

FILING DEPT.  
FEDERAL RESERVE BANK OF CHICAGO  
DISTRICT No. 7

FEB 1 - 1915

FEDERAL RESERVE BANK

Chicago, January 28th, 1915.

*R. A. H.*  
JAN 30 1915

Mr. Benjamin Strong, Jr., Governor,  
Federal Reserve Bank of New York,  
New York City.

BENJ. STRONG,  
PERSONAL

Dear Mr. Strong:-

I wired you this morning inquiring whether it had been definitely decided that the unexpended portion of the foreign exchange gold fund would be deposited with you for distribution, and asking for an indication as to Chicago's portion.

In reply I have your telegram stating that the contributing banks will be asked their preference as to the method of distribution, and that you were unable to estimate Chicago's portion until reply was received.

If the plan should be decided upon whereby a distribution is made through you, will you please be good enough to advise us by wire of the amount of Chicago's portion.

Very truly yours,

*J. B. Moore*  
Governor.

FEDERAL RESERVE BANK OF NEW YORK

JAN 30 1915 9 12 AM

RECEIVED

FEDERAL RESERVE BANK OF NEW YORK

Dear Sir:

I have the honor to acknowledge the receipt of your letter of the 28th inst.

and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

I am, Sir, very respectfully,  
Yours truly,  
[Signature]

# WESTERN UNION TELEGRAM



Form 2138

J. STRONG, JR.  
PERSONAL.

GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVED AT 24 WALKER STREET, NEW YORK CITY

DELIVERED FROM

V358CH DKH 29 LDW

MQ CHICAGO ILLS JAN 28 1915

ENJAMIN STRONG JR

997

GOVERNOR FEDERAL RESERVE BANK OF NY NEW YORK.

AS PLAN BEEN DEFINITELY DECIDED UPON WHEREBY FOREIGN EXCHANGE GOLD  
COL WILL BE DEPOSITED WITH YOU FOR DISTRIBUTION IF SO CAN YOU INDICATE  
PROXIMATELY CHICAGOS PORTION AND DATE AVAILABLE.

J B MCDUGAL

1245PM

JAN 29 1915  
FEDERAL RESERVE BANK  
JAN 28 1915  
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FILING DEPT.

JAN 20 1915

FEDERAL RESERVE BANK

Jan. 28, 1915.

James B. McDougal, Esq.,  
Federal Reserve Bank,  
Chicago, Ill.

BENJ. STRONG, Jr.  
PERSONAL

Contributing banks will be asked to express preference as to method of distribution. Stop. Can't estimate Chicago's portion until reply is received. Stop. Writing details.

BSJr/VCM

Benj. Strong, Jr.

Charge Federal Reserve Bank,  
Government rate.

FEDERAL RESERVE BANK OF CHICAGO  
DISTRICT No. 7

RECEIVED

FEB 3 1915 8 55 AM

Chicago, February 1st, 1915.

FEDERAL RESERVE BANK  
OF NEW YORK

Mr. Benjamin Strong, Jr., Governor,  
Federal Reserve Bank of New York,  
New York City.

Dear Mr. Strong:-

Your favor of the thirtieth ultimo is received, also circular letters and forms issued by the Gold Fund Committee explaining the manner of distribution.

I note with interest that most of the banks interested desire checks issued to their New York correspondents and of course, this would prevent the Federal Reserve Bank from receiving the full benefit which it was hoped they might secure in the matter of liquidating their indebtedness to you.

Thanking you for your advice in the premises,

Very truly yours,

  
Governor.

FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

FILING DEPT.

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OFFICERS

JAMES B. MEDOUGAL GOVERNOR  
C. R. MEKAY DEPUTY GOVERNOR  
W. F. McLALLEN SECRETARY  
B. G. McCLOUD CASHIER

DIRECTORS

C. H. BOSWORTH  
CHAIRMAN AND FEDERAL RESERVE AGENT  
J. B. FORGAN, CHICAGO, ILLINOIS  
M. B. HUTCHISON, OTTUMWA, IOWA  
E. L. JOHNSON, WATERLOO, IOWA  
H. B. JOY, DETROIT, MICHIGAN

W. F. McLALLEN  
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G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

APR 1 - 1916  
FEDERAL RESERVE BANK

Chicago, March 26, 1915.

My dear Governor Strong:-

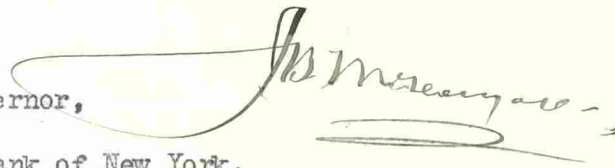
I have today received through your secretary, copy of Governor Hamlin's letter, acknowledging the receipt of some flowers which you have evidently been good enough to send on behalf of the Governors.

This attention on your part is highly appreciated. It certainly was very nice in you to permit the other Governors to share in an attention in which I, at least, had no initiative.

With kind regards,

Very truly yours,

Mr. Benjamin Strong, Governor,  
Federal Reserve Bank of New York,  
New York City.



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FEDERAL RESERVE BANK OF CHICAGO

FILING DEPT.  
79 WEST MONROE STREET

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JAMES B. MCDUGAL GOVERNOR  
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B. G. McCLLOUD CASHIER

DIRECTORS

APR 10 1915  
C. H. BOSWORTH  
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G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

RECEIVED

APR 9 1915 8 55 AM

Chicago, April 7th, 1915. FEDERAL RESERVE BANK OF NEW YORK

Mr. Benjamin Strong, Jr., Governor,  
Federal Reserve Bank of New York,  
New York City.

My dear Governor Strong:- Re - Intra-District Collection Plan.

*Encl. in this case. At*

I am pleased to hand you here-  
with copies of the Form Letter - Rules and Requirements  
- Form Resolution - as presented to our member banks  
today.

Very truly yours,

*J. B. Morgan*  
Governor.

*M*  
Encls.

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

## OFFICERS

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W. F. McLLLEN  
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E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

January 28th 1916.

Dear Mr. Strong:

The introduction which you gave me to Mr. Tully in November, through which I was able to reach President Wilson for a few moments, has resulted - added to other important influences at work meanwhile - in the success of that which I sought. There has been an immense amount of energy expended meanwhile by these other influences to the same end, yet you made it possible to plant the seed out of which has grown a successful outcome.

President Wilson will address, under the auspices of our club - The Industrial Club of Chicago - an audience of five thousand people on Monday evening next, D. V. Forty thousand people are clamoring for seats, where we have only about five thousand to dispose of. I think one hundred thousand would be on hand with an adequate seating capacity.

This is written to sincerely thank you again for your assistance. The occasion is non-partisan and it would be difficult to have you understand that which we, on the spot, are barely able to grasp ourselves - the widespread desire by the public, irrespective of party, to hear what President Wilson wishes to say. Every class of citizenship in the city is included, I do not except one. The desire to pay honor to the President seems universal. In the greatest year of history, his appearance here on Monday night promises to be one of the most notable events in the history of the city.

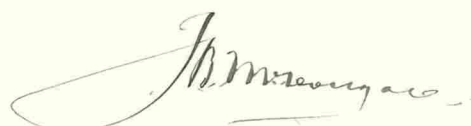
So you are going away; you say for pleasure and study. I do not think you will either seek or secure any pleasure except that which results from diligent investigation, study and the hardest kind of mental labor. No pleasure matches that of personal attainment. I believe I know in a general way what you are after and earnestly wish you success.

Take best care of yourself and may Providence look after you and always have you and yours in safe keeping.

Yours faithfully,

Mr. Benj. Strong, Jr.,

New York, N. Y.



FILING COPY  
JAN 31 1916  
FEDERAL RESERVE BANK

JAN 31 1916  
W. F. McLellen



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January 31st, 1916.

Dear Mr. McDougal:

Thank you very warmly for your letter of January 28th, for your good wishes,,your interest in my trip and my safe return.

I really deserve no credit for your success with President Wilson, but it was your own influence and engaging personality. I would like to be here and make you a visit and hear his address, but of course, you will tell me about it when I get back.

With every good wish and again thanking you for your thoughtfulness in writing me, I am,

Very truly yours,

James B. McDougal, Esq.,  
Federal Reserve Bank,  
Chicago, Ill.

BS Jr/VCM

# Société Anonyme Internationale de Télégraphie sans Fil

13, Rue Bréderode, BRUXELLES

Taxe à payer

To Pay

12.50

Ce radiotélégramme a été transmis conformément aux conditions imprimées au verso, conditions dont l'expéditeur a eu connaissance.

S'il a des doutes quant à l'exactitude du texte de ce radiotélégramme, le destinataire peut, moyennant paiement des taxes régulièrement dues, en obtenir, si cela est possible, la répétition par les diverses stations qui en ont successivement assuré la transmission, en tant que ces stations dépendent de la Compagnie de Télégraphie sans Fil et des Compagnies associées; si une erreur est constatée, les taxes payées pour la répétition sont remboursées.

N. B. — La présente formule doit être jointe à toute demande se rapportant au radiotélégramme dont le texte se trouve ci-dessous.

This message has been transmitted subject to the conditions printed overleaf which have been agreed to by the sender.

If the accuracy of this message be doubted, the Addressee, on paying the necessary charges, may have it repeated from station to station over the Company's system whenever possible, and should any error be shown to exist, all charges for such repetition will be refunded.

N. B. — This form must accompany any enquiry respecting this telegram.

STATION

ROTTERDAM

(Date) 2 FEB. 1916

Déposé à

Handed in at

New York

à

at

Rotterdam

m.

Reçu à bord à

Received here at

S.S.P.

m.

ADRESSE

TO

Benjamin Strang Jr 55 Rotterdam  
Beagate.

Good luck safe journey.

J. B. and Robert McDonald

### Conditions d'acceptation des radiotélégrammes

Aux termes de l'Article 17 de la Convention Radiotélégraphique internationale et de l'Article 3 de la Convention Télégraphique de Saint-Petersbourg, la Société Anonyme Internationale de Télégraphie sans Fil ainsi que toutes autres Compagnies privées ou Administrations publiques télégraphiques ne sont soumises à aucune responsabilité à raison de la transmission des radiotélégrammes.

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# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

## OFFICERS

JAMES B. McDUGAL GOVERNOR  
C. R. McKAY DEPUTY GOVERNOR  
W. F. McLallen SECRETARY  
B. G. McCloud CASHIER

## DIRECTORS

C. H. BOSWORTH  
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G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

August 7, 1916.

*W. F. McLallen*  
SEP 1 - 1916

Mr. Benj. Strong, Jr.,  
Care of The Lewiston,  
Estes Park, Colorado.

Dear Mr. Strong:

We have thought of you many times since your departure for Colorado, and I have been wanting to write you a line but before doing so thought best to communicate with Mr. Curtis and ascertain whether or not you cared to be annoyed by correspondence. I am very glad to learn from Mr. Curtis in his reply of the good reports they are receiving and that you have been steadily improving under the invigorating and delightful surroundings.

It was not my purpose in this letter to make any reference to the affairs of the Federal Reserve Banks or to business, as you doubtless are kept informed through your own office, insofar as you care to be, concerning the status of affairs. I will only say that matters are progressing as satisfactorily as could be expected under existing circumstances. Governor Wold was in this morning enroute to Washington as an uninvited guest to attend a hearing granted to certain of the Wisconsin bankers, who are still praying for release from the Minneapolis district and admission to the Chicago fold. He asks to be remembered to you and sends his very best wishes.

You will please not feel obliged to make any reply to this note. You are on your vacation, and I am very glad to know that you are getting along so nicely and sincerely hope that ere long you will be strong and well again.

With warmest personal regards, believe me

Sincerely and truly,

K.

*J. B. Morgan*

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# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

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G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

*Handwritten:* R.A. Jr. Sept 15 1916

September 9, 1916.

Dear Mr. Strong:

It was not at all necessary for you to make reply to my letter, nevertheless I was delighted to receive your personal of the first instant and to learn therefrom of your continued improvement. What you say regarding the delightful climate in and about Estes Park only confirms that which we have heard through other good authorities, and the climate and surroundings must indeed be wonderful.

Your reference to the acquaintance which has sprung up between your son and my brother Ed's boy reminds me of David having told me soon after vacation began that he was expecting to see Benjamin, Jr. here in Chicago, and I made a special request of my nephew that he not fail to bring your son out to Riverside. In fact, I was much disappointed that this could not have been arranged.

At the recent Conference of Governors, concerning which I do not propose to say much here, it developed that the Federal Reserve Banks will not be fully represented at the Kansas City Convention. However, I am planning to be in attendance for a day or two.

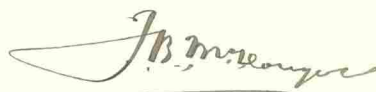
Mr. McKay is off on his vacation, luckily for him, as there is still much to contend with in connection with the operation of this new collection system. The point that gives us the most trouble comes from the general use of the term "Collectible at par through the Federal Reserve Bank of \_\_\_" It causes much confusion and much dissatisfaction owing to the fact that notwithstanding this statement printed on the check the same meets with a charge whenever presented.

Your pleasant message to our group of "Highlanders" was promptly delivered and was well received, and as indicated above, your letter was most welcome.

With best wishes and warmest personal regards,  
believe me

Sincerely and truly,

Mr. Benj. Strong, Jr.,  
Estes Park, Colo.



P. S. My brother, Robert, requests me to give you his very best regards.

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Estes Park, Colo.,

September 15th, 1916.

Dear Mr. McDougal:

Thank you for your kind letter of September 9th.

Full reports of the Conference of Governors have been received and naturally made me feel homesick and conscious of a loss in missing this meeting, which is the first time I have not attended.

All the letters received out here emphasize the great variety of difficulties growing out of the new collection system, which I suppose were inevitable. They will straighten out with time, as all these matters do, and meantime, the cooler weather will alleviate the distress of long hours.

I would very much appreciate an expression of the views of your bank in regard to the arrangements for foreign business, so far as they have been discussed. There are a great many puzzling features of this matter which will have to be carefully considered, and I would particularly appreciate an expression of the views which you and your associates entertain.

Won't you give me warmest regards to your brother, and the same to yourself and your associates in the bank?

Very sincerely yours,

J. B. McDougal, Esq.,  
Governor, Federal Reserve Bank,  
Chicago, Ill.

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# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

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DEPUTY FEDERAL RESERVE AGENT  
E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

September 20, 1916.

*R. A. W.*  
SEP 23 1916

Mr. Benj. Strong, Jr.,  
Estes Park, Colo.

Dear Mr. Strong:

Your personal of the fifteenth instant was duly received, and was very welcome. I note therefrom your request for an expression of the views of the Chicago Bank in regard to the arrangements for foreign business insofar as they had been discussed, and am pleased to advise you as follows:

Our Executive Committee and also our Board of Directors have on several occasions discussed informally the advisability of undertaking foreign exchange business, and the consensus of opinion has been unfavorable to doing so until such a time as it can be done satisfactorily and with safety.

Subsequent to the April Conference of Governors I brought the matter up for discussion at a regular meeting of our Board, and reported as best I could on your trip abroad. You will remember, however, that at the time of the Conference referred to above, in reporting on your trip abroad, you indicated that you had a plan in mind but that the attending circumstances were such as to make it impossible for you to disclose the details then. Our Directors were much interested and expressed the hope that we might in the near future have the benefit of a more complete report, and the question naturally arises as to whether you would now feel at liberty to divulge that which you could not disclose last April. If so, I will be much interested in having further light on the subject, and am very sure such a report might and probably would be of great assistance to our Board of Directors in determining the policy of this bank.

Mr. Strong #2.

FEDERAL RESERVE BANK OF CHICAGO

Personally, I have not been disposed up to the present time to compete with our local member banks for such bills as originate in Chicago and vicinity, although we may do so at some future time. There is another class of business, however, and I believe that is what you have personally had in mind going after. I refer to the purchase and sale of accepted bills in the London market for instance, concerning which you were of the opinion that favorable arrangements could be made, although you pointed out two very important questions which should be considered. To quote from your remarks at the Seventh Conference of Governors:-

"The first is: is it safe to buy bills in London when you don't know whether you are going to get back your balance on a gold basis; the other question is whether with this war going on we are justified in doing business in a belligerent country and whether we would not be subject to criticism."

Until a definite plan is offered for consideration, I can only express in a general way the opinion that the best interests of the Federal Reserve Banks and of the country at large would be served by arranging proper machinery for buying and selling bills in the London market, provided sufficient safeguards can be established to insure re-payment in gold of the funds invested and further, provided, the question of the propriety of our engaging in such operations in a belligerent country during the continuation of the war can be answered affirmatively to the satisfaction of those interested.

I have purposely refrained from communicating with you on business matters, in the belief that the object sought in your visit to Colorado could be the better attained by casting aside everything of this sort. However, since you have introduced this subject, I am pleased to have stated in response to your request the situation as it is with us, and would be very glad to hear further from you at such a time as you may feel disposed to write.

I hope you are still improving and that ere long you may again be as good as new.

With kindest personal regards, I am

Very truly yours,

  
Governor.

K.



# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

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A. H. VOGEL, MILWAUKEE, WISCONSIN

September 20, 1916.

Mr. Benj. Strong, Jr.,  
Estes Park, Colorado.

Dear Mr. Strong:

In further reference to the subject matter of your letter of the first instant, I am pleased to advise you that since replying to the same I have heard from Governor Fancher, who states that he is now planning to attend the Kansas City Convention. Moreover, I have written to Governor Wold urging that he too accompany us, and have strong hopes that he will do so.

You may have noticed through press dispatches reports of the disturbances affecting a number of the private banks and bankers operating in the outlying district within the limits of Chicago. Unfortunately, the Illinois banking laws are such as to make it possible for any individual or set of individuals, who may desire to embark in the banking business, to do so. They may put up a sign "George Washington Bank," "Abraham Lincoln Bank," "Benjamin Strong Bank," or may use any title, provided it does not contain the words "National" or "State." No capital is required. Several of these so-called banks have closed their doors here within the last few days, and this afternoon's paper reports three others having followed suit today. The situation is much aggravated through the sensational press reports, and it would not be at all strange if the trouble should extend to some of the small State and National Banks in the outskirts, although I believe with scarcely an exception, such institutions located within the City of Chicago are in sound condition and are under efficient management.

Mr. McKay, who has just returned from a month's vacation, wishes to be remembered to you, and has asked me to extend his very best wishes.

Very truly yours,

K.

*J. W. W. W.*  
Governor.

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Estes Park, Colo.,

September 23rd, 1916.

Dear Mr. McDougal:

Your two letters of the 20th are received and I am delighted to hear from the Scotch contingency. Please give my warmest regards to McKay and the others at the bank.

I had noticed the newspaper account of that little banking flurry out your way, but had not felt that the matter was of any importance. If you fellows would only get together and revise the state banking law, which has long needed improvement, you would get rid of a lot of those wildcat banks which are a menace to the strong banks. They are like <sup>dead</sup> bad tree tops in a forest; once they catch fire, they burn up good timber.

I am writing separately about the foreign arrangements.

With best regards, I am,

Sincerely yours,

J. B. McDougal, Esq.,  
Governor, Federal Reserve Bank,  
Chicago, Ill.

BS/VCM

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Estes Park, Colo.,

September 23rd, 1916.

Dear Governor McDougal:

I am very glad to get the statement contained in your letter of the 20th in regard to the discussions at your Directors meetings on the subject of the foreign business.

There seems to be a good deal of misunderstanding as to the proper function of the reserve banks in <sup>i</sup> this matter, some of the Governors (and I imagine the Directors of a good many reserve banks), considering that the law contemplates our undertaking a regular foreign business.

Mr. Forgan will realize how impossible it would be for the reserve banks to undertake any such business. They would have to open commercial credits, develop a considerable private clientele, make loans and advances which the law does not permit them to make, and generally do a banking business over a wide field far beyond our present powers.

It will also be perfectly apparent to him that if the reserve banks undertake to compete with their member banks in buying long bills in the open market, it would drive the member banks out of business. Our money costs us nothing; member banks pay at least 2 % on an average for all the money they employ. At this differential in rates, we could always underbid the member

To J. B. McDougal, Esq.

Sept. 23, 1916.

banks in buying bills and naturally always undersell them in furnishing demand exchange. There is another serious obstacle in the way of our undertaking a general exchange business and that is the lack of proper machinery. It takes years to develop an organization with adequate information about credits, etc., so as to safely purchase documentary bills before acceptance. I do not think the reserve banks should undertake that business, or that they were organized for that purpose.

The simplest line of procedure will be the safest and best and, I believe, the most profitable. The plan I had in mind was to accumulate sterling whenever it could be purchased at rates below the gold import rate, which is to-day somewhere between \$4.75 and \$4.76. As balances were accumulated in London, they would be invested in the highest grade of bills current in the London market, principally those accepted by the clearing bankers. It would probably be stipulated that preference be given to bills made by American drawers and bearing American endorsement and, in addition, we would endeavor in each instance to get the endorsement of the very best bill houses, such as The Union Discount Co., The National Discount Co., Alexander and others. These bills would be carried in portfolio for our own account in London and new purchases made as bills matured until possibly exchange reached a level where we might be losing gold from this country. Not until

To J. B. McDougal, Esq.

Sept. 23, 1916.

this would we undertake to let our bills run off and sell exchange and withdraw the credit. You can realize that the account would be simply an investment account in sterling which might continue for months, even years, at a fairly constant level until exchange turned adverse to this country and then for the time being, the account would be liquidated.

The questions which you quote from the record of the seventh Conference of Governors are really the most important questions. As to the first, all that <sup>+</sup> can now say without violating confidences, is that the reserve banks would have the benefit of guaranties in connection with their operation of such undoubted goodness that they could not be questioned and the account would be conducted on a gold basis, so that gold would either be earmarked or brought to this country in settlement upon order and at a rate for fine gold to be established and determined in advance.

As to the second question, it is up to the Fathers at Washington, and I have not yet heard from them.

Personally, I have never had any doubt as to the propriety of our engaging in these operations at the present time. Our purpose would be to promote our own export trade and protect it by stabilizing exchange and, of course, it would not be for the purpose of extending loans to any belligerent, which is none of our business and should not be a consideration.

To J. B. McDougal, Esq.

Sept. 23, 1916.

The matter has to be dealt with confidentially for the present and I hope you will explain this to your associates and advise them that I hope at an early date to be able to submit a complete written report covering the whole situation.

I hope you will write me now and then. It is a great pleasure to hear from you fellows and makes me feel that I am not forgotten out here.

Very truly yours,

J. B. McDougal, Esq.,  
Governor, Federal Reserve Bank,  
Chicago, Ill.

BS/VCM

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# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

## OFFICERS

JAMES B. MEDOUGAL GOVERNOR  
C. R. MCKAY DEPUTY GOVERNOR  
W. F. MCLLLEN SECRETARY  
B. G. MCCLLOUD CASHIER

## DIRECTORS

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CHAIRMAN AND FEDERAL RESERVE AGENT  
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H. B. JOY, DETROIT, MICHIGAN

W. F. MCLLLEN  
DEPUTY FEDERAL RESERVE AGENT  
E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

October 2, 1916.

*B.A. Jr.*  
OCT 5 - 1916

Dear Mr. Strong:

Since you had plainly indicated to me by letter your interest in the meeting of the American Bankers Association held at Kansas City last week, and had expressed your views regarding the importance of the several Federal Reserve Banks being represented, I had intended to write apprising you of the proceedings and accomplishments of the meeting. However, before leaving Kansas City Mr. Hendricks told me of his intention to visit you before returning East, and therefore I assume that you have received through him a more complete report than it would have been possible for me to present in the form of a letter. Under these circumstances, I shall deal with the subject but briefly.

Upon arriving in Kansas City Monday morning there was much comment current concerning a meeting which had been held the previous night attended by the so-called country bankers, in which a number of individuals - the majority I believe from the South, - had expressed themselves as strongly opposed to the continuation or further development of the new collection system. Later on another meeting of the country bankers was held, with the result that a set of resolutions was passed demanding an amendment to Section 16, and furthermore that unless steps were quickly taken to secure the same suit would be started for the purpose of testing the constitutionality of certain clauses of the section. These resolutions, later on, were to have been presented to the general convention but before coming up there, through the influence of some of the cooler and wiser heads, the text of the resolutions had been so modified and subdued as to be scarcely recognizable. I will enclose herewith a copy of the resolutions as finally passed by the Convention.

The presence of Mr. Warburg at the Convention, and also of Governor Harding, whose appearance there was somewhat of a surprise, was most fortunate. My personal impression is that the Kansas City Convention accomplished much toward overcoming dissatisfaction with the check collection plan, and in securing in behalf of the Federal Reserve Board and the Federal Reserve

Mr. Strong #2.

Banks the co-operation of a certain class of member banks which heretofore have not been friendly in their attitude. Mr. Warburg's speech was intently listened to. I regard it as a masterly effort. Its educational advantages cannot be overestimated.

I was greatly pleased with the encouraging reports of your physical condition received directly from Mr. Warburg and Mr. Aiken.

With warmest personal regards, I am

Very truly yours,

K.  
Enclosure.

  
Governor.

Mr. Benj. Strong, Jr.,  
Estes Park, Colorado.



COPY

R E S O L U T I O N

WHEREAS, The purposes of the Federal Reserve Act are to mobilize the reserves and to unify the National Banking System, thereby providing an elastic currency and a system of rediscounts, and

WHEREAS, The Act has in it the possibilities of preventing the suspension of cash payments by banks, thereby making the country safe from currency panics, and

WHEREAS, Section 16 of said Act providing for the so-called par collection of checks is not a feature necessary to the attainment of the objects sought by the Federal Reserve Act, and the system of collecting checks now in operation under the law, as interpreted and applied by the Federal Reserve Board works serious hardships upon and heavy losses to thousands of country banks, and

WHEREAS, It is the belief of the majority of bankers that Congress did not intend to deprive the banks of legitimate profit, therefore

BE IT RESOLVED, That the American Bankers Association, while approving the fundamental principles of the Federal Reserve Act and expressing loyalty to the Federal Reserve System, protests against the provisions of the Act relating to the collection of checks, and instructs the Committee on Federal Legislation of the American Bankers Association to endeavor to secure amendments to the Federal Reserve Act, providing for the establishment of a collection system which is fair and equitable to all Banks and to the general public.

BE IT FURTHER RESOLVED, That the President of the American Bankers Association be authorized and directed to appoint a Committee of twenty-five bankers, fifteen of whom shall be country bankers, and ten of whom shall be reserve city bankers, and that this Committee co-operate with the Committee on Federal Legislation of the American Bankers Association in bringing about the enactment of the desired amendment.

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

126

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A. H. VOGEL, MILWAUKEE, WISCONSIN

October 3, 1916.

*D.A.H.*  
OCT 5 - 1916

Mr. Benj. Strong, Jr.,  
Estes Park, Colo.

Dear Mr. Strong:

The delay on my part in personally acknowledging your valued letter of the 23rd ultimo was occasioned by my absence from the city in attendance at the Kansas City Convention.

I have read very carefully and with much interest and satisfaction the expression of your views as to the procedure on the part of the Federal Reserve Banks in developing the foreign exchange business, and also the scope of the activities which you believe should be undertaken. Your plan of accumulating sterling exchange, when this can be done advantageously, investing the same in high grade bills accepted by responsible bankers, and carrying them until conditions are such as to justify their liquidation, appeals to me as a sound and desirable course to pursue. I am much interested in this and also other matters touched upon in your letter, and have taken the liberty of having copies of the same sent to each of our Directors in order that they may have the benefit of your views in the premises.

Beyond the foregoing, I note with particular interest your statement that matters have yet to be dealt with confidentially, but that you hope in the near future to be able to submit a complete written report covering the whole situation. I am sure our directors will be much pleased to receive such a report whenever you feel at liberty to go into the matter.

With kindest personal regards and best wishes, I am

Very truly yours,

K.

*W. F. McLallen*  
Governor.

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Estes Park, Colo.,

October 6th, 1916.

Dear Governor McDougal:

Your letter of the 2nd has just reached me and I am delighted to receive the encouraging account of what transpired at Kansas City. The resolutions passed by the Convention are really innocuous; if that is the worst they can say of our performances to date, I think all danger of a revolt on the part of member banks has passed. Let us, therefore, consider we have a year's breathing space during which time we can develop a little more friendly feeling with our country banks, possibly encouraging the admission of more state banks and next year go to the Convention prepared to receive some praise rather than criticism.

I had a delightful visit with Warburg and Aiken. It felt like old times.

After the 15th of this month, my address will be 4100 Montview Boulevard, Denver.

Very sincerely yours,

J. B. McDougal, Esq.,  
Governor, Federal Reserve Bank,  
Chicago, Ill.

BS/VCM

Dictated by Mr. Strong but  
signed in his absence.

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Estes Park, Colo.,

October 6th, 1916.

Dear Governor McDougal:

Thank you very much for yours of the 3rd.

I am dictating this hurriedly before leaving for Denver with Mr. Vanderlip and Mr. Trumbull who have been visiting me here for a week, but will try and write more fully later on.

In the meantime, if you have opportunity to discuss this matter with Mr. Forgan, I would very much appreciate your asking him to write me quite fully his views so far as he has formed them from the rather brief explanation contained in my letter of September 23rd.

With warmest regards, I am,

Very truly yours,

J. B. McDougal, Esq.,  
Governor, Federal Reserve Bank,  
Chicago, Ill.

BS/VCM

Dictated by Mr. Strong but  
signed in his absence.

126

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G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

October 9, 1916.

My dear Mr. Strong:

I am pleased to receive your two personals of the sixth instant.

I believe in a former letter I told you of having received very encouraging reports concerning you from both Mr. Warburg and Mr. Aiken as the result of their visit with you, and I now notice that you have been entertaining other distinguished visitors, namely, Mr. Vanderlip and Mr. Trumbull.

In keeping with your suggestion, I have today discussed with Mr. Forgan the subject matter of your letter of the 23rd ultimo, bearing upon foreign exchange activities. Mr. Forgan was much interested and I believe favorably impressed with the suggestions you offer, and I think will write you with respect to the matter either today or in the near future.

I am leaving this afternoon for a few days outing. My brothers, Edward, Robert and myself will endeavor to renew our youth by going duck shooting together, the first time in more than twenty years. Knowing your fondness for this class of sport, I wish you might go along with us.

With warmest regards, I am

Very truly yours,



Governor.

K.

Mr. Benj. Strong,  
Estes Park, Colorado.

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A. H. VOGEL, MILWAUKEE, WISCONSIN

November 20, 1916.

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

*B.A.H.*  
NOV 25 1916

Dear Mr. Strong:

Since the receipt of your letter of September 23rd we have been giving some consideration to the advisability of proceeding in the matter of undertaking a plan, such as you outlined, for accumulating sterling and investing the same in the London market through the purchase of high-grade bills, such as you have indicated were available on sound and safe terms. Would not such a procedure, if indulged in to a considerable extent by the Reserve Banks, be a substantial factor in controlling the flow of gold later on?

It is probable that these questions will be discussed at the coming Conference of Governors, and therefore, I would much appreciate the receipt from you of just as comprehensive a statement as you feel at liberty to make at the present time. In making this request I have in mind that no doubt you still feel obliged to withhold some of the confidential information of which you are possessed.

It has been some time since I have heard direct from you, but I was much pleased with the highly satisfactory reports secured through your associates in New York, upon the occasion of my last visit there two or three weeks ago. We missed you and the benefits of your counsel at the last Conference of Governors, and as I understand that you are settled for the winter at Denver, therefore assume that we will again have to proceed without you at the next Conference, which, as you no doubt are aware, is called for the eleventh proximo. It is under these circumstances that I am prompted to ask for an expression of your opinion as to whether or not the present would be an opportune time to begin activities in London exchange.

Very truly yours,

*W. F. McLaughlin*  
Governor.

K.

124  
November 25th, 1916.

CONFIDENTIAL.

Dear Mr. McDougal:

Your favor of the 20th inst. is received and I wish I might give you a more definite reply than now seems possible.

The whole question of appointment of foreign correspondents was taken up with the Federal Reserve Board immediately upon my return from Europe. Then the matter was dropped temporarily on account of my illness. The present status of the matter is briefly as follows:

About two months ago, I prepared and submitted to the Reserve Board a definite proposal in some detail for the appointment of the Bank of England as correspondent in London of the Federal Reserve Bank of New York. Accompanying this application, were memoranda outlining a method by which other reserve banks which might desire to conduct foreign operations would be afforded opportunity to participate in all transactions and a statement of the views of the management of the Reserve Bank of New York in respect of questions of neutrality, etc. involved.

In submitting this matter for consideration, we took the view that the Federal Reserve Board would be required to determine, first, as to the feasibility of the plan as a business proposition; second, its legality under the terms of the Reserve Act; third, as to its legality or propriety at this time in view of the attitude of neutrality which had been maintained by the Government of the United States.

To Mr. McDougal.

Nov. 25, 1916.

The Federal Reserve Board has approved the application in principle, subject to similar approval being given by the Department of State and subject to final approval by the Board before any actual transactions are undertaken.

In discussing the arrangements which it seemed to me were the only ones feasible under present conditions with officers and directors of the Bank of England, it was understood that no announcement or publicity would be allowed in connection with the negotiations until the approval of both parties had been obtained and ratification of the plan must finally be had by the Court of the Bank of England as well as our own respective organizations.

You will, therefore, observe that it is still necessary, first, to obtain the approval of the State Department; second, to obtain the consent of the Federal Reserve Board to the inauguration of transactions; third, to obtain ratification by the Court of the Bank of England and, fourth, to submit the arrangement in detail to the twelve reserve banks to secure their approval. This, in brief, is the status of the matter at the present time.

Answering your inquiry as to my own views of the effect of our undertaking transactions at the present time, I am perfectly frank to say that I do not believe that they could or should be undertaken upon a scale large enough to materially affect the present rate of exchange or control the present gold movement. I do believe, however, that if an arrangement of the character which has already been outlined



To Mr. McDougal.

Nov. 25, 1916.

quite fully to the Reserve Board could be put into operation in a small way at the present time, it would be a very simple matter later on to enlarge the scope of operations to such a degree that it would prove to be a most important factor in controlling and regulating within safe limits, an adverse gold movement.

I would not feel so optimistic in this respect were it not that there now seems every prospect of the establishment of similar relations with the Bank of France just as soon as a preliminary understanding can be concluded with the Bank of England.

I have written you above in much more detail than at any time to any of the officers of the reserve banks and feel obliged on account of the extremely confidential character of the negotiations to ask you to hold this letter in confidence.

It is quite possible that the matter will come up for discussion at the meeting in Washington on the 11th inst. and it might be tactful to avoid reference to any personal correspondence which we may have had prior to the submission of the whole matter to all of the reserve banks. Personally, I would like to see operations inaugurated at once.

Thank you very much for what you say about my progress. It has been to date most satisfactory and while I have no promises as when I may return, yet my doctor here is hopeful of complete recovery. With personal regards, believe me,

nc

Very truly yours,

J. B. McDougal, Esq.,  
Governor, Federal Reserve Bank,  
New York City.

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79 WEST MONROE STREET

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December 1, 1916.

Mr. Benj. Strong,  
4100 Montview Boulevard,  
Denver, Colorado.

Dear Mr. Strong:

I am in receipt of your confidential letter of the twenty-fifth ultimo, written in reply to my letter addressed to you on November twentieth. I have noted with a great deal of interest all you have written, and wish to thank you for the pains you have taken to cover all important points involved. What you have written will, of course, be held in confidence, in accordance with your request.

With best personal regards, I am

Very truly yours,

K.

*J. B. McKay*  
Governor.

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A. H. VOGEL, MILWAUKEE, WISCONSIN

*R. A. H.*

December 19, 1916.

Dear Mr. Strong:

I presume ere this that you have been fully advised concerning the proceedings and accomplishments of the Governors at their Conference last week. We were much pleased to receive your telegram containing the suggestion that our next meeting be held at or near Denver, and while I believe the suggestion was heartily concurred in by all present, the date and place of holding the next Conference were not definitely decided upon.

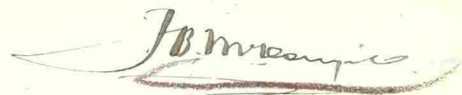
We were fortunate enough to have Mr. Vanderlip as the guest of the Bankers Club of Chicago at our dinner on Saturday evening, and doubtless his presence explains the unusual attendance. Practically all of the prominent Chicago bankers were present, and also the Presidents of most of the larger banks located in the principal cities throughout the Central West. I wish you might have been present. Thinking that it may be of some interest to you, I will enclose herewith a copy of Mr. Vanderlip's speech.

I find that I am digressing from the object in mind when I began this note. What I wanted to say first of all was that we missed you and missed you very much at the Conference of Governors. We all hope that we may have the pleasure of seeing you at the next meeting.

With best wishes, I am

Very truly yours,

K.  
Enclosure.



Mr. Benj. Strong,  
4100 Montview Blvd.,  
Denver, Colorado.

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Denver, Colorado,  
December 22, 1916.

Dear Mr. McDougal:

It was nice to hear from you and very thoughtful of you to send a copy of Mr. Vanderlip's address, which I have read with interest. He and Frank Trumbull spent a week with me up in Estes Park earlier in the summer and I am expecting to see him again after the Holidays, as he has promised to stop over on his way to California.

I feel that it is a misfortune for me to be missing those meetings of the governors during such an important stage of the development of the Reserve System, but it cannot be helped and I try and keep pace with you as well as possible by reading the record.

Wishing you and your associates a Merry Christmas and a most successful New Year, I am,

Faithfully yours,

J. B. McDougal, Esq.,  
Care Federal Reserve Bank,  
Chicago, Ill.

BS/CC

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A. H. VOGEL, MILWAUKEE, WISCONSIN

January 8, 1917.

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

My dear Mr. Strong:

Your brief but very welcome note of the third instant was duly received and I am pleased to have this congratulatory expression from you with respect to the showing made in our Second Annual Report. It is high praise from good authority.

The last paragraph in your letter reading, "You are making so much money that I am afraid we will have to look into it," would have detracted from the savor of your note excepting for the fact that we have long since become quite accustomed to suggestions of this sort.

With best wishes, I am

Very truly yours,



MF

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79 WEST MONROE STREET

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B. G. McCLOUD CASHIER  
S. B. CRAMER ASST. CASHIER

## DIRECTORS

W. A. HEATH CHAIRMAN AND FEDERAL RESERVE AGENT	W. F. McLALLEN DEPUTY FEDERAL RESERVE AGENT
J. W. BLODGETT GRAND RAPIDS, MICH.	E. L. JOHNSON WATERLOO, IOWA
J. B. FORGAN CHICAGO, ILLINOIS	E. T. MEREDITH DES MOINES, IOWA
M. B. HUTCHISON OTTUMWA, IOWA	G. M. REYNOLDS CHICAGO, ILLINOIS
A. H. VOGEL MILWAUKEE, WISCONSIN	

March 7, 1917.

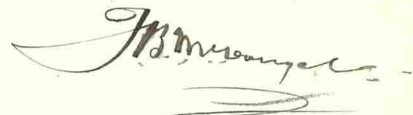
Dear Mr. Strong:

I have just received your telegram inviting me to dine with you at the Blackstone on Sunday evening, and have wired you that I am delighted to receive and to accept.

I have purposely refrained from writing you very frequently, but wish to assure you of the pleasure which your message gives me from two points of view - first, in the opportunity afforded to have a visit with you, and second, as I take it, your ability to come on to Chicago seems satisfactory evidence of your much improved physical condition.

Very truly yours,

K.



Mr. Benj. Strong,

4100 Montview Blvd.,

Denver, Colorado.

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

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

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

Receiver's No.
Check
Time Filed

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

Denver, Colorado,  
March 7, 1917.

J. B. McDougal,  
Federal Reserve Bank,  
Chicago, Ill.

Confidentially I am arriving Chicago two thirty Sunday afternoon for brief stay. Can you dine with me Blackstone Hotel Sunday night. Telegraph reply.

Benjamin Strong.

Chg. Benj. Strong,  
4100 Montview Blvd.

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

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

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

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### FAST DAY MESSAGES

A full-rate expedited service.

### NIGHT MESSAGES

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

### DAY LETTERS

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

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

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

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

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

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

### NIGHT LETTERS

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

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

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

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



# POSTAL TELEGRAPH - COMMERCIAL CABLES

RECEIVED AT MAIN OFFICE

WEST & CRANMER BUILDING  
920 17TH STREET  
DENVER, COLO.  
TELEPHONE: MAIN 4600

CLARENCE H. MACKAY, PRESIDENT.

# TELEGRAM

DELIVERY NO.

431

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

16D-29018

DESIGN PATENT No. 40529

I59KSTJ I5 I247P

FX CHICAGO MAR 7 I7

BENJ STRONG

4100 MONTVIEW BLVD DENVER COLO

TELEGRAM RECD I AM DELIGHTED TO RECEIVE AND TO ACCEPT YOUR  
INVITATION FOR SUNDAY EVENING

J B MCDUGAL

TELEPHONED  
To: *Lame* *9/2 1308*  
By: *RC*  
Time: *1254 pm*

# POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS,  
TIME SENT, ETC.



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

## THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

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

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

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the sum received for sending the same, UNLESS SPECIALLY VALUED; nor in any case for delays arising from unavoidable interruption in the working of its lines; NOR FOR ERRORS IN CIPHER OR OBSCURE TELEGRAMS.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery of this telegram, whether caused by the negligence of its servants or otherwise, beyond fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a REPEATED telegram, is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.
4. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.
5. No responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.
6. The Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.
7. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHARLES C. ADAMS,  
VICE-PRESIDENT.

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

CHARLES P. BRUCH,  
VICE-PRESIDENT.

## THE FASTEST TELEGRAPH SERVICE IN THE WORLD

FEDERAL RESERVE BANK OF CHICAGO

*B.A. Fr.*

MAR 15 1917

Chicago, Illinois,  
March 13, 1917.

Dear Mr. Strong:

While I was very sorry not to see you, at least for a moment, before your departure today, Mr. Aiken fully explained matters.

I know that it is unnecessary for me to again assure you of the pleasure your visit gave us here in Chicago, and I earnestly hope that you may have a safe journey back to Denver, and that there may be nothing but good results ensuing from your little excursion.

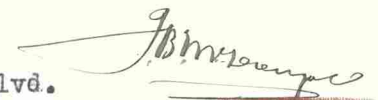
I wish you could be with us in New York next Monday.

With best wishes, believe me

Sincerely and truly,

K.

Mr. Benj. Strong,  
4100 Montview Blvd.  
Denver, Colorado.



Denver, Colorado,  
March 16, 1917.

Dear Mr. McDougal:

It gave me the greatest possible pleasure to have a visit with you and Aiken and McKay and my only regret was that I had to leave so soon and on such short notice. Some Denver friends were returning on the Tuesday morning train and I thought it was more prudent to come back in their company than to stay over Tuesday.

I got back in good shape after a very comfortable trip and now I am looking forward to the possibility of another visit if, as I hope, I can arrange a meeting in Chicago with some of the men from the New York bank later on.

Best wishes,

Faithfully yours,

J. B. McDougal, Esq.,  
Federal Reserve Bank,  
Chicago, Ill.

BS/CC

Denver, Colorado,  
March 16, 1917.

Dear Mr. ~~McDougal~~:

Thank you for your unfailing thoughtfulness in sending me a card to the Chicago Club. I had no opportunity to use it, my stay in Chicago being so short. It was my expectation to leave Tuesday evening, but having opportunity to return to Denver with friends by taking the ten o'clock train, I left a day earlier than expected and hence missed my opportunity of seeing you.

Best regards,

Sincerely yours,

Robert McDougal, Esq.,  
Federal Reserve Bank,  
Chicago, Ill.

BS/CC

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

## OFFICERS

JAMES B. McDOUGAL GOVERNOR  
C. R. McKAY DEPUTY GOVERNOR  
W. F. McLALLEN SECRETARY  
B. G. McCLOUD CASHIER  
S. B. CRAMER ASST. CASHIER

## DIRECTORS

W. A. HEATH  
CHAIRMAN AND FEDERAL RESERVE AGENT  
J. W. BLODGETT GRAND RAPIDS, MICH.  
J. B. FORGAN CHICAGO, ILLINOIS  
M. B. HUTCHISON OTTUMWA, IOWA  
A. H. VOGEL MILWAUKEE, WISCONSIN  
W. F. McLALLEN  
DEPUTY FEDERAL RESERVE AGENT  
E. L. JOHNSON WATERLOO, IOWA  
E. T. MEREDITH DES MOINES, IOWA  
G. M. REYNOLDS CHICAGO, ILLINOIS

March 21, 1917.

Dear Mr. Strong:

Your personal of the sixteenth instant is received this morning upon my return from New York. I am glad to know that your return trip was a comfortable one and <sup>that</sup> the little excursion was not followed by any bad effects.

I note with much interest the possibility of your returning to Chicago later on for the purpose of meeting some of the men from your bank, and wish you would bear in mind our readiness at all times to make any preliminary arrangements at the hotel or elsewhere which will be necessary for your comfort.

The meeting of the Federal Reserve Exchange Committee was held in New York on Monday. Aiken, Rhoads, Seay and Fancher were there. We had quite an interesting meeting and a long discussion, and finally reaffirmed, with some minor modifications, the original report and recommendations of the Committee, with the understanding that the matter will be brought up for final consideration at the Governors' Conference, which has now been set for April fourth. This date was determined upon while we were in New York. Governor Harding was present, and in view of his request that a meeting be called for a date prior to the convening of Congress, this date was set and I understand notices were to be sent out by Mr. Curtis.

With very best wishes, believe me

Sincerely and truly,

K.

Mr. Benj. Strong,  
4100 Montview Blvd.,  
Denver, Colorado.



P. S. Money rates here are firmer than they were one week ago. Our local banks are having a strong demand from their best borrowers - minimum rate  $4\frac{1}{2}\%$ .

BANK  
K

COPY

FEDERAL RESERVE BANK OF CHICAGO

79 West Monroe Street.

April 10, 1917.

Mr. R. H. Treman, Deputy Governor,  
Federal Reserve Bank of New York,  
New York, N. Y.

Dear Mr. Treman:

In reply to your inquiry of the seventh instant, I am pleased to inform you that Mr. Arnold has been in charge of the Foreign Exchange Department of the First National Bank of Chicago for a number of years. I am confident that his employers have a high regard for his ability in this field of banking. He is about 46 years of age, and I understand receives a salary of \$10,000 per year.

We have here in Chicago another Foreign Exchange banker of unusual ability. I refer to Mr. H. G. P. Deans, Vice President and Manager of the Foreign Exchange Department of the Merchants Loan & Trust Company. Mr. Deans, I would say, is about 40 years of age.

Both of the men referred to, in addition to having knowledge of the Foreign Exchange business gained through years of experience, are well informed with regard to international affairs. I have no reason to believe, however, that either is desirous of making a change, my impression being that they have progressed steadily and will continue to do so in their present fields.

While your letter does not suggest my going so far as to mention a second name, nevertheless I have done so in the belief that it will meet with your approval.

Very truly yours,

(Signed) James B. McDougal.  
Governor.

K.

# WESTERN UNION

Form 2289

X



## NIGHT LETTER

GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	Denver, Colorado, April 26, 1917.
----------------	------------	--------------------------------------

SEND the following Night Letter subject to the terms on back hereof, which are hereby agreed to  
J. D. McDougall,  
Federal Reserve Bank,  
Chicago, Ill.

Will be at Blackstone Sunday morning. Can you breakfast with me about eight thirty. Bring Forgan if possible. Telegraph reply.

Benjamin Strong.

Chg. Benj. Strong,  
4100 Montview.



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

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

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

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

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

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

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

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

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

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

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

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

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

**THE WESTERN UNION TELEGRAPH COMPANY**  
INCORPORATED

**NEWCOMB CARLTON, PRESIDENT**

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT TELEGRAMS

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

### DAY LETTERS

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

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

### NIGHT LETTERS

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

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.

313.

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

80696

DESIGN PATENT No. 40620

146CH 0 27 830A

FX CHICAGO APR 27 17

BENJ STRONG 4100 MONTVIEW BLVD

DENVER

*MP 1308*  
TELEPHONED

To *Sect.*

By *lc*

Time *938a*

MR FORGAN REGRETS EXCEEDINGLY THAT HIS PHYSICAL CONDITION WILL NOT PERMIT HIM TO TAKE BREAKFAST WITH YOU SUNDAY MORNING BUT I SHALL BE HAPPY TO DO SO

J B MCDUGAL

# POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS,  
TIME SENT, ETC.



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

## THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

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

To guard against mistakes or delays, the sender of a telegram should order it REPEATED; that is, telegraphed back to the originating office for comparison. For this, one-half the 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. Responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.
6. The Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.
7. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHARLES C. ADAMS,  
VICE-PRESIDENT.

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

CHARLES P. BRUCH,  
VICE-PRESIDENT.

## THE FASTEST TELEGRAPH SERVICE IN THE WORLD

# POSTAL TELEGRAPH-COMMERCIAL CABLES

OPERATOR'S NOTATIONS,  
TIME SENT, Etc.



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

## THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED)

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

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

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED telegram, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the sum received for sending the same, UNLESS SPECIALLY VALUED; nor in any case for delays arising from unavoidable interruption in the working of its lines; NOR FOR ERRORS IN CIPHER OR OBSCURE TELEGRAMS.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery of this telegram, whether caused by the negligence of its servants or otherwise, beyond fifty times the REPEATED telegram rate, at which amount this telegram, if sent as a REPEATED telegram, is hereby valued, unless a greater value is stated in writing hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.
4. Messages will be delivered free within the established free delivery limits of the terminal office. For delivery at a greater distance a special charge will be made to cover the cost of such delivery.
5. Responsibility regarding messages attaches to this Company until the same are presented and accepted at one of its transmitting offices; and if any message is sent to such office by one of this Company's messengers, he acts as the agent of the sender for the purpose of delivering the message and any notice or instructions regarding it to the Company's agent in its said office.
6. The Company shall not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the telegram is filed with the Company for transmission.
7. The above terms and conditions shall be binding upon the receiver as well as the sender of this telegram.
8. NO EMPLOYEE OF THIS COMPANY IS AUTHORIZED TO VARY THE FOREGOING.

CHARLES C. ADAMS,  
VICE-PRESIDENT.

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

CHARLES P. BRUCH,  
VICE-PRESIDENT.

THE FASTEST TELEGRAPH SERVICE IN THE WORLD

FEDERAL RESERVE BANK  
OF CHICAGO

CONFIRMATION OF TELEGRAM

( THIS COPY TO  
BE MAILED )

126

MAY - 7 1917

BELOW IS A FACSIMILE COPY OF TELEGRAM SENT YOU TODAY:

FEDERAL RESERVE BANK

Chicago, Illinois, April 27, 1917.

Mr. Benj. Strong,  
4100 Montview Blvd.,  
Denver, Colorado.

Mr. Forgan regrets exceedingly that his physical condition will not permit  
him to take breakfast with you Sunday morning but I shall be happy to do so

J. B. McDOUGAL

Prepay and charge  
Federal Reserve Bank of Chicago



## CLASS OF SERVICE DESIRED

Fast Day Message	
Day Letter	
Night Message	
Night Letter	X

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

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, VICE-PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

Receiver's No.

Check

Time Filed

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

Denver, Colorado,  
May 24, 1917.

J. B. McDougal,  
Federal Reserve Bank,  
Chicago, Ill.

Will see you Tuesday morning for short visit before taking  
twelve forty train.

Benjamin Strong.

Chg. Benj. Strong,  
4100 Montview,

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

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

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

### THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### FAST DAY MESSAGES

A full-rate expedited service.

### NIGHT MESSAGES

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

### DAY LETTERS

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

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

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

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

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

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

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

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

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

### NIGHT LETTERS

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

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

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

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

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

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

126

June 6th, 1917.

My dear Governor McDougal:

Your letter of the 4th introducing Mr. Evans was handed me this morning. Unfortunately, the morning was filled with a series of committee meetings which made it impossible for me to see Mr. Evans, but I hope to have the pleasure of doing so tomorrow morning when he is to call at the bank.

Very truly yours,

~~J. B. McDougal, Esq.,~~  
~~Governor, Federal Reserve Bank,~~  
Chicago, Ill.

VCM



FEDERAL RESERVE BANK  
OF CHICAGO

CONFIRMATION OF TELEGRAM

( THIS COPY TO  
BE MAILED )

126

BELOW IS A FACSIMILE COPY OF TELEGRAM SENT YOU TODAY

RECEIVED  
BY AUDITOR  
JUL 9 1917  
FILING DEPT.



JUL 10 1917  
CHICAGO, JUNE 7, 1917.  
FEDERAL RESERVE BANK

Benjamin Strong,  
Care Plaza Hotel,  
New York, N.Y.

Burlington have sold all drawing rooms and compartments on five-thirty train Monday but have promised to put on another car giving you drawing room on our assurance you will take that train.

JAMES B. McDONALD

PREPAY AND CHARGE TO THE  
FEDERAL RESERVE BANK OF CHICAGO



POSTAL

Misc. 34

FEDERAL RESERVE BANK  
OF NEW YORK

Sent by

(FOR BINDER)

WIK/HAB 12:50 p. m. W. U.

COPY OF TELEGRAM

126

July 7, 1917.

Jas. B. McDougal, Governor,  
Federal Reserve Bank of Chicago,  
Chicago, Illinois.

Please reserve for Mr. Strong on Monday next afternoon or evening train drawing  
room to Denver and advise him at Plaza Hotel New York Mr. Strong will arrive  
in Chicago Monday nine forty five a. m.

Charge Mr. Strong's account

Federal Reserve Bank of New York

126

FEDERAL RESERVE BANK OF CHICAGO

December 31, 1917.

RECEIVED  
JAN 8 1918

Dear Governor Strong:

Please be assured that your  
good wishes for a Prosperous and Happy  
New Year are most cordially reciprocated.



MAIL TELLER  
FEDERAL RESERVE BANK  
of New York

Very truly yours,

K.

*J. M. ...*  
Governor.

Mr. Benj. Strong, Governor,

Federal Reserve Bank of New York,

New York, N. Y.

PERSONAL AND CONFIDENTIAL:

March 6, 1919.

My dear Governor McDougal:

For some time I have been interested with some friends in a study of some of the problems of our national financial system and particularly to the possibilities of a reform movement which might result in the establishment of a scientific plan for a Federal budget. The need for this has been made apparent to me during the past two years and as a result of contact with the financial machinery in Washington. Some of my friends believe the time is now opportune for a general attempt to interest the people of the country in national financial reform.

The campaign for savings, thrift and sensible spending, incident to the flotation of Government loans has put many of our people in a receptive mood for further suggestions in these matters. The national debt must be reduced and can only be reduced if both individuals and the Government practice sensible spending. It is particularly true with the Government but cannot be made possible until scientific machinery is installed to accomplish it.

Students of this subject seem to be in general agreement that a scientific budget system is the only solution. To persuade our people that such a system should be installed, a nonpartisan organization should be built up and a wise and sane campaign or publicity inaugurated. It is a plan of that sort in which some of my friends are interested with a view to activity after the next loan is placed. In the meantime, steps must be taken to prepare the publicity, and the personnel of the organization must be developed in advance.

It is, of course, out of the question to utilize the Liberty Loan organizations as such for an enterprise of this character. It does not, however, seem improper for me to ask you if in your experience with the Liberty Loan, War Savings, or other organizations in connection with the war, you have come in contact with individuals in your district who would be likely to be interested in this movement and who would

March 6, 1919.

be qualified for service in such an organization and who would do so as a matter of public duty. What is first needed is a representative in every State, competent to take charge of the movement and direct it in the State. He should have qualifications to enable him to become a leader of the State movement, some ability as an organizer, should be public spirited, able to grasp the subject and willing to study it, and should be regarded locally as without political prejudice or purpose, and have the confidence in general of the people of the State..

In addition to state directors, similar organizers must be appointed in the various counties and principal cities.

I shall be greatly indebted to you if you can let me have suggestions and names of men in your district for this work without, however, mentioning the matter to them. You may know them well enough to make definite recommendations not only because you came in contact with them in Liberty Loan matters, but other public spirited activities with which you are acquainted or connected.

This is a matter in which I have a strong personal interest and will be grateful for your assistance. At our meeting in Washington on the 20th I hope to have an opportunity to refer to this matter more specifically.

Sincerely yours,

Governor.

James B. McDougal, Esq.,  
Governor, Federal Reserve Bank of Chicago,  
Chicago, Ill.

BS/NB

September 14, 1921.

Dear Governor McDougall:

You will recall that about two years ago we had some correspondence in regard to the work of the National Budget Committee. In part, at least, passage of the budget legislation by the Congress was due to the work conducted by that committee. Now that the basis of the budget system has been adopted by Congress, our organization is endeavoring to crystallize public sentiment for the support of the program of government economy and thereby to insure permanent success for the new national budget system.

We are seeking to extend this work by selecting, so far as possible, bankers to accept active chairmanships in various of the more important cities, simply to carry on work which will be laid out for them by the national committee. The scope of the work is described in the enclosed memorandum.

Can you suggest representative men, preferably bankers, who might be willing to accept such appointments in the cities of Detroit, Grand Rapids, Indianapolis and Milwaukee.

At the present time I shall only ask you to suggest names, but later on possibly you would be willing to communicate with them directly and further our object of having them accept these appointments.

If for any reason you think it unwise to make these suggestions, will you not write me quite frankly and, if you are willing to do so, give me your reasons.

With best regards, and thanking you very cordially, I am,

Yours very truly,

James E. McDougall, Esq.,  
Governor, Federal Reserve Bank of Chicago,  
Chicago, Ill.

BS:MM

686.

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

June 29, 1922.

Mr. Benj. Strong, Governor,  
Federal Reserve Bank of New York,  
New York, N. Y.

Dear Governor Strong:

On receipt of your letter of June 21st, I promptly advised by wire that the subject discussed therein would be given careful consideration, and that we would telegraph our decision as soon as possible, and in accordance therewith, I have today wired you as follows:

"Subject your letter twenty-first instant. After carefully considering the matter as presented in your letter and also other attending circumstances, we are not inclined to concur in your recommendations, at least for the first half of the new fiscal year. This decision is based on understanding that funds are now available probably for the entire fiscal year. Consequently, there will be no occasion to go before Congress at this time."

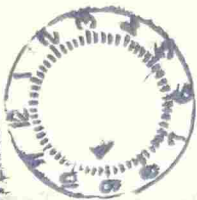
While we were much impressed with the reasons advanced in your letter for not accepting reimbursement, we felt that, in view of the understanding that funds were available for the purpose and in consideration of the fact that the Under Secretary of the Treasury had voluntarily offered to again reimburse us for the fiscal agency expenses, we might properly accept the same for the present. If, on the other hand, it had been necessary at this time to ask for a special appropriation from Congress, we would have fully concurred in your views as to the inadvisability of so doing.

Very truly yours,

Governor.

M

RECEIVED BY  
GOVERNOR'S SECV



JUL 1 1922

On July 1, 1922, the Board of Directors of the Federal Reserve Bank of Chicago met in regular session at 11:00 a.m. in the Board Room. Present were Messrs. [names] and Mr. [name]. Mr. [name] presided and Mr. [name] acted as secretary.

The minutes of the meeting of July 1, 1922, were read and approved.

The following report was presented by Mr. [name]:

During the past week the business of the Bank has been quiet. The amount of currency in circulation has decreased slightly from \$[amount] on June 27 to \$[amount] on July 1. The amount of deposits has increased from \$[amount] to \$[amount]. The amount of loans has decreased from \$[amount] to \$[amount].

The Board has approved the report of Mr. [name] and has directed that the same be filed in the files of the Bank.

The meeting adjourned at 12:30 p.m.

Very truly yours,  
Governor



FEDERAL RESERVE BANK OF CHICAGO

230 SOUTH LA SALLE STREET

August 14, 1922.

Mr. Benjamin Strong, Governor,  
Federal Reserve Bank of New York,  
New York, N. Y.

Dear Governor Strong:

Your letter of the 26th ultimo was before me on my return to the bank today after several weeks' absence.

I think it is important that we reach some satisfactory decision with respect to the matter of expense involved, as well as safeguarding the uses to which the national bank examiners' reports are put, and, consequently, am pleased to note that the Comptroller anticipates calling a meeting of representatives of some of the reserve banks for this purpose.

I am Thanking you for your advice in the premises,

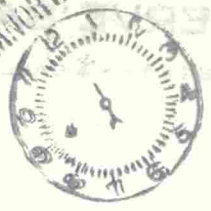
Very truly yours,

  
Governor.

M

FEDERAL RESERVE BANK OF CHICAGO

RECEIVED BY  
COMPTROLLER



AUG. 16, 1922.

## FEDERAL RESERVE BANK OF CHICAGO

MEMORANDUM FOR

January 12, 1924.

Mr. McDougal

FROM

Mr. McKay

① With regard to the Investment Committee's program of purchasing treasury certificates and notes for the special investment account of the system, inasmuch as there is a strong demand for investments in these securities by member banks and others, it does not seem to be advisable to follow the market and continue these purchases, as this would mean direct competition with member banks and further stimulate a market which is already very strong.

② Last summer and fall the market for these securities was very soft and dealers were carrying large portfolios, and in many cases they suffered a loss. If the Federal Reserve Banks had bought at that time it would have helped stabilize the market and we would now be in a position to sell to the market, at a time when the market is short of securities. Purchases under the present condition of the market would therefore defeat the very object we are trying to attain, - that is to be able to supply the market with securities when money is cheap. There may be some reaction to the market later on when the usual spring demand for money occurs and possibly at that time we could then enter the market and increase our holdings. It certainly does not seem wise to increase them at present. || n.b.

③ With regard to the market for bankers acceptances, the dealers yesterday reduced their bid rates from 4 1/4% to 4 1/8% for 90's. There is a good demand for bills from member banks and others in the open market and they are moving freely at 4%. This gives us a splendid opportunity to get greater distribution of bills as new buyers are coming into the market. If the buying rates of the Federal Reserve Banks are not reduced below 4% for 30's and 4 1/8% for 90's, member banks will have an opportunity of laying up a supply of bills, which they can use to good advantage when the usual spring demand for money occurs, by turning them into the Federal Reserve Banks at that time. I feel that the attitude of the Federal Reserve Banks should be the same towards the bill market as the short term government security market. When there is a demand for either class of investments, we should stay out of the market and encourage our member banks to buy, going back into the market again when conditions are reversed.

④ With regard to the plan of allotment to the participating Federal reserve banks, of bills purchased for the System; this plan seems to be satisfactory, with the exception that special allotments under present conditions (when some of the Federal reserve banks earnings are now less than their expenses and dividends) should not be made to any individual Federal reserve bank. As an illustration, special orders have been executed, in the amounts of ten million dollars at times for the Federal Reserve Bank of Cleveland, and in amounts of five million dollars on occasions, for the Federal Reserve Bank of Dallas.

With regard to the purchases for the Dallas bank, it would appear that the amount of \$48,000,000 of bills purchased in the open market, shown by its statement of January 9, 1924, is much too large a portion of the holdings of the system. The Dallas bank has been a continuous purchaser of large amounts of bills for a long time. If the system is to be a unit in the policy of getting distribution of bills in the open market at the present time, the Dallas bank should join in this policy.

⑤ The strong turn towards easier money rates also gives the Federal reserve banks an excellent opportunity to keep their rates equal to or above the rates for commercial paper. It is the first time since we entered the war in 1917, that our rediscount rates have been on a level with commercial paper rates for money. It is highly important that the Federal reserve banks continue to maintain this position and that if an increase in the rates for commercial paper should occur, the Federal reserve banks should increase their rates accordingly. It would be well for the system if the rediscount rates were a quarter to one-half percent. higher than the rates for commercial paper.

⑥ If the present condition of the money market should continue throughout the year, it may be difficult for the Federal reserve bank to earn their expenses and dividends. I think it is essential that they should earn enough to pay their expenses and dividends, and that much criticism would result if they did not - that surplus accounts should not be drawn upon to pay dividends to member banks, and that if dividends are not earned and paid to member banks, there will be much dissatisfaction, especially on the part of the small member banks.

⑦ My suggestion would be that for the purpose of earning expenses and dividends, such Federal reserve banks as are in need of investments for this purpose, could invest an amount not exceeding their capital and surplus, possibly in Treasury notes of longer maturities. Such purchases, however, to be made only when it would not result in stimulating the market, and that this amount could be carried continuously as a back log in order to insure at least a considerable amount of earnings as against expenses and dividends. In addition to this it might be advisable to purchase Third Liberty Loan bonds, which mature in less than five years - these bonds to be turned over from time to time to the Treasury Department, provided such an arrangement could be made with the Treasury; the idea being that if the probable requirements of the sinking fund operations of the Treasury could be known in advance, these bonds could be picked up whenever the market is favorable for their purchase, and should result in cheaper buying for the Treasury, as well as avoiding fluctuations in

the price and giving the Federal reserve banks additional earnings while they carried the bonds as an investment, pending the time when they would naturally be turned over to the Treasury Department.

(Signed) C. P. McKay.

FEDERAL RESERVE BANK OF CHICAGO

January 15, 1924.

Mr. J. H. Case, Deputy Governor,  
Federal Reserve Bank of New York,  
New York City, New York.

Dear Mr. Case:

I am sending herewith for your perusal and for submission to Governor Strong a memorandum, prepared by Mr. McKay, expressing his convictions with respect to several features of our open market activities.

The views as expressed are the result of deliberate and very careful consideration of the subject. I consider them sound and worthy of consideration by the Investment Market Committee, and am submitting them to you in the hope that we may have an expression of your own views in relation to the points involved, and furthermore that the same be submitted to Governor Strong for consideration.

Very truly yours,

(Signed) J. B. McDougal

Governor

Encl.

HS

COPY

CONFIDENTIAL

January 17, 1924.

Dear Governor McDougal:

I am in receipt of your communication of January 15, accompanied by a copy of a memorandum prepared by Mr. McKay, which was supplemented by the interesting talk I had with you over the telephone this morning.

We really had a most interesting meeting of the Open Market Investment Committee here on Monday, January 14, and each of the members individually expressed his regret at your inability to be present. As you will see by the minutes of our proceedings (copy attached) there were also present at that meeting Messrs. Grissinger and Miller of the Federal Reserve Board, and Messrs. Wills and Curtiss, of the Cleveland and Boston banks, respectively.

The best reply I can make to Mr. McKay's memorandum and to your own request for consideration of it is to direct you to a careful reading of our proceedings. I think you will find from a perusal of the minutes that all the members of the committee and of the Board were in complete agreement with the principle stated in McKay's memorandum, namely, that we should not follow the Government security market down and continue purchases at continuously lower prices but rather hold to the prices established on January 9 and take only such paper as may be offered to us at these rates. This probably means for the moment that we shall add very little to our investment account. As a matter of fact, our market here is subject to rather rapid changes, and while on Monday our buying price level was very much out of line with market conditions, the market shifted on Tuesday (call money going to 5%) to such an extent that we were enabled to quietly pick up some five or six millions in short-term paper that was offered to us at the prices fixed by the committee on January 9.

In reference to McKay's comments regarding the change in rates for bankers ac-

ceptances, as you undoubtedly appreciate, the dealers lowered their bid rates from  $1/8$  to  $1/4$  (down to 4%) on Monday. This condition lasted only one day, but, under the pressure of high money rates, on Tuesday they put back their bids to the old rates.

I have noted with interest McKay's comments about special allotments of bills to other banks beyond the amount of their participations, and believe that this is a subject which may well engage the attention of the members of the committee at their next meeting. So far as this bank is concerned, it has, as you know, been our policy frequently to supply such orders from other banks from our own portfolios. Personally, I hope the conduct of the Special Investment Account will be entirely divorced from the consideration of buying for the purpose of paying expenses and dividends, and I do not agree with McKay that it would be a matter of criticism if one or more of the Federal reserve banks here and there failed to cover the full amount of their expenses and dividends. My belief is that if this should occur now and then it would do more to educate the general public, both within and without the System, to the fact that we are not organized merely for profit but rather for a much bigger and broader purpose.

Governor Strong is spending the remainder of the month down at Palm Beach and will undoubtedly stop over at Washington on his return. I shall be very glad to send him a copy of your letter and McKay's memorandum, so as to give him an opportunity of mixing a little business with his golf.

I am sorry that Governor Young is having such a serious time at certain points in his district, but am gratified to learn from you to-day that while there still are several weak spots which need watching, you believe he has the situation pretty well in hand. Governor Strong will be back here early in February and, I should imagine, would be glad to have a meeting of the committee shortly after his return. In any event, I hope we will have the pleasure of seeing you before long.

Cordially yours,

J. B. McDougal, Esq.,  
Governor, Federal Reserve Bank of Chicago,  
Chicago, Ill.

J. H. CASE,  
Deputy Governor.



COPY

TELEGRAM

July 9, 1925.

McDougal

Chicago

Confirming telephone conversation we believe paper of parent company is not eligible unless first the borrower's financial statement is accompanied by separate financial statement of each affiliated company or unless second the statement of the borrower itself clearly indicates that the note is both eligible and desirable. In case under consideration only statement we have been able to procure does not purport to be separate statement of borrower but admittedly includes assets of some of its subsidiaries. Under circumstances we believe it is clear that the statement does not comply with either feature of Board's regulations. If, however, you have been able to procure a separate statement of the borrower exclusive of assets and liabilities of any affiliated companies, and if such statement in your judgment indicates both eligibility and desirability, we shall be glad to take paper at least until we have received a copy of the separate statement which I hope you will send us. Regarding our method of handling this paper since May 1, we have taken it from a number of banks in each case the first time offered with understanding that we would be provided with separate statement before second offer by same bank. Only one bank has offered second time and immediately withdrew it upon our reminding them of original conversation. We are sorry there has been any conflict of opinion or procedure in this matter.

Harrison.

COPY

TELEGRAM

212F D CHICAGO 428P JUL 9

HARRISON. NY

Telegram confirming your telephone conversation is rec'd and makes perfectly clear your position. Company advises us that they have no objection to furnishing us with the required statement and that they will proceed to do so without delay. On receipt of the same we will advise you and supply copy.

MCDUGAL 532 PM

## FEDERAL RESERVE BANK OF CHICAGO

CONFIRMATION

TELEGRAM

OUTGOING

October 30, 1925.

Strong  
New York

We will take good care of Dr. Schacht on arrival and during his stay in Chicago with due consideration to his wishes as expressed in your telegram. Have reserved double and single room with salon at Blackstone available Wednesday until Sunday evening. If this is not satisfactory, please advise at once. We will communicate with your Buffalo branch in due time.

McDougal.

CONFIRMATION

CONFIRMATION

**FILES DIVISION**  
**NOV 18 1925**  
**FEDERAL RESERVE BANK**  
**OF NEW YORK**

RECEIVED  
NOV 18 1925  
FEDERAL RESERVE BANK  
OF NEW YORK

FEDERAL RESERVE BANK OF CHICAGO 92

230 SOUTH LASALLE STREET

OFFICE OF THE GOVERNOR

CONFIDENTIAL

October 7, 1927.

Mr. Benj. Strong, Governor,  
Federal Reserve Bank of New York,  
New York, N. Y.

Dear Governor Strong:

I am greatly indebted to you for your letter of the 4th instant, accompanied by copies of letters which you have recently exchanged with Mr. John J. Mitchell of Chicago, all of which I have read carefully. I am, of course, interested in both yours and Mr. Mitchell's views on the subject involved, and want you to know that I highly appreciate the attention on your part in permitting me to review the correspondence.

There has not been the slightest doubt in my mind as to the views which you would hold relating to the manner in which the Chicago discount rate was reduced, but even so I was very glad to see the reference thereto contained in your letter to Mr. Mitchell.

Thanking you for your letter and with warmest personal regards, I am

Very truly yours,

  
Governor.

HS.