

Original ~~to~~
Memo. re

INDEXED

Proposed issue of
* 6000.000. State of N.Y.
Comptroller J. Murphy. B.B.

FEDERAL RESERVE BANK OF NEW YORK
62 CEDAR STREET
NEW YORK CITY

June 15

1 Copy in files Credit Dept
1 " " Miss Parker files.

M E M O R A N D U M
Regarding proposed issue of
\$6,000,000. State of New York Revenue Warrants.

---ooOoo---

1915
June 2

Mr. W. S. Fanshaw called and in the absence of Mr. Strong stated to the writer that the State of New York proposed to issue \$6,000,000. of warrants against taxes. The warrants would be issued some time early in June and mature on October 15, 1915. He stated that the State had been offered the money at 2 7/8%, and he thought they would be desirable investment for this bank. We asked Mr. Fanshaw what his interest in them was, and he said that he had brought them to our attention at the request of Mr. Wendell, Deputy Comptroller of the State of New York, who had endeavored to communicate directly with Mr. Jay in regard to them, but was advised that Mr. Jay was out of town, and therefore requested Mr. Fanshaw to bring them to our attention. He said it would be entirely agreeable to him to have our negotiations and transactions, if any, made direct with the Comptroller's Department. When pressed for a statement of what he expected to get out of it, he said that if we cared to give him anything for his services, he would be glad to receive anything that we thought proper. He was told that the matter would be referred to Mr. Strong and Mr. Jay.

June 3

The above having been referred to Mr. Strong and Mr. Jay, we communicated with Mr. Sabin of the Guaranty Trust Company, who confirmed that their company had offered the money to the State at 2 7/8%, but that their negotiations were now off, and suggested that we should obtain our counsel's opinion of the issue if we were to consider taking it. We had already decided that we would require opinion of competent counsel in regard to the issue in view of taxpayers' suit for an injunction restraining the State from this borrowing, which we understood had been dismissed by the Court of Appeals. We had consulted with Mr. Geo. Case, of White & Case, in regard to the best counsel in the city to furnish such an opinion, and he suggested Spooner & Cotton, Mr. J. P. Cotton, of which firm, is well known to us.

June 3

Mr. Fanshaw called in the morning and we told him that we would require an opinion by Spooner & Cotton regarding the issue before we could consider the purchase, and such information would have to be furnished at no expense to us. He stated that he would have such information provided.

June 3

In conversation with Mr. Fanshaw over the telephone, we stated that in the event of our purchasing these warrants through him that we would be willing to pay him the sum of \$500 as full compensation for his services and expenses, if any, for this bank in the matter. He replied that \$500 seemed a small sum for a transaction of \$6,000,000. and asked how we would consider 1/32 of 1%. Our reply was that we would not consider a commission of 1/32 of 1% at all, as it was entirely too much. \$500 was all that we thought this bank should pay, to which he replied that anything we thought right would be entirely satisfactory to him.

V. Folder I, no. 2
INDEXED

Memorandum of conversation between
Mr. Strong, Governor of the Federal Reserve Bank of New York,
and Mr. W. S. Fanshaw,
held in Mr. Strong's office on the afternoon of June 8, 1915,
at which the writer was present.

---ooOoo---

Mr. Strong stated to Mr. Fanshaw that there had been a misunderstanding in regard to the proposed issue of \$6,000,000. State of New York Warrants proposed to be issued by the State of New York and considered by this bank for possible purchase; that we had understood from Mr. Fanshaw that the warrants would be issued to bear interest at the rate of 2 7/8%, and that the matter of this bank's purchase of such warrants had been under negotiation with the state officials prior to Mr. Fanshaw having brought it to our attention; that when Mr. Fanshaw did bring the matter to our attention it was Mr. Strong's suggestion that in consideration of services which Mr. Fanshaw might render for this bank in the matter, that we should pay him \$500 in the event of our purchasing the warrants.

Referred also to the later development that on June 7, 1915, Mr. Fanshaw called and stated (to Mr. Jay) that he wished to correct one statement he had made in regard to the proposed issue, i.e., that they would be issued to bear interest at the rate of 3% but would be sold to this bank to net 2 7/8%. This was not in accordance with our understanding, and hence the whole transaction with Mr. Fanshaw is declared null and void. Mr. Fanshaw acquiesced in this unconditionally and stated that he wished Mr. Strong to distinctly understand that the suggestion that the warrants be issued at the rate of 3% instead of 2 7/8% was made by the Comptroller of the State of New York, (the difference being to cover the expenses involved for which the State had no fund provided) and not by Mr. Fanshaw; that he, Mr. Fanshaw, had no desire to make a profit out of the transaction.

June 8/1915

E. Keuzel
Assistant Cashier.

1915
June 5

Mr. Jay has taken up with Mr. Wendell, Deputy Comptroller, the requirements of this bank in regard to warrants eligible for purchase by this bank, both by telephone and writing. Over the telephone the Deputy Comptroller stated to Mr. Jay that he had no doubt as to the legality of the issue.

June 7

Mr. Fanshaw called in the afternoon, accompanied by Mr. Judson, in regard to the proposed issue of State warrants, and stated to the writer and Mr. Jay that the opinion of Spooner and Cotton would be ready the next morning, and also stated that if there were any questions which we wished to ask regarding the issue, Mr. Judson was in position to answer them. Mr. Jay replied that we would have no questions to ask until our counsel had examined the opinion of Spooner and Cotton. Mr. Fanshaw then stated that he wished to correct one statement which he had made regarding the proposed issue; that is, he had stated to us that the warrants would be issued to bear interest at the rate of $2 \frac{7}{8}\%$ per annum, but that in view of the fact that the State had no fund from which it could pay for outside legal services or opinions, or any other expenses in connection with the issue of warrants, that the warrants would be issued to bear interest at the rate of 3% , and would be sold by Mr. Fanshaw to this bank to net $2 \frac{7}{8}\%$. Whereupon Mr. Jay told him we had understood that the warrants would be issued at $2 \frac{7}{8}\%$ interest and that our whole understanding in regard to the issue was based on that assumption, and if there was a change in the rate of interest that the warrants would bear, the whole matter would have to be reconsidered as new business.



Assistant Cashier.

ERK/LCE

103

Estes Park, Colo., August 5, 1916.

Mr. E. R. Kenzel,
% Federal Reserve Bank,
New York City.

Dear Mr. Kenzel:

The next time my friend Mr. Hoffman of the Journal of Commerce stops at the office tell him that his paper is no good. There seems to be something the matter in their Mailing Department. Last night's mail brought me copies of the Journal of Commerce of both July 29th and July 31st, and by the same mail I received the Evening Post of August 1st and the Times of August 2nd. This puts them five days behind the times and gives the news that they sent me a rather ancient flavor.

I am very much interested in your weekly reports of transactions in bills. Between now and the end of the year it is going to require a lot of skill to make the most of the market, in which I still think we should be the leader.

Please give my best regards to all the boys and my sympathy that they have been so hard pushed during the hot weather.

Sincerely yours,

Estes Park, Col.,

September 2nd, 1916.

Dear Mr. Kenzel:

I have your two very interesting letters of August 10th and 29th and regret the delay in answering them.

Tell Mr. Hoffman that the Journal of Commerce is doing better. The papers arrive much more regularly and I think they have now caught up with the Post; the Times still beats them a bit.

The details you sent me about the various credits, etc., are just what I wanted and it is good of you to keep me posted.

The change in the Brown credit, it seems to me, should meet every possible objection and I am glad they took our advice, paying off the old credit and establishing a new one.

It makes one feel optimistic to hear of the development of the various credits to which you refer in yours of the 29th. Don't ever forget that the real influence at the present time is rates. Our rates are just about one-half of the London rates, and that influence is irresistible. Beyond and behind that, however, is the question of gold payment. Bills that come to us from all over the world for discount create bank balances against which, ordinarily, foreign bankers draw checks. Once the exchanges go against us, however, it becomes more profitable to withdraw

E. R. Kenzel, Esq.

Sept. 2, 1916.

gold and we must be prepared to ship the gold or all confidence in our new banking system and in dollar bills will vanish like Summer snow. That is one reason why I am so keen to see the Federal Reserve Bank of New York accumulate a large amount of gold which can be furnished for export whenever exchange turns against us, as it is bound to some day.

I suggest that you get a little book called "Money Changing", written by Hartley Withers, where you will find a good deal of interesting material on this subject.

I hope you keep up your letters when it is not too great a burden.

With warmest regards to all of the boys, I am,

Sincerely yours,

E. R. Kenzel, Esq.,
Assistant Cashier, Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

November 8th, 1916.

Dear Mr. Kenzel:

In reading over your address, I am inclined to think that both you and Dr. Miller (in his Indianapolis address), have fallen into the same error in figuring the amount of free gold held by the Federal Reserve System.

You state that the reserves and capital amount to \$590,000,000, of which over \$380,000,000 are now represented by the gold holdings of the reserve banks and that, allowing for 35% reserve on deposits, the free gold left would enable the reserve banks to rediscount for the members and issue Federal reserve notes to the extent of about \$500,000,000.

I figure it this way: The deposit liabilities are about \$550,000,000, gold holdings, \$380,000,000, earnings, somewhat less than 3% on the capital. The first allowance to make, therefore, is the amount of gold which will be lost when we bring our earnings up to 6% on the capital; allowing for increased expenses and a reasonable amortization for accrued dividends, \$80,000,000 is the least that should be allowed. This leaves \$300,000,000 of gold. 35% reserve on \$550,000,000 of deposits is \$187,500,000 and allowing a trifling margin, say \$200,000,000, is the minimum to which our gold reserves could be allowed to fall.

To Mr. Kenzel.

Nov. 8, 1916.

This leaves the free gold at about \$100,000,000 which would support an issue of \$250,000,000 of notes, leaving out of consideration of course something over \$200,000,000 of gold held by the Reserve Agents.

Another important aspect of this matter is that under no consideration should the managers of the reserve banks contemplate permitting any such reserve percentage as the minimum allowed by the statute. We need an immense safety factor beyond the legal minimum and it is for that reason that I have been so urgent about accumulating gold through note issues and getting the statute amended so that the gold will count as reserve. In a crisis, there is no knowing what we will do, but in normal times we ought to consider first this safety factor and it strikes me your views were a little optimistic on that point. We have all been guilty of the same thing, I am afraid, without giving sufficient thought to the importance of the situation.

I think your address was a mighty good one and glad that it was quoted in full in the Chronicle.

With best regards, I am,

Sincerely yours,

E. R. Kenzel, Esq.,
Assistant Cashier, Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

103
Kenze

November 15th, 1916.

Dear Mr. Kenzel:

Yours of the 11th with enclosures is just received.

Your inquiry about the City Bank correspondence is not very definite, but I think I can explain just how I view the meaning of the statute as amended, in its application to finance drafts according to the various interpretations of the Reserve Board.

Referring only to finance drafts as distinguished from drafts drawn against specific shipments, usually with documents attached, I think we are now in this position:

First, Finance bills drawn against importation and exportation of goods, in order to be eligible, must be of a character to afford proof on their face, or by collateral documentary evidence, that the proceeds are or will be actually applied to import or export transactions. The French credits, therefore, can be construed as affording this evidence because they bear marks of identification indicating that they are drawn under a specific commercial credit agreement, a copy of which has been furnished us.

Therefore, under the original provisions of the Act, before the amendment was adopted, these French drafts would be eligible because of their affording complete evidence of their character, but drafts otherwise drawn without this evidence would not be eligible.

To Mr. Kenzel.

Nov. 15, 1916.

Second, The amendment to the Act provides that drafts furnish drawn to ~~foreign~~ and dollar exchange will also be eligible if it can be shown that the usages of the country where they are drawn are such that the drawing of long bills for the purpose of settling imports and exports is a well established business custom. With this class of drafts, therefore, evidences of eligibility do not consist of marks or inscriptions on the drafts nor even of written agreement as in the case of the French drafts, but rather of evidence which must be submitted to the Reserve Board that the bills are drawn in accordance with business usage in the country where they originate.

Considering these two rough definitions of eligibility, within which class can we consider that the bills described by Mr. Gardine will fall? They certainly do not fall within the first class because of no inscription on the bills and because no document exists which will give evidence of how the proceeds will be applied. The proceeds may go to settle for travelers checks or for investment purchases or for any other thing.

If not falling within the first category, can they be construed as coming within the second? It seems to me that they can on one theory only, and that is if business custom is established by one or possibly by a few transactions. There never would be ~~the~~ business custom or usage if the initial transaction were prohibited. It reminds me of the Irishman who, because all railway accidents arose from one train smashing into the rear car of another train and killing the passengers in the last car, suggested that it would be much better for them to take off the last car.

To Mr. Kanzel.

Nov. 15, 1916.

Another theory which might be advanced to justify eligibility in the case of the drafts referred to is the fact that American banks have long made it a practice to draw 90 day bills on London banks which have established a business custom on one side of the account and, consequently, on general grounds of mutuality, the custom could be recognized as being justified the other way around. I think this argument, however, is a little thin.

The law leaves us in this unfortunate position. European nations by reason of the war are technically to-day in the same position that South American countries have formerly been in. They must have credit in order to finance their imports. They would like to adopt the practice which they have employed in financing their South American customers. We have no machinery to enable them to do so until they have established a custom or usage. In order to do that, they must arrange finance acceptance credits in some way or other with American institutions that are prohibited by law from extending credits in that way. If all American accepting houses were members of the Reserve System, you ~~would~~ ^{can} see that the Act instead of being an authorization to do the business would really operate as a prohibition, except as to those countries which had already established the custom with their foreign bankers.

I think the best way out of the difficulty is for these English and Continental bankers to establish the custom by opening

To Mr. Kenzel.

Nov. 15, 1916.

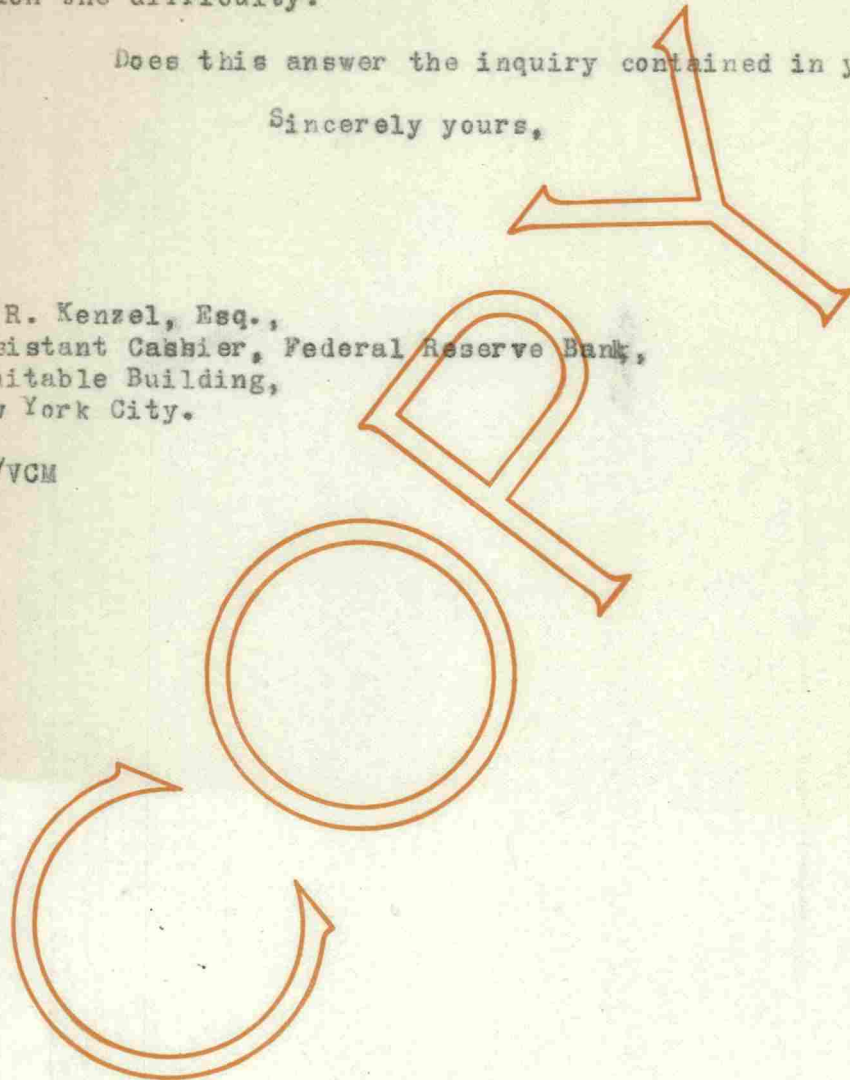
credits with banks and bankers not members of the System. That means that we are promoting the business of non-member banks at the expense of member banks, but I do not see any other way to reach the difficulty.

Does this answer the inquiry contained in your letter?

Sincerely yours,

E. R. Kenzel, Esq.,
Assistant Cashier, Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM



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.

SYMBOL
Blue
Nite
N L

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

RECEIVED AT

Denver, Colo., November 28th, 1916.

E. R. Kenzel,
Cashier, Federal Reserve Bank,
New York City.

Have always and still think personally that proposed differential is mistake. Stop. May cause trouble mentioned by Alexander as well as others. Stop. My last letter to Treman however recommended effort to meet very positive views Reserve Board because of their action last French credit and to avoid issue. Stop. If Reserve Board decided because of our attitude to rule that renewal bills are ineligible or if Comptroller ruled such credits ultra vires for national banks as he threatened, it would create in my opinion a serious and deplorable situation. Stop. Therefore, think it may be wise to try to restrict our purchases somewhat by higher rate as a concession to Board and temporary experiment.

Benj. Strong.

Charge Paid,
Benj. Strong,
4100 Montvie w Boulevard.

Telephone York 1308.

Kennel
Warburg

370.231

FEDERAL RESERVE BOARD
WASHINGTON

December 4, 1916.

My dear Mr. Kenzel:

Assistant Secretary Peters has asked me for some information about Mr. W. L. Sanders, President of the Ingersol-Rand Company of New York City.

Would you be good enough to find out for me what you can hear about the man?

With many thanks in advance,

Very truly yours,

Carroll D. Williams

E. R. Kenzel, Esq.,
Assistant Cashier,
Federal Reserve Bank,
New York.

*(Geo Doubleday Pt.
Ingr-Rand Co.)*

*Mr. Oppen
check up this.*

*Wm L. Sanders
V.P. Sec. & Dir.
Actual Appraisal Co.
152 Bway-*

FEDERAL RESERVE BOARD
WASHINGTON



December 7, 1916.

Dear Mr. Kenzel:

Thank you for your letter giving me the information concerning Mr. Saunders which is just what I wanted.

If my friend should require any further information, I shall not fail to avail myself of your kind offer.

Very truly yours,

A handwritten signature in cursive script, which appears to read "Cecill W. Anderson".

E. R. Kenzel, Esq.,
Assistant Cashier,
Federal Reserve Bank,
New York.

engineer, born at Columbia, Pa., November 1, 1856. He is the son of E. T. and Eliza Saunders; holds the degree of B. S. of December 6, 1916. He is in charge of hydrographic work 1878, and general work excavation 1878-81; was

My dear Mr. Warburg:

I have your inquiry of December 4th regarding a Mr. W. L. Sanders, New Jersey Harbor Commission, Board of Commerce and Navigation, vice president of the Ingersoll-Rand Company of New York. I have no doubt that the gentleman who is the subject of your inquiry is Mr. William L. Saunders, chairman of the Ingersoll-Rand Company. There is a W. L. Saunders in New York who is vice president and director of the Actual Appraisal Company at 152 Broadway, but he has no connection with the Ingersoll-Rand Company.

Mr. Saunders' home is in Washington Park, North Plainfield, N. J., where he has lived for upwards of twenty years. I learned from and through residents of Plainfield that he is very highly thought of in that town, reputed to be a man of wealth but one who has worked up from the ranks in his profession as a mining and civil engineer and is regarded as an authority, particularly in the mining branch of engineering. In politics he is a democrat and has been a firm and ardent admirer of the President and local

report in Plainfield has it that he might become a member of the cabinet. with him on the board of directors of the Peoples Bank & Trust Company of

The Directory of Directors states him as

- Director - A. S. Cameron Stearn Pump Works,
- Edison-Saunders Compressed Air Company,
- International Harvester Company of New Jersey,
- International Harvester Corporation,
- International Pneumatic Tube Company,
- Peoples Bank & Trust Co. of Westfield, N. J.

- President- American Institute of Mining Engineers,
- and Ingersoll-Sargent Drill Company,
- Director - Rand Drill Company,

Chairman of the board of Ingersoll-Rand Company.

"Who's Who in America, 1916-1917" states: "William Lawrence Saunders,

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engineer, born at Columbus, Ga., November 1, 1856. He is the son of W. T. and Eliza Saunders; holds the degree of B. S. of the University of Pennsylvania, 1876; married Bertha Louis Gaston, August 4, 1886, who died in 1916; in charge of hydrographic work 1878, sub-aqueous rock excavation 1879-81; was twice elected mayor of North Plainfield, N. J., was a member of New York - New Jersey Harbor Commission, Board of Commerce and Navigation, vice chairman of the Naval Consulting Board U. S., chairman for Nicaragua International Pan-American Commission; president of the American Institute of Mining Engineers; member of American Society of Civil Engineers, American Society of Mechanical Engineers, National Civic Federation, New York Chamber of Commerce; trustee of the New Jersey State Chamber of Commerce, New York Southern Society and member of various clubs. He is an Episcopalian; politically, a democrat. He is author of "Compressed Air Information" "Compressed Air Production" and co-author of "Subways and Tunnels of New York" and "Rock Drilling". His home is at Plainfield, New Jersey, office at 11 Broadway, New York City, which is the address of Ingersoll-Rand Company, he being chairman of the board of directors of that company.

The president of one of our large local banks who is a co-director with him on the board of directors of the Peoples Bank & Trust Company of Westfield states that he has known Mr. Saunders in a personal way for some time and knows him to be a man of high integrity. His moral and financial responsibility are above question and while he believes him to have considerable means cannot say how much he is worth. He further states that everybody regards him very highly.

The vice president of one of our largest trust companies states: "I have known Mr. Saunders for at least twenty-five years and think very highly of him and his attainments. He is a man of about sixty years of age with home at Plainfield, N. J. As to his parentage, I am unable to say,

12/6/16

neither can I give you any idea of his wealth, outside of saying that he may be worth from \$300,000. to \$1,000,000. He is what I consider a top notch man, being in close touch with all the business affairs of the country at the present time, thoroughly understanding all details and absolutely sure of where he gets on and where he gets off. He has been very successful in business and is interested, with W. R. Grace, in a number of different lines. His responsibility, moral and financial, is not to be questioned.

"Mr. Saunders is very close to Woodrow Wilson, in fact, as close as any man, I think, can be. He worked very hard for Mr. Wilson's reelection and it has been said that he is being considered as a possible cabinet member. I cannot say definitely, but it is my impression that he is spoken of as the successor to Mr. Redfield who is Secretary of Commerce and Labor. He is a college man and, I believe, holds several degrees but just what they are I am unable to say. Mr. Saunders is the proper type of American business man who is successful. He is held in high esteem by all who know him and he never undertakes anything which he cannot thoroughly fulfill."

Through another source I have obtained an estimate of him by the president of a large State bank in this city with whom the Ingersoll-Rand Company keep their principal account and who has known Mr. Saunders for a long time. This gentleman states that Mr. Saunders is not now active in that company but that formerly he was very active in it and successful in building up the business of the company. He judges his age as probably between 50 and 65 years but does not consider him "an old man" but one whose faculties are thoroughly acute and whose mind and judgment are absolutely unimpaired by work or years. He regards him as an A No. 1 man in every respect.

I have some further inquiries on the way from which I may not hear for a few days. They are made through other than banking channels and may

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develop some side lights that will be of interest to you.

As so much of the information that is not a matter of public record has come to me in confidence, I am passing it on to you practically in tota in order that you may be thoroughly advised.

If there are any particular lines that you would like further investigated, I shall be glad to do my best for you.

Very truly yours,

Honorable Paul M. Warburg
C/O Federal Reserve Board,
Washington, D. C.

ERK/ELS

WILLIAM L. SAUNDERS

Office - 11 Broadway, N. Y. C.
House - Plainfield, N. J.

12/5/16

Mr. Rollin P. Grant, President, Irving National Bank, states: "I have known Mr. Saunders in a personal way for some time and know him to be a man of high integrity. His moral and financial responsibility are above question and while he has considerable means I cannot say how much he is worth.

He is about sixty years of age and is a home man. I meet him at the board meetings of the Peoples Bank & Trust Company of Westfield of which we both are members. Everybody regards him very highly. He has a number of large business interests but I cannot say offhand just what they are."

The Directory of Directors gives: William L. Saunders -
Director - A. S. Cameron Steam Pump Works
Edison-Saunders Compressed Air Company
International Harvester Co. of New Jersey
International Harvester Corporation
International Pneumatic Tube Company
Peoples Bank & Trust Co. of Westfield, N. J.
President and Director -
American Institute of Mining Engineers
Ingersoll-Sargent Drill Company
Rand Drill Company
Chairman of the Board of Ingersoll-Rand Company.

12/6/16

J. Herbert Case, Vice President, Farmers Loan & Trust Company states: "I have known Mr. Saunders for at least twenty-five years and think very highly of him and his attainments. He is a man of about sixty years of age, with home at Plainfield, N. J. As to his parentage, I am unable to say, neither can I give you any idea of his wealth, outside of saying that he may be worth from \$300,000.00 to \$1,000,000. He is what I consider a top notch man, being in close touch with all the business affairs of the country at the present time, thoroughly understanding all details and absolutely sure of where he gets on and where he gets off. He has been very successful in business and is interested, with William R. Grace, in a number of different lines. His responsibility, moral and financial, is not to be questioned.

Mr. Saunders is very close to Woodrow Wilson, in fact, as close as any man, I think, can be. He worked very hard for Mr. Wilson's reelection and it has been said that he is being considered as a possible cabinet member. I cannot say definitely, but it is my impression that he is spoken of as the successor to Mr. Redfield who is Secretary of Commerce and Labor.

He is a college man and, I believe, holds several degrees but just what they are I am unable to say.

Mr. Saunders is the proper type of American business man who is successful. He is held in high esteem by all who know him and he never undertakes anything which he cannot thoroughly fulfill."

Taken from Who's Who in America 1916-1917:

"William Lawrence Saunders, Engineer, born at Columbus, Ga., November 1, 1856. He is the son of W. T. and Eliza Saunders; holds the degree of B. S. of the University of Pennsylvania, 1876; married Bertha Louis Gas-

WILLIAM L. SAUNDERS

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ton August 4, 1886, who died in 1916; in charge of hydrographic work 1878, sub-aqueous rock excavation 1879-81; was twice elected mayor of North Plainfield, N. J; was a member of New York - New Jersey Harbor Commission, Board of Commerce and Navigation, vice chairman of the Naval Consulting Board U. S., chairman for Nicaragua International Pan-American Commission; president of the American Institute of Mining Engineers; member of American Society of Civil Engineers, American Society of Mechanical Engineers, National Civic Federation, New York Chamber of Commerce; trustee of the New Jersey State Chamber of Commerce, New York Southern Society, and member of various clubs. He is an Episcopalian, politically, a democrat. He is author of "Compressed Air Information" "compressed Air Production" and co-author of "Subways and Tunnels of New York" and "Rock Drilling". His home is at Plainfield, New Jersey, office at 11 Broadway, New York City, which is the address of Ingersoll-Rand Co., he being Chairman of the Board of Directors of that company.

FWO/MSB.

12/6/16

Chemical
~~Commercial~~

Commercial National Bank advise that Mr. Frew, president of the Corn Exchange Bank with whom the Ingersoll-Rand Company keep their principal account has known Mr. Saunders for many years and speaks in the highest terms of him. This gentleman states that Mr. Saunders is not now active in that company but that formerly he was very active in it and successful in building up the business of the company. He judges his age as probably between 60 and 65 years but does not consider him "an old man" but one whose faculties are thoroughly acute and whose mind and judgment are absolutely unimpaired by work or years. He regards him as an A. No. 1 man in every respect. (*from Mr. Hopper.*)

Mr. ~~Hopper~~ is also checking up through J. P. *Morgan* ~~Hammond~~ Company of which firm Mr. Lamont, is codirector with Mr. Saunders in the International Harvester.

Mr. Henry W. Towne is making some inquiries which he will report to us in a few days.

Mr. Saunders' home is in Washington Park, North Plainfield, N. J., where he has lived for upwards of twenty years. I learned from and through residents of Plainfield that he is very highly thought of in that town, reputed to be a man of wealth but one who has worked up from the ranks in his profession as a mining and civil engineer and is regarded as an authority, particularly in the mining branch of engineering. In politics he is a democrat and has been a firm and ardent admirer of the President and local report in Plainfield has it that he might become a member of the cabinet. *Enc.*

Chemical
~~Commercial~~

Mr. R. H. Lowery of the ~~Commercial~~ National Bank who has been a resident of Plainfield for many years while not well acquainted with Mr. Saunders has known him by repute very favorably for many years and an intimate friend of his who is also an intimate friend and close neighbor of Mr. Saunders informs him that he knows him to be a man of high integrity. His moral and financial responsibility are above question and while he believes him to have considerable means cannot say how much he is worth.

WILLIAM L. SAUNDERS

12/6/16

He further states that everybody regards him very highly, and further suggests that the American Institute of Mining Engineers of which Mr. Saunders was the organizer and president should be able to give full particulars as to his professional career. E.L.S.

12/8.16. Mr. Towne: advised by phone that his friend Mr. Walds
H. Marshall - Pt. Am. Locomotive Co. had informed
him of his estimate based on long acquaintance &
business dealings substantially as indicated in
previous notes. ^{above} E.L.S.

AFTER 5 DAYS, RETURN TO
FEDERAL RESERVE BANK OF NEW YORK
CORNER PINE & NASSAU STREETS
NEW YORK CITY

Confidential:
re Mr. W.L. Saunders.
To be opened only by
Mr. Strong; Mr. Jay
or E.R. Keigel

GRH

December 13th, 1916.

Dear Mr. Kenzel:

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

The arrangement about government bonds is excellent and if Chicago fails to come into line, I suggest that they be invited to handle the matter according to their own taste. They will find all irate competitors jumping on them in a short time. It will be an excellent object lesson both to Chicago and to the Federal Reserve Board.

About the purchase of bills and the memorandum you prepared for Mr. Freeman, I think it makes an excellent showing in every way. The higher rates justify the Reserve Bank in keeping a steady course and offering opportunity for its members to get money if they need it and purchases of bills in a large way undoubtedly developed the situation exactly as it should have done.

If we should drift into a continued period of high rates, the only possible radical change of policy to be considered in connection with rate adjustments is the attitude of the Reserve Bank toward non-member institutions. Under certain conditions, we ought to consider (although I am not yet ready to recommend it), dealing directly only with member banks or with member banks through brokers. The time has not arrived, however to take such a radical step and it would lead inevitably

To Mr. Kenzel.

Dec. 13, 1916.

to serious embarrassment in dealing with the bills of private bankers who are not eligible for membership. This is simply a suggestion for debate among the officers.

I notice Lazard Frères down on the list for about \$850,000. Are these bills endorsed or have Lazard Frères furnished a statement and is it thoroughly satisfactory?

Thank you for such excellent details of your transactions.

Very sincerely yours,

E. R. Kenzel, Esq.,
Assistant Cashier, Federal Reserve Bank,
Equitable Building,
New York City.

BS/VCM

103

Denver, Colorado,
January 10, 1917.

Dear Mr. Kenzel:

Commenting on the Weekly report of December 22nd. The only way to accomplish anything towards arrangements for greater facilities for carrying bills will be to submit a careful statement of this matter to the Reserve Board, or to persuade the bill house that they want to effect arrangements with member banks to carry their portfolios under the 15 day collateral note arrangement, so that the member banks can use us for their benefit indirectly. I don't believe there is anything that I can do from here, but the matter certainly should be dealt with.

Yours very truly,

~~E. R. Kenzel, Esq.,~~
Assistant Cashier, Federal Reserve Bank,
New York City.

BS/CC

[From B Strong Jr]

164
B.S. 525

FEDERAL RESERVE BOARD

WASHINGTON

May 7th, 1917.

*Done
5/12*

Mr. E. R. Kenzel,
C/o Federal Reserve Bank,
New York City.

My dear Mr. Kenzel:

Could you have letters prepared introducing my son, Benj. Strong, Jr., to the following:

Herman H. Harges,
Messrs. Morgan, Harges & Co.,
Boulevard Hausmann.

Georges Pallain,
C/o Bank of France,

Major Logan,
American Embassy, Paris,

Captain Sayles,
American Embassy, Paris,

Ambassador Wm. G. Sharp, Paris,

Charles S. Phillips,
55 Ave. du Bois
de Boulogne,

Sir Edward H. Holden,
5 Threadneedle St., London,

Montagu C. ~~Norman~~,
Bank of England,

S. H. Grenfell,
Messrs. Morgan, Grenfell & Co.,
227 Broad St., London.

Hon. W. H. Page,
American Ambassador, London.

These I want to deliver to him immediately
on my return Tuesday afternoon, and I am enclosing
a form which can be used for each letter.

Yours very truly,

RS

- ✓ Dear Harjes,
- ✓ Dear Monsieur Pallain,
- ✓ Dear Major Logan,
- ✓ Dear Mr. Ambassador,
- ✓ Dear Captain Sayles,
- ✓ Dear Sir Edward,
- ✓ Dear Phillips,
- ✓ Dear ~~Wormon~~ ^{Wormon},
- ✓ Dear Grenfell.
- ✓ Dear Mr. Ambassador.

To You

This letter will be presented by my oldest son, Benj. Strong, Jr., who is proceeding to Paris to take up his duties in the American Ambulance service with the French Army. He has been a student of Princeton and is going with a number of his friends from there.

Ben has been in the National Guard for about a year and was mustered into the United States Army. Very much to his regret he has been mustered out of the service, because his eyes failed to meet the required standard, as he is obliged to wear glasses even when on duty.

Naturally, I do not want him to pass through London (or Paris as the case may be) without taking the opportunity, if possible, of meeting you.

I have told him not to hesitate to call upon you at any time for advice.

Thanking you in advance for anything that you may be able to do for him, I am,

Very sincerely yours,

FEDERAL RESERVE BANK
OF NEW YORK

RECEIVED

AUG 3 1925

E. R. K.

Spa, Belgium,
July 21, 1925.

Dear Mr. Kenzel:

I am very much obliged to you for your confidential report of July 8, with attached clippings, concerning the failure of Dean, Onativia & Company. I have read it with a great deal of interest, but it needs no comment.

I am writing separately to all of you at the bank about various matters requiring attention.

Very truly yours,

E. R. Kenzel, Esq.,
Deputy Governor, Federal Reserve Bank,
33 Liberty Street, New York.

1.7' 31 T '6

Quigon
440

Royal Hotel,
Evian-les-Bains, July 5, 1928.

Dear Mr. Kenzel:

While Dr. Stewart was with me, we had quite a talk about the recent expansion of European acceptance credits by New York City bankers; possibly he had a similar talk with Mr. Harrison, but I am not sure. He has been watching it from this side, and expressed some concern lest the growth of the business was not somewhat at the expense of safety. He referred especially to the type of credit recently made possible by the action of the Federal Reserve Board in liberalizing the rulings so that we are now able to finance the movement of goods within or between European countries.

Of course you realize that this type of bill, that is, a bill to facilitate a movement of goods in which we are not directly interested financially, has never been accepted by the Bank of France, and only as exceptions to the rule by the Bank of England. It is generally described over here as a "domiciliary bill", that is, in this case a bill the payment of which is domiciled in New York though it relates wholly to foreign transactions and goods.

I am not willing to say that we should change our practice. These credits have had an indirect influence in maintaining our exports in no small degree. The difficulty we would experience in New York is more a credit one than a technical one. Dr. Stewart feels, as I do, that many of our banks have not yet developed the knowledge or gained the experience to enable

them to thoroughly understand all the credit risks involved, and it is a business which even the London bankers, with their experience, handle very gingerly.

It occurs to me that it might be a good plan for us to pick out some of the institutions which are developing this business in a rather large way and make some careful and particular inquiries as to just what the business is, what the credits are and how carefully it is being handled. I should think two good avenues of inquiry would be the International Acceptance Bank and the Equitable Trust Co., just as a start, and possibly later the National City Bank. My impression in the past has been that a large part of this business done in London is done under some joint account arrangement by which the London bankers are reasonably protected by the local knowledge and frequently the actual obligation of the large banks in the country where the business is done - for instance, Germany.

It may be that later in the year it would be feasible for you to come over here and look into some of these matters on the ground. The people in the Bank of France are facing the need for developing a money market along the lines of our development, and I think they would be grateful for a little help on that subject also. We can talk it over when I get back to New York.

Please give my best to everybody in the Bank, and the same to your goodself.

Sincerely yours,

Mr. E. R. Kenzel,
33 Liberty Street,
New York.

BS:M

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date June 28/15

To Mr Strong

Subject: Clerical Salaries

From Edw.

The lead pencil amounts on the attached list are the amounts to which I believe the salaries of the respective clerks should be increased, in fairness & recognition of ability & attention to duty.

Woodward	}	12 m.
Thompson		
Starr		

No. D. 340677

United States Internal Revenue,
OFFICE OF COLLECTOR.

Folder 71
no. 3,

Form No. 1.
(Revised May 5, 1913.)

2nd District of New York.

MAY 22, 1918

191

Received of Federal Reserve Bank
Five Hundred Seventy five and 72/100 Dollars, on account of
INDIVIDUAL INCOME TAX 1915

(Enter here on what account paid and period of liability, e. g.,

"Special excise tax, 1913," "50 per cent penalty, R. L. D., 6 months June 30, 1913," "Offer in compromise," etc.)

Five per cent penalty - - - - - \$

Interest at 1 per cent per month for _____ months - - - \$

Total amount paid - - - \$ 575 72

575 72

John J. [Signature]

, Collector.

No. D840677

Form No. 1.
(Revised May 8, 1912)

United States RECEIVED
Internal Revenue

OFFICE OF COLLECTOR

St. Louis, Mo.



1912

Edward W. [unclear]
Residence of *Edward W. [unclear]*
100 [unclear] St. Louis, Mo.

Dollars, on account of

\$ 272.75

1912
MAY
23

(Enter here on what account paid and for what liability, etc.)

"Special excise tax, 1912," "60 per cent penalty, E. I. D., 6 months June 30, 1912," "Other in compliance," etc.)

Five per cent penalty

Interest at 1 per cent per month for _____ months

\$ 272.75

Total amount paid

[Signature]



Collector

2-601

Holder 71
no. 1.

No. C 438651 United States Internal Revenue,

OFFICE OF COLLECTOR,

Form No. 1.
(Revised May 5, 1913.)

2nd District of NEW YORK.

JUN 3 1915, 191

Received of Federal Reserve Bank of N.Y.
One Hundred & Twelve 60 Dollars, on account of
INDIVIDUAL INCOME TAX 1914 4 100

(Enter here on what account paid and period of liability, e. g.,

"Special excise tax, 1913," "50 per cent penalty, R. L. D., 6 months June 30, 1913," "Offer in compromise," etc.)

Five per cent penalty	-	-	-	-	-	-	-	\$	
Interest at 1 per cent per month for								\$	
								\$	
Total amount paid	-	-						\$	112 60

112 60

John Lowry, Collector.

United States Internal Revenue

No. C 438051

OFFICE OF COLLECTOR

City and District of NEW YORK

Form No. 1
(Revised July 1, 1913)

JUN 2 1915

RECEIVED
General Revenue
112.00

Dollars on account of

112.00

112.00	Interest at 1 per cent per month for	months
	Total amount paid	

Collector

[Handwritten signature]

[Redacted area]

Exemption Certificates
of
Federal Income Tax
for year
1915.

Folder 11
no. 2.
FEDERAL RESERVE BANK OF NEW YORK
62 CEDAR STREET
NEW YORK CITY

- Mr. Pierre Jay. files with return 2/28.16
- Mr. J. F. Curtis. DO.
- ~~Mr. R. F. Sailer~~
- Mr. Lt Hendricks form #1008 DO
- " J. D. Higgins
- " H. T. Cann
- " H. M. Jefferson
- Mr. E. R. Kenzel files with return 2/28.16

Copy of report #1042
files Feb. 28. 1916

Folde 71
no. 2.

ANNUAL LIST RETURN OF AMOUNT OF NORMAL INCOME TAX WITHHELD AT THE SOURCE

ON SALARIES, WAGES, RENT, INTEREST, OR OTHER FIXED AND DETERMINABLE ANNUAL GAINS, PROFITS, AND INCOME EXCEEDING \$3,000 FOR THE TAXABLE YEAR.

The income to be made the subject of this return does not include dividends on capital stock or net earnings of corporations, joint-stock companies, etc., subject to like tax or income derived from interest upon bonds or mortgages, or deeds of trusts, or other similar obligations of corporations, joint-stock companies, etc., or from interest upon bonds, mortgages, or dividends of foreign corporations.

Filed by Federal Reserve Bank of New York, for the year 1916
(Name of debtor or withholding agent.)

To be made in duplicate to the Collector of Internal Revenue for the District in which the debtor or his duly appointed withholding agent, as the case may be, is located, on or before the first day of March, showing the names and addresses of persons who have received salaries, wages, rent, etc., as above described, in excess of \$3,000, on which the normal tax of 1 per cent has been deducted and withheld during the preceding calendar year.

I (we), Edwin R. Kenzel, of Boston Post Rd. New Rochelle N.Y.
(Name) (Address in full.)
the Asst. Cashier of Federal Reserve Bk. of N.Y., located at 62 Cedar St. New York N.Y.
(State official title.) (Debtor or withholding agent.) (Address in full.)

do solemnly swear (or affirm) that the following is a true and complete return of all salaries, wages, rent, and other fixed and determinable annual gains, profits, and income in excess of \$3,000 as above described, which were paid (or were payable) to each of the persons listed herein, and on which the normal tax of 1 per cent was deducted and withheld during the year stated, and there are herewith inclosed all certificates claiming exemptions and deductions with respect to said income.

NAME.	ADDRESS IN FULL.	CHARACTER OF INCOME. <small>(State whether Rent, Wages, etc.)</small>	AMOUNT OF INCOME.	AMOUNT OF EXEMPTION CLAIMED.	AMOUNT OF INCOME ON WHICH WITHHOLDING AGENT IS LIABLE FOR TAX.	AMOUNT OF TAX WITHHELD.
<u>Benj. Strong Jr.</u>	<u>903 Park Ave. New York N.Y.</u>	<u>Salary</u>	<u>\$ 20,000.</u>	<u>\$ none</u>	<u>\$ 20,000.</u>	<u>\$ 300.</u>
<u>Pierre Jay</u>	<u>49 East 64 St. Do</u>	<u>Do.</u>	<u>16,000.</u>	<u>3,000.</u>	<u>13,000.</u>	<u>130.</u>
<u>James F. Curtis</u>	<u>57 East 73 St Do</u>	<u>Do</u>	<u>12,000</u>	<u>4,000</u>	<u>8,000.</u>	<u>80.</u>
<u>Louis F. Sailer</u>	<u>62 Sunset Ave. Ridgewood N.Y.</u>	<u>Do</u>	<u>5,083³³</u>	<u>none</u>	<u>5,083³³</u>	<u>50.83</u>
<u>Edwin R. Kenzel</u>	<u>Boston Post Rd. New Rochelle N.Y.</u>	<u>Do</u>	<u>4,400.</u>	<u>4,000</u>	<u>400.</u>	<u>4.</u>
<u>B. H. Hendricks</u>	<u>604 Riverside Drive. New York N.Y.</u>	<u>Do</u>	<u>6,000</u>	<u>as per form 1008</u>	<u>1,089⁰⁴</u>	<u>10.89</u>
<u>add exempt list?</u>	<u>No. J.C. 728,160</u>					
Totals for calendar year			\$	\$	<u>\$ 57,572.87</u>	<u>\$ 575.72</u>
Amount of tax remitted herewith (if any) to Collector						\$

To John J. Lowe Jr. Collector.
2nd District of New York
Custom House, City
(Address.)

Sworn to and subscribed before me this 28 day of February, 1916
W B Matteson Jr. P

Signed: Edwin R. Kenzel
ASST. CASHIER
(Capacity in which acting.)

NOTE A.—Withholding agents may, if they so desire, pay at the time this list is filed, to the Collector of Internal Revenue with whom the list is filed, the amount of tax withheld during the year for which the list is made.

Folder 71
no. 5.

Exemption Certificates
of
Federal Income Tax
for year
1916.

AFTER 5 DAYS, RETURN TO
FEDERAL RESERVE BANK OF NEW YORK
62 CEDAR STREET
NEW YORK CITY

- Mr. H. V. Casne
- 7 L. H. Andriotes
- 7 H. M. Jefferson
- 7 E. R. Kengel
- 7 L. T. Sailer
- 4 J. A. Curtis
- 4 J. D. Higgins
- 4 Linn Jay
- 4 R. H. Truman

filed with report #1042
Feb 13-17-

Form
1007.
Revised.

TREASURY DEPARTMENT,
INTERNAL REVENUE—INCOME TAX.
Ed. 100,000—Mar. 27-14.

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis

EXEMPTION CERTIFICATE

(For claiming exemption at the source as provided in paragraph C of the Federal Income Tax Law of October 3, 1913.)

Folder 71
no. 2.

To FEDERAL RESERVE BANK OF NEW YORK.
(Give name of withholding agent.)

.....
(Full post-office address.)

I hereby serve you with notice that I am ~~single~~ married, with my (wife—~~husband~~) living with me, and that I now claim the benefit of the exemption of \$ 4000, as allowed in paragraph C of the Federal Income Tax Law of October 3, 1913 (my total exemption under said paragraph being \$ 4000).

Date, OCT 29 1915, 191

Signed: J. D. Higgins

Address: 1101 Lincoln Pl - Brooklyn
(Full post-office address.) ny.

NOTE.—Claim for exemption on Form 1007 can be filed with the debtor or withholding agent at any time, not less than 30 days prior to March first next succeeding the year for which exemption is claimed.

(SIGNATURES MUST BE CLEARLY AND LEGIBLY WRITTEN.)

Form
1007.
Revised.

TREASURY DEPARTMENT,
INTERNAL REVENUE—INCOME TAX.

Ed. 100,000—Mar. 27-14.

EXEMPTION CERTIFICATE

(For claiming exemption at the source as provided in paragraph C of the Federal Income Tax Law of October 3, 1913.)

To Federal Reserve Bank of New York
(Give name of withholding agent.)
New York, N.Y.
(Full post-office address.)

I hereby serve you with notice that I am ~~single~~ married, with my (wife ~~husband~~) living with me, and that I now claim the benefit of the exemption of \$ 4000.⁰⁰, as allowed in paragraph C of the Federal Income Tax Law of October 3, 1913 (my total exemption under said paragraph being \$ 4000.⁰⁰).

Date, October 29th, 1915

Signed: Howard M. Jefferson

Address: 56 Downing Street
(Full post-office address.)
Brooklyn N.Y.

NOTE.—Claim for exemption on Form 1007 can be filed with the debtor or withholding agent at any time, not less than 30 days prior to March first next succeeding the year for which exemption is claimed.

(SIGNATURES MUST BE CLEARLY AND LEGIBLY WRITTEN.)

EXEMPTION CERTIFICATE

(For claiming exemption at the source as provided in paragraph C of the Federal Income Tax Law of October 3, 1913.)

TREASURY DEPARTMENT,
INTERNAL REVENUE—INCOME TAX.
Ed. 100,000—Mar. 27-14.
2-7275

To Federal Reserve Bank of New York
(Give name of withholding agent.)

.....
(Full post-office address.)

I hereby serve you with notice that I am ~~single~~—married, with my (wife—husband) living with me, and that I now claim the benefit of the exemption of \$4,000....., as allowed in paragraph C of the Federal Income Tax Law of October 3, 1913 (my total exemption under said paragraph being \$4,000.....).

Date Oct 25....., 1915

Signed: H. V. Cannon.....

Address: 67 Cedar St. New York
(Full post-office address.)

NOTE.—Claim for exemption on Form 1007 can be filed with the debtor or withholding agent at any time, not less than 30 days prior to March first next succeeding the year for which exemption is claimed.

(SIGNATURES MUST BE CLEARLY AND LEGIBLY WRITTEN.)

EXEMPTION CERTIFICATE

(For claiming exemption at the source as provided in paragraph C of the Federal Income Tax Law of October 3, 1913.)

TREASURY DEPARTMENT.
INTERNAL REVENUE-INCOME TAX.

To FEDERAL RESERVE BANK OF NEW YORK,

(Give name of withholding agent.)

*Form
1008
substituted
files*

By *[Signature]*

(Full post-office address.)

I hereby serve you with notice that I am ~~single~~ married, with my (wife ~~husband~~) living with me, and that I now claim the benefit of the exemption of \$ 4,000. —, as allowed in paragraph C of the Federal Income Tax Law of October 3, 1913 (my total exemption under said paragraph being \$ 4,000....).

Date, June 30th, 1915

Signed: *Laurence H. Berdona*

Address: 604 Riverside Drive
New York

(Full post-office address.)

NOTE.—Claim for exemption on Form 1007 can be filed with the debtor or withholding agent at any time, not less than 30 days prior to March first next succeeding the year for which exemption is claimed.

(SIGNATURES MUST BE CLEARLY AND LEGIBLY WRITTEN.)

Exemption Certificate—FIRMS, ORGANIZATIONS, OR FIDUCIARIES.

Folder 71
no. 4.

(For use of firms, organizations, or fiduciaries entitled to receive income other than from interest on bonds, to establish their identity and nonliability to withholding at the source.)

Federal Reserve Bank of New York
(Give name of debtor.)

Rent

(Character of income, other than interest on bonds, as, rent, dividends from foreign corporations, etc.)

I do solemnly declare that the firm, organization, or person named below is entitled to receive the above-described income, and that under the provisions of the income tax law and regulations said income is exempt from having the tax withheld at the source, and that all the information given herein is true and correct.

Date, 5/31/16, 191

EQUITABLE OFFICE BUILDING CORPORATION
(Name of firm, organization, or fiduciary.)

[Signature]
TREASURER

By (Signature of person duly authorized to sign for firm or organization and his official position, or name of trust.)

Address: 120 Broadway, N.Y.
(Give full post-office address of firm or organization or fiduciary.)

TREASURY DEPARTMENT,
INTERNAL REVENUE—INCOME TAX.
Ed. 300,000—June 20-14.
9-583

Exemption Certificate—FIRMS, ORGANIZATIONS, OR FIDUCIARIES.

(For use of firms, organizations, or fiduciaries entitled to receive income other than from interest on bonds, to establish their identity and nonliability to withholding at the source.)

Federal Reserve Bank of New York
Rent
(Give name of debtor.)

(Character of income, other than interest on bonds, as, rent, dividends from foreign corporations, etc.)

I do solemnly declare that the firm, organization, or person named below is entitled to receive the above-described income, and that under the provisions of the income tax law and regulations said income is exempt from having the tax withheld at the source, and that all the information given herein is true and correct.

Date, Dec 30, 1914

Barney Tule Lums
(Name of firm, organization, or fiduciary.)

By Albert A. Toney, partner
(Signature of person duly authorized to sign for firm or organization and his official position, or name of trust.)

Address: 62 Cedar St New York City
(Give full post-office address of firm or organization or fiduciary.)

TREASURY DEPARTMENT,
INTERNAL REVENUE—INCOME TAX.
Ed. 300,000—June 20-14.

Copy of list sent to Fed Res Board.
by Mr Jay - July 12. 1915

Folder 69
no. 3.

SALARY LIST

FEDERAL RESERVE BANK OF NEW YORK

<u>OFFICERS</u>	<u>POSITION</u>	<u>SALARY</u>
Benjamin Strong, Jr.,	Governor	\$30,000
Pierre Jay	Federal Reserve Agent	16,000
J. F. Curtis	Secretary and Counsel	12,000
L. F. Sailer	Cashier	10,000
E. R. Kenzel	Assistant Cashier	4,200
L. H. Hendricks	" "	6,000

EMPLOYEES:

Arthur W. Gilbert	Discount Dept.	2,400
A. B. Fletcher	" "	1,500
Walter B. Matteson	Securities Dept.	2,400
I. Ward Waters	Paying Teller	2,700
Roderick P. Fisher	Receiving Teller	1,500
George Hoehn	" " Dept.	1,200
Wm. M. Kettner	Note Teller	1,500
John Raasch	" " Dept.	1,140
Thomas M. Day, 3d	Clerk	600
Ralph G. Wills	Clerk	450
Michael A. Hanson	Clerk	480
G. V. E. Veghte	Transit Dept.	1,200
Miss Belle Furstenberg	Transit Dept.	900
Wm. A. Ehm	Clerk	720
Arthur M. Kesses	Clerk	500
E. D. Hassard	Clerk	540

Salary List continued:

Federal Reserve Bank of New York:

<u>EMPLOYEES:</u>	<u>POSITION</u>	<u>SALARY</u>
Amount carried forward		\$97,930
E. G. Blackford	Debiting Dept.	1,400
Rudolph E. F. Wiese	" "	700
Harry W. Demnington, Jr.	Bookkeeper	720
Frank J. Ramsden,	"	1,000
Pedro L. Schellens	Statement Clerk	800
John A. May	General Bookkeeper	2,000
H. V. Camm	Credit Dept. and Federal Reserve Agent's work	4,000
Fred. W. Opper	Asst. Credit Dept.	1,500
Miss E. E. Bushnell	Chief Stenographer	1,500
Miss L. C. Elliott	Stenographer	1,200
Miss R. A. Holmes	Stenographer	1,200
Miss Jean Miller	Stenographer	936
Miss H. H. Reynolds	Stenographer	936.
Miss I. W. Banks	Stenographer	936.
Miss E. E. Burrell	Addressograph	624.
Miss Justine Miller	Typist	520.
Miss Mary C. Parker	Files	1,500
Miss Hilda W. Kiese	Files	900
John McAlevey	Files	466
Harvey B. Prescott	Stationery	520
Miss Elizabeth Bruce	Telephone Operator	820
Mrs. V. C. McLaren	Governor's Secretary	1,500
James Hood Scott	Watchman at Vault	900
Edward J. McCabe	Floorman	1,040

Salary List continued:

Federal Reserve Bank of New York:

<u>EMPLOYEES</u>	<u>POSITION</u>	<u>SALARY</u>
Amount carried forward		\$125,548
James J. Delahanty	Floorman	900
Jean A. Sullivan	Messenger	360
Francis Soraeco	Messenger	360
Walter M. Riedel	Messenger	260
F. F. Goodman	Messenger	260
J. J. Farnan	Paying Teller's Messenger	1,200
Geo. S. McNair	Watchman	900
John J. Phelan	Watchman	900
Harry P. Aumack	Assists in Fed. Res. Agts. Dept. & Credits	900
Jos. D. Higgins	Chief Clerk	3,000
Adolph J. Lins	Officers' Clerk	1,800
Howard M. Jefferson	Auditor	3,500
W. D. Goodwin	Auditor's Assistant	1,800
D. A. Reinbrecht	" "	<u>1,200</u>
		<u>\$ 142,888</u>

Holder 69
no. 1.

SALARIES AND DUTIES OF OFFICERS AND EMPLOYEES
AND THEIR SECURITY BONDS.

DEPT.	DUTIES	EMPLOYEES	RANK	SALARY	BOND	
Loans and Securities	Custody of bills discounted, loans and collateral there-to, deposited with Federal Reserve Agent, to secure circulation, substitutions and withdrawals; accep-tances, loan and discount records.	Arthur W. Gilbert	Chief of Loans & Discounts	\$ 2,400	\$10,000	
		Aaron B. Fletcher	Assistant Loans & Discounts	1,200	5,000	1500 ✓
		Walter B. Matteson	Chief of Securities	2,400	10,000	
Paying Teller	Custody of cash, vault record of cash held at Clearing House and Subtreasury, sig-natures, Clearing House balance, clerks' payroll.	I. Ward Waters	Teller	2,250	25,000	2500 ✓
Receiving Teller	Receipt of counter deposits, verification of checks, etc., and preparation of cash for paying teller.	Roderick P. Fisher	Teller	1,500	20,000	
		George Hoehn	Asst.	1,000	5,000	1200 ✓
Note Teller	City and Country Collections Incoming Mail Clearing House Rack Registered Mail and Express (Valuable) Preparation of Credit Books Preparation of Expense Vouchers Return and Protest Items	Wm. M. Kettner	Teller	1,200	10,000	1500 ✓
		John Raasch	Asst. (Clearing House Settling Clerk)	1,000	5,000	1140 ✓
		Thomas M. Day, 3d	Credit Books	360	5,000	600 ✓
		Ralph G. Wills	Asst.	450	5,000	
		Michael A. Hanson	Asst.	480	5,000	
Transit	Collection of out of town cash items Outgoing mail Securities Correspondence (L. H. Hendricks) Purchase of Supplies (L. H. Hendricks)	L. H. Hendricks	Manager	6,000	20,000	
		G. V. N. Veghte	1st Asst.	1,200	5,000	
		Miss Belle Furstenberg	Asst.	780	5,000	900 ✓
		Wm. A. Ehm	Asst.	600	5,000	720 ✓
		Arthur M. Kesses	Asst.	500.	5,000	
		E. H. Hassard	Asst.	540.	5,000	
		E. G. Blackford	Chief	1,400	5,000	
Debiting	Preparation of Debit Books Proof of incoming ex-changes (Wiese assists on out-going mail)	Rudolph E.F. Wiese	Asst.	700	5,000	

DEPT.	DUTIES	EMPLOYEES	RANK	SALARY	BOND		
Bookkeeping	Members Ledgers	Harry W. Dennington, Jr.		\$ 600.	\$ 5,000	720	✓
		Ramsden, Frank J.		1,000.	5,000		
Statement Keeping	Member Banks' Statements	Pedro L. Schellens	Statement Clerk	800.	5,000		
	Federal Reserve Banks' Statements						
General Bookkeeper	General Ledger	John A. May	General Bookkeeper	1,500	5,000	2800	✓
	Other Federal Reserve Bank Ledgers (temporary assignment)						
	Capital Stock Ledger						
	Preparation of general statements.						
Credit	Receipt, analysis, and filing of borrowers' statements and other credit information. (Can Part time Credit Dept. - balance with Fed. Res. Agt.)	H. V. Cann	In Charge	Inc. in P.R.A.'s Dept.	5,000		
		Fred. W. Oppen	Asst.	1,500.	5,000		
Stenographic	Dictation	Miss E. E. Bushnell	Chief Steno.	1,200	1,000	1500	✓
	Typewriting	" L. C. Elliott	Steno.	1,040	1,000	1200	✓
	Copying and duplicating	" R. A. Holmes	"	1,040	1,000	1200	✓
	Addressograph	" Jean Miller	"	840	1,000	936	✓
		Mrs. M. Patterson	"	936	1,000		
		Miss H. H. Reynolds	"	936	1,000		
		" I. Banks	"	780			
		" F. E. Surrrell	Typist	624	1,000		
		" Justine Miller	"	520			
Filing	Letter Files	Miss Mary C. Parker	File Clerk	1,500	1,000		
	General Files						
	Library	Miss Hilda W. Kiese	Asst.	900	1,000		
		John McAlvey	Asst.	466	1,000		
Stationery	Purchase and distribution of stationery and supplies	Harvey B. Prescott	Asst. (L.H. Hendricks in chge.)	520	5,000		
Telephone Operator	Telephone Switchboard	Miss Elizabeth Bruce	Operator	728	1,000	840	✓
Governor's Secretary.	Dictation, etc.	Mrs. V. C. McLaren	Sec'y to Gov'r.	1,200	1,000	1500	✓
Vault Keeper	Watchman at vault	James Hood Scott	Vault	900	5,000		
	Auditor's Transfer Files						
	Relief of floorman						
Floormen	Guard on floor	Edward J. McCabe	Floorman	1,040	5,000		
	Officer for Paying Teller's Messenger						
	Direction of Pages	James J. Delahanty	"	780	5,000	900	✓
Messengers	Messengers for officers under direction of floorman	Jean A. Sullivan	Messenger	300	1,000	360	✓
		Francie Serrace	"	250	1,000	360	✓
		Walter M. Riedel	"	250	1,000		
		F. F. Goodman	"	250	1,000		
	Paying Tellers Messenger (Has charge of all shipments of currency and securities Incoming Registered Mail, also Clearing House Balances)	J. J. Farnan	" (Relieves floorman when necessary)	1,200	5,000		

Pierre Jay	Federal Reserve Agent	\$16,000	\$ 10,000
Charles Starek	Deputy Federal Reserve Agent		250,000 to U. S. Govt. 10,000
Benjamin Strong,	Governor	30,000	150,000 to U. S. Govt. 10,000
William Woodward	Deputy Governor		
J. F. Curtis	Secretary of Board Counsel to Bank	12,000	10,000
G. E. Gregory	Acting Cashier		10,000
✓ E. R. Kenzel	Assistant Cashier	4,200	20,000
B. W. Jones	Acting Assistant Cashier		10,000
E. H. Giles	Acting Assistant Cashier		10,000

*Re Salary Adjustments.
July 6, 1915.*

(3)

DEPT.	DUTIES	EMPLOYEE	RANK	SALARY	BOND	
Watchmen	Patrol of bank after hours	Geo. S. McHair	Watchman	\$ 900.	\$ 5,000	
		John J. Phelan	"	900.	5,000	
Federal Reserve Agent's Department	Joint custody of F. R. Notes received from F. R. Board	H. V. Cunn	Chief	4,000	25,000	To U. S. Govt.
	Joint custody of notes, etc., rediscounted	Harry P. Amack	Asst. (Assists on credits)	700	5,000	900 ✓
	Joint custody of gold deposited					
	Records and reports					
	Members of Agent's Staff:					
	E. R. Kenzel				10,000	to U.S. Govt.
	L. H. Hendricks				10,000	" "
	H. K. Jefferson				10,000	" "
Chief Clerk	Direction of staff, departmental development, etc.	Jos. D. Higgins	Chief Clerk	3,000	5,000	
Officers' Clerk	Special investigations for officers Capital stock records except ledger	Adolph J. Mns	Officers' Clerk	1,500	10,000	1800 ✓
Auditing	General auditing of bank and agent's securities, records etc. Auditor also on agent's staff and substitutes as officer on vault control	Howard M. Jefferson	Auditor	3,500	20,000	
		W. D. Goodwin	Asst.	1,200	5,000	1800 ✓
		D. A. Reinbrecht	Asst.	1,000	5,000	1200 ✓

MEMORANDUM OF RECOMMENDATIONS TO MR. STRONG
FOR ADJUSTMENT OF SALARIES OF EMPLOYEES ON JULY 1, 1915.

The following adjustments are recommended by your Committee after careful consideration and in recognition of ability that has been developed and the attention and devotion to duties at all times displayed. Here follows the names of the employees, the date of their employment, the salary at which they were employed, their present salary, and the salary recommended, together with a brief comment in each case:

<u>NAME</u>	<u>Date of Employment</u>	<u>Position</u>	<u>Initial Salary</u>	<u>Present Salary</u>	<u>Proposed Salary</u>	<u>Comments</u>
A. B. Fletcher	Nov.16/14	Assistant	\$1,200	\$1,200	\$1,500	Is the expert machine operator who prepares the records of each day's transactions for Washington. He was hired for this purpose, but he has developed ability in the Discount Department, and has displayed willingness and capacity in assist in a number of other departments in the bank.
I. W. Waters	Nov.15/14	Paying Teller	\$2,250	\$2,250	\$2,700	Mr. Waters has displayed the ability essential to handle the large sums of money which pass through his hands in a thoroughly efficient manner. We consider him to be a valuable man for the work he is doing. We think the responsibility of his position justifies the proposed increase.
Geo. Hoehn	Jan.11/15	Assistant Receiving Teller	\$1,000	\$1,000	\$1,200	He was employed as a book-keeper. He is a good all around man and such an expert money counter that we propose creating a Money Department under his charge. We feel that the added responsibilities justify the increase.
Wm. M. Kettner	Jan.4/15	Note Teller	\$1,200	\$1,200	\$1,500	He has had abundant experience in his line and in addition is doing the work of the city and country collections. He handles all receipts and shipments of currency.

<u>Name</u>	<u>Date of Employment</u>	<u>Position</u>	<u>Initial Salary</u>	<u>Present Salary</u>	<u>Proposed Salary</u>	<u>Comments</u>
John Raasch	Nov. 11/14	General Clerk	\$1,000	\$1,000	\$1,140	Has acted as our settling clerk at the Clearing House; handles all transfers of funds, and is responsible for the preparation of all expense vouchers. He is a good man.
Thomas M. Day, 3rd	Dec. 5/14	Clerk	\$ 360	\$ 360	\$ 600	A graduate of Princeton; without former banking experience; is a man of intelligence and has developed into a very capable clerk.
Miss B. Furstenberg	Nov. 16/14	Transit Dept.	\$ 780	\$ 780	\$ 900	Is remarkably efficient in her line of work and we have found her capable of carrying responsibility.
William A. Ehm	Nov. 17/14	Clerk	\$ 600	\$ 600	\$ 720	Assists in Transit Department. He is accurate and willing and we expect to advance him to more important work.
H. W. Dennington, Jr.,	Apr. 28/15	Bookkeeper	\$ 600	\$ 600	\$ 720	Although only recently employed this man has shown ability and willingness to work. He is a son of one of the directors of the Union National Bank of Schenectady and was anxious to get in here even at a nominal salary for the experience. He is a student in the School of Commerce, New York University, and is earning far in excess of his present salary.
John A. May	Jan. 15/15	General Bookkeeper	\$1,500	\$1,500	\$2,000	He was cashier of the Peoples National Bank of Potsdam, and came to us at a reduced salary on account of greater opportunity for advancement. He is a thoroughly capable and efficient man of excellent experience and we expect to use him as one of our examiners of state banks; his acquaintance and experience in small banks up the state will doubtless render him of great value in that capacity. His training has fitted him for important responsibilities and for developing the various departments. We consider him the best all around man in the force.

<u>Name</u>	<u>Date of Employment</u>	<u>Position</u>	<u>Initial Salary</u>	<u>Present Salary</u>	<u>Proposed Salary</u>	<u>Comment</u>
Miss E. E. Bushnell	Nov. 13/14	Stenographer	\$1,020	\$1,200	\$1,500	Miss Bushnell undertook the difficult task of organizing the work in the Stenographic Department, and has displayed ability, earnestness in her work and devotion to the interests of the bank at all times. We feel that this department is under excellent supervision, and that her work should be recognized by the adjustment proposed.
L. C. Elliott (Miss)	Dec. 7/14	Stenographer	\$1,040	\$1,040	\$1,200	The quality of the work of these employees is such that we feel this adjustment should be made.
R. A. Holmes (Miss)	Nov. 23/14	Stenographer	\$ 950	\$1,040	\$1,200	
Jean Miller (Miss)	Jan. 15/15	Stenographer	\$ 840	\$ 840	\$ 936	
Miss Elizabeth Bruce	Oct. 23/14	Switchboard operator	\$ 728	\$ 728	\$ 840	Has given satisfactory service and her ability justified the increase.
Mrs. McLaren	Nov. 13/14	Secretary to Governor	\$1,200	\$1,200	\$1,500	
James Delahanty	Jan. 28/15		\$ 780	\$ 780	\$ 900	Was employed on trial with the promise that if satisfactory he would be paid \$75. per month. His work justifies the increase.
Jean A. Sullivan	Jan. 4/15	Page	\$ 300	\$ 300	\$ 360	These boys were pages and have developed into messengers. Will be useful in junior clerical work.
Frank Soracco	Oct. 16/14	Page	\$ 260	\$ 260	\$ 360	
Harry Aumack	Oct. 14/14	Clerk	\$ 700	\$ 700	\$ 900	He has assisted Mr. Gann in the Federal Reserve Agent's work; also in the Credit Department. He is an exceedingly capable and willing worker, and has handled his complex duties to the entire satisfaction of Mr. Gann.
A. J. Lins	Oct. 31/14	Officers' Clerk	\$1,500	\$1,500	\$1,800	Mr. Lins has had entire charge of the stock ledger and the subscription records regarding capital stock, also of increases and decreases and has conducted practically all of the correspondence relating thereto, and has had charge of the printing and issuing of all circulars. He is one of the most useful men in the bank. His work entitles him to this increase.

<u>Name</u>	<u>Date of Employment</u>	<u>Position</u>	<u>Initial Salary</u>	<u>Present Salary</u>	<u>Proposed Salary</u>	<u>Comments</u>
W. D. Goodwin	Jan. 11/15	Assists Auditor	\$1,200	\$1,200	\$1,800	He has had seventeen years of practical banking experience and is a little older than the average employee of the bank. He was practically the manager of the affairs of the Fowler Estate. He has been the Auditor's first assistant ever since he came with the bank, and has been a faithful, capable and efficient employee. The Auditor relies on him for the care of the details of his department. He came to us at a very much reduced salary, in view of the unexpected termination of the trust of the Fowler Estate. He deserves the proposed adjustment as only a fair recognition of the value of his services. We recommend that he be made Assistant Auditor.
Downing A. Reinbrecht	Apl. 5/15		\$1,000	\$1,000	\$1,200	Was employed as a book-keeper. By reason of his superior ability has been made an assistant to the Auditor.

22,028. 22,278. 27,476.
+ 5,198

MEMORANDUM OF RECOMMENDATIONS TO MR. STRONG
FOR ADJUSTMENT OF SALARIES OF EMPLOYEES ON JULY 1, 1915.

The following adjustments are recommended by your Committee after careful consideration and in recognition of ability that has been developed and the attention and devotion to duties at all times displayed. Here follows the names of the employees, the date of their employment, the salary at which they were employed, their present salary, and the salary recommended, together with a brief comment in each case:

<u>NAME</u>	<u>Date of Employment</u>	<u>Position</u>	<u>Initial Salary</u>	<u>Present Salary</u>	<u>Proposed Salary</u>	<u>Comments</u>
A. B. Fletcher	Nov. 15/14	Assistant	\$1,200	\$1,200	\$1,500	Is the expert machine operator who prepares the records of each day's transactions for Washington. He was hired for this purpose, but he has developed ability in the Discount Department, and has displayed willingness and capacity in assist in a number of other departments in the bank.
I. W. Waters	Nov. 15/14	Paying Teller	\$2,250	\$2,250	\$2,700	Mr. Waters has displayed the ability essential to handle the large sums of money which pass through his hands in a thoroughly efficient manner. We consider him to be a valuable man for the work he is doing. We think the responsibility of his position justifies the proposed increase.
Geo. Hochm	Jan. 11/15	Assistant Receiving Teller	\$1,000	\$1,000	\$1,200	He was employed as a bookkeeper. He is a good all around man and such an expert money counter that we propose creating a Money Department under his charge. We feel that the added responsibilities justify the increase.
Wm. H. Kettner	Jan. 4/15	Note Teller	\$1,200	\$1,200	\$1,500	He has had abundant experience in his line and in addition is doing the work of the city and country collections. He handles all receipts and shipments of currency.

Name	Date of Employment	Position	Initial Salary	Present Salary	Proposed Salary	Comments
John Bensch	Nov. 11/14	General Clerk	5,650 \$1,000	5,650 \$1,000	6,700 \$1,140	Has acted as our settling clerk at the Clearing House; handles all transfers of funds, and is responsible for the preparation of all expense vouchers. He is a good man.
Thomas H. Day, Sr.	Dec. 5/14	Clerk	\$ 360	\$ 360	\$ 500	A graduate of Princeton; without former banking experience; is a man of intelligence and has developed into a very capable clerk.
Miss B. Furstenberg	Nov. 16/14	Transit Dept.	\$ 780	\$ 780	\$ 900	Is remarkably efficient in her line of work and we have found her capable of carrying responsibility.
William A. Hm	Nov. 17/14	Clerk	\$ 600	\$ 600	\$ 720	Assists in Transit Department. He is accurate and willing and we expect to advance him to more important work.
H. W. Dennington, Jr.	Apr. 23/15	Bookkeeper	\$ 600	\$ 600	\$ 720	Although only recently employed this man has shown ability and willingness to work. He is a son of one of the directors of the Union National Bank of Schenectady and was anxious to get in here even at a nominal salary for the experience. He is a student in the School of Commerce, New York University, and is earning far in excess of his present salary.
John A. May	Jan. 15/15	General Bookkeeper	\$1,500	\$1,500	\$2,000	He was cashier of the Peoples National Bank of Potsdam, and came to us at a reduced salary on account of greater opportunity for advancement. He is a thoroughly capable and efficient man of excellent experience and we expect to use him as one of our examiners of state banks; his acquaintance and experience in small banks up the state will doubtless render him of great value in that capacity. His training has fitted him for important responsibilities and for developing the various departments. We consider him the best all around man in the force.

<u>Name</u>	<u>Date of Appointment</u>	<u>Position</u>	<u>Initial Salary</u>	<u>Present Salary</u>	<u>Proposed Salary</u>	<u>Comment</u>
Miss B. E. Bushnell	Nov. 15/14	Stenographer	10,490 \$1,080	10,490 \$1,200	12,780 \$1,500	Miss Bushnell undertook the difficult task of organizing the work in the Stenographic Department, and has displayed ability, earnestness in her work and devotion to the interests of the bank at all times. We feel that this department is under excellent supervision, and that her work should be recognized by the adjustment proposed.
L. C. Elliott (Miss)	Dec. 7/14	Stenographer	\$1,040	\$1,040	\$1,200	The quality of the work of these employees is such that we feel this adjustment should be made.
E. A. Holmes (Miss)	Nov. 25/14	Stenographer	\$ 950	\$1,040	\$1,200	
Jean Miller (Miss)	Jan. 15/15	Stenographer	\$ 840	\$ 840	\$ 936	
Miss Elizabeth Bruce	Oct. 23/14	Switchboard operator	\$ 728	\$ 728	\$ 840	Has given satisfactory service and her ability justified the increase.
Mrs. McLaren	Nov. 15/14	Secretary to Governor	\$1,200	\$1,200	\$1,500	
James Delahanty	Jan. 26/15		\$ 780	\$ 780	\$ 900	Was employed on trial with the promise that if satisfactory he would be paid \$75. per month. His work justifies the increase.
Jean A. Sullivan	Jan. 4/15	Page	\$ 300	\$ 300	\$ 360	These boys were pages and have developed into messengers. Will be useful in junior clerical work.
Frank Scrazco	Oct. 16/14	Page	\$ 250	\$ 250	\$ 360	
Harry Amack	Oct. 14/14	Clerk	\$ 700	\$ 700	\$ 900	He has assisted Mr. Cann in the Federal Reserve Agent's work; also in the Credit Department. He is an exceedingly capable and willing worker, and has handled his complex duties to the entire satisfaction of Mr. Cann.
A. J. Lins	Oct. 31/14	Officers' Clerk	\$1,500	\$1,500	\$1,800	Mr. Lins has had entire charge of the stock ledger and the subscription records regarding capital stock, also of increases and decreases and has conducted practically all of the correspondence relating thereto, and has had charge of the printing and issuing of all circulars. He is one of the most useful men in the bank. His work entitles him to this increase.

<u>Name</u>	<u>Date of Employment</u>	<u>Position</u>	<u>Initial Salary</u>	<u>Present Salary</u>	<u>Proposed Salary</u>	<u>Comments</u>
W. D. Goodwin	Jan. 11/15	Assiste Auditor	19,828 \$1,200	20,078 \$1,200	24,276 \$1,800	He has had seventeen years of practical banking experience and is a little older than the average employee of the bank. He was practically the manager of the affairs of the Fowler Estate. He has been the Auditor's first assistant ever since he came with the bank, and has been a faithful, capable and efficient employee. The Auditor relies on him for the care of the details of his department. He came to us at a very much reduced salary, in view of the unexpected termination of the trust of the Fowler Estate. He deserves the proposed adjustment as only a fair recognition of the value of his services. We recommend that he be made Assistant Auditor.
Downing A. Reinbrecht	Apr. 5/15		\$1,000	\$1,000	\$1,200	Was employed as a book-keeper. By reason of his superior ability has been made an assistant to the Auditor.

22,028 22,278 27,476

Increase ----- 5,198

July 6th 1915

W. Engel
J. H. Huggins
L. H. ...
W. H. ...

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date July 16, 1915.

To Governor Strong

Subject: "Industrial News"

From Mr. Kenzel

Fowler Articles.

Federal Reserve Bank
District No. 2
65-247
FILE ROOM

The attached marked copies of the Industrial News, issues of June 26th and July 10th, were received by the undersigned on the 15th instant, having been delivered at the bank to Mr. McCabe for me by Mr. Delahunty, the editor of the publication.

In each issue there is an article relating to the Federal reserve banks and the action of ex-Representative H. R. Fowler of Illinois in bringing certain matters to the attention of the Federal Reserve Board.

It may be well to note for reference that Mr. Delahunty, the editor of this publication, has called at the bank a number of times soliciting the patronage of the bank on behalf of the Knickerbocker Lithographing Co., 18 Oak Street, this city, in the matter of printing and providing our stationery.

Mr. Delahunty has made representations to the undersigned and also to Mr. Hendricks, who has charge of our purchases, that he is on very intimate terms with the President of the United States, the Secretary of the Treasury, the Comptroller of the Currency, and the Secretary of the Federal Reserve Board, and that he rendered valuable political services for Mr. Wilson in his campaign for governorship in New Jersey and that he also rendered valuable services for some of the above named gentlemen in the last presidential campaign.

Mr. Delahunty, on each occasion that he solicited the bank's work in the matter of stationery, was told that we had no present need for their services but we would keep the matter in mind should occasion arise when we needed some lithograph work.

ERK/LCE

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date June 23, 1916.

To Mr. Jay
From E. R. Kenzel.

Subject: Acceptances under Brown Bros.
and Bonbright credits held by the Federal
Reserve Bank of New York and the
other Federal reserve banks at the close
of business June 22, 1916.

Held by Federal Reserve Bank of New York	Brown Bros.	Bonbright
American Exchange National Bank	\$ 287,500	\$ 297,778.78
Bank of New York	268,750	
Chase National Bank	750,000	628,333.34
Irving National Bank		425,000.00
Mechanics & Metals National Bank	547,500	
National Bank of Commerce	1,170,000	
Broadway Trust Co.		249,999.96
Bank of America	185,000	
Bankers Trust Co.	867,500	339,522.27
Brown Bros.	578,750	
Columbia Trust Co.	331,250	
J. P. Morgan & Co.	818,750	12,500.00
J. & W. Seligman & Co.	500,000	
	<u>\$6,305,000</u>	<u>\$1,953,134.35</u>
Held by other Federal reserve banks		
American Exchange National Bank	565,000	674,722.24
Chase National Bank	125,000	1,033,333.36
Irving National Bank	20,000	921,666.64
Bank of New York	608,250	
Mechanics & Metals National Bank	327,500	
National Bank of Commerce	550,000	
Bankers Trust Co.	260,000	1,049,055.61
Bank of America	268,015	
Columbia Trust Co.	444,750	
Brown Bros.	151,250	
J. P. Morgan & Co.	850,000	
	<u>\$4,179,765</u>	<u>\$3,728,777.85</u>
GRAND TOTAL	<u>\$10,484,765.00</u>	<u>\$5,681,912.20</u>
	<u>5,681,912.20</u>	
	<u>\$16,166,677.20</u>	

This is less than half of the acceptances outstanding under these
three credits, which now amount to \$45,000,000.

ERK/PE

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FEDERAL RESERVE BANK
OF NEW YORK

~~AUDITING DEPARTMENT~~

B.A. for
SEP 2 1916
August 10, 1916.

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

Dear Mr. Strong,

I was exceedingly glad to receive your letter of August 5th and immediately took up with our friend Mr. Hoffman their ailing mailing department. He promised to have an adjustment made at once so that you will get your papers promptly. He seemed to stand being five days behind the "Times" pretty well but your reference to their not keeping up with the ^Post seemed to get under his skin.

I am glad that my little weekly bulletins on bills interest you. Mr. James Brown had luncheon yesterday with Mr. Treman and Mr. Curtis in the course of which he told them that their Bank of France \$20,000,000. credit would not be renewed but that, after a lapse of one week from the first maturities of the last renewal bills under that credit, bills drawn under a new credit would be available. He did not state the amount of the new credit but Mr. Treman inferred it would be about \$20,000,000.

Mr. Brown also told them that, while he was not in a position to make any definite statement, plans were maturing for another and much larger French credit, the details of which he would give us in due course.

These and the numerous other smaller credits all providing for several renewals and constituting by far the greater bulk of the new acceptance business and Mr. Warburg's attitude with regard to finance bills, make

me rather apprehensive of what attitude the Board might take if a large volume of it should come on the market through offerings and sales by member banks of their own acceptances under these credits.

A few weeks ago when Mr. Warburg last discussed these bills with us, he was of the opinion that the Federal reserve banks had gone about far enough in the purchase of this class of paper especially if the Brown credit was to be extended or renewed in any way although he expressed himself as realizing that, if the prime member banks offered their bills accepted under such credits, we could not draw the line too fine.

I sincerely wish that you could be with us this fall to give a little adjusting touch that I feel will be required and will appreciate very much any suggestion from you as to the best way to meet such emergency, if one should arise.

In one of your letters to Mr. Sailer, you referred to the possible accumulation of gold by our friends down the street. I am very certain that your surmise is correct and that the new gold which showed in the bank statement after the bulge in money a month ago came from their vaults. I have since been confirmed in my belief by Mr. Joyce's reply when I suggested to him that we might use more of their bullion receipts. He told me that he would be very glad to let us have some after their own supply of gold had been replenished.

Mr. Treman is a trump and is working like a major. He is keenly interested in the application of the new collection system and the "Short analysis" to country bankers and has had some good heart-to-heart talks from the standpoint of a country member banker with some of the kickers who have visited us and he has written a great many first-class letters to others.

I shall reserve a little news for my space in the bulletin to-night

and so, with best regards, I shall close this epistle and remain,

Sincerely yours,

E. Kenzel

ERK/ELS

103

FEDERAL RESERVE BANK
OF NEW YORK

August 29, 1916.

My dear Governor Strong:

R.A.H.
SEP 2 - 1916

Since the last weekly bulletin I have talked with Mr. Bollinger of the Guaranty Trust Company regarding their credit to the Banque Russo-Asiatique, which I mentioned in the bulletin to you the week before last. Owing to Mr. Bollinger's absence on vacation we were not correctly nor fully informed regarding this credit which, he tells me, was negotiated for by them during May and June of 1915 in a series of letters and cables.

Under the terms arranged, the Trust Company agreed to loan to the Banque Russo-Asiatique five million dollars to cover exports of cotton and other merchandise, to be repaid within eighteen months from date of original acceptances under the credit, the Trust Company to control the documents. Owing to various causes, chief among them being the lack of bottoms for export during 1915, the credit was not availed of until January 3, 1916, after the cotton shipping time had gone by, and the bills then drawn covered exports of powder.

The bills which we bought in the market are the second renewals of the January acceptances. I discussed with Mr. Bollinger the eligibility of renewal bills under regulation "S", and he explained that their arrangement with the Banque Russo-Asiatique antedated the Board's regulation regarding renewal bills; also that the period up to

8/29/16

eighteen months provided for the repayment of the loan ^{was} to enable the Banque Russo-Asiatique to repay within that time, when the conditions of exchange should make it convenient.

Both Mr. Treman and Mr. Jay have given consideration to these bills, and we are all of the opinion that they are eligible inasmuch as the limit of eighteen months within which they must be paid is not an indefinite period and such period was agreed upon at the time of the opening of the credit as a condition incidental to the exportations involved; also, in view of the exchange situation, that period was reasonable.

The credit has not been fully availed of, and I think that we and the other Federal reserve banks have about all the bills under it that the Guaranty Trust Company has sold.

You will be interested, I am sure, in the following which was told to me by Mr. Farrell of Smithers & Company yesterday, in confidence but with permission to advise you.

Brown Bros. are arranging to have the Egyptian cotton crop financed by dollar credits, and Smithers is to quote rates good for five days for the bills to arrive. Brown will cable this quotation to the Bank of Egypt which, I understand, will draw the bills.

I understand that the whole list of eligible American acceptors has been forwarded and that the bills will be drawn on a great variety of names; also that there will be no renewals, just straight bills.

The crop exported from Egypt during the past several years, up to and including 1915, was valued at from one hundred million to one hundred and twenty-five million dollars, or from nineteen million to twenty-five million pounds, Egyptian.

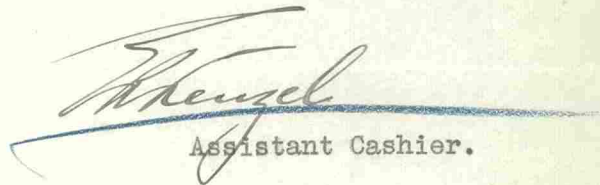
8/29/16

Plans are also making for the financing of practically the entire exports of American cotton on dollar credits this year, so that it would seem that we shall have plenty of bills a little later.

The first lot against Egyptian cotton is expected to arrive in September, their cotton shipping season being about the same as ours.

Mr. Treman read us the paragraph from your letter received yesterday morning, and I am glad indeed to hear of your improvement and to learn that you will soon be able to get about more actively and enjoy the sports for which there must be such abundant facilities in the beautiful region in which you are staying.

Very truly yours,



Assistant Cashier.

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

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EQUITABLE BUILDING
NEW YORK

September 11, 1916.

Dear Mr. Strong:

I was very glad to receive your letter of September 2d, and have delayed replying to it until I could send you a copy of the memorandum I prepared for Mr. Jay on the operation of the Gold Settlement Fund as applied to this bank. He is in Washington to-day, and has taken with him a copy of the memorandum, and is going to take the question up with the board. I prepared as forceful an argument as I could in the limited time I had to work, and purposely avoided discussing the larger question of the distribution of the new gold that has been brought into the country since the inauguration of the Gold Settlement Fund, as from data and statistics available in that regard large items would have to be estimated with no probability of accuracy, and the result might be very misleading and open up endless argument. I, therefore, kept to the concrete position of New York as a center. The following figures which I dug out may interest you.

From May 21, 1915, to August 18, 1916, excess of imports over exports of gold was \$549,000,000. The increase of gold in circulation from May 1, 1915, to August 1, 1916, was \$445,000,000. Increase in gold held by Federal reserve agents against notes from May 21, 1915, to September 2, 1916, was \$126,000,000; and the increase in gold held by the Federal reserve banks on May 19, 1915, to September 1, 1916, was \$108,000,000. The estimated increase in amount of gold held by all national banks from May 1, 1915, to June 30, 1916, was \$154,000,000.

9/11/16.

✓ This amount has to be estimated because the Comptroller's report groups all clearing house certificates as one total and does not separate those representing gold and those representing silver and legals. We have estimated that 50% of the clearing house certificates represent gold, but that is arbitrary and may be altogether wrong.

The estimated figures of \$154,000,000. held by all of the national banks is an increase of approximately 50% within the period. If the amount held by State banks has increased proportionately during the same period their increase would equal about one hundred and forty million to one hundred and fifty million dollars. You will see that these known and estimated increases would amount from five hundred and thirty to five hundred and forty million dollars, which is more than the increased gold in circulation, and almost as much as the total increase through importations, and I think there must be something radically wrong in the estimates.

The two factors that have not been considered in the above are the domestic production of new gold, and how much foreign gold coin held by banks figures in their increased gold holdings in the statement to the Comptroller of June 30, 1916. The situation outlined in my memorandum to Mr. Jay seems very serious indeed, and I hope that you will approve what I have said.

The new Brown Brothers' French credit will become operative to-morrow, and Mr. Curtis is in communication with Mr. James Brown and will ask them for a copy of the new agreement for our confidential files. I learned from other sources that there are four new acceptors, i. e., the National City Bank, Lazard Freres, Alexander Brown & Sons of Baltimore, and the U. S. Mortgage & Trust Company, New York. The latter,

9/11/16.

I understand, will take up their own bills. Lazard has filed a letter with us so that their bills are now eligible if indorsed by a member bank, and they are considering filing a statement with us to make their bills fully eligible. Smithers thinks they will do so when Blumenthal gets back.

We had a letter from the Federal Reserve Board dated the 8th instant advising that the President had signed the amendments on September 7th and that they are, therefore, law, but that through error the Conference Committee omitted the following words:

"Except by authority of the Federal Reserve Board, under such general regulations as said board may prescribe, but not to exceed the capital stock and surplus of such bank, and such regulations shall apply to all banks alike, regardless of the amount of capital stock and surplus,"

which are the last six lines of the second paragraph appearing on page 440 of the Bulletin of September 1st. This error was discovered by the board and it endeavored to have it corrected but the time was too short, and they, therefore, advise that pending correction by next Congress the board cannot grant new requests from member banks for permission to accept 100% under the power now eliminated from the law.

I am much obliged for the suggestion about Hartley Withers' book "Money Changing", and have sent for it and will take it with me when I leave to-morrow for a vacation. I have read some of his other works with much interest and profit. He has a way of presenting his matter that is much more intelligible to the average reader than many writers on technical subjects, which I think is probably due to his early training as a newspaper man.

9/11/16.

I enclose also a little pamphlet on the "Credit of Austria-Hungary, France, Germany, Great Britain and Russia During Two Years of War," which was issued in great numbers the day after the \$250,000,000. British loan was announced. I do not know that copy of it has penetrated yet to Colorado but it demonstrates the ⁱⁿsiduous nature of the work of the propaganda.

I am leaving to-morrow for a motor trip up through the White Mountains. I dislike to be away from the bank very much at this time, but they all seem to think I must take a vacation. I shall not be far away at any time and will be available for the recall, which I hope will be put into operation should there be the slightest occasion for it. I hope that when I return there will be a whole sheaf of good news from you.

With kindest regards to you, and remembrance to Mrs. McLaren,
I am,

Sincerely yours,



Benjamin Strong, Esq.,
Estes Park,
Colorado.

ERK/IWB.
Encs.

AMERICAN EXCHANGE
OPTIONAL NOTE SCHEME.

*By J. F. Darley
Deputy Manager
London Branch
of the Bank
of England
11/10/1915*

The British Government to offer to, sell Optional Notes in lots up to a total of \$1,000,000,000 at an exchange of not less than 4.78 for £1, and having a currency of not more than 2 years .

The rate of Exchange for the present to be 4.78, at which, with higher insurance and freight, it about pays you to take sovereigns from the Bank of England. The rate of Exchange may however be raised but not lowered. The denomination of the Notes to be ^{say} \$10,000, or at Exchange 4.78 £2.092. The purpose of the Note, viz. to maintain exchange, is shown on its face.

The buyer would have the option to subscribe either in dollars or Sterling and the holder to ask for payment either in Dollars or Sterling. If at the time of purchase Exchange were above 4.78 the Note would be paid for in Dollars; if below 4.78 in Sterling. If at Maturity Exchange were below 4.78 payment would be asked for in Dollars. if above 4.78 in Sterling.

While the note would be a Dollar Note payable in Dollars, it could, by sale as an Exchange instrument, at any moment be turned into a Sterling Note payable in Sterling, thus adding greatly to its negotiability.

The first lot to be offered might be for \$300,000,000. It could be divided into two categories, -short and long, -\$150,000,000 of each,

In the "short" category would be -

\$50,000,000	3 months at say	3%
\$50,000,000	6 ditto	3½%
\$50,000,000	9 ditto	3¾%

And in the "long",

\$50,000,000	12 ditto	4%
\$50,000,000	18 ditto	4½%
\$50,000,000	24 ditto	5%

Any one line of the "short" to be sold only with an equal amount of the "long"; but the "long" could be sold independently:

The Notes would be offered on a discount basis, and at rates approximating to the value of money in New York. Full power would, however, be taken to alter the rates of discount when considered desirable. The Notes would be on sale daily.

An additional profit to buyers would be provided in the rate of Exchange. When Exchange was below 4.78 buyers would of course elect to pay in Sterling. The profit would increase with every fall in Exchange, which would stimulate the demand for the Notes, and therefore for Sterling to buy them, and thus tend to again raise Exchange.

Any fall in Exchange would have more effect on the yield of a short Note than on a long. On the other hand the long Note stands a better chance of maturing when the War is over, by when the Gold point will presumably have reverted to 4.84. The discount in hand also increases the yield of the long Note.

The British Treasury to appoint an Agent or Agents in New York for the issue and payment of the Notes. But to facilitate business Sterling would be received by the Bank of England, which would cable to the indicated Agent to deliver the Notes in New York.

Against maturity of the Notes a reserve of about one third of the Notes outstanding would be maintained in New York, to consist of a proportion of gold, a proportion of money at call, and a proportion of American securities to be sold as required.

A weekly statement to be published in New York showing the amount and usance of the Notes outstanding, and the amount and composition of the reserve.

The proceeds of the Notes sold for Sterling could be used for the purchase of American securities to be placed in the reserve in New York. As the Notes are issued at New York money rates there should be no loss in interest in holding the securities pending sale.

During the next few months we have to meet in America liabilities of several hundred millions Sterling on balance. Ultimately we can pay in Gold and by the sale of American securities, as has to some extent been done. Apart from the gold contributions of the Allies and our own reserves, the British Empire now produces £60,000,000 of gold per annum; while our holding of American securities is still very large. What we require is time to mobilize our Gold and American securities.

This we can gain by

- 1st. Borrowing in America on Bonds, which has already been done and probably cannot, anyhow for some time, be repeated.
- 2nd. Borrowing for short periods on Bills or Notes in New York, where there is a large field, which the imports of Gold are steadily making larger.
- 3rd. Borrowing, or receiving on deposit, in London, American funds to be attracted by the higher rate of interest, provided there is confidence in the future of Exchange.

The Scheme is an attempt to deal with the situation as a comprehensive whole, and on a scale calculated to produce confidence, which is of the utmost importance.

With the knowledge that one billion Dollars of Optional Notes are available at an Exchange of not less than 4.78, confidence in the future of Exchange should be assured for some time to come. With confidence restored the means would be afforded for the rapid and safe flow of money

from New York to London, from where it is relatively cheap to where it is relatively dear, and its equally safe return.

Through this issue of Optional Notes, a machine for adjusting Exchange would be set up. It would operate openly and automatically, always tending to produce equilibrium. We would have complete control of the brakes on the machine, represented by changes in the rate of discount, in the classification of the Notes, and in the upward movement in Exchange. But it is America that would really drive the machine. We only offer to sell the Notes; her desire to do business would compel America to buy them, as otherwise she would find her exports restricted through lack of cover.

The amount and composition of the reserve in New York would indicate the means by which the Notes would be liquidated. This and the adaptability of the Notes for Exchange purposes at any moment should make them popular in New York, where money is very cheap and where gold imports are making it still cheaper.

The provisions of the Federal Reserve Act have also given Banks which are Agents for other Banks large temporary deposits. To a certain extent within twelve months, and wholly within two years, these deposits must under the Act be transferred to the Federal Bank Reserve, or to the Banks' own vaults. Thus there is a great deal of money looking out for short liquid employment such as our Notes would afford.

A recent ruling by the Comptroller of Currency is to the effect that National Banks are not restricted in making loans under the National Bank Act to a maximum of 10% of their capital and surplus when the borrower is a Government. This is all in favor of a direct Government Note such as the Scheme proposes.

The annexed table shows the approximate yield of the Notes with Exchange at, for example, 4.74.

Written Sept. Oct. 1915

JFD

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Written Sept. Oct. 1915

JFD

If Exchange were at 4.74, the difference between that rate and 4.78 is .84%, which would make the actual yield on Optional Notes at the discount rates suggested in the Scheme as follows:

	<u>Difference in Exchange.</u>	<u>Discount</u>	<u>Yield.</u>
<u>Short</u>			
3 mos.	.84 x 4 3.36% p.a.	3%	6.36% p.a.
6 -	.84 x 2 1.68% p.a.	3½%	5.18% p.a.
9 -	.84 x 1½ 1.26% p.a.	3¾%	5% p.a.
<u>Long</u>			
12 mos.	.84 x 1 .84% p.a.	4%	4.84% p.a.
18 -	.84 x ¾ .63% p.a.	4½%	5.18% p.a.
24 -	.84 x ½ .42% p.a.	5%	5.42% p.a.

(It is a question whether the 3 mos. discount rate might not be 2½%)

The yield, especially on the long Notes, is really more than the above, as, the Notes being on a discount basis, the interest is paid in advance. It is however only the discount rate that would be borne by the Government.

The long Notes, and particularly the two year Note, have an additional attraction in that they may mature after the War is over, when Exchange would likely have risen to about the ^{pre}per-War Gold point of 4.84, thus giving an additional profit of over 1%.

Correspondence

Date Sept. 9, 1916.

Mr. Jay

Subject: Operation of the Gold Settlement Fund as Applied to the Federal Reserve Bank of New York

E. R. Kenzel.

The operation of the Gold Settlement Fund as applied to this bank requires us to settle in gold, balances due to other Federal reserve banks built up with us by their remittances of New York exchange, in payment for which we receive practically nothing but silver and legal tender notes. Since the inauguration of the Gold Settlement Fund in May, 1915, up through the settlement of Wednesday, September 6th, we have lost to the fund \$182,000,000. of gold, and at the close of business that day held legal and silver certificates amounting to \$24,000,000.

It has been possible for us to provide the gold wherewith to make settlement without depleting our own gold only through the courtesy and cooperation of some of our large member banks and others in New York who have given us of their gold in exchange for silver and legals or our cashier's checks, which, when settled through the clearing house, we were able to pay in silver or legals, but it is obvious that we cannot continue ^{indefinitely} to get more in this way or depend upon it even for a short period. This enormous drain of gold through us from the banks and bankers in New York City gives rise to serious thought as to where a continuance of this process will lead us, and what conditions will confront us when gold may be required in volume for export. New York City is the principal reserve center of the country. To it naturally a great amount of recent importations of gold have come. Foreign balances have been built up in New York both through credits and collections. When the time comes for those balances to be withdrawn the banks in New York and the reserve bank particularly must be in a position to furnish gold freely, otherwise our position as an important world financial center will be seriously impaired and the confidence that has been created by the establishment of the Federal Reserve System will be dissipated.

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date _____

To _____

Subject: _____

From _____

-2-

During the period from May 15, 1915, to September 2, 1916, the clearing house banks of the City of New York have gained in gold \$35,000,000., their total holdings September 2d amounting to \$315,000,000. During the same period silver and legal tender notes have decreased only \$6,000,000, their holdings of these kinds of money on September 2, 1916, being \$130,000,000. During the same period their net deposits have grown from \$2,000,000,000. to \$3,000,000,000, an increase in net deposits of \$910,000,000, and excess reserves have decreased \$55,000,000. to a total held on September 2, 1916, of \$113,000,000., and to-day's clearing house statement shows actual excess reserve of only \$69,000,000.

The increased net deposits in clearing house banks of New York approximate one half of the increase in gross deposits of all the national banks in the United States during the same period. The figures of the net deposits of all the national banks are not readily available. The increase during the same period in gold held by all of the national banks, estimated from the Comptroller's reports, is \$154,000,000.

The combined figures on all of the state banks in the country for June, 1916, are not yet available for comparison with their figures of June, 1915, but it is clear from the above that the increase in gold holdings by the national banks throughout the country is much greater in proportion to their increased deposits than the increase in gold held by the New York Clearing House banks in proportion to their increased net deposits.

The Federal reserve bank in New York during the period from May 21, 1915, to September 2, 1916, has increased its gold holdings by \$58,000,000. against increase of net deposits due member banks and the United States Govern-

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date _____

To _____

Subject: _____

From _____

-3-

ment during the same period of \$65,000,000., and the gold held by the Federal reserve agent in New York against Federal reserve notes has increased during the same period by \$43,000,000.

Of course the Federal reserve bank cannot impound gold in excess of 100% of its reserves except through the issue of Federal reserve notes, but if it had not settled in gold for the balances of exchange created in favor of other Federal reserve banks, or if the Federal reserve banks had not accumulated those balances for settlement by withdrawals of currency from New York to the interior, the gold position of all of the banks in New York might have been much stronger, and if transfers of currency to the interior had been required in volume equal to the transfers of gold from New York through the Gold Settlement Fund, i. e., \$182,000,000., every dollar of legal tender and silver notes held by the New York Clearing House banks might have been shipped and the New York bank's reserves in vault would have been all gold and still leave a margin of \$52,000,000. of gold that could have been impounded against Federal reserve notes by the Federal reserve bank in New York.

You will remember that the Executive Committee of the Conference of Governors on August 10, 1915, adopted the following resolution:

"RESOLVED that should any Federal reserve bank accumulate a large amount of silver certificates through dealings in domestic exchange by other Federal reserve banks, on notice, such bank or banks shall cease such dealings in exchange."

On last Saturday, and Tuesday and Wednesday of this week we were paid credit balances at the clearing house amounting to approximately \$40,000,000., of which about \$38,000,000. were silver and legal tenders, and on Wednesday of this week showed net balance due to the other Federal

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date _____

To _____

Subject: _____

From _____

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reserve banks of over \$30,000,000., largely accumulated through their dealings in exchange, and although we withheld from settlement, by transfers to investment accounts and otherwise, more than \$10,000,000., we lost in gold on settlement and through transfers more than \$25,000,000.

Aside from the fundamental unsoundness economically of our position in being required to pay in gold for items that we cannot collect in gold our situation is further aggravated by the practice of other Federal reserve banks in purchasing New York exchange or taking New York exchange for immediate credit at par, which is equivalent to a purchase, when we could not purchase exchange on them if we wished it because it is not available in New York, and while we, conforming to sound banking practice, do not take items on other cities for immediate credit.

It may be argued that in buying or in taking New York exchange from their members for immediate credit that they are only granting to their members the facilities of the system in providing them an easy means of effecting needed transfers of currency to the interior without the risk and expense of currency shipments. But the ordinary need for currency in the interior is not for gold but for small bills for general circulation, payroll and similar purposes. This has been demonstrated within the past few weeks by requests for shipment of small bills to other Federal reserve banks, and the large demand that we have had in our district from our member banks for shipment of bills of small denominations. During this period practically all of the large banks in this city with out-of-town correspondents have also shipped their available supply of small bills and have come to us for additional supplies of small silver and legals as well as Federal reserve notes. This small currency has been actually

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date _____

Subject: _____

From _____

-5-

shipped by us and other New York banks, but the balance in the Gold Settlement Fund September 1st was \$104,000,000., a decrease of only \$6,000,000. from the previous week, but an increase over the month previous, i. e., July 28th, when the balance was \$102,000,000., which month has covered practically the entire seasonal movement of currency to the interior.

It does not seem that the comparatively trifling advantage to individual banks in the interior should be allowed to outweigh the great disadvantage to the banks in the principal reserve center of the country and through weakening their position to the system as a whole.

Primarily I believe that we should not be required to settle exchange balances in gold,

Secondly, I believe that other Federal reserve banks should not be permitted to create balances with us arising from purchases of exchange on New York unless those balances be left with us until withdrawn through like process, i. e., sale of their drafts on us, and further, that they should not be permitted to receive or accept for deposit or otherwise exchange on New York excepting on a deferred time of credit basis not less than the deferred time of credit basis upon which we would accept items payable in the principal cities of their districts.

ERK/IWB.

Keegan
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FEDERAL RESERVE BANK
OF NEW YORK

November 11, 1916.

Dear Mr. Strong:

I am enclosing copy of the correspondence which passed between the National City Bank and the Federal Reserve Board in regard to finance bills and the interpretation of the law and regulations regarding bankers' acceptances which Mr. Wall of the National City Company handed to me late last night.

I wonder if it will occur to you that Governor Harding's letter of October 9th accepts in principle the contention of Mr. Gardine that a credit extended by a national bank in New York to a foreign bank, the proceeds of which would be used only in financing exports from the United States, is really based upon transactions involving the importation or exportation of goods and therefore need not be considered as finance credit extended for the purpose of furnishing dollar exchange.

It seems to me that in principle such a transaction would be substantially the same as those approved by the Board on the French renewal credits where credit was granted to bankers who drew bills under them, the proceeds of which were disbursed in this country in payment for American exports and would be free of the renewal feature which has caused so much recent discussion.

The new regulation B, series of 1916, does not specify who or what shall draw bills and Mr. Harding's letter seems to indicate that it was not the intention of the Board in that regulation to take

11/11/16.

away from national banks the privilege of accepting bills drawn by bankers.

We should all be glad to learn how you interpret this correspondence as so far I am the only one in the office who has given it more than a casual glance.

With kindest regards, I am,

Very truly yours,



Assistant Cashier.

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

ERK/ELS
Encs.

Keyser
103

FEDERAL RESERVE BANK
OF NEW YORK

November 14, 1916.

Dear Mr. Strong:

I have your letter of November 8th and have studied with interest and profit your criticism of the estimate stated in my talk to the exporters as to the amount of credit that the system could extend through the issue of Federal reserve notes based on the free gold held at that time. The figure named (about \$500,000,000) was, of course, purely theoretical and my own feeling in stating it was to indicate the greatest possible limit to which the system could go in time of extreme necessity and to invite a comparison between that ability and the frozen condition of credit that had existed during the more recent panics under our old system and to emphasize the fact that Federal reserve note issue is limited by the amount of free gold held by the banks, realizing, of course, that in ordinary practice we should not even contemplate approaching such an expansion of note issue and that in time of stress every effort would have to be made to accumulate additional gold to provide the base for a large increase of note issue. I hope that there will be some increase in our gold holdings by the voluntary transfer by member banks of a portion of their vault reserves to the Federal reserve banks, but I do not really believe that we shall get much gold in that way unless some of our big banks in New York cooperate.

I am glad, indeed, that on the whole you liked my address and was, naturally, gratified, though surprised, that it got so much space in the papers.

11/14/16.

The payments to Morgan last Friday on account of the last \$300,000,000. British loan were cleared Saturday and doubtless had great effect on the bank statement last week, which was reflected in a firmer call money market on Monday. To-day the renewal rate was 2 1/4 and money immediately dropped to 2% and was very easy for a time at the middle of the day but closed at 2 1/2, and I look for a poor statement this week on account of the transfers of reserves to the Federal reserve banks due for Thursday. Some of the quiet talk downtown indicates apprehension of a flurry in the money market if nothing more, and I think it is rather significant that this afternoon the National Bank of Commerce sold us practically their entire portfolio of eligible bills (about \$3,000,000) with their full indorsement, the greater portion of which was member banks' acceptances under the various French credits having from 40 to 60 days to run. I expect that to-morrow our directors will consider rates, both academically as to the differentials between bills arising out of different kinds of transactions and also practically with regard to the outlook.

Mr. Aiken over the telephone to-day told me that money was tight in Boston, that they had had no ^{Call} ~~gold~~ market for the last few weeks, and that their discounts and purchases from member banks had recently been quite heavy, the National Shawmut Bank having discounted twice within ten days.

With best regards, I am,

Sincerely yours,



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

ERK/PE

Wm. Hill

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FEDERAL RESERVE BANK
OF NEW YORK

CONFIDENTIAL:

R.A.H.
NOV 20 1916

November 16, 1916.

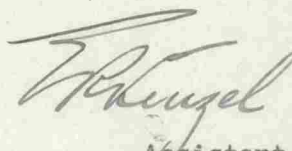
Dear Mr. Strong:

You have doubtless seen recent press references to forthcoming sales of British Exchequer bills of short maturities in this country and the reprint in last week's "Chronicle" of the Chicago Herald's story about the Davidson dinner in Chicago and what it is alleged Mr. Davidson said at that time.

I am enclosing herewith a copy of a memorandum that was written during September and October of 1915, by Mr. J. F. Darling, Deputy Manager of the London Joint Stock Bank, who is now in this country and who gave Charlie Smithers a copy of the memorandum as an interesting document in view of recent developments. Mr. Smithers showed it to me in confidence but very willingly agreed with me in my suggestion that it was a unique contribution to the financial thought of the time, which it would interest you to see; therefore, I am enabled to send you this copy.

With kindest regards, I am

Very truly yours,


Assistant Cashier.

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

ERK/HAB
Enc.

FEDERAL RESERVE BANK
OF NEW YORK

Keight

103

Confidential

November 18, 1916.

Dear Mr. Strong:

Following Mr. Darling's memorandum on British Treasury bills, I am sure you will be interested to know that yesterday morning Mr. Darling called at the bank and saw Mr. Curtis and me and told us a little something of the history of his plan.

It seems that his memorandum was the final summing up of long discussions and considerations of various modifications of the scheme, and was presented a year ago to the Treasury and some of the leading bankers. It was generally approved by the Treasury officials and advisors, particularly by Sir John Bradbury, who then occupied a position somewhat similar to that of our Treasurer of the United States; by Sir Samuel Montagu and Hartley Withers, but was opposed by the Bank of England as not necessary and inexpedient at that time, and for the further reason that their inquiries in this country had led them to believe that the time had not yet arrived when the scheme would be well received over here.

Mr. Darling was so convinced that the matter was dead that he did not bring a copy of his memorandum to this country but during his stay here the question of issuing short bills on this side was revived and he was consulted and sent home for a

FEDERAL RESERVE BANK
OF NEW YORK

Kuyper

103

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Mr. Darling was so convinced that the matter was dead that he did not bring a copy of his memorandum to this country but during his stay here the question of issuing short bills on this side was revived and he was consulted and sent home for a

11/18/16.

copy of his plan which he received only very recently. He tells us that he talked it over with the City Bank people, who think well of it, and also with Mr. Otto Kahn of Kuhn, Loeb & Company, who favors it, and he was expected ⁱⁿ yesterday afternoon to see Mr. Davison in regard to it, but up to a late hour, I am advised, he had not seen Mr. Davison.

Mr. Darling said that while he expected to sail this morning if this thing was really to materialize that he might defer sailing for another week. He said that so far as he knew nothing had been definitely done by any one in regard to the placing of short bills here, and it would, therefore, seem that all the talk ^{and} in the press articles on the subject so far, has been merely in the way of propaganda.

I shall keep you advised of any developments that come to my knowledge.

You will see in to-day's Times that Kuhn, Loeb & Company are about to bring out some more French municipal issues.

Very truly yours,



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

ERK/IWB.

FEDERAL RESERVE BANK
OF NEW YORK

103

November 27, 1916.

R.A.H.
DEC 4 - 1916

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

Dear Mr. Strong:

I enclose copy of our letter of November 24th to
Governor Seay outlining a new plan suggested for determining
the allotment of investments among Federal reserve banks.

We have sent copies also to Governor Aiken and
Governor, members of Governor Seay's committee and expect
that the matter will be discussed at the conference of governors
on December 11th.

Very truly yours,

E. H. Kugel
Assistant Cashier.

ERK/JGC
Enc.

Bot & received Dec. 6th. Total \$4,900,000.

103

of which French renewals = 1,966,000.

\$500,000. J.P. M. Co. due Jan. 2. East. Chase ^{not}

1,033,000. due 30 days. Chase ^{not}

333,000. " Feb. 2nd. Park N. Bk.

100,000 " Feb 16th. Lazard Freres

\$1,966,000.

The \$1,966,000. were issued under the Credits

as follows:

Banbright.	\$833,000.
Brown Bros.	700,000.
Paris Lyons & Med RR.	333,000.
Paris & Orleans RR	100,000
	<hr/>
	1,966,000.-

E.R.K.

Boston
phoned
R.H.T.

sending over
700 us
deposits

50 ~~to~~
1,800 - ~~n~~

ce Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date March 9, 1917.

Curtis

Subject: MEMORANDUM FOR DIRECTORS' MEETING

A. R. Konzel

R.A.K.

MARCH 14TH RE CONVERSION OF U. S. BONDS.

MAR 19 1917

DUPLICATE

We own and hold in suspense account in Washington 2% bonds amounting to ----- \$ 70,550. which may be converted into 3% thirty-year bonds and one-year 3% treasury notes, one-half each, as of April 1, 1917.

At the same time there may be converted the proportion of bonds up to \$15,000,000 offered to the Treasurer of the United States by member banks under section 18 of the act that the board will require this bank to purchase this quarter. If the entire \$15,000,000 is offered by member banks, our allotment would be approximately ----- 3,206,450 which, added to the \$70,550 of bonds on hand, would give an approximate maximum for conversion on April 1st of ----- 3,277,000

This bank has the privilege of converting this year ----- 5,370,900 of 2% bonds, and all Federal reserve banks may convert during the remainder of the year ----- 11,402,800 the difference between that sum and \$30,000,000 having been converted by the system in January, 1917.

Heretofore the applications of Federal reserve banks to convert, with resolution of the directors authorizing the application and agreeing to purchase one-year notes have been required by the Treasury Department to be in their hands, in Washington, ten days before the end of any quarter. It is not practicable this quarter to furnish by that time the applications and resolutions for the exact amount of bonds to be converted for the reason that member banks may file their applications to sell bonds up to and including March 21st. To devise a means of overcoming this difficulty, the Federal Reserve Board on February 28th wrote, in reply to

Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date March 9, 1917.

Curtis

Subject: MEMORANDUM FOR DIRECTORS' MEETING

E. P. Kenzel

MARCH 14TH RE CONVERSION OF U.S. 2% BONDS

-2-

DUPLICATE

to Mr. Rhoads' letter of February 27th:

"The Treasury Department desires to have the resolutions from the banks covering anticipated conversions of bonds promptly on March 20, and would prefer that they be filled in for the maximum amount or any part thereof. When you are advised of the amount of bonds which you will be required to take through offerings to the Treasurer of the United States, you can wire the Board and we will have the necessary adjustment made in your resolution."

and, on March 3rd, they further wrote to Mr. Rhoads, in reply to his letter of March 2nd, as follows:

"I have again taken the matter up with the Division of Loans and Currency, from which the bonds are issued, and am in receipt of a memorandum from the Chief of that division reading as follows:

'That the present situation differs from the situation at any previous conversion is appreciated, for now for the first time applications through the Treasurer to retire circulation will receive attention; and so I think under all the circumstances it would be well to advise the banks that the department wishes affirmative information at the earliest possible date, and that if it is not feasible to have the applications in the Secretary's office by March 21, any bank intending to convert will advise the Secretary of its intention and then send definite advice concerning the applications to convert, which will include the denominations of the notes and bonds, at the earliest possible moment, but, of course, they must actually be received not later than the close of business Saturday, March 31, and the bonds must be in hand not later than the opening of business on Tuesday, April 2d.'

"I am sure that this will be satisfactory, and suggest that in view of the concession which is being made, you urge the banks to submit their resolutions promptly on March 21, and wire the amounts to be inserted in the resolutions as soon after as possible upon receipt of advice from the Board of the allotment made."

It will, therefore, be necessary to pass resolutions at the meeting

Correspondence

Date March 9, 1917.

Curtis

Subject: MEMORANDUM FOR DIRECTORS' MEETING

E. R. Kenzel

MARCH 14TH RE CONVERSION OF U.S. BONDS.

-3-

DUPLICATE

of March 14th to include any conversions that we may wish to make as of April 1st.

The maximum amount of bonds that we may have to convert would

be our full proportion of the \$15,000,000 -----	\$ 3,206,450
and the bonds owned at present, -----	70,550
or a total of -----	3,277,000

and we should shortly thereafter advise the Treasury Department of the maximum amount that we wish to convert in accordance with the Federal Reserve Board's letter of March 3rd.

The resolutions required are attached hereto, viz:

Form 903: "RESOLUTION OF FEDERAL RESERVE BANK AUTHORIZING APPLICATION FOR CONVERSION OF UNITED STATES 2% BONDS."

Form 905: "RESOLUTION OF FEDERAL RESERVE BANK OBLIGATING BANK TO PURCHASE ONE-YEAR TREASURY NOTES."

March 10, 1917.

Since writing the above we are advised by the Federal Reserve Board

that our allotment, computed on a basis of offerings of \$15,000,000, will

be -----	3,181,700
----------	-----------

instead of the approximate amount heretofore advised, which added to our

holdings of -----	70,550
-------------------	--------

will make a possible maximum for conversion on April 1st of -----	<u>3,252,250</u>
---	------------------

WBM/MSB.

Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date April 4, 1917.

To Mr. Jay
From E. R. Kenzel

Subject: SUGGESTION FOR AMENDMENT: FEDERAL
RESERVE ACT PERMITTING FEDERAL RESERVE
BANKS TO MAKE LOANS OTHER THAN TO MEMBER
BANKS ON ELIGIBLE BANKERS ACCEPTANCES
AND U. S. GOVERNMENT SECURITIES.

Consideration at this time of the situation and money market conditions that may shortly develop attendant upon any extensive financing by the Government, suggests that immediate attention be given to putting the Federal Reserve System in a better position to stabilize and regulate both discount and open market rates.

An open market requires discount houses and dealers that will buy bills at all times. Banks with their varied interests and customers requirements are occasional and not constant buyers. They buy only when it suits them to do so and sell at the first advance in money rates. They have shown no disposition to use the rediscount facilities of the Federal reserve banks for the accommodation of discount houses and dealers but prefer to hold their lines at Federal reserve banks open for their own emergency.

Discount houses and dealers in bankers acceptances carry their portfolios on money borrowed from the banks on call at current rates. In times of flurry rates on these loans are marked up along with rates on other collateral loans and the result is a general and sudden advance in the open market rates for bills and a great contraction of buying even at advanced rates. These conditions developed in July and again to a greater degree in December, 1916, and were discussed at those times.

A somewhat similar condition has operated against our getting best results on sales of U. S. conversion 3% bonds as dealers have had to take into consideration the unstable rates for call money when figuring to carry their purchases until resold.

Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date April 4, 1917.

o Mr. Jay

Subject: _____

From E. R. Kenzel

-2-

An amendment to the Federal Reserve Act that would permit Federal reserve banks to make direct loans to approved houses dealing in bankers acceptances and Government bonds secured by bankers acceptances eligible for purchase under section 14 and or Government securities would relieve these conditions, and further would give the Federal reserve banks a better and needed control over rates both up and down without unduly competing with member banks.

I would suggest one that would give a reasonable discretion to the banks both as to time and rate on such loans, say up to 15 or 30 days as to time and within the rates established for open market purchases.

ERK/ELS

Office Correspondence

Date April 5, 1917.

To Reference

Inquiries made in New York re
 Subject: ~~Government Bond Issues~~, synopsis
 of which was telephoned to Mr.
 Treman at Washington, D. C. to-day.

From E. R. Kenzel.

Mr. Treman telephoned Mr. Jay asking him to ascertain the prevailing opinions in well informed quarters in New York as to what form of Government issue the \$500,000,000 or \$1,000,000,000 should take at this time, with particular regard to the maturities, sinking fund, and rate of interest.

Later in the day, after inquiries had been made the following summary of replies was telephoned to Mr. Treman by Mr. Jay and Mr. Kenzel:

MR. WOODWARD thought that the immediate or temporary requirement for \$500,000,000 or \$1,000,000,000 could be met by the issue of 3% bonds at par, running not more than five years and with privilege to convert into any higher rate issue put out during that time. This to provide for immediate needs, leaving the mode of the major borrowing to be determined at leisure.

MR. C. E. MITCHELL, PRESIDENT OF THE NATIONAL CITY COMPANY, who had issued a statement published in the press this morning, thought the immediate issue of \$1,000,000,000 3 $\frac{1}{8}$ % thirty-year bonds, convertible at par within one year into any higher rate issue that might be put out, could be sold at par after a strong advertising campaign and thorough arrangements for general distribution, emphasizes the necessity of taking advantage of the first flood of patriotism.

MR. HARRY SACHS OF GOLDMAN, SACHS & COMPANY stated that his company had given careful consideration to this question during the past few days, and that it was their belief that if only \$500,000,000 to \$1,000,000,000 were to be borrowed that that amount in 3 $\frac{1}{8}$ % bonds running twenty to thirty years, with conversion privilege, would sell at a premium, but that if a much larger amount is to be needed, it would be better to make the rate 4% on the initial, as well as subsequent issues, as the success of the initial issue would be essential to the success of future issues, and that the 4% rate would bring a big premium and be sufficient to attract funds from every quarter.

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date April 5, 1917.

To Reference

Subject: _____

From E. R. Kenzel.

-2-

MR. FELIX WARBURG OF KUEHN, LOEB COMPANY, having consulted with several of his partners, stated that in their opinion \$500,000,000 of $3\frac{1}{2}\%$ twenty-five or thirty year bonds offered at par could be successfully sold, even without conversion privilege, but suggested a redemption feature for the protection of the Government, so that they might be retired after three or five years.

He was not sure that the above would be equally true as to an issue of \$1,000,000,000. He thought it hard to judge the patriotic enthusiasm of the people, but is not unmindful of the beneficial effect on such an issue that the current remarks regarding heavy taxation might exert. He emphasized as the essential that the first issue be a "howling" success.

MR. FARRELL OF F. S. SMITHERS & COMPANY thinks \$500,000,000 the limit of 3% s at par, but that \$1,000,000,000 or more $3\frac{1}{2}\%$ s would go at par or better and that any amount, even \$5,000,000,000 or \$10,000,000,000 at 4% would be well taken. If the lower rates were adopted on the first issues, they should contain the privilege for conversion at par into higher rate issues. He considers maturities of ten to thirty years preferable.

Later, after the above had been communicated to Mr. Treman,

MR. WESTERVELT OF HARVEY FISK & SONS stated that he had discussed the same question with Mr. Pliny Fisk this morning and that Mr. Fisk was of the opinion that \$500,000,000 $3\frac{1}{2}\%$ thirty-year bonds, with privilege to convert into higher rate issue, could be sold at par, but that if larger future needs were to be considered, it would be better to make the rate 4% for ten to thirty-year bonds, with conversion privilege up to five years. This rate would insure a world demand for the bonds and the increased interest cost would be offset by the premium realized.

He also suggested that prepayments on account of subscriptions should not

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORK

Date _____

To _____
Reference _____

Subject: _____

From E. R. Kenzel. _____

-3-

take the full interest rate of the bond as discount, but that discount only at a lower rate, say 3%, be allowed, as otherwise there would be an incentive to pull too much money from the banks at one time.

ERK/MSB.

CLASS OF SERVICE	SYMBOL
Day Message	
D Letter	Blue
N 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, FIRST VICE-PRESIDENT

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

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

RECEIVED AT 915-919 SEVENTEENTH ST., DENVER, COLO. ALWAYS OPEN

196NY 8Q 36

DUPLICATE OF TELEPHONED TELEGRAM

Q NEWYORK NY 345P MAY 24 1917

BENJAMIN STRONG

1150

4100 MOUNTVIEW BLVD DENVER COLO

OPEN AND RENEWED TWO AND ONE HALF HIGH THREE AND ONE HALF LOW TWO AND ONE HALF CLOSE THREE AND ONE QUARTER WITH BIDDING FAIRLY STRONG STOP LOOKS LIKE PREPARATION FOR PAYMENT TOMORROW CERTIFICATES OF INDEBTEDNESS

E R KENZEL

216PM

Phone No. 662 1308
Toned to Mrs. B. Strong
Time 2:42 PM
By Jg to be mailed

SERVICE	SYMBOL
Message	
Day Letter	Blue
Night Letter	Nite
Day Message	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.

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

RECEIVED AT 91

104NY HO

5-913 SEVENTEENTH ST., DENVER, COLO.

ALWAYS OPEN

22

REGRATE OF TELEPHONED TELEGRAM

Q NEWYORK NY 442P MAY 25 1917

Phone No

used to

no 320P

or not

to be

Mark

BENJAMIN

N STRONG

1116

4100 MOUNTVIEW BLVD DENVER COLO

OPEN AND RENEWED AND CLOSED THREE PERCENT HIGH THREE AND

ONE HALF LOW TWO AND THREE QUARTERS EASY AND ACTIVE

ALL DAY

E R KENZEL

317PM

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
ERNEST & CRANMER BUILDING
920 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4500

TELEGRAM

DELIVERY NO.

484

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

16-32352

DESIGN PATENT No. 40529

429CH 0 21 230P

CB NEWYORK MAY 23 17

BENJ STRONG

4100 MOUNT VIEW BLVD DENVER

OPEN RENEWED AND HIGH TWO AND ONE HALF LOW TWO AND ONE QUARTER CLOSE
TWO AND ONE HALF EASY ALL WELL

E R KENSEEL

4/23/18
TELEPHONED
To: Same
By: EK
Time: 2:35-

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 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 fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a REPEATED telegram, is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.
4. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.
5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.
6. The Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.
7. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHARLES C. ADAMS,
VICE-PRESIDENT.

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

CHARLES P. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT

RECEIVED AT MAIN OFFICE
ERNST & CRAMER BUILDING
120 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4500

TELEGRAM

DELIVERY NO.

483

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

18-32352

DESIGN PATENT No. 40529

49 CB HN 241 pm 18

CB New York May 22 17

Benjamin Strong

4100 Mount View Boulevard Denver

Open renew and high two and one half low two

close two and one quarter easy all day.

E R Kenzel.

TELEPHONED
To _____
By E R Kenzel
Time 5:15

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATION
TIME SENT, ETC.



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

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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.
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.
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CHARLES C. ADAMS,
VICE-PRESIDENT.

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

CHARLES F. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

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920 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4500

TELEGRAM

DELIVERY NO.

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10-32352

DESIGN PATENT No. 40529

147 cb kb 20 227p

cb Newyork may 18 17

Benjamin Strong

4100 Mount View Blvd Denver

Money opened and renewed two and one half plentiful at
two and one quarter afternoon closed two and one quarter.

E.R. Kenzel

4/11/35
TELEPHONE
to
Same
EH
243

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.

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CHARLES C. ADAMS,
VICE-PRESIDENT.

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

CHARLES P. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
ERNEST & CRAMER BUILDING
920 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4800

TELEGRAM

DELIVERY NO.

435

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

10-323

DESIGN PATENT No. 40529

110cb ja 14

CB newyork may 17 17

Benjamin strong,

4100 Mountview Blvd--Denver

Money renewed two and one half easy all day closed two
and one quarter

125p

E R Kenzee

TELEPHONED
To W. S. ...
By CH
Time 1:40 P.

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS,
TIME SENT, Etc.



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

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

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

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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.

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 instructions regarding it to the Company's agent in its said office.

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

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

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

CLARENCE H. MACKAY, PRESIDENT.

CHARLES C. ADAMS,
VICE-PRESIDENT.

EDWARD REYNOLDS, VICE-PRES. AND GENERAL MANAGER.

CHARLES P. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
ERNEST & CRAMER BUILDING
220 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4800

TELEGRAM

DELIVERY NO.

457

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

TC-3235

DESIGN PATENT No. 40529

112 cb q 16 221pm

CB New York May 16 17

Governor Strong

4100 Mountview Blvd Denver Col

Call two and one half all day stop Time loaning more freely at five
per-cent mixed

E R Kenzel

TELEPHONED
To: _____
By: *Lemuel*
Time: *9:40*

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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VICE-PRESIDENT.

CLARENCE H. MACKAY, PRESIDENT.
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CHARLES P. BRUCH,
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT MAIN OFFICE
ERNEST & CRAMMER BUILDING
10 17TH STREET
DENVER, COLO.
TELEPHONE: MAIN 4500

TELEGRAM

DELIVERY NO.

501

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

16-32359

DESIGN PATENT No. 40529

2I9KSTJ 2I 34IP

CB NEWYORK MAY 15 17

BENJAMIN STRONG

4100 MOUNTVIEW BLVD DENVER COLO

MONEY YESTERDAY THREE ~~XXXX~~ PERCENT TODAY RENEWAL TWO AND ONE

HALF HIGH THREE LOW TWO CLOSED TWO AND THREE QUARTERS TENDENCY EASY

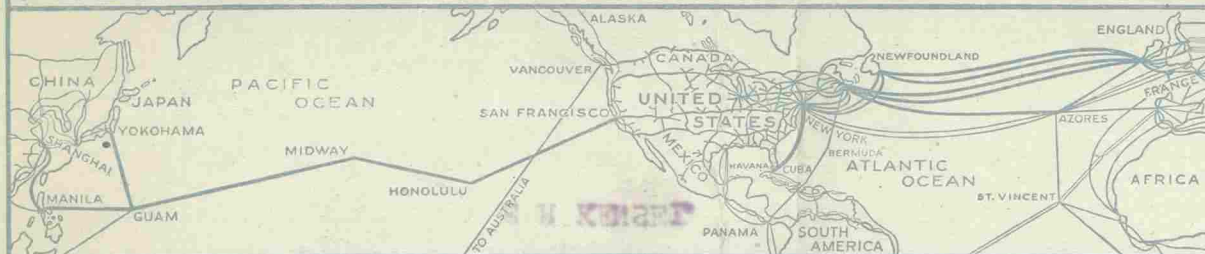
E R KENSEL

TELEPHONED

To Miss Cartwright 1308
By Lo
Time 4 pm

POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS,
TIME SENT, ETC.



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

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THE FASTEST TELEGRAPH SERVICE IN THE WORLD

*Enclosure
no. 3.*FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE July 1, 1920.TO Governor StrongSUBJECT: Discount Market DevelopmentsFROM E. R. Kenzel

Early in April, the bill market was very much disturbed by reason of indications that the Federal Reserve Board, or some of its members, were inclined to the feeling that bills purchased by Federal reserve banks, bearing the indorsement of member banks, whether taken direct from the indorsers or through dealers, should be considered as part of the rediscount line of such members.

This suggestion came about in the consideration given to the application of progressive rates of discount. Governor Harding had an informal meeting with prominent dealers and bankers at our office, who represented to him that if such a plan were inaugurated, it would effectually kill the discount market, as no member bank could then consider bills bought in the market strictly liquid assets which they might dispose of at any time in the market without its affecting their discount facilities at the reserve bank, and it was the consensus of opinion that under such conditions, member banks would cease to buy bills in the open market.

Governor Harding thereupon arranged that these gentlemen and others should visit Washington and discuss the whole matter with the full Board, and delegations from New York and Boston visited Washington for that purpose very shortly thereafter.

The discussion developed that there was an inclination on the part of some members of the Board to regard the bankers acceptance credit as an important element in inflation and, in fact, rehash all the old arguments that were so thoroughly discussed in 1914 and 1915.

The time allotted by the Board for discussion, one morning, was entirely inadequate and was consumed in a large part by a monologue by the Comptroller. Feeling that the outcome was unsatisfactory and that few of the visiting bankers had had an opportunity to be heard at all, and none at length, Governor Harding invited them to submit their views in writing for the further consideration of the Board, in the form

FEDERAL RESERVE BANK OF NEW YORK

OFFICE CORRESPONDENCE

DATE July 1, 1920.

TO Governor Strong

SUBJECT: Discount Market Developments

FROM E. R. Kenzel

-2-

of replies to a questionnaire which would be promulgated by the Board. This they all agreed to do, and the meeting adjourned.

The development of the questionnaire centered in this bank and was later adopted and put out by the Board, whereupon Mr. Warburg and the American Acceptance Council got busy and, with the Board's approval, prepared answers to and discussion of the points raised, which were discussed very fully at a meeting of the Executive Committee of the Council on May 20, and adopted as the unanimous views of the Council. These appear in the little pamphlet "Practical Problems in the Development of Bankers Acceptances," copy of which is enclosed herewith, and they have been considered by the Board, who has sanctioned the wide distribution of the pamphlet by the Acceptance Council.

I think the danger is over, at least for the present.

A further important development, which will be felt in the market, but relates more particularly to the operations of Federal reserve banks, is that the governors in conference have agreed that the support and helpful assistance in the developing and broadening of the market is a problem of the whole System rather than of a few banks, and a Committee was appointed at the last conference to prepare recommendations as to the procedure by all the banks to this end. Governor Fancher is chairman of the committee and the other members are Governor Morss and myself. We have had one meeting and I am now preparing a report for submission to the other members.

It will include recommendations reflecting in some degree the views of the American Acceptance Council, which we all share, with regard to district banks' purchases from their members in their own district, urging that they not take from members, the members' own acceptances, but restrict themselves to the purchase of prime bills which members will have taken for their investment through the usual channels, and that

FEDERAL RESERVE BANK OF NEW YORK

OFFICE CORRESPONDENCE

DATE July 1, 1920.

TO Governor Strong

SUBJECT: Discount Market Developments.

FROM E. R. Kenzel

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they buy such bills freely at all times with the indorsement of the member bank; that they exert their influence, each in its own district, with their members to the end that member banks normally will hold for investment, as secondary reserve, a reasonable amount of prime bills; that the district banks encourage and assist in the development of local markets in Federal reserve bank and branch cities, using their influence and, on occasion, their funds, to foster a call money market or its equivalent, that would permit local dealers and branches of discount houses to carry moderate portfolios locally; that each Federal reserve bank should normally carry a portfolio of bills purchased in proportion to the total amount held in the System, relative to their resources, as compared to the resources of the whole System, and that, to this end, where local purchases do not provide this volume, they should participate in the purchases of those banks in the larger markets who acquire in their daily operations an excess of bills over their proportion.

It is the hope of the committee that this will have the effect of practically re-establishing a general distribution, such as we had a few years ago, without setting up a hard and fast rule that any bank, at all times, irrespective of the condition of their own reserve or local conditions, must receive allotments from any other bank's open market purchases, when to pay for them they might have to immediately rediscount. Both Governor Morss and Governor Fancher felt that they could not get such an iron-clad commitment as to their own banks past their directors and, therefore, would not agree to recommend it.

I am also enclosing copy of the first installment of the so-called "Primer" on Bankers Acceptance Credit, which is published by the Council rather than by the banks. I assume that you will recognize the voice of Jacob under the hand of Esau.

FEDERAL RESERVE BANK
OF NEW YORK

December 16, 1920.

Dear Mr. Strong:

Some of the others have doubtless advised you that we had a delightful visit here with Mr. Zeilinga.

We had a series of very agreeable and useful conversations with him and more particularly he discussed with me the subject of refusals of bills drawn under confirmed credits of American bankers. He told me that they themselves, up to the time that he left Java, had suffered no inconvenience on this account, and from our own knowledge, there has been no refusal on any bill remitted by them to us for collection.

The whole subject is a most distressing one and has been an acute aggravation in our banking situation since the price of sugars began to decline rapidly in the late summer. I have gone pretty carefully into the whole matter with Mr. Warburg and Fred Kent on behalf of the American Acceptance Council, and am enclosing a copy of an editorial written for the Acceptance Council Bulletin for last month by Mr. Kent, dealing with the subject so far as we dared to at that time, and it will be followed up editorially this month in the light of subsequent developments, since the cases have become more numerous and a number of important court decisions have been given, the most important of which is that of the Appellate Division, Supreme Court of this state, written by Justice Greenbaum, copy of which I also enclose, in which is affirmed definitely the principle that the contract of letter of credit is distinct from the contract of purchase and sale of the commodity.

What happened was that in many cases importers seeking to avoid loss, if not bankruptcy, through receiving sugars which they had contracted for at high prices, sought by injunction to restrain the banks from making payment under the terms of their credits, most of which were irrevocable, and setting up in such attempts every technical question in respect to the shipments that they could devise. After the Greenbaum decision and

apparently in the effort to avoid its effects, other tactics were pursued, i. e., seeking to enjoin the beneficiaries under credits from availing of them. A very important case was yesterday decided adversely to the applicants by Justice Gohalen in the Supreme Court of this state. The printed record is not yet available but I am enclosing copy of the ticker announcement of the decision, which is quite self-explanatory.

The main difficulty as to imports has been with respect to sight credits issued to local customers by interior banks on the faith of which our large banks at the ports, particularly in New York, issued their sight credits for the importers. When prices fell and the local customers of the interior banks were faced with ruin or severe loss, they sought to escape from their liabilities by obtaining injunctions in their local courts, restraining their local banks from honoring the sight bills drawn on them which had been negotiated by the banks at the ports, who, of course, had the bills as holders in due course for value.

In many cases, the interior banks, not understanding their obligation as issuers of credit, appeared to connive with their local customers in these regards, but also in a great many cases such local banks were brought to see the error of their ways by their New York correspondents. New Orleans is a sore spot and at least one of the important banks there appears, from the one side of the story that we have heard, to have placed itself in a very unenviable position by declining to pay bills drawn under its confirmed credits which were negotiated by one of our best local institutions who had issued its letters to the importers on the faith of the New Orleans letters. The great majority of all of the cases that have come to my attention have been sight credits, so that the trouble is not to any material degree coupled up with acceptances.

There have been many abuses and sharp practices on the part of shippers against our importers and some cases where refusals were absolutely justified and necessary, and lack of experience and prudence in the issuing of credits and lack of understanding of the nature of the obligations assumed by the issuer of irrevocable credits are at the root of the whole thing, emphasized and accentuated by the conditions which prevailed in the commodity markets before the break in prices.

I had a most interesting talk just before he sailed a day or so ago on the Aquitania with Sir Frederick Huth Jackson, who hopes to see you in London, and I learned from him that the situation was not entirely unique with us or without precedent, as even the joint stock banks in London had not sufficiently appreciated the nature of their obligation under letters of credit and a London High Court had even issued orders designed to prohibit the payment of an accepted draft. If you have an opportunity, he will, I am sure, be glad to relate some of his experiences to you as he did to me, but they are of such a nature that I should not care to enlarge upon them in correspondence.

Our exporters and banks have been experiencing also great difficulty with respect to cancellations of confirmed credits issued by banks abroad, available to our customers. Again, these are generally sight credits.

Curtis had a case for a client in respect of coal to France, in which, after the coal was on the water, the correspondent bank here of the foreign bank declined to make payment under instructions received from the other side, asserting that they were acting merely as agents.

I am enclosing a recent newspaper clipping, the statements in which I do not think are exaggerated. Curtis advised me that his client finally compromised the thing in Paris. I am also enclosing another clipping from tonight's "Post" which refers to the wholesale cancellations in respect to coal exports and other matters which may interest you.

I have written you the above rather fully believing that you would be interested in having some definite information at hand while you were on the other side, and trust that it reaches you in time.

There is one other matter I would like to call to your attention, i. e., the present status of prominent international firms, such as Balfour, Williamson & Company, Huth & Company, and others which are established in this country through partnerships with the English principals.

Huth & Company here is, I understand, a partnership between the London firm and a resident in this country, Mr. Sonn, who is not a partner in the London house. I am informed that they have transferred substantial capital to this country and will make a full

statement to us of the American firm, but prefer that that firm be accredited on the extent of its assets in this country, rather than through their relationship to the London house, which does not care to make a statement here.

In respect of Balfour, Williamson & Company, the situation is just about the same as it was when we had luncheon here with Sir Robert. We have a combined balance sheet of all of the houses, with the supporting schedules of investments, etc., with respect to each house, and a rather informally drawn general guarantee of the London house in respect of all paper and indebtedness of the American house, in which we might be interested, and San Francisco has the same, but we have not separate statements as to the individual firms in this country and it is explained to us that it is impracticable to furnish such individual statements. I do not think it is material with us whether we have statement of the New York firm, which we know employs no assets in this country. They are not borrowers in this market and their paper which we see consists exclusively of commercial bills drawn on them against imports of staples which, if they come to us at all, bear very strong banking indorsements, but in San Francisco it is different.

Balfour, Guthrie & Company there are large borrowers, and the San Francisco bank feels very strongly that the time is rapidly approaching when they must require a statement of the San Francisco house or decline the paper. Calkins has been in communication with me regarding the various aspects of the whole matter and I feel that if you could pick up some definite information regarding their present status, it would be helpful in the whole situation here. As is usual with these international houses, their combined balance sheets are always prepared as of a date that is stale. For instance, our last statements, are as of December 31, 1919, but were not received until September of this year, so that up to that date our information was as of December 31, 1918, almost two years old.

Calkins feels that it would be the part of wisdom for Balfour to incorporate in this country their American interests, and since the Gibbs interests have incorporated here with transfer of capital to this country, I know that Sir Robert has been giving further thought along that line, and Mr. Blyth, one of the New York partners, is now in London, and

12/16/20.

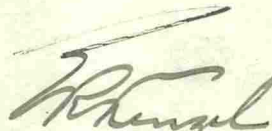
was directed to take with him general information as to the application of tax laws, etc., as to British capital invested here.

Without burdening you with further details of business, I shall cut this short, but want to tell you how we all look forward to seeing you again in the office and how we confidently hope that you will come back in fine fettle and, by not undertaking to do ten mens' work every day, keep fit.

I have received your very kind messages via Mr. Jay, and your postcard, which are much appreciated.

With best wishes for a Merry Christmas and a great many very happy New Years, I am,

Sincerely yours,



E. R. Kenzel,
Deputy Governor..

Benjamin Strong, Esq.,
c/o Morgan, Grenfell & Company,
22 O Broad Street, E. C. 2,
London, England.

Encs.

P. S. I also enclose copy of Mr. Warburg's annual report, as chairman of the Executive Committee of the American Acceptance Council, in which he deals rather vigorously with the subject of defaulted credits but in which he has, perhaps unfortunately, linked it up with acceptances rather than stressing the point that it is the obligation under the letter of credit that controls.

TICKER ANNOUNCEMENT

Fall in price no bar to contract Justice Cohalen in Supreme Court denied application of 24 sugar buyers in Baltimore and other cities for a court order prohibiting A. H. Lamborn & Company from negotiating letters of credit obtained on a contract to deliver a cargo of Java sugar to the plaintiffs.

Consignment was valued at approximately \$1,100,000 and contract was made for delivery at 22¢ a lb. shipments to be made by the Steamer Taiho Maru in August last. Defendants however said they were able to ship two weeks earlier by the vessel Texas Maru and did so. On arrival of the cargo consignees refused to accept delivery. Market price had fallen and plaintiffs contended in their application for the injunction that Lamborn & Company had no right to substitute another vessel for the one named in the contract.

Justice Cohalen however held that to enjoin Lamborn & Company from negotiating the letters of credit received in consequence of the contract would be in effect making of a new contract through the court; something the court did not feel called upon to do. Application was therefore denied.

(Business at Mints and Assay Offices)

ART. 3. -- ADVANCES ON PARTIAL PAYMENTS ON DEPOSITS.

Sec. 1. In case of deposits, the fineness of which may be readily determined approximately by inspection, payment may, at the discretion of the superintendents of the coinage mints and the assay office at New York, be made within 10 per cent of their value, or within 2 per cent when already closely determined by assay and awaiting remelting or reassay for exact determination: PROVIDED, No partial payment shall be made on a deposit containing less than \$5,000 in gold or 5,000 ounces of silver.

Sec. 2. In case of deposits of foreign coin of known value where the deposit is not less than \$1,000,000. an advance of 99% of the value of such deposit may be made. PROVIDED, that the depositor, a bank of unquestioned standing, gives a written guarantee as to the weight, count and value of the gold.

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE April 26, 1923.To Mr. CaseSUBJECT: Cuba: Its currency and finances.FROM E. R. KenzelWith respect to proposal to establish branch
of Federal Reserve Bank.

Before 1920, but particularly during that year and subsequently, the project of establishing a Government bank of issue in Cuba has had serious consideration by the Cuban Government and foreign banks operating in Cuba, and our Government. The support of the project by the foreign banks, which are largely American and Canadian, was lukewarm, particularly the National City Bank, which operates several branches, has considered that the establishment of a branch of the Federal Reserve Bank of New York in the Island would be the best thing that could possibly be done in the interests of banking in the Island. (See George E. Roberts' letter of August 15, 1921, addressed to Governor Strong.) Governor Strong's reply, dated April 17, 1921, indicates his general objections to the plan and particularly he states that the law, under its then present terms, would not permit. He further states that his own opinion has remained unchanged from the beginning "that Cuba should have a central bank of issue, but that it should be under American supervision," and comments that "whether that is feasible or not remains to be seen." He further says: "I do not believe in our own bank of issue establishing offices and performing its normal banking functions outside of continental United States, and especially outside of our own country; that is, that part of the United States over which we exercise complete and direct sovereignty." He refers to some suggestion that we had theretofore made of a means by which the greatly mutilated and worn out currency in circulation in Cuba might be retired and fresh supplies issued without involving our doing a banking business in Havana. I have not found in the files any copy of the suggested plan referred to.

Mr. Roberts, replying under date of August 20, states:

"I would not favor the establishment of reserve bank branches around the world, but, in view of the Platt amendment, which establishes a degree of control over the finances of Cuba, it has occurred to me that possibly

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE April 26, 1923

TO Mr. Case

SUBJECT: Cuba: Its currency and finances

FROM E. R. Kenzel

-2-

an excuse might be found for the establishment of a branch in Havana, provided the policy was agreeable to the Cubans, and the Cuban Government would pass legislation making it the bank of deposit for the Cuban Government. The branch doubtless would have deposits enough to provide it with capital for its business there, so that there would be little or no investment of American funds outside the country."

Incidentally, about that time the National City Bank was invited by the Cuban Government to confer and recommend banking and financial reforms in the Island.

A memorandum in the files, dated September 28, 1921, unsigned, but apparently dictated by Governor Strong, is as follows:

"Mr. Roberts called, and in verbal reply to the inquiry contained in the attached letter I told him that we would urgently oppose any plan to have the Federal Reserve Bank of New York open a branch in Cuba, as it would be an extension to extra territorial administration of the Federal Reserve System, subject possibly to legislation and control by a foreign country, which we could not contemplate. I pointed out that if the treaty with Cuba could be further amended so as, in effect, to write the charter of a central bank of issue into the treaty, under such terms as would give it substantially American control and supervision, and the basis for a thoroughgoing revision of banking control in Cuba generally, I should regard it as the most satisfactory method of dealing with the Cuban situation.

"He said this thought had not occurred to him. It struck him as excellent and said he would see what could be done about it."

Under date of September 29, 1921, letter of Mr. Case, addressed to Mr. Peabody advised the action taken by our Executive Committee that day, with the approval of the Federal Reserve Board, in appointing the National City Bank of New York our correspondent and agent in Cuba, with the understanding that no actual transactions would be engaged in until regulations should have been prescribed by the Federal Reserve Board, and recited /the occasion for the action, namely, the moral support publicity of the appointment would give in Cuba where the reserve bank is highly regarded. It was hoped that it would end the runs on the branches in Cuba, brought about by organized propoganda. It apparently had that effect.

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE April 26, 192

To Mr. Case

SUBJECT: Cuba: Its currency and finances

FROM E. R. Kenzel

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Under date of February 8, 1923, Mr. Case's memorandum to Governor Strong commented on the conversation had with Mr. Dwight Morrow with regard to the question of supplying Cuba with fit paper money, and Mr. Morrow's inquiry if we had given consideration to the idea of circulating gold notes on the Island. Governor Strong's reply of February 19, follows:

"This whole question hinges upon the larger question of whether Cuba shall have a Cuban Banking or Currency System, or be nursed by the United States Government or the Federal Reserve System. General Crowder, Governor Harding and the Department of State all agree, at last reports, that they should have their own system. If they fail to adopt one (and one is now pending designed by Harding) then maybe the American Government might wish to attempt some plan for introducing clean money. I am positively opposed to our undertaking any expense, duty or responsibility in the matter unless our Congress directs us to do so. We are now criticised for the large services performed gratis for American banks, not to mention the Treasury, and I cannot see the logic of doing as much as is proposed for Cuba, also gratis. This is one of Morrow's "happy thoughts" of which the crop is perennial and abundant."

March 15, 1923, Dr. Burgess' letter to the Federal Reserve Board enclosed table showing \$97,000,000 currency transferred by this bank to Cuba during the years 1920, 1921, 1922 and through February, 1923, which, with transfers and shipments by other banks, was increased within the period to \$101,000,000, as compared with \$16,000,000 received from Cuba, these figures exclusive of direct shipments by the National City Bank prior to 1923. Their shipments to Cuba during 1922 were \$,167,000.

Governor Strong, in a letter dated June 13, 1921, addressed to Mr. Prather of the State Department, opposed the idea of a Cuban central bank, noting that the Cubans were lacking in skill in banking and currency matters and that the American currency circulating the Island in effect constituted a loan without interest by Cuba to the United States.

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE April 26, 1922TO Mr. CaseSUBJECT: Cuba: Its currency and financesFROM E. R. Kenzel

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The pertinent facts as to Cuba are that the investments of American capital in the sugar and tobacco industries which were made before 1920 were tremendously augmented as the result of the crisis following the collapse of sugar prices in 1920 when the Island was reduced from the extreme of prosperity to the opposite extreme of adversity. American and Canadian banks operating in the Island had made very substantial advances to centrals which, following the collapse, became rather permanent investments, so that today American interests control a very large majority of plantations, centrals, sugar railroads and warehouses. The excessive imports of the Island during its flush time, many of which were not actually received in the Island until after the collapse, were the immediate cause of the greatest distress through the inability of importers to take up their bills. Important failures among the native banks followed quickly and the losses to American shippers and to the American and Canadian banks which resulted were enormous. Inspired by blackmailing newspapers, runs on the American and Canadian banks which operate branches not only in Havana but throughout the Island, made it necessary for them to import very large amounts of American currency to meet withdrawals of deposits. 75% of deposits held as cash in vaults was not considered too large for safety. The only currency (in addition to gold, which quickly went into hiding) is U. S. currency and its physical condition quickly becomes deplorable on account of the unclean habits of the population. The expense of its redemption and replacement with new currency has not been calculated but is sufficient to operate quite effectively against exporting the old and importing the new.

The difficulties of American banks with respect to collections in the Island, which are always slow, adds another difficulty and expense in conducting trade with the Island. The moratorium declared in October, 1920, added materially

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE April 26, 192 To Mr. CaseSUBJECT: Cuba: Its currency and financesFROM E. R. Kenzel

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to that difficulty and I understand that severe losses to American shippers resulted from two causes: one, the reduction of goods after the moratorium which had deteriorated during it and through thefts of goods which just disappeared from the wharves and warehouses where they were placed on arrival. Also, the practice or law of the Island which permits delivery by the carrier to the consignee without surrender of shipping documents caused great loss to American shippers. Practically the only native bank of any importance that survived the cataclysm was Gelets & Company and that is a Spanish firm rather than Cuban. 11

The Cubans, being all mixed blood, more or less black, are regarded by bankers in the Island as an unstable people, in whom are emphasized the bad qualities of their origins.

The American banks operating in the Island are: The American Foreign Banking Corporation, the Bank of Central and South America, the National City Bank of New York, and I understand that the First National Bank of Boston is about to establish itself in the Island. The American Trading Company is also classed as a bank. The Royal Bank of Canada preceded the American banks and operates many branches throughout the Island, the Canadian Bank of Commerce and the Bank of Nova Scotia also have branches in Havana.

It would seem that a very great service could be rendered to American as well as Cuban interests in the Island by the Federal Reserve System if the law would permit an agency to be established there which could facilitate the business of collections in the Island for reserve banks and their members, the redemption of unfit Federal reserve note issues in the Island, and to maintain there a reserve supply of currency sufficient to relieve the American banks there established from the burden of carrying excessive cash reserves; also, it is conceivable that the strong influence of such an agency might have the effect of ^{correcting} ~~creating~~ some of the malpractices of business as conducted in the

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE April 26, _____ 192__

TO Mr. Case _____

SUBJECT: Cuba: Its currency and finances _____

FROM E. R. Kenzel _____

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Island and establishing a better relation toward, if not better moral control over, the finances of the Island, whose securities are held almost entirely in this country. Whether or not it would be either safe or desirable for them to rediscount in the Island is a subject for careful study.

I would suggest that the views of Mr. Albert Straus on the whole proposition would probably be as enlightened and as valuable as any that we could have.

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BENJAMIN STRADNG

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TO 7-KIO RESULTING TEMPORARY OBSTRUCTIONS TO TRANSPORTATION AND COMMUNICATION
FEW CASUALTIES MOSTLY RESULT CONFUSION DAMAGE IN GENERAL
SLIGHT NOT COMPARED TO SEPT CATASTROPHE BUSINESS CIRCLES NOT
AFFECTED AND STOCK MARKET QUIET HOSHINO ALSO ADVISED CENTER OF DISTURBANCE
ABOUT SIXTY MILES SOUTH OF TOKIO AND POSSIBLY RESULT SEPT DISTURBANCE

KENZEL

CONFIDENTIAL MEMORANDUM

July 8, 1925.

TO: B. S.
FROM: E.R.K.

Subject: Failure of Dean, Onativia & Co.

You have probably heard something of the failure of the Stock Exchange house of Dean, Onativia & Co., which was suspended on Friday, July 3, with liabilities of about \$35,000,000, said to be the largest failure ever made by an Exchange house.

Their loans in New York were well-margined and those that were sold out realized very well in a rising market.

The size of their commitments was a surprise to almost everybody and the fact that it has not disturbed the market at all is probably due to the peculiar position of the house and the nature and occasion for its suspension.

It relates back to Chicago and the effort inaugurated a year ago to combine the Rosenbaum Grain Company, the Armour Grain Company and others into the Grain Marketing Corporation.

The gossip, as I hear it from friends quite conversant with the grain trade in Chicago, is that the Rosenbaums incorporated their interests and that Dean, Onativia & Co., which had become somewhat of an issuing house, had underwritten the stock. The success of this issue if it had advanced in the market might have helped the sale to the farmers of stock of the Grain Marketing Corporation.

Then two of the Rosenbaums became partners in Dean, Onativia & Co., contributing as capital 50,000 shares of the Rosenbaum stock as at \$50 a share. The effort of the firm to advance the market so that they could liquidate this block and convert that capital into cash resulted in their having to support the market and take in large amounts of the stock that had previously been placed, so increasing rather than decreasing their position in the stock.

It seems that this stock was borrowed on in Chicago at \$50 a share and that very recently the Chicago banks marked the loan value of it down to \$5 a share, with

the result that bankruptcy proceedings promptly ensued.

The papers now state that friends, customers and creditors of Dean, Onativia & Co. will save the firm by putting up \$2,500,000, and take over their slow assets, including this stock. Simultaneously it is announced that the Grain Marketing Corporation will be dissolved.

It seems that the Chicago banks loaned the Grain Marketing Corporation \$4,000,000 for one year as working capital, the loans to be repaid prospectively from the proceeds of sale of the company's stock to the farmers, but the farmers have not bought, the \$4,000,000 obligations mature on July 28, and the Rosenbaum interests having received this black eye, it looks as if the effort will be abandoned. Various middle-western states, including Illinois and Indiana, have invoked the operation of their Blue Sky Laws against the sale of Grain Marketing Corporation stock and it looks as if the jig was up with that venture.

Also off the record I hear that the Grain Marketing Corporation did not behave very well in the collapse of wheat prices in the spring; that the practical managers of it, who have long been regarded as speculators, did not remove their hedges when they sold the farmers' cash wheat at from \$1.40 to \$1.60 a bushel, this resulting in a large short position on a rising market, and it is hinted in some well informed quarters that it was through them, in the effort to retrieve their position, that some rather notorious bear operators were brought into the picture and that this was probably brought out in the recent Jardin investigation and is a possible if not probable explanation of the attitude taken by the Chicago banks in respect of the Dean, Onativia loans against Rosenbaum stock.

I am attaching for your ready reference two clippings containing the announcements above referred to.

OFFICE CORRESPONDENCE

DATE August 27, 1926

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To _____

SUBJECT: _____

FROM E. R. Kenzel

Before the advance in the discount rate at New York on August 13, unindorsed 90-day bankers bills were quoted at $3\frac{5}{8}$ - $3\frac{1}{2}$ %. These rates were supported by the moderate demand of foreign bank buying and Federal Reserve Banks taking the shorter maturities freely. The supply of new bills was modest; call money was 4 - $4\frac{1}{2}$ %; time money $4\frac{3}{4}$ %; commercial paper 4 - $4\frac{1}{4}$ - $4\frac{1}{2}$ % firming during August as the season advanced. New York banks were lending good commercial customers at $4\frac{1}{4}$ - $4\frac{1}{2}$ %. Bill dealers' portfolios averaged around \$30,000,000 and they were paying $3\frac{1}{2}$ - $3\frac{3}{4}$ for their moderate money requirements. None wished to increase portfolio, and their general desire was to avoid taking bills unless buyers were in the market. There was little breadth to the market, and higher rates were in view whenever the supply of new paper should materially increase.

Following the advance in discount rate, all money rates firmed about $\frac{1}{4}$ %. Federal buying rates were advanced in two stages $\frac{1}{4}$ of 1% for the active maturities. And the carrying rate advanced from $3\frac{1}{2}$ to $3\frac{3}{4}$ %. In the discount market rates immediately followed upward so that the relation of the market to Federal rates was restored. This resulted in dealers quoting unindorsed 90-day bills at $3\frac{7}{8}$ % bid; offered at $3\frac{3}{4}$ % with a tendency to advance a further $\frac{1}{8}$ or $\frac{1}{4}$ % as seasonal business brought increased supply.

The supply has not increased as yet for two principal reasons, i. e., some banks would not sell freely at $3\frac{7}{8}$ % bills which they were accepting, and the cost of credit and discount combined has prevented some bills

OFFICE CORRESPONDENCE

DATE _____ 192

To _____ SUBJECT: _____

FROM _____

being drawn where the domestic customer had the option of borrowing. For instance bank loans at $4\frac{3}{4}$ on grain, cotton, etc., have been available and taken rather than acceptance credit which with discount would cost at least $4\frac{7}{8}$ - 5%.

Distribution has not improved at $3\frac{3}{4}$ and dealers expect that when cotton bills begin to be drawn in volume that 4% or even a higher rate will be required to attract general buying. Government issues do not compete so strongly now because of the reduced amount of short maturities, but call and time money rates at from $\frac{1}{2}$ - 1% above 4% does prevent distribution. Also short Municipals of pretty fair quality are offered at $4\frac{1}{4}$ - $4\frac{1}{2}$ %.

It appears to me that with the undoubted bullish sentiment that exists on money, that presently the bill rates will be pushing the 4% discount rate, but that until bank rates for commodity loans exceed 5% the volume of bills will be below the usual seasonal proportion of bills as compared with bank loans. This will have a tendency to force rediscounts rather than sales of bills to Reserve Banks. This was a feature of the Federal Reserve System statement of August 23.

July on 440

July 20, 1928.

Dear Governor Strong:

I was delighted to learn from Mr. Harrison upon his recent return after seeing you of the great improvement that you have enjoyed during the past few weeks, and your letter from Evian on July 5 was another welcome evidence of your recovery.

Mr. Harrison tells me that Dr. Stewart had spoken to him only very briefly of his apprehensions over the volume of credit that American banks are extending for foreign account and probably does not understand the business that has been and is being accommodated or the transactions which are permitted under the Board's new ruling of last autumn.

From my frequent and almost constant contacts with the men who are doing the bulk of this business, I am convinced that there is very little undertaken for foreign traders, mills or industries, without the intervention of foreign banks and the business as it is done in New York for foreign banks is identical with the very large volume of similar business that is being done in London and also in Paris.

American banks make available to their foreign bank friends lines of acceptance credit which the foreign banks parcel out to their customers, advising the American bank in each case that under their arrangement they have opened a credit in dollars on the American bank in favor of some designated shipper against goods to be shipped to a designated customer of the foreign bank. The American name for these is reimbursement credits and the foreign banks are directly debtors to the American banks. I believe that more than 90% of credits given by American banks to foreign takers is to banks.

The new ruling of the Board did not inaugurate this business but it permitted it to be extended in respect of certain transactions in imported goods after they had reached the country of import. In practice, it applies particularly to the sale of American cotton, ex-warehouse or steamship in Germany. Before the ruling although many bills were drawn in such transactions they were ineligible, now they are eligible providing that the usance of the bills does not exceed the credit time customary in the trade. You will recall that the Reserve Act as originally drafted specifically permitted financing movements of goods between the United States and foreign countries and between two foreign countries and we have always regarded as eligible also bills secured by staple goods stored in foreign countries.

I am quoting below the most recent figures assembled by the American Acceptance Council on the volume of bills outstanding at the end of June 30 last, compared with the previous month and the year previous:

Totals a year ago were	\$751,000,000
At the end of May,	\$1,040,000,000
At the end of June,	\$1,026,000,000

The classification according to the nature of the business shows that compared with

July 20, 1928.

a year ago import credits have increased \$56,000,000, export credits have increased \$99,000,000 and in this classification is included credits given for the purchase of cotton by spinners in Germany from stocks of cotton held in Germany. The domestic storage credits have increased \$17,000,000, dollar exchange \$7,000,000 and the largest increase, i. e., \$114,000,000 was in credits based on goods stored in or shipped between foreign countries. This includes credits to American cotton houses that carry large supplies of cotton abroad, and also a great variety of goods moving between foreign countries. Principal among these are Swedish ore going into the Ruhr district, coffee from Brazil to France, copper from Chile to all of Europe, the export of Swedish matches in world trade, lumber and cellulose from Finland and Scandinavian countries to England and other European countries. I have been informed repeatedly by prominent English bankers, including the Barings, Schroder, Huth and Samuels, that they have always done these types of transactions and that it was regarded as entirely desirable that they should extend British credit in the movement of goods of British origin or ownership through every channel of trade in foreign countries up to but not including consumers' credit. De Neufville has told me that before the war French bankers did a good deal of foreign financing of the same sort and I have understood from the many conversations with our recent visitors from the Bank of France that such bills were eligible for discount at the Bank of France.

From the very important sampling which our purchases for the System account and for foreign clients gives us the opportunity to make, the bills which we have recently taken have been principally in the following transactions: exports of cotton, storage of tobacco, imports of silk, imports of coffee and storage of sugar.

The domiciled bills discriminated against by the Bank of England and by the Bank of France I have understood to be bills accepted in sterling or francs by foreign banks or merchants who generally kept no considerable assets in England or France and who would have to be sued abroad in case of trouble.

The big complaint in New York on the part of the banks is the competition on the part of the London clearing banks for the reimbursement credit business of the strong German and other foreign banks, the competition taking the form of cutting acceptance commissions way below the 1% per annum regarded by American banks as a proper minimum. The Midland Bank has been the worst competitor in this regard. Quite recently, on account of the higher discount rate in New York, a little business has been going to London and some to France, but in all of the cases I have heard the takers of credit in this transferred business have been American shippers. Also recently there have been considerable amounts of old time finance bills drawn by American banks and firms on London and Paris. A good deal of this has been just plain borrowing but some has been joint account to permit the foreign banks and firms to take advantage of the higher interest rates here. Much of that money has been loaned on the Stock Exchange, as it used to be years ago. American banks with foreign branches have drawn quite heavily at ninety days on those branches and the bills are discounted in Paris and London.

Our two French friends, Messrs. Prevot and Guitard, sailed for home, the former about the middle of June and Guitard last week, and two more from the Bank of France, Messrs. Rousseau and Guerin, are due here on the 26th for a study period of three months.

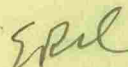
I should be glad to go over this autumn or any time if I could be of assistance to the Bank of France in setting up a more important money and discount market there. From conversations that I have had with Messrs. Quesnay and Reist, I judge

July 20, 1928.

that they are anxious to encourage the granting of a substantial amount of foreign commercial credits by French banks and bankers and to make the Paris discount market much more important. The difficulty so far as this program would apply to American takers of credit lies in the limited lines granted by French acceptors, 500,000 to 1,000,000 francs seems to be about their limit and that doesn't go far with a cotton shipper like Anderson & Clayton.

I shall be glad to discuss these affairs more fully with you when you return and in the meantime I will have some more definite figures lined up as to what our more prominent acceptors are doing for foreign clients.

Sincerely yours,



E. R. KENZEL.

Benj. Strong, Esq.,
c/o Messrs. Morgan & Company,
14 Place Vendome,
Paris, France.

ERK/VRM

AMERICAN ACCEPTANCE COUNCIL

Monthly Acceptance Survey, Advance Report

TOTAL OF BANKERS ACCEPTANCES OUTSTANDING FOR ENTIRE COUNTRY CLASSIFIED ACCORD-
ING TO NATURE OF CREDIT

	<u>June 30, 1928</u>	<u>May 31, 1928</u>	<u>June 30, 1927</u>
Imports	\$329,486,311	\$317,929,635	\$293,902,299
Exports	360,682,829	383,362,435	261,412,053
Domestic Shipments	19,898,724	18,910,222	19,233,513
Domestic Warehouse credits	117,277,473	133,114,546	100,065,651
Dollar Exchange	25,204,602	25,434,516	18,684,602
Based on goods stored in or shipped between foreign countries	173,615,356	161,963,822	57,972,055

MR. EDWIN R. KENZEL

Mr. Edwin R. Kenzel died on August 9, 1933. He had gone to St. Andrews, New Brunswick, to spend his vacation and the end came suddenly soon after his arrival.

Mr. Kenzel had been associated with the Federal Reserve Bank throughout its entire history. He joined the staff as Assistant Cashier in November, 1914, and was its first appointive Officer. Later he was made Controller of Investments, and in 1920 he was made Deputy Governor, which position he held at the time of his death. Prior to his association with the Federal Reserve Bank, he had been a member of the staff of the Chemical National Bank. He was in charge of acceptance operations at the Federal Reserve Bank. Mr. Kenzel was a member of the American Acceptance Council, and he was a pioneer in the development of the acceptance market in this country.

Because of his position in the Federal Reserve Bank, and because of his knowledge of investments, he was widely known to the bankers of New York City, whose esteem and respect were a sincere tribute to his character and ability. His home was in New Rochelle, where he was senior warden in St. Paul's Episcopal Church. He was fond of golf and was a member of the Green Meadow Country Club of Harrison, N. Y. He was also interested in painting and was a member of the Salmagundi Club in New York City.

The Federal Reserve Club has lost a valued friend. Mr. Kenzel always stood ready to aid the Club by advice and help, and the officials of the Systematic Fund particularly owe much to his knowledge of investments. No move was made without consulting him, and his advice, based on sound judgment and knowledge, was always of the best.

To Mrs. Kenzel the Federal Reserve Club extends its deepest sympathy.