

a) Roberts Walker  
7  
White + Case  
1915 - 1918

December 9th, 1915.

My dear Mr. Walker:

I have a memorandum on my book of unfinished business that you may want me to write a letter to Secretary Daniels in regard to the Tennessee matter. Has that been attended to so that I am relieved of further responsibility, or is there anything further that I can do?

Very truly yours,

Roberts Walker, Esq.,  
Care Messrs. White & Case,  
14 Wall Street,  
New York City.

BS Jr/VCM

WHITE & CASE  
14 WALL STREET

RW-SRD

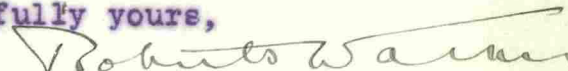
NEW YORK December 10, 1915.

Dear Mr. Strong:

Answering yours of yesterday:

After hearing from you on the telephone some weeks ago, I prepared drafts of two letters, one to the Captain and the other to the Secretary, and sent them to Mr. Kent. He and I had some talk about them a few days ago, but apparently he has not moved them forward to you, which was my suggestion. I shall jog his memory.

Faithfully yours,



Benjamin Strong, Jr., Esq.,  
62 Cedar Street,  
New York City.

May 23, 1918.

Dear Sir:

Your favor of even date, with enclosure, addressed to Mr. Strong, is received in his absence.

As Mr. Strong is expected back from Washington the first part of next week, your letter will be placed before him for his attention on his return to the office.

Very truly yours,

Secretary to Mr. Strong.

Roberts Walker,  
care of White & Case,  
14 Wall Street, N. Y.

GB

74  
X 198

*Rob. W.*

CABLE ADDRESS "WHITECASE"

MAY 28 1918  
WHITE & CASE  
14 WALL STREET

RW-AM

NEW YORK May 23, 1918.

Dear Mr. Strong:

"Tennessee" Gold Shipment.

You have not forgotten the shipment of gold made by the banks about August 6, 1914. I enclose our file copy of minutes of meetings with representatives of contributors. I call your attention to page 4 of the meeting of August 6, 1914, and to the passage there marked. Fay thinks that subsequently, perhaps on the same day, in telephonic communication with the Secretary of the Treasury, it was arranged that no ~~aff~~freight charges should be imposed upon this shipment. Can you remember whether such was the case? If so, may I not be sent for so that you can tell me orally what you recall of the matter? The subject comes up in connection with that unfortunate claim for commissions which is on the carpet again, this time rather more seriously than heretofore.

I might add that examination of the correspondence file indicates that no freight was charged, and that the only matter involving a payment from the Gold Fund Committee to the Secretary of the Treasury was insurance.

Faithfully yours,

*Roberts Waller*

Benjamin Strong, Esq.,  
Federal Reserve Bank,  
15 Nassau St., New York.

May 28, 1918.

Dear Mr. Walker:

I expect to be out-of-town next week so suggest that the matter referred to in yours of May 23rd be taken up some day this week. Possibly you will be good enough to telephone me whenever it is convenient.

According to my memory, the statement that the Government would charge freight for transportation was not made to me by Secretary McAdoo, but by Comptroller Williams who was, I think, at that time an Assistant Secretary of the Treasury. That can be confirmed by looking up the records.

I distinctly recall protesting against any such charge and remember his stating that it would be waived as well as any charge for transportation of the five men who were to go with him. The matter was handled under such pressure that I doubt if any record was made of that conversation, but certainly Mr. Williams would be glad to confirm it.

You have, as I recall, a record of my conversation with Secretary Daniels on this subject.

Very truly yours,

Roberts Walker, Esq.,  
c/o Messrs. White and Case,  
14 Wall Street, New York.

Governor.

BS/MSB

74  
X

CABLE ADDRESS "WHITECASE"

RW-AM

WHITE & CASE  
14 WALL STREET

NEW YORK      May 29, 1918.

Dear Governor:

Many thanks for yours of May 28th. There seems to be no record of the agreement that no freight was to be charged, beyond the fact that the receipt for the gold consigned contains no suggestion of freight charges. I am glad to receive your recollection confirming my understanding that no freight was charged.

Faithfully yours,  
*Roberto Warner*

Benjamin Strong, Esq.,  
Governor, Federal Reserve Bank,  
15 Nassau Street,  
New York City.

10/10/11 <sup>7</sup> Press White

White + Case

1914

NY C.

1914, 1920



WESTERN UNION

Form 2589 B



DAY LETTER

THEO. N. VAIL, PRESIDENT

RECEIVED AT COTTON EXCHANGE

207

788  
113

B150EX V 35 BLUE

NEWORLEANS LA FEB 27, 1914

BENJ STRONG JR,

14 WALL STREET NEWYORK

YOURS CONCERNING CURLIS BILL STOP NEVER KNEW HIS CONNECTION MATTER  
BUT EVIDENTLY STRICTLY PROFESSIONAL STOP NEVERTHELESS REGARD GARVINS  
FIGURE ENTIRELY FAIR UNDER ALL ~~XXXXXXXXXX~~ CIRCUMSTANCES STOP HIS  
DISBURSEMENTS SHOULD BE ADDED STOP DONT FORGET PRINTING BILL

DUPRATT WHITE

207PM

The Grunewald

Repub. Ex.  
MAR 3 1914  
New Orleans

Feb. - 27 - 14.

Dear Ben - I wired you  
today about Curtis' letter  
which I return herewith.  
Garvin is right it seems  
to me. Am leaving tomorrow  
for Baton Rouge to try to  
get your company appointed  
fiscal agent of Louisiana.  
Have met the Governor and  
Secy. of State and obtained an

WALKER & CO. NO. 14

The Grunewald

New Orleans

introduction to the State Treas.

do hope to succeed. We

leave here Sunday for a

week at Grove Park Inn,

Asheville, N.C.

Sincerely

Puttatt.

WHITE & CASE  
14 WALL STREET

Dear Ben -  
Please return  
when read -  
YCW

235

NEW YORK October 7, 1914.

W, Jr.,  
Street,  
York City.

R. L. W.  
OCT - 8 1914

Thank you for your note of yesterday. After  
I had already suggested to Van Antwerp  
that the Washington people see Mr. Warburg. His answer  
to the Finance Committee is still tinged with  
suspicion and they fear for the correctness of the  
information they might get from that source.

Senator Hitchcock has gone home till after  
Christmas and so you will not be able to see him in  
Washington, but they all appreciate that you are wise  
in not writing your views in the matter. I am trying  
to get hold of the man who wrote the article in the  
"Chronicle". If I do, perhaps you would be willing  
to talk with him.

Yours sincerely,

*[Handwritten signature]*

*His letter - enclosed - received  
after above was written.*

WHITE & CASE  
14 WALL STREET

JDW--MC

NEW YORK October 7, 1914.

Mr. Benj. Strong, Jr.,  
16 Wall Street,  
New York City.

*B. L. fr.*

OCT - 8 1914

Dear Ben:

I thank you for your note of yesterday. After your talk with me I had already suggested to Van Antwerp that the Washington people see Mr. Warburg. His answer was that the Finance Committee is still tinctured with suspicion and they fear for the correctness of the information they might get from that source.

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Yours sincerely,

*J. P. White*

*His letter - enclosed - received  
after above was written.*

Mr. Strong

From Pierre Jay

2  
WHITE & CASE

14 WALL STREET

JDW-LC

New York, February 25, 1920.

Federal Reserve Bank,

120 Broadway, New York.

Dear Sirs:

You have asked for our opinion as to whether under the Federal Reserve Act the Federal Reserve Board has the power to initiate discount rates from time to time, or whether such power resides solely in the Federal reserve banks.

There can be no question as to the power of the Congress. The Federal Reserve Board could have been given the absolute and exclusive power to initiate rates. In fact in subdivision (b) of Section 11 of the Act it has been given the exclusive power to fix the rediscount rate to be charged by a Federal reserve bank on the rediscount for other Federal reserve banks of discounted paper. The question is, therefore, what the Congress intended by the language of the several sections of the Act as to the power of the Federal Reserve Board in connection with the discount rates.

No legal principles seem to be involved in the question except a few simple maxims of statutory construction. The Attorney General in his opinion of December 9, 1919, invokes one of these - that, if possible, meaning must be given to all words of a statute. In applying this principle he emphasizes the use of the word "determination" in subdivision (d) of Section 14 of the Act, wherein it is provided that discount rates as established from time to time by a Federal reserve bank are subject to review and determination of the Federal Reserve Board, and the conclusion he draws, which seems to us justified by the language, is that the power of the Federal Reserve Board is not limited to a review of such a rate but that the Federal Reserve Board may follow such review by a determination establishing another rate, if not satisfied with the one under review. And the Attorney General goes further and holds in effect that the Federal Reserve Board has the power to initiate rates.

The same principle of statutory construction requires, however, that use be made of the words found in the same subdivision giving to every Federal reserve bank the power "to establish from time to time \*\*\* rates of discount." Our opinion is that the meaning which must be given to those words is that the Federal reserve banks have the power to initiate rates and, because we find no specific grant of such power to the Federal Reserve Board, that that Board has no such power except in so far as a determination in connection with a review may be regarded as initiation. We think that the Federal Reserve Board's power is, however, spent after a review and determination in respect of a rate established by a Federal reserve bank.

But there is a practical side to the matter. Subdivision (j) of Section 11 of the Act gives to the Federal Reserve Board general supervision over the Federal reserve banks. Those words, which have received some judicial consideration and construction, are broad and effective in their scope and it has been held that an officer who can only advise or suggest to another has no general supervision over him, his acts or his conduct.

Bearing in mind the scope of the power of general supervision, assume that a bank was satisfied with its existing rate, which had already been reviewed and determined by the board, and assume that the Board had decided that the rate should be changed. The board might call upon the bank to establish and report its rate, and even though the rate so reported might be the same as before we think there would have been a sufficient exercise of the power of initiation by the bank to open the door for review and determination by the Board.

Or assume that the bank was not satisfied with the rate established by the Board, after review and determination. It might establish a new rate, which also would open the door for another review and determination. Should such a course result in an unseemly race between the Board and a bank to fix the rate, it would, we think, be a fair construction of the general supervision provision of the Act to hold that in such circumstances the Board might direct the bank not to change the rate as determined by the board until the lapse of some arbitrary but reasonable period, unless some change in the situation "with a view of accommodating commerce and business" (Sec. 14 sub. (d)) should, in the judgment of the bank, have reasonably suggested it - that is, some change from the conditions obtaining at the last determination by the Board. Such instructions would practically tie the hands of the bank, because its directors could not resolve that in their judgment such a change had taken place merely because they thought the rate was wrong. They would in justice to themselves be obliged to believe and find that some such real change had taken place.

We are not commenting on the wisdom or unwisdom of the statute but on the statute as we find it. The history of its passage shows a struggle between the ideas of a central bank and of more or less autonomous regional banks. The latter policy prevailed in general and yet the statute is in several respects a compromise, and the intent is clearly reflected to co-ordinate the several banks through a central power to which is given, among other powers, "general supervision," such absolute and coercive control as the power, on the affirmative vote of five members of the Board, to require a bank to rediscount the discounted paper of other banks at rates fixed by the Board, and the power to suspend or remove any officer or director of any Federal reserve bank.

There are inconsistencies in the statute, as there usually are in statutes that have passed through the fire of compromise between strongly-urged conflicting theories, but the idea of central control, while it may have, in the popular understanding of the statute, been defeated, nevertheless is really the dominant thought of the statute as a whole. As a further instance, it is provided in Section 4 that the board of directors of a Federal reserve bank shall "subject to the provisions of law and the orders of the Federal Reserve Board extend to each member bank such discounts, advancements and accommodations as may be severally and reasonably made with due regard for claims and demands of other member banks." The conclusion seems to us to be clear that the intent of the Congress was, for all practical purposes, to give to the Federal Reserve



Board the power, directly or indirectly, eventually to enforce its own views as to discount rates to be charged by the federal reserve banks.

Our conclusion, therefore, is that the banks alone have the power to initiate rates but that the Board has the power to change those so established; that the Board has no power directly to initiate a rate but that the sweeping power of the Board is sufficient to enable it by one means or another to bring about any changes in the discount rates in any district that its judgment may dictate.

Yours very truly,

(Signed) White & Case.

HAMMILL  
BOND