

WESTERN UNION TELEGRAM

Form 260



GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

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

New York,

October 26, 1914

JAMES FREEMAN CURTIS

STATE STREET

BOSTON MASS

CAN YOU RUN OVER TONIGHT FOR CONFERENCE WITH ME TOMORROW

AT TWENTYSEVEN PINE STREET REPLY

BENJAMIN STRONG

Charge Federal Reserve Bank

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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.

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

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

7. *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

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DAY LETTERS

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WESTERN UNION TELEGRAM

Form 260

W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

SENDER'S No.

TIME FILED

CHECK

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

October 29, 1914.

DAY LETTER

State Street
J. F. Curtis,
Boston, Mass.

Mr. Jay and I are greatly distressed by your telegram. If your decision is final of course we cannot hope to change it. On the other hand the suggestion has been received so cordially by all directors and the future seems to me to contain so many attractive possibilities that I still hope you may be willing to reconsider your decision. If you feel willing to

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WESTERN UNION



TELEGRAM

Form 260

EO: V. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.

TIME FILED

CHECK

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

October 29, 1914.

-2-

disclose the reasons for your decision possibly we can assist in changing it.

Benjamin Strong, Jr.

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WESTERN UNION



TELEGRAM

RGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

OPERATOR'S No.

TIME FILED

CHECK

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

New York, October 30, 1914.

JAMES F CURTIS
53 STATE STREET
BOSTON MASS

MR STRONG AND I SHOULD BE GLAD TO SEE YOU HERE TEN OCLOCK
MONDAY MORNING TO DISCUSS FURTHER WHETHER THERE IS NOT SOME
BASIS ON WHICH WE CAN GET TOGETHER
PLEASE WIRE WHETHER THIS WILL BE CONVENIENT

PIERRE JAY

CHARGE
Federal Reserve Bank.

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October 30, 1914.

James P. Curtis, Esq.

53 Chestnut St.

Boston, Mass.

Dear Mr. Curtis,

I sent you the following telegram to your office this morning, after reading your letter to Mr. Strong, which may possibly not have reached you there;

"Mr Strong and I should be glad to see you here ten oclock Monday morning to discuss further whether there is not some basis on which we can get together Please wire whether this will be convenient"

Hoping to have the pleasure of seeing you,

I am,

Sincerely yours,

WESTERN UNION TELEGRAM

Form 260

V. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

S No.

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NEW YORK OCTOBER 31, 1914

JAMES F CURTIS

53 CHESTNUT STREET

BOSTON MASS

REGRET EXTREMELY INCONVENIENCING YOU BUT TIME VERY SHORT
AND THINK MATTER COULD BE DISCUSSED FAR BETTER AT
CONFERENCE THAN BY TELEPHONE

PIERRE JAY

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November 4, 1914.

James F. Curtis, Esq.,
53 State Street,
Boston, Mass.

Dear Mr. Curtis,

Enclosed find confirmation of telegram which it has afforded Mr. Jay and me the utmost gratification to send to you today.

This letter is to convey to you a few words of appreciation, that you have been willing to make a considerable sacrifice in your personal affairs in order to accept our invitay^{tic}oon to enter into this new partnership. I am hopeful, in fact confident of the outcome, and look forward eagerly to seeing you here with us. If it is possible for you to come over this week, there is quite an accumulation of material awaiting you, besides that, there are many matters in which your counsel and advice would be of great value to us, as we go along, in connection with the business of the bank.

We both realize that the sacrifice is not only yours, but Mrs. Curtis' as well, and I hope you will convey to her our expressions of appreciation which are very hearty and sincere.

With cordial regards,

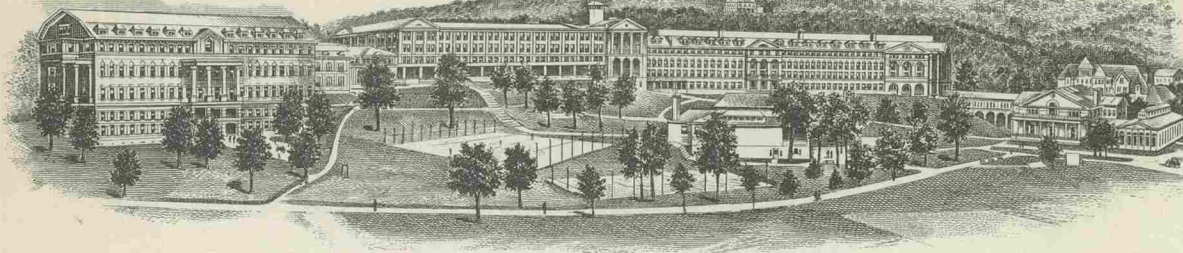
Sincerely yours,

S.W.

Enc-



182



NEW YORK BOOKING OFFICE
THE RITZ-CARLTON HOTEL
46TH STREET AND MADISON AVENUE
NEW YORK
ROOMS FOR THE HOMESTEAD HOTEL
MAY ALSO BE RESERVED AT
THE RITZ-CARLTON, PHILADELPHIA
THE RITZ-CARLTON, MONTREAL

H. ALBERT,
RESIDENT MANAGER

BATH HOUSE IS UNDER THE
DIRECTION OF
DR FRANK HOPKINS, MEDICAL DIRECTOR
OPEN ALL THE YEAR

Hot Springs, Va., 31st March, 1915.

Mr. J. F. Curtis,
C/o. Federal Reserve Bank,
62, Cedar Street,
New York City.

Dear Mr. Curtis:

Thank you for your letter of the 29th and telegram of to-day. I understand from your telegram that McDougall wants to send immediate notice that the collection system may be inaugurated at once, this leaving to each bank the decision as to the date when actual clearing will commence. I see no objection to this whatever, as I telegraphed to you to-day, copy of my wire enclosed. I was out all the afternoon, so did not get your wire until too late to answer by day message.

If, on receipt of this letter, the members of the Board and you and Mr. Jay feel it will be desirable to send the circulars out at once, please do not await my return, as I see no reason for delaying matters now that all concur. The changes suggested by the Federal Reserve Board strike me as being pretty good, although I think they should approve the plan affirmatively rather than

Mr. J. F. Curtis, #2.

31st March, 1915.

authorize it in the language which Delano uses in his letter.

About the Controller's report, I suggest that Mr. Jay might send him a telegram enquiring if it would be satisfactory for ^{him} you to send a competent clerk and stenographer to his office to take notes from the examinations of member banks of our district not covered by those examiners' reports which will be in Mr. Stareks hands. I ~~have~~ also urged that Mr. Delano be notified that we believe that the settlement fund will shortly become an important factor in the whole clearance arrangement and the details in our opinion should be worked out at once. As I recall Mr. McKay and Mr. Hendricks would prepare the time schedule to be used on checks drawn on reserve banks. All of our members should be advised of that schedule and before any notice is actually sent out to the member banks, the plan ⁱⁿ and detail together with the time schedule should be submitted to the clearing house Committee at New York for their action. They will undoubtedly approve the scheme, but, as a matter of courtesy, should be given opportunity to examine it. It also seems to me desirable that ~~if~~ Aiken and Rhodes ^{be asked to} agree to make some arrangement ^{for our} about receiving checks on Philadelphia and Boston on some basis which will give our member banks ^{that} some offset. I am not quite clear how this can be worked out, unless we also receive checks drawn on the Federal Reserve Banks of Boston and Philadelphia for immediate credit at par.

I hope the above answers the enquiries contained in your letter and telegram. Do not hesitate to go ahead with the plan

Mr. J. F. Curtis, #3.

31st March, 1915.

if you all agree that that is the thing to do.

The first part of this week I had little inclination for any work and have allowed all of my mail to accumulate so it will only beat me home by a day or two. I am really getting in a lot of exercise and fresh air and it has done me a lot of good.

With best regards to all the boys at the office.

Very truly yours,

Wes. Strong Jr.

MAILING DEPT.

APR 18 1915

FEDERAL RESERVE BANK

36

April 17,
1915.

My dear Curtis:

Thanks for your note of the 16th.

I am glad the weather is giving you a show, also, that you had opportunity to visit around a bit with our Washington friends.

I am enclosing a spare copy of Mr. John G. Johnson's opinion in regard to National banks exercising the functions of trustee, etc.

Our meeting really developed nothing but various expressions of views. I think the concensus was that state institutions should be afforded no particular facility or privilege not accorded to National banks. There seemed to be no very strong objection in the minds of a number of those present to the privilege of withdrawal; on the other hand, they almost without exception, thought that the examinations should be by the Comptroller's staff or the staff of the Federal Reserve Board. It was arranged that each of those in attendance would write us a letter on specific points to be suggested by us, and Mr. Jay and I have sent a letter indicating on what points we desire expressions of views. It will be interesting to read the replies.

Nothing new yet on the clearance matter, as Wiggin was ill yesterday, and he is not willing to give unqualified approval to the plan.

April 17, 1915.

To J. F. Curtis, Esq.

Have you been able to discover whether Mr. Brandeis was retained by the Department of Justice or by the Comptroller? That question seems to be looming up here as the latest ground for criticism.

The "Rigg's disease", as I recall it, has the effect of making the eyes protrude. It certainly has had that effect in this case.

Please give Mr. Curtis my best regards, and the same to your good self.

Sincerely yours,

J. F. Curtis, Esq.,
Metropolitan Club,
Washington, D. C.

BS Jr/VCM-1

ghe

Aug. 11, 1915.

My dear Counselor:

Please accept this as a belated but nevertheless very hearty expression of my appreciation of your hospitality, and will you not also pay my respects to your mother and sisters and tell them I enjoyed my brief visit with them very much indeed?

over

There was not a great deal of news at the office until yesterday, which developed a number of interesting matters. The proposed action by the Federal Reserve Board on the French transaction - in other words, the ruling as to revolving credits - did not come forward, but Harding turned up here the day before yesterday having been summoned by Secretary McAdoo to a meeting at New York. The Secretary was very insistent about the necessity for an immediate ruling and, as the result of a brief meeting I had with him and with Harding Monday noon, a special meeting of the Federal Reserve Board was called to be held at this office yesterday. They were all here, including Willis, with the exception of McAdoo and Delano. It took all day to have action but, finally, the enclosed letter was agreed upon and is to be finally signed and sent to me at once from Washington. I shall be glad to have your observations; in fact, I missed your counsel in this matter very much as Mr. Harding wanted me to draft the letter, which I did without the benefit of your skill in the use of language.

I am sorry to say that two members of the Board were sternly and positively opposed to this action and one of them undertook to introduce every objection that could be raised, technical and otherwise. Finally the letter

8/11/15.

was delivered to me in this form in advance of final advice from Washington and I was authorized to read it to Mr. Brown, which I have done. I advised Mr. Brown that this does not dispose of the question of eligibility and I have verbally notified the Board that, having now disposed of the question of the right of a member bank to accept renewal drafts, I was proposing to take a fresh hitch and go to the mat with them on the question of eligibility. We have got to have the question settled and Governor Hamlin is disposed to call a special meeting of the Board to be held in Washington when Secretary McAdoo returns and have the matter out. I don't want to bring matters to this crisis, however, until we are more fully prepared. We should have a careful and conservative brief covering the law on this point and I think we should make sure that Mr. Cotton entertains the same view that we do on this subject of eligibility.

Lest you may think me very careless in money matters, I write now to remind you that I owe you some money, which will be promptly paid whenever you advise me of the amount.

I hope you have a bully holiday.

Very sincerely,

James F. Curtis, Esq.,
c/o Mrs. G. S. Curtis,
Manchester, Mass.

BSJr/PE

Enc.

36

November 15th, 1915.

Dear Mr. Curtis:

I hope that you will be able to take dinner at my apartment, 903 Park Avenue at 7:30 on Monday next, the 29th inst., as I am anxious to have opportunity for informally discussing some of the work of the bank at an early date.

Hoping that it will be possible for you to be there, I beg to remain,

Very truly yours,

James F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS Jr/VCM-4

The above letter sent to all of the Directors of the Bank, except Messrs. Peabody, Treman and Locke to whom telegrams were sent.



36

Ritz Hotel,
Piccadilly,
London, W.

February 12th, 1916

My dear Counsellor:

Here we are comfortably established in the Ritz after a fair and uneventful voyage. There was a good deal of delay in getting off the vessel, as is usual and necessary, but we finally reached London at two o'clock this morning.

So far nothing has transpired worth writing about but I shall write you and Mr. Jay fully in the course of a few days. In the mean time please convey my kindest regards to Mrs. Curtiss and tell her that I propose to inflict her with a letter at the first opportunity.

My best regards to all at the office.

Sincerely yours,

36

Paris, France--Hotel Ritz
February 28th, 1916.

Dear Mr. Curtis:

Thank you for yours of February 11th and the enclosure which accompanied it. The proposed amendment strikes me favorably. I really did not feel that as a condition of exercise of proposed powers it should be necessary for a National Bank to make application to the Federal Reserve Board and receive its assent unless the application refers to the establishment of branches. A National Bank does not apply to the Comptroller, or to the Federal Reserve Board for permission to invest its money in one of the various ways in which it is authorized by law to make investments, and this is simply another kind of investment in addition to those already authorized.

I have just completed reading a copy of the Board's annual report sent me by Mr. Jay. It struck me as being rather colorless, harmless, and just a trifle boastful. That portion relating to foreign credits was particularly weak and it seemed to me that the Board would have done better to have left out all reference to the matter. On the other hand, the Board has done very much better work than is brought out in the text of this report. In other words, I do not think they have put their best foot forward--nor could it be expected with seven different minds working on the outcome. Notice the ambiguity in the language of the amendment recommended in regard to real estate loans. It is impossible to say whether the limitation they propose shall be increased if the percentage of time deposits allowed is greater than the percentage of capital allowed.

I have seen a good deal of Captains Logan, Symington and some of the other fellows from the Embassy. I have also see considerable of Paris and spent a lot of time with the bankers here. Shall not write particulars until on my way home. I am sorry to say that I reached Paris without your sister's address and without means of getting it until I happened to meet Mr. Sturgis the day before yesterday and he gave it to me. I am loaded up with engagements for the rest of the week and expect to leave here early Saturday morning. Therefore, fear that I shall be obliged to leave without carrying out the plan of having a little party while we are all here. My travelling companion, Mr. Harris, left me Saturday but Symington arrived from London that night and has taken his room so we are keeping house together.

Garrison's resignation seems to have been quite a bombshell over here, and I should certainly regard him as a great loss to the Administration. My best to all at the office,

Sincerely yours,

36

March 14th, 1916.

My dear Judge:

Your very nice letter of February 28th has just reached me, and I was very glad to get the review of politics at home.

Senator Root's speech has been reprinted and circulated in pamphlet form over here and, of course, as you will realize, has made a great impression. There seems to be some uncertainty, however, as to whether it will have the effect of strengthening his hand in dealing with Germany, or on the other hand, of convincing him that the country is behind him in his present course in dealing with Germany --- in other words, it may not effect a continuance of correspondence and an indefinite postponement of any more aggressive course.

I am not particularly enthusiastic over the appointment of the Secretary of War as announced in the papers over here. The man appointed is only slightly known to me, and I never had a very high opinion of his ability. I understand that Secretary Garrison is to help him in the department for a while, now that we are undertaking a punitive expedition into Mexico.

Have written Mr. Jay, today, in regard to various matters but omitted to say in my letter to him that if I stay longer (say until April first) I hoped Hamlin would be willing to defer action in the clearing matter until my return, as I have made some investigation as to how checks are handled both here and in France, and would like to explain their system a bit before we undertake the development of our own. It is hard to give an account of how time is occupied here--possibly it can be expressed by saying that the best understanding one can get of the situation here is to live in the atmosphere and absorb it--that I am doing every day and every night.

Please give my best regards to Mrs. Curtis and let me say again, if you fellows are not honest with me about cabling my return, its your own fault if you have to do more than your share of the work.

With best regards,

Sincerely yours,

J. F. Curtis, Esq.,
62 Cedar Street,
New York City.

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORKDate June 27, 1916. 36To Mr. CurtisSubject: Personal Matters.From Mr Strong.

I am delivering to you a tin box which should be locked up in the vault, and with it, a key which I want to leave in your custody.

The contents of this box consist partly of jewelry, partly of papers which I want to preserve and partly of some worthless stock certificates. Also, the following, in connection with which I am going to ask you to give me a little assistance:

1. Envelope marked No. 1 contains war currency forming the beginning of my collection of emergency currency issues, additions to which I will send you from time to time and ask you to put them in the envelope.

2. Bankers Trust Company certificate of deposits No. D 2105 and Palisades Trust and Guaranty savings book No. 5869. These I am assigning for transfer to Mrs. Strong. When Mrs. McLaren has secured a new certificate of deposit in place of the Bankers certificate and when I have signed a check covering the balance in the Palisades Trust account, will you be good enough to send these to the Astor Trust Company with instructions that they are to be placed with Mrs. Strong's securities?

3. 2 pass books of the Seaman's Savings Bank and 2 of the Palisades Trust and Guaranty Co., which can be handed to Mrs. McLaren to be lodged with the Bankers Trust Company with securities which they hold for my account.

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date June 27, 1916.

To Mr. Curtis

Subject: Personal Matters.

From Mr. Strong.

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4. A bundle of stock certificates which are more or less moribund but which I want Mrs. McLaren to deliver to the Bankers Trust Company with a suitable list, taking their receipt for same, which should be put in the tin box.

5. Four certificates of stock in various clubs of which I am a member. These, I am arranging to dispose of and for that purpose have executed all of them in blank. From time to time I may write you about delivering these as they are sold.

In addition to these certificates, there are some certificates of stock in the Greenwich Country Club and a certificate of stock in a club called "The Links", which are still to be delivered, and which can be added to this bundle whenever received.

6. Another life insurance policy which I failed to hand you, which should be dealt with in the same way as the others.

7. A bundle of various insurance policies which are described in the insurance register contained in the tin box. I have made a note in the insurance register of what disposition to make of each of these policies, except the fire insurance. As to this, I would like to have \$15,000 covering furniture at 903 Park Avenue transferred to cover furniture, silverware and all other household effects, clothing, etc., in whatever warehouse my housekeeper, Miss A. C. Andrews may store them. This includes practically the contents of the apartment at 903 Park Avenue.

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date June 27, 1916.

To Mr. Curtis

Subject: Personal Matters.

From Mr. Strong.

-3-

All the other policies listed on page 7, which are still in force should be transferred to Mrs. Strong except \$10,000 of the \$21,000 covered by the Westchester Fire policy which, I believe, covers furniture at Greenwich, part of which has been moved and is now held in the apartment in New York. In other words, I would like to have from \$20,000 to \$25,000 of insurance on my things that are in storage and all of the balance should be transferred to Mrs. Strong and made to cover the property in the Greenwich cottage. In case this cannot be worked out promptly and easily, do not hesitate to write me about it and, if necessary, send the policies. When the insurance is all straightened out, my insurance register should be written up and Mrs. McLaren knows how to do that.

When my will is executed, can I trouble you to lodge that with the Bankers Trust Company to be held with my securities?

HAMMERM
BOND

BS Jr/VCM

Estes Park, Colo., July 20, 1916.

Mr. James C. Curtis,
% Federal Reserve Bank,
Nassau & Pine Sts.,
New York City.

Dear Judge:

You undoubtedly have understood why your letters of July 6th & 13th were not answered more promptly. I have had more correspondence than I was able to handle and am now catching up very gradually, having organized a little office up here, which is a great comfort.

I judge by the newspapers that you won the cigar, but if so, it was only by a neck. I am unable to determine whether you won it in good order until reports reach me as to the way in which the enlarged Transit Department is working. In the matter of smokes, I am limited to one cigar after each meal; I can make it last about an hour. Cigarettes and alcohol I do not miss a particle.

I am tremendously enthused at what you say about Brother Starek. The whole history of the past two years' work is covered by that familiar quotation, which I cannot quote accurately, but is roughly to the effect that "The Mills of the Gods grind slowly, but exceedingly fine". As I wrote Treman, the 3% bond matter is now safely fixed up so far as I can gather, but it is a case of closing the door after the horse has departed. McDougal held us up long enough to make us miss the market.

Thank you for the Minutes of the Governor's Conference. Judging from the statement published in the Sunday papers, which I have just received, we took some of Fisher's City notes no doubt after he had made the rate satisfactory. With forty millions invested at 2½% we will come pretty close to earning a substantial dividend, but I hope we don't pay it yet.

I hope nothing serious has developed in regard to the baby. Any illness now naturally gives one a chill on account of the epidemic. Don't forget that the wisest precaution is absolute cleanliness. If I were you I would bathe, disinfect and change my clothes every day before coming in contact with the children after returning from business.

I had a bully visit with P. J. in Denver. He arrived with a Harem; I think there were eight ladies in the party but he did not bring them up to see me. I am delighted that he is away safely and for a long rest.

Thank you for attending to various tag ends and details left for your kind attention. The Fire Insurance is not important particularly as my housekeeper, Miss Andrews, is laid up in the hospital after an operation for appendicitus and none of my things have yet gone to storage. I am confident the next month or so will be busy times for you and hate to impose on you, particularly during the hot weather. Charley Norton wrote me about Harry Emery; it is good news for him and for his friends. The responsibility will help him over his particular difficulty. I am particularly anxious to hear how Treman gets along and how the Transit business moves. The action of the Olean Bank will be fruitless, as you and I have long ago agreed, but I hate to see it made the opportunity for some ragged legal opinions. Can't you spare a day to run over to Washington and dope something out with Elliott and get the Board to submit it to the Attorney General for an unofficial expression of his views? We would need no more than that as an action at law, designed to restrain the plan, would at once force the Attorney General to give an opinion formally. I am writing Treman regarding various office matters and won't enlarge on this here.

The trip but did use me up a good deal. I was in bed most of the ten days spent in Denver and a part of the time felt pretty bad. In order that you may get an accurate impression of local opinion about my condition, I quote from Dr. Sewall's letter just received: "You are now in unstable biological equilibrium and a mistake in method could easily turn your internal affairs into a panic. With the use of extraordinary common sense and a child like joy in what is, I am confident that your present environment will see a gradual return to robust health, with mental reservations." His whole letter is pretty conservative, based upon a new batch of X-ray pictures and pathological examinations, with the result that I am tremendously restricted in taking any exercise. I do not walk more than 300 or 400 yards a day.

About your invitation of July 13th, it gives me great pleasure indeed to accept election as a charter member of the "New York _____"; the last word in the title is so blotted in your letter that I did not dare quote it. It is a shame that I cannot take active part in your dinners and deliberations at the outset, particularly as the company looks very good to me. Seriously, I feel very much honored that you

5.

fellows should have taken me into the crowd when I am a misanthropic, exiled invalid, but I consider it another incentive to get well and to get back home where I belong. The last part of your letter of July 6th gave me more pleasure than I can express, not being myself very good at expressions of that character. Looking back over the last two years, I realize that a very warm friendship has strengthened into a definite abiding affection, and I am frank to say that I miss you very much indeed. A letter now and then will help a lot and I am counting on hearing from you as regularly as the spirit moves you.

Please give my love to Laura, and my very best to yourself.

Faithfully yours,

COPY

Estes Park, Colo., July 25, 1916.

Mr. J. F. Curtis,
% Federal Reserve Bank,
New York City, N. Y.

My dear Counselor:

I am just in receipt of the office memorandum of July 20th which gives me a splendid idea of what is happening at the office. The impression I get from what you and Mr. Hendricks say about the collection matter is far from being unsatisfactory. Mr. Leyford needs to have his comb out, but I am inclined to think that the protest is more bluff than anything else. To me the most encouraging thing is the moderate float which Mr. Hendricks reports at \$900,000 which, of course, is exclusive of the amount payable through the New York Clearing House. Mr. Kenzel makes a full report on his department. I am inclined to think that they should have additional help in the Discount Department so that they will have men broken in for any extra work that comes along in the fall when interest rates are higher.

The statement just received shows commissions earned of over \$20,000 for the 6 months, which would justify our strengthening that Department. Would you mind telling Mr. Higgins that I am going to take a few days to go through the circular on the analysis of depositors accounts, and will write him about it probably inside of a week.

Referring to Mr. Sailer's comments on the government account, how do you think it would do to inquire of McAdoo or Malburn just what the policy will probably be in regard to the amount of our balance. It sometimes is a good thing to know just what we can count on.

These weekly reports, connected with the statement, are just exactly what I wanted and I hope it is not proving too much bother to have them prepared.

There are some new items in our statement that I don't quite understand and would appreciate a line from Jefferson about them. On the side of Resources they are the following, as of July 20th: Uncollected items, \$11,630,672.79. Deferred Debits, \$13,350,662.70. Transit Account, \$49,309.59. On the Liabilities side: Uncollected Deposits, \$11,630,672.79. I am simply curious to see how the bookkeeping covering the new method of handling collections is being worked out.

2.

There is no news from here whatever. I am doing practically nothing except loafing all day long and believe I am getting accustomed to it.

Please give my best to all at the office.

Sincerely yours,

COPY

36

Estes Park, Colo., July 28, 1916.

Mr. J. F. Curtis,
% Federal Reserve Bank,
New York City, N. Y.

My dear Judge:

I have not written you for some days, and, as a matter of fact, there is mighty little news. My time is principally devoted to loafing, with about an hour devoted to mail every morning. While I am not able to get any exercise at all worth speaking of, I have negotiated the hill to the village twice, which indicates some progress. The weather here continues delightful and I am just as much pleased with the place as ever.

It seems necessary to trouble you with a little commission, which I insist shall be honestly performed. I brought with me some cigars, of which I am permitted to smoke three a day. They were made for me by the Stearn Company, 35 Wall Street; they are Corona Cabinet selections, crop of 1913, and Mr. Stearn will undoubtedly recall the order. Could I trouble you to stop in at his place, see if he has some of the same tobacco, or something substantially the same, and ask him to ship 250 of them to me, with the bill. You might tell him if they are all right I will send further orders to him direct.

I just completed sketching out a Memorandum for the Reserve Board on the subject of appointing the Bank of England our correspondent, and am sending it tomorrow to Mr. Treman, with a few comments. The memorandum is divided into two parts; the first relating to the law and the second to business considerations. After reading it over I felt a bit ashamed of it, for it is not in the shape it should be to send to Washington. Won't you give it the benefit of your thoughtful study, both as to form and substance, and please don't hesitate to make any changes that occur to you. I have one copy here and if you will send me a copy of whatever is sent to Washington, I will be very grateful. When it goes to Washington I think the suggestion should be made that in case it is necessary to submit it to the State Department, we would like the privilege of submitting any additional data, arguments or information required to make the whole subject perfectly clear.

Please give my warmest regards to your good wife and the same to yourself and the boys at the office.

Faithfully yours,

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Estes Park, Colo., July 29, 1916.

Mr. James F. Curtis,
Federal Reserve Bank,
New York City, N. Y.

Dear Judge:

Yours of the 24th, enclosing assignments of insurance policy, has just come. I will hunt up a Notary and return these assignments as soon as they are executed, and I am exceedingly grateful to you for looking after this and other matters for me. I suppose my brother explained to you the contents of the package of emergency currency that I sent by him. There will be other similar packages come along in due course which I will turn over to your custody.

About answering letters, it is no burden at all. I am not only feeling better, but it is a treat to hear from you fellows, and I rarely put in more than an hour in the morning taking care of correspondence. A great deal can be accomplished when there are no interruptions.

I am glad to learn by your letter that Laura and the babies are at Manchester. The further away from the epidemic in New York, the safer. To tell you the truth, I was worried a bit about the baby when I heard of the illness, and your letter is very reassuring.

Charlie Morton and I are corresponding occasionally and he is one of those fellows who is most thoughtful about such matters as that.

I am glad the officers meetings are going regularly. Has it occurred to you that every time there is a mean job to be done at the bank I have managed to duck it? I ran away when the new office was being built and now I have run away when the collection matter is starting; sometimes it is the best way to get things done.

You have sized up the French credit matter with your customary acumen and I heartily agree with what you say about the inadvisability of attempting to sell about 100,000,000 francs of exchange in New York to liquidate the old account.

I think the government bond transaction is all right. Uncle Joe will get a great shock to his trading instincts and I fear the Scotch quartette in Chicago will feel a bit subdued for awhile. You doubtless realize that in this government bond account, as well as in almost every other transaction, with our eleven partners that we have gotten the worst of it.

It is casting bread on the waters however and, personally, I am satisfied to continue to make sacrifices for the sake of the ultimate gain.

I am glad that you had a chance to talk with Arch. Dr. Sewall, who is a man of very wide experience, was not as optimistic as the New York people, but I think he agrees entirely with their prognosis; his diagnosis was certainly much more conservative than theirs.

About check collections. Hamlin writes me that the banks down in Mississippi are going to bring suit of some kind. What a joke to have that particular group of banks make an appeal to the United States courts in order that they may be protected in their piracy and extortion. If they were foxy, they would get some little country bank that charged a very modest 50¢ a thousand to bring the action. Mississippi will be liable to all of the odium that is already enjoyed by some of their southern fraternity, who charge all the way from 10 to 2000 per cent interest.

I hear occasionally from my friends in London. They seem very optimistic about the progress of the war. Judging from here, possibly too optimistic, but certainly those John Bulls have made a blunder in publishing a list of eighty, second, third or tenth rate concerns in their old black list. It seems a good bit like advertising a corn. They will accomplish nothing by it, except to create a feeling.

I am sorry to hear of the casualty in your own family circle, but glad that it was not an nearer relationship,

You ask about the climate here and it really is most extraordinary. This season the valley has been unusually dry, but never a day passes that little thunder storms and sometimes big ones don't form up in the mountains, where it seems to be continually raining. This helps keep us cool down here and keeps the streams filled. By about August 20th these rains on the lower levels are snow storms up on the peaks and from then on a little snow falls from time to time right through the fall and winter. They say the only draw-back to the winter climate in Estes Park is occasional high, cold wind. The snow fall in the Park is not heavy and does not stay on the ground very long.

About the Hughes alliance, I have no idea what membership involves. If it means work, speech making, etc., I think I would duck it. If it means simply exposing yourself to the criticism that you have publicly announced your allegiance to Hughes, notwithstanding that he is a traitor to the bench, I don't believe it will make any difference.

3.

A few days ago I met a Class C. director, who is Deputy Governor also of one of the Reserve Banks, and had quite a talk with him about the Federal Reserve System. The conversation disclosed that he was a most active democratic politician, had attended the Democratic Convention as a delegate for the past sixteen years, and had practically no banking experience; in fact was an insurance man. I really cannot understand how appointments of that character can be made with a straight face and a clean conscience. I suppose if Hughes is elected, we may have the pleasure of welcoming George Perkins, or some such non-political appointee. This is a world full of freaks, but the real question is whether you and I are the freaks, or the other fellows.

I enjoy your letters immensely and hope you can scrape out time enough to write me regularly. Best regards to you all and give my love to your good wife when you write her.

Yours very sincerely,

COOPER

Estes Park, Colo., July 31, 1916.

Mr. J. F. Curtis,
Federal Reserve Bank,
New York City, N. Y.

Dear Judge:

Enclosed are the original and duplicate cancellations of the two mutual life insurance policies, executed and acknowledged, and which I hope you will find in good order.

This afternoon I am investing in some fishing tackle. You can understand what that means, for some day this week I am going to start fishing in the river below here, If by any chance you should come out in this country for your vacation, bring a good fly rod with you, a pair of waders, and a supply of grey hackle, plain coachman and royal coachman flies with you, sizes 8, 10 & 12. You will need a light rod, light line, 6 ft. leaders, with one tail fly and one drop fly. By September most of the tourists will be out of here and they say fishing is then at its best.

There is also a golf course here of sorts, but possibly you would prefer mountain climbing, without the encumbrance of golf clubs; it is all mountains.

Yours very sincerely,

36

Estes Park, Colo., August 2, 1916.

Mr. J. F. Curtis,
New York City.

My dear Judge:

The enclosed letter explains itself. I have sold the Triton Club stock to Mr. Weston for \$300.00, and I am going to ask you if you will draw the draft, attach the certificate to it and deposit it in the Bankers Trust Co., with request to advise me of credit of the proceeds when collected.

The stock certificate in my tin box is endorsed in blank, but should be dated and witnessed. Mr. Weston's name should not be filled in, however, as it would make trouble in case the draft was not paid.

I received yours of the 29th last evening, and am glad to learn that you are devoting necessary time to the First National Bank of Piping Rock. It is not, however, a one man job and, being unable to help you myself, I strongly recommend Mr. Treman, both for his own benefit and for my own peace of mind, as I am afraid he is working too hard.

I am expecting the set-backs that you refer to, but have not yet created much opportunity for them, as I am doing nothing and following the doctor's orders most conscientiously. It is the hardest dose of medicine I have ever taken, however, for loafing is not in my line.

I am enclosing a check for \$50.00, evidencing simply my belief that compulsory military training is necessary in this country. If the amount required for the league is not completed, write me again and I will increase this subscription.

The support of an enterprise of this sort should be as widely distributed as possible in order to promote interest in the work. If one man contributed \$100,000, it would not be nearly as satisfactory in results as having 1000 men contribute \$100. At any rate, I will be glad to go along with you and the others and let me know if a larger amount is needed.

Please tell your better-half that I am very much interested in picture puzzles and hope that she will favor me with one. I await with a good deal of interest your comments on the Bank of England memorandum.

Last night I read Hughes' speech of acceptance with a good deal of care, and was grievously disappointed in the whole speece, with the exception of a few references to Mexico. It had not the dignity that I had expected and, furthermore, it advocated a whole lot of reforms and improvements which are already well under way under Democratic auspices. Unless Hughes can improve on his first effort, it looks to me like four more years of democracy. How did the speech impress you.

A letter from E. P. Dutton & Company advises me that they are sending me a book just published for Mr. Hartley Withers, called "International Finance". It is just possible that Miss Parker will understand that this book should be added to various books and documents relating to the war. Would you mind asking her to send it out to me, if she has not already done so. I am ordering a copy sent to you and one to Treman. Everything that Withers writes is good, readable and beautifully written.

Yours very sincerely,

COOPY

36

Estes Park, Colo., August 7, 1916.

Mr. J. F. Curtis,
Federal Reserve Bank,
New York City.

My dear Judge:

Your three-in-one letter of August 2nd just reaches me and your apologies are accepted.

Mr. Hendricks explanation of the various accounts employed in connection with the collection matter is clear and explicit. I am sorry the system entails so much detailed bookkeeping, but realize that it cannot be helped.

If you have, as I suppose you will, the usual record of the next Governors' Meeting, I would like right well to have a look at the stenographic report as soon as Mr. Treman is through with it. I would just read it over and send it back to be added to my collection, and then Mr. Higgins can index it and have it bound as usual, if you will be good enough to remind him.

In regard to the amendment, Warburg has not written me explicitly what he is doing. You will recall that there are two amendments in respect to our foreign business in which we are particularly interested; one is dealing with the matter of grace and the other, authority for us to receive deposits from institutions which we appoint as correspondents in foreign countries. Of course Warburg cannot be expected to be as enthusiastic about these particular amendments as he will be respecting some of the others. I am awaiting with a good deal of interest some advice of the fate of these two items and I am holding a letter which I have drafted to the Bank of England and the memorandum covering the method of handling foreign business until I hear what action is taken on this bill. When the bill is finally passed I will get it through the regular corporation Trust Company's service.

The Senate changes in the proposed branch bank arrangements strike me as being poor. It will make the big bank in the big city all the bigger and will not give the little country bank the same opportunity for extension that the large banks will enjoy. Is it not curious how undemocratic these democratic legislators sometimes become under the influence of domestic pressure.

It occurs to me that Mr. Hendricks might profit by looking over the Corn Exchange Bank's Check Department, if he has not already done so.

Thank you for ordering the cigars, which arrived today.

I am under the impression that you will find the balance of the Dutch currency in my tin box, but will be glad to be advised.

My letter, giving a brief impression of Hughes' speech, crossed yours and I am too disappointed to enlarge upon what I said in my former letter.

About the insurance matter, I was under the impression that the Pacific Mutual policy covered both health and accident and that by the terms of the policy I would be entitled to some recovery. The sacroiliac matter I do not regard as the basis of the claim, as I had previously submitted that subject and asked my physician, Dr. Myers, what he thought about it and he did not think it was a justified claim, but of all that I cannot form an opinion without reading the terms of the policy. Possibly you will be good enough to do that sometime, advising me what you discover, and in the meantime I will hold the papers that you send.

Went fishing yesterday with a couple of fellows and we managed to get a few very nice trout, but my participation was very leisurely.

I am awaiting a letter from the office about the Bank of England memorandum, which I hope can be licked into shape.

I have just received a letter from Basil Miles, inviting me to join the 1718 H. Street institution and become part proprietor in the joys and obligations of membership. Needless to say I am accepting, believing that one of the necessary qualifications of membership is frequent and long absence. It is mighty good of those fellows to take me in.

Best regards to you and Mrs. Curtis, and to the office.

Yours very sincerely,

BENJAMIN STRONG

Estes Park. Aug 13/16.

My dear Mr. Curtis -

Yours of the 9th has just come, and I hasten to reply, as our time is getting short now, in which to conclude the Bank of England matter for this fall. Your comments on the memo. give me new courage. I feared the thing was a doubt, and have been wondering for some time whether my head piece was working as it should. As to your points:-

1st I think, but am not sure, that par. "c" is as good authority as we need, save for the reference to "number banks" which is awkward. Have marked the ms. so as to include both references, but defer to your opinion.

2^d Has been changed as you suggest.

3^d Dato.

4th Dato. but where in the stat Bk. and the word "debit" is found, stamp me. Hope you are correct, and leave it to you.

5th Has been changed as you suggest.

6th The enclosed insert (1) will I hope meet your views. If too long, boil it down. The argument is really a good one.

7th I have divided your suggestion into items (2) and (3) as they are distinct subjects, and hope you will polish them up. They are very rough, but I'm willing to stand on both.

One or two other suggestions.

1. Will ask you to insert the no. of Sec. of the Revised Statutes left blank on p. 7. It is the Sec. which provides that the redemption fund be covered into the Treasury Fund and Bank notes paid out of the Gold Fund.

2. Two new corrections appear on p. 14.

3. The enclosed is my last copy. Possibly a good many copies should be struck off now, for use in sending to other Govts, and in Washⁿ. So will you send me a final copy as soon as possible.

4th This should reach you by Wednesday AM. If you can squeeze in time to run over to Washington & see de la Roca before the Boston meeting, it would be an excellent plan. He is already in favor of going ahead, - but if you go, be sure and see de la Roca. The delay will arise thru Warburg's absence, and he should

Either leave the matter entirely to his associates, or have opportunity to study the matter fully. The former is his wisest course.

BENJAMIN STRONG

5th Personally, I see no ground for submitting to the State debt. - but of that the Board must decide. If they do submit it, they must have it done in formality, and if that debt demurs, we may be obliged to sue Kansas or force ourselves.

6th I shall as well take the draft of plan of operations, & show that to McCulloch also, as he was the one asked me to prepare it.

7th Unless objection arises in Wash^g, hope you & Mr. Truman will start the discussion of this matter at Boston Conference, with passing importance of maintaining Confidential Character of whole matter. I would be discredited in London if it got out. The same applies in Wash^g. If good progress is not made in Wash^g it may be later to defer discussion with Govts.

8th It's time we pushed this matter to a conclusion, and I hope DeLano will take it

was certainly, getting such advice as he needs, &
he finds it necessary. I suggest, however,
Nashville, Cincinnati, Kent as the best and
safest.

Since Boston has had, several, in
last week also, all four arrests. See also
Journal I have in letter on this subject and also
the above program into his views. We

with his letter.

also that leaves to her in your help.
This matter is important, and I'm sure,
as you know, to seek answers.

Yours

Bar

Estes Park, Col.,

August 24th, 1916.

Dear Judge:

I have your letters of the 8th, 9th, 9th, 12th, 15th and 19th, all unanswered, owing to the suspension of operations in the office for a couple of weeks.

Advice of the payment on the Triton Club stock has not been received. I will await word before doing anything direct and possibly you will be good enough to inquire from them if the sale went through.

Deposit of \$7.25 has been noted.

Thank you warmly for the book which I have not yet read, but which I expect to enjoy very much in a few days. I am ashamed to confess that it is a new line of reading for me these late years.

After receiving the program of the Boston meeting, I hesitated to send any suggestions for discussion other than the three sent Mr. Treman.

Basil Miles writes that he is off for Russia on September 9th to be gone possibly a year. He will be terribly missed at 1718 H Street. Who will succeed him there as "papa"?

Since writing you about the Dutch war currency, I have received another one gulden silverbon, which I enclose to be placed with the others. This, I am sure, completes the collection.

About the Bank of England matter, I note the arrangement made for discussion with McAdoo, etc., and hope this is pressed to a prompt conclusion. Delano is, I think, the man to deal with in Warburg's absence.

Mrs. McLaren has a letter from Miss Erickson, making a change in the 3 page letter of the 9th, which reached me too late to incorporate in the brief. The change made refers to certain communications in which the words "lawful commerce" and "legitimate commerce" were used by both Secretary Bryan and Secretary Lansing. You may have located this reference and made the change which is desirable, as the reference is specific and can be promptly confirmed. It is particularly desirable if the document goes to the State Department.

J. F. Curtis, Esq.

Aug. 24th, 1916.

The Travelers Insurance policy covering employer's liability is returned with the assignment executed at the place indicated and I will be grateful to you for doing the needful. I, also, enclose a letter addressed to Mr. Thomas N. Cooke, the agent who wrote the policy, in reply to his of the 7th, which I return with this for your information.

I am sorry you are having so much trouble about the Clayton Act. Please let me know if I can be of any assistance out here. Possibly I can send you some "dope" drawn from personal experience in relation to New York institutions that would be of value. As you know, during the 10 years that I was connected with the Bankers Trust Company, I was really serving under a Board consisting of officers of most of the important New York banks and it gave all of us a good view of the relations existing between the bankers of New York.

Could you arrange through Harrison to keep track of the omnibus bill of amendments and let me know, by telegraph if necessary, of any ominous developments? I have written Glass on the subject at Warburg's suggestion and will fire some more telegrams at him if things look uncertain.

I agree with you about the new Governor and Deputy Governor. The whole thing impressed me as a botch and considerably political.

Don't you fellows worry about my violating the doctor's orders. There are too many watch dogs out here to make that possible and I am attending strictly to what Dr. Sewall says. I am sending a report of his last examination to Mr. Treman. It was almost entirely favorable.

You can imagine my pleasure on receiving those telegrams from the Conference and my sorrow that I could not join in debating topics 6a to ee, inclusive.

About the discontinuance of the telephone service at my apartment, Miss Andrews, the housekeeper, has been ill and will probably be there now arranging about storing my things. I suggest your telephoning her and whenever she gives the word, file the cancellation.

Your advice to the Astor Trust Company about the pass book was right.

Those First National Bank people need some sort of a "dressing down", just what kind is hard to determine. Of all the important banks in New York, they seem to be the only one still antagonistic and I really think that Charlie Backus has

J. F. Curtis, Esq.

Aug. 24th, 1916.

a great deal to do with it. Some day we will see them at the front door with a bundle of commercial paper for discount and then they may have a change of heart.

Don't bother any more about the accident policies. All my accidents and illnesses seem to escape the profitable class, and anyway, I am derelict in filing a claim whenever anything happens.

Learning that McAdoo was coming to Denver, I have made a tentative appointment with him for September 15th. Will you be sure and have two copies of the revised brief of the Bank of England matter in my hands before that time, as I will take the opportunity to give him another punch? Also, I am anxious to hear the report of your Conference with him.

Warburg has written me about Russian finances. When the Dardanelles are opened we are going to see one of the greatest developments ever witnessed in that great country.

This covers everything mentioned in your letters and I cannot add anything in the way of news from here, as I have been a complete leafer for two weeks past.

Would you mind sending me a copy of the famous Burton bill, together with a copy of the National Bank Act, as I may do a little work along the line of currency legislation this Winter? If you have no spare copy, I think there is at least one copy in my files and Miss Parker will be able to locate it.

Best regards to you and the boys and many thanks for your help in my personal matters, and particularly for keeping me posted with office news.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS Jr/VCM

Estes Park, Col.,

August 30th, 1916.

Dear Mr. Curtis:

Since writing the enclosed letter,
Mr. Strong has received your telegram in reply
to his of even date and is somewhat puzzled
owing to the contents of Mr. Harrison's wire,
to Mr. Warburg in this connection.

Very truly yours,

Secretary to Mr. Strong.

James F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

VC M

PERSONAL.

Estes Park, Col.,

August 30th, 1916.

Dear Judge:

The last copy of the Chronicle of August 26th, which just reaches me, gives me the complete text of the report of the conference to whom was referred the omnibus amendment bill, and very much to my surprise and chagrin, paragraph "E", Section 14, in respect of days of grace, is omitted. It does include the provision for the reserve banks receiving the accounts of foreign banks.

Of course, I am without data here to verify my recollection but unless I am mistaken this matter was laid before the Board a good many different times, and so completely and explicitly that no mistake should have been possible. You and I first prepared a letter in Washington last April; later you will find in the files of the bank at least one letter which I wrote to the Board, and possibly more than that, including letters to Warburg on this subject. I recall that the changes which we proposed simply inserted the words "exclusive of days of grace" in both Sections 13 and 14, and that subsequently Warburg reported to me that they were going still further than we had proposed by the addition of the amendment now approved by the conference.

Two or three weeks ago, I telegraphed both Governor Hamlin and to you about this omission when the Senate bill was reported as having passed.

To James F. Curtis, Esq.

Aug. 30th, 1916.

Now there is a curious thing about this omission - you will find that in every place where a change was recommended for Section 13, it has been made and, furthermore, Section 14, as above stated, is amended to cover one feature of our foreign business, but not to cover the days of grace, which applies solely to the English bills.

I cannot bring myself to believe that there has been any deliberate omission here and yet it is so important that we should know and be satisfied of the good faith of everybody interested in these matters, that I am disposed to suggest to you to make some private inquiries, say, through Delano, as to just what has been done in regard to these four little words.

While dictating this letter, I have just received an envelope from Leon Lake enclosing confirmation of a telegram sent by Harrison to Warburg, outlining the amendments as reported by the Conference yesterday (the telegram is dated Aug. 24th,) and stating among other things, that the Conference failed to incorporate "days of grace" in Section 14. The whole thing is a puzzle. I am thoroughly disappointed and think we should do something to ascertain who is responsible for the failure of this very important amendment.

I had a letter from Mrs. Curtis yesterday about the boy, but will not be able to do anything for awhile, as I have been laid up for the last few days and unable to get about.

I have quite an accumulation of mail from the office and will try to answer it later in the week. Best regards to you all.

Sincerely yours,

James F. Curtis, Esq.,
Reserve Bank,
City.

Estes Park, Col.,

September 1st, 1916.

My dear Mr. Curtis:

Your letter of the 28th has been read with great interest. Just as soon as I hear from the young man, I will see what can be done here in regard to work. Dr. Sewall will doubtless keep him in Denver for a little while anyway.

I am sorry to have bothered you with so many telegrams about the amendments, but the public reports of the proceedings in Congress in every instance failed to indicate the adoption of the amendment to Paragraph E, Section 14. It is apparently all straightened out now. Also, in regard to the submission of this matter to the State Department, I just have your wire stating you have anticipated mine to which it replies. It would be dangerous to have the matter dealt with in the usual official and routine way, without opportunity to submit a statement of some sort, verbal or in writing. I am sorry that Mrs. McAdoo's illness keeps the Secretary away. He would be of great value in the discussion in Washington.

YOUR telegram advising of the Board's unanimous consent with conditions, leaves the matter in such shape now that we can go ahead as soon as the State Department has acted, provided, of course, the Reserve Board does not get cold feet at the last minute.

J. F. Curtis, Esq.

Sept. 1, 1916.

I have read the copy of the memorandum as finally submitted which Mr. Treman sent me and, of course, that is all right to the Reserve Board, but it was the argument on neutrality which was to be submitted to the State Department to which I really gave most thought, and it is a little odd that the Secretary asked to have it changed, as the memorandum was prepared at his request originally, and subsequently in response to Warburg's insistence that the matter be reduced to writing, and covered this whole ground.

Your suggestion about Kains reminds me that I jokingly mentioned that matter to him once or twice and he was distinctly opposed to leaving California where he likes the climate and the people. Besides that, as I wrote Mr. Treman, the idea of having a separate organization in New York for the reserve banks strikes me as all wrong. If Kains could be persuaded to come to New York, I would like to see him here as Deputy Governor of our bank, but not in an independent position which would just do harm to the whole system, I am sure. I do not think this as to Kains, who is as good a man as we could get, but as to any man, no matter how good. We have got to work out a scheme which will suit everybody without having all the eleven reserve banks opening branches or agencies in New York, which is ultimately what it would amount to.

So much for now; I will write you later if anything of interest turns up out here and look forward with keen pleasure to your letters.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

Estes Park, Col.,

September 5th, 1936.

Dear Judge:

The weekly report of August 31st has just come and I am much interested in your contribution. You know how keen I am to hear what disposal is made of our application for the appointment of the Bank of England. Am also keen to get the final copy of the amendments to the Federal Reserve Act, which Mr. Glass writes me passed both branches of Congress last Monday.

Mr. Treman doubtless told you that the Trust companies in New York have decided that they cannot take membership in the Federal Reserve System on account of the provisions of the Clayton Act which prohibits private bankers from being directors in more than one institution that is a member of the system. This would disqualify so many of the important directors of the New York trust companies that I am certain they will not make the necessary sacrifice. Could I trouble you to have some of the boys make up the following information for me, and I will prepare something as a suggestion to meet this difficulty:

1st. A copy of the Clayton Act as recently amended, which I find is not in my files,

2nd. A list of the New York state banks and trust companies, giving the names of all of their directors, indicating which of those directors cause the disqualification. There

To J. F. Curtis, Esq.

Sept. 5, 1916.

are a good many publications which give these lists, so it will not have to be type-written, but opposite each name of a director who is a private banker, have added the name of his firm. I have had some correspondence with the Board on this subject and they would like to see a suggestion for an amendment to the Act. If you can send me this, together with a copy of the Burton bill, which I recently wrote for, I will have about all the material needed.

Would you also mind forwarding the enclosed letter to Mr. Treman? It is about some personal matters.

I am sorry you and Mr. Jay are having so much trouble over the old Clayton Act. The important thing is to get the Board to deal liberally with this interpretation, so as to avoid the necessity for amendments to the Clayton Act of a radical character.

I am going to Denver on Thursday and have written your young man to meet me there; then I will see what can be done about a job. Will also talk with Dr. Sewall about it.

With best regards,

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

Estes Park, Col.,

September 6th, 1916.

Dear Judge:

Yours of the 2nd is received and with it various enclosures, including the minutes of the last Governors Conference but the Burton Bill, the National Bank Act and stenographer's report of the Conference were not enclosed, and I presume will come presently.

In going over the minutes, I am sorry to see that so many topics have passed without action. Some of them should really have been acted upon vigorously and finally at the meeting.

I am writing separately about the Bank of England matter.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

Estes Park, Col.,

September 6th, 1916.

Dear Judge:

Of course, one of the penalties of having a mussy desk, is now and then to overlook things, but I am glad to say that the incident dealt with in the letters you sent me has been closed. There is nothing to do about the matter for the pictures could not be recovered, so please give this no concern.

In one of your letters just received, you refer to Wilson's attitude and the attitude of Congress in the railroad strike. I agree with what you say that it is one of the worst political surrenders we have ever seen. Wilson may gain some labor votes, but he is going to lose an awful lot of business votes as a result of his action. On the other hand, I think his speech of acceptance put Hughes distinctly in the shade.

I hear you are going on a cruise. Don't get drowned and have a good rest.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

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CONFIDENTIAL

Estes Park, Col.,

September 6th, 1916.

Dear Judge:

Yours of the 31st reporting the result of your trip to Washington has been read with keen interest. I realize fully the difficulties under which Mr. Warburg is laboring and he has written me himself, explaining what took place and wherein he differs from the views expressed in our memorandum.

On the whole, I think the separate memorandum which you prepared for Harding on the question of neutrality is an improvement on the original, although I am sorry that one or two points were not made in that memorandum which it seemed unnecessary to submit in the original. The principal one was really made by Warburg himself. No objection could be made to our purchasing bills drawn on English acceptors by American exporters and sending them to America for acceptance and holding them there as investments. That, in effect, is what we would be doing as to a considerable volume of the bills. This argument could have been elaborated and an explanation made that the only reason for buying the bills abroad instead of in this market would be to avoid necessary and destructive competition with our own members. I would like right well to have a chance to argue this whole question with the people in the State Department, and I hope if hesitation develops, that

To J. F. Curtis, Esq.

Sept. 6th, 1916.

you will be able to get over to Washington and talk it over with Lansing and Polk.

The second proviso strikes me as it did you, as being quite unnecessary. If the principle is approved by the State Department, there is no question whatever of the desirability of starting now instead of after the war. If the State Department gives its assent, I am sure that the Board will approve immediate operations.

Tell Mr. Jay I appreciate his conscientious attitude in regard to the Bankers Trust Company and other similar institutions. If he cares to submit a copy of his memorandum on these matters after the event, I will be glad to send him comments on them which may be of some value.

Warburg writes me that the amendment of Section 14 as to days of grace was really overlooked by the Conference Committee and only slipped into the Committee's report finally by the courtesy of the clerk of the Committee who recognized that it was an oversight. Warburg apparently caught it in time to get it in.

I hope you have a good rest on your cruise.

With best regards,

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

Estes Park, Colo.,

September 9th, 1916.

Dear Judge:

I was in Denver this week and had a talk with John Laracy, also, with Dr. Sewall. Laracy is comfortably situated at the Adams Home, where he tells me the accommodations are satisfactory and the food good. Dr. Sewall says that he would be taking a considerable risk in undertaking any heavy work, such as would be necessary if he came to Estes Park. Most of the Winter work consists of hauling wood and coal and, of course, under Winter conditions, which are pretty severe. Dr. Sewall recommends that he do nothing for one or possibly two months, depending, of course, upon his progress, and at the end of that time he could do work that would not involve much physical exercise.

It is finally decided that we will spend the Winter in Denver and I expect to be there again before moving down the middle of October, so I will have opportunity to speak to friends of mine there and see if I can get him something to do. I have taken a house in Denver and with it a complete outfit of servants, which is part of the bargain, so it will not be possible for me to give him any steady employment, but I feel pretty certain of being able to get him something. Dr. Sewall says that he should be in Colorado a year, the apex of his right lung being involved, and the upper part of his left lung being slightly affected, but it is a very slight case and the Doctor thinks he can pull him through in very good shape.

Sincerely yours,

Estes Park, Colo.,

September 15th, 1916.

My dear Judge:

Thanks for your personal letter of the 11th which was a real "clean-up."

The National Bank Act as amended, etc, compiled by the Comptroller, and the Burton Bill have both reached me, also, the stenographic minutes, but I have not yet received the Clayton Act with the Kern amendment, which I presume will follow, together with the data in connection with private banker directors.

I am awaiting with keen interest some word from Mr. Jay about the Bank of England matter. In the meantime, I have received a most interesting letter from Pallain, Governor of the Bank of France, indicating that within certain limitations the Bank of France would adopt a plan somewhat similar to the Bank of England plan. Of course, the Frenchman is suspicious and timid and his letter suggests various limitations which will have to be dealt with. I am enclosing copy of a translation, together with the original, which should be held in the confidential files of the bank, and I am going to ask if you will be good enough to make, or have made, as accurate a translation as possible to be sent right back to me, as I do not dare to reply to it on the basis of the translation made here. Some care will be necessary in putting into U. S. language, the banking idiom

To J. F. Curtis, Esq.

Sept. 15, 1916.

which Pallain employs in his letter, particularly regarding bills, reimbursement, etc. I would like to have this as soon as possible, as he is undoubtedly awaiting a reply, and at the same time, I think it would be a good plan for the officers of the bank, together with Mr. Woodward and any others who might be available, to give this careful consideration and let me know your views. With this in hand, I will draft a letter and send it to the bank for consideration before it is finally mailed. So much for foreign business.

About the statement issued by the Comptroller (which, by the way, I had read and extracted certain dry amusement from), I am sure your decision is right in not having a hand in exposing his ridiculous antics. Whenever excuse or temptation arises for taking a crack at him, I think of our second Conference of Governors. The direct route in these matters is the best, and I think it would certainly pay to elaborate your inquiry and send it over to Warburg. You can bet a little red apple, he will find a chance to use it. I sometimes wonder what will happen to the dear American farmer if the day ever comes when he is no longer fed on predigested food.

I have not done any work for the last few days, as I have had a visitor from the East, an old friend, Professor Crampton, who has been here discussing some matters of mutual interest, and have loafed since last Tuesday. Tell Pierre Jay that I am expecting him to take a day off a write me a good long letter.

My best to you all. With warmest regards,

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BENJAMIN STRONG
Estes Park, Colorado.

September 20th, 1916.

Dear Judge:

Thanks for your note of the 13th enclosing the full report of the Boston Conference, which I have read with much interest.

I have read the stenographic record on certain subjects but let me suggest for consideration by Hendricks and others who took part in the discussion of the plan of giving immediate credit for checks on Federal reserve banks that the whole Conference seems to have been astray as to one feature of that matter.

Mr. Forgan's letter stated that drafts of that character would be drawn by member banks against excess balances carried with Federal reserve banks. I do not believe it would work that way. The reserve balances of member banks are now calculated really from the books of the reserve banks, consequently, unrepresented checks drawn against the reserve accounts would not be deducted from the reserves until paid and the member banks will very readily acquire the habit of floating these checks, making allowance for the period of time that they will be outstanding, and making corresponding reductions in their reserve balance as shown by their books.

I am not in favor of experimenting with this matter until the whole collection system is in smooth working order, but I think Mr. Forgan's theory is wrong and that it would be proven so in actual practice.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

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872.

Estes Park, Colo.,

September 21st, 1916.

Dear Judge:

Yours of the 15th is just received and I am going to Denver probably on Sunday next to meet Warburg and will make some more inquiries about possible work for Laracy. For the present, I think Dr. Sewall is positive that he is much better if resting and building up a bit.

You must have had a bully time on the cruise, assuming of course, that you are a good sailor. I understand that in bad weather and at high speed a destroyer is, ^{the} most devilish and uncomfortable thing known.

Congratulations on your golf record.

I expect to see Vanderlip around the first of the month and from him and Warburg together can get a good line on the Clayton matter. I knew that Wiggin would not be satisfied, but had hopes that most of the other bankers would, considering that the amendment to the Clayton Act which helped most of them out of their difficulty, was put through under the sponsorship of the Federal Reserve Bank of New York and the Board, and that the ruling is on the whole a fairly liberal one, and I do not think the New York bankers have much to kick about. The trouble with some of these fellows is that they do not know how to distinguish between a good friend and a bad enemy.

To J. F. Curtis, Esq.

Sept. 21, 1916.

I sincerely hope that Lansing and his pals do not balk at the English arrangement. The whole Washington situation makes me sick, however, -probably as sick as it does you.

By mistake, a letter was sent you yesterday which failed to enclose those cancelled life insurance policies. They have to be executed before a notary and I will send them on in a day or two. Thank you very much for your attention to the matter.

Keep Laura and the youngsters up in Massachusetts as long as possible. I mistrust this epidemic.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

36
JAC

Estes Park, Colo.,

September 23rd, 1916.

Dear Judge:

As you have doubtless observed from some recent correspondence with Mr. Treman, the move to procure admission of some of the New York trust companies to membership in the Federal Reserve System failed on account of the provisions of the second clause of Section 8, of the Clayton Act and, unfortunately, the Kern amendment failed to provide for an exception in the case of private bankers, as was done in the case of other directors of national banks.

It occurs to me that an amendment to the Clayton Act, suitably framed, can be made something of an inducement to the trust companies and state banks to take membership. The whole Act is badly framed and confusing in its provision about directorships, but in order to avoid the charge that any radical amendment is being attempted, suggest something in the following language to come at the end of this clause or, possibly, at the end of the Kern amendment where, however, it would need some slight change of verbiage; you may be able to suggest some improvement in this language, which is as follows:

"Provided, further that nothing in this Section shall prohibit a private banker who is a director in a banking association organized under the laws of the United States and a member of the Federal Reserve System from also being a director of not more than one

To J. F. Curtis, Esq.,

Sept. 23, 1916.

other banking association or trust company which is organized under the laws of any state and both of which are located in any city or incorporated town or village of more than 200,000 inhabitants, as shown by the last preceding decennial census of the United States, is such state bank, banking association or trust company is also a member of the Federal Reserve System and is not in substantial competition with such member bank, and if the consent of the Federal Reserve Board has been procured, either in connection with the application for admission of such state bank, banking association or trust company to membership in the Federal Reserve System or before the person applying for such consent has been elected as a director of such state bank, banking association or trust company."

The suggestion of this amendment is sure to raise the old bogey about the private bankers influencing institutions with which they are connected in the purchase and sale of securities. It, therefore, occurs to me that we still further strengthen the application by incorporating in the Act a provision similar to Section 31 of the Burton Bill. The only difficulty I now see in regard to the second suggestion is the question of jurisdiction in enforcing such provision if it appears in the Clayton Act rather than in the National Bank Act, for the Federal Reserve Act.

I am inclined to think that the only logical procedure would be to have this clause made a part of the National Bank Act, as its enforcement would depend upon the exercise of the visatorial powers of the Comptroller of the Currency. On the other hand, this is altogether contrary to the policy we have all tacitly accepted that further expansion of the powers of the Comptroller are unwise, in fact, that all of his powers should be exercised by or under the direction of the Federal Reserve Board.

To J. F. Curtis, Esq.

Sept. 23, 1916.

If you can dope out something on this for me and send it with that list of private bankers who are directors in state banks as well as national banks, I would like to prepare a little argument to submit to the Board and get this program all laid out for action at the next session of Congress. At present, the provisions of the Clayton Act are an absolute bar to membership by the New York trust companies, and they certainly will not relinquish valuable connections with private banking firms in order to enjoy possible advantages of membership about which they still have many doubts.

Section 13 of the Burton Bill is general in application and applies to all national banks and I do not mind saying that I believe it is much more liable to arouse opposition among bankers in the country than among the big banks in New York City. I think the graft of this character among the smaller banks is a far more prolific source of profit to the officers and directors of the country banks than it ever has or will be to the officers and directors of the big city banks.

Very truly yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

36

Estes Park, Colo.,

October 11th, 1916.

Dear Judge:

I do not seem to have acknowledged yours of September 27th from Manchester and thank you very much for all the news.

The subject of greenbacks and silver certificates, as well as the retirement of bank notes, is going to be the next thing on the program. I have managed to get Warburg well stirred up on the subject and during the past week have filled Vanderlip with a lot of "dope" which will probably result in his sending George Roberts out here later on. Meantime, I am getting some stuff ready for publication after the election. It would be unwise to put it out before election for various reasons.

The weekly report of October 5th gives a lot of interesting office news, but no comfort about those private bankers. I will be glad to get your reply to my letter with the rough suggestion for amending the Clayton Act, also, that list of private bankers who are acting as directors, etc.

The memoranda in regard to the fiscal agency to which I referred, are principally those mentioned in your dictation in the weekly report, including some suggestions I sent to Delano in the form of memoranda or letters. The Committee should be reminded to investigate the whole subject or redemptions which must be carefully studied if any plan is developed which contemplates our taking

To J. F. Curtis, Esq.

Oct. 11, 1916.

over Subtreasury functions. Won't you thank the other officers who contributed to the memoranda and tell them I enjoyed all the news they sent?

I will try to write Mr. Jefferson shortly about his plan of having the auditors organized and hold regular meetings.

I have written Mr. Jay expressing what views I have about the matter of dividends. Roughly, I should say that the Collection Department would produce at least \$75,000 a year, of which possibly \$25,000 is actually reduction of regular expenses of the bank prior to the inauguration of the system, as we now get back a lot of salaries and overhead which we formerly paid out of earnings. With that addition to our earnings and with the general growth of our business, I guess we could afford to pay a dividend up to July 1st, 1916.

I talked with Dr. Sewall last week about Laracy. The doctor says that Laracy has not strictly observed orders about resting and about other details of his treatment. He caught cold which took the form of laryngitis or something of that sort, and Dr. Sewall said it went through one of his lungs like wildfire and put him back seriously. It is absolutely impossible for him to undertake work of any kind just now and he must be impressed with the urgency of obeying orders.

Please give my warmest regards to Mrs. Curtis and the same to your good self. Don't forget the pressure on the State Department and the Board in the matter of our foreign arrangements. Everything has stopped pending that decision.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

Denver, Colorado,

October 18th, 1916.

My dear Judge:

Your handwritten letter of the 12th from Glen Cove has just reached me and I am delighted to get all the news.

Your discouragement is no greater than mine although the enumeration of reasons would have to be varied a bit. I am sorry your holiday is over, sorry you have a cold, sorry you feel the pressure of wasted time at the bank and sorry about all the other difficulties enumerated.

Every time I read a new speech of Hughes I get thoroughly discouraged myself. His campaign may be popular and directed to the average voter but it is thoroughly undignified and does not appeal to me a particle. I do not believe he is pro-German and I do believe he is honest and I still have some hopes that he will be elected.

Elliott's letter in the Atlantic Monthly was a poor thing and I am sorry you did not reply to it.

Poor Charlie Sabin has had a dose of publicity which I cannot believe he relishes. Charlie is honest and while he and some of his associates may have taken a poor time and employed a poor method to take the public into their confidence, I have no doubt that there was some substantial foundation for what he incautiously handed the newspapers.

To J. F. Curtis, Esq.

Oct. 18, 1916.

Wagon

The Kuhn - Loeb episode is amusing. Possibly the time is arrived when some of our fellow citizens who have had a leg on each side of the fence have found it desirable to swing one of them over so as to have them in harmony. As you say, the whole thing is very entertaining. In some ways to me it is exceedingly depressing.

About the foreign business, I really think it would be a good plan for you to have an informal talk with the State Department people if it can be arranged without discourtesy to the Board, and to do so as promptly as possible. I would suggest that you deal with it through Harding and Delano as they form the Committee. I do not think we can afford to force the State Department by direct pressure as they may make some formal ruling which it will be difficult later to have set aside. One thing to accomplish by pressure is to educate them to a real vision of what the plan contemplates. That will take time and I hope that you and the others will see that they get all the material possible on the subject.

I have not read the little book you sent me but am expecting to do so in the near future. The fact is I had a lot of reading matter sent me and have been going through it by degrees. Have been reading over Hartley Withers' books again preparatory to writing some "dope" myself, also some books on the war and some Shakspeare.

Wagon

Your advice about the Piping Rock bills explains the one for which I sent you a check. I will pay them promptly when they come in. In the meantime if there is anything I can do about your membership let me know.

Best regards to you all.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

4100 Montview Boulevard.

Denver, Colorado,

October 18th, 1916.

Dear Mr. Curtis:

Yours of the 13th, slightly delayed by forwarding, has just reached me.

The inquiry by Mr. Revensky is exceedingly interesting. I believe that the bill to which he refers can be dealt with under the regulations of the Board as a bill based upon the export of a commodity from one foreign country to another foreign country or on the other hand can be construed as eligible under the new section of the Federal Reserve Act, authorizing member banks to accept and Federal reserve banks to purchase bills drawn for the purpose of making exchange.

On the first theory, the export seems to be so indefinitely delayed that the bill must be accepted in principle as a finance bill. On the second theory, the bill is being drawn for the purpose of borrowing money to carry merchandise and not to move it and it seems to me the bill would naturally fall into that category as being authorized by the new section of the Act.

One question is whether two years is a reasonable time for renewals under existing conditions. Personally I see no objection to authorizing the business even though renewals for two years are made on account of the peculiar conditions which now exist. In normal times I think the practice would be bad. The

To J. F. Curtis, Esq.

Oct. 18, 1916.

period is too long and the bills of a character which should not be allowed to get into our portfolios in too large a volume. These are not questions which can be dealt with by fixed rule. Our banking system should be sufficiently flexible to meet war conditions as well as peace conditions and I am very strongly of the opinion that if our banks are to get a foothold in foreign markets they must deal very broadly with all of these questions, so my conclusion is that we should urge the business and endeavor to get a ruling by the Board. The precedent will prove to be an important one.

You have doubtless read the accounts of the organization of a great foreign trade bank in London. That bank will have a capital of 10,000,000 sterling and will receive a large subsidy from the British Government and will be authorized to extend longer credits than those generally extended by the London joint stock banks and accepting houses. They will not only extend long merchandise credits in cooperation with the London, Colonial and foreign banks and in foreign countries generally, but will to some extent extend furnish capital for enterprises. We must let our new customers in foreign countries know that we can meet competition of that kind. Won't you let me know how this turns out after it has been submitted to the Board?

Sincerely yours,

qu

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

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Denver, Colorado,

October 23rd, 1916.

My dear Judge:

I have yours of the 17th.

This whole Clayton Act matter is bound to make trouble some day and I am sorry that it seems to have messed things up so badly at the bank. If I can do anything to help, please let me know.

I note that you deposited \$9.15 to my credit at the Trust Company.

I would not mind signing those stock certificates a bit unless there is some objection to sending them out here. It would save Mr. Treman a bothersome job.

About the importation of gold, unfortunately, it does us no good to take in the gold unless we have something to pay out other than gold in place of it. My suggestion is that we only take in the gold when we have an accumulation of silver certificates and United States notes, or when we are able to pay for it by issuing Federal reserve notes.

If we buy the gold immediately on arrival without Assay Office returns guaranteed we run the risk of losing, so I suggest that any gold which we take direct should be purchased subject to adjustment when the Assay Office returns are eventually made.

To J. F. Curtis, Esq.

Oct. 23, 1916.

I am reassuring Jay in a separate letter about Denver hospitality which I propose to escape by rudeness if necessary.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VGM

COPY

Denver, Colorado,

October 25th, 1916.

Dear Judge:

The weekly report just received contains the most unexpected contribution from you, indicating I suppose that you have buried Mr. Clayton and have time for a little friendly correspondence.

I agree to the wisdom of appointing the Nederlandsche Bank as our correspondent in the formal manner provided by the statute, but really thought that this had been done during my absence in Europe when gold was being received. If not, it should be done. Meantime, do not forget that if we put gold in our reserves and carry the account as a deposit liability, we lose a nice little fee which they are paying us now for carrying gold. In some ways, however, I would like to see this foreign business started even in that small way and it might be desirable to write them and indicate that the statute had now been amended, pointing out what we can do for them and asking them if they would care to open such an account.

I wrote Mr. Jay yesterday about purchases of gold, but omitted to refer to one thing which is rather amusing about these transactions. Just as soon as the government finds it impossible to make immediate payment for gold tendered at the Assay Office, it will direct the gold to us so long as we are willing to

To J. F. Curtis, Esq.

Oct. 25, 1916.

give immediate credit. This is exactly the situation in London. The mint gives depositors of gold the actual sovereigns when coin is wanted, at the rate of 77 s. 10 $\frac{1}{2}$ d. but makes them wait ten or twelve days. The Bank of England is required by the statute to make immediate payment at the rate of 77s. 9d. per ounce for gold bars. Consequently, the Bank of England gets all the gold. We should do the same thing. It would automatically give us the control of all gold importations.

Alfred Aiken writes me that he is urging an early conference of Governors and wants to know if I will suggest topics to you. I thought the best plan would be to take the last program and select every topic on which final action was not taken. These will give the conference plenty to do and indicate the necessity for disposing of matters that appear on the program. The only other suggestions that I can make are those contained in a letter I mailed to Mr. Jay day before yesterday and I would like to emphasize particularly the necessity for a permanent organization to study and promote uniformity of methods, etc.

You and Mr. Jay will be interested in the enclosed copy of a telegram just received from Warburg. I am also enclosing copy of my letter sent in reply.

I am really delighted with the progress in the Transit Department. The figures make an imposing show. We must now find a means of bringing in all the state banks in our district to a par remittance basis and then our part of the work will be

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To J. F. Curtis, Esq.

Oct. 25, 1916.

done. The rest is just machinery and organization.

Best regards to all at the office.

Sincerely yours,

J. F. Curtis, Esq.,
Secretary, Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

COOPY

CLASS OF SERVICE DESIRED	
Fast Day Message	
Day Letter	
Night Message	
Night Letter	

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

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.

Check

Time Filed

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

Denver, Colo., Oct. 27, 1916.

191

To J. F. Curtis,Care Federal Reserve Board, Washington, D. C.

~~Telegram received. Stop. Every detail original Brown contract explained to Board verbally and in writing and copy of printed contract filed with Board. Stop. Bonbright credit identical but copy probably not filed. Stop. Copies of letters and memoranda at office to Warburg, Hamlin and Board cover all points in your telegram. Stop. Hamlin letter which you recall was twice revised was official reply to our representations. Stop. Where accepting bank guarantees discount as in all of these credits, the underlying principle which should control our attitude is that purchasers of bills are not bound by any guaranty or renewal arrangement between drawer and acceptor and as between holder and acceptor bills mature within ninety days. Stop. There is no prohibition in National bank or Federal Reserve Act against acceptor purchasing own acceptor~~

SENDER'S ADDRESS
FOR ANSWERSENDER'S TELE-
PHONE NUMBER

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

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

THE WESTERN UNION TELEGRAPH COMPANY
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

DAY MESSAGES

Full-rate expedited service.

NIGHT MESSAGES

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

LETTERS

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

SPECIAL TERMS APPLYING TO DAY LETTERS:

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

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

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

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

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

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

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

NIGHT LETTERS

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

SPECIAL TERMS APPLYING TO NIGHT LETTERS:

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

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

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

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

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

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.

Check

Time Filed

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

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Oct. 27, 1916.

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To J. F. Curtis.

except Section fifty two hundred revised statutes on which Board has already ruled. Stop. To prohibit by regulation banks buying own acceptances would be unwarranted interference with right of institution to protect its own credit and manage its own affairs. Stop. This renewal with guarantee of discount was really point of contention in Brown credit and the principal was accepted by the Board in Hamlin's letter above mentioned. Stop. Three renewals with guarantee of discount have been approved, why not five? Stop. Important should not conclude argument with ^{out} reviewing all correspondence and memoranda in our files on this subject.

Benj. Strong.

Charge Paid, Benj. Strong.
SENDER'S ADDRESS FOR ANSWER

4100 Montview Boulevard.

SENDER'S TELEPHONE NUMBER

York 1308

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

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

THE WESTERN UNION TELEGRAPH COMPANY
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

DAY MESSAGES

Full-rate expedited service.

NIGHT MESSAGES

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

LETTERS

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

SPECIAL TERMS APPLYING TO DAY LETTERS:

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

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

Day Letters shall be written in plain English. Code language is permissible.

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

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

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

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

NIGHT LETTERS

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

SPECIAL TERMS APPLYING TO NIGHT LETTERS:

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

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

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

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

Denver, Colorado,

October 27th, 1916.

Dear Judge:

Yours of the 23rd, enclosing Mrs. McLaren's policy and mine, is just received. I am very grateful for this evidence of esteem from the bank. The policy is returned with this so that it can be put with the others in the tin box. I have delivered Mrs. McLaren's.

Your advice that Mr. Revinsky's proposed acceptance credit running for two years has been approved by the Reserve Board makes me laugh. On the basis of size, this is a gnat compared with the French camel. On the basis of principle, this certainly is the camel! The storage of hides in the Argentine for the benefit to German commerce after the war, as I understand is the case in this credit, is a very long way from a transaction in which any development of American business or commerce is interested and is a very long way from creating self-liquidating paper.

Incidentally, I have been told that warehouse laws in the Argentine are no good and that, with a few exceptions, at Buenos Ayres, their warehouses are worse and that Argentine raises the most predatory and vicious rats on the face of the earth. The leather may be eaten up before two years elapse.

Very truly yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,

36

Denver, Colorado,

October 27th, 1916.

Dear Judge:

Various telegrams have come from Mr. Jay about the French credit and the attitude of the Federal Reserve Board, and this morning I received yours of the 26th to which I have replied in two telegrams as per enclosed confirmations.

This morning's mail brings a long letter from Warburg expressing his view which is generally that these long time finance credits are unsound and where they involve guarantee of discount, no matter how high a rate we may impose at the Federal Reserve Bank, it cannot possibly be effective in shifting the burden of discounting bills of this character to foreign banking institutions. I won't send you a copy of his letter as you doubtless heard the whole argument directly from him. There is something in it, if I may say so, but not very much. The importance to this country of negotiating credits of all characters abroad just now cannot be exaggerated and I think Warburg is inclined to advance arguments in opposition which would apply in times of peace but are minor considerations in such times as the present.

You are also familiar with my views about this matter and I won't elaborate on them here. One serious blunder was

To J. F. Curtis, Esq.

Oct. 27, 1916.

made, however, and concerning that I am writing Mr. Treman. The bankers who negotiated the credit had no business to put those two paragraphs in their confidential circular pointing out that the drafts were eligible and that state banks could arrange for their sale to Federal reserve banks. It was quite contrary to the spirit of all our discussions with Brown, Kent and Bonbright's people. Furthermore, we had secured approval, given rather reluctantly, of drafts drawn under credits providing for three renewals; no such approval had ever been given for drafts drawn under agreements providing for five renewals, and this alone was a sufficient departure from the terms of the earlier credits to necessitate a prudent banker making inquiry before assuming to commit us. If I were in New York I would like to discipline Kent a bit about being so premature and taking so much for granted. I await with interest some advice from you about the whole situation before sending anything further.

Best regards,

Sincerely yours,

J. F. Curtis, Esq.,
Secretary, Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

WESTERN UNION TELEGRAM

Form 2

36

GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

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

Denver, Colo., Oct. 27, 1916.

191

To J. F. Curtis

Care Federal Reserve Board, Washington, D. C.

Referring separate telegram please write me fully attitude individual members Board regarding French credit and reasons for opposition.

Benj. Strong.

Charges Paid

Benj. Strong.

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

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

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

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

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

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

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

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

7. 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 condition that sufficient time remains for such transmission and delivery during regular office hours, subject to priority of the transmission of regular telegrams.

NIGHT LETTERS

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

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Denver, Colorado,

October 30th, 1916.

PERSONAL.

My dear Judge:

I was interrupted in dictating my reply to yours of the 23rd and really did not finish it.

Of course, nothing can be done now with the State Department until after election, but thought that knowing Frank Polk as you do, it might be possible to have an unofficial and informal chat with him explaining the proposed business in a personal way and prepare his mind for a later onslaught. I would almost risk a trip to Washington myself at this season to put up a strong fight rather than risk having the arrangement vetoed.

Copy

What I wanted to say in my last letter in conclusion was that your candidate for the Presidency is a lame duck; first, because he is lame and, second, because he does nothing but quack. This morning I read a statement which he gave out at Ogdensburg, entitled "My Conception of the Presidency" in which he says he would undertake to maintain peace "by a firm and courteous insistence on the rights of our citizens at home and abroad." I suppose he means to emphasize the "courteous". I am reminded a little bit of a remark reported to have been made by the English Foreign Office in commenting on Bernstorff's activities here, to the effect that the English Government needed no propoganda in America as long as

must
to
end

-2-

To J. F. Curtis, Esq.

Oct. 30, 1916.

Be storff was allowed to talk. Wilson needs no campaign as long as Hughes is allowed to talk. I am beginning to think that it will be a miracle if he is elected.

We are having gorgeous weather here. I wish circumstances were such that we could put in 36 holes every day. Instead of that, I am starting to-day to take French lessons.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

COPY

November 1st, 1916.

Dear Mr. Curtis:

Yours of the 23th reporting in detail on the French credit matter has just reached me. I am very sorry my original telegram was garbled in transmission. It struck me from the inquiries you sent that neither you nor Jay could have read over the previous memoranda and correspondence in detail before going to Washington, as that contained answers to a number of the questions asked.

Two things stand out in this whole matter. One is that Kent and his associates acted hastily in putting those two paragraphs in the confidential circular, and the other that the Board acted with equal haste and inadvisedly in sending out the telegram they did to the Reserve Agents. Between the two, the whole thing apparently has been botched.

Warburg's arguments, as you repeat them, might be all well enough in normal times and besides that his argument that bills should be drawn in such a way that they can be driven home when money rates advance here won't hold water. Relief is afforded to the money market which is under pressure to some extent because the drawing of finance bills becomes unprofitable and is deferred, but principally because floating capital moves to the market where high rates prevail and is invested there in

To J. F. Curtis, Esq.

Nov. 1, 1916.

bills thus reducing interest rates. If we have a broad discount market and the bankers of the world are willing to trust us to pay our debts in gold, relief from high rates will be afforded to our market by having foreign bankers send their money hereto invest in just such bills as these French bills.

Kent is right in saying that what we are doing to-day to finance our present trade is normal under present conditions because the trade is abnormal and the means to finance it must be abnormal. In other words, abnormal things have become normal.

I am sure you are mistaken in saying that the guarantee of discount feature of the Brown credit was never discussed with the Board and think a careful examination of my correspondence with Warburg and all the official correspondence with the Board, etc., will disclose that this was all covered and understood. You will, I think, find that the discussion of this feature of the credit resulted in that curious phrase in Hamlin's letter in which the Board ruled that Section 5200 of the revised statutes would only apply in case the drawers of the bills failed to meet them at maturity and the commercial credit become in fact a debt of the drawer to the acceptor. Do not hesitate to look through my personal files if you think it worth while to see what I wrote Warburg on the subject and what he wrote me. Miss Parker will know where to find the letters.

I agree with Warburg that the practice which has developed in this country by which acceptors hold their own bills is

To J. F. Curtis, Esq.

Nov. 1, 1916.

a bad one in normal times. I would like to see them market all of these bills. We made every effort to have that done in both the Brown and Bonbright credits. As to the Board's having no knowledge of the guarantee of discount, I cannot swallow that for a minute. That agreement was in their hands and we have every reason to believe from the correspondence that it was very carefully studied, at least, by Mr. Warburg and probably by the others.

Thank you very much for your letter. I am sorry the affair proved a fiasco.

Again let me suggest that we should make every effort to retain the gold purchased from Morgan, in bars if that can be done without incurring Assay Office charges. We will find it of value to have gold bars later on.

Best regards to all of you.

Very sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

36

November 1st, 1916.

Reply attached to J.F.C. letter Nov. 10/16

Dear Judge:

The list of private bankers which you sent me does not state the names of their firms, which would be necessary in making up a statement for Washington. I find I know them all except the thirteen names on the attached list. Would you mind asking one of the boys to add the names of their respective firms and send them to me?

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

36

November 8th, 1916.

Dear Judge:

Yours of November 3rd regarding my letter to Pallain has been read very carefully and I find, as always, that your suggestions are very much to the point. The changes have all been made and I am now returning the original letter which I have signed, together with two spare copies.

I can understand how you misunderstood the suggestion about consideration of this subject by my associates in Washington. The letter was a little deceptive in that respect. I have never submitted the matter to Washington, either formally or informally, nor would I do so except through the bank. What I intended to say and should have said, was that no specific transaction was possible until a general ruling had been made and we had the necessary authority to do business. On the other hand, it is unnecessary and really undesirable to expose the workings of our complicated machinery to our prospective foreign correspondents and I really should not have been guilty of giving Pallain the impression in my letter that every time we wanted to buy some bills we would have to get permission to turn around. I think your suggestions very much improve the letter and I am grateful to you for giving it careful thought.

To Mr. Curtis.

Nov. 8, 1916.

As having some bearing on this matter, I am occupying part of three afternoons a week out here taking French lessons and maybe some day, with the assistance of my eleven year old daughter who speaks French quite well, I may be able to order a meal, if not negotiate a banking connection, in French.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

36

November 6th, 1916.

Dear Judge:

Thanks for yours of the 30th.

I am glad to get the last news about the French credit details which have also come to me from Warburg. The important thing is really that public discussion with inevitable criticism and possibly abuse, has been avoided.

Thank you for advising me about the letter to Cokayne.

I have read Mr. Harding's address and do not get the same impression that you do about our foreign arrangements. Mr. Harding is strongly in favor, or at least was, when I last saw him of concluding these arrangements promptly and I hope we can take it up right after election.

I am glad to see that more of the United States 3s are being sold. The System holds too many and we will be glad to have the cash later on.

This is a heavy mail day so I will add no more now.

Best regards to you all.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

36

November 14th, 1916.

Dear Judge:

Thank you very much for yours of the 10th which seems to straighten out all the insurance matters, and I will ask Mrs. McLaren to write up the register when it arrives.

My experiences with accident insurance would hardly justify continuing such policies, so the only question arising as to Mr. Coe would be the fire policies and I really feel that I have treated Mr. Coe a little shabbily which I had no intention of doing. As I am proposing to let the accident policies run off, it might be just as well to let the matter rest for the moment.

Sincerely yours,

~~J. F. Curtis, Esq.,~~
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

85-
November 14th, 1916.

Dear Mr. Cann:

I am grateful to you for the information sent with yours of the 10th concerning which I want still to ask a couple of questions: In ~~answering the first~~ question, you say the Treasury statement published in the Chronicle January 11, 1879, showed gold coin and bullion, \$135,000,000. ~~Do I understand that this was the total stock held in the United States, or simply the holdings of the Treasury?~~ What I want is the total supply of coin and bullion in the United States.

The same applies to the second question which I interpret to be, not the Treasury holdings, (including gold behind the gold certificates), but the total stock in the country.

Don't bother about the silver holdings of the Bank of England.

I hope you keep well and busy and happy and send my best regards.

Faithfully yours,

H. V. Cann, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

November 14th, 1916.

Dear Mr. Curtis:

This is in reply to the Weekly Report of November 9th.

I will be glad to read the Committee report of the discussion of finance bills.

The course proposed respecting Mr. Thralls' address I think is wise.

I find Mr. Kenzel's report on various acceptance developments most interesting, particularly his account of his visit with Mr. Darling. If we can only get the Board to deal in a broad way with this acceptance matter, we may beat out those London banks in the long run and I do not think the argument can be too strongly emphasized that it is the difference in rate that will do it. Water will find its level and if we have the cheapest money market in the world, we are going to do the business so far as our banking machinery permits. On this subject of acceptance credits, I am for a wide open market.

I am in favor of dealing with the government bond matter as suggested by Warburg and we can now afford to buy more 2s and go on selling and converting resulting long 3s. On the other hand, it would be unfortunate to have another scramble such as occurred a year ago. Why can't the regular United States Bond Committee handle this for all the banks?

To Mr. Curtis.

Nov. 14, 1916.

These are all the points in the Weekly Report which seem to require any comment.

Thank you for yours of the 10th about the Clayton Act. I will hold it until I get your further suggestion about an amendment and realize that the one I sent you was very rough.

That National Bank of Commerce hide credit strikes me as a pretty long stretch when one considers that it is extending credit for two years to finance the commerce of two foreign countries, and when one further considers that the Board balks at an 18 months credit extended to French importers, every dollar of which will be applied to the purchase of American products which we are selling at very handsome prices, there is a feminine "consistency" about this that is amusing, to say the least.

I am glad the sale of those bonds to Chicago is straightened out. These Chicago people are sometimes a little too smart.

Best regards and thanks for your letters.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

36

November 22nd, 1916.

Dear Mr. Curtis:

Thank you very much for your long letter of the 17th. I was glad to hear just what had been doing.

Is it not strange that the other reserve banks in such matters as these United States bond transactions seem entirely unable to apprehend the spirit in which these operations should be conducted? It is all right for them to tread on our toes, but it is a criminal and heinous crime if we happen inadvertently to tread on theirs. Warburg will help to straighten out the government bond business and I hope they have character enough to ignore the Comptroller's objections.

I am enclosing copy of a letter addressed to Mr. Warburg to-day which possibly you and the others may not fully coincide with. Notwithstanding that I hold this personal view, I think out of deference to Mr. Warburg we can afford to gradually develop a differential between commercial and financial bills which have these renewal privileges.

You are dead right about the investment allotments. We have now reached the point where dividend liability should be taken into consideration, consequently, net earnings should be the figures on one side and expenses, plus dividends, on the other side.

To Mr. Curtis.

Nov. 22, 1916.

Those humorous remarks of yours sometimes make trouble. They remind me of the old fashioned quinine pills which we used to take covered with licorice and sugar - it was fatal to chew them.

You have never finally written me about that curious misunderstanding of the Board's in regard to guarantee of discount in the Brown and Bonbright credits. I know that it was made clear to the Board and I would like to see some scrap of written evidence of that fact located in our office.

I wrote Mr. Treman the other day about the advisability of these delegations of New York bankers going to Washington. There are both advantages and disadvantages, but on the whole, I think the disadvantages outweigh the advantages and it is a mistake to have such a practice develop. We want all the cooperation possible with the Reserve Board but we do not want to create the impression that the actual management of the Reserve Bank is vested in a Board 250 miles away.

What you write me about Starek is most interesting. I would like to get at the facts of the matter. You and Mr. Jay and Mr. Treman ought to have it constantly in mind that at the very first intimation of any change in the office of examiner in our district, representations should at once be made to the Board in Washington in regard to the appointment of a successor. It is a matter of greatest importance to the bank and nothing should be allowed to stand in the way of exerting every influence to get a man like Mr. Peabody.

Copy

To Mr. Curtis.

Nov. 22, 1916.

About the Spesutia Island Rod & Gun Club share, would you mind calling up Mr. Corey, telling him that I had an inquiry from a friend of one of the members of the club the other day, and wrote him that I would sell the stock for \$5,000 but I gave him no option. I suggest your telling Mr. Corey that if he wants it, it would be best for him to telegraph me out here at once as of course, I would prefer to sell it to him rather than a stranger.

What you say about the dinner party with the Colonel simply confirms my conviction that the Republican campaign was wretchedly managed and it is time the Republican party, if it is going to continue in existence, get some new blood behind their candidate.

My letter to Warburg and to-day's letter to Mr. Treman reply fully to your comments.

Mr. Masson, of the Credit Lyonnais, is expected here tonight. I anticipate an interesting meeting with him and will write you if anything important develops. Will also urge him to stop at the bank to visit with you if he has not already done so.

Will answer your letter on the Clayton Act after I have had time to study it.

Thank you heartily for all the news.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

WESTERN UNION

Form 260

TELEGRAM



URGENT W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	CHECK
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NIGHT LETTER

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

November 30th, 1916.

J. F. Curtis,
 Federal Reserve Bank,
 Equitable Building,
 New York City.

*see 30 clubs
 Spiritia Club*

Accept Corey's offer. Certificate in my box is endorsed. Stop.
 Please deliver and have proceeds paid to my credit at Bankers
 Trust Company.

Benj. Strong.

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

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 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 five 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; errors in cipher or obscure telegrams.

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

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

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

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

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

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

THE WESTERN UNION TELEGRAPH COMPANY
INCORPORATED
NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

TELEGRAMS

A full-rate expedited service.

NIGHT TELEGRAMS

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

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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 at the same on the day of their date subject to condition that the time remains for such transmission and delivery during regular hours, subject to priority of the transmission of regular telegrams.

NIGHT LETTERS

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

December 4th, 1916.

CONFIDENTIAL.

Dear Judge:

With great fortitude and self-restraint, I have been suppressing any expression of my innermost thoughts on this pronouncement of the Reserve Board's, and only do so now because of your letter of the 29th which I was mighty glad to get.

Thank you very much for attending to the Spesutia matter and for the news about the Bank of Montclair, which is really cheering.

Now about that announcement - right down in the bottom of my heart I think it is the most indefensible, illogical and unsound proceeding that could possibly have been taken at this time. It seems fair to conclude that it was inspired partly by timidity of the kind that bankers exhibit so often when courage is needed, and partly by a desire to have a hand in matters with which they have really no concern; by the latter, meaning what investors do with their money.

Unfortunately, opportunity was made for them to take just this course by Davisson's visit to Washington when he quite possibly made some requests which they considered to be unreasonable. These junketing parties to Washington do no good just now and I should have thought that Davisson and others would have learned it long ago. No matter how honest may be

To Mr. Curtis.

Dec. 4, 1916.

their intentions, it always seems to arouse distrust to have a Wall Street man go to Washington asking for anything. I fear you and I will never live to see the day when this antagonism will be overcome.

At any rate, I can be thankful that I was spared the humiliation and embarrassment of trying to answer questions from friends who wished an explanation of this extraordinary announcement.

When you have time, please sit down and write me personally telling me all the things I would like to know.

I hope your Washington meeting is a great success; the turkey certainly was and I cannot tell you how much I enjoyed it and the thought that you fellows had me in mind.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

December 6th, 1916.

Dear Mr. Curtis:

As you made the major contribution to the Weekly Report of December 1st, I am writing to thank you and the others for all the information which it contained.

Mr. Warburg's action in telephoning you strikes me as rather unusual and indicating possibly some concern over the effect of the Board's statement.

About the bank's policy in buying bills, it is very difficult for me to arrive at any conclusion or make any suggestion without being right on the ground. The chances are that the present call money rates, reported yesterday as from 6% to 10%, will not last and if the Reserve Bank is able to go right through the period without material change of rates, it would seem to be the proper course so far as I can judge from here.

One difficulty which would be experienced is in the accumulation of too large a line of any one name and there the matter of discrimination must be handled with the utmost skill and delicacy. The best way to meet it, of course, is to get endorsements and where bills come in with one or more endorsers of good standing, it seems to me our lines can be correspondingly increased. On the other hand, if the lines get too large without endorsements, it would be just as well to take the matter up personally with the interested parties, somewhat as suggested

To Mr. Curtis.

Dec. 6, 1916.

by Jim Brown. If we raise our rates, it should not be the regular discount rates for member banks, which ought to be a very steady rate, but rather the rate for open market purchases of bills, and I would certainly hesitate to change that materially until our portfolio got considerably larger. If we get overloaded ourselves, undoubtedly some of the other reserve banks that are short of investments would be glad to take increased proportions temporarily.

Whenever the pronouncement is made in the Bank of England matter, won't you ascertain what, if any, position the State Department took and let me know all the particulars?

The turkey was a huge success and greatly enjoyed. Please give my warmest thanks to all the other contributors.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

WESTERN UNION NIGHT LETTER

GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

SENDER'S No.

TIME FILED

CHECK

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

December 7, 1916.

J. F. Curtis,
Federal Reserve Bank,
New York City.

Jay simply telegraphed State Department decision favorable
without particulars. Stop. Will prepare necessary letters
and suggestions about procedure when details received.
Stop. Meantime suggest advisability Treman discussing mat-
ter at Governors Conference along lines in my recent letters.

Benj. Strong.

Charge Paid,
Benj. Strong,
4100 Montview Boulevard,

Telephone York 1308.

December 7th, 1916.

Dear Judge:

I am sending a check for \$8.50 to
pay last month's charge at the Piping Rock Club
and assume that it originates with your thirst
for appetite.

Sincerely yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

HS/VCM

December 7th, 1916.

My dear Judge:

It was very good of you to write me so fully about the ruling of the Federal Reserve Board mentioned in my letter of October 18th to Mr. Treman. The matter impresses me somewhat as follows ;

The present method of handling gold in the hands of the reserve agents and notes outstanding against it undoubtedly was based upon recommendations of accountants of the Board in the first instance, rather than upon recommendations of Counsel as to what the law meant. No doubt the accountants arrived at their recommendation according to accounting methods, following which it was submitted to Elliott, who gave his opinion in support of the plan of accounting which the Board desired to adopt. As an accounting matter, the plan is not correct anyway. While the Federal reserve notes are direct obligations of the Federal Government, the primary obligation to redeem the notes still rests upon the reserve banks as a practical matter, notwithstanding that their books do not include the notes as a direct liability. The same inconsistency or inaccuracy arises in regard to the gold itself. While this gold is set aside in the custody of the reserve agents, it would be impossible for the bank to convey absolute title to

To Mr. Curtis.

Dec. 7, 1916.

the reserve agents without any right of recovering ownership of the gold so long as the reserve banks remain obligated on the notes. It is somewhat analagous to the case of a merchant who draws a draft on his banker in favor of a creditor and either at the same time, or subsequently, deposits money with his banker to enable him to meet the draft. The banker accepts the draft, but at maturity for some reason the drawer of the draft himself pays it off. He is, of course, entitled to a return of the fund held by his banker. The merchant, who occupies the position of the reserve bank in the transaction, if he kept his books correctly, would show a liability for the amount of the draft and offset it with an asset in the shape of cash paid to the bank to meet the draft.

I am convinced that the present accounting method is wrong because reserve banks do not show their liability on notes outstanding and do not show as an asset the gold they can recover from reserve agents when they redeem their notes.

As to the legal aspect of the matter, I think your argument is really conclusive. In order that the reserve banks might entirely discharge from their books any record at all of the notes outstanding, and gold held against them, it would have been necessary for the statute to state that reserve banks might "extinguish" their liability on these notes by depositing gold with the reserve agents instead of stating as it does that they may "reduce" their liability by that operation.

To Mr. Curtis.

Dec. 7, 1916.

On the whole, I am rather sorry that the Board pursued the policy which has now proven to be unsuccessful of asking Congress to amend the statute without trying first to deal with it by different accounting methods and possibly it is unwise to attempt to change after Congress has refused the Board's recommendation. May it not be worth while, however, to submit this correspondence or a statement to the Reserve Board for their consideration?

The one point that troubles me is the doubt as to whether we could count the gold held by reserve agents as part of our general reserve even though a different bookkeeping method were adopted. If it is specifically pledged to redeem specific notes, it might be that nothing could be accomplished by any change. Won't you let me know what you think about this particular point?

There is no news of moment from here. We had a little snowfall last night and there is every appearance of cold weather ahead of us.

Many thanks for your letter.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

December 8th, 1916.

Dear Judge:

Just a word about the program for the Conference:

In general, I think there are a lot of headings under item 6 which are really detail and should not be allowed to take up the Governors' time and could well be disposed of at meetings of transit men, auditors, etc.

I am greatly impressed with the necessity of establishing uniform rules governing the fixing of cost of handling the collection department. If rigid and uniform practice is not followed in this matter, criticism is bound to develop later on and I should think it was high time that this matter be covered by agreement between the banks or by a ruling of the Reserve Board.

Item (h) to me is a red flag. It is far too soon to begin to open the door as wide as some of the Governors seem inclined to recommend. The matter of immediate availability of any class of checks should not be dealt with alone, but should be studied in connection with the whole subject of domestic exchange.

A Committee of Governors should be appointed to deal with the matter of district numbers on checks, taking it up through the American Bankers Association.

To Mr. Curtis.

Dec. 8, 1916.

Item 6 (n) suggested by Mr. Miller is a very dangerous one. It seems to me that on no account should the reserve banks deal with the matter on a charity basis. There is no necessity for enlarging the argument.

Item (s) should be dealt with by a standing committee to which committee all reports of suggested changes should be made whenever questions arise about it so that this committee could come to the Governors Conferences with definite suggestions. Otherwise, much time is wasted.

Item 4, which I presume refers to the special committee of 25, I would like to see dealt with, if possible, by a joint committee of the Federal Reserve Board and the Federal Reserve Banks, bringing the A. B. A. Committee into direct contact with the whole System.

Item 9 is really a topic that has been referred to the Reserve Agents, but I think it is sufficiently important to justify joint action by both organizations.

Item 12, I have already telegraphed you about. Don't forget that if the matter assumes such importance that such action is justified, I would not hesitate to pull out of here after the holidays and make a hurried trip to Europe, say with Aiken, or some of the other Governors as collaborator to wind up the arrangements over there, and I do not believe the doctor would object very seriously.

Item 20. I have written Mr. Treman from time to time urging caution in any method or general propoganda employed in this matter. I greatly fear that no permanent good can be accomplished by directing a stream of gold certificates to the

To Mr. Curtis.

Dec. 8, 1916.

reserve banks until the character of our note issue is changed. The gold simply goes in and out of the reserve banks without any trap in which to retain it and with only expense to the System. What could be done, however, and without exciting much comment would be to agitate the question of having member banks keep a larger proportion of their reserves with the reserve banks, thereby creating a trap, so to speak, for accumulations of gold and just the minute that propoganda developed results, if it caused any considerable accumulation of silver certificates and United States notes, that suggestions be made about sorting this money so as to keep down the accumulation of excess reserve in the form of silver and legals.

This is all that occurs to me about the program except to wish you fellows every success and again to express my deep regret that I am not with you.

Please give my love to the boys at 1718.

Faithfully yours,

J. F. Curtis, Esq.,
1718 H. Street,
Washington, D. C.

BS/VCM

Bb

December 11th, 1916.

Dear Judge:

The certificate books have arrived and I will start signing them to-day. Would it be a good plan for me to sign up some in blank, and if so, how many do you estimate should be so signed?

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

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

December 11, 1916.

J. F. Curtis,
Shoreham Hotel,
Washington, D.C.

It is a great disappointment to be unable to attend your conference which I hope will be most successful. Stop. Denver offers many attractions for the next meeting which I could certainly attend if held here or not too far away. Stop. Please give the boys my best wishes for a Merry Christmas and happy New Year.

Benj. Strong.

Charge Paid
Benj. Strong,
4100 Montview Boulevard.

Telephone York 1308.

WESTERN UNION NIGHT LETTER

Form 2289

GEORGE W. F. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.

TIME FILED

CHECK

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

DAY LETTER.

Dec. 12, 1916.

J. F. Curtis,
Shoreham Hotel,
Washington, D. C.

Agree wisdom discussing foreign matter confidentially with governors
alone. Stop. Personally am opposed concluding arrangements abroad
without final sanction Reserve Board. Stop. It would expose us to
ridicule and humiliation to conclude all details and then have
Board withhold final authority.

Benj. Strong.

Charge Paid,
Benj. Strong,
4100 Montview Boulevard.

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. A 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 line *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 value 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 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, express understanding that the Company only undertakes delivery 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.

December 13th, 1916.

Dear Judge:

Thank you for your confidential letter of the 8th and advice of the credit of \$6.20.

I am mighty glad that Mr. Jay is so much improved, similar reports coming to me also from Washington.

As requested, I have sent you a telegram to the Shoreham Hotel about foreign arrangements, which I hope is clear, and am replying to the major part of your letter to Mr. Treman in order to give finally and comprehensively my best judgement as to what we should now do in regard to foreign correspondents. He will show you the letter.

Between ourselves, I think there is a good chance that No. 3 of your explanations of the announcement had a good deal to do with the action by the Reserve Board. Proposals for peace must be very carefully considered now in our own matters of policy and after a little study I am going to send some suggestions on the subject to Mr. Treman.

Thank you very much for your letter. I await report of the Washington conference with interest.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

To - Mr. Curtis.

December 20, 1916.

This letter is quite confidential and I guess you had better destroy it. The combination which caused the trouble was on one side Davidson's aggressiveness and certain characteristics of his which might be described as a little high-handed, bucking up against the timidity of various members of the Board, which is particularly liable to be exhibited by those of Hebrew blood. Between the two the fat was in the fire. Also confidentially, Jack and Harry have at times been good enough to discuss these matters with me in advance of the event and had they done so in this case, I believe I could have avoided the episode by convincing Jack and Harry that the trip to Washington was a mistake. Compare this episode with the record of the Anglo-French loan, of which you have full information; it makes me cry to think about it.

I also have Harding's speech in full, which I have not yet read, but the newspaper accounts impressed me badly, possibly because of what you had written me about Warburg's telephone.

I have written Mr. Treman a long letter about the Bank of England matter and a somewhat similar letter to Warburg and stand now just where I did before - absolutely opposed to putting myself in a position where I will be subjected to ridicule and possibly serious criticism, if arrangements were concluded and then consent withheld. The Bank of France matter will be harder to arrange at both ends, but I could do it if I were able to go to Paris with freedom to negotiate.

It was just as well to take the governors into full confidence

To - Mr. Curtis.

December 20, 1916.

in the matter and I hope they were not frightened by the apparent comprehensive character of the arrangement.

About Seay's proposal, it is exceedingly difficult for me to form opinions worth anything on this complicated collection matter without being at home in the thick of it. I have his report and will study it carefully before writing in full. It is a dangerous experiment unless we have means of controlling the development and even then should not be conducted without charge. More on this subject later.

I continue to get good reports from the doctor; he says I can play a little golf pretty soon when the weather is propitious. Have signed all the stock certificates except the 150 blanks, which I will finish shortly and ship by express unless you advise to the contrary.

Best regards old man and warmest thanks for your letter.

Yours faithfully,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Curtis

36

Denver, Colorado,
December 24, 1916.

Dear Judge:

My best thanks for your hand picked letter of the 18th. The opening sentence, stating that you were sending a gas bill for payment, led me to suppose that I was being assessed for my proportion of the expenses of the conference.

Enclosed are two more specimens of French Chamber of Commerce notes, which should go in the little box with the others collected by Mr. Peixotto.

About the English arrangements, I will be glad to see the matter really concluded so that we can go ahead. I have never had any thought in mind that our transactions with the Bank of England would be more than nominal at the outset, but you realize what a mistake it would be to conclude the arrangements under any such handicap as even an informal understanding with the Board that the business to be done would be nominal in amount. It is in a measure an emergency plan and would never work in an emergency if we were handicapped by such an understanding. I don't want to dump our funds into the London market in unlimited amounts any more than the Board in Washington does, but certainly I don't want to feel that the New York bank cannot be trusted to use some discretion in such a matter.

Those three lines about your new aboad are too meagre; tell me all about the apartment, how large it is, etc., etc. I may be looking for apartments myself some day and I like congenial neighbors.

To - Mr. Curtis.

December 24, 1916.

The most interesting thing in your letter is the last paragraph suggesting the possibility of your coming out here. If Laura could come too, it would be delightful in every way; if you must come alone, it will still be delightful and try not to disappoint me.

The Starek episode makes me laugh. How well do I recall that day when we had a nice, frank, friendly, little talk about a steam roller that was coming down the road which had apparently escaped his vision - it may have gone over him.

Of the ^{suggestions} ~~officers~~ for Class C. directors, named in your postscript, I think everyone is disqualified by reason of directorships, with the possible exception of Frank Doubleday.

We all go to the mountains tomorrow to spend a week and I am cleaning up mail on Sunday, so enough for the present. I am writing Laura separately about Christmas shopping and other matters, and in closing once more - try and make that visit.

Faithfully yours,

J. F. Curtis, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

WESTERN UNION DAY LETTER

Form 2589

96



W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

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

COPY.

SEND the following Day Letter, subject to the terms on back hereof, which are hereby agreed to **Estes Park, Colo., Dec. 28, 1916.**

J. F. Curtis,

Federal Reserve Bank, New York.

Greatly relieved by your day letter. If you see no objection wish you would cable my regrets to Cumliffe and say we hope to proceed with arrangements by mail.

Benj. Strong, Jr.

ALL DAY LETTERS TAKEN BY THIS COMPANY SHALL BE SUBJECT TO THE FOLLOWING

The Western Union Telegraph Company will receive **DAY LETTERS**, to be transmitted at rates lower than its standard telegraph rates. One and one-half times the standard night letter rate shall be charged for the transmission of fifty (50) words or less, and one-fifth of the in excess of fifty words shall be charged for each additional ten (10) words or less.

To guard against mistakes or delays, the sender of a day letter should order it **REPEATED**, that is, telegraphed back to the originating office. For this, one-half the unrepeated day letter rate is charged in addition. Unless otherwise indicated on its face, **THIS IS AN UNREPEATED DAY LETTER AND PAID FOR AS SUCH**, in consideration whereof it is agreed between the sender of the day 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** day 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** day letter, beyond the amount received 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 obscure day 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 a day letter, whether caused by the negligence of its servants or otherwise, beyond the sum of **FIFTY DOLLARS**, at which amount this day letter is hereinafter valued, unless a greater value is stated in writing hereon at the time the day letter is offered to the Company for transmission, and an additional sum is 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 day letter over the lines of any other Company when necessary to reach its destination.

4. Day 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 cities or 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, at his expense, endeavor to contract for him for such delivery at a reasonable price.

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

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

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

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

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

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

D. This **DAY LETTER** is received subject to the express understanding and agreement that the Company does not undertake that a **DAY LETTER** shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such day letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

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

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

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C O P Y

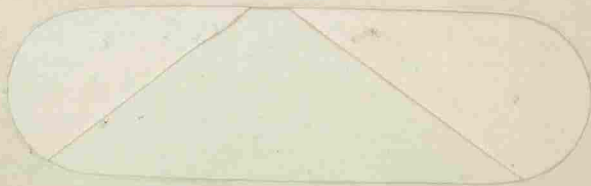
Telephone Message 8:15 P.M. to B.Strong, Jr, Room 630-32 from J.S.Curtis, Washington, D.C.
[On envelope, stamped Nov. 17, 1913 The Plaza, 8:20 P.M. 8:22 P.M. Tubes]

Bill will probably be introduced on Thursday. Vanderlip has been fully advised by Telephone. I am leaving tomorrow afternoon unless you wire me to contrary at the Metropolitan Club.

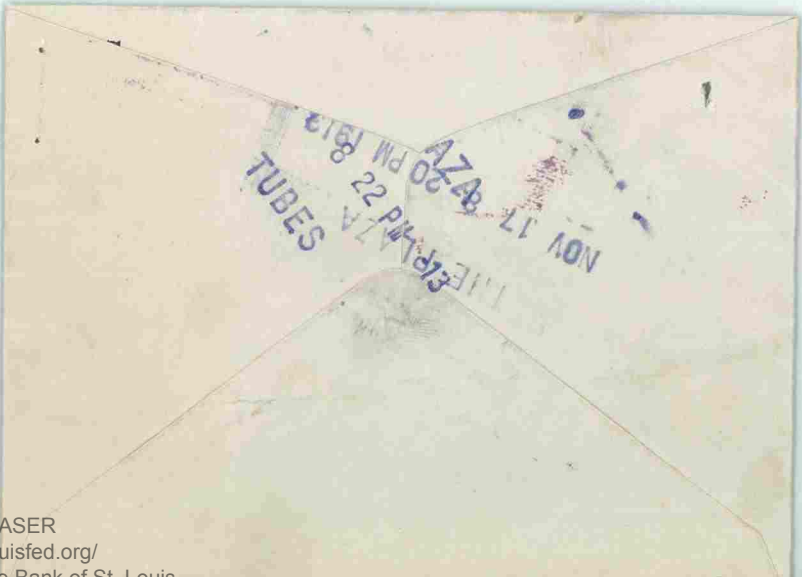
PAGE AND RETURN
NOT IN ROOM



670 11
**TELEPHONE
MESSAGE**



Page 11



TUBES
AZA
NOV 17 8 20 PM '19



Telegram *W*

TELEPHONE MESSAGE

191 TIME 8:15 P. M.

M. *r B Strong Jr*
ROOM *630-32*

3.



Telegram *W*

TELEPHONE MESSAGE

191 TIME 8:15 P. M.

M. *r B Strong Jr*
ROOM *630-32*

3.

Part 2

PLEASE BRING THIS NOTICE TO THE TELEPHONE TO CALL TO SPEAK TO

MESSAGE FROM

M. _____ TEL NO. _____

were me to contrary at the Metropolitan Club.

signed - J. S. Curtis

Washington D.C.

PLEASE BRING THIS NOTICE TO THE TELEPHONE TO CALL TO SPEAK TO

MESSAGE FROM

M. _____ TEL NO. _____

Part 1
Bill will probably be introduced on Thursday.

Vanderlip has been fully advised by telephone. I am leaving tomorrow afternoon unless you

WESTERN UNION



TELEGRAM

THEO. N. VAIL, PRESIDENT

RECEIVED AT the WESTERN UNION BUILDING, 195 Broadway, N. Y. ALWAYS OPEN

Q318 W 28

WASHINGTON DC 17

W BENGAMIN STROUP

BANKERS TRUST CO. NEW YORK

SENATOR W HAS NOT DECIDED HOW HE WANTS TO HANDLE THE MATTER WILL
KNOW TONIGHT HE ADVISES AGAINST CARRYING IT TO THE PRESIDENT
WILL ADVISE YOU AGAIN LATER

J F CURTIS.

604 *7*
138

13m



WESTERN UNION TELEGRAPH CO.
ST. LOUIS, MO.
MAY 10 1891
10

53 STATE STREET
ROOM 905

P.D. Fr.
NOV 26 1913

Curtis
207
BOSTON, MASSACHUSETTS

November 25, 1913.

Benjamin Strong, Jr., Esq.,
Bankers Trust Company,
16 Wall Street,
New York, N. Y.

My dear Mr. Strong:--

I have your very kind letter of November 24th, which I appreciate very much.

I suppose that Mr. Bailey has already reported to you that we incorporated most of the suggested changes which you sent us in Washington in a redraft of the bill, and also one or two other changes which seemed to improve the language and grammar. So far as I can gather from the reports in the newspapers of the events in Washington, nothing seems to have come of our efforts.

While there I spoke confidentially to one of the men in charge of the new Chamber of Commerce of the United States regarding the plan of having another poll taken of the members with respect to this new bill. As you may remember, the Chamber conducted a country-wide poll in connection with the Glass - Owen bill, with the result that it was overwhelmingly endorsed. I think a similar endorsement might be obtained in the future for the new bill if it was properly engineered. However, I did nothing further in this matter owing to the fact that

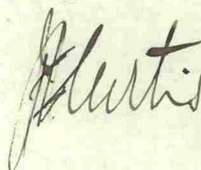
Benjamin Strong, Jr., Esq., --2--

Senator Weeks wanted to handle the bill in a somewhat different way. The Secretary of that Chamber of Commerce is now in Boston recovering from an operation for appendicitis, and I can easily get in touch with him. ~~and~~ as he is quite a friend of mine, if you should care to have any action along these lines.

As a matter of personal curiosity, I should like to hear what, if anything, has happened to the bill so far, if you have been advised.

Many thanks for your kind invitation for luncheon, which I shall accept with pleasure on my next visit to New York.

Yours very sincerely,

A handwritten signature in cursive script, appearing to read "J. H. Curtis". The signature is written in dark ink and is positioned to the right of the typed name "Curtis".

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT

TELEGRAM

DELIVERY NO.

546

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

18-540

[DESIGN PATENT No. 40529]

Z 323 B 8

BOSTON MASS OCT 26-14

BENJAMIN STROMG JR

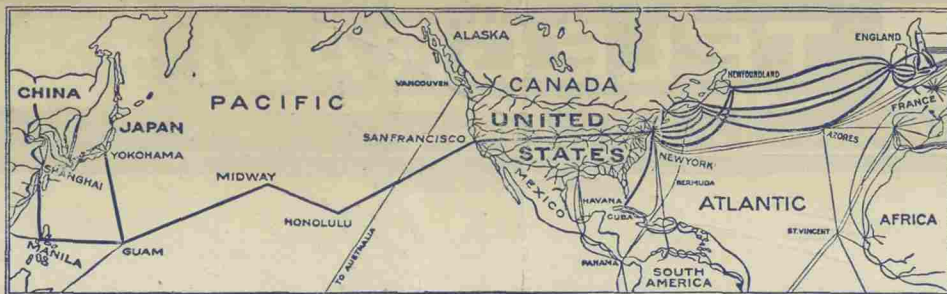
BANKERS TRUST CO 16 WALL ST NEWYORK

WILL COME TO NEWYORK WITH PLEASURE TOMORROW MORNING

JAMES F CURTIS

CB
A 35-5

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



[1, 2 AND 16]

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-PREST. AND GENERAL MANAGER.

CHARLES P. BRUCH, VICE-PRESIDENT.

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT

DELIVERY NO.

TELEGRAM

208

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

16-540

[DESIGN PATENT No. 40529]

355 B 8

BOSTON MS OCT 29-14

BENJAMIN STRONG JR

2-7 PINE ST NEWYORK

REGRET I CANNOT ACCEPT YOUR OFFER AM WRITING

J F CURTIS

B.S.

OCT 29 1914

Handwritten initials/signature

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



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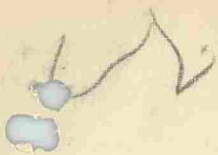
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1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the 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.
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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-PREST. AND GENERAL MANAGER.

CHARLES P. BRUCH, VICE-PRESIDENT.



207 Oct 29th

Curtis

53 CHESTNUT STREET

Dear Mr. Strong -

Before getting a letter off to you this afternoon your very flattering letter-gram arrived, which I deeply appreciate. I am now trying to reach you by telephone but am writing this in case I don't succeed.

Frankly my position is just this. The offer appeals to me a great deal on the

constructive side and also
for the possibilities of getting
into touch with important &
interesting people and affairs,
and I like pretty hard work.

On the other hand I don't
want to decide now to give
up my practice here for 2 or
3 years, though I would like
to try the thing on for 6
months (a period which wouldn't
cut all my threads off), with
the understanding that if mutually
satisfactory we could go ahead
for the longer period.

Here however is where the
usual "root of all evil" comes
in. I simply can't afford it
at \$7500 per year. I have a wife
& one baby, and am expecting
another in February, & also
a rented house on my hands.
I couldn't very well move
one bag & baggage to N.Y. &
the expense of running two
(or perhaps 1 1/2) establishments
plus office expenses here, &
the cost of travel would
prove too much for me.

From the way you spoke

The other day I gathered that \$7,500 was as high as you felt the bank could go & so I did not put that in as a reason in my telegram.

If I could have a salary of \$12,000 I would be delighted to undertake the work as above outlined, & I needn't say how agreeable it would be to work with you & Mr. Fay. Of course I realize that you're hardly a free agent in the matter of salaries & that this figure is probably out of the question. If so I'm afraid my original reply must, with many regrets, still stand as final. Yours sincerely, J. B. Curtis

WAY
OPK

653
16 BROAD ST



1552B 23 CNT PUNCT SF

RECEIVED
AT
195 B'WAY
NEW YORK

TD BOSTON MASS 30

PIERRE JAY ESQ

1552

27 PINE ST NEW YORK



WILL COME IF YOU DESIRE MONDAY THOUGH INCONVENIENT FOR ME.
WOULD IT BE POSSIBLE TO DISCUSS MATTER BY TELEPHONE OR
LETTER?

RECEIVED
AT
195 B'WAY
NEW YORK

JAMES F CURTIS.



RECEIVED
AT
195 B'WAY
NEW YORK

Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Personal File

Date September 17, 1915.

Mr. Strong

Subject:

rom

Mr. Curtis

CONFIDENTIAL

Governor McDougal dropped in to-day and gave me an account of events yesterday afternoon in Washington which he thought would interest you. He and Governor Fancher attended a meeting of the Board at which McAdoo presided. The Secretary asked him for his views on commodity rates, to which McDougal replied that he was opposed to establishing such rates, certainly at the present time, as, in the first place, he was not satisfied that commodity paper was entitled to any preference as a preferred risk, and in the second place, he thought the rates ^{of} ~~discounted~~ at his bank and elsewhere throughout the country were certainly as low as they ought to go. The same question was asked of Governor Fancher, with much the same reply, which did not seem to meet the approval of those present.

They were also asked about their earnings, to which Mr. McDougal replied that they were doing what seemed best under the circumstances, although the showing was not very favorable. The Secretary then asked him what he thought of assessing the member banks to make up the ^{deficit} ~~deposit~~, to which he replied that he hoped no such plan would be given consideration by the Board as he felt it would be a great mistake. He also argued that many commercial banks run behind immediately after organization and that there should not be any criticism on this score. The same question was asked of Governor Fancher who replied to the same effect, and afterwards the secretary asked Fancher whether he thought there was any use of a reserve bank in Cleveland anyway. They both left the meeting feeling somewhat discouraged and with an apprehension that the Board might try to force the establishment of commodity rates by all the banks and otherwise attempt to run the banks from Washington.

The Secretary + Mr. Harding asked McDougal how he felt about taking more active

Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date September 17, 1915.

Mr. Strong

Subject:

rom

Mr. Curtis

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CONFIDENTIAL - 2-

part in open market operations, by which they explained they meant purchase of trade paper from brokers, etc. He replied that he was opposed to it at the present time as he felt that in the existing state of the money market they ought not to attempt to compete with their member banks. He stated that some of their member banks had already complained that rates were so low they could hardly make a living. The Secretary and Comptroller immediately wanted to know what banks and Mr. McDougal said that he would prefer not to give their names. When pressed, he stated that one he had in mind was in Peoria, whereupon the Comptroller sent for all the reports from the Peoria banks, which showed that the interest rates being charged varied from 5% to 7%. Mr. McDougal said that he thought that was an extremely good showing in view of the ^{240%} ~~240%~~ rates that had been spoken of in the Comptroller's office and the secretary agreed that the Peoria banks were all right. Mr. McDougal also asked the Comptroller and the Secretary not to make use of such statistics without making allowance for the fact that most of the high rates were on very small loans and did not fairly represent the loan attitude of the bank. He also said that the same thing was true of the statistics which the Comptroller had obtained with respect to exchange charges. He stated that a large part of the apparent profit derived from ~~an~~ exchange was in many instances entirely eaten up by the expenses of operating the exchange or transit departments which had not been charged in making the ^{calculations} ~~accumulations~~. The secretary and the Comptroller also admitted that this was probably sound.

Ac

Hope you are having
cooler weather + a real
rest. Ac

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FEDERAL RESERVE BANK
OF NEW YORK

February 28, 1916.

My dear Governor:

Your letter of February 12th is just received, and I am delighted to get some real news from you. Mrs. Curtis also received your letter to her this morning, and was delighted to learn that her outfit had proved of some service, although fortunately not the service for which the rubber neckpiece was originally created.

Over here there is not much news in the banking world, but a great deal in the political. Senator Root's speech at the Republican State Convention here was a very caustic arraignment of the President's whole foreign policy and will prove, I believe, to be the basis of the Republican campaign. It was a great speech and I hope you have had an opportunity of seeing a copy of it, as I assume you have.

begin
↓

Last week a good many members of Congress, especially in the House, were overcome by a sudden panicky feeling that we might really be forced into a war with Germany if the latter insisted upon killing Americans upon merchant vessels armed for defense, and if the President insisted upon saying that that was not quite the right thing to do. As a result there was an effort to stampede him away from that position and to concede that the Germans were quite right in all they proposed to undertake. This stampede apparently assumed fairly large proportions, so much so that various bills were introduced, some to provide for a resolution warning Americans from sailing on merchant

ships armed in any way; others requiring the State Department to decline to issue passports to Americans who proposed to sail upon any such vessels, and others directing the President not to attempt to protect any wicked American citizens who might put the administration in such an embarrassing situation.

Several conferences were held by Senator Stone, Speaker Clark and Representative Flood, Chairman of the Foreign Affairs Committee of the House, with the President, and finally the latter settled the excitement for the present by writing an open letter to Senator Stone in which he declined to take any such course and stated that it was a universally recognized right of merchant vessels to be armed for defense, and that Americans had a perfect right to travel on such vessels, and that it would be most dishonorable to give up any such rights. Presumably you have seen the text of this letter complete in the London and Paris papers.

The really serious part of the situation is that while both Stone and Flood rallied to the cry of "support the President" they are each at heart members of the White Feather Brigade and would really prefer to see such legislation go through. Most of the Republicans announced that they would stand by the President, although Mondell and some of the others seemed to be in favor of surrendering to the demands of the Germans.

The situation is, of course, a good deal further complicated by the Lansing note to the Allies, suggesting that merchant vessels be not armed and containing the phrase that "this proposal seems so reasonable to the Government of the United States that it is seriously considering instructing its officers accordingly." This memorandum seems to be a pretty serious blunder, as the Germans will probably feel that they can now go ahead with a light heart and point to the fact in case of any unfortunate

results that our Secretary of State ^{is} has already committed to the "essential reasonableness" of their programme.

The President has not yet named any Secretary of War, and everybody is in the dark as to his plans. The names of Whitlock, Goethals, Frank Polk, Andrew Peters, Lane and Houston have all been mentioned, but none of them except Goethals or Whitlock would be received with much enthusiasm. Henry Ford has become disqualified by reason of the large advertising campaign he has begun by means of newspaper broadsides against preparedness.

In local affairs there is not much going on except the Thompson Investigating Committee, which as you probably know, just missed putting the subpoena on your friend Jack Morgan as he started for the Rotterdam, and which is developing the fact that Mr. Shonts has had his fingers in the till of the Interborough most of the time.

Mr. Louis Brandeis is being tried before a Senate Committee as to whether he is fit or unfit to be a judge of the Supreme Court. Counsel have been appointed, Mr. Austin Fox representing the prosecution and Geo. W. Anderson, now U. S. Attorney at Boston, representing the defendant, and the number of counts in the indictment against him increases daily. I expect that after a somewhat bitter wrangle the result will be a very new, beautiful, and daintily applied coat of whitewash and the consequent acceptance of the seat by Mr. Brandeis to the joy of Messrs. Gompers et al and the groans of the "interests."

Over in Massachusetts, Gus Gardner, Grafton Cushing, Chas. Bird and Robt. Washburn have announced they propose to run as delegates at large in favor of Roosevelt. The Old Guard, consisting of Crane, Lodge, Weeks and McCall announce their candidacies for delegates at large, unpledged. Some think that the first four are not really very much for Roosevelt, but are trying to sidetrack incipi-

ent booms in favor of Weeks or McCall. This would not surprise me very much, and if true would be a good thing.

In New York, Barnes, Wadsworth, Root and Whitman are still backing and filling, as to what they would like to do. From the amount of action coming from him you would imagine that Barnes considers himself still alive.

This is all I can think of at the present time, except that we are picking up a few acceptances and quite a number of New York City warrants.

The committee to arrange for the allotment of investments met here last Wednesday, when I was unfortunately in Boston, but I understand they are going to send out for more data from the other banks with a view to making the allotment on a basis of the relation between expense and dividend requirements on the one side, and rediscounts and the local investment field on the other. I believe this will probably strike everybody except McDougal as a fair basis.

I hope this passes the censor, but I do not see why it should not as there is nothing but American politics in it.

Yours as ever,

Whitman

Honorable Benj. Strong, Jr.,
c/o Morgan, Grenfell & Co.,
22 Old Broad Street,
London, England.

JFC/LCE

J.F.C. 5/22/16

MEMORANDUM

ON RECEIPT OF GOLD FOR COINAGE
AT U. S. MINTS OR THE NEW YORK ASSAY OFFICE.

R. S. Section 3506 provides that the superintendent of each mint shall receive all bullion brought to the mint for assay or coinage * * * * and from the report of the assayer on the weight of the bullion he shall compute the value of each deposit, and also the amount of the charges or deductions, if any, of all which he shall give a detailed memorandum to the depositor; and he shall also give at the same time, under his hand, a certificate of the net amount of the deposit to be paid in coins or bars of the same species of bullion as that deposited * * * * .

R. S. Section 3511 provides that the gold coins of the United States shall be a one dollar piece, which at the standard weight of 25.8 grains shall be the unit of value; a quarter eagle or two and a half dollar piece; a \$3 piece; a half eagle or \$5. piece; an eagle or \$10. piece and a double eagle or \$20. piece, and the standard weight of the gold dollar shall be 25.8 grains; of the quarter eagle 64 1/2 grains * * * * of the half eagle 129. grains; of the eagle 258 grains, of the double eagle 516 grains.

The Act of September 26, 1890, Chapter 945, Section 1, directed the discontinuance of the coinage of the \$3. and \$1. gold pieces.

R. S. Section 3514 provides that the standard for both gold and silver coins of the United States shall be such that of one thousand parts by weight 900 shall be of pure metal and 100 of alloy. * * * * The alloy of the gold coins shall be of copper, or of copper and silver; but the silver shall not in any case exceed one-tenth of the whole alloy.

Section 3518 provides that at the option of the owner, gold or silver may be cast into bars of fine metal or of standard fineness, or unparted, as he may prefer, * * * * . The Act of May 26, 1882, as amended by the Act of March 3, 1891, and of March 3, 1901, provides that the superintendent of mints and of the New York Assay Office may, with the approval of the Secretary of the Treasury, but not otherwise, receive U. S. gold coin from any holder in sums of not less than \$5,000. and deliver in exchange therefor gold bars in value equalling the coin provided that the Secretary of the Treasury may make the exchange with or without a charge.

Section 3519 provides that any owner of gold bullion may deposit the same at any mint, to be formed into coin or bars for his benefit, but that any deposit of less than \$100. or any bullion so base as to be unsuitable for the operations of the mint, may be refused.

Section 3521 provides that when bullion is deposited, it shall be weighed when practicable in the presence of the depositor, to whom a receipt shall be given stating the description and weight of the bullion.

Section 5524 as amended provides that the charges for melting or refining bullion * * * * and for the preparation of bars shall be fixed from time to time by the director of the mint, with the concurrence of the Secretary of the Treasury so as to equal but not exceed in their judgment the actual average cost to each mint and assay office of the material, labor, wastage and use of machinery employed in the cases aforementioned.

The Act of January 14, 1875, Chapter 15, Section 2, provides that thereafter no charge should be made for the service of converting standard gold bullion into coin.

The Act of March 14, 1900, Chapter 41, Section 1, provides that the dollar, consisting of 25.8 grains of gold, nine-tenths fine, as established by Section

3511 of the revised statutes, shall be the standard unit of value.

Section 3544 provides that when the coins or bars which are the equivalent to any deposit of bullion are ready for delivery, they shall be paid to the depositor, or his order, by the superintendent; and the payments shall be made, if demanded, in the order in which the bullion shall have been brought to the mint. In cases, however, where there is delay in manipulating a refractory deposit, or for any other unavoidable cause, the payment of subsequent deposits, the value of which is known, shall not be delayed thereby. In the denominations of coin delivered, the superintendent shall comply with the wishes of the depositor except when impracticable or inconvenient to do so.

Section 3545 provides as follows: For the purpose of enabling the mints and the assay office in New York to make returns to depositors with as little delay as possible, it shall be the duty of the Secretary of the Treasury to keep in such mints and assay office, when the state of the Treasury will admit thereof, such an amount of public money, or bullion procured for the purpose, as he shall judge convenient and necessary, out of which those who bring bullion to the said mints and assay-office may be paid the value thereof, in coin or bars, as soon as practicable after the value has been ascertained. On payment thereof being made, the bullion so deposited shall become the property of the United States. The Secretary of the Treasury may, however, at any time withdraw the fund, or any portion thereof.

The Act of June 19, 1878, Chapter 329, Section 1, provided that in carrying out the provisions of Section 3545, the Secretary of the Treasury is authorized to use "as far as he may deem it proper and expedient for payment to depositors, all bullion at the several mints and assay offices, coin certificates representing coin in the Treasury and issued under the provisions of Section 254 of

the revised statutes" * * * * all to be done under regulations to be prescribed by the Secretary.

The Act of March 3, 1879, Chapter 182, Section 1, provided for the repeal of the pre-existing authority lodged in the Secretary of the Treasury to issue coin certificates in exchange for bullion deposited for coinage at any assay office other than the one at New York.

Section 3546 provides that unparted bullion may be exchanged for fine bars on such terms and conditions as may be prescribed by the director of the mint, with the approval of the Secretary of the Treasury.

The Act of June 19, 1878, Chapter 329, Section 1, provides that refining and parting of bullion shall be carried on at the mint of the United States and at the assay office at New York. Similar provision is found in the Act of July 7, 1898, Chapter 571, Section 1.

Section 3548 as amended by the Act of March 4, 1911, provides that the standard troy pound of the Bureau of Standards shall be the standard troy pound of the mint of the United States, conformably to which the coinage thereof shall be regulated.

Section 3552 provides that the monies received from all charges and deductions on and from gold and silver bullion * * * * except as otherwise provided in the Act shall be covered into the Treasury.

Section 3553 provides that the business of the U. S. assay office at New York shall be in all respects similar to that of the mints, except that bars only and not coin shall be manufactured therein, and no metals shall be purchased for minor coinage. All bullion intended by the depositor to be converted into coins of the United States * * * * shall be transferred to the mint Philadelphia under such directions as shall be made by the Secretary of the

Treasury at the expense of the contingent fund of the mint, and shall be there coined and the proceeds returned to the Assay Office.

The Act of June 22, 1874, Chapter 419, provides that the Secretary of the Treasury may from time to time transfer to the office of the Assistant Treasurer at New York from the bullion fund of the assay office at New York, refined gold bars bearing the U. S. stamp of fineness, weight and value, or bars from any melt of foreign gold coin or bullion of standard equal to or above that of the United States, and may apply the same to the redemption of coin certificates or in exchange for gold coins at not less than par, nor the market value, subject to such regulations as he may prescribe.

Section 3555 provides that the duties of the officers of the assay office at New York shall correspond to those of the mints, and all provisions relating to mints and their officers shall extend so far as practicable, to the assay office at New York.

The Act of August 27, 1894, Chapter 349, Section 25, provides that the value of foreign coin as expressed in the money of account of the United States, shall be that of the pure metal of such coin of standard value and the values of the standard coins in circulation of the various nations of the world, shall be estimated quarterly by the director of the mint and be proclaimed by the Secretary of the Treasury on the first days of January, April, etc. (Note: these values are for the purpose of estimating duties on imports.)

Section 3565 provides that in all payments by or to the Treasury, whether made here or in foreign countries where it becomes necessary to compute the value of the sovereign or pound sterling, it shall be deemed equal to \$4.8665, and the same rule shall be applied in appraising merchandise imported where the value is, by the invoice, in sovereigns or pounds sterling,

and in the construction of contracts payable in sovereigns or pounds sterling;

and this valuation shall be the par of exchange between Great Britain and the United States; and all contracts made after the first day of January, 1874, based on an assumed par of exchange with Great Britain of fifty-four pence to the dollar, or $\$4.44 \frac{4}{9}$ to the sovereign or pound sterling, shall be null and void.

Section 3566 provides that all foreign gold and silver coins received in payment for monies due to the United States shall before being issued in circulation be coined anew.

May 22, 1916.
JFC/LCE

GOLD IMPORTS.

The Assay Office will pay \$18.945 for one ounce Gold 916 2/3 Fine.

The English Standard is 916 2/3 Fine.

Taking 78s. as the price at which the Bank of England will sell Sovereigns in London, we arrive at the following:-

	X = 240d. (equivalent of £1 stg).	
936d. (equivalent of 78s.).....	=	1 ounce English Standard 916 2/3 Fine.
1 Ounce English Standard,		
916 2/3 Fine	=	\$ 18.945
Therefore X	=	\$ 4.85769230.

£ 1 Sterling would equal \$ 4.85769230
4.85788102 ²/₁

Less charges as follows:-

Freight -London to N.Y.	3/8%01821635	
Marine Ins. " " "	1/8%		.00607212	
War risk " " "	5/8%		.03036058	
Abrasion	1/4 o/oo		.00121442	
Sundries	1/10 o/oo		.00048577	
Interest loss, say 12 days' at 4%	1 1/3 o/oo		.00647692	.06282616

Cable Rate \$ 4.79486614

2
GOLD COIN IMPORTS.

The Assay Office will pay \$18.604651 for one ounce Gold 900 fine.

—————
The American Standard is 900 fine.
—————

Taking 77s.3d. as the price at which the Bank of England will sell American Gold Coin in London, we arrive at the following:-

X = 240d. (equivalent of £1 stg.)
927d. (equivalent of 77s.3d.) = 1 oz. American Standard 900 fine.
1 oz. American Standard-900 fine = \$18.604651
Therefore X = \$ 4.81673812

—————
£ 1 Sterling would equal\$ 4.81673812

Less charges as follows:-

Freight - London to N.Y:	3/8%01806277	
Marine Ins. " " "	1/8%		.00602092	
Warrisk " " " "	5/8%		.03010461	
Abrasion	1/4 o/oo		.00120418	
Sundries	1/10 o/oo		.00048167	
Interest loss, say 12 days' at 4%	1 1/3 o/oo		.00642232	.06229647

Cable Rate ... \$ 4.75444165

GOLD COIN IMPORTS.

The Assay Office will pay \$18.60481 for one ounce Gold 900 fine.

The American Standard is 900 fine.

Being 775.35 as the price at which the Bank of England will sell American Gold Coin in London, we arrive at the following:-

X = 2400.	(equivalent of 21 grs.)
= 1 oz. American Standard 900 fine.	(equivalent of 775.35)
= \$18.60481	1 oz. American Standard-900 fine
= \$4.813812	Therefore X

for Cash

A sterling would equal \$4.813812

Less charges as follows:-

3/8	Freight - London to N.Y.
1/8	" " Marine Ins.
5/8	" " " "
1/4 o/oo	Commission
1/10 o/oo	Banker's
	Letter of loss, etc.

Balance at 1/3 o/oo 628250

Cable Rate . . . \$4.784416

TABLE AMERICAN GOLD COIN 900 FINE.

At 77s.	= 4.83237	£ 200,000	= \$ 966,474
" 76s.5 1/2d.	= 4.86661	£ 200,000	= \$ 973,322
" 76s.3 1/2d.	= 4.87724	£ 200,000	= \$ 975,448
" 76s.-1/2d.	= 4.89327	£ 200,000	= \$ 978,654

1 oz. pure gold	= \$ 20.67183462
1 oz. 900 fine	= \$ 18.604651
1 oz. 916 2/3"	= \$ 18.949181

EXPENSES FROM OTTAWA TO NEW YORK.

Expressage 3/40	= .003670
Abrasion	= .000250
Cooperage	= .000200
Interest loss	
3 days at 6%	= <u>.002446</u>
	<u>.006566</u>

REVISED TABLE OF CHARGES
AT THE
MINTS AND ASSAY OFFICES OF THE UNITED STATES.

As fixed by the Director of the Mint and approved by the Secretary of the Treasury
November 14, 1914.

TO TAKE EFFECT DECEMBER 1, 1914.

1. MELTING CHARGE:

On deposits of bullion a charge of \$1 shall be imposed for each 1,000 ounces of bullion or fraction thereof as shown by weight after melting, except in the case of uncurrent United States coin and mint-fine bars, for which no charge is made.

On deposits carrying nonmetallic material or separate particles of non-precious metals when the loss exceeds 25 per cent, a refining charge of \$1 for each deposit shall be imposed when the deposit weighs 150 ounces or less. On such deposits weighing over 150 ounces the charge shall be in accordance with the extra expense of the melting operations.

2. PARTING AND REFINING BULLION (rate per ounce gross):

On bullion containing 100 thousandths or less of gold and not more than 100 thousandths base, three-fourths of a cent per ounce for each additional 50 thousandths base or fraction thereof, in such bullion, one-half cent per ounce shall be added.

On bullion containing $100\frac{1}{4}$ to 250 thousandths, inclusive, of gold and not more than 100 thousandths base, 1 cent per ounce; for each additional 50 thousandths base, or fraction thereof, in such bullion, one-half cent per ounce shall be added.

On bullion containing from $250\frac{1}{4}$ to 500 thousandths, inclusive, of gold and not more than 100 thousandths base, 2 cents per ounce; for each additional 50 thousandths base, or fraction thereof, in such bullion, one-half cent per ounce shall be added.

On bullion containing from 950 to $991\frac{3}{4}$ thousandths, inclusive, of gold and not more than 30 thousandths base, 2 cents per ounce.

Bullion containing 992 thousandths of gold and upward shall be accepted free of the parting and refining charge. No allowance shall be made the depositor for silver.

On all other bullion there shall be a charge of 4 cents per ounce, and deposits containing 800 thousandths or more of base metal must be declined.

For bullion where the alloy is all good copper, with but one of the precious metals present, the charges shall be one-half cent per ounce. This does not mean to include foreign coin of standard fineness or above, for which the only charges imposed shall be for melting and for extra copper required for alloy. A parting and refining charge shall be imposed on all foreign coin below standard fineness. When bullion contains less than one-fourth thousandth of gold or 8 thousandths of silver, the gold or silver contents shall not be reported for the benefit of the depositor.

3. REFINING SILVER (rate per ounce gross):

Upon silver bullion free from gold assaying 970 to $997\frac{1}{2}$ thousandths, inclusive, the charges to be imposed and collected shall be four-tenths of a cent per ounce; and all such bullion between 870 and 970 thousandths, except where the base is all good copper, in which case it shall be in the above class, shall be subject to the parting and refining charge of three-fourths of a cent per ounce; and all such bullion 870 thousandths fine or under shall be subject to a parting and refining charge of 2 cents per ounce.

Upon silver bullion free from gold assaying 998 thousandths or over, when a depositor demands in payment bars of a higher fineness than his deposit, a refining charge of three-tenths of a cent per ounce shall be imposed and collected.

4. TOUGHENING CHARGE:

Bullion containing one or more of the following substances, viz, iron, lead, antimony, bismuth, tin, arsenic, zinc, or sulphur, in amounts sufficient to make it impossible to obtain a satisfactory assay, shall, at the discretion of the superintendent, be subject to an additional charge equal to the cost to the Government for remelting and treatment by the deposit melter.

5. COPPER ALLOY: |

Two cents per ounce for the necessary copper required for alloy to be determined by taking one-tenth of the fine weight of gold, except when the base in the deposit is all good copper and the fineness above standard, the alloy shall be determined by taking the amount of copper required to reduce the bullion to standard fineness.

6. WITHDRAWAL OF DEPOSITS:

Deposits may be withdrawn subject to charges actually incurred up to the time of withdrawal.

7. BAR CHARGES:

On bullion deposited for fine bars but not required to be parted or refined, and for unparted bullion (when sold or when special sizes are required by depositors).

On fine bars, in lots of \$5,000 or more, exchanged for coin, and on fine bars exchanged for bullion:

Bars of fine gold, \$5,000 in value and over, 0.05 of 1 per cent.

Bars of fine gold (less than \$5,000 to \$500), assorted sizes, 0.05 of 1 per cent.

Bars of fine gold (less than \$500), assorted sizes, 0.07 of 1 per cent.

Bars of fine gold (between \$300 and \$200), in lots of 20 bars, value approximately \$5,000, 0.09 of 1 per cent.

Bars of standard silver, per ounce gross..... \$0. 00½

Bars of fine silver, not less than 500 ounces, per ounce gross..... . 00⅓

Bars of fine silver, less than 500 ounces and more than 125 ounces,

per ounce gross..... . 00½

Bars of fine silver of 125 ounces and less, per ounce gross..... . 00¼

Bars of unparted bullion, per ounce gross..... . 00¼

8. MINOR ASSAY OFFICES:

When bullion is deposited for payment in coin it shall be subject to such charge as would be imposed at the mints, and an additional charge for assaying and stamping, viz: On deposits of less than \$800 in value, \$1; on deposits of \$800 and over, one-eighth of 1 per cent on the gross value of the bullion. In case the bullion deposited contains any foreign substances that make it impossible to obtain a satisfactory assay it shall be subject to an additional charge equal to the cost to the Government for fuel, labor, and materials used for remelting and treatment. Very impure deposits which fail to give concordant assays on dip samples from the third melting shall be returned to the depositor and the additional expenses incurred in treatment collected. When bullion is returned to the depositor in an unparted bar the charges for melting and assaying and stamping shall be collected.

9. ASSAYS OF BULLION AND PLATED WARE:

Samples of gold and silver bullion will be assayed at the mints and assay offices at a charge of \$2 per sample. In case of plate, or what is known as rolled or filled plate, the charge shall be \$4 for each assay; or the assay may be refused, at the option of the assayer.

10. ASSAYS OF ORES:

Assays of ores for gold and silver will be made at the minor assay offices and the mints at Carson, Nev., and New Orleans, La., at a charge of \$3 for each assay.

GEO. E. ROBERTS,
Director of the Mint.

Approved:

W. G. McADOO,
Secretary of the Treasury.

TABLE OF CHARGES AT THE MINTS AND ASSAY OFFICES OF THE UNITED STATES

As fixed by the Director of the Mint and approved by the Secretary of the Treasury
March 31, 1916.

TO TAKE EFFECT APRIL 15, 1916.

1. MELTING CHARGE:

On deposits of bullion a charge of \$1 shall be imposed for each 1,000 ounces of bullion or fraction thereof as shown by weight after melting, except in the case of uncurrent United States coin and mint-fine bars, for which no melting charge is made.

On deposits carrying nonmetallic material or separate particles of nonprecious metals, when the melting loss exceeds 25 per cent, an additional charge of \$1 for each deposit shall be imposed when the deposit weighs 150 ounces or less. On such deposits weighing over 150 ounces the charge shall be in accordance with the extra expense of the melting operations.

2. TOUGHENING CHARGE:

Deposits which fail to give concordant assays shall, at the discretion of the officer in charge, be subject to an additional charge equal to the cost to the Government for fuel, labor, and materials used in remelting and treatment by the deposit melter. Impure deposits which fail to give concordant assays on dip samples from the second melting shall be returned to the depositor and the additional expenses incurred in treatment collected.

3. WITHDRAWAL OF DEPOSITS:

Deposits may be withdrawn from the mints at Philadelphia, San Francisco, and Denver, and from the assay office at New York, subject to charges actually incurred up to the time of withdrawal. Deposits withdrawn from the minor assay offices and the mints at New Orleans, La., and Carson, Nev., shall be subject to the following charges, viz: Deposits valued at less than \$800, where extra toughening charges have not been incurred, \$2 for assaying and stamping each bar; on deposits of \$800 or over, such charges as have actually been incurred up to the time of withdrawal and \$2 additional for assaying and stamping each bar.

4. PARTING AND REFINING BULLION (rate per ounce gross):

CLASS A.—*Bullion containing gold and silver.*

Gold contents.	Charge.	Base contents.	Charge.
<i>Thousandths.</i>		<i>Thousandths.</i>	<i>Add.</i>
1-250.....	\$0.01	} For each 100 or fraction thereof, in excess of 100.....	\$0.01
250-500.....	.02		
500-949½.....	.04		
950-969½.....	.04		
970-997½.....	.02		
998-1000.....	.02		
		No allowance for silver.....	

CLASS B.—*Silver bullion free from gold.*

870 thousandths or less.....	\$0.02
870½-969½ thousandths.....	.01
970-997½ thousandths.....	.00½
998 thousandths or over, if payment is demanded in bars of a higher fineness.....	.003

CLASS C.

Bullion with but one precious metal present and base being copper suitable for alloy purposes (including foreign silver coin deposited for fine bars), if paid by cash or check.	\$0.00½
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CLASS D.

Foreign and uncurrent or mutilated domestic gold coin, or bullion of Class C (except foreign silver coin), if payment is demanded in fine bars.....	\$0.01
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Foreign and uncurrent or mutilated domestic gold coin of standard fineness or above is not subject to a refining charge if paid for by cash or check.

When bullion contains less than one-fourth thousandth of gold or 8 thousandth of silver, the gold or silver contents shall not be reported for the benefit of the depositor.

All deposits containing 800 thousandths or more of base metal must be declined.

5. ALLOY CHARGE:

Two and one-half cents per ounce for the copper required for alloy, to be determined by taking one-tenth of the fine weight of gold, except when the base in the deposit is copper suitable for alloy purposes and the fineness above standard, in which case the alloy shall be determined by taking the amount of copper required to reduce the bullion to standard fineness.

6. BAR CHARGES:

Gold bars, of standard fineness or above, when sold for coin in lots of not less than \$5,000, and gold bars issued for bullion, when special sizes or amounts are requested by depositors, shall be subject to the following charges:

GOLD BARS.	Per \$100 value.
Bars of \$5,000 in value and over.....	\$0.05
Bars of less than \$5,000 to \$500, assorted sizes.....	.05
Bars of less than \$500, assorted sizes.....	.07
Bars between \$300 and \$200, in lots of 20 bars.....	.09
Bars of a fineness of 999.9, not over \$5,000.....	.09
Bars of a fineness of 999.9, over \$5,000.....	.08

SILVER BARS.

Per ounce gross.

Bars of standard silver.....	\$0.00½
Bars of fine silver, not less than 500 ounces.....	.001
Bars of fine silver, between 125 ounces and 500 ounces.....	.00½
Bars of fine silver, 125 ounces or less.....	.00¼
Bars of unparted bullion.....	.00¼

7. ASSAYS OF BULLION AND PLATED WARE:

Charge.

Gold samples.....	\$2.00
Silver samples.....	2.00
Plated ware, rolled or filled (may be refused).....	4.00

8. ASSAYS OF ORES:

Assays of ores will be made at the minor assay offices and the mints at Philadelphia, New Orleans, La., and Carson, Nev., charges based on metals determined in sample:

Charge.

Gold and silver.....	\$1.00
Copper, tin, zinc, iron, lead, and tungsten (each).....	1.00

9. ASSAYING AND STAMPING CHARGES:

These charges apply at the mints at New Orleans, La., and Carson, Nev., and the minor assay offices, and are in addition to such charges as would be imposed at the mints and assay office at New York:

Charge.

Deposits of less than \$800 in value.....	\$1.00
Deposits of \$800 or over, on gross value.....	¼ of 1 %

R. W. WOOLLEY,
Director of the Mint.

Approved:

BYRON R. NEWTON,
Acting Secretary of the Treasury.

[July 6]



DOSORIS LANE

GLEN COVE

LONG ISLAND

all your insurance ypt, owing
oddly enough, to quite a little
work I found to do for the bank -
in spite of the complaints about
my cultured case which I was
getting off the last time we talked.
Which all goes to show that you
never can tell.

Charley Sabin has taken on Harry
Emery to do some work for his
Co. in Russia, which pleases me
intensely. - This news is not public
by the way -

Things are moving
along here smoothly. Our

new acting gov: has taken
hold in good shape &
seems to be acquiring a
good grip on the situation
very rapidly. Our friends
of the Exchange National of
Clear have registered a
kick against the collection
plan backed up by opinion
of counsel, which I am
shipping to Washington
with the suggestion that
they let us have an
opinion from the Atty Gen

for use in such cases
so that all the F.R. Bank's
counsel may make uniform
replies.

I sincerely hope you
were not too tired by the
trip & that the beneficent
effects of the wide &
woolly may already be
showing themselves.

Not being much good
at the expression of feelings

I can't tell you what
a gap in my life your
absence makes. Do tell
the truth I never fully realized
how firm a grip ^{on} how large
a part of my affections you
have succeeded in ensuring.

Rather silly to get so de-
pendant upon another soul,
don't you think?

Yours ever

AC

that was a little too long
went away - only to return
thinking.

Laura + I went on to Manchester
for the 4th but when there we got word
that the youngest baby was quite sick
so we rushed back again. He is
better again + I think out of the
woods all right, though we had
quite a scare.

P. J. starts west tonight,
stopping over in Buffalo + Niagara
Falls + will probably reach Denver
about the time this does. He needs
a good rest + we have finally
persuaded him to take 6 weeks
anyway + I hope more.

Your will is safely deposited
with the Trust Co + your old one
destroyed. I'm ashamed to say I
can't get around to fixing up

July 6.

DOSORIS LANE
GLEN COVE
LONG ISLAND

36

My Dear Gov.

Words fail to express my
astonished pleasure when your
magnificent Cigar Box walked
itself into my presence. It
was just like you, in the midst
of the thousand + one things you
had to attend to, to go to the
trouble of selecting something
that you knew would give so
much enjoyment. Many many
thanks. I am considering
myself merely as a custodial
trustee for the benefit of all
the smokers at the Bank.

As you may well imagine the chief excitement since you left has been the advent of the "Bru. Ex." which is now practically a fait accompli. You would have laughed to see Bro. Starek's attitude when considering the application in Committee. Very critical & un-enthusiastic. When I said, "well, this marks an epoch in our history," he doubted whether it really did & wasn't sure that the new arrival was such a valuable acquisition after all! However he was willing to vote in favor of the application.

We had quite a meeting of the various Governors about the 3% bonds & went to

Washington as you know to get the approval of the plan or a selling committee.

I will send you the minutes of the meeting to while away your leisure hours. They finally appointed J. Rhoads (Ch.) Dreman, & McCongal, with Keuzel as advisor, to manage the marketing. All the banks but two (not yet heard from) have approved the plan so I guess it will go into operation all right.

Fisher came down yesterday to see about borrowing \$15,000,000 for the City in August, but as he wanted it at 3% Keuzel & Dreman told him

July 6 [1916]
Doros Lane
Glen Cove
Long Island

C O P Y

My Dear Gov.

Words fail to express my astonished pleasure when your munificent Cigar Box walked itself into my presence. It was just like you, in the midst of the thousand + one things you had to attend to, to go to the trouble of selecting something that you knew would give so much enjoyment. Many many thanks. I am considering myself merely as a custodial trustee for the benefit of all the smokers at the Bank.

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I will send you the minutes of the meeting to while away your leisure hours. They finally appointed 3, Rhoads(ch.) Treman, + McDougal, with Kenzel as advisor, to manage the marketing. All the banks but two (not yet heard from) have approved the plan so I guess it will go into operation all right.

Fisher came down yesterday to see about borrowing \$15,000,000 for the City in August, but as he wanted it at 3% Kenzel + Treman told him that was a little too low + he went away - only to return on thinking.

Laura + I went on to Manchester for the 4th but when there we got word that the youngest baby was quite sick so we rushed back again. He is better again + I think out of the woods all right, though we had quite a scare.

P.J. starts west tonight, stopping over in Buffalo + Niagara Falls + will probably reach Denver about the time this does. He needs a good rest + we have finally persuaded him to take 6 weeks anyway + I hope more.

Your will is safely deposited with the Trust Co. + your old one destroyed. I'm ashamed to say I haven't got around to fixing up all your insurance yet, owing oddly enough, to quite a little work I found to do for the bank - in spite of the complaints anent my cultured ease which I was getting off the last time we talked. Which all goes to show that you never can tell.

Charley Sabin has taken on Harry Emery to do some work for his Co. in Russia, which pleases me intensely. This news is not public by the way.

Things are moving along here smoothly. Our new acting gov. has taken hold in good shape + seems to be acquiring a good grip on the situation very rapidly. Our friends of the Exchange National of Olean have registered a kick against the Collection plan backed up by opinion of counsel, which I am shipping to Washington with the suggestion that they let us have an opinion from the Atty-Gen for use in such cases so that all the F.R. Bank's counsel may make uniform replies.

I sincerely hope you were not too tired by the trip + that the beneficent effects of the wide + woolly may already be showing themselves.

Not being much good at the expression of feelings I can't tell you what a gap in my life your absence makes. To tell the truth I never fully realized how firm your grip or how large a part of my affections you have succeeded in ensnaring. (over)

July 2, 1914
Dear Mr. ...
Long Island

Rahter silly to get so dependant upon another soul, don't you think?

Yours ever

JFC

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July 13.



DOSORIS LANE
GLEN COVE
LONG ISLAND

Dear Gov.

It gives me great pleasure
to inform you that you have
been elected a charter member
of the "New York Michaelis", an
organization devoted to the dis-
position of dinners once every
so often + simultaneously
of the affairs of the Nation in
Religion Politics Business Art
Letters Law War + Medicine:
also of the allied nations +
their enemies, + neutrals.

The other charter members are

J. H. Perkins - well + favorably known

E. H. Wells, Late of Boston + Harvard, now
of the Rockefeller foundation.

H. James, Jr. " " Institute.

J. J. Greene, " " Foundation.

and - but you think I have
sold out to Oil Gang. -

W. J. Straight - Conspicuous

and
F. S. Skans - Missionary Revival-
ist of Stricken Railways.

and
J. F. Curtis husband of the talented
Laura Merriam of Minneapolis,
disappointed God-daughter of the in-
testate J. T. Hill.

There are also under con-
sideration for places in this

galaxy. The following of whom about
4 may be chosen:

1. J. Norton, banker, so-called, + humanitarian.

2. Miburn, raconteur + at times lawyer.

3. Clarke ————— " " " "

Art. Woods, Benedict + Police Com^r

B. Winthrop, late officer-holder.

Unknown Cole - Quack doctor.

[P.S. One R. C. Bolling, Aviator + Steel
magnet Counsel is also a charter member.]

Leonard Wood, late student at Harvard Medical School.

We would feel considerable honor if
you will accept this appointment.

I have disposed disposed of your various
certificates, Savings Bank books etc + life insurance
policies but not the others which are still
hanging fire so to speak.

All these blots are not
my fault, the weather has been
so damp that the ink + the
paper have both melted.

Please accept my apologies for
their appearance + permit me to take
this opportunity of assuring you
of my high consideration etc
I hope you continue to progress

Yrs HC

The second a rather queer way of raising money to pay off the existing indebtedness, (with which we have nothing to do) & consequently we have told him the new bills would be eligible for our purchase.


Personally my vast experience in Foreign Exchange tells me that he will not be able to sell drafts on Paris to the tune of 2 1/2 million dollars a week, but they think they can & thereby stabilize Exchange. Crazy with the heat, I think!

We told them (without desiring to run their business for them) that they really ought to get the American exporters to draw their bills on " " syndicate, & have a blanket guarantee from the French " , but Brown says that won't work.

The Bond Selling Com^{ee} agreed to sell to Harvey Fisk & Co as follows:

\$ 1,000,000	outright @ 100 3/4	with a 90 day option
on " more	" " "	" "
2,000,000	" " 100 7/8	
<u>1,000,000</u>	" " 100	making a total

of 5,000,000. No F.R. Bank to sell at less than

102. Uncle Joe McCord will make the Blue Ridge Mountain haze look like a cloudless sunshiny ether when he gets the news. 

Harvey Fisk were given an opportunity to submit a proposition at the request of the Sec. of the Treas., you will be astonished to learn! Mac may doze but he never sleeps. We almost sold

\$500,000 @ 102 to a man named Smith from Dayton,

Here are some insurance cancellations for you to execute at your leisure, which, when done will complete all your life insurance matters. Mrs. McClarin's brother is an insurance broker, so I have been letting him do the running - which has not amounted to anything.

I think the war is progressing admirably, tho' the English Black List is stirring up a good deal of fuss. In my neutral + impartial eyes it looks all right if they don't try to carry it too far.

We have just had word that my brother's wife's brother was killed, probably in the Great Drive towards Bapaume. He was a major in a Sussex Regiment, leaves 4 young children.

July 24]



DOSORIS LANE
GLEN COVE
LONG ISLAND

Whose Co. has just been in a new auto merger • has a lot of real money to salt down. How easy it seems.

Your brother came in to see us + gave us the latest news, from which I gathered that Dr. Dewall, whose letter to you seems somewhat cryptic I must confess, substantially agrees with the other docs as to your prospects. I think he means for you to be of good cheer, not to worry, + keep on pegging away, but he certainly uses beautiful language to disguise thought.

Check Collections progress satisfactorily, not many kickers, only a few mistakes, + no law-suits.

Please excuse the badness of the pen
once more: I've only just found a good one
which seems a trifle late for this letter.

The views you sent us of your
habitat indicate that you will at
least always have something to look
at. Do you ever have rain storms,
or isn't that allowed in your dry-
climate?

I have been asked
to join the Hughes Alliance but
perhaps I would do well to keep
out in view of the Board's recent
manifesto. What do you think? The
Alliance is an organization which has
for its purpose (you would never guess)
the election of W. Hughes + is com-
posed of simple-minded people like
Carr Forbes you + myself.

I must go to the train now, so
no more for the present

Yrs ever

JTC

FEDERAL RESERVE BANK
OF NEW YORK

August 2, 1916.

My dear Guv:

I seem to have about three letters from you which I have so far neglected to answer, for all of which please accept my profuse apologies.

Referring now to your letter of July 25th which asks some questions about the bookkeeping of the check collection plan, the situation is as follows: In order that we might keep track of the uncollected items and know at all times the amount of float we are carrying, it was necessary for us to establish two memorandum accounts, which were called "Uncollected Items" on the resources side and "Uncollected Deposits" on the liability side, these two items always agreeing as to amount. In addition to these two accounts, we established two accounts on the resources side, "Deferred Debits" and "Transit Account," the "Deferred Debits" being the total amount of outgoing items which are charged to our member banks and other Federal reserve banks on the outgoing time schedule. The "Transit Account" consists of items which we send direct to nonmember banks. Deducing the balance in "Uncollected Deposits" from the sum of "Deferred Debits" and "Transit Account" will show the amount of float we are carrying. This float is largely caused by deferring our credits on a different time schedule from that of the charges. The way our member banks ledgers are arranged, containing the ledger account and the analysis on the same sheet, by the use of the above-mentioned accounts we are able to prove the gross balance, the net balance and the unavailable items.

All of the above explanation has been written by Mr. Hendricks and, as they say on the letters of advice, is given without responsibility on my part.

Referring to the government account, I conferred with Mr. Treman who agrees that it would be well to inquire of either McAdoo or Malburn with respect to the policy the Treasury Department would adopt in the matter of our balances, and we shall do this within a day or two.

I am delighted that you continue to gain and also that the climate is so beneficial.

We had a conference here yesterday with Messrs. Warburg, Aiken, Rhoads and Fancher, at which check collections, the Clayton Act and government bond sales were the principal topics of discussion. It is proposed to hold a conference of the governors either here or at Boston on August 22nd, if the other governors agree, in order, chiefly, to iron out the difficulties of the collection matters.

Warburg was on his way to Washington yesterday in order to be on hand when the amendments to the Federal Reserve Act are brought up in conference between the Senate and the House. As you may have seen by the papers, the Senate passed most of them on Monday, with a modification in the branch bank section which would limit national banks to establishing branches in the same city or town only and only if the banks have a capital of a million dollars or over and are situated in a city or town of one hundred thousand inhabitants or over, with the number of branches limited to ten and only in cities where the State laws permit the State banks to have branches.

We started taking items under the collection system from the New York City banks yesterday, the Corn Exchange Bank supplying most of the increase - approximately 6,000 items -, which made a total of 27,000 for the day.

I went over to the tobacconist on Wall Street, who said he would send you 250 of the same "vintage" of cigars that you had before, accompanied by the bill so you see that your commission was honestly carried out.

Mrs. McLaren seems worried about whether we have two sets of your Dutch emergency currency in the box in the vault. I think we have but have not been able to look as yet, although I will as soon as opportunity offers.

We had one very hot day here, which was the day Mr. Hughes made his acceptance speech, which I managed to miss by being a little late in arriving. Candidly, however, I don't think I missed very much as, as an acceptance, I am afraid it will go at more of a discount than Kenzel allows. How did it strike you?

The latest news item is that the Deutschland is still with us.

Hoping you are the same, I am,

Yours very truly,



Secretary.

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

JFC/PE

*OK 90
JFC*

P. S. Since writing the above I have received the enclosed note and blanks from Mr. Carraway with reference to your accident insurance. After going over the policies very carefully and discussing the matter with him, I think the only chance of collecting anything would be with respect to your twisting the sacroiliac joint, which, as I remember it, laid you out for about two weeks anyway, irrespective of other ailments. In this connection please note Mr. Carraway's remarks concerning the possibility of cancelation. I don't know anything about this except what he tells me and so am not able to give you

any advice that would be any better than your own guess nor quite so good.

I am enclosing copy of Mr. Nugent's reply to Mr. Jay, which will be of interest.

JFC/PE
Encs.



...under the slightest obligation of putting up any real money. The
subscriptions were originally called for to buy the house & ranged from 100
to 1000. Mine was 100. Verb. Pap. Permits are found better the letters
get out now between 5 to 6 P.M. No litigation as yet in sight. I must they concede raise
enough to satisfy Stanchfield that there was a real issue in volume.
4/25 JCC

ded also for 74 million of their 2nd optional
at 100⁷/₈, so that matter seems very satis-
factory. I think the City Bank felt some-what
slighted & out of it when they saw the
Fisk circular but we jus' lay low & say
nuffin.

The next Conference is call
for Aug. 22nd at Boston. Some Bright Young Gen
have thought of a new topic for discussion
It has to do with that plan I've seen & spoken
of in the newspapers about checking collect
throughout the country. Have you any
topics to suggest? If so do so
promptly.

The weather here is fair to
good for me personally, but I observe the
thin ones who have no resiliency suffer
under it. We are now having a good
stiff thunderstorm to clear it off.

I hear from B. Miles that you have
been duly & formally elected a member
of the troupe gang or family of 1181. Needless
to say this was done over my dead body.
Seriously speaking however I had nothing
to do with it & you may rest assured that they
want you for your own sweet self. I don't
know what he wrote you as to the money part of subscrip-
tion, but I do know that they are not in need of any
funds, which would only go towards the ultimate redemption
of the mortgage. So if you contemplate joining the crowd don't

JAMES FREEMAN CURTIS
COUNSELLOR AT LAW

56
TELEPHONE MAIN 4235

53 STATE STREET
ROOM 905

BOSTON, MASSACHUSETTS

Wrong address.

13.4 Aug 9th

AUG 24 1915

Dear Gov.

Here is a policy which needs your August signature on the back where indicated by the X in pencil (which marks the spot where the body was found). Your application to be included in the group life insurance has been received & duly approved. You need have no feelings about not being considered "one of the Boys."

I am sending you some suggestions re the Bank of E. memo which I hope you will not consider too crude. All well here except for the

TELEPHONE MAIN 4323

Accepted Oct.

83 STATE STREET
ROOM 202

BOSTON, MASSACHUSETTS

Yrs

JAMES FREEMAN CURTIS
COUNSELLOR AT LAW

[Faint, mostly illegible handwritten text, possibly bleed-through from the reverse side of the page.]

FEDERAL RESERVE BANK
OF NEW YORK

R.A.V.
AUG 24 1916

36
J.F. Carter

CONFIDENTIAL.

August 9, 1916.

My dear Governor:

I have read with great interest and admiration your memorandum with reference to the B. of E. and have almost no comments to make except that I think it is conclusive and unanswerable. However, in order not to let you get the feeling that any piece of work of yours can escape wholly unscathed, I make the following suggestions:

1. On page 3 you include among the businesses to be transacted under the agreement

"(c) Purchasing dollar bills of exchange, selling the same with the indorsement of the Federal reserve bank and collecting same at maturity or for account of the B. of E. (See paragraph (e) quoted above.)"

It seems to me there is some question about whether paragraph (e) does authorize Federal reserve banks to conduct this business in the United States for account of its foreign correspondents as, to my mind, paragraph (e) contemplates only activities to be conducted abroad by the correspondents or agents of the reserve banks in the foreign countries. Of course, this is a pretty vital point and probably we had better assume the correctness of your position without raising the question. I think it would be covered by the amendment to the Act which has passed the Senate, which provides that there shall be added after the last word of paragraph (e) the following:

"And with the consent of the Federal Reserve Board to open and maintain banking accounts for such foreign correspondents or agencies."

2. On page 5 you state that

"Such commerce (in contraband, etc.) being described by the Secretary of State in one case as legitimate commerce and in another case as lawful commerce."

I would suggest changing this to read that this commerce has been described by both Secretary of State Bryan and Secretary of State Lansing in official documents as lawful commerce and legitimate commerce.

3. At the end of page 6 I would add the words "as a franchise tax."

4. On page 8 I would suggest making the last sentence of the first paragraph read

where?
"They also pay substantial taxes, called "duties," to the Federal Government."

5. On page 9 I would suggest the third sentence be made to read

"In the years 1893 to 1895 and 1907 and the two years of the present war, etc."

6. On page 11, the first line, I would suggest that your phrase, "Nor need (b) and (c) be discussed," should be elaborated as this is a somewhat curt dismissal of suggestions which might appeal to some members of the Federal Reserve Board. How would it do to insert something like the following:

"After considering all three possibilities, (a) alone seems feasible. Action under either (b) or (c) would result in our obtaining service considerably less efficient than that which we could obtain under (a), and would have the added disadvantage of our being unable to obtain the guarantee of the B. of E. on all our bills. It hardly seems necessary to discuss (b) or (c)."

Doubtless you could rephrase this in much better language and with additional reasons.

7. In the middle of page 12 I would suggest inserting an answer to the argument which I feel sure Mr. Warburg will present: That your plan is the product of an idealistic vision in that the B. of E. and ourselves are in

business for what we can get out of it and will not in reality cooperate in these matters but will always be on the opposite sides of the fence, and that in some way or other the other fellows will manage to "put one over on us." He also feels that, in case of the outbreak of war or threatened war in which England or ourselves might be involved, we might be at the mercy of hostile bankers. I feel sure that he will raise this point of view, which, to my mind, when analyzed to its logical conclusion, really means "Don't ever do any international business" because, if actual hostilities occurred, we would be no more safe having anybody else as our correspondent in England than we would be under your proposed plan. However, I think it would be well worth while to answer this argument in advance.

Will you let us know how these suggestions appeal to you, if at all. Upon receipt of further word from you, Mr. Treman and I will put the matter in the way of getting further action.

Yours sincerely,



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

JFC/PE

8/9/16.

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and telegram

from the Secretary of State to Ambassador Penfield under date of August 2, 1915.

FEDERAL RESERVE BANK
OF NEW YORK

August 10, 1916.

My dear Mrs. McLaren:

So soon you get a note from the Equitable Building. Would you be so kind as to do something for me. On the second page of a letter I wrote yesterday for Mr. Curtis to Mr. Strong a blank space was left to be filled in later. In the rush of things I forgot this and only rembered it this morning. The second page down to and including the addition is as per the enclosed. I hope it isn't troubling you too much to ask you to make the addition for me.

I do hope you had a nice trip. You certainly picked out a very disagreeable day to begin your journey. I also wish that your stay in Colorado will turn out to be very, very pleasant, and that you will come back feeling very much better.

Sincerely yours,

Phyllis Ericson.

FEDERAL RESERVE BANK
OF NEW YORK

36
+C
Aug 12

12. A. H. 1916

Dear Gov

I see I have neglected to acknowledge receipt of your check in the cause of prefacefulness, which I now do with thanks. I have a line from Harding today saying that Harrison had spoken to Glass about the omission of days of grace in Section 14 & that G. had said he would attend to it.

H. + W.'s appointments seem to me like a slap at Delano + I'm afraid he will take it so. The Pres^t certainly ought to have made him Gov. after getting him to give up a R.R. career + having him serve 2 yrs as Vice-Gov. Don't you think so? Too much petty politics!

although D. used to be a Dem
ocrat!

However be that as it may, I am
much distressed over your violations
of the doctors orders concerning work
If you don't stop doing so much
we will be forced to stop sending
things to you. I understand the
difficulties for your temperament
but the fact remains that you must
let your mind stay idle, just as much
as your body. Cultivate the habit
of vacuity. Its not so hard as it
seems & when once acquired is of
vast benefit & even pleasure -
I use it frequently, & with marked
success my friends say!

This is a warning to be
heeded & a command to be obeyed
Yours, Old Dr Curtis

FEDERAL RESERVE BANK
OF NEW YORK

Aug 15th
P.A. Br.
AUG 22 1915

My dear Gov:

Here is a programme of the
Governors. You will observe that
Collections only ceased on account
of the exhaustion of the alphabet.

I hope your suggestion about foreign
arrangements is in mind & will see
that they are discussed in executive
session. By the way I have here an
undated letter addressed to the telephone
Co. requesting them to cancel service
for your apartment. I am holding this
awaiting word from Miss Andrews.
Am I right in so doing?

The Astor Trust Co. wanted to know
how to handle Barbara's Palisade money.
I told them that any way that suited
Miss Strong would suit you. I hope this
was a proper reply. I am going to take

102
this afternoon off (at 3.30) and
play a little golf with C. D. Norton, who is
now residing with me. His crowd are
so distressed over the F.R. act that I
advise them to become private bankers,
which is what they really are, & thus
become entitled to make all the
money they can & luxuriate in "the
public - be-damned" frame of mind
so necessary to the happiness of such
malefactors of great wealth.

There is no other news of great
moment -

Wm. J. C.

EIGHTH CONFERENCE OF GOVERNORS
of
FEDERAL RESERVE BANKS

BOSTON, AUGUST 22, 1916.

P R O G R A M M E

1. Appointment of chairman.
2. Minutes of Seventh Conference of Governors.
3. Unfinished business:
 - (a) Distribution of expenses of moving gold for gold fund. Mr. Kains
 - (b) Retroactive liability for expenses of operating gold fund. "
 - (c) Conference of Auditors. Mr. Curtis
 - (d) Audit of gold fund. "
 - (e) Disposition of matters reported to Federal Reserve Board: "
 - (1) Checks received from collectors of customs and internal revenue carrying exchange charges.
 - (2) Copies of instructions to collectors of customs and internal revenue.
 - (3) Communications between Federal Reserve Board, Federal reserve banks and Federal reserve agents.
 - (4) Member banks' earnings statements.
4. Committee reports:
 - (a) Committee on reserve and central reserve cities. Mr. Seay
 - (b) Committee on questions submitted by Federal Reserve Board touching foreign operations. Mr. Kains
 - (c) Committee on method of calculating dividends. Mr. Seay
 - (d) Committee on allotment of investments. "
 - (e) Committee on disposition of government bonds. Mr. Rhoads
5. Reserve banks as fiscal agents of the Government. (Mr. Delano
(Mr. Aiken
(Mr. Seay
6. Collections and clearances:
 - (a) Direct routing of checks. Transfer charges. Should uniform rates and forms be established. Consent of Federal reserve banks. (Mr. Rhoads
(Mr. Seay
(Mr. McCord
 - (b) Routing of returned items. (Mr. Trezza
(Mr. Rhoads
 - (c) Postmasters as collectors. Surety bonds. (Mr. McDougal
(Mr. Rhoads
(Mr. Seay
 - (d) Service charges. Per item vs. per thousand. (Mr. Aiken
(Mr. Rhoads
 - (e) Cost of operating collection department. Items to be included. Distribution of expenses. Postage on mixed mail. (Mr. Seay
(Mr. Aiken
(Mr. McCord
 - (f) Elimination of service charge on collections handled for member banks. Mr. Miller
 - (g) Alien indorsements. Atlanta vs. St. Louis. Mr. McCord
 - (h) Waiver of restrictions relating to indorsements. Mr. Rhoads
 - (i) Statements for member banks showing available balances. Daily, weekly or monthly? "
 - (j) Statements showing balances between Federal reserve banks. Daily, weekly or monthly? "

- | | | |
|------|--|--|
| (k) | Remittance basis for member banks. | (Mr. Treman
Mr. Miller |
| (l) | Remittance basis for member banks on items sent then drawn on State banks. | " |
| (m) | Reserve requirements. Uniformity of computation and report. | " |
| (n) | Penalties for encroachment on reserves. | " |
| (o) | Method of dealing with member banks that deduct exchange. | " |
| (p) | Immediate availability of drafts on Federal reserve banks. | (Mr. Delane
Mr. Treman
Mr. Aiken
Mr. Miller
Mr. Seay
Mr. McDougal |
| (q) | Immediate availability at Federal reserve banks of checks drawn on member banks located outside Federal reserve cities. | (Mr. McDougal
Mr. Miller |
| (r) | Immediate availability of bank drafts on member banks located outside Federal reserve cities. | " |
| (s) | Checks payable in New York funds at current rates. | (Mr. Seay
Mr. McCord |
| (t) | Transfers between Federal reserve banks. | Mr. Aiken |
| (u) | Establishment of branches of Gold Settlement Fund in non-Subtreasury Federal reserve cities. | Mr. Miller |
| (v) | Currency shipments. | Mr. Seay |
| (w) | Double indorsement stamps. | " |
| (x) | District numbers on checks. | " |
| (y) | No protest items. | Mr. McDougal |
| (z) | Should two accounts be maintained between Federal reserve banks. | Mr. McCord |
| (aa) | Charges to be collected by member banks from their patrons, and charges to be imposed for clearing or collecting by Federal reserve banks. | Mr. Kains |
| (bb) | Compensation to member banks for collecting items on nonmember banks. | " |
| (cc) | Service charge for items forwarded direct by member banks for Federal reserve banks. | Mr. Miller |
| (dd) | Uniformity in billing service charges between Federal reserve banks. | Mr. Treman |
| (ee) | Service charge on government checks deposited with Federal reserve banks. | Mr. Rhoads |

7. Foreign arrangements.
8. A. B. A. meeting in Kansas City.
9. Press statement.
10. Next meeting.

Supplement to

*Heaven Help
the Farmer*

HUBBELL'S LEGAL DIRECTORY

(FORTY-SIXTH YEAR)

1916

AUGUST

THE HUBBELL PUBLISHING COMPANY

EQUITABLE BUILDING

NEW YORK

To keep Hubbell's for 1916 up-to-date make the following important corrections:

CHANGES IN ATTORNEYS' LIST

PAGE	STATE	TOWN	
3	Ala.	Anniston	Willett, Willett & Walker succeed Willett & Willett.
4	"	Huntsville	S. S. Pleasants, deceased. Insert Lanier & Pride.
9	Cal.	Alturas	Cornish & Sharp succeed N. A. Cornish.
20	Conn.	Bridgeport	Chamberlain & Hull removed to 115 Main St.
20	"	"	Samuel C. Shaw removed to Security Bldg.
42	Ill.	Decatur	McCullough & Wierman succeed Outten, Ewing, McCullough & Wierman.
47	Ind.	Evansville	Joseph H. Iglehart removed to Mercantile Bank Bldg.
51	"	South Bend	Slick & Slick removed to Farmers Trust Bldg.
51	"	Terre Haute	Davis, Bogart, Royse & Moore succeed Davis, Bogart & Royse.
52	Iowa,	Burlington	Blake, Wilson & Jackson succeed Blake & Wilson.
55	"	Dubuque	J. O. Frantzen succeeds Fitzpatrick & Frantzen.
62	Kans.	Topeka	Ferry, Doran & Cosgrove succeed Ferry, Doran & Dean.
65	Ky.	Louisville	Harrison & Harrison now in Suite 301-302, Norton Bldg.
73	Md.	Baltimore	Howard M. Emmons removed to Munsey Bldg.
76	Mass.	Boston	Dunbar, Nutter & McClennen succeed Brandeis, Dunbar & Nutter.

PAGE	STATE	TOWN	
80	Mich.	Battle Creek	Ira A. Beck removed to City Bank Bldg.
83	"	Bay City	Stoddard & McMillan removed to Shearer Bros. Bldg.
87	"	Kalamazoo	Mason & Sharpe succeed Lynn B. Mason.
93	Minn.	St. Paul	Lightner & Young removed to Endicott Bldg.
101	Mo.	St. Louis	Barclay & Wallace succeed Barclay, Orthwein & Wallace.
101	"	"	Boyle & Priest removed to Central Nat. Bank Bldg.
101	"	"	Collins, Barker & Britton removed to Boatmen's Bank Bldg.
102	"	"	Jeffries & Corum removed to Central Nat. Bank Bldg.
117	N. Y.	Binghamton	Welsh & Couper succeed W. J. & F. W. Welsh. New address, Suite 303 Phelps Bldg.
119	"	Cortland	Benjamin T. Wright, deceased. Use Champlin & Buck.
119	"	Elmira	Diven & Turner, dissolved. Alexander S. Diven practising alone. Offices, 212 E. Water St. S. G. H. Turner and Lewis Henry have entered into a co-partnership under the firm name of Turner & Henry. Offices, Realty Bldg.
132	"	New York City	The firm of Aldao Pavey & Campos has been re-organized under the name of Aldao, Campos & Gil, and will continue to carry on the business at 55 Wall St. This firm's South American connections continue as formerly. See page 222.
160	Okla.	Hobart	Tolbert & Tolbert succeed Morse & Standeven.
161	"	Tulsa	Cochran & Kauffman succeed Cochran & O'Brien.
172	Pa.	Scranton	H. R. Van Deusen moved to 730-732 Scranton Life Bldg.
172	"	"	It is with sincere regret we announce the death of Major Everett Warren of the firm of Warren, Knapp, O'Malley & Hill.
172	"	"	Watson, Diehl & Watson succeed firm of Watson & Diehl, with offices at 502-506 Scranton Life Bldg.
178	S. C.	Newberry	Geo. B. Cromer succeeds Johnstone & Cromer.
230	Ger.	Breslau	Alfred Silberfeld, deceased. Insert Justizrat Steinfeld, Cartstr. 3.

FEDERAL RESERVE BANK
OF NEW YORK

Aug 19th

Dear Gov.

This is just a line to say that I have read & re-read your accident policies & cannot think that they cover sickness. Incidentally I had given this matter "careful con" before writing you first: it is to be regretted that they are not "health" policies.

Thanks for your telegram about the Irish lad. I will await your letter. I am at sea about your Dutch paper money. Better get well back to straighten it out. Did she give me some more? I don't remember.

Here is a revised 2nd page of programme - God rest our Collective Collection souls! I can't see how

of the conflict will be the awakening of that
G. R. C. C. - E. A. T. Dunbar
what are you?

About Foreign relations till
Wednesday next as he is
so busy. Then I am to see
him on board train from
Hartford, Conn to Springfield,
Mass, in the intervals of Federal
Farm Loan slash & politics.

Again may the Lord have mercy
on every miserable soul.

Well at least I'm
off now to try the new Lido
course with Ch. Norton! day before

Warburg & I spent yesterday
(all day) going over Clayton
Act applications. He is a bear
on Russia after the war & says they
lie about their gold. I am a Bull &
believe the greatest economic result

WESTERN UNION DAY LETTER



Form 2589 K

B.A. 96
AUG 24 1916

THEO. N. VAIL, PRESIDENT

RECEIVED AT
60D R 67BLUE

SV BOSTON MASS AUG 22ND 312PM 1916

BENJAMIN STRONG

ESTES PARK COLO

joined 9:19 PM
will call

YOUR TELEGRAM RECEIVED IN CONFERENCE ASSEMBLED WE WANT YOU TO
KNOW HOW MUCH WE MISS YOUR GENERAL LEADERSHIP AND SEND
GREETINGS AND ARDENT WISH FOR A SPEEDY AND COMPLETE RECOVERY
AND RETURN TO OUR MIDST AIKEN TREMAN RHOADS SEAY MCCORD
FANCHER MCDUGAL WOLD MILLER HOXTON KAINS ON READING THE ABOVE
OVER TO THE BUNCH THEY SAID ALL VERY WELL BUT
BE SURE TO SEND HIM OUR LOVE

CURTIS

836PM

2875 W. 33rd Ave
Denver

Manchester by the Sea,
Massachusetts

36
Aug 26

Dear Gov:

W.A.B.
SEP 9 - 1916

The bearer of this letter
is John Lacey the young
man concerning whom
I telegraphed you. Our
doctor here says that he is
strong enough to do outside
work (preferably on a farm)
if the altitude does not prove
too much for him.

He is a very shy + retiring

chap without much knowledge
of this country, but honest
& clean & good tempered.

If you could give him
a lift it would be much
appreciated by

Y^{rs} gratefully

Arthur

P.S. I have told him to
go and see Dr. Sewall in
Denver which I hope he
has done.

FEDERAL RESERVE BANK
OF NEW YORK

Confidential

*36
Barker*

D.A.W.
SEP 1 - 1916
August 28, 1916.

My dear Governor:

Many thanks for your letter of August 24th with its enclosure of a Zilverbon for one gulden, which will be placed with the others.

Also, please accept our thanks for your kindness in advising us about the possibility of obtaining a place for the young man. We decided to send him out West on the chance. Our doctor thought that would be better than any place in the East, and he was very anxious to go West also. I have given him letters to Dr. Sewall (whom I do not know), Peter Holme, a lawyer classmate of mine in Denver, and yourself, and hope that he will be able to find something to do. He is very willing and of excellent character. Please do not feel under any obligation yourself to him financially or otherwise as I have arranged about that.

With reference to our foreign arrangements, I went to Hartford to see the Secretary last Wednesday, he being in the midst of a tour to hold hearings in connection with the establishment of Federal ~~reserve~~ farm loan banks. I only had a very brief interview with him but it was sufficient to get his point of view and also some valuable suggestions. I think he is wholly favorable to the plan as outlined in your memorandum and also to its being put in operation as early as practicable, although he did not definitely commit himself on either of these points. He threw out a suggestion (of course, *and not to be quoted*) that it might be well to omit from the memorandum all references to the question of neutrality, and he

also thought that it would be advisable to make our application as brief as possible. Messrs. Aiken, Wold, Treman and myself thereafter took the matter up with Harding and Delano, who had each been given a copy of your memorandum and who knew of my trip to see the Secretary, and it was decided by all hands to be advisable to have any references to matters of neutrality omitted from the memorandum. Both Harding and Delano are definitely favorable to the scheme and, I think, seem in doubt ^{only} as to the time when it should be put in operation. There was some indication that it should not be before the first Tuesday following the first Monday in November, but I doubt if this magical date will have much influence in the matter.

After a conference of about an hour or so, Mr. Delano thought it would be advisable to talk with Mr. Kains on the subject so he was also called in, he not having ever seen your secret memorandum. When he read it over he was very enthusiastic over the possibilities of the plan and heartily indorsed it, which, I think, relieved Delano's mind somewhat as the latter, while entirely believing in the plan, has felt his own lack of knowledge on the technique of foreign exchange and his inability to reply to what might be advanced against the plan by his colleagues on the board. He thought it might be advisable to get in some outside experts to advise with them, but possibly he may consider that Kains's opinion will take the place of such outside advice.

The board is having a meeting to-morrow morning and we are sending to them to-day in consequence a formal application, of which I enclose herewith a copy, together with a sustaining memorandum which is the same as your original one reduced as above set forth, of which I ~~also~~ ^{do not} enclose a copy, ^{as you have one from R.H.T.} Incidentally, the committee of which Kains is chairman appointed to consider the questions touching foreign operations submitted by the Federal Reserve Board at the conference of governors held last January made a report to the effect that it would be advisable for the Federal reserve banks, acting together, to open re-

lations with the national banks of the countries with which we have more important trade relations, such as the Bank of France, the Bank of England, the Bank of the Netherlands, the Reichsbank, the National Bank of the Argentine, etc. This report fits in very well with your recommendations and memorandum and, I think, will be very useful in getting action from the board.

Delano tells me that Warburg became much impressed with Kains during their trip to South America, which will be a good thing in view of Kains's enthusiastic reception of the plan. Delano also suggested that Kains might be a good man to get to manage the foreign exchange work of the banks when we start out. I told him that that had also occurred to us here and that we had some idea of getting Kains to come on as deputy governor in charge of all foreign exchange transactions if that could be worked appropriately. Delano was much pleased with that idea.

Since dictating the above I have talked with Mr. Harding by telephone and have arranged to go to Washington to-night to present the application to the board in person, with the accompanying memorandum, to-morrow morning.

I see I forgot to mention that the Kains report on foreign arrangements was approved by the conference and referred to the sub-committee composed of Messrs. Wold, Aiken and yourself (for whom we have substituted Mr. Treman) to be used in such way as this committee may deem best. I am arranging to give a copy of this report to the board to-morrow so that they may have it before them when considering our application.

In case you have been distressed by observing in the Chronicle of August 26th that the conference committee on the amendments to the Federal Reserve Act have omitted to include the amendment about days of grace in section 14, I may say that Mr. Harding told me over the telephone this morning that that amendment had been included at the last moment through the efforts of the board and Mr. Glass and, apparently, after the text of the conference report had been handed to the press. In case you have not seen the Chronicle

8/28/16.

and have not observed what the fate of the amendments was, I think it may be briefly summarized as follows: That everything recommended by the board which passed the Senate was agreed to, except the issuing of Federal reserve notes against gold, which, I am afraid, has been swept into the discard for this session, and except the authorization to national banks to establish branches in this country, which also has been knocked out. The committee has put in a provision permitting the board, upon an affirmative vote of not less than five members, to permit member banks to carry in the Federal reserve banks any portion of their reserves now required to be held in their own vaults. In giving out the report of the conference committee the Senate conferees stated:

"The amendments of the Senate to the bill have been accepted by the House conferees with some slight verbal modifications, except that the House declined to agree to, and the Senate receded from, its amendment of section 16 of the Federal Reserve Act which would have explicitly authorized and encouraged Federal reserve banks to issue Federal reserve notes based upon gold or gold certificates.

"The House conferees declined to agree to the Senate amendment proposing to permit national banks in cities of more than 100,000 inhabitants and possessing a capital and surplus of \$1,000,000. or more to establish branches, and the Senate conferees have agreed to recommend that the Senate recede from this amendment.

"The House conferees insisted upon an amendment to section 11, which was accepted by the Senate conferees, permitting the Federal Reserve Board, upon an affirmative vote of not less than five, to permit member banks to carry in the Federal reserve banks any portion of their reserves now required to be held in their own vaults."

Yours sincerely,

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

JFC/PE
Encs. (2)

JFC

P.S. Since writing the above I learn that we are dining with Oom Paul tonight + that we are taking the same night train to Washington. JFC

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

9D R 33N.L.

US WASHINGTON DC AUG 29TH 1916

BENJAMIN STRONG

THE LEWISTON ESTES PARK COLO

BOARD HAS UNANIMOUSLY APPROVED FOREIGN ARRANGEMENTS SUBJECT TO APPROVAL OF OTHER DEPARTMENT RELATIVE TO INTERNATIONAL COMPLICATIONS PROVIDED THAT NO ACTUAL TRANSACTIONS SHALL BE ~~XXX~~ UNDERTAKEN WITHOUT FURTHER APPROVAL OF BOARD CONGRATULATIONS ON FIRST STEP

J W CURTIS

840AM AUG 30

*found 9⁰⁵ am
fusy*

FEDERAL RESERVE BANK
OF NEW YORK

Confidential

36
R.A. Br.
SEP 6 - 1916

August 31, 1916.

My dear Gov:

In order to keep you up to date on our foreign matters, I give you a brief sketch of what has happened since I last wrote you.

I went to Washington Monday night to see the Board, as I already have written you in my letter of August 28th. Mr. Warburg and I went down on the same train and I showed him a copy of the memorandum I was taking to the Board and also told him of the steps already taken. While he was reading the memorandum, he looked up and said, "You know I wrote this section originally for Senator Aldrich and it was taken bodily from the Aldrich Bill and put into the Federal Reserve Act, and now I suppose the Board will tell me what it means." As I was under the impression also that such an event was likely to occur, I made no reply.

On Tuesday morning I went to see Harding and presented him with the various documents; also a copy of the Kains' report, which I am enclosing herewith, and we had a little chat on the subject. He showed me a letter he had just received from McAdoo, stating that he thought the matter was of such importance that before official action was taken, it should be taken up informally with the State Department, which I think is wise on his part, although a slight reversal from what he told me at Hartford. During our talk the Comptroller came in and Mr. Harding showed him the Secretary's letter, so as to make sure that they should not be getting at the subject from too many different angles.

[See Kains' files]

They went into a meeting at 11 o'clock, Harding having asked me to prepare a little memorandum on the neutrality aspect of the matter for him to

use if the vote came out as he expected it would--that it should be taken up with the State Department. I spent from eleven until one dictating a memorandum for him on this subject, which was in effect a rather poor imitation of the original pages in your memorandum which had been excised.

At one o'clock they adjourned and Harding told me that I need not wait around unless I wanted to. I went up to the Capitol and got a ticket to hear the President address Congress on the railroad strike and listened to a very poor speech, which seemed to me very illogical and unsound. Am glad to say he did not get much applause, although he got a little bit scattering and quite a little at the end; but I could find nobody in Washington, even among my radical friends, who did not believe that the President was in the wrong and the railway presidents in the right.

In the afternoon I played golf with Basil Miles, who starts for Russia to look after relief work for the ambassador (apparently to look out for about a million and a half German and Austrian prisoners, military and civil), and also Elliott Wadsworth, who has just taken up his new duties as acting chairman of the executive committee of the American Red Cross, a job which I believe he will do extremely well.

In the evening I had a little farewell party for Basil at "1718" where we gathered a few of the old crowd.

I telephoned to Governor Harding in the late afternoon, who told me that the Board had unanimously approved of our application with two provisions:

- 1st. That the State Department find nothing obnoxious in the plan, and
- 2nd. That no actual transactions be undertaken without the further specific approval of the Board.

He and Hamlin were appointed a committee to take it up with the State Depart-

ment informally, and they had an appointment to do so some time to-day, Thursday, but I have not yet heard the result.

Later in the evening I ran into Hamlin at the club and I asked him what the idea was in putting in the second restriction. He said the theory of the Board was that it would be well to have the machinery all set up for doing the business, but that they were somewhat doubtful of the advisability of actually beginning transactions during the pendency of the war. I urged him very strongly to permit us to go ahead as soon as we are ready, on the ground that I knew it was your view that the way to prepare for the shock to commerce and the exchanges, which would necessarily follow the declaration of peace, was to have a lot of credits and bills already established and owned in London, so that the slack could be taken up by our selling the same. I also said that to wait until the war was over before getting into this position would be practically locking the stable door after the traditional horse. He said that anyway their approval to-day will make the first step, and the Board was rather anxious to go by easy stages.

The psychology of this, I think, is easy enough to understand, especially in view of the fact that they got a unanimous vote, and it seems to me that we will be in a very strong position to begin at any time we want if, as I expect, the State Department has no objection to the plan. You will observe that our position will then be that the Federal Reserve Board will stand committed to the proposition that the principle of appointing the Bank of England our correspondent is a good one and has met with their approval, and the State Department will be in the position of not disapproving of our actually entering into transactions. Consequently I think it would be very difficult for the Board to put themselves in the position of "hanging their clothes on the hickory limb but not going near the water."

I expect we will hear some more news on this subject to-morrow and

8/31/16.

I will write you again if this lengthy letter does not prove over-powering to you.

Yours sincerely,



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

JFC/CEP
Enc.

September 1, 1916.

P. S. --- I have just received your telegram of August 31st with reference to our foreign arrangements. Your suggestions contained therein had already appealed to us and we have^d forwarded to Governor Harding a copy of the argument on the neutrality question which had been omitted from the original memorandum. This was prepared in a slightly different form and submitted as a separate memorandum, and, I understand from Mr. Jay, that it has already gone to the State Department. He will tell you also at the end of this letter what occurred in Washington yesterday. I am enclosing herewith a copy of the supplemental memorandum in the form in which it went to Governor Harding.

I enclose herewith a notice from the Bankers Trust Company, indicating that they have credited your account with \$299.70 as collection on the draft of your friend in Scranton, so that that matter seems to be successfully closed up.



8/31/16.

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FEDERAL RESERVE BANK
OF NEW YORK

JFC/PE 11:00

Postal. (TO BE MAILED)

36

CONFIRMATION OF TELEGRAM

We have today telegraphed you as follows :

September 1, 1916.

Benjamin Strong,
The Lewiston,
Estes Park, Colo.

Replying telegram August thirty first your suggestions have already been
carried out Am writing fully.

J. F. Curtis.

(Chgo. Fed. Res. Bk.
Equitable Bldg., N. Y.)

FEDERAL RESERVE BANK
OF NEW YORK

Sept 2, 1916

P. P. Fr.
SEPO - 1916

To / Benj Strong

Dear Governor,

Here is a copy (rather soiled) of the Barton Bill, also a resume of the rate Bank & other acts by one J. S. Williams. This is in response to your request of some time ago.

You may perceive that I am trying to overtake my obligations today, with slight success. I am also endeavoring to send each for a copy of the minutes of the Boston meeting, as I am to be away on a cruise next week.

Here also are the Strong & secretaries minutes for you, if the mail will take such a package! They wouldn't if the Brotherhoods got hold of them! [Note: Sent under another cover.]

What a disgusting exhibition of cowardice at Washington. PFC

36

Personal

36
JHC

FEDERAL RESERVE BANK
OF NEW YORK

D.A.W.
SEP 15 1916

September 11, 1916.

My dear Governor:

Many thanks for your various letters of September 5th and 6th, and I beg to say that I am attending to your requests, as follows:

1. Your letter to Mr. Treman has been forwarded to him.
2. A copy of the Clayton Act, including the Kern Amendment, contained in an index-digest prepared by the digester par excellence at Washington, is being sent you; also
3. A copy of the September number of the Federal Reserve Bulletin, which contains the amendments to the Federal Reserve Act as they were signed by the President, except that the words which I have bracketed on page 440 got omitted from the bill through the negligence of the conference committee. We have received word from the board that, as a result of this slip, for the present and until Congress blooms again we need not forward any applications from member banks to accept up to 100% of their capital and surplus.
4. The Burton Bill; the National Bank Act and the stenographic minutes of the conference of governors I sent you in a package on September 2nd and should have reached you about the same time as my letter of that date.
5. I am having a list of the directors of State banks and trust companies made up, with an indication of which ones are private bankers, so that you will be able to see where the shoe pinches. It is too bad that this matter comes up just now to throw an additional spoke in the wheel, but I cannot help feeling that it is something that can be worked out satisfactorily in the end.

6. As to the Bank of England matter, I have had no further word but possibly Mr. Jay is learning something in Washington to-day, where he expects to be over to-morrow wrestling with the Clayton Act applications. There may have been some news of this during last week when I was away on a cruise, in which case I would not have heard it. I am dropping Mr. Jay a line to-day in this regard and hope to find out something of what is going on in Washington from him.

I note your lamentation that so many topics at the conference were passed without final action. This also seemed to me a mistake as I thought several of them could have been decided without waiting for further experience, but most of the ones in question came up during the day when I was chasing round after the Secretary so you cannot blame me for the results.

I do not know whether you have seen the statement which your friend, the Comptroller of the Currency, published the other day as to the benefits conferred upon the downtrodden farmers of the country as a result of the famous order of the Federal Reserve Board of September, 1915, authorizing preferential rates on commodity paper. In this statement he indicated that the result was to have the member banks loan the farmers about one hundred and twenty-four millions of money at not exceeding 6% interest, which was a wonderful showing for one little order of the board. However, I took the trouble to analyze the figures the other day and found the following rather amusing results:

The Comptroller stated that the amounts loaned by national banks on commodity paper as of June 30, 1916, were as follows:

New England States	\$ 13,000,000.
Eastern States	38,000,000.
Southern States	37,000,000.
Middle States	25,000,000.
Western States	2,500,000.
Pacific States	<u>8,000,000.</u>
	\$123,500,000.

By looking at the reports in the Federal Reserve Bulletin one finds

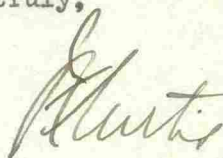
that the total amount of commodity paper rediscounted by Federal reserve banks during the month of June, 1916, was \$712,000., of which Richmond and Atlanta contributed \$706,000. The total amount of such paper rediscounted during the first six months of 1916 was \$8,370,000.

It is also to be observed that no rates of discount for commodity paper have yet been established by the Federal reserve banks of New York, Cleveland and Chicago and that no rediscounts of such paper have yet been made by the reserve banks of Boston, New York, Philadelphia, Cleveland, Chicago and Kansas City.

So that the net of it is that out of the Comptroller's \$124,000,000. of benefit a large majority was in a position where it could not have been caused by the regulation of the board and only \$712,000. worth was of a character where the original loan was necessarily at a rate of interest not exceeding 6%. It would be interesting to follow this up a little further and compare the amounts loaned by national banks on commodity paper in past years with the amounts given by the Comptroller for this June, and also compare the rates of interest charged during the various years.

I suggested to P. M. W. that an analysis of the figures given by the Comptroller would lead to quite different deductions from those which he had drawn and he urged me to publish such an analysis but I have not felt that it was worth while to start trouble on the subject.

Yours very truly,



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

JFC/PE



Sept. 15th
30

PIPING ROCK CLUB

R.A.S.
SEP 21 1916

Dear Gov.

I feel that I have paid but scant attention to your very considerate letters about John Saracy. Many thanks for all you have done. We had a letter from him yesterday in which he was very grateful + appreciative of you + Dr Sewall.

I don't know whether I wrote you about the cruise (so-called) I was on last week taking part in some of the Naval manoeuvres.

mile sale that suddenly developed.

This last week I have been at the Bank. P. J. has been at Washington, where they have decided most of the Clayton applications, along a line which seems reasonable enough to me but which will doubtless cause a good deal of criticism though I understand that Vanderbilt & Alexander are in an acquiescent mood, - more so than Wiggins.

The Board are getting out some consolidated regulations, which I guess will prove harmless.

The State Dept. apparently is

any way we had a good time on the "Dodge #", Harold Pratt's power boat, and assisted in the aeroplane experiments during which we learned that mines 18 ft below the surface can easily be detected by aeres 1000 up, & also the distance at which hostile ships can be seen from aeres.

We were attached to the aero part of the evolutions & really had an interesting & believe useful week. I was on one of the destroyers one day, playing enemy, & had the fun of pounding along at about 22 knots through a 60

deliberately stalling on our
matters on account of the recent
fool legislation about retaliating
for British interference with our
mails & commerce.

As Gus Gardner pointed
out, why not retaliate against
Germany for killing our citizens?

Some of our recent legislative
antics make me sick.

I am now playing in a tournament
here, in which I qualified ^{out of 80} 7th at
85 & have won ~~two~~ matches,
playing vs Gardner White to-
morrow in the Semi-Finals. After
which I start on a real vacation.

Hoping you are the same
I am yours for Hughes
HC

EQUITABLE BUILDING
NEW YORK

36
R.A. Jr.
SEP 22 1916

September 15, 1916.

My dear Governor:

I enclose herewith the cancellation of assignment of your Mutual Life Insurance policy #762306, together with a duplicate, both of which must be executed, in view of the fact that the cancellations you executed in July were not in proper form owing partly to the errors of the insurance company and also to my own stupidity.

The same is true of your policy #1156987, for which I am also enclosing cancellation and duplicate.

I am very sorry to have made such a stupid mistake.

Sincerely yours,

J. F. Curtis

To Benjamin Strong, Jr., Esq.,
The Lewiston,
Estes Park, Colo.

JFC/EEB.
Encs. (2)

7. Reading Prexy Eliot's rotten article in the Atlantic Monthly.
8. Preparing a crushing reply to same, only to be forestalled by Hughes, the Evening Sun et al, only not so effectively as yours truly thinks he would have done it.
9. Observing some shares of stock, purchased with the idea that they might shortly be sold for more than they cost, go to hell in a hack due to the said U.S.S.
10. Not having received any recent letter from one B. Thoms.

So there it is: out the credit side I made \$18. at golf the other day + got paid, + my cold is getting better, + Hughes is going to win, + he is pro-ally + the U.S.S. has gone home + Hendricks says you are in splendid shape -

You have doubtless observed the gyrations of your friend Charley

Oct 12th 1916

This is Day.

My dear Gov.

It is not true that I have forgotten your existence, though my lack of attention to it might warrant the assumption. The fact is I have been both hurried + perished for a week caused by 1. The return from a rather raucous, over-civilized vacation. 2. Having lots to do at the Bank + being constantly interrupted over piffling details so that each day seems like a wasted rocking horse. 3. Acquiring what my old friend Bill S. used to call a vile wholeson rheum, which makes me feel like the wrath of an early martyr. 4. Having been told on fair, tho' second hand authority that Hughes is pro-German. 5. Observing his bunk talk about standing 4-square to the world. 6. Observing our navy used as tenders for the U.S.S. to prevent her from causing deaths that might embarrass the adminis^{tr}

Played a little golf today Got around Piping Rock in P.M. By the way be sure to forward me the bills they send in your name. The books won't take me into their midst. By

Sabin. Most people are still guessing what he was up to. Kenzel says that he heard that J.P.M. + Co. had put him up to it, on the theory that there was too much hokey speculation + everybody needed a set-back. I doubt this, as I don't think Charley would volunteer for the position of goat, + the episode is hurting his prestige considerably, I think.

You would laugh to hear the inside of the Kuhn, Loeb - Paris loan as I did, absolobolutely confidentially from Casman. It appears that Schiff came around + suggested the deal out of a clear sky + that the Ambassador + people in Paris were doubtful about the wisdom of taking the money until Casman with much positiveness convinced them of the immense significance which would be attached to it by all hands who knew the parties. The whole thing is very entertaining, + its success has helped all the other loan issues.

Our foreign business languishes in Washington. Therman wants to force matters + get ourselves more positively on record. I sympathize with this idea, but feel so convinced that nothing can be done before election that I think we must grin + bear it till then. Jay agrees with this view. What do you think?

By the way you have never commented on the book I sent you, which leads me to believe that you haven't read it. It is not a sermon or a tract, but a biography of the most interesting figure in history told in a wonderfully fresh way. Read it tonight, please. I liked your Haithy with book + found it extraordinarily intelligible.

36

FEDERAL RESERVE BANK
OF NEW YORK

October 13, 1916.

My dear Gov:

Mr. Rovensky of the Commerce has a client in Germany who desires to buy some hides in South America and store them there until the close of the war, when they are to be exported. He desires to finance himself by drawing ninety day bills, which the Commerce will accept, with a number of renewals sufficient to last for two years, if necessary, the understanding being that the goods are to be exported as soon as war conditions permit, and in the meanwhile the warehouse receipts for them are to be controlled by agents of the Commerce.

This seems to raise two points:

- 1st. Is the transaction based upon an export?
- 2nd. Is two years a reasonable time for renewals under existing conditions?

What are your views in this regard? Probably we will have settled it before we get any reply from you, but I should like to see where you would stand. In any event I think we shall probably submit it to the Board, as our action in this case would tend to establish a precedent that might be of considerable force in times to come.

I certainly am much indebted both to you and to Dr. Sewall for the trouble you have taken about ~~Mr.~~ Larcey. Before your last letter came, I had already had various of his relatives in the East write to him, insisting upon the importance of obeying the Doctor's orders, and I have hopes that they have produced some effect. I am to-day writing to Dr. Sewall, who was

Benjamin Strong, Esq.

10/13/16.

kind enough to advise me concerning Larcey's condition.

Sincerely yours,



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

JFC/CEP

36

FEDERAL RESERVE BANK
OF NEW YORK

12. A. H.
OCT 23 1916

October 17, 1916.

My dear Guv:

I have your letters of the 10th and 11th.

Am sorry that I have been so slow in giving you my views about amending the Clayton Act, also getting for you that list of private bankers who were acting as directors, and so on. In this latter regard, however, the matter has been much simplified as the board has adopted a ruling (based on an opinion of Elliott's which seems rather lurid to Cotton and myself) to the effect that a private banker whose place of business is in a city or town of less than 200,000 inhabitants and who has aggregate resources in his business of less than \$5,000,000. does not fall under the ban of the Clayton Act. I will busy myself on this matter during the rest of this week and try to get something to satisfy for a few brief hours your craving for mental occupation.

The bill from the Piping Rock Club was all right; it has gone forward and I have deposited the sum of \$9.15 to your credit at the Bankers Trust Company. Please accept once more my thanks for your kindness.

You are more than optimistic about dividends; I hope you may prove to be right at the end of the next month or two. Most of us have been rather figuring on paying one to the end of March, 1915.

I can't remember whether I wrote you last week about signing our new permanent certificates of stock for the member banks, which are now on hand beautifully engraved by the Bureau of Engraving and Printing. They require

10/17/16.

the signature of the governor, the Federal reserve agent and the secretary. Mr. Treman, before beginning to sign them, thought possibly you might prefer to sign them yourself as a matter of sentiment. If you do, please let me know and I will ship the package out to you. There are only about 600 odd and, if you like the form of exercise, I am sure the member banks will appreciate the beauty of your signature. There is no hurry about this matter so, if you would like to sign them, just say the word.

There is not much new to report, except that Mr. Hamilton of Morgan's told us confidentially that they were expecting some more very large shipments of gold in the near future and wanted to know if we would like to buy some of it so that we could keep up our gold supply and they could get immediate cash for their importations, which they cannot do at the Assay Office owing to the rush of business at the latter place, they being now in a position where they can take in only about two and a half millions a day. We are looking round for some space to see if we can undertake this conveniently and I think we probably can get enough additional space at the Clearing House to make it worth while, but I am not sure about it.

Your additional foreign money arrived safely and I am putting it away with the rest.

Everybody who gets back here seems to agree as to the "bloomingness" of your health; I hope you won't get your head turned and think you are now in a position to do anything. Kains was characteristically worried lest you be overwhelmed by the hospitality of Denver, so I suppose from that remark that you will probably need some restraining influence.

Yours as ever,



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

JFC/PE

FEDERAL RESERVE BANK
OF NEW YORK

36

Original

B.A.L.
OCT 30 1916

October 23, 1916.

My dear Gov:

I enclose herewith a life insurance certificate for you (and also one for Mrs. McLaren) which shows that you are covered by the group insurance policy of the bank. Will you please hand Mrs. McLaren's to her at your convenience.

I have your two letters of October 18th. If you have not already heard, you will be interested to know that the board approved the eligibility of Mr. Rovensky's proposed acceptances with renewals up to two years, thus coinciding with your views. I discovered myself in a minority of one on that proposition as everybody here was in favor of taking the acceptances except myself, my view being that the plan of holding stuff in warehouse for two years with no contract of shipment or definite time of shipment in mind was getting pretty far away from the theory of a self-liquidating 90-day bill. However, as long as everybody is pleased, I guess no trouble will come.

I read of the organization of the Foreign Trade Bank in London, but have not seen any details in connection with it and have not heard what it proposes to do.

With respect to our foreign business, I agree with you that some pressure on the Department of State should be exerted, but I don't think there is really any use in attempting anything before election and, on the other hand, I think it will probably do more harm than good. I am convinced

that the administration has had plans for "twisting the lion's tail" which would have been brought off about now had it not been for the appearance of the U-53, which made a little change in sentiment. However, it isn't all over yet and a peremptory threat to use the powers granted to the President under the new Revenue Act addressed to Great Britain may still be issued before the fifth of November. If my diagnosis of their frame of mind is correct, they would not be likely to listen to our plans no matter how reasonable or unconnected with their points of view such plans might be.

I am delighted to learn that you found such a good ready-made house that fitted your needs so well. It must have saved you a good deal of trouble in the way of looking up furnishings and so on.

Charlie Norton and I are trying to get up a week-end of golf down at the National, where we shall miss you. We are going to get some of the fellows from Washington and our old friend, Big Bill Taft, and two or three others and have an interesting time.

Be sure not to let the people of Denver feed you to death as they probably will attempt to do.

Yours as ever,



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

JFC/PE
Encs. (2)

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

WESTERN UNION TELEGRAM



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

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

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

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

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

R.A.H.
 20
 OCT 27 1916

11132NY MX 69 NL

AD NEWYORK OCT 26 1916

BENJAMIN STRONG

1636

4100 MONTVIEW BLVD DENVER COLO

BOARD NOW SUGGESTS THAT IT MAY BE IMPROPER FOR NATIONAL BANKS TO AGREE TO PURCHASE OR DISCOUNT THEIR OWN ACCEPTANCES AS WELL AS TO RENEW FOR EIGHTEEN MONTHS STOP LET ME HAVE YOUR VIEWS ON THIS POINT AND ESPECIALLY WHAT IF ANYTHING WAS SAID WHEN ORIGINAL BROWN AND BONBRIGHT CREDITS WERE DISCUSSED WITH BOARD STOP DID THE LATTER KNOW DETAILS OF THOSE CONTRACTS STOP WIRE ME CARE BOARD WASHINGTON

J F GURTIS OCT 27 1211AM

36

FEDERAL RESERVE BANK
OF NEW YORK

October 28, 1916.

B. A. Fr.
NOV 1 - 1916

My dear Governor:

With reference to the new French export credit, I received your various telegrams in Washington yesterday but was somewhat mystified by the last sentence of your original telegram, which when first delivered to me read as follows:

"Important should not conclude argument with revealing all correspondence and memorandum in our files on this subject."

The telegraph company repeated this sentence so as to read:

"Important should not conclude argument with reviewing all correspondence and memorandum in our files on this subject."

I assumed that what you really said was, "without reviewing, etc." But we did not go over the whole story from our files with the board, although Mr. Jay and I did to refresh our memories of what had taken place in the past so as to be able to make a clear statement to them. The history of this matter is about as follows:

A week ago Thursday Kent invited Jay and myself to lunch and told us that he had been working on this credit for about six or eight months and that they were about to get their syndicate arranged and conclude the contract. He said there would be about sixty high-class manufacturing and commercial concerns in France that would draw on the American banking syndicate. He didn't show us any contract and, in fact, indicated that matters hadn't quite progressed that far.

It appears that on the same afternoon he called in various news-

paper men and told them the negotiations in confidence, with the understanding that it was not to be published until he gave the word to them all simultaneously to release it. However, with its customary disregard of little matters of that sort, "The New York American" promptly published the story on Friday morning, which forced the hand of the managers of the syndicate, i.e., the Bankers Trust, the Guaranty Trust and Bonbright & Co., who then with much haste sent out their circular to about four thousand banks inviting them to participate in the syndicate. This circular was not shown to any of us over here.

On Saturday morning the members of the Federal Reserve Board who were in Washington felt much upset about the published newspaper articles concerning the credit on the ground that the managers apparently had made statements which might lead people to believe that the Federal reserve banks would "hold the bag" and purchase all the acceptances under the credit which might be thrown on the market. They got in touch with Mr. Jay, who got in touch with Kent, who tried to stop the circulars from going out but found they were already in the mail.

Without notifying us of their intentions, the board sent a telegram to each of the Federal reserve agents indicating that these acceptances were not very desirable, and that the reserve banks should not buy them in large quantities, and that the persons who might join the syndicate should be advised of this fact. As soon as we received the telegram, which was on Monday, we called them up at the board and got hold of Warburg, I think, who told us the board were considering making a published statement for the newspapers in connection with the matter. We urged them not to do this on the ground that such statement would have two inevitable results:

1. Kill the credit "dead as a doornail," and
2. Lead to a newspaper controversy with bankers as to whether the board or the trust companies were in the right.

That night Jay and I jumped on a train and went to Washington and had a conference lasting about two hours and a half with Messrs. Harding,

Delano and Warburg, at the end of which it was agreed that the best way to handle it was to have the trust companies include in the next letter which they were to write to those who desired to participate a statement to the effect that, in order to avoid misunderstanding, they wished to advise the participants that, while the acceptances were eligible for purchase by the Federal reserve banks, it was understood to be the policy of the Federal Reserve Board not to encourage large purchases of this class of acceptance which had the renewal provisions included in the contract. It was also understood that Governor Harding, who is to make a speech here in New York next Wednesday evening, would make a general statement of the position of the board with respect to acceptances of this character without mentioning any particular credit by name. We also urged upon those members of the board to send another telegram to each Federal reserve agent indicating that their first telegram was sent for his private information and not for publication, which, I think, was done but I am not sure.

word

On Wednesday we received from Mr. McKay of Chicago that his executive committee had voted that the proposed acceptances were not eligible for purchase by Federal reserve banks and that, therefore, we would kindly refrain from buying any for their account. Naturally, this action was quite a body-blow for the undertaking as the Chicago bank was advising all its member banks who inquired that the acceptances were not eligible. The same was true in Boston, except that after first advising member banks that they were not eligible they changed around and later advised them that they were eligible.

While in Washington, we gathered from conversations with Delano and Harding that the Comptroller was very much wrought up over the newspaper articles about the credit and was very anxious to have a counter-statement issued by the board or by himself, and, apparently, all of the members of the board except Delano were much exercised over the situation, he having said that when he returned to Washington on that Monday he found them in a great

state of excitement. Harding told me when we were alone together that Willis was very much excited about it and had almost given the whole matter to the press with a statement before they had held him up, and he also told me that his own view was that it should be managed without publicity and thought that the plan of having the trust companies issue a supplemental explanatory letter, coupled with his speech, was the correct way of handling it. Jay and I left Washington on Tuesday afternoon, thinking it was all settled, with various suggested forms for this supplemental letter to be submitted to Kent. On Wednesday Kent and his associates went over the draft of statement and changed it somewhat and submitted what they thought would be appropriate, which was forwarded to the board. On Thursday the board met again and decided that the Kent draft would not meet the situation, and, apparently, the Comptroller at that point became convinced that the whole matter was illegal so far as national banks were concerned, apparently on the ground that national banks have not the right to combine an agreement to renew acceptances for a period of eighteen months plus an agreement to advance the funds themselves, if necessary. I do not know what provision of law prevents this and have not yet discovered what one he thinks prevents it, but, anyway, it raised a new complication and so it was suggested that Kent and Hemphill go to Washington for a conference yesterday (Friday) together with Cotton, Jay and myself. So the pilgrimage was undertaken once more, Mr. Jay having been there on Thursday anyway to attend a meeting of the executive committee of the Federal reserve agents' conference.

On Friday morning Jay and I had a long talk with Cotton, Elliott, and Harrison, all of whom apparently had got it into their heads that the combination of the two undertakings of the national banks was in some way in violation of the provision that they should not make acceptances to run for more than six months. I argued this for about an hour and a half at the close of which Harrison said he had come round; Cotton was looking at the ceiling with his feet on the desk, in an atmosphere of coma, and Elliott had

appeared with the papers to look something over. At two o'clock Kent and Hemphill arrived and at half past two we all went to the board room and had a meeting with the board, at which they were all present except McAdoo and Hamlin. Harding started off by saying that the board had made up its mind that a statement must be made and they would give opportunity to the trust companies to make a statement to the prospective participants of the general nature of one which he read aloud, or the board would issue a public statement. There ensued a debate lasting for about three hours in which the following statements were made:

Warburg said he didn't believe in the credit anyway, that it was on the wrong basis and ought not to be encouraged.

Hemphill said that the board had already practically killed it, that it could not now amount to more than fifty millions and that all the subscriptions they had received so far totaled only eighteen millions. He asked Harding whether there were any misstatements of fact in their circular and suggested that they take up the facts stated in order:

1. Were the bills eligible or not.

To my amazement Mr. Harding did not answer this question directly, but one of the members of the board (I have forgotten which) said that it was a matter under consideration. Miller suggested that, while the bills were eligible, they were not eligible, his point apparently being that, while they were eligible as a matter of law, they were not eligible as a matter of prudent banking. I suggested to him that the word "eligible" by constant use in the regulations of the board had now acquired a definite fixed meaning which everybody interested in the matter knew, but this suggestion fell by the wayside. Toward the end of the argument Hemphill made a plea that nothing at all be done on the ground that if the object of the board was to kill it they had succeeded already, that the trust companies would guarantee it would not exceed fifty millions in any event, and that if it were killed any more they would have to

report to their friends in France that this credit had been killed by the action of the Federal Reserve Board, which he thought would be an unfortunate situation. Somewhat to my surprise this plea seemed to have some effect upon the board, who apparently said they would consider it further, but at 5:10 I left the meeting to catch the train home and don't know what happened after that except that Kent and Hemphill, who took the same train, seemed to be a little in doubt as to what shape the matter was in at the end of the conference.

Mr. Jay stayed over in Washington where he is to-day, but I have not heard anything further from him.

Since returning this morning I find a letter from the Federal Reserve Bank of Minneapolis stating that their executive committee has concluded that the bank ought not to participate, directly or indirectly, in acceptances growing out of the French credit about which the Federal Reserve Board has communicated with all the Federal reserve banks. We have not yet made any reply to Chicago or Minneapolis, thinking it would be better to wait until some decision has been reached.

~~The funny~~ The funny part, from my point of view, is that this credit is arranged along a line entirely similar to all the others which we have been buying for the last fifteen months. The record shows that the board had a copy of the original Brown credit for eight days before they published the revised regulations which permitted the purchase of acceptances of the character being made under the Brown credit, but each member of the board thinks that he never saw the paper, and they are all firmly convinced they never knew that in any of these credits the acceptor was obligated in one form of words or another to supply the funds at the time of the original acceptance as well as at times of renewals.

At the conference yesterday, I thought Warburg made a very good speech on the theory of the acceptance business, in which he stated that he

thought the practice of acceptors in this country of furnishing the money and holding their own bills was not the best way to have the acceptance business grow up in the United States, and he asked Kent if he thought that was the normal way to have the business conducted. On the other hand, I thought Kent's reply was also very good, in which he said that that way was as normal to-day as living to-day was, that the war had changed all forms of international relations, and that the development of the acceptance business in this country could not be done on the basis that it had been developed in England over a period of some hundreds of years.

I am sorry that we have not had better success in this matter. The Lord knows we have struggled hard enough, but I don't think we have accomplished anything. To my mind the credit is practically killed and probably cannot be revived with any semblance of unbroken life, and I don't think anybody is better off for it. My own view would be to write to Chicago and Minneapolis and ask them if they desire us to stop purchasing any French acceptances for them, on the basis that there is no distinction between the new ones and the old other than the fact that the new have industrial and manufacturing concerns as drawers whereas the old had bankers.

It is an astonishing fact that in all the conferences, debates, correspondence and general mix-up that you had with the board in July, August and September of 1915 there does not appear to have been a specific reference to the fact that the participants in the Brown credit were obligated (i.e., they covenanted and guaranteed to have the acceptances discounted at the agreed rate) to furnish the money or see that the money was furnished.

To pass on to a pleasanter subject, let us come back to our old friend - the situation of the private bankers in this State under the Clayton Act. In accordance with your request, I enclose herewith a list of the private bankers who are directors in State banks and trust companies, together

10/28/16.

with the sources of information from which the list was made up. I am sorry I have not had time to go over the drawing up of an amendment in this regard.

Your letter of October 23rd has just arrived. The first two shipments of gold, amounting to about ten million dollars, have been received and put into the Clearing House. As you suggest, we are taking a guarantee from Morgan of the contents of the bags, and the 1% is not to be paid over until we receive final payment from the Assay Office, which, of course, will be at the end of our holding the gold.

Yours very truly,

J. J. Curtis
P. E.

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

JFC/PE
Enc.

Dictated by Mr. Curtis but only partly read by him.

36

FEDERAL RESERVE BANK
OF NEW YORK

12. A. H.
NOV 6 - 1916

October 30, 1916.

My dear Guv:

Since writing you on Saturday the French credit matter has progressed a little bit, about as follows:

Mr. Harding called up Mr. Treman and suggested that we get hold of Messrs. Kent and Hemphill and say to them that, if the amount of member bank acceptances involved in the credit was not to exceed \$20,000,000., the board would be inclined not to make any announcement and not to ask the trust companies to issue any additional letter or circular. Accordingly, we got hold of Messrs. Kent and Hemphill and told them this, and they agreed that the member bank acceptances would not exceed \$20,000,000.

Mr. Harding is to make a speech here on Wednesday night in which he is to outline the general policy of the board, and I understand also from him that he is to send a copy of this speech to each Federal reserve agent confidentially, as indicating the policy the board would like to have them pursue. He is to send a copy of this over to us to-night for our information.

After our conference, Mr. Treman called up Mr. Harding again and told him of the understanding reached. So there the matter rests, with everybody dissatisfied to a certain extent.

Your letter to Mr. Brian Cokayne has been forwarded to him with the following change on page five in the second paragraph. After the word "follows" we have inserted "Every Federal reserve bank shall have power," in order to make the context a little clearer.

10/30/16.

We are to have a meeting with Messrs. Rhoads, McDougal, Aiken and Fancher to-morrow and we may be able to get the French credit in better shape, but I doubt it.

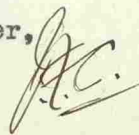
(Continued October 31st)

Since writing the above, we have had a meeting with Messrs. McDougal, Aiken, Fancher and Seay in which various matters were gone over very thoroughly, especially the French credit. We got Mr. Kent over to give a further explanatory talk on this matter, and we also received a copy of Mr. Harding's address, which I enclose herewith. After reading it, we called him up and Aiken urged that the parts marked on pages 16 and 19 be eliminated as we thought they would both give erroneous impressions of the French credit and the possibility of our foreign relations. Mr. Harding replied that it was too late to change the speech as it had already been sent to the newspapers for release on Thursday morning, but that he would make it clear in his speech that the part on page 16 was not intended to apply to acceptances of the character now being purchased or to be purchased under similar credits but was intended to apply only to finance bills pure and simple. With respect to the foreign arrangements, he felt that the phrase we objected to would not be a commitment of the system not to undertake such relationships until after the war, which was what we were afraid of.

He also telephoned the substance of instructions that were going out from the board to-day to all Federal reserve agents, of which I also enclose a copy.

It is rather hard to see where this will lead the matter, but I fear the effect of the speech will be unfortunate.

Yours as ever,



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

P.S. We sold 5,000,000 U.S. 3% 's to the First Nat'l Co. of Chicago today at 101 1/2 and have another trade at the same price warming over the stove.

JFC/PE

Encs. (2)

FEDERAL RESERVE BANK
OF NEW YORK

R.A.H.
NOV 7 1916

November 2, 1916.

My dear Gov:

I enclose herewith a copy of the minutes of the recent meeting of the bond selling committee which speaks for itself.

We are calling a conference of the governors to be held at Washington on December 11th next. If you have any suggestions for topics, please let me know.

There is nothing new to-day here.

I am going to make a real reply to your latest letters when I get a little more time.

Yours sincerely,



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

JFC/PE
Enc.

36

FEDERAL RESERVE BANK
OF NEW YORK

November 3, 1916.

My dear Gov:

I have your note of the 31st enclosing the slips from the Piping Rock Club, for which I am much obliged.

I had just learned that Laracey has left Denver to return to the East which, I am afraid, is in the nature of committing suicide. He did this apparently on the advice of one of his brothers here and, naturally, without any consultation with us and, I suppose, without talking to Doctor Sewall. It is a crime that they should take such an attitude as Laura and I had got his aunt, who works for us, to write to them urging them to make him abide more strictly by the doctor's orders, but I am afraid that the milk is spilt now.

Meanwhile, please accept our most grateful thanks for all that you did for him out there.

Sincerely yours,



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

JFC/PE

26

FEDERAL RESERVE BANK
OF NEW YORK

November 3, 1916.

My dear Gov:

We have been over your letter to Mons. Pallain, which we are taking the liberty of holding up although we are sending forward the various papers as you request.

May I make one or two suggestions about your letter, as follows:

1. On page one, in the second paragraph, I would insert after the word "liabilities" at the end of the sixth line a semicolon, and strike out the comma after the word "account" in the next line, otherwise I am afraid the poor Frenchman may not quite get the full beauty of the thought.

2. On page two you say that "the suggestion for a specific transaction, aggregating, say, \$20,000,000., preliminary to a more general understanding is now awaiting final consideration by some of my associates in Washington." This is in the nature of news to us here as we have not taken any steps towards placing this matter before the Federal Reserve Board and had no knowledge that you had done so. Do you mean that you have done so, or do you think that we have?. What you say in the rest of your letter seems to me to indicate that Mons. Pallain's suggestion about the twenty millions could not be worked, so I don't quite understand what you mean in this regard.

3. On page three, in order to make the context a little clearer, I would suggest inserting after the word "purchase" in the first line the words "in this country."

4. For the same reason, on page five I would suggest that the first part of the second paragraph be changed to read, "Also, if exchange became

11/3/16.

adverse to this country and continued in that situation for any length of time, we would naturally, etc." I would suggest this because I feel that any foreigner translating this paragraph might not readily connect it with the preceding one if left in its present shape.

As to my seeing Frank Polk, I think it would be a good thing to do informally and, of course, I can do this without stirring up any trouble and will take occasion to see him as soon as opportunity offers.

Perhaps I am rather dumb about the twenty million dollar transaction which possibly you mentioned as you did in order to waste a little time, but it strikes me that your remarks under that head are really not consistent with the rest of the letter. I understand Mr. Treman is writing you more fully on this matter to-day.

Yours sincerely,



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

JFC/PE

Curtis
36

FEDERAL RESERVE BANK
OF NEW YORK

B.A. Fr.
NOV 14 1916

November 10, 1916.

My dear Gov:

I enclose herewith the list of private bankers which you sent me the other day, on which you will find noted the firms of which the individuals are members. I will get busy over Sunday on your plan for an amendment to the Clayton and hope to get something off to you on this subject next week.

I also enclose herewith copy of such correspondence as we have about the National Bank of Commerce German hide credit, which, as a matter of fact, has not yet been arranged.

I have your letter of the 6th. With respect to the United States 3s, we had a little mix-up over the last million that was sold to the First National Bank of Chicago, but it has now all been straightened out satisfactorily. We had a very clear understanding with them that all six millions were to be placed with a customer and not to come on the market for a considerable time. They tried to put the last million on the market right away and thus spoil Harvey Fisk's situation. After we had taken the position that they must either keep the bonds off the market or the sale of the last million would be canceled, they finally climbed down and agreed to hold them off.

I cannot write much of a letter to-day as I am off this afternoon to Cambridge to see your pets go down to defeat.

I hope your health continues to improve.

Yours sincerely,



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

JFC/PE

PRIVATE BANKERS IN NEW YORK CITY

WHO ARE DIRECTORS IN STATE BANKS AND TRUST COMPANIES

J. S. Bache	Empire Trust Company
" " "	International Banking Corporation
James A. Blair	New York Trust Company
Harry Bronner	Equitable Trust Company
Franklin G. Brown	Columbia Trust Company
James Brown	Mercantile Bank of the Americas, Inc.
" "	Union Trust Company
Thatcher M. Brown	Mercantile Bank of the Americas, Inc.
E. M. Bulkley	Bankers Trust Company
Henry P. Davison	Bankers Trust Company
Eugene Delano	N. Y. Life Insurance & Trust Company
John B. Dennis	New York Trust Company
Charles D. Dickey	U. S. Mortgage & Trust Company
Murray W. Dodge	Franklin Trust Company, Brooklyn
Benjamin S. Guinness	New York Trust Company
Henry R. Ickelheimer	Fifth Avenue Bank
" " "	U. S. Mortgage & Trust Company
Adrien Iselin, Jr.	Central Trust Company
C. O'D. Iselin	N. Y. Life Insurance & Trust Company
Ernest Iselin	U. S. Mortgage & Trust Company
" "	Union Trust Company
Otto H. Kahn	Equitable Trust Company
W. DeLancey Kountze	Lincoln Trust Company
Thomas W. Lamont	Guaranty Trust Company
Charles Lanier	Central Trust Company

R. Walter Leigh	Franklin Trust Company, Brooklyn
Walter Luttgen	Transatlantic Trust Company
Edgar L. Marston	Astor Trust Company
" " "	Bankers Trust Company
" " "	Guaranty Trust Company
" " "	Title Guarantee & Trust Company
Horace J. Morse	Peoples Trust Company, Brooklyn
Edwin W. Orvis	Colonial Bank
" " "	Greenwich Bank
Charles J. Peabody	Franklin Trust Company, Brooklyn
Wm. H. Porter	Astor Trust Company
" " "	Fifth Avenue Bank
" " "	Title Guarantee & Trust Company
Dallas B. Pratt	Bank of America
Oscar L. Richard	State Bank
Max Ruckgaber, Jr.	Peoples Trust Company, Brooklyn
Charles S. Sargent, Jr.	N. Y. Produce Exchange Bank
Jacob H. Schiff	Central Trust Company
Mortimer L. Schiff	Fidelity Bank
" " "	U. S. Mortgage & Trust Company
John S. Scully	Montauk Bank, Brooklyn
Isaac N. Seligman	Lincoln Trust Company
James Speyer	Bank of Manhattan Company
" "	Title Guarantee & Trust Company
Albert Strauss	Guaranty Trust Company
" "	Mercantile Bank of the Americas, Inc.

Frederick Strauss	Columbia Trust Company
" "	Mercantile Bank of the Americas, Inc.
Jesse Isidor Straus	Lincoln Trust Company
Henry R. Talmadge	Empire Trust Company
Moses Taylor	N. Y. Life Insurance & Trust Company
Henry H. Wehrhane	Transatlantic Trust Company
M. Orme Wilson	Union Trust Company
Beekman Winthrop	Farmers Loan & Trust Company

PRIVATE BANKERS IN NEW YORK STATE (OUTSIDE NEW YORK CITY)

WHO ARE DIRECTORS IN STATE BANKS AND TRUST COMPANIES

H. E. Crissey	Farmers & Mechanics Bk., Jamestown
C. R. Nelson	Peoples Trust Company, Binghamton
Leo Frank	St. Lawrence Trust Company, Ogdensburg
E. Perkins	Union Trust Company, Rochester

(The names of private bankers were obtained from a list published in R. G. Dun & Company's Reference Book and from the statement of the New York State Banking Department. The directors were taken from the Rand-McNally Bankers' Directory of July 1916.)

Mr. Crain : Please give name of firm of which these are partners.

Murray W. Dodge - Bertron, Guscon & Co.

Walter Luttgen - August Belmont & Co.

Horace J. Morse - A. M. Kidder & Co.

Edwin W. Orvis - Orvis Bros. & Co.

Oscar L. Richard - C. B. Richard & Co.

John S. Scully - Zimmermann + Forskay

M. Orme Wilson - R. J. Wilson & Co.

Beekman Winthrop - Robt. Winthrop & Co.

H. E. Crissey - E. B. Crissey & Co. South Dayton, N. Y.

G. R. Nelson - B. H. Nelson & Son, Binghamton N. Y.

Leo Frank - Nathan Frank's Sons, Ogdensburg N. Y.

E. Perkins - Erickson Perkins & Co., Rochester N. Y.

Jesse Isidor Straus - R. H. Macy & Co., N. Y. City.

EQUITABLE BUILDING
NEW YORK

R.A. Jr.
NOV 14 1916

36
C. A. H.

November 10, 1916.

My dear Gov:

I have finally straightened out all your insurance matters, I believe, as follows: \$25,000. worth of fire insurance has been transferred to your furniture and personal effects, etc. at the warehouse; \$11,000. worth of your fire insurance on the effects that were formerly in your apartment has been canceled; the burglary insurance on effects formerly in your apartment has been canceled and a return premium will be forthcoming; burglary and fire insurance on property at Greenwich has been transferred to Mrs. Strong and the policies disposed of in accordance with a letter to the Astor Trust Company of which I enclose a copy.

Mr. Carraway has made out a new policy to take effect on December 22nd next for \$10,000. to replace the Westchester policy that expires on that day. I enclose herewith his bill, and am sending under another cover your insurance register so it can be written up by Mrs. McLaren.

I also enclose two letters from Mr. Carraway, one of which is about doing your accident insurance for you in the future. In this connection I ought to say that Mr. Coe

11/10/16.

seemed to feel a little badly about my having employed Mr. Carraway so possibly it would be better to stick by the original brokers in the future; however, I leave this matter to your judgment, naturally.

Sincerely yours,

J. F. Curtis
P. 2.

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

JFC/PE
Encs. (4)

Dictated by Mr. Curtis but not read by him.

Childs

36

FEDERAL RESERVE BANK
OF NEW YORK

B.A. Fr.
NOV 22 1916

November 17, 1916.

My dear Gov:

I have your two letters of November 14th, and in reply to the personal one will let the insurance matters rest for the present as you suggest.

The other matters discussed in your second letter were all the subject of debate at a rather fortuitous meeting to-day, at which we had Messrs. Warburg, Aiken and Rhoads.

We all came to the same conclusion that you did about the government bond matters and thought it would be wise to have the committee on disposition of government 3s act for all the banks in purchasing 2s. Mr. Warburg felt that we would do well to write the suggestion to the board to see if they had any objection, in view of the fact that last year it was the Comptroller who "upset the apple-cart" on the theory that such joint action would amount to a conspiracy in ~~con~~^{re}straint of trade and spoil the market for his beloved defunct banks; so I think it is likely that we shall take this course. The necessity for it was well illustrated yesterday (our directors having voted the day before to authorize the purchase of a million ~~3s~~^{2s} at not higher than 99 7/8) when Childs offered us a million at 100 1/16, we replying that we were not interested. About two hours later we got a telegram from Cleveland to transfer a million dollars to the Mechanics & Metals National Bank for the account of Childs; so it appeared that Fancher had been bidding against us, which certainly is an unfortunate situation. I think we might be able to straighten it out in the near future. The board has notified us that bonds purchased in November and December will be counted to our credit in making up

the amounts to be allotted to us both under the twenty-five million of purchases and the thirty million of conversions, which accounts for the sudden scramble for the 2s.

During the course of the discussion to-day Mr. Woodward came over and we spent considerable time debating the policy to be pursued with respect to so-called renewal acceptances and with respect to differentials in our rates generally. No final conclusions were reached except that it seemed to be the consensus of opinion that the governors of the principal banks in the East should make up their minds about what amounts it was wise for the Federal Reserve System as a whole to have of such acceptances and when that amount was reached for the New York bank and others to raise the rate on that class of bill. This was something of a concession from Mr. Warburg's original view that we ought to raise our rate now. Mr. Aiken suggested the advisability of reducing the differential for bills indorsed by member bank from one-quarter to one-eighth, but this did not meet with approval from the others present.

I took advantage of the opportunity to bring up the question of a change in the rate of allotment of the investments and produced some figures prepared by Mr. Kenzel and Mr. Jefferson, a copy of which I think has been sent to you, which show that New York, Philadelphia, St. Louis and San Francisco ought to have their proportions raised. Mr. Warburg agreed, especially about New York, and we are going to send our figures on to Mr. Seay within a day or two. I advanced the view that, inasmuch as all the reserve banks and all the member banks were now interested in the question of the payment of dividends by the reserve banks, we ought to take the net earnings as a basis for making up distribution so that those banks which are still falling farther behind in this matter might be given an opportunity of catching up. I believe that a substantial change will be made in the basis at the next meeting.

During the course of the acceptance discussion I made some humorous remark to Mr. Warburg (who had previously said that we in New York were con-

Continually trying to stretch the already liberal interpretations that he made in Washington) about his stretching farther than some of us here would do with respect to the Argentine hides to be shipped to Germany after the close of the war with two years' renewals attached, to which he replied that I hadn't given him a complete statement of the credit because I hadn't told him that the National Bank of Commerce was to obligate itself to furnish the money at a given rate. I told him that I had given him all the information I had at the time and that it had been sufficient for him to make a ruling on, -but he still thinks that it would be less of a stretch than on the French renewals apparently because the hides would still be in existence at the end of the two years.

We also spoke about the rulings with respect to "dollar exchange" in connection with which he expressed the view that the bills should be in connection with imports and exports. I stated that I did not see any point in tying the matter down so close as, if that was to be the attitude of the board, there was no sense in having the amendment passed at all as the banks already had authority to accept such bills under the old law. In this connection Mr. Gardin of the National City Bank is probably going to arrange with four or five other bankers interested in foreign exchange to go to Washington to have a discussion with the board some time in the near future, which, I think, will be very helpful.

The other day I had a chat with Hoffman, who now represents the "Times," in which he told me that it was rumored about that Mr. Starek had had a falling out with the Comptroller, that he had recently gone to the custom house to see what he could find out about it and found Mr. Starek away on a vacation and the Comptroller there at the office, who introduced him to a Mr. Richmond who has been put temporarily in charge of the office. The Comptroller denied that there was any such situation, but Hoffman feels sure that it is true in view of the fact that Mr. Starek apparently is spending his vacation on the lower part of Manhattan Island, although not at his office. The latter has not

11/17/16.

been to a board meeting for six or eight weeks and I had an idea that he was sick, but apparently this is not so.

Mr. Atkinson of W. E. Cory's office called me up just now to ask whether your share in the Spesutia Island Rod and Gun Club is for sale and, if so, how much you want for it as Mr. Cory would probably like to buy it. If you will let me know about this, I will communicate with him or you can do so direct, as you prefer.

I dined last night at a house where the Colonel was with a small party and, as usual he did all the talking. It was very interesting, especially with respect to what actually happened in California. He thinks it was mostly Mr. Hughes' own fault and misfortune in not knowing what the real conditions were out there and getting himself completely tied up with the Old Guard, represented by Crocker, so much so that he never saw Johnson during the three days that he was in the State. The Colonel says that no one could persuade the people of California that Hughes was not an absolutely standpat Old Guard follower, all the people going on the basis of "seeing is believing" to the tune of a difference between his and Hiram's vote of more than 250,000. However, the Colonel did not contribute the result to the poorness of the campaign, although he thought it had been poor, but to the general disgusting attitude of the people of the country who were satisfied with a full dinner-pail and "he kept us out of war." He also told us of a most extraordinary interview he had had with ^{Bernard} Herman Ridder and another German editor, who came to him before the convention and said that they were for him. When he expressed astonishment and said that they ought to know his views about Germany's actions, they replied that they had read everything he had said and written and were still for him on the basis that, while he had denounced certain things that Germany had done, he was obviously not pro-British and that he would do what he said he would do, whereas they knew that Mr. Wilson would not. end.

You have doubtless heard that the day before yesterday we raised the

11/17/16.

rate on acceptances a quarter of one per cent, which caused a mild discussion among bankers downtown but otherwise apparently has not had much effect from the number of bills offered. The general comment on it was favorable. Boston and Philadelphia have also raised their rates.

Kent tells me that his French credits have been taken up to the fifty millions they were originally counting on for the first contract, of which about fourteen or fifteen millions are member banks.

Please accept my apologies for not having an amendment to the Clayton Act ready for your blue pencil to-day, but I am in my usual position of just not having got around to it.

I hope your health continues to improve and your weight increase.

Yours sincerely,



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

JFC/PE

P.S. Palmer told Treman on Wednesday that Stark had been sick, but was now on the mend. Jay has been in bed with Bronchitis for 10 days, but went out for a walk today.



36

FEDERAL RESERVE BANK
OF NEW YORK

November 18, 1916.

My dear Governor:

I enclose herewith a draft of a suggested amendment to the Kern Amendment of the Clayton Act which, I think, would bring about the desired result of permitting a private banker to be a director of a member bank or trust company and not more than two other institutions. If it is desired to exclude private bankers from being class A directors of Federal reserve banks, the provision in brackets at the end of this draft might be included as part of the amendment.

I have been over with some care your letter of September 23rd in which you give your views on a proposed amendment to cover this matter, and I cannot see the necessity for the elaboration appearing in your draft. As the board has already ruled that the private banker provision of the original Clayton Act does not apply to private bankers with resources of less than five million dollars who are situated in cities and towns of less than two hundred thousand, of course all we need to look out for are the private bankers that fall outside this category. But there seems to be no objection to making the terms of the Kern Amendment sufficiently broad to include all private bankers without going into details as to which ones were already affected by the original Clayton Act.

I note your suggestion about adding a section or clause similar to that found in section 31 of the far-famed Burton Bill. You do not state whether your purpose in adding such a section is to ameliorate or exacerbate

11/18/16.

the lot of the private banker who becomes a director of a member bank, but the effect of such a provision would be the former, I think, as section 22 of the Federal Reserve Act already covers the point in what seems to me a comprehensive way. Of course, the scope of section 22 is somewhat in doubt and it might be well to make clear either that ordinary transactions between a private banker and a member bank of which he is a director shall be permitted or shall not be permitted as a matter of public policy.

I, personally, am in favor of a policy which says that all such transactions shall be forbidden as I think the other policy leads to great abuse. On the other hand, as a matter of expediency it may be wiser to permit such transactions in order to encourage the trust companies to come into the system. Yet, again, there remains the question of how much of it you can get past Congress.

Will you let me know what you think of my suggestion, and accept once more my apologies for the delay in getting it to you.

Yours sincerely,



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

JFC/PE
Enc.

SUGGESTED AMENDMENT TO THE KERN AMENDMENT

It is suggested that the proviso be amended so as to read as follows:

"AND PROVIDED FURTHER, That nothing in this Act shall prohibit any officer, director or employe of any member bank or class A director of a Federal reserve bank who shall first procure the consent of the Federal Reserve Board, which board is hereby authorized at its discretion to grant, withhold or revoke such consent, from being an officer, director or employe of not more than two other banks, banking associations or trust companies, whether organized under the laws of the United States or any State, or a private banker, if such other bank, banking association or trust company or private banker is not in substantial competition with such member bank.

"The consent of the Federal Reserve Board may be procured before the person applying therefor has been elected as a class A director of a Federal reserve bank or as a director of any member bank, or in connection with the application for admission of a State bank, banking association or trust company to membership in the Federal Reserve System."

(PROVIDED FURTHER, That no private banker shall be a class A director of a Federal reserve bank.)

FEDERAL RESERVE BANK
OF NEW YORK

JFC/PE

5:45

Postal.

(TO BE MAILED)

CONFIRMATION OF TELEGRAM

We have today telegraphed you as follows:

November 29, 1916.

Benjamin Strong,
4100 Montview Boulevard,
Denver, Colo.

Corey wants Spesutia share for five thousand Please send instructions.

J. F. Curtis.

(Charge)

Copy on 30 Clubs.

Curran
96

FEDERAL RESERVE BANK
OF NEW YORK

B.A.W.

DEC 4 - 1916

November 29, 1916.

Dear Gov:

I understand that Mr. Treman is writing you fully concerning our board meeting of yesterday, so I will not bother you with a repetition of it.

By this time I assume you have seen complete copy of the announcement issued by the board yesterday, together with the comments made thereon by various bankers. The general feeling here seems to be one of criticism, especially with respect to the part where they undertake (after saying that it is no part of their function) to advise private investors how to invest their money. My own view is that this portion is entirely uncalled for and hardly a proper exercise of their authority. In principle they might, as I see it, just as well say that investors should not buy any more United States Steel Corporation bonds without looking carefully into the situation of that company. The announcement had considerable effect on the market - a certain amount on stocks but principally on the various foreign bond issues, all of which dropped yesterday from one-eighth to a point and some of which continued dropping to-day. As you may imagine, poor Cazenave and Bloch are in despair, figuratively speaking. I lunched with them the day before the announcement was published and they told me then, confidentially, that the sledding was pretty hard owing to atmospheric conditions in Washington. Cazenave added pathetically that he didn't know exactly what was to be done to please the bankers of the United States, who appeared to feel upset over the large influx of gold but who, nevertheless, did not want to have commercial credits last longer than ninety

days and would not approve any more foreign bonds or treasury bills. He said he began to wonder whether it was desired to reduce the amount of the export business of the United States, and I think a good many people are echoing his sentiments to-day. However, "the beans have been spilt" and it only remains to assist in picking up the pieces. Cazenave was to have spent Thanksgiving with us on Long Island but he telephoned me yesterday that he had to go to Washington to see what could be done.

Mr. Jay is still "under the weather" and, according to his doctor, narrowly escaped having pneumonia. He is planning to go to the Federal reserve agents' conference to be held in Washington next Monday, but I hope he will not undertake it as I think it would prove too much of a strain on his constitution in view of the pulling down which his bronchitis has caused.

We are having the combined auditors and transit men's conference (really separate but at the same time and place) at Chicago on the 4th in order that they may present recommendations, through a small committee, at the governors' conference on the 11th. Mr. McCord has written to each of the governors asking whether it would be agreeable to them for him to have Mr. Walker, manager of the New Orleans branch, attend the conference. We replied that we saw no objection, but I understand that Aiken and McDougal have stated that they preferred not to change the rule, so that the country may be saved after all.

In response to a suggestion we made last week, the board has written that they perceive no objection to the plan to have a committee formed to purchase government 2s and, accordingly, I have sent out a suggestion to each of the governors to the effect that the same bond committee be appointed to purchase the 2s on joint account for all the banks that desire to participate, with authority to fix prices, commissions, etc., in the same manner that they did with respect to selling the 3s. I have only one reply so far - from Kains, who agrees to the plan but says he does not care to make any purchases through the committee till after the first of the year.

I have just talked with Mr. Corey by telephone, who says that he would like to buy your stock in the Spesutia Island Rod and Gun Club for \$5,000, and I have accordingly telegraphed you to-day as per confirmation herewith. If you will tell me what you would like to have done about transferring this matter for you, I will try to collect the cash.

I enclose herewith a tentative draft of the programme for the next conference of governors which will be made up finally in a few days. I hope it does not meet with your too severe disapproval. I think the board had some of your feeling about the lack of action at the last conference as, in reply to my request for subjects, Mr. Harding wrote me that he hoped some of the matters in connection with the collection and clearing system that were left unanswered at the last conference might be taken up again.

We are about to have a new arrival in the family, the Bank of Montclair having made up its mind to apply for membership, but this is strictly confidential at present.

I hope you have a good fat turkey out your way for Thanksgiving and that your doctor will let you eat 'im all.

With best wishes for the season, I am,

Sincerely yours,

J. F. Curtis
P.E.

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

JFC/PE
Encs (2)

Dictated by Mr. Curtis but not read by him.

Curtis
36

FEDERAL RESERVE BANK
OF NEW YORK

R.A. Br.
DEC 7 - 1916

December 2, 1916.

My dear Governor:

I have been engaged in a somewhat vain endeavor to find the ruling of the Federal Reserve Board mentioned in your letter of October 18th to Mr. Treman under which the liability of Federal reserve notes is extinguished when gold is deposited with the agent in place of commercial paper. I do not find that this practice was inaugurated by a formal ruling.

As you may remember, on January 5, 1915, Judge Elliott issued a ruling concerning the correct procedure in the issuing and retiring of Federal reserve notes which contained very many foolish statements of what the law meant. A little later you wrote a long letter to the board criticizing this ruling and urging that it be not adopted as the position of the board.

On January 8, 1915, the Honorable John Burke wrote us a letter demanding \$445,000 to be sent to him for the 5% Redemption Fund, to which we replied on the 15th that we did not need to send him any more money for his redemption fund as we only had to keep a 40% reserve against Federal reserve notes in actual circulation and not offset by gold or lawful money deposited with the Federal reserve agent, as provided in paragraph 3 of section 16.

As I remember it, prior to this time we had had several discussions with the staff of the bank as to the proper way of showing our liability on, and reserves against, Federal reserve notes and everybody had agreed, without a ruling, that the proper way was to show the liability only on the net amount outstanding, as above described, and keep our reserves on that basis.

On January 17, 1916, the board sent a circular to each Federal reserve agent stating that the operation of the law might conceivably result in the situation of Federal reserve notes being secured by 100% of silver certificates, which the board considered was not contemplated under the Act. Therefore, each Federal reserve agent was instructed that at least 40% of gold must be held either by the bank or, in the alternative, by the Federal reserve agent against all outstanding Federal reserve notes, and the agents were instructed to require that a minimum of not less than 40% of deposits made to reduce liability must be in gold or gold certificates.

It seems to me that this order of January 17, 1916, is somewhat inconsistent with the general position that the board and the system as a whole has taken in that it apparently recognizes the necessity of making the reserve requirements applicable to the amount of notes for which the liability has been reduced by depositing gold or lawful money with the agent.

I find that the method of showing the net liability of reserve banks upon outstanding notes by deducting from the total amount in circulation the gold and lawful money in hands of Federal reserve agents for redemption of outstanding notes was begun at least as early as the weekly statement of combined resources and liabilities of the Federal reserve banks at the close of business December 11, 1914. This statement is apparently the first weekly statement published as it is the earliest of which we have a copy in our files.

As you will doubtless remember, I have written various memoranda on the subject of what is meant by the words "reducing liability" in section 16 in which I pointed out that there are various liabilities in connection with outstanding notes which might be reduced by deposits with the Federal reserve agent, to wit:

- (1) Liability to pay the notes when presented,
- (2) Liability to maintain a 40% gold reserve,
- (3) Liability to maintain a 5% redemption fund, and

- (4) Liability to pay such tax as might be imposed on their issue by the Federal Reserve Board.

Under the present practice, it seems to me clear that the liabilities which have been reduced by making deposits with the agent are Nos. 2, 3 and 4 above, the liability to pay the notes when presented being one which the Federal reserve banks cannot escape under any circumstances. If our methods of book-keeping were changed so that all notes issued to the bank by the agent were included in our statement of liabilities and all gold or lawful money deposited with the agent was included in our assets, then, I believe, the only liability which would be reduced by making such deposits would be the liability to pay whatever tax might be imposed by the Federal Reserve Board, as our liability to maintain a 40% gold reserve and a 5% redemption fund would exist with respect to all notes outstanding but would be compensated for, as a practical matter, by our ability to count the gold with the agent as part of the gold reserve.

Of course, I agree with you that our position would be much strengthened if it were possible to consider the gold deposited with the agent as assets of the bank, and I also agree (if this is your view, it certainly being mine) that, as a practical matter, in case of the insolvency of a Federal reserve bank it would make absolutely no difference which way our books were kept so far as the paying off of outstanding Federal reserve notes was concerned. My view on this is that, even under present conditions, if a bank became bankrupt and its reserve notes were presented for payment, all its assets would be used so far as they went (including the assets held by the Federal reserve agent) to pay off all of the reserve notes outstanding, and I do not believe that the first notes presented could be handed to the agent for payment in full, leaving the notes later presented to be paid off in part only by the balance of the insufficient assets of the bank. Consequently, as a practical matter, whichever way we kept our books on this question the assets of the bank and the assets held by the reserve agent would be thrown into a common fund and used first to pay

off the notes and, subsequently, any other liabilities of the bank.

However, I am not quite clear in my mind whether it would be wise to try to get the board to authorize a change in the system at the present time in view of the fact that the amendment was presented to Congress and turned down. If you think it is wise to try for this change in practice, I think it could be done by suggesting to the board that the banks be instructed simply to change their form of bookkeeping so that all outstanding notes would appear as liabilities and all gold and lawful money deposited with the agent as assets temporarily held in custody by the agent. As a matter of fact, this would require very little change either in the books of the bank or in the weekly statements of the board as the figures in question all appear upon those statements in the form they are issued ⁱⁿ to-day. In this connection, it is somewhat interesting to note that the amount of gold and lawful money held by the agents on November 24, 1916, was in excess of the Federal reserve notes in circulation, both as shown in the reserve banks' statement and as shown in the reserve agents' statement, although the two statements do not contain exactly the same figures.

With respect to the legal questions involved, I am rather inclined to the view, although I think the solution is filled with doubt, that the gold or lawful money deposited with the Federal reserve agent remains the property of the bank. There are several indications to this effect in the statute, as follows:

- (1) The use of the word "deposit" instead of the word "transfer" or other synonymous expression, indicates that title was not intended to pass.
- (2) The explicit provision that reserve notes so deposited shall not be reissued except upon compliance with the conditions of an original issue would seem to indicate that, without that provision, the notes might be considered as owned by or subject to some claim of the bank. The absence of any such specific condition concerning the gold or lawful money deposited has the tendency to indicate that there may be such a claim or ownership in the bank.

- (3) The fact that the reserve agents must hold the gold or lawful money exclusively for exchange for notes offered by the bank indicates that the bank is the only person that can ultimately obtain the gold or lawful money so deposited (except the Treasurer of the United States, who may get some of the gold for his redemption fund).
- (4) It has been suggested that the Federal reserve agent holds the deposits as trustee for the note holders, but the fact that no individual note holder could obtain any part of the deposit even on presentation to the reserve agent of Federal reserve notes seems a conclusive answer to this suggestion.

Of course, the argument on the other side is that the Federal reserve agent is an agent for the Government to protect its liability on notes and that he has consequently been vested with full legal title to the security in order to make that protection adequate.

I am sorry that this discussion is not more illuminating, but possibly it will serve to pass the time away and assist in digesting that Thanksgiving turkey.

Yours sincerely,



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

JFC/PE

36
cents

Dec 4.

EQUITABLE BUILDING
NEW YORK

9161-28370
Dec 8 1916
Heary

It certainly was good to hear your voice
the other evening & thus obtain aural & oral
evidence that you are strong enough to
shoot 2000 miles. I hope it did
not overstrain your system.

I have delivered your Resolute club
share to Mr Carey & received a check for
\$500. which I will deposit to the credit
of your a/c w/ the Bankers Trust Co.
tomorrow. (begin)

We are still sputtering over the Board's
proclamation. The more I think about it the
madder I get, especially at Warburg's attempt
to have me make a futile & ridiculous
crawl for him. I am sorely tempted
to give out the interview just as he
wanted, with a few bland remarks of
my own to the effect that every intelli-
gent reader ought to have understood that
the Board was not talking about British
or French Treasury Bills, and how stupid

I played very good polo both Thanksgiving Day & Sunday. Wonderful
mild weather. The game at last, was laid to lose after we
had the winning touch down recalled, but as you know very well, it is an
excellent thing for the sport to let some of the minor colleges win once in a while!

doctor being willing, with wild Jay as water dog. But I fear
he will overdo things as 2/3 of the senior officers of the bank are
so apt to do only they could adopt the dollar for 1/2 of the remaining
1/3 how will of we should all be! God ever

it was for Morgans to let the Chancellor
of the Exch. & the Minister of Finance act
under such a queer misapprehension!

As you may easily imagine, more
than 1/2 the people I meet, think that
it is part of the Pro-German propaganda
which Hon. Paul has been clever enough
to put over on his conferees. And
I'm almost getting ready to believe it
myself (at least to the extent that
no such play would have been made
if the positions of the Allies & the Germans had
been reversed.) I enclose some stuff

from the Evening Post about it.
But I guess we would do well
to try to forget the matter, as its bad for you
to get "all hot up" over such things.

All money went to 15% today, closed
at 7% & went back to 15% after the
close. We did not advance our rates
on acceptances & bought \$3,800,000. of which
\$1,900,000 are renewal credit bills.

and Kains says he is under the weather &
so cannot attend the Conference. Isn't it too
bad. Here is a programme. Looks like
a real week's work this time doesn't
it. Jay has gone to Washington today; his

Equitable Building
New York

(Copy)

Dec. 4 (1916)

Dear Gov:

It certainly was good to hear your voice the other evening and thus obtain aural and oral evidence that you are strong enough to shout 2,000 miles. I hope it did not overstrain your system.

I have delivered your Spesutia Club share to Mr. Corey and received a check for \$5,000 which I will deposit to tax credit of your account in The Bankers Trust Co. tomorrow.

We are still sputtering over the Board's proclamation. The more I think about it the madder I get, especially at Warburg's attempt to have me make a futile and ridiculous crawl for him. I am sorely tempted to give out the interview just as he wanted, with a few bland remarks of my own to the effect that any intelligent reader ought to have understood that the Board was not talking about British or French Treasury Bills, and how stupid it was for Morgan's to let the Chancellor of the Exchequer and the Minister of Finance labor under such a queer misapprehension.

As you may easily imagine, more than one half the people I meet think it is part of the pro-German propoganda which Hon. Paul has been clever enough to put over on his confreres. And I'm almost getting ready to believe it myself (at least to the extent that no such play would have been made if the positions of the Allies and the Teutons had been reversed). I enclose some stuff from the Evening Post about it.

But I guess we would do well to try to forget the matter, as its bad for you to get "all het up" over such things.

Call money went to 15% today, closed at 7%, and went back to 15% after the close. We did not advance our rates on acceptances and bought \$3,800,000, of which \$1,900,000 are renewal credit bills.

Kains says he is under the weather and so cannot attend the Conference.

Isn't it too bad. Here is a programme. Looks like a real week's work this

time, doesn't it? Jay has gone to Washington today; his doctor being willing, with Mrs. Jay as watchdog. But I fear he will over do things as $\frac{2}{3}$ of the senior officers of the Bank are apt to. If only they could adopt the dolce far niente of the remaining $\frac{1}{3}$, how well off we should all be!

J. H. C.

EQUITABLE BUILDING
NEW YORK

36

R.A.H.

December 5, 1916.

My dear Gov:

I enclose herewith a telegram which came to you from Andrews & Co. about some stock business which is similar, except for the name of the company, to one or two that I have received from them. It is all a fake as far as I know, but I am sending it along in case you are interested in the twenty shares which they are holding for you out of the oversubscriptions with which they are about to be overwhelmed.

Yours sincerely,

JFC

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

JFC/PE
Enc.

P.S. Also enclose a letter from the Bankers Trust Co.

JFC

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
EAST & CRANMER BUILDING
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DENVER, COLO.
TELEPHONE: MAIN 4800

TELEGRAM

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

T&D-29018

DESIGN PATENT No. 4082D

147cbm 21 213p

cb New York Dec 7 16

Benjamin Strong

Benjamin Strong

41 Hundred Montview Blvd Denver

Hearty congratulations on approval of foreign matter of which Jay
has just notified us We assume you will prepare necessary letters.

J F Curtis

TELEPHONED
To Jay
Loyne
CB
23

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)

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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. 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 instruction 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-PRESIDENT AND GENERAL MANAGER.

CHARLES P. BRUCH,
VICE-PRESIDENT.

THE GREATEST TELEGRAPH AND CABLE SYSTEM IN THE WORLD

I have deposit
\$ 6.20 to your
credit in Bankers
Trust Co. for
P.R.C. bill.

JW

FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL.

December 8, 1916.

DEC 13 1916
L.A. Jr.

My dear Governor:

I have your telegram of December 7th about foreign arrangements. Mr. Jay tells me to-day by telephone from Atlantic City, where he now is for a few days, that the situation was that the State Department had decided that they did not care to consider the matter, so that the board is to go ahead with it as a purely banking proposition and forget that the other department was ever consulted. Mr. Harding told Mr. Jay that we might go ahead and complete our arrangements, but not to do any business under such arrangements without further consultation with the board. My view of the way to handle it so far as the other governors is concerned is to tell them individually the whole story, but not to let them take it up with their boards of directors at the present time as that would convey the information to about 140 people, which is a good many for a dark secret. We could then go ahead and complete arrangements on the understanding that the New York and at least some others would come in to the actual operations and, after our arrangements had been completed with our friends abroad, we could then find out from each bank whether they wanted to share in the operations and, if so, to what extent. How does this plan strike you? Will you please telegraph your views in this regard to me on Monday or Tuesday at the Shoreham.

I have your confidential letter of two or three days ago and note your feelings about the board's announcement. It has been very generally criticized in this part of the world and still is being criticized, there be-

ing three different views entertained as to the cause:

- (1) That it is a very skilfully engineered piece of pro-German propoganda;
- (2) That it is a subtle move on Mr. Wilson's part calculated to make the Allies long for peace on the ground that they can't get any more money to continue fighting, and at the same time to make the Germans think that Mr. Wilson would be a good mediator;
- (3) That Davison said something unfortunate to the board and they decided they would put him in his place.

I have not yet been able to discover what the true story is, but my own guess is that the board were afraid people would think that, because Davison had talked with them before putting the treasury bills on the market, therefore the board approved of the issue, and that consequently they wanted to indicate in advance that such was not the case. This is in line with their feeling that, because Kent and Hemphill said something in their circular which mentioned the reserve system, the board must make clear to people that it was not mentioned with their sanction, etc. Of course, there is another view to the effect that there was no ulterior motive behind the announcement, but that the board did not appreciate what an effect their remarks would have.

To-day we did not have any rediscounting. Mr. Warburg called Mr. Treman on the telephone and criticized quite severely the amount of renewal acceptances we have bought recently, which, however, did not seem excessive to us under the circumstances, especially in view of the fact that we have avoided taking a good many of the renewals that have been offered to us in the last week. We had a very full meeting of the executive committee this afternoon and discussed this whole matter at length. They decided to raise the basic rate for all acceptances from $2\frac{3}{4}$ to 3% and to consolidate the differential on 30 and 60-day bills, so that there will be only two ^{rates} differentials as far as maturities go - one over and one under sixty days. The committee did not approve of trying to discriminate in any other way against renewal bills, but thought that the

best way to handle this matter was to continue along about as we had been, not taking all that were offered but not making any marked discriminations.

Mr. Jay reports that his health is very much better and that he is feeling very well, but Mr. Treman and I have some doubt as to whether he should be left alone at the bank next week. I expect to go to Atlantic City Sunday morning and spend the day with him there, so that we may be mutual au courant with affairs in New York and Washington, and I can then decide as to how far his strength has been recovered.

I understand that Mr. Treman has already written you about the re-discounting so will not repeat any stale news.

Yours as ever,



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

JFC/PE

WESTERN UNION TELEGRAM

Form 260

GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	CHECK

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

Washington, D. C., Dec. 11, 1916.

Benjamin Strong,
4100 Montview Boulevard,
Denver, Colo.

Your comrades in conference assembled send you most affectionate
greetings with best wishes for your speedy recovery and return
to our midst. Aiken, Treman, Rhoads, Seay, Fancher, McCord,
McDougal, Wold, Wells, Miller, Van Zandt. Kains is also un-
fortunately absent on account of illness.

Curtis.

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

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

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

NIGHT LETTERS

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

Confidential

FEDERAL RESERVE BANK
OF NEW YORK

R.A.V.

December 16, 1916.

DEC 20 1916

My dear Gov:

I am writing to give you what the old darkie called a bird's-eye sceptic view of recent events in Washington touching on and appertaining to the conference of governors.

Last Sunday I made an early start at about seven o'clock to see Mr. Jay at Atlantic City on my way to Washington, and by the time I had arrived there had picked up a real cold so that when we were rolled along the boardwalk we looked like the real thing in invalidism - he with a remnant of a cough and I with my eyes crying so I could hardly keep them open. However, we had a very pleasant chat, after which he came back to New York and I went on to Washington. His strength is coming back but he is still not really fit to do a full day's work and so "Doctor" Treman and I have ordered him away from the bank for at least a week and I believe he is starting for some place South to-day or to-morrow.

We had, on the whole, a pretty good conference at Washington in which a good deal more was accomplished than at the one held in Boston last August. In the first place, we all went over to meet with the board the first thing Monday morning where Harding gave us a very cordial reception, outlined the policy of the board on a number of matters, gave a brief history (very brief) of the English and French treasury bill matter, and told us what the board had in mind in the way of amendments to the law to be recommended at this session of Congress, of which there were twelve. I see that Mr. Treman wrote to you yesterday concerning these, but I note a clerical error in his letter on

line 2 of page 2, where the words "member bank" should be changed to "Federal reserve bank."

The history of the treasury bill episode was (so far as it was told us) just what I had anticipated in my last letter to you; that is, that the board, having had a talk with Mr. Davison, felt that because of that fact being publicly known they would be presumed to have approved of the plan when it was announced by him a few days later. Apparently, what happened was that Davison arranged in advance (through Warburg, I think) to come over and explain his plans to the board as a matter of courtesy, the initiative coming from Davison. After having had the conference at which he explained the plans, they told him they did not approve of it. Then he went back to New York and the following day appeared the statement in the "New York Tribune," not purporting to be authorized by J. P. Morgan & Co., which said that it was proposed to issue a thousand million of the treasury bills. This, apparently, terrified the board who, I think, telephoned Davison that, if he did not give the matter up, they would be forced to come out in a public statement against him, with the results as you know. Harding told us confidentially that he had seen both the British and French ambassadors and had assured them that no slight was intended to the credit of their respective nations, and he thought that things had been much smoothed over. He also said he was going to make the same point in a speech to be delivered at Boston, of which you have already doubtless seen some extracts. This Boston speech contained about what Mr. Warburg wanted me to give out in the form of an interview here, and, while I suppose it is a good idea for the board to try to make matters smoother, still there is no doubt in my mind that the remarks made in the speech are hypocritical and untrue. Their original announcement stating practically in so many words that the British and French treasury bills would not be paid at maturity, and the result of that announcement being a definite marked decline in the market value of all the British and French securities selling in the United States, it seems a little pusil-

lanimous for the board to come around after having caused the wreck and say that they did not intend to reflect on the credit of any particular nation at all. However, I did not have any opportunity to discuss this matter with any members of the board except at a very brief interview the committee on foreign arrangements, consisting of Treman, Wold, Aiken and myself, had with Governor Harding. At this interview I told him that seven men out of ten that one met in New York believed that the announcement of the board was a very clever piece of pro-German propoganda which had been put over his associates by Mr. Warburg and that I thought the board ought to be advised of what public opinion on this matter was, irrespective of whether there was any justification for it. In this connection we pointed out that now was a very good psychological time for the board to permit us to move at once with respect to the Bank of England matter to offset the impression created by their announcement, to which Harding readily assented. Indeed, he concurred very heartily in this point of view, so that I think we may get some quick and definite action. We also told him and the other members of the board that you as well as the other governors were opposed to entering into any contract or preparing a piece of machinery unless we were to be allowed to operate under it at once, and I noticed Hamlin nod his head sagely in approbation of this view, Harding having already previously told us that he agreed with it provided that we did not undertake operations on too large a scale at the start.

I told Harding of our correspondence with the Bank of France and said that we might shortly file an application for permission to appoint that institution our correspondent in Paris, but we had no opportunity of discussing the merits of this matter.

At the conference we went into executive session and read to the governors a copy of the memorandum prepared by you with the Governors of the Bank of England and also gave to each of the governors a copy of the letter which you had prepared for them some months ago, with the understanding that

they would not take the matter up or divulge it in any way to their boards of directors or to their executive committees but would consider it themselves and forward us any suggestions they had to make as to the method of handling the account, the amounts for which they would probably like to participate, etc. I think that they were sufficiently impressed with the necessity for confidential treatment of the subject.

The other matters handled at the conference you will be advised of when the minutes are completed, which ought to be some time next week.

The principal danger ahead of us lies in the proposal of Governor Seay to have drafts drawn on one Federal reserve bank immediately available at any other Federal reserve bank, which, as you know, is a pet hobby of Delano's. We had a full meeting of the governors with Messrs. Harding and Delano on this topic at which Harding suggested that the governors appoint a committee of three, of which Messrs. Seay and Fancher should be two, to thrash this whole matter out with the board. As Seay and Fancher were in favor of this scheme, Aiken with great presence of mind suggested that a committee of three was a little too small and so we had it increased to five in order to include people of all shades of thought on the subject. It was finally left to Seay, Fancher, Treman, Rhoads and McDougal, which, on the whole, is a very good committee to handle the matter. I think the net result will probably be that they will authorize the plan to be put into effect provided the checks have a distinctive color, are cashable at only one Federal reserve bank, are guaranteed by the reserve bank on which drawn and are limited to a certain percentage of the capital of the drawing bank. Mr. Jay feels that the thing for us to do is to fight to the last ditch for an advice from the drawee bank before payment, which would, of course, make the transaction very safe, especially when coupled with the guarantee from the drawee bank. If you have any thoughts which you would like to submit on this matter, I know they will be very much welcomed by the committee.

However, this is not an invitation to you to do any more work, as we are gradually coming to the conclusion that you do too much work and keep in

too close touch with the affairs of the bank for your own good. So you may take this letter as a slight warning that, unless you are prepared to read the letters that are sent to you from here but not do anything about them, they may be considerably curtailed. Verb. sap.

Yours sincerely,



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

JFC/PE

P. S. Jay starts to-morrow for Augusta to be gone until the first of the year, which is certainly a very wise move on his part.

P. P. S. I have your letter of December 11th about the stock certificates. Please send 150 blanks, which ought to carry us through a year.



P.S. Tom Cochrane is going into
J.P.M.'s the first of the year.
Great is Englewood.

P.P.S. Oh, very confidentially, it
looks as though the skids were
really all in place for Bro. Harek.

I have suggested for his place
the following.

N. Carleton
E.H. Antelbridge
R.W. De Forest
L.T. Bush
R.Z. Cutting
F. Mumbell
F.N. Doubleday

HC

Confidential

EQUITABLE BUILDING
NEW YORK

Dec 18.

J. J. Curtis

Dear Gov.

Here is a Gas Co. bill which
I have had looked up + it is
ok. Mr. Therman has shown
me your letter about the Bank
of England matter. I do not
wonder at your impatience, annoy-
ance, disgust, suspicion, and
general feeling of cussedness
over the delays, dogmas +
doctrines of the Board.

BUT let me urge upon
you the advisability, nay even

3) with the assurance that if necessary it will be produced at an opportune time & with due solemnities.

We have finally moved into our new abode 57 E. 52nd St. telephone Plaza 7840.

We expect to go to Boston for Christmas. If all goes well, & I can nurse the officers of this institution into a condition where they seem likely to stay whole in heart liver and lungs for a couple of weeks I might look you over in Denver in Jan.

or Feb. Meanwhile the compliments of the season to you! *Yrs JRC*

2) The necessity for one in your condition & climate, of not separating yourself from that useful & sometimes ornamental integument or garment commonly called the shirt.

The matter is really now in train & along correct lines I feel sure. If results do not prove this in a few days I will personally guarantee to emit blood curdling roars that will be heard in Washington D.C.

So for the present I trust you will permit us to place your said letter in cold storage,

here 22.
— 36

EQUITABLE BUILDING
NEW YORK

R.A.W.

JAN 3 1917

Dear Gov.

Best wishes for a merry
Christmas & Happy New Year.

Your telegram has just ar-
rived & is very welcome.

I hope you will enjoy

the bunch of Knickerbocker
which my partner & I are
sending to you. If you have
read the books or don't
like them don't hesitate to
return them. If you haven't

to make secure the rights +
liberties of small peoples +
weak states. It is such a gross
+ damnable lie that it ought
to be protested against by
everybody. I am telegraphing
Mr. Wadsworth to that
effect.

Here is a receipted
bill. What could make
a merrier Xmas.

Yrs
AC

read the life of Callini by
all means do so, as it is
very absorbing + takes you
quite out of the atmosphere
of the F.R. system, oddly enough!

I think our servants in
Washington make holy shows
of themselves. Can no one there
issue a statement that doesn't
need three explanations + more
apologies?

Personally I deeply resent
the President's statement that
both sides are fighting

MBOL	
Blue	
Nite	
N L	

these three symbols
 ter the check (number of
 is a day message. Other-
 character is indicated by the
 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. Other-
 wise its character is indicated by the
 symbol appearing after the check.

Dep call 210K

RECEIVED AT

14 D G 43

CO- NEW YORK 240 PM DEC 27

BENJAMIN STRONG

TELEPHONED TO *B Strong*

BY *[Signature]* TIME *2:18P*

CARE CHARLES E HEWES, ESTES PARK.

HAVE MADE ARRANGEMENTS FOR A CONFIDENTIAL CABLE ABROAD AS
 SUGGESTED STOP HAVE REQUESTED GOVERNORS OF OTHER B ANKS TO
 CONTINUE TO TREAT WHOLE MATTER AS CONFIDENTIAL AND MAKE NO
 STATEMENTS STOP HAVE MADE NO STATEMENT HERE STOP HAVE NOT ADVISED
 BOARD OF CABLE ABROAD.

J F CURTIS.

208PM

SYMBOL

Blue

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

Night Message

Night Letter

Blue

Nite

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

14 D G 110 BLUE SUB TO CORR'N.
Q NEW YORK NY 6 PM DEC 28
BENJAMIN STRONG,

TELEPHONED TO

BY

TIME

CARE CHARESS HEWES, ESTES PARK

FOLLOWING CABLE RECEIVED FROM ABROAD QUOTE THE GOVERNOR SURMISED
EXACTLY WHAT HAD HAPPENED AND WAS IN NO WAY PUT OUT
BY THE PREMATURE ANNOUNCEMENT NOR DOES HE CONSIDER THAT IT
NEEDS INTERFERE WITH THE CONTINUANCE OF DISCUSSION AS TO THE
TERMS EVENTUALLY TO BE SUBMITTED TO THE RESPECTIVE BOARDS BUT
HE THINKS IT WOULD NOW BE BEST NEITHER TO CONTRADICT
THE ANNOUNCEMENT NOR TO CONFIRM OR EXPLAIN IT BUT TO
LET THE MATTER REST EXACTLY AS IT IS FOR THE
PRESENT QUOTE WE HAVE NOT MENTIONED THESE CABLES TO THE
BOARD STOP THINK BEST NOT TO ACT ON FRENCH MATTER
FOR A FEW DAYS STOP WILL SEND FORMAL PROTEST TO BOARD
SHORTLY.

J F CURTIS.

525PM.

Dec 29, 1916,

EQUITABLE BUILDING
NEW YORK

36

Dear Gov.

Many thanks for the beautiful, ornamental and useful match case which now proudly adorns my person. It is a convenience which I have never possessed, though often desired, before & believe me is much highly prized as one more characteristic evidence of your friendship. I have noticed in these matters that you never miss making a bull's-eye!

What do you think of Charley Sabini's marriage to Pauline Smith? I have seen it in the air for some time (he is building a big new house near the National Golf Links at Southampton) but, passing the individuals involved, ^{slightly} I have some doubts upon the ultimate happiness of the match.

Well, enough of idle gossip, here is a little business or what would be business if it were not 'light farce-comedy'.

After receiving your wire this morning we have cabled direct to Tulliffe as follows: per copy inclosed, but have not at this writing received any reply. The Board has not vouchsafed any explanation of their action except an oral telephone statement that there were "seasons" which made it expedient & a letter from Harding

to the effect (a) that all business of the Board
is of a public character, and (b) that their state-
ment wasn't a violation of the understanding
anyhow!

Sorry I haven't time to give you
more tonight but must now
dash off for dinner.

Mr. ~~Tremaine~~ ^{is sending you} here is a draft of resolution
& letter which we propose to have
the directors adopt next week.
Please telegraph your comments
if any at time for the 13th
meeting next Wednesday.

Here is also a memo
of our talk with ~~de~~ Reupke.

Yrs
W. C. C. W. C. C.

AC