary of the Treasury: Read it.

Mr. Edmonds: In no other city in the region are there such departments. This is caused by the recognition that Denver is the logical point for handling the business, not alone for Colorado, but for the surrounding states.

The Secretary of the Treasury: What surrounding states?

Mr. Edmonds: Colorado, Wyoming, New Mexico and Utah.

We handle from here Utah, Arizona, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma. I will deal with that a little later. The fire insurance premiums of Colorado, Wyoming and New Mexico amount to over \$4,000,000, the majority of which passes through Denver, as do also the premiums for other adjacent states. There is one department alone in Denver which handles over \$600,000 in premiums annually. The entire fire insurance business for the States of Colorado, Wyoming, New Mexico, North and South Dakota, Kansas and Nebraska, not only premiums, but the payment of

## J. Frank Edmonds.

losses is handled in Denver for seven companies. In addition, the premiums for Utah, Idaho, Montana and Oklahoma are handled by one or more departments. Premiums from other states also come to the Denver departments, but as these are outside of the region for which Denver is asking a regional bank, they are omitted from this presentation. The premiums of one department in Denver alone are greater than the entire operations of any one of 174 companies for the entire United States.

In addition to the premiums, most of the losses are adjusted by men residing in Denver, and a large proportion of the loss drafts pass through Denver banks. Although the region of which Denver is a center is one of the most sparsely inhabited in the entire country, there are in Colorado, Wyoming and New Mexico alone over three thousand agents, all of which report to Denver. The recognition of Denver by the insurance world as the geographical and financial center for the convenient and economical handling of its business is further evidenced by the manner in which the development of the country and states around Denver<sup>is</sup> bringing to this city the executive and financial departments of all classes of insurance companies for the collection of premiums, the payment of losses and the investment of funds. This cannot be said of any

J. Frank Edmonds.

other city in the entire region from Missouri to the Pacific.

I trust your Committee will take these matters carefully into consideration and that Denver may receive the regional bank which its geographical position, no less than its present financial operations would demand for it.

(The paper, so identified, marked "Edmonds Exhibit No. 1, Denver, January 26, 1914.")

(Mr. Edmonds excused.)

The Secretary of the Treasury: Mr. Osgood is the next witness.

STATEMENT OF MR. JOHN C. OSGOOD.

The Secretary of the Treasury: Give your full name, Mr. Osgood, your occupation and residence.

Mr. Osgood: John C. Osgood. I reside in Redstone, Colorado. My business is mining coal.

The Secretary of the Treasury: What is your company?

Mr. Osgood: Victor-American Fuel Company, the Company I represent.

The Secretary of the Treasury: You are familiar with the problem confronting the Committee, Mr. Osgood. Will you kindly address yourself to any facts that will help the Committee in arriving at a conclusion.

John C. Osgood.

Mr. Osgood: I have been requested to combine several subjects, Mr. Secretary, connecting coal and coke, iron and steel, Portland cement, oil and marble, mineral products of Colorado.

The year 1913 has not been used on account of the strike which interrupted the operations four months of this year.

In the year 1912, Colorado produced 10,977,824 tons of coal and coke, having a value at the mines of \$16,345,336. This production was 38 percent. of all the coal produced in the western half of the United States (west of the 100th meridian). This coal and coke was distributed approximately 30 percent. to railroads for use in and out of the state, 30 percent. was used in the state and 50 percent. was shipped to points in Arizona, California, Idaho, Kansas, Mexico, Montana, Nebraska, Nevada, New Mexico, Oklahoma, South Dakota, Texas, Utah, Washington and Wyoming.

Companies and individuals doing 95 percent. of this business have their headquarters in Denver and transact their banking business here, as do companies producing 20 percent. of the coal output of New Mexico.

The tonnage of coal mined in Colorado has more than doubled every ten year period since the industry was started. The

John C. Osgood.

territory contiguous to Denver and including Colorado, Montana, New Mexico, Utah and Wyoming, produced in the year 1912, 27,947,416 tons of coal and coke, having a value at the mines of \$43,635,121. This production was 89 percent. of all the coal and coke produced west of the 100th meridian.

The Secretary of Agriculture: How much is that?

Mr. Osgood: 89 percent. of all the coal and coke produced west of the 100th meridian. The remaining 11 percent. was produced in Washington, California, Idaho, Nevada, Oregon and Alaska, (outside of Washington only 56,000 tons were produced).

The United States Geological Survey estimates that Colorado coal lands contain 371 billions, 770 millions tons, and in the territory including Colorado, New Mexico, Utah, Wyoming and Montana, 1,450 billions tons, or for Colorado 11 percent. and for the five states 46 percent. of the coal reserves of the United States (exclusive of Alaska).

I have a statement giving facts and figures with reference to the business and its centralization, so far as it is centralized in Denver and this vicinity. I have no further memoranda in regard to coal and coke. Any questions you would like to ask, I should be glad to answer them.

John.C. Osgood.

The Secretary of the Treasury: To what extent is that financed in Denver?

Mr. Osgood: All of the Colorado business and I should say a large part of the New Mexico business and some of the Utah business is financed in Denver. The bulk of the coal in New Mexico is mined by three companies; one is a New York company, the Phelps-Dodge interests; one is a company which has its headquarters locally in New Mexico and banks at Raton.

I think it does its out of town business at Denver; indirectly, it is financed in Denver.

Utah: Outside of one of the large companies, this business is local, copper, done in Salt Lake City.

The Wyoming business, the largest producer is the Union Pacific Railroad, and it is financed through its general organization, and the remainder is local at Cheyenne, Rock Springs and at various points in Wyoming, and in Montana the business is financed locally or in the Northwest, St. Paul. So far as Colorado is concerned, it has no direct connection on Montana business, and we have simply covered it because of the contiguous territory.

The Secretary of the Treasury: Have you anything else to submit?

John C. Osgood.

Mr. Osgood: I have steel and iron. The Colorado Fuel & Iron Company is a strong, conservatively conducted corporation, with a large surplus that is deposited in Colorado banks and it directly supplies all the rails, or the bulk of the rails, for railroad building and renewal west of Missouri River and some portion of their rails go east of the Missouri River. There is no other plant of similar character west of Chicago and St. Louis.

The Secretary of the Treasury: Yes, we know.

Mr. Osgood: And there are small blast furnaces up in the Northwest, in Washington. Is there anything further?

The Secretary of the Treasury: I think of nothing more.

Mr. Osgood: I have the oil industry. I haven't been able to boil this down.

The Secretary of the Treasury: That is statistical. We prefer to have it filed. It is not possible to carry these figures in our heads. If you prefer to put that in the record, just give us the volume and the area covered.

Mr. Osgood: There are about 40,000 acres in Colorado in operation and under development for oil purposes. There has been one oil company in operation in Fremont County since 1889, which has produced nearly 8,000,000 barrels of

John C. Osgood.

oil. The value of the oil produced in Colorado last year was about \$500,000. The total production of crude oil from the Salt Creek, Wyoming field in 1913, was 3,250,000 barrels, estimated value about \$5,000,000. There are seven refineries in the Rocky Mountain territory. All this headquarters in Denver. The companies owning and operating both the Wyoming and Colorado fields have their headquarters here. These companies furnish their products to distributing companies located in Denver, the Continental Oil Company, Texas Oil Company, Great Western Oil Company, and others who market the products from Denver throughout the territory west of the 100th meridian. They do about ten million dollars worth of business in the territory of which Denver is headquarters and financing center.

The oil reserves of the territory are supposed to be exceedingly large, the United States government having segregated about 2,793,000 acres in the Rocky Mountain district as supposed oil territory for future requirements of the government.

The Secretary of the Treasury: Have you something on marble?

Mr. Osgood: Yes, I have also something on marble and on

John C. Osgood.

Portland cement. The marble business of Colorado has been developed by the Colorado Yule Marble Company in Gunnison County, where they have expended \$4,000,000 in quarries and plants, and that \$4,000,000 is comparatively new business. They have distributed their product largely throughout the United States. The new Postoffice at Denver is built of their marble, and among other buildings which it supplies in different territories which its products can reach is the interior of the Municipal Building, in New York City, the interior of the Court House at Cleveland, and at Youngstown, Ohio, the exterior of the Denver Postoffice and State Museum buildings, at Denver, and many other large and important government and private buildings. The supply is practically inexhaustible; approximately two billion cubic feet developed already by the workings, with business done and the prospecting of the drills, and they are prospecting a large amount more, -- a business which ought to grow very rapidly, and is growing. It is financed in Denver, its headquarters are here and all its business is here.

The Secretary of the Treasury: Does that cover all you have to say, Mr. Osgood?

Mr. Osgood: I think that covers all the subjects that

John C. Osgood.

Mr. Osgood  
have been given to me. I will be very glad to file the papers.

(Papers, so offered and identified, were marked "Osgood Exhibit No. 1, Denver, Colorado, January 26, 1914").

(Mr. Osgood excused.)

STATEMENT OF MR. A. E. de RICQLES.

Mr. de Ricqles: I am going to ask if you won't grant me a special privilege. I have prepared a map of this western country out here, and if you will permit me to show on the map our transportation facilities, where our cattle originate and where they go, and also in connection with sheep, I would appreciate it very much. (Witness refers to large wall map) This is Montana (indicating) and this is the city of El Paso (indicating). Now, Mr. Secretaries, I was just thinking, coming down here, of one transaction our company, the American Livestock & Loan Company, has had this year in connection with a bunch of two thousand four-year old steers that originated down here in Texas, passed through Denver and up to a place called Sugar City, Idaho, where they are on feed, and those cattle are going to Tacoma, Washington, and probably most of them are going to Alaska as live

A. E. de Ricqles.

cattle, and that transaction, involving the feeding of two thousand four-year old steers with sugar factory refuse, beet pulp and the hay and molasses, is being financed in Denver; the cattle originating in Texas and going to Tacoma. This range country can be divided into two parts, that is, the producing country and the consuming or finishing country. The States of Arizona, New Mexico and the Panhandle of Texas and perhaps part of Southern Colorado, can all be called a producing country of sheep and cattle, and they haven't got the feed down in that country to finish their cattle, so they are shipped north to Wyoming, South and North Dakota, and Montana, and into this country and largely financed through Denver.

I was looking at a bunch of paper this morning, and found in one bank five hundred thousand dollars of cattle paper being carried in Denver here, and the different items include eight states, including Montana, Colorado and the two Dakotas, the Panhandle of Texas, Western Nebraska, and way down here in Texas near El Paso.

This western country in Texas is similar to our Colorado country. The people who live down in Western Texas, Southwestern Texas, New Mexico and Arizona, have similar interests to ours, the amount we have in their securities and the

A. E. de Ricqles.

business done between El Paso and Denver in connection with this cattle business and sheep business, is very large.

El Paso handles Western Arizona and New Mexico business and West Texas; practically all West Texas cattle business is done through El Paso, it does not go east. The eastern part of Texas is not sympathetic with Western Texas, with reference to financing, so this business comes into El Paso and El Paso is the gateway for Mexican cattle. Nearly 60 percent. of the Mexican cattle that come into El Paso move into Wyoming, Colorado and the Panhandle of Texas, and when they come out are financed through Denver.

Now, there is one thing we don't appreciate here in Denver, and that is, that a great deal of our financial business does not appear in our Clearing House, and a great deal of business that goes along these lines of transportation, while it is done here, still does not go through our banks; for example, our Stockyards Bank does a very large business; they run four or five million dollars in cattle paper and re-discount in Chicago or Omaha, because they are not able to be accommodated in this western country.

If you will notice here, (indicating on map) we have a railroad coming up from Texas. This is the Colorado &

A. E. de Ricqles.

Southern Railroad, which connects at Denver with the Hill system, which goes to the Puget Sound country. Now, I would like, if you please, to correct a statement made here, namely, that Montana is nearer to St. Paul and Minneapolis than it is to Denver. We are finishing this line, part of which is in operation now, and being completed by the 1st of July, of the Burlington, which puts Denver the nearest city, when we will be nearer to both Butte and Helena than they are to St. Paul and Minneapolis. The reason the stuff has been going to St. Paul and Minneapolis, is because for a long time we were isolated.

On the map there are shown, if you will be so good as to see, the area of each state, the population of each state, the population per square mile and the banking capital and the surplus, also cattle, sheep and hogs in each state.

The Secretary of the Treasury: That map may be filed as an exhibit.

(The large wall map referred to, to constitute de Ricqles' Exhibit No. 1, January 26, 1914.)

Mr. de Ricqles: And in the entire district, I would like to call your attention to the fact that there are 749,000 square miles and we have only got 2,075,000 people, and I

A. E. de Ricqles.

want to call your attention to the fact that this is only 3 7/10 persons to the square mile. We are a poor country. This country has got a future, this great West, <sup>of</sup> which Denver is the center. We haven't any big bank capital, but we want a bank here in this great district served by these arteries of commerce, by these railroads, and these railroads terminate in Denver, everyone of them.

The Secretary of Agriculture: What is the total volume of business you refer to there?

Mr. de Ricqles: From where?

The Secretary of Agriculture: In that area you are pointing out.

Mr. de Ricqles: The value of cattle received in Denver last year was \$28,000,000.

The Secretary of Agriculture: You say Denver banks are not strong enough to handle the paper?

Mr. de Ricqles: They do not.

The Secretary of Agriculture: Well, can you get a bank here that will be strong enough?

Mr. de Ricqles: That is something, sir, we hoped you would help us on.

A. E. de Ricqles.

The Secretary of Agriculture: You know the bank, as established, is a certain percentage of the banking capital and the resources of that district.

Mr. de Ricqles: We thought the law would enable you to give us a bank by the government or --

The Secretary of Agriculture: Not at all. That is not the purpose of this. This Act establishes a reserve of the resources within that district.

Mr. de Ricqles: This district has about \$52,000,000 capital and surplus.

The Secretary of Agriculture: If this district you have in mind here -- if you have got to get your paper elsewhere to be handled, how do you propose to handle it under this new arrangement?

Mr. de Ricqles: Would not the regional bank take that paper?

The Secretary of Agriculture: Where would it get the resources?

Mr. de Ricqles: I am not in the banking business, Mr. Secretary. I don't know as I understand your question.

The Secretary of Agriculture: You know the regional bank includes only, aside from the special instance that

A. E. de Ricqles.

the Secretary called attention to, only the capital reserves within the district laid out. It is a certain percentage which does not increase the banking power in that district.

The Secretary of the Treasury: If you have a weak district, in other words, a fundamentally weak district, you have got a fundamentally weak reserve bank.

Mr. de Ricqles: I am not prepared to answer the financial end of the regional bank. What we are trying to do, is to get credit to take care of our feeding operations.

The Secretary of Agriculture: From that point of view, would it be better to have a larger, stronger district than a constricted district?

Mr. de Ricqles: We need all the credit we can get, too.

The Secretary of Agriculture: You have to discount in the East?

Mr. de Ricqles: Yes sir, a great deal of the livestock paper is re-discounted, and that is what we want to get away from, although Denver carries a very large amount of it.

The Secretary of Agriculture: One other question:

Will this new road give you the time to Denver from Montana, -- the course of trade, is it now east or south from Montana?

A. E. de Ricqles.

Mr. de Ricqles: Most of the cattle and sheep business, the fat cattle from Montana go to Chicago or to the Pacific Coast. The Pacific Coast is working more and more into the fat cattle territory of Chicago, but the young cattle go from this country into that country. They cannot breed up there.

The Secretary of Agriculture: I know that.

Mr. de Ricqles: They buy their young cattle through Denver, and a great deal of it is financed in this city.

The Secretary of Agriculture: Where do the Arizona cattle go?

Mr. de Ricqles: The Arizona cattle are principally young cattle, a great deal of which come up here; probably 40 per cent., I presume, of cattle that are sold come through Denver or into this district.

The Secretary of Agriculture: Rather than to California?

Mr. de Ricqles: Yes. California people get some cattle from Phoenix, fat cattle, and they get a great many Mexican cattle that come up from Sonora through Nogales.

The Secretary of Agriculture: The point I want to make is this, that this district cannot adequately take care of that paper.

A. E. de Ricqles.

Mr. de Ricqles: We have not been able, in the operations of our business, to get sufficient credit in the western country to meet it, the advancement it needs, and we need credit out here to build up our business.

The Secretary of Agriculture: It is not an independent section?

Mr. de Ricqles: No sir, it is not strong enough.

The Secretary of Agriculture: And you want that help?

Mr. de Ricqles: I would like to see it, yes. If I may read something about hay produced in Colorado -- the hay produced in this state.

The Secretary of Agriculture: We have those figures in the government reports.

Mr. de Ricqles: Well, the great thing in our district is where -- take the dry farming proposition, these men on dry farms, the more of the livestock they have, and they must be financed through Denver or in this district, and if they can get the money to finance this business through a big regional bank, it will increase the food supply of the country.

The Secretary of Agriculture: You understand the strength of the bank will depend upon the strength of the area in-

A. E. de Ricqles.

cluded.

The Secretary of the Treasury: Directly. Their relation to that is the percentage of the combined surplus and capital of the banks of the district, and percentage of their resources.

Mr. de Ricqles: We are compelled, sometimes, to borrow where we sell our product, rather than where we produce our raw material; it is backwards. We would like to be able to do it the other way.

I have some things I would like to file.

(Various papers, so presented, marked "de Ricqles' Exhibits Nos. 2, 3, 4, 5, 6, 7, 8 and 9," respectively, Denver, January 26, 1914.)

(Mr. de Ricqles excused.)

#### STATEMENT OF WALTER A. DIXON.

The Secretary of the Treasury: What is your occupation?

Mr. Dixon: Manufacturer of beet sugar, -- Great Western Sugar Company, General Manager.

The Secretary of the Treasury: You know our problems, you have heard what we are driving at here. Give us any facts that will elucidate it.

Walter A. Dixon.

Mr. Dixon: I wish to present for your consideration the importance of the city of Denver as a distributing center for the beet sugar industry. There are seventeen modern and fully equipped beet sugar factories in the state; nine located in towns north of Denver, seven in the southern part of the state, and one on the western slope, at Grand Junction. Each of these factories represent an average investment of over \$1,000,000; the total, exclusive of investments in lands, being about \$21,500,000.

During the season of 1913, 166,000 acres were devoted to sugar beet culture in the state, from which 1,841,000 tons of sugar beets were harvested. For this raw product the farmers were paid approximately \$10,390,000. In the production of this crop the farmers found it necessary to employ something like 24,000 field laborers, who, in turn, were paid for their services about \$3,447,000. For labor (comprising over 5,000 men) employed in the operation of the factories, the Sugar Companies paid \$2,423,500, and for manufacturing supplies, freight on beets, and miscellaneous expenses, an additional \$4,535,000.

The sugar produced in the state during the manufacturing season just closing amounted to about 230,000 tons, which, at

Walter A. Dixon.

a conservative market valuation, represents a total of about \$17,500,000. This sugar is disposed of in all states east of the Rocky Mountains, with the exception of a few of the far-away New England States.

In addition to the main product, sugar, there are two very important by-products, namely, pulp and molasses, these representing an additional value of about \$1,280,000. The utilization of these by-products for stock feeding constitutes an industry in itself. The pulp and molasses produced in the state the past season, fed with alfalfa hay or some other nitrogenous food to balance the ration, is sufficient to fatten 85,000 head of beef cattle. The beet tops also constitute a very valuable by-product when fed to stock.

Statistics covering the financial results of feeding cattle on the by-products of the beet sugar industry will probably be embodied in data furnished by other speakers, and in order that there may be no duplication, I have not included them in my report.

I might say, in conclusion, that the foregoing figures affect Denver with relation to the State of Colorado only; but if Denver is chosen as a point for one of the regional

Walter A. Dixon.

banks, and takes in the territory, as shown on the map, the Colorado figures would, therefore, be increased about 88 per cent., as we must then necessarily include thirty-two factories instead of seventeen, as there are fifteen beet sugar factories located in the following states: Utah, six; Idaho, four; Nebraska, two; and one each in Montana, Kansas and Arizona.

The Secretary of the Treasury: Where do you do your financing?

Mr. Dixon: We send our money to our cashiers at our several factories, -- I am talking here of the State of Colorado. The companies I represent, nine of them, are in Northern Colorado.

The Secretary of the Treasury: Your companies, are you entirely financed by the Denver banks, your ordinary requirements?

Mr. Dixon: No sir, it takes considerable money to finance a beet sugar campaign. For this last year, from the 15th of October until the time they finished their campaign, -- the factories finished slicing the beets --

The Secretary of the Treasury: What do you mean by campaign?

Walter A. Dixon.

Mr. Dixon: They started slicing the beets about the 1st of October, and I think the last slicing will be finished tomorrow or next week.

The Secretary of the Treasury: You call cutting those up a campaign in beet sugar?

Mr. Dixon: It takes two years, -- that is what we call our 1913-14 campaign, and for this 1913-14 campaign for Colorado, I believe it has taken \$14,000,000 to finance it, to pay the farmers and pay the factory labor, and it takes, -- well, we won't begin to get our money back before two or three months from now.

The Secretary of the Treasury: You are borrowers?

Mr. Dixon: Yes sir.

The Secretary of the Treasury: Of necessity?

Mr. Dixon: Yes sir.

The Secretary of the Treasury: Upon a crop that is being produced?

Mr. Dixon: Yes sir.

The Secretary of the Treasury: Productive enterprise. Where do you get that money?

Mr. Dixon: It has to come from the East.

The Secretary of the Treasury: How much do you finance

Walter A. Dixon.

in Denver?

Mr. Dixon: Practically none of it, as far as the Great Western Sugar Company is concerned. I don't know about the other companies.

The Secretary of the Treasury: Is that due to the fact that resources are not here, or because you can get what you want on better terms somewhere else?

Mr. Dixon: I should say because the resources are not here.

The Secretary of the Treasury: Well now, for the purpose of developing this district, do you consider it better to have a weak district in resources and capital, or would you consider it better to have a stronger one?

Mr. Dixon: I should say, -- of course I am not a banker and have not looked into that phase of it, -- I should say that if we had a regional bank, and if the sugar companies could borrow all the money that was necessary to run the campaign, -- that was my idea of it.

The Secretary of the Treasury: You would rather have a bank, -- a district so laid out that you would have a regional bank with considerable power so it would be able to take care of the normal demands of the district, than to have one

Walter A. Dixon.

that is not?

Mr. Dixon: Certainly.

The Secretary of the Treasury: That would seem to be good business?

Mr. Dixon: Yes sir, that would seem to be good business.

The Secretary of Agriculture: Is the volume of your business east? Did you say it was east?

Mr. Dixon: Well, it is east of the Rocky Mountains, yes sir.

The Secretary of the Treasury: Where is the trend, eastward or westward, in the distribution of the product?

Mr. Dixon: The distribution of the product is all east of the Rocky Mountains.

The Secretary of Agriculture: What would be the area of dense distribution? It shades off, I imagine.

Mr. Dixon: Missouri River.

The Secretary of Agriculture: From here to Missouri River?

Mr. Dixon: No, Missouri River territory itself is the densest.

The Secretary of Agriculture: You mean the territory west of Missouri River?

Walter A. Dixon.

Mr. Dixon: No, what we call Missouri River district itself.

The Secretary of the Treasury: What does that embrace?

Mr. Dixon: St. Louis, Omaha; the State of Colorado would take, I imagine, about one-tenth.

The Secretary of the Treasury: Where is the biggest distribution for your finished product?

Mr. Dixon: Where we distribute from -- sold right here in Denver.

The Secretary of the Treasury: But it goes to St. Louis, Kansas City, Omaha, and you say the largest consumption, of course, is where the largest population is?

Mr. Dixon: Absolutely, yes sir.

The Secretary of the Treasury: Do you do any financing in St. Louis, Kansas City or Omaha?

Mr. Dixon: Very little, if any, financing. Chicago and New York is probably where we get all our money. I don't know as to the other companies, Mr. Secretary.

The Secretary of Agriculture: But you do know you have to re-discount in the East?

Mr. Dixon: Oh, yes sir.

The Secretary of the Treasury: And those transactions, of

Walter A. Dixon.

course, don't appear in the transactions of the Denver banks?

Mr. Dixon: No, only this, allow me to say a word: These moneys are sent to our different towns wherein our factories are located; they are deposited to the credit of our cashiers, and he pays the factory labor and the farmers for the beets.

The Secretary of the Treasury: We understand that.

Mr. Dixon: And the money all comes back into Denver.

The Secretary of the Treasury: A question of your credit relation, that is the question. That is all, thank you.

(Mr. Dixon excused.)

(Paper submitted by Mr. Dixon, as identified, marked "Dixon Exhibit No. 1, Denver, January 26, 1914!")

STATEMENT OF THOMAS B. BURBRIDGE.

The Secretary of the Treasury: What is your firm, Mr. Burbridge?

Mr. Burbridge: I am a gold miner, the owner of a gold mine.

The Secretary of the Treasury: Individual miner?

Thomas B. Burbridge.

Mr. Burbridge: Yes sir.

The Secretary of the Treasury: Now, any information you can give us on this problem, -- you have heard the discussion and know what we want -- we will be glad to have it.

Mr. Burbridge: I have assembled data relating to the mining and the reduction of metals in the territory indicated by that map (indicating). It is a distinctive mining district, including Colorado, Wyoming, and including El Paso as a reduction point, Arizona, Utah, Montana, Idaho, South Dakota and Wyoming. This territory produced in 1913, as shown by the Geological Report, a copy of which I have here, \$250,061,000. That is in gold, silver and associated metals, that is, copper, zinc and lead.

The industry in 1913, -- that was for the year 1913, and there has been no compilation, that is, it is too early to get the figures for 1913, but a number of important enterprises came in and begun producing and reducing ores in 1913, and I have no doubt the census will show a very large increase over 1913. I am sure of that.

I have compiled, to show you the activity of the industry, the initial transactions of twelve operating companies as collected from this territory, whose records were available

Thomas B. Burbridge.

to us in detail, and it shows a use of money of \$218,645,584 for the years 1912 and 1913, which indicates the activity of the industry. There were a number of large operations whose records were not available now until their annual statements are out for 1913, so I have compiled on Page 3 of this memorandum from their corporate reports to their stockholders for 1912, the net earnings of these showing that they earned in 1912, \$68,000,000, which indicates to you the profits flowing from these metal mining operations.

I will also file with you a detailed statement from Mr. Annear, Superintendent of the Mint, showing its operations for 1912. They bought about \$38,000,000 metals from us in 1912; in 1913, \$37,500,000, and you know their resources. There is a copy of this detailed report of January 8th showing to you -- showing \$511,744,000 total, of coin bullion credits and metal on hand.

You, Mr. McAdoo, have already given us assistance in this mining operation, this country producing gold, which is the base of money, by the operation of your administration itself.

I have some --

Thomas B. Burbridge.

The Secretary of the Treasury: That is statistical data, of course?

Mr. Burbridge: It is.

The Secretary of the Treasury: It is impossible for the Committee to carry those things in their minds.

Mr. Burbridge: I have extended their names, showing the actual figures.

The Secretary of the Treasury: It would be better if you would just file them as an exhibit.

Mr. Burbridge: I would be glad to do so, yes sir.

(Papers, so identified, marked Burbridge Exhibit No. 1, Denver, January 26, 1914.)

The Secretary of the Treasury: Where is the financing of your operations done?

Mr. Burbridge: Most of it is done through Denver. The control of most of these important operations in metal mining in this zone is in Denver, because of the fact that bankers --

The Secretary of the Treasury: Are you able to command at all times the credits that are required?

Mr. Burbridge: We don't borrow much money. Our transactions are mostly in money.

Thomas B. Burbridge.

The Secretary of the Treasury: You are producing gold, which is the basis of money?

Mr. Burbridge: Yes sir. We come to Denver for all our supplies.

The Secretary of the Treasury: Where do you get those financing accommodations?

Mr. Burbridge: From the Colorado bankers, generally, and from local banks in the different states. Many of these operations are local, but a great many of them are interstate, like the transactions of the American Smelting & Refining Company. That is one of the producing companies, a smelting company that converts our ores, purchases them from us at assay values; but most of the detailed business of the metal mining is controlled through Denver.

The Secretary of the Treasury: I am speaking of the great volume of the credits that you require. Do you get them here?

Mr. Burbridge: Very largely. Denver banks supply it. The headquarters of most of these large operations, a large majority of these operations, is in Denver, because our scheme of railroad transportation brings us here more than to any other center.

Thomas B. Burbridge.

The Secretary of the Treasury: Your credits mature very quickly, a frequent turn-over?

Mr. Burbridge: Yes sir.

The Secretary of the Treasury: It is more or less a continuous operation; it is not like carrying cattle for six or eight months?

Mr. Burbridge: No sir. It is facilities we want, and the fact that our organization --

The Secretary of the Treasury: You are sending gold in, and when you take it out of the mine, you usually pay the cost?

Mr. Burbridge: The fact that that Mint is located here is of great benefit to this industry. We are just sellers to them, that is all. But the fact that they are here --

The Secretary of the Treasury: That, of course, facilitates economy?

Mr. Burbridge: Very much indeed, and that contributes, as you say, to practically all the great initial business arising in this section and from which flows to the Mint a very large part of their business. I have just received a package of annual and quarterly statements of some of the very important operations which I would just like to add.

Thomas B. Burbridge.

The Secretary of the Treasury: Just file them as exhibits.

Mr. Burbridge: These are quarterly statements that are shown in detail.

The Secretary of the Treasury: Turn them over to Mr. Cooksey.

{The documents, so identified, received and marked "Burbridge Exhibit No. 2, Denver, January 26, 1914.}

(Mr. Burbridge excused.)

STATEMENT OF MR. RICHARD H. MALONE.

Mr. Malone: My name is Richard H. Malone, Denver, Colorado.

The Secretary of the Treasury: Do you know the problem we are struggling with here?

Mr. Malone: Yes sir.

The Secretary of the Treasury: You desire to give us some light on the railroad facilities of the district?

Mr. Malone: Yes sir.

The Secretary of the Treasury: We are somewhat familiar with that, but if you will be good enough to give us what you have, I think it would be better to file it in the form of

Richard H. Malone.

an exhibit.

Mr. Malone: I will.

The Secretary of the Treasury: If you will just summarize very briefly or allude to the important and impressive points that you want to bring out, then the whole matter may be filed as an exhibit.

Mr. Malone: In my statement I have shown the states embraced within an area of five hundred miles of Denver, the mileage, air-line, and the time between Denver, compared with San Francisco, Los Angeles, Chicago, St. Louis, Kansas City, St. Paul and Minneapolis. And you will find we can get into Omaha one minute quicker than Chicago can. We can get there 49 minutes quicker than St. Louis can.

The Secretary of the Treasury: That is all shown?

Mr. Malone: Yes sir. We have seven railroads into Denver.

The Secretary of the Treasury: You have a map, you say?

Mr. Malone: Yes sir.

The Secretary of the Treasury: Will you file that, please?

Mr. Malone: Yes sir. We have the Atchison, Topeka & Santa Fe; Chicago, Burlington & Quincy; Chicago, Rock Island & Pacific; Chicago, Rio Colorado & Southern; Denver &

Richard H. Malone.

Rio Grande; Union Pacific and the Missouri Pacific. Those are the Prairie Lines. Also have the Colorado Midland, Denver & Salt Lake (that is the Moffat Road) and the Denver, Laramie & Northwestern. That makes five prairie lines from the east and three trans-continental lines toward the west. There are 148 passenger trains in and out every twenty-four hours, and there is hardly a hamlet from which Denver cannot be reached by person, mail or express in 24 hours and at the very remotest in thirty-six hours, and 85 percent of the total population can be covered in fifteen hours.

With the mountain barrier to the west of it, Denver has become a great interior railway terminus. Railroads end in Denver just as they do in San Francisco, New York and Chicago, and radiate from that point in practically all directions. Even the great trunk lines which go to the north and south of it have been compelled, because of the strategic position, to build branches to Denver, which have themselves developed into trunk lines. Denver's transportation facilities are, therefore, quite as good as those of Chicago, St. Louis and San Francisco, and because Denver is a terminal point, they are in one respect more important than those of Omaha, Kansas City, Salt Lake and other large competing

Richard H. Malone.

The Secretary of the Treasury: Speaking of this specific territory now?

Mr. Malone: Yes sir. The completion this year of the Burlington Railroad connections in Wyoming, in a through route via Denver from Seattle to Galveston, will increasingly make Denver the natural center of trade for all Wyoming. Through connections via Denver are now made from Los Angeles to St. Paul and Minneapolis; from the Pacific Coast to the Missouri River; with through trains already from San Francisco to Kansas City.

The Mountain States Telephone & Telegraph Company, with headquarters in Denver, covers practically the entire territory within the five hundred miles radius, and conversation can be carried on with other localities. I am going through this rapidly. The mileages by railroad, and we have given it to you by population, with population and the bank clearings for this year (Page 8).

The Secretary of the Treasury: What is Denver's claim of population now?

Mr. Malone: 213,000 was the census that you gave us, 213,000.

The Secretary of the Treasury: That Uncle Sam gave you?

Richard H. Malone.

Mr. Malone: That Uncle Sam gave us.

The Secretary of the Treasury: Was he liberal, or the reverse?

Mr. Malone: Why, we would not think he gave us enough, of course.

Now, this being a terminal point, there will not be the danger of the trains being behind as there would be on the through trains from the Pacific and the Atlantic and the north and south, so that if you had to hurry up --

The Secretary of the Treasury: Do you know of any important city that is not a terminal point, in a way?

Mr. Malone: I don't know of any that is as good as Denver is, unless it would be Chicago or San Francisco, because they break here. Of course you realize that by the economy in transportation, both to the individual members and to the many we will save hours in transportation with our rapid facilities, and save expense by being closer in the center here. If Omaha should want money from a bank in this town, the train takes it out at 3.00 o'clock in the afternoon and we get that to Omaha as soon as, if not sooner than Chicago could.

The Secretary of the Treasury: True, but you could get

Richard H. Malone.

it from Omaha as quick as she could get it from you?

Mr. Malone: Very true, but I want to call your attention to the fact that we are just as close to Missouri River as Chicago is, and then again, I want to call attention to the fact that they can come from Chicago to Denver, or vice versa, in eighteen hours (?). And I want to call your attention to the fact, to the decrease of the cattle. There was a great depression in business in 1907, and if you had a bank here, the rates of interest would be so regulated so that it would not be -- where our cattlemen are paying from 8 to 12 percent. in some of the districts now, and our farmers and settlers, you might help us out on that line.

The Secretary of the Treasury: That won't make a particle of difference, because the rate of interest that may be charged by the bank will be the same at all the branches of the bank. Then, again, the rate of interest established by the bank for the district is subject to revision by the Federal Reserve Board, at Washington, so you get the same treatment as to interest where you have a branch or reserve bank.

Mr. Malone: I think not, Mr. Secretary.

The Secretary of the Treasury: But you are bound to.

Richard H. Malone.

There is no --

Mr. Malone: Here is the reason I think we won't -- may I state it? That is, the Denver banks carry today forty per-cent of reserve and if they had a place of reserves and re-discounts they would not carry as large a reserve and they would be more liberal in advancing money.

The Secretary of the Treasury: The member banks have not got anything to do with the rate established by the bank.

Mr. Malone: But could not they discount if they had? If they had, -- our banks, as testified here today, they do not re-discount much for Denver. Now then, if we were to get a Federal reserve bank here, it would save carrying 40 percent. reserve.

The Secretary of Agriculture: That would be true whether the bank was in Omaha or Denver.

The Secretary of the Treasury: Yes. The point is this, that the re-discount interest rate is established by the Federal reserve bank, and its bankers, the member banks have-  
n't got anything to do with that, which is determined by the Federal reserve bank itself, and the same rate applies to the branches,

Richard H. Malone.

and the Federal Reserve Board itself has the right to review the decisions of the reserve bank.

Mr. Malone: I am trying to get our bank to quit carrying 40 percent. reserve.

The Secretary of the Treasury: The Act deals with that. You cannot get away from it.

Mr. Malone: I also want to call your attention to the fact that the \$1,000,000 you loaned to the banks in Denver was beneficial, timely.

Denver, as a geographical and railroad center, as aforesaid, is the gateway through which there passes annually an enormous tonnage of agricultural and horticultural products, coal, coke, livestock, lumber, manufactured goods, et cetera, the movement of crops in the fall being already enormous and needing help financially.

In summing up, Denver has the geographical position, Denver has the railroad facilities. Colorado has the largest volume of banking capital. Our State laws could be changed so that the state banks can come in.

The Secretary of the Treasury: The question as to the state banks is, how many of them are eligible under this Act to membership in the Federal reserve bank.

Richard H. Malone.

Mr. Malone: They are not now under our law.

The Secretary of the Treasury: But even if your law was changed, the question would be how many are eligible, on account of the capitalization, and on account of the other requirements of the Act.

Mr. Malone: I want to call your attention to one thing: If the banks do not take enough of this capitalization, some of our people in Colorado would like to take some of the stock. The widows and orphans, when a man dies and leaves \$5,000, or more to his estate, it would be a most beneficial place to invest some money. A poor man could take some of this money and it would be a benefit.

I want to call your attention to the fact that you can help this western country, so that the commercial and live-stock interests can be developed, and it would be a benefit and would reduce the cost of living in those various places, so that it would help in a reduction in the cost of living in the United States, and then, I believe, this undeveloped country would be developed and advance the interests for the general good.

The Secretary of the Treasury: The purpose of this Act is to help all the country and I think its operations will

Richard H. Malone.

be of such a nature that no part of the country can fail to be helped. That is the reason we think it is a good Act.

Mr. Malone: I agree with you.

The Secretary of the Treasury: We might be able to make this apply to that.

Mr. Malone: When you gentlemen talk in regard to the travel here eastward, the general trend of the travel --

The Secretary of the Treasury: No, I am not speaking of travel, but trade, the trend of trade.

Mr. Malone: How many of these do you want filed?

The Secretary of the Treasury: Three of them, if you please.

Mr. Malone: I will have them filed this afternoon.

(The statement of Mr. Malone, consisting of sixteen pages, so identified, marked "Malone Exhibit No. 1, Denver, January 26, 1914").

The Secretary of the Treasury: You are going to give us that map?

Mr. Malone: Yes sir.

(Mr. Malone excused.)

## STATEMENT OF MORRISON SHAFROTH.

The Secretary of the Treasury: Give your full name, address and occupation.

Mr. Shafroth: Morrison Shafroth, Denver, Colorado, Lawyer, representing the Chamber of Commerce.

I have here just a few points I want to call your attention to. I have a map showing the development of this mountain country. I want to call your attention, in the first place, to the output of metals in this country. You will find that practically all the gold and silver in the United States is produced in this country, in this district claimed for Colorado, and the California district. It is essentially<sup>the</sup> a gold and silver producing country of the United States.

The Secretary of the Treasury: Let me say, if you want to give us these statistics, that no human can carry them in his head. Just call attention to the points and then file this.

Mr. Shafroth: Yes sir.

The Secretary of the Treasury: And we will be able to give it consideration when we review the record.

Mr. Shafroth: Yes sir. It is about a quarter of a billion dollars, the output of precious metals in this dis-

Morrison Shafroth.

trict. There are just a few general points I want to call your attention to. In the first place, take the distance from Kansas City to San Francisco, it is about two thousand miles, and it seems to me Denver is the only possible location for a bank in that space, and Congress, evidently, had contemplated that there would be one or two weak districts in the system when it provided that under this Act the government itself would take the necessary stock in the regional bank, if the national banks in that territory and the individual themselves did not contribute sufficient. Owing to the fact that you will have only one bank, at San Francisco, or even two banks, one at Seattle and one at San Francisco, that would leave a stretch of two thousand miles between Kansas City and San Francisco without a single bank.

The Secretary of Agriculture: Would it? That is the question.

The Secretary of the Treasury: Now, would it?

Mr. Shafroth: It seems to me it would.

The Secretary of Agriculture: Suppose you had it at Omaha, including this district in it, you would still have the bank.

Mr. Shafroth: Omaha is practically the same distance as

Morrison Shafroth.

Kansas City.

The Secretary of Agriculture: But on your point as to the fact that this district would not have a bank.

Mr. Shafroth: Well, this central district, there would, of course, be a bank on the edge, practically in this district, but, if you please, with a bank at New York and one at San Francisco, Denver would have a bank in the same sense -- or Chicago; that is, there is a space of two thousand miles there without a bank, a bank on each edge of it, but it is on the outside.

The Secretary of the Treasury: Suppose you had a bank at Omaha and you had a bank at Denver.

Mr. Shafroth: Yes sir.

The Secretary of the Treasury: And the Mint here, too.

Mr. Shafroth: Yes sir.

The Secretary of the Treasury: Now, the power of the bank can be exerted at any branch, the full power of any bank in this district can be exerted in any branch when required.

Mr. Shafroth: Yes sir.

The Secretary of the Treasury: And the purpose of this Act was to divide the country into districts so as to create a number of strong communities, not to create weak communit-

Morrison Shafroth.

ies, not to create weak communities. The purpose of the Act is not to create them when it can be avoided, but to create a number of strong communities and then through that strong community to have the branches distributed over the district in such a way that the power of that community may be exerted at any given point in time of necessity promptly and effectively. Now, you would not be without banking facilities if the headquarters were at Omaha or at Kansas City. I mention those places merely to illustrate the point.

Mr. Shafroth: Yes, one, what would be the other?

The Secretary of the Treasury: At Chicago, then.

Mr. Shafroth: If they had fixed the number of banks at four throughout the country, that would be in the same relation exactly.

The Secretary of the Treasury: Yes, but you are bound to have eight, the minimum is eight. That is why the territory, the contiguous territory to any Federal reserve bank is, of necessity, smaller in each district.

Mr. Shafroth: Yes sir.

The Secretary of the Treasury: So that the Federal reserve bank and its branches in each district, is brought more intimately and closer in touch with the people in these

Morrison Shafroth.

districts.

Mr. Shafroth: Yes sir, but isn't it a fact that the directors of the regional banks, -- suppose a regional bank is located at Kansas City, for instance, and one at St. Louis and one at Chicago, wouldn't it be a fact that the directors of those banks would be inclined to over-emphasize and give undue emphasis to the particular section in which they were located?

The Secretary of Agriculture: Where would they be drawn from?

Mr. Shafroth: They would be drawn from the surrounding country, but at the same time while they would act as directors for the regional bank, they would be stationed in that city and --

The Secretary of Agriculture: Wouldn't it be their duty to act for every part of the district?

Mr. Shafroth: It would be their duty, yes sir, for every part of the district, but, take the city of Washington itself, the needs of that city are emphasized more than any other city in the country, unduly emphasized.

The Secretary of the Treasury: Is that referred to because it happens that the Treasury is located at Washington?

Morrison Shafroth.

Mr. Shafroth: Yes sir.

The Secretary of the Treasury: Recently we distributed something like thirty-seven millions of dollars for crop moving purposes throughout the country. The needs of Washington were less emphasized than any other part of the country. The distribution was made as any conscientious man, any honest man would be obliged to make it, with reference to the merits of the proposition and the needs of the time and the country; No matter where the headquarters may be situated, so far as this district is concerned, the banks, under the law, are divided into three classes, and the character of the balloting will result in the election of men who are representative of the entire district. It might transpire that with a headquarters bank at Kansas City there would not be a single Kansas City man on the board. That may happen. On the other hand, it might certainly happen that a Denver man would be on that board, but assuming that those men discharge their duty justly and impartially with respect to the whole district, -- we must assume that we can get American citizens who are impartial and honorable enough to discharge these duties no matter where the headquarters may be. The presumption is made upon the fact that the

Morrison Shafroth.

headquarters' bank may be at some particular spot in the district.

Mr. Shafroth: But don't you think it is human nature to notice the needs of the particular section of the country in which all the directors are drawn?

The Secretary of the Treasury: They couldn't all be drawn, -- no matter where that bank is, they couldn't be all drawn from one part of the district.

Mr. Shafroth: No sir, but assuming that there would be one director from Colorado, a director from New Mexico, one from South Dakota, -- they would have the needs of their particular section of the country in mind, but they would have the needs of Kansas City next to their own country; Kansas City would be second choice of every director.

The Secretary of Agriculture: As a matter of fact, Mr. Shafroth, is this always an unmixed advantage that where an institution is located, it is favorable to the community more than some other place? Isn't it true that capitals are frequently at a disadvantage?

Mr. Shafroth: It seems to me that the tendency is to emphasize the particular district.

The Secretary of Agriculture: Now, Mr. Shafroth, isn't

Morrison Shafroth.

that an unfortunate argument to present. anyway, in favor of Denver, because your argument is all directed to the fact or for Denver, that she would be more partial to herself and take better care of herself than any other part of the district?

Mr. Shafroth: No sir.

The Secretary of the Treasury: What is true of human nature in Kansas City is true of human nature in Denver.

Mr. Shafroth: Yes sir, that is true.

The Secretary of the Treasury: If that argument were good, then there would be objection to a Federal reserve bank in any city. On the other hand, we must assume that honorable, honest men can be found to discharge these duties no matter where the Federal reserve bank is located, and I believe they can be found.

Mr. Shafroth. I have no question about the honesty of the men, but it is human nature to do that, and if Denver -- Denver is in a distinctive district, with all these mining states; Denver is the center of the mining states; Kansas City is in the Corn Belt, and Denver is more representative of the mining interests in this western country.

The Secretary of Agriculture: There again you are assum-

Morrison Shafroth.

ing that the men are drawn from particular localities and don't know the conditions.

Mr. Shafroth: I am still bearing in mind the fact that the center in which the bank is located will always be the second choice of all the directors.

The Secretary of Agriculture: You must not forget another point, this paper you speak of arises in the new banks just as heretofore. They will be the ones that will pass on this paper.

Mr. Shafroth: But isn't it at the option of the directors of the regional reserve bank that this paper is re-discounted? They may re-discount, but it is not provided that they shall.

The Secretary of the Treasury: Let me say this, that even if it developed that directors of any regional bank, any headquarters bank, in any district, were faithless to their trust, as you have suggested here that they might be,

The Secretary of Agriculture: And they would be if they showed favor to a certain section of the district over any other.

The Secretary of the Treasury: If they were faithless, an instant remedy is in our hands, because the Federal Re-

Morrison Shafroth.

serve Board can dismiss everyone of them and have a new deal. There is power lodged in the Federal Reserve Board to protect these communities against that very thing.

Mr. Shafroth: I do not mean that they will deliberately discriminate. I say, unconsciously those things will have some weight.

The Secretary of the Treasury: Cannot Kansas City, or some other community that might be included in this district, make the same argument against Denver?

Mr. Shafroth: In a section of the country that is essentially different from Colorado district, no.

The Secretary of the Treasury: Some of the most profound economists who have come before this Committee have talked very strongly for diversification of commerce and industry in the different districts to be served, because then you don't have the extreme demand that one single industry makes upon the bank at a single time of the year, and diversification tends to more uniformity of demand, therefore more normal distribution of the benefits of the system throughout the country districts. Your <sup>argument</sup> is directed to the reverse of that proposition.

Mr. Shafroth: Yes sir.

Morrison Shafroth.

The Secretary of Agriculture: Let me ask you another question: Waiving these questions of local prestige, which we ought to do and we are, when we are looking at the permanent and ultimate interests of great sections of the country, would it not be better for this section, which you intimate is yet relatively weak, to have a larger area and be differently connected so that it would have a stronger grouping or banking power?

The Secretary of the Treasury: And a larger amount of resources, therefore, to take care of the needs of the district.

Mr. Shafroth: Well, if it could overcome the objection, -- if you could overcome the objection of distance, it seems to me that, all other things being equal, it is, of course, desirable to be in a strong district, but you will have certain sections of this country, well, at least a thousand miles away, and we are to be at least a thousand miles away, -- the distance between San Francisco and Kansas City, if you put a bank at San Francisco and one at Kansas City, there is a part of your middle section of the country that will be a thousand miles from a bank.

The Secretary of Agriculture: It would be just as many

Morrison Shafroth.

miles from the bank that it might deal with as it is now. We are not going to change the initial, ordinary movement of commerce and banking.

The Secretary of the Treasury: The ordinary courses of trade and commerce are not to be disturbed by this arrangement.

The Secretary of Agriculture: Only the artificial.

The Secretary of the Treasury: Only the artificial part of it. This compels this Committee to have due regard to the convenient and customary course of business, and we cannot disregard those initial advantages.

Mr. Shafroth: Suppose that one district is given a greater convenience by some of the selections of bankers, it seems to me --

The Secretary of the Treasury: That might be done, but our duty, then, is to minimize it.

Mr. Shafroth: Yes sir.

The Secretary of the Treasury: To cause the least possible amount of it.

The Secretary of Agriculture: I notice that you are suggested as representing the jobbing interests?

Mr. Shafroth: No, that was a mistake. Mr. Morey re-

Morrison Shafroth.

presents the jobbing interests.

The Secretary of Agriculture: I wondered whether there would be available a map or series of maps showing the area of distribution of your large houses.

Mr. Shafroth: Yes, Mr. Morey has three maps.

The Secretary of the Treasury: We would like to have them. Now, will you be good enough to file this statistical data you have and make it an exhibit to your testimony?

Mr. Shafroth: Yes sir. This is just general statistics of this country, manufacturers, mining and all that.

The Secretary of the Treasury: We find it rather illuminating, sometimes, and informing to have a running discussion of this character with you and with witnesses as they come up on the stand, because it develops a good many points that would not otherwise be brought out.

Mr. Shafroth: I want to call your attention to the postal receipts. Denver's postal receipts are greater than any of these states, the receipts, that is, of Denver alone are one-third of the entire postal receipts of Nebraska or the entire State of Kansas.

The Secretary of Agriculture: You have a sample of this on this map before you?

Morrison Shafroth.

Mr. Shafroth: Yes sir.

The Secretary of the Treasury: Can you have a blue print of that map filed with the Committee?

Mr. Shafroth: Yes sir.

(Typewritten statement submitted by Mr. Shafroth, as identified, marked "Shafroth Exhibit No. 1, Denver, January 28, 1914.")

The Secretary of the Treasury: I should like to repeat and emphasize what I said at the beginning of the hearing, that the questions asked by the Committee do not indicate any attitude whatever on the part of the Committee with respect to any of these questions. Wherever the cities are advocating a particular thing, we must, apparently, be in opposition for the purpose <sup>of</sup> bringing out facts, that is all. We make this statement wherever we go, because sometimes the unfair inference is drawn that the questions we ask are indicative of some view of our own. We have no view on this subject; we are in a strict, judicial attitude, and we shall form no views until the entire country has been heard from so we can consider the problem as an entirety.

We will now take an adjournment until 1.30.

Gordon Jones.

WHEREUPON, At 12.30 P. M. a recess was taken until 1.30 P. M.

AFTER RECESS.

1.30 P. M.

The Secretary of the Treasury: I want to call Mr. Jones just a moment.

STATEMENT OF GORDON JONES (Recalled).

The Secretary of the Treasury: Mr. Jones, are you the President of the Clearing House Association?

Mr. Jones: No sir.

The Secretary of the Treasury: What is your relation to it?

Mr. Jones: Just a member.

The Secretary of the Treasury: Just a member. I should like to ask you, from your knowledge of banking conditions here in Denver, whether your banking relations and your trade relations are greater with Kansas City or Omaha?

Mr. Jones: Kansas City.

The Secretary of the Treasury: How much greater, do you think?

Mr. Jones: I couldn't answer that offhand proportionate-

Gordon Jones.

ly, but considerable.

✓ The Secretary of the Treasury: Considerable. And are your banking exchanges greater with Kansas City?

Mr. Jones: Yes sir.

The Secretary of the Treasury: Than with Omaha?

Mr. Jones: Yes sir.

The Secretary of the Treasury: Much greater?

Mr. Jones: Much greater.

The Secretary of the Treasury: Could you furnish us some statistical data on that point later and send it to Washington to the Committee to be filed as an exhibit?

Mr. Jones: Yes sir, I will see that that is gathered.

✓ The Secretary of the Treasury: What is the sentiment of the banking community, if you know it, as to this proposition: Suppose that a district was established, -- to which city would Denver prefer to be attached, if she herself should not be made a headquarters, I mean if the headquarters reserve bank is not located here, to which district would she prefer to be attached, to one of which Kansas City was the headquarters or Omaha?

Mr. Jones: I think the consensus of opinion would be Kansas City.

Gordon Jones.

The Secretary of the Treasury: Would the bankers here submit to us their views on that particular proposition?

Mr. Jones: yes sir. Mr. Mitchell is President of the Clearing House. I asked him to be here. J. C. Mitchell is President of the Clearing House and I would like to have him give his opinion.

The Secretary of the Treasury: It is essential to consider alternative propositions always, because if we cannot give a city what it wants, then we would like to know what first, second and third choice might be. We should be glad if you would have Mr. Mitchell come before the Committee.

We should like to ask him some questions.

Mr. Jones: We should be glad to set before the Committee any circumstances that they would like to know.

The Secretary of the Treasury: You mean well on that point. Tell us about the homogeneousness of the trade relations of all parts of this state. Is there anything distinctive on one side of the mountains, distinctive from the other?

Mr. Jones: No sir.

The Secretary of the Treasury: I mean, any different characteristics?

Gordon Jones.

Mr. Jones: No sir.

The Secretary of Agriculture: Do you know what part of the trade of Western Colorado would be apt to go towards San Francisco?

Mr. Jones: I would rather someone directly in the fruit line would testify to that. There may be some shipping that way, but I think nearly of it comes this way.

The Secretary of the Treasury: Are most of the accounts of Western Colorado bankers kept in Denver or not?

Mr. Jones: I don't believe there is any kept in San Francisco. I don't believe there is any kept anywhere else, outside of Pueblo.

The Secretary of the Treasury: How about Salt Lake?

Mr. Jones: We have a Salt Lake banker here. He could testify.

The Secretary of the Treasury: If you could ask Mr. Mitchell up here, we should like to hear him.

Mr. Jones: I have a letter here, a joint letter from our two Senators that was sent out and handed to me, which I should like just to turn in as a matter of record.

The Secretary of the Treasury: Just turn it over to Mr. Cocksey for the record here. \* \* Put this letter

Gordon Jones.

(The letter in question, as identified, received and marked "Jones' Exhibit No. 1, Denver, January 26, 1914.)

STATEMENT OF JOHN C. MITCHELL.

The Secretary of the Treasury: Give your full name and occupation, and state what you represent.

Mr. Mitchell: John C. Mitchell, Banker.

The Secretary of the Treasury: You are President of the --

Mr. Mitchell: Denver National Bank.

The Secretary of the Treasury: The Denver National Bank, and are you connected with the Clearing House officially?

Mr. Mitchell: Yes, I expect I am.

Mr. Jones: You are President.

Mr. Mitchell: President of the Clearing House. I just returned from the East last night, so I don't know just what is going on.

The Secretary of the Treasury: Mr. Mitchell, the Committee is obliged to ask in every city what its alternative choices may be. Now, assuming that a regional bank or a reserve bank was not established in Denver, what would Denver's second choice and third choice be? I will say, for instance, as between Kansas City, Omaha and Chicago?

John C. Mitchell.

Mr. Mitchell: Well, speaking for my bank, I would say Chicago would be our second choice.

The Secretary of the Treasury: Would be your second choice. Assuming that Chicago was not possible of consideration and that it resolved itself into a question of Omaha or Kansas City?

Mr. Mitchell: I would take Kansas City next.

The Secretary of the Treasury: Your exchanges, are they more with Kansas City than with Omaha?

Mr. Mitchell: Yes, very much more.

The Secretary of the Treasury: Is the general trend of business transactions of Colorado more with Kansas City than with Omaha?

Mr. Mitchell: I would say so, yes.

The Secretary of the Treasury: Considerably more?

Mr. Mitchell: I would say considerably more. I know our own business is.

The Secretary of Agriculture: More with Kansas City than with St. Louis?

Mr. Mitchell: Yes, but Chicago very largely more than Kansas City.

The Secretary of the Treasury: And very largely more than

John C. Mitchell.

Omaha?

Mr. Mitchell: Very largely more than Omaha. If Denver could not have a regional bank here, it would be a branch of Chicago with Kansas City and Omaha also branches of Chicago.

The Secretary of the Treasury: Assuming that could not be done?

Mr. Mitchell: Assuming that could not be done, then we will say Kansas City.

The Secretary of the Treasury: Would you think it was wise in the making of a district to divide the State of Colorado so that the western half was in one district and the eastern half in another?

Mr. Mitchell: I would not say so, no sir. The business of the entire state comes to Denver.

The Secretary of the Treasury: The business of the entire state comes to Denver?

Mr. Mitchell: Yes sir.

The Secretary of the Treasury: And would be best served through the preservation of its integrity in the creation of a district?

Mr. Mitchell: Yes sir.

The Secretary of Agriculture: Have you given any thought

ESH

John C. Mitchell.

to this district that is suggested?

Mr. Mitchell: Well, this district, -- yes, I presume I have. Before I left here for the east we were formulating a district in our minds, and that was about the district we talked of.

The Secretary of Agriculture: Now, as it stands, it appears that it would be relatively, perhaps, the weakest district that has been suggested to us in point of banking power. It also includes Montana, and the indications up-to-date are that Montana, 80 percent. of the interests there, the banks, prefer St. Paul or Minneapolis, and 20 percent. Chicago. In other words, that their volume of trade at present largely goes east and not south. Then there are intimations that Arizona, to a very large extent, goes west, and we might, under the law requiring us to give due consideration to the course of trade, -- might have to attach them to some other district. That would still further weaken this. Now, would you think it better to have a district that was not normally independent in normal times, or would it be better to connect with some of these old states to the east? That is the problem, you see, that will naturally confront the Committee.

John C. Mitchell.

Mr. Mitchell: With relation to Montana, I believe that that railroad connection that has been spoken of will probably change the trend of business to some extent, bring it towards Denver.

The Secretary of Agriculture: Well, is not the flow of commodities in Montana through that eastern section?

Mr. Mitchell: The natural flow of all business is east.

The Secretary of Agriculture: Would it be diverted to Denver in any instance and then east?

Mr. Mitchell: That would be something to be demonstrated.

The Secretary of Agriculture: Yes. The problem is to get a district that would, in normal times, be independent and self-sufficient, and the question is, how to relate these different communities here to secure that.

Mr. Mitchell: My own opinion is, that if we can get a figure that can approximate the capital necessary at the present time, we will have no difficulty in getting the required capital in a short time. I have no doubt, in my opinion, but what with the state laws fixed so that state banks can come in, that they will, and those that are eligible will undoubtedly come in, because I believe they will be forced to come in.

John C. Mitchell.

The Secretary of Agriculture: Are there many state banks, Mr. Mitchell, at present, with more than \$25,000 capital?

Mr. Mitchell: Quite a good many, I should say, yes. There are state banks in Denver, very large ones, and in Colorado Springs, and some in Pueblo.

The (Mr. Mitchell excused.)

Mr. Jones: Regarding the closeness to Montana, that the railroad man has already given, I can give you our record right now.

The Secretary of the Treasury: Yes.

Mr. Jones: From St. Paul to Billings, 892 miles; takes twenty-four hours.

From Denver to Billings, by the way of the new cut-off, 657 miles, giving Denver 235 miles closer proximity to Billings and, naturally, all points west of Billings in Montana.

The secretary of the Treasury: When did that happen?

Mr. Jones: It will shortly be completed.

STATEMENT OF W. W. ARMSTRONG.

The Secretary of the Treasury: Kindly give your full name, address and occupation.

Mr. Armstrong: W. W. Armstrong, President, National Copper Bank, Salt Lake City, Utah.

W. W. Armstrong.

The Secretary of the Treasury: Do you represent the Clearing House?

Mr. Armstrong: I do not. I am not accredited from any of the banks of Salt Lake City, except our own.

The Secretary of the Treasury: Has the Clearing House had any meeting about this matter?

Mr. Armstrong: I don't know. We are not members of the Clearing House.

The Secretary of the Treasury: There is a clearing house there?

Mr. Armstrong: Yes.

The Secretary of the Treasury: You know our problem. Will you kindly give us your views on it?

Mr. Armstrong: I would like to point out the territory that Salt Lake City feels it could serve by having a reserve bank, and if you will permit, I will just mark it out there (indicating map).

The Secretary of the Treasury: You mean a reserve bank in Salt Lake City?

Mr. Armstrong: Yes sir. Taking this line, the eastern line running up here to --

The Secretary of the Treasury: Announce it by states.

W. W. Armstrong.

Mr. Armstrong: Utah, the western one-third of Wyoming, southern two-thirds of Idaho and the eastern half of Nevada. I call attention at the same time to the fact that the Rocky Mountain range cuts right down here through --

The Secretary of the Treasury: You mean there, Montana, Colorado, Wyoming and New Mexico?

Mr. Armstrong: Ours would be all on the west side of the range.

The Secretary of the Treasury: Have you figured out the size of a bank that you would get from that territory and its resources?

Mr. Armstrong: yes sir.

The Secretary of the Treasury: What would you have?

Mr. Armstrong: We would have a four million dollar bank. We would furnish about a million dollars of the capital.

The Secretary of the Treasury: You mean from the national banks alone?

Mr. Armstrong: We would furnish about a million dollars capital.

The Secretary of Agriculture: Who would?

Mr. Armstrong: The national banks alone.

W. W. Armstrong.

The Secretary of the Treasury: Of Utah -- you mean of Salt Lake City?

Mr. Armstrong: Yes sir.

The Secretary of the Treasury: Well, you say you would have four million dollars capital?

Mr. Armstrong: We would have to have.

The Secretary of the Treasury: But you would have, I say, with the banks in that district?

Mr. Armstrong: Not with their subscription alone, no sir.

The Secretary of the Treasury: Where would you get the rest of it?

Mr. Armstrong: From the government.

The Secretary of the Treasury: The government?

Mr. Armstrong: We hope so. Our argument in favor of our district is directly opposed to all other arguments furnished by the line of evidence that has been given here this morning to your Committee. We feel that with regional banks, and we are very much in favor of them, that the law presumes to help the weak, and we claim to be the weakest spot in the United States. We make that claim, so far as banking capital and banking deposits are concerned.

The Secretary of the Treasury: The purpose of the pro-

W. W. Armstrong.

vision in the law was to supply any deficiency that might be caused by the failure of the national banks to subscribe.

Mr. Armstrong: Yes sir.

The Secretary of the Treasury: It is not intended to set up a large number of weak districts and then ask the public or the government to supply the capital.

Mr. Armstrong: No, probably not.

The Secretary of the Treasury: The theory of the law was not that.

Mr. Armstrong: Possibly not.

The Secretary of the Treasury: And the purpose of the law, of course, is to create, as far as possible, districts of sufficient resources to enable them to care for themselves in normal times, and then through the association banks to give relief required in abnormal times.

Mr. Armstrong: I don't presume to argue the law with you, but I would like to call your attention to the fact that the law provided for just such a case as ours by an arrangement that the Federal Reserve Board can re-discount when there is not sufficient capital to handle the business of the particular districts.

The Secretary of the Treasury: And can require another

bank to re-discount, but in times of emergency only, and upon the vote of five members of the Board.

Mr. Armstrong: Well, it provided that method.

The Secretary of the Treasury: But in emergencies.

Mr. Armstrong: Yes.

The Secretary of the Treasury: You would not call it an emergency to have an ordinary demand that your bank could not take care of in the usual way?

Mr. Armstrong: Well, there might be emergencies existing in an undeveloped country like ours, the greatest section of the United States that remains yet undeveloped.

The Secretary of Agriculture: The main object of the bill was not for the United States to supply banking power to a particular community. That seems to be your idea.

Mr. Armstrong: No, not entirely that. We have a country-- there has been brought out here two questions: We have a country peculiarly applicable to a branch bank. It is a community in itself.

The Secretary of the Treasury: You want a branch?

Mr. Armstrong: No, I didn't mean branch, I mean regional reserve bank, if you will pardon me.

The Secretary of the Treasury: Assuming that you couldn't

W. W. Armstrong.

get a reserve bank at Salt Lake City, where would the bankers of Salt Lake City prefer -- with what city would they prefer to be associated? What would be your next choice?

Mr. Armstrong: San Francisco.

The Secretary of the Treasury: Is the trend of your business more westward than eastward?

Mr. Armstrong: No sir, the trend of our business will be more westward than eastward as soon as the Panama Canal is built and working.

The Secretary of the Treasury: You think it will be?

Mr. Armstrong: I don't think there is any doubt about it.

The Secretary of the Treasury: How long does it take to get from Salt Lake City to San Francisco?

Mr. Armstrong: Twenty-three hours -- twenty-four hours.

The Secretary of the Treasury: How long to Denver?

Mr. Armstrong: About the same, in the question of time; about equal distance.

The Secretary of the Treasury: Do you think the customary course of business and the convenience of business in the whole State of Utah would be best served by attaching your state to a district of which San Francisco was the headquarters for the bank?

W. W. Armstrong.

Mr. Armstrong: I do.

The Secretary of the Treasury: How far do you think you reflect the views of bankers and business men in Utah on that proposition?

Mr. Armstrong: I believe I reflect it quite fully on that particular proposition, Mr. Secretary.

The Secretary of the Treasury: What is your next choice after San Francisco?

Mr. Armstrong: Denver.

The Secretary of the Treasury: Coming eastward?

Mr. Armstrong: Denver.

The Secretary of the Treasury: It would be Denver?

Mr. Armstrong: It would be Denver.

The Secretary of the Treasury: And if not Denver, then what? Omaha or Kansas City, between those two?

Mr. Armstrong: Omaha.

The Secretary of the Treasury: Your relations would be closer with Omaha than with Kansas City?

Mr. Armstrong: Yes sir.

The Secretary of the Treasury: Are there any other representatives of Salt Lake City here?

Mr. Armstrong: I am sorry to say there are not, sir.

W. W. Armstrong.

We have no other representative excepting myself.

The Secretary of the Treasury: Is the Clearing House going to send representatives to be heard at any point?

Mr. Armstrong: I don't think they will. I don't think they are taking any interest in it.

The Secretary of the Treasury: They don't care where they are put, is that the idea?

Mr. Armstrong: I tried to induce some of them to come over here and appear before your Committee, talked it over with some of them. Our bank does not belong to the Clearing House in this matter, it is not in harmony with the Clearing House of Salt Lake, but I believe that I reflect in what I have said the desire, generally, of the bankers of Utah and of Southern Idaho and of this territory I speak of here.

The Secretary of the Treasury: Have you got a state association of bankers?

Mr. Armstrong: Yes sir.

The Secretary of the Treasury: Has that expressed any views on this subject?

Mr. Armstrong: It has not.

The Secretary of Agriculture: Who is president of that association?

W. W. Armstrong.

Mr. Armstrong: I think it is Frank Knox, President of the National Bank of the Republic. I think so.

The Secretary of the Treasury: Of Salt Lake City?

Mr. Armstrong: Yes sir.

The Secretary of the Treasury: Take the name down.

Will you please give the name of the president of the state bank of the association of Utah?

Mr. Armstrong: Mr. Frank Knox.

The Secretary of the Treasury: Who is president of the Clearing House?

Mr. Armstrong: Mr. C. S. Burton, of the Utah State National Bank.

The Secretary of the Treasury: Where do you keep your balances, your reserves?

Mr. Armstrong: Keep most of them in New York.

The Secretary of the Treasury: Mostly in New York?

Mr. Armstrong: We are a reserve city, Salt Lake is.

The Secretary of the Treasury: I know you are.

Mr. Armstrong: We keep most of our reserve money in New York, some in Chicago, none in St. Louis.

The Secretary of the Treasury: What percentage of your reserves are kept in New York and what in Chicago?

W. W. Armstrong.

Mr. Armstrong: I would say about three as to seven, three and seven.

The Secretary of the Treasury: 70 percent. in New York and 30 percent. in Chicago?

Mr. Armstrong: Yes.

The Secretary of the Treasury: What is the custom about interest on bank balances in Salt Lake?

Mr. Armstrong: We pay  $2\frac{1}{2}$  percent. on bank balances.

The Secretary of the Treasury: And collect checks free?

Mr. Armstrong: Yes sir.

The Secretary of the Treasury: To what do you regard that is equivalent in the interest returned on balances -- one percent. -- free collection?

Mr. Armstrong: No, I don't think so; on our class of trade, I don't think so. I don't think this particularly pertains to us.

The Secretary of the Treasury: What is the capital of your bank?

Mr. Armstrong: \$500,000.

The Secretary of the Treasury: Surplus?

Mr. Armstrong: \$65,000. I might say, in this connection, that I also represent five other national banks in

W. W. Armstrong.

that particular district that I have mentioned, being an executive officer of five country banks or mining camp banks.

The Secretary of the Treasury: Those banks, have they all signified their acceptance of the Act?

Mr. Armstrong: Every one of them. The National Copper was the first one in the West, west of the Mississippi, in the United States.

The Secretary of the Treasury: That is all, thank you.

(Mr. Armstrong excused.)

The Secretary of the Treasury: Mr. Abbott, of Cheyenne, is next.

STATEMENT OF GEORGE E. ABBOTT.

The Secretary of the Treasury: Mr. Abbott, what is your business?

Mr. Abbott: Banker. I am President of the First National Bank, of Cheyenne.

The Secretary of the Treasury: What do you represent?

Mr. Abbott: You mean in the way of banking? I am simply representing --

The Secretary of the Treasury: You don't represent the clearing house, do you?

*Geo. E. Abbott*  
Geo. E. Abbott.

Mr. Abbott: No sir, not at all.

The Secretary of the Treasury: You have no clearing house there?

Mr. Abbott: No, we have none.

The Secretary of Agriculture: How many banks have you there?

Mr. Abbott: We have four banks, three of which are national. The capital stock of each is \$100,000, and of deposits, about \$5,000,000.

The Secretary of the Treasury: What district would you prefer to be attached to?

Mr. Abbott: Denver.

The Secretary of the Treasury: And if not Denver, then what? Where would you go next, as between Omaha and Kansas City, for instance?

Mr. Abbott: Omaha.

The Secretary of the Treasury: Omaha?

Mr. Abbott: Yes, because of our --

The Secretary of the Treasury: Omaha being second choice and Kansas City third?

Mr. Abbott: No, Chicago third.

The Secretary of the Treasury: Chicago third. And is

George E. Abbott.

Kansas City on your list at all?

Mr. Abbott: Not at all. It is out of our precinct entirely; we have nothing in sympathy.

The Secretary of the Treasury: Have no exchanges with Kansas City and trend of business in any way?

Mr. Abbott: None whatever. We don't keep even an account there.

(Mr. Abbott excused.)

STATEMENT OF MR. H. VAN DEUSEN.

The Secretary of the Treasury: Give your full name, address and occupation.

Mr. Van Deusen. H. Van Deusen, Banker, Rock Springs, Wyoming.

The Secretary of Agriculture: You are Secretary of the Wyoming Bankers' Association?

Mr. Van Deusen: I am, yes sir.

The Secretary of Agriculture: Have you been delegated to speak in any way for the bankers in Wyoming?

Mr. Van Deusen: I have.

The Secretary of Agriculture: In what form have they expressed their wishes?

Mr. Van Deusen: I have sounded the opinions of the bank-

H. Van Deusen.

ers through the state, and I am satisfied that the bankers and the varied interests of the state are favorable to Denver as the location of this regional, district bank.

The Secretary of Agriculture: Did they pass any resolutions?

Mr. Van Deusen: The northern section of bankers have done so, and I have correspondence from a set of banks on the Union Pacific favorable to Denver. It is for this location.

The Secretary of Agriculture: How many banks are represented in that Association?

Mr. Van Deusen: We have 103.

The Secretary of Agriculture: National or state?

Mr. Van Deusen: Both.

The Secretary of Agriculture: In what proportion?

Mr. Van Deusen: We have thirty-one national banks and seventy-two state banks.

The Secretary of Agriculture: How many state banks would you say would be eligible, if the law were favorable? That is, that have the requisite capital?

Mr. Van Deusen: Probably half of them.

The Secretary of Agriculture: Is there any restriction

H. Van Deusen.

in the Wyoming law against --

Mr. Van Deusen: At the present time, yes sir.

The Secretary of the Treasury: You said there was a resolution passed by the northern bankers?

Mr. Van Deusen: Yes sir. It was circulated among the bankers.

The Secretary of the Treasury: What is that resolution?

Mr. Van Deusen: I have a copy of it that I can furnish you with. I haven't it here.

The Secretary of the Treasury: What is the purport of it. Give its purport.

Mr. Van Deusen: It simply indorsed Denver as location for a regional reserve bank.

The Secretary of Agriculture: What would be their second choice, do you think?

Mr. Van Deusen: Omaha.

The Secretary of Agriculture: You represent the bank directly, do you?

Mr. Van Deusen: Yes sir.

The Secretary of Agriculture: What percentage of your balances do you carry with Denver?

H. Van Deusen.

Mr. Van Deusen: From five to ten percent.

The Secretary of Agriculture: With Omaha?

Mr. Van Deusen: From 40 to 50 percent.

The Secretary of Agriculture: Why do you prefer Denver?

Mr. Van Deusen: Because it is located in proximity,  
closer proximity to our state than Omaha.

The Secretary of Agriculture: Would it change your normal current of business if you were attached to Denver, rather than to Omaha?

Mr. Van Deusen: To a certain extent, I presume it would.

The Secretary of Agriculture: Where does the volume of business in your community go?

Mr. Van Deusen: Goes on east.

The Secretary of Agriculture: Does it come south or go east?

Mr. Van Deusen: To the east.

The Secretary of Agriculture: Yet you prefer to have your banking relations with a bank in Denver?

Mr. Van Deusen: So far as regional bank is concerned, yes.

The Secretary of Agriculture: Your second choice is Omaha?

Mr. Van Deusen: My second choice would be Omaha.

H. Van Deusen.

The Secretary of Agriculture: Have you got any third choice?

Mr. Van Deusen: No third choice expressed.

The Secretary of the Treasury: Suppose you had to have a third choice, what would you say then?

Mr. Van Deusen: I presume it would be Chicago. I would not state that with any authority, however.

The Secretary of the Treasury: Nor with any great degree of confidence?

Mr. Van Deusen: No sir.

The Secretary of Agriculture: When can you file that document?

Mr. Van Deusen: This afternoon.

(Subsequently, a resolution of Sheridan, Wyoming Commercial Club was received and marked "Van Deusen Exhibit No. 1, Denver, January 26, 1914; also letter from the Industrial Club of Cheyenne, marked Van Deusen Exhibit No. 2, De ver, January 26, 1914.")

Mr. Van Deusen: If you will allow me to make a statement, not only the bankers, but the business men of Wyoming, have expressed themselves on this question to some extent through the banks, and taking my own view and knowledge

H. Van Deusen.

of the opinions of the business men there, I think they can be considered as a criterion of the opinions of business men in other towns in Wyoming. Rock Springs is two hundred miles from Salt Lake; it is four hundred miles from Denver, and I find, upon investigation, that from 75 to 90 percent more business is conducted with Denver than with Salt Lake City. We are in this portion of Wyoming that Mr. Armstrong would include in the district of Salt Lake, the western one-third.

The Secretary of the Treasury: You don't want to go to Salt Lake?

Mr. Van Deusen: We would not care to.

(Mr. Van Deusen excused.)

STATEMENT OF MR. C. N. BLACKWELL.

The Secretary of the Treasury: Mr. Blackwell is the next witness. After Mr. Blackwell, we will have Mr. Roof, of Pueblo. He might be ready to come promptly to the stand after Mr. Blackwell.

State your full name and address and occupation.

Mr. Blackwell: C. N. Blackwell, Raton, New Mexico, President of the First National Bank.

C. N. Blackwell

The Secretary of the Treasury: Do you represent any bankers' association?

Mr. Blackwell: Yes sir, I am Chairman of the Executive Committee of the New Mexico Bankers' Association.

The Secretary of the Treasury: Do you come with any authority from that Association?

Mr. Blackwell: Yes sir.

The Secretary of the Treasury: Have you resolutions with you?

Mr. Blackwell: The gentlemen here in Denver have the resolution. It was passed by the Association at its meeting last week in Albuquerque.

The Secretary of the Treasury: What is the purport of it?

Mr. Blackwell: The purport of it was in indorsing the efforts put forth by Denver for the establishment of a regional bank here.

The Secretary of the Treasury: What efforts put forth by Denver? Has Denver been putting forth efforts in New Mexico?

Mr. Blackwell: They had a representative before the Association.

The Secretary of the Treasury: I see. Suppose they had not had any representative there, what would you have done?

C. N. Blackwell.

Mr. Blackwell: We would have indorsed Denver.

The Secretary of the Treasury: The same thing?

Mr. Blackwell: The same thing.

The Secretary of the Treasury: Well, are your relations, trade relations, normally with Denver, more so than with any other city?

Mr. Blackwell: Yes sir.

The Secretary of the Treasury: Do you keep your reserves here?

Mr. Blackwell: Yes sir.

The Secretary of the Treasury: To what extent?

Mr. Blackwell: I should say 20 percent.

The Secretary of the Treasury: Where do you keep the rest of them?

Mr. Blackwell: Well, we have an accounts in Kansas City, also in Chicago and New York.

The Secretary of the Treasury: Well, how is it distributed, what proportion? 20 percent. in Denver, how much in Kansas City?

Mr. Blackwell: Probably 10 percent.

The Secretary of the Treasury: That is 30. Where is the rest of it?

C. N. Blackwell.

Mr. Blackwell: The rest would be in Chicago and New York.

The Secretary of the Treasury: More in Chicago than in New York?

Mr. Blackwell: No sir, the majority of it would be in New York.

The Secretary of the Treasury: Well, what is your second choice after Denver? What would be the more normal course of business for you after Denver?

Mr. Blackwell: It would be Kansas City.

The Secretary of Agriculture: Are you in the western or the eastern part of the state?

Mr. Blackwell: Extremely northern portion.

The Secretary of the Treasury: Raton?

Mr. Blackwell: Raton, yes sir.

The Secretary of Agriculture: How with this section, the southeastern-central part of the state? Where would it go?

Mr. Blackwell: In New Mexico?

The Secretary of Agriculture: Yes.

Mr. Blackwell: They are more convenient to Kansas City.

The Secretary of Agriculture: These two railroads lead

C. N. Blackwell.

directly northeast?

Mr. Blackwell: Yes sir.

The Secretary of the Treasury: Is it your judgment that the general convenience and customary course for business throughout the entire state would be best subserved by association with Kansas City or with Denver? I am speaking of the entire state now.

Mr. Blackwell: Well, my opinion is the entire state would be better served from Denver, although the southeastern corner -- that is known as the Pecos Valley section -- is a little more convenient to Kansas City. They can be served from Denver just as well as Kansas City.

The Secretary of the Treasury: How would they get to Denver?

Mr. Blackwell: They would come to Amarillo, Texas, and then over the Colorado & Southern.

The Secretary of Agriculture: Is that the course of trade for that section?

Mr. Blackwell: I think the general trend of it would be towards the east, for that section.

The Secretary of Agriculture: But on this other section it is directly north?

C. N. Blackwell.

Mr. Blackwell: North and south.

The Secretary of Agriculture: Much of it goes south?

Mr. Blackwell: Very little.

The Secretary of the Treasury: The bulk of your business at Raton is coal?

Mr. Blackwell: That is one of the heavy industries there, but we are in a heavy cattle and sheep section.

The Secretary of the Treasury: In the cattle and sheep business, that livestock business goes mostly to which place, Kansas City or Denver?

Mr. Blackwell: It is divided.

The Secretary of the Treasury: In about what proportion?

Mr. Blackwell: I should say probably 60 percent. would go to Kansas City and 40 to Denver, -- this section.

The Secretary of the Treasury: 60 and 40?

Mr. Blackwell: Yes sir.

The Secretary of the Treasury: And the normal course of exchanges, as between Denver and Kansas City, is what?

Mr. Blackwell: About equal.

The Secretary of the Treasury: About 50 and 50?

Mr. Blackwell: Yes sir.

The Secretary of the Treasury: Have you a third choice?

C. N. Blackwell.

Mr. Blackwell: Well, Chicago would probably be third choice.

The Secretary of the Treasury: Chicago would be third?

Mr. Blackwell: Yes sir.

(Mr. Blackwell excused.)

(Resolution of Executive Committee of New Mexico Bankers' Association received and marked "Blackwell Exhibit No. 1, Denver, January 26, 1914.")

STATEMENT OF FRED A. ROOF.

The Secretary of the Treasury: State your full name and occupation.

Mr. Roof: Fred A. Roof, Banker, Pueblo.

The Secretary of the Treasury: And your occupation?

Mr. Roof: Banking.

The Secretary of the Treasury: What bank are you associated with?

Mr. Roof: The Minnequa Bank of Pueblo, State Bank; also engaged in national banks in other points. Representing Pueblo here.

The Secretary of the Treasury: Are you representing any

Fred A. Roof.

association of bankers or clearing house associations?

Mr. Roof: I am representing the Pueblo Clearing House.

The Secretary of the Treasury: By a resolution, or what is your authority evidenced by resolution?

Mr. Roof: No, I think there is no resolution passed. There is a representative of each bank in Pueblo here today, practically.

The Secretary of the Treasury: What city do you prefer to be attached to, Mr. Roof?

Mr. Roof: Denver.

The Secretary of the Treasury: How far is Pueblo from Denver?

Mr. Roof: 120 miles.

The Secretary of the Treasury: The bulk of your exchanges and your business is with Denver?

Mr. Roof: The greater percentage, yes sir.

The Secretary of the Treasury: To what extent do you keep reserves in Denver?

Mr. Roof: Probably 50 percent. of our bank reserves are kept here.

The Secretary of the Treasury: And the rest where?

Mr. Roof: Kansas City, St. Louis, Chicago and New York.

Fred A. Roof.

The Secretary of the Treasury: Does Kansas City have the largest proportion of the remainder?

Mr. Roof: No, Chicago and New York about even; Kansas City, comparatively small.

The Secretary of the Treasury: What would be your second choice?

Mr. Roof: Chicago.

The Secretary of the Treasury: Chicago?

Mr. Roof: I should think that.

The Secretary of the Treasury: Suppose Chicago could not be considered, then what would be your second choice?

Mr. Roof: Kansas City.

The Secretary of the Treasury: As against Omaha?

Mr. Roof: Yes sir. On that point, however, I have not consulted with the other bankers.

The Secretary of the Treasury: You are speaking for yourself?

Mr. Roof: Yes, on that particular point.

The Secretary of Agriculture: How many banks are there in Pueblo?

Mr. Roof: Six, I think. Three nationals and three state.

Fred A. Roof.

The Secretary of Agriculture: Are the state banks strong banks that would be eligible, if the law permitted?

Mr. Roof: One would be eligible only, and that is a savings bank.

The Secretary of the Treasury: A savings bank?

Mr. Roof: Yes, a savings association and trust company.

The Secretary of Agriculture: You are President of the Colorado Bankers' Association, are you?

Mr. Roof: Yes sir.

The Secretary of the Treasury: Has your Association had any meeting to act upon this question?

Mr. Roof: The Executive Council did last week.

The Secretary of the Treasury: What was the action?

Mr. Roof: They indorsed Denver, and there should be a resolution filed with you, which is to that effect.

The Secretary of the Treasury: Will you file such a resolution?

Mr. Roof: I will see that it is filed.

(The resolution of Colorado Bankers' Association subsequently received and marked "Roof Exhibit No. 1, Denver, January 26, 1914.")

The Secretary of the Treasury: What do you think the

Fred A. Roof.

sentiment of the bankers of the State would be with respect to Kansas City as an alternative after Denver? If Denver, I mean, could not have a reserve bank?

Mr. Roof: I should think it would be equally divided as to second choice between Kansas City and Omaha; probably the northern part of the State for Omaha and the southern and western part of the State for Kansas City.

The Secretary of the Treasury: Would you think it wise, in any circumstances, to divide Colorado in the creation of a district?

Mr. Roof: No sir, I would not.

The Secretary of the Treasury: You think the "hide had better go with the hair?"

Mr. Roof: Yes sir.

The Secretary of the Treasury: What would be a fair part and division, as between Omaha, for instance, and Kansas City, assuming that each had a reserve bank; to what extent should the northern part of the State go, for instance, to Omaha?

Mr. Roof: I should think a line east and west through Denver.

The Secretary of the Treasury: A line east and west through Denver?

Fred A. Roof.

Mr. Roof: Yes sir.

The Secretary of the Treasury: How much of Denver would you put in the Kansas City district, in comparison with Omaha?

Mr. Roof: Well, Denver selected a point for itself, those points, I don't think, should be put with Kansas City. Possibly Colorado Springs might be included, and north of that -- say south of that would be Kansas City and north, Omaha, would be my judgment, if you found that to be necessary.

The Secretary of the Treasury: You don't think this State should be divided by a north and south line, under any conditions, that is, that half of it should go, for instance, to San Francisco?

Mr. Roof: Oh, no -- 1600 miles to San Francisco.

The Secretary of the Treasury: Or to Salt Lake City?

Mr. Roof: Well, there might be -- no, I would say No. There is a little part of the territory that would be more easily accessible -- that is Salt Lake would be more easily accessible, but the natural current of our commerce would be towards the River or Denver, unquestionably, of the whole State.

The Secretary of the Treasury: The general trend of business is eastward?

Fred A. Roof.

Mr. Roof: Yes sir, in this state.

The Secretary of Agriculture: Taking a line east of Denver, is the trade there towards Denver or towards the east?

Mr. Roof: Unquestionably all the trade in Colorado east of Denver is towards Denver, unquestionably.

The Secretary of Agriculture: It comes back to Denver?

Mr. Roof: It comes back to Denver and Pueblo, yes sir.

The Secretary of the Treasury: How far east does that sphere of influence extend?

Mr. Roof: I would say -- I am talking about Colorado, at least as to Colorado.

The secretary of the Treasury: I am speaking of towards Kansas and Nebraska, going eastward, how far does Denver's sphere go, do you think?

Mr. Roof: I couldn't answer intelligently myself. In Pueblo we get some considerable business for, say, one hundred miles east of the State Line -- one hundred and fifty.

(Mr. Roof excused.)

STATEMENT OF HENRY C. HALL.

The Secretary of the Treasury: Will you kindly give your full name and occupation?

Mr. Hall: Henry C. Hall, Lawyer, Colorado Springs.

Henry C. Hall.

The Secretary of the Treasury. Do you represent any association, Mr. Hall, or organization of Colorado Springs?

Mr. Hall: I am here as a member of a delegation from the Chamber of Commerce of Colorado Springs.

The Secretary of the Treasury: You know our problem, Mr. Hall. If you have any suggestions to offer, we will be glad to receive them.

Mr. Hall: Of course Colorado Springs, like the rest of Colorado, feels very strongly in support of Denver in this matter. Our idea of the natural division of this territory is that we should start with what is known as the Dry Belt east of us, that is to say approximately, as indicated in fact this morning, about the 100th parallel, or where the time changes from central to mountain time, for the reason that it is about there that irrigation, as a part of agriculture, begins, and stretching from there westward to the Pacific Coast irrigation is more or less in use, and a division which would give, let us say, Denver a regional bank and San Francisco another, those two regions would embrace between them practically all the irrigated lands that there is in the United States. Of course those who are expert farmers on the lands of Illinois or Arkansas have very

Henry C. Hall.

little comprehension of the problems that arise in connection with irrigation, the irrigation works, the maintenance and storage of water and the application of water to land by means of irrigations systems.

Our idea would<sup>be</sup> that such a Belt would stretch north and south of us, that it would embrace Wyoming, it would embrace Utah, embrace the mountains of Colorado because although more abundantly watered, still irrigation is used in the meadows and so on in the mountains. It would embrace New Mexico, it would take in at least part of Arizona, which lies just south of Colorado, and it would take in the Panhandle of Texas.

The Secretary of the Treasury: Well now, reducing this to the question of Colorado Springs itself, and as to the disposition of Colorado Springs, you say it would desire, of course, to be attached to a district of which Denver should be the headquarters for the reserve bank?

Mr. Hall: Yes sir.

The Secretary of the Treasury: Now, what would be Colorado Springs' second choice?

Mr. Hall: Well, I am not authorized to say, by the Chamber of Commerce, what would be the second choice. I can

Henry C. Hall.

give you some individual opinions, for example, the Colorado Title & Trust Company, of which I am a director, I think our choice would be Kansas City for second.

The Secretary of the Treasury: That would be the next point with which you have the largest amount of business, normal business, -- Kansas City?

Mr. Hall: No, our normal business with Kansas City is not so very large. Now, for example, the Trust Company, of which I have just spoken, has reserves of approximately \$400,000. It keeps \$100,000 in New York, it keeps another \$100,000 with other banks in Colorado Springs.

The Secretary of the Treasury: Do you keep those in national banks altogether, those reserves?

Mr. Hall: Yes. It keeps an eighth, I should say, -- that would be a quarter each -- here in Denver. Then in Chicago about \$30,000.00, in Pueblo about \$15,000.00, in Kansas City only about \$12,000.00.

The Secretary of the Treasury: Why do you keep such a large reserve in New York?

Mr. Hall: For convenience.

The Secretary of the Treasury: Yours is a savings bank,

Henry C. Hall.

ings bank, I understand?

Mr. Hall: No, it is a title and trust company.

The Secretary of the Treasury: Do you do a general banking business?

Mr. Hall: Yes sir, checking accounts.

The Secretary of the Treasury: And you keep a reserve there for purposes of exchange?

Mr. Hall: Yes.

The Secretary of the Treasury: And you are not required to keep -- by the state law here you are not required to keep reserves of that magnitude, are you, in the national banks?

Mr. Hall: Oh, no.

The Secretary of the Treasury: You could keep them in state banks?

Mr. Hall: Yes sir, we could.

The Secretary of the Treasury: But you prefer to keep them in national banks?

Mr. Hall: Yes, we keep our reserve in New York in a trust company.

The Secretary of the Treasury: You don't keep it in

national banks in New York?

Henry C. Hall.

Mr. Hall: I am not certain whether any of ours --

A Spectator: The Hanover National.

Mr. Hall: Now, this region, gentlemen of the Committee, embracing as it would, from five to six hundred thousand square miles, and with a population ranging from about two to three million would, in the first place, represent a respectable part of the surface of the United States, although population is relatively sparse. It would represent a diversity of industry, because of our mining, quarrying, and, by mining, I mean coal, gold, copper mining -- precious metals.

The Secretary of the Treasury: Excuse me, as our time is limited. That data has been brought out before, perhaps, but, considering the requirements of the Act here that the district shall be apportioned with due regard to the convenience and customary course of business, would you say that we would be carrying out that provision of the Act to embrace Montana, for instance, in this district?

Mr. Hall: I should think it doubtful, unless it was the lower part of Montana, but the present railroad connection extending into Montana may change that situation.

Henry C. Hall.

The Secretary of the Treasury: Yes, but has not this Committee got to act, in a large measure, with respect to established facts?

Mr. Hall: I presume it must, and by what is manifestly coming?

The Secretary of the Treasury: To what extent would the northern part of Idaho, for instance, be included?

Mr. Hall: I should think that would be remote from us.

The Secretary of the Treasury: Take Arizona and Northern Texas.

Mr. Hall: Well, we find as a matter of actual trade conditions, that our wholesale grocers supply those regions, and the wholesale house distributing points, for instance, for that part of the country, are largely Denver, Colorado Springs and Pueblo.

The Secretary of Agriculture: Mr. Hall, could you not get a district in which the whole area would normally be at present covered, by the movement of commodities if you took one towards the east?

The Secretary of the Treasury: Extending north and south as the Secretary means -- east and west would be more logical.

Henry C. Hall.

Mr. Hall: That would be illogical to our minds, because we get out of the irrigated lands into the non-irrigated land.

The Secretary of Agriculture: Do you think a district ought to be selected with reference to a particular kind of industry?

Mr. Hall: Not solely, but I think that is one of the reasons.

The Secretary of Agriculture: Just what figures would that cut in this problem?

Mr. Hall: Simply one of the factors, as we would have to deal with agricultural securities of various kinds.

The Secretary of Agriculture: The whole district would pass on those cases, whether it were arranged one way or the other.

Mr. Hall: Well, I heard that expounded this morning, and I am not prepared to discuss or analyze that. I am only giving you our view of it and the way we look at it. Accessibility is a main point for us, and we know by experience that if the regional bank were placed in Kansas City, there would come times of floods when Kansas City is not accessible for a week or two weeks at a time.

The Secretary of Agriculture: Suppose you had a branch?

Henry C. Hall.

Mr. Hall: A branch, well, that I will say I am not prepared fully to discuss. It seems to us, however, that if this region is not entitled to a regional bank, it should at least have a branch in Denver. It might be that a branch would suffice, but our feeling is that circumstances here would warrant the establishment of a regional bank and would aid in development of the region and, consequently, benefit the whole country.

The Secretary of the Treasury: Thank you.

Mr. Hall: There is no part of the region I have indicated that is not accessible to and from Denver.

(Mr. Hall excused.)

The Secretary of the treasury: I believe that exhausts the list of witnesses who have been presented here.

Mr. Morey?

STATEMENT OF JOHN W. MOREY.

The Secretary of the Treasury: Give your full name, address and occupation.

Mr. Morey: John W. Morey, President of the Morey Mercantile Company, Wholesale grocers.

The Secretary of the Treasury: You are engaged in the jobbing business here?

John W. Morey.

Mr. Morey: Yes sir.

The Secretary of the Treasury: Have you got a map which indicates the sphere of your operations and distribution?

Mr. Morey: Yes sir.

The Secretary of the Treasury: From Denver in your particular line?

Mr. Morey: Yes sir, I have a map here, in a general way, on the wholesale grocery business, and also one on dry goods, one on boots and shoes. They have been prepared by others in those lines.

The Secretary of the Treasury: You might file those maps.

Mr. Morey: This one (indicating) is marked Wholesale Groceries; this one that is not marked -- that is very rough, sir.

The Secretary of the Treasury: Let us see those.

Mr. Morey: This one is boots and shoes and caps (indicating). As far as I know, the wholesale grocery one would be very similar to the wholesale hardware also.

The Secretary of Agriculture: Somebody was to give us that, I believe.

Mr. Morey: I don't know, sir.

The Secretary of the Treasury: Would you not undertake to make up a map which would show the shading off of the dis-

John W. Morey.

tribution as it gets farther away from Denver, a composite map showing these several phases, that might be sent to the Committee a little later?

Mr. Morey: I couldn't do it myself, but I think we could get together and do that.

The Secretary of the Treasury: We should like to have such a map, that is, you can indicate -- you know where the trade is thickest, where it is more concentrated, and showing as it thins out to the exterior limits of distribution, and send that map to the Reserve Bank Organization Committee at Washington.

Mr. Morey: Yes sir. I have some general figures, if you want them.

The Secretary of the Treasury: If you will read them.

Mr. Morey: The total dry goods jobbing business, including furnishings, and hat business of the city of Denver, amounts to approximately \$5,000,000 a year.

The wholesale boot, shoe and rubber business amounts to about \$2,000,000 a year.

The wholesale drug business amounts to about \$2,000,000.

The wholesale grocery business to about \$20,000,000.

The wholesale hardware business to \$1,500,000; and I have

included in this report also the commission men and fruit

John W. Morey.

produce men, although I understand they have a separate representative here, of about \$9,000,000, from the city of Denver alone. Then I have included in this list information that has been given to me from Pueblo, Colorado Springs and Trinidad, and the other main jobbing points in Colorado. I don't know whether you wish me to include this. Colorado Springs' annual wholesale business, exclusive of manufactures, about \$3,000,000; Trinidad, \$2,500,000, and Pueblo, \$12,000,000. Pueblo does not include any manufacturing.

The Secretary of the Treasury: Will you file that with the stenographer?

Mr. Morey: Yes sir.

(The paper, so identified, marked "Morey Exhibit No. 1, Denver, January 26, 1914.")

The Secretary of the Treasury: From your knowledge of the trade conditions in this territory, what would be the more normal course of things, as between this territory, the Colorado territory and Kansas City or Omaha? Is more business done, is there a greater exchange of commodities or business between Kansas City and the Colorado trade than between Omaha and Colorado?

Mr. Morey: Well, I will say it was almost a stand-off,

John W. Morey.

somewhere near a stand-off, according to parts of the date affected.

The Secretary of the Treasury: Treated as a whole?

Mr. Morey: So far as the territory is affected, New Mexico and the southern part of the state, we come in conflict with Kansas City; in the northern part of the state and up in Wyoming and the western end of Nebraska territory, why, it is entirely Omaha and Kansas City does not get in there at all.

The Secretary of the Treasury: Where do you get your chief competition, Kansas City, Omaha, Chicago or St. Louis?

Mr. Morey: We get it largely in our particular line, the wholesale grocery business, I should say from Chicago, Omaha and Kansas City -- more from Chicago, I presume, than anywhere else.

The Secretary of Agriculture: Is that true of the southern as well as the northern part of the state, from Chicago?

Mr. Morey: I don't believe Chicago gets in as strong in the southern part of the state as they do in the northern, eastern and western part.

The Secretary of the Treasury: What is that due to, freight rates or greater activity on the part of their salesmen?

John W. Morey.

Mr. Morey: Well, more activity on the part of their salesmen, and the fact that this was originally all Chicago territory, in the wholesale grocery business, and Denver business has grown up at the same time that the Omaha and Kansas City business has.

The Secretary of the Treasury: What would you think would be the more normal thing to do, assuming that a reserve bank was not established here in Denver, that it be attached to a district where Kansas City would be the headquarters, or a district of which Omaha would be the headquarters, treating the state as an entirety?

Mr. Morey: I would say Chicago.

The Secretary of the Treasury: No, I am speaking now of Kansas City and Omaha.

Mr. Morey: Of those two alone? Pretty hard to state; in our line, possibly Kansas City.

The Secretary of the Treasury: Well, disregarding either of them, you think Chicago would be next?

Mr. Morey: Yes, that would be first.

The Secretary of the Treasury: Disregarding either Kansas City or Omaha, Chicago would be first. Thank you.

(Mr. Morey excused.)

W.D. Tidwell.

(The three maps presented by Mr. Morey, marked "Morey Exhibits Nos. 1, 2 and 3, Denver, January 26, 1914.)

STATEMENT OF W. D. TIDWELL.

The Secretary of the Treasury: What is your occupation?

Mr. Tidwell: Secretary of the Denver Fruit Association and Secretary of the Colorado State Fruit Associations, wholesale dealers.

The Secretary of the Treasury: Have you something you want to submit?

Mr. Tidwell: The fruit industry in entirely different from any other industry we have is what is known as the Rocky Mountain section, which embraces Colorado, first, Western Nebraska and Kansas, the southern portion of Idaho, Southern Utah, Northern New Mexico, the Panhandle district of Texas and a portion of Oklahoma. The fruit and produce industry in the State of Colorado is only twelve years of age, which was about the first business we ever had. The volume of business, to give you it in round figures, is \$23,502,196.52.

The Secretary of Agriculture: What area does that include, that that you mention?

Mr. Tidwell: Practically all of that is cleared in the city of Denver.

W. D. Tidwell.

The Secretary of the Treasury: No, but what area do these figures cover?

Mr. Tidwell: The products principally of Western Nebraska and Kansas, Colorado, Northern Texas, Northern New Mexico, Utah and Southern Idaho.

The Secretary of the Treasury: For a year?

Mr. Tidwell: One year. This is practically all cleared through the city of Denver.

This industry is different from a great many others, on account of its perishable nature, and it is a difficult matter for us to get the money, except at home, and in that section, so far as the fruit and produce industry is concerned, Denver is home. Now, a regional bank, -- I am free to confess I am not posted on the law, but my idea of a regional bank would be a sectional bank. The section I have outlined, so far as our industry is concerned, is a section separate and distinct from any other part of the country. Our business lies in the exchange of goods of a perishable nature that must be converted into cash rapidly. In the eastern part of the country all of the fruit business, practically, is handled by what is known as commission merchants. In this country it is handled exclusively by wholesale dis-

W. D. Tidwell.

tributors who buy for cash and the goods are sold all over the country.

The Secretary of Agriculture: What is your relation to this business? I did not get it.

Mr. Tidwell: I am Secretary of the Denver Association and also of the State Association.

The Secretary of Agriculture: Fruit Association?

Mr. Tidwell: Yes sir, fruit and produce association, in which my duties in the few years I have been with them are to compile these figures and to know just how the business trends.

The Secretary of Agriculture: To what extent are the fruit growers in this section organized for production and marketing?

Mr. Tidwell: Well, sir, the organization of associations to handle the business is in its infancy, and there is a very strong feeling of friendship and co-operation between the wholesale distributor and the grower. The grower has his associations, and in some places one man's orchard is very, very small, and they have to combine in order to move out carloads and our rates of freight are so high that we have to move a carload business exclusively.

W. D. Tidwell.

The Secretary of Agriculture: Is there much co-operation among the producers in shipping?

Mr. Tidwell: Gradually becoming stronger every day, sir.

The Secretary of Agriculture: It is not organized anything like the California Fruit Growers'?

Mr. Tidwell: No, but to an large extent, they are getting in that way, and the California product, you understand, passes through the city of Denver as a diversion point. The railroads, it will be explained to this Committee one feature that they have not touched upon, is the diversion business in perishables. It takes an immense amount of money, and all goods reaching from the Pacific Coast, practically all of them center at Denver as a diversion point.

We are in a position to reach Minnesota or Louisiana. After you get further east, it is different. It is a wider field of distribution in Denver. Now, you realize it takes money to do that. Our banks have to carry that; we cannot borrow money in Chicago or cannot borrow money in New York; have to borrow it at our home banks, and in the discussion with the various people interested in this line, who have been named, we know that the reserve of the Denver banks is very heavy; on account of peculiar location, they have to

W. D. Tidwell.

carry a heavy reserve here.

The Secretary of the Treasury: Why?

Mr. Tidwell: Well, if we had a little panic in this country, it takes time to get money.

The Secretary of the Treasury: Carry it because they constantly fear a panic?

Mr. Tidwell: I will say we are <sup>fear of</sup> in a panic all the time.

The Secretary of Agriculture: We are going to change that.

Mr. Tidwell: That is why we want a regional bank here.

The Secretary of Agriculture: At what season of the year is your demand the heaviest?

Mr. Tidwell: Well, sir, in the fruit industry it will run along from the first of September up to the first of December. Then we also have a heavy demand in the early spring.

The Secretary of Agriculture: For cultivation?

Mr. Tidwell: Yes sir, purchase of boxes, and things of that kind. Of course during the summer, -- well, the movement really begins along in July.

The Secretary of the Treasury: What sort of collateral do you give these banks? I mean, is there any peculiar form of note given by the fruit associations?

W. D. Tidwell.

Mr. Tidwell: No sir, only the regular bankable paper.

The Secretary of the Treasury: How is it secured? I mean, what do they exact in the way of security? You cannot give warehouse receipts and things of that kind?

Mr. Tidwell: We cannot at the present time, but we hope to be able to in a short time; hope to be able to have a standard so that when we give a bill of lading for apples it will have the same effect as a bill of lading for cotton.

As I say, the industry is in its infancy.

The Secretary of Agriculture: Are you standardizing your products?

Mr. Tidwell: Yes sir, now have a standard barrel in the United States and the apple box will be standardized in this session of Congress; the same way with berry boxes and various other things; standards are gradually being created.

The Secretary of Agriculture: Your first choice is for Denver?

Mr. Tidwell: Denver first, always.

The Secretary of Agriculture: What would be your second choice?

Mr. Tidwell: It is a most difficult question to answer, because our people depend wholly upon Denver for their money.

W. D. Tidwell.

The Secretary of Agriculture: Over what area is your product distributed?

Mr. Tidwell: At the present time, the United States of America.

The Secretary of Agriculture: Where do you send it first?

Mr. Tidwell: New York calls upon us; Pennsylvania.

The Secretary of the Treasury: To what extent do you send to New York? What percentage of your business, I mean?

Mr. Tidwell: Of the products of Colorado and Utah, about 15 percent.

The Secretary of Agriculture: And to Chicago?

Mr. Tidwell: Chicago gets about 25 percent.

The Secretary of Agriculture: Kansas City?

Mr. Tidwell: Kansas City gets a very small percentage of the fruit business.

The Secretary of Agriculture: New Orleans?

Mr. Tidwell: New Orleans gets, possibly, 5 percent., about the same as Kansas City.

The Secretary of the Treasury: St. Louis?

Mr. Tidwell: St. Louis don't get so much even as Kansas City, although that has grown in this last year, -- reminds me that the business has grown quite a little bit with St.

W. D. Tidwell.

Louis this year.

The Secretary of Agriculture: This industry is growing rapidly?

Mr. Tidwell: Well, sir, twelve years ago we didn't have anything. We have \$33,000,000 now. Fifteen years ago the fruit industry of the United States was only \$50,000,000; fifty years ago there wasn't any at all.

The Secretary of Agriculture: A good deal, but they didn't market much of it.

Mr. Tidwell: It was all for local consumption; interstate business was not considered.

The Secretary of the Treasury: Inadequate transportation.

Mr. Tidwell: And we didn't have the area, either.

The Secretary of the Treasury: File that paper with the stenographer.

(The paper submitted by Mr. Tidwell, marked "Tidwell Exhibit No. 1, Denver, January 26, 1914.")

STATEMENT OF WILLIAM J. LLOYD.

The Secretary of the Treasury: Give your full name and your occupation.

Mr. Lloyd: William J. Lloyd, General Manager, Mountain

William J. Lloyd.

Division, Western Union Telegraph Company.

The Secretary of the Treasury: Now, Mr. Lloyd, you are familiar with the problem before this Committee. Can you shed any light on the question as to whether Denver should have a regional bank and as to whether this district is one that ought to be created?

Mr. Lloyd: Only in this, Mr. Secretary, that the Telegraph Company four years ago made Denver the administrative center for Montana, Wyoming, Idaho, Utah, Colorado, New Mexico, Kansas and Nebraska.

The Secretary of Agriculture: All of Kansas and Nebraska?

Mr. Lloyd: Yes sir, all of Kansas, yes sir, the eight states. Within six months we have made Denver the fiscal agency and all moneys, all revenues from these eight states, are remitted now to the fiscal agent at Denver. Out of these revenues we pay the operating expenses, maintenance, repairs and construction and all the natural expenses of the territory.

The Secretary of Agriculture: To what extent are you depending on banks in this community?

Mr. Lloyd: None.

The Secretary of the Treasury: To what extent do you think

William J. Lloyd.

that has a bearing upon the economic problem involved in the division of the country into these districts and the establishment of these reserve banks?

Mr. Lloyd: I am simply submitting this to you as a matter of information to show you the judgment of the Telegraph Company in --

The Secretary of Agriculture: That it was the convenient center for that distribution?

Mr. Lloyd: Yes sir. It was the center selected after careful study of the situation.

The Secretary of the Treasury: What sort of facilities have you with Kansas City, telegraphing Kansas City?

Mr. Lloyd: Ample.

The Secretary of the Treasury: Omaha?

Mr. Lloyd: Ample.

The Secretary of the Treasury: How long does it take to get a message through now under normal conditions to Kansas City?

Mr. Lloyd: Our time limit on --

The Secretary of the Treasury: Quickest dispatch.

Mr. Lloyd: Our time limit on business is supposed, for 90 percent. of the business, within a period of ten minutes.

William J. Lloyd.

The Secretary of the Treasury: Within ten minutes?

Mr. Lloyd: Yes sir.

The Secretary of the Treasury: And the same with respect to Omaha?

Mr. Lloyd: The same on all trunk routes.

The Secretary of the Treasury: And you have ample trunk routes to Kansas City and to Omaha?

Mr. Lloyd: Omaha, Chicago, San Francisco, Los Angeles, Salt Lake.

The Secretary of the Treasury: And this is the Western Union?

Mr. Lloyd: This is the Western Union, yes sir.

The Secretary of the Treasury: That is all. Thank you.

(Mr. Lloyd excused.)

(Paper submitted by Mr. Lloyd, marked "Lloyd Exhibit No. 1, Denver, January 26, 1914.")

#### STATEMENT OF W. P. ALLEN.

The Secretary of the Treasury: What is your full name and address?

Mr. Allen: W. P. Allen, Assistant Treasurer, Mountain States Telephone & Telegraph Company.

W. P. Allen.

The Secretary of the Treasury: Is that a part of the American Telephone & Telegraph Company?

Mr. Allen: Yes sir.

The Secretary of the Treasury: What sort of telephone facilities have you got with Kansas City and Omaha?

Mr. Allen: Ample, sir.

The Secretary of the Treasury: Do you have interruption of service frequently or --

Mr. Allen: Not very frequently, no sir, very infrequent.

The Secretary of the Treasury: Is the service good?

Mr. Allen: Splendid.

The Secretary of the Treasury: Distinct?

Mr. Allen: Yes sir.

The Secretary of the Treasury: How long does it take you to get connection?

Mr. Allen: I called up in my room at Omaha and got my wife in four minutes.

The Secretary of the Treasury: But you are connected with the Company.

Mr. Allen: They didn't know that; it was in the hotel and they didn't know I was connected with the Company.

The Secretary of Agriculture: Is this city your headquarters?

W. P. Allen.

Mr. Allen: Yes sir.

The Secretary of the Treasury: I would hate to tell you how long it took me to get a connection, so I am very much interested in knowing how long it takes business men to get one. You can get quick connection with Kansas City?

Mr. Allen: Yes sir.

The Secretary of the Treasury: Is it any quicker than with Omaha?

Mr. Allen: No sir.

The Secretary of the Treasury: About the same?

Mr. Allen: About the same, yes sir.

The Secretary of the Treasury: How much is the difference in time that there would be in getting connection to Chicago?

Mr. Allen: Be no difference in time.

The Secretary of the Treasury: No difference; or to St. Louis?

Mr. Allen: Or to St. Louis; depends, of course, on congestion of traffic, and for some particular reason it might take longer one time than others, but ordinarily it would take the same length of time.

The Secretary of the Treasury: Have you ample wires to

W. P. Allen.

do the normal business quickly?

Mr. Allen: Yes sir.

The Secretary of Agriculture: What territory do you cover?

Mr. Allen: Our territory is practically -- if I might show you this map (showing) our territory is practically the territory outlined in that. Our territory is seven states and the north portion of Texas, the Panhandle of Texas. We have about 600,000 square miles and about two percent. of the population, in that area. You can see the development here in comparison with the eastern territory.

The Secretary of Agriculture: You handle all of Montana here?

Mr. Allen: We handle absolutely everything, yes sir; every collection -- all the money that is collected in our territory is deposited by our representatives in these different banks where we carry accounts. We have some 326 bank accounts, which means that the disposal of each of them comes under the control of the treasurer in Denver and is disposed here. Excess receipts, after expenses are paid, are drawn into our principal depositories, at Helena, Salt Lake, Denver, Albuquerque and El Paso, and then from there into Denver.

W. P. Allen.

The Secretary of Agriculture: From the point of view of credits, you are not dependent, are you, on these banks?

Mr. Allen: yes, we are borrowers.

The Secretary of Agriculture: You are borrowers?

Mr. Allen: We are borrowers at certain times rather extensively.

The Secretary of Agriculture: Depends upon the conditions which vary from season to season?

Mr. Allen: No particular season in our business; just towards the latter part of the year we are in need of funds.

The Secretary of Agriculture: Do you borrow in this section or from the outside?

Mr. Allen: We borrow largely in this section; the balance we get from New York.

The Secretary of Agriculture: What percentage would you say?

Mr. Allen: I should say probably 40 percent. in this city.

The Secretary of Agriculture: Namely, in Denver?

Mr. Allen: Denver, and the rest of our territory, yes.

The Secretary of Agriculture: Over what period does this extend?

Mr. Allen: this borrowing period?

W. P. Allen.

The Secretary of Agriculture: Yes.

Mr. Allen: A period of three or four months.

The Secretary of Agriculture: Is it considerable in the aggregate?

Mr. Allen: yes, it will aggregate between a million and two million dollars.

The Secretary of the Treasury: Mr. Allen, what can you say, or can you give me any general idea of the cost of a private wire per annum from Denver to Kansas City?

Mr. Allen: No sir, I am not in position to give you that. I can get it and let you have it.

The Secretary of the Treasury: It is perfectly feasible to have such private wires, is it?

Mr. Allen: yes sir.

The Secretary of the Treasury: Where you would get exclusive use of the wire?

Mr. Allen: Exclusive use of the wire, yes.

The Secretary of the Treasury: So that if you have a branch here and the headquarters bank in Kansas City, or vice-versa, it would be perfectly simple to connect those two banks by private wires?

W. P. Allen.

Mr. Allen: Yes sir, we have such.

The Secretary of the Treasury: So that you could have practically instantaneous communication between them?

Mr. Allen: We have those arrangements now.

The Secretary of Treasury: You have. Omaha the same?

Mr. Allen: Yes sir.

The Secretary of the Treasury: How about Chicago?

Mr. Allen: I think we have such an arrangement for Chicago, <sup>under</sup> no disadvantages.

The Secretary of the Treasury: Do you get thoroughly satisfactory service?

Mr. Allen: Yes sir, thoroughly.

The Secretary of the Treasury: How far can you talk from Denver now?

Mr. Allen: Talk to New York. I don't think it is commercial, however.

The Secretary of Agriculture: Do storms interfere very much?

Mr. Allen: I was going to say we don't advertise it as commercial, for the simple reason that the elements have to be just right, and it takes a telephone man to talk in unfavorable circumstances.

W. P. Allen.

The Secretary of the Treasury: There is no difficulty of that kind between Kansas City and Denver?

Mr. Allen: No sir.

The Secretary of the Treasury: Or Omaha and Denver or Chicago and Denver?

Mr. Allen: No sir, not at all, just like talking around town.

The Secretary of Agriculture: With a private wire, how long would it take now to call Kansas City?

Mr. Allen: You would ring it yourself -- be no delay at all, and you can use that wire both for telephoning and telegraphing at the same time.

The Secretary of Agriculture: Can you tell us the strength of your staff in this territory?

Mr. Allen: As to employes?

The Secretary of Agriculture: The force.

Mr. Allen: About 6,000 employes. I have some other statistics as to amount of disbursements.

The Secretary of the Treasury: File them with the stenographer.

Mr. Allen: And the map.

The Secretary of the Treasury: Yes sir. Make that in

Meyer Harrison.

the exhibit.

(Statement submitted and also the map previously referred to marked "Allen Exhibits Nos. 1 and 2, respectively, Denver, January 26, 1914.")

The Secretary of the Treasury: If Mr. Harrison can contribute anything new, we would like to hear from him.

STATEMENT OF MEYER HARRISON.

The Secretary of the Treasury: Whom do you represent?

Mr. Harrison: The life insurance interests.

The Secretary of the Treasury: Life insurance?

Mr. Harrison: Yes. I just want to very briefly explain this one page by saying that Denver is the insurance center of the entire district from the Missouri River to the Sierra Mountains, and from Canada to Mexico. Nineteen companies have their head offices in Colorado. Every company, both foreign and domestic, has a general agency in Denver and also managerial departments. \$20,000,000 of insurance money, premiums, losses, expenses, went through the Denver banks in the year 1913.

The investments of a number of the great companies have become so important in the Rocky Mountain region that it has been deemed advisable and they have found it absolutely necessary to establish financial departments in Denver. One life

Meyer Harrison.

insurance alone, through its Denver financial department, loaned upwards of \$35,000,000 within the past five years on property located from Seattle to Duluth, from Los Angeles to Kansas City.

Many of the great insurance companies, both foreign and domestic, realizing the great future of the Rocky Mountain region, are rapidly establishing their western headquarters in Denver.

The Secretary of the Treasury: What insurance company do you represent?

Mr. Harrison: The Penn Mutual Life, of Philadelphia.

The Secretary of Agriculture: Your main point is that this is the convenient point for the administration of business over a large area?

Mr. Harrison: Exactly, particularly this region that has been mentioned here today; the matter of great convenience, especially for our financial department.

The Secretary of the Treasury: I imagine, from the quality of the air I have been breathing here today, that there would be little for life insurance companies to do in this section.

Mr. Harrison: There are very few losses here, on account of our wonderful climate.

Meyer Harrison.

The Secretary of Agriculture: Will you file that, please?

(The paper submitted, in duplicate, received and marked "Harrison Exhibit No. 1, Denver, January 26, 1914.")

(Mr. Harrison excused.)

STATEMENT OF WILLIAM P. MCPHEE.

The Secretary of the Treasury: Have you anything new that you can contribute to the information we have received today?

Mr. McPhee: To my mind, there have been one or two conditions that have been overlooked.

The Secretary of the Treasury: State first your full name and your occupation.

Mr. McPhee: William P. McPhee, Merchant.

The first one is as to the effect that the Panama Canal will have upon this district here as a distributing center. Merchants here, large shippers, generally look for distributive rates which will enable us to enlarge very much the territory which is immediately tributary to us.

The Secretary of the Treasury: Of course that is rather speculative. You have no idea just how that is going to affect you?

Mr. McPhee: It has to come, sir.

The Secretary of Agriculture: We expect to get most of

William P. McPhee.

that in New Orleans.

The Secretary of the Treasury: And San Francisco.

The Secretary of Agriculture: And Houston.

MR. McPhee: Well, the effect of the Coast trade will be that the railroads will be largely relegated to inland trade, and that they will have to derive their revenues from that and will naturally have to serve the manufacturers, industries and jobbers which are in the inland territory.

The Secretary of Agriculture: Most people mistook the effect of the Suez Canal, and it is too far in the future to prophesy anything definite.

MR. McPhee: Another matter was the question of the territory here being so far removed from the other centers. I do not attempt, of course, to interpret any phase of the law, but when they made provision here -- when that provision was made for geographical location, it seemed to me it was pretty apt in the case of Denver. If the law were interpreted to take the centers of population, Denver, of course, and the territory west of the Mississippi River, would have no regional banks because the concentration of population is all east.

The Secretary of Agriculture: It has got to be divided into districts, and every district would have one.

William P. McPhee.

Mr. McPhee: Well, Denver has been shown by the number of banks here, by our convenient location, to be more conveniently situated, as --

The Secretary of the Treasury: That is a question of transportation, and we have been pretty well loaded up with that.

Mr. McPhee: I know you have.

The Secretary of the Treasury: Have you anything more on the economic proposition?

Mr. McPhee: In our business we distribute to practically all the territory shown there; we distribute all through Montana and all through Arizona, and even into parts of California.

The Secretary of Agriculture: That is the lumber business?

Mr. McPhee: Lumber and the paint business.

The Secretary of Agriculture: You reach all parts of this section in considerable volume?

Mr. McPhee: Everything from that line that runs through the middle of Nebraska and Kansas; reach all of that territory and even go into El Paso.

(Mr. McPhee excused.)

The Secretary of the Treasury: Gentlemen, if there should be anyone here from the outside now who has not been heard and who can contribute any new light on this problem, the Committee will be glad to hear from him, if he will come forward and speak briefly and to the point. Is there any one? If not, the hearings will now be closed.

Mr. Gordon Jones: Regarding some statements that have been made with reference to what Northern Colorado might desire, the gentleman testified to the needs of Southern Colorado, and I don't think he is in touch with Northern Colorado. Also some sentiment from Utah and that section regarding their preference for Denver instead of the Coast. We would like to introduce that.

The Secretary of the Treasury: Have you got it here?

Mr. Jones: No, not here.

The Secretary of the Treasury: I may say that any brief that Denver may wish to file between this time and the 15th of February, may be filed and be forwarded to the Reserve Bank Organization Committee at Washington, and will be given consideration, and should anybody else interested in this particular question in their community, that have not been heard, care to express any opinion or to submit any information or brief of a similar character, it may be sent to Washington

in like manner.

The hearing will now be adjourned.

WHEREUPON, At 3.10 P. M., January 26, 1914, the Committee adjourned to meet at Seattle, Washington, January 29, 1914.

-----○-----