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April 10,
1 9 1 5 .

My dear Mr. Van Zandt:

Permit me to extend to you most hearty congratulations upon your appointment to the office of Governor of the Federal Reserve Bank of Dallas.

We felt the loss of Governor Wells when he resigned, and now that it is our pleasure and privilege to welcome you into the service, we hope you will find the meetings of the Governors, which have heretofore been attended by Governor Wells, as interesting and profitable as we have.

With cordial regards, and wishing you every possible success, I beg to remain,

Very truly yours,

Governor.

Hon. R. L. Van Zandt,
Governor, Federal Reserve Bank,
Dallas, Texas.

BS Jr/VCM-9

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FEDERAL RESERVE BANK
OF DALLAS

April 13,1915.

My dear Mr.Strong:

Your very kind letter of the tenth instant, extending congratulations to me upon having been elected Governor of this bank, is much appreciated, and is also accepted largely in the nature of a welcome to the association of Governors.

I am looking forward with a great deal of pleasure to the next meeting, in order that I may have an opportunity of becoming personally acquainted with you, about whom I have heard so many complimentary remarks.

Being young in the ranks, I am somewhat impatient for the date of the next meeting to come around, as, of course, it will be more profitable to me than to any of you, all of whom are by now "Old Timers."

Again thanking you for your words of welcome, and with best personal regards, I am

Yours very truly,

R. L. Van Zandt

Honorable Benj.Strong, Jr.,
Governor, Federal Reserve Bank,
New York, N. Y.

RLVZ/MSK

PERSONAL.

August 31st, 1915.

My dear Governor Van Zandt:

You may be sure that anything we can do for Mrs. VanZandt, or that I can do personally, will be a great pleasure. I was out of town when your letter reached the office, so my secretary endeavored to get into communication with Mrs. VanZandt to make sure that she understood that I would be very glad to attend to any matters in which I could be of service.

I had a delightful visit with Mr. Tenison when he was in the city a day or two ago. He is much too good to lose and I hope by no possibility that you will permit him to slip away from us.

Very truly yours,

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank,
Dallas, Texas.

BS Jr/VCM

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FEDERAL RESERVE BANK
OF DALLAS

RICHARD L. VAN ZANDT
GOVERNOR

September 9, 1915.

My dear Governor Strong:

The original outline which I submitted to the Governors of Mr. Talley's plan for a system of clearings was not entirely clear to me, and, of course, could not be to one who had not had an opportunity to discuss the plan fully with Mr. Talley.

Having that in mind I have taken his ideas and rearranged them in a form which will be much more readily understood, and a copy of this revised outline is handed you herein, for your consideration before the next conference of Governors is held.

In the meantime if you have any suggestions to offer in connection with this plan, I will appreciate it if you will submit them to me, in order that I may take them up with Mr. Talley and get his views in that connection.

With personal regards, I am,

Yours very truly,

R. L. VanZandt

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

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FEDERAL RESERVE BANK
OF DALLAS

R. L. VAN ZANDT, GOVERNOR
J. W. HOOPES, VICE-GOVERNOR
LYNN P. TALLEY, CASHIER
SAM R. LAWDER, ASST. CASHIER

December 6, 1916.

Mr. Benj. Strong, Jr.,
"The Hut", Montview Boulevard,
Denver, Colo.

My dear Mr. Strong:

As you will probably recall, we were so firmly convinced of the merits of the clearing principle as applied to collection of miscellaneous checks by a Federal Reserve Bank for its member banks and for other Federal Reserve Banks that, about a year ago, we inaugurated what we term a RESERVE CITY CLEARING HOUSE.

The operation of this RESERVE CITY CLEARING HOUSE was so satisfactory that it is still continued by us for the reserve city member banks in this district, and the experience which we gained in its operation was of immense benefit to us in the development of our District Clearing House, which is being used in this district instead of the deferred debit and credit collection department being operated by the other Federal Reserve Banks.

Thinking that you might be interested in the plan and the opinion of the participating members, I have had prepared the enclosed outline, with extracts from letters from the participating members, giving their opinion of same.

Enclosed you will also find a list of the participating banks, which will serve as a key to the letters.

If there is any further information which you desire relative to the operation of our RESERVE CITY CLEARING HOUSE, I will be very glad, indeed, to furnish you with same.

I trust that you are improving in health and that, before long, you will be back with us to preside at our conferences.

With kindest personal regards, I am,

Yours very truly,

R. L. Van Zandt
Governor.

Enc.
VZ-RS

FEDERAL RESERVE BANK
OF DALLAS

OPERATIONS OF THE RESERVE CITY CLEARING HOUSE
OF THE FEDERAL RESERVE BANK OF DALLAS

That the RESERVE CITY CLEARING HOUSE of the Federal Reserve Bank of Dallas has fulfilled the expectations of its author and is serving the commercial and banking interests of the Eleventh District more expeditiously and economically in the settlement of trade balances than could have been done under conditions existing before ts installation is, in the opinion of those most vitally interested, admittedly a matter of fact, as shown by the appended extracts from letters received from the officers of the participating banks.

In order that the experience gained in the Eleventh District through the operations of this department may be made known, a review of its development seems appropriate.

During the month of November, 1915, the Cashier of the Federal Reserve Bank of Dallas, who for many years had been in daily touch with the unscientific and unsatisfactory methods employed in settling balances between the banks in the reserve cities of this district, offered to the reserve city member banks a plan for settling balances with each other daily through the Federal Reserve Bank which would not entail the float of large amounts in transit between these banks, nor the incidental expense, and which would make unnecessary the waste of time and energy by the officers of the banks.

Following this proposal, on December 21, 1915, about twenty

representatives of the banks met in Dallas and, after a discussion of the merits of the plan, decided that, with slight modifications, it be given a thirty-day trial. The trial period was subsequently extended to March 1st, and the department thereafter became one of the permanent facilities of the Federal Reserve Bank. However, at the time that general clearing operations were undertaken between all member banks, on July 5, 1916, the RESERVE CITY CLEARING HOUSE was discontinued, because it was thought that the general clearing plan would have the effect of making it superfluous. Those banks which had participated in the plan speedily made it known, however, by means of a post-card vote on the question, that it was their desire that the RESERVE CITY CLEARING HOUSE be continued, and it was resumed on July 12th.

Under its operations the advantages are extended to twenty-seven banks in the cities of Dallas, Fort Worth, Galveston, Houston, San Antonio and Waco, only five banks in those cities not availing themselves of its benefits. By mutual consent one other member, though not located in a reserve city, has been added.

The members of the RESERVE CITY CLEARING HOUSE continue to send the actual checks and drafts which they receive on each other direct to the drawee banks for credit, and against these sendings, in round amounts, they draw in favor of the Federal Reserve Bank and forward it to that bank for their credit in the RESERVE CITY CLEARING HOUSE. The aggregate amount of all drafts assembled against each bank is debited on a clearing sheet and the amount of their letters, which were made up of items on other members, is credited, leaving either a

debit or a credit balance to be settled by each bank.

In this way the amount of float is reduced materially by offsets, and at times certain banks, through cancellation of debits against credits, come out exactly even, and frequently banks settle hundreds of thousands of dollars with the actual transfer of a few thousand.

The results of the clearings are telegraphed to the manager of the local clearing house in each city by special code each day at 11:45 a.m., and the separate banks are notified by him. Settlements must be made on the same date that the clearings are effected and the Federal Reserve Bank advised in special code by telegraph, or, in some instances, by telephone, of the manner of settlement, not later than 3:00 p.m.

Debit balances may be covered in any of the following ways:

Debited to the reserve account of the debtor bank;
Remittance by mail to any other Federal Reserve Bank, for the credit of the Federal Reserve Bank of Dallas, at the prevailing rate of exchange;
Arrangement with any other bank to deposit funds with the Federal Reserve Bank for that purpose; and
Remittance of currency by registered mail insured.

In the event that the latter option is chosen, the cost of shipment is assessed ratably against the banks which forwarded the items causing the debit balance. In the absence of advice, debit balances in the RESERVE CITY CLEARING HOUSE are charged to the reserve account. Disposition of credit balances is subject to the instructions of the credit banks, and, in the absence of advice, they are credited to the

reserve accounts. Quite often the credit balances received by banks in one of the cities are traded to debtor banks in the same city, thereby making transfers or currency movements needless, and obviating the attendant expense.

Participating banks may, if they prefer, send the items direct to each other, taking a carbon copy of the cash letter, which, when certified by an authorized officer or employe of the sending bank, may be sent to us and becomes, in effect, a draft against the bank to which the items were sent, the amount of which is credited to the sending bank in the RESERVE CITY CLEARING HOUSE.

Since general clearing operations have become effective, the members of the RESERVE CITY CLEARING HOUSE have found this department a distinct benefit to them, in that it makes the drafts which their country correspondents draw on them eligible for immediate credit with the Federal Reserve Bank. Drafts of this character are, by arrangement with the drawee bank, stamped by the issuing bank, "Charge (drawee bank) in RESERVE CITY CLEARING HOUSE". This method of covering items handled for deferred credit and sent to members not in reserve cities has been used extensively, as the following figures testify:

	Total	Average Daily
July 5th to August 1st - - -	$ 985,772.74	$ 49,288.63
Month of August - - - - - -	4,436,843.67	184,868.48
Month of September - - - - -	9,823,467.47	392,938.69
Month of October - - - - - -	12,051,242.85	502,135.12
November 1st to 25th, inc. -	9,853,469.16	469,212.81
	$37,150,795.89	$1,598,443.73

Items handled under this arrangement must be listed on a separate letter and sent to the Federal Reserve Bank, and are cleared against the drawee banks, with a resultant credit of the entire amount to the Federal Reserve Bank of Dallas, which participates in the clearings to that extent and receives acceptable funds in payment from the other participating banks.

It may be interesting to note that, on the opening day, December 28, 1915, the total clearings were $1,175,000, with ensuing balances of only $484,000, showing offsets of $691,000, while on October 18, 1916, the total clearings were, in round figures, $7,000,000, with ensuing balances of only $1,109,000, showing offsets of $5,891,000.

The aggregate amount cleared through the RESERVE CITY CLEARING HOUSE from the opening day, December 28, 1915, to November 5, 1916, inclusive, was, roundly, $486,000,000, which was settled with balances of only $141,000,000. The settlement of these balances entailed only the shipment of currency in the aggregate of $8,300,000.

The bookkeeping method employed is simple, and each account is closed at the end of the day's business. Drafts cleared against the banks are stamped, "Cleared through the RESERVE CITY CLEARING HOUSE (date)", and become debits to an account with the bank on which drawn, termed, "RESERVE CITY CLEARING HOUSE Account", and are credited to the bank from which received, the difference being settled in one of the ways indicated above. Statements are rendered each day and are accompanied by the drafts which have been cleared. An abstract of the whole clearing operation is each day forwarded to all of the members of

the RESERVE CITY CLEARING HOUSE, which shows the results of the clearings by banks, debits, credits and balances.

It is, therefore, apparent from the foregoing that what was termed, at its inception, an experiment, has proven to be a permanent betterment.

In response to inquiries addressed to each of the twenty-eight banks which are members of the RESERVE CITY CLEARING HOUSE, replies were received from all except two, and are as follows:

1

"We have always been in favor of the Reserve City Clearing House system, as adopted by the Federal Reserve Bank, and the more we see of its operations the better we like it, as it enables the member banks to concentrate and dispose of their funds in other reserve cities with maximum dispatch, minimum expense, and at a uniform rate.

"As our balances with reserve banks in this district are purely of a reciprocal nature, the system which will accomplish the above results is, to our mind, of the greatest benefit, and should be maintained."

2

"We have not made use of the facilities of the Reserve City Clearing House, as we do not think our business is of large enough volume for us to join the Reserve City Clearing House plan.

"From what I understand of it though, I think it would be an advantage to banks whose volume of clearings justifies them being a

member of the Reserve City Clearing House plan."

3

"That function performed by your bank fills a long felt want.

"I have heard it said that this facility which you offer the Reserve City Banks benefits only the said Reserve City Banks, but, inasmuch as practically all the business between such banks in Texas is created by drafts of the country banks, it can be readily observed that the system redounds to the benefit, indirectly, of all the banks in Texas."

4

"Our clearing arrangements are such that up to the present time we have had very little occasion to use this system, except in the handling of items on _____.

"In this instance, however, the establishment of this system has been of considerable benefit to us, in that we are enabled to handle these _____ items without the loss of three or four days time, as was originally the case, and we are very much gratified now at the prompt service that we obtain in this manner."

5

"We are well pleased and delighted with the services rendered by the Federal Reserve Bank in conducting the Reserve City Clearing House. We favor an extension of the service to such cities in the district as Sherman, Texarkana, Beaumont, Austin, Abilene, Brownwood, Wichita Falls, Amarillo, provided the member banks in said cities can be induced to come in.

"We favor this plan mainly because it has enabled us, without any inconvenience, to convert into cash or convenient exchange, our excess credit balances with our various correspondents; in other words, it has enabled us to get what we wanted when we wanted it, something we could not always do before the service was inaugurated.

"We have many other minor reasons for favoring the plan, and we earnestly hope you will continue it."

6

"I am very decidedly in favor of the Reserve City Clearing House.

"It enables me to transfer the balances of this bank, based on the daily sendings to the various reserve city banks, in about thirty minutes time, whereas it formerly took from two hours to two weeks.

"In addition to the time saved, we effect a big saving in telegraph and telephone tolls and in interest on idle balances. Above all these considerations, however, I have a personal pleasure in the operation of the Reserve City Clearing House, in that it enables me to go home to my fireside at night with my mental equilibrium fully conserved. Under the old rule this was utterly impossible on account of dealing with one or two towns which I shall not mention.

"I have had a delight in writing one of our friends today, declining to send him our business and telling him that we are now in a position, for the first time since I graced the banking business with my presence, to get our balances out of his town without begging, plead-

ing, cajoling or bribing.

"You can put me down as a friend of the Reserve City Clearing House."

7

"We are very much pleased with the service you render through the Reserve City Clearing House, and would regret to see the service discontinued, for the foloowing reasons:

"It enables our country correspondents to get immediate credit in their reserve account for their drafts on us and without the necessity of our making 'phone transfers.

"It enables us to convert our _____ and _____ sendings into Northern or Eastern exchange on the following day, and eliminates the former method of forced settlements by 'phone each day with individual banks.

"Briefly, these are some of the advantages that accrue to us from the operation of the Reserve City Clearing House, and, as stated above, we should regret its discontinuance."

8

"We are satisfied with the workings and benefits derived from the Reserve City Clearing House.

"It appears to us that we get quicker action on our items and the settlements therefor are more satisfactory than under our old arrangement, whereby we had to have numerous telephone calls and in some cases accept exchanges not desirable.

"As far as this bank is concerned, a continuation of this Clearing House will be pleasing."

9

"The services rendered by you through the Reservee City Clearing House have been perfectly satisfactory in every way and have filled a needed place in the settlement of business between the reserve banks of the Eleventh District.

"My reason for approving of your services in this connection is that it makes settlement of all business transactions between the several reserve banks at one place, either giving us a debit or a credit in the settlement. Previous to the present arrangement, we found different views among the reserve banks in Texas regarding the value of exchanges, and in selling against balances with other reserve banks in Texas, according to our books, we very often found that the following day they had made substantial remittances to cover their debit, and we, without attempting to be so, became their debtor. We had found it necessary, in order not to unconsciously mistreat our reserve city correspondents in Texas, to call them over 'phone to make settlements, which, considering the number of reserve banks in Texas and the number of our correspondents, was an added expense and also quite a good deal of trouble.

"For the above reasons, I feel that the Reserve City Clearing House has been of great benefit to us and that your good office has given us splendid service in that department."

10

"We are exceedingly pleased with the workings of the Reserve City Clearing House.

"In the first place, through its workings we are able to settle our balances with our correspondents in other Texas reserve cities as easily as we settle our local clearings; and another reason is, that it places us on an equal footing with the Dallas banks, in that our interior correspondents may send you, for immediate credit in their reserve account, drafts on this bank. Briefly, it facilitates business by eliminating time and expense.

"Notwithstanding the fact that we have been a 'debit' bank almost daily since the Reserve City Clearing House began operation, we should dislike to see it discontinued."

11

"We have found the Reserve City Clearing House gives us a most excellent service. Originally I was doubtful of its value personally, but after its operation for a few months we are enthusiastic regarding the facilities it affords us. Primarily, it gives us the opportunity to clear up each day all slow balances, and since the District Clearing House plan was inaugurated, it also affords our correspondents the opportunity of replenishing the reserves by sending the Federal Reserve Bank direct drafts on this bank, which, through the special arrangement with you, are payable immediately in the Reserve City Clearings.

"I have observed, also, that it causes us to carry a somewhat larger balance in our reserve account than would be necessary otherwise, in order to anticipate payments, and we have been wondering if this has not been of some benefit to the Federal Reserve Bank, pro-

vided, of course, that other reserve city banks are likewise inclined to keep their balances in excess of actual reserve requirements. We believe it gives the fairest opportunity that could be offered to reserve city banks outside of the city of Dallas to maintain their former connections without inconvenience to the interior member banks.

"We hope that no one is dissatisfied with the arrangement, and trust that the Federal Reserve Bank does not contemplate its discontinuance."

12

"We are very well pleased with the service rendered by yourselves in the conducting of the Reserve City Clearing House."

13

No reply.

14

"We have no hesitancy in saying that we are pleased with the service and would regret very much to see it discontinued. We have found it a most direct and satisfactory method of clearing items drawn on reserve city banks in this district, and if there are any disadvantages connected with the plan we have not observed them.

"Not only do we approve of the plan, but we take pleasure in saying that the service rendered by you in connection therewith has been all that could be desired."

15

"We are very much pleased with the services rendered by your bank in conducting that department, and sincerely trust that it will

be your desire to continue same.

"Our main reason for being in favor of it is that it helps clear at once the principal cities of Texas, thus enabling all reserve city and larger banks to get quick action on our daily sendings."

16

"We are very much pleased with the results as obtained:

"First: It concentrates all reserve city balances with only one day's delay, giving us available funds against which we can obtain immediate action.

"Second: It does away with details which we have heretofore been subjected by reason of having to deal with some ten or twelve banks daily.

"In the opinion of the writer, it was indeed a happy thought that created this facility for the reserve city banks of this city. While there might be a slight objection at this time by some, the per cent. is small, and we believe it is almost negligible.

17

"We are pleased with the service rendered by the Federal Reserve Bank in conducting the Reserve City Clearing House.

"While the Reserve City Clearing House works a hardship on us, for the reason stated below, still we believe it is a good thing, as it enables the reserve city banks to dispose of their State exchange at a minimum cost, whereby it might otherwise be a burden to them.

"The arguments that we could use against it are:

"1st. Cost of the telegraph expense.

"2nd. We believe it gives Dallas the control of the exchange rates for the district, as all rates are arbitrarily fixed.

"3rd. Inasmuch as we are almost invariably a debit bank in the Reserve City Clearings, it sometimes places a burden on us on account of having to settle the debit in the manner prescribed by you."

18

"We are at the present time pleased with the operation of the Reserve City Clearing House, some of the advantages which accrue thereunder to the participating members being:

"(1) Savings of time effected by converting through this medium rather than through the District Clearing House.

"(2) The elimination of unnecessary correspondence, telegraphing and telephoning in order to effect the daily settlements with several correspondents, and the facility of being able to concentrate balances and adjust settlements with the principal cities of the State in one transaction.

"(3) The operation of the Reserve City Clearing House places those member banks in the Texas reserve cities outside of Dallas on practically the same basis as the Dallas banks, in so far as enabling the interior correspondents to use their balances with us on the same basis as those accumulated with their Dallas correspondents.

"About the only criticism of the plan that occurs to me at this time is the fact that it practically places the Federal Reserve Bank in a position to dictate the exchange rates of the State which, owing to local conditions, differ widely at some seasons of the year.

although in this respect the burden is largely removed by reason of the privilege of shipping the currency at the expense of the other fellow."

19

"The service we are receiving from the Reserve City Clearing House represents a facility that eliminates a great deal of unnecessary work and expense through the transfer of excess balances between reserve cities. It causes a check on any other reserve city to be as acceptable in this city practically as a local draft.

"Before the operation of the Reserve City Clearing House, at least an hour a day was required for telephoning and telegraphing and writing, in order to move balances to available points. This is entirely done away with, and we know at the close of the business day here, after receipt of your telegram, just how we stand everywhere. The offsetting of drafts drawn against our sendings by drafts drawn against the sendings of other reserve city banks to us eliminates a great amount of work, and the settlement of the difference is certainly a very easy process. I believe that the Reserve City Clearing House is indispensable, and I believe that the facility indirectly benefits every bank in the State.

"It has been customary with our best regulated banks to deduct outstanding time on miscellaneous items received for conversion from the time the item was received until payment was made in local exchange.

"If a bank at the payment point enclosed in payment, as many of them did, a draft on some other reserve city which presented diffi-

culties in its ability to cover in convenient exchange, a further period of three to four days was necessarily added to the transit time. This is done away with by the method which you have perfected, and the benefits to all are apparent at once.

"The operation of the Reserve City Clearing House independently from the District Clearing House permits the drafts of correspondents of any reserve city bank in the district being immediately available upon receipt at Dallas either for transactions with the Federal Reserve Bank, such as the covering of District Clearing House debits, the shipment of currency, transferance of balances, or similar conveniences, and is another actual benefit both from a labor saving standpoint, mobility of funds, and resulting in greater economy.

"The feature inaugurated by you of prorating the expense of currency shipments among the banks whose drafts necessitated shipping to cover is wise and proper, and prevents objections being raised by banks which run consistently debit in the Clearing House.

"The balance sheet which you send every day gives concise, understandable figures of the position of each bank and each town after the day's clearing, and they have proven of marked usefulness to us.

"We are heartily in favor of the continuance of the system as at present conducted, and believe that every Federal Reserve Bank in the country would better serve their districts by the inauguration of a similar method."

20

"The service which we are getting out of the Reserve City

Clearings at the present time is beneficial to this bank, as we are able to concentrate our Texas reserves with you and make one settlement covering all the balances.

"It is true that we have at times, through circumstances, carried considerably larger balances with you than required by law, in order to offset debits from day to day.

"We have, further, not been favored with the discount on our purchases of Eastern exchange that we were able to receive in former years.

"As a whole, however, we are pleased with the service of the Reserve City Clearings, and would not like to see this service discontinued."

21

No reply.

22

"The service rendered under the Reserve City Clearing House plan has been quite satisfactory to us, and we have no special criticisms to make."

23

"We have no suggestion to make relative to service rendered by your bank in conducting the Reserve City Clearing House.

"Will say, however, that we really do not see the necessity of it, as the Federal Reserve District Clearing House seems to answer the purpose."

24

"We are very well pleased with the operation and benefits derived from the Reserve City Clearing House, excepting that our mail from Dallas is almost invariably not received until the second day after clearing, and that by reason of this delay our reserve city accounts are showing excess debits and credits, as the case may be.

"I am of the opinion that the Reserve City Clearing House is entirely practicable for the benefit of reserve city banks in the matter of their drawings as against each other for credits of their reserve account with the Federal Reserve Bank, and its continuation will be entirely agreeable to us."

25

"This bank is strongly in favor of continuing same, as we find it a very acceptable means of converting our exchange on other Texas reserve cities into available cash or New York funds, which, of course, are much more acceptable to us than to have our money lying around in other Texas cities."

26

"We are very well pleased with the services rendered, but we are not in favor of the system. In fact, we only went into it rather than appear contrary."

27

"I have no objection nor criticism to raise as to the manner in which it is being handled by the Federal Reserve Bank of Dallas.

My objection is that the plan does not operate to our advantage here, and the objection that I raise would probably have no bearing on other reserve cities. We have gone into the arrangement in order to give the plan a thorough test and to show our disposition not to be contrary, but as it has been in operation some time and there appears to be no decided advantage in our favor, it occurs to me that it would be useless for us to remain in the system.

28

"The service rendered by your bank in conducting this department is all that could be desired, and in fact before joining we saw the advantages that were to be gained by being a member, and while we were not a reserve city, through the kindness of the majority of the reserve city banks, they permitted us to become a member of the Reserve City Clearing House, and we find that it works to a very great advantage to us and we feel satisfied to every other member. One of the greatest benefits to be derived is that it places us in position where we can compete with the banks at Dallas by having drafts of our interior correspondents paid without any deduction being made for the outstanding, and these funds are available the same as if drawn on you or other Dallas banks. We do not know of anything against the operation of the Clearing House, and trust that same will be continued."

OPERATIONS OF DALLAS DISTRICT CLEARING HOUSE ON JULY 15, 1916, AND ON FIRST MONDAYS OF SUCCEEDING MONTHS

Date	Number of Items	Aggregate Amount	Settlement Balance	Amount Offset
July 15	3,855	$ 683,995.02	$ 300,979.79	$ 383,015.23
August 7	7,531	1,049,750.27	582,409.74	467,340.53
September 5	11,100	3,638,668.82	955,938.53	2,682,730.29
October 2	13,792	5,256,585.02	1,549,173.26	3,707,411.76
November 6	19,558	4,205,804.55	2,360,381.07	2,085,422.48
December 4	17,992	4,743,118.34	1,789,757.31	2,853,361.03

OPERATIONS BY MONTHS SINCE ORGANIZATION

Month	Number of Items	Aggregate Amount	Settlement Balance	Amount Offset
July	106,680	$20,368,089.55	$ 9,232,691.35	$11,135,398.20
August	180,453	32,612,715.13	13,696,404.04	18,916,311.09
September	253,964	72,330,185.03	23,625,263.88	48,704,921.15
October	318,363	91,605,298.04	33,692,141.06	57,613,156.98
November	309,944	97,142,762.74	34,788,135.12	58,354,627.62
Total	1,169,394	$303,969,080.49	$115,234,635.45	$188,734,415.04

The above figures show that the application of the clearing principle, instead of a direct deferred debit and credit plan, has, during the five months, resulted in a reduction of the amount of deferred debits and deferred credits of $188,734,415.04, or over 62% of the amount involved.

KEY TO LETTERS FROM RESERVE CITY CLEARING HOUSE MEMBERS

Number	Bank	Location
1	American Exchange National Bank	Dallas, Texas
2	Central State Bank	Dallas, Texas
3	City National Bank	Dallas, Texas
4	First State Bank	Dallas, Texas
5	National Bank of Commerce	Dallas, Texas
6	Security National Bank	Dallas, Texas
7	American National Bank	Fort Worth, Texas
8	Farmers & Mechanics National Bank	Fort Worth, Texas
9	First National Bank	Fort Worth, Texas
10	Fort Worth National Bank	Fort Worth, Texas
11	Stockyards National Bank	Fort Worth, Texas
12	City National Bank	Galveston, Texas
13	First National Bank	Galveston, Texas
14	First National Bank	Houston, Texas
15	Houston National Exchange Bank	Houston, Texas
16	Lumbermans National Bank	Houston, Texas
17	National Bank of Commerce	Houston, Texas
18	South Texas Commercial National Bank	Houston, Texas
19	Union National Bank	Houston, Texas
20	Alamo National Bank	San Antonio, Texas
21	City National Bank	San Antonio, Texas
22	Frost National Bank	San Antonio, Texas
23	National Bank of Commerce	San Antonio, Texas
24	State National Bank	San Antonio, Texas
25	Central Texas Exchange National Bank	Waco, Texas
26	Citizens National Bank	Waco, Texas
27	First National Bank	Waco, Texas
28	Commercial National Bank	Shreveport, La.

68

December 9th, 1916.

My dear Governor Van Zandt:

It was very good of you to write me and send me the description of the reserve city clearing system, which I want to take time to study and then if agreeable to you send it on to the bank.

By this time you are on your way to Washington to attend the Governors Conference and I am grievously disappointed to miss another.

The rest out here is certainly doing me a lot of good and I hope it will put my on my feet again before they get tired of waiting for my return.

With kindest reagrds and thanking you for your letter, I am,

Sincerely yours,

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank,
Dallas, Texas.

BS/VCM

188

Denver, Colorado,
January 26, 1917.

Dear Governor Van Zandt:

That bank building certainly looks fine, but I fear you may shortly outgrow it and certainly hope so.

This is, as you say, a dangerous neighborhood, but I am only a transient and coming from Wall Street, the dangers of this District are trifling.

Yours very truly,

Richard L. Van Zandt,
Governor, Federal Reserve Bank,
Dallas, Texas.

BS/CC

FORM MISCL. 14

FEDERAL RESERVE BANK
OF DALLAS

January 30, 1917.

Hon. W. P. G. Harding,
Governor, Federal Reserve Board,
Washington, D. C.

Dear Sir:

At the meeting in Washington last month the Governors adopted the following vote:

> "That it is the sense of the Conference that when conditions in a Federal Reserve District appear to necessitate the establishment of additional facilities in cities other than that in which the Federal Reserve Bank is located, such facilities should be provided through the means of Agencies, rather than through Branches, as contemplated by the Federal Reserve Act."

The Committee appointed to submit this recommendation to the Federal Reserve Board begs to report that the discussion of the topic by the Governors brought out the following reasons on which the vote was based:

(a) The establishment of branches would involve large expense which, in the event several were necessary, would be almost if not quite prohibitive.

(b) The establishment of agencies would be much less expensive, the difference being sufficient to be of vital importance.

(c) The establishment of agencies would permit of more uniformity of operation, all being under the direction of the Federal Reserve Bank.

(d) The establishment of branches with their semi-independent operation would undoubtedly tend to arouse conflict in policy and rivalry between sections.

(e) The establishment of agencies would permit of the discontinuance of any agency or office which experience proved to be unnecessary or unprofitable, while there is no provision in the Federal Reserve Act for the discontinuance of a branch once established, regardless of how unprofitable or unnecessary that branch may prove to be.

(f) The establishment of agencies would permit of the expansion of any one or all of them into fully organized branches whenever experience demonstrated the expediency of such a course.

Respectfully submitted,

R. L. VAN ZANDT,

JOS. A. McCORD,

JNO. U. CALKINS,

Committee.

FEDERAL RESERVE BANK OF DALLAS

-- C O P Y --

February 9, 1917.

Dear Mr. Treman:

I beg to acknowledge receipt of your letter of the 3rd instant with enclosures as stated, and I am also in receipt of a copy of McKay's memorandum on the Seay plan.

Your request for a prompt reply prevents me from giving this subject the careful thought and study which I would like to give it before writing you, but a few suggestions have occurred to me as being appropriate at this time.

First. There is much merit in the McKay memorandum, and with most of it I am in full accord. We can not avoid the physical settlement of some part of the net trade balances of the different sections of the country at some time, and the Federal Reserve Banks should find some way of reimbursing themselves for the cost of necessary shipments. As a solution of this question I believe the Federal Reserve Banks should make a nominal charge, of say five cents per thousand dollars, against the member bank's issuance of so-called Federal Reserve Exchange.

This charge, which could be figured up and assessed monthly against each member bank, would create a fund probably sufficient to pay the transportation cost of the net balance which might have to be shipped.

Second. The Gidney plan should be installed at the time of, or immediately after, the inauguration of the immediate availability plan, in order to obviate the necessity of shipping funds from one district to another or to Washington when it will be only a short time until a reversed shipment will be called for.

Third. The uniform drafts referred to should be obtainable only from a Federal Reserve Bank, which could obtain them in large quantities at a minimum cost, and whenever a member bank applied for a supply, the Federal Reserve Bank would be put on notice that such bank intended to avail itself of the privilege of using them, and the necessary credit investigation of the member bank could be made.

Fourth. The uniform draft should be in such form that an advice to the Federal Reserve Bank drawn upon, an advice to the Federal Reserve Bank at which payable, a retained stub, and the original draft, could all be made at one writing on the typewriter. This would insure legibility and would also avoid the liability of any discrepancy between the draft and the advices and stubs.

The advice sent to the bank at which payable should be signed by the officer signing the original draft (and the advice should so state), and this would obviate the necessity of filing signatures with other Federal Reserve Banks.

The reasons for all of the above suggestions are very obvious to me, and I regret that my time is so limited that I am not able to elaborate on same for the information of the Committee. At any rate, I believe the matters to be of sufficient importance to be considered by all of the Governors, even if it is necessary to have a conference with nothing on the program except "Federal Reserve Exchange" and collateral subjects.

Yours very truly,

(Signed) R. L. VAN ZANDT

Governor.

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

(COPY)

FEDERAL RESERVE BANK OF DALLAS

Dallas.

May 5, 1917.

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

Dear Mr. Treman:

At our directors' meeting on Tuesday, after I had read to the Board such data as was in my possession relative to "Foreign Arrangements," the following motion was made, duly seconded and carried:

"It was moved by Director Sansom and seconded by Mr. Smith, that the bank express its appreciation of the offer of the Federal Reserve Bank of New York inviting us to join in the arrangements effected with the Bank of England and the Bank of France and such other arrangements as have been or may hereafter be effected with other foreign banks, that we appreciate the advantage and profit to be derived from such arrangements, and that the Governor of this bank be instructed and authorized to prosecute further negotiations with the Federal Reserve Bank of New York, and as soon as reasonably practicable to report to the Directors, in as much detail as possible, what contribution of capital will be expected to be made by this bank, and also the facts in respect to possible liability of the banks, and generally to report in detail all such information as will enable this bank to intelligently consider this matter."

In this connection I will appreciate it if you will furnish me with such details as are available, in order that I may communicate same to our directors. They are especially anxious to know the amount of funds to be set aside as operating capital for the foreign department, what proportion of same the Federal Reserve Bank of Dallas will be expected to furnish, whether that proportion is to be based upon the amount of our capital stock or the amount of our total resources, and what character of business will probably be engaged in under present conditions.

As the officers of this bank, as well as its directors, are not very well schooled along foreign banking lines, what may seem to you to be unnecessary details will probably be of great importance to us, and I hope, therefore, you will make the information furnished us as full as possible.

Thanking you in advance, I am, with kind personal regards,

Yours very truly,
(Signed) R. L. Van Zandt,
Governor.

FEDERAL RESERVE BANK
OF DALLAS

RICHARD L. VAN ZANDT
GOVERNOR

May 16, 1917.

B.A.Gr.

MAY 22 1917

Dear Governor Strong:

I don't know of anything that has given me greater pleasure recently than to have received a letter from New York with your signature attached showing that you have recovered sufficiently to be back on the job.

Replying to your letter of the 10th instant, I beg to state that I have received three bulletins and two telegrams from Mr. Page, and have written him thanking him for same and asking him to continue forwarding such data as he thought might prove interesting or instructive to us.

Thanking you, and with best wishes for your continued improvement, I am, with kind personal regards,

Yours very truly,

R. L. Van Zandt

Governor.

Mr. Benjamin Strong,
c/o Federal Reserve Bank of New York,
New York City.

Denver, Colorado,
May 22, 1917.

Dear Governor Van Zandt:

I have just returned from a short trip east and bring with me copy of your letter of May 5th, addressed to Mr. Treman. It can hardly be answered satisfactorily by letter for the proposed arrangements with the Bank of England really involve the whole fundamental of the exchange position between this country and England. I shall try, however, to express the principles of the arrangement and what it may involve in financial commitments, just as we understand the matter in New York.

The Federal Reserve Act in brief authorizes Reserve Banks to appoint correspondents or agents or open branches in foreign countries, and through these branches or agencies they are authorized to do a very limited banking business, confined simply to opening deposit accounts, buying bills of commercial origin, bearing two obligations and having not more than 90 days and grace to run, to open similar accounts on their own books for their foreign correspondents and to deal in gold in foreign markets.

The object of this provision in the Act was not and cannot be construed to give Federal Reserve banks the right to do a general commercial foreign exchange business, such as opening commercial and travlers credits, receiving deposits in foreign countries, buying and selling securities, drawing long bills and handling shipments of goods and securities. Those functions have always been and should be exercised by commercial banks and private bankers. The object of the provisions of the Act

To - Mr. Van Zandt. May 18, 1917.

is really to enable the Reserve Banks, in cooperation with similar banks in foreign countries such as the Bank of England, to stabilize rates of exchange between this country and those countries with which we establish these relations, and to avoid excessive and uncontrolled shipments of gold. To illustrate the way this matter works, I will describe transactions such as would be undertaken in normal times when exchange rates are normal and international transactions are not subject to the influence of war trade and war borrowings.

Let us say that there are large offerings of cotton bills in New York in the Fall which drives exchange on Great Britain as low as 4.84 and that the cost of shipping gold from London to New York is 2¢ on the pound sterling. The difference between mint parity, which is 4.8665, and the rate for demand as above amounting to as much as 2.65 on the pound, it is possible for American exchange buyers to import gold from London when exchange is selling at 4.84, pay all the expense of freight, packing, insurance, abrasion, incidentals, melting charges at the assay office and loss of interest, and still have a profit of .65 on each pound sterling. Therefore, whenever sterling declined in our market say below 4.8465, the Reserve banks could buy sterling exchange and be insured against any loss, because the cost of withdrawing gold from London and laying it down in New York would be no greater than the cost of the sterling which it purchased. The funds so accumulated in London would be invested in bills at the market discount rate and some part of the funds doubtless left in balance with the Bank of England. So long as sterling remained at or below the level at

To - Mr. Van Zandt. May 18, 1917.

which gold could be imported, the Reserve Banks, within limits to be fixed, would be buyers of exchange, and they could do so with assurance on account of the guarantee of liquidation in gold at rates fixed in advance. The normal course of exchange in time would be above the gold importing point where gold might leave this country, say 4.89. The Reserve Banks would then liquidate their accounts in London and sell exchange in order to avoid gold shipments.

You will observe by the arrangement outlined that it is contemplated that if the cost of exchange continued long in one direction or the other, so that the Reserve banks had made purchases up to their limit, instead of allowing gold to move as it otherwise might we could still continue to buy exchange, or to sell it as the case might be, and against our purchases the Bank of England would actually ear-mark gold and hold it in safekeeping for us instead of shipping it to this side; and in the other case of continued high rates, we would actually ear-mark gold on this side and hold it for the Bank of England.

It goes without saying that the enormous trade of our country at the present time, together with the enormous loan transactions now being embarked upon by the allied governments and by our government, over-shadows every other influence in the foreign exchange market and makes it impossible for us to conduct anything more than nominal transactions with the Bank of England, except possibly that we may agree to take the ownership of gold to be ear-marked by the Bank of England for account of the British government and held without shipment to this country until shipping conditions improve. We see no prospect of large purchases of exchange at the present moment,

To - Mr. Van Zandt. May 18, 1917.

nor opportunity or occasion to purchase bills in large quantity in London. The foreign exchange market is really in the hands of the respective governments, more than the bankers, and we must wait until peace and a restoration of normal conditions make it desirable to develop these new functions.

As to the probable amount of money to be employed, it seemed desirable to affect authorizations in New York sufficient to meet unexpected emergencies and our directors have placed a limit of $25,000,000 upon our transactions of that character for the present. I see no immediate prospect of any such limit being employed.

The above read in connection with the papers in your hands I hope will throw some light on the contemplated arrangement. You will, I am sure, make clear to the officers and directors of your bank the necessity for treating this arrangement as of a most confidential character, that being the obligation which we have entered into with the Bank of England.

Very sincerely yours,

R. L. Van Zandt, Esq.,
Federal Reserve Bank,
Dallas, Texas.

BS/CC

Denver, Colorado,
May 22, 1917.

Dear Mr. Van Zandt:

Yours of the 16th has been forwarded to me here and I hasten to thank you for your nice letter.

I came back to Denver for a couple of weeks only and expect to leave again on Sunday or Monday to return to New York for an indefinite stay.

Many thanks for your good wishes.

Very sincerely yours,

R. L. Van Zandt,
Federal Reserve Bank,
Dallas, Texas.

BS/CC

AL RESERVE BANK
OF NEW YORK

Sent by

(SEND TO FILES)

BS/MSB

COPY OF TELEGRAM

November 29 1918

R. L. Van Landt, Esq.,
~~1516 West 7th Street~~
Fort Worth Texas

I learn with the deepest regret of the terrible loss that you have just suffered and hasten to send you every possible expression of sympathy.

BENJ. STRONG

Charge Fed. Res. Bk. of N.Y.

PERSONAL AND CONFIDENTIAL March 6, 1919.

My dear Governor Van Zandt:

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 saving, 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 of 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 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 indebtedeto 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.

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank of Dallas,
Dallas, Texas.

BS/ICH

April 3, 1919.

Dear Mr. Van Zandt:

I am anxious to get suggestions from you as to some one to do some work in New Mexico in connection with a proposal now being shaped for Federal legislation designed to establish a financial budget for our Government.

The work required will not be very onerous, but it will need the services of a man who can develop an organization for the purpose of some little educational and publicity work to bring about a better understanding of this subject. It will be necessary to raise a small amount of money, and, generally, to carry out the program which will be laid out by the organization at the New York Headquarters.

It needs the services of a man who is interested in the economic aspects of the Government's finance, and who is sufficiently interested in the subject to be willing to devote some time and energy to bringing about an improvement. It would be preferable to have some one who would be capable of making an occasional address on this subject, and who would be willing himself to study and understand it by an examination of literature which will later be furnished.

I will greatly appreciate any help you can give me in this connection, by suggesting anyone you think could undertake this work successfully.

Faithfully yours,

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank of Dallas,
Dallas, Texas.

BS/MSB

April 18, 1919.

796.

Dear Mr. Van Zandt:

Thank you for your further letter of the fourteenth in regard to budget representation in New Mexico. It is very good of both you and Mr. Lawder to make these helpful suggestions.

Sincerely yours,

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank of Dallas,
Dallas, Texas.

MSB

FEDERAL RESERVE BANK
OF DALLAS

OFFICE OF THE GOVERNOR

April 29, 1921

MAY 3 1921

Dear Governor Strong:

I am very anxious to have, for the walls of my office in this splendid new building, a photograph of each of the Governors of the Federal Reserve Banks.

Therefore, if you do not consider my request too presumptious, I will greatly appreciate your sending me one of your most recent photographs, which I would especially like to have autographed across the front where it will show in the frame.

If you do not consider that any immediately available photograph does you justice, you can let me know and I will explain to my visitors that the war-time and "deflation" problems have wrought the change.

Seriously, I am exceedingly anxious for the picture, and also want you to avail yourself of the first opportunity to come down and see our quarters before the new wears off.

With warm personal regards, I am,

Yours very sincerely,

R. L. Van Zandt

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

May 3, 1921.

Dear Governor Van Zandt:

I am sending you a picture as requested in yours of April 29, and feel very much honored that you should wish it. It may not be a very good picture, but it will certainly be improved when it is hanging with the pictures of the other Governors. I am very glad indeed to send it.

Sincerely yours,

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank of Dallas,
Dallas, Texas.

BS:MM

FEDERAL RESERVE BANK OF DALLAS

R. L. VANZANDT
GOVERNOR

May 7th, 1921.

Dear Governor Strong:

I am just in receipt of your letter of the 3rd instant, together with copy of your photograph, and I want to thank you for your courtesy in forwarding the same to me.

With kind personal regards, and again thanking you, I am,

Sincerely yours,

R. L. VanZandt

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

May 24, 1921.

Dear Governor Van Zandt:

This will serve to introduce to you Mr. K. Ohshima, Assistant Agent of the Sumitomo Bank, Ltd. of New York, who is visiting the South and will give some thought and study to the financing of cotton.

Such courtesies that may be extended to Mr. Ohshima will be greatly appreciated by,

Yours very truly,

BENJ. STRONG,
Governor.

copy on Van Zandt

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank of Dallas,
Dallas, Texas.

BS/EMS.

May 24, 1921.

Dear Governor Van Zandt:

The enclosed is a copy of a letter of introduction, which will be presented to you by Mr. K. Ohshima, Assistant Agent of the Sumitomo Bank, Ltd., of New York, who contemplates visiting the South in the near future.

I shall appreciate it if you will extend such courtesies as may be consistent with the object of Mr. Ohshima's visit.

With many thanks, and kindest regards,

Yours very truly,

Benj. Strong,
Governor.

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank of Dallas,
Dallas, Texas.

Enc.

GB:MM

P. S. The Sumitomo Bank, as you doubtless know, is one of the most responsible banks in Japan.

B.S.

September 14, 1921.

Dear Governor Van Zandt:

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 Dallas and Fort Worth.

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,

R. L. Van Zandt, Esq.,
Governor, Federal Reserve Bank of Dallas,
Dallas, Texas.

BS:MM
enc.

RICHARD L. VAN ZANDT
DALLAS, TEXAS
2417 McKinney Avenue.

January 21, 1922.

Dear Governor Strong:

Ever since January 7th, on which date I was ousted from the position of Governor of the Federal Reserve Bank of Dallas, I've wanted to write and tell you of its cause but was reluctant to burden any of my friends with my troubles. Having heard that the affair is being misrepresented by others I have concluded to write you.

As you have doubtless heard, considerable friction has long existed between the Chairman and myself, brought about through his mistaken opinion that he was the chief executive officer of the Bank as well as the representative of the Board. He had an exalted idea of his power because he was an intimate personal friend of E.MHouse, T.W.Gregory, Albert Burleson, John Skelton Williams and Thomas B. Love, and through the last two, of McAdoo.

This friction was the cause of much concern with the Federal Reserve Board and certain of our directors were called to Washington about it as well as the Board having sent various representatives here at different times to investigate the matter. The result of all of these investigations was practically the same and last July Ramsey was called to Washington and told, in no uncertain terms, just where his authority began and ended. The Republican party was then in power and, with all of his Washington "pull" gone, he was much disturbed over his tenure of office. Consequently after his return to Dallas everything worked, apparently, as smoothly as it does in the Federal Reserve Bank of New York.

About that time the leading Republicans in Texas began to lay plans to get rid of Ramsey and I was approached by several of them and urged to accept his place when they succeeded in getting him out. To each and every one of these I gave the same answer, which was to the effect that I considered my position a higher one and that, further, I did not like to see politics play any part in the operation of the Federal Reserve System. When Ramsey's re-appointment was being considered by the Federal Reserve Board I wrote to Governor Harding and told him that there was absolutely no existing friction between Ramsey and myself, and that we

could work harmoniously together.

Shortly after this Ramsey was re-designated Chairman and Federal Reserve Agent for the year 1922. Upon receipt of advice to this effect, early in December, Ramsey's entire demeanor abruptly changed. He no longer came near my office and whenever he had any operating matters to discuss he went to Emerson with them.

Our Directors met on Saturday, January 7th, and at the morning session my report was read and disposed of, all of my recommendations were acted upon and then the Board adjourned for lunch. After lunch they went into executive session for the purpose of electing officers, and at half past two Directors Scott and Sansom came to my office to inform me that B.A.McKinney had been elected Governor over me by a vote of four to three.

The three directors who voted for me, (Scott, Sansom and Newsome), were as much surprised as I was over the result, and then noted that,for the first time since the Bank was organized, Ramsey had required a secret ballot. It appears that the whole thing had been worked out in secret by Ramsey and the directors that he controls. Mr. Kell, who took the leading part in the meeting, has evidently been given misleading information as , after the vote, he stated that I had spent an hour and a half begging Mr.Mitchell to prevent the re-appointment of Ramsey, which statement was absolutely false.

A few days ago one of my most intimate friends called on McKinney, the new Governor, and asked him what the directors had against me. His reply was to the effect that there was absolutely nothing except that "Judge Ramsey heard that Dick was after his scalp so he went after Dick and got him". As a matter of fact there was no truth in the statement that I was "after his scalp", the real reason beingbecause he could not influence me to concur in granting special favors to banks owned or controlled by his personal or political friends and that, with due consideration for his opinions, I insisted on thinking for myself and on acting according to my best judgement.

Ramsey has always been a politician, his only banking experience having been as president of the National Bank of Cleburne, Texas, which failed a few months ago when his successor, who was his personal friend and whom he had selected, absconded, short over a million dollars and with all of the Liberty Bonds which had been left with the bank for safe-

keeping.

Ramsey had stated to me many times that he had rather see any bank in the United States fail than the National Bank of Cleburne, and my reluctance to extend to it unwarranted lines of credit was one of the principal causes for friction between us. Just a few nights before President Norwood skipped out, while we were having a conference in my office to see whether anything further could be done toward saving the bank, I made the statement that the matter could be easily handled if we were certain that we were dealing with an honest man, whereupon Ramsey started at me with an open knife, with the remark that I could not call his friend dishonest, and that Norwood was just as honest as I was.

McKinney, Emerson and others were present when the above incident occurred. I have been reliably informed that the files of the Comptroller's Office in Washington will show that Ramsey blocked criminal prosecution of Norwood over a year before the bank failed, and if that had been allowed to proceed the creditors of the National Bank of Cleburne would have been saved hundreds of thousands of dollars afterward stolen by Norwood.

I did not mind losing the position, for at any time during the last three years I would gladly have resigned had I had any intimation that such action would not have been looked upon as the shirking of duty and responsibility in time of unusual stress. I do feel very badly over the dirty underhanded manner in which my retirement was brought about.

I have made no plans for the future, and am really not in a big hurry to make any, but as I have saved very little,and have met with some recent reverses, and must live, it is imperative that I find something to do which does not require a substantial investment, and if there comes to your attention any opportunity of which you think I maght be able to take advantage, I will greatly appreciate it if you will call it to my notice and will speak a word in my behalf.

No doubt my friends, the other Governors, will be at a loss to understand why or how I was not re-elected to the position which I have held for seven years, and therefore, I will appreciate it if you will tell any of them you chance to see, a little of my side of the case.

As an evidence of the fact that I still stand pretty well with some of the people down here in this Democratic stronghold, the Fort Worth Clearing House, (my old home town), gave me a complimentary dinner on the same night the Dallas Clearing House gave McKinney a dinner, and to that dinner several of our most prominent Republicans were invited. It was a private affair and speech was somewhat unbridled, and all present were vehement in their denunciation of the manner of my deposal. At the conclusion of the dinner they presented me with a very handsome watch and chain as a memento of the occasion.

When you next see "Jimmy"Wadsworth please tell him of my removal and request him to write to our mutual friends, C.C.Littleton of Fort Worth and W.H.Patrick of Clarendon,Texas, for particulars.

Governor Strong, if you had not written me such an inspiring and friendly letter during my troubles, some three years ago, I would not have presumed to burden you with my affairs now, so you have only yourself to blame for this rather lengthy effusion.

I am attempting to do my own type-writing, therefore, you must not lay the blame for incorrect spelling, grammar or punctuation, on any secretary or stenographer.

When you have the opportunity I shall appreciate your writing to me, and in the meantime I hope you will not forget to keep your "weather eye peeled" for any opening which, in your opinion, I might be able to acceptably fill, it makes no difference in what part of the world.

With sincere regret at the occurrence which has brought about a termination of my work with you in the upbuilding of the Federal Reserve System, (for I am still deeply interested in its development), and with the warmest personal regards, I am

Sincerely your friend,

R. L. VanZandt

Benjamin Strong, Esq.,
¢ Federal Reserve Bank,
New York.

January 30, 1922.

My dear Van Zandt:

It was good of you to write me about what happened at the last election in your bank. As you may not have heard, I have been laid up in the hospital for a couple of months, had heard none of the news, and had not the slightest intimation, no more apparently than you had, that any plan was contemplated to put in some one to take your place.

So long as I am a member of the System, I must not of course be guilty of passing judgment in a matter of this kind, especially when, as you realize, the only statement of the situation which I have is that received from you. On the other hand, I want you to know that the contents of your letter filled me with amazement. During our years of association, which have been so agreeable to me, I can think of nothing in your attitude toward the System, or toward your associates, and especially toward me, which would give me ground for feeling that you had either incautiously, ignorantly, or deliberately been guilty of any act which would justify such a cavalier and summary dismissal from the service as you seem to have received. If you have been guilty of anything of that sort, which I cannot conceive to be the case, I have very much misjudged you indeed. The reason why I write this so explicitly is because while I had once or twice heard that some friction did exist between you and one of your associates, which all of us that heard regretted, so far as I can recall I am not conscious of hearing one word from you on that subject. At least so far as our relations are concerned, I cannot help but feel that you have been discreet, and if in another direction you have been less discreet, I am indeed very sorry.

What now occurs to me especially is to answer in some way the last part of your letter, in a way which will be satisfactory to you. I cannot see an old pal go down as the result of this unfortunate occurrence without making an effort to the extent of my ability to see him comfortably fixed. To-day is my first day at the office, where I could only spend the morning, and I am still unable to put out any feelers in your behalf. There are always opportunities in this district for an experienced banker. The thing is to find him, and the right one. On receipt of this letter, won't you be good enough to write me as explicitly as you can, just what you have in mind as to position, work, etc. Also whether if an attractive opening arose, would you feel like going out to Manila? I am not sure what the situation is now, but some months ago General Wood wanted a good man very badly.

Once more, let me repeat my very earnest regret that this unfortunate development took place, that it has affected you so adversely, and my sincere hope that you will soon find a satisfactory and profitable berth, where you will be happy and make good progress. You may count upon my having an eye and an ear wide open for something for you right along. I have already spoken to my associates at the bank about it.

Yours sincerely,

Richard L. Van Zandt, Esq.,
2417 McKinney Ave.,
Dallas, Texas.

BS.MM

RICHARD L. VAN ZANDT
DALLAS, TEXAS

2417 McKinney Avenue.

February 6, 1922.

Dear Governor Strong:

Your letter of the 30th ultimo was a great comfort to me, and I want to thank you for it and for the kindly interest expressed therein.

I was much surprised and very sorry to hear that you have been laid up, and sincerely hope that you are now rapidly regaining your health and strength. It seems to me that you always try to get back to your full capacity in too big a hurry, without taking up your work gradually, and along this line you should attempt to follow the good advice which you would give to others who might be in your own position. Big financial minds, such as yours and Paul Warburg's, are too rare and too valuable to this Country for us to permit the owners of them to overtax their physical capacities without, in some manner voicing our protests. In other words, we want them held in reserve for use in cases of emergency, just as banks should look upon the rediscount facilities of the Federal Reserve Banks.

In reply to that part of your letter which has reference to a position for me, it might be well for me to give you a brief outline of my past experience.

Am fifty years old, and at present single, although have planned to take unto myself an helpmeet sometime in April, and this is the principal reason why I am so anxious to get into something out of which I can make a comfortable living for two.

Graduated in civil engineering in 1890, and after one post graduate year at Rensselaer in Troy, began work as a messenger in the Fort Worth National Bank of Fort Worth, Texas, of which bank my father was, and still is, the active president. After ten years in that bank I spent two and a half years in the Treasury Department of the Philippines, under Mr.Taft, returning to the States in 1903 on account of the health of my wife. Was appointed by Comptroller Ridgely as Receiver of the Farmers National Bank of Henrietta, Texas, and later as Receiver of the American National Bank of Abilene, Texas, and in May 1905, without solicitation or application, was given

commission as National Bank Examiner, which position I held, working in Arkansas, Louisiana, Texas, Tennessee, and Oklahoma, until I was elected Deputy Governor of the Federal Reserve Bank of Dallas on October 29, 1914. Appointed Acting Governor in February 1915, and elected Governor on April 6,1915.

Having lived for two and a half years in Manila, that is not an unknown country to me, and on the attractiveness of the position, the character of the work, and the possibility of taking a vacation in the United States occasionally, would depend my decision with reference to the matter mentioned by you.

I have nothing definite in mind, but so many New York banks and other financial institutions have large interests throughout the South and West that it occurred to me that some of them might want a man who had practically first-hand information concerning conditions in thoseparts of the country. While I have had a lot of banking experience it is what the New York banker would term "country banking", as I am practically ignorant on such matters as Foreign Banking and Foreign Exchange and international matters.

Again, the thought has come to me that in the re-organization and resumption of business of some of the large Copper or other mining companies, there might be positions to fill where a technical knowledge of the game was not necessary, but where my general experience might enable me to fill the requirements.

In other words, I am rather in the dark as to anything specific. It would probably be a comparatively easy matter for me to get lined up with some bank in Dallas, but I could never be happy here and am anxious to get away from the place.

While, as stated, I am anxious to get my definite arrangements made as soon as possible, it would best suit me not to have to assume my regular duties until about the first of May or later, because the lady who has promised to become my wife has never been East and I had promised her that we would see New York and Washington on our honeymoon. However, she is a very sensible woman and has my interests at heart, and would be willing to release me from that promise and post-pone a visit to those places if it were in any way necessary or desirable.

I forgot to state, when talking about Manila, that as it was not necessary at the time, I did not learn the Spanish language. I tell you this because it might be inferred that a person who lived in Manila for nearly three years would know the tongue.

Again I thank you, Governor Strong, for your very kindly interest in my behalf, and for the expressions of confidence contained in your comforting letter.

With sincere good wishes for a rapid and permanent improvement in your health, and with warm personal regards, I am

Sincerely yours,

R. L. Van Zandt

Benjamin Strong, Esq.,
c/o Federal Reserve Bank of New York,
New York City.

February 9, 1922.

My dear Van Zandt:

Thank you for your nice letter of February 6. I am really taking care of myself, and it is good of you to be interested in my doing so.

I shall put out some feelers right away, with a view of a possible position, and I am inquiring also in regard to the Philippine matter, advising you of anything I learn. In the meantime, good luck to you.

I am greatly interested in what you write about the other venture which you plan for April, and send my warmest congratulations and good wishes for your happiness.

Sincerely yours,

R. L. Van Zandt, Esq.,
2417 McKinney Ave.,
Dallas, Texas.

BS.MM

February 18, 1922.

My dear Van Zandt:

The President of one of our banks in New York, who some time ago advised me that he might need a man familiar with country banking, has just written me that his staff is full. On the other hand, I learned that inquiries are being made as to whether there may not be some important work in the Philippines which you could do. I will advise you of the result.

Some of my associates have the situation in mind as well as I, and if anything develops you may count upon hearing from me.

Yours sincerely,

R. L. Van Zandt, Esq.,
2417 McKinney Ave.,
Dallas, Texas.

BS.MM

RICHARD L. VAN ZANDT
DALLAS, TEXAS

2417 McKinney Avenue

February 27, 1922.

My dear Governor Strong:

I have just returned from a little trip to Kansas City and find your letter of the 18th, and want to assure you of my appreciation of the interest you are taking in my behalf.

A group meeting was held in Kansas City on the 23rd and Governor Harding advised me that he would like to see me there at that time, so of course I went. Had a very satisfactory and gratifying talk with him during which he informed me, confidentially, that all of the members of the Board, and especially the Comptroller, were "sore" at Judge Ramsey and that with anything tangible on which to base it, they would request his resignation and immediately appoint me Federal Reserve Agent to succeed him. Please consider this as being strictly confidential, but the next time you see Governor Harding ask him about the Dallas situation and I feel sure that he will give you some interesting information with reference to it.

He also told me that the Comptroller was trying to work out some plan to appoint a "resident chief national bank examiner", who would be located in Washington and whose duties would include the close supervision of the examinations of all banks on the so-called "sick list", and that he hoped to be able to make the position one which might prove attractive to me. If you have any thoughts or suggestions along this line I hope you will talk them over with Mr. Crissinger the next time you are in Washington.

Governor Harding also spoke about the probability of a man being wanted to head the Philipine National Bank, but I wouldn't want to go there unless, as previously stated, the position was made very attractive to me.

The four directors who voted for McKinney for Governor of the Dallas bank, signed a statement and had it spread on the minutes and furnished me with a copy. Its wording is, in my opinion, very weak and only

states that, so far as they know, I am not a crook. I am enclosing a copy; what do you think of it?

With the present unsettled financial conditions, lack of earnings of the rail-roads, etc., it occurs to me that some well paying receivership might develop such as the one now held by Delano. Do you think there would be any chance for me in that direction?

I hope you will be certain to talk over the Dallas situation with Governor Harding as he told me many things which I do not feel at liberty to write you about, and yet I am anxious for you to know them.

It was a disappointment to me to be in the same town with Fancher and Wills and not be able to see them, but as they were in a conference and as my visit was a secret, it was not possible.

Again thanking you for your efforts in my behalf, and with warm personal regards, I am

Sincerely yours,

R. L. Van Zandt

Benjamin Strong, Esq.,
c/o Federal Reserve Bank,
New York.

EXCERPT FROM MINUTES OF MEETING, BOARD OF DIRECTORS,
FEDERAL RESERVE BANK OF DALLAS, FEBRUARY 11, 1922.

"In the severance of the relations of former Governor R. L. Van Zandt and the Federal Reserve Bank of Dallas, the directors voting for Mr. B. A. McKinney as the successor to Mr. Van Zandt, whose term of office had expired on December 31, 1921, hereby declare that they were actuated solely to the end that the interests of our institution might be best served, and such action was not intended as any reflection on Mr. Van Zandt or his integrity, honesty or ability.
The Board has for that gentleman the kindest feelings, and wishes for him the large measure of success that his ability warrants."

I hereby certify that the above is a true and correct copy of a statement signed by Messrs. Frank Kell, J. J. Culbertson, H. O. Wooten and Howell E. Smith, appearing in the minutes of the meeting of the Board of Directors, Federal Reserve Bank of Dallas, held February 11, 1922.

(Signed) Chas. C. Hall
Secretary.

SEAL
OF
BANK

March 4, 1922.

My dear Van Zandt:

Your note of the 27th ultimo was on my desk this morning on my return from Washington. Governor Harding mentioned having seen you in Kansas City, but we were exceedingly busy on some Federal reserve bank matters and the conversation went no further than that. I do hope you will get a good position and one which will enable you to employ your experience and ability which is a great asset. I shall have it in mind and have a weather-eye open for anything that turns up; so keep me informed if you make any arrangements yourself.

With best regards,

Yours sincerely,

Richard L. Van Zandt, Esq.,
2417 McKinney Ave.,
Dallas, Texas.

BS.MM

RICHARD L. VAN ZANDT
DALLAS, TEXAS
2417 McKinney Ave.

June 28, 1922.

Dear Governor Strong:

I am just in receipt of a letter from my brother in the City of Mexico, from which I quote the following paragraph:

> "The Morgans and Speyers of New York, in conjunction with financiers of England and France, all of whom are holders of Mexican Bonds and State securities, are working on a scheme to have Mexico institute a Banking System similar to the Federal Reserve System of the United States, and the idea is well received. My opinion is that such arrangement will be amicably concluded during the present visit of the Secretary of Treasury of Mexico, in New York. Naturally the organization as well as the initial financing of such an organization, will be under the control of the financiers mentioned, and will so continue until Mexico is in position to assume all control and responsibility of the Institution."

I will appreciate it if you will let me know whether or not you have any definite information with regard to the foregoing, and if so, whether the plans being considered provide for a representative, or representatives, with knowledge of our own Federal Reserve System. Also, if such be the case, whether in your opinion I could obtain a position with the organization.

My brother, who is now connected with the Sinclair Oil Corporation, has lived in Mexico for nearly thirty years and is thoroughly familiar with banking and business practices, as well as with the laws of that country, and could render me valuable assistance in my efforts to discharge any duties which might be assigned to me.

Assuring you of my appreciation of your many courtesies, and trusting that I am not imposing too much of a burden upon you in asking you to look into this matter for me, I am, with warm personal regards,

Sincerely yours,

A. L. Van Zandt

Benj. Strong, Esq.
care Federal Reserve Bank,
New York City.

July 12, 1922.

Dear Van Zandt:

I am only now able to reply to your note of June 22, because it took some time to make the inquiries necessary in order to advise you something of the facts. Without going into a long story, I am told that there is nothing in the suggestion of which you have had an account from your brother; that the people in New York who have been quoted as interested in the scheme to establish a Federal Reserve System in Mexico are really not interested; and that it is not likely that they will be. One of the firms you named gives me this information direct; and the other firm, I am advised, is already interested in the Bank of Mexico, which is largely controlled abroad.

I doubt very much whether there is anything to come of this matter, but if you get more definite word and want further assistance here, please do not hesitate to write me.

Yours sincerely,

Richard L. Van Zandt, Esq.,
2417 McKinney Ave.,
Dallas, Texas.

BS.MM

RICHARD L. VAN ZANDT
~~DALLAS, TEXAS~~
1301 Penn. Avenue,
Fort Worth, Texas.

October 31, 1922.

Dear Governor Strong:

The death of Judge Ramsey on last Friday creates a vacancy in the position of Federal Reserve Agent at Dallas and I would like very much to have that appointment. I realize the fact that you do not want to take any part in the affairs of other Federal Reserve Banks, but I'm hoping that you will not consider it unseeming or out of place for you to incidentally say a personal word in my behalf to Secretary Mellon at your earliest opportunity.

The Secretary does not know me, having only met me once or twice at conferences, and then in connection with meeting a lot of the other Federal Reserve officials. I can get the endorsement of most of the prominent Republicans in this State, but was led to believe, while on my last visit to Washington, that such endorsements would not have much weight with the Board. I have been told, that now that Governor Harding was not on the Board, a suggestion from Secretary Mellon would swing the votes of the members, but unless you will consent to speak to him for me, I have no means of getting my name before him.

It should be borne in mind that the death of Judge Ramsey removes the so-called "friction" which was used as a basis for my removal when McKinney was elected Governor last January.

I will certainly consider it a very great favor if you can see your way clear to do this for me.

Mr. Platt has publicly announced that the vacancy will be filled as soon as Congress convenes; therefore, anything that is done must be done quickly.

Can you offer me any suggestions which might prove helpful to me under the circumstances?

With warm personal regards, I am

Sincerely yours,

A. L. Van Gaudes

Hon. Benjamin Strong,
c/o Federal Reserve Bank,
New York City.

November 3, 1922.

My dear Van Zandt:

Your note of October 31 is just received. My advice would be to write directly to Governor Platt. I do not think I should write a letter in regard to an appointment in any other Federal Reserve Bank. You know how scrupulously careful I have always tried to be in such matters, and I do not want to be guilty of any infringement of this rule.

I may, however, have opportunity for a word with Mr. Mellon the next time I am in Washington, and if so I will be glad to speak to him about it. In the meantime take my advice and get right at it by writing directly to Mr. Platt. Of course, if Governor McKinney desires such an appointment made that would be most helpful!

With best regards, believe me,

Yours very truly,

Richard L. Van Zandt, Esq.,
1301 Penn Ave.,
Fort Worth, Texas.

BS.MM

RICHARD L. VAN ZANDT
~~DALLAS, TEXAS~~
1301 Penna. Avenue,
Ft. Worth, Texas.

February 15, 1923.

Dear Governor Strong:

On yesterday I heard that Grace & Company of New York were contemplating increasing the export financing part of their business, paying some attention to the cotton and grain exports of the West, South and Southwest, and that they were quietly looking for a man from this section of the country to add to their force. I'm wondering if you are acquainted with any of the members of that firm, and if so whether or not you could ascertain the correctness of the report.

I do not know very much about the character or standing of Grace & Company, but if, in your opinion, these people are all right, I would like to have a chance at the place.

If they are after such a man, could you suggest my name to them in such a way that would not make it appear that I was making an application for it? Of course, I would not want you to even suggest me for a position in which you did not feel sure that I could make good, bearing in mind that my knowledge of the details and modus operandi of handling foreign bills is very limited.

However, I am pretty well acquainted with the banks, bankers, and business of this entire section of the country, and that knowledge might offset the other and qualify me for the position they are contemplating filling.

I have not yet succeeded in obtaining a position, as every opportunity presenting itself has required a substantial investment which I am not in position to make.

If you can do anything for me along the above lines, it will be greatly appreciated, and I trust that I am not imposing too much on friendship.

By the way, on the suggestion of friends I withdrew my application for the position with the Dallas bank made vacant by the death of Judge Ramsey, and joined the Republican leaders in Texas in recommending W. W. Collier, former State Bank Commissioner, for the place. The Federal Reserve Board has not yet appointed him and may not do so. I believe Mr. Platt and Governor Crissinger, (both friends of mine) could get me appointed if they were properly approached. Could you do anything for me there? The objection offered to my name was that I could not get along with the directors who voted against me for governor, but one of them is now dead, and two others are no longer directors. Mr. Kell is the only one of the present board with whom I am "non persona grata", and that is because he handled Ramsey's frame-up in putting me out.

Under the circumstances I do not feel that my work there would be in any way handicapped, but I am not in position to personally bring the situation to the attention of the Reserve Board.

I trust that your health has greatly improved since I last saw you.

Mrs. Van Zandt joins me in kindest regards and best wishes,

Sincerely yours,

R. L. Van Zandt

Benjamin Strong, Esq.,
c/o Federal Reserve Bank,
New York City.

February 20, 1923.

Mr. R. L. VanZandt,
1301 Penna. Av.,
Fort Worth, Texas.

Dear Sir:

Mr. Strong has asked me to let you know that he has received your letter of February 15 and is only sorry that he is not, at the present time, able to do anything in connection with the matter you mention, much as he would like to. Unfortunately, he has not been feeling very well recently and has been away from the bank for several weeks, having just returned to the city. He is still, however, unable to be at the office, and he wonders if there is not someone else who might undertake the matter in his absence.

Very truly yours,

Secretary to the Governor.

MSB

RICHARD L. VAN ZANDT
~~DALLAS, TEXAS~~
1301 Penna. Avenue,
Fort Worth, Texas.

February 26, 1923.

Mr. George Beyer,
Secretary to the Governor,
Federal Reserve Bank,
New York city.

My dear Mr. Beyer:

Please convey to Governor Strong my sincerest regret at learning of his illness, and my best wishes for a speedy and complete recovery.

I would certainly never have thought for a moment of bothering him with any of my affairs had I known that he was not in good health. Will you kindly inform him of that fact?

Thanking you for your letter, I am

Yours very truly,

R. L. Van Zandt

Van Zandt

LIVE STOCK NATIONAL BANK OF SOUTH OMAHA

OMAHA, NEBRASKA

L. VAN ZANDT
PRESIDENT

Sept. 13, 1924

Benjamin Strong, Esq.
Federal Reserve Bank,
New York City,

Dear Governor Strong:

This will introduce to you my brother, K. M. Van Zandt, Jr., who is making a short visit to your city and I am anxious to have him meet you.

He has lived in the City of Mexico for some twenty five or thirty years and is possibly unacquainted with the manners and customs of our great American metropolis, so don't let him get deported.

Any courtesies you may be able to extend to him will be greatly appreciated by me.

With all good wishes for your health and happiness, I am

Sincerely yours

R. L. Van Zandt

Called here 9/22/24, merely presenting this letter. Did not care to speak to Mr Case, or any other officer. MSB.

K. M. VAN ZANDT, JR.

FORT WORTH, TEXAS

BS - Personal

RICHARD L. VAN ZANDT
~~DALLAS, TEXAS~~
Forth Worth, Tex.

March 31, 1927.

Hon. Benjamin Strong,
care Federal Reserve Bank of New York,
New York City.

Dear Governor Strong:

Upon returning to Texas I am greatly impressed with the rapid and substantial development that is taking place throughout this entire state, and I find that out-of-state Trust Companies, Mortgage Companies and Insurance Companies are being called upon to furnish a large proportion of the building capital. The field for this class of sound, conservative loans is great and, as you perhaps know, most of the large life insurance companies are prohibited by law from writing insurance in this state, and they are therefore without the convenient machinery for soliciting these most desirable loans.

A few of them have loan agencies in the state but most of them have not, and included in the latter class is that big, middle-western company, the Northwestern Mutual Life of Milwaukee. In talking over the matter with a very prominent lawyer who has had many years of experience in examining and passing on titles in this state for both local and foreign clients, he has expressed the thought that possibly the Northwestern Mutual management could be shown the desirability of having a loan agency in Texas and, if so, that with proper recommendations and credentials I might obtain the position of state representative of the company for loan purposes. He has further offered to accompany me to Milwaukee to discuss the matter with the officials of the company, to explain to them the legal features in connection therewith, and to do what he can to assist me in obtaining the position sought.

I have decided to accept his kind offer of assistance, but before making the trip I want to get, if possible some strong letters of recommendation to take with me. With that in view I'm writing to ask you the great favor of sending me such a letter as you can consistently write in my behalf, addressed to Mr. W.D. Van Dyke, President of the Northwestern Mutual Life Insurance Company of Milwaukee.

I assure you that your kindness in this connection will be greatly appreciated. With warm personal regards, I am

Sincerely yours,

R. L. Van Zandt

P.S. Please address me
in care of the
Fort Worth Nat. Bank.

Van Zandt

PS Personal

Hotel Brighton,
Atlantic City, N. J.,
April 13, 1927.

My dear Van Zandt:

Your letter of March 31 has reached me after some delay because of my absence.

When you see Mr. Van Dyke you might tell him of our long association, and if he wishes something from me about you to please write me. I shall be delighted to write him.

I hope things are going well with you. Unfortunately, illness has kept me away from the bank for a good while, and I am still taking it a bit easy.

Sincerely yours,

Mr. R. L. Van Zandt,
C/o Fort Worth National Bank,
Fort Worth, Texas.

RICHARD L. VAN ZANDT
~~DALLAS, TEXAS~~
Fort Worth, Texas.

April 25, 1927.

Mr. Benjamin Strong,
c/o Federal Reserve Bank,
New York City.

My dear Governor:

Mrs. Van Zandt and I were both exceedingly sorry to learn that illness had been your lot and we hope that springtime and rest will bring you renewed health and vigor.

On account of the business engagements of the lawyer who is to accompany me to Milwaukee, I have not yet called on Mr. Van Dyke nor arranged for a conference with him, but when I do so will ask him to write you about me.

Some years ago, on the enactment of the so-called "Robertson Law", about sixteen of the largest life insurance companies in the United States withdrew from Texas with the avowed intention of not returning until the repeal of that law, the objectional feature of which being that it required the investment in Texas securities of seventy-five percent of the legal reserve on Texas policies. One or two of them have unostentatiously returned and with the marvelous growth and development of the State, are finding it no hardship to comply with the requirements of the law, though most of them, including the New York Life, Equitable, Prudential, Mutual Life, Northwestern Mutual, etc., have let Texas severely alone. Meanwhile some local companies have grown to sizeable proportions with highly remunerative business.

It was my idea that if I could get one of these big companies to come into the State on a strictly investment basis, which has no bearing on the Robertson Law, that it wouldn't be long before that Company would find that it could enter the underwriting business with no further requirement than to apply for and obtain its permit.

Good, sound, conservative building loans can be made, with adequate sinking fund requirements to provide for and maintain a substantial margin of safety even in the event of deterioration or possible slump

RICHARD L. VAN ZANDT
DALLAS, TEXAS

in values, at rates which would prove attractive to the large insurance companies as well as to the borrowers.

A loan agency such as I have in mind would certainly prove a big money maker for the Company and give it a desirable outlet for some of its investment funds.

If you, or some of your friends, are interested in any one of the companies not now operating in Texas, and that company would care to enter this field on an investment basis as outlined, I would be pleased to come up and go over the situation with them and would bring with me Judge Leroy A. Smith, who is a very prominent lawyer here, an acknowledged authority on Texas land loans and titles, and he could explain the legal aspects to them.

I have assurances of cooperation and assistance from prominent bankers and business men from all parts of Texas and know that I can build up for the Company which I do take on a splendid investment business.

Please advise me if you know of such a company.

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

Sincerely your friend,

R. L. Van Zandt

Van Zandt

April 29, 1927.

My dear Van Zandt:

Your letter of the 25th has just reached me, and I quite see the point that you are working on. Of course, it would be very difficult for me to take up a proposal of this sort "de novo" with any of the big life insurance companies. I have never appeared as a volunteer in giving advice of the sort you have in mind to any of these big companies, except that during the War we did press them pretty hard to subscribe to Government loans. If you find any of them are interested, you might refer them to me for information and on request from them of course I could very properly tell them what I know.

I shall be away for about two weeks attending meetings in Washington. Barring that, I expect to be in New York right along.

With best regards, I am

Sincerely yours,

Mr. Richard L. Van Zandt,
Fort Worth,
Texas.

BS:M

410

a C Wells
Dallas

1915

FEDERAL RESERVE BANK
OF DALLAS

February 2, 1 9 1 5.

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

My dear Mr. Strong:

I beg to acknowledge receipt of your communication of January thirtieth, as well as the set of circular letters and forms issued by the "Gold Fund Committee" advising contributors of the distribution of the funds left in their hands from the "Gold Pool".

I presume it became necessary to abandon the idea which I thought would be followed when we were in Washington, of asking member banks of the various districts to accept credit in their own Federal Reserve Bank. This might have resulted in a reduction of the balances of western and southern banks on your books. I am rather of the opinion, however, that the member banks of this section, because of existing conditions, would elect to have the money placed to their credit in New York and have it handled through the correspondent already designated in connection with the raising of the fund.

With best personal regards, I am

Very truly yours,

Oscar Wells

OW/MSK

Governor.

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BENJ. STRONG, Jr.
PERSONAL.

February 9th, 1915.

My dear Governor Wells:

Thank you for yours of the 2nd in regard to the Gold Fund Committee matter. The Committee decided that it would be most unwise to deprive the contributors of the opportunity of converting their contributions into New York exchange should they prefer that form of distribution, hence, the arrangement as disclosed in the paper sent you.

Notice of your possible defection reached me through the newspapers and was practically confirmed in Washington last week. I am very sorry indeed to learn of this occurrence and realize that your decision was doubtless based upon sound considerations of your own future, and of that we cannot possibly complain.

We will certainly miss you at the meetings in Washington or elsewhere and I take this first opportunity to extend to you every possible felicitation for your prosperity and happiness in Birmingham.

With best regards, believe me,

Very truly yours,

Governor.

Oscar Wells, Esq.,
Governor, Federal Reserve Bank,
Dallas, Texas.

BSJr/VCM-4

400

b) W. F. Ramsey

Dallas

1916

(Sent to all Federal reserve
agents except Richmond.)

November 1, 1916.

William F. Ramsey, Esq.,
Federal Reserve Agent,
Federal Reserve Bank of Dallas,
Dallas, Texas.

Dear Mr. Ramsey:

At the meeting of our board of directors this morning we had quite a little discussion on the subject of rates for bankers' acceptances. The question came up in the natural course of business as to whether we should buy domestic acceptances and acceptances made for the purpose of furnishing dollar exchange at any different rate from that at which we are buying the import and export acceptances of the same institutions. After thorough discussion it was the sense of our board that as the purchases were made largely on the strength of the credit of the parties to the transaction and primarily that of the acceptors no difference in rates should be made, at least for the present, in purchasing the various classes of acceptances of the same institution.

Our directors also considered the letter from the Federal Reserve Board dated October 31st, a letter similar to which I presume you have also received, suggesting that Federal reserve banks had the power by differentiation of rates of regulating transactions in acceptances of the kind which we have been purchasing during the past year,

drawn under special credits arranged between banks in this country and banks or other drawers in European countries. It was the sense of our board that for the present and while such purchases are being offered in moderate volume we should expect to continue to buy them at the same rates as we would buy other acceptances of the same institutions.

I am writing you after consultation with our other officers as I thought you might be interested in knowing the views of our board.

Very truly yours,

Chairman.

PJ/LML.

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FILES DIV.
MAY 24 1922
FEDERAL RESERVE BANK OF NEW YORK

FEDERAL RESERVE BANK OF DALLAS

B. A. McKINNEY
GOVERNOR

ACKNOWLEDGED
MAY 23 1922
B. S.

May 18th, 1922.

Dear Governor Strong:

The Chief Examiner of this district today presented me with a bill covering copies of reports of examination furnished this bank during the month of April.

As you will recall, the report of our special committee which waited upon Comptroller Crissinger made its report just as we were adjourning, and although the Governors, when they met at different times after the Conference adjourned, had informal discussions, I do not have a clear idea in my mind as to what course the several banks intend to pursue in connection with paying the Comptroller for these reports on the basis heretofore charged.

I assume that since your return home you have had opportunity to discuss the matter with the other officers of your bank, and perhaps with your Board, and if you have arrived at a definite determination in this connection I should be greatly pleased if you would advise me in regard to it.

Sincerely yours,

B. A. McKinney

Governor

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

Y-6N

FEDERAL RESERVE BANK
OF DALLAS

OFFICE OF THE GOVERNOR

July 29, 1922

Dear Governor Strong:

I have your letter of the 26th instant, in which you advise me of the talk which you had with the Comptroller of the Currency regarding the expense of reports of examination of National banks now being furnished by the Chief Examiners, as well as to the method of custody and safeguarding of these reports.

It is noted that the Comptroller is contemplating arranging for a personal conference at which he would ask the Governors of some of the nearby reserve banks to be present.

Assuring you that I should be glad to give consideration to the conclusions reached by this conference, and with kind personal regards, I am

Sincerely yours,

B. A. McKinney

Governor.

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