

Aug. 12, 1915.

Dear Mr. Jay:

I thought you might be curious about the meeting which was reported in the newspapers as having been held here on Tuesday. Two meetings were held - one the Executive Committee of the Governors and the other a special meeting of the Federal Reserve Board. The Governors' meeting was simply for the purpose of discussing various matters referred to that committee at the time of the Chicago conference and the result of the discussion of these matters briefly was to agree to continue our collection plan as at present operating until the next Governors' conference, to continue the present allotment basis of warrants and acceptances purchased through this office, and to allow this bank as reimbursement for expense incurred 5% of the interest earned on the investments so made. Other matters discussed were simply details.

The meeting of the Federal Reserve Board occupied the entire day and was called at the request of Secretary McAdoo for the purpose of making a ruling on the question of whether a national bank can enter into revolving letter of credit contracts which extend for a period exceeding six months. They have made a ruling favorable to our contention that national banks can enter into such contracts and I have so advised Mr. Brown. They have not yet passed on the question of eligibility of renewal drafts or drafts of the character arising out of such a credit as Brown Brothers have negotiated. The credit will be concluded in a few days, but I have been obliged to advise Mr. Brown that the question of eligibility is still open. Warburg and Miller

*W. A. R. W. A. R. W.*  
*W. A. R. W. A. R. W.*

8/12/15.

were positively opposed to the ruling so far as I could gather but finally came around, with the understanding that no ruling should be made on the question of eligibility.

Outside of a busy day on Tuesday, things have been very quiet here and yesterday afternoon I spent three or four hours with Arthur Young going over his proposed report on the examination of the five typical banks. This is to be rewritten and, after I get it, in the course of a few days, I may burden you with a draft to look over. I am a little disappointed in the result; it is hardly up to my expectations. Curtis telegraphed he would be back Friday morning and I have replied urging him to stay over the rest of the week. You need have no uneasiness about being away. This morning I received but five letters in the mail and you received two only and those of no importance.

With best regards,

Sincerely yours,

Pierre Jay, Esq.,  
Crescent Beach,  
Conn.

BSJr/PE

98

June 14th, 1916.

Dear Sir:

With the deepest regret, I hereby tender my resignation as Governor of the Federal Reserve Bank of New York to take effect at the pleasure of the Board of Directors.

Respectfully,

Governor.

Pierre Jay, Esq.,  
Chairman, Board of Directors,  
Federal Reserve Bank,  
New York City.

BS Jr/VCM

Personal  
9/16

June 14th, 1916.

My dear Mr. Jay:

Sometimes embarrassment arises through lack of definite understanding, so I feel that I must write you a note such as will enable the Directors of the bank to take whatever action they may think best and right in regard to my position, without the possibility of misunderstanding.

Enclosed is my resignation, which should be in your hands at the meeting on Thursday in case it is wise to use it, and neither you nor your associates need feel the slightest hesitation if you should decide that the interests of the bank or my own interests call for an acceptance of this resignation, in acting upon it at once or whenever the Board thinks it necessary.

If the Board should not accept my resignation but give me a leave of absence for a definite or indefinite period, I would like to have you retain this resignation, so that it may be presented and acted upon at any time in the future.

I have explained to you already how I feel about my salary and wish you would explain to the Directors, as I did to you, that I do not need the salary and could not possibly draw a salary when I was not earning it.

I hope you fellows all understand how deeply I appreciate your kindness and help and sympathy.

Very truly yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

# Office Correspondence

FEDERAL RESERVE  
BANK OF NEW YORK

Date June 23, 1916

To Mr. Jay

Subject: French credits.

From Mr. Strong.

44  
1916

*Miss Parker  
for filing*

Attached is all the correspondence relating to the French credits, as it has come to me from Washington in the last day or two. I guess Delano's letter had better go in my personal files and, possibly, Warburg's also. Would you mind having a statement prepared by Mr. Kenzel to go in my letter to Warburg? *Hope to*

*take this over with you soon.*

BS Jr/VCM

BOND  
HAMMER

96

Estes Park, Colo., July 24, 1916.

Mr. Pierre Jay,  
Cody, Wyoming.

Dear Mr. Jay:

I am not certain that this indefinite address will reach you, but I shall not ask you to advise me by postal if it does not as the Captain of the Foot Ball Team over in Orange did with me when extending a challenge for a match. Mr. Treman's last letter mentioned your address as "Cody" and I presume that is all there is to it.

So far as I can tell, this place is agreeing with me and I am gradually getting a little work done. The Denver doctor holds me down a good deal, but he is coming up here in a week or two to look me over, when I expect to be treated with more indulgence. So far I have one hour a day for work. Since having a nice visit with you in Denver I have had quite an active correspondence with Treman and the others at the office. Things seem to be going beautifully.

The one thing that is on my mind very strongly is the Bank of England arrangement, and carrying out the last understanding I am working on a memorandum to be submitted to the Board through the bank, which I hope will result in some action being taken before it is too late to get any benefit this fall.

In some ways I wish you and your party had decided to come here. We would probably have had our noses over the desk too much, particularly you, but it is one of the most beautiful places in the country, wonderful riding and a delightful climate. I have a little 4-room cottage about 100 yards from the hotel, one room already converted into an office, where later on I hope to dispatch a lot of business, particularly something in the line of a solution to the problem of domestic exchange. Why don't you try and chop off a few days for a visit up here on your way home?

Don't bother to answer this - you are on a vacation and I am not. I am going to take this opportunity to tell you what pleasure it has afforded me to get into partnership with you for the past two years. Thinking over our experiences, I see nothing to regret and many things to be proud of; the best of all the warm friendship that has developed among all of us in the office. Won't you give my warmest regards to Mrs. Jay and my best to you.

Very sincerely yours,

96

Estes Park, Col.,

August 25th, 1916.

Dear Mr. Jay:

With considerable diffidence, I am writing you about a matter which it seems to me should be considered by the Directors of the bank, and if you feel that the subject is of sufficient importance to be submitted to the Directors I hope in doing so you will explain that this letter is written without a thought of criticism and simply to draw their attention to a matter which may later on cause embarrassment.

Some of our Directors are interested in various enterprises and are serving as Directors in companies in which they are interested. Advertisements have appeared occasionally, in each instance, I believe, over the names of responsible bankers or brokers, offering securities of some of these corporations, and giving in these advertisements a list of the Directors of the corporation, describing in each instance the members of our Board as Directors of the Federal Reserve Bank of New York.

However remote may be the possibility of criticism in the event of difficulties arising in connection with these investment securities, I nevertheless feel that the interests of the reserve bank will be best served by arranging with our Directors that they eliminate any reference to the

Pierre Jay, Esq.

August 25, 1916.

Federal Reserve Bank in advertisements of this character.

While in London recently, I took the opportunity to inquire as to the custom there in regard to these matters and was told that not only in the case of the Directors of the Bank of England, but as to the directors of any of the prominent banks of London, serious criticism would arise were the name of a banking institution used in this way.

Doubtless no consideration has been given by any of our directors to this matter and if you think it wise to bring up the subject, I am sure they will agree with the views which I have expressed.

Very truly yours,

Pierre Jay, Esq.,  
Chairman Board of Directors,  
Federal Reserve Bank,  
Equitable Building, New York City.

BS Jr/VCM



98

Estes Park, Col.,

August 25th, 1916.

Dear Mr. Jay:

It is now nearly three months since I was first incapacitated from attending to my duties at the bank and I have been out here nearly two months. In view of the fact that it has been necessary to temporarily fill my place at the office, I do not feel justified in continuing to draw my salary as an officer of the bank and am writing to ask you to take such action as may be appropriate to cover the situation.

Of course it is anomalous for any bank officer to hold his position when quite incapacitated from performing his duties and in the case of a Federal Reserve Bank, it seems to me unwise to risk the criticism by my being continued on the payroll.

I need not assure you of my deep appreciation of the action of the Directors in giving me this long leave of absence.

Very truly yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

96  
Estes Park, Col.,

August 25th, 1916.

Dear Mr. Jay:

Your letter of the 11th, bearing evidence of preparation on the installment plan, reached me last night, and I was delighted to get all the news of your holiday, and particularly, by the same mail, a letter from Mr. Treman saying that you are looking very well and sufficiently fit to tackle the subject of interlocking directors. You have my deepest sympathy.

As a matter of fact, I have done very little work out here, and freedom from interruption enables one to cover much more ground than is possible in our busy office.

It would have been a great pleasure to have had a visit with you out here on your way home, but I realize it could not be arranged. At the risk of upsetting office plans, I may later on take you at your work and try to coax you out here for a little visit. It really is not such a bad trip when the weather is not too hot.

Your vacation took you partly over ground that I have visited and found delightful in every way, but traveling as you did does not strike me as a very restful holiday.

Pierre Jay, Esq.

August 25, 1916.

What you say about our work at the office gives me no end of pleasure and I suppose we are all selfish enough to feel gratified when we hear that we are missed. It has long been apparent to me that everything accomplished at the office has been made possible by our complete accord and by the absolute lack of friction of conflicting purposes, and as I have repeatedly said, you and Curtis have really done the lion's share of the work, while I get the credit. It will be a great joy to be back with you, and for the first time in my life, I am really making an effort to take care of myself.

The order respecting the postmasters was a silly fiasco, and it is gratifying to feel that the Governors were on record as opposing any such drastic measures. You and I are also in accord about the gubernatorial situation in Washington. It is impossible to see how anybody can be pleased, and the only thing accomplished is the establishment of the principle of rotation. Harding, as you say, has more punch than Hamlin, but now and then he is erratic and again he is absolutely cryptic. Either Delano or Warburg would have made a better leader.

I share your worry about the epidemic in New York. Two of my kids are going to be here Sunday and I may hang on to them until matters clear up in New York. At any rate, I will keep my little girl here all Winter. If I were you, I would put those girls of yours somewhere out in the country until the city was absolutely safe. Cold weather is supposed to stop it, but the doctors seem to know very little about the real cause of the trouble.

Pierre Jay, Esq.

August 25, 1916.

We are expecting to hear Hughes speak here next week. I agree with you regarding the opening of his campaign, and his speech of acceptance did not impress me at all. On the other hand, he has put more punch into the campaign now and if he will only wind up with some suggestion of a constructive program, he may have a chance of election. I have been surprised at the expressions of disapproval of Wilson's administration heard here from men coming from all parts of the country. While they do not seem to be particularly enthusiastic about Hughes, most of those with whom I talked have some grudge against Wilson and are likely to vote accordingly.

My other letters to the office contain all the recent news of my doings here and I won't repeat in this letter.

Write me now and again and I will surely do the same.

The two letters enclosed explain themselves. The one regarding our directors you may decide to "san", but I really feel that the time has come to deal with the subject mentioned.

With warm regards and many thanks for your letter and many other things, I am,

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS Jr/VCM

98  
Estes Park, Col.,

Sept. 1, 1916.

Dear Mr. Jay:

During your absence, I have had a little correspondence with Mr. Treman and one or two letters from Warburg in regard to our office organization. One suggestion I sent Mr. Treman was to give Cann an opportunity to do a little work in our new foreign business if we started this Fall possibly employing in addition, a man from the Assay Office, the mint or the Subtreasury, who was thoroughly acquainted with gold coinage, etc. This suggestion may not be feasible. Warburg's idea is that we should get Aiken to come to New York as Deputy Governor, and there are many advantages to be seen in that plan. Another suggestion, which also appeals to me strongly, is to have Kains come to New York as Deputy Governor, if he will, which I doubt.

We have got to look at the matter from different points of view. If we should determine to do a large foreign business, we would need a man like Kains; if the business were of little importance, possibly Cann could handle it. On the other hand, if it seemed unlikely that I would return permanently, Aiken might be the best man to take into the organization. Just yet, I do not feel that my own mind is fully made up on this important subject, but it ought to be in course of consideration and

To Pierre Jay, Esq.

Sept. 1, 1916.

discussion so I am writing this with the suggestion that you and Mr. Treman, with Mr. Warburg and Mr. Curtis, talk it over from time to time and if you feel like doing so, let me have your own views.

After a week's upset, I am feeling a good deal improved and hope from now on to keep up with mail. There is quite a little accumulation, but none of it of much importance.

Please don't forget to write me about the Clayton Act matter. If I can give you any hints or suggestions about these New York bankers and their affiliations, I will be mighty glad to do it or anything else that would help to solve that puzzle of "substantial" competition and what it really is.

Please give my regards to all the boys. I have letters from a number of the officers which will be answered shortly and I can assure you that they are very gratefully received.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

CLASS OF SERVICE DESIRED

Fast Day Message	
Night Letter	<input checked="" type="checkbox"/>
Message	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

Receiver's No.
Check <u>98</u>
Time Filed

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

Estes Park, Colo., Sept. 8, 1916. 191

Pierre Jay,

Federal Reserve Bank,

Equitable Building, New York.

Telegram received. The only kinds of business of trust companies and national banks which require consideration in determining competition are deposits, foreign exchange and open market loans including commercial paper. Stop. As to deposits generally speaking, I believe the trust companies get a class of business which national banks cannot handle because trust companies have special earning capacity and lower reserve requirements which enable them to pay higher rates for dormant accounts for which they make no promise of lines of accomodation, whereas, national banks in general allow less interest and give promise of other accomodation. Stop. In my experience, most big accounts carried with trust

SENDER'S ADDRESS FOR ANSWER

SENDER'S TELEPHONE NUMBER

## ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for comparison. one-half the unrepeatable telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the amount received for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure telegrams.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram, whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.
4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.
7. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in accordance with all the foregoing terms.
8. No employee of the Company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### FAST DAY MESSAGES

A full-rate expedited service.

### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

*No employee of the Company is authorized to vary the foregoing.*

### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressee, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

*No employee of the Company is authorized to vary the foregoing.*



CLASS OF SERVICE DESIRED	
Fast Day Message	
Day Letter	
Message	
Night Letter	
Patrons should mark an X opposite the class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.	

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.

Check

Time Filed

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Sept. 8, 1916.

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To Pierre Jay.

companies are inactive reserve accounts at high rates of interest and the same depositors carry their active commercial accounts at lower rates of interest with national banks. Stop. As to foreign exchange, it is the most competitive business done by the New York banks. Stop. The only point where this business competes is in buying long bills. Stop. All other operations are simply swapping checks with no effect on credit transactions. Stop. Generally speaking, the trust companies and private bankers buy larger quantities of long bills than the national banks. Stop. ~~Generally speaking, the trust companies and private bankers buy larger quantities of long bills than the national banks.~~

As to street loans, competition is universal between all lending institutions in the Wall Street district and indirectly so as to many others which make loans through Wall Street correspondents. Stop. This character

SENDER'S ADDRESS FOR ANSWER

SENDER'S TELEPHONE NUMBER

## ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for comparison. For one-half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR AS SUCH in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the amount received for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in transmission or omissions in telegrams.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram, whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.
4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.
7. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.
8. No employee of the Company is authorized to vary the foregoing.

**THE WESTERN UNION TELEGRAPH COMPANY**  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

### CLASSES OF SERVICE

#### FAST DAY MESSAGES

A full-rate expedited service.

#### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

#### DAY LETTERS

A deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

*No employee of the Company is authorized to vary the foregoing.*

#### NIGHT LETTERS

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#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

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SERVICE DESIRED	
Day Message	
Over	
Message	
Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.
Check
Time Filed

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

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Sept. 8, 1916.

191

To Pierre Jay

of competition I believe is negligible as it cannot possibly be controlled through interlocking directors. Stop. As to commercial paper, the business is so highly specialized, and rates so largely controlled by brokers that I do not consider there is any competitive situation to be dealt with. Stop. This is almost equally true of time collateral loans. Stop. Such little competition as exists between institutions having security departments is in my opinion negligible. Stop. Joint purchases by competitors of large security issues is in the public interest and necessary. Stop. With this very general classification believe business done by each institution must be considered in order to do justice.

Benj. Strong.

SENDER'S ADDRESS  
FOR ANSWER

SENDER'S TELEPHONE NUMBER

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1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the amount received for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cities or obscure telegrams.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram, whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.
4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.
7. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.
8. No employee of the Company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

### CLASSES OF SERVICE

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#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

*No employee of the Company is authorized to vary the foregoing.*

#### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

*No employee of the Company is authorized to vary the foregoing.*

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Estes Park, Colo.,

September 9th, 1916.

Dear Mr. Jay:

I received your telegram about Clayton Act matters too late to send a very early reply, but I hope my telegram of yesterday reached you in time to be of some service and was intelligible.

From my experience in the Bankers Trust Company, where our Board of Directors was made up of the presidents of almost every important bank in town, I am satisfied that there is much less competition between the well-managed trust companies and the national banks than would superficially appear to be the case. The principal reason for that I think can be traced back to the old state banking law which prohibited trust companies from discounting notes. The trust companies, with a few exceptions, rarely have taken accounts where they undertook to give regular lines of accommodation to their depositors, nor could they do this without violating the law as it stood three or four years ago because such unsecured loans as they made had to be in the shape of purchased paper.

The trust companies enjoyed so many sources of revenue that national banks did not enjoy, particularly, in their trust departments, etc., that they were able to pay higher rates of interest and bid for the reserve accounts of corporations and firms,

To Pierre Jay, Esq.

Sept. 9, 1916.

whereas, the national banks took the regular active commercial accounts and undertook to make loans when asked to do so.

Some of the most valuable business which we had at the Bankers Trust Company consisted of dormant accounts of customers of national banks who made it a practice of dividing their accounts, always, of course, expecting more interest from us because they got no accommodation.

I should say that this situation applied to such cases as the Farmers, United States, Union Central, Bankers, New York Trust, New York Life & Trust and others of that general character. It would apply also, but possibly to a slightly less extent, to the Columbia, U. S. Mortgage & Trust, Empire and Broadway. The Astor Trust Company, on account of having taken over the business of the old Astor National Bank, always did more or less commercial business, but their location up town really makes them non-competitive with the down town institutions. The Guaranty Trust Company does a larger commercial business than almost any of the other trust companies. It is, however, in my opinion, a fact that so far as deposits are concerned, the character of the business done by national banks and trust companies is quite dissimilar and competition is really much less than one would imagine. This, as explained in my telegram, is not the case to some extent in foreign exchange transactions. There is no such thing as competition in credit and in the handling of demand exchange and cable transfers. There is competition, of course, in buying long bills, which is

To Pierre Jay, Esq.

Sept. 9, 1916.

simply another form of extending credit. But no interlocking director situation has ever had the effect of reducing that competition, which is the keener of any department of the business and for years past, profits have been shot to pieces as a result of rate-cutting. The Guaranty, National City and Bankers Trust I guess do the largest foreign business of any institutions in New York, but the keener competition is between the Guaranty and the Bankers Trust, and the Guaranty and the National City. The City Bank and the Bankers Trust are rarely in contact, as they work along entirely different lines.

Again, the purchase of long bills is nowadays so much in the hands of brokers and middle men, (just as is the handling of commercial paper), that there is very little direct competition. Furthermore, the great mass of long bills originate in other sections of the country and not in New York, and most of the handlers of long bills, such as cotton and grain bills, in the South and West, have connections with different institutions and brokers in New York and sell their bills on rates which are quoted daily by telegraph and, of course, they always take the highest rates.

I do not consider that the competition which theoretically exists in making loans to customers is a factor in this business at all, and understand from your telegram that you have arrived at the same conclusion. This leaves for consideration only the so-called open market loans, that is to say, collateral time and call loans and purchases of commercial paper.

To Pierre Jay, Esq.

Sept. 9, 1916.

We cannot get away from the fact that all institutions compete in this general open money market, either directly where their offices are directly accessible to Wall Street, or indirectly, by making loans <sup>through</sup> ~~to~~ their correspondents. The keenest competition will always exist in this department of the business and it is the one place where the sun shines alike on the just and the unjust, the big and the little.

I understand that you take the view that each case must be judged on its own particular circumstances and Curtis takes the view that judgement must rest upon the determination of whether the two classes of institutions in general compete with each other. I am rather inclined to take the view that, on the whole, these two classes of institutions are not in very active competition, that they do a different class of business entirely, but that there are many exceptions to this rule; consequently, some consideration must be given to special cases. The special cases requiring consideration are the Guaranty Trust, Astor, Bankers, U. S. Mortgage & Trust, the Columbia Trust and Equitable Trust.

Speaking for the Bankers, I think competition in deposits is negligible, competition in foreign exchange is always present, but is not of a character that will affect the purposes of the Clayton Act.

Competition in street loans is equally present, but again does not affect the purposes of the Clayton Act. This is going further than the Board would be willing to follow, but it



To Pierre Jay, Esq.

Sept. 9, 1916.

is probably based upon a more intimate knowledge of the circumstances than anybody else have been able to acquire. I will be mighty glad to hear from you the result of this puzzling situation.

With kindest regards,

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCH

SERVICE DESIRED	
Day Message	<input type="checkbox"/>
Letter	<input type="checkbox"/>
Message	<input type="checkbox"/>
Letter	<input type="checkbox"/>

Should mark an X in the class of service desired: **USE THE TELEGRAM TRANSMITTED AS A DAY MESSAGE.**

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.	
Check	9/16
Time Filed	

following telegram, subject to the terms  
of which hereof, which are hereby agreed to

Estes Park, Col., Sept. 11, 1916. 191

Pierre Jay,

Shoreham Hotel, Washington, D. C.

Your telegram delayed transmission. Stop. Your general conclusions and suggested plan impressed me most favorably. Stop. Believe such decision with advise for further observation will satisfy Congress and appeal to public opinion which is now more moderate than formerly. Stop. Specifically regarding foreign exchange principal institutions competitors are Guaranty, City and Bankers. Stop. Recent growth of foreign business by Commerce Bank of New York, Equitable Trust, Mechanics and Chase make them slightly competitive. Stop. Hanover, Park, Irving, Empire Trust, Farmers Loan do foreign business, but are not important factors. Stop. Outside, City, Bankers and Guaranty largest factors in foreign exchange are express companies and private bankers. Stop.

ANSWER

SENDER'S TELEPHONE NUMBER

## ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for comparison. Half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR IN ADVANCE. In consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the value of the telegram, or for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the value of the telegram, or for mistakes or delays in the transmission or delivery, or for non-delivery, of any telegram, beyond fifty times the value of the telegram, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in ciphering.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram, beyond the value of the telegram, or for the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is agreed upon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to ten per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary for transmission.
4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to make delivery for him for such delivery at a reasonable price.
5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to the Company by its messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the date of the telegram with the Company for transmission.
7. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to the foregoing terms.
8. No employee of the Company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH CO.

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### DAY MESSAGES

full-rate expedited service.

### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

### DAY LETTERS

Deferred day service at rates lower than the standard day messages as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the standard rate for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

Day Letters shall be written in plain English. Code language is not permissible.

This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to the sender.

This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and in full, notwithstanding any intervening events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night messages as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination when prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

## KIND OF SERVICE DESIRED

Day Message

Night Letter

International Message

Night Letter

Should mark an X opposite class of service desired; **WISE THE TELEGRAM WILL BE TRANSMITTED AS A NIGHT DAY MESSAGE.**

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.

Check

Time Filed

The following telegram, subject to the terms of check hereof, which are hereby agreed to

-2-

Sept. 11, 1916.

191

Pierre Jay.

Believe thorough analysis of character of business on basis my former telegram would disclose that Guaranty, City and Bankers with possible addition of Commerce, Equitable Trust, Mechanics and Chase are only ones now in substantial competition for purchase of long bills. Stop. Bear in mind that customers of banks requiring largest foreign ~~bank~~ exchange facilities always shop their business either directly with banks or through brokers. Stop. Hope your recommendations are adopted.

Benjamin Strong.

BS/VCM

SENDER'S ADDRESS  
ANSWER

SENDER'S TELEPHONE NUMBER

IX  
 Day  
 Key

## ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for comparison. Half the unrepeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the rate provided for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond the rate provided for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in ciphering telegrams.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is agreed hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to 100 per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary for international communication.
4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, act for him for such delivery at a reasonable price.
5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to the office of the Company's messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the date of transmission with the Company for transmission.
7. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in accordance with the foregoing terms.
8. No employee of the Company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### DAY MESSAGES

full-rate expedited service.

### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

### LETTERS

deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the standard rate for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

Day Letters shall be written in plain English. Code language is not permissible.

This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to the sender.

This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and in all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date outside regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

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Estes Park, Colo.,

September 13th, 1916.

Dear Mr. Jay:

You owe me a couple of letters, but I am going to forgive you for I know how closely engaged you have been.

I have a letter from Hendricks, also, the regular weekly office memorandum, in which considerable space is given to the loss of gold through the Gold Settlement Fund. It occurs to me to suggest that we might attempt through the Federal Reserve Board to require the other reserve banks to accept shipment of silver certificates and legal tender notes at their own expense whenever they pile up beyond a certain amount of exchange with us. I strongly suspect that many of the reserve banks are taking New York exchange for immediate credit at a discount, and if that is the case, they are simply making a profit out of us which they should either divide with us or else appropriate some part of it to relieve us of this difficult situation. It leads to an accumulation of "chicken feed" money.

I could draw a pretty picture of the consequences to the reserve system of a combination of a discount on New York exchange in the interior and adverse exchange with, say, London, in which case, we would be shipping gold both East and West at the same time and in payment would be getting silver certificates and U. S. notes through the Clearing House. Furthermore, whenever a real panicky

To Pierre Jay, Esq.

Sept. 13, 1916.

situation arises like the one in the Fall of 1914, exchange on New York is liable to be at a discount at the same time sterling is at a premium. Our \$160,000,000 of gold reserve would vanish like a snowfall we had here the other day. Our only remedy, of course, in such an extremity would be to put the brakes on and absolutely decline to settle balances except by direct shipment of such currency as we have. Warburg expects to be out here on the 25th and 26th and I am going to have a long talk with him about it. This is just to keep things stirred up at both ends of the line.

Thank you for the copy of your letter to Mr. Tremen. I surely hope you keep well and don't overwork too much.

Your telegram sent from New York at 3:30 P. M. Sunday, presumably as you were taking the Congressional Limited, did not reach me until after luncheon on Monday. It took a little while to get up a reply so I sent it regular way to the Shoreham Hotel and telegraphed Warburg that there was a telegram awaiting you there. I hope you got it in time. Possibly, I am justified in collecting \$9.85, the cost thereof, particularly as I am expecting to live on short rations this Winter.

Let me know how you made out on the Clayton Act matter.

With warmest regards to you and the others at the office, I am,

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

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Estes Park, Colo.,

September 15th, 1916.

Dear Mr. Jay:

Thank you for your telegram of the 14th about the inter-locking directors. I am terribly disappointed that the Board differentiated between \$150,000,000 and \$200,000,000. It just makes the difference between something that will be accepted as broadminded and something that will fall a bit short of that. Besides that, it more than doubles the number of kickers that are created.

However, the conclusion is better than might have been expected a year or two ago and this is one of the things that will be forgotten as soon as readjustments are effected. What pleases me the most is to realize that the backbone of the work in this puzzling matter is broken and you are not going to be driven distracted by this question again.

My best regards, and congratulation on your success.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

RS/VGM



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BENJAMIN STRONG  
Estes Park, Colorado.

September 16th, 1916.

Dear Mr. Jay:

The officers report of September 7th just received refers to Mr. Kenzel's suggestion of selling some of our U. S. one year notes. The only object stated was that of familiarizing the banks with the security; in other words, to get them known by the Street.

I think the disadvantages far outweigh the advantages. Every one knows, at least, all well-informed bankers know that these one year notes of the Government are held by us under a contract by which we must renew them at maturity, and for the comparatively slight advantage of advertising the security, we put ourselves in the position of borrowing money in the market at 3 %, or thereabouts. It would, I am sure, appeal unfavorably to some of the conservative bankers; furthermore, it costs us just so much money which just now we can ill afford to lose. I am sorry to disagree with so many authorities, that is, you, Mr. Morgan and Mr. Woodward. So far as the security itself is concerned, we might give it a little publicity through some of the newspaper boys who might find it interesting some day to fill up a column by writing a description of this note, and point out the functions it may later perform with a more complete development of the system.

To Pierre Jay, Esq.

Sept. 16, 1916.

Possibly, if some of the other reserve banks want to sell their notes, some object might be accomplished by selling for them, but on the whole, at the moment, I would advise the other banks against pursuing that policy.

I am glad you decided not to go to Kansas City under contract to make a talk that would be exceedingly unsatisfactory to you and probably equally unsatisfactory to your audience. These five minute discussions are ridiculous when applied to such subjects as the collection system.

The field of debate laid out in the program as printed in the Chronicle just received, emphasizes very strongly the necessity for adequate representation by the reserve banks and I am glad to be advised that quite a number of the Governors expect to attend. Mr. Warburg's presence will, also, be important and as he will be here before the Convention, I will have a chance to urge him to stay over the session where these matters are being discussed.

I am mighty glad to note that you are in touch with Jack Morgan about the gold matter. So long as the note provision remains as it is and the operation of issuing Federal reserve notes is so expensive, we are tied hand and foot as to exercising any strong influence on the whole subject of gold reserves. It is a help, of course, to have Morgan and others turn in bullion checks so that we may dispose of our silver and legal tender notes, but beyond that we can accomplish nothing, except when we can acquire gold by issuing our notes. Warburg has prepared a very

To Pierre Jay, Esq.

Sept. 16, 1916.

elaborate address for Kansas City on this matter which I expect will call for yards of editorial from the Chronicle.

Best regards to all of you at the office.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

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BENJAMIN STRONG  
Estes Park, Colorado.

September 20th, 1916.

PERSONAL.

Dear Mr. Jay:

I have just received notice of the deposit of salary to September 15th and I am not going to sign the receipt for this because, as I previously wrote you, I do not think I am entitled to any salary or that the bank should take the responsibility of paying it. I hope my letter reached you in time to be acted upon at the last meeting. Of course, I know how busy you have been and it may have been overlooked.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

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BNEJAMIN STRONG  
Estes Park, Colorado.

September 20th, 1916.

Dear Mr. Jay:

I have written Sandy Noyes a letter as per enclosed copy, which explains itself. It seems to me much better to give them the information voluntarily rather than let them discover it and then possibly take occasion to jump on us for not having elucidated the mystery.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

96  
Estes Park, Colo.,

September 21st, 1916.

Dear Mr. Jay:

I see by the Chronicle of the 16th that they are still harping away on the note issue. I am just completing an article on that subject, being the first of those Warburg wanteddme to write, and as you doubtless know he contemplates taking it up in detail at Kansas City. I shall see him next Monday and ask him to go over this manuscript and if he sees no harm in it thought I would send it to you and see if we could not get our friends in the Times, or some other New York papers of respectability to publish it.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

PS/VCM

# WESTERN UNION NIGHT LETTER



GE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.

TIME FILED

CHECK

END the following Night Letter, subject to the terms on back hereof, which are hereby agreed to

Estes Park, Colo., Sept. 29, 1916.

*1312*

Pierre Jay,  
Federal Reserve Bank,  
New York City.

Telegram regarding French matter received. Stop. Same principle of neutrality would apply in this case as in other now under consideration. Stop. Believe safest course would be to submit proposal to Federal Reserve Board before giving definite answer to DeNeuflize. Stop. On receipt of translation will send suggestion for next move. Stop. Warburg doubts any action at Washington until after election. Stop. Do you see any objection to discussing both matters with Vanderlip?

Benj. Strong.

BS/VCM

## ALL NIGHT LETTERS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS

The Western Union Telegraph Company will receive not later than midnight **NIGHT LETTERS**, to be transmitted only for delivery on the morning of the next ensuing business day, at rates still lower than its standard night telegram rates, as follows: The standard day rates for ten words shall be charged for the transmission of fifty words or less, and one-fifth of such standard day rate for ten words shall be charged for each additional ten words or less.

To guard against mistakes or delays, the sender of a night letter should order it **REPEATED**, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated night letter rate is charged in addition. Unless otherwise indicated on its face, **THIS IS AN UNREPEATED NIGHT LETTER AND PAID FOR AS SUCH**, in consideration whereof it is agreed between the sender of the night letter and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any **UNREPEATED** night letter, beyond fifty times the sum received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any **REPEATED** night letter, beyond fifty times the sum received for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines or for errors in obscure night letters.
2. In any event the Company shall not be liable for damages for any mistakes or delay in the transmission or delivery, or for the non-delivery, of this night letter, whether caused by the negligence of its servants or otherwise, beyond the sum of **FIFTY DOLLARS**, at which amount this night letter is hereby valued, unless a greater value is stated in writing hereon at the time the night letter is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this night letter over the lines of any other Company when necessary to reach its destination.
4. Night letters will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, at his expense and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this Company concerning night letters until the same are accepted at one of its transmitting offices, and if a night letter sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the night letter is filed with the Company for transmission.

In further consideration of the reduced rate for this special "**NIGHT LETTER**" service, the following special terms are hereby agreed to:

- A. **NIGHT LETTERS** may at the option of the Telegraph Company be mailed at destination to the addressee, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such **NIGHT LETTERS** at destination, postage prepaid.
- B. **NIGHT LETTERS** shall be written in plain English. Code language is not permissible.
- C. No employee of the Company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

### TELEGRAMS

A full-rate expedited service.

### NIGHT TELEGRAMS

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the next ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less. Subordinate to the priority of transmission and delivery of regular telegrams. Must be written in plain English. Code language not permissible.

### CLASSES OF SERVICE

Telephonic delivery permissible. Day Letters received subject to express understanding that the Company only undertakes delivery of the same on the day of their date subject to conditions that sufficient time remains for such transmission and delivery during regular office hours, subject to priority of the transmission of regular telegrams.

### NIGHT LETTERS

Accepted up to midnight for delivery on the morning of the next ensuing business day, at rates still lower than standard night telegram rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less. Must be written in plain English. Code language not permissible. Mail delivery, postage prepaid, permissible.



Ester Park, Colo.,

September 29th, 1916.

Dear Mr. Jay:

The weekly report of September 21st also contains some newspaper clippings, one being a half column from the Evening Mail about a talk that W. C. Forbes gave at some dinner party about our interview with Lord Kitchener. I had always had a great respect for Cameron Forbes' judgement and ability, but after having seen quite a little of him in London and heard of some of his performances since returning from Europe, he strikes me as being a great blunderer.

The interview with Kitchener was the result of a long talk that Kitchener had with Fred Wolcott who was over there representing the Rockefeller Foundation. Kitchener's aide, Colonel Fitzgerald, called me on the telephone and asked if I would stop at his office and bring Cameron Forbes with me, which I did, and we had an exceedingly interesting talk with him. After leaving, Forbes thought it would be a good plan to write out the interview. He dictated the account, and I went over it and made some changes, and then we agreed that the best thing we could do would be to "can" it. Since coming home, at least half a dozen men have spoken to me of this interview and now Forbes has finally succeeded in getting in in the press. I do not know whether he wants to advertise himself, or whether he is just a plain indiscreet fool. It made me mad to read the article.

To Pierre Jay, Esq.

Sept. 29, 1916.

The same weekly report contains Mr. Jefferson's account of the mistake that was made in the account of the Gold Settlement Fund. This illustrates the importance of our recommendation made nearly a year ago that the Agent's Fund and the Bank's Fund be separated physically as well as on the books. Don't you think this can be brought about so as to avoid any chance of dispute as to who might be liable for any loss incurred? This error demonstrates that the present system is bad.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

Estes Park, Colo.,

September 29th, 1916.

Dear Mr. Jay:

Yours of the 23rd giving details about the Clayton matter has been read with very great interest indeed. The letter ended so abruptly I can imagine you grabbing your hat and running as the last word was dictated. I am returning all the data herein.

Your apologies about answering my letters are accepted. I know how busy you have been and away constantly. I would like to hear from you as soon as possible about Mr. Towne and other matters about which we have been corresponding.

On the whole, I expect the best was done with this situation that could be arranged. One thing I had overlooked in our exchange of telegrams and that was the extent to which the un-~~der~~locking had already taken place, which is strongly brought out by your memoranda. The private bankers and the First National group seem already to have complied with the law to such an extent that the further retirements forced by the present ruling may in some cases appear to be a distinct hardship. But then these New York men are insatiable and were bound to kick anyway. As to the private bankers, I am convinced that the law must be amended. Warburg explains the many difficulties which he encountered with his associates and I expect even greater difficulties will be encountered if we recommend an amendment to the Clayton Act to put private

To Pierre Jay, Esq.

Sept. 29, 1916.

bankers on the same footing with national bank directors. No other plan, however, will get the big New York trust companies and I hope shortly to be able to send you something along this line.

Best regards to all at the office.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

# WESTERN UNION



# TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.

Check

Time Filed

Message

Letter

should mark an X opposite class of service desired; OTHERWISE THE TELEGRAM BE TRANSMITTED AS A FAST DAY MESSAGE.

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

Estes Park, Colo., Oct. 3, 1916. 191

To Pierre Jay,

Federal Reserve Bank, New York City.

After full discussion Vanderlip and I believe Woodward's reelection preferable to any other course notwithstanding desirability of later establishing principle of rotation when bank is fully organized and general policies thoroughly established. Stop. If Woodward positively declines, my personal belief is that Vanderlip would prove most valuable director, but as we should not have officer of Clearing House on our Board, Alexander, upon his retirement from Clearing House is best choice. Stop. Reelection of Woodward can be upon theory that directors whose original terms expired in less than three years lose opportunity to complete service unless reelected. Stop. If both Woodward and Towne decline reelection interests of Northern New Jersey must be considered. Stop. I heartily agree your views about Advisory Councilman and Vanderlip sees no objection.

BS/VCM

Benj. Strong.

SENDER'S ADDRESS ANSWER

SENDER'S TELEPHONE NUMBER

## ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for one-half the unrepeatable telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND IT IS IN CONSIDERATION WHEREOF IT IS AGREED BETWEEN THE SENDER OF THE TELEGRAM AND THIS COMPANY AS FOLLOWS:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond that received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times that received for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in telegrams.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is written hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach destination.
4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities and towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.
7. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to the foregoing terms.
8. No employee of the Company is authorized to vary the foregoing.

### THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### FAST DAY MESSAGES

A full-rate expedited service.

### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

*No employee of the Company is authorized to vary the foregoing.*

### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressee, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

*No employee of the Company is authorized to vary the foregoing.*

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Estes Park, Colo.,

October 4th, 1916.

Dear Mr. Jay:

Vanderlip and Trumbull are here and I am enjoying their visit very much. We discussed the directorship matter and the re-election of the Advisory Councilman at great length and Vanderlip seemed very clear in his mind that it would be a mistake this year not to re-elect Woodward. He, also, sees no objection to the reappointment of Mr. Morgan. The whole conversation is pretty well summarized in my telegram of which copy was mailed you.

I do not think that any change can be made in the directorship without an effort to secure representation for Northern New Jersey, that is to say, so far as our advice and counsel is sought by the member banks we should point out that New Jersey is really entitled to one director.

Don't let those bankers come in and take all of your time. I think you are altogether too easy with them, particularly with the ones who drop in from up-country.

Best regards to all at the office.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

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Estes Park, Colo.,

October 5th, 1916.

Dear Mr. Jay:

Your telegram advising of Mr. Locke's proposal to present a resolution with the object of changing the policy of the bank in purchasing acceptances is duly received.

I have talked the matter over with Vanderlip very fully. He says that if it was solely a question of extending or withholding the advantages of the System to or from state banks, he would be opposed to buying bills without the endorsement of member banks. The same would apply to private bankers' bills. He thinks that the state banks are in a position to indirectly reap most of the advantages of the System without carrying their share of the burdens. On the other hand, he is very strongly in favor of bending every energy to the development of the acceptance business, and particularly, the opening of foreign credits which he and I both believe will afford us some protection against gold export when the war ends. He also appreciates the value of the arrangement now in force for preventing demoralization in the New York market. At the conclusion of our discussion, he expressed himself as being entirely contented with any policy which we decided to adopt in this matter. Possibly, I had better summarize again the views I think you know I hold very strongly:



To Pierre Jay, Esq.

Oct. 5, 1916.

1. This matter should be viewed from a national aspect and not in the narrow and partisan aspect of attempting to repress the activities of state banks and private bankers in order to promote the business of member banks. If no emergency had arisen such as the war, I might feel differently about it. This war period gives us the <sup>an</sup> ~~one~~ opportunity such as will never again arise to establish American bankers in foreign markets and to get a grasp upon the commercial credits under which the world's commerce is conducted, and the object to be attained in a national sense is to get the largest share of the business possible <sup>in the shortest possible time</sup> without regard to whether it is handled by state banks or national banks and defer all discrimination as between the two classes of bills during the period in which we are building up this new business field.

2. A very large volume of foreign credits will be a great protection to the country if we suffer the inconvenience and possible danger of a long period of adverse exchanges. When the war broke out, England, by cancelling these credits or by reducing them, drew gold from every part of the world. In the same way, in 1907, the American situation put such a strain upon the Bank of England that rates were sharply advanced and credits extended by English bankers throughout the world were cancelled or curtailed, money flowed to London for investment in bills and, as I recall, Mr. Withers states in one of his books that England drew gold from 17 different countries in order to meet the drain which was imposed upon her by the United States and which was caused, not by high discount rates, but by a premium on gold such as we

To Pierre Jay, Esq.

Oct. 5, 1916.

may be facing with conditions reversed when the war is over. The object to be attained at present is to create volume.

3. It would be unfortunate for our directors to change the bank's policy after having concluded arrangements with private bankers which were, in fact, based upon the policy which we have followed to date. It was a considerable achievement to effect arrangements with all the principal private bankers in New York to get the information necessary to make their bills eligible. If we now declared that their bills are no longer eligible without the endorsement of member banks, it would put us in the light of having indulged in a species of trickery, and would probably justify their withdrawing from the arrangement.

4. If the Federal Reserve Bank of New York discontinued purchasing these bills, there is not the remotest possibility that we could persuade the other reserve banks to adopt the same policy or even impose it upon them. The consequence would be that unless we discontinued acting for them, we would still be buying these same bills, probably just as many as at present, only in the division we would not take any of them ourselves. Our policy would be one of form and not of substance; the alternative would be to decline to represent the other reserve banks in purchasing this particular class of bills; we would reopen the situation as to the New York market; they would be forcing their money without any cooperation into our district and instead of being able to maintain some discrimination in rates between the bills endorsed by members and those not endorsed, we would be very likely to see them all sold on the same basis and the situation would be worse than it is now.

To Pierre Jay, Esq.

Oct. 5, 1916.

I am very sure that this would be opening wedge which would break down our investment arrangement which has protection, not only to the New York Reserve Bank, but to all of our member banks and the money market generally. Our operations are constantly growing in size and importance and we cannot afford to risk the loss of prestige which would result from the abandoning of our present plan.

5. We must not overlook the question of earnings. We already owe our stockholders in excess of a million dollars in dividends and I would be reluctant to see the bank continue to run behind any faster than it is at present.

6. In conclusion, it is well to consider what the law really intends and whether action as proposed might not be suspending the operation of the law in one respect and defeating an object it was designed to accomplish. The provision authorizing the reserve banks to buy these bills in the open market certainly meant something. I think it meant ( and in this I am supported by the records of the hearings prior to the adoption of the bill), that the reserve banks should be given broad latitude in buying eligible bills in the open market, not only for the purpose of protecting their earnings, but for exerting an influence upon money rates and through that in bringing an indirect influence to bear upon imports and exports of gold. If the law intended, as I believe it did, that we should exercise these powers as part of our routine business, why then should the directors of our bank now determine that their exercise was unwise in the interest of the

To Pierre Jay, Esq.

Oct. 6, 1916.

member banks? This is one place where the statute seems to have recognized that we have a dual system of banking, half state and half national and that the importance of the state system as well as the business of private bankers, must be recognized as part of the country's banking machinery.

It would be most unfortunate in my opinion if this action was taken at the present time. No one feels more strongly than I do the necessity for bringing the state banks into membership. This will accomplish nothing in that direction. It will cause a good deal of irritation and complaint. After the state institutions have been given every opportunity to form their own judgement of the value of the system, if they then do not take membership, I think the Federal Reserve Board and the Federal Reserve Banks should join in asking Congress to force them in. There are lots of ways in which this can be done and I am in favor of recommending that it be done at the proper time. That object will not be promoted by the kind of discrimination suggested.

I hope I have not written too strongly about this, but I am sure you realize how extremely embarrassing it will be for all of us in the Bank if we had to withdraw from the arrangements entered into in good faith and upon the basis of which some firms and institutions are undertaking to develop the acceptance business.

Very truly yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

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Estes Park, Colo.,

October 6th, 1916.

Dear Mr. Jay:

I really have not answered yours of the 22nd and 27th owing to my time having been so much occupied with Vanderlip and Trumbull with whom I have had a delightful visit, saving myself, however, by cutting out practically all mail and other work while they were here. We have driven through the Park, loafed, chatted and endeavored to settle the affairs of the nation, with the usual success. This afternoon, we are all going to Loveland where I shall spend the night on Mr. Trumbull's car, tomorrow morning going to Denver to attend the luncheon of the Mile High Club, which will be addressed by Vanderlip and Trumbull.

[Philips]

Grandin starts for school on Sunday armed with a bundle of health certificates quite unnecessary for any health officer who takes the trouble to look at him. He is as husky as a young bear.

✓

On the 13th, I shall probably move to Denver, stopping two days at the Brown Palace Hotel, leaving the bother of packing to the other members of the party. We will be settled in the new house on the 15th.

Mr. Morgan's conversion is a very important thing. He has, as you say, been wedded to the Bank of England idea, but I

To Pierre Jay, Esq.

Oct. 6, 1916.

surmise that his conversion is as much due to various discussions in England looking to the abandonment of the Bank of England idea, as it is to our urgency that the American idea should be adopted. We are going to see important changes in the English banking system after the conclusion of the war. Their note issue without doubt will be made an elastic one and the change, I believe, will include the very ideas which we have been discussing for Federal reserve note issues. Why can't we learn our lessons without having a war, panic or conflagration?

I have written about Mr. Morgan's reelection as a member of the Council. Also, about the directorships.

The Bank of France matter can await my return from Denver, and then I will try to write you fully and carefully on that whole subject.

I have discussed both the English and French arrangements with Mr. Vanderlip, who is thoroughly in accord with the plan. He thinks this is the opportunity to make satisfactory arrangements while and that, the amount of business which we would do would have no considerable effect on the exchanges, it would be of great value in future years, and of course, give the System added prestige.

I am awaiting with interest a letter from you giving me Mr. Woodward's views.

About the Ladenburg & Thulman statement, I would suggest some caution in the matter without a very full statement. A good deal of money was withdrawn from that firm; first to the Ladenburg

To Pierre Jay, Esq.

Oct. 6, 1916.

estate, as I recall, and financial strength of late years has been considerably due to strong connections abroad which may have been impaired somewhat as a result of the war.

This is about all the news. Don't work too hard and write me when you have a chance.

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

Dictated by Mr. Strong but  
signed in his absence.

PERSONAL.

Estes Park, Colo.,

October 6th, 1916.

FILING CLERK

DEC 11 1917

Dear Mr. Jay:

I have delayed too long I fear in regard to writing you of one matter that is much in my mind, - that is our office organization. There is still, as you realize, sufficient doubt about my ability to get into harness again, at any rate, to stay in after I return, or still further, to pull my share of the load so as to justify considering what ought to be done. I have no hesitation in expressing my views to you with the utmost frankness and I wish you would consider this letter quite confidential.

We should have a permanent Deputy Governor. For a time, I rather favored trying to get Kains, but am now disposed to abandon that view, believing that such business as we might have abroad would not be of a character to require the services of a good foreign exchange man, the principal part of that work being directly managed by the Governor or Deputy Governor of the bank. We want a Deputy Governor who might be qualified in time to become Governor of the bank. The question is whether the whole organization ought to be changed in some way, or whether we should simply invite some good man in from the outside, and I have concluded that the best man available is Aiken. The subject has not been broached to him, of course, but I have thought about it a good deal during the past



To Pierre Jay, Esq.

Oct. 6, 1916.

year or more and really think that he is the man. He is well-known in New York, has a splendid presence, is loyal to the System to a degree, and has as broad a view of the work as any in the organization. This is a matter which is at present in the hands of a Committee of the Board and I believe that the time has come when we ought to discuss this matter seriously and see whether something cannot be done in the near future. It would be a great relief to Mr. Treman who must be under heavy pressure to attend to the work at the bank and at the same time look after his own interests at home.

May I suggest that if the Committee sees no objection, you take the first opportunity to talk it over personally with Warburg?

With warmest regards and hoping to get some of those promised letters pretty soon, I am,

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

Dictated by Mr. Strong but  
signed in his absence.

# WESTERN UNION



# NIGHT LETTER

Form 2289

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GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	CHECK
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SEND the following Night Letter, subject to the terms on back hereof, which are hereby agreed to

Estes Park, Colo., Oct. 6, 1916.

Pierre Jay,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

Telegram regarding acceptance received. Stop. Am writing fully giving Vanderlip's views and mine.

Benj. Strong.

BS/VCM

## ALL NIGHT LETTERS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

The Western Union Telegraph Company will receive not later than midnight **NIGHT LETTERS**, to be transmitted only for delivery on the morning of the next ensuing business day, at rates still lower than its standard night telegram rates, as follows: The standard day rates for ten words shall be charged for the transmission of fifty words or less, and one-fifth of such standard day rate for ten words shall be charged for each additional ten words or less.

To guard against mistakes or delays, the sender of a night letter should order it **REPEATED**, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated night letter rate is charged in addition. Unless otherwise indicated on its face, **THIS IS AN UNREPEATED NIGHT LETTER AND PAID FOR AS SUCH**, in consideration whereof it is agreed between the sender of the night letter and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any **UNREPEATED** night letter, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any **REPEATED** night letter, beyond fifty times the sum received for sending the same, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of its lines: *nor for errors in obscure night letters.*

2. In any event the Company shall not be liable for damages for any mistakes or delay in the transmission or delivery, or for the non-delivery, of this night letter, whether caused by the negligence of its servants or otherwise, beyond the sum of **FIFTY DOLLARS**, at which amount this night letter is hereby valued, unless a greater value is stated in writing hereon at the time the night letter is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this night letter over the lines of any other Company when necessary to reach its destination.

4. Night letters will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning night letters until the same are accepted at one of its transmitting offices, and if a night letter is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the night letter is filed with the Company for transmission.

In further consideration of the reduced rate for this special "**NIGHT LETTER**" service, the following special terms are hereby agreed to:

A. **NIGHT LETTERS** may at the option of the Telegraph Company be mailed at destination to the addressee, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such **NIGHT LETTERS** at destination, postage prepaid.

B. **NIGHT LETTERS** shall be written in plain English. Code language is not permissible.

C. No employee of the Company is authorized to vary the foregoing.

**THE WESTERN UNION TELEGRAPH COMPANY**  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT TELEGRAMS

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the next ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less. Subordinate to the priority of transmission and delivery of regular telegrams. Must be written in plain English. Code language not permissible.

Telephonic delivery permissible. Day Letters received subject to express understanding that the Company only undertakes delivery of the same on the day of their date subject to conditions that sufficient time remains for such transmission and delivery during regular office hours, subject to priority of the transmission of regular telegrams.

### NIGHT LETTERS

Accepted up to midnight for delivery on the morning of the next ensuing business day, at rates still lower than standard night telegram rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less. Must be written in plain English. Code language not permissible. Mail delivery, postage prepaid, permissible.

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Estes Park, Colo.,

October 11th, 1916.

Dear Mr. Jay:

I was delighted to find yours of the 4th awaiting me on my return from Denver.

I have already answered fully the questions of directorship rotation, etc., but was rather brief about Mr. ~~W~~<sup>M</sup>organ's reelection. There is very little to say. I think Mr. Vanderlip would be glad to serve on the Council and if Mr. Morgan's reelection should not be desirable, I hope Mr. Vanderlip will be elected, and then some strong New York banker, say Mr. Alexander, to take Mr. Woodward's place, although I really believe (as I wrote you), that Mr. Woodward should be reelected. He has not yet served his full term.

You will be obliged to advise the Committee of the National Bank Section rather promptly in regard to the attitude of retiring directors. I hope Mr. Towne will accept reelection, but if he finally declines, his place, it seems to me should be filled from Northern New Jersey. I am convinced that both Mr. Woodward and Mr. Towne should remain on our Board.

About my salary - whatever the Board determines to do is entirely satisfactory to me. I cannot afford to be embarrassed, nor can the bank, by any criticism which might arise if I remain absent as long as now seems likely and collected my full salary

To Pierre Jay, Esq.

Oct. 11, 1916.

during all this period and then, contrary to all expectations, fail to resume my work at the bank. The bank should not pay me one more cent than I should receive from such work as I am able to do out here. There are all sorts of possibilities of embarrassment in the situation and it was on that account that I asked Warburg to see Dr. Sewall himself. If the Board is really convinced that half pay is justified, that is of course, satisfactory to me. I would be equally satisfied to draw no salary at all, particularly as I have been on the point half a dozen times of abandoning any thought of return, and take up some line of work which would help you fellows, but would still impose no obligation on me. If the Board's action was fully considered and no objection developed, it is of course satisfactory to me, but if any objection arises there in New York or in Washington, please ask the directors to discontinue it entirely.

Won't you convey to the Board in my behalf my thanks for the patience and consideration which they have displayed in this matter? They have done more than could be expected of any Board of Directors, and add to my feeling of guilt at being away so long.

I have written fully about Mr. Locke's proposal, but in view of your letter and the proposal to let the vote go over in Mr. Treman's absence, have telegraphed you asking if this vote cannot be postponed until I can write Mr. Locke personally, which I will do to-morrow.

To Pierre Jay, Esq.

Oct. 11, 1916.

Have written Mr. Treman about the dividend matter and will not repeat here. I think we could afford to pay the dividend to July 1st, if the margin (as appears to be the case), amounts to \$10,000 or \$15,000, after charging off organization expense.

The discussion about private bankers should afford opportunity for discussion of an amendment to the Clayton Act. Has Curtis done anything about my letter on this subject? You might give him a punch along this line.

I am a good deal impressed, if you don't mind my saying so, with the fact that you are shouldering too much work at the bank. Please delegate more of it to your associates in your own interest, in the bank's interest and, selfishly, in mine. Make the machine do the work and you do the directing. It is impossible that, busy as you are, you should be preparing material for Clark Williams to make an address; and being in a frank mood, let me say that lots of people impose on you when you don't realize it and take lots of time which you have no business to donate to casual callers. You will be out here with me the first thing you know and your errand will unfortunately be the same as mine.

Best regards to you and success to your labors.

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

To Pierre Jay, Esq.

Oct. 11 , 1916.

P. S. Since dictating the above, yours of the 7th is received. It is too late to get off a telegram with any suggestions other than those already sent by mail. In Mr. Twene's place, if he insists upon retiring, I really think Northern New Jersey should have a director. They themselves, however, might agree upon Mr. Outerbridge, who would certainly make a good director, or it might be possible to get Mr. Frelinghuysen. In Mr. Woodward's place, the best suggestion by far is Mr. Alexander; next to him, Mr. Hepburn, although I believe that you will all agree what Mr. Vanderlip should be a director of our bank at the proper time, or a member of the Advisory Council, if Mr. Morgan retires.

I hesitated strongly about the Muller, Schall & Co. bills. It might be well to make a comparison of the original statement which they filed, with the new one and we should have some very specific information about their assets. I suggest your conferring with Gates McGarrah on the subject. There have been doubts expressed about the goodness of the firm and I know at least one case where one of the New York banks did not care to retain their account.

In regard to the Evening Post matter, I believe there is no objection to having the Clearing House give out figures in regard to our balances similar to those they give regarding other members of the Clearing House. Any details, however, should be obtained by the Post at our own office.

To Pierre Jay, Esq.

Oct. 11, 1916.

Congratulations on the result of your trip to Canandaigua.

Your letter about the State Department correspondence indicates that you were going to enclose a copy of a letter from the Department. It only covered a letter from Warburg addressed to you and copy of a letter which you addressed to Governor Harding, of the 5th and 7th respectively. I do not like the way that matter is going at all. Our whole foreign situation seems to be hung up pending dilatory procedure by the State Department and Warburg's prognosis of an adverse decision can be very readily dealt with by arranging for Mr. Curtis to meet Mr. Polk, as I understand Secretary Lansing is not very well. This is a matter which should be discussed informally before any formal ruling is made, and I sincerely hope that it will be done.

I shall write the Bank of England a letter that will keep the matter alive, of course, but it seems sort of a puerile position for a great institution to assume and I very much regret its necessity.

B. S.



WESTERN UNION  
TELEGRAM

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GEORGE W. L. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	CHECK
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SEND the following Telegram, subject to the terms on back hereof, which are hereby agreed to

Estes Park, Colo., Oct.10, 1916.

Pierre Jay,  
Federal Reserve Bank,  
New York City.

Have just received mail accumulated during few days absence in Denver. Stop. Suggest deferring vote on acceptance matter until next meeting unless strong objection made as would like to write Mr. Locke personally. Stop. Advise Hendrick's house. He is here.

Benj. Strong.

BS/VCM

## ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS.

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for comparison. For this, one-half the un-repeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID FOR AS SUCH, in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the sum received for sending the same, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure telegrams.

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram, whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.

4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is sent through such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.

7. *No employee of the Company is authorized to vary the foregoing.*

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED

NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT TELEGRAMS

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the next ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less. Subordinate to the priority of transmission and delivery of regular telegrams. Must be written in plain English. Code language not permissible.

Telephonic delivery permissible. Day Letters received subject to express understanding that the Company only undertakes delivery the same on the day of their date subject to condition that sufficient time remains for such transmission and delivery during regular office hours, subject to priority of the transmission of regular telegrams.

### NIGHT LETTERS

Accepted up to midnight for delivery on the morning of the next ensuing business day, at rates still lower than standard night telegram rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less. Must be written in plain English. Code language not permissible. Mail delivery, postage prepaid, permissible.

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Denver, Colorado,

October 18th, 1916.

Dear Mr. Jay:

I have just finished an article about our note issue and enclose a copy of it herewith. As usual, it does not suit me and I believe you have the same experience with similar efforts. Let me say, however, that I went over it with Warburg when he was here and later with Vanderlip, both of whom thought that it should be published. None of us, however, agreed as to just how or where. My personal inclination is to get the New York Times to publish it, which they doubtless would. They might object to running so long a story in one issue and you will find the article divided at page 10. Should it be necessary to divide it, use the page marked (2) which will show how the division comes and if not necessary to divide it, use the page marked (1).

I think my next choice of papers would be the Evening Post. On the other hand, you may have some other suggestions and I would glad of your own views, which please express very frankly. Won't you also send me any comments which may occur to you?

My idea in preparing it is to acquaint those who read the Chronicle and other papers that make a specialty of news of the Federal Reserve System, with some of the practical features of the law in its operation without, in this article, offering any suggestions of what is necessary in order to overcome what we believe to be defects in the law. Then I am proposing to prepare another article

To Pierre Jay, Esq.

Oct. 18, 1916.

giving a brief history and the legal status of gold certificates, silver certificates, United States notes and national bank notes, emphasizing the fact that through the instrumentality of these issues we have already inflated our currency far beyond that of any of the nations of Europe and that a thorough-going reform now necessitates putting all of this currency on a sound basis by assembling gold for its redemption. Naturally this would be brought about by the general conversion of national bank notes and greenbacks into Federal reserve notes <sup>and</sup> by the issue of Federal reserve notes against gold to provide adequate reserves and by the manipulation of the denominations in such a way as to force silver certificates into circulation as subsidiary currency, and gold and Federal reserve notes into bank reserves.

In connection with the same article, or possibly as a separate article, I thought of emphasizing the necessity of prompt measures to bring about this reform on account of our aspirations to become an international banking nation. The letter would be somewhat along the lines of a letter which I wrote Mr. Glass last August, of which I sent a copy to you or Mr. Treman.

I have tried to prepare the enclosed as "popular" stuff and it is not at all in shape for a magazine article. It might, however, if you think well enough of it, be reprinted so as to have a few copies distributed if anybody should ask for them.

Mr. Vanderlip is very much possessed with the idea that we should get some legislation at the next session of Congress. He feels a good deal of concern about our being unprepared to meet a

To Pierre Jay, Esq.

Oct. 18, 1916.

long continued drain of gold. I would feel the same way were it not that we have \$200,000,000 in "gold storage" which can be released for us by a very simple act of Congress, although it would be much better to have Congress act when no crisis exists rather than under the spur of critical times when alarm is generally increased by emergency legislation. ✓

If you and the others think it is worth while to publish this, I should like to see it printed as promptly as possible and if it is printed in one of the daily papers, say in the Times, won't you ask Miss Parker to get a goodly supply, have them cut out and sent me, so that I can have them for future use?

To-day's mail brings a nice long letter from you which I will answer to-morrow or next day.

Best regards to all at the office.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

4100 Montview Boulevard.

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Denver, Colorado,

October 18th, 1916.

Dear Mr. Jay:

Thank you for your telegram in regard to the postponement of Mr. Locke's resolution. I wrote him from Estes Park going over substantially the ground covered by my letter to you on that subject. I hope he does not press the resolution or if he does press it that the other members of the Board will stand as they have right along in favor of a broader policy.

I am going to take the liberty of dictating a general letter to you in a day or two about the work in the bank where in some particulars I think our system should be changed. In the meantime, I won't inflict you with a long one to-day.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

78  
Denver, Colorado,

October 20th, 1916.

Dear Mr. Jay:

Yours of the 10th with enclosures has been read with great interest. I also have your telegram advising that no action was taken at the Directors meeting on Wednesday in regard to the acceptance matter.

The clipping in regard to the introduction of checks in France does not give the most interesting detail on that subject. Under certain conditions, checks have been made legal tender in France and a certified check drawn on the Reichbank in Germany is now legal tender there. You doubtless saw the literature which I sent to the bank which was forwarded to me by Pallain, the Governor of the Bank of France.

We must not overlook one thing about developing this check business: France has not the facilities in the way of Clearing Houses, etc., for collecting checks even equal to those already in operation in Germany. Furthermore, any material reduction in the use of Bank of France notes will cause a corresponding increase in bank deposit liabilities and what they save in reserve requirements on one account will to some extent be lost on the other class of liabilities.

To Pierre Jay, Esq.

Oct. 20, 1916.

Warburg told of all the Clayton Act difficulties and you and he both have my sympathy. The bankers seem to have jumped to the conclusion that the Kern amendment relieved them of all their difficulties. It just seems to have transferred them to you and the members of the Board.

You are probably right about the proposed amendment to the Clayton Act about which I wrote Mr. Curtis. I will take another crack at it, but as you say, ~~it seems~~ very doubtful if anything can be done with Congress so long as Wilson is President, particularly, now that he has resumed his charge that Wall Street wants to run the matter and that they are conspiring to get control of the Federal Reserve System.

The Ladenburg & Thelman statement is rather better than I expected. The items which it might be well to discuss with Mr. Rosen and Mr. Guinness are the items of debtors and investments in stocks and bonds. In the analysis of the "debtors," unadjusted domestic accounts, the aggregate amounts to over \$1,500,000. Why do they call this "unadjusted"? Does it mean that there is any doubt of their availability or their ultimate collection? I should think the line authorized by the Board was conservative.

I am glad you took my lecture in good part, particularly as I am contemplating sending you some suggestions about the work of the office designed especially to make it easier for you to cover the ground.

There are two or three letters on your desk from me unanswered about which I would like to hear when you are in the



To Pierre Jay, Esq.

Oct. 20, 1916.

process of clearing your desk.

Please give my best regards to all the office and the same to yourself.

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

COOPY

# NIGHT LETTER

ORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

DEIVER'S No.

TIME FILED

CHECK

END the following Night Letter, subject to the terms on back hereof, which are hereby agreed to

Denver, Colo., Oct. 22, 1916.

Pierre Jay,  
Federal Reserve Bank,  
New York City.

Much appreciate your wire. Local papers indicate credit directly covers exports making such bills highly desirable method financing. Stop. Board should understand we have and will always exercise conservatism in lines we purchase. Stop. Board's proposed announcement would arouse great hostility, would interfere with perfectly legitimate transactions ever which they have no authority and excite ridicule. Stop. It would be well to inform bankers named just what is necessary to make bills eligible, insist that they must market bills so as to avoid any reliance on our purchases and that such purchases as we make will be limited and governed by our own needs and rules. Stop. This was done with both Brown and Bonbright credits. Stop. Announcement proposed might be construed as indicating we were parties to this or earlier credit negotiations, which is not the case. Stop. In these matters, the System should do its business without announcing a policy to the public which later developments might necessitate changing. Stop. Think very unwise to take Kent to Washington for many reasons, principally that Board should have no part in negotiations and such business so little understood there that no good would result. Stop. Don't let them make this huge blunder. Stop. Woodward news bully.

Benj. Strong.

BS/VCM

## ALL NIGHT LETTERS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS

- The Western Union Telegraph Company will receive not later than midnight **NIGHT LETTERS**, to be transmitted only for delivery on the morning of the next ensuing business day, at rates still lower than its standard night telegram rates, as follows: The standard day rates for ten words shall be charged for transmission of fifty words or less, and one-fifth of such standard day rate for ten words shall be charged for each additional ten words or less.
- To guard against mistakes or delays, the sender of a night letter should order it **REPEATED**, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated night letter rate is charged in addition. Unless otherwise indicated on its face, **THIS IS AN UNREPEATED NIGHT LETTER AND PAID FOR AS SUCH**, in consideration whereof it is agreed between the sender of the night letter and this Company as follows:
1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any **UNREPEATED** night letter, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any **REPEATED** night letter, beyond fifty times the sum received for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines nor for errors in obscure night letters.
  2. In any event the Company shall not be liable for damages for any mistakes or delay in the transmission or delivery, or for the non-delivery, of this night letter, whether caused by the negligence of its servants or otherwise, beyond the sum of **FIFTY DOLLARS**, at which amount this night letter is hereby valued, unless a greater value is stated in writing hereon at the time the night letter is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
  3. The Company is hereby made the agent of the sender, without liability, to forward this night letter over the lines of any other Company when necessary to reach its destination.
  4. Night letters will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
  5. No responsibility attaches to this Company concerning night letters until the same are accepted at one of its transmitting offices, and if a night letter is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.
  6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the night letter is filed with the Company for transmission.
- In further consideration of the reduced rate for this special "**NIGHT LETTER**" service, the following special terms are hereby agreed to:
- A. **NIGHT LETTERS** may at the option of the Telegraph Company be mailed at destination to the addressee, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such **NIGHT LETTERS** at destination, postage prepaid.
  - B. **NIGHT LETTERS** shall be written in plain English. Code language is not permissible.
7. No employee of the Company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

### TELEGRAMS

A full-rate expedited service.

### NIGHT TELEGRAMS

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the next ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less. Subordinate to the priority of transmission and delivery of regular telegrams. Must be written in plain English. Code language not permissible.

### CLASSES OF SERVICE

Telephonic delivery permissible. Day Letters received subject to express understanding that the Company only undertakes delivery of the same on the day of their date subject to conditions that sufficient time remains for such transmission and delivery during regular office hours, subject to priority of the transmission of regular telegrams.

### NIGHT LETTERS

Accepted up to midnight for delivery on the morning of the next ensuing business day, at rates still lower than standard night telegram rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less. Must be written in plain English. Code language not permissible. Mail delivery, postage prepaid, permissible.

RECEIVED

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

Receiver's No.

Check

Time Filed

78

Make an X opposite service desired; TELEGRAM TRANSMITTED AS A DAY MESSAGE.

Following telegram, subject to the terms of which are hereby agreed to

Denver, Colo., Oct. 24, 1916. 191

To St. Louis

Federal Reserve Bank, Equitable Building, New York.

Wire received late. Stop. Announcement only justified for purpose of correcting newspaper statements provided bills not eligible. Stop. If eligible, will be understood Board is expressing opinion that state and national banks are doing unsafe business. Stop. Board not justified in expressing any opinion so long as member banks not violating law. Stop. Will simply confirm conviction in New York that membership will impose unreasonable interference with business of state banks. Stop. Public statement of reserve bank's policy unnecessary and same object can be accomplished by private conference with managers. Stop. Don't let our bank be responsible for any announcement. Stop. Board should recognize war conditions justify transactions not usually necessary.

Benj. Strong.

SENDER'S ADDRESS FOR ANSWER

4100 Montview Boulevard.

SENDER'S TELEPHONE NUMBER

York 1308.

To guard against mistakes or delays, the sender one-half the unrepeated telegram rate is charged in addition in consideration whereof it is agreed between the sender and the Company.

1. The Company shall not be liable for mistakes received for sending the same; nor for mistakes or delays for sending the same, unless specially valued; nor in telegrams.
2. In any event the Company shall not be liable caused by the negligence of its servants or otherwise, by writing hereon at the time the telegram is offered to the one per cent. thereof.
3. The Company is hereby made the agent of the destination.
4. Telegrams will be delivered free within one-half towns. Beyond these limits the Company does not contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this Company if by one of the Company's messengers, he acts for that.
6. The Company will not be liable for damages filed with the Company for transmission.
7. Special terms governing the transmission of messages the foregoing terms.
8. No employee of the Company is authorized to vary

**FAST DAY MESSAGES**

A full-rate expedited service.

**NIGHT MESSAGES**

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

**DAY LETTERS**

A deferred day service at rates lower than the standard day message rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less.

**SPECIAL TERMS APPLYING TO DAY LETTERS:**

In further consideration of the reduced rate for this special "Day Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:

- A. Day Letters may be forwarded by the Telegraph Company as a preferred service and the transmission and delivery of such Day Letters in all respects, subordinate to the priority of transmission and delivery of regular telegrams.
- Day Letters shall be written in plain English. Code language is not permissible.
- This Day Letter may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.
- D. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

at all  
Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.  
*No employee of the Company is authorized to vary the foregoing.*

**NIGHT LETTERS**

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less.

**SPECIAL TERMS APPLYING TO NIGHT LETTERS:**

- In further consideration of the reduced rate for this special "Night Letter" service, the following special terms in addition to those enumerated above are hereby agreed to:
- A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.
- B. Night Letters shall be written in plain English. Code language is not permissible.
- No employee of the Company is authorized to vary the foregoing.*

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IPAN

4100 Montview Boulevard.

98  
Denver, Colorado,

October 23rd, 1916.

Dear Mr. Jay:

Yours of the 17th with amplification of the explanation of the Ladenburg-Thalman statement is just received. I still do not understand the item of "Unadjusted Accounts" which it seems to me is a curious and blind item to apply to a million and a half of the firm's assets. If there is nothing in these accounts indicating that a part of the firm's capital is tied up either by litigation or otherwise, or by the settlement of estate matters, I would certainly vote to buy, say, up to \$500,000 of their bills, as the statement justifies it.

Do not worry about Denver hospitality. The little flurry when these visitors were here promptly subsided. For over two weeks past since I have been settled at the house, my dissipation has consisted of one trip to the city to get my hair cut and lunch at a little club there and one short automobile ride. The rest of the time has been spent right at home. I did enjoy the visitors, however.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

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pg

Denver, Colorado,

October 24, 1916.

Dear Mr. Jay:

Reading Miller's address to be delivered in Indianapolis disclosed a slight omission in the article I sent you which occurs on page 6 immediately following the word "statute" in the middle of the page. There should be added the following: "if we exclude the \$204,000,000 of gold obtained in exchange for notes issued." This is correctly stated at the foot of page 5, but for certainty should be restated in the place indicated.

Would you mind having that page re-written for me?

Very truly yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

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Denver, Colorado,

October 24th, 1916.

Dear Mr. Jay:

Thanks for your twenty letters of the 19th covering the period from July 24th to October 11th. My own absence being responsible for many of your own burdens, my lips are closed. I will only refer to some necessary particulars of the letter as this is a heavy mail day.

I meant what I said about you and Curtis doing the work. As I wrote you yesterday, it is a part of my own deliberate policy.

About the advertising of our directors names, I think the Board in Washington has already taken this up and that nothing further is necessary.

About the arrangements for handling foreign transactions through an independent agent, Mr. Forgan write me that the business ought to be conducted and managed by the New York Reserve Bank. That will help us a good deal.

I am glad to see the reserve notes going out against gold and read the Board's admonition to McCord, as well as listened to Warburg's report of a lecture he gave McDougal.

In connection with the salary arrangement, I presume the agreement with Sailer has gone into effect.



To Pierre Jay, Esq.

Oct. 24, 1916.

The decision of the Board in the Jarvey case is most embarrassing to you. It seems as though I was absent whenever unpleasant jobs have to be done and this one would have been more embarrassing to me than any of the others. We must make an effort to have the Clayton Act amended and make it a little more liberal, both in this matter and as to private bankers.

About the loss of gold through the Gold Settlement Fund, nothing can be done about the New York Clearing House settlements as the law prohibits any national bank from being a member of any Clearing House which does not permit settlements of Clearing House balances in silver. I do not think it refers to United States notes, but as they are legal tender and silver certificates are not, presumably the present state of the law makes it obligatory upon any member of the Clearing House to accept that kind of money in settlement of balances. The best solution of the difficulty is the one suggested in the article I sent you. Of that I am surely convinced.

I agree with your conclusion (b) about possible injury to New York. If the Board would support us in a plan for distributing silver certificates and United States notes by direct shipment to other reserve banks or Washington in settlement of balances when our holdings became excessive, that might do as a temporary measure, pending comprehensive currency legislation. You realize, I hope, that if we settle Clearing House balances,

To Pierre Jay, Esq.

Oct. 24, 1916.

we will avoid a good deal of difficulty which now arises. A large part of this form of currency will come to us at the outset and thereafter the constant accumulation through Clearing House settlements will not take place. Only we would want to be in position to supply small currency upon demand at any time and with enlarged reserve balances would be justified in carrying a reasonable supply of small denomination silver certificates and United States notes.

Thanks for the check for \$9.85. I have not kept track of the telegrams which have not been very heavy as the longer ones have been sent collect.

I am glad you think the New York Times the best place for that article. I wish it were better and think the next one will be.

No comment is required on the Directorship matter as I understand Woodward will now run, but I am still in the dark about Mr. Towne. We don't want to lose him. I have great respect for Wiggins' ability, but do not believe he would be the best director that we could have. All the other points about the Directorship matter, raised by your letter, I think are sound, particularly the one about the sectional representative.

I doubt if Mr. Locke presses his resolution, judging by correspondence with him direct.

My suggestion for having Curtis see Polk about the English arrangement was to enable us to get a line informally prior to the

To Pierre Jay, Esq.

Oct. 24, 1916.

final decision on what their attitude is and to leave the matter in such shape that we could make our own representations directly to the State Department rather than through members of the Federal Reserve Board. That, I regard, as exceedingly important and really necessary in order to ensure a favorable decision. Election is now so near that nothing could be accomplished by pressing the matter and my letter meantime to Cokayne (recently sent to Mr. Treman), will keep the ball rolling.

About currency legislation, I do not see why the Reserve Agents should not go ahead with the matter unless possibly they would be willing to wait until I had doped something out here with Mr. Roberts and then have them consider it with other data of their own.

Don't think any more about the salary matter for the present. My plan will be governed by the doctor's reports and if he discourages my early return to the office, then it may be better for me to drop off the payroll. Whatever happens, I want to finish the foreign arrangements and if necessary make another trip to Europe next Spring for the purpose.

I am always conscious of the fact, as I wrote you yesterday, that you are overworking and one victim of that habit is enough. I will be glad to see the reports of the office work which you and Mr. Treman have had prepared.

Now that we are up to date, I hope to hear from you regularly and am grateful for the long letter which cleared up a lot of matters which I was waiting to hear about. Best regards to all.

Sincerely yours,

Denver, Colorado,

October 24th, 1916.

Dear Mr. Jay:

Enclosed is confirmation of my last telegram on the subject of the new French credit. Yours, quoting the Board's wire did not reach me until 10 o'clock last night when I had already turned in.

It seems hopeless to reiterate all the arguments which we have so frequently gone over in this matter and too late anyway, as the damage will be done by the time this letter reaches you.

The annoying thing about a public announcement I think is covered by my wire. Either the bills are eligible or they are not. If they are eligible and if no violation of law is involved in the transaction, the Board is exceeding the most extreme action the Comptroller has ever undertaken in the whole course of his administration in intimating by public announcement what views it entertained about the goodness of a specific business transaction. I never heard of such a thing coming from any national or state banking authority before and it will confirm our critics in their opinion that the System is under the supervision of a lot of school teachers.

Nor is their telegram to the Federal Reserve Agents justified, except as a warning that the Board recognizes the legality of the transaction, but does not approve of it and fears that we in New York may load them up with bad paper.

To Pierre Jay, Esq.

Oct. 24, 1916.

Nothing in the record of the New York Bank in its relation to these transactions justifies any such warning. In both the Brown and Bonbright credits, the bankers were told that we would have no part in the negotiation of the credits, nor would we commit ourselves to buy any of the bills and if we did buy them the amount would be limited by our own judgement and we would expect them to find a market for the bills in their own way and without any assistance from us.

Our attitude in this credit should be to inform the bankers of what the law and the regulations made necessary in order that the bills might be eligible and then to make the same statement that we made to Mr. Brown, Mr. Kent, Mr. Cromwell and Mr. Wilcox of Bonbright & Company, in connection with the earlier credits. Beyond that the Federal Reserve Board nor the Federal Reserve Bank of New York has any concern in the business nor any authority to exercise over it.

The policy of making an announcement is so decidedly unwise that I urged that our bank have no part in it.

I would like to be in Washington to let off some steam about this matter.

Very truly yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

99

Denver, Colorado,

October 25th, 1916.

Dear Mr. Jay:

I am preparing a letter to Pallain which will be sent to you to-morrow or next day and meantime write to ask if you can have assembled and sent to him with this letter some very comprehensive data in connection with the Federal Reserve System, and particularly of our Clearing House and check collection methods in this country. In particular, I suggest the following which can be supplemented by whoever you turn this over to:

Copy of the Federal Reserve Act, as amended,

Copy of the last edition of the regulations of the Federal Reserve Board,

Copies of all our circulars and forms relating to discounts and collections,

A complete statement of the operation of the Gold Settlement Fund and the forms used,

Copy of the constitution, by-laws and rules of the New York Clearing House,

Copy of James G. Cannon's book on Clearing Houses,

Copy of Jerome Thrall's recent book on Clearing Houses,

As complete statistics as can be obtained of the volume of checks handled by the New York Clearing House Association, by the Federal Reserve Bank of New York and by all the reserve banks, (the last named having been compiled I believe by Seay of Richmond in a recent circular),

Copy of the rules and forms used by the New York Clearing Association in their country check department,

A description of the operation of our Transit Department,

Copy of National Bank Act as recently compiled by the Comptroller.

To Pierre Jay, Esq.

Oct. 25, 1916.

I think it would be well worth while to give this evidence of our friendly desire to keep them informed of our own development and to assist in the work they are doing to promote the use of checks. It might be well to mark that portion of Section 14 of the Federal Reserve Act, as recently amended, in regard to investment in bills abroad and carrying accounts from our foreign correspondents.

When sending this package forward with my letter, it might be a good plan for <sup>you</sup> or Mr. Treman to write Pallain a letter expressing regret that there has been delay in our correspondence and explaining that my absence, as well as the delay in mail which at present exists, has made it a little difficult to deal with these matters as promptly as we would have liked to.

I have been hoping that the State Department would take some action prior to answering his last letter, but that really seems to be hopeless and I do not think that we can wait any longer.

I hope you were successful in Washington yesterday.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

98

November 1st, 1916.

Dear Mr. Jay:

Mr. Hoffman advises me of his change from the Journal of Commerce to the Times and asks if I won't prepare something for the Times on some subject of current interest. I have written him that you have a screed of mine and suggested that he see you about it. It would be better to publish it as one article instead of two if that can be done. I am now at work on another chapter that I think may prove a little better than the first one.

I am sorry that your efforts in Washington on the French credit matter did not meet with better success, but it looks to me as though the horse had escaped before anybody knew it and closing the door, or efforts to close it, could not possibly do any good.

The next thing I suppose will be to press matters with the State Department on our foreign business. I hope Mr. Curtis does not get too tired of traveling to Washington where I am sure he ought to meet those people and put up the best argument possible for a favorable ruling.

Best regards to you and the others.

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,



98

November 3rd, 1916.

Dear Mr. Jay:

Thank you very much for yours of October 30th, which possibly does not call for an answer until I get a further letter from you in reply to my last "flight."

There is one subject mentioned, however, which I think should have careful consideration and that is the question of your assistant. As you use the word "assistant", I understand that you have in mind getting a thoroughly competent man to do the work which would ordinarily be assigned to an active Deputy Chairman or Deputy Reserve Agent and it strikes me that this scheme will not prove a suitable or satisfactory one. The work of a Deputy Reserve Agent is largely routine, handling the note issue, preparing reports, etc., and the only part that requires the services of a man of more than average capacity possibly is the preparation of the weekly statement of business conditions and the preparation of the Annual Report. All of the rest of the work requiring brains and experience, it seems to me falls within the different divisions of the regular bank organization.

My own conclusion is that you need a better arrangement and grouping of the bank work, a large part of which you are doing yourself notwithstanding that it is the work of the bank as distinguis

To Pierre Jay, Esq.

Nov. 3, 1916.

from that of the Reserve Agent. To cover that difficulty which I realize has been a serious and embarrassing one, made all the worse by my absence, it strikes me that the regular bank organization should be developed and used to a greater extent than at present.

We have so many good men in the bank now who are ambitious and expecting and deserving advancement as opportunity develops that I would hate to go outside of the organization for further assistance unless it was absolutely forced upon us as, for instance, in case I should not return. It is only possible for me to make this general suggestion because after six months absence, the daily routine of the bank has undoubtedly changed a good deal and I am not well enough acquainted with it to make detailed suggestions.

You must have had a couple of discouraging weeks and it makes me feel badly to be away at a time when questions are arising where I could possibly be of particular help.

About that article, I agree with <sup>you</sup> that it would be spoiled if cut in half, although Hoffman wanted to publish in the Sunday edition where it could probably be run as one article.

I await your advice in regard to the points you did not think quite clear. Possibly, they would be covered in the next chapter. My general thought was to explain in a general way how various of the operations of the bank which are not usually understood have been conducted and in the next article I was proposing to suggest quite frankly that with \$1,600,000,000 of money in circulation, based upon the government fiat and inadequately covered

To Pierre Jay, Esq.

Nov. 3, 1916.

by Redemption Funds and with nearly \$2,750,000,000 of gold in the country, we should now provide for retiring greenbacks, hastening the retirement of national bank notes and changing the denominations of gold and silver certificates so that the former would stay in bank reserves and the latter in circulation, then gradually replacing the national bank notes by issues of Federal reserve notes for which adequate redemption provision could be made by accumulating gold through direct issues of Federal reserve notes. As you know, that is the scheme which appeals to me as being the most feasible and I think one can detect a growing sentiment that something of that sort should be undertaken now that such a vast sum of gold is available for the purpose. Omitting this from the first article left it a little pointless.

Do not let the office complications discourage you. I am sure they will work out all right if you will take to heart the longhand letter I wrote you which, of course, was intended to be helpful and not discouraging.

Also please don't jump to the conclusion that I felt that any of you fellows were responsible for the French credit fiasco. As I wrote Curtis, it was due, first, to the unwise circular sent out by the bankers and, second, to the hasty action of the Board which nobody could control.

There is a strong feeling out here that Wilson is going to be re-elected.

Warmest regards to all of at the office.

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Equitable Building,  
New York City.

18  
November 7th, 1916.

Dear Mr. Jay:

Nearly a year ago, Mr. Malburn asked me if I could suggest a new connection for him to make as his term of office would shortly expire and he did not care to continue in the Treasury. My illness prevented my doing anything about it. Mr. Malburn is, I suppose, 45 or 46 years of age, he was trained as a lawyer but has had some experience in banking out here in Denver where he lived for many years. He is a son-in-law of Senator Thomas of Colorado, who is one of the hard-shell Western senators, but I understand a very able and attractive man personally. Through his influence, Malburn was appointed Assistant Secretary of the Treasury. I have seen a good deal of him during the past two years. He is a good man personally, I believe thoroughly reliable, much above the average in intelligence and rather more of a student than a man of action. He might be just the man to take as your assistant, but would require a larger salary than you have in mind. Assistant Secretaries of the Treasury get \$5,000 a year. I have no knowledge of his finances, but know that he depends upon a salary to some extent.

Why don't you have a word with Curtis on the subject and then make inquiry of Warburg? This is only a suggestion and I do not want you to understand that I recommend him.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,

18

November 7th, 1916.

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Why don't you have a word with Curtis on the subject and then make inquiry of Warburg? This is only a suggestion and I do not want you to understand that I recommend him.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,

RE

November 7th, 1916.

Dear Mr. Jay:

Your handwritten letter of November 2nd came yesterday afternoon and this morning your long letter of Saturday. I will reply now only to the former.

This letter of yours gave me a great deal of pleasure. I knew you would understand my sending you the suggestions I did although when one is loafing out here it seems ungracious and ungrateful to appear to be poking at the fellows who are doing the work.

It is hard in a situation like ours, with so many important and new things to be done to let any considerable part of it go and yet that is what must be done for the benefit of the organization in order to make progress and protect one's health.

About the assistant, I misunderstood somewhat your thought. Higgins is no longer available and I would not hesitate to get the man you need at a higher salary if necessary than that you named. If we have a man down the line in the organization, it would be better to promote him, but the only available man, Jefferson, could not be spared from the bank and is really entitled to promotion in the regular bank line. You really need more than one man, however, and I suggest getting a good man from outside and selecting one or more assistants from the bank staff, as may be needed.

The Aiken suggestion seems to be a violation of my recommendations about promotion, but circumstances really justify

To Mr. Jay.

Nov. 7, 1916.

Of course, you realize how keen I am to be back and do my part of the work and once more let me repeat the warning that this cannot yet be definitely expected. Dr. Sewall makes very encouraging reports of my progress, but will not yet make any statement as to my recovery being sufficient to justify my living in the East. The last time I saw him he said that he expected me to be as strong or stronger than I ever had been, practically able to do everything, but when I asked him about returning East, he said as formerly, that that would depend upon whether my general physical condition, as well as my pathological condition would justify expecting that I could maintain the game in the unsatisfactory New York climate.

Thank you for the copies of correspondence with the Reserve Board and others about the French credit. Thank you also for your suggestion to send me a copy of Governor Harding's speech, but as a copy has already been sent, you need not bother.

Please tell Mrs. Jay that my letter, which I am glad you showed her, was written somewhat for her benefit.

So much for to-day. I will try and answer your long letter to-morrow. With warmest regards and many thanks for writing me so cordially, I am,

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

November 9th, 1916.

Dear Mr. Jay:

The enclosed bill for telegrams are all bank business except the item of \$2.05 covering telegram sent to the Bankers Trust Company. Would you mind putting this through the proper channels for reimbursement?

Thanking you, I am,

Very sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

VCM



9

November 9th, 1916.

Dear Mr. Jay:

Yours of the 6th just reached me. I will send the article back in a few days.

You are quite right in resisting the effort of the Board to develop discrimination in rates just now. I do wish these gentlemen would show some appreciation of the fact that war times are not peace times. Resisting the development of these finance credits will not promote drawing bills the other way around and they really should realize that. I will vote with you every time to go right ahead as we have been doing, buying these bills at the same rates as heretofore.

Very sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

98

November 14th, 1916.

Dear Mr. Jay:

Dr. Miller is pretty strongly opposed to changing the note provisions of the Federal Reserve Act except, as he states it, to "regularize" what we are now doing. He would not go so far as to let us count gold held by Reserve Agents as part of our reserves. In that connection, he writes me that he did not express his views directly on that subject at Indianapolis, or as strongly as he might have done, because Warburg at Kansas City had already come out strongly with a contrary view and he did not think the time propitious to develop the impression that there was controversy or difference of opinion within the System.

It has given me a little setback as to publishing anything on this subject, for I don't want to strengthen his opposition by doing the very thing which he scrupulously avoided doing himself. How does it strike you?

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

office organization

November 15th, 1916.

Dear Mr. Jay:

I have your two letters of the 11th and am mighty sorry to learn that you have been laid up. I really think you are attempting to do too much and have ~~not yet taken~~ a lesson out of my book.

Malburn cannot accept a position with a member bank until two years after his resignation has taken effect. It was on that account that I had in mind the American International Corporation or the City Company, rather than the City Bank. I would like to see Malburn well placed for he is a fine fellow, but I am so out of touch with matters just now that there is nothing I can do.

I must answer at some length your long letter of the 11th about the organization. You should certainly have a thoroughly competent assistant, preferably a young man with initiative who could be started at about the salary you suggested. His work should not in any way be involved with the routine work of the bank. Where I misunderstood your first letter was in gaining the impression that you intended to get a man of somewhat different and larger calibre.

You and I really differ a good deal in both our theory and methods as to bank organization work. Your inclination is to do all the work yourself and my inclination is to do as little as

To Mr. Jay.

Nov. 15, 1916.

possible. My conception of the proper development of the work in our own bank would not justify using the expression which you do about being inclined to devote all of your time to the bank work rather than the work of the Reserve Agent. The whole job ought to be divided into two parts, one being the conduct of the business transacted by the bank, the other the conduct of the supervisory department of the Reserve Agent, which would include a good deal of work which is not properly supervision.

The Governor would direct and shape the work of the bank, the Reserve Agent would do the same thing in his department, and the bank's work could be so divided that the responsibility, as well as the interesting constructive work could be fairly evenly balanced. We have gone along in the past duplicating our efforts by having both divisions of the bank put in too much time and energy on the same work.

I think you are altogether mistaken as to your own fitness. As you have repeatedly stated, your own experience and aptitude is not in the direction of organizing the detail work of the bank. You don't like it and naturally, not liking it, would not make nearly the success of it that you would of the present position where your influence is stronger both inside the bank and outside. For the sake of emphasis, let me repeat, that the trouble with our organization is that the work of the senior officers overlaps too much.

As a suggestion, why don't you and Mr. Treman take the bank chart, which I presume has been kept up to date, and from it

To Mr. Jay.

Nov. 15, 1916.

sketch out some sort of division of the responsibility for the bank's affairs and let me look it over. If properly divided, it would leave you with the regular routine business of the Reserve Agent, all to be conducted under your supervision, but in its details, by a competent assistant. It would likewise leave you in charge of certain of the activities of the bank such, for instance, as the whole problem of the Federal reserve notes, etc., credits, relations with bank examiners, reports to the Directors and to the Federal Reserve Board, the development and application of the regulations of the Reserve Board and a good measure of all the constructive work like the development of new features of the bank's business, trade acceptances, etc., etc., together, let me say quite seriously, with most of the speech-making! I have not attempted to describe anything like the entire field over which the Reserve Agent would have supervision.

On the other hand, the Governor would supervise discounts, open market operations, the foreign business (if it ever develops), the Transit Department and general bank organization.

I had hoped through the instrumentality of the regular meetings of the Governors and Reserve Agents to work out a plan which would promote organization along this line in all the reserve banks. See how vain those hopes were! We had our meeting in Washington, divided the program and undertook to work along those lines about a year ago, and from that day to the present next to nothing has been accomplished.

To Mr. Jay.

Nov. 15, 1916.

It is just the kind of difficulty that one might expect in any organization where there are two heads, no matter how good may be the intentions of both of them. Unfortunately, my absence has shoved a lot of things to your shoulders, added to your work tremendously and disorganized such arrangements for division of work as were already in effect.

I really think the only ~~solution~~ possible is to get Aiken, or some other good man, for Deputy Governor, for you to get an assistant and then effect a division of the work along the lines I suggest. Failing that, you will sacrifice your health and the work of the bank will suffer. I am sorry not to be able to suggest an assistant. I suppose Fisher might do if we could stand him around, but he would be an awful burden.

You are undoubtedly right in your surmise as to the indefinite date of my possible return. I feel very guilty indeed about being away and about holding down a job which I cannot definitely expect ever to fill again, as valuable time is being wasted during which we could be breaking in a successor, if one must be appointed. On the other hand, I am frank to say that I see no prospect of returning to the bank next Spring, or of ever living in New York City or keeping such hours at the bank as heretofore.

I sometimes think that it would pay for you to run out here for a little while so we could talk some of these things over face to face. It is very difficult to write about them without conveying the wrong impression.

To Mr. Jay.

Nov. 15, 1916.

I am also disturbed at the idea that you have been ill sufficient to be confined to your bed and in all probability are getting out and about again long before you should simply because our organization is defective or inadequate. It is a very bad situation for the bank to be in.

You will be meeting in Washington day after to-morrow. Won't you send me the suggestion about currency reform? I have been studying the subject and thinking it over out here and am pretty clear in my mind about what ought to be done, although I have not definitely formulated anything in writing.

Write me as soon as anything develops about this and about currency matters.

Thank you for writing me so fully and frankly and for the nice things you say about my return.

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City.

BS/VCM

November 17th, 1916.

Dear Mr. Jay:

It was incautious to show my letter to Warburg and I presume has done some harm, although it is a great deal better to put these differences of opinion squarely before us for discussion and settlement. I am corresponding with Warburg and while I have no expectation of changing his views about this particular matter, I think his irritation with me can be straightened out all right and we can make a fresh start of the whole matter of foreign credits. I must await another letter from him before writing finally.

Sincerely yours,

Pierre Jay, Esq.,  
Federal Reserve Agent,  
Federal Reserve Bank,  
New York City,

BS/VCM



98

November 22nd, 1916.

Dear Mr. Jay:

Thank you for yours of the 18th.

When the mood strikes me I will <sup>finish</sup> up those articles and send them on to you, but just I have been awaiting word from Warburg whose opinion I have asked as to the possibility of giving offense to Miller.

Miller's address has been the subject of some correspondence between Warburg, Miller and myself and I think that Miller is coming around a little bit to our point of view. Both Warburg and I have been hammering him as hard as we could.

Thank you for sending me the correspondence with Mr. Miller. There is really nothing to suggest beyond what is contained in your letter. As savings banks are all state institutions without the privilege of membership in the Reserve System, the legislature in New York State would never agree to an amendment restricting their investments in bills to those accepted by member banks, although I would like very much to see such a limitation. It is too hopeless to warrant suggesting it, so I suppose the best suggestion is to limit them to bills which are eligible for us to buy.

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

98

November 28th, 1916.

Dear Mr. Jay:

Your telegram is just received. In order to reply to it fully, I am obliged to ask you to supplement what I write by referring to issues of the Commercial and Financial Chronicle covering the period of 1894 and 1895 and the Fall of 1907. Besides that, bear in mind that general reference in my article applied to the situations which developed many different characteristics in each of the three great panics of recent years. With this preface, I think the following is a fair account of the situation with the government with regard to redemption when the strain develops.

Prior to 1894 - 5, the Treasury had always held as a part of the General Fund (I do not recall whether by statutory requirement or as a custom), never less than \$100,000,000 of gold considered to be a free balance unpledged for government expenditure in order to enable the government to redeem greenbacks in coin. Various reasons not necessary to recount resulted in a sudden and very dangerous deficit in the government revenues coincident with a long period of adverse exchange. We were exporting gold in large amounts at the same time that the government was experiencing difficulty in paying its bills out of current revenues. This developed what was at that time

Mr. Jay.

Nov. 28, 1916.

described as the "endless chain". Greenbacks were presented to the government for redemption in gold by exporters of gold who needed it for exchange purposes and these greenbacks were immediately paid out again by the government in settlement of its current bills. They were again presented for gold and the process indefinitely continued, very shortly reducing the gold balance in the Treasury below the \$100,000,000 and eventually to a very small sum. Bankers, economists and even officers of the government deceived themselves and the public when they coined the expression "endless chain". There was no endless chain in the sense implied by this expression, but there was a serious deficit in the government's revenues.

In order to meet the situation, the Secretary of the Treasury made issues of bonds for gold and finally made a contract with the Morgan Syndicate to purchase about \$65,000,000 of gold in connection with which contract they imposed as a condition the requirement that the foreign exchange should be so handled that the foreign drain of gold would stop. The newspapers and comments of the day misled the public as to what this all meant. It really meant that the government, having undertaken to redeem greenbacks in gold, found itself unable to do so during a period when its gold was required to meet its ordinary expenditures, because coincident with that, banks were demanding gold of the government for redemption purposes in order to pay debts abroad. The government received protection through the Morgan contract, not so much on account of the \$65,000,000 which it had acquired there, but because of efforts directed by bankers to suppress gold exports and consequently stop the drain of redemption.

To Mr Jay.

Nov. 28, 1916.

The function of the government is to so arrange its revenues and its expenditures that they will substantially balance and of course to maintain a reserve in the Treasury sufficient to meet unexpected demands. When the ordinary Treasury reserve must perform redemption obligations, the government is exposed to the danger that it cannot redeem, when by some circumstances its revenues fall short of its expenditures. This almost inevitable will arise when a reduction of tariff reduces government revenues at the same time it stimulates imports and gives rise to an adverse exchange.

You will find a clear and very sound statement on this subject in Hepburn's last book on our currency and some very illuminating remarks in Mr. Horace White's book on "Banking and Currency." The lesson learned from the years 1894 - 5 is impressive. No government can assume to undertake the redemption in gold of a great mass of representative money without maintaining a reserve of the same amount and character that a bank would be required to maintain for the redemption of its notes. The government is obligated to redeem directly in gold \$346,000,000 of greenbacks. It is obligated to redeem directly in gold or legal tender money \$730,000,000 of national bank notes (as you will find by reading the statutes), and in addition, it has since 1900 assumed the obligation of maintaining silver certificates and silver dollars on a parity with gold, thereby adding \$586,000,000 to its gold obligations and against this total of over \$1600,000,000 there is simply the free balance in the General Fund, which is never adequate to face a combination of deficient revenues and adverse exchanges.

To Mr. Jay.

Nov. 28, 1916.

During the period referred to, the government found itself literally unable to redeem paper money with gold. During part of that time I believe the premium on gold amounted to over 3 % and brought about a panic which resulted in tremendous losses to the country.

The period of 1907 was quite different. We had been losing some gold to Europe prior to October, but it was not that fact nor was it the "endless chain", so-called, which caused the difficulty, neither was it deficient government revenues. The panicky feeling which developed caused banks to hoard money; people did not distinguish much between a greenback, a bank note, a silver or gold certificate; they simply wanted currency. There was, however, a considerable pressure for redemption in gold; the Treasury came to the relief of the situation to the extent that it was able by depositing \$40,000,000 or \$50,000,000 of its free balance in the banks of New York and elsewhere. The difficulty was that the government could not create currency to meet the demand beyond the amount which it could issue through the deposit of its surplus funds with a number of banks, and this was limited, as I recall, to about \$45,000,000 at a time when probably ten times that amount would have been required to allay the panicky feeling. The lesson drawn from that experience was, of course, the inability of the banking machinery of that day to issue notes under some elastic system in practically unlimited amounts.

To Mr. Jay.

Nov. 28, 1916.

The government used up its free gold so rapidly in 1907 that it actually became necessary to use silver dollars in order to meet the demands made upon it. I have never told you the story but this experience will illustrate: When the gold stock in the Treasury became so seriously reduced, the New York Subtreasury found it necessary to actually use silver dollars in making their public deposits. One of our correspondents in Brooklyn, a very well-managed and solvent bank had maintained reserve accounts with the Trust Company of America, the Knickerbocker Trust Company and the First National Bank of Brooklyn (the latter being its clearing agent), and with the Bankers Trust Company. When the first three suspended payment, the president of this bank came to our office and informed us one Friday afternoon that he had a run at his head office and three branches with fifty or more people at the teller's windows in each branch and unless he could count on our seeing him through Saturday morning, which was pay-roll day, he would close the bank, although he was absolutely solvent and did not have a bad loan in the institution. He had a balance of \$186,000 with us. We could not get gold certificates in small denominations and after considerable difficulty we let him have \$80,000 of our own reserve money which was largely gold and then got \$100,000 in silver dollars from the Subtreasury which weighed, as I recall, something over two tons. We loaded this into trucks and automobiles and early Saturday morning had a parade across the bridge and up to the head office and three branches. It took four or five trucks and automobiles to get the stuff over there. Dumping these bags of silver into the bank before the depositors did the trick and by Saturday noon the run stopped, although we had

To Mr. Jay.

Nov. 28, 1916.

assured this man that we would see him through if we had to pay off all of his depositors.

Such a situation could not arise to-day of course but it did illustrate in a very marked way the impossibility of relying upon the Subtreasury for assistance that may be required in that type of situation which was purely domestic and had no relation to deficient government revenues which were then ample, or adverse exchanges, which did not exist.

During the whole panic period of 1907, when our interest rates were so high, sterling exchange was in favor of New York and as I recall, we imported \$70,000,000 or \$80,000,000 of gold. One bank in New York paid out so much of its reserve in anticipation of gold imports that it had practically its entire reserve in the shape of gold on the water in the course of importation. That is simply another natural and emergency means of expanding our circulation in the absence of an elastic currency.

The third occurrence in August of 1914 presents still a different type. The war precipitated demands for payment of current maturing obligations abroad in gold. While the government revenues were in fact declining, they had not yet reached a dangerous deficiency on account of a large free balance. The foreign exchanges, however, went to a tremendous premium and there developed such an insistent demand for gold that all banks suspended gold payment. We had an emergency note issue which

To Mr. Jay.

Nov. 28, 1916.

quickly relieved the currency stringency and avoided a recurrence of what happened in 1907, but everybody needed gold to send abroad and was unable to get it. Lines formed in the Subtreasury demanding gold for greenbacks, silver certificates, etc. Here is the astonishing feature of the period: In 1900 a statute had been passed setting aside \$150,000,000 of gold as a redemption fund for the greenbacks, directing the Secretary of the Treasury to maintain all forms of money on parity with gold and if necessary to issue bonds for the purpose. How did the government meet this situation? It met it by displaying its unwillingness or inability to use one dollar of the \$150,000,000 reserved for redeeming paper money and by the admission that an issue of bonds for the purpose of acquiring gold was either inadvisable or would be ineffective and with \$150,000,000 of gold specifically set aside by law for the purpose of meeting just such a situation, it nevertheless was necessary for the Committee of which I was a member, to go begging throughout the country for \$100,000,000 of gold in order to pay our debts abroad.

The lesson it seems to me in this experience is that the government never can be an acceptable redemption agency of paper money because it will only act in an emergency where the fund set aside for redemption purposes will always be inadequate and if used for the purpose will always create alarm.

I think I attended almost every meeting of the bankers which discussed this gold question in the Fall of 1914.



To Mr. Jay.

Nov. 28, 1916.

at no time did I hear a suggestion seriously discussed that it would be feasible to use the \$150,000,000 of gold.

What should be done is to have the reserve banks retire the greenbacks by issuing Federal reserve notes which would give them about \$153,000,000 of gold, the amount of the present Gold Fund and about \$193,000,000 of low interest rate government bonds to cover the difference between the face of the greenbacks and the amount of gold. Then we should retire the national bank notes very much more rapidly than is at present being done. This will necessitate a big gold reserve. In order to obtain it, we should issue Federal reserve notes against gold and build up a holding of, say, \$750,000,000 or more in excess of the minimum required reserve. The third thing is to alter the denomination of gold certificates and silver certificates, increasing the former and decreasing the latter so that gold will flow into all bank reserves and silver certificates will leave bank reserves and go into general circulation. The fourth thing is to have the Assay Office discontinue paying cash, <sup>for</sup> gold so that all imported gold and all of our domestic mine production can be directed to the reserve banks which can always afford to pay spot cash for it because they can issue their notes in payment. The fifth thing to be done is to make Federal reserve notes reserve for member banks.

A program like the above will result in an immense concentration of gold in the reserve banks. We have \$2700,000,000 in the country. Of this, I would like to see \$1500,000,000 in the reserve banks, leaving \$1200,000,000 in general circulation.

To Mr. Jay.

Nov. 28, 1916.

This is three times the amount of gold in France outside of that held by the Bank of France according to the best known estimate, and is probably three times or more in excess of what is now held by both the Bank of England, the joint stock banks and all the private holders in Great Britain so that the objection frequently raised that we would deplete our people of gold circulation would not be true if we left \$1200,000,000 outside of the Federal reserve banks.

In conclusion, let me say that in 1894-5, the Treasury was unable to furnish gold for export in the amount required. They did not have it. In 1907, it was unable to furnish currency in the amount desired because they did not have it. In 1914, it was able to furnish the currency required to take care of our domestic situation, but entirely unable to meet the gold demand notwithstanding that it had a gold reserve, because of the alarm which would have arisen had the reserve been touched.

I hope this answers your inquiry and you can rub it in as hard as you please in making your report.

Am glad of the evidence of your improvement.

Faithfully yours,

Pierre Jay, Esq.,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

BS/VCM

# WESTERN UNION TELEGRAM



98

GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	CHECK
----------------	------------	-------

SEND the following Telegram, subject to the terms on back hereof, which are hereby agreed to

November 28th, 1916.

Pierre Jay,  
Federal Reserve Bank,  
Equitable Building,  
New York City.

Letter to Warburg sent you by mistake. Please reinclose and forward.

Benj. Strong.

Charge Paid  
Benj. Strong,  
4100 Montview Boulevard.

Telephone York 1308.

## ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLI

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the sender. For this, one-half the un-repeated telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM. PAID FOR AS SUCH, in consideration whereof it is agreed between the sender of the telegram and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond fifty cents per word for the sum received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty cents per word for the sum received for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines, or from errors in cipher or obscure telegrams.

2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of a telegram, whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.

4. Telegrams will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning telegrams until the same are accepted at one of its transmitting offices; and if a telegram is accepted at such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.

7. No employee of the Company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT TELEGRAMS

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the next ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less. Subordinate to the priority of transmission and delivery of regular telegrams. Must be written in plain English. Code language not permissible.

Telephonic delivery permissible. Day Letters received subject to express understanding that the Company only undertakes delivery the same on the day of their date subject to condition that sufficient time remains for such transmission and delivery during regular hours, subject to priority of the transmission of regular telegrams.

### NIGHT LETTERS

Accepted up to midnight for delivery on the morning of the next ensuing business day, at rates still lower than standard night telegram rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less. Must be written in plain English. Code language not permissible. Mail delivery, postage prepaid, permissible.

# WESTERN UNION NIGHT LETTER



GEORGE W. E. ASH, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	CHECK
----------------	------------	-------

**SEND** the following Night Letter, subject to the terms on back hereof, which are hereby agreed to

December 1, 1916.

Pierre Jay,  
49 East 64th Street,  
New York City.

English mint delivers to depositors seventy seven shillings ten and half pence in sovereigns for each ounce gold deposited after metal actually refined and coined. Stop. Depositors must wait ten days or more for return. Stop. Bank buys bullion at rate seventy seven shillings nine pence spot cash. Stop. This gives bank control as interest loss usually exceeds difference in price. Stop. Our Assay Office pays spot cash up to ninety nine percent assumed value of gold deposited and adjusts difference when assay made. Stop. Gold certificates are issued immediately for Assay Office checks so depositors suffer no interest loss during assay and minting. Stop. If Assay Office and mint made depositors await actual assay and coinage, we could offer spot cash at or slightly below Assay Office price and get all gold. Stop. Further details were Warburg.

Charge Paid  
Benj. Strong,  
4100 Montview Boulevard.

Strong.

Telephone York 1306.

## ALL NIGHT LETTERS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS

The Western Union Telegraph Company will receive not later than midnight **NIGHT LETTERS**, to be transmitted only for the next ensuing business day, at rates still lower than its standard night telegram rates, as follows: The standard day rates for ten words or less, and one-fifth of such standard day rate for ten words shall be charged for each additional ten words or less.

To guard against mistakes or delays, the sender of a night letter should order it **REPEATED**, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated night letter rate is charged in addition. Unless otherwise indicated on its face, **THIS IS AN UNREPEATED NIGHT LETTER AND PAID FOR AS SUCH**, in consideration whereof it is agreed between the sender of the night letter and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any **UNREPEATED** night letter, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any **REPEATED** night letter, beyond fifty times the sum received for sending the same, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of the lines *nor for errors in obscure night letters*.

2. In any event the Company shall not be liable for damages for any mistakes or delay in the transmission or delivery, or for the non-delivery, of the night letter, whether caused by the negligence of its servants or otherwise, beyond the sum of **FIFTY DOLLARS**, at which amount this night letter is hereby valued, unless a greater value is stated in writing hereon at the time the night letter is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this night letter over the lines of any other Company when it is necessary to reach its destination.

4. Night letters will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning night letters until the same are accepted at one of its transmitting offices, and if a night letter is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the night letter is filed with the Company for transmission.

In further consideration of the reduced rate for this special "**NIGHT LETTER**" service, the following special terms are hereby agreed to:

A. **NIGHT LETTERS** may at the option of the Telegraph Company be mailed at destination to the addressee, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such **NIGHT LETTERS** at destination, postage prepaid.

B. **NIGHT LETTERS** shall be written in plain English. Code language is not permissible.

C. No employee of the Company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

Accepted expedited service.

### NIGHT TELEGRAMS

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the next ensuing business day.

### DAY LETTERS

Accepted day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the standard rate for each additional 10 words or less. Subordinate to the priority of transmission and delivery of regular telegrams. Must be written in plain English. Code language not permissible.

Telephonic delivery permissible. Day Letters received subject to express understanding that the Company only undertakes delivery of the same on the day of their date subject to conditions that sufficient time remains for such transmission and delivery during regular office hours, subject to priority of the transmission of regular telegrams.

### NIGHT LETTERS

Accepted up to midnight for delivery on the morning of the next ensuing business day, at rates still lower than standard night telegram rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day rate for 10 words shall be charged for each additional 10 words or less. Must be written in plain English. Code language not permissible. Mail delivery, postage prepaid, permissible.

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Denver, Colorado,  
December 15, 1916.

Pierre Jay, Esq.,  
% Federal Reserve Bank,  
New York City.

Dear Mr. Jay:

I was truly delighted to receive word of the application of the Bank of Montclair. It is a first rate little bank and there are a good many sentimental associations in this matter. I opened my first bank account there for one thing, borrowed the first money there that I ever borrowed in my life in a transaction which turned out profitably and represented the first dollar I had ever made outside of hard earned wages. And then my father was for many years director in the bank and mother is still a stockholder.

I have also received your bully letter of the 9th from Atlantic City and rejoice at the evidence that that lecture of mine is sinking in a bit.

What you say about Harding's attitude is exceedingly interesting; let us hope that he does not take the bit in his teeth. As a matter of fact, in almost every conservative piece of work undertaken during the last two years the Reserve Banks have themselves taken the lead and the holding back has invariably been on the part of the Board. I hope we don't drift into difficulties in our relations; on the other hand, no one will rejoice more than I to see a more energetic and progressive management of matters in Washington. I will be glad to read your report and tell you

To - Mr. Jay.

December 15, 1916.

frankly how it strikes me. Objecting to Federal Reserve notes counting as reserve and to retiring greenbacks strikes me as leaving out the meat courses.

About the Treasury note episode, I was all along satisfied that Davidson's visit had a good deal to do with the matter and for one called astute as he, I fail to comprehend how he was guilty of such a stupid procedure. You are dead right about the Boards getting into difficulties if they open the door to all sorts of visitors on all sorts of subjects. I felt that way about the Kent-Hemphill visit; it certainly accomplished nothing, but, as you say, the fat was in the fire before they started. Have just read a brief report of Harding's Boston speech and must say that it rather makes matters worse than improving them. How much better to have left the whole subject alone.

It is mighty interesting to hear about the Starek matter. Would you mind writing or telegraphing me any names that you propose suggesting before sending them over? That is one of very few matters in which I would like really to have a voice notwithstanding my absence. If we can get a New Jersey representative, this may take care of that situation, although on the whole it might be more logical to have the New Jersey director either of class A or class B.

Please ask Treman to show you my letter to him about the foreign arrangements. This is one of a few instances where it seems to me the Reserve Board has shown absolute distrust of my

Copy  
to  
you



To - Mr. Jay

December 15, 1916.

intelligence and intentions and I have been suppressing a kick about it for a long time.

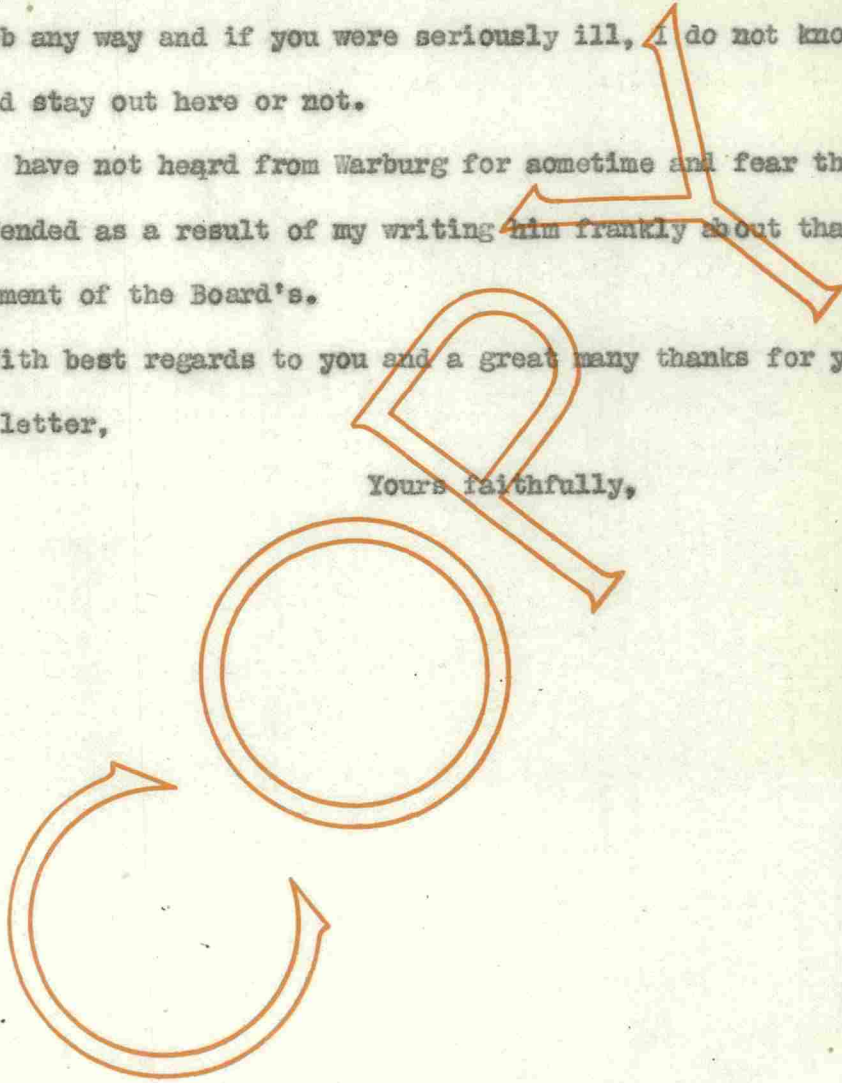
Please do take care of yourself. I am crazy to be back on the job any way and if you were seriously ill, I do not know whether I could stay out here or not.

I have not heard from Warburg for sometime and fear that he is offended as a result of my writing him frankly about that announcement of the Board's.

With best regards to you and a great many thanks for your bully letter,

Yours faithfully,

BS/cc



SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, VICE-PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

RECEIVED AT

COPY.

Denver, Colo., December 18, 1916.

Pierre Jay,  
Bon Air Hotel,  
Augusta, Ga.

Wire received. Heartily approve suggestion to appoint experienced banker but would greatly regret having Hebrew element introduced, and would prefer less experienced man rather than risk possible consequences such appointment. Stop. Who has Warburg in mind. Stop. The following possibilities occur to me. Stop. Curtis of our office, Davis of Blake Brothers if our transactions with them do not disqualify. Joe Talbert of City Bank if he has retired and health permits. Outerbridge if eligible or a new deputy governor whenever selected. Stop. Am anxious about your health, what does the doctor say.

B.S.

98  
Denver, Colo.,  
December 18, 1916.

Dear Mr. Jay:

Your telegram regarding a new Class C. director reached me yesterday and I replied at once as per enclosed confirmation.

The suggestions I realize are rather sketchy, but this is a matter one needs to develop by discussion, particularly as the limitations imposed upon Class C. directors are so restrictive as to make the choice a difficult one.

Curtis is my first choice at the present juncture.

The suggestion of the Hebrew Banker impressed me very badly. Warburg and I once discussed this quite frankly and we both agreed that it would be inadvisable to have even so good a man as Fréd or Albert Strauss, or even Henry Ickelheimer, on our Board. Reading between the lines, I cannot believe you would have suggested a Hebrew without its having been suggested to you, hence my inquiry.

I am greatly disturbed at the suggestion about your cough. Please send me frankly all the facts - just what the doctor says. If you don't, I will begin to telegraph Mrs. Jay about it.

Many thanks for your wire.

Yours faithfully,

BS/CG

Denver, Colo.,  
December 18, 1916.

Dear Mr. Jay:

This letter is not to suggest a reply but merely to send you a few comments on your report on the currency matter, which I have just received, so that you can be studying them over at your leisure.

I enclose the copy sent me by Mr. Cox, also copy of a recent letter to Delano, written at his request, and if you desire, will send you copies of some other letters which bear directly or indirectly on this matter and present a few aspects of it which are not discussed very fully in the report.

Please return the Delano letter.

The following detailed comments occur to me:

1. Provision should be made for issuing Federal Reserve notes in denominations of say one, five, ten and one hundred thousand dollars, payable to order.
2. I suggest using the words "loan certificates" as the word "certificates" might be confused with depository certificates.
3. The word "reluctant" does not really express the situation respecting gold exports in August, September and October, 1914. New York banks such as the National City, had they exported gold at that time to make exchange, would have received from purchasers of the exchange in payment therefor checks payable through the New York Clearing House. In settlement of those checks the City Bank would

To - Mr. Jay.

December 18, 1916.

have received either clearing house loan certificates or Aldrich-Vreeland notes, which would not count as reserve, and the entire reserve of the City Bank would have been shipped abroad without any possibility of its recovery so long as gold payment was suspended. I think, therefore, that the word "unable" should be substituted for "reluctant".

4. The sentence marked strikes me as a bit abstruse and no congressman certainly will understand it without elaboration.

5. Does not your argument on the free gold market put the cart before the horse? This country is really the freest gold market in the world, there being no legal means of exercising control or even influencing restraint upon gold exports when the exchange is adverse. The difficulty is that having no legal method and having had no banking machinery adequate to control gold exports, the minute they become excessive, we suspend gold payment and our system breaks down. Possibly a more accurate statement on this score should be that having a free gold market, we unfortunately don't keep our gold in such shape that we can discharge the responsibilities of such a market by shipping gold freely when it is demanded from our creditors. I should interject, of course, that so long as we have greenbacks and silver dollars as legal tender money, our banks are in position to avoid direct gold payment and shift the burden on the Treasury by tendering that kind of money to creditors, which is a different subject and only another way of escaping the responsibilities of free gold payment.

To - Mr. Jay.

December 18, 1916.

6. No mention is made in your report of the anomalous provisions regarding the note issue, which require all National Banks to receive Federal Reserve notes in payment of all debts due them and then destroy the effect of this provision by denying those notes reserve qualities, which has the effect of prohibiting their use in the clearing houses.

7. You use the word "practice" which seems to me should be "requirement" inasmuch as it is a legal requirement as mentioned later in the report.

8. The point about reduced or extinguished liability can be strengthened from a bookkeeping standpoint because the present practice eliminates from the liabilities of the Reserve Banks all reserve notes which have 100% gold cover, notwithstanding that the reserve banks are just as completely liable as ever and would have to pay every note, even though the gold was stolen or destroyed.

9. Here is the heart of the controversy, and I am going to suggest that you treat this part of the report by an entirely different method. We will find when this matter goes to Congress that 99% of all the objection made to this proposed concentration of gold is based upon fear of power which it will confer upon the Reserve System and fear of inflation or expansion. I talked the matter over very fully with Senator Thomas of Colorado and he assured me that while he thought my argument was sound and logical, he and others entertain just these fears, consequently effort should be concentrated to overcome this fear. The

To - Mr. Jay.

December 18, 1916.

letter to Delano develops this matter only partly and let me now illustrate by the following figures.

The Reserve System statement of December 9th condensed is as follows:

<u>ASSETS.</u>	
Gold	\$428,000,000
Legals & Silver	5,000,000
Invested	224,000,000
Notes, due from a/c, etc.,	<u>98,000,000</u>
	\$715,000,000
<u>LIABILITIES.</u>	
Cap.	\$56,000,000
Deposits	647,000,000
Notes, etc.,	<u>12,000,000</u>
	\$715,000,000

With the system in the above condition, it has a very moderate holding of free gold and I assume is earning just now in the neighborhood of 4% net on the capital stock as a whole. In order to meet all expense and dividend obligations, we should allow for say the following increased earnings:

(a) To cover a greatly expanded note issue, say -	\$1,000,000
(b) To meet a general increase of expense, due to expanded business, say -	1,000,000
(c) Additional earnings to enable the banks to pay 6%, say -	<u>1,250,000</u>
TOTAL -	\$3,250,000.

This means that at an average of 3-1/4% the system must invest \$100,000,000 in addition to its present total. Assuming, therefore, that we can issued notes freely and add 600,000,000 to our note liability (this being only 350,000,000 in addition to present gold secured notes), we

To - Mr. Jay.

December 18, 1916.

would take the \$600,000,000 of gold, pay out \$100,000,000 of it for new investments and the re-adjusted statement would show as follows:

Gold	\$428,000,000	
	<u>500,000,000</u> x	\$928,000,000
Legals		5,000,000
Invested	224,000,000	
	<u>100,000,000</u> x	324,000,000
Notes, etc.,		<u>58,000,000</u>
		1,315,000,000
		<hr/>
Cap.		\$56,000,000
Deposits		647,000,000
Notes	12,000,000	
	<u>600,000,000</u> x	<u>612,000,000</u>
		\$1,315,000,000

The new items appearing are indicated by crosses.

The December 9th statements showed about 70% reserve on all liabilities, which I believe is figured after deducting the item due from banks. Without deducting that item, the suggested statement would show 74% reserve on all liabilities, or deducting 40% reserve on notes would show 106% reserve on deposits, or, after deducting 40% on notes and 35% on deposits, would show 450,000,000 of free gold. If congress can be satisfied that this accumulation of gold does not spell expansion, I believe the chief objection to the amendment will be overcome.

10th. Your estimate of \$178,000,000 free gold should be reduced by such amount as is required to be invested, in order to pay increased expenses and full dividends, and it seems to be misleading not to allow for this and so state.



To - Mr. Jay.

December 18, 1916.

11th. The report should controvert the constantly reiterated assumption that a bank of issue controls the volume of its own notes. It does so only indirectly and sometimes with great difficulty. The volume of the note issue is controlled by the creditor, who in some cases requires the use of a bank deposit in order that he may settle debts and conduct business transactions by drawing checks, and in other cases he requires notes for payrolls, etc. This argument, I believe should proceed along the lines set out so clearly in Horace White's "Money and Banking," page 226; also as discussed by Professor Dunbar in the "Theory and History of Banking" pages 62-64. I would strongly suggest studying these two discussions and referring to these two authorities.

12th. The argument at this point raises the question of "inflation" as distinguished from "expansion". Federal Reserve Banks can only inflate their note issue as a result of expansion of their discounts, so that from our standpoint no inflation can occur without expansion first taking place and that expansion I believe is adequately controlled, as suggested in my letter to Delano.

13th. I would change this sentence so as to read : "This latter percentage would make the deposit and note liabilities of the Federal Reserve Banks the strongest, etc."

14th. As I wrote you sometime ago, it is quite apparent that the Reserve Board has relied too much in the past upon its own arguments before the committees of Congress in this matter and that they should have asked men of experience; that is both bankers and students

To - Mr. Jay

December 18, 1916.

of the subject to submit views to Congress. Unfortunately, the argument in regard to notes counting as reserve, which Warburg submitted was not the unanimous view of the Board, Miller and Delano, and possibly some others, having opposed it. In that situation, how could Congress decide between conflicting opinions within the Board itself?

Please forgive this long letter. I am terribly keen on this subject and fear a repetition of last year's failure unless all forces are martialled to support the plan. For emphasis sake, let me repeat - that the heart of the argument is expansion and we must convince Congress, as well as our own associates, that there is no danger on this score.

Best regards from,

Yours faithfully,

BS/CC

Pierre Jay, Esq.,  
Bon Air Hotel,  
Augusta, Ga.

P.S. On reading over the above, I find I have failed to comment generally on the report. It is in every way excellent and a fine contribution to the discussion.

Gold -	428,000,000	}	a
Silver -	5,000,000		
Notes -	224,000,000		
Other, due from etc.	58,000,000		
	<u>\$ 715,000,000</u>		
<u>Liabilities</u>			
Cap.	56,000,000		
Reserves	647,000,000		
Notes etc.	12,000,000		
	<u>715,000,000</u>		

Gold	\$ 428,000,000		\$ 928,000,000	}	b
	<u>500,000,000</u> x		5,000,000		
Reserves	224,000,000		324,000,000		
Invested	<u>100,000,000</u> x		58,000,000		
Notes etc.			<u>\$ 1,315,000,000</u>		
Cap.			56,000,000		
Reserves			647,000,000		
Notes	12,000,000		612,000,000		
	<u>600,000,000</u> x		<u>1,315,000,000</u>		

Dec 9<sup>th</sup>

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Denver, Colorado,  
December 20, 1916.

Dear Mr. Jay:

Your second telegram, just received, clears up both the directorship matter and, much more important, the question about your condition and I am tremendously relieved.

I know little about Mr. Crain but indistinctly recall that he was generally regarded as an international banker of some experience.

Very truly yours,

Pierre Jay, Esq.,  
Bon Air Hotel,  
Augusta, Ga.

BS/CC

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Denver, Colorado,  
December 23, 1916.

Dear Mr. Jay:

This is a hasty reply to yours of the 16th, partly answered by that scribble on the Annual Report that I sent you yesterday. Ben is here and Grandin arrives tomorrow and Christmas arrangements, as well as a week's stay in the Park, will prevent letters for awhile.

I am delighted you got away; it was more than wise and absolutely necessary, and if you had really been taken sick, it might have brought me home, which you would have regretted I know.

I am glad we are pushing the Collection matter; it is time for us to make another impressive move and I guess if the State Banks don't come around, we will have to open up on them. I am expecting to write Mr. Glass in regard to this collection matter and will let you know the result. I am also proposing to take a slam at Seay's report, which astonishes me; it is characteristically verborous. Your suggestion indicates a line of procedure which can be worked out safely, with some thought, because it will prevent the indiscriminate floating of checks which may be cashed in any one of twelve points, to which I seriously object. I think it might be improved by having the member bank drawing the check send one advice to its own Reserve Bank and a carbon to the Reserve Bank on which it is drawn. The provision for guarantee of payment could be eliminated by a general exchange of undertakings effected directly between the Reserve banks themselves. This would necessitate the use of a special form of check and I suppose in practice would be tantamount to the check being certified and drawn against funds on deposit to the credit of

To - *Jay*  
Mr. Freeman

December 23, 1916.

the member bank drawing the check at its own Reserve bank.

I am sorry not to be able to send a prompt and better reply to the Annual Report inquiry. The stenographic report of the Reserve Agents meeting has arrived and will be read with great interest.

Please don't do a lot of work while you are away, but stay in the open air and get those pipes of yours in order.

I wish you and Mrs. Jay the very best sort of a Christmas and a Happy and Successful New Year.

Faithfully your friend,

Pierre Jay, Esq.,  
Bon Air Hotel,  
Augusta, Georgia.

BS/CC

# ESTES UNION



# DAY LETTER

98

VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

TIME FILED

CHECK

Following Day Letter, subject to the terms  
back hereof, which are hereby agreed to

COPY.

Estes Park, Dec. 27, 1916.

Pierre Jay, Palmetto Inn, Aiken, So. Car.

Telegram received. Am requesting Treman to say to de Neuflyze that we have all along desired to conclude arrangements with Bank of France same as in London and had not expected to authorize any announcement regarding London which we would not also hope to conclude in Paris. Stop. Have never understood that de Neuflyze was authorized to speak for Pallain in this matter and will ask Treman to wire Pallain direct advising de Neuflyze of contents of this matter of courtesy. Stop. Danger of confusion if all messages do not go from New York. Stop. They are keeping me posted by 'phone and suggest you 'phone Treman or Curtis for latest developments.

Strong.

## ALL DAY LETTERS

The Western Union Telegraph Company shall charge one and one-half times the standard night rate for each additional word shall be charged for each additional word.

To guard against mistakes or delays in the transmission of day letters, one-half the unrepeatable day letter rate shall be charged for each additional word.

1. The Company shall not be liable for the loss of a day letter, nor for errors in obscure day letters.

2. In any event the Company shall not be liable for the loss of a day letter, whether caused by the negligence of the Company, unless a greater value is stated in writing on the letter, and the value paid based on such value equal to one-tenth of the value stated.

3. The Company is hereby made responsible for the delivery of day letters to reach its destination.

4. Day Letters will be delivered free of charge to other cities or towns. Beyond these limits the Company, at his expense, endeavor to contract for hire of a messenger.

5. No responsibility attaches to the Company for the loss of a day letter to such office by one of the Company's messengers.

6. The Company will not be liable for the loss of a day letter if filed with the Company for transmission.

In further consideration of the reduced rates for day letters:

A. **DAY LETTERS** may be forwarded in all respects, subordinate to the priority of regular telegrams.

B. **DAY LETTERS** shall be written in plain English.

C. This **DAY LETTER** may be used for the discharge of the obligation of the Telegraph Company.

D. This **DAY LETTER** is received by the Company and shall be delivered on the day of its date and shall remain sufficient time for the transmission of regular telegrams under the conditions named above.

*No employee of the Company is authorized to vary the foregoing.*

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT TELEGRAMS

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the next ensuing business day.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the initial rate for each additional 10 words or less. Subordinate to the priority of transmission and delivery of regular telegrams. Must be written in plain English. Code language not permissible.

Telephonic delivery permissible. Day Letters receive express understanding that the Company only undertakes the transmission of the same on the day of their date subject to the condition that sufficient time remains for such transmission and delivery during regular office hours, subject to priority of the transmission of regular telegrams.

### NIGHT LETTERS

Accepted up to midnight for delivery on the morning of the next ensuing business day, at rates still lower than standard night letter rates, as follows: The standard day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such day rate for 10 words shall be charged for each additional 10 words or less. Must be written in plain English. Code language not permissible. Mail delivery, postage prepaid, permissible.



# WESTERN UNION TELEGRAM



CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

NEWCOMB CARLTON, PRESIDENT  
 GEORGE W. E. ATKINS, VICE-PRESIDENT      BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVED AT

*Day Letter*

Denver, Colorado,  
 December 26, 1916.

Pierre Jay,  
 Palmetto Inn,  
 Aiken, South Carolina.

Have sent some mail to you care Bonair Hotel, better telephone for it. Stop. Your telegram received. <sup>Stop</sup> Treman has telegraphed me particulars of Boards announcement. Stop. Have already replied to him suggesting what course to pursue. Stop. Please communicate with him by telephone and arrange matters with him so as to avoid confusion. Stop. Their announcement may do no harm except to throw doubt on my good faith but is most unfortunate. Reach me by telegraph until Saturday care Hewes Kirkwood Inn Estes Park.

Benjamin Strong,

Chg. - Benj. Strong,  
 4100 MONTVIEW BLVD.