

40 WALL STREET,

NEW YORK.

Oct. 9, 1914.

236

B.A. Jr.

OCT-9 1914

Hon. Benjamin Strong, Jr.

Bankers Trust Co.

New York, N.Y.

Dear Mr. Strong,

The enclosed letter seems possibly to call for a meeting of Directors, before the meeting in Washington. I have only discovered this just as I am leaving town, and I must run for the train.

I wish you would write me your views on this, addressing me at Groton School, Groton, Mass, this afternoon. If you think it advisable I can then give instructions for a call for a meeting next Wednesday morning at 9.30

Am sorry to go out of town without meeting you but the train leaves at four o'clock, and there is no other.

Very truly yours,

Pierre Jay,
per A.K.

POSTAL TELEGRAPH-CABLE COMPANY

NIGHT LETTERGRAM



THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED) TRANSMITS AND DELIVERS THIS NIGHT LETTERGRAM SUBJECT TO THE TERMS AND CONDITIONS PRINTED ON THE BACK OF THIS BLANK. CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT

20 BROAD ST., N. Y.

DELIVERY No. 444

INDEPENDENT COMPETITIVE PROGRESSIVE

4-550

33W NK 155am 119N L

WASHINGTON DC OCT 18-14.

236 FRB

Benjamin Strong Jr,
Governor, 27 Pine St, New York.

They now plan giving reserve agents special supervision over auditing. I wish very much you could let your auditor at bankers come over bringing samples of instructions and help me on subcommittee on reserve agents tuesday and wednesday. It is an opportunity to establish principles underlying audit among those specially interested many of whom probably have no experience. Perhaps also patterson would dictate something relative to principles. Suggest changing by-laws so that executive committee is composed of not less than 3 omitting mention of classes A and B. Also omit section two of amendment article please ask Camm forward mail. Please leave copy your analysis of things to be done before opening at shoreham for me on your arrival.

Pierre Jay.

POSTAL TELEGRAPH-CABLE COMPANY IN CONNECTION WITH THE COMMERCIAL CABLE COMPANY

[3 AND 4]



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD.

EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN NIGHT LETTERGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

The Company will receive, not later than midnight, **NIGHT LETTERGRAMS**, written in plain English, to be transmitted only for delivery on the morning of the next ensuing business day, at rates still lower than its standard night message rate, as follows:

The standard day rate for a ten-word day message shall be charged for the transmission of a **NIGHT LETTERGRAM**, containing fifty words or less, and one-fifth of the standard day rate for a ten-word day message shall be charged for each additional ten words or less in such **NIGHT LETTERGRAM**.

To guard against mistakes or delays, the sender of a message should order it **REPEATED**, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, **THIS IS AN UNREPEATED MESSAGE AND PAID FOR AS SUCH**, in consideration whereof it is agreed between the sender of the message 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** message, 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** message, beyond fifty times the sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

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 message, whether caused by the negligence of its servants or otherwise, beyond fifty times the **REPEATED** message rate, at which amount this message, if sent as a **REPEATED** message, is hereby valued, unless a greater value is stated in writing hereon at the time the message 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 message over the lines of any other Company when necessary to reach its destination.

4. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.

5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.

6. This Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within thirty days after the message is filed with the Company for transmission.

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

(a) **NIGHT LETTERGRAMS** 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 LETTERGRAMS** at destination, postage prepaid.

(b) **NIGHT LETTERGRAMS** shall be written in plain English. Code language is not permitted.

7. The above terms and conditions shall be binding upon the receiver as well as the sender of this **NIGHT LETTERGRAM**.

8. **NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.**

CHARLES C. ADAMS, VICE-PRESIDENT.

CLARENCE H. MACKAY, PRESIDENT.
EDWARD REYNOLDS, VICE-PREST. AND GENERAL MANAGER.

CHARLES P. BRUCH, VICE-PRESIDENT.

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date July 29, 1915.

To Mr. Strong

Subject: _____

From Mr. Jay

Governor Hamlin telephoned about 5:15 P. M. yesterday, reporting the action of the Board in the Fowler application matter, stating that he hoped that the action of the Board would not conflict with any plans we had under way for considering the international law upon the subject. I told him that I left quite sure that it would not conflict.

He also stated that the letter which the Board discussed in our office about two weeks ago, when four members of it were here, relative to the purchase by this bank of acceptances under the Brown and other credits, was being mailed to-day in slightly changed form.

He said that he was leaving on the Congressional to-morrow, Friday, on his way to Mattapoisett, where he would remain until 3 P.M. Monday; his telephone number there being Mattapoisett 40, in case you should wish to communicate with him.

PJ/JM

[1916]

To "Hon. Voyage" -
Henry Strong, Jr.
Officers - F. R. Bank.

DIRECT UNITED STATES

ANGLO-AMERICAN



WESTERN UNION

CABLEGRAM

No.

No. <i>4/29/1</i>	Service Instructions. Via Direct.	Time Received. <i>453/</i>	Receiving Office. See back of Form for Telephone Number.
Handed in at <i>New York</i>		No. of Words. <i>11</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To

*Strong care
Morgan Ldn
Everything extremely
quiet condition unchanged
Pierre Jay*

2/15

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,000 OFFICES AND 1,500,000 MILES OF WIRE.

Direct Wires from Cable Stations to all the principal commercial centres in Great Britain, United States and Canada, and Direct connection with Central America, West Indies, South America, Australia, New Zealand, Fanning, Fiji, and Norfolk Islands.

DIRECT AND EXCLUSIVE CONNECTION WITH MEXICO.

RECEIVING OFFICES IN THE UNITED KINGDOM:—

	Telephone Nos.		Telephone Nos.
LONDON : 1, Old Broad Street, E.C.	3761 Wall	LIVERPOOL : Cotton Exchange	{ 2274 & 2275 Central.
63, Old Broad Street, E.C.	3316 "		
48a, Gresham House, Old Broad St., E.C.	704 "		
21, Royal Exchange, E.C.	9117 "		
		D 6, Exchange Buildings	{ 1535 Central 960 "
39, 40, Mark Lane, E.C.	{ 1070 Avenue 1384 Avenue 3762 Wall	BRISTOL : Canada House, Baldwin Street ...	309
East India Avenue, E.C.	3763 Avenue	BRADFORD : 10, Forster Square	771
The Baltic, St. Mary Axe, E.C.	{ 6974 Central 976 Avenue	DUNDEE : 1, Panmure Street	1351
34, Throgmorton Street	1368 Wall	EDINBURGH : 50, Frederick Street	400
1, Drapers' Gardens, E.C.	1830 Central	GLASGOW : 4, Waterloo Street	450 Central, 1165 Argyle
109, Fenchurch Street, E.C.	1050 Avenue	113, Hope Street	2017 Central, 2324 Argyle
10, Holborn Viaduct	4119 City	LEITH : Exchange Buildings	600
Efingham House, Arundel Street, W.C.	1713 Gerrard	MANCHESTER : 31, Brown Street	1455
34, 35, Southampton St., Strand, W.C....	1155 "	NEWCASTLE-ON-TYNE : 1, Side	1329
2, Charing Cross, W.C.	3598 "		
5, Royal Opera Arcade, Pall Mall, S.W.	2073 Central		
34, Victoria Street, S.W.	3716 Victoria		
48, Tooley Street, S.E.	984 Hop		

General Offices - 26, OLD BROAD STREET, LONDON, E.C.

TELEPHONE: 5261 LONDON WALL.

PRINCIPAL CONTINENTAL OFFICES AND AGENCIES:

ANTWERP: 4, Avenue de Keyser.	MADRID: Academia, 10.
" 49, Canal des Recollets.	NAPLES: Via Marina Nuova, 14/18.
AMSTERDAM: 4, Weesperzijde.	PARIS: 1, Rue Auber.
BARCELONA: 57, Calle Caspe.	" 37, Rue Caumartin.
CHRISTIANIA: 4, Prinsengade.	ROME: 26-27, Piazza di Spagna.
COPENHAGEN: Dr. Olgasveg, 47.	VIENNA: VIII, Kaiserstrasse, 24.
HAVRE: 118, Boulevard Strasbourg.	ZURICH: 59, Rigistrasse.
HAMBURG: 12, Ernst Merckstrasse.	

The public are recommended to hand in their Telegrams at the Company's Stations, where free receipts are given for the amounts charged.

Telegrams for this Company's Cables are also received at all Post Office Telegraph Stations; but in order to insure transmission by the Western Union Telegraph-Cable System, the forms upon which Telegrams are written should be marked "Via Western Union," "Via Anglo" or "Via Direct." This indication is signalled free of charge.

Cable addresses are registered free of charge.

All important Telegrams should be repeated, for which an additional quarter rate is charged.

98

FEDERAL RESERVE BANK
OF NEW YORK

February 18, 1916.

My dear Governor:

Mrs. McLaren has kept you pretty well informed of the routine matters which have been passing in the office, and the daily statement which she sends you whenever there is a mail should speak for itself. She also sends you clippings of interest from time to time, I believe.

At the meeting Wednesday we had a full board and considerable opposition developed to the establishment of a department of statistics and information. Mr. Locke said he did not believe the Reserve Board read what we sent them now and asked if I thought any of them had read the long report I made to them. Certain others objected on the ground that it was unnecessary and expensive. Finally, it was suggested that I should make a more definite report at the next meeting, to be held March 1st.

I am enclosing copy of the estimate prepared for the committee on equalization of Federal reserve bank investments, to which Mrs. McLaren has already alluded. The committee meets here Wednesday, February 23rd. Mr. Kenzel is taking advantage of the holiday situation to be away from the 18th to the 23rd; Mr. Curtis likewise.

The Directors decided at the meeting to keep our supply of Federal reserve notes up to \$300,000,000.

Mr. Warburg is taking great interest in the development of the domestic trade acceptance idea and, at his suggestion, the reserve banks of Boston and Philadelphia have reduced their rate to 3%. I told him that I would consider recommending the same thing here if, at the same time, we could get a movement started among the merchants to develop the business, and intend to take this matter up actively next week. They are doing quite a little along this line in Cleveland.

I talked with Mr. Warburg on the telephone to-day and learned that he felt pretty sure of going South on March 10th, although it is not absolutely decided.

We had two up-state bankers in the office yesterday, both of whom were very much opposed to compulsory membership in the collection system on any basis and said that a very strong movement was going on among up-state banks to contest such a policy. I expect to get plenty of this talk in Elmira and Buffalo. Hendricks has gone up to Albany this afternoon for the group meeting there to-morrow.

I was glad to learn from your cablegram that you were going over to Paris this week and trust this means the beginning of your vacation. As far as anything on this side goes, you need not think of hurrying back.

The work is progressing well at the Equitable Building. The ventilating plans have been declared adequate by our expert, and another expert is now checking up the building company's figures on the strain which will be caused by the vault.

Mr. Broderick is finishing his examination to-morrow. I lunched with him yesterday and he said he would have no criticisms to make; that everything seems to be going excellently.

Hoping that you are having a bully time and with best regards, I am,

Sincerely yours,

Pierre Jay.
P. E.

Benj. Strong, Jr., Esq.,
c/o Messrs. Morgan, Grenfell & Co.,
22 Old Broad Street,
London, E. C.

PJ/PE
Enc.

STATEMENT OF AVERAGE EXPENSES FOR THE YEAR 1915,
 ESTIMATED EXPENSES FOR THE YEAR 1916, AND
 ESTIMATED INVESTMENTS NECESSARY TO
 PROVIDE SUFFICIENT EARNINGS.

	Monthly Average Year 1915	Actual Ex- pense Month of January, 1916	Estimated Monthly Expense Year 1916
Current Expense	19,542.00	21,924.76	24,404.36
Cost of Federal reserve notes	8,128.57	6,240.00	8,128.57
Assessment for Expenses - Fed. Res. Bd.	3,640.10	3,685.08	3,685.08
Amortization of Expense of Organization	-0-	4,680.61	4,680.61
Depreciation of Furniture & Equipment	-0-	449.67	866.34
	<u>31,310.67</u>	<u>36,980.12</u>	<u>41,764.96</u>

112 mos. @ 42,000. = \$504,000. for year
 12 mos. dividend, year 1916, @ 6% on \$11,055,200. = 663,312. " "

Total current needs - - - - - \$1,167,312.

Accrued dividends to December 31, 1915:

Nov. 2, 1914, to Feb. 2, 1915, - \$ 3,530,000. @ 6% 49,950.
 Feb. 2, 1915, to May 2, 1915, - 6,667,000. @ 6% 100,005.
 May 2, 1915, to Dec. 31, 1915, - 10,990,000. @ 6% 439,600. 589,555.

Grand total estimated required earnings year 1916 - - - - - \$1,756,867.

ESTIMATED INVESTMENTS REQUIRED TO YIELD
 IN ONE YEAR AMOUNTS INDICATED
 AT VARYING RATES.

FEB 18 1916
 FEDERAL RESERVE BANK

%	\$504,000.	\$1,167,000.	\$1,760,000.
2	\$25,200,000.	\$58,400,000.	\$88,000,000.
2 1/8	25,700,000.	54,900,000.	82,800,000.
2 1/4	22,400,000.	51,900,000.	78,210,000.
2 3/8	21,200,000.	49,100,000.	74,100,000.
2 1/2	20,160,000.	46,600,000.	70,400,000.
2 3/4	18,200,000.	42,500,000.	64,000,000.
3	16,800,000.	38,900,000.	58,700,000.

FILING DEPT.

FEB 18 1916

FEDERAL RESERVE BANK

	.000,000,00	.000,000,00	.000,000,00	
	.000,000,00	.000,000,00	.000,000,00	2
	.000,000,00	.000,000,00	.000,000,00	2
	.000,000,00	.000,000,00	.000,000,00	2 1/2
	.000,000,00	.000,000,00	.000,000,00	2 1/4
	.000,000,00	.000,000,00	.000,000,00	2 3/8
	.000,000,00	.000,000,00	.000,000,00	2 1/2
	.000,000,00	.000,000,00	.000,000,00	2 3/4
	.000,000,00	.000,000,00	.000,000,00	2

DIRECT UNITED STATES

No. *35*
98

ANGLO-AMERICAN



WESTERN UNION

CABLEGRAM

No. <i>65</i>	Service Instructions. Via Direct.	Time Received. <i>4:51 a</i>	Receiving Office. See back of Form for Telephone Number.
Handed in at <i>New York</i>		NO. OF WORDS. <i>20</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To *Benjamin Strong*
Care Morgan Ldn

Everything quiet
examination finished
no criticisms clearing
house surplus reserves
one fifty two millions
Jay

Remitted
10.0 am
FB

Please hand your Reply direct to this Office.

Indications de service.

London 3

RÉPUL

BENJAMIN STRONG SOINS

MORGAN HARJES BOULEVARD

HATSSMANN PARIS

TÉLÉGRAPHES.

N°

Timbre
à date.



Le service de correspondance privée par la voie télégraphique. (Loi du 29 novembre 1850, art. 6.)

oct. 1914. — 1/24 triple Jésus bleu sp. 737 d'O.

N° 701.

ORIGINE.

NUMÉRO.

NOMBRE
DE MOTS

DATE.

HEURE
DE DÉPÔT.

MENTIONS DE SERVICE.

LONDON 9:05: 25 21 10H40 IHM =

NEWYORK CABLE EVERYTHING QUIET EXAMINATION FINISHED NO
CRITICISMS CLEARING HOUSE SURPLUS RESERVES ONE
FIFTY TWO MILLIONS = JAY =

1/25/16

Rec'd 2/2/16

PARIS 96
12 30
22 du 2
18
T. GLUCO

doit délivrer un récépissé à souche
couvrir une taxe.

FRER

LE PORT EST GRATUIT. Le facteu
lorsqu'il est chargé de r

A DÉCH

246

FEDERAL RESERVE BANK
OF NEW YORK

98

February 25th, 1916.

Dear Governor:

Yesterday and to-day we have been going over the vault prices but, unfortunately, the increased cost of materials is making the price higher than it would have been a few months ago. We have made a number of reductions in our specifications all along the line without much damage to the strength and the Thompson-Starrett people hope to arrive at a definite contract to-day. The lowest bidders were the York Safe & Lock Co. It is possible on account of difficulty in getting delivery of rails, that we may be delayed somewhat beyond the first of May in getting into the office, but every effort will be made to prevent this. The time required to deliver the completed vault is about 11 months. We are hoping to get the price down to about \$120,000 to \$125,000, including the auxiliary vault and the linings.

I am leaving in a few minutes with Jim Perkins for Ithaca where we shall spend the night with Treman and go over at noon to-morrow to the meeting. Expect to go from Elmira direct to Washington and spend Monday there. I may learn of something there which will be of interest to write you.

Feb. 25th, 1916.

To Benj. Strong, Esq.

There is little activity in the business of the bank.
New rediscounts have almost disappeared.

With best regards,

Very truly yours,

Pierre Jay
Chairman.

Mr. Benj. Strong, Jr.,
Care Messrs. Morgan, Grenfell & Co.,
22 Old Broad Street,
London, England.

PJ/VCM

Dictated by Mr. Jay but
signed in his absence.

I hope you
 not all going
 on the train
 at least, there's
 nothing on here
 on here
 Jim going to
 Wash for
 would to
 talk of a
 number of
 things. W.C.
 Potter of
 S.C. Co. is
 going to join
 J. J. G. H. H.
 at a party
 Sunday Feb. 27
 out train.
 98

My dear Governor,

I am on the train from El-
 mira to Washington, after the group VI
 meeting which was about as usual.
 Jim P. & I went up to Ithaca ~~Friday~~ Friday
 P.M. & spent the night with Freeman
 going over to Elmira Saturday afternoon.
 We both spoke at the dinner. Lyford was
 there, of course, & had asked Turner to
 have the group VI resolutions presented,
 kicking about reserves, exchange, etc. I
 spoke of the A.B.A. Nat. Bd. sections' plan of
 reducing reserves from 12 to 9 per cent &
 said I favored some such reduction,
 & when later Turner asked Lyford if he
 wanted the resolutions presented he said
 he guessed the poison was working &
 they weren't necessary. At the Albany
 group last week they had it fixed up
 to present them but at the last moment
 didn't do so. Kendrick was there - a

fellow from Gloversville (Harris) + or
 or two others were the militants
 there. But unfortunately for him, Harris
 spent an hour or so with us in the
 office the week before, + he told his
 associates that after talking with
 us he was satisfied we were
 doing all we could. Jim tells me
 confidentially what you may already
 know that they have a round lot of
 foreign bills bank endorsed. This is a
 reversal of the policy before contemplated
 of diverting this business to us, but
 if he + his friends have changed their
 views, it may be well for us to
 consider changing ours. You doubt-
 less have this all in mind and have
 been studying conditions relative
 thereto. A little investment of this
 kind for us at present rates
 would help income wonderfully
 and be comforting to both directors
 + officers in pursuing the completion
 of the organization of our institution.

C O P Y

Sunday Feb. 27
On train

My dear Governor,

I am on the train from Elmira to Washington, after the Group III meeting which was about as usual. Jim P. + I went up to Ithaca Friday P.M. + spent the night with Treman going over to Elmira Saturday afternoon. We both spoke at the dinner. Lyford was there, of course, + had asked Turner to have the Group VI resolutions presented, kicking about reserves, exchange, etc. I spoke of the A.B.A. Nat. Bk. sections' plan of reducing reserves, from 12 to 9 per cent + said I favored some such reduction, + when later Turner asked Lyford if he wanted the resolutions presented he said he guessed the poison was working + they weren't necessary. At the Albany Group last week they had it fixed up to present them but at the last moment didn't do so. Hendricks was there. A fellow from Gloversville (Harris) + one or two others were the militants there. But unfortunately for him, Harris spent an hour or so with us in the office the week before, + he told his associates that after talking with us he was satisfied we were doing all we could. Jim tells me confidentially what you may already know that they have a round lot of foreign bills, bank endorsed. This is a reversal of the policy before contemplated of diverting this business to us, but if he + his friends have changed their views, it may be well for us to consider changing ours. You doubtless have this all in mind and have been studying conditions relative thereto. A little investment of this kind for us at present rates would help income wonderfully and be comforting to both directors + officers in pursuing the completion of the organization of our institution.

I hope you're not hurrying. On the surface, at least, there's nothing going on here. I'm going to Wash. for Monday to talk of a number of things. W.C. Potter of Gt Co. is going to join Guggenheims as a partner.

Yrs.

[signed] P.J.

CABLEGRAM

No. 38



No. of Message 13

TELEPHONE Nos. 1146 & 1147 AVENUE
 Date 28 FEB. 1916
 146 & 147 AVENUE
 ST. PAUL, MINN.

The following CABLEGRAM received, at

M. "Via Commercial Cables,"

From Washington

No. of Words, 30

Received FB
Benjamin Strong
care Morgan Ln

RENFELL & CO.
 FEB. 1916
 LONDON

Governors Committee allotment
 report satisfactory York
 received vault contract
 clearing house surplus reserves
 one three five millions purchased
 five million new Yorks westerman
 sails tomorrow
 Jay

No inquiry respecting this Message can be attended to without the production of this paper. Repetitions of doubtful words should be obtained through the Company's Offices, and not by direct application to the Sender.

TELEPHONE NUMBERS.

LONDON	63/64, Gracechurch Street, E.C. ...	1146, 1147 & 1148 Avenue
	(Principal Office, Always Open.)	
Do.	23, Royal Exchange, E.C. ...	1146, 1147 & 1148 Avenue
Do.	1, Shorter's Ct., Throgmorton Street, E.C. ...	1392 London Wall
Do.	14, Mark Lane, E.C. ...	1145 Avenue
Do.	1, Northumberland Avenue, W.C. ...	5145 Gerrard
Do.	5, Denman Street, London Bridge, S.E. ...	879 Hop
Do.	East India Avenue, E.C. ...	1146, 1147 & 1148 Avenue
Do.	The Baltic, St. Mary Axe, E.C. ...	7436 Central
Do.	166, Piccadilly, W. ...	3992 Regent
Do.	34, Victoria Street, S.W. ...	4153 Victoria
Do.	38, Snow Hill, E.C. ...	4809 City
LIVERPOOL:	F7, Exchange Buildings ...	434 Central (2 lines)
Do.	Cotton Exchange ...	

MANCHESTER:	18, Moult Street, Cross Street ...	1608 City
BRADFORD:	8, Forster Square ...	773
NEWCASTLE-ON-TYNE:	29, Sandhill ...	1356 National
BRISTOL:	Back Hall Chambers, Baldwin Street ...	61
WESTON-SUPER-MARE:	3, Richmond Street ...	143
GLASGOW:	28, Gordon Street ...	7509 } Central 7510 }
EDINBURGH:	18c, George Street ...	384
LEITH:	5, Bernard Street ...	589
DUNDEE:	50, Bell Street ...	2340
SWANSEA:	(Agency) 15, Adelaide Street ...	139
WATERVILLE:	Co. Kerry, Ireland ...	—

CONDITIONS UNDER WHICH MESSAGES ARE RECEIVED BY THE COMMERCIAL CABLE COMPANY.

- The Company may decline to forward the Message, though it has been received for Transmission; but in case of so doing shall refund to the Sender the amount paid for the transmission Message.
- The Company will refund to the Sender the charges paid by him—
 - (a) For any Telegram which fails to reach the Addressee through any neglect or default of the Company or its Servants, whilst the message remains under the control of the Company.
 - (b) For any repeated Telegram which, owing to errors made in transmission by the Company's Servants, has manifestly not fulfilled its object.
 - (c) For every Telegram in plain language which has manifestly been unable to fulfil its object, in consequence of errors made in its transmission, unless the errors have been rectified by paid Service advice.
- Whatever may be the damage caused either by errors, mistakes, delays, mis-delivery, non-delivery, or otherwise, in respect of any Message entrusted to the Company for transmission, and whether the same arise from the neglect or the default of the Company's Servants, or howsoever otherwise the same may arise, the Company shall not be liable except to refund to the Sender in the cases above mentioned the amount paid to the Company for the transmission of the Message.
- The control of the Company over the Message shall be deemed to have entirely ceased at any point where, in the course of the transit of the Message to its destination, it may be entrusted by the Company (and the Company shall have full power so to entrust the Message) for further transmission to any other system, service, or line of telegraph.

CLARENCE H. MACKAY, President. G. G. WARD, Vice-President and General Manager. ALBERT BECK, Secretary.

The public are recommended to hand in their Messages at the Company's Stations, where receipts are given for amounts paid. Messages are also received at all Postal Telegraph Stations; but in order to insure transmission by the Commercial Cable Company, the forms upon which Telegrams are written should be marked "Via Commercial." This Indication will be signalled free.

All important Messages should be repeated, for which an additional quarter rate is charged.

DIRECT CONNECTION WITH

COMMERCIAL PACIFIC CABLE, COMMERCIAL CUBA CABLE, CANADIAN PACIFIC TELEGRAPHS, HALIFAX AND BERMUDAS AND DIRECT WEST INDIA CABLES, NEWFOUNDLAND CABLE, BRITISH PACIFIC CABLE, AND ALASKAN CABLES.

 THIS Company has four Ocean Cables terminating in New York City. The SHORTEST and MOST RELIABLE route between England and the United States.

Indications de service.

RÉPUBLIQUE FRANÇAISE.

TÉLÉGRAMME

POSTES ET TÉLÉGRAPHES.

Len 17

= BENJAMIN STRONG MORGAN

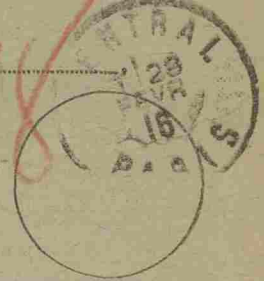
1. HARJES BOULEVARD

in HAUSSMANN PARIS

L
télég

N°

Timbre
à date.



ORIGINE.

NUMÉRO.

ST GRATUIT. Le facteur doit délivrer un récépissé à souche

DE N° est chargé de

DE DÉPÔT.

MENTIONS DE SERVICE.

LONDON 369 35 28 10440

WASHINGTON CABLE GOVERNORS COMMITTEE ALLOTMENT REPORT
SATISFACTORY YORK RECEIVED VAULT CONTRACT CLEARING HOUSE
SURPLUS RESERVES ONE THREE FIVE MILLIONS PURCHASED FIVE
MILLION NEW YORKS WESTERMAN SAILS TOMORROW = JAY =

[Anc. 124 bis.] (Aout 1914. — 1/24 triple Jésus Bleu sp. 717 d'O.)



PARIS 96
15 40
28 du
H. G. L. Y.

recouvrer une taxe.

RER



LE PORT EST

lorsqu'il est

A DÉ

DIRECT UNITED STATES


No. 11

ANGLO-AMERICAN



WESTERN UNION

CABLEGRAM

No. <u>13</u> <u>234</u>	Service Instructions. Via Direct.	Time Received. <u>12/23 am</u>	Receiving Office. See back of Form for Telephone Number. 
Handed in at <u>New York</u>		No. of Words. <u>17</u>	

No inquiry respecting this Message can be attended to without the production of this paper.

To

*Strong Care Morgan
London*

*When do you reach Amsterdam
cable briefly your plans
situation here unchanged*

- Jay -


Please hand your Reply direct to this Office.

WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES

CABLEGRAM

No. *98* Form 6

No. <i>242</i>	Service Instructions. Via Western Union.	Time Received. <i>10/148</i>	Receiving Office. See back of Form for Telephone Number.
Handed in at <i>New York</i>		No. of Words. <i>21</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To *Benj strong bare
morgan Lon
Paul sailing with
secretary treasury
Tuesday desire your
itinerary monday if
possible everything
quiet*

Pierre Jay


No. 98
Form 6

WESTERN UNION

ANGLO-AMERICAN DIRECT UNITED STATES

CABLEGRAM



No. <i>242</i>	Service Instructions. <i>Via Western Union.</i>	Time Received. <i>7:01/48</i>	Receiving Office. See back of Form for Telephone Number.
Handed in at <i>New York</i>		No. of Words. <i>21</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To *Benj strong bare*
morgan Lon
Paul sailing with
secretary treasury
Tuesday desire your
itinerary monday if
possible everything
quiet
Pierre Jay

No. Form 6A

1861

ANGLO-AMERICAN WESTERN UNION DIRECT UNITED STATES CABLEGRAM



No. <i>1059/4</i>	Service Instructions. Via Anglo.	Time Received. <i>7-26</i>	Receiving Office. See back of Form for Telephone Number.
Handed in at <i>New York</i>		No. of Words. <i>5</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To

*Wlt Benj Strong
Care Morgan Ldn*

*Clearing house excess
reserves are one hundred
thirty seven million directors
voted purchase five million
governments from our member
banks on march fifteenth
earnings slightly exceed
expenses*


Pierre Jay

WEEK END
CABLE LETTER

Please hand your Reply direct to this Office.

WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES
CABLEGRAM

No. <i>347</i>	Service Instructions. Via Western Union.	Time Received. <i>11 20 p</i>	Receiving Office. See back of Form for Telephone Number. 
Handed in at NEW YORK		No. of Words. <i>93 1/52</i>	

No inquiry respecting this Message can be attended to without the production of this paper.


To Benjamin Strong care
Morgan Ln

Two cables regarding plans received also letters eighteenth nineteenth Kains sailing with Paul seventh latter rather uneasy at your absence but feels your judgment should determine stop our executive committee recommends you take all time necessary to complete work without feeling hurried stop except reductions surplus reserves

Please hand your Reply direct to this Office.

WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES
CABLEGRAM

No. <i>2/347</i>	Service Instructions. Via Western Union.	Time Received. <i>11:30 P</i>	Receiving Office. See back of Form for Telephone Number.
<i>Benjamin</i>	Handed in at <i>(2)</i>	No. of Words. <i>41</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To financial situation unchanged since you left London papers doubtless contain full Washington news regulations progressing satisfactorily please ascertain fully procedure of directors in establishing London bank rate and extent of their information department our directors skeptical about organizing such department
Jay

Please hand your Reply direct to this Office.

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

Direct Wires from Cable Stations to all the principal commercial centres in Great Britain, United States and Canada, and Direct connection with Central America, West Indies, South America, Australia, New Zealand, Fanning, Fiji, and Norfolk Islands.

DIRECT AND EXCLUSIVE CONNECTION WITH MEXICO.

RECEIVING OFFICES IN THE UNITED KINGDOM:—

LONDON:		Telephone Nos		Telephone Nos.
1, Old Broad Street, E.C.	...	3761	Wall	2274 Central (Private Branch Exchange).
63, Old Broad Street, E.C.	...	3216	"	
48a, Gresham House, Old Broad St., E.C.	...	704	"	309 Central
21, Royal Exchange, E.C.	...	9117	"	
39, 40, Mark Lane, E.C.	1070, 1384 Avenue,	3762	"	771 Bradford
20, Mark Lane, E.C.	...	1050	Avenue	
East India Avenue, E.C.	...	3763, 614	"	1351 Central
The Baltic, St. Mary Axe, E.C.	976 Avenue,	6974	Central	
34, Throgmorton Street, E.C.	...	1368	Wall	400 "
1, Drapers' Gardens, E.C.	...	1830	Central	
10, Holborn Viaduct, E.C.	...	4119	City	771 " (Private Branch Exchange).
Doningon House, Norfolk Street, W.C.	...	3717	"	
34, 35, Southampton St., Strand, W.C.	...	1155	Gerrard	600 Leith
2, Charing Cross, S.W.	...	3598	"	
5, Royal Opera Arcade, Pall Mall, S.W.	...	3073	Regent	1455 City
34, Victoria Street, S.W.	...	3716	Victoria	
48, Tooley Street, S.E.	...	984	Hop	1329 Central
				789 West Hartlepool

General Offices - WESTERN UNION HOUSE, GREAT WINCHESTER STREET, LONDON, E.C.

TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

PRINCIPAL CONTINENTAL OFFICES AND AGENCIES:—

AMSTERDAM:	4, Weesperzijde.	MADRID:	Calle Valenzuela 10.
ANTWERP:	4, Avenue de Keyser.	NAPLES:	Via Marina Nuova, 14/18.
BARCELONA:	57, Calle Caspe.	PARIS:	1, Rue Auber.
	96, Paseo de Gracia.		37, Rue Caumartin.
CHRISTIANIA:	4, Prinsensgade.	ROME:	49/50, Piazza di Spagna.
COPENHAGEN:	Vesterbrogade 19.	STOCKHOLM:	Drottninggatan 3.
HAMBURG:	4, Grosse Allee.	VIENNA:	IV. Stumpergasse, 48.
HAVRE:	118, Boulevard Strasbourg.	ZURICH:	Pelikanstrasse, 22.

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Cable addresses are registered free of charge.

All important Telegrams should be repeated, for which an additional quarter rate is charged.

WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES
CABLEGRAM

No. *98*

No.	Service Instructions.	Time Received.	Receiving Office. <small>See back of Form for Telephone Number.</small>
<i>465</i>	Via Western Union.	<i>12.26a</i>	
Handed in at <i>New York</i>		No. of Words. <i>13</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To

*Benjamin Strong care
Morgan & Co
Your satisfactory cable
received secretary
accompanies Paul
Jay*

Please hand your Reply direct to this Office.

Mo. Form 6
349

WESTERN UNION

ANGLO-AMERICAN DIRECT UNITED STATES

CABLEGRAM



No. <i>130</i>	Service Instructions. Via Western Union.	Time Received. <i>623p0</i>	Receiving Office. <i>95</i> See back of Form for Telephone Number.
Handed in at NEW YORK.		No. of Words. <i>39</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To Benjamin Strong bare Morgan
London

Cable received no reason here
for hastening return everything
quiet netherlands bank cabled
asking us accept custody of
metal their account answered
we were favorable in principle
but desired details no
reply yet Jay

Please hand your Reply direct to this Office.

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

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DIRECT AND EXCLUSIVE CONNECTION WITH MEXICO.

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LONDON:	Telephone Nos.		Telephone Nos.
1, Old Broad Street, E.C.	3761	WALL	2274 Central (Private Branch Exchange).
63, Old Broad Street, E.C.	3316	"	
48a, Gresham House, Old Broad St., E.C.	704	"	LIVERPOOL: D 6, Exchange Buildings Cotton Exchange ...
21, Royal Exchange, E.C.	9117	"	
39, 40, Mark Lane, E.C.	1070, 1384	AVENUE, 3762	BRISTOL: Canada House, Baldwin Street
20, Mark Lane, E.C.	1050	AVENUE	BRADFORD: 10, Forster Square
East India Avenue, E.C.	3763, 614	"	DUNDEE: 1, Panmure Street
The Baltic, St. Mary Axe, E.C.	976	AVENUE, 6974	EDINBURGH: 60, Frederick Street
34, Throgmorton Street, E.C.	1368	WALL	GLASGOW: 23, Waterloo Street
1, Drapers' Gardens, E.C.	1830	CENTRAL	
10, Holborn Viaduct, E.C.	4119	CITY	LEITH: Exchange Buildings
Donington House, Norfolk Street, W.C.	3717	"	MANCHESTER: 31, Brown Street
34, 35, Southampton St., Strand, W.C.	1155	GERRARD	NEWCASTLE-ON-TYNE: 1, Side
2, Charing Cross, S.W.	3598	"	WEST HARTLEPOOL: Exchange Buildings, Mainsforth Terrace
5, Royal Opera Arcade, Pall Mall, S.W.	3073	REGENT	789 West Hartlepool
34, Victoria Street, S.W.	3716	VICTORIA	
48, Tooley Street, S.E.	984	HOP	

General Offices - WESTERN UNION HOUSE, GREAT MANCHESTER STREET, LONDON, E.C.

TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

PRINCIPAL CONTINENTAL OFFICES AND AGENCIES:—

AMSTERDAM: 4, Weesperzijde	MADRID: Calle Valenzuela 10.
ANTWERP: 4, Avenue de Keyser.	NAPLES: Via Marina Nuova, 14/18.
" 49, Canal des Recollets.	PARIS: 1, Rue Auber.
BARCELONA: 57, Calle Caspe.	" 37, Rue Caumartin.
" 96, Paseo de Gracia.	ROME: 49/50, Piazza di Spagna.
CHRISTIANIA: 4, Prinsensgade.	STOCKHOLM: Drottninggatan 3.
COPENHAGEN: Vesterbrogade 19.	VIENNA: IV, Stumpengasse, 48.
HAMBURG: 4, Grosse Allee.	ZURICH: Pelikanstrasse, 22.
HAVRE: 118, Boulevard Strasbourg.	

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FEDERAL RESERVE BANK
OF NEW YORK

121
98

March 11, 1916.

Dear Governor Strong:

We did not write you last week because we imagined that if you were leaving on the 20th there would be little if any chance of your getting our letter.

Paul was rather unhappy at the thought of your being away at the same time he was away, hence the cablegrams we sent you last week about your plans, not that we ourselves did not also want to know what you were doing and when we might see you back. I was glad to get your cablegram on Monday stating that you wished to stay over longer, and communicated it to Paul. He said that of course you must exercise your own judgment about it. Later in the day we had a meeting of the Executive Committee on a rediscount, and their feeling was unanimous that you should not feel hurried but stay over as long as you wanted to finish the work you had in mind. I therefore cabled you to this effect.

I also cabled you yesterday about the Netherlands Bank inquiry and our answer. We had heard nothing further as yet. I had a long talk with Alexander a few days ago about the situation here. He says he sees nothing whatever in it to be alarmed about.

The decrease in the reserves of the clearing house banks seems to have been the result to some extent of large payments to interior cities.

3/11/16.

On March 8th Hendricks and I were invited to Washington by Mr. Delano to hear Mr. Rowe of Cincinnati explain a collection plan, about which he has been talking with the Board. McKay also attended. The plan entailed immediate debit and credit within the district and deferred debit and credit between districts, with the provision which we have always had in mind, that member banks might send checks direct to the reserve bank of which the paying bank is a member, in order to shorten time. The Board was much pleased apparently with the plan and is very unwilling to get away from the "immediate" idea. The Board I think has an idea that this is the first "plan" which has been suggested to it and that the governors have never worked out any "plan". I understand that a draft has been prepared of the Attorney General's opinion and is likely to be in favor of compulsory remittance at par.

As a result of this meeting, Governor Hamlin wrote to all the governors yesterday asking them to have a meeting and report a definite plan to the Board on or before April 10th. Curtis is communicating with the governors now on the subject.

A week ago to-day I went to Buffalo, stopping in Rochester in the morning to call on the banks there. We had a very satisfactory meeting in Buffalo, although most of the banks there are state banks. Four country banks in ~~this~~ ^{no 2} district are converting into state banks.

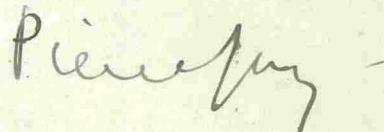
I think you have been advised of the transfer of Fairfield County, Conn. to District No. 2. This brings in fifteen new banks. Three other counties which applied for transfer have had consideration of their applications postponed.

3/11/16.

Everything is running along satisfactorily in the bank. We are all well and busy. Rates for money are a shade firmer and of course business is continuing at a tremendous rate. If you continue in your purpose to sail March 25th, this will probably be the last letter I can write you, but I hope you will not feel it necessary to hurry home for anything in the office, unless it be that you want to be present at the governors' meeting, of which we will advise you definitely when the date has been set.

With best regards,

Faithfully yours,



Benj. Strong, Jr., Esq.,
c/o Morgan, Grenfell & Co.,
London, England.

PJ/LCE

STATEMENT OF THE CONDITION

OF THE

FEDERAL RESERVE BANK OF NEW YORK

At the close of business Mar. 10, 1916.

RESOURCES

Gold Coin and Gold Certificates:		
Gold Settlement Fund	5,790,000.00	
Gold in vaults	<u>157,221,377.50</u>	
Total Gold Reserve		\$163,011,377.50
Legal tender notes, silver certificates and subsidiary coin		<u>10,569,395.65</u>
Total Reserve		\$173,580,773.15
Bills Discounted and Bought:		
Commercial Paper	290,957.90	
Bank Acceptances	<u>13,361,597.86</u>	
Total		13,652,555.76
Investments - Municipal Warrants		13,223,399.13
Federal Reserve Notes (net)		14,501,410.00
All other resources.		<u>377,189.81</u>
TOTAL RESOURCES		<u>\$215,335,327.85</u>

LIABILITIES

Capital		\$ 11,122,250.00
Reserve Deposits (net)		189,215,135.33
Government Deposits.		7,622,545.33
Due to other Federal reserve banks (net)		2,464,030.91
All other liabilities		<u>4,891,366.28</u>
TOTAL LIABILITIES		<u>\$215,335,327.85</u>
Federal reserve notes outstanding		\$75,707,000.00
Against which there is deposited with Federal Reserve Agent:		
Gold and lawful money		\$75,707,000.00

No. *98*

WESTERN UNION

ANGLO-AMERICAN WESTERN UNION DIRECT UNITED STATES

CABLEGRAM

No. <i>1044</i>	Service Instructions. Via Western Union.	Time Received. <i>4:44 PM</i>	Receiving Office. See back of Form for Telephone Number.
Handed in at <i>New York</i>		No. of Words. <i>45</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To

*Wt. Benjamin Strong
Care. Morgan & Co*

*Our investments twenty seven
million rates slightly firmer
excess reserve 136 million
situation unchanged equitable of
office progressing well hamlin requests
definite clearing plan from Governor
by April tenth Gregory's opinion
not yet rendered will advise date
governors meeting - Jay*

Please hand your reply direct to this Office.

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

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63, Old Broad Street, E.C.	...	3316	"		
48a, Gresham House, Old Broad St., E.C.	...	704	"	}	309 Central
21, Royal Exchange, E.C.	...	9117	"		
39, 40, Mark Lane, E.C.	1070, 1384 Avenue,	3762	"	}	771 Bradford
20, Mark Lane, E.C.	...	1050	Avenue		
East India Avenue, E.C.	...	3763, 614	"	}	1351 Central
The Baltic, St. Mary Axe, E.C.	976 Avenue,	6974	Central		
34, Throgmorton Street, E.C.	...	1368	Wall	}	400 "
1, Drapers' Gardens, E.C.	...	1830	Central		
10, Holborn Viaduct, E.C.	...	4119	City	}	771 " (Private Branch Exchange).
Donington House, Norfolk Street, W.C.	...	3717	"		
34, 35, Southampton St., Strand, W.C.	...	1155	Gerrard	}	600 Leith
2, Charing Cross, S.W.	...	3598	"		
5, Royal Opera Arcade, Pall Mall, S.W.	...	3073	Regent	}	1455 City
34, Victoria Street, S.W.	...	3716	Victoria		
48, Tooley Street, S.E.	...	984	Hop	}	1329 Central
				}	789 West Hartlepool

General Offices - WESTERN UNION HOUSE, GREAT WINGHESTER STREET, LONDON, E.G.

TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

PRINCIPAL CONTINENTAL OFFICES AND AGENCIES:—

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"	49, Canal des Recollets.	PARIS :	1, Rue Auber.
BARCELONA :	57, Calle Caspe.	"	37, Rue Caumartin.
"	96, Paseo de Gracia.	ROME :	49/50, Piazza di Spagna.
CHRISTIANIA :	4, Prinsensgade.	STOCKHOLM :	Drottninggatan 3.
COPENHAGEN :	Vesterbrogade 19.	VIENNA :	IV. Stumpergasse, 48.
HAMBURG :	4, Grosse Allee.	ZURICH :	Pelikanstrasse, 22.
HAVRE :	118, Boulevard Strasbourg.		

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WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES

CABLEGRAM

No. 281	Service Instructions. Via Western Union.	Time Received. 11/128	Receiving Office. See back of Form for Telephone Number. DATED 10
Handed in at New York		No. of Words. 45	7 4 MAR 1916

No inquiry respecting this Message can be attended to without the production of this paper.

To

Benj. Strong bare
Morgan Lon

Cable received stop we all
feel strongly you should
remain and conclude
arrangements without hurry
delay inconveniences
nobody here stop delano
harding absent hamlin
miller considering.
your cable will advise

Please hand your Reply direct to this Office.

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

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21, Royal Exchange, E.C.	9117	"	Exchange).
39, 40, Mark Lane, E.C. 1070, 1384 Avenue,	3762	"	LIVERPOOL : D 6, Exchange Buildings
20, Mark Lane, E.C.	1050	Avenue	Cotton Exchange
East India Avenue, E.C.	3763, 614	"	BRISTOL : Canada House, Baldwin Street ...
The Baltic, St. Mary Axe, E.C. 976 Avenue,	6974	Central	BRADFORD : 10, Forster Square
34, Throgmorton Street, E.C.	1368	Wall	DUNDEE : 1, Panmure Street
1, Drapers' Gardens, E.C.	1830	Central	EDINBURGH : 50, Frederick Street
10, Holborn Viaduct, E.C.	4119	City	400 "
Donington House, Norfolk Street, W.C. ...	3717	"	771 "
34, 35, Southampton St., Strand, W.C. ...	1155	Gerrard	(Private
2, Charing Cross, S.W.	3598	"	Branch
5, Royal Opera Arcade, Pall Mall, S.W. ...	3073	Regent	Exchange).
34, Victoria Street, S.W.	3716	Victoria	GLASGOW : 23, Waterloo Street
48, Tooley Street, S.E.	984	Hop	LEITH : Exchange Buildings
			MANCHESTER : 31, Brown Street
			NEWCASTLE-ON-TYNE : 1, Side
			WEST HARTLEPOOL : Exchange Buildings, Mainsforth Terrace } 789 West Hartlepool

General Offices - WESTERN UNION HOUSE, GREAT WINCHESTER STREET, LONDON, E.C.

TELEPHONE No. : 800 LONDON WALL (Private Branch Exchange).

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BARCELONA : 49, Canal des Recollets.	PARIS : 1, Rue Auber.
BARCELONA : 57, Calle Caspe.	" 37, Rue Caumartin.
" 96, Paseo de Gracia.	ROME : 49/50, Piazza di Spagna.
CHRISTIANIA : 4, Prinsensgade.	STOCKHOLM : Drottninggatan 3.
COPENHAGEN : Vesterbrogade 19.	VIENNA : IV, Stumpergasse, 48.
HAMBURG : 4, Grosse Allee.	ZURICH : Pelikanstrasse, 22.
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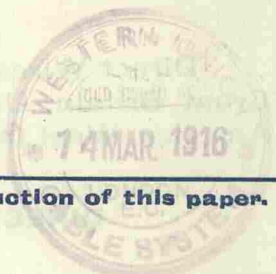
All important Telegrams should be repeated, for which an additional quarter rate is charged.

No. Form

WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES

CABLEGRAM

No.	Service Instructions.	Time Received.	Receiving Office. <small>See back of Form for Telephone Number.</small>
	Via Western Union.		
281 2	Handed in at	No. of Words.	

No inquiry respecting this Message can be attended to without the production of this paper.

To

decision stop
 bought four million
 governments from members
 today
 Jay

Please hand your Reply direct to this Office.

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8 DUPLEXED ATLANTIC CABLES.

OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

Direct Wires from Cable Stations to all the principal commercial centres in Great Britain, United States and Canada, and Direct connection with Central America, West Indies, South America, Australia, New Zealand, Fanning, Fiji, and Norfolk Islands.

DIRECT AND EXCLUSIVE CONNECTION WITH MEXICO.

RECEIVING OFFICES IN THE UNITED KINGDOM:—

LONDON:		Telephone Nos.		Telephone Nos.
1, Old Broad Street, E.C.	...	3761	Wall	2274 Central (Private Branch Exchange).
63, Old Broad Street, E.C.	...	3316	"	
48a, Gresham House, Old Broad St., E.C.	...	704	"	309 Central
21, Royal Exchange, E.C.	...	9117	"	
39, 40, Mark Lane, E.C.	1070, 1384 Avenue,	3762	"	771 Bradford
20, Mark Lane, E.C.	...	1050	Avenue	
East India Avenue, E.C.	...	3763, 614	"	1351 Central
The Baltic, St. Mary Axe, E.C.	976 Avenue,	6974	Central	
34, Throgmorton Street, E.C.	...	1368	Wall	400 "
1, Drapers' Gardens, E.C.	...	1830	Central	
10, Holborn Viaduct, E.C.	...	4119	City	771 " (Private Branch Exchange).
Donington House, Norfolk Street, W.C.	...	3717	"	
34, 35, Southampton St., Strand, W.C.	...	1155	Gerrard	600 Leith
2, Charing Cross, S.W.	...	3598	"	
5, Royal Opera Arcade, Pall Mall, S.W.	...	3073	Regent	1455 City
34, Victoria Street, S.W.	...	3716	Victoria	
48, Tooley Street, S.E.	...	984	Hop	1329 Central
				789 West Hartlepool

General Offices - WESTERN UNION HOUSE, GREAT WINCHESTER STREET, LONDON, E.C.

TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

PRINCIPAL CONTINENTAL OFFICES AND AGENCIES:—

AMSTERDAM:	4, Weesperzijde.	MADRID:	Calle Valenzuela 10.
ANTWERP:	4, Avenue de Keyser.	NAPLES:	Via Marina Nuova, 14/18.
"	49, Canal des Recolets.	PARIS:	1, Rue Auber.
BARCELONA:	57, Calle Caspe.	"	37, Rue Caumartin.
"	96, Paseo de Gracia.	ROME:	49/50, Piazza di Spagna.
CHRISTIANIA:	4, Prinsensgade.	STOCKHOLM:	Drottninggatan 3.
COPENHAGEN:	Vesterbrogade 19.	VIENNA:	IV, Stumpergasse, 48.
HAMBURG:	4, Grosse Allee.	ZURICH:	Pelikanstrasse, 22.
HAVRE:	118, Boulevard Strasbourg.		

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Cable addresses are registered free of charge.

All important Telegrams should be repeated, for which an additional quarter rate is charged.


Please hand your Reply direct to this Office

No. ^{Form 6} 257
98

WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES

CABLEGRAM

No. 220	Service Instructions. Via Western Union.	Time Received. 9 07	Receiving Office. <small>See back of Form for Telephone Number.</small> 
Handed in at <i>New York</i>		No. of Words. 42	

No inquiry respecting this Message can be attended to without the production of this paper.

To

*Benjamin Strong Care
Morgan Ldn*

*Desire tentative date your return before
discussing collection meeting further
with board and governors stop please
write your views English and French
Collection methods stop directors today urge
your proceeding without hurry Cannos
wife died today*

Jay

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

Direct Wires from Cable Stations to all the principal commercial centres in Great Britain, United States and Canada, and Direct connection with Central America, West Indies, South America, Australia, New Zealand, Fanning, Fiji, and Norfolk Islands.

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LONDON:	Telephone Nos.		Telephone Nos.
1, Old Broad Street, E.C.	3761 Wall	LIVERPOOL: D 6, Exchange Buildings	2274 Central
63, Old Broad Street, E.C.	3316 "	Cotton Exchange	(Private Branch Exchange).
48a, Gresham House, Old Broad St., E.C.	704 "	BRISTOL: Canada House, Baldwin Street	309 Central
21, Royal Exchange, E.C.	9117 "	BRADFORD: 10, Forster Square	771 Bradford
39, 40, Mark Lane, E.C.	1070, 1384 Avenue, 3762 "	DUNDEE: 1, Panmure Street	1351 Central
20, Mark Lane, E.C.	1050 Avenue	EDINBURGH: 50, Frederick Street	400 "
East India Avenue, E.C.	3763, 614 "	GLASGOW: 23, Waterloo Street	771 "
The Baltic, St. Mary Axe, E.C.	976 Avenue, 6974 Central	LEITH: Exchange Buildings	(Private Branch Exchange).
34, Throgmorton Street, E.C.	1368 Wall	MANCHESTER: 31, Brown Street	1455 City
1, Drapers' Gardens, E.C.	1830 Central	NEWCASTLE-ON-TYNE: 1, Side	1329 Central
10, Holborn Viaduct, E.C.	4119 City	WEST HARTLEPOOL: Exchange Buildings, Mainsforth Terrace	789 West Hartlepool
Donington House, Norfolk Street, W.C.	3717 "		
34, 35, Southampton St., Strand, W.C.	1155 Gerrard		
2, Charing Cross, S.W.	3598 "		
5, Royal Opera Arcade, Pall Mall, S.W.	3073 Regent		
34, Victoria Street, S.W.	3716 Victoria		
48, Tooley Street, S.E.	984 Hop		

General Offices - WESTERN UNION HOUSE, GREAT WINCHESTER STREET, LONDON, E.C.

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ANTWERP:	4, Avenue de Keyser.	NAPLES:	Via Marina Nuova, 14/18.
"	49, Canal des Recollets.	PARIS:	1, Rue Auber.
BARCELONA:	57, Calle Caspe.	"	37, Rue Caumartin.
"	96, Paseo de Gracia.	ROME:	49/50, Piazza di Spagna.
CHRISTIANIA:	4, Prinsensgade.	STOCKHOLM:	Drottninggatan 3.
COPENHAGEN:	Vesterbrogade 19.	VIENNA:	IV. Stumpergasse, 48.
HAMBURG:	4, Grosse Allee.	ZURICH:	Pelikanstrasse, 22.
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STRONG SOINS MORGAN HARJES

M... BOULEVARD HAUSSMANN PARIS

~~CABLE~~

Indications de service.

RP.... = Réponse payée.
TC..... = Télégramme collationné.
MP..... = Remettre en mains propres.

JOUR... = Remettre seulement p
le jour.
OUVERT = Remettre ouvert.

N°.....

Dans les télégrammes imprimés en caractères romains par l'appareil télégraphique, le premier nombre qui figure après le nom du lieu d'origine est un numéro d'ordre, le second indique le nombre de mots taxés, les autres désignent la date et l'heure de dépôt.

Dans le service intérieur et dans les relations avec certains pays étrangers, l'heure de dépôt est indiquée au moyen des chiffres de 0 à 24.

L'État n'est soumis à aucune responsabilité à raison du service de la correspondance privée par la voie télégraphique. (Loi du 29 novembre 1850, art. 6.)

Timbre à date.



triple Jésus bleu sp. 727 d'O.)

L 8

ORIGINE.	NUMÉRO.	NOMBRE DE MOTS	DATE.	HEURE DE DÉPÔT.	MENTIONS DE SERVICE.
LONDON	1838	22 10	11 15	M	=

NEWYORK CABLE WHEN DO YOU REACH AMSTERDAM CABLE BRIEFLY YOU PLANS SITUATION HERE UNCHANGED = JAY =

N° 701. — [Anc. 324 bis.] (Août 191

FEDERAL RESERVE BANK
NEW YORK

(TO BE MAILED)

CONFIRMATION OF TELEGRAM

We have today telegraphed you as follows:

New York, March 16, 1916.

Benj. Strong,
Care Morgan,
London.

Cable received. Clearing conference governors called April tenth. Could you now fix definite sailing date either April first or later if necessary to complete your work. Stop. With date fixed shall advocate postponement conference till your arrival.

Jay.


PJ/VOM

Charge to Federal Reserve Bank,
62 Cedar Street, New York.

DIRECT UNITED STATES
ANGLO-AMERICAN WESTERN UNION WESTERN UNION
CABLEGRAM

No.

228

No. <i>329/70</i>	Service Instructions. Via Direct.	Time Received. <i>5:28</i>	Receiving Office. <small>See back of Form for Telephone Number.</small>
Handed in at <i>New York</i>		No. of Words. <i>43</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To *Benny Strong care Morgan Ltd*

*Cable received clearing conference
governors cabled april tenth
could you now fix definite
sailing date either april
first or later if necessary
to complete your work
stop with date fixed shall
advocate postponement
conference till your
arrival*

Jay

Please hand your Reply direct to this Office.

98

FEDERAL RESERVE BANK
OF NEW YORK

March 17th, 1916.

Dear Governor:

I have received your letters from Paris as follows: February 18th, 19th and 25th. We have all been much interested in hearing what you have been doing and the last one arrived on the morning of our Board Meeting of March 15th and was read to the Board. The feeling of all of us has been that you should not feel hurried in your important work abroad and ought to take sufficient time to complete it satisfactorily.

In the office here everything has gone along quietly. Mr. Kenzel has dictated something about the purchase of government bonds and the acceptance market, so I will not review in regard to these items.

Shortly after Mr. Hendricks returned from Washington, as I wrote you last week, all the Governors received letters from Governor Hamlin asking for a definite clearing plan not later than April 10th. Thinking that you were likely to arrive substantially before that time, a meeting was called in Washington for April 10th. When we learned that you were going to postpone sailing, I asked Governor Hamlin if he would postpone the meeting until your arrival. In the absence of Delano and Harding, Governor Hamlin wired that he

March 17, 1916.

Benj. Strong, Jr., Esq.

and Mr. Miller felt that the meeting should be held on the 10th, as called, in order to make progress, but that no plan would be apt to be finally determined upon until after your return. Accordingly, I have been sending you a number of cablegrams of late and have just now received yours of to-day stating definitely that you will sail on April 1st on the St. Paul. I intend to call up Mr. Aiken and ask him if he will not suggest to the Board that that the meeting should be postponed a few days to be sure of your being here.

Another matter of interest is that in connection with which I sent you a cablegram through Mr. Carr, describing our terms and conditions under which tentative transactions have already taken place, although we have not heard definitely as to the acceptance of our conditions.

Mrs. McLaren says she has written you about Dr. Willis going to the Phillipines and I gathered when in Washington that this was only a six months' leave of absence, but I spent last Sunday morning with Mr. Seligman, looking over his economical library, and he told me that they expected to have Dr. Willis come on very soon and take up definite work with the new Columbia School of Business. Said, however, that this was confidential.

I cabled you a few days ago about the death of Mrs. Cann. About three weeks ago, she was in Montreal and decided suddenly to have an operation for some intestinal trouble. Mr. Cann went up for a day or two and on returning reported that everything was going

March 17th, 1916.

to Benj. Strong, Jr., Esq.

well. Apparently, things continued to go well until Tuesday of this week when he suddenly received a telegram from his brother-in-law saying his wife was not so well and he had better come to Montreal. He went up on the night train with his daughter, but Mrs. Cann died early in the morning before he arrived. She was buried somewhere in Nova Scotia. Mr. Cann will not be back at the office for a few days. He has six children of which the youngest, as you remember, is about six months of age.

Mr. Locke was not at our meeting on Wednesday, not having fully recovered from his recent attack of grippe. Mr. Treman was present but looked pretty badly, having just recovered from an attack of quinsy sore throat.

Rates are a shade firmer than they were when you went away, although not enough to make any real difference. We are advising you each week of the Clearing House surplus reserves.

Last Friday, Messrs, Woodward, Kenzel, Higgins and I went up to the "Cutter-Burner" place on 34th Street to see a test of the various kinds of steel linings under the "Cutter-Burner" test. They cut a hole about 5 inches in diameter through the ordinary 3 inch soft and hard steel linings in about 2 minutes. They then cut a hole through the same amount of steel and 1/8 of an inch of copper in about 2 1/2 minutes. Then they tried to cut through 2 inches of steel and one inch of the special material prepared by the Yorke Safe & Lock Company, and it took them 32 minutes to put a hole 1 1/2 inches in diameter through this. The burner delivers heat at about

March 17, 1916.

Benj. Strong, Jr., Esq.

6500 degrees and is a remarkable instrument of destruction. We are using a special form of concrete which, after all, combined with our and watchman service, our electrical protection will, I believe, be the main strength of the vault.

We had an interesting talk last Saturday with Mr. Thralls, formerly cashier of the Federal Reserve Bank of Kansas City, but now secretary of the Clearing House and National Bank Sections of the American Bankers Association. He has told us something of the internal conditions in that bank which, as you may imagine, was very interesting.

The government work is going on steadily. We are now taking checks from all the banks, but have heard nothing more about the transfer of postal deposits to us.

Mr. Hendricks is going to Chicago next week to work with Mr. McKay on the preparation of the details of the clearing plan. Whether it is finally made voluntary or mandatory should not affect the details greatly. In order to ascertain the views of our member banks upon the relative advantages of immediate and deferred credit, we are addressing a brief letter to all members of the collection system outside of the City of New York, asking for their views and should have some interesting replies by the middle of next week.

At the meeting of Directors on February 14th, I spoke of the organization of an Information Department and said that we both favored it but had not definitely determined upon the man to take charge of it. The suggestion was very adversely received

March 17th, 1916.

Benj. Strong, Jr., Esq.

by all of the Directors except Messrs. Treman, Towne and Thompson, Mr. Peabody not expressing himself. Afterwards, I talked to Mr. Woodward and think he is not now unfavorable to it, but he suggests that we first find our man and then bring it up as a definite appointment instead of proposing the matter in principle, which I think is an excellent idea, and am getting a number of names and looking them up so as to have more strings to our bow than the gentlemen suggested by Mr. Jefferson. I thought you might run across just the right man in England, although I doubt whether an Englishman would exactly fill the bill for us.

We are all very glad that you are having such an interesting time and I hope that some rest has come with it. Certainly, the change of scene and environment must have been a recreation if not an actual rest. I do not need to say that we shall be mighty glad to see you back, although if things run along as they are running now, there does not seem to be a great deal to do here in the way of bank routine. The discounts are getting a little more active with the opening of Spring, but the volume is very small.

The reason I asked you to write me about the collection procedure in London and Paris was so that we might have it on hand in case you did not get back before the Governors' meeting.

With kindest regards,

Faithfully yours,

Pierre Jay
Federal Reserve Agent.

Benj. Strong, Jr., Esq.,
Care Messrs. Morgan, Grenfell & Co.,
22 Old Broad Street,
London, England.

PJ/VCM

Dictated by Mr. Jay but
signed in his absence,

March 17, 1916.

NEW YORK -6-

Benj. Strong, Jr., Esq.

P. S. Since writing the above I telephoned Aiken and he is going to write to Governor Hamlin to-night about postponing the Governors meeting.


P. J.

No. Form 6

264

WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES
CABLEGRAM

No. 680	Service Instructions. Via Western Union.	Time Received. 14:50 PM	Receiving Office. See back of Form for Telephone Number.
Handed in at New York		No. of Words. 27 ²⁵	

No Inquiry respecting this Message can be attended to without the production of this paper.

To
Wt Benjamin Strong
Care Morgan
London England

Our investments
aggregate thirty one
millions conditions
unchanged everything
quiet clearing house
surplus reserves one
three three millions
Jay

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

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63, Old Broad Street, E.C.	...	3316	"	Cotton Exchange	(Private Branch Exchange).
48a, Gresham House, Old Broad St., E.C.	...	704	"	BRISTOL: Canada House, Baldwin Street	309 Central
21, Royal Exchange, E.C.	...	9117	"	BRADFORD: 10, Forster Square	771 Bradford
39, 40, Mark Lane, E.C.	1070, 1384 Avenue,	3762	"	DUNDEE: 1, Panmure Street	1351 Central
20, Mark Lane, E.C.	...	1050	Avenue	EDINBURGH: 50, Frederick Street	400 "
East India Avenue, E.C.	...	3763, 614	"	GLASGOW: 23, Waterloo Street	771 "
The Baltic, St. Mary Axe, E.C.	976 Avenue,	6974	Central	LEITH: Exchange Buildings	600 Leith
34, Throgmorton Street, E.C.	...	1368	Wall	MANCHESTER: 31, Brown Street	1455 City
1, Drapers' Gardens, E.C.	...	1830	Central	NEWCASTLE-ON-TYNE: 1, Side	1329 Central
10, Holborn Viaduct, E.C.	...	4119	City	WEST HARTLEPOOL: Exchange Buildings,	789 West
Donington House, Norfolk Street, W.C.	...	3717	"	Mainsforth Terrace	Hartlepool
34, 35, Southampton St., Strand, W.C.	...	1155	Gerrard		
2, Charing Cross, S.W.	...	3598	"		
5, Royal Opera Arcade, Pall Mall, S.W.	...	3073	Regent		
34, Victoria Street, S.W.	...	3716	Victoria		
48, Tooley Street, S.E.	...	984	Hop		

General Offices - WESTERN UNION HOUSE, GREAT WINCHESTER STREET, LONDON, E.C.

TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

PRINCIPAL CONTINENTAL OFFICES AND AGENCIES:—

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" 96, Paseo de Gracia.	ROME: 49/50, Piazza di Spagna.
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COPENHAGEN: Vesterbrogade 19.	VIENNA: IV. Stumpergasse, 48.
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1574

WESTERN UNION

ANGLO-AMERICAN



DIRECT UNITED STATES

CABLEGRAM

No. <i>507</i>	Service Instructions. Via Western Union.	Time Received. <i>4:55 PM</i>	Receiving Office. <small>See back of Form for Telephone Number.</small>
Handed in at <i>New York</i>		No. of Words. <i>28</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To

*Benjamin Strong
Care Morgan Ldn*

*Netherlands Bank negotiating
with us for metal deposit
New York stop they consider our terms
of one twentieth of one percent
per month prohibitive stop should
our policy be to reduce terms to mere
service charge or insist on
substantial compensation everything
Quiet*

Jay

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

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20, Mark Lane, E.C.	...	1050	Avenue	
East India Avenue, E.C.	...	3763, 614	"	1351 Central
The Baltic, St. Mary Axe, E.C.	976 Avenue,	6974	Central	
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1, Drapers' Gardens, E.C.	...	1830	Central	
10, Holborn Viaduct, E.C.	...	4119	City	771 " (Private Branch Exchange).
Donington House, Norfolk Street, W.C.	...	3717	"	
34, 35, Southampton St., Strand, W.C.	...	1155	Gerrard	600 Leith
2, Charing Cross, S.W.	...	3598	"	
5, Royal Opera Arcade, Pall Mall, S.W.	...	3073	Regent	1455 City
34, Victoria Street, S.W.	...	3716	Victoria	
48, Tooley Street, S.E.	...	984	Hop	1329 Central
				789 West Hartlepool

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TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

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"	49, Canal des Recollets.	PARIS:	1, Rue Auber.
BARCELONA:	57, Calle Caspe.	"	37, Rue Caumartin.
"	96, Paseo de Gracia.	ROME:	49/50, Piazza di Spagna.
CHRISTIANIA:	4, Prinsensgade.	STOCKHOLM:	Drottninggatan 3.
COPENHAGEN:	Vesterbrogade 19.	VIENNA:	IV. Stumpergasse, 48.
HAMBURG:	4, Grosse Allee.	ZURICH:	Pellikanstrasse, 22.
HAVRE:	118, Boulevard Strasbourg.		

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No. Form 6
188

WESTERN UNION

ANGLO-AMERICAN  DIRECT UNITED STATES
CABLEGRAM

No. <i>200</i>	Service Instructions. Via Western Union.	Time Received. <i>8:45 p.m. 19/3</i>	Receiving Office. See back of Form for Telephone Number.
Handed in at <i>New York</i>		No. of Words. <i>36</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To *Benjamin Strong*
Care Morgan
Ldn

Governors conference postponed till twelfth stop will attend other matters stop letter ninth Received please investigate details domestic trade acceptance practice and advantages some bankers and leading merchants here skeptical
Jay

COMMERCIAL CENTRES IN
CABLES OF WIRE.
CABLES
EXIST

DIRECT UNITED STATES

No.


123

ANGLO-AMERICAN



WESTERN UNION

CABLEGRAM

No.	Service Instructions.	Time Received.	Receiving Office. See back of Form for Telephone Number.
171 503/25	Via Direct. Handed in at New York	10-42 69 1/44	

No inquiry respecting this Message can be attended to without the production of this paper.

To
 Mr. Benj Strong care Morgan & Co
 Important banks here quoting Holland
 one twenty fifth to one tenth per
 annum for gold custoday we await
 Nederlandsche letter and your
 advice have accepted tentatively
 two millions stop clearing house
 surplus reserves now one twenty
 six millions

Please hand your Reply direct to this Office.

No.

DIRECT UNITED STATES

ANGLO-AMERICAN



WESTERN UNION

CABLEGRAM

No. <i>2/171</i>	Service Instructions. Via Direct.	Time Received.	Receiving Office. See back of Form for Telephone Number.
Handed in at	No. of Words. <i>25</i>		

No inquiry respecting this Message can be attended to without the production of this paper.

To

Benj (2)

Since January twenty ninth loans increased eightyfour millions cash decreased forty three millions. Stop arranging directors meeting eleventh stop conditions normal our statement unchanged

Jay

Please hand your Reply direct to this Office.

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

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Direct Wires from Cable Stations to all the principal commercial centres in Great Britain, United States and Canada, and Direct connection with Central America, West Indies, South America, Australia, New Zealand, Fanning, Fiji, and Norfolk Islands.

DIRECT AND EXCLUSIVE CONNECTION WITH MEXICO.

RECEIVING OFFICES IN THE UNITED KINGDOM:—

LONDON:		Telephone Nos.		Telephone Nos.
1, Old Broad Street, E.C.	...	3761	Wall	2274 Central (Private Branch Exchange).
63, Old Broad Street, E.C.	...	3316	"	
48a, Cresham House, Old Broad St., E.C.	...	704	"	309 Central
21, Royal Exchange, E.C.	...	9117	"	
39, 40, Mark Lane, E.C.	1070, 1384 Avenue,	3762	"	771 Bradford
20, Mark Lane, E.C.	...	1050	Avenue	
East India Avenue, E.C.	...	3763, 614	"	1351 Central
The Baltic, St. Mary Axe, E.C.	976 Avenue,	6974	Central	
34, Throgmorton Street, E.C.	...	1368	Wall	400 "
1, Drapers' Gardens, E.C.	...	1830	Central	
10, Holborn Viaduct, E.C.	...	4119	City	771 " (Private Branch Exchange).
Donington House, Norfolk Street, W.C.	...	3717	"	
34, 35, Southampton St., Strand, W.C.	...	1155	Gerrard	600 Leith
2, Charing Cross, S.W.	...	3598	"	
5, Royal Opera Arcade, Pall Mall, S.W.	...	3073	Regent	1455 City
34, Victoria Street, S.W.	...	3716	Victoria	
48, Tooley Street, S.E.	...	984	Hop	1329 Central
				789 West Hartlepool

General Offices - WESTERN UNION HOUSE, 22, GREAT WINCHESTER STREET, LONDON, E.C.
TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

PRINCIPAL CONTINENTAL OFFICES AND AGENCIES:—

AMSTERDAM:	4, Weesperzijde.	HAVRE:	118, Boulevard Strasbourg
ANTWERP:	4, Avenue de Keyser.	MADRID:	Calle Valenzuela 10.
"	49, Canal des Recollets.	NAPLES:	Via Marina Nuova, 14/18.
BARCELONA:	57, Calle Caspe.	PARIS:	1, Rue Auber.
"	96, Paseo de Gracia	"	37, Rue Caumartin.
BERGEN:	Post Box, 166.	ROME:	49/50, Piazza di Spagna.
CHRISTIANIA:	4, Prinsensgade.	STOCKHOLM:	Drottninggatan 3.
COPENHAGEN:	4, Jernbanegade.	VIENNA:	IV. Stumpergasse, 48.
HAMBURG:	4, Grosse Allee.	ZURICH:	Pelikanstrasse, 22.

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DIRECT UNITED STATES


ANGLO-AMERICAN

WESTERN UNION

CABLEGRAM



No. *312*

No. <i>98</i> <i>175</i>	Service Instructions Via Direct.	Time Received. <i>9.11 pm</i>	Receiving Office See back of Form for Telephone Number. 
Handed in at <i>New York</i>		No. of Words. <i>44</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To Benjamin Strong Ritz
 Hotel Ldn
 next directors meeting
 April eleventh directors
 authorized purchase of
 million three hundred
 thousand two offered to
 treasurer by member banks
 everything quiet conditions
 unchanged expect ^{you} and curtis


Please hand your Reply direct to this Office.

RECEIVING OFFICES IN THE UNITED KINGDOM:—

DIRECT AND EXCLUSIVE CONNECTION WITH MEXICO.

Direct Wires from Cable Stations to all the principal commercial centres in Great Britain, United States and Canada, and Direct connection with Central America, West Indies, South America, Australia, New Zealand, Fanning, Fiji, and Norfolk Islands.

8 DUPLICATED ATLANTIC CABLES.
OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

No.	Service Instructions	Time Received.	Receiving Office. See back of Form for Telephone Number.
478	Via Direct.		
	Handed in at	No. of Words.	

No inquiry respecting this Message can be attended to without the production of this paper.

To

Benj (2)

dine with me evening
you land cabling
Liverpool friday

Pierre Jay

Please hand your Reply direct to this Office.

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

Direct Wires from Cable Stations to all the principal commercial centres in Great Britain, United States and Canada, and Direct connection with Central America, West Indies, South America, Australia, New Zealand, Fanning, Fiji, and Norfolk Islands.

DIRECT AND EXCLUSIVE CONNECTION WITH MEXICO.

RECEIVING OFFICES IN THE UNITED KINGDOM:—

LONDON:	Telephone Nos	LIVERPOOL:	Telephone Nos.
1, Old Broad Street, E.C.	3761 Wall	D 6, Exchange Buildings	2274 Central (Private Branch Exchange).
63, Old Broad Street, E.C.	3316 "	Cotton Exchange	
48a, Gresham House, Old Broad St., E.C.	704 "	BRISTOL: Canada House, Baldwin Street	309 Central
21, Royal Exchange, E.C.	9117 "	BRADFORD: 10, Forster Square	771 Bradford
39, 40, Mark Lane, E.C.	1070, 1234 Avenue, 3762 "	DUNDEE: 1, Panmure Street	1351 Central
20, Mark Lane, E.C.	1050 Avenue	EDINBURGH: 50, Frederick Street	400 "
East India Avenue, E.C.	3763, 614 "	GLASGOW: 23, Waterloo Street	771 " (Private Branch Exchange).
The Baltic, St. Mary Axe, E.C.	976 Avenue, 6974 Central		
24, Throgmorton Street, E.C.	1368 Wall	LEITH: Exchange Buildings	600 Leith
1, Drapers' Gardens, E.C.	1830 Central	MANCHESTER: 30, Brown Street	1455 City
10, Holborn Viaduct, E.C.	4119 City	NEWCASTLE-ON-TYNE: 1, Side	1329 Central
Donington House, Norfolk Street, W.C.	3717 "	WEST HARTLEPOOL: Exchange Buildings, Mainsforth Terrace	789 West Hartlepool
24, 35, Southampton St., Strand, W.C.	1155 Gerrard		
2, Charing Cross, S.W.	3598 "		
5, Royal Opera Arcade, Pall Mall, S.W.	3073 Regent		
34, Victoria Street, S.W.	3716 Victoria		
48, Tooley Street, S.E.	984 Hop		

General Offices - WESTERN UNION HOUSE, 22, GREAT WINCHESTER STREET, LONDON, E.C.
TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

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ANTWERP:	4, Avenue de Keyser.	MADRID:	Calle Valenzuela 10.
"	49, Canal des Recollets.	NAPLES:	Via Marina Nuova, 14/18.
BARCELONA:	57, Calle Caspe.	PARIS:	1, Rue Auber.
"	96, Paseo de Gracia	"	37, Rue Caumartin.
BERGEN:	Post Box, 166.	ROME:	49/50, Piazza di Spagna.
CHRISTIANIA:	4, Prinsensgade.	STOCKHOLM:	Drottninggatan 3.
COPENHAGEN:	4, Jernbanegade.	VIENNA:	IV. Stumpfergasse, 48.
HAMBURG:	4, Grosse Allee.	ZURICH:	Pelikanstrasse, 22.

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WESTERN UNION

ANGLO-AMERICAN DIRECT UNITED STATES

CABLEGRAM



718

No. <i>8</i>	Service Instructions. Via Western Union.	Time Received. <i>2:47 pm</i>	Receiving Office. See back of Form for Telephone Number.
Handed in at <i>New York</i>		No. of Words. <i>20</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To Benjamin Strong
Ritz Hotel Lon

Report spaul withdrawn
stop in connection with
governors conference please
advise soon as possible

Jay

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

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DIRECT AND EXCLUSIVE CONNECTION WITH MEXICO.

RECEIVING OFFICES IN THE UNITED KINGDOM:—

LONDON:		Telephone Nos.		Telephone Nos.
1, Old Broad Street, E.C.	...	3761	WALL	2274 Central (Private Branch Exchange).
63, Old Broad Street, E.C.	...	3316	"	
48a, Gresham House, Old Broad St., E.C.	...	704	"	309
21, Royal Exchange, E.C.	...	9117	"	
39, 40, Mark Lane, E.C.	1070, 1384 Avenue	3762	"	771
20, Mark Lane, E.C.	...	1050	Avenue	
East India Avenue, E.C.	...	3763, 614	"	1351
The Baltic, St. Mary Axe, E.C.	976 Avenue	6974	Central	
34, Throgmorton Street, E.C.	...	1368	WALL	400
1, Drapers' Gardens, E.C.	...	1830	Central	
10, Holborn Viaduct, E.C.	...	4119	City	771 Central (Private Branch Exchange).
Effingham House, Arundel Street, W.C.	...	1713	Gerrard	
34, 35, Southampton St., Strand, W.C.	...	1155	"	600
2, Charing Cross, S.W.	...	3598	"	
5, Royal Opera Arcade, Pall Mall, S.W.	...	2073	Central	1455
34, Victoria Street, S.W.	...	3716	Victoria	
48, Tooley Street, S.E.	...	984	Hop	1329
				789

General Offices - 26, OLD BROAD STREET, LONDON, E.C.

TELEPHONE No.: 5261 WALL (Private Branch Exchange).

PRINCIPAL CONTINENTAL OFFICES AND AGENCIES:—

ANTWERP:	4, Avenue de Keyser.	MADRID:	Calle Valenzuela 10.
"	49, Canal des Recollets.	NAPLES:	Via Marina Nuova, 14/18.
AMSTERDAM:	4, Weesperzijde.	PARIS:	1, Rue Auber.
BARCELONA:	57, Calle Caspe.	"	37, Rue Caumartin.
"	96, Paseo de Gracia.	ROME:	49/50, Piazza di Spagna.
CHRISTIANIA:	4, Prinsensgade.	STOCKHOLM:	Drottninggatan 3.
COPENHAGEN:	Vesterbrogade 19.	VIENNA:	IV. Stumpergasse, 48.
HAVRE:	118, Boulevard Strasbourg.	ZURICH:	Pelikanstrasse, 22.
HAMBURG:	4, Grosse Allee.		

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WESTERN UNION

ANGLO-AMERICAN DIRECT UNITED STATES

CABLEGRAM



No. <i>411</i>	Service Instructions. Via Western Union.	Time Received. <i>1:30a</i>	Receiving Office. <i>98</i> <small>See back of Form for Telephone Number.</small>
Handed in at <i>New York</i>		No. of Words. <i>24</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To Benjamin Strong
 Ritz Hotel Ldn
 Reported here straul
 sailing wednesday stop
 delano anxious for
 definite advice soon as
 possible stop clearing
 house and our conditions
 unchanged

Jay

Please hand your Reply direct to this Office.

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,500 OFFICES AND 1,500,000 MILES OF WIRE.

Direct Wires from Cable Stations to all the principal commercial centres in Great Britain, United States and Canada, and Direct connection with Central America, West Indies, South America, Australia, New Zealand, Fanning, Fiji, and Norfolk Islands.

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LONDON:		Telephone Nos.			Telephone Nos.	
1, Old Broad Street, E.C.	...	3761	WALL			
63, Old Broad Street, E.C.	...	3316	"			
48a, Gresham House, Old Broad St., E.C.	...	704	"			
21, Royal Exchange, E.C.	...	9117	"			
39, 40, Mark Lane, E.C.	1070, 1384 Avenue,	3762	"			
20, Mark Lane, E.C.	...	1050	Avenue			
East India Avenue, E.C.	...	3763, 614	"			
The Baltic, St. Mary Axe, E.C.	976 Avenue,	6974	Central			
34, Throgmorton Street, E.C.	...	1368	Wall			
1, Drapers' Gardens, E.C.	...	1830	Central			
10, Holborn Viaduct, E.C.	...	4119	City			
Donington House, Norfolk Street, W.C.	...	3717	"			
34, 35, Southampton St., Strand, W.C.	...	1155	Gerrard			
2, Charing Cross, S.W.	...	3598	"			
5, Royal Opera Arcade, Pall Mall, S.W.	...	3073	Regent			
34, Victoria Street, S.W.	...	3716	Victoria			
48, Tooley Street, S.E.	...	984	Hop			
			LIVERPOOL:	D 6, Exchange Buildings	...	2274 Central
				Cotton Exchange	...	(Private Branch Exchange).
			BRISTOL:	Canada House, Baldwin Street	...	309 Central
			BRADFORD:	10, Forster Square	...	771 Bradford
			DUNDEE:	1, Panmure Street	...	1351 Central
			EDINBURGH:	50, Frederick Street	...	400 "
						771 "
			GLASGOW:	23, Waterloo Street	...	(Private Branch Exchange).
			LEITH:	Exchange Buildings	...	600 Leith
			MANCHESTER:	31, Brown Street	...	1455 City
			NEWCASTLE-ON-TYNE:	1, Side	...	1329 Central
			WEST HARTLEPOOL:	Exchange Buildings, Mainsforth Terrace		789 West Hartlepool

General Offices - WESTERN UNION HOUSE, GREAT WINCHESTER STREET, LONDON, E.C.

TELEPHONE No.: 800 LONDON WALL (Private Branch Exchange).

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AMSTERDAM:	4, Weesperzijde.	MADRID:	Calle Valenzuela 10.
ANTWERP:	4, Avenue de Keyser.	NAPLES:	Via Marina Nuova, 14/18.
"	49, Canal des Recollets.	NAPLES:	1, Rue Auber.
BARCELONA:	57, Calle Caspe.	"	37, Rue Caumartin.
"	96, Paseo de Gracia.	ROME:	49/50, Piazza di Spagna.
CHRISTIANIA:	4, Prinsensgade.	STOCKHOLM:	Drottningatan 3.
COPENHAGEN:	Vesterbrogade 19.	VIENNA:	IV. Stumpergasse, 48.
HAMBURG:	4, Grosse Allee.	ZURICH:	Pelikanstrasse, 22.
HAVRE:	118, Boulevard Strasbourg.		

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DIRECT UNITED STATES

ANGLO-AMERICAN



WESTERN UNION

CABLEGRAM

No. <i>129/4</i>	Service Instructions. Via Direct.	Time Received <i>7-21 am</i>	Receiving Office. See back of Form for Telephone Number. <i>98</i>
Handed in at <i>New York</i>		No. of Words <i>15</i>	

No inquiry respecting this Message can be attended to without the production of this paper.

To

Benjamin Strong
Steamship St Paul
American Line
Liverpool

Everything running smoothly
Best Wishes from all
Jay

THE WESTERN UNION TELEGRAPH-CABLE SYSTEM.

THE LARGEST TELEGRAPH AND CABLE SYSTEM IN EXISTENCE.

8 DUPLEXED ATLANTIC CABLES.

OVER 25,000 OFFICES AND 1,500,000 MILES OF WIRE.

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63, Old Broad Street, E.C.	...	3316	"	...	
48a, Gresham House, Old Broad St., E.C.	...	704	"	...	309
142a, Winchester H'se., Old Broad St., E.C.	...	1368	"	...	
21, Royal Exchange, E.C.	...	9117	"	...	771
39, 40, Mark Lane, E.C.	1070, 1384 Avenue,	3762	"	...	
East India Avenue, E.C.	...	3763, 614	Avenue	...	1351
The Baltic, St. Mary Axe, E.C.	976 Avenue,	6974	Central	...	
34, Throgmorton Street, E.C.	...	1368	WALL	...	400
1, Drapers' Gardens, E.C.	...	1830	Central	...	
109, Fenchurch Street, E.C.	...	1050	Avenue	...	771 Central (Private Branch Exchange).
10, Holborn Viaduct, E.C.	...	4119	City	...	
Effingham House, Arundel Street, W.C.	...	1713	Gerrard	...	600
34, 35, Southampton St., Strand, W.C.	...	1155	"	...	
2, Charing Cross, S.W.	...	3598	"	...	1455
5, Royal Opera Arcade, Pall Mall, S.W.	...	2073	Central	...	
34, Victoria Street, S.W.	...	3716	Victoria	...	1329
48, Tooley Street, S.E.	...	984	Hop	...	
					789

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"	96, Paseo de Gracia.	ROME:	49/50, Piazza di Spagna.
CHRISTIANIA:	4, Prinsensgade.	STOCKHOLM:	Drottninggatan 3.
COPENHAGEN:	Vesterbrogade 19.	VIENNA:	IV. Stumpergasse, 48.
HAVRE:	118, Boulevard Strasbourg.	ZURICH:	Pelikanstrasse, 22.
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MARCONI WIRELESS TELEGRAPH COMPANY OF AMERICA

EDWARD J. NALLY
VICE-PRESIDENT AND GENERAL MANAGER

98

Received at St. Paul Station April 11, 1916.

Office of Origin New York

No. Words 10 Radio. Time Filed 6th M. Time Rec'd 12,45 P. M.

To: Benjamin Strong St Paul Siasconset.

Governor's conference postponed until seventeenth.

Jay.

This form must accompany any inquiry respecting this Marconigram
See Reverse Side



EDWARD J. HALLY
VICE-PRESIDENT AND GENERAL MANAGER

Received at _____
Office of Origin _____
No. Words _____

EXECUTIVE OFFICES

WOOLWORTH BUILDING, NEW YORK CITY

DIVISION OFFICES

EASTERN DIVISION

NEW YORK OFFICE
BOSTON OFFICE

SOUTHERN DIVISION

GULF DIVISION

GREAT LAKES DIVISION

PACIFIC COAST DIVISION

SOUTHERN DISTRICT
NORTHERN DISTRICT

25 ELM STREET, NEW YORK CITY
FILENE BUILDING, BOSTON, MASS.

AMERICAN BUILDING, BALTIMORE, MD.

919 DECATUR STREET, NEW ORLEANS, LA.

SCHOFIELD BUILDING, CLEVELAND, OHIO

MERCHANTS EXCHANGE BLDG., SAN FRANCISCO, CAL.

L. C. SMITH BUILDING, SEATTLE, WASH.

This form must accompany any inquiry respecting this Marconigram
See Reverse Side

FEDERAL RESERVE BANK
OF NEW YORK

*Sorry this didn't
go off yesterday*
98

SPECIAL DELIVERY

April 19, 1916.

Benjamin Strong, Jr., Esq.,
Shoreham Hotel,
Washington, D. C.

Dear Governor Strong:

I returned last night from Watertown stopping for a few hours at Utica on the way back. We had a gathering of about two hundred bankers from Lewis, Jefferson and St. Lawrence counties, also a lot of bank directors and businessmen from Watertown and the immediate vicinity. Speaking commenced shortly after nine and ended at one a. m. I went on at about twelve and took about half an hour. The crowd stayed to the bitter end, however, and seemed to pay very good attention. I followed your precedent at Saratoga and read what I had to say as it was pretty long and I wanted to get it out exactly as it went in. I think on the whole it was successful in giving them a little broader view of the functions of the Reserve System. I also went at the exchange charge with complete frankness.

In Utica I lunched with Mr. Rogers and he wants me to come up there and talk to a meeting of Utica bankers and their directors some time next month, also to speak at Hamilton College, and I told him that I would do so.

On coming down to the office this morning I find that they had a regular avalanche of gold on Monday for the Nederlandsche Bank; about eight or nine different deposits were made aggregating \$1,400,000

so that our total is now \$4,570,000. Aside from that there have been two small rediscounts, one Monday and one to-day.

I am telegraphing you to ask if you won't ask Mr. Hendricks to drop me a line about the situation in Washington in respect to clearings for, of course, I am tremendously interested to know what you find the situation to be. I would give a lot to be over there in it.

Over Sunday they poured the sides of the vault very successfully and the office is a very different looking place to-day ~~than~~ ^{from} what it was last Friday.

Tell Curtis that my appetite is getting pretty strong for that dinner.

I am sorry I won't be here on May 1st as I have a meeting of the Reserve agents' executive committee on that day.

Everybody I saw in Watertown and all the bankers I saw in Utica opened up to me on the subject of the Comptroller's ways and activities. I see that the Seacoast National Bank of Asbury Park is converting into a trust company.

I have a letter this morning from Mr. Delano, from the ~~tense~~ ^{or} of which I conclude that he has considerably changed his views on the collection matter and has become far less of an advocate of immediate debit and credit than he was a month ago. I hope his letter is a clear reflection of the frame of mind you have found him in.

With best regards, I am,

Faithfully yours,

Peirce

PJ/RAH

98

FEDERAL RESERVE BANK
OF NEW YORK

April 21, 1916.

Dear Governor:

I am awfully sorry to hear that you have not been well. I had a rumor of it yesterday from Felix Warburg who said that Mrs. Paul Warburg had been up for the Hasty Pudding play and told him that you were not looking well.

I am sorry to hear of the appearance of the "sugar-coated" plan suggested by Messrs. Harding and Delano. In this business, I am for the nude. Hendricks has doubtless told you of the result of our inquiries among the members of our collection system as to the relative desirability of the immediate and deferred plans. I talked with two of our three member banks in Utica and they expressed themselves as strongly in favor of the deferred plan. Any thoughtful banker must do so.

Hendricks has just called me up on the telephone and told me of the idea of the Harding-Delano plan. Without having the opportunity for studying it, it seems to me, offhand, insincere and as not apt to give the Federal reserve banks the protection from overdrafts they have been seeking; to say nothing of other evils.

With many thanks for writing me, and hoping that you are feeling much better to-day, I am,

Faithfully yours,

Peirce
Chairman

Benjamin Strong, Jr., Esq.,
1718 H Street,
Washington, D. C.

PJ/PE

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.

WESTERN UNION TELEGRAM



NEWCOMB CARLTON, 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 WYATT BUILDING, COR. 14TH AND F STS., WASHINGTON, D. C. ALWAYS OPEN

CO GK 54

Q NEW YORK 1259PM MAY 27 16

881

BENJAMIN STRONG JR
1718 H ST WASHINGTON D C

HENDRICKS RECEIVED ADVICE YESTERDAY THAT HIS SON WAS NOT DOING WELL HE AND MRS HENDRICKS WENT TO ALBANY YESTERDAY AFTERNOON AND HE HAS JUST NOTIFIED US THAT HIS SON DIED THIS MORNING HIS ADDRESS IS CARE DOCTOR ARTHUR ELTING ONE NINETEEN WASHINGTON AVENUE ALBANY MESSRS SAILER AND GANN GO TO ALBANY THIS EVENING

PIERRE JAY

136PM

16 98

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.

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 915-919 Seventeenth Street, Denver, Colo. ALWAYS OPEN

N 85 NY BC 35 N L

DUPLICATE OF TELEPHONED TELEGRAM

CO NEW YORK JULY 5 1916

BEJAMIN STRONG JR ESQ

1405

CARE REV F W OAKES 2825 WEST 32 ST DENVER COLO

9216

Case No. _____
 Sent to _____
 Time _____

NEWS APPLICATION RECEIVED AND APPROVED BY OUR COMMITTEE THIS AFTERNOON
 APPLICATION STIPULATES FOR CONSIDERABLE FREEDOM IN FUTURE ESTABLISHMENT
 OF BRANCHES BUT UNDERSTAND BOARD HAS ACCEPTED THEM INFORMALLY IN
 ADVANCE BEST CONGRATULATIONS ON RESULT OF YOUR EFFORTS

PIERRE JAY

826PM



Lake Crescent Tavern

B.A. Jr.
AUG 25 1916

HUNTING - FISHING - BATHING
: : BOATS AND GARAGE FREE : :
FAST DOUBLE TENNIS COURTS

ELECTRIC LIGHTS - BATHS - TELEPHONE
EVERY TOWN CONVENIENCE COMBINED WITH
THE CHARMS OF THE RUGGED OLYMPICS

FRESH MILK - CREAM - POULTRY
EGGS AND VEGETABLES
FROM OUR FARM

ON LAKE CRESCENT
P. O. PIEDMONT, WASH., Aug 11 1916

My dear Governor.

As a correspondent I had been the limit on this trip. My general disinclination has been supplemented by a very busy life + little comfortable opportunity to write. I was mighty glad, as well as surprised, to get your letter, & to learn from the office correspondence that you were busily at it with them. I take it as a good sign, & an indication that your docs must be pleased with your papers. I wish I could have followed your suggestion & run down to Estes Park for a few days, but your letter came just as we were leaving the ranch in a few days, & my plans were so matured that I couldn't very well change them with three other people to consider. But a little later on in the autumn when Curtis & Treman have had their vacations I should be more than glad to have you run for me & spend 3 or 4 days with you going over things any time you like. This trip has taught me that Denver is a pretty easy place to get to, & I suppose that

You are only a few hours beyond -
after leaving the ranch we spent a
couple of days resting in the Yellowstone
- how people endured it in the old
days I can't see - & then have been
marching up very fast thro' Portland
Tacoma & Seattle, en route for Victoria
& a day or two in the Canadian Rockies
on the way home, where I'm due Aug 21.
This is a ^{2 days} resting spot & a very lovely one,
in the Olympics which are just beginning
to be possible for the trip.

Today I read in the
paper of Harding Warburton's appointments
It seems a curious compromise, & I imagine
Warburton doesn't feel altogether happy
about it. I haven't heard from him since
I left - but at any rate it settles the
Haulin end of it, and when Harding has de-
termined on a policy he is a driver, ~~strictly~~
& not a ducker.

Living out on the ranch I
seemed very far away from Warren & Pine Mt,
& could only recall what goes on there when
I got the copy of the weekly diary which
goes to you. When this came each week it
would bring me back to earth again, &
I must say that, appearing out of
space, as it were, it all seemed right,
interesting & seemed very vital & real
a piece of work. The last two years have

21



EN ROUTE
NEW YORK CENTRAL LINES

job in the neighborhood.
The bankers I saw
yesterday were Wold &
Rich at Minneapolis.
Our C.P.R. train left
us 4 hours there before
leaving for Chicago, &
while Wold's daughter
ran Mrs. Jay & the girls
about town I had a
good chat with them,
— the first word of busi-
ness talked in 6 weeks.
They were much upset
over the "collection" by-
postmasters" fiasco; &
Wold just as we were
leaving promised some

inside talk on the
Haulin - Harding -
Warburg gubernatorial
situation which he
fathered in Washington
last week. I'll hear
it tomorrow as he +
McD. + Sawyer will
be in my - en route
for Boston.

I was mighty
glad to see from some
letters Rich had, as
well as to learn from
him himself, that
G.F.P. has been quite
active in my absence.
The more he can know
about things in the
bank the better.

I looked over Rich's pub-
licity dept, & believe
it is doing good work
& that we can do some-
thing of that kind, only
much better, if we can
find someone on the
force to do it. I rather
dodged ^{would} + Mr Doyle's
train ^{from Chicago} this am. in order
to put in the day (my
family having left me
for a New England train)
cleaning up those ad-
vertisements I showed
you & think I made a
job of it. Probably
they will get all torn
to pieces again by
various people, but
something useful will

come out of it, I'm con-
vinced. I did ~~nothing~~
on them while west,
as I couldn't bring
myself to do any
work whatever on the
ranch & had ~~not~~ no
time afterward. We
have been carrying
along, in 2 ways, to
Portland, Tacoma, Rainier
Park, Seattle, Lake
Crescent, Victoria &
Lake Louise. I got a
couple of good days
in the saddle at the
last, & then we started
out on 4 Pullman
nights, of which the
last ^{is} is about to begin



EN ROUTE
NEW YORK CENTRAL LINES

after a night or two in a bed I shall be feeling as fit as possible & ready for this red clayton fleg which Curtis keeps warning so ominously. I have no doubt

that you are feeling as worried as I am over the infantile paralysis situation, as our children are approximately the same ages. It seems to be spreading rapidly over the country. The twin cities have quite a bit, & Chicago a lot. Billings (Mont.) had \pm dozen cases a

fortnight ago. I suppose
however, that another
4-5 weeks will see
it well on the wane,
but in the meantime
it keeps one anxious.

I must now go
thro' the form of going
to bed. From now on I
shall try to be a better
Correspondent.

faithfully yours

Piercy -

P.S. I read in today's paper
that C. Hughes is about
to join you at Estes Pk.
all along the line there
has been but one view
expressed of his campaign
thus far, that it is

...
...
... see
... want,
... time
... ions.
... for
... going
... on I
... letter

n.g. Perhaps you can
give him a steer to
let out something
constructive p.o.g. if
his got any of that
variety of juice in him

...
...
... paper
... out
... PK.
... there
... view

96



EN ROUTE
NEW YORK CENTRAL LINES

P.A. [unclear]
AUG 25 1916

come
you
post
isn't
worth
day
I saw
live
le & it
which
er. He
p
&
ingney
who
2 yrs

been the most interesting, by
far, that I have ever
had and as I get within
a few hours of the of-
fice & look back on
these two years & ^{forward}
the coming months
it is perfectly clear
to me that the best
thing in the two years
was the daily asso-
ciation with you &
the inspiration & the
friendly basis which
came from it, & it
is equally clear that
while the friendship

will persist the
of Daily relationship
is going to take
a big amount of the
spice out of our of-
fice life, & however
much you may write
us we shall have a
hard time keeping
up anything like
the punch you used
to instil into us &
the work. I don't say
this in any spirit of
discouragement, for
you know perfectly
well that we'll work
just as hard as ever,
but we are going to miss

like the devil -
I saw a recent letter
of Tremaine to you in
which he exhorted you
again not to try to
keep the whole thing
on your shoulders
while your business
is to be getting well,
to all of which I say
amen - When you
went west you took
on a new job - to
get well & that's
going to take a
whole lot of care
& thought & absence
of worry about things
outside. So go easy

on work, at the
at least. We need
back just as soon
you can come & come
well; & anything you
do now that may post-
pone that time isn't
in the slightest worth
doing.

until yesterday
the only banker I saw
on the trip was Oliver
La Forge in Seattle & it
was not banking which
brought us together. He
is just pulling up
stakes after 17 yrs &
going down to Albuquerque
to join his wife who
has been there 2 yrs
with J.B.'s & look for a

COPY OF LONGHAND LETTER

LAKE CRESCENT TAVERN

P. O., Piedmont, Washington, August 11, 1916

My dear Governor:

As a correspondent, I have been the limit on this trip. My general disinclination has been supplemented by a very busy life and little comfortable opportunity to write. I was mighty glad, as well as surprised, to get your letter, and to learn from the office correspondence that you were busily at it with them. I take it as a good sign, and an indication that your doctors must be pleased with your progress. I wish I could have followed your suggestion and run down to Estes Park for a few days, but your letter came just as we were leaving the ranch in a few days, and my plans were so matured that I couldn't very well change them with three other people to consider. But a little later on in the autumn when Curtis and Treman have had their vacations I should be more than glad to have you send for me and spend 3 or 4 days with you going over things any time you like. This trip has taught me that Denver is a pretty easy place to get to, and I suppose that you are only a few hours beyond. After leaving the ranch, we spent a couple of days motoring in the Yellowstone--how people endured it in the old stages I can't see -- and then have been swinging up very fast through Portland, Tacoma, and Seattle, en route for Victoria and a day or two in the Canadian Rockies on the way home, where I'm due August 21. This is a 2 days' resting spot and a very lovely one, in the Olympics which are just beginning to be possible for the tripper.

Today, I read in the paper of Harding's and Warburg's appointments. It seems a curious compromise, and I imagine Warburg doesn't feel altogether happy about it. I haven't heard from him since I left, but at any rate it settles the Hamlin end of it, and when Harding has determined on a policy, he is a driver and not a ducker.

Living out on the ranch, I seemed very far away from Nassau and Pine Streets, and could only recall what goes on there when I got the copy of the weekly diary which goes to you. When this came each week, it would bring me back to earth again, and I must say that, appearing out of space, as it were, it all sounded mighty interesting and seemed very vital and real as a piece of work. The last two years have been the most interesting, by far, that I have ever had and as I get within a few hours of the office and look back over these two years and forward to the coming months it is perfectly clear to me that the best thing in the two years was the daily association with you and the inspiration and friendly basis which came from it, and it is equally clear that while the friendship will persist, the lapse of daily relationship is going to take a big amount of the spice out of our office life, and however much you may write us, we shall have a hard time keeping up anything like the punch you used to instil into us and the work. I don't say this in any spirit of discouragement, for you know perfectly well that we'll work just as hard as ever, but we are going to miss you like the devil. I saw a recent letter of Treman's to you in which he exhorted you again not to try to keep the whole thing on your shoulders while your business is to be getting well, to all of which I say amen. When you went West, you took on a new job -- to get well and that's going to take a whole lot of care and thought and absence of worry about things outside. Do go easy on work, at the moment at least. We need you back just as soon as you can come and come well; and anything you do now that may postpone that time isn't in the slightest worth doing.

Until yesterday, the only banker I saw on the trip was Oliver LaFarge in Seattle, and it was not banking which brought us together. He is just pulling up stakes after 17 years and going down to Albuquerque to join his wife who has been there two years with T.B.'s and look for a job in the neighborhood. The bankers I saw yesterday were

Wold and Rich at Minneapolis. Our C. P. R. train left us 4 hours there before leaving for Chicago, and while Wold's daughter ran Mrs. Jay and the girls about town, I had a good chat with them -- the first word of business talked in 6 weeks. They were much upset over the "collection-by-postmasters" fiasco; and Wold, just as we were leaving, promised some inside talk on the Hamlin-Harding-Warburg gubernatorial situation which he gathered in Washington last week. I'll hear it tomorrow as he and McD. and Fancher will be in New York -- en route for Boston.

I was mighty glad to see from some letters Rich had, as well as to learn from him himself, that R.H.T[reman] has been quite active in my absence. The more he can know about things in the bank, the better. I looked over Rich's publicity dept. and believe it is doing good work and that we can do something of that kind, only much better, if we can find someone on the force to do it. I rather dodged Wold and McDougal's train (from Chicago) this A. M. in order to put in the day (my family having left me for a New England train) cleaning up those advertisements I showed you and think I made a job of it. Probably they will get all torn to pieces again by various people, but something useful will come out of it, I'm convinced. I did nothing on them, while West, as I couldn't bring myself to do any work whatever on the ranch and had no time afterwards. We have been scurrying along, in two weeks, to Portland, Tacoma, Rainier Park, Seattle, Lake Crescent, Victoria, and Lake Louise. If got a couple of good days in the saddle at the last, and then we started out on 4 pullman nights, of which the last (and hottest) is about to begin. After a night or two in a bed, I shall be feeling as fit as possible and ready for this red Clayton flag which Curtis keeps waving so ominously.

I have no doubt that you are feeling as worried as I am over the infantile paralysis situation, as our children are approximately the same ages. It seems to be spreading rapidly over the country. The twin cities have quite a bit, and Chicago a lot; Billings (Montana) had 1/2 dozen cases a fortnight ago. I suppose, however, that another 4 - 5 weeks will see it well on the wane, but in the meantime it keeps one anxious.

I must now go through the form of going to bed. From now on, I shall try to be a better correspondent.

Faithfully yours,

(Signed) PIERRE JAY

P. S. I read in today's paper that C. E. Hughes is about to join you at Estes Park. All along the line there has been but one view expressed of his campaign thus far, that it is n. g. Perhaps you can give him a steer to let out something constructive p. d. q., if he's got any of that variety of juice in him.

8/31/16.

From Mr. Jay

September 1, 1916.

There is really but little to add to the foregoing except that Mr. Harding told me yesterday that the State Department had expressed considerable interest in the matter and wished to take it under careful advisement. Mr. Harding intimated that it might be a couple of weeks before we heard from them. We have told Mr. Harding that in case any questions come up we would like to be represented before the State Department.

I was in Washington yesterday at a Clayton meeting attended by several Federal reserve agents, and we had an interesting day of discussion with the Board about which I will write you early next week.

The good news of your condition was received with the greatest interest and satisfaction in Washington and I do not need to tell you how glad it made all of us here.

I had a nice letter from you a couple of days ago and hope to write you a decent letter some time next week. Just at present Treman has gone away on a two and a half or three weeks' vacation, and in addition to such daily routine matters as come up to me I am struggling with the Clayton situation and trying to have an interview with the president of each of the banks concerned so as to give them every opportunity to prove non-substantial competition, all of which takes lots of time and leaves one perhaps about as much in the dark as ever as to how to make recommendations. I often long for your clear knowledge of the business done by the various institutions here, but in reality it is the only reason I am really glad you are not present, because I should like to make my recommendations with regard to the Bankers Trust Co. and other situations you are interested in without having discussed the matter with you. I appreciate, however, your offering to help me in this, but it is one of the burdens you ought to be completely relieved of.

76
P8

NIGHT LETTER

THE WESTERN UNION TELEGRAPH COMPANY

25,000 OFFICES IN AMERICA INCORPORATED CABLE SERVICE TO ALL THE WORLD

Company TRANSMITS and DELIVERS messages only on conditions limiting its liability, which have been assented to by the sender of the following Night Letter. It can be guarded against only by repeating a message back to the sending station for comparison, and the Company will not hold itself liable for errors or delays in transmission or delivery of Unrepeated Night Letters, sent at reduced rates, beyond a sum equal to ten times the amount paid for transmission; nor in any case beyond the sum of Fifty Dollars, at which, unless otherwise stated below, this message has been valued by the sender thereof, nor in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.

This is an UNREPEATED NIGHT LETTER, and is delivered by request of the sender, under the conditions named above.

THEO. N. VAIL, PRESIDENT

BELVIDERE BROOKS, GENERAL MANAGER

RECEIVED AT

D 8 J 167 NL

Q NEW YORK NY SEPT 7 1916

BENJAMIN STRONG,

THE LEWISTON HOTEL, ESTES PARK, COLO.

P.A.M.
SEP 8 - 1916

IN CONSIDERING NEWYORK CITY CLAYTON APPLICATIONS MAIN QUESTION
ARISES UPON SUBSTANTIAL COMPETITION BETWEEN TRUST COMPANIES
AND NATIONAL BANKS THINK BOARD INCLINED TO RULE THAT TRUST CO
HAVING SUBSTANTIAL COMMERCIAL DEPOSITS COMPETES WITH NATIONAL BANK
AND NATIONAL BANK HAVING SUBSTANTIAL DORMANT INTEREST ACCOUNTS
COMPETES WITH TRUST CO ALSO THAT MAINTENANCE OF SUBSTANTIAL FOREIGN
DEPARTMENTS CONSTITUTES COMPETITION THINK BOARD INCLINED GO TO
CONSIDER OPEN MARKET PURCHASES OF PAPER AND MAKING OF STREET LOANS
AS COMPETITIVE UNLESS INSTITUTIONS CONCERNED ARE VERY IMPORTANT

WESTERN UNION



DAY LETTER

THEO. N. VAIL, PRESIDENT

98
96
P. Jay

R.A.V.
SEP 11 1916

RECEIVED AT

D 12 J. 307 BLUE

K NEW YORK NY 330 PM SEPT 10 1916

BENJAMIN STRONG,

LEWISTON HOTEL ESTES PARK, COLO.

MANY BANKS FULLY IN ACCORD WITH YOUR VIEWS, ^{through} THROUGH INVESTIGATIONS OF
SITUATION CONVINCES ME THAT NATIONAL BANKS AS ^{banks} (ACKSS) AND TRUST COMPANIES
AS ^{banks} (ACKSS) ARE NOT IN SUBSTANTIAL COMPETITION AS TO DEPOSITS STOP WHILE
FOREIGN EXCHANGE IS COMPETITIVE THE COMPETITION DOES NOT SEEM TO BE
SUBSTANTIAL EXCEPT IN VERY FEW CASES / THAT GROUND ^{alone} (ONE) WOULD NOT SEEM
SUFFICIENT TO UNLOCK DIRECTORATES AND WOULD MAKE SOME VERY QUEER RESULTS
PUJO COMMITTEE SOUGHT PRIMARILY TO /
/ STOP POSSIBLE CONTROL OF STOCK EXCHANGE LOAN RATES AND PREVENTION
OF SALE OF SECURITIES OF ENTERPRISES HOSTILE TO INTERESTS OF INTER-
LOCKERS STOP WHEN BANKS ARE SO LARGE THAT BY COMBINATION THEY COULD
AFFECT RATES THEY MIGHT POSSIBLY BE CONSIDERED COMPETITIVE STOP

NIGHT LETTER

THE WESTERN UNION TELEGRAPH COMPANY

25,000 OFFICES IN AMERICA

INCORPORATED

CABLE SERVICE TO ALL THE WORLD

This Company TRANSMITS and DELIVERS messages only on conditions limiting its liability, which have been assented to by the sender of the following Night Letter. Error can be guarded against only by repeating a message back to the sending station for comparison, and the Company will not hold itself liable for errors or delays in transmission or delivery of Unrepeated Night Letters, sent at reduced rates, beyond a sum equal to ten times the amount paid for transmission; nor in any case beyond the sum of Fifty Dollars, at which, unless otherwise stated below, this message has been valued by the sender thereof, nor in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission. This is an UNREPEATED NIGHT LETTER, and is delivered by request of the sender, under the conditions named above.

THEO. N. VAIL, PRESIDENT

BELVIDERE BROOKS, GENERAL MANAGER

RECEIVED AT

BENJAMINE STRONG--- SHEET #2

FACTOR IN MARKET/CURTIS RATHER FEELS WE CANNOT ATTEMPT TO EXAMINE
TOO CLOSE THE KIND OF BUSINESS DONE BY THE RESPECTIVE TRUST
COMPANIES AND THE RESPECTIVE NATIONAL BANKS BUT MUST TREAT ALL
DOWNTOWN TRUST COMPANIES AS A CLASS/MY OWN VIEW HAS BEEN THAT WE
SHOULD TREAT EACH CASE SEPARATELY ON ITS MERITS BUT I RECOGNIZE
THE DIFFICULTIES ARISING THERE FROM/MY EVIDENCE NOW ABOUT
FINISHED AND MUST SPEND FRIDAY AND SATURDAY MAKING RECOMMENDATIONS/
IF AS YOUR LETTER INDICATES YOU HAVE GENERAL VIEWS SHOULD
APPRECIATE YOUR WIRING FULLY BY DAYLETTER.

PIERRE JAY 850AM

WESTERN UNION



DAY LETTER

THEO. N. VAIL, PRESIDENT

RECEIVED AT

CONGRESS AND PUBLIC WILL EXPECT BOARD TO USE DISCRETION IN A BROAD
 WAY/^{ors} WHAT WOULD YOU THINK OF CONSIDERING ALL DOWNTOWN NATIONAL BANKS
 COMPETIT^{all}~~IONS~~ AND ~~WILL~~ DOWNTOWN TRUST COMPANIES COMPETIT^{ors}~~IONS~~ ON BASIS
 OF THE^{ve}~~SE~~ RESPECTIVE PREDOMINATE^{te} BUSINESS AND FUTHER ^{consider} ~~COMMISSIONS~~ ALL
 INSTITUTIONS WITH OVER TWO HUNDRED MILLIONS DEPOSIT COMPETITIVE IN
~~XXXXX~~ BROADER BASIS OF BEING PREPONDERANT FACTORS IN MONEY RATES/^{ors} THIS
 WOULD INCLUDE BANKERS GUARANTY CITY COMMERCE CHASE AND WOULD ELIMINATE
 WIGGINS^{ors} FROM BANKERS AND GUARANTY ALEXANDER FROM BANKERS MCGARRAH AND
 REED FROM EITHER BANKERS OR GUARANTY SIX COMMON DIRECTORS OF COMMERCE
 AND GUARANTY WOULD HAVE TO CHOOSE ONE OR THE OTHER STOP BOARD TO TAKE
 POSITION THAT UNLOCKING OF THESE FIVE BANKS MAY BE FOLLOWED BY FURTHER
 ACTION LATER IN OTHER INSTITUTIONS IF OBSERVATION AND DEVELOPMENTS
 REQUIRE^{ors} STOP HAVE JUST EVOLVED THIS SUGGESTION AND SHOULD LIKE TO GET

WESTERN UNION

Form 2589 K

DAY LETTER

THEO. N. VAIL, PRESIDENT

RECEIVED AT

YOUR FRANK REACTION OF IT ALSO SOME ELABORATION OF YOUR VIEWS ON
WHAT BANKS ARE COMPETIT⁰¹⁰~~IONS~~ IN FOREIGN EXCHANGE AND HOW IMPORTANT THE
COMPETITION IS WHEN CONSIDERED FROM THE VIEW POINT OF A BANKSENTIRE
BUSINESS/ SHOULD GREATLY APPRECIATE A NIGHT LETTER CARE SHOREHAM MUST
MEET-BOARD MONDAY MORNING FOR FINAL DETERMINATION OF CASES.

PIERRE JAY 8PM.

NIGHT LETTER

THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

25,000 OFFICES IN AMERICA CABLE SERVICE TO ALL THE WORLD

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THEO. N. VAIL, PRESIDENT

BELVIDERE BROOKS, GENERAL MANAGER

RECEIVED AT

D I J 99 NL

NEW YORK NY SEPT 14, 1916

BENJAMIN STRONG,

ESTES PARK, COLO.

RETURNED FROM WASHINGTON LAST NIGHT BOARD DECIDED TO ADOPT MY SUGGESTED PLAN BUT CARRY LINE DOWN TO ONE HUNDRED FIFTY MILLIONS THEREBY INCLUDING HANOVER PARK MECHANICS FARMERS CENTRAL EQUITABLE STOP METROPOLITAN AND BROADWAY TRUSTS DOING COMMERCIAL BUSINESS WERE CONSIDERED IN COMPETITION WITH NATIONAL BANKS THIS PLAN DOES NOT PREVENT COMMON DIRECTORS BETWEEN SMALL BANKS AND LARGE TRUST COMPANIES OR LARGE BANKS AND SMALL TRUST COMPANIES APPRECIATED YOUR TELEGRAMS GREATLY AND READ THEM TO BOARD STOP I TOLD SEVERAL LEADING BANKERS THIS AFTERNOON OF THE RULING THEY DID NOT RECEIVE IT VERY FAVORABLY BOARD PROBABLY MAILING NOTICES TO APPLICANTS TOMORROW.

B.A.H.
SEP 15 1916
PERRIE JAY 820AM

FEDERAL RESERVE BANK
OF NEW YORK

PJ/RAH
Postal Night Letter
7:15 p.m.

(TO BE MAILED)

98

CONFIRMATION OF TELEGRAM

We have today telegraphed you as follows :

September 14, 1916.

Benjamin Strong Esq
Care Lewiston
Estes Park, Colorado

Returned from Washington last night Board decided to adopt my suggested plan but carry line down to one hundred fifty millions thereby including Hanover Park Mechanics Farmers Central Equitable Stop Metropolitan and Broadway Trusts doing commercial business were considered in competition with national banks This plan does not prevent common directors between small banks and large trust companies or large banks and small trust companies Appreciated your telegrams greatly and read them to Board Stop I told several leading bankers this afternoon of the ruling They did not receive it very favorably Board probably mailing notices to applicants tomorrow

Pierre Jay.

Chge. Fed. Res. Bk.
Nassau & Pine Sts.

FEDERAL RESERVE BANK
OF NEW YORK

Quoted
file
16
98
September 22, 1916.

Dear Governor Strong:

This has been another day of almost solid Clayton. I have had about half a dozen so-called private bankers in, and since lunch have been thrashing the subject over with Mr. Delano who has turned up on his way to Washington. I think we made some progress towards getting this matter settled on a reasonable basis. He is going over to-night to discuss it with his associates to-morrow, and on Monday Warburg and Harding will be back from Kansas City.

We finished to-day our contemplated sale of the \$750,000. July 3% notes, selling \$500,000. to J. P. Morgan & Co. and \$250,000. to Morgan & Bartlet on a 2.75% basis. We have no intention of selling any more at the present time.

I have had one or two talks with Mr. Morgan lately in connection with the recent meeting of the Advisory Council. He came back from this full of enthusiasm for the system and for such perfecting amendments as we are all in favor of. He has been converted to Warburg's gold amendment which failed in the Congress just adjourned, but would like to have the aggressive attacks begin very high up in the scale. I consider this a very important conversion since heretofore, as you know, he has always held firmly to the Bank of England idea.

When we reelected ^{him to} the Advisory Council the general feeling was that it would be his last term. I now have a very strong feeling that it would be a great mistake not to reelect him for another term although I should be distinctly in favor of having it understood that the 1917 term would be

the last one. I think that in view of his interest in the system, his interest in the Advisory Council, his support of this bank in giving us the bullion checks, (we have had about \$60,000,000. of such checks within the last month) and in view of the feeling which exists in many quarters about the Board's decision on interlocking directors, for us now to replace Mr. Morgan on the Advisory Council would be a very great strategic error. I have spoken to Mr. Woodward and Mr. Treman about this, both of whom agree heartily. I had intended to speak to Mr. Vanderlip this week but found that he had just left for Kansas City. If you agree with this point of view I wish very much that you would talk it over with him and see if he would feel entirely content to have such an action taken on the part of our board. Our term of directors' service is three years, and I think it would be very appropriate for us without committing ourselves always to reelect our advisory council for three years, to have it understood in a general way that that would be the term. I think an election of one year to that council is of very little value. It meets so seldom that it takes a man a year or two to really get into the swing of it.

In this connection, the election of directors is coming along very soon and I had a talk with Mr. Woodward about it last night. He is strongly impressed with the belief that this year affords practically our only satisfactory opportunity to establish proper machinery to safeguard our elections in the future, and that therefore he should not run again but should let the machinery develop itself. He also believes that for the New York bank representative at least the voting principle should apply, and through inquiries I have made I believe that this view would be shared by many of the other New York bankers. Whether it should apply in the country districts or not, I do not know. Of course, there would be plenty who would be glad to serve. The question is whether we would be sure of getting good ones. Of course, it would be

unfortunate to lose Mr. Woodward. If in his place we should get Alexander, whose term as chairman of the Clearing House Committee ends in the course of a week or so, we should not be hampered by the change. By this I do not mean that there are not other good men, but Alexander has been particularly interested, sympathetic and broadminded. Mr. Vanderlip's term as president of the Clearing House, I believe, runs for one or two years longer. Mr. Woodward's idea appeals to me strongly provided we could be fairly certain that really good and permanent machinery could be established. Otherwise I should be strongly for his reelection.

We have invited Mr. Turner of Elmira, president of the National Bank Section of the New York State Bankers Association to come down and talk it over with us on Monday morning.

I showed Mr. Delano a copy of Mr. Pallain's letter, and he was, of course, very much interested. He tells me that he wrote you fully about the English matter and he has agreed to make some inquiries immediately on his return to Washington so as to be able to give me the situation to date when I am over there next Tuesday, as I expect to be, discussing the private banker situation. I hope to be able to take Mr. Curtis over with me and possibly he will be able to do something along lines you have suggested with the state department.

If you have a chance to talk to Mr. Vanderlip about the Advisory Council matter before next Wednesday, I should be glad if you would send me a wire giving me your views, as the matter might possibly come up for preliminary discussion at our directors' meeting.

I have not had a minute all day to continue the Clayton Act letter, and I am afraid it will be pretty stale stuff by the time I get around to it.

With best regards, I am,

Faithfully yours,

Benjamin Strong, Esq.,
The Lewiston, Estes Park,
Col.

Pierre Jay per R.H.

98

FEDERAL RESERVE BANK
OF NEW YORK

September 23, 1916.

FOR YOUR OWN
PERUSAL ONLY.

R.A. Br.
SEP 29 1916

Dear Governor Strong,

Your suggestion in a recent letter that I owe you two letters is a gross understatement of the facts. I must owe you at least a dozen, and I feel like the eminent statesman of our mutual acquaintance who said he would like to "discuss acceptances with you for a week." For your sake I should hardly like to spend a week writing letters, but I feel as if I had enough to say to take me a week to dictate. The fact is that as Treman and Curtis have been away at governors' meetings, vacations, or otherwise almost continuously since I got back I have had to take on the people whom they might otherwise have seen in addition to doing (or trying to do) my regular work and the extra Clayton matter besides. The result is that I feel just about where I was last spring and I have forgotten entirely that I have had a vacation.

Your letters coming every few days to one or another of us with their clear cut views and broad constructive ideas have only served to make me realize more acutely how much I miss the daily chats with you on all these topics we are so much interested in, and hope all the more ardently for your speedy recovery and return. The news in your last letter to Mr. Treman that you really felt you were progressing was fine for us and I am mighty glad to be able to pass it on to the literally dozens of people who ask me for news of you.

First of all I think I had better write you forty or fifty pages about the Clayton situation. We had about two hundred and fifty applications in this district and I found when I came back that Curtis had spent

most of his time during the preceding two or three weeks in answering inquiries on the subject over the telephone. About the end of August I was called over to Washington together with the Reserve agents from Philadelphia, Richmond, Cleveland and Boston and we spent a day discussing the situation with the Reserve Board at which it became apparent that the primary form of competition between banks and trust companies to which they would give attention was competition for commercial accounts. Wherever a trust company showed any substantial amount of unsecured customers' paper in its statement they would want to be shown that it was not doing a commercial business and therefore not in competition with the national banks. After this conference I spent the next ten days interviewing the principal officers of all the important national banks and trust companies in this city and obtaining statements from them concerning the nature of their business as well as a statement of the rates they paid on their deposits and the amount of deposits at each rate. My impression during these conferences was that many of the bankers had satisfied themselves that the Kern amendment meant that they could continue their trust company as well as their banking connections not exceeding three. The net result of this investigation, which as you may imagine took a great deal of time, was a conviction on my part that except in their foreign departments the trust companies as a whole were not in competition with the national banks as a whole, since the nature of their business, except with respect to their open market operations, was quite different. I felt, however, as I telegraphed you, that with the largest institutions their ability to exercise a preponderant influence in the credit market was such that they would have to be considered in competition on that ground, and I was very gratified to get your telegram approving this point of view, though I did not get it until after I had spent a day with the Board discussing the subject and had made to

them a suggestion similar to the one I had telegraphed you.

I went over to Washington on the evening of Sunday, September 10th, after putting in a good day of work at the office with Miss Holmes getting things in shape, and spent the 11th, 12th and 13th with the Board discussing the New York City situation, working out the basis and deciding on each case. I first presented my report and recommendations, which I am sending you herewith and trust you will return them as I have no other copies. At the end of the report you will find the banks with which each member bank interlocked and the number of cases in each. The letter "V" means that I recommended the application be granted, and the letter "X" indicates that I recommended that the application be refused.

The attitude of the different members of the Board was interesting. The Secretary and Delano were away. The Comptroller thought that any bank that took demand deposits was ipso facto in competition with others. Miller was radical at all times and seemed convinced that tearing apart directorates was all that was needed to send the trust companies bowling along commercial lines. Harding was inclined to be really liberal. Hamlin was giving careful consideration to liberal ideas. Warburg was inclined to be rather strict on the basis that Congress had left this matter to the Board's judgment, and unless they carried it out and exercised their discretion in what would be considered an appropriate way they would not be apt to be granted discretion by Congress again.

At the end of the first day when I spoke of the \$200,000,000. line which would include the City, Commerce, Chase, First, Guaranty and Bankers, it was received with some favor, but the institution that prevented it from being generally accepted was the Farmers with its eleven City Bank directors. That seemed a situation hard to get over. I think that if there had been one or two directors it might have appeared differently to the Board. I argued

strongly that the Farmers were not in competition with the City, while others argued that it was.

I have to stop now to catch my train as I am going out of town for the week end and will try to finish on Monday.

Very sincerely yours,

Pierre Jay
per R. H.

Benjamin Strong, Esq.,
The Lewiston,
Estes Park, Colorado.

PJ/RAH
Enc.

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FEDERAL RESERVE BANK
OF NEW YORK

September 27, 1916.

Dear Governor Strong:

My promise to finish the Clayton letter on Monday went by the board as I had a string of private bankers in all day and had to leave at half past four to catch a train for Canandaigua where I spent yesterday.

I received from Mr. Curtis just before leaving town on Friday afternoon a letter from M. Pallain, and endeavored unsuccessfully to find an adequate translator. On Monday I thought of Mr. De Neuflyze and succeeded in getting him about four o'clock in the afternoon to come up and translate it for me. I am enclosing herewith the result of his translation. There is just one word in it of which I have doubt and that is whether the Bank of France would guarantee the collection of the drafts we might buy here. I will ask him about this to-morrow morning and write you what Mr. De Neuflyze says.

I note that you are going to draft a letter to send to us, and in the meantime I will get hold of Mr. Woodward and discuss the plan with him and write you his views.

I am returning herewith the translation you sent to Mr. Curtis and will return the original letter to-morrow after seeing Mr. De Neuflyze.

I am sorry that we did not agree about selling some of the 3% Government notes. I took it up with the Board again last week and read them your letter, but the only one as I remember who agreed with you was Mr. Palmer. In view of your representation as to what some of our conservative member banks might think of it I discussed your view with Mr.

Alexander and found him heartily in sympathy with the idea, so we went ahead. We sold a million to Morgan & Company at 2.70 and half a million to Salomon Brothers & Hutzler at 2 5/8%. I hope that no harm has been done and we all felt here that some good has been accomplished. We have thought it advisable to let the \$750,000. of July 1st maturity also be sold if we get a good price for them, but we have no idea of selling those due next October which we ought to receive in a few days.

An unfortunate error appeared in our circular issued yesterday with regard to rates of discount. You no doubt noted that it mentioned a rate on commodity paper, although we have never established such rate. We shall be sending out another circular in a day or two on the amendments and I think it would be wise to correct this error in it.

Hoping soon to have an opportunity to finish the Clayton letter, I am,

Faithfully yours,

Peirce
Chairman.

Benjamin Strong, Esq.,
The Lewiston,
Estes Park, Colorado.

PJ/RAH
Encs.

Ladenburg Thalmann made a statement to Herman & me this P.M. concerning which I will write you later. Also, your letter on your salary -

NIGHT LETTER

THE WESTERN UNION TELEGRAPH COMPANY

25,000 OFFICES IN AMERICA INCORPORATED CABLE SERVICE TO ALL THE WORLD

This Company TRANSMITS and DELIVERS messages only on conditions limiting its liability, which have been assented to by the sender of the following Night Letter. Errors can be guarded against only by repeating a message back to the sending station for comparison, and the Company will not hold itself liable for errors or delays in transmission or delivery of Unrepeated Night Letters, sent at reduced rates, beyond a sum equal to ten times the amount paid for transmission; nor in any case beyond the sum of Fifty Dollars, at which, unless otherwise stated below, this message has been valued by the sender thereof, nor in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission. This is an UNREPEATED NIGHT LETTER, and is delivered by request of the sender, under the conditions named above.

THEO. N. VAIL, PRESIDENT

BELVIDERE BROOKS, GENERAL MANAGER

RECEIVED AT

D 6, J 90 NL

FI NEWYORK NY SEPT 28 1916

BENJ STRONG,

THE LEWISTON ESTES PARK, COLO.

B.A. Jr.
SEP 29 1916

HAVE JUST SPENT EVENING WITH M DE NEUFLIZE DISCUSSING LETTER YOU FORWARDED STOP HE SUGGESTS THAT TO EXPEDITE MATTERS YOU WRITE HIM INFORMALLY REGARDING DETAILS STOP HE SUGGESTS THAT MATTERS MIGHT BE ACCELARATED BY HIS WRITING US REQUESTING PERMISSION FOR HIS PRINCIPAL TO OPEN ACCOUNT WITH US STOP WITH THE NECESSARY CONSENT OBTAINED SMALL RECIPROCAL ACCOUNTS COULD BE OPERED AND ONCE RELATIONS WERE ESTABLISHED THE PROPOSED PLAN COULD LATER BE GRADUALLY DEVELOPED STOP BOTH SUGGESTIONS IMPRESS ME FAVORABLY TAB

NIGHT LETTER

THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

25,000 OFFICES IN AMERICA

CABLE SERVICE TO ALL THE WORLD

This Company **TRANSMITS** and **DELIVERS** messages only on conditions limiting its liability, which have been assented to by the sender of the following **Night Letter**. Errors can be guarded against only by repeating a message back to the sending station for comparison, and the Company will not hold itself liable for errors or delays in transmission or delivery of **Unrepeated Night Letters**, sent at reduced rates, beyond a sum equal to ten times the amount paid for transmission, nor in any case beyond the sum of **Fifty Dollars**, at which, unless otherwise stated below, this message has been valued by the sender thereof, nor in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.

This is an **UNREPEATED NIGHT LETTER**, and is delivered by request of the sender, under the conditions named above.

THEO. N. VAIL, PRESIDENT

BELVIDERE BROOKS, GENERAL MANAGER

RECEIVED AT

STOP HE HAS EXAMINED TRANSLATION MAILED YOU YESTERDAY AND
MAKES NO CHANGES

P, JAY 838AM

WESTERN UNION NIGHT LETTER

Form 2289

98

GEORGE W. E. ATKINS, 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

Benj. Strong,
4100 Montview Boulevard,
Denver, Colo.

STATE

Curtis telephoned me his wire to you. Stop. Harding advised that the Department in question did not care to consider the matter but requested Board to deal with it purely as a banking matter. Stop. Board will have full meeting next week and then advise us formally. Stop. Harding said they would probably authorize us to complete plan but expect us to do no business without their authority.

Pierre Jay.

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.

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 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.

NIGHT LETTER

THE WESTERN UNION TELEGRAPH COMPANY

98

25,000 OFFICES IN AMERICA INCORPORATED CABLE SERVICE TO ALL THE WORLD

This Company TRANSMITS and DELIVERS messages only on conditions limiting its liability, which have been assented to by the sender of the following Night Letter. Errors can be guarded against only by repeating a message back to the sending station for comparison, and the Company will not hold itself liable for errors or delays in transmission or delivery of Unrepeated Night Letters, sent at reduced rates, beyond a sum equal to ten times the amount paid for transmission, nor in any case beyond the sum of Fifty Dollars, at which, unless otherwise stated below, this message has been valued by the sender thereof, nor in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission. This is an UNREPEATED NIGHT LETTER, and is delivered by request of the sender, under the conditions named above.

THEO. N. VAIL, PRESIDENT

BELVIDERE BROOKS, GENERAL MANAGER

RECEIVED AT

D 2 J 90 NL

ON NEW YORK NY OCT 4 1916

BENJAMIN STRONG,

THE LEWISTON ESTES PARK, COLO.

B.A.B.
OCT 5 - 1916

AT TODAYS DIRECTORS MEETING MR LOCKE GAVE NOTICE THAT AT NEXT MEETING
WE WOULD PRESENT RESOLUTION PROVIDING THAT THIS BANK SHOULD BUY NO
ACCEPTANCES UNLESS ACCEPTED OR INDORSED BY MEMBER BANKS THIS WILL BEING
MATTER UP SQUARELY FOR DECISION I HAVE NO DOUBT OF RESULT WITHIN OUR
BOARD BUT THINK YOU SHOULD NOT LOSE OPPORTUNITY TO DISCUSS IT FULLY
WITH VANDERLIP STOP ABOUT YEAR AGO I ASKED SEVERAL BANK PRESIDENTS
THEIR VIEWS STOP ALL EXCEPT VANDERLIP THROUGHLY APPROVED OUR BROAD
POLICY BUT HIS LEANING WAS RATHER THE OTHER WAY.

PIERRE JAY 827AM

98

FEDERAL RESERVE BANK
OF NEW YORK

OCT 11 1916
R.A.H.
October 4, 1916.

Dear Governor Strong:

I am very much obliged for your telegram received this morning relative to the directors of this bank and the Advisory Council man. I shall hope to have a letter from you in a few days giving a little more of the pros and cons which led to the conclusions you reported in your telegram.

Mr. Woodward's mind is not irrevocably, but very firmly, set towards the principle of rotation. Mr. Towne has also showed me your latest letter to him and I have asked him to defer any further action on this matter for a few days for the following reason.

At the Atlantic City meeting of the New York State Bankers Association, the association was divided into five sections, each with much independence of action but all united for common action through the association. The National Bank Section at its meeting passed the following resolution:

"That the Chair appoint a committee of three to act with a representative of the New Jersey banks who are members of the Federal Reserve Bank of New York, and a representative of the Connecticut banks who are members of the Federal Reserve Bank of New York, to the end that proper recommendations of candidates for directors of Federal Reserve Bank of New York be made to all member banks, and that they be informed of the qualifications of all candidates for such directorship, and that all proper steps be taken to secure the best possible men as directors of said bank."

Some weeks ago Mr. Turner appointed as the New York members of this committee, Mr. Perkins, Mr. Smythe of Bronxville, and Mr. Burden of

Cazenovia, representing groups 1, 2 and 3 of our electors. Mr. Turner came down at our request on Monday and spent the morning here discussing the matter with Mr. Treman, Mr. Curtis, Mr. Woodward and myself. He is in thorough accord with our desire to get some machinery started which will go on year after year suggesting to the member banks good names for them to nominate. He gave considerable care to the selection of the committee, and I think has got an admirable selection. My feeling is that this special committee should be appointed each year by the executive council rather than by its chairman in order to have it as representative as possible. Mr. Woodward is very anxious to use this occasion and this year to put the rotation idea into operation and to express himself in a letter which might be sent to the member banks indicating the importance of the election of good directors, etc., etc. Personally, I am very keen to have Mr. Woodward remain, but as we are pretty sure to get a good New York bank director anyhow, I feel that the importance of establishing elastic nominating machinery is the vital thing and that this is the particular year when it may best be undertaken.

I am very glad to learn what you say about the Advisory Councilman and shall await a letter some day giving your views and those of Mr. Vanderbilt in some more detail. Mr. Morgan told me that he expected to be back by the end of November and we should not ordinarily take this matter up until early in December, after the election of directors is over.

At our meeting to-day I brought up your letter to me of August 25th relative to your compensation. The board voted to continue your salary at its present rate until the end of October and beginning November 1st to establish it until further order of the Board at the rate of \$15,000, or "half pay" as several members expressed it. Mr. Curtis and I were especially asked by the directors to see that this got on the minutes in such form as to indicate that the initiative was taken by you and not by the bank, and to say to you

that they made the reduction not because they wished to reduce your salary or were in any way unappreciative of the valuable work you are now doing for both the bank and the System, but because they believed that in so doing they were carrying out your real wishes in this respect. I hope very much that you will agree with the conclusions reached.

Mr. Treman has written you about several other matters which were taken up, and accordingly I shall not duplicate.

Mr. Locke, out of the clear sky, said he wished to give notice that at the next meeting he would offer a resolution to the effect that this bank should not purchase any acceptances except those of member banks or those which are indorsed by member banks. This naturally roused a good deal of interest and there were two or three suggestions that we had better reserve the whole of the day next time for our meeting. There were brief suggestions of the probable lineup. Mr. Palmer indicated that it would have his approval. Mr. Thompson said that he did not know but was rather inclined to agree. Afterwards Mr. Peabody, Mr. Treman, Mr. Curtis and I lunched together and Mr. Peabody thought it might possibly be well for you, if you thought it advisable, to write Mr. Locke at length on the subject, perhaps sending us a copy of your letter. Mr. Woodward said that Mr. Thompson was going to talk to some of our member bankers on the subject. It appears, however, that Mr. Treman has got to be absent on the date of our next meeting, and as he forgot to speak of this when we were determining on the date of the meeting he thinks that it would be better for him to write a letter to the Board asking that if the matter were going to be voted on, the vote could be postponed until the next meeting when he could be present.

We also discussed informally the question of paying dividends, which was mentioned at our last meeting. I submitted the following statement prepared for me by Mr. Jefferson, which, however, does not include the amounts due to New Jersey and Connecticut banks:

Net earnings Nov. 16, 1914, to Sept. 1, 1916,		\$232,000.
<u>ADD</u> estimated <u>net</u> earnings 4 mos. at \$40,000. = including deductions for amortization and all expenses		<u>160,000.</u>
		\$392,000.
<u>DEDUCT</u> sundry accounts carried among assets Aug. 31, 1916:		
Assessment for expenses F. R. Board prior to July 1, 1915,	\$ 27,600.	
Expense of organization - local	58,800.	
Equipment	<u>51,400.</u>	
	\$137,800.	
Less amortization included in calculation of net earnings above 4 mos. at \$5,600.	<u>22,400.</u>	<u>115,400.</u>
Estimated <u>net</u> earnings from Nov. 16, 1914, to Dec. 31, 1916,		\$276,600.
<u>Dividend</u> to Dec. 31, 1914, (6 weeks on \$3,322,000.)		<u>22,150.</u>
		\$254,450.

AMOUNTS REQUIRED TO PAY DIVIDENDS BY MONTHS.

Dividend to Jan. 31, 1915, on \$3,674,300. at 1/2% =	\$ 18,371.50
" " Feb. 28, 1915, " \$6,637,750. " 1/2% =	33,188.75
" " Mar. 31, 1915, " \$6,640,133. " 1/2% =	33,200.66
" " Apr. 30, 1915, " \$6,984,833. " 1/2% =	34,924.16
" " May 31, 1915, " \$9,961,650. " 1/2% =	49,808.25
" " June 30, 1915, " \$9,957,650. " 1/2% =	<u>49,788.25</u>
	\$241,100.00

The general feeling was that it would be advisable for us to begin paying dividends on December 31st, but as to the period up to which we should pay them, the views informally expressed ran all the way from December 31, 1914, to June 30, 1915. My own preference on the figures presented would be up to March 31, 1915. Of course, the matter won't come up for real discussion until December, but some time you might feel like giving us your view.

Curtis and I spent yesterday in Washington. Cotton was also there and we discussed for an hour with the Reserve Board the question of who is a

"private banker." We took up the case of Adrian Iselin & Co. as perhaps as much on the border line as any other, and the general opinion seemed to be that they would have to be considered private bankers. The matter was then referred to counsel to prepare a definition which would be comprehensive and at the same time easily understood. Messrs. Elliott, Cotton, Curtis and I then spent a couple of hours upon it, and Cotton finally produced a very brief but comprehensive definition which I think will fit the case and allow the banker to determine whether he falls within its provisions or not without consulting a lawyer. The definition excludes brokers in stocks, notes, or merchandise, also commission merchants, unless a substantial part of their profits is derived from conducting one or more of the banking functions described in the definition. Those also are excluded who merely invest or loan their own funds. I understood that the Board would discuss the definition at its meeting to-day, and probably adopt it. Cotton was going to remain over. I urged that if the Board could see its way clear to do so it should not make the private banker rule apply in places of under 200,000 inhabitants, and in cases where the banker had smaller resources than \$5,000,000. The sentiment of the Board was that they would like to adopt this view if counsel could advise them that they were justified in doing so. Judge Elliott at our conference produced an opinion written by him last spring advising them affirmatively, and as Cotton and Curtis had no objection to the opinion, although not agreeing with its conclusions, I think the Board is apt to take that view.

I have your letter to-day about the Forbes interview, which I think I was responsible for sending to you. I know him but slightly but I have an impression from things I have heard that he is devoid of humor. I must say I was astounded at his giving out the interview.

I agree with you about the agent's fund and the bank's fund, and believe that the report the auditing committee will make will serve as the lever-

age to bring about the separation we have all desired.

Very sincerely yours,

Pierre Jay
per R. H.

Benjamin Strong, Esq.,
The Lewiston,
Estes Park, Colorado.

PJ/RAH

FEDERAL RESERVE BANK
NEW YORK



PJ/RAH
Postal
5:30 p.m.

(TO BE MAILED)

98

CONFIRMATION OF TELEGRAM

We have today telegraphed you as follows :

October 4, 1916.

Benjamin Strong Esq
The Lewiston
Estes Park, Colorado

At todays directors meeting Mr. Locke gave notice that at next meeting he would present resolution providing that this bank should buy no acceptances unless accepted or indorsed by member banks This will bring matter up squarely for decision I have no doubt of result within our board but think you should not lose opportunity to discuss it fully with Vanderlip Stop About a year ago I asked several bank presidents their views Stop All except Vanderlip thoroughly approved our broad policy but his leaning was rather the other way

Pierre Jay.

Chge. Fed. Res. Bk.
120 Broadway

B-2

98

FEDERAL RESERVE BANK
OF NEW YORK

P.A.H.
OCT 11 1916

October 7, 1916.

Dear Governor Strong:

When Mr. Curtis and I were in Washington on Tuesday we took up with Mr. Harding the question of the matter now pending before the State Department. He promised to see whether the matter could be expedited in any way, and I have just received the enclosed letter from him to which I have replied as per enclosed copy.

I do not believe there is any use agitating the matter again for another month or six weeks. At that time we shall certainly take it up vigorously and see if we cannot bring the matter to a favorable conclusion. I had urged upon Governor Harding the desirability of prompt action in order that the matter might not be allowed to grow cold across the water, and it is to this that he refers when suggesting that you should write your friends on the other side about matters of detail, etc.

Very truly yours,

Benjamin Strong, Esq.,
The Lewiston,
Estes Park, Colorado.

Pearce
Chairman.

PJ/RAH
Encs. (2)

98

FEDERAL RESERVE BANK
OF NEW YORK

October 7, 1916.

R.A. Fr.
OCT 11 1916

Dear Governor Strong:

I spent pretty much all Wednesday at a meeting of the sub-committee appointed by the National Bank Section of the New York State Bankers Association to consider the question of the election of directors of this bank.

The meeting was on the whole very satisfactory. They elected Burden, Chairman of the committee and Perkins, Secretary. They agreed that in view of the fact that not a large number of member bankers were at the meeting at Atlantic City where the resolution establishing the committee was passed, it would be advisable, in view of the situation prevailing among some of our up-state bankers, to put them on notice of the resolution before sending out any names and give them an opportunity to protest. This resulted in the mailing of a circular letter yesterday, of which I sent you a draft copy.

The committee is going to meet again at 3:15 October 11th, in order to select some names of possible candidates for the Class B vacancy, and Perkins was appointed a sub-committee to discuss with Mr. Woodward the situation in regard to the Class A vacancy and to consider how that matter should be handled, it being the unanimous view of the committee that there should always be at least one leading New York banker on our board.

I felt very well satisfied with the programme and feel as though we now had some good machinery under way, unless it should turn out that the member banks should disapprove it so generally as to cause the committee to abandon its programme. I doubt if there is much chance of doing anything with Woodward. I hope, however, to be able to persuade Mr. Towne to run again.

10/7/16.

Mr. Pavenstedt of Muller, Schall & Company came in yesterday and made a written statement in balance form to Mr. Woodward, Mr. Treman, and myself. I am going to send it out to you early next week after we have had an opportunity to analyze it further together. Mr. Treman is out of town to-day.

I am enclosing copy of the Board's pronouncement on the private banker question, which you very likely have seen yourself in the papers.

I was very much obliged indeed for your telegram of October 3rd, which arrived while I was in Washington. I am glad to learn from your telegram to-day that you are writing me fully your views and those of Mr. Vanderlip on the question of our policy in purchasing acceptances.

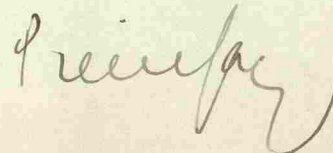
In regard to your letter of September 20th, the representative of the Evening Post has been in to see Mr. Treman and me and we are now discussing with the chairman of the clearing house committee the question of their giving out our balances each day after the manner of giving out the balances of the Assistant Treasurer. Have you any views on this point?

If you think of any good men for us to suggest as Class B directors, would you kindly wire me their names not later than Wednesday morning. Don't bother cudgelling your brains on this subject, as we shall go through a lot of lists endeavoring to select the best ones, but it may just happen that you have two or three particular names in mind you would like to suggest.

I am glad to say that my trip to Canandaigua, much as I regretted having to take it, proved effective in getting them straightened out on their time deposit question, and with Mr. Curtis' consent they are now going ahead on a plan which is entirely satisfactory to them.

Sincerely yours,

Benjamin Strong, Esq.,
"The Lewiston,"
Estes Park, Colo.



PJ/CEP

Encs

NEW YORK STATE BANKERS' ASSOCIATION

ORGANIZED 1894

OFFICERS, 1916-17

BENJAMIN E. SMYTHE, - PRESIDENT
BRONXVILLE, N. Y.
JOHN H. GREGORY, - VICE-PRESIDENT
ROCHESTER, N. Y.
ALEX. C. SNYDER, - TREASURER
BROOKLYN, N. Y.
WILLIAM J. HENRY, - SECRETARY
11 PINE STREET, NEW YORK, N. Y.



HEADQUARTERS

11 PINE STREET

New York, October 6th, 1916.

NATIONAL BANK SECTION.

To the Member Addressed:

At the organization meeting of the National Bank Section of the New York State Bankers Association held at Atlantic City last June the view was expressed that the election of able and experienced directors of the Federal Reserve Bank of New York is a matter of vital importance not only to the member banks of this district but also to the System as a whole in view of the prominent position of New York in both domestic and international finance, and the following resolution was adopted:

"That the Chair appoint a committee of three to act with a representative of the New Jersey banks who are members of the Federal Reserve Bank of New York, and a representative of the Connecticut banks who are members of the Federal Reserve Bank of New York, to the end that proper recommendations of candidates for directors of the Federal Reserve Bank of New York be made to all member banks, and that they be informed of the qualifications of all candidates for such directorship, and that all proper steps be taken to secure the best possible men as directors of said bank."

Acting in accordance with this resolution, I have appointed as members of such committee:

- J. H. Perkins, Vice-President of the National City Bank, New York, representing Group 1.
- B. E. Smythe, President of the Gramatan National Bank Bronxville, N. Y., representing Group 2.
- Henry Burden, 2d, President of the Cazenovia National Bank, Cazenovia, N. Y., representing Group 3.

The following representatives of New Jersey and Connecticut have been designated by their respective bankers associations:

- John D. Everitt, President, Orange National Bank, Orange, N. J., and President of the New Jersey Bankers Association.
- F. N. Benham, Jr., Assistant Cashier, First Bridgeport National Bank, Bridgeport, Conn.

The law reserves to the member banks the sole right both to nominate and elect candidates for directorships. The committee, therefore, cannot make nominations but will suggest each year to the member banks voting the names of a number of men, perhaps three or four for each vacancy, who in its opinion would be efficient directors of the Federal Reserve Bank. Such action by the committee would neither require the nomination of the persons suggested nor prevent the nomination of other persons by the member banks, acting either individually or jointly.

Although the resolution warrants the committee in proceeding to carry out its instructions, it is deemed advisable first to advise the member banks of the provisions of the resolution and of the appointment of the committee and its proposed policy. It will be assumed that the member banks approve the terms of the resolution and the plan of action herein outlined unless before October 16th, I am advised to the contrary by a sufficient number to indicate general disapproval.

Very truly yours,

S. G. H. TURNER,

President, National Bank Section,
New York State Bankers Association,

98

FEDERAL RESERVE BANK
OF NEW YORK

October 10, 1916.

B.A.H.
OCT 20 1916

Dear Governor Strong:

Your flock of letters dated October 5th and 6th added in a very pleasant way to the pile I found on my desk this morning. I am mighty glad to hear that you have had such a satisfactory time with Vanderlip and Trumble. I assume that you are also seeing Hendricks.

Warburg was in the office yesterday having come over to register, and he told me something of his conversations with you. I gathered from him that he had given you pretty much all of the details about the Clayton situation so as that is now pretty ancient history I do not believe I will finish my abruptly ended letter of a fortnight ago on this subject. You know the general conclusions and Warburg has probably given you more of the gossip on the subject than I should have put in my letter. Last week there were a number of protests from various parties. The only one in our district is Paterson where the situation is complicated by the fact that the bank has only about \$25,000. over the \$5,000,000. of resources mentioned by the Act. They are pleading to be let out on account of the closeness of the figure. Warburg is rather disinclined as it would be saying to them practically "You must now stop growing."

Mr. Alexander is going over to meet the Board on Thursday to urge that the Central Trust Company and the National Bank of Commerce be declared not in competition. They now have four joint directors, Messrs. Lanier, Iselin, Julliard and Jarvie. The first two are disqualified any way on account of being private bankers; the third would stay with the Guaranty Trust; the fourth would go with the Commerce if he could get the decision reversed.

I think Warburg's view, in which I fully concur, is that to declare these two institutions not in competition would be to undo the whole principle upon which they have acted in New York, Chicago, St. Louis and perhaps one or two other places. Warburg had a talk with Alexander yesterday afternoon and explained to him his position on it. Mr. Alexander nevertheless said that he would like to have his interview with the board, so that will take place on Thursday.

To revert to the history of the decision for a moment, as soon as I received word, after returning from Washington, that the Board had adopted the principles tentatively agreed upon I asked Mr. Vanderlip, Mr. Alexander, Mr. McGarragh, Mr. Hine, Mr. Wiggin, Mr. Prosser, Mr. Sabin, Mr. Thorne, Mr. Woodward, and one or two others to stop in here, one by one of course, and explained to them at some length the situation. Most of them thoroughly disbelieved in any idea of substantial competition based on the volume of funds to be used in the credit market, but most of them were particularly nice about it. Only one or two showed any unpleasant spirit. Poor Prosser, of course, was heart broken as I think he had made up his mind that all would be well. I had urged the Board to give out a statement explaining its basis, and Warburg and I had prepared one together for the papers. Warburg was in favor of giving it out but he was in a minority of one. I said that in a matter as important as this the Board could not refrain from making some statement as to the basis of its action, and it would be much better to give it out in advance than to bring it out as an "explanation." But they evidently would not hear of it. Of course, it happened just as I anticipated. The papers in the course of a day or two were full of it and then the Board gave out the statement which we had prepared. I understand that in Chicago they are protesting vigorously on account of the Corn Exchange and the Illinois Trust and Savings being declared in competition. Of course, they fall under the same ruling as that

adopted in New York, the institutions affected being the Continental, First, Corn Exchange, Illinois Trust and Merchants Trust, but I believe the Board has stuck to its guns in this matter.

I wrote you last week about the private banker situation and sent you a copy of the Board's statement. On that basis Adrian Iselin, Jr. is taken out of the Commerce, Ernest Iselin out of the Hanover, Beekman Winthrop and Moses Taylor out of the City, Orme Wilson out of the Mechanics, August Belmont out of the Chatham & Phenix, Herman Kountze out of the Atlantic, Charles Lanier and Adrian Iselin out of the Commerce, H. P. Davison out of the Liberty, James Brown out of the Bank of New York, and Henry Ickelheimer out of the Importers and Traders.

Of course, the private banker situation is such as to be a very effective preventer of state institutions joining the system. I have looked over your suggested amendment and rather feel that the question of putting private bankers on the same basis as other institutions in regard to substantial competition will not meet the situation. Certainly Morgan, for example, would be in competition with the Guaranty Trust and Bankers Trust on foreign and other business. Such an amendment as the following might be possible; to prohibit a private banking firm from having any of its members serve as a director of more than one bank which is a member of the Federal Reserve System. This would prevent any firm from controlling a whole series of banks. Of course, the whole matter is a delicate one to bring up and this is merely an offhand suggestion. You will remember that this would have been permitted under the Pujo Committee's report, which recommended also that a director of a national bank should be permitted to serve as a director of not more than one trust company, no mention being made of competition.

I am enclosing copy of Ladenburg Thalmann's statement, together with

10/10/16.

certain memoranda that Mr. Treman and I took down in an interview with Mr. Rosen. I believe I wrote you that the Board approved a line of \$500,000 for this firm. Mr. Woodward, with their consent, has looked over the statement.

October 16, 1916.

I stopped writing you at this point in order to get an opportunity to go over the statement again with Mr. Treman before writing you, and give you some further elucidation of the various items based on our recollection of the interview. Unfortunately last week slipped away without an opportunity to do so and now I am going to send it off for what it is worth and shall ask Mr. Rosen more particularly about it to-morrow when he comes to see me, as I understand he expects to do with Mr. Guinness. In the meantime the Board has approved the form of statement.

Last Thursday being a holiday Mr. Treman and I held down the office; he to prepare the speech he is to deliver next Wednesday on "Trade Acceptances," at the Hardware Convention at Atlantic City, and I to clear up my desk. I was successful in the latter operation with the exception of the lot of letters I have from you dating back to my vacation, many of which have not been adequately answered, and I am expecting to-morrow to sit down with them and write you a decent reply. In the meantime let me thank you for your letter of October 11th and particularly for the lecture you read me about my own misbehavior. I admit it freely, but can only plead in extenuation the great amount of work which had to be done and which I did not seem able to delegate satisfactorily, except the merely routine end of it which went to Mr. Lins, concerning the Clayton Act applications. We had about 330 in all and it has been about the meanest job I ever tackled. The actual physical labor of interviewing most of the people where the decision was difficult has been very considerable but much the most

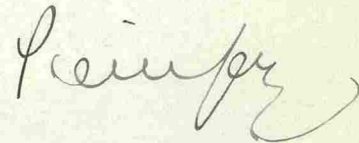
trying has been the anxiety which the necessity for making these unhappy decisions has caused me. In addition to the decisions about competing banks we have also about fifteen or twenty cases of people concerning whom I had to decide whether or not they were private bankers.

Now that this is all over, I hope to have some time to attend to the business of the bank. The fact is, however, that I am bound to be more busy than I have been heretofore for two reasons; first because I feel more responsibility about the affairs of the bank, and second because while Mr. Treman sees a good many people there are a good many others who do not know him and who naturally ask for me.

As to Clark Williams' dinner, that little effort only took about an hour's preparation so that it did not amount to much. The only speaking engagement I have now is at Utica on October 30th where I am to meet the bankers at dinner and talk to them about the system.

With best regards, I am,

Faithfully yours,



Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Col.

PJ/RAH

LADENBURG, THALMANN & CO.

BALANCE SHEET

as at December 31 1915.

ASSETS

Cash on hand and in banks in United States	\$ 2,465,242.68
Bills Receivable	505,000.00
Call Loans	1,953,559.56
Debtors	11,091,335.70
Investments in stocks and bonds taken at or below market value	6,073,851.10
Furniture and fixtures	10,000.00
Customers' liability under acceptances	<u>988,777.37</u>
	<u>\$23,087,766.41</u>

LIABILITIES

Capital	\$ 5,000,000.00
Reserves including provision for doubtful debts	438,190.85
Time Loans	3,620,000.00
Creditors including partners balances	13,040,798.19
Acceptances outstanding for account of customers	988,777.37
	<u>\$23,087,766.41</u>

I have examined the books and accounts of Messrs. Ladenburg, Thalmann & Co. and certify that the foregoing balance sheet as at December 31, 1915, is correct and in accordance therewith. Full provision has been made for all bad and doubtful debts.

(Signed) Thos. W. Tammock, C.P.A.
Auditor

DECEMBER 31, 1915.

ANALYSIS OF DEBTORS.

Cash balances abroad	\$ 381,851.56
Due by foreign bankers secured by stocks	1,455,786.23
" " " " unsecured	130,588.44
Brokers and wire a/cs	1,121,250.30
Domestic stocks, margin a/cs	4,928,049.87
Mercantile a/cs	45,045.76
Commercial a/cs domestic	1,440,568.64
Other domestic a/cs	* 1,588,194.90
Total	<u>\$11,091,335.70</u>

Note * Unadjusted a/cs.	
Bankers U.S.A.	\$ 201,900.00
" Foreign	487,000.00
Secured Loans	600,000.00
Exchange a/cs	100,000.00
Various	<u>199,294.90</u>
	<u>\$1,588,194.90</u>

INVESTMENTS

Bonds	\$ 3,218,788.53
Stocks	3,230,055.70
Miscellaneous items	<u>7,471.25</u>
	\$ 6,456,315.48
Less credit balances on syndicates	<u>382,464.38</u>
Total	<u>\$ 6,073,851.10</u>

STATEMENT MADE BY MR. ROSEN VERBALLY TO
MESSRS. JAY AND TREMAN IN CONNECTION WITH THE
LADENBURG, THALMANN & COMPANY MATTERS.

The worth of the partners, outside of the firm's business, is at least \$2,250,000., over and above their liabilities. We carry our furniture and fixtures at \$10,000. but they cost about \$150,000., and we will charge off same this year.

We owe nothing abroad except some balances due customers in their accounts.

At present we are borrowing about \$6,000,000. against \$3,000,000. as shown in our statement last January.

In the list of bonds and securities in our statement, fully 60% of them are securities listed in the New York Exchange. Other securities we hold are listed on other exchanges and some are unlisted. The securities we hold for our foreign customers are all American securities.

The deposits with us are about \$10,000,000. as a minimum and \$15,000,000. as a maximum.

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.

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

BRANCH OFFICE, 2307 E. COLFAX,
TELEPHONE YORK 2845.

30D RH 42 COLLECT BLUE 3 EXTRA

NEW YORK, NY VIA ESTES PARK COLO OCT 13 1916

BENJAMIN STRONG

1049

384 4100 MONTVIEW BLVD DENVER COLO

MR TREMAN MUST DELIVER ADDRESS AT ATLANTIC CITY NEXT WEDNESDAY AND
BE ABSENT FROM DIRECTORS MEETING HE HAS WRITTEN MR LOCKE
TODAY URGING POSTPONEMENT OF HIS RESOLUTION FOR TWO WEEKS AND
ASKING FOR REPLY IF UNAVOIDABLE WILL ADVISE LATER

P JAY

318PM

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.

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 ^{EX} BRANCH OFFICE, 230/ E. COLFAX,
TELEPHONE YORK 2345

37D RH 43 BLUE 4 EXTRA CORRECTED COPY

1916

NEWYORK NY VIA ESTES PARK COLO OCT 13

BENJAMIN STRONG

3379x

4100 MONTVIEW BLVD DENVER COLO

MR TREMAN MUST DELIVER ADDRESS AT ATLANTIC CITY NEXT WEDNESDAY AND
BE ABSENT FROM DIRECTORS MEETING HE HAS WRITTEN MR LOCKE
TODAY URGING POSTPONEMENT OF HIS RESOLUTION FOR TWO WEEKS AND
ASKING FOR REPLY IF REPLY IS UNFAVORABLE WILL ADVISE YOU

P JAY

410PM

98

FEDERAL RESERVE BANK
OF NEW YORK

B. A. P.
October 17, 1916.

OCT 23 1916

My dear Governor Strong:

I enclose herewith an amplification of Ladenburg's statement. I should like very much to get your views on the matter. I told Messrs. Guinness and Rosen that we would await a letter from you before we took any action looking towards buying their bills. We received approval of the form of statement by the Federal Reserve Board.

Mr. Kains was in to-day for a little while, and something he said about the hospitality of the Denverites gives me an opening to give you a little return lecture which will serve as an offset to the one you handed me in your last letter. In view of the disastrous results of British hospitality in London, look out for Denver.

Sincerely yours,

P. A. P.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/RAH
Enc.

October 17, 1916.

LADENBURG, THALMANN & COMPANY

Mr. Rosen and Mr. Guinness stated that the item "Brokers and wire accounts" consisted of only four or five firms of high standing. The item "Margin accounts" included the individual customers of the firm.

Under the item "Unadjusted accounts," "Bankers, U. S. A.," are some special funds deposited with American bankers.

"Bankers, Foreign," are exchange accounts with foreign banks.

"Secured loans," are some special temporary loans made on New York Stock Exchange and other securities.

In the balance sheet the item "Call loans" is not solely street call loans but consists partly of these and partly of temporary demand loans made to railroad, commercial and other customers of the firm.

Mr. Guinness stated that the condition of the balance sheet on December 31, 1915, was more liquid than it would usually be because at that time the estate of Mr. Thalmann was being appraised and settled up, and therefore all doubtful items had been eliminated and reduced to cash.

Mr. Rosen states that the estate remains in the firm in full.

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

TELEGRAM

DELIVERY NO.

30698

RECEIVED AT MAIN OFFICE
FRASER BANK BUILDING
14TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4500

The Postal Telegraph-Cable Company (Incorporated) transmits and delivers this message subject to the terms and conditions printed on the back of this blank.

16D-29018

DESIGN PATENT No. 40329

95CH 0 10 804A

CB NEWYORK OCT 19 16

BENJAM STRONG

4100 MONTVIEW BLVD DENVER.

LOCKE TREMAN WOODWARD ABSENT YESTERDAYS MEETING ACCEPTANCE MATTER

NOT DISCUSSED

PIERRE JAY

Jay
P.A. Fr.
OCT 20 1916

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS,
TIME SENT, ETC.



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN TELEGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

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 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 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 fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a REPEATED 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. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.
5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.
6. The Company shall 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. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHARLES C. ADAMS,
VICE-PRESIDENT.

CLARENCE H. MACKAY, PRESIDENT.
EDWARD REYNOLDS, VICE-PRES. AND GENERAL MANAGER.

CHARLES F. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

Misc. 34

FEDERAL RESERVE BANK
OF NEW YORK

PJ/RAH
Postal
9:45 a m.

(TO BE MAILED)

CONFIRMATION OF TELEGRAM

98

We have today telegraphed you as follows:

October 19, 1916.

Benjamin Strong Esq
4100 Montview Boulevard
Denver Colorado

Locke Treman Woodward absent yesterdays meeting Acceptance matter not
discussed

Pierre Jay

Chge. Fed. Res. Bk.
120 Broadway

R.A. Jr.

96

OCT 24 1916

FEDERAL RESERVE BANK
OF NEW YORK

R.A. Jr.
OCT 24 1916

*Omnibus reply
to whole series of 135
letters*

October 19, 1916.

Dear Governor Strong:

I have before me twenty letters from you, ranging from July 24th to October 11th, not forgetting a whole lot of letters in telegraphic form, which have come out in cleaning up my desk. Now that October 15th is over I am going to start answering them right down the line.

They cover almost the whole period of your Colorado experience. In the first one you say "The Denver doctor holds me down a good deal. So far I have one hour a day for work." When I contrast this with the recent reports brought back by Warburg and Kains it is evident that the intervening three months have made a tremendous difference in your condition and that you are following the injunctions we laid upon you as you left New York, to put as much energy into getting well as you had put into getting this bank into operation.

In looking over your letter of August 25th, I note the following: "You and Curtis have really done the lion's share of the work while I get the credit." This is a most delightful evidence that your illness and life in Colorado have not dulled your perennial sense of humor. I agree with you, however, that matters have been forwarded by the lack of friction in the office. I do not see how life is endurable in some of those places where the relations we have had here do not exist. With your letter of August 25th were enclosed two letters, one concerning the use of the name of this bank in connection with advertisements of securities or enterprises in which our directors are interested. I am fully in accord with the view you express and shall endeavor to have a talk with the gentleman to whom your letter refers during the next few days and report to you the result of it. The other letter was with regard to your sal-

ary which has already been acted upon.

The next in line is your letter of August 31st to Mr. Treman about the Bank of England matter. I think you have been kept advised of the progress, or rather lack of progress, of this.

Your next letter, dated September 1st is with regard to office organization and your offer to help in solving the puzzle of substantial competition. Inasmuch as you deal with the organization matter more definitely in a later letter I shall not discuss it here; and the question of substantial competition, as far as the present goes, is now behind us.

The next, dated September 2nd, is to Mr. Treman regarding the idea of an independent agent for the reserve bank in New York. You are right in thinking that I agree absolutely with your views. You speak of our not letting our bills for service charges in the collection department go out without careful analysis of the overhead. I should be very much interested to learn whether you felt the analysis we made, of which I think you received a copy, was a satisfactory one. We took up the question of getting the A. B. A. to urge the numbering of checks to correspond with the district, and I have a letter from Mr. Thralls saying that he will soon come to see me to talk about it. He agreed to take it up at the Clearing House Section in Kansas City. The other matters touched upon are largely those which have been attended to or will come up in subsequent correspondence.

The next is yours of September 4th to Mr. Treman in which you suggest making an effort to put out more Federal reserve notes. We are doing this and are putting them out in quite large volume. Some of the other banks are tempted not to do so in order to save expense. You no doubt saw in the October Bulletin correspondence which the Federal Reserve Board had had with Atlanta concerning the desirability of issuing Federal reserve notes instead of withdrawing gold from the gold settlement fund and putting that in circulation. We learned confidentially

the other day that the City Bank was shipping \$300,000. of our Federal reserve notes to the First National Bank of Chicago. We shall have to pay the cost of issuing and the cost of redemption on these. It seems a rather interesting commentary on Forgan's position. You are quite right in your view that the directors felt that there should be certain other salary adjustments at the time Mr. Higgins was appointed assistant cashier, but they were anxious to leave these until the first of the year when the subject would be taken up generally.

The next is yours of September 6th to Mr. Curtis relating to the Bank of England matter which will come up in connection with a later letter.

The next is your letter of September 9th to me relative to the answering of my telegram concerning Clayton Act matters and giving your views in a very interesting and valuable way concerning forms of competition and those who compete.

Your letter of September 15th to me is on the same subject, and I must thank you in this connection also for your telegrams of September 8th and 11th. I have already written you partially concerning the Clayton Act discussions with the Board, and Warburg has undoubtedly given you every detail of the matter. I was very disappointed also at the outset when the Board decided to reduce the line from \$200,000,000. to \$150,000,000. This feeling, however, was somewhat modified by the belief that if the Bankers and Guaranty were included and the Farmers excluded with its eleven joint directors with the City Bank the result might cause a feeling that there had been discrimination against certain interests. One of the unfortunate results of the lowering was that it declared the Commerce in competition with the Central Trust Company and they had four joint directors, which made Mr. Alexander feel very unhappy and he went so far as to have a special interview with the Board on the subject; but I believe they did not feel they could make an exception in that case without changing the whole arrangement which they were unwilling to do. As a matter of fact it simmered down to Mr. Jarvie, as Messrs. Iselin and Lanier were private bankers and Mr. Julliard would have stayed with the

Guaranty anyhow. The Bankers Trust Company, of course, lost very heavily. So far the only new director they have elected is Mr. McEldowney of Pittsburgh.

The private banker situation, about which I have not written you very much except to send you a copy of the private banker announcement of the Board, caused a good deal of work and has caused a good deal of unhappiness on bank boards. The following were affected: Moses Taylor, Adrian Iselin, Jr., Ernest Iselin, Charles Lanier, Beekman Winthrop, H. P. Davison, H. D. Kountze, Henry Ickelheimer, and one or two others. Through the private banker and Kern amendment decisions Woodward has lost six or seven directors; the Importers and Traders, two; The Mechanics, four or five; Commerce, ten; Park, one or two; Chase two; Seaboard, one or two; etc. The Guaranty lost four; the Bankers nine or ten. I have not heard just how the City Bank and Farmers Loan situation adjusted itself. There have also been some separations in the smaller places. The Albany Trust Company had to unscramble, also one of the trust companies in Paterson. There were one or two cases in Newark, Buffalo, Syracuse, Watertown and Utica. In Bridgeport, the First-Bridgeport, of which Mr. Sanford, director of the Federal Reserve Bank of Boston, is president, had seven interlocking directors with the Bridgeport Trust Company, and the City Bank of Bridgeport had three. These had to be separated. The total number of applications, irrespective of private bankers, have been something over 330. The feeling which all this has left is an extremely sore one. I think that owing to the fact that the administration of the law was placed upon the Federal Reserve Board a great deal of the blame for the results is put upon the System. The banks here, I think, resent particularly the decision of the Board to consider the large banks and trust companies in competition, even though the nature of their businesses may be quite different. Curtis and I are talking about amendments along this line, and hope to have something definite to suggest soon. Judge Elliott told me in Washington the other day that he felt quite sure that if the Board had made any point of it

private bankers could have been included in the Kern amendment on the same basis as incorporated banks.

Your letter of September 13th refers to the loss of gold through the gold settlement fund and our difficulties in New York. The more I think of this situation the more it seems to me that most, if not all, of our difficulties arise through the policy of the New York Clearing House ^{following the law,} in settling ^{it} in silver and legals as well as in gold. The situation has got to be settled, (a) either right here in New York by throwing silvers and legals out of the Clearing House and putting it on a gold and Federal reserve bank basis, or (b) outside of New York throughout the country at large by discrediting New York exchange. To do the latter would be to work a grave injury to New York as well as to fly in the face of a natural tendency. New York exchange is the settling medium all over this country, just as London ^{exchange} is the settling medium all over the world. If the Federal Reserve System is able, and I doubt its ability, to discredit New York exchange throughout the country by receiving ^{it} only for deferred credit it might very much damage New York's financial position. On the other hand, if New York is to remain the settling center I do not feel as though it were very desirable for us in order to relieve our own local difficulties arising out of our clearing house situation here, to be erecting barriers against the free flow and trading in New York exchange in other places in the country. It seems to me that if New York is to be the settling center it has got to stand the gaff, and if settling gives it indigestion it ought to take something to cure the indigestion, such as getting silvers and legals out of the clearing house.

However this may be a superficial view of the situation, and some time when you have time I wish you would write me a page or two giving me your views as to whether it would be wise for us to take the matter up with the clearing house committee for a serious discussion in the near future. It may be that you will think that some changes in our circulation laws are necessary before they can do this, but unless you feel that such changes are very necessary we in the bank here

10/19/16.

would like very much to go ahead and see if we could not make some progress towards getting the clearing house on a gold ^{or f.r. bank settlement} basis.

I note your claim of \$9.85 for the telegram you sent me at Washington, and I am enclosing a check. I presume that you are keeping track of other telegrams as well and will render us bills at convenient intervals. Please advise whether I am correct in my assumption.

Your letter of September 16th refers to the sale of the 3% one year notes concerning which I think there is nothing more to say just at present. It also refers to Warburg's address and your belief that it will call for "yards of editorial from the Chronicle." Your expectations in this respect were amply justified. I understand from one of your letters that you are preparing an article on this subject for one of the papers, which I hope you will send along soon. I am not sure that the New York Times would not be the best place to use it. It has a very wide circulation and would probably be copied by some of the financial papers, whereas if we put it in them first the daily papers would not use it.

I have just now had a call from Mr. Ward of the Commerce about a new director which they are electing, and have learned from him that the Board granted permission to Mr. Jarvie to serve as a director of the Bank of Commerce and the Central Trust Company. I must say that while I am very glad for their sake I am astonished at this action of the Board, since it seems to me to break up entirely the whole theory by which they declared the large banks and trust companies in substantial competition. I am writing Warburg a letter about it and shall send you a copy of his reply.

Your letter of September 20th relates to the salary matter, which has been attended to, and your letter of September 21st refers to your answer to the Chronicle which I am glad to see you suggest publishing in the Times. Your letter of September 29th refers to Clayton matters already dealt with.

Your letter of October 4th begins the discussion of the question of

the advisory council member, on which we all seem to be agreed, and of the question of the directors of this bank. I think I have written you quite fully Mr. Woodward's view. Unfortunately some complications have arisen in making progress in this matter. The committee of the New York State Bankers Association, having learned from Mr. Woodward that he would probably not permit his name to be suggested by them, waited on Mr. Alexander and asked him to permit his name to be used. Perkins was the one who saw him. He came from seeing him direct to see us. He reported this as Mr. Alexander's position: That I had asked him a month or so ago (This was before we knew that the committee of the New York State Bankers Association had been appointed) to ascertain the views of some of the bankers here on the question of Woodward's reelection. He had done so and had reported to me that they were generally favorable to his reelection but that they believed in the principle of rotation. He said, however, that in the course of some of his conversations some of the bankers had suggested that he, Alexander, would also be a good director, whereupon he had assured them that he was entirely out of it, etc. etc. In view of the position he had taken with these gentlemen he felt it impossible to allow his name to be suggested this year. Mr. Treman and I immediately went over to see him and urged him to reconsider, but he was absolutely firm and said that he could not possibly do so without compromising himself with these other people which he would not think of doing. This, of course, was a most unexpected and unfortunate turn in events. Perkins then endeavored to get Vanderlip and Hepburn, but they both declined and said they would go and try to persuade Woodward. They called on him but I do not think they made much headway. I am to see Perkins this afternoon and find out what the next move is. Our latest understanding was that if their efforts were unavailing he would talk with Mr. Wiggin. I may send you a hurry call telegram some day very soon invoking your influence with some of these people. We have really struck a most unfortunate situation.

Woodward, as you know, believes that this is the year to establish rota-

tion, or at least non-permanency, in office. Mr. Towne's position is similar, and he feels that the establishment of the rotative principle may perhaps be more valuable in future than this year. I am on the whole in favor of the rotative principle as the safest one for this bank, at least for the next ten or fifteen years. I regret extremely to lose such men as Mr. Woodward and Mr. Towne, but hope that we can replace them by other good men and that through the medium of the machinery which has been created we can gradually assure ourselves of good nominations right along.

I note the suggestion in your letter of October 4th as well as in another letter, that if there is to be any change in the Class B directorships Northern New Jersey should be represented. This matter has been discussed quite fully in the committee and it has been the feeling of the committee that in view of the facts that this is the year for the large banks to elect, and as the New York City banks provide 90% of the resources of this institution, both of the representatives to be elected this year should come from New York City. It has held the view that next year one of the places should go to New Jersey and I have rather encouraged that view and suggested that when New Jersey's term came the committee should nominate three or four men from New Jersey for the vacancy in question and none from anywhere else, frankly stating to the electorate that this is New Jersey's year, just as they would state at some other time that this is the ^{year} term for Eastern New York State or Western New York. You can easily see that if each year they nominate one from New Jersey, one from upstate and one from New York City, we would merely have confusion and the upstate New Yorker would always win. The committee will always suggest three or four names for each vacancy. For the Class B vacancy they have suggested Mr. Towne, Mr. Outerbridge and Mr. Stone of the American International Corporation. Mr. Outerbridge has definitely ^{consented} ~~refused~~; Mr. Stone is considering it; and Mr. Towne is awaiting a conference with Mr. Woodward when the Class A matter is finally de-

terminated.

Your letter of October 5th reiterates in a very clear way your views about the policy of the bank in purchasing acceptances with which, of course, we are all in hearty accord. I am very glad to learn that you have discussed the matter fully with Mr. Vanderlip and that he approves of our present policy. I am sending a copy of ^{the} portion of your letter relating to your own views to Mr. Towne, Mr. Peabody and Mr. Woodward as I think they would be interested in reading it over.

Your letter of October 6th relative to Aiken I won't discuss at this moment as it is rather late in the afternoon and I want to get through the rest of your letters.

I am very interested in what you say about the probability of elasticity in English bank notes after the war. It is a satisfaction to learn that Mr. Vanderlip approved of the English and French relations. He undoubtedly told you of his own purchases over there, and I see by the papers that a good many of our New York banks are following suit so that we apparently have quite a position in London.

Next come two letters of the 11th to Mr. Treman. One speaks of the Guaranty Trust Company line, in regard to which your suggestion seems entirely in order. I think Mr. Treman is taking up the question of our allotment of investments.

With regard to the Bank of England matter, I feel personally that it would be inadvisable to try to have Curtis see Polk or to do anything about it until after election. That is only two and a half weeks away. After that time I feel that the subject can probably be discussed on its merits and will be a welcome instead of as at present an unwelcome subject, and that our chances of success will be much greater if we have a little patience. I expect to be over in Washington next week at a meeting of the executive committee of the Re-

10/19/16.

serve agents, and will make inquiries as to whether there is any progress.

or any damage being done by laches

I understand from Mr. Kenzel that the Whitney Central National Bank has given us all the information we require.

With regard to your other letter of October 11th to Mr. Treman, I note that you are making a study of currency legislation and are thinking of having Mr. Roberts come out and visit you a little later. At the May meeting of the Reserve agents a standing committee on this subject was appointed of which I am the chairman and Messrs. Hardy of Richmond and Austin of Philadelphia are the other two members. We have not yet had a meeting, largely because I have been too busy on other matters, but the time is soon coming when we shall have a meeting. If you are taking this matter up in a thorough-going way there really is not much sense in our doing anything unless you can suggest some ways in which we can cooperate with you. I should be glad to have your views on this point.

We voted at our meeting yesterday to send the Nederlandsche Bank a bill on the basis of the original agreement as recommended by you.

With regard to Ladenburg, we shall have further advice from you after you have looked over the statement. In the meantime I have not advised Mr. Rosen of the action of the Board. I am a little inclined to go stronger on the question of surplus after dividends than the suggestion indicated by you. We have looked up the question of the governor's recommendations and find that it relates not to the period up to which dividends should be declared, but to the time of declaring them; namely, annually or semi-annually on July 1st and January 1st.

Answering your letter of October 11th I have already given you fairly fully the ^{situation} suggestion with regard to directors.

With regard to the salary matter it was fully considered by the officers and later by the board and has been thoroughly approved by the Reserve Board in Washington, so I trust that you will feel satisfied. While we miss you tremendously in the day to day grinding of the mill, the kind of work you can do out

there free from disturbance is perhaps even more valuable, and if you have any feeling about running along at half pay I want to say that the System is driving a hard bargain with you when it only gives you half pay. I am not surprised that you have from time to time in moments of discouragement perhaps thought of not coming back to the bank, but I want to assure you that that is a thought which has never crossed our minds here as we all feel perfectly ^{confident} ~~competent~~ that you are going to be back here with us when you are entirely ready to do so, even though you will probably find it advisable to take up your work here in a much more eclectic fashion and only hitting the high spots.

Mr. Curtis has had Crane working on your letter relating to the amendment of the Clayton Act in regard to private bankers and I think is going to write you in a day or two. We were discussing it to-day at lunch.

With regard to the last paragraph, giving me your lecture, I have already replied specifically and in kind. The postscript relates to the election of directors which I have already fully covered; to Muller Schall & Company, in regard to which I shall gladly adopt your suggestion and see Mr. McGarrah to-morrow; to the clearing house matter about which I will speak to Mr. Treman to-morrow; to the state department matter to which I have already referred. The letter of which I meant to send you a copy was one from Governor Harding which I cannot lay my hands on at the moment as the files are closed, but which merely stated that he believed the matter should not be pressed now and that if it were pressed it would probably result in an adverse decision.

Now having gotten up to date all except your letter regarding Aiken, which I shall try to handle to-morrow, I shall try to keep up to date and write you more frequently concerning matters of interest here. You have a mighty good correspondent, ^{through,} in all such matters, in Mr. Treman and we must look out that we do not duplicate one another's letters.

Mr. Treman and I get each day a little statement of the work of the

transit department, and it has occurred to me that it might also interest you, so I am asking Mr. Jefferson to have a copy mailed to you each day.

Hoping that the reading of this long screed won't knock off too many of your recently gained pounds, and with my very best regards, I am,

Faithfully yours,

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/RAH
Enc.

FEDERAL RESERVE BANK
OF NEW YORK

98
P 9

B.A. Fr.
OCT 24 1916

October 19, 1916.

Dear Mr. Strong:

Yesterday Mr. Curtis and I lunched with Mr. Kent. Mr. Kent said that in your absence he wished to advise us from time to time on matters of interest and that he had just concluded arrangements from the French side to form a one hundred million dollar ^{credit} syndicate. He has been working on it for several months. Doubtless you are familiar with the arrangements, under which a large number of American banks, perhaps three or four hundred scattered all over the country, would provide acceptance credits for a large number of French industrial houses. The terms of the credit are as follows:

One original and five renewal drawings of ninety days each. The rate - $5\frac{1}{2}\%$ and $\frac{1}{4}\%$ commission. The security - 100% French Treasury bills payable in gold in New York and lodged with the Bankers Trust Company; 20% margin of neutral securities lodged with some institution in France.

The syndicate managers are the Bankers Trust Company, the Guaranty Trust Company and Wm. P. Bonbright & Company. Of course the matter is as yet very confidential as the arrangements have not

been taken up definitely with any American banks. His idea, however, is to get banks from many interior places, even some small places, to join the syndicate, which will be of the greatest value in giving them a demonstration of the way the acceptance business is done, will bring them in touch with a large number of foreign commercial houses and ^{may} will lead also to their becoming buyers of acceptances. This latter end seems to me to be a feature of the development of the market to which we should soon begin to pay attention. Can you make any suggestions as to how we should go about it? What do you think of our getting out a circular on the general subject of the discount market and its development, and, perhaps, getting some of the other Federal reserve banks to use it as well? If you think well of this I shall be glad to line up something and send it to you for your blue pencil.

We feel that we should soon get out a circular with regard to the permission banks now have to keep all of their reserves with us. Have you any particular views with regard to the manner in which we should approach this matter? It occurs to me that you may have discussed this quite fully with Mr. Vanderlip.

A few days ago Mr. Hamilton, of J. P. Morgan & Company, came in with a message he had from Mr. Morgan in London, suggesting that perhaps we would be willing to buy from them, temporarily, some of the gold coming into this country and which is arriving at a rate much faster than the Assay Office can handle it. As the Assay Office will purchase from them only the amount it can handle on a particular day, the result is that there is often a large supply stacked up in the Assay Office awaiting treatment, which cannot be put into circulation or used.

We told Mr. Hamilton that we should like to help out if we possibly could, and, having obtained the approval of the Federal Reserve Board and of our board of directors, we are now arranging with the clearing house to borrow some more vault space, of which they have quite a little owing to shipments of currency to the west, and to buy perhaps fifteen millions to twenty-five millions from Messrs. Morgan & Company, which we might hold for from two to four weeks or until the Assay Office may be free. We would give them our cashier's check on the same basis as the Assay Office, and they would guarantee the contents of the boxes. These boxes hold about \$30,000. each, contain gold bars, and came forward under the British Treasury's seal.

We feel that inasmuch as they have helped us out with gold in a most generous manner, (we having received about sixty million dollars from them since the middle of August), we should now reciprocate. I trust that the plan meets with your approval. Mr. Curtis is looking out for the legal end of it to see that we are properly protected.

In this connection, ^{I am reminded that} ~~I am sorry to say that~~ Mr. Higgins made a trip to York, Pa., last Friday in company with Mr. Holmes to study the progress of our vault. Unfortunately, one of the castings for the vestibule was defective, which put the workmen back considerably. They are now working twenty-four hours a day in three shifts, but do not agree to deliver to us, finished, until the first of March. As soon as he made the report, on his return, I asked him to take the matter up with Mr. Horowitz and he has agreed to see what he can do towards hurrying the matter to a conclusion. Of course, I was very much surprised and disappointed at the result. We have a \$300 a day penalty under our lease

to fall back on, but what we want is the vault.

In this connection we got our directors at the meeting yesterday to agree that when the clearing house officers have to call on us to gain access to their compartments in the clearing house vaults, it shall require only one of our officers to be present representing the bank. No change, of course, was made where access shall be had, by the agent, to the boxes of the bank.

As a great many small bills are being shipped west now, of late we have had to have two seniors and two juniors spend a great deal of what seems perfectly unnecessary time at the clearing house, and the new ruling will be a great relief.

I am glad to say that most of the vacations will be over in another ten days or two weeks. At present Mr. Hendricks, Mr. Cann and Mr. Sailer are away. This makes a very thin line in the outer office besides drawing on other people's time for vault and other duties.

Mr. Kains was in the office a few days ago and told me, very confidentially, of the discussions he had been having with certain people with which I understand you are familiar. It was a great satisfaction to learn from him just before he left that he is not likely to make any change.

Very truly yours,

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Col.



PJ/HAB

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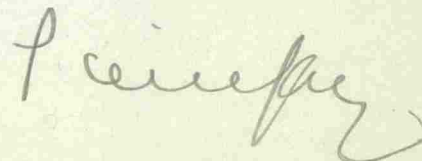
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Very truly yours,

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Col.



PJ/HAB

CONFIRMATION OF NIGHT LETTER

1110 P.M.

October 21, 1916.

Benjamin Strong, Esq
4100 Montview Boulevard
Denver Colorado

Announcement in todays papers of new one hundred million dollar French industrial acceptance credit arranged by Bankers Bonbright and Guaranty led to Hardings telephoning me saying he and associates informally felt system had about enough of this class of bill that banks should understand system in no way obligated to purchase them and that Board thought it might be advisable to make public statement indicating that while system was willing to purchase such bills to reasonable extent it could not be expected to hold the bag Stop I urged against making statement and Kent is writing long letter describing situation Stop Shall be in Washington Thursday and have written Harding suggesting bringing Kent over If you have any suggestions should welcome them in case of further telephonic discussion with Washington Monday Stop Woodward will probably accept renomination

Pierre Jay

Chge. Fed. Res. Bank
120 Broadway

Day	BOL
Day Message	Blue
Night Message	Nite
Night Letter	N L

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

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.

CEIVED AT 915-919 SEVENTEENTH STREET, DENVER, COLO. ALWAYS OPEN.

OCT 22 11 4 01

A569CH SHEET 2

PURCHASE SUCH BILLS TO REASONABLE EXTENT IT COULD NOT BE EXPECTED TO HOLD THE BAG STOP I URGED AGAINST MAKING STATEMENT AND KENT IS WRITING LONG LETTER DESCRIBING SITUATION STOP SHALL BE IN WASHINGTON THURSDAY AND HAVE WRITTEN HARDING SUGGESTING BRINGING KENT OVER IF YOU HAVE ANY SUGGESTIONS SHOULD WELCOME THEM IN CASE OF FURTHER TELEPHONIC DISCUSSION WITH WASHINGTON MONDAY STOP WOODWARD WILL PROBABLY ACCEPT RENOMINATION

PIERRE JAY.

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
WEST & CRAMER BUILDING
1920 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4800

TELEGRAM

DELIVERY NO.
58

The Postal Telegraph-Cable Company (Incorporated) transmits and delivers this message subject to the terms and conditions printed on the back of this blank.

16D-29018

3 NY. No. 329

6pm.

DESIGN PATENT No. 40220

CB., New York, Oct 23, 1916

Benjamin Strong, Esq.,

4100 Montview Boulevard, Denver, Colo.

Without advising us board sent following telegram today to all federal reserve agents stop Board is advises that an acceptance credit approximating one hundred million dollars drawn on American banks and Trust companies is about to be concluded on ninety day drafts subject to five renewals the accepting banks committing themselves to advance the money to the foreign borrowers at five and one half percent per annum plus acceptance

OCT 24 1916
A.D. H. 98

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS
TIME SENT, ETC.



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN TELEGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

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 REPEATED 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 UNREPEATED 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 OTHER 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 fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a REPEATED 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. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.
5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.
6. The Company shall 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. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CLARENCE H. MACKAY, PRESIDENT.
EDWARD REYNOLDS, VICE-PRES. AND GENERAL MANAGER.

CHARLES P. BRUCH,
VICE-PRESIDENT.

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

SEND AT MAIN OFFICE
RANMER BUILDING
20 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4600

TELEGRAM

DELIVERY NO.

The Postal Telegraph-Cable Company (Incorporated) transmits and delivers this message subject to the terms and conditions printed on the back of this blank.

16D-29018

DESIGN PATENT No. 40629

(2)

commission of one fourth percent for each three months. In view of widely circulated press statements that these acceptances will be eligible for rediscount or purchase by federal reserve banks board deems it its duty to point out that banking prudence and obligations toward general commercial interests of the country require that federal reserve banks should not acquire acceptances of this character beyond a conservative amount this view is consistent with the boards policy in the past and while it wishes through all legitimate means to promote the development of the American acceptance market and to further the growth of all export trade and while it wishes to avoid any attitude of interference with the

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS
TIME SENT, ETC.



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN TELEGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

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 fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a REPEATED 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. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.
5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.
6. The Company shall 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. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CLARENCE H. MACKAY, PRESIDENT.

EDWARD REYNOLDS, VICE-PRES. AND GENERAL MANAGER.

CHARLES F. BRUCH,

VICE-PRESIDENT.

FASTEST TELEGRAPH SERVICE IN THE WORLD

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT

TELEGRAM

DELIVERY NO.

RECEIVED AT MAIN OFFICE
WEST & CRANMER BUILDING
920 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 1800

The Postal Telegraph-Cable Company (Incorporated) transmits and delivers this message subject to the terms and conditions printed on the back of this blank.

16D-29018

DESIGN PATENT No. 40630

(3)

powers of member banks in this respect board feels nevertheless that it should be clearly understood that these acceptances which represent obligations for cash advances aggregating a very large amount by the accepters for eighteen months, cannot properly be regarded as paper self liquidating within a period of ninety days if offered in excessive amounts federal reserve banks may be obliged to discriminate against or to exclude entirely acceptances of this character board feels that prospective acceptors should have a clear understanding of this harding governor.

Stop Upon receipt of this telegram we urged no public statement be made Warburg advises board unanimous in feeling that some publicity must be given to views expressed therein they are probably willing to let us

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS,
TIME SENT, ETC.



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. — EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN TELEGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

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 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; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the amount for sending the same, UNLESS SPECIALLY VALUED; nor in any case for delays arising from unavoidable interruption in the working of the lines, or FOR ERRORS IN CIPHER OR OBSCURE TELEGRAMS.
2. In any case where 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, the sender, in acknowledgement of its guarantee, otherwise, beyond fifty times the REPEATED telegram rate, at which amount this telegram is sent as a REPEATED 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 shall be the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary so reach its destination.
4. Messages are delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.
5. No responsibility for messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to any other office of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding the same to the agent in his said office.
6. The Company shall 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. The above terms and conditions are binding upon the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CLARENCE H. MACKAY, PRESIDENT.

EDWARD REYNOLDS, VICE-PRES. AND GENERAL MANAGER.

CHARLES P. BRUCH,

VICE-PRESIDENT.

TELEGRAPH SERVICE IN THE WORLD

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT

DELIVERY NO.

RECEIVED AT MAIN OFFICE
WEST & CRANMER BUILDING
1920 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4000

TELEGRAM

The Postal Telegraph Cable Company (Incorporated) transmits and delivers this message subject to the terms and conditions printed on the back of this blank.

16D-29018

(4) DESIGN PATENT No. 60328

make statement instead of them. We have held matter off until tomorrow
morning stop If you have further suggestions send us night letter.

Pierre Jay.....6pm.

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS
TIME SENT, ETC.



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN TELEGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS!

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 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 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 the lines; NOR FOR ERRORS IN CIPHER OR OBSCURE TELEGRAMS.
2. In any case 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, or the consequences of its servants or otherwise, beyond fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a special message, 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 the 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. Messages will be delivered free of charge within established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.
5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of the Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding the same to the receiving office of the destination of said office.
6. The Company shall not be liable for any statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the originating office.
7. The above terms and conditions apply to the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHAS. C. ADAMS, VICE-PRESIDENT. CLARENCE H. MACKAY, PRESIDENT. CHARLES P. BRUCH, VICE-PRESIDENT.
W. R. RAYNOLDS, VICE-PREST. AND GENERAL MANAGER.

Misc. 34

FEDERAL RESERVE BANK
OF NEW YORK

PJ/RAH
Postal
6:30 p.m.

(TO BE MAILED)

CONFIRMATION OF TELEGRAM

We have today telegraphed you as follows:

October 23, 1916.

Benjamin Strong Esq
4100 Montview Boulevard
Denver, Colorado

Without advising us Board sent following telegram today to all Federal reserve agents ^{stop}
Board is advised that an acceptance credit approximating one hundred million dollars
drawn on American banks and trust companies is about to be concluded on ninety day
drafts subject to five renewals the accepting banks committing themselves to advance
the money to the foreign borrowers at five and one half percent per annum plus acceptance
commission of one fourth percent for each three months. In view of widely circulated
press statements that these acceptances will be eligible for rediscount or purchase by
Federal reserve banks board deems it its duty to point out that banking prudence and
obligations toward general commercial interests of the country require that Federal
reserve banks should not acquire acceptances of this character beyond a conservative
amount this view is consistent with the boards policy in the past and while it wishes

FEDERAL RESERVE BANK
NEW YORK

(TO BE MAILED)

CONFIRMATION OF TELEGRAM

We have today telegraphed you as follows: ⁻²⁻

~~through all legitimate means to promote the development of the American acceptance market and to further the growth of our export trade and while it wishes to avoid any attitude of interference with the powers of member banks in this respect board feels nevertheless that it should be clearly understood that these acceptances which represent obligations for cash advances aggregating a very large amount by the acceptors for eighteen months, cannot properly be regarded as paper self liquidating within a period of ninety days if offered in excessive amounts. Federal reserve banks may be obliged to discriminate against or to exclude entirely acceptances of this character. Board feels that prospective acceptors should have a clear understanding of this. Stop Upon receipt of this telegram we urged no public statement be made. Warburg advises Board unanimous in feeling that some publicity must be given to views expressed therein. They are probably willing to let us make statement instead of them. We have held matter off until tomorrow morning. If you have further suggestions send us night letter.~~

Harding Governor

Pierre Jay

POSTAL TELEGRAPH-CABLE COMPANY



NIGHT LETTERGRAM

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED) TRANSMITS AND DELIVERS THIS NIGHT LETTERGRAM SUBJECT TO THE TERMS AND CONDITIONS PRINTED ON THE BACK OF THIS BLANK.

RECEIVED AT
TELEPHONE MAIN 4500

DELIVERY NO.

6799
11

INDEPENDENT COMPETITIVE PROGRESSIVE

4-647

77ch sp 83 nl 24lam26

FC "ashington DC Oct 25 16

Benj Strong

4100 Montevieu Blvd Denver Col

Thanks both message curtis and I spent tuesday washington on
matter and arranged that Kent should advise all participants

of attitude of reserve system towards open market purchases generally
and this class of bills particularly and that harding should

deal with matter generally in discussing acceptances and the discount
market in addressing institute of banking in Newyork next

wednesday stop telegram of which I wired you copy is
causing much misunderstanding and we trust that telegraphic

instructions sent to recipients will prevent publicity

P Jay

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATION
TIME SENT, ET



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN NIGHT LETTERGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

The Company will receive, not later than midnight, NIGHT LETTERGRAMS, written in plain English, to be transmitted only for delivery on the morning of the next ensuing business day, at rates still lower than its standard night message rate, as follows:

The standard day rate for a ten-word day message shall be charged for the transmission of a NIGHT LETTERGRAM, containing fifty words or less, and one-fifth of the standard day rate for a ten-word day message shall be charged for each additional ten words or less in such NIGHT LETTERGRAM.

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

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 message, whether caused by the negligence of its servants or otherwise, beyond fifty times the REPEATED message rate, at which amount this message, if sent as a REPEATED message, is hereby valued, unless a greater value is stated in writing hereon at the time the message 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 message over the lines of any other Company when necessary to reach its destination.

4. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.

5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.

6. This Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within thirty days after the message is filed with the Company for transmission.

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

(a) NIGHT LETTERGRAMS 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 LETTERGRAMS at destination, postage prepaid.

(b) NIGHT LETTERGRAMS shall be written in plain English. Code language is not permitted.

7. The above terms and conditions shall be binding upon the receiver as well as the sender of this NIGHT LETTERGRAM.

8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHARLES W. ADAMS,
VICE-PRESIDENT.

CLARENCE H. MACKAY, PRESIDENT.
EDWARD REYNOLDS, VICE-PRES. AND GENERAL MANAGER.

CHARLES P. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

FEDERAL RESERVE BANK
OF NEW YORK

98
10. A. G.
NOV 3 - 1916

October 30, 1916.

Dear Governor Strong:

I am in the office this morning for a couple of hours only before going up to Utica to a dinner of Utica bankers gotten up for me by Mr. Rogers of the First National Bank. I shall not be back in the office until Wednesday morning as I am not going to take the night train back but shall take the day train, and incidentally hope to get those advertisements put in final form during the voyage.

I have read all of your flock of letters which arrived this morning except the personal longhand one, which I have looked into enough to see what it contains and am keeping it for more thorough perusal on the train. It arrived at a psychological moment when I have come to the conclusion and have decided that I have got to have a competent assistant to take care of a lot of my work. Otherwise I am going to get swamped with details and have no time or energy left for the bigger things.

When I get home I hope to write you a little about the history of the last week which has been a series of misfortunes. I think, however, that in view of the fact that the telegram sent by the Board without my knowledge to the Federal reserve agents has practically killed the market for the credit, the amount they are going to place is going to be relatively so small that the Board is not going to make them send out any second notice explaining the position of the Reserve System towards this kind of credit, but is going to simply ignore the matter. Mr. Harding is going to speak here on Wednesday night before the American Institute of Banking, and in the course

of his address is going to discuss the development of acceptances and the discount market, and will bring out in a most general way, I understand, the views of the Board concerning the different classes of acceptances. When I left on Saturday noon that was the program, but the adoption of it was laid over until this morning when Mr. Hamlin and Secretary McAdoo would be back, and no one can tell what the outcome will be.

I am afraid you have had a most unhappy week of it, and you may have been even more unhappy than I because I felt that there was a good deal to be said for the Board's point of view, although I did not believe in the least in the way they went about it. The telegram to the Reserve agents did the trick and I was not consulted about this, therefore I could only appear as a critic after the fact which is not a position from which one ever makes much headway.

About the Aiken matter I am guilty. We have a committee on that subject and I shall bring it before them on Wednesday. I had expected to do so two weeks ago but Woodward's absence made it impracticable.

I am having the data you wish for Pallain gotten together so that Mr. Treman and I can cook up a letter to him on Wednesday. The other matters contained in your various letters I am passing on to Mr. Treman and should like to leave some of them for answer until I come back.

On the train going over to Washington last week I had an opportunity for the first time to read your article enclosed with your letter of October 18th. I am going to read it over again either going or coming from Utica. Two things impressed me about it on the first reading: first, that it is pretty long; second that you did not make clear enough the points you wish to make. I think that this might be brought out by headings and by a new statement either at the beginning or end of each of the halves stating what you are going to show or what you have shown. I will write you further on it

when I come back.

I understand that Mr. Curtis has written you a complete history, undoubtedly in excellent style, about the whole week's work in regard to the French credit, and I have no doubt that it was highly colored and I sha'n't attempt to add anything dull gray when I come back.

Very truly yours,

Pierre Gay
per R. H

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/RAH

this week as J.P. is
wilsoning with a vengeance.

The news we
hear of you & the rate at
which you are "fleshing up"
is fine. It looks to me as
tho' you had the thing on the
run if you will only keep
to orders. The day you come
back will be a mighty
happy one for me, as I
don't need to tell you how
much I miss you & our
day to day association
with the inspiration &
breadth of view & experience
you brought to us. I am
keen to push things along
- big things - I mean, & I
promise you to reform
promptly. Write me every
time you see symptoms
of a relapse & never have
the idea that I shall take

of these at any time you may write.
I will best regard it if they are
written also to me. You are
my dear for -

49 East 64th St
New York
Nov 23^d
P Jay

Your personal letter
of 23^d - about my vicious
character was received
with much appreciation
by me, & with even more
from my wife whom I
didn't feel I could deprive
of the satisfaction I knew
it would give her. Of course
you are right, except that
I don't admit that I am
reluctant to let the other fel-
lows come up from below.
I'm all for that policy & if I
open any other impression its
my unfortunate expression
or actions. The only palli-
ation I can offer is the shot
to pieces condition of our
force during Sept. & Oct. 1901

all of Dept Kengel Tremain
Kuntis were off, & all of
Oct sailed + Hendrichs
& Carr; with Jeff on jury
duty. There hasn't been
much of a bunch to divide
with. Now we're all back,
^{the day} after election we're going
to begin daily meetings
again. I feel that like all other
Res. Apts I know of I ought
to have a real assist of
my own, \$3000 - \$4000 man
who will keep up all that
work of mine with the B^d-
which it is unsatisfactory
dividing around among 2 or
3 Bank officers. I've never had
such an assist yet, & if
I can find a good man I
intend to put it up to ~~the~~
Board. The matter comes up

automatically for
Higgins can't be any assist
any more being an officer
of the bank. Last week,
spent mostly in Wash on
the Fr. accept. matter put
me a bit behind, & I spent
 $\frac{1}{2}$ Monday & all Tuesday
going to a dinner of which
bankers arranged by C.B.
Rogers. Today I showed
W.W. your letter abt. assist
& told him I was in their
sympathy with the idea.
It struck him very favorably
he said he'd discuss it
with G.P. & also just told
~~him~~ they that the matter
should be approached
with Tremain. I'll keep
you advised, but fear
we will make no progress

COPY OF HANDWRITTEN LETTER

49 East 64th Street
November 2d, 1916

My dear Gov.:

Your personal letter of 23d about my vicious character was received with much appreciation by me, and with even more from my wife whom I didn't feel I could deprive of the satisfaction I knew it would give her. Of course, you are right, except that I don't admit that I am consciously reluctant to let the other fellows come up from below." I'm all for that policy and if I've given any other impression its my unfortunate expression or actions. The only palliation I can offer is the shot-to-pieces condition of our force during September and October. Most all of September, Kenzel and Treman and Curtis were off, and all of October, Sailer and Hendricks and Cann; with Jeff[erson] on jury duty. There hasn't been much of a bunch to divide with. Now we're all back, the day after election we're going to begin daily meetings again. I feel that, like all other Reserve Agents I know of, I ought to have a real assistant of my own, \$3,000-\$4,000 man, who will keep up all that work of mine with the Board which it is unsatisfactory dividing around among two or three Bank officers. I've never had such an assistant yet, and if I can find a good man, I intend to put it up to our Board hard. The matter comes up automatically for Higgins can't be my assistant any more, being an officer of the Bank. Last week, spent mostly in Washington on the French acceptance matter, put me a bit behind, and I spent one-half of Monday and all Tuesday going to a dinner of Utica bankers arranged by C. B. Rogers. Today, I showed W. W. [Woodward] your letter about Aiken and told him I was in thorough sympathy with the idea. It struck him very favorably. He said he'd discuss it with G. F. P. [Peabody] and also just how they thought the matter should be approached with Treman. I'll keep you advised, but fear we will make no progress this week as G. F. P. is Wilsoning with a vengeance.

The news we hear of you and the rate at which you are "fleshing up" is fine. It looks to me as though you had the thing on the run if you will only keep to orders. The day you come back will be a mighty happy one for me as I don't need to tell you how much I miss you and our day-to-day association with the inspiration and breadth of view and experience you brought to us. I am keen to push things along -- big things, I mean, and I promise you to reform promptly. Write me every time you see symptoms of a relapse and never have any idea I shall take offense at anything you may write.

With best regards, in which Mrs. Jay joins and asks me also to thank you.

I am

Yours,

P. J.

FEDERAL RESERVE BANK
OF NEW YORK

98
Copy in CF 252,
Gold Conservation, Sep.
1915-Jan. 1918

November 4, 1916.

D.A.H.
NOV 8 - 1916

Dear Governor Strong:

I am taking advantage of a little cold to spend a Saturday morning at home and answer another accumulation of letters from you. Just as I thought I had gotten up to date in my correspondence with you and in a number of other things along came this infernal French credit business which knocked out a week of time and much more than a week of anxiety. I believe that I dictated to you a few lines about it on Monday and was glad to find that Curtis had written you quite at length on Saturday the history of the week. I must confess that I am somewhat in sympathy with the general point of view of the Board as to not educating the banks of the country to go into the acceptance business on a somewhat false basis. The rates which they have been obtaining on these European credits for furnishing the funds, with the right to sell their acceptances in the open market if they desired, ^{have} led many of our bankers away from the true view of the acceptance as a sale of credit rather than a sale of funds. Many of them are not at all content with their 1% per annum commission even on the ordinary liquidating transactions and do their best to bargain with the people arranging for such credits on the basis of making a flat rate for the advance. Kenzel, as you know, gave a talk a week ago on the subject of the discount market and spoke quite plainly on the subject of banks holding their own acceptances. Klingsmith of the Bank of New York remonstrated with him beforehand on this, saying that it would be bad for their business to give people the idea that the proper way to do the business was for a commission instead of at a flat rate including the furnishing of the funds.

I have strayed, however, from the subject of last week in Washington. While I am substantially in sympathy with the Board's point of view on the development of acceptances through an overwhelming amount of these renewal credits, I think the way they went at it was most unfortunate. The telegram sent to the twelve Reserve agents, many of whom know little or nothing about this kind of business had the result of practically killing the credit. Chicago and Minneapolis called their executive committees together and passed resolutions stating that these acceptances were not eligible and wrote us asking us to buy no more of them. If I had had any idea that they were going to shoot in that sudden fashion I should, of course, have gone over to Washington on Saturday afternoon. I would have endeavored to word the telegram somewhat differently so as to convey the same general idea but not to throw the Reserve agents into a panic. My conversations with Harding on the telephone Saturday morning led me to believe that if I could not be over in Washington Monday, Thursday would do just as well. Evidently the Comptroller got very excited on Monday morning and if they had not sent their telegrams he would have issued a statement that national banks had no right to make such an agreement. So, you see, there were many cross currents to the matter. The final upshot of it was that the Board, understanding that there would not be more than \$25,000,000 of drafts drawn on member banks under the credit said that they would not feel it necessary to take any further action in the matter beyond having Mr. Harding give their views generally in his speech in New York on Wednesday night. The Board did, however, send out a letter to the Reserve agents on Tuesday of this week, copy of which I sent you together with my acknowledgment and a letter which I wrote to all of the Reserve agents, giving their views on rates. Our feeling was that if we did not advise them promptly about our views on rates they might write in to us that they would not buy these acceptances except at a differential, which with our bank buying them at the same rate as other ac-

ceptances would create a difficult situation and entail a reversal of the po-

sition of out of town Reserve banks, just as in the case of their instructions to us not to purchase any so-called renewal acceptances.

I thought a copy of Mr. Harding's speech had been sent to you, but Miss Holmes says not and I am asking her to find one this morning and mail it to you; if not I will try to get you one on Monday or Wednesday. Mr. Treman and I went to hear him deliver it. The part about acceptances was drafted by Mr. Warburg as one can easily see from the style, although it may have been dressed up and changed somewhat by Mr. Harding.

The reason I did not want to be in Washington on Monday a week ago was that the committee of the New York State Bankers Association on the nomination of candidates for directors was going to meet in New York that day for a final decision, and I wanted to be on hand to assist it and to prepare the circular. I had, as you know, taken a good deal of interest in the matter and did not feel that it could be delegated to anyone else, with which I suppose you will disagree. On the whole I felt very well satisfied with the results and shall be glad to hear the way it struck you. It seems to us that we have made a start in creating a permanent machinery to take care of this subject, which I have no doubt will to some extent be copied in other districts. From the way the nominations are coming in there seems no doubt that Mr. Woodward and Mr. Towne will be elected.

Mr. Locke, thanks to your persuasiveness, did not present his motion at our meeting Wednesday limiting our dealings in acceptances. In fact, the matter was not brought up at all.

On Monday noon of this week I went up to Utica to meet at dinner some of the Utica and neighboring bankers at the invitation of Mr. Rogers of the First National. It was a small dinner, only about a dozen, and we sat around the table discussing the system informally for about three hours. I thought that it was a profitable evening and wish we could have more of these conferences

if they did not take us away so much from the office. One of those present was Mr. Miller, cashier of one of the national banks in Little Falls. After the dinner he told me that he felt he was there under rather false pretenses as they had just decided to convert into a trust company, not because of dissatisfaction with the Reserve system but because they felt sooner or later a trust company would be established there and they wanted to forestall it. I spent the night with Mr. Rogers, and having two or three hours to spare the next morning before my train left, I went over to Little Falls which was on the way home and met the executive committee of this bank and put up to them as hard as I could the suggestion that they should convert into a trust company and remain in the Federal reserve system. They had a very intelligent committee and I think that the call was not at all wasted. Mr. Miller spent about three hours in our office yesterday with Mr. Higgins and me and I have hopes that they will really give the matter serious consideration. Fortunately Mr. C. A. Miller of Utica, a brother of the cashier, is on their committee. He is a most intelligent fellow - probably you know him.

Yesterday we got hold of Thralls for lunch and had a long talk with him about the work of the committee of five appointed at the Kansas City Convention to get an amendment by Congress to the clearing plan. His opinion is that the bankers are so rampageous that some concession has got to be made to keep them in line. He tells at some length of his experience at the St. Louis meeting of country bankers and at the Kansas City meeting also. I guess from what he says he has been an influence for moderate action as against extremists like Lyford. Through him we shall be able to keep in touch with the work of the committee.

To return to your letters; the letter of October 23rd covering twelve different aspects of our work and problems we are going to take up at our morning meetings which we are to begin again on Wednesday, the day after

Election, they having rather lapsed during the vacation season of the past two months. Taking them in order:

1. The Currency Problem: I understand that you are working on the theoretical side of this and some time during the next month I want to call a meeting of a committee of the Reserve agents appointed to study this question. If you can give me any suggestions we shall be very grateful. The Reserve agents, by the way, meet on December 4th and the Governors, I understand on December 11th. We are issuing Federal reserve notes freely and in accordance with your suggestion the junior officers will be asked to make a study of simplifying methods. Mr. Treman and I have been considering the advisability of endeavoring to get some of the larger country banks in places like Utica, Syracuse, Elmira, etc., to cull out their gold 10's and 20's and ship them down to us at our expense, we shipping them in turn at our expense Federal reserve notes. It looks as though this would add about 20% to 30% over the cost of issuing such notes to our city member banks and redeeming them, etc. Personally I think that this would be a justifiable expense; for example, if we should get in \$10,000,000. of gold in this way, which we might in the course of several months, the cost to us would be somewhere between \$3,000. and \$3,500. I should like very much to get your view on this matter. My thought is that we should simply take it up with a few of the larger banks which we happen to know. Mr. Treman has been doing it for some months in his own bank and finds there is quite a steady stream of gold flowing towards us in this way.

2. Comptroller's Reports: We are now receiving as a matter of routine copies of all examiners' reports. There is, however, as you know, a page which they do not send us and Mr. Cann is making a study of what we are failing to get with a view to making further representations if it develops that we are not getting some matters of importance.

3. Fiscal Agency Matters: I think this matter is being taken up

by a committee of the Governors.

4. New York Clearing House Relations: Your suggestion for a regular meeting between the clearing house committee and our representative is an excellent one and I think we ought to take it right up. We have taken up with Mr. McGarrah the question of putting our two day points on their discretionary list just as is done under the clearing house collection system and the committee has it now under consideration. The matter of settling balances we have not taken up since you went away. Please let me know if you talked this over with Mr. Vanderlip.

5. The Transit Plan: Next week we are going to start our campaign to deal with state banks and hope gradually to make important headway.

The Board is suggesting a plan of having a legal and silver pool similar to the gold pool, and has worked out some kind of a tentative plan on the basis of participation therein on the basis of resources. For instance; we would have about 40% of it and the other banks proportionately. It does not really meet our situation here as we ought not to have any participation in it and ought to hold it for other banks who fill us up with this kind of money. The real remedy, it seems to me, is for the clearing house to go on a gold basis by an understanding among the members. If necessary an amendment should be procured permitting this. If New York is to be the settling center of the nation and an international settling center as well the settlements ought to be always in gold, it seems to me. I should like to know your view on this point, which I think I suggested in a previous letter. We are constantly trying to impede trading in New York exchange in other parts of the country on account of the embarrassment it causes us in New York. Do you know if London has ever tried to impede trading in sterling exchange in other centers? The more I think of it the more clear it seems to me that we have got to be ready to settle all and every kind of transaction in New York, no matter how extensive the dealings in

New York exchange may have been in other parts of the country, and that the impediment of having a lot of silvers and legals in the clearing house is a real menace to the continuation of New York as the settling center, therefore the place where everyone will want to have an account.

The telegraphic and mail transfer matter ought to be tackled by a committee of Governors, it seems to me.

6. Foreign Arrangements: As I have written you before, Curtis and I are both satisfied that nothing can be done about foreign arrangements until after election, and we inquired particularly as to whether we are losing any position by not pushing the matter now. We have been advised both by Mr. Delany and Mr. Harding that they believed this was not the case. Rest assured that we shall take this matter up vigorously soon after election.

7. Gold Bars and Foreign Coin: That is a matter which we ought to study now that we are in possession of quite a lot of gold bars.

8. Domestic Acceptances: Would you think it advisable for us to get out a special circular on this descriptive of how to do it, etc.?

9. Uniformity in the System: I think another conference of auditors would be excellent. I was looking over the November bulletin yesterday and was rather appalled at the endless mass of statistics it contains.

10. Office Organization: This is a matter Mr. Treman and I intend to bring up to the junior officers on Wednesday for their immediate attention. Having got our transit department on to a basis where it can strike a balance and where the women understand something about an adding machine and a check I think we should now begin to study methods of reducing the cost of handling; in general an analysis of our office organization and its work with a view to reducing expenses. We now have 175 employees which is a pretty big force.

11. Investment Apportionment: Mr. Curtis and Mr. Treman are studying this.

12. Annual Report: Mr. Cann began work on this about a month ago and has already made considerable progress on the routine work.

You have indicated in this letter as well as in some others that there are two or three matters you are anxious to hear from me about. I wish you would let me know just what these matters are.

Replying to yours of October 24th asking me to make a change in your article, I will have this change made as you request on page 6. On the train to Utica I had an opportunity to read the article over carefully again and got a much better impression of it than I had on the first reading. On the whole I believe that I had ~~been~~^{better} enclose it to you with a number of notes that I have made on it, not worth much to be sure, but perhaps they may carry some suggestions to you. If you feel like looking them over and sending it back to me either in its original form or with some changes, I will at once take the matter up with the "Times" and if it is not accepted there, with the "Post." I feel that sub-headings are important to indicate the points you wish to make and I should think that a short explanatory paragraph either at the beginning or ending of each of the two parts, preferably the beginning, stating why you write the articles and what they are intended to show would be very helpful and give not only a raison d'etre but an understanding of what the argument is directed to and would add very much to the effectiveness of the articles. I have not reproached myself for not taking the matter up before with the "Times" because just at present everybody is so absorbed in the election and the papers are so full of it that I did not feel it was a particularly opportune time. Just as soon, however, as the election is over I will go to it.

Your letter of October 24th about the French credit really needs no answer now.

Replying to your letter of October 24th answering my long letter of the 19th, I note what you say with regard to Curtis seeing Polk prior to a de-

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cision. We have talked that over two or three times with Mr. Delano and he has assured us that an opportunity would be given. I see that you refer in this letter to a matter I have spoken of above about New York clearing house settlements. Of course, if we can get the silvers and legals all out into circulation that would cure the situation.

My impression was that the Sailer salary matter became effective on January 1st, but Mr. Curtis is now looking it up.

Replying to another letter of October 24th about the gold which is arriving; as I have said it is all in bars and I will ask Mr. Sailer and his associates to study the question you bring up about our possibly retaining it in bar shape.

The vault situation under the study and pressure of Mr. Horowitz seems to improve. The York people are now promising it by New Year's although I have no great faith that this will be done. However, it probably will not be as much delayed as they anticipated at first.

I find among my batch of letters of yours to answer your letter of October 20th to Mr. Treman enclosing copy of letter from Mr. Cokayne and referring to your reply, which letter owing to absence, I had not seen. I will pursue the matter on Monday.

Mr. De Neuflyze has been in to see me once or twice of late and I find him sitting at Kenzel's desk every other day. He is trying to develop a revolving credit here of ninety day drafts which will not have the renewal feature objected to, but as yet meets with but little encouragement. He has suggested to me again that as the Bank of France has considerable funds here from time to time and as it would much rather draw checks on the Federal Reserve Bank of New York than on some of the national and state banks, we should consider the question of our appointing them our correspondent in Paris, making a more or less nominal deposit with them and then receiving a deposit account from them, which

C/12

he says, he is prepared to open any day. I told him that I thought this was a matter we could not consider altogether apart from the larger question of neutrality, etc., but that I would write you and get your views upon it. His suggestion was that we might make this an inactive connection at once and leave for the future the question of buying bills, etc.

I am now reading your letter to Mr. Pallain and note that you say that his \$20,000,000. suggestion is waiting consideration by "some of your associates in Washington." As a matter of fact this letter has not been submitted to the Board although Delano was in the office the day you sent it to us and I took the liberty of showing it to him confidentially. Possibly, however, you talked it over with Warburg when he was in Colorado. It sounds to me like a mighty good letter, but I understand that Curtis has discovered one or two suggested changes and that in the meantime Treman has written Mr. Pallain and sent him the books and data your letter suggested, advising him that you would write him in a few days. I have not yet heard from Curtis what his criticisms of your letter are. I hope to go over this with him on Monday.

I note among the papers I have before me copy of your letter to Mr. Miller on the subject of his Indianapolis speech, but as I have not read that speech I am going to postpone reading your criticism until I can do so. *omit*

In the meantime as I feel I have already dictated enough to keep Miss Holmes busy for some part at least of a pleasant Saturday afternoon I had better call this a day's work and put over further correspondence until Monday or possibly Wednesday.

With best regards, I am,

Faithfully yours,

Pierre Jay per R. H.

P. S. I note in one of your letters a suggestion that I should run out and see you some time or other. I should like to do that tremendously but

should say that it would not be practicable before the first of the year unless something urgent comes up. There are so many things of importance to do in the office, as you well intimate in your letters, to say nothing of a coming conference of Reserve agents and an annual report to be worked out, that I guess I shall have to stick pretty closely to work for the next two months with an occasional football game for diversion.

It will be a great relief to have the election tension over.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Col.

PJ/RAH

FEDERAL RESERVE BANK
OF NEW YORK

NOV 9 - 1916

78-1
+ 85

November 6, 1916.

Dear Governor Strong:

I have yours of November 1st referring to Mr. Hoffman's change to the "Times," and just as soon as I receive back the article from you I will take it up with him. I had in mind speaking to him about it as he has asked me for a copy, but felt that I should like to refer it to you first.

omit

Your analysis of the Washington situation is quite correct.

Just as soon as possible after Election Day I trust we can arrange to have Mr. Curtis begin to take up the foreign matter at the State Department.

Mr. Hendricks is having to go up to Albany this afternoon on another sad errand. It appears that Mrs. Eltinge, wife of the surgeon who operated on his boy, died yesterday evening of cancer and he naturally wants to be with him for the funeral and for a day or two after.

omit

I understand from a letter from Warburg that he will be in the office to-day. I suppose they are all scattering in order to vote.

Sincerely yours,

Pierre Jay
per R. H.

P. S. Mr. Warburg has been spending an hour or so with us and we have been discussing with him one or two matters in connection with the acceptance situation. He is rather anxious that we should now establish a slight differential, say 1/8 or 1/4 on the purchase of acceptances drawn under the so-called renewal credits. I explained that our board felt that

at the present time the volume in which they were being offered was not excessive and that they were selling on the same basis as other acceptances of similar institutions. He said that he thought that our rates were meant to indicate a discrimination, and inasmuch as the Board had officially taken the position that these acceptances were not to be looked on with the same favor as the usual liquidating credits it would be appropriate for us to make such a distinction. He said that he felt as though for us to continue to buy them on an even basis with other acceptances of similar institutions after the Board had officially taken a position on the matter would tend to make their position as rather one of words without deeds. I suggested that some time later when these acceptances appeared to be offered in larger volume would be an appropriate time for us to make this differential, but I felt that to do so now would be like adding another crack at this form of acceptance which had already been pretty badly hit.

I should like very much to get your point of view on this matter.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

FJ/RAH

FEDERAL RESERVE BANK
OF NEW YORK

B.A. Jr.
NOV 15 1916

November 11, 1916.

Dear Governor Strong:

Many thanks for your letter of November 7th about Mr. Malburn. I have a very high opinion of him but fear that we could not afford him in the office. He would certainly expect more than five thousand dollars to come to live in New York. I should think, however, that one of the New York banks might like to get hold of him, and believe I shall suggest his name to Mr. Alexander and perhaps one or two others.

I only wish he could be appointed Federal reserve agent in Chicago, but unfortunately he has not resided there for two years. I understand that Bosworth does not wish re-appointment at the expiration of his term on December 31st. If you think of any good man for the job out there drop me a line. I am very anxious to get a high grade man in there. Bosworth is a nice fellow and all right in many ways but I feel as though a more progressive person might be appointed there and I know that the Board is now engaged in looking around.

Sincerely yours,

Pierre Jay
per R. H.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Col.
PJ/RAH

FEDERAL RESERVE BANK
OF NEW YORK

Jay
96

B.A.H.
NOV 15 1916
November 11, 1916.

Dear Governor Strong:

I have your letter of the 7th and am extremely glad to learn that you do not cling too tenaciously to the view expressed in a previous letter that I did not need any assistant. It would make me unhappy to feel that I had to go against your views in this matter, but I am convinced I am right.

The thing I am most of all interested in is pushing and developing the work of the bank. My inclination is to devote all my time to that, but the fact is that I have enlisted for a different kind of a job, and one for which I am really not fitted, I fear. Looking back now I feel as though it might have been better if I had held some position in the organization of the bank in which they had appointed some little dynamo like Fisher as reserve agent. He would have written the Board letters of information not daily but hourly. The fact is I have let that end of my work slide most disgracefully during these two years. I am determined that I must now make a real effort to develop something out of that side of my job. To do this I feel the need of a competent assistant whose work as assistant to me will not be secondary and a side issue but will be his main and practically sole *raison d'etre*. I am satisfied that only in this way can I get results. There is no reason that others in the bank should not from time to time do those things for me for which they are particularly fitted, just as they have been doing in the past, but the trouble in the past has been that there has been nobody but myself to originate and develop

FEDERAL RESERVE BANK
OF NEW YORK

Jay
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12-A-4.
NOV 15 1916
November 11, 1916.

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the work and I have simply let it slide because I have been too much interested in other things. What I want is a man who will be keen to develop the work along rational lines, and will be constantly planning it and bringing his plans up to me for approval or disapproval, as you well understand that what is everybody's business is nobody's business. Conversely I have seen so many cases in which the appointment of a man at a moderate salary to do a particular job or forced to a particular point of view has brought such striking results that I am most anxious to get at it in my department. If there were anyone in the force who was particularly fitted for the work I have in mind I should be only too anxious to appoint him, but I do not believe there is.

Your doctor is wise in not making you too definite promises about coming back to live in the East. Anxious as we are that you should be back with us at the earliest moment I am personally quite glad not to see you back until a year from now, and if the doctor were to hold out promises of a possible return in the spring which later should not materialize I think the psychological effect on you would be bad. Even when you do get back I am fully expecting that you will have to be very careful of yourself, your tendency being to overdo, and you will have to feel free to take vacations and rests and the like in a most regardless fashion. But as to your coming back and joining us again I will say that everyone of us has the most abiding conviction that you will pull it off, and it will be a great day for us when you hit the town again.

I have been trying life in bed for the last few days and find it a most boresome occupation, especially since the particular disease, laryngitis, practically prevents my doing much talking and my dictation is in a kind of a hoarse whisper. Otherwise, I should not have objected particularly as I have two or three rather long matters that I should like to get

a quiet time to dictate. I fully expect to be back in the office on Monday after being away with the exception of last Monday, which I guess was a mistake, for over a week.

On Friday, the 17th, I am going to meet in Washington with Mr. Hardy and Mr. Austin. We were appointed at the last agent's conference a committee to make a study of the currency question, and I hope that we can marshal together some of the many various suggestions that have been made, looking toward the improvement of our currency system into a report which, if lacking in originality and somewhat superficial, would at least give evidence to the governors that our conference is ready to show its good faith and tackle that important question which the governors have referred to it. After we have sat down and gotten our ideas a little together I will write you our views and should like very much to get your comments and assistance.

With best regards, I am,

Faithfully yours,

Pierre Jay
per R. H.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/RAH

FEDERAL RESERVE BANK
OF NEW YORK

November 13, 1916.

D.A.H.
NOV 17 1916

Dear Governor Strong:

Many thanks for your nice long letter of the 9th covering a multitude of sins. ^(mine!) I expected to be down to the office again to-day but find myself still in bed, I am afraid with the prospect of a few more days of it. I am getting mighty tired of it, especially because I seem to be shut up by such a trivial thing. I am told to talk as little as possible so I cannot even dictate freely as I should like to do, but I can tell you it makes me sympathize most heartily with the feeling you have so often expressed recently of itching to be back at work when there is so much of importance to be done.

I agree with you about Thralls' position. The psychological moment is over. From what he tells me he helped considerably in putting it over, although I am not quite sure whether he always appraises himself exactly correctly in these matters. His idea is that some compromise will have to be made to satisfy them. I believe that if any it should be along the line of a reduction of their reserves and not any compromise along the line of permitting a moderate exchange charge. How do you feel about this?

You will have received a copy of a letter which Mr. Warburg wrote me on the subject of dollar exchange. It was the result of a discussion we had on the subject in the office on November 6th during the course of which Curtis, I am afraid rather unwisely, showed Warburg your letter in which you rather slammed the Board for its view. I think that Mr. Warburg's letter settles the matter conclusively as far as the present legislation

goes and it would be wise not to agitate it further.

Very truly yours,

A handwritten signature in dark ink, appearing to be 'Benjamin Strong', written in a cursive style.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/RAH

87
98

FEDERAL RESERVE BANK
OF NEW YORK

November 18, 1916.

Dear Mr. Strong:

NOV 22 1916
L.A.H.

I have your letter of November 14th about Mr. Miller's position and your article. Of course, the Board is very much divided on letting the gold held by Reserve agents count as part of our reserves, although they recommended it unanimously to Congress in their report. Hamlin and Warburg favor it strongly. I do not know what Harding's position is. Miller and Delano oppose it strongly. I think it was a great mistake to put it out in the brief way in which they did in their report without sufficient argument or explanation. It is a matter on which there will have to be a great deal of education done among bankers and others before their support can be obtained. On its face it sounds bad, like an attempt at eating your cake and having it too, but when you analyze it the logic is just as plain as a pike staff. The fact that Miller did not discuss this feature of it in his address out of deference to Mr. Warburg's position should not necessarily have any bearing on your discussing it. You are not a member of the Reserve Board, and if we are all to shut up like clams because Miller and Warburg do not agree we would not get anywhere. As a matter of fact Miller was one of the fiercest antagonists of our exchanging Federal reserve notes for gold. After a couple of years he has come around to it enthusiastically. I have no doubt that he will come around to the other more important measure in time.

It seems to me that the article is intended primarily to answer the Chronicle's criticisms than to express your own views. As such I think it is entirely proper and think you need not hesitate to go ahead. It might be po-

lite, however, to advise Dr. Miller of the situation.

Very truly yours,

Pierre Jay, per R.H.
Chairman.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/LRAH

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Very truly yours,

Pierre Jay, per R.H.
Chairman.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/LRAH

WESTERN UNION TELEGRAM



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Night Message	N.
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.

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BENJ STRONG 1430

4100 MONTVIEW BLVD DENVER COLO

SHOULD APPRECIATE YOUR WRITING ME BRIEFLY YOUR EXPERIENCES REFERRED TO IN YOUR ARTICLE IN TRYING TO EXCHANGE SILVERS AND LEGALS FOR GOLD AT SUBTREASURY STOP SHOULD LIKE TO REFER TO THEM IN IMPERSONAL AND APPROPRIATE WAY IN REPORT I AM WRITING FOR RESERVE AGENTS CONFERENCE NEXT MONDAY

PIERRE JAY

1108PM

P.A. Jr.
NOV 28 1916
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FEDERAL RESERVE BANK
OF NEW YORK

R.A. Fr.
DEC 4 - 1916

December 1, 1916.

Dear Governor Strong:

I am mighty glad to learn from your letter of November 25th that the latest reports from Dr. Sewall are most favorable. Curtis was the only one that pulled off a football game. After two weeks of confinement the doctor let me go down to the office on Monday, November 20th. I felt first rate but agreed with Dr. Treman in his recommendation that I should go home for lunch, which I did, and late in the afternoon I came down with a pretty heavy fever and got hold of a new doctor who said I had had a re-infection and has kept me in the house almost continuously since then and in bed most of the time. What I have had is not laryngitis but a pretty severe attack of bronchitis, or rather two attacks. I have managed in all to spend over half a month in bed, which breaks all my records so completely that the rest are nowhere. I am feeling fine again now, and the doctor thinks I can go out a bit to-morrow and take the train for Washington on Sunday to attend the Reserve agent's conference, provided Mrs. Jay will go with me as trainer with full power.

I have been trying from time to time to write up something in the way of a report on currency matters embodying other people's ideas, but it does not make much progress.

I remember a letter I received from you during the past month, which I have not here this moment, in which you spoke about the division of topics between the governors and the Reserve agents, and lamented that nothing had been done. The four topics are (1) Issue and redemption of

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FEDERAL RESERVE BANK
OF NEW YORK

R.A.H.
DEC 4 1916

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I have been trying from time to time to write up something in the way of a report on currency matters embodying other people's ideas, but it does not make much progress.

I remember a letter I received from you during the past month, which I have not here this moment, in which you spoke about the division of topics between the governors and the Reserve agents, and lamented that nothing had been done. The four topics are (1) Issue and redemption of

currency; (2) Relations with member banks; (3) Relations with state banks; (4) Relations with the public. These formed the major part of our programme last May and a standing committee was appointed, consisting of Messrs. Hardy, Austin and myself, to make a study of the whole currency question and report from time to time. Unfortunately my long vacation and then absorption over the Clayton Act and French credit matter, and now my month of confinement to the house have militated against our getting up a really good report for this conference, but I do not want you to feel that these topics are being neglected by the Reserve agents as a body. In fact the programme for our coming meeting is composed almost entirely of these four topics, plus a discussion of general Federal reserve bank policies.

We hope to get the Board to express itself as to what its policies are on some of the more important lines, and have reserved an afternoon for that purpose.

I have felt some little satisfaction in being at home during the last few days instead of at the office, where I am sure I should have been asked frequently to express my views on the Board's pronouncement about foreign loans, which would certainly have been embarrassing to me. I understand from Curtis that not even Thanksgiving Day had enabled you to regain your composure on the subject. I have tried to view the matter dispassionately and feel that if they felt it necessary to say something about the relation of foreign loans to the banking situation they should have done so, and I do not object to the form of a public statement, but I think they were all wrong in saying anything about investors, and the general language of the statement did not impress me at all favorably. I think that with the situation in this country, where we are entirely new at international banking and where it is coming at us so thick and fast we cannot proceed entirely along lines which will

copy
to send

be followed in England or other foreign countries, our banks need a little guidance and the Federal Reserve Board is the natural body to express it.

Warburg sent me a copy of his letter to you on the subject, written about ten days ago, and the connection between this and the statement is obvious. It seems to me strange that they should not have consulted us before issuing such a statement. I believe we could have put it in a good deal better shape.

With best regards, I am,

Faithfully yours,

Pierre Jay
P.R.H.

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/RAH

Message
 Character Blue
 Message Nite
 N L
 three symbols
 check (number of
 message. Other-
 indicated by the
 character 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.

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10-919 Seventeenth Street, Denver, Colo. Open

DUPLICATE OF TELEPHONED TELEGRAM

NOV 25 1916

BN NEWYORK NY 335P DEC 1 1916

896

BENJAMIN STRONG

4100 MONTVIEW BLVD DENVER COLO

File 1308
John McLaren
File 302
WJ

SHOULD APPRECIATE YOUR SENDING NIGHTLETTER DESCRIBING METHOD WE DISCUSSED
 LAST SPRING WHERE BY RESERVE BANKS MIGHT BE GIVEN OPPORTUNITY OR
 EVEN PREFERENCE TO BUY GOLD FROM ASSAY OFFICE SOMEWHAT AFTER
 MANNER PREVAILING LONDON HATE BOTHERING YOU BUT STILL CONFINED TO
 HOUSE AND CANNOT MAKE INQUIRIES HERE ABOUT MATTER

PIERRE JAY

240PM

December 2nd.

49 EAST SIXTY-FOURTH STREET

My dear Mr. Strong,

Ever since that very friendly letter to Pierre came I have wanted to write + thank you for having taken the trouble to send it, + now that he has been ill I am really going to do so, for I want you to know how much we both appreciated your having written it + to tell you that the letter and the illness he has just had are, ^{I really think} together, going to make things quite different in the future. He has had quite a pull but he went out in a closed motor to-day + has strong hopes of getting to Washington on

98
Nov 27, 1917

Monday. I think now that he looks better than he did before he was sick and that the illness may have been a blessing in disguise & with its help & your letter combined he may have been saved from something much worse.

You of course know how much he misses you at the bank & how much he counts upon your return, & I think with pleasure of the early hours you are both going to keep when you are back again. Mr. Hendricks was up here on Thanksgiving Day & he gave such a good account of you as you were when he was in Denver that I'm sure you will be back before long. Knowing, thro' Pierre, of

how you have cared for the bank & of the work & thought you have put into it I think I have been able to appreciate what it must have meant to you to have had to give it up, even temporarily, & what a loss your absence has been to the whole Federal Reserve System.

Sincerely Yours,
Louisa Barlow Jay.

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT

OFFICE AT MAIN OFFICE
CRANMER BUILDING
17TH STREET
DENVER, COLO.
PHONE: MAIN 4600

TELEGRAM

DELIVERY NO.
38246

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16D-29018

DESIGN PATENT No. 40620

281chxc 11 1128a

Pa Washington dc dec 7 16

Benj Strong

4100 Mount View Blvd denver

Harding advises satisfaction determination of matter pending before
state department writing

P Jay

TELEPHONED

To YK 1308
By Re
Time 1130a

TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS,
TIME SENT, ETC.



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

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8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHARLES C. ADAMS,
VICE-PRESIDENT.

CLARENCE H. MACKAY, PRESIDENT.
EDWARD REYNOLDS, VICE-PRESIDENT.

CHARLES P. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD

a difference in the conduct of the Board's business & relations! The R. agents all commented on it, of course. We had a bully meeting. I read a long wandering report which I had not been able to bring to time & of which I was ashamed, covering the various proposals largely yours, relating to gold matters, & got a unanimous approval except one ~~non~~ "no" on F.R. notes as reserve & one "no" on retiring freetacks.

Dec 9
P

HOTEL CHELSEA
ATLANTIC CITY

Dear lover *P.P.H.*

DEC 15 1916

I am greatly indebted to you for your long letter abt. the redemption of silvers & legals & telegrams & letters (I was about an a/c office practice not forgetting yrs of Dec. 4th referring me ^{again} to that handwritten bible of yours, which I see I must have framed for ready reference! 5 weeks as an invalid have cured me of any

resire to go further & I
am planning all kinds
of obrieties. This is a 3
day sojourn after 3½ days
of Reserve Agents Conference
in Washington, Mr. Jay
accompanying me on the
entire tour to keep me
down. Tomorrow Curtis
is going to stop here for
lunch en route for Wash.
to put me in touch with
events of the past week
& hear the temper of
Washington. This latter
I may ~~stay~~ say is tending
strongly in the direction
of managing the system.

Harding (P.M.W. says)
feels that there has been
much talk & too little
action during the past
two years, especially on
the part of the banks &
is disposed to pick up
the reins & say fit up
once or twice if late, w
in work. I have made
my objections to him which
have been rather ~~and~~
differently rec'd. He has
always been sensitive, so
think that with his
position he feels espec
ally so & rather resentful
of criticism. But wh

shall do so next change
I get. Harding said that
as Davison had been to
see them & the papers
reported he had, they
felt that the announce-
ment a day or so later
of the Treasury Bills
~~was~~ would be tanta-
mount to ~~an assump-~~
~~tion~~ a right on the
part of the public to
assume that they ~~did~~
approve the issue, &
they had to make their
position clear. It seems
to me that if they let peo-
ple come to see them

I don't think the B^c is
to press very much ~~it~~
tho', at this short term
I am asking Cox to mail
on a copy of it & should
appreciate it if you
would write me of any
inaccuracies or omissions.
I had in mind trying to
write something good, but
was ⁱⁿ such poor shape that
I could only hit a few
licks a day & had no time
to revise. I in asked ~~way~~
if he thinks it can be
made any good as an
argument to Coupers

HOTEL CHELSEA
ATLANTIC CITY

He says yes I'll try to
put some real zip into
it.

I missed the opening
session, at which Harding
spoke of the Treasury vote,
& had ~~not~~ no chance to
talk with P.M.W. on the
subject as I was put to
rest between each session.
However Harding said, on
the last day, speaking to
the conference, that Dainis
was there over Saturday &
they told him their views.
The N.Y. papers on Monday
& Tuesday continued to
report the preparations

to inaugurate the issue,
whereupon they called
up Dainis' office & told
one of his partners that
they might have to make
a public statement. The next
day, as the papers contin-
ued to report the progress
of the issue they made the
statement. Then on Friday,
as Curtis wrote you, ^{to him} the
curious telephone ^{from}
Warby. about their not
meaning the B. & F. Treasury
bills. I was awfully sorry
not to get a chance to
talk that over with P.M.W.
& see what he meant. I

no chance to discuss it
with W. this time, but he
told me a month or so
ago that he heard rumors
that C.S. or J.S.W. had fallen
out. (I'd like to have
heard the third.) that
Starch was now on a
long vacation & that he
understood he had made
a fortune in the market.
At any rate there is a
new acting chief exam
in N.Y. or J.S.W. is spending
considerable time
there himself. It's a
long lane, etc.

I appreciate

about issues of security
they are going to get
all kinds of hot

HOTEL CHELSEA
ATLANTIC CITY

Water & difficulties.
They want to know about
such things they should
do it indirectly this
& keep clear of getting
involved pro or con.

This was the plan you
followed on the French
acceptances or it always
seemed to me wise.
Myself kept going
Nash. on the French
accept. credit man
after the fat was in the
fire, thinking that would

be the best way to make
proper. On the whole,
I believe it was well that
K. & Humphill went down,
tho' I disapprove of the
B^d's ~~have~~ getting involved
in any of these times.
I do think it a bit
queer of Davison to
persist in ^{offering} the Treasury
bills after having been
told by the B^d that
they disapproved banks
buying them. The advice
they offered to investors
such as most

uncalled for & unhelpful.
It was worded in a tho-
roughly warburian way
since writing
the foregoing. Curtis has
been here for 3-4 hours
on his way to Washington
to put me as to matters
in N.Y. concerning a
of which I father he has
been in correspondence
with you. There seems to
be something brewing
regarding Stach & Warburton
has written me to get
up a list of possible
Chairman Directors.

HOTEL CHELSEA
ATLANTIC CITY

Your many inquiries
& your solicitude about
my health, and can only
amuse you that this
little interlude of
mine has made me
have in mind even
more constantly than
usual your absence and has
made me sympathize
more keenly than
usual with the causes
which have brought it
about, and with that
itching you often refer
to, to get on the job.

do things. It must be
wellish for you
with warmest re-
gards. yrs. J. F.

HOTEL CHELSEA
Atlantic City

December 9, 1916

Dear Governor:

I am greatly indebted to you for your long letter about the redemption of silvers and legals and the telegram and letter (c/o Warburg) about Assay Office practice, not forgetting yours of December 4th, referring me again to that handwritten bible of yours, which I see I must have framed for ready reference! Five weeks as an invalid have cured me of any desire to go further, and I am planning all kinds of sobrieties. This is a 3-day sojourn after 3-1/2 days of Reserve Agents' Conference in Washington, Mrs. Jay accompanying me on the entire tour to keep me down. Tomorrow Curtis is going to stop here for lunch en route for Washington to put me in touch with events of the past week and hear the temper of Washington. This latter I may say is tending strongly in the direction of managing the System. Harding [P. M. W(arburg) says] feels that there has been too much talk and too little action during the past two years, especially on the part of the banks, and is disposed to pick up the reins and say "git up." Once or twice of late, when in Washington, I have made suggestions to him which have been rather indifferently received. He has always been sensitive, and I think that with his new position he feels especially so, and rather resentful of criticism. But what a difference in the conduct of the Board's business and relations! The Reserve Agents all commented on it, of course. We had a bully meeting. I read a long wandering report which I hadn't been able to bring to time and of which I was ashamed, covering the various proposals, largely yours, relating to gold matters, and got a unanimous approval except one "no" on F. R. notes and one "no" on retiring greenbacks. I don't think the Board is going to press very much for it tho'; at this short session. I am asking Cox to mail you a copy of it and should appreciate it if you would write me of any inaccuracies or omissions. I had in mind trying to write something good, but [was] in such poor shape that I could only hit a few licks a day and had no time to revise. I've asked Warburg if he thinks it can be made any good as an argument to Congress. If he says yes, I'll try to put some real zip into it.

I missed the opening session at which Harding spoke of the Treasury notes, and had no chance to talk with P. M. W. on the subject as I was put to rest between each session. However, Harding said, on the last day, speaking to the Conference, that Davison was there on Saturday and they told him their views. The New York papers on Monday and Tuesday continued to report the preparations to inaugurate the issue, whereupon they called up Davison's office and told one of his partners that they might have to make a public statement. The next day, as the papers continued to report the progress of the issue, they made the statement. Then on Friday, as Curtis wrote you, the curious telephone to him from Warburg about their not meaning the B. of F. Treasury Bills. I was awfully sorry not to get a chance to talk that over

December 9, 1916

with P. M. W. and see what he meant. I shall do so next chance I get. Harding said that as Davison had been to see them and the papers reported he had, they felt that the announcement a day or so later of the Treasury Bills would be tantamount to a right on the part of the public to assume that they approved the issue, and they had to make their position clear. It seems to me that if they let people come to see them about issues of securities, they are going to get into all kinds of hot water and difficulties. If they want to know about such things, they should do it indirectly through us and keep clear of getting involved pro and con. This was the plan you followed on the French acceptances, and it always seemed to me wise. I suggested Kent's going to Washington on the French acceptance credit matter after the fat was in the fire, thinking that that would be the best way to make progress. On the whole, I believe it was well that Kent and Hemphill went down, tho' I disapprove of the Board's getting involved in any of these issues. I do think it a bit queer of Davison to persist in offering the Treasury Bills after having been told by the Board that they disapproved of banks buying them. The advice they offered to investors struck me as most uncalled for and unhappy. It was worded in a thoroughly Warburgian way.

Since writing the foregoing, Curtis has been here for 3 - 4 hours on his way to Washington to post me as to matters in New York concerning all of which I gather he has been in correspondence with you. There seems to be something brewing regarding Starek and Warburg has written me to get up a list of possible Class C Directors. I got your many inquiries and your solicitude about my health, and can only assure you that this little interlude of mine has made me have in mind even more constantly than usual your absence and has made me sympathize more keenly than usual with the causes which have brought it about, and with that itching you often refer to, to get back on the job and do things. It must be hellish for you.

With warmest regards,

Yours,

P. J.

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT

POSTAL TELEGRAPH - COMMERCIAL CABLES
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TELEGRAM

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To: *same*
By: *W. J. Jay*
Time: *12.45 P.M.*

449CH 013 210P

DEC 15 1916

CB NEWYORK DEC 14 16

BENJ STRONG

4100 MONTEVIEW BLVD DENVER

I CONGRATULATE YOU ON APPLICATION OF BANK OF MONTCLAIR FOR

MEMBERSHIP RECEIVED TODAY

PIERRE JAY

Misc. 24

FEDERAL RESERVE BANK
NEW YORK

PJ/RAH
Postal
3:00 p.m.

R.A.H.

(TO BE MAILED)

CONFIRMATION OF TELEGRAM

98

We have today telegraphed you as follows:

December 14, 1916.

Benjamin Strong, Esq.,
4100 Montview Boulevard
Denver Colorado

I congratulate you on application of Bank of Montclair for membership received
today

Pierre Jay.

Charge Fed. Res. Bk
120 Broadway

B-2

98

FEDERAL RESERVE BANK
OF NEW YORK

DEC 3 1916

December 16, 1916.

Dear Governor Strong:

I have been back at the office all of this week, and yesterday Mr. Treman and Mr. Curtis returned and we had a rather lengthy directors' meeting. In the afternoon I was visited by these gentlemen who stated that they were members of an unnamed executive committee to get me out of the bank for a week or two. Their proposals were received somewhat as the Duma received the peace proposals, but the only way I could rid myself of the committee was to promise, like Governor Hamlin, to give the matter very careful consideration. I did so yesterday evening with my doctor and he advised me that the committee was entirely correct and that as I had not shaken off my cough as he had expected I would, he thought I should go south for two weeks and devote myself to getting in fine shape. Much as I regret to do so, it seemed to me that this was about the best time I could pick for such an absence as nobody will think of discussing anything new until after the first of the year, so I have a ticket for Augusta and am going down on the morning train to-morrow, D. V., to see if I cannot accumulate a little gold reserve. I hate like thunder to be away from the bank but I guess it is good sense.

We have all been talking a lot the past week about collecting state bank items at par, and yesterday Higgins went down to Patchogue and I think that we will get results from there. To-day Hendricks is going out to the western part of the state for a week and we hope to get results there. In the meantime we are making tentative arrang-

ments with the express companies and are planning our organization here to take care of the items which 150 or so new points would bring us - all with the idea of putting the entire district (except private banks) on the par list which goes out February 1st. I hope you approve of this plan. Apart from the desirability of rendering this service to our member banks as soon as possible there are two rather important reasons for pushing it: 1st, the probable anticipation of the final cutting out of reserve agents to, say, April or May instead of November, and 2nd, the tremendous effort which is being made by country bankers to induce Congress to change the law.

I understand that Tilton of Alabama has opened headquarters in Washington and is conducting a regular lobby. On the other hand a number of commercial organizations are preparing to put up a fight for the status quo. I understand that both Owen and Glass say that there will be nothing doing. I just had a letter from Glass asking me for a dozen copies of something I had written on collections for use with members of his committee.

I telegraphed you about Stephens and am sure he will appreciate the telegram or letter you will send him. I think we ought to try to get some more members in New Jersey on the strength of Montclair. I understand that Aiken is very hopeful of getting in a number of the important trust companies in Massachusetts and some other parts of his district. I wish I did not feel the situation were so discouraging just at present with regard to our New York City trust companies.

Kent went out to Chicago a couple of days ago to a meeting of a committee of the new state bank section of the A. B. A. to discuss possible amendments of the Act "to make it more attractive to the state

institutions." I told him that anything definite they could produce would be received in a most welcome way.

I have just had lunch with E. D. Fisher who said he wanted to talk with me about joining the Federal Reserve System. Curtis and I both bet that he meant personally, but we were wrong for it appears that he is about to establish a new national bank in this city with substantial capital, the particular feature being rather close relations with a number of foreign countries. This, however, is information of a most confidential nature.

Gibson of the Liberty Bank is talking of forming a "National Bank for Savings," with the active vice presidents of the various banks downtown as directors, the business of the bank to be in the nature of a time and savings business only. He wanted to know whether the Board would approve of the directorate under the Clayton Act. I told him that I thought he had better go down and see them himself, but that it sounded to me a good deal like another Bankers Trust Company.

Very likely you have heard that Tom Cochran is going into Morgan's the first of the year.

I noted your letter to Hendricks and your remarks about the plan to make checks on Federal reserve banks circulate at par. I was very sorry indeed to learn that he voted for the resolution of the transit men approving the principle, which I fully agree with you is bad. I think you know that this matter was referred to a committee consisting of Treman, Fancher, Seay, Rhoads and McDougal, and I fear that the Board is determined to do something along this line. Warburg even seems to think it necessary that something should be done. What I am writing you about is to endeavor to get it done on a basis which I think would

be sound, which would be as follows:

The member bank to make such check payable at a specific Federal reserve bank, to advise its home Federal reserve bank, and the home Federal reserve bank to advise the paying Federal reserve bank, perhaps guaranteeing it as well, and agreeing to pay for checks so purchased by it on the day of their purchase. That would put it on the same basis as our transit system, which is all right. How would you stand on such a suggestion as this, assuming that something has to be done?

Being away for the next two weeks as well as being away for five weeks already has rather thrown me out of joint on the annual report. I am sending you copy of last year's, and if you have any suggestions to make with regard to this year's, other than that it should be immensely shorter and of course the historical part of it should be omitted, I wish ever so much you would drop me a few lines at the Hotel Bon Air, Augusta, Georgia.

I think you may possibly be interested in reading the report of the Reserve agents' meeting as it contains quite a number of statements on the part of the Board as well as of some committees which you might find of some interest. Don't bother to read it if you do not feel like it.

The Warner crowd have gotten the control over the Merchants National Bank here and are getting ready to put on a new administration. I had a call yesterday from Mr. Lynn H. Dinkins of New Orleans and I think you know he has been offered the presidency of the bank and is considering quite seriously accepting it. I do not think I need to make any remarks on the subject.

Faithfully yours,

Pierre Jay
PJH

Benjamin Strong, Esq.,
4100 Montview Boulevard,
Denver, Colorado.

PJ/RAH

SERVICE	SYMBOL
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



12 p.m.

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

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NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

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1916 DEC 17 PM 3 02
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DUPLICATE OF TELEPHONED TELEGRAM

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US WASHINGTON DC 415P 17

BENJAMIN STRONG

1617

4100 MONTVIEW BLVD DENVER COLO

FORWARDED TO Mr. Slawson
 FILE 377P **WILL CALL UP** 346P
 BY Wg 12 18 10 mail

WARBURG TELEPHONE LAST NIGHT OF POSSIBLE CLASS C VACANCY AND
 REQUESTED SUGGESTIONS BY TUESDAY STOP HAVE SEVERAL PEOPLE WORKING ON
 IT STOP WHAT WOULD YOU THINK OF AN ACTIVE OR RETIRED PRIVATE
 BANKER HEBREW OR CHRISTIAN I BELIEVE WE COULD GET MORE HELP FROM
 THAT SOURCE THAN MERCHANT OR MANUFACTURE IF BOARD WOULD APPOINT ONE
 STOP IF YOU LIKE IDEA WIRE ME YOUR SUGGESTION MONDAY BONAIR HOTEL
 AUGUSTA AM TRAVELING THITHER FOR FORTNIGHT TO SHAKE OFF COUGH
 REGRETTING EXTREMELY DOCTOR THOUGH DENVER CLIMATE
 UNSUITABLE

(PIERRE JAY)

CLASS OF SERVICE | SYMBOL

POSTAL TELEGRAPH-CABLE COMPANY

NIGHT LETTERGRAM



THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED) TRANSMITS AND DELIVERS THIS NIGHT LETTERGRAM SUBJECT TO THE TERMS AND CONDITIONS PRINTED ON THE BACK OF THIS BLANK.

MA RECEIVED, DENVER
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CLARENCE H. MACKAY, PRESIDENT

DELIVERY NO.

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INDEPENDENT COMPETITIVE PROGRESSIVE

4-647

File

55ch sp 313aml9th 70 nl

D.A. Jr.

The Bonair Hotel Augusta GA Dec 18 16

DEC 20 1916

Benj. Strong

4100 Mount View Blvd Denver Col

Private Banker suggestion comes from me not warburg and in view of your telegram have not suggested any such names

except George F Crane formerly barings whom I dont know and have said so am rather urging newyork appointment so

as to make necessary a jersey election next year have had X'ray taken which shows there is nothing but remains

of Bronchitis to be shaken off thanks for your solicitude.

Pierre Jay

POSTAL TELEGRAPH-COMMERCIAL CABLES



THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD. EXTENDS OVER TWO-THIRDS OF THE WAY AROUND THE EARTH.

OPERATOR'S NOTATIONS,
TIME SENT, Etc.

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

TRANSMITS AND DELIVERS THE WITHIN NIGHT LETTERGRAM SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

The Company will receive, not later than midnight, NIGHT LETTERGRAMS, written in plain English, to be transmitted only for delivery on the morning of the next ensuing business day, at rates still lower than its standard night message rate, as follows:

The standard day rate for a ten-word day message shall be charged for the transmission of a NIGHT LETTERGRAM, containing fifty words or less, and one-fourth of the standard day rate for a ten-word day message shall be charged for each additional ten words or less in such NIGHT LETTERGRAM.

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

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 message, whether caused by the negligence of its servants or otherwise, beyond fifty times the message rate, at which amount this message, if sent as a REPEATED message, is hereby valued, unless a greater value is stated in writing hereon at the time the message 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 message over the lines of any other Company when necessary to reach its destination.

4. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.

5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.

6. This Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within thirty days after the message is filed with the Company for transmission.

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

(a) NIGHT LETTERGRAMS may at the option of the Telegram 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 LETTERGRAMS at destination, postage prepaid.

(b) NIGHT LETTERGRAMS shall be written in plain English. Code language is not permitted.

7. The above terms and conditions shall be binding upon the receiver as well as the sender of this NIGHT LETTERGRAM.

8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHARLES C. ADAMS,
VICE-PRESIDENT.

CLARENCE H. MACKAY, PRESIDENT.
EDWARD REYNOLDS, VICE-PRES. AND GENERAL MANAGER.

CHARLES P. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

HOLIDAY GREETING



WESTERN UNION



TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Handwritten red initials, possibly "JPS", written vertically on the right side of the card.

RECEIVED AT

1916 DEC 24 PM 8 39

831CH 49 NL

AIKEN SCAR 24

BENJAMINE STRONG

2829

4100 MONTVIEW BLULEVARD DENVER COLO

MERRY XMAS FROM ONE TEMPORARY EXILE TO ANOTHER NEXT YEAR WE MUST EXCHANGE THESE GREETINGS AT PINE AND NASSAU JUST RECEIVED HERE TODAY FORMAL AUTHORIZATION FROM BOARD UNDER SEAL TO ESTABLISH ENGLISH RECIPROCAL AGENCY AND CONGRATULATE YOU WARMLY IT WILL BE A WELCOME PIECE OF CHRISTMAS NEWS FOR YOU.

PIERRE JAY.

payment. I think, however,
that Withers uses the phrase
with my meaning in some
of his disquisitions.

I want to keep
the Delano letter for a little
while & when I get back
I'll have it copied & return.
In the mean time I wish
you'd bundle off to me copies
of the other letters to which
you refer. I want to get all
the light I can, in case it
seems worth while to work
the matter over either as
an amended version of the
report or as ~~a~~ a speech or
the like, to be made anew.
I appreciate very much your taking
all the trouble you have in going

over it & writing at such length
such excellent suggestions. By the
way, where is your article for
the Times? H. J. man, formerly
with J. of Com., now of Times is set
me for it daily. I don't think
you need fear Withers' feelings.
I have an impression, only that,
that his views have modified.

The result of my
report was to crystallize the
views of all the agents, which
was worth something. As I
write Martin was against F.R.
notes as reserve & Ramsey (Dell)
against retiring the freebads
with those two ^{partial} exceptions all were
for the whole report. I thought
that was something done as
I had thought there would be a
lot of opposition to one thing or
another. The enclosed, re directors

crawled 2 days ago answers you
of 18th. I suggested the Hebrew
without previous suggestion; merely
to get your views & ascertain how
you thought it would be regarded.
I have no prejudice against the
good ones, particularly those you
mention, but I did not know
how other bankers would feel &
so wired you - as to the cough it is
merely the hangover of Bronchitis
& 2 attacks. The Dr. had my
sputum examined & found no
signs of T.B. then he had me
x-rayed & while there were traces
of some old lesions there was
nothing indicating any present
infection. He had no idea there
was any, but merely did this
to take every precaution. He
says that as soon as I build
up I will throw the cough off,
& that's what I'm here for, to
be out in mild climate as
much as possible & get in good

shape: Dr. Truman has me a 2 1/2 inch brass file
I am going to take more
of it. This F.R. Banknote is a real gem.
but I detect being away.

to get amendments that with
improvements
explaining them fully to the
Banking Community & getting
their cooperation & backing. If
the B² proposes far reaching &
revolutionary amendments
- like their present reserve
proposals, for example -
& says nothing to the banks,
they are going to lose standing
(on account of misunderstanding)
with many important bankers.

I am glad to have
the fundamental idea of
removing Couper's fear of
inflation stated so definitively.
I had not realized it
before. In dwelling on a "free
market for gold" I used a
wrong phrase. What I meant
was maintenance of gold

ances which I couldn't avoid
which kept me awake all
one night. Some day I want
to get at the bottom of Warbur-
curious telephone talk with
Curtis about saying that they
didn't mean in their state-
ment to refer to the B. & F.
heavy bills. That seems to
me a most extraordinary
thing, in view of what I wrote
you Harding told the agents.
I felt tempted to inquire abt.
it right then but didn't
think it would be fair to P. Mo.
& had no other opportunity
during the conference.

I should not put
Warbur's silence down to his
being offended, but to his being
very busy with amendments
annual report, or a dozen
other things incident to the end of

a year -

Today I have your letter
of 18th commenting on my re-
port & returning it, for which
I am very grateful. When I know
what a poor effort it was your
last sentence, calling it "a fine
contribution to the discussion" ^{make}
me think of a trip I took with
a committee of the A. B. A. some
years ago thru the central west
holding hearings. John Hays of
the Fed Nat Chicago would never
say very much at the hearings
but at the end of each, ^{however poor it was,} would
rise & on behalf of the com-
mittee thank the bankers
present for "their very substantial
contribution to the committee's
study of the subject." His report
was thrown together from ideas
of yours, largely, at a time when
I hadn't any mind to think or

energy or time to revise, merely
in order that our committee
shouldn't fall down at the
conference. The only "contribution"
was perhaps the effort
to present the object & the obsta-
cles to its attainment, as a
whole, and I had felt that
perhaps if there was anything
^{of value} in this idea I would work
it over with a view to trying to
make something out of it wh-
would help in Congress. I
asked Warburg to read it with
this in view, but have not heard
from him & doubt if he has had
time. His letter to plan last
year, which he seemed to want
kept very confidential, I
thought very unconvincing
& so full of statistics as to be
bewildering. I am altogether
opposed to the idea of trying

your letter to Warburg at
which you say you fear he took
offense, PALMETTO INN, curiously
AIKEN, SOUTH CAROLINA
came in an envelope to me, &
I read it, thinking it a copy for
my perusal. I thought it most
contained & restrained in view
of what I knew your feelings
were. I handed it to him per-
sonally in Washington a few
days later, & he read it ea-
sily but didn't seem at
all excited about it. We
had no opportunity to dis-
cuss this matter, to my regret,
but also somewhat to my
relief, as I was feeling pretty
shaky while there & not anx-
ious to get into another heated
argument besides our disa-
greement about ^{our establishment's} a differential
on the renewal credit accept.

ances which I couldn't avoid
which kept me awake all
one night. Some day I want
to get at the bottom of Warburg's
curious telephone talk with
Curtis about saying that they
didn't mean in their state-
ment to refer to the B. & F.
Treasury bills. That seems to
me a most extraordinary
thing, in view of what I wrote
you Harding told the agents.
I felt tempted to inquire abt.
it right then but didn't
think it would be fair to P. Mo.
& had no other opportunity
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me think of a trip I took with
a committee of the A. B. A. some
years ago thru the central west
holding hearings. John Hayes of
the Fed. Nat. Chicago would never
say very much at the hearings
but at the end of each, ^{however poor it was,} would
rise & on behalf of the com-
mittee thank the bankers
present for "their very substantial
contribution to the committee's
study of the subject." His report
was thrown together from ideas
of yours, largely, at a time when
I hadn't any mind to think or

bills of exchange, in accordance with the provisions of section 14 and other provisions of the Federal Reserve Act, as amended; and for such other purposes as may be permitted under said Federal Reserve Act, as amended.

I hereby certify that the above is a true extract from the minutes of the meeting of the Federal Reserve Board held on Tuesday, December 19, 1916

Paul H. Fisher Willis
Secretary

That seems pretty satisfactory, doesn't it? I don't altogether agree with you about the B² showing distrust of your intelligence & intentions. I think that they in common with all Washington merely had that pre-election fear of rocking the boat. Six weeks before election Harding predicted to me the exact action which Lansing actually took as soon as election was over!

seem classics and I am very keen at per-
serving PALMETTO INN
ATKEN, SOUTH CAROLINA not only those I've read but 2 or 3 more, according to accounts from Home, together with a book by Phillips with which I'm not familiar. I see you mean to cure my ignorance, & I'll put these in the same class with your famous long hand letter of admonition & get busy. The funeral is put in as a foil against financial overstimulation, I suppose. I heard him speak at a dinner last

winter. He did it in a short delightful way & the preface to his book, wh. I read, seemed to be in the same vein. But I couldn't somehow see him in the white house tennis set.

Answering your letter of Dec. 15th in which you refer to Harding's re-opening the foreign investment subject at Boston I agree that it would have been far better to let the original stand; but that doesn't seem to be the Washington way judging from Harding's recent per-

formances. I won't be able to see your letter about foreign arrangements till I get back. Very likely it will have gone forward by that time. Today I rec'd ^{copy} an unopened letter from the B^d, marked "confidential," & forwarded from the office. It contained our magna charter, under seal, as follows:

Voted that the Federal Reserve Bank of N.Y. be authorized to appoint as its correspondent and agent the Bank of England, of London, England, and that it be further authorized to open and maintain banking accounts with and for said correspondent and agent for the purpose of purchasing, selling and collecting

ment, when I think of
you sitting out there
in Denver, however
temporary it may be,
it doesn't suit me at
all - I was mighty glad
to hear from someone
that the boys were going
out for the holidays
to make quite a family
party of it. Well, next
year, as I telegraphed
you today, we must
both be back at the
old stand. Really, on
absence you haven't
got much on me so far.

You've been away 6 mos. +
I 3½ ^{time July} I couldn't bear An-
juta so I came over here
where I knew no one but
am far more comfortable
Today I ran into Otto
Baumaid likewise alone
here & we're to eat
Christmas dinner together
tomorrow.

Well, as usual
I have some letters from
you to answer, but
most of all to answer
for that "book shower",
of which a few have
reached me here. It

was bully of you to think
of sending them and
nothing you could have
picked would I be more
glad to have than the
withers books. As soon
as I retired to bed ^{in November} I
sent word to Miss
Parber to send me up
all she had in the
library, which was
three, & I have read
them all not once but
twice. He writes in
such a delightful
style & so simply &
clearly that to me they

with my best thanks for the books, & affectionate regards,

I am
yours truly
P.S. Please
note that on
copy has been
written to a
friend of
mine I could
have been
speaking this
evening in
Darien, but
that I could
not do so
I must have
been
D.A.W.

PALMETTO INN
AKEN, SOUTH CAROLINA

JAN 3 1917
I say

Dear Ben-

Do you think we've
carried on formality of
address long enough to
satisfy those congression-
al investigators you al-
ways have in the back
of your head that we
never speak as we pass
by & only address one an-
other in writing? If not
let's go back to it for
another year. But
just at this present mo-

PALMETO INN
Aiken, South Carolina

December 24, 1916

Dear Ben:

Do you think we've carried on formality of address long enough to satisfy those Congressional investigators you always have in the back of your head that we never speak as we pass by and only address one another in writing? If not, let's go back to it for another year. But just at this present moment, when I think of your sitting out there in Denver, however temporary it may be, it doesn't suit me at all. I was mighty glad to hear from someone that the boys were going out for the holidays to make quite a family party of it. Well, next year, as I telegraphed you today, we must both be back at the old stand. Really, on absence, you haven't got much on me so far. You've been away six months and I three and a half (since July 1). I couldn't bear Augusta and so came over here where I knew no one but am far more comfortable. Today I ran into Otto Bannard, likewise alone here, and we're to eat Christmas dinner together tomorrow.

Well, as usual, I have some letters from you to answer, but most of all to answer for that "book shower," of which a few have reached me here. It was bully of you to think of sending them, and nothing you could have picked would I be more glad to have than the Withers books. As soon as I retired to bed in November, I sent word to Miss Parker to send me up all she had in the library, which was three, and I have read them all not once but twice. He writes in such a delightful style and so simply and clearly that to me they seem classics and I am very keen at possessing not only those I've read but two or three more, according to accounts from home, together with a book by Phillips with which I'm not familiar. I see you mean to cure my ignorance, and I'll put these in the same class with your famous longhand letter of admonition and get busy. The Jusserand is put in as a foil against financial over-stimulation, I suppose. I heard him speak at a dinner last winter. He did it in a short delightful way and the preface to his book which I read, seemed to be in the same vein. But I couldn't somehow see him in the White House tennis set.

Answering your letter of December 15th in which you refer to Harding's re-opening the foreign investment subject at Boston, I agree that it would have been far better to let the original stand, but that doesn't seem to be the Washington way, judging from Lansing's recent performances. I won't be able to see your letter about foreign arrangements till I get back. Very likely it will have gone forward by that time. Today, I received an unopened letter from the Board, marked "Confidential," and forwarded from the office. It contained our magna charter, under seal, as follows:

Voted that the Federal Reserve Bank of N.Y. be authorized to appoint as its correspondent and agent the Bank of England, of London, England, and that it be further authorized to open and maintain banking accounts with and for said correspondent and agent for the purpose of purchasing, selling, and collecting bills of exchange in accordance with the provisions of Section 14 and other provisions of the Federal Reserve Act, as amended; and for such other purposes as may be permitted under said Federal Reserve Act, as amended.

I hereby certify that the above is a true extract from the minutes of the meeting of the Federal Reserve Board held on Tuesday, December 19, 1916.

H. PARKER WILLIS,
Secretary

December 24, 1931

That seems pretty satisfactory, doesn't it? I don't altogether agree with you about the Board's showing distrust of your intelligence and intentions. I think that they, in common with all Washington, merely had that pre-election fear of rocking the boat, Six weeks before election, Harding predicted to me the exact action which Lansing actually took as soon as election was over!

Your letter to Warburg at which you say you fear he took offense, curiously, came in an envelope to me, and I read it, thinking it a copy for my perusal. I thought it most contained and restrained in view of what I knew your feelings were. I handed it to him personally in Washington a few days later, and he read it eagerly but didn't seem at all excited about it. We had no opportunity to discuss this matter, to my regret, but also somewhat to my relief as I was feeling pretty shaky while there and not anxious to get into another heated argument besides our disagreement about our establishing a differential rate on the renewal credit acceptances which I couldn't avoid and which kept me awake all one night. Some day, I want to get at the bottom of Warburg's curious telephone talk with Curtis about saying that they did not mean in their statement to refer to the B. of F. [Bank of France] Treasury bills. That seems to me a most extraordinary thing, in view of what I wrote you Harding told the Agents. I felt tempted to inquire about it right then but didn't think it would be fair to P. M. W. and had no other opportunity during the conference.

I should not put Warburg's silence down to his being offended, but to his being very busy with amendments, annual report, and a dozen other things incident to the end of the year.

Today, I have your letter of 18th commenting on my report and returning it, for which I am very grateful. When I know what a poor effort it was, your last sentence, calling it "a fine contribution to the discussion" makes me think of a trip I took with a committee of the A. B. A. some years ago through the Central West holding hearings. John Hagey of the First National Chicago would never say very much at the hearings but at the end of each, however poor it was, would rise and on behalf of the committee thank the bankers for "their very substantial contribution to the committee's study of the subject." This report was thrown together from ideas of yours, largely, at a time when I hadn't any mind to think or energy or time to revise, merely in order that our committee shouldn't fall down at the conference. The only "contribution" was perhaps the object and the obstacles to its attainment, as a whole, and I had felt that perhaps if there was anything of value in this idea I would work it over with a view to trying to make something out of it which would help in Congress. I asked Warburg to read it with this in view, but have not heard from him and doubt if he has had time. His letter to Glass last year, which he seemed to want kept very confidential, I thought very unconvincing and so full of statistics as to be bewildering. I am altogether opposed to the idea of trying to get important amendments through without explaining them fully to the banking community and getting their cooperation and backing. If the Board proposes far reaching and revolutionary amendments -- like their present reserve proposals, for example -- and says nothing to the banks, they are going to lose standing (on account of misunderstanding) with many important bankers.

December 24, 1916

I am glad to have the fundamental idea of removing Congress' fear of inflation stated so definitely. I had not realized it before. In dwelling on a "free market for gold," I used a wrong phrase. What I meant was maintenance of gold payment, I think, however, that Withers uses the phrase with my meaning in some of his disquisitions.

I want to keep the Delano letter for a while. When I get back, I'll have it copied and return. In the meantime, I wish you'd bundle off to me copies of the other letters to which you refer. I want to get all the light I can, in case it seems worth while to work the matter over either as an amended version of the report or as a speech or the like, to be made anew. I appreciate very much your taking all the trouble you have in going over it and writing at such length such excellent suggestions. By the way, where is your article for the Times? Hoffman, formerly with Journal of Commerce, now of Times, is at me for it daily. I don't think you need fear Miller's feelings. I have an impression, only that, that his views have modified.

The result of my report was to crystallize the views of all the Agents, which was worth something. As I wrote, Martin was against F. R. notes as reserve and Ramsey (Dallas) against retiring the greenbacks. With those two partial exceptions, all were for the whole report. I thought that was something done as as I had thought there would be a lot of opposition to one thing or another.

The enclosed, re directors, scrawled two days ago answers yours of 18th. Yes, I suggested the Hebrew without previous suggestion; merely to get your views and ascertain how you thought it would be regarded. I have no prejudice against the good ones, particularly those you mention, but I did not know how other bankers would feel and so wired you.

As to the cough, it is merely the hangover of bronchitis--two attacks. The doctor had my sputum examined and found no signs of T. B. Then he had me X-rayed and while there were traces of some old lesions, there was nothing indicating any present infection. He had no idea there was any, but merely did this to take every precaution. He says that as soon as I build up, I will throw the cough off, and that's what I'm here for, to be out in mild climate as much as possible and get in good shape. Dr. Treman gave me a two weeks leave till Jan. 1st. If I need it, I'm going to take more, but I detest being away. This F. R. Bankitis is a real germ.

With my best thanks for the books, and affectionate regards, I am

Yours,

P. J.

P. S. Please note that on longhand you're beaten to a frazzle. I wish I could have been spending this fortnight in Denver, but the doctor thought I must have a warmer place.

WESTERN UNION



TELEGRAM

NEWCOMB CARLTON, PRESIDENT

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 *CX BRANCH OFFICE, 2907 E. COLFAX,
TELEPHONE YORK 2645.

TOD PH 48

AIKEN SC 1030A DEC 26 1916

BENJAMIN STRONG

310 CX

4100 MONTVIEW BLVD DENVER COLO

HAVE JUST SEEN NEWSPAPER STATEMENT EVIDENTLY OFFICIAL REGARDING BANK OF
 ENGLAND MATTER STOP HARDING PROMISED ME SEVERAL TIMES THAT NOTHING
 WOULD BE ANNOUNCED FROM BOARD STOP TELEGRAPH ME PROMPTLY YOUR
 VIEWS OF EFFECT OF STATEMENT AND I WILL TELEPHONE WASHINGTON
 STOP MY ADDRESS NOW PLAMETTO INN AIKEN SOUTH CAROLINA

PIERRE JAY

143PM

this am. I fear you may literally have gone out of sight.

I've been trying to get word from the office about it, not liking to call up Washington till I heard from you, & Curtis writes that Harding says "there were reasons". It seems to me the most unpardonable thing. I had spoken to Delano abt. the necessity of secrecy, to wh. he readily agreed, & I had spoken to Harding twice or 3 times & he had always assured me that "I need have no fear, nothing would come out from this end".

It seems to me not only discourteous to us, which we could bear, being packy -

PALMETTO INN
AIKEN, SOUTH CAROLINA

Dec 16

Dear Ben.

I've decided to accept the Trust Co. lunch invitation & to work over the Fed. Res. apts. gold report into shape to present to the Tr. Co. men - also, if I make so of it, I think it may be worth printing & circulating. I trust you'll approve.

Since I saw the board's announcement of the B. of E. matter this morning I have been hitting every ceiling in sight, & had imagined you going entirely out of sight. Indeed, since I rec'd no reply ^{from you} to my wire

demerol of the 1st rank by this time,
but fatally discourteous to the B.

J.E. and then the wording of the
announcement, speaking of it
first as a move "to establish Dollar
exchange". Really such crudity in
diplomacy is inconceivable. It
made me think of that hearing at
^{Washington} which Kent & Hemphill were present
& got their medicine in good doses, &
as we were walking out J.S. Williams
took Hemphill by the arm in good fruit
company ~~at~~ conversation style & said
he thought it would be nice if the
guaranty would join the system!!

Well, I want to sleep a little if
I can get this off my mind, so I
won't really let myself go on it.
But it certainly is the top notcher.
and if it strikes me this way what
must it seem to you ~~to~~ to have your
own pet baby beaten up in such
a way -

Without further explosions, & hoping
to hear a little "75" come across the
wire from you in the morning,
good night,
Jas. P.

PALMETTO INN
Aiken, South Carolina

BS/PJ-157

December 26, 1916

Dear Ben:

I've decided to accept the Trust Co. lunch invitation and to work over the Federal Reserve Agents' gold report, into shape to present to the trust company membership; also, if I make a go of it, I think it may be worth printing and circulating. I trust you'll approve.

Since I saw the Board's announcement of the B. of E. [Bank of England] matter, I have been hitting every ceiling in sight, and have imagined you going entirely out of sight. Indeed, since I received no reply from you to my wire this A. M., I fear you may literally have gone out of sight.

I've been trying to get word from the office about it, not liking to call up Washington till I heard from you, and Curtis wires that Harding says "there were reasons." It seems to me the most unpardonable thing. I had spoken to Delano about the necessity of secrecy, to which he readily agreed, and I had spoken to Harding twice or three times, and he had always assured me that "I need have no fear, nothing would come out from their end."

It seems to me not only discourteous to us, which we could bear, being pachyderms of the first rank by this time, but fatally discourteous to the Bank of England, and then the wording of the announcement -- speaking of it, first, as a move "to establish dollar exchange." Really such crudity in diplomacy is inconceivable. It made me think of that hearing at Washington at which Kent and Hemphill were present and got their medicine in good doses, and, as we were walking out, J. S. Williams took Hemphill by the arm in good trust company convention style, and said he thought it would be nice if the Guaranty Trust could join the System!

Well, I want to sleep a little if I can get this off my mind, so I won't really let myself go on it. But it certainly is the top notcher, and if it strikes me this way, what must it seem to you to have your own pet baby beaten up in such a way.

Without further explosions, and hoping to hear a little "75" come across the wire from you in the morning, good night.

Yrs.,
P. J.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

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

If none of these 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 8 D G 174
 AIKEN SC, 1055 AM DEC 27
 BENJ STRONG

TELEPHONED TO Bathory
 BY S TIME 1137A

4100 not view Blk

CARE HEWES KIRKWOOD INN, ESTES PARK COLO.
 TELEGRAM RECEIVED, NEUFLIZE WIRES ME REGRETTING TO SEE BANK OF
 ENGLAND ANNOUNCEMENT WITHOUT ITS INCLUDING SIMILAR ANNOUNCEMENT WITH
 BANK OF FRANCE-STOP-IN VIEW OF PALTAINS LETTER HE HAS DISCUSSED
 WITH ME MATTER WITH ME AND I HAVE REPORTED TO
 YOU-STOP-SAYS HE MUST REPORT ANNOUNCEMENT TO BANK OF
 FRANCE AND FEARS CREATION OF UNFAVORABLE IMPRESSION THERE UNLESS HE
 CAN ADVISE THAT SIMILAR ARRANGEMENT WITH THEM WELL UNDER WAY
 STOP-WISHES ME TO WIRE AUTHORIZING HIM TO WIRE PARIS
 THAT HE IS ACTIVELY NEGOTIATING - STOP-I AM REPLYING THAT
 AS YOU INITIATED MATTER IN PARIS AND HAVE CONDUCTED ALL-100
 CORRESPONDENCE, AND AS I HAVE MERELY TRANSMITTED HIS PROPOSALS FROM
 TIME TO TIME TO YOU, I AM NOW FOLLOWING SAME
 COURSE, AND REQUESTING YOU TO REPLY DIRECT TO HIM-STOP-HOPE
 YOU CAN DO THIS PROMPTLY - STOP-WARBURG WIRES PIN BED
 WITH GRIPPE AT PINEHURST, FEELS AS I DO ABOUT ANNOUNCEMENT
 AND REFERS ME TO HARDING FOR EXPLANATION-STOP-I SHALL
 DO NOTHING UNLESS REQUESTED BUT TREMAN-STOP-AGUSTA FORWARDS
 LETTERS AND TELEGRAMS.

PIERRE JAY.

1059AM

WESTERN UNION



TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Day Message	Blue
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

1 D G 117 NL

AIKEN S C DEC 27--
BENJ STRONG

TELEPHONED TO B. Strong
BY G. TIME 8:40 AM

HEWES, KIRKWOOD INN, ESTES PARK
 THANKS TELEGRAM AGREE MUCH BETTER FOR EVERYTHING TO GO THROUGH
 NEWYORK STOP NEUFLIZE THINKS HE IS AUTHORIZED TO CONDUCT NEGOTI-
 ATIONS HERE FOR PALLAIN SUBJECT TO PALLAINS APPROVAL AND AS I
 HAVE WRITTEN YOU HAS BEEN ANXIOUS FOR THREE MONTHS TO
 HAVE HIS PRINCIPAL OPEN CHECKING ACCOUNT AND DRAW ON BANK
 OF EQUAL RANK STOP CURTIS WIRING ME DEVELOPMENTS STOP PLEASE
 WRITE ME TO NEWYORK YOUR VIEWS ABOUT OUR ADVISORY COUNCILMAN
 STOP IN VIEW OF TREASURE BILL MATTER SHOULD WE CHANGE
 IDEA OF REELECTING I SHOULD SAY NOT STOP HAVE DOUBT
 HOWEVER OF ELECTING COUNCILMAN ABSENT SO OFTEN THEREBY LEAVING
 NEWYORK VIEWS UNREPRESENTED IN COUNCIL UPON WHOSE OPINIONS BOARD
 PLACES INCREASING IMPORTANCE STOP WE ELECT COUNCILMAN JANY FOURTH
 PIERRE JAY.

822AM DEC 28