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CHARLES SUMNER HAMLIN
DIARIES

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85-33 (rev 4/71)

1913.

Mar. 11. Tuesday. Gov. Fox offers me place on Met. Water and Sewerage Board. At first I declined it but he begged me to take it as a duty to the state. Said the President should offer me a permanent position and that this was not to stand in the way in slightest degree if I would only accept it. He said he would gladly endorse me for Coll^v or even an Ambassadorship.

Mar 12 Wed.

Gov Fox called me up at Tavern Club in the afternoon - said Council was in session and begged me to allow him to send in my name. Finally I said I would accept and that P.M. he appointed me.

Mar 15 Sat.

Dr. Conklin came to my house; much pleased at appointment. Very bitter against Ruston; said he had circulated a petition all over the State for appointment as Sec. of Navy; sd John Cummings told him he had signed it; sd he had talked w. certain influential people in Wash. & that the boom had died quietly so Ruston would always oppose me but that the old time radicals were now very friendly. Said he had an appointment w. Geo Red Williams & called him on telephone; said so me wd oppose my combustion was very angry w. Gov Fox.

Some day lunched at Univ. Club with Gen Schob who had w. him Gen. Nelson, Mr Brandeis & sub.

Brandeis was very friendly and cordial; doubtless he had read my interview in B. Post (see B. h.) praising him for cabinet position. Was much pleased at my willingness to accept position on Met. Water Board, that it was a splendid thing to give me

my law practice to give all my time to the Board as I told him I would do; I drove him to his house after lunch.

Mr & Mrs Ezra Thayer called. Said was saying Borden was not put in cabinet; - that he thought the sheep charges vs him e.g. the Knox case etc were probably not true; that B. had grave doubts & did not play fair & would hit foul blows; - no idea of sportsmanlike conduct or of Anglo Saxon idea of fair play, but he was so able & well equipped that, with his imagination & constructive ability, he was sure he was not in cabinet. I spoke of having used given an affidavit as to B's standing for use in a divorce suit and he said it was probably the Gray case. He said B. had an enormous income, at least 50000 per year from his practice.

Mar. 15

Saturday. Had letter from Tom Rice saying that Mr. Peabody had had a talk with Sec. McAdoo & that the latter wanted me to accept some position in Treasury to look him in loans etc matters & Rice asked if this would be agreeable to me; sd Franklin Roosevelt knew of this & that Mr. McAdoo was to lunch w. him Sunday, & that if I could work him he could let Roosevelt know how I felt about it etc.

Mar 16

Sunday
about 4 P.M. Judge McAdoo of N.Y. called me on long distance telephone, sd he was authorized by Sec. McAdoo to tender me my old position in Treasury & begged me to accept it. I said I could

not humbly accept as I had no inclination to go back to the Treasury and I had accepted Mr. Fox for the position of water Com^r & that I had decided to withdraw from the practice of law and give my whole time to this office. Finally after a long talk Judge McAdoo asked me if Sec. Mc. could not get a man satisfactory to him & should bring up the matter again, would I not consider it from a point of view of duty to the Party. I told him that if such a request should later be made I should give it consideration from the point of view of duty but that I could give no assurance that I should accept it, but that I would not decline it until after most careful consideration from the point of view of duty; I said from the pt of view of inclination I had absolutely no desire to go back. He finally said the Secy might later write me putting it up to me as a duty to the Party.

I then called up Rice; he said Peabody and Roosevelt had never mentioned specifically any particular office, but that they knew Sec. Mc. would gladly give me any office I cared to take

went to Wash. to argue Post Diff. case.

Mar 25.

Called on Sec. Lane. He said, and already had written me, that I ought to make myself more, that I should be given some important position etc. I said I was an applicant for no office, that with me it was wholly a question of service, and that I

could be nothing enough to ask for it and when
 could or should. Told him about Sec. Meadow.
 He agreed with me that there was no reason why
 I should feel any sense of duty to go back to
 the Treasury. He evidently wanted to know whether
 there was any office I would accept and
 finally in reply to an almost direct question
 I said that I could be of more service as
 i. g. Ambassador to Japan, with which country
 I was familiar, but that I would never ask for
 for this or any other office; - that I did not
 care enough for any office to ask for it and
 that even if I wanted anything badly, which I
 did not, I could & would never ask for it.

I spoke of Rice as Min. to Holland and also
 spoke kindly of Brandeis which seemed to
 interest him greatly.

Returning to the hotel I found a telephone call
 from Mr. Newton, Pres. Secy of Meadow - I had left
 a card that day in M. A. but did not ask
 to see him. Called Mr. Newton who said the Secy
 wanted to see me the next morning. I said I must
 go back that night & he asked me to wait a
 minute - he then said he had seen the Secy who
 wanted very much to see me, but had nothing
 special to say to me. I expressed regrets that
 I could not stay over.

I then called Mr. Berke who said there was an
 important letter at my office from Judge
 Meadow. I then called Mr. Meadow in N. Y. and
 found him very angry that no letter had been
 sent me from the Secy - said the Secy had that

been in a bad position etc. - I told him of my
 telephone message & he begged me, out of consider-
 ation for him to stay over and see Meadow. I told
 him not to worry on my account as I did not
 want the office & did not see how I could
 possibly accept it even from the strict point of
 duty. Finally I agreed to stay over & call on
 Meadow. Agreed also on returning to stop over in
 N. Y. and see him.

Wednesday. Called on Sec. Meadow who seemed very
 glad to see me & said I was better qualified than
 he to be Sec. of the Treasury. He spoke of Judge Meadow
 and said that he hoped he could consider me
 as available for Post Sec'y, if, according to my
 late w. Judge Meadow - he could not secure the
 kind of man he wanted. I told him I had no
 inclination to return, in fact I decidedly did not
 want to come back - and that I certainly could
 not be considered as being on any available
 list. Finally, after a long talk, he made me
 promise that if he did not get the right man
 for the place, and should have the matter up with
 me again, I would give it careful consideration
 from the point of view of duty, altho I said
 I could not promise to accept it. I finally
 said we will leave it this way, and I shall
 not expect to hear from you again unless you
 are absolutely unable to get the man you
 want. He seemed very much pleased and
 we left with a perfect understanding.

This am. went breakfast w. Andrew Peter and went over whole matter with him: he said I would be very desirable to come back in this position, that the Admin. would gladly give me anything I might want. I told him just what I told Lane & said I would never ass. on anything.

That night had late w. Judge Meadows on New. Club N.Y. via telephone. He said Sec. Meadows told him that Pres't Wilson said this position should be tendered to me and asked him as a friend of mine to call me up and find out wh. I would be willing to accept it. Judge Meadows said he telephoned Sec. McAdoo as to his talk w. me & he said he would write me begging me to accept as a matter of duty.

Said that later, learning that Sec. McAdoo had not written me he had told Sec. McAd. how annoyed he was & that it had hurt him in a false position etc; that Sec. McAdoo asked him if my affidavit would not interfere with the present political situation in Mass; that he had said he was sure it would not and that the Sec. then asked if I would be in sympathy with the Admin. & he replied absolutely yes, that I had been a Tariff Governor for many years. Judge McAdoo then said something leading me to believe that Jos. H. O'Neil had been talking with the Sec; & that he was not very favorably disposed towards me; that he told the Sec. that O'Neil & his friends were not in sympathy with Wilson & that Sec. said laughingly; "well,

I guess we'll have to give Jos O'Neil the slip". I explained fully to Judge McAd. my position on political questions since 1876, & that I was V. Pres't of the Wilson College Mass League and Pres't of the Wilson League of Mass. & that I was an absolute sympathizer with the Admin. Judge McAdoo said that after my telephone message he had sent a long telegram to Sec. McAdoo, stating how annoyed he was etc.

To the committee
see p. 3
Nov. 19

Committed by Council as Mr. Water Comr. At once determined to give up practice of law and resign as local counsel of C.P.R. (See letter to Shaughnessy & Cribbman, Sen. Council.)

See Sec's Report as to Collectors of Boston: my name presented by Congressmen on list of ten; I was only name receiving votes of all the Congressmen.

Several congressmen told me that Sec. McAdoo said there was some opposition to me as Asst Sec. from Mass. Mr. Thacher said Meadows asked him if fact that I had been counsel for B & N. RR should militate against me. T. said, absolutely no; that my services were needed as an expert on Int. Com. & Int. Law and that it was to my credit that my expert knowledge on these matters was recognized.

Mr. McNary also told me that Sec. Bryan asked him if it was true that the fact that

I had been counsel of the B & M. RR was not generally known & that he had told me that this had been a purely political change and that there was nothing in it; that Mr. Medd. always had known this & that my work had been in connection w. the B. Chamber of Com. & that every body cognizant with these matters knew it. He said Bryan showed very pleasantty of me.

July 21

Monday. Sec. McAdoo in Boston. Telephoned me but I was out at Cory Hill hospital seeing June who had just been operated on. On returning, called up Sec. Meddoo but he had left for N. York.

Tom Riley saw me & strongly urged my acceptance as call v. Sec. He kept saying - lets assume that Mr. Hamlen is out of it or is dead - but Tom said I can see no one else unless he is to be Asst Secretary. (Tom had written several letters as also Dr. Conklin urging this strongly).

July 23

Wed. About 3.30 P.M. Meddoo called me on long distance telephone from Wash. Said he wanted me to accept old position of Asst Sec., that he could find no other man as well qualified, that it was my duty to accept, that he would have called on me long ago if not for reasons which he would bully explain when he saw me, that while he bullly appreciated that I did not desire the place yet he needed me badly and that the Admin. must have me. I said I would at once go to Washington & that matter was & would arrive

there Friday am. He said he could not wait and in fact he had already sent my name to the President relying on my sense of duty to accept. Finally I told him that while I did not want the nor any other position, yet I did want to help the President & himself and that I could not resist this call to duty and ∴ placed myself unreservedly in his hands. He thanked me most warmly and wrote me later a most kind appreciative letter (see Ser. M. L.).

See 7.96

July 25

Friday. President sends my name to Senate.

July 28

Monday. Confirmed by Senate.

July 29

Called up Grenville MacFarland on telephone on another matter - he said he was delighted at my appointment, that were since I introduced ^{or rather introduced} the resolution on the B & M. RR as Chairman of Council on Resolutions in the State Convention of 1912, he knew I was a man who could be trusted to do absolutely what I believed to be right and that I could always count on his support.

July 30

Wed.

Sec McAdoo in his telephone message asked me to find out something as to how Taylor, candidate for call v & suggested my strong opposition.

I had met B. I think the day before in the Union Club & he had told me that he had seen Meddoo on Sunday at Beverly and had

strongly endorsed me for Asst Sec. saying that Meador could have perfect confidence in me.

I called at B's office this Am. He said he had telephoned me the day before, that the belt Taylor name should be dropped. I told him I talked w. Hooper at Proverton the day before & that he had said he had written a confidential letter to Meador about Taylor; that while he did not say what he wrote, I rather felt on what he did not say, that the letter was hardly favorable.

B. said that Hudson was honest but not a strong man; that he had recommended Hays of Stamford to Meador the Sunday before and after some talk he said he would recommend Jack Wheelwright as Coltr of Int. Rev. Said he would love to ^{see} acknowledge as Coltr Chas. Warren but he did not admit it because of the wide spread opposition, not confined to any one factor, to him.

I told him Hays was one of my warmest supporters in the Tax fight & that if I recommended him very well I would say I was rewarding my friends. I told him if I was asked of course I should say that he was a first class man. B. then dictated a letter to Meador, in answer to his request for a recommendation, and endorsed Hays & Wheelwright.

I then told B. I had made up my mind to endorse or recommend no one for this office as I did be of more value to Meador, under the peculiar situation & the circumstances of the

Commission, if I kept absolutely out of it. He busy agreed w. me as to the expediency of this.

B. in the letter, said Taylor should be dropped. I agreed to this especially in view of an interview w. Sh. Aft Chandler saying Taylor was very close with Mrs. Shelton, of the den money smuggling case, & had published a statement in the Post as to who put in a label in the trunk wh. informant did only have come from her; that Taylor had been called before the Grand jury but did not adequately explain the

July 30

Wed. left for Washington

July 31

Thursday. In Wash. Talk w. Meador. Begged to be excused from making any recommendation but Coltr. Meador was very cordial and said he thought my course was wise. I advised him to keep in close touch w. Brandeis and to do nothing w. out consulting him, that he would be fair & would go out of his way to help him. Lunched w. Aug. Murray. Told him could have nothing to do w. Collectorship.

Aug 1

Friday. Took oath of office. Nearly 100 were present.

Aug 2

Saturday. Dined at Chevy Chase Club w. Sims Hollis and Saulsbury.

Aug 3

Sunday.

Ernest Drapper dined w. me at Alex. Club.
Prof. Bullard later joined us there.

First case I had was as to sending Dr. Agent Chandler to Paris to help Dist. Atty in Boston discover smuggling cases. Asst. Sec. Curtis declined to let him go altho Dist. Atty & later the Atty Gen. said interests of Govt would be jeopardized if he did not go. Conferred w. Sec. & he agreed C. should go & I so advised him.

Aug 4 - 11

Sec. McAdoo read over my digest of the financial Bill and on morning sent for me and introduced me to Rep. Glass. We had a conference & finally they asked me to go over the Bill & make amendments removing all inconsistencies & making any other suggestions I wanted. I prepared a long list of amendments after many conferences w. Glass and finally the Secy said he would accept them without even reading them, he was so busy. Mr. Walker of N. Y. Comm. is retained as financial expert by the House Comm. & Glass telegraphed him to come down. I found that he agreed w. me on almost every suggestion I made. The Sec. gave me one proposed amendt allowing Reserve Banks to discount directly for members notes based on w. house receipts w. out need the indorsement of a member Bank; he said President W. was inclined to favor this & he must be prepared to give him a damned good reason for rejecting it. I pointed out that at least the notes should be indorsed by a member Bank &

that if this were done, while I did not like it, yet I would not object if necessary to save the Bill; Walker took the same position. Glass said he agreed w. me & would fight hard to reject it in toto but would insist any way that such paper must be indorsed by a member Bank.

I tried hard to put in a provision that the Reserve notes should have on them the name of the Bank taking them out, but Glass said Bryan would not agree to this & that he was following the Bill carefully through his friends in the Com.; that it was B. who insisted that the notes must be issued by the Govt.

I also revised an amendment authorizing Nat. Banks to establish savings Bank departments, striking out permission to buy other Banks for this purpose. Glass said if this were allowed certain Republican support had been promised for the Bill.

I also revised amendt as to exchange of 2% bonds for 3% s.

I gave Glass a copy of the Mass. laws on Savings Banks.

The Sec. also turned over to me Bullard's suggestions for amendt to Income Tax law asking me to advise him wh. to accept them.

Aug 6

Wed. Meadew said he wanted Brundage to act as counsel for Receiver of a failed Prov. Bank.

Advised him again to consult B. on all appointments. Meadew would him to call him on telephone the next day.

Aug 8

Friday.

Went over w. Bumpers & met Presdt. Guelen at White house.

Aug 10

Sunday. Maher calls on me. Said Dubee Cent. RR had asked to be bonded to carry passenger baggage on Montreal to the U.S.; that only authority under law was to carry mail from one point in U.S. to another thro' foreign territory; this was covered by Sec 3005 & 3006 Rev. Sts; that no foreign coach had ever been bonded for such purpose except that Canad. Nav. RR had been given such a bond 2 years ago but had executed it only this year. Under this bond baggage of passengers could be forwarded from Dubee to any point in U.S. by delivering it to an Amer. carrier at first port of arrival in U.S. The approval of this bond was never published in Treasury decision.

M. said these carriers have all rec. bulletins about how this U.S. officers examine baggage at Dubee and if not dutiable it is put in a sealed car going through to destination without delay without entry if seals are intact; if dutiable it can be forwarded under Consular seal or the officer at Dubee can give notice to officer at frontier and it can be appraised there or an entry could be made under I. 7. Act.

The only authority under law for such bonded routes is from one U.S. Port to another and even these bonded routes have been limited to Amer. carriers.

apparent exceptions:-

The Grand Trunk RR is incorporated, as to the part of route in Canada, under the laws of Canada; so also the CPR and it also owns the Soo line. M. said the CPR once made an application for such a bond and then withdrew it, before 1893. M. said the Dubee Cent. application was on the way to me but he would mark it special in some way call it to my attention.

M. said other laws were Sec. 3000 & 3001 relating to appraised goods and Act No. 13. 1911 author. bonded carriers to load & unload at night; also the I. 7. Act of June 10. 1880 relating to unexamined and unappraised goods.

M. also said Sec. Shaw had consolidated all such bonds into one form, making rather absurd results.

Aug 11

Monday. John Barrett Moor dined with me.

Said he was not happy in State Debt and should not stay there longer than 1 year; that the Debt was not properly organized, there being no accurate down of debts between the Asst Secs; that frequently inconsistent letters were sent out; that Osborne was a shrewd rancher and knew absolutely nothing about his duties; that Adde' altho' very able was old & feeble; that Malone had almost no attention to his work, continuing the practice of law in N. York. B. was very bitter against Gen Foster; said that when Sec. of State or just before, he had many claims in behalf of Jw. Gerts & that he made

contract w. Mr. May a lawyer to prosecute these claims, he to receive a share in the fees: that he had a dispute w. May who thereupon filed the contract w. the State Debt when Garrison was Sec. of State; that Foster tried to induce Garrison to remove contract from the bills but Garrison refused & this led to the quarrel between them; that undoubtedly by this time he believed Foster had succeeded in getting possession of them through Lansing his son-in-law. (Judge Garrison once told me the same story.)

Aug. 13

Wed. Sec. Bryan called me up to ask if Gen. Frank Shuter was counsel of B & O. R.R.; I said he was but resigned; that I resigned as counsel in 1910 & I did not know whether Shuter was unemployed but that Sen. Hallis could doubtless tell him.

In evening called on Bryan & was with him a hour; he was very cordial; spoke of his appointment; said Presd W. did not help obbey it to him nor did he help accepting; said he badly believed Senate would not confirm him; said he had about given up ambition to be Presd, that he wanted leisure time to study & that in 3 months he did not know how a year; talked much about bible history & read many extracts from his Messianic address in Scotland giving me a copy w. his autograph.

Said he had decided to replace Shuter on Intim. Boundary etc Com - that he heard he was personal counsel of Miller. I said if he

wanted his resignation I felt sure Shuter would at once accede if he wrote him that he wanted a name on the Com in full signifying w. the Admin., and he said he would write him a nice letter along these lines. Said he wanted Mrs Bryan to know Bertie. Spoke of financial Bill and said notes of bonds passing from hand to hand had all the punctures of money. Was called on telephone several times as to financial Bill and suggested men who could influence Democrats to vote for Bill; evidently was subsiding it & turning keen interest in it.

Aug 10-17

Many complaints as to sealing of cars going thro Canada bet. U.S. points; sent Sh. Aft Wheatley to examine into it.

Aug 21

Thursday. Cong. Curley called & said Geo West Williams wanted an Ambassadorship; that he was out in the cold, every body against him & he told him he would help him; said he had bitterly attacked Bryan in Nebraska but that he had seen Bryan who bore no resentment; also that he had just seen Presd W. & was surprised to find him apparently not hostile, but if anything apparently friendly. Said he came to me to see if I would oppose W. as undoubtedly I would be consulted.

I told him I should not object in any way; that W. had attacked me unjustly but that his attitude was so grotesquely untrue that I could afford to ignore it; that in any event I bore no malice

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and that if he saw ~~that~~ but he could say this to Williams, not in my name, however; that if W. came to Washington I should be glad to see him & we could settle up our old scores in 5 minutes; that from the view of political strategy I saw much to commend such an appointment and that so far as I was concerned I had no objections to offer but could let bygones be bygones. I said I could hardly write a letter, the matter not being in my dept. but if asked I would cheerfully express the above views.

Lucy seemed very much pleased & said he would tell W. of our conversation.

Aug 23

Saturday. Met Chief Justice White at Shoreham & we took breakfast together. He was very pessimistic about our sugar, said he had a plant costing \$365,000 which now was not worth 365 cents; sd he did not complain, however, if Congress believed this to be best policy; said he was inclined to believe that Mexican matters sd best be worked out through Huerta. He had come up from White Sulphur Springs in way to Ann. But after meeting in Montreal.

Aug 24

Sunday. Took long drive w. Atty Gen. McPherson & then walked home 2 1/2 miles & we dined at Met. Club. He asked me again to get a first class man for him as ^{an} Atty. General; said very difficult to get a Democrat; suggested Geo. Ned Williams; he said he was too cranky; I said he was a very able lawyer & that he had attacked me very bitterly and, as

I was sure some time he would realize, unjustly, but that I never allowed such things as this to cloud my judgment as to a man's ability. He also spoke of a suit vs. S. P. Co. & I suggested Brandeis; this seemed to strike him favorably; he asked if I thought he would be willing to take the horse as suit probably must be brought in Kentucky; I said I felt sure he would. He said he had offered to return him in the United States blacking and N. Y. N. H. & H. case but that B. advised against this.

He also asked me to find out whether Joseph Knight was a Democrat or if he was, he thought he could find a place for him for office work. I strongly urged for all Councils broken for some position & he said he would consider it. He said Mr. Olney wanted him to appoint John A. Sullivan Dist. Atty & he asked about Tom Riley; I sd Sullivan was a splendid man but that I had endorsed Riley & I felt he was a man well equipped for the place & moreover had done splendid work as Chm. of State Lane; I begged him to consider him carefully for the place.

Aug 25

Monday. Tutman (Pres. Sec), Halstead & Wheatley dined with me at Cosmos Club to talk over complaints of illegal practices at Blue Rock, Buffalo in connection w. sealed mail en route from one point in U. S. to another entering Blue Rock. W. sd it had been source of trouble for years; that whole train had gone thru w. out inspection, that entries had been made days after the case

had gone through, that our suspicions were too
 blindly w. RRs; that the Collectors were in close
 touch w. RRs or had been through practices of
 selling customs blanks, abolished by consolidated
 act. W. suggested for Buffalo a customs zone
 system, said when he was there last week one
 of RR managers said it the right way but sd.
 wd require buying more land by RRs & that the
 expense was prohibitory. After a long conference
 we decided to appoint a customs comⁿ of 3,
 one of whom shld be experienced in border
 work, to consider the advisability of a customs
 zone and to hear all parties in interest. W.
 also said he thought the RRs should be obliged
 to put in all seals and put number of the seal
 on the car manifest. There are many empty
 cars going thro Bla Rock & these have no mani-
 -fest except what is called a bridge manifest
 issued by the Int. Bridge Co. owned by Grand
 Trunk stockholders. W. sd the policy of the bridge
 owners was to send as many cars as possible
 over the bridge to get the tolls & that there was
 great objection there: that the Mack. Cent. cld
 easily send its empties through Niagara Falls & thus
 greatly relieve the congest. The Canadian regulation
 require RRs to put in seals & put notation on
 manifest.

Aug 26

Tuesday. Met Asst Sec. Malone at breakfast at
 Sherburne; sd he had been a while in Boston
 studying Callahan's situation; that he shld report
 to Sec. Meade that Edmund Bellamy shld be
 collector, and perhaps Maynard for Surveyor;

that a rumor had reached his ears that Maynard
 had not been convicted for crime & that he was
 leaving this wk. I sd I thought Maynard might
 do for Surveyor. He also sd Malley would be
 good for Dist. New Coll^v. Said he heard John A
 Sullivan was disliked by Catholics as having
 somewhat slighted himself from his Irish &
 Catholic friends. I sd I felt sure no truth in
 this, that S. was a man of highest standing &
 character etc.

Said he had met w. Mayor Fitzgerald: had great
 difficulty in getting him to say whom he wanted
 for Coll^v. He heard Burnett & Malone sd he had
 heard that Burnett was a high brow and aristocrat;
 that May w. F. sd this was not so & that finally
 he said that, so far as this being true, Burnett
was a gang man and while seeing of elevated by
he had passed over the steps to members of
the legislature.

Malone heard Carroll, of the Union League & said
 he ought to have some office.

He also said that Col. House thought that
 Hodges shld be kept as appraiser in which I
 cordially concurred; also sd Meade told Col.
 House he was delighted w. me. He said I
 had put the Admin under great obligation to me
 by finally consenting to become Asst Sec^y.

Aug 27

Thursday. Sec. McAdoo told me the President intended to enforce the Neutrality Law from now on most rigidly against the Huerfano regime; that he did much care, incidentally, whether the insurgents did succeed in getting arms etc from us: that the cables must not be a notable discredit; that both he & the Presdt felt that it was nec. to have cables in absolute harmony w. the admn. He asked me to call on representatives the cables at Texas and gave me name of new man for Jalisco.

*
See also
Inform.
h. 24

This P.M. some one telephoned that the knowledge of free entrance of baggage w. out examination be given to Atty Gen who was just going to Montreal to confer of Amer. Bus Agents. I found no precedent but such a knowledge to admit officers; only exception excepted was when Sec Knox and later Root went to So. America but they went on strictly official business to So America & were practically in frontier ways. The only countries granted admit officers were the "countries of the Post" which did not carry free entrance w. out admn. went over to Atty Gen.; he said he knew nothing of this and made no request; that of course he wanted no such knowledge. I told him if such knowledge were granted some newspaper columnist might discover it and attack him; but that I would of course give the countries of the Post him. He seemed very grateful to me for sharing to him.

Advised him to consult his attorney as to good measure for Atty General.

Thursday. John P. Mitchell, collector at N.Y. and Dr Cleveland spent some time & we had a two hour conference on the reports submitted by Dr. Cleveland on changes in N.Y. Customs House.

Mr. ^{Burgitt} Baughnot (?) mentioning the profile of Richford and Congressman Green (Rep.) of Vermont called to talk over application of C.P.R. to have route from Canada going into U.S. at Richford vt en route through Newport vt to Boston points entered at Newport rather than at Richford. Mr. B. had a brief which he said contained some reflection on C.P.R. and Dept Clerks & said before being it he had been advised by Cong. Green to strike out all such offensive references. He asked me as to this and I said he must use his own judgment as to this. He asked me to look over the brief this P.M. and also report of ~~Dr. B.~~ Mr. Stone (?) who had been asked to make an investigation.

I read it over & he returned w. the Congressman later; he said he found at the East. Dr. that Stone's report had not yet been received.

I told them that I could leave up the matter then as I was going to Boston the next day - they both agreed that of course I could do nothing until Stone's report was received. Mr. B. said Cong. G. had told him he ought to strike out certain G's in his brief & he would do so & file it the next am.

At his request I told him the Dept could take no action, unfavorable to his contention that Richford should not be disturbed, without giving him an opportunity to argue the question.

fully.

I told them both that I should give the matter my most careful consideration, that I had been counsel for the B. & O. R. R. but had no matters in connection w. the Nat. Bond since 1910; that I should enforce the laws of U.S. without fear or favor. They both expressed themselves strongly & warmly that they would be perfectly satisfied with my decision on the matter.

Aug 27 contd.

During the late w. Mr. Reynolds said he was w. would be addressed because prior to appointment he had given advice to Curbas under N.Y. "Sewer Sinks" law. Said also he had given opinion to Steel Trust as to how to keep w. in the Law; also that he had written the Presd. telling him of this before his appointment.

were

wednesday Sept 6.

at request of Sec. McAdoo I wrote a carefully prepared legal opinion as to power of Congress to levy income tax on bond interest of Am. Corporations due to non-resident foreigners. My opinion was that Congress could not levy such a tax on the foreign bond holder but could tax the interest as an excise tax on the Amer. corpor. wh. however, it had not done in the act. See McAdoo wrote letter, prepared by me, to Sen. Williams & Rep. House asking my opinion & support that act be made perfectly clear our way in the other. Sec. asked me to speak to House about it & I telephoned him & had several conferences.

also wrote him several letters. See letter B. O. on Sat. Sept. 6 Sen. Williams introduced an amendment wh. was passed by Sen. in favor of whole specifically taxing such interest payments as a tax on the foreign bond holder.

also prepared list of amendments to present. Bill made rec. by change in Bill to effect that Reserve notes should be redeemable in gold only. Sec. McAdoo wrote me that these had better be taken up in Senate but that he had sent a copy of my letter to Cong. Glass.

Saturday. Post Sec. Williams telephoned me at Hotel, 3 P.M. that Sen. Sumner had sent Secy an important letter as to amendment allowing damage allowance on ruptured wires etc. He sent letter to me & Sen. Sumner Secy, he brought, brought it wh. Dept was closed & all clerks away. I prepared a draft changing proposed amendt & brought it to Sumner & had conference w. Sen. Pomeroy who introduced the amendt; he accepted my changes & the Sen. in Council passed the amendt. See my letter to Secy.

Tuesday.

See McAdoo said he should appoint Billings Collyer at Boston & he called up those Congressmen in Town to tell them; many were away. Peters, Phelan & DeWitt came to see him & DeWitt bitterly protested vs Billings. Peter told me McAdoo offered the position to him but he declined it. I had nothing to do with as proposed about of

Bellings & knew nothing about it until Meddow told me, except that Asst Sec. Malmed told me one day at breakfast that he had been in Boston and should recommend Bellings (see section 1.20).

See Meddow asked me about Bellings & I said that while I did not know him at all well I had the highest opinion of his capacity & integrity & believed it to be a fine appointment from the point of view of character & capacity, but that I believe it would not be agreeable to the organization.

Sept 10 Wednesday.

Protests continue to come in against Bellings. Andrew Peters told Secretary in my presence that he ought not to appoint him because of opposition of State machine. Congressmen but Andrew was evidently scared by the noise. Peters said all the Congressmen would have & in part did agree in Hudson but Mayor Fitz. bitterly objected wh. then Hudson went.

See McAdoo told me he should not yield an inch & asked me to go right down to the Senate to see if Lodge & Weeks would interpose any objection to Bellings. At once called on Sen. Lodge who said B's appointment would be a great mistake, that he could not get along w. anyone, that he had heard he was very wild in early life, that we were the ones who would suffer from his appointment wh. he believed to be a very

bothersome one; he said however so long as he was concerned he had no intention of fighting his appointment, provided Sen. Weeks raised no objection, unless of course charges were filed against him wh. an investigation proved to be correct. He told me to reach Weeks in telephoning if possible, he thought he had gone to Boston. Sen. Lodge said he interposed no objection either to Maynard or Malley (Surveyor & Asst Rev Commr) and cared nothing as to Naval office (Nash of N.H.) as that went to N.H. altho he thought it ought not to go there.

Went back to Treasury & then got Weeks in telephoning at Boston; he said he would interpose no objection to Bellings, altho his opinion of him was exactly what I told him Lodge said to me, now to Malley nor Maynard.

Sen. Lodge raised no objection to calling on resignation of Groves, Surveyor and Lyford, Naval officer; said Ned Curtis had told duty the Sub Treasurer he ought to resign at once.

See McAdoo said of the Surveyor & Naval officer had not resigned when asked he should have said publicly of me. that he had asked resignation of Surveyor because of the dress making brands in his dress on ground that while of course not personally cognizant of them he must be held responsible, and as to Naval officer the good of the service demanded a change as this office cost 4 cents to collect a dollar as against only 2¢ at Phila & that the expense must be cut down & he believed

a new man shld be put in to do it.
 I believe both above reasons are absolutely sound and that in strictly business principle new men should be put in.

This evening I would lodge as to take w. Messrs.

Sent 11

~~The~~
 In evening Mr Adoo dined w. me at Met. Club. sd he had talked w. Mayor Felt over telephone & told him that if Bellings were dropped, Maynard would be also. Said that Bellings was approved by Dr. Ellery, Hooper of Bos. Post, Brandeis and many others.

Sent 11

Thursday.

Protests continue to come in. Norton of B. Post send strong telegram favoring Bellings wh. I sent to Secy. Also gave him editorial on Record & Transcript.

In P.M. Cong. Murray called & said the Cong. delegate had agreed on himself for call & he should accept & resign from Congress. I told him he wd be very foolish to do this & give up his Cong. career.

The President is evidently hesitating & Newton (Pres Sec. Meadows) says that Trumbull is using his influence w. President against Bellings. That T. being a Catholic wants me appointed.

I told Meadows that while as he knew, I had nothing to do w. appointment of Bellings

I considered it a splendid act, and better, if it were not a good one it was now too late to retract. See Mr. said Bellings had been asked if he wd accept it & had said he would if he did remain a director of some trust co.

Sent 12

Friday.

President is sending from time to time exorbitant under Neutrality act permitting exportation of arms, munition etc from Texas to Mexican points; consigned usually to mining companies; I suspect that these ultimately may get into hands of revolutionists. Presd last considered Neutrality law as permitting shipments to the organized Govt of Mexico, but our Admin has refused to permit shipments to either Party, the exception being shipments to Amer. Consuls ^{& judges} to protect their property.

See Mr Adoo went w. Presd to Council last night. Protests re and telefs for Bellings by calls continue to come in. I prepared a telegram to Meadows to object that if it was determined that Bellings was ineligible, J. Stimson wd be an ideal compromise, but after consultation w. Newton we decided not to send it.

Sent 13

Wednesday.

Sent 32

CPR asked authority to enter Tea from Vancouver destined in Mumbest (by crew) for N.Y. at Chicago. N.Y. calls sent to New York from N.Y. to Chicago. I signed telegram refusing to allow Mumbest to be changed, adding that if CPR delivered the tea, which was free of duty,

at Chicago instd of at N.Y., its destination, it would be liable to a fine of \$25 on its bond. This telegram was forwarded in Cust. Div.; I had nothing to do with the matter except to sign the telegram laid before me.

Mr. Cust. RR writes to me asking that customs bonds at Vancouver be discount'd, also that merchandise by right be allowed; this was discontinued by Cust. Sec. Carter.

SMT 18

Thursday, Mr. Maher called at Hall; said the Canad. Nov. bond for carrying baggage to border would reach me today; said no authority under law on it and that a similar bond approved by Justice Cust. RR a year or two ago was never published in Mas. Docs. Said also I. T. Act gave all needed privileges to border RR's, and that Consular sealing no longer necessary except so far as it dispensed with necessity for entry. (Brown in Mem. says under I. T. entries generally along border, no exam'n required.)

Told Sec. McAdoo of Maher's calls on me & asked if he thought it wise to allow him to come to me over head of Div'n; I said he had given me valuable information as to practices of the Div'n & that he was in Dist when I was here before. Sec. M. said he thought I should use my discretion & permit it if I thought it helpful.

I told him as to fact of Justice Cust. bond not being pub'd as one of the things Maher had given me valuable information about.

I also told him about Rickford. Newcomb custom-vessels, said I had been counsel on B. M. Can and RR's of Nov. N.E. including Grand Trunk and C.P.R., and that I felt that there were many loose practices along Canadian border which must be discount'd; that the Canad. RR's would bitterly object. He said he would back me to the finish in enforcing the laws, only to keep him informed from time to time, so he would know in a general way what the decisions were.

Friday. The bond of Canad. Nov. RR has just come up to my desk, - the one Mr. Maher spoke about. I asked Mr. Gilman to ask the Customs Div'n under what authority of law such a bond could be authorized by the Dept. Later he said there was no authority, - merely international courtesy. I then asked if any similar bonds had been approved in the past. He inquired & said none. (Maher sd Justice Cust. RR had been approved). I then called on the entire record.

Saturday evening. Asst Atty Gen. Dunning came to my room in hotel & at his request I loaned him my Sub. Ct. digest of Ill. cases thro' Vol 214 and the digest, without index, since then.

Tuesday. Before Conference Comm^{ee} w. Sec. McAdoo. He asked me to explain Cust. adm. audits, was "in the stand" 2 1/2 hours. Sen. Williams is set against most of our suggestions. Was at first rather savage but at end was tamed down.

at Chicago instd of at N.Y., its destination, it would be liable to a fine of \$25 on its bond. This telegram was received in Cust. Div; I had nothing to do with the matter except to sign the telegram laid before me.

Mr. Cust. RR writes to me asking that customs bonds at Vancouver be discount'd, also that inspection by night be allowed; this was described by Cust. Sec. Carter.

Sept 18

Thursday, Mr. Maher called at Hall: said the Canad. Nov. bond for carrying baggage to border would wash me today; said no authority under law for it and that a similar bond approved by Justice Cust. RR a year or two ago was never published in Mas. Press. Said also I. T. Act gave all needed privileges to border RR's, and that Consular sealing no longer necessary except so far as it dispensed with necessity for entry. (Brown in Mem. says under I. T. entries generally along border, no exam'n required.)

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I also told him about Richford. Newport custom-vess, said I had been counsel for B. O. Co and RR's of Nov. N.E. including Grand Trunk and C.P.R., and that I felt that there were many loose practices along Canadian border which must be discount'd; that the Canad. RR's would bitterly object. He said he would back me to the finish in enforcing the laws, only to keep him informed from time to time, so he would know in a general way what the decisions were.

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Sept 23.

Meeting. Dined w. Asst Atty Gen. Driscoll, Asst Secy. Gen. Davis, Mr. ^{Garrit} Smith, Com. Supr N.Y. W. Post, Mr. Willert, Com. of London Trade, Mr. Bevil, Dept of Justice, Mr. Franchester of War Dept. & Dr. Alsberg, Sec. of Currency.

Sept 24

Wednesday. CPR thru Twobry appealed to me directly to permit Tra - see page 29 - to be delivered at Chicago instd of N.Y. Letter of Twobry said, ~~SR~~ or rather it was reported to me that T. said to Cust. Gen that Sh/Afgent at Chicago told CPR he would prosecute if seals were broken. Gilman said Halstead said he regretted having referred an telegram to Treasury Secy on part of penalty of \$25. Gilman said this privilege had been denied to Amer. RRs two years ago and published in T. & decision. I said if this were so to pursue letter in accord. thru with ministry & shipment to N.Y. Gilman said it was perfectly horrible that importer had paid a low freight rate on this shipment to N.Y. - much lower than local rate to Chicago & by change of destination had were trying to secure benefit of this lower rate; also that importer might think the tea was of such character that it might be rejected at N.Y. but accepted at Chicago. Letter sent ordering entry at N. York.

at 30

A few days ago Sub. Aft Wheatly asked me in an official letter to resign Anthony Ludden of N.Y. from his appointed position under Atty Gen office to his old position of Customs Agent under Sh. Aft Dept at N.Y. Reason given in letter was that Ludden was an able lawyer & his services were needed in Sh Aft work. W. came down w. his letter - I asked wh. Ludden was a Dem. or Repub. - he said a Repub. but his services were needed in strictly business matters. I then said all right & wrote Lull Sec. Com - to consent to transfer. A day or so later a letter came from Lull Sec. Com - referring to consent to transfer & pointing out that while Ludden was Cust. Aft in N.Y. in 1911 he was a District Rep. leader & had attended State Convention in absolute violation of Civ. Serv. Law & Rules; that Com - asked Halleigh to recommend & sustain him & order him to resign from his political position; that they did get no satisfaction from Hal. that they vehemently pointed out that he was defying the Law & asked for his removal; that then & case he gave over, violating the law was obtained was that he was daily expecting an appointment to an expected position; that Hal. then transferred him to expected position in Atty Gen Dept; that the Com - asked Halleigh to remove his complaining that on a deliberate violation of law he had been promoted to an expected position; that Atty Gen refused to remove him & said he was not then violating the law.

Wheatly never returned to me anything about

This record lent put his request in directly business
 names. Later I learned that ~~Mr.~~ Halstead
 Chief of Cust. Bureau had told Blum who was
 acting Sup. Agt.; W. being then in N.Y. - that Ludden
 record was a bad one & should be investigated;
 that W. brought down his letter to me &
 the letter of the Dept to Gov. Sec. Com - W. was
 having it checked by Cust. Dir. The next
 day W. came down with a letter to Com
 of City I. Dept in charge of cust. matters
 in N.Y. and in it he asked Com to
 give Ludden a large case of Ludden on
 the ground etc. I told W. I should not
 agree to this - he said he understood letter
 was in accord. W. my instruction - I said then
 was not so. I had merely told him he
 could send Com a copy of the Gov.
 Sec. Com - letter.

I told all the facts to the City and he
 replied that W. be ordered to report in
 writing all the circumstances leading up to his
 request for Ludden's transfer & especially to
 state wh. at the time of making request
 of me he knew of Ludden's record. As
 W. was in charge at N.Y. when Ludden was
 acting as Cust. agent he must have known
 all about it. I drew up Mem. directing
 W. to report as above, also a letter to
 Gov. Sec. Com - which Sec. Com. signed stating
 that neither he nor C. S. H. knew any thing
 of Ludden's record until it was revealed
 in their letter & that a thorough investigation

would be made.

I had recommended W. to see Mr. O'Connell
 as Sub. Agent in direct suggestion of ^{see, etc.} Com - see
 Com's letter to me - who said that W. was the
 ablest man in the Service and would be
 absolutely loyal to me.

This case seems to be one of absolute disloyalty
 and I can never trust W. again. What we
 shall do about it will be decided when the
 investigation is completed.

Wick was in Washington & came to see me at
 Mr. Clark. Said he had seen by Sen. Watson of
 W. Va in N.Y.; that the Senator asked him to
 ask me to tell Sec. Mr. O'Connell that there
 was much objection in banking circles in
 N.Y. because bankers feared that Sec. Mr. was
 prejudiced against them; that he hoped Sec. Mr.
 would do something to remove this fear; that
 any Bureau violating the laws should of course
 be punished, but it should be made clear that
 Sec. Mr. was not prejudiced against all bankers;
 that it was difficult now to secure loans
 from the Gov. of this general objection; he
 further said he - Sen. Watson - had covered
 W. Va in his letter.

I told Wick these matters did not come under
 my jurisdiction but that of course I would
 tell Sec. Mr. what Sen. Watson said. I added
 that, in my opinion, the N.Y. Bankers were
 determined to prevent passage of any financial
 Bill & would use every means to accomplish

their purchase as they realized their great centralized power over credit would be materially cut down by the Free and debased over the whole country as it ought to be.

Within the next day or two I mentioned this to Sec. H. He said he thought Sen. W. was cowed in to these statements by the N. Y. interests.

Oct.

1-6

Have had considerable trouble with expletions along Mexican border. The collector at Laredo issued instructions whether to permit expletions, under the joint resolution of 1912 forbidding expletions of arms or munitions of war or proclamation of the President — of horses, saddles, girths, hay and other ^{whichever included by Federal army or by other parties} feed etc. We then asked opinion of Atty Gen who declined to give specific answer but laid down as a general principle that only articles primarily & directly used for war were munitions of war within the prohibition of the joint resolution; he also enclosed copy of a former opinion that provisions & clothing were not munitions of war.

This was all the help we could get so we proceeded to enforce the opinion and instructed the collector at Laredo that horses, saddles, girths, hay & feed were not munitions of war whether destined for Federal army or other parties.

Later Sen. Sheppard of Texas sent us a telegram to report that large no. of horses were being shipped out of Laredo under these instructions and that collectors were discriminating in other

shipments such as clothing etc against the Collector and in favor of Federalists. I ordered an investigation of latter charge.

Meanwhile, I discovered that Wellesham had given an opinion that saddles were munitions of war, and the President sent over an advance copy of a letter permitting expletions of one saddle thus indicating opinion that saddles were munitions of war. I felt that our instructions to the collector at Laredo — which were related to collector at N. Orleans — should be specifically passed on by State & Atty Gen Dept, and especially so when Mr. Helph of State Dept telephoned that the Mexican Charge had asked permission to export 1000 horses at San Antonio for the East.

I called up Counselor Moore who at first thought horses were munitions of war; then I called up and Atty Dennis who also was inclined to think they were. Then I went to see Mr. Advo and advised him to take it over w. President; he went right over and later said President did not fully understand the joint resolution & thought he had discretion to shut off all supplies, contraband as well as munitions of war & that he personally would like to do this as to all factors in Mexico. Then Sec. Meadows went to Moore who told him President had discretion only to permit expletions of munitions of war in certain cases, and as to what were munitions of war was a question of legal construction, but that the joint resolution did not touch in any way articles which, though not munitions of war, were contraband of war.

See Mr. Van asked me to see Moore and on Friday P.M. Oct. 3 I went over. Mr. Moore said he had prepared a Mem. to object that we were right that horses, to whomsoever consigned, were not instruments of war, nor were saddles, but as Wesslesham had ~~also~~ ruled that saddles were he should not disturb this altho he was sure it was an erroneous ruling, & that Atty Gen Mc Reynolds ought to overrule Wesslesham. He also said Mc Reynolds whom could only be construed as the Treas. construed it.

I then called up Devin who said he was inclined to agree that horses were not instruments of war & sd Wesslesham's whom on saddles was hastily prepared and was wrong. He was going away & asked me to confer w. Heron as to the 2nd request for an opinion of Atty Gen which we sent over the day before. Later Mr Moore's memo arrived, as above.

Oct 4 Saturday.

Heron came over & said he had prepared an opinion for Atty Gen signature that horses were not instruments of war & that he should also overrule Wesslesham as to saddles.

He was very drunk w. Moore at Met. Club; he suggested to tell Heron that he could say that Wesslesham evidently meant military saddles & thus he would appear not to be overruling him.

Oct 3

Friday evening. Meadows telephoned me that President had signed Tariff Bill and the Treasury at once would collect all over the

country that new law would be in effect Sat morning. Meadows failed to ask me to be present.

Moore, Comptroller, State Dept send me Mem. to object that horses are not instruments of war.

Oct. 6

Oct 3

Thursday. Accepted invitation to address Mass. Dem. State Convention of Tariff Bill not enacted into law by Sat. A rumor reached us that the Convention would not cheerfully endorse the President on the Tariff Bill. I called up Tom. Kelly in Boston; he denied this and asked me to draw up any plans on Adams, Taft and Furin. But I wished to go on the platform & he would see they were inserted. I mailed such plans wh. I prepared late that P.M.

Oct 4

Sat. Dem. State Convention closed out, or rather the Resolutions Com. all skeptical references to the Presdt, Sec. of State and Sec. of Treasury. Never mentioned either in platform altho it did contain a perfunctory endorsement of Taft, Furin, Bell etc. Much indignation here.

Oct 6

Monday. Sec. H. said Treasury was largely responsible for delay in Bellings attempt as he had advised Presdt to wait etc.

Lunched at Shonhan w. Atty Gen., Adams & Treasury. Treasury said he wanted Presdt to send in Bellings name alone! I suggested that this would make public thus Presdt was angry because not endorsed. I thought he should quietly send in the whole slate, as if nothing had happened.

Atty Gen. some days ago asked me to write Sherman Whipple as to legal standing of Francis M. Caswell; I did & Whipple endorsed him highly as did also Homer Abner - I sent letters to Atty Gen.

At this luncheon Malcom & Tammaly urged appointment of Caswell. Atty Gen said he thought Sullivan should be appointed, especially in view of action at State Convention.

I sent Probst and Sec. Bryan (personal interview) my plans & those adopted by Convention.

Bryan said he did not see how any member of the Admin. could help in Campaign.

In a long letter I declined to permit Mr. Cent RR to visit to old practice of entry at Vassalboro, under wh. entry often not made until cars had left.

Then Am. met Asst Sec. Osborne, St. Dept. and told him of plan. Convent. He asked why Williams did not stop it. I said I thought he was not there. I told him Williams wanted a Ambassadorship. He seemed surprised but favorably so. St. W. had come to him to get an interview w. Bryan. I told him I thought it would be good politics to give W. some object as it would tend to bring our divergent interests in line; that W. had attacked me bitterly as he had the Probst & Bryan but I did not care & wd. bury the past in effort to promote harmony.

At above luncheon Tammaly shared w. contentment

of Dem. would be Gov. in N.J. - Fielder, I think. Said he had written urging Admin. to keep out of the fight & that he, Tammaly, had given him a piece of his mind.

Wed. about 10 P.M. returning to Hotel, found notice to call up Boston operator, did so and Judge Kelly answered. He asked wh. Caswell was appointed Dist Atty; I told him I did not know but would ask Atty Gen.

I then questioned him as to Gen. Malbon at Concord Saturday. He said my proposed plans were not received until Sat. Am but he admitted that they were then in his possession. He said the proposed specific endorsement of Probst Wilson was before the Com. & vigorously objected to because of the proposed appointment of Bellings. He said, however, that the Malbon did specifically endorse Probst Wilson. I said I had all the Sunday papers & that we mentioned the Probst name in the platform; he said the papers must have printed the original draft of the platform; I asked him to send me a paper containing an endorsement of the Probst in the platform; he said he would do so.

He also spoke of Andrew Peter having something to do w. Malbon as finally adopted, also Jimmy Peter was a member of Revolut. Can.

At laying of corner stone of Boston City Club. In evening there was a dinner at Hotel Somerset and 1150 attended, all the dining rooms being used. by Probst Tabb, Geo. Smith & I were the speakers.

After dinner Mr. Bacon of News Bureau asked me

to say to Sec. Meddow that Mr. Easton President of the Nat. Shawmut Bank had come out against the currency bill and he suggested that Sec. M. send for Easton to discuss terms of a compromise; he said he would be glad to come in with him.

I told this to Sec. M. who was very angry w. Easton & intimated that the million dollars of Phil. bonds which he had intended getting the Sec of War to transfer from Mr. N. P. Hollowell Bank in Boston to the Shawmut Bank might never be transferred.

Oct 13

Have had some trouble with book publishers as to fixing most value of imported books; they insist that the export price to them be taken as market value - this would be absol. contrary to law altho it was done in 1877 under Sec. Sherman. The last Admin fixed up a kind of compromise letting the price act. paid but w. a proviso that it shld not be more than a certain % below the foreign list price. This also was absolutely illegal. In addition the last Admin held that authors royalties were not part of most value; - an absolute violation of a decree of the Bd of G.

Under existing practice the B. publishers import br. books unbound - the duty being the same as on bound books - and bind them in this country. They contend there is no br. most value abroad for sheets unbound and

that; the home price should be taken working backwards to get br. most value. Royalty however is paid on these sheets except that it is paid after importation. If we took price in this country - there are none but unbound books. The importers want us to take the price they pay for the sheets without royalty, altho royalty is as much a part of the cost as type setting or printing.

I wrote McLean that price paid is not for. most value and that we could not accept it as such. I explained fully that in almost all imports there is a special export price wh. can not be taken as most value.

If it were taken the large importing publisher could get books or sheets at less rate than the small publisher & the rate of duty would vary.

This afternoon Sec. M. sent in a letter from the President enclosing a letter from McLean, & the Presdnt sd he regarded the duty on books as a stumbling block & hoped something shd be done to mitigate the severity of the law.

In the letter of McLean he said - "Sec. Hamlin regards only the law & the law is forbidding" or words to that effect.

Oct 15.

Wed.

Gov. Fred Williams called at office; I saw him at once; he seemed very pleasant and acted as if there had never been anything between us. I told him that altho I felt he had been unjust to me I felt no resentment and that I wanted to see the Party united. He said that his opinion had changed about Wilson as well as about myself and that in a political fight much was said in heat of discussion; that if I had come to him we could have mapped out a programme of action wh. both could have agreed on with unanimity & enthusiasm, that he hoped old scores would be healed & forgotten, that if there was anything in the world he could do for me in the future I could call on him & he would respond.

He said he originally thought Wilson was an ultra conservative & could see no good in him but now he was lost in admiration of him as a great leader; that he fully realized that the most valuable men were those who changed early opinions in light of experience, that he was one who had so changed & he was free to admit I was another.

I told him I wanted to go to him before my campaign but my advisers were strongly against it; he said that if I had we would have reached a perfect understanding and that I would have had his loyal support.

I told him of Curley's letter w. me & said I told Curley I should raise no objection to his appointment as a diplomatic officer; that in the Embassy I thought it could be good politics; that I had so stated to Ant. Sec. Osborne and I

had advised the Atty Gen. to return him in an unimportant case.

We were together over half an hour and at his request I took him in to see Sec. McAdoo. He came back and talked some minutes more; he said Sec. Bryan had intimated a desire to have him accept some position & he was to see him this am.; that he was to lunch w. S. Messer clear; that he had a Bill on Patent Monopolies he hoped to see enacted. He also praised Sec. McAdoo highly.

He finally left saying that he hoped we should be good friends again & forgot the best which I willingly received.

He was very bitter against Gov. Fox and said his actions - even when good - were based on no principle & on no morality.

Oct 22.
 Wednesday.

Mr. Brigham of B. House called. He said the dispatch in ~~transit~~ ~~about~~ day that McAdoo was to see for Senate and resign & I was to be admitted in his place was not sent by him but by another man who said he got information through Boston to expect that the rumor came from Albany and started from Col. Rice and the Pruyn family.

I told him Rice had been abroad for some months & only knew of my appointment by cable; that the Pruyn family were all dead except Robt Pruyn of Albany; that no friend of mine would do me the injury to spread such a base rumor. I told him I should at once speak to the Secy about it. He said not to do that but I assented.

I then told Ant. Sec. Newton all about it; he said he

had traced the original names to Kelly of the Post Office, who finally admitted it was a test whether you & then went to the Secy & told him all about it & said I should run them down & find what truth there was in it tho I believed it was absolutely false. He was very nice & begged me to let it drop; he said he fully understood that there was a concerted plan to discredit him in every way possible, he believed was engineered by business interests & that similar efforts were being made to bring about an estrangement between himself and Asst Sec. William. I shall never forget how kind and broad he is; he shows a big mind on a high level. I told him my only ambition was to finish my 4 years & then be elected Gov of Mass, & also to write a History of our own times modelled after McCullough's English history.

Mr. Rich. of Oct 21 said G. J. Williams was to be appointed Minister to Greece but that I was opposed to him. I at once telegraphed Williams that this report was absolutely & unqualifiedly false & rec'd back a telegram from him that he knew that I had said kind things about him. I also wrote him to same effect.

Brigham of Transcript also called and I asked him to say as above & in the evening I called Mr. Asst. Pres office & dictated an interview stating same.

Oct 23 Thursday.

Spent all afternoon w. Sec. Meadew & Mr. West, few advisers of Compt. of Currency going over latest draft of Gov. bill & making changes there.

I objected to new clause author. Fed. res. Bns to take out Nat. Bk. Notes but Meadew wanted them in.

Nov 10 Monday.

Mr. Arnold, Spec. Asst Atty Gen. to examine into the Wampanoag settlement who has been studying the situation in connection with the Grand jury, called at house 6.45 P.M. and gave me a copy of his report. He said the Atty Gen asked him to ask me to read it before he read it & he wished me to take it over with him. The report advised a new civil suit to cover addit. duties lost to Gov't but made no recommendation as to an indictment.

This P. M. wrote letter to Sec. Meadew outlining my speech before Canadian Club during to which he asked me to go to represent him. I took point on any further reciprocity w. Canada at present & went into whole history carefully. I asked the Sec. to send this to the Presd to see if he approved. I said Mr. Foster acting Prime Minister of Canada was to speak and I felt sure he would talk of Reciprocity & I wanted specific instructions. The Secy wrote Presd a letter enclosing mine.

Nov 11 Tuesday.

The Presd telephoned over that he thought it

would be better not to mention Reservoirity so I changed my speech at last minute & sd nothing about it.

at the dinner (N.Y. Plaza Hotel) Mr Foster went into the question just as I feared he would. (See Scrap Bk) but I followed my instructions & said nothing.

Nov 12 Wednesday.

Sat N.Y. 8.08 Am. Went over Warrnaman report carefully. Arrived Wash. 2.35 P.M. and found message from Atty Gen to come over & see him. telephoned & made appointment for 4 P.M. Found Charles Choate & the Counselor of United Shoe Mach. Co. there. We had long talk later as to Warrnaman suit. I told Atty Gen that I was satisfied there was a carefully prepared scheme of fraud, that the Govt was defrauded, that the game was corrupt, that the Warrnaman had profited by the fraud, and that in my opinion they must have known of the fraud; that a new civil suit should be brought for added duties found due by the report; that as to an indictment there was probably enough evidence to successfully meet a Motion to dismiss; that as to whether we could prove beyond a reasonable doubt that John W. & his sons knowingly conspired to defraud the Govt was another question which I

must carefully consider before reaching a definite conclusion.

The Atty Gen. said he had had a talk with Mr. Arnold & would read his report carefully; that he found it would be impossible to convict on an indictment because of the fact that the fraud could not amount to more than a fraction of 1% of the duties annually pd by W. to the Govt ($\frac{1}{2}$ of 1% as stated in Arnold report) and that there was no specific evidence referred to in the report showing W's guilty knowledge or participation in the conspiracy; that W. would probably take the stand and swear that he knew absolutely nothing of the fraud or that goods for his personal use were being brought in free in sensible packages; that he could show his large dealings with the Cust. house & could aver that it was all taken care of by his Agent without his knowledge and that a jury would probably find him not guilty unless the proof was most convincing.

He finally asked me to take it over with him again after he had read the report.

Nov 15 Sat.

Sec. M. asked me to prepare a memorandum criticizing the new confidential draft of financial bill making the issue notes legal tender and providing for redemption of Nat. Bk notes by issuing legal tender Treas. gold notes.

Nov 16 Sunday. Prepared mem. & sent it to Sec. who later

called me on telephone and asked me to come to his house in evening to a conference at his house at 8.30. Went there & found Sen. Owen, Hullin, Pomeroy and Shafroth. The Sec. strongly opposed the legal tender plan also the clause allowing member banks to hold reserve notes in their reserves. Sen. Owen said he had just left the President who said that while he was not prepared to combat the legal tender idea he thought at this time for technical reasons it was inopportune; that when the law was enacted this could be considered as a second step. Sen. Owen said he would be guided by the wishes of the President as deal all, except possibly Sen. Pomeroy; he said also the President said he would not object to allowing Trust Co's & State Bks to continue to hold Nat Bk notes in their reserves.

Mr. McAdoo asked me what I thought of the legal tender idea & I said that if you accepted the idea as to greenbacks it would logically follow you should accept it as to all other similar notes, such as proposed new gold notes to redeem Treasury Nat Bk notes, silver certificates, gold certificates etc; that I feared making the Fed reserve notes legal tender would prevent the speedy redemption the new act sought to secure - see my letter to Sec. -; that I thought the Nat Bk notes at times were redundant & that the new gold notes could be as good as the Nat Bk notes and no contracts would be possible. Sen. Owen denied

any redundancy in Nat. Bk notes - this was in answer to my statement that as has been in the draft called for 100% in gold behind each gold note it would be better to use the gold to cancel the Nat Bk notes outright; finally I said that if the Repubs bought the legal tender idea the mere publication of the proposal might precipitate a pan. panic, no matter how logical the plan was & that if I were a speculator I would sell everything before such announcement. This seemed to influence all these ex. Sen. Owen & it was agreed he should sound the Republicans on the issue.

Sen. Shafroth said in the West it was very difficult to get legal tender e.g. to offer to redeem an option & he impressed me with the need of making silver certificates & gold certificates at least legal tender. Finally he suggested having the Fed. Res. Notes redeemable by the Treasury in gold or lawful money but by the Treasury in gold. I asked him if he would agree to have the act changed so that the Bks must redeem the Treasury in gold if the Treasury pays gold in redeeming these notes. He said yes, & Sec. McAdoo and I said we would not object to this change on above understanding.

Nov 17.

Monday

Mr. Arnold, Sec. Asst to Atty Gen. in Warramasser case called by appointment and went over the criminal phases of the suit. He has no doubt of the personal guilt of the Warramassers but realizes that it will be very difficult and

perhaps impossible to convict them, altho he is sure the evidence is such that a motion to dismiss after the Govt evidence is in fact not be sustained. He has not yet reached a conclusion as to whether to advise a criminal prosecution or not.

He told me he wished to say something to me in absolute confidence; I said I did not wish to hear anything I did not freely tell the Atty Gen. He agreed to this and then said that Mr. Lewis, W.'s Council Safety had said to him that he could not hope to secure any permanent firm this adventure, that Mr. Lewis had secured a Ohio office for him, that John Wammamaker had said to him that a bill toward Eric Arnold would be of great use to him in his business and that he would be glad to give him a large return. Arnold said he hated to have to tell me this as he believed Lewis was an absolutely honest man.

Either Saturday or Friday a Mr. Alexander of Trenton N.J., I think a newspaper man, called on me & talked much about the Wammamaker case; he said he disliked him and had room for it but he knew, with all his faults, he was not the kind of man to defraud the Govt of duties. He also said he had great power thro' the press and would make a terrible fight if attacked. I am satisfied he was sent to try to intimidate me.

Tuesday.

Arnold and I were with the Atty Gen. from 2.30 to 5 on Wammamaker case. We went over the transcript of evidence with great care. The Atty Gen. asked many questions and had evidently read the report carefully. He said it appeared evident that a scheme for defrauding the Govt had been devised and successfully put through and that it was clear the Examiners had been corruptly passing dutiable goods as free or at reduced values; that before deciding whether the grand jury should be asked to indict the W.'s he wanted to be sure that the evidence secured in which they could be secured would be sufficient to convict; he seemed absolutely fair and impartial and to desire simply to get at the truth of the matter; he said it was a heavy responsibility and that he wished to leave no action not warranted by the evidence; he seemed to have some doubt as to whether conviction could be had - requiring proof beyond a reasonable doubt - considering that there was absolutely no evidence directly implicating any of the W.'s and he felt that the most careful study of the report should be made before definitely deciding as to what course to pursue. Arnold said if indictment was brought it should contain conspiracy counts as well as direct charges of importing by false invoices etc under Sec 9 Adm. Act and other statutes; so the conspiracy counts he did not much rely on except by way of admission of evidence; that it was vitally important to get at the names of foreign houses who sold the

personal goods to the U.S. and that their deposition should be taken. The Atty Gen. reminded me that in a criminal case such depositions should not be taken but witnesses would have to be brought from Europe and that it might be very difficult to secure such witnesses as foreign banks would not willingly testify as such a good customer as the U.S. Arnold said he thought one Govt could persuade the French Govt to induce their firms to testify and that the French Govt under French law examined books of French firms regularly. Arnold did not know whether the French Govt had power to order any French firm to produce their books. A. also said if he could not prove by the books accounts just what they sold the U.S. and the prices etc the indictment would probably fail; he said he would consider this very night & report in the morning. Arnold also said he had made no definite recommendations in his report but merely stated facts, law etc as he wished to keep his mind open until the whole matter could be gone over with the Atty Gen.; that altho' he felt certain the facts would surely carry the Govt by a motion to dismiss yet he had not reached the conclusion that the Govt was even reasonably certain to be able to secure a conviction by proof beyond a reasonable doubt; that in this matter he still kept an open mind without reaching any conclusion. We finally adjourned at about 5.30 P.M.

I remained after him a few minutes and the Atty Gen. asked me how I looked on it. I told him that I had just over the report and made some notes; that it was one of the ablest reports I had ever read, but that to really master it would require many days - perhaps a weeks careful study, which, in view of pressing Treasury work, I did not possibly give to it; that I was satisfied of the corruption of the banker or at least of his such utter neglect of his duties as to raise almost irresistibly a strong belief in his corruption; that there was clear evidence of a carefully planned scheme to get these goods in w/out paying duties; that it was almost impossible to believe that the beneficiaries did not have knowledge of it, but that it was conceivable tho' not probable that they may not have had such knowledge; that there was however no direct evidence to prove such knowledge or any overt act and that a conviction if secured could be based on the fact of the long continuance of the practice rather than on any one case under it; that I had no special knowledge of criminal law; that if to bring an indictment or ask the jury for one it would be necessary to believe that the evidence was strong enough to prove beyond a reasonable doubt the guilt, I at that time, based on the rec. short time allowed for examination of the report, felt I could not say that we could feel even reasonably certain of his duty to hear the matter; but that if the only inquiry was

whether the evidence at hand raised a strong suspicion of guilty knowledge or practices, my opinion when viewed by further study of the report, might be different; that in my present study I certainly did not advise him not to view the matter now and I advised him to go ahead. I then said that if I were Atty Gen I should feel disposed to ask some able lawyer, well versed in criminal law and also customs law, to read the report carefully and give his opinion as to what it showed.

Nov 19-

Wed. 2 P.M.

with Atty Gen again, who again discussed with Arnold the possibility of getting at the French house. Finally the Atty Gen. said he would like to have some able member of the bar go over the report and give with a knowledge of customs & criminal law and give his opinion; he said he wanted some man of such standing & ability as would command respect to all our men; he asked me if I knew of any such man & I said the best man I could think of was Wallace MacFarland of N.Y. He asked Arnold if he would object to such a course & he said it could be most agreeable to him as he had been so wrapped up in the details of the case that it would be helpful to have some bright man read over his report.

The Atty Gen then asked me if I would

ask Mac Farland to come down & see him and I said I would.

Going over the case again Arnold said that in spite of his feeling as to the guilt of the W.S. yet he felt bound to say that on the question of being able to prove it beyond a reasonable doubt the chances were 4 to 1 against success.

The wing hawks say that the Dem. members of the Sen. Finance Com. adopted Sen. Shreve's suggestion, approved by sub. of making the Fed Reserve notes redeemable by the Res. Bank in gold or lawful money, but by the Treasury in gold only as demanded.

Nov 20

Thursday. Went over Warran's case w. See the above; he asked me as to salient features of the report and he felt that an indictment should be brought; he said it would be ridiculous to indict the examinee and to let the men higher up go free; that the real fact that we might not be able to prove the case beyond a reasonable doubt was no reason for not prosecuting as there was enough evidence to raise a very strong suspicion, was a moral conviction of guilt; that the fact that the evidence was merely circumstantial was no reason for hesitating as this was usually the case even in murder trials.

I advised him to see the Atty Gen at once & he said he would; I also advised him not to send for MacFarland until he had seen the Atty Gen.

Nov 20

The Gen. Appr at NY - McLelland - has ruled that where books are reprinted in sheets and bound on sold bound in U.S. and the royalty is payable in the U.S. on each bound book when & only if sold, the Royalty is not a least of the book's value of the unbound sheets. The decision was dated Nov 16 so we have 10 days in which to appeal. I told Sec. Macdonald about it & urged him to call it to the President's attention so that he could direct us whether to appeal to Bd of 3 Id. He said he would do this & noted the fact that the appeal must be claimed on Nov 22 as last day. We went over it fully and I said ordinarily in a question of this important one I should lose on appeal but that the decision set at rest a long continued controversy & if the Pres did not want an appeal taken, I felt we could safely acquiesce.

Nov 18 Monday.

4 ant. Sec. Curtis called & passed me to let me know how Allen Thompson objects but as he understood my decision to levy duty was only a temporary ruling; he also had sent a brief attacking decision of Ct of Cust. Appeals in the Buckle case, somewhat similar. I told him I should not change my decision & he asked if he could go to the Secy & ask him to overrule me. I said I had absolutely no objection

to such action on his part and he went in and talked with him. The Sec. said he would have into the matter personally.

Nov 21 Friday.

Had talk w. Sec. Macdonald as to Wammanover case; he said he had talked the matter over with the President and that the Pres felt that if the evidence secured made out a strong prima facie case the indictment should be pressed, and he asked me to say this to the Atty Gen tomorrow at the conference, 2 P.M., and he added that on the facts shown, if Atty Gen. should decide not to push the matter it would give rise to a worse scandal than the Camanette case.

Nov 20 Thursday evening.

Spoke w. Mr & Mrs Henry White; Presnt. Lady Sherry Rice, Judge & Mrs G.W. Holmes, Judge & Mrs Pitney, Sir Admiral O'Neil, As. Sec. & Mrs Franklin Roosevelt, Mrs Erlano, C.H. & H.P.H.

Nov 22 Sat.

3 P.M. Conference bet. Atty Gen. Mr. Arnold & myself at Atty Gen's office. Mr. Lewis, Atty & John Wammanover attended. Atty Gen. told them he would be glad to receive any explanation they could give of the passing free of duty of duty under at Phila. were shown for a few minutes - said there was no fraud & no embezzlement - that the Govt had notice in cash cans. invoice that there were packages marked samples whose value was not included; that the Govt examiner passed these packages as free bring of no commercial value; that the Govt was thus responsible for purchase to receive duties lawfully due; in reply to Atty Gen. he said it was hard to believe that Wammanover was not correct;

that this theory, however, was largely refuted by fact that in many cases the examⁿ notes in invoice showed the presence of dut. goods in the package & yet he passed them free; that this was incomprehensible; he later however said that it looked certainly like corruption; he did give no explanation. Then John W. Shove and denied that there was any knowledge in his part that any dut. goods were ever admitted free; sd he never had ever seen the examⁿ Briefly; that he assumed his employees charged w. duty of passing goods through the custom house and paid all duties due; that he never had anything to do w. paying duties or accounting for goods received. Then Arnold pointed out to him that the previous settlement was based on the order slips & that he or his firm had concealed fact that large amts of goods had been brought in free charged to personal acct of himself, Rodman W. & T. W. He positively denied there were for himself; Arnold cited specific instances e.g. boxes of engravings of Rembrandt pictures; he denied ever having ordered any such boxes; A. said they were received by his firm in his own office; he denied this & said he had inspected nothing on his own part; that there must have been for the firm; he pointed out that in his case the packages were only about 1 each month & sd he did not & did not know anything about them. We thought he would be very much surprised at the discovery of personal packages but

he evidently knew all about them as did also Lewis; he said also that if indicted it would probably ruin his credit & pull him into bankruptcy & wd cause suffering to the 14,000 people employed by him; he said he was not a rich man. A. then said something about his property amounting to 15 millions & he said he had taken out a mortgage for 10 millions. He absolutely denied that the items in the sample case would work over his personal acct.

Then Rodman W. came into room; he told how the Paris business was conducted; said that orders were issued to put no packages into the mail cars to avoid any possibility of fraud; said that all packages were put in cases by Thriller, who is now insane; that T. had whole charge of this matter; that he had never paid personally for any of his purchases; that they were paid by Paris office; that they were charged to his account and later these charges were paid by him; that he knew nothing as to wh. his goods would duty & did not know; that he made no entries but assumed that all duties were paid etc.

He admitted that there was deplorable looseness in methods of accounting but he knew nothing of it until told by Lewis. Lewis said the same system was in force today, showing there was no fraudulent intent. Arnold denied this.

Finally it was suggested that they give no

detailed information as to the value of the
under charged to personal account & they said
they would.

J.W. said he had heard that again & might have
been overruled by his political influence but
that he had never directly or indirectly
interfered w. any attempts; that Sen. Quay & Co.
were better evidence.

They were heard again & again but could
give no explanation of the brands over as
above.

After they had gone - about 6.45 PM - the Atty
Gen. said he did not see how an indictment
could possibly be sustained, at least as against
J.W. I asked if the facts did not show at
least a prima facie case of fraud and the
Atty Gen. said he thought not; Arnold departed
decisively as to this, and I said, without having
formed a definite opinion, it seemed to me
taking all the facts, including the presents to
Hartshorn, Akbar, & the insurance policy, a
prima facie case might be said to have been
made out, that certainly I could not now
say it had not been made out.

I said I could not resist the conclusion that
this must have been known to the firm or at
least to R.W.; that the case against J.W.
was certainly much weaker than against R.W.
that it was at least conceivable that the
same may have carried out the scheme
w. out the knowledge of the partner, altho I
admitted this was hardly likely.

Arnold did not agree to this altho Atty Gen. did.
I also expressed upon that Brierly must have
been bribed with money; Arnold did not agree
to this but thought B. might have been directed
by the Atty Gen. Hartshorn to do as he did and he
added that he believed Hartshorn's successor
Verant was evaded but this could not be
proved.

The Atty Gen. then asked us to the St. of France
& Arnold said he was satisfied that we had
at 2 months yet before the currency change
would be outlawed, and the Atty Gen. asked
him to let him know definitely as to this.

There were much talk about the fact that
W. produced his books very reluctantly
& this was vehemently denied by Lewis & J.W.
and asserted by Arnold. The destruction of
letters was also talked about and other
records and to my mind no very satisfactory
explanation was given, especially as to Paris letters;
they all denied that it was against the
French code to destroy all letters after a year.

Finally J.W. said all houses were at Atty Gen
disposal & I understood him to say that
he would produce all accounts of French
firms who sold their alleged personal goods
to the W's in Paris.

J.W. absolutely denied that his private oblige
had receipted for any of these firms' goods.

During the talk as to production of books of
French firms, Lewis asked in reply to question of
Arnold wh. he would agree to appointment of a Com. to

last testimony abroad, - do you want them for the
indictment or for some further point of duties?
I do not remember Arnold's reply to this.
was also said if any further duties were bound
duty they would be paid - even if it amounted to
\$100,000 more. This was the best suggestion made
as to further points.

R.W. said frankly that the fact that some
740 odd parcels were instead charged to his
personal acct were handed free altho entering
duty, must have been bad, and that evidently
they had been put in a false invoice by
Thullier and by the team², but that he was
absol. innocent of any intent to defraud or
any knowledge of fraud; he said his pers.
expenses amount to over \$20,000 per year and
that he kept no accounts, every thing being
settled for him by the Paris and U.S. offices.

Arnold walked home with me and I asked
him to prepare a short concise statement as to
the proof to show a prima facie case. He said
he would do this.

Nov 22

Wm. D. W. Adam, Sutherland; Present, Sen. &
Mrs. Wess, Mrs. Spruce, Capt. of Austin,
Miss Muesony Smith, Mr & Mrs Moore etc.

Nov 22

Sat.

Signed letter to Col. of Cust. Vt. ordering him to collect
duty due from Cust. Vt. & Ev. Trans. RRs for repairs made
in Canada to engines etc used wholly in domestic trade
in U.S. Ruled also that engines & cars engaged in intern.
trade were not dutiable & did not require in Canada
w/out being subject to duties.

Last week I ordered practice resumed of putting on
inspectors on evening train of Et Nov. RR running between
Winnipeg & Noyes, at urgent request of Sen. McLumber
who said ex-ante at Noyes made great delay at
border & C.P.R. was advertising that their trains
were running thru on time. Some time ago we
discontinued putting inspectors on trains; all the RRs
objected but finally all but the Et Nov. agreed to
the discontinuance as no great delays were shown
in practice after inspection was taken off.

The Et Nov. has much more trans. traffic than
the other RRs & ∴ delay = greater.

The Cust. Gen prepared a letter just after the
discontinuance, wh. I signed, to Sen. McLumber &
Hunt, saying if discont. showed delays the
practice would be resumed. Sen. McLumber came
to see me several times & I assured him the
promise in the letter - wh. I did not originate
would be kept. I felt that as long as inspections
were in Canada, trains in East the same facilities
should be accorded trains, and other Amer.
trains in competition w. Canad. trains in N. West.
The Et Nov. however was told that this was a

temporary order, pending full investigation of the question all along border. I would like to see all inspectors taken off, if possible, but if not all AMs should be given equal facilities.

Nov 23 a day or two ago the chiefs were directed to certify to Sec. Treas. those clerks etc who were below a fair standard of efficiency and Halden of the Customs Dirn certified the names of Johnson & Maber. I looked it over with him & he said he felt it was his duty to do this as Maber could not do a real days work & much of his work had to be done over again. I sent for Maber to look it over with him but he had just and as the Secy said he must leave the report that evening I checked it.

The next morning Maber came down; his son in law Trovby, the father announced had just committed suicide in Canada & I explained the matter to him telling him the reason for sending the report to Cuyper was to secure some pension or retiring legislation. I told him not to worry as I was his friend & he seemed much relieved.

Nov 25 Tuesday.
Mr Cooney, Sec. Macadros secretary told me today that the Chief Clerk was up the matter w. the Secretary & he decided not to report Maber or Rose of the Appntment Dirn, as the latter was of great help to Secy as to old practices, forms etc. I told Cooney Maber

Nov 23. Sunday.
Lunched at Country Club w. Sen. Washburn.
Visited the Home W. Schmitt, Minnesota &
wife, Sen. Allen Oregon etc.

had also been of great help to me. I had nothing to do with this but was delighted with the action of the Secy.

Last week Claude Bennett wrote. telegraphed me to try to secure his appointment as counsel of the C.P.R. in place of Trovby; this morning I wrote him that as the C.P.R. had business at times w. the Dept I could not directly or indirectly recommend any one for such appointment, and I said the same to Miss Evans, Bennett's Secy, who called on me this am.

Nov 24 Monday
Lunched w. Atty Gen who asked me about Charles Warren as a possible Asst Atty Gen. I praised him in highest terms and asked him to write Mr. Storry and Mr. Olney who would explain what I said and would tell of his highest standing at the Bar better than I could.
The Atty Gen. also talked over the Wernhamson case & expressed the view that there was not enough evidence to indict him but said he had not formed yet a positive opinion. I urged him to appoint Arnold of N.Y. as Asst Atty Gen in charge of Customs Conf. Ad Ed. He said Sec Macadros was strongly and really aggressively urging him to appoint Gibbons but that he knew he was not fit for the place & positively would not appoint him. I have the same opinion of him, but can't

Nov 26. Wed. J. P. Branden.
Lunched with him.

Nw 29

of loyalty to Macadvo, of course, said nothing.
Sat.

Some days ago I ordered cust. duty to return to land can.
Nov. RR for carrying dut. baggage from Montreal to places
in U.S. and also ordered the bond allowed Quebec
Cust. RR to be cancelled.

Claude Bennett called this am and wanted me to
recommend him to the CPR and BTR. as counsel.
I told him I must absolutely decline to
recommend him or any one else as their RR's at
times had business at the Dept. He was very
persistent & I had to deal with him almost
sharply. I told him it wd be as improper as
for a judge to recommend counsel, and that
under no circumstances would I do so.

Nw 30.

Sunday.

Rode to Balto & thence to Beovslandwell and lunched
with Charlie McNamee.

Dr & Mrs Randolph were supper with us.

Dec 1

Monday.

Wheatley, Estabrook & I had meeting at which a
Mr. and his atty Mr. were present &
set forth a plan they had discovered for
defrauding the customs revenue by the
brewer in N.Y. The fraud consisted in shipping
imported beer w. certain lbs containing less than
regular quantity; these lbs were chosen for
examination by gaugers in collusion w. importers
by putting a label very near the bung hole
so the gaugers wd know just what lbs
to mark for exam'n & then the whole

importation was arrived on duty on basis of
the short lbs. They showed us checks given to
gaugers as regular they got the brand.

Wheatley advised laying matter before Just
Atty who wd ask for Court order to search
the house of the customs suspected and then
the house wd be taken by the Sh. Agents. They
said they had seen also a set of public
or private records showing that the Cus.
records were false as to quantity shipped.

I had a talk w. the Secy and he authorized
Wheatley to go ahead and W. went to N.Y. just
yesterday on the rail as a customs inspec.

They said the total brands - assuming the
other beer importers were also in collusion
& they stated evidence as to some of these -
would amount to nearly a million dollars per
year of duties withheld, not counting penalties
being.

Gave dinner; present: See Macadvo, Atty J. McKinley, Mr.
Lord Campbell, of British Legation, Cong. Peters, Asst Sec.
Roosevelt, Mr. Willert of London Times; also Mess
Blanch Watson, Mr. Myer, Mrs Dexter of Boston, Mrs
Peters, Mrs Roosevelt & Mrs Willert.

Dec 2

Tuesday.

8.45 Am. Howard Elliott of N.Y. N.H. & H. RR called
me on telephone; sd he was to see Atty Gen this
PM and wanted to see me and asked if I
could see him for a minute. I told me to come
up to my house. He came up and said he wanted
to talk over the N.E. RR situation. He showed me a
letter from Pres't Hadley of Yale to Pres't Wilson

assuring him ~~to~~ to give more time to the RR directors to work out the RR problems before bringing suit; he said the Atty Gen wished to have the following RR lease annulled, among other things: he said this would require action from Mass. Legislature and that R. I. & Conn. did not want the system split up. He made no request of me to do any thing but I gathered that he might intend to ask me to speak to the Atty Gen about the matter, so I anticipated anything he might have said by saying that this was a matter he must work out personally with the Atty Gen; that I had a very high opinion of his high character & purpose & his scrupulous regard for every interest. He said he thought he might speak to Sec. Houghton; I told him I thought that would be injurious rather than helpful. He said he had talked w. Sec. Lane.

He said a suit now might see a reversion on the whole system & what great loss to innocent investors. I told him there was certainly a feeling here that the directors were not going forward with the broken shed in doing voluntarily what would be done by a suit and that very likely the Atty Gen. felt this. I said the only advice I could give him would be to go frankly to Mr. Brandeis & ask his advice and cooperate in working out the problem & that altho I never had spoken to him on the subject I felt sure that if approached in good faith he would meet him half way & talk him in any proper way.

At 5 PM took drive w. Atty Gen. I told him of Elliott's call & what I said to him; he seemed to agree as to my suggestion as to Brandeis. He had asked me to drive to take over a list of an ant Atty Gen in charge of customs cases before Bd of N.Y. I spoke to Sec. M. and he told me the Atty Gen had been very sharp and almost discourteous with him in turning down his nomination of Mr. Gibbons for the position; that he wished I would tell him that the Sec. M. if the Treasury was to be consulted would prefer to be consulted directly by the Atty Gen as the appointment was a N.Y. one & very important. During the drive the Atty Gen said Sec. M. had treated Gibbons in him almost offensively; that he had looked him up & found that he was a hard drinker, and a reckless loud mouth man; that he looked hardly even in barber shops of his practice & that he had traded on his friendship with Sec. M. in his law business; he had heard of Gibbons' row with Tra Hammier Mitchell and said that he never would appoint him. Sec. M. told me that the Presd. he would like to have the appointment & that the Presd. had so written the Atty Gen. I told the Atty G. that Sec. M. took a personal interest in this appointment & that he should consult w. him. The Atty Gen. had previously told me he did not appoint Arnold (in charge of the Womanover case) as he thought his judgment was not very good & he preferred a Democrat.

Dec 2 Tuesday.
In evening dined w. Mr & Mrs Henry George; present
Mr Graham Cong. from Illinois, Mr Seddons Com.
& District. Mr Cohen, Mrs George et al.

Dec 3 Wednesday.
Dining. Dined w. Mrs Bayard; Present, Adam Stanton,
Dr & Mrs Randolph, Mr & Mrs Matthews, Mr & Mrs Truesdell,
Prof. Swisher, Com. of Patents & Mrs Ewing, Mrs Barrett
Wendell, Mrs Biddle, Adam W. Neill etc.

Dec 4. Thursday.
Dined w. Mr. & Mrs Tom. Thacher.

Dec 5. Friday. Attended Musical at White House.

Dec 6. Saturday
Dined w. Com. of Patents & Mrs Ewing to meet Sec. Lane
& wife. Present: Mr & Mrs Mills; Adam & Mrs Davenport;
Mr & Mrs Butler (Rep. Sub. Ct.), Sec & Mrs Lane.

signed letter denying application of Can. N.W. RR
to be bonded for carrying baggage from Montreal
to points in U.S. as no authority in law to
accept such a bond.

also discontinued bond heretofore granted to
Sub. Int. RR in unpublished decision
for same reason.

N.Y. Tribune held charge that Ant See Williams
unlawfully helped Alimony secure U.S. Trust
Company & that his brother was a director
of Alimony Co.

Haraduo dines this (see Se. Bk). Told me last
night walking home that Ailes of Pepp Natl
Bk was at bottom of this; that Ailes rec'd

your per year on Nat. City Bk N.Y. to represent them,
in addition to his regular salary; that the Pepp
Bank had made loans to Mass. employees O.K. d
by Ailes; that he had had a stormy interview
with Glover & Ailes & had intimated to them that
if any more attacks emanated from them he
might withdraw the Govt deposits from the
Bank.

Telephoned Brandeis at Hotel Gordon to see
Atty Gen. as to Charles Warren.

Dec 7 Sunday
Atk. Tom Egan of Albany & Mrs Tom Egan took supper with us.

Dec 8 Monday.
Ant See Williams & wife dined w. us and took us to
Theater.

Dec 9 Tuesday
Arnold called & gave me mem. to show John W. Wainman
knew his bus. goods were being imp'd w/out invoices
in violation of law. He had appointment w. Atty Gen at
2 P.M. I said I shld not attend unless he asked
me, but I did not hear from him. He said he
had no doubt but that J.W. knew of the illegal
practice.

Dec.
Dined with Mrs Squire. Present Mrs Nibler, Mr & Mrs Gabb
Mr & Mrs Hudson etc.

Dec 11 Thursday
Dined w. Mrs Brall. Present: Mr & Mrs Roosevelt, Mr. Elliot,
Mrs Meyer, Mr Willist & Mr Chandler.

Dec 13 Sat.

Went to N.Y. as guest of W.B. Howell at dinner of Bell & Co at Sherry's. Returned on midnight train.

Mrs. Dr. Randolph gave a treat on Berlin; Mrs. Bayard, Mrs. Ruffe also present; among the guests was Lady Sherry, first wife of Brit. Ambassador.

Dec 14 Sunday.

Mr. & Mrs. Utley of Belgium & Mr. Fumard dined w. us.

Dec 15 Monday.

Ordered an inspector to go from Wrentham to Norway on the night train on Nov. Pac. RR. Found that unnecessary baggage could be turned to C.P.R. Did this at request of Sen. McMillan.

Also ordered the same regulations for inspection at Lowellton. All as well adopted at Vancouver.

No more to be examined until entry made etc.

Dec 16 Tuesday.

Dined w. Mrs. Sheridan; Present Col. McKinzie?, Mr. Gilleto, Mr. & Mrs. Crozier, Sec of War & Mrs. Garrison, Mr. Robertson, Mrs. Sheridan etc.

Dec 17 Thursday.

Wrote to Sec. State a letter signed by Sec. H. asking State Dept if the President has issued any proclamation exempting Russia from discrim. duty of 10% under Act 1913 & previous acts. The Russian Consul at Chicago apparently asked call w. this duty was being assessed. I told Sec. H. the disc. duty was clearly applicable, bec. the Russian Treaty was at an end, unless the President had exempted Russia under Sec. Rev. Sts; that I had seen inquiries in newspapers as to this; that in my opinion the matter could sooner or later be

inquired into by Congress; that he must either put the burden on St. Dept of advising us or he would have to assume responsibility of not assuming the duty; he accor. signed the letter & until officially advised by St. Dept we can not assess the duty.

Dined at French Embassy; Present Sec. & Mrs. Bryan, Sec & Mrs. Redfield, Sen. Bacon, Joh. Amb. Lady Sherry, Rich, Secy. Amb. & wife; Costa Rica Amb. & wife; Henry White etc.

Dec 18

Thursday.
Mr. Nash, Naval Officer at Boston called yesterday and again this am. While here he said he wanted to know if he could accept a pass which might be sent him by B&O.R.R. of wh. he had been Council for some years. I told him certainly not & that in my opinion he could not consistently remain Council of any RR or other except in order, directly or indirectly having to do with Customs. I added that a new regulation would shortly be issued on this subject & advised him to refer to Atty. He said he would do this at once. I then directed a regulation to be framed covering the whole question.

At 4 P.M. Mr. Kirk, Atty for Wrentham called and stated until 6.15. Before he came Mr. Arnold of N.Y. called me up to know when I would be ready to make a conclusion on the W. Case. I said I had not been able to go over the matter but

hoped to very soon.

Winn went on case. Said that W's innocence was shown by fact that for a long time while investigation was in progress he had not even had a lawyer his own being away; that when the settlement was made & his books sold to him he did have destroyed them but that he did not but kept them intact; that for over a year he was watched by SA Apts etc but nothing was suspicious was found by them. He said also that it might well be that Tom Warramaker had entered the scheme unknown to his brother & Fulton; that Tom, now dead, was in charge of the Penn business when it originated.

He told me that Atty Gen told him he had discussed the whole matter with (CSC); I said this was not so, that while the Atty Gen had asked me to go over the matter with him, the responsibility was on him & that while I should try to be helpful in explaining the records as shown by Arnolds Report, I was not at all sure I made any definite expression of opinion.

I said the case is not whether case should be submitted to Grand jury - that had been done, but it was wh. it should be withdrawn or abandoned - a very different matter.

I asked him wh. ordinarily a Dist Atty let jury know his opinion as wh. Bill should be bound; he said in 99 cases out of 100 yes altho indirectly; any such direct action would be illegal.

I then asked him how a jury should decide

as to finding a true Bill; he said the question was not whether the case was proved beyond a reasonable doubt but whether the jury felt satisfied that a crime had been committed and that the evidence pointed towards guilt of suspected person.

I then asked ^{what} the relief he sought was & he said a statement to the jury that the Govt was satisfied no Bill should be found. I asked if Warramaker had asked to be allowed to go before Grand jury & he said if Atty Gen decided not to withdraw the matter he should ask that privilege.

I then asked him if it would be legally possible to permit the evidence to the Grand jury & allow W. & Rodman W. to appear before it and permit the jury on their oaths to consider the matter free from any attempt to influence their decision. He said such a course, as to the evidence, was the only legal course, but that in practice the jury were made to know indirectly just what Dist. Atty wanted; that it was the easiest thing in the world for a Dist. Atty to trace or depict a Bill.

I thought he seemed to act as if the middle course above indicated was about all he hoped to secure.

I told him that some facts stated in Arnolds report wh. certainly seemed to call unquestionably for careful explanation & I asked him practically in so many words if he did not think that the W's should would be treated justly by

permitted them to go before the jury and be cross examined and then allow the jury to consider the whole evidence as applied to the law without any attempt to influence their honest judgment by the Dist Atty. He did not answer this directly but I certainly gathered from his manner that he hardly looked on anything different. Finally I said I would go over the matter with Sec. H. He left asking me to let him know when & if the news made any reference to the Atty. I said I would submit this request to Sec. H.

Walked home w. Sec. H. I went over above with him; he was quite indignant at Lewis' statement that Atty. S. said he had dumped case over onto us; at first he said he would decline to have any responsibility in the matter. He asked me my opinion & I said I had reached none yet but I was gradually tending towards the view that in view of Arnold's report & sub. doct I could hardly have the responsibility of advising an abandonment of the proceedings but that it rather seemed to me that the W's should be permitted to go before the jury and that the jury should be permitted to consider the case w. out any influence by the Dist Atty other than a bare, honest presentation of the evidence, with of course a cross exam of the W's; that I felt that a crime had been shown - the long continued absence of the particulars in the cons. invoice

prescribed by law; which I understood to be the gist of the case - Mr. Arnold having repeatedly said that any extraordinary events would be merely to get in evidence otherwise perhaps inadmissible; that this crime in fact had resulted in loss of duties by the Exor; that the W's had directly benefited by this scheme; that the gist of the crime & the key of suspicion come to the Atty, and also the apparent knowledge by J.W. of the entire absence of subscription in the consular invoice - all certainly called for answer if they were not evidence directly of personal guilt.

Sec. H. asked me to prepare a letter to Atty. S. along these lines for his careful consideration.

He 19.

Friday. Mrs. Sally Winslow & her sister in law Mrs. Winslow (Mrs. Patton) and Madame Elliot of Brussels lunched with us.

See Haradon walked home with me last night and said he had had incorporated in the Currency Bill my amendments as to issuing Bonds to raise gold to redeem the Reserve notes & he hoped he could keep it in the Bill.

He 20

Sat.

Lunched w. Belgian Minister de Haer Haverith to meet Mr. & Mrs. Elliot. Present: Mr. & Mrs. H.; Madame Ribaut daughter of Holland Minister, Belg. Sec. of Legation.

Dined w. Mr. & Mrs. Crozier; Present Sec. of War & Mrs. S.; Mr. & Mrs. Newlands; Mrs. Boardman; Mrs. McLawley; Major Biddle, Sec. Adm.

Dec 23 Tues.

Invited by Presdt to go to White House at 6 P.M. to see him sign financial bill. An impressive sight. The Cabinet, House & Sen. Comms etc also were present.

The President after signing delivered a short address. Some weeks ago I ordered that expense of trucking sugar from St. Louis to scales must be born by the refiners at Port. N.Y. etc also. For years this expense at three Ports had been paid by Govt altho at N. Orleans it was paid by refiners. N. Orleans refiners protested and after studying the matter held that expense at all Ports must be paid by refiners. Thousands of dollars annually were thus saved to Govt.

Dec 25 Thursday.

Sec. H. sent for me at 4 P.M. Told me Mr Williams was to be made Comptroller of Currency and that he felt that it was vital that his successor as act. Sec. & chief of Fiscal Bureau should be a man of the most absolute integrity and one well versed in finan. matters; also said he wanted a man he knew & could work with; he added that he wished very much that I could take this position altho he hated to ask me to give up the tariff work. I was so momentarily flattered and so successfully understating; that he was tired out and knew he could rely on me to hold him as he appreciated the work I had done in getting the fin. bill into shape; that he would have to go West early in the new year and be away perhaps 6 weeks; that I would

be the running act. Sec. & Acting Sec. & would have to manage the Treasury in his absence were as to appoints etc but that I could keep in touch w. him by wire; that he hated to put this extra burden on me but that he knew of no one in the country so well fitted for the work.

Mr Sec Williams was also present and he begged me to underbase it.

I told the Sec. that I was enlisted on the war and his wishes would be carried out by me with pleasure, that while I was attached to the customs work, I had had much familiarity w. the fin. work 20 years ago and would be glad to undertake the other if he wished it.

He seemed very much pleased and asked me to suggest some man for the customs work; I at once suggested Hulstard, the chief of the Customs Div & that idea seemed to please him; he asked me to look up his record, industries etc on files of act. Sec.

Mr Williams suggested Mr Polk of N.Y. whom the Sec. originally wanted but call at N.Y. but the Sec. said he thought he would not do as the appointee should be an expert.

Dec 28 Thursday, Sec H. has been laid up with a bad cold & gen. fatigue for several days. Ross tonight to Georgetown S. Car. for a few days rest. Ambrose w. Arnold us to W. Car. Told him to say to Atty Gen. that Sec. H. wished to go over the

can with me before making any definite recommendations but that on the present record I could not see that the proceedings be dismissed on the facts seemed imperatively to call for explanation from all concerned; that W. should be allowed to go before the Grand jury & that possibly his testimony might throw light on the question.

Have dinner at home; Sec. of Agric. & Mrs. ^{Howe} ~~Truman~~, and Sec. of State & Mrs Osborne; Adm. Stanton; Dr Baumann Charge of Swiss Legation; Mr & Mrs Henry White, Mrs Franklin Roosevelt, Mrs Bayard.

Send application of P.R. to state cars at Aberdeen Junction as a means of sending them through to Newport vt without entry at Richford.

Dec 27 Monday.

at dinner; Mr & Mrs J.E. McLaughlin; Mr & Mrs Driscoll and Mr Alexander.

Dec. 31 Wed. Anna has party at dinner.

1914

Jan 1 Lunched with Mrs Aldis; Arthur returned w Mrs McAdoo; at 5 P.M. received at our house; in evening dined w Franklin Roosevelt.

Jan 2 Friday.

Post-M. In Bushman called. Said he had written Dr Laughlin that Chase and Costello should not be appointed and to seriously consider Mr McClintock.

I took no part in this contest other than to give Jim Carroll a letter to Bushman.

Jan 3

Sat. Mr Walter Clark called. Debt Fisher called & said Sec. wanted to know the political situation in Mass as regards Com. of Currency. I said Scobey was ideally qualified for the place & was my friend - that I did not claim to know the political situation - advised him to write to Dr Laughlin & Judge Kelly.

James Folan of Newwood wrote thanking me for the good words I spoke as to Geo. Fred Williams - said he heard this from Washington.

Dined at German Embassy; Present. Brazilian Amban, wife. Mr. Evans, Argentine Minister & Arthur Naon, Sec. of Culture & Mrs, Sec. War & Mrs, Mrs Elkins, Commander Berg - Ed - etc etc

Jan 4

Sunday. Dined w. Charles Francis Adams.

Jan 5

Monday. Dined w. F to theater w Sec. & Mrs Lane.

Jan 6

Tuesday. 4.30 P.M. Howard Elliott called and wanted to go over N. Haven RR matters. I reminded him that when here a month or so ago I advised him to consult Brandeis; he said he had but B. wanted to force N. Haven to sell B&O stock at once wh. would be a terrible sacrifice. He showed me a list of proposed trustees for B&O stock but I advised him to show it to

Blandris as I felt certain he would be fair and helpful; he also chose of lawyers suggested by him to carry out Atty Gen's wishes; said Atty Gen would not consent to Robbins, or Choate; that while he admired Olney he thought he had been too much mixed up in the matter to act etc. I again advised his serving Blandris especially in question as to whether Moorfield Storey would be a good lawyer to act. I called on Blandris at his suggestion but he was out and Elliott said he would surely see him later.

Jan 7 Wed.

Sherman Whipple wrote asking me to make appointment w Atty Gen. as representing shareholders of N.H. RR - said Directors were trying to secure immunity in their settlement and that shareholders had right to be heard in this. I sent him note to Atty Gen. asking him to write him directly & wrote him to this effect.

Jan 8 Thursday

Spoke at Convention of Women's Dem. League at Welland Hotel 11 Am.

Dined w. Sen Wessons; Present Ch. Justice White & wife, Justice Lamar & wife, Mr & Mrs Harlan, Mr & Mrs Loring, Mr. Dwight, Com' & Mrs Ewing, Gen & Mrs Fitzhugh etc.

Jan 9

Friday.

Dined w. Prof. Walcott. Present; As Sec. & Mrs Roosevelt, Mr. Low, Mr. Henderson, Cass Bury Ed, Mrs Brall, Miss Boardman, Mr & Mrs Tuckerman.

Jan. 12

Monday.

See Meade went over Treasury matters with me; said he wanted me very much to leave the fiscal Bureau and that for my own sake he thought it very desirable as no one could foresee what might happen perhaps in the near future. From what he said in the way in which he said it I began to think there may be something in view that he does not expect to serve his term out.

He asked me to think of sending me to do the Customs work; he seemed favorably inclined to Peters when he had been speaking to me the train and who evidently had told him what he told me - that he would leave an Asst Secretaryship. I said he was a fine fellow and merely suggested that he tell him or anyone applying for the place what a difficult task it was, necess. continuous work, little vacation etc.

See Redfield sent for me to see his experts just going abroad to investigate pottery costs. At my suggestion he wrote letter to Meade stating that his investigation would be private and details as to sources or individuals would not be made known to any other Dept except merely the result in general; I said Congress would not open their book except on such assurance and advised him to have Sec St. and the President

Jan 13

endless approval in the letter. He said he would have it up with the President, and

Tuesday, West, Council of Wampanoag called and I told him that Mr. Macadoo and I had reached the conclusion that we could not advise the Atty Gen. to dismiss the Grand Jury proceedings in view of the record. He said Arnold talked to him of a settlement of the pers. goods by part of \$10000. I said I had no authority even to discuss this until asked by Atty Gen and the matter had not been mentioned by him to me.

Sec. M. said he had talked w. President about moving Peter out Sec. but that he thought it could not be wise politically to leave two from Mass. also that he had some doubts as to Peter's industry and capacity for hard constant work.

Jan 16

Friday.

Sec. M. told me in absolute confidence that Mr. Bay and Hall had reported to President that Huerta's departure was simply a question of time; that the Constructors had plenty of money & if they could only buy ammunition etc they could readily dispose of Huerta; that the Culler at Nagalry Arizona was very strict in forbidding exports of what he called munitions of war and was indulgy severe in Constructors; that a vessel would shortly leave San F. bound for China

and that he hoped its clearance would not be prohibited. He then said squarely that the President hoped we could be reasonably lenient as the prohibition of exportation of what were called Munitions of War - a very indefinite phrase - ^{as it} was now a direct ban or cessure of Constructors.

I told Sec. M. that the clearance of vessels was under control of Sec. of Commerce - the collector acting under him. He asked me to bring matter to attention of Sec. Redfield.

Also asked me to call call at Nagalry to Wash. to be sure he was not unduly severe in interpretation of Munitions of War.

Jan 17

Sat.

Sec. M. again showed up above.

Also asked me to review debate bet. Mass & Wm. Dist as to who, under new Civil Govt the Mass. or Wm. Dist should collect tolls through Pan. Canal & as to system of accounting and to submit my conclusions direct to President.

Also, at request of Arnold Bellard, asked me to review dismissal of two negroes from Custodian force of Atlanta Custom House - involving a change of signature.

Discussed w. June Neffs: Present Mr. Joffroid (the nephew), Adm and also ^{& another nephew.}

1914

Jan 19 Monday.

Atty G. called me up & said Arnold was fearful that delay in having up addit. civil settlement was unwarrantable might prejudice Govt case. I told him of civil interview and said I would not even discuss a civil settlement unless decided by him. From his manner I rather felt that he wanted to discuss the criminal proceedings. I told him Mr Macados and I had gone over the matter and we could not advise this in view of the record. He asked me to call him up when I was in Boston.

Jan 20 In Boston. German Tavern club.

Jan 22 Monday

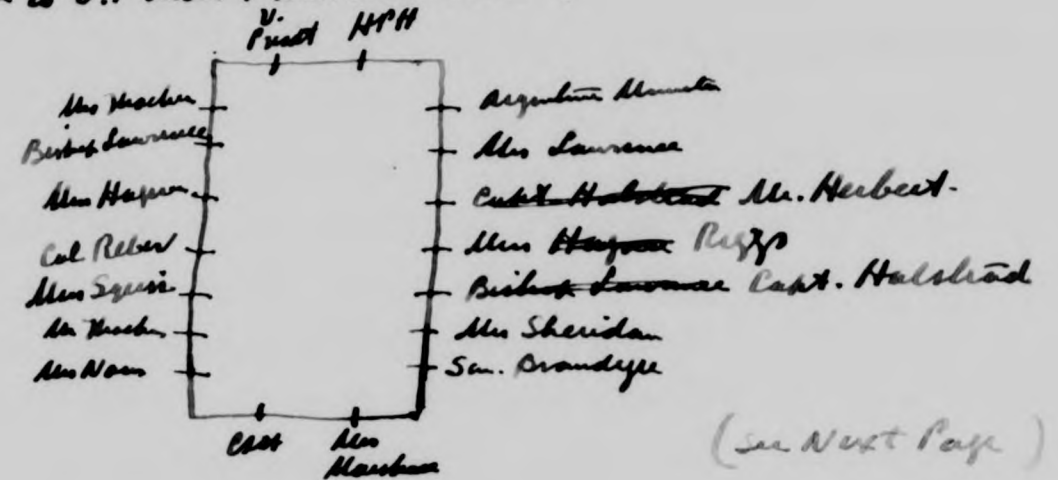
Called up Atty Gen as requested. Told him of my mem. reviewing Warran case and said if he wished it I would send him a copy. He said he would like to see it and would later discuss matter with me.

I accordingly wrote him a letter in my own hand sending the mem. but had a copy printed for my copy book.

Dined with the Herrin Patten to meet Cardinal Gibbons: Present. The Cardinal, C. Justice White, Judge Hughes, Sen Bacon, Sen Depew, ex-Sen Aldrich, Spanish Ambassador, Legation of British Ambassador, & wife etc etc. Miss Clark (Shearn Clark's daughter) etc.

Jan 24 Saturday.

Gave dinner to V. P. Wood & Mrs Marshall:



Jan 25

Sunday.

Lunched with Mr & Mrs Augustus Gardner. Present: Mr & Mrs Rollins Mow, Mr & Mrs Geo Howard, Sam Williams, Mrs Gardner.

Wing. R.C. Sturges' wife supper with us.

Jan 26

Monday.

Gave lunch to Mr & Mrs Barclay of Phila: Present Mrs & Mrs F. Roosevelt (Am. Sec Navy), Minister of Sweden in Germany & wife.

Jan ..

Wing.

Dined w. Mr & Mrs Arnold Hague: Present Mrs Corbitt, Mr & Mrs Rogers, Gen Davis, Mr & Mrs C. F. Adams, Mr & Mrs Fairfax Haven, Col. Ernst, Adm. Stanton. Also. Late visit to residence of V. P. Wood.

Jan 27

Sec. Macados word from West to announce that I was to succeed Aust Lee Williams in charge of Fiscal Bureau and to be Acting Sec. of Treasury.

Went to residence German Embassy & later to Justice. residence White house.

Jan 24 Contd.

The State Dept then Mr Coon occupied the seats at table for me. Mr Coon said the VP would meet go out first w H.P.H and I to dinner at over w. Mrs Marshall. I called up Miss Hagner to ask us to this but neither she nor Mrs Squire knew what to do nor did Alma Ruffler; the latter called up Mrs Macbride who said no such rule existed in the last Admin. Finally I asked Mrs Marshall & she said sometimes above rule followed and sometimes not. I asked her what was the proper way & she said just as Mr Coon did so we followed this course.

Jan 27 Tuesday.

Mr Gardner called and said Wash Post had a statement yesterday that he gave a lunch Sunday followed by cards. He thought this might hurt him politically & asked if I would write him a letter denying it which I at once did. It was an ordinary lunch & of course no cards were played nor any games.

Jan 28 Wed.

Dined with Tom Foster to meet Sec John Bryan.

Jan 29 Thursday

Dined w. Mr Miller, asst to Sec. Antero. Later at request of Sen. Marshall.

Jan 30 Friday.

Dined w. Mrs Laughlin

Jan 23 Friday.

Collector Handy of Nogales, Ariz. came to Wash. in order. Said the Constructivists had plenty of money and were getting arms & ammuntion. Asked how this should be done. He said only way he could think of would be by concealing them in coal shipped to Mex. from Denver.

See Redfield later, at Presid. reception

Jan 29

at Sec. H's request prepared mem. for Presid in favor of having all acct's of Pan. Canal zone audited by Aud. of War Dept. See letter P.M. President approved. This by letter.

Ordered Mr Cant. RR to refrain inquiry to custom house numbers caused by undermerging illegally.

Replied request of J.W. Alger to prevent entry of our goods along Can. border destined for export by Atlantic seaboard w. out production of Can. invoice.

Jan 30 Friday

Dined w. Mrs Laughlin

Jan 31 Sat.

Late this afternoon Tolman told me that a new edition of the Congressional Directory was being prepared and Treasury had just completed it and would send the proof that night; that asst Sec. Welburn had ordered Welburn the chief clerk to send in the proofs keeping his name as asst Sec. in charge of Fiscal Bureau and leaving a blank opposite

Office of Compt. of currency; he wanted me to
recess this order. It seemed extraordinary as
Williams was to lose with as Compt. of cur.
Monday. I said that W. was still acting Sec.
& I could not interfere. The meeting did not
be finished until after Monday. It was an
exhibition of petty vanity which bore out the
charges of temperamental infirmities made
in Williams.

In evening dined w. Mr. Bate.

No 1

Sunday

Lunched w. Mrs. Richardson.

Evening. Mayor Ashley & wife dined w. us.

No 2

Monday

Edman told me that he had heard (presumably
from Thompson, W's assistant) that Williams was
very jealous because my name had been
in old Compt. secretary ahead of his and that
he issued order above so that his name
could appear, for 3 months at least, ahead
of mine, although he did not hold the office.
5 P.M. Williams took oath as Comptroller.

He had justice Luman issue oath and he
asked me to deliver his commission not to
him but to Luman. He evidently was unwilling
to receive his Comⁿ from me as he should
have done. I asked him if I should make
any remarks in delivering to him his Comⁿ
as acting Sec. & he then said as above I
was only to deliver the Comⁿ to Justice
Luman & he would deliver it to him.

The room was filled w. flowers presented by the
Williams family and a photographer took a
picture of the justice administering the oath.

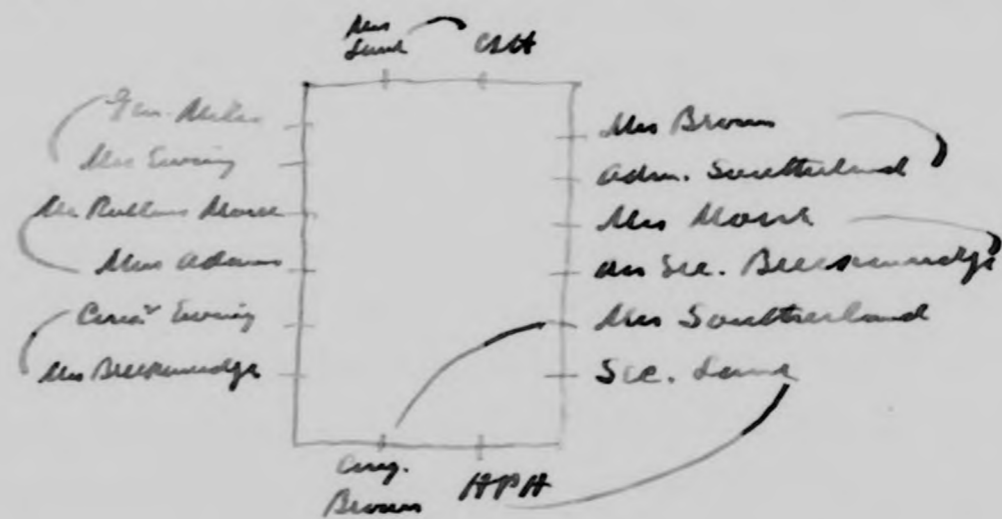
It was a grotesque and absurd scene. His
vanity is obviously insatiable.

In the morning I advised him not to resign
as Act^g Sec. as his salary as Compt.
began in the morning of day in which he
took oath and there was a grave question
wh. he did legally resign. He said he would
consider the matter, but as none of his
mail came to me he evidently resigned.

As Sec. Newton told me that every one under
him was delighted to see him go.

Evening. Drove down to see & Mrs. Lane.

No 3
Friday
Evening
Monday
Tuesday



Mr. Cass of State Dept arranged seats for me &
said Mrs. Miles outstayed Act Sec. Beaman.

No 3

Dined w. Mrs. Houston.

No 4

Wed. at home. Harold Williams dined w. us.

No 5

Thursday

Dined w. Sen. & Mrs. Oliver.

No 5

Friday.

Have been acting secretary beginning last Tuesday Feb. 2; also have customs work and all of Asst Sec. Williams work.

Last week issued letter to Manager of CPR at Lowellton Maine that entry must be made of all roads before exams & afterwards if RR promptly entered there would not be the delay now objected to.

Evening.

Dined w. Mrs. Wenzel to meet Arthur Wenzel.

No 7.

Sat.

Some days ago Mayor Curley of Boston wrote me stating that negro delegate had written in him & he hoped segregation in Mass. Dept would cease.

I sent for Thurman & he said there was segregation today in Mass. Dept, especially in Asst. Sec. Bureau & in Auditor of P. O. and also in Bur. of Eng. & Printing - in lunch room; that separate tables were provided in Mass. Bldg etc. He also said As. Sec. Williams sent for Club Clerk Wilmeth & ordered him to segregate all negroes; that he also sent for all clubs of down etc under him & confidentially told them to segregate; that he recently said segregation did not go nearly far enough.

He gave me file relating to Bill La Fallette who quoted letter from Club Bur. Eng. & Printing

admitting segregation in lunch room; the particular case embodied by Mrs La Fallette was the removal of Rosbud A. Murray for misbehavior Aug. 20 1913 by Asst Sec. Williams. Exam of this record failed to disclose his removal bec. of color.

No 9

Monday

Mr. Eulman told me that Mr Gantt, Ch. Clerk of Com. of Asst Sec. had just told him that As. Williams, as one of his last acts as acting Sec. directed him to remove all colored messengers now having desks in the rooms of the Asst Sec. service into the corridors and keep them there. Gantt said there had been no complaint whatsoever about them. Eulman said he told Gantt to forget the order and I told Eulman that was right and that no such order should be issued or carried out while I was Acting Sec.

No 11

Wed. Dined w. As. Sec & Mrs Newton.

No 12

Thurs. Dined w. Col & Mrs Rodgers. Then went to meeting Bur. of Ann. Rehabilit.

No 14

Dined at Garden Club.

No 15

Sunday. Lunched w. Sen Newlands

No 16

Monday. Dined w. Sec. Redfield to meet Sec. Bay on

No 17

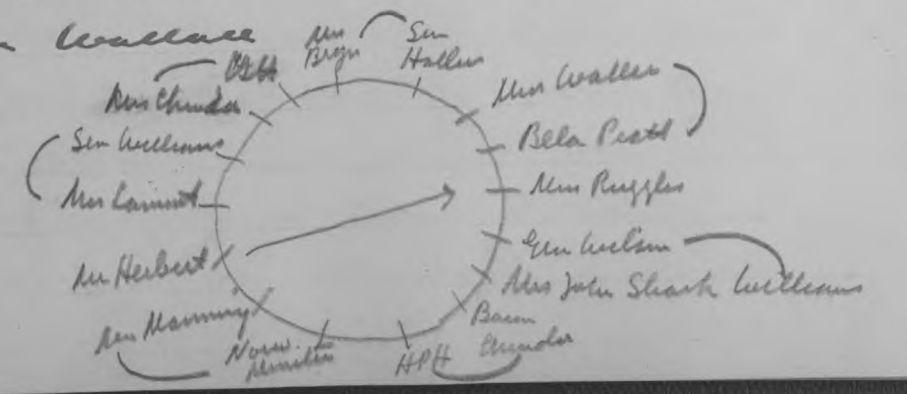
Dined at Rauscher w Asst Sec. Beeswedge.

No 18

Dined w. Hugh Wallace

No 19

Gave dinner.



- Ab 20 Friday. Dined w. Lars Andersen to meet J.A. Wash. Then to reception at Mr. Brown's
- " 21 Dined w. Justice Lamar.
- " 23 Monday.
- " 24 Tuesday
- " 25 Wed.
- " 26 Thursday.

Worked at my file in Treasury on acct as As Sec. No letters of objection.

Nominations prepared July 23. '13; sent to Senate July 25; confirmed July 28. Date of Com^o July 31; Oath Aug 1.

Letter in file from Sec. Meador to Presd. July 23; names C.S.T. - best man on block - not a candidate but will accept - info speedy abstracts. All Congress think highly of him; remark by Olney. Brandeis speaks approvingly.

Dr. Coughlin - Meador July 28 - congratulates Sec. on abstract of C.S.T.

Sen. Hallen - Presd. July 24.

Cordially endorses C.S.T. for As Sec. "My suggestion to you last week regarding Mr. H's political affiliation at Boston may have been misunderstood. I meant merely that his associations were rather with the unscrupulous interests of Boston than with the practical politicians or the pronounced radicals like Mr. F. F. Wellman. Mr. H's appointment as collector might be criticized in some quarters but I believe his appointment to be As. Sec. would meet with universal satisfaction in N. England. ... Mr. H is a man of proved ability & great experience. Personally he is most attractive and socially he & Mrs. H. would be a great acquisition to Wash. She was Hypertie Prager, a most charming woman."

also a letter from Olney to Tom Washburn saying Olney is my friend & would be glad to endorse me but my office if he only knew what I wanted; that I only would say that if Asst Sec. offered me I would consider it; assumes I did have letter at Boston on Asst Sec. if I wanted it; thinks I could handle As Sec.

See 11.9

Mar 5 Thursday.

Drove down to see + help Bryan.



Last week As Sec. Newton told me had arranged & had written abstract down to transfer his Pres. Sec. to a vacancy & resign him to his office at a slightly higher salary but that Mr. Wellman as acting Sec. without consulting him had overruled this and ordered me of his choice assigned to this vacancy; that he had appealed to Secy who said the order must be reversed.

Mar 3 Wednesday

Went now Bureau of Inv. & Printing w. HPH and

see New York.

Mr. Ralph told me he was going to speak to Comptroller Williams about his saying his Ralph Bureau horses & driver - that the man was wounded to death with the night work, that it was not lawful and would cause public scandal. I approved of his course.

Mar 7 Sat.

Comptroller Williams came in and asked me to let Mr. Shear of Income Tax Division not to send to my copies of the returns of the names he gave me but to send the originals and I at once told Thompson to convey the message to Shear. Later Williams said the names referred to were J. P. Morgan, Rockefeller et al. Later Shear said he wrote to call for copies of their returns & later would be the originals.

Ralph, Dr. Ben. by T.P., sent me the following letter - see next page.

Later Williams told me just what Rockefeller's return was, showing that it had been shown him.

COPY.

TREASURY DEPARTMENT
BUREAU OF ENGRAVING AND PRINTING.

March 7, 1914.

My dear Mr. Hamlin:

In connection with the removal of the Bureau to its new building, I find a very embarrassing situation due to the fact that, in planning the building, the necessity for separate toilet and dressing rooms for the colored employes was overlooked and as there is a shortage of toilets in the building due to a lack of funds, it is difficult to at once make any arrangements for the separation of the colored employes in these rooms and, while it is probable that, after we have been located in the new building a month or so, it will be possible for me to devise some means of making proper arrangements, it will be necessary, due to our hurried removal, to permit of the commingling of the two races in the work and other rooms. I believe that I will be able to settle the matter eventually without difficulty, but deem it my duty to call your attention to this condition in case there may be any discussion of it.

Respectfully,

(Signed) J. E. Ralph

Director.

Honorable Charles S. Hamlin,
Assistant Secretary of the Treasury.

Mar 7 Monday.

Prepared reply to Ralph stating that his arrangements for permitting commingling of races in work rooms etc. was approved but that his staff that in a month or so he would provide proper arrangements for segregation called for a definite ruling and he was advised that segregation because of color could not be permitted by the Dept.

I enclosed this reply w. letter to Seeg who today is in N.Y. also enclosing letter from Willard on subject - on Seeg's approval.

I showed to Asa De Newton who fully approved and to Paw De. Cooney who also warmly approved. He said that there was segregation in the Treas. Dept even in writing of letters; that while ordinarily letters were addressed - "Sir" or "Madam" and signed "Respectfully yours" yet when addressed to colored employees the words Sir and Madam and the ending Respectfully, etc. - were omitted.

[Since writing above have found that there was no order issued as to above but that Williams whenever he knew that a letter was to a colored man or woman ordered it rewritten as above.

Also learned W. would never let a colored person sit down in his presence, except once when a colored Auditor called on him & then it disturbed him greatly.]

Mar. 10 Tuesd.

Saw Sec. H. early in the morning; he said nothing about my letter as to Ralph but he appeared rather gleeful as if he had seen it and did not approve it.

Later that afternoon I showed to him about it - he seemed disturbed about it and asked what should be done. I told him there was but one course - to meet the point squarely. He said you mean to allow him to segregate? I said on the contrary absolutely forbid segregation. He said in a despairing tone - that will cause terrible opposition in the South. I said I did not believe this - in any event in a few days it will blow over & the matter will be ended while if segregation were permitted there would be continuous trouble which would last thro' the century.

I added that I could have to believe that Ralph was not deliberately trying to cause trouble in sending a letter so couched but could not; that he had deliberately thrown down the gauntlet of battle to him as Seeg & the issue must squarely be met in the record; that I feared this whole matter was being kept in this way, as a political matter & he must squarely meet it as this letter could be used in the future against us & that in my opinion if he did not squarely forbid segregation it would become the great political issue for the future.

I told him of the newspaper rumors that

I had forbidden segregation; that when that
 news was published the matter had
 never come before me nor had I ever
 discussed it; I told him abt teleph.
 message or later w. Ralph last Friday
 night in wh. he never referred to any
 such letter altho I received the letter
 the next day - Sat.; also that Monday
 Am Mar 9 I went w. Ralph & Mrs. Bunker
 to the Sen. Office in Appropriations during dem
 & back with him & that he never alluded
 to the letter he had sent me. I also showed
 of Villard's letter saying his legislative
 agent had told him of my ruling (altho
 I had at that time never heard of or
 considered such a ruling).

I added that the above satisfied me
 there was some preliminary plan to bring
 this issue & that I feared Ralph must
 be privy to it as such a rumor could only
 have emanated from the Bureau.

He then said - I saw Ralph - I was sure then!
 I said is he not in chambered service?
 He said No.

I pointed out that removal would not
 settle the question but would make it
 more acute, & I added - he has thrown
 down the gauntlet to you - you must
 meet the issue squarely. He said he
 would consider it.

Later Am See Newton said he had refused
 to remove 2 colored men on a Southern

meeting who were not in the civil service
 altho the Senator (Swann of Va.) demanded
 their removal for political reasons, & that
 see Meador finally sustained him.

Attached hereto is a copy of my letter to Sec. H.
 and of my proposed letter to Ralph.

Mar 11

Wed.

Met Atty Gen at Mehist. Club at lunch; I was with
 Robt Mansel & he was with a N.Y. lawyer Mr. Condit.
 Atty Gen said he did not know what to do with
 Warramaker Grand jury matter; I advised him
 to do as I suggested in my Mem. which I sent
 him; - to insist on their giving the jury an explanation
 of the grand & not to discuss the proceedings.

Mar 12 Thursday, 5 P.M.

Had long interview w. Ralph. asked him to tell me frankly all facts as to segregation in the Bureau. His story boiled down as follows:—

I. Prior to incoming of Dean Adams.

II. Since " " " "

I. Old Building.

a) Separate dressing rooms for colored employees.

b) Some of colored dressing rooms had separate lockers; where no separate lockers all locker rooms used indiscriminately i.e. no segregation except as to sex.

c) Dining rooms.

1 in attic for printers exclusively;— all men and some colored.

Two other lunch rooms.

1) For women adjacent to dressing rooms of white & colored women. Only 4 tables. White & colored used this. As only 25 could be accommodated, all the women as a rule would get their food and take it to work rooms or dressing rooms to eat it. 1/5th of the 25 were colored and in 5 years of my admn. there were no complaints.

2) In sub basement. Used by both sexes and both races. As a matter of practice colored were

rarely used these tables unless no rule against it.

The blacks were very discreet as to use of common lockers and no complaint was made.

Two per cent of entire force were colored—about 450 and equally divided as bet. the sexes.

In young employment I have discriminated in a measure against the blacks, otherwise half the force or more would be black.

II. Present Admtn.

Old Building.

Early in the admtn a delegate of white girls from plate printers Union and some girls from Typing Union complained of conduct of 3 or 4 colored girls who insisted on sitting at tables with white girls altho there were other vacant tables. Under practice the prevailing the white girls used certain tables 2 being left for colored girls. I got the Union to speak to them but they said they would not dissent unless so ordered by Ralph, who then asked them to use these tables & they did on a whole. Mrs Hopkins also told them they were very foolish. One—Rosebud Murray—was very impertinent to Mrs Hopkins who lashed into her heard and reported that she was immoral; she was finally removed by subordinate. She was the source of many bitter articles in the "Bee".

In April, Mr. Sec. Williams visited the Bureau following a visit by Mrs. Wilson the wife of the President. Williams went around the work rooms & wherever he found a white woman working with or near a colored man he asked in a loud tone whether it was not offensive to her to be so near a colored man. This stirred up trouble; there had never before been any complaints.

Later Williams sent Ralph a letter ordering that no white girl should be permitted to sit alongside of a colored man or woman on same machine - although in many cases they were at least 10 feet apart.

As there had been absolutely no complaints Ralph returned the letter with a note stating this was impracticable and Williams withdrew the written order but gave a verbal order that no white girl should be assigned to a machine with a colored girl.

Ralph then gave orders that this should not be done unless absolutely necessary.

In October 1913, Ralph under orders from Williams, Ch. Clerk, ordered by Williams, posted a notice in certain toilet rooms that they were for exclusive use of whites.

This order was the cause of all the trouble.

Williams also ordered Fitzpatrick & Abbott to order Ralph not to recommend

colored people for promotion and Fitzpatrick gave their order verbally to Ralph.

New Building.

The new building was designed under Sec. McVeigh who was very liberal in his ideas as to colored people.

Under the plans of building as carried out could not have separate toilets unless they are partitioned off or signs posted.

In new building you could partition off the dressing rooms and this might be done without causing trouble, except that there are 3 girls of mixed blood but to all appearance absolutely white who would have to be forced into the colored partition and they will bitterly object to this.

It would be perfectly practicable not to partition off the dressing rooms but to assign the lockers so that there could be no trouble whatsoever.

Williams also wanted absolutely separate work rooms for whites & colored but Ralph said this was absolutely impracticable at present time.

Ralph said he hoped ultimately he could establish entirely separate colored divisions in the work rooms.

I told him to drop this absolutely.

As result of an conference I laid down 4 general Rules for the guidance and he said they were practicable & would furnish a good basis for conducting the Bureau, with, of course, reasonable discretion to arrange individual complaints in a manner just to all. These rules were:-

1. Justice to all.
2. No notices on toilet rooms.
3. No discrimination in promotions.
4. No discrimination in work rooms.
5. No partitions in dressing rooms.

Mar 13. Friday.

Had talk w. Sec. Meadows. He wrote down Rules 2, 3, & 4⁵ and said he would consult w. the President.

Later in the day he said he had gone over the matter with the President who specifically approved the above general Rules which were to be given to Ralph verbally.

As to Rule 4, it was distinctly understood that the Director was given discretion in individual cases to arrange as far as possible, w. out open clash, so that individual dissatisfaction could be met by arrangement, - the general rule however being that there should be no discrimination because of color.

Mar 14. Friday.

Wellman called at my office and commented on the high moral which Rockefeller had returned stating the amount, thus showing that the Secy had told him.

Yesterday the Com^r of Dist. Nev. told me that recently Wellman's brother had called on him with a few lawyers named Lyons and they both argued - as to a certain claim - that it was the province of the Secy of Treasury rather than of the Com^r to decide the claim although at that time his own brother the As Secy. would have decided it.

Mar. 16. Monday.

Sent for Ralph and gave verbally the following instructions saying the Secy approved them. I did not let him know the Pres^t also had approved them:-

See p. 108 for the 5 instructions.

Ralph said he was confident he could carry them out without friction; that posting no notices on toilet rooms was the real thing to do & would remove all trouble. He said he would quietly talk w. some of the negro leaders & advise caution & no expressions of excitement on their part.

I also asked him to tell me exactly what segregation there was in the Bureau prior to and since Gen. Adair's came into power.

Rem - Remembered in which
 the Williams brother came
 interested, and Wellman in
 Mar. 14. Sec. of Treasury

He said there was practically as much segregation under last Admin as now in the work rooms save only that it was not mandatory & that the negroes were grouped in several divisions ^{groups} ~~colored~~ in one division, while now they are all in one group in each division.

With exception of notice posted in toilet rooms, as much segregation then as now.

Ralph's statement as to existing segregation:-

* Work rooms.

1. Plate Printing Division

100 colored women working for white printers and 20 colored messengers.

No segregation here

2. Trimming Room.

50 women there of whom 40 are colored.

No segregation

3. Postage stamp perforating room

150 women of whom 40 are colored.

Each machine requires 2 women. Of them, 30 machines are manned entirely by white girls and 10 machines by colored girls.

There is no isolation however; all are near together.

4. Subbase printing Div.

30 Press men - of whom 1 is colored.

260 women in division of which 40 are colored.

15 of the 40 colored women feed presses for white men. This is 2nd highest class of labor.

also 60 women counters of whom 20 = colored.

They sit at tables w. whites.

No segregation.

There are in this room about 40 women on the perforating and trimming machines of which 1/2 are colored.

Occasionally white & colored girls occupy same machine.

5. Plating room.

60 girls here of which 20 are colored

2 girls occupy each table and 2 colored girls invariably occupy same table.

6. Examining Division.

400 women of whom 30 = colored.

Frequently occupy same table but generally group them on different sides of same table.

7. Numbering Div.

Henry is completed here. No colored girls

8. Writing Div.

No colored girls

There never has been any segregation among the men.

E.g. Dyeing room, Examining Div., Subbase Division, Trimming room, Plating room, of which latter 7/10 are colored.

There are in Bureau about 465 colored hands out of 4100 = abt 10%.

Of the 465, 240 = women & 210 = men.

Of the 210 men,

10 = in stable. all colored them except Foreman.

80 = in Rag laundry in wh. all = colored.

40 = unclassified laborer of wh. all = colored.

15 = watchmen (also 65 whites). No segregation

65 = skilled laborer. Classified under Civil Service. (Equal no of whites).

No segregation except dressing rooms & toilet.

Of the 240 women:-

100 = Plate Printing

40 = Ironing room

40 = Postage stamp Perforating.

40 = Surface Printing

20 = Plating room

30 = Examining Room

There begins = apprehensive only

Ralph said he would put up no partitions in dressing rooms as instructed & he did arrange lockers so as to avoid friction.

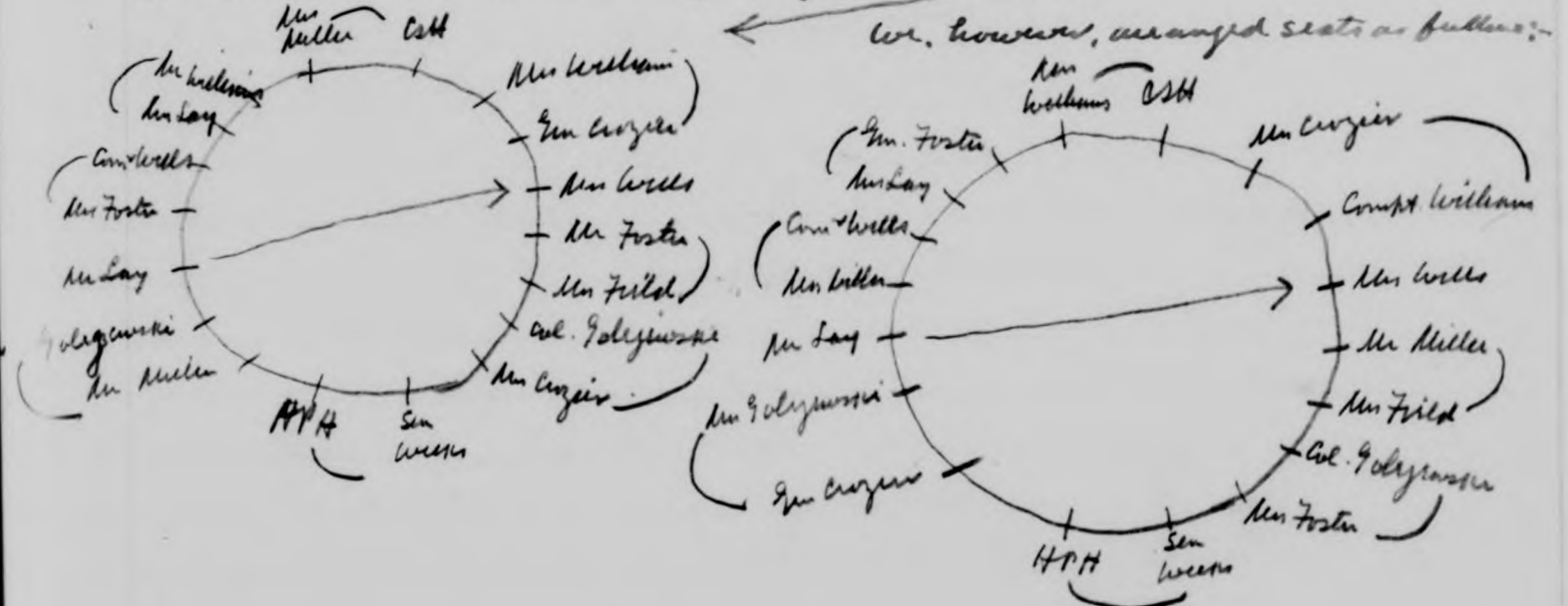
He said there would be a separate dressing room for the laborer - all colored - but this would be because their hand work would make them obnoxious; that there

were not segregated but merely a grinding grating out of the class of work wh. absolutely required separate accommodations. They were also provided w. a shower bath to remove chlorine.

I told Ralph to turn his back away from segregation in work rooms, but to proceed very slowly & cautiously, using tact and good judgment keeping in mind justice and fair treatment as the goal. Strongly advised no public interviews. Insisted on him that what I wanted was to talk the colored employees and bring about good feeling & harmony, without any flaming pronouncements which would do them more harm than good.

Nov 18 Wed.

Two dinner. Mr. Lovell arranged seats as follows saying he gave precedence to Mr. Miller over Comptroller Williams as he was a member of my cell club:-



Nov 21

Sat.

Atty Gen. telephoned over that he had ^{two} offers from Wamamaker Co. in settlement of their liability to Govt. Asked me as to accepting it. I asked of the present desirability of criminal proceedings. He did not answer directly, but from what he said I inferred he intended to discuss them. He said he had sent for Arnold to discuss it. I told him I would prefer to have them explain to the Fed jury as to the fraud but that, of course, it was for him to determine.

Nov 23

Monday.

Arnold called; sd Atty Gen asked him to see me; I told him Sec. Meadows had I had sent a mem. to Atty Gen. setting forth our views & that we must not lose; that which my opinion had not changed I realized that the responsibility for action was on Atty Gen and that he must consider every phase including the chances of winning or losing if criminal proceedings were pushed.

Arnold said chances were certainly 4 to 1 against our winning; that practically the only hope was to get a disagreement; that even if we convicted them, the evidence would be so purely circumstantial that the Govt could hardly ask for and the Court would certainly not render a term of imprisonment; that if we should win the civil case it would be

almost impossible to prove the value of the personal goods; that we could not get at the merchandise of those who sold the goods to the W's unless French Govt ordered them produced; that in present condition as between France & U.S. - great irritation because of new tariff & U. - the French Govt would certainly not help us; that even if it did it would cost a very material part of a dollar to recover a dollar; that the civil settlement of losses was a very good one. He evidently was inclined to accept the offer.

Nov 24

Tues. Sec. H. told me Wamamaker case considered by cabinet this am & it had decided not to proceed w. criminal proceedings.

Nov 27

Friday.
Atty Gen. by telephone asked if Mas. was ready to report whether acceptance of ^{two} offers from Wamamaker was a good settlement of civil liability. I told him I thought it was not and would let him know definitely as soon as Halstead had reported on it.

Ralph, Jr. Bur. Ins & Printing called in an advertisement matter. I asked him as to conditions in Bur. following my instructions as to segregation. He said:—

No signs have been placed on the tickets or checked. There has been no trouble or friction of any sort. He said he had continued

some of the colored people to be normally discreet so as to avoid an open clash & that they had said they would willingly & cheerfully do this.

Dressing rooms.

As directed, no partitions were put up and they went on quietly but that finally the leaders of the colored women came to him & said they greatly preferred to have dressing rooms of their own. E.g.:- Nat. Currency Printing Division.

There are 80 white women and 3 colored women here. They all used dressing room in common for from 2 weeks to 1 month; then the colored woman asked to be given a separate dressing room, saying they would be happier and better contented if they could have one. Surface & Ganning Div.

This is adjacent to above Divn & is included in above remarks. 50 colored women in both divisions. Printing Div

Whites & colored using common dressing room. No trouble.

Numbering Div

Has only 3 colored men & no colored women except 1 colored woman in charge of dressing room. The 3 colored men are using the common dressing room. One white man did object but when Ralph said he had seen him take and eat pie carried in hands of a colored man, he laughed and seemed satisfied.

Lunch Room

This room used in common by whites and colored. By common consent the colored took certain tables, - entirely voluntarily. No trouble at all

Discrimination in promotions

This discrimination, ordered by As. Sec. Williams, has in pursuance of order of E.S.D., been entirely done away with and absolute justice in promotions is now being accorded colored employees.

Tuesday.

Have dinner



Wed.

Rev. Mr. Grimpe a colored clergyman called to ask if segregation would be put an end to in Messing & especially in Ben. Imp. & Printing. I told him he of course knew how broadly I was to the negroes & he said he knew that. I said Rome was not built in a day and that we must have patience to which he assented cheerfully. I said my arm was justified & that I should go quietly and slowly towards this end; that above all

things I wanted to keep out of the news. He spoke of the signs in toilet rooms as the most offensive manifestation of segregation. I asked him if any signs were to be seen in new Building & he said Not yet. I told him to wait until signs were put up before worrying about it.

I also said should depend on him to advise me as to needs of colored men & he went away in good humor and satisfied, I think, that I went to do justice and will do it unless interfered with.

Don't Cowley called. Said his relative was to marry niece of Madame Justice the dressmaker who was under indictment for smuggling in Boston; that her atty Mr. Strickman was in Wash. w. letter to atty Gen from Just. Atty French; that he had asked atty Gen to advise that Madame Justice be allowed to pay heavy fine & have her case continued in plea of solo contumacia; that no Court would send her to jail & that her friends would raise 10,000 to pay fine wh. was sure the Court would impose. He asked as to procedure and I said any proposition for settlement would prob. be sent to Treasury & referred to the apt; that they probably would not consent to any disposition of case other than what it would order. He said he was in touch w. Finney atty for other debts & he knew he could arrange to have other debts paid

guilty & have such sentence as Court would impose if only Madame Justice were let off for heavy sentence. I told him of the whole matter and he disposed of & expense of trial saved to him such a proposition might be considered.

Later Strickman called & sd. atty Gen Adams and Harlan told him they would advise letting Justice off w. a heavy fine - nothing said as to other debts.

Later Cowley called in telephone asking for address of Whalley Sub. St. apt in N.Y. as he wished to see him. I told him it would be useless to call on him until some resolution was sent over by atty Gen but that he could write Mr. See Malburn and ask to have a hearing when matter was sent to Treasury. See letter to me from Cowley.

Apr 18

Sat.

Took 9 Am train for N.Y. went to Hotel Vanderbilt and met there See Meadows, Sec. & Mrs. Houston and Miss Wilson, daughter of the President. At 5 PM we sailed on R.R. Cutler Roundtrip for Manhattan. Arrived there 8.30 Am Sunday after quiet voyage. Spent day loafing at home. Sailed back 5 PM & struck a heavy S.W. gale - very rough all all were very sick except See Meadows who says he was not. I was squamous for a while but not seas.

Early Monday Am a wireless told me the

things I wanted to keep out of the news. He spoke of the signs in toilet rooms as the most offensive manifestation of segregation. I asked him if any signs were to be seen in new Building & he said not yet. I told him to wait until signs were put up before worrying about it.

I also said should depend on him to advise me as to needs of colored men & he went away in good humor and satisfied, I think, that I want to do justice and will do it unless interfered with.

Don^l Country called. Said her relative was to marry niece of Madame Desseaux the dressmaker who was under indictment for smuggling in Boston; that her atty Mr. Sturman was in Wash. w. letter to atty Gen from Dist. Atty French; that he had asked atty Gen to advise that Madame Desseaux be allowed to pay heavy fine & have her case ended in plea of sole contumacy; that no Court would send her to jail & that her friends would raise \$1000 to pay fine wh. was sure the Court would impose. He asked as to procedure and I said any proposition for settlement would prob. be sent to Murray & referred to St. Apt; that they probably would not consent to any disposition of case other than what it would order. He said he was in touch w. Finney atty for other debts & he knew he could arrange to have other debts paid

guilty & have such sentence as Court would impose if only Madame Desseaux were let off for heavy sentence. I told him of the whole matter and he disposed of & expense of trial saved to him such a proposition might be considered.

Later Sturman called & sd Dist Atty Gen Adams and Harlow told him they would advise letting Desseaux off w. a heavy fine - nothing said as to other debts.

Later Country called in telephone asking for address of Whalley Sub St. Apt in N.Y. as he wished to see her. I told him it would be useless to call on her until some remittance was sent over by atty Gen but that he could write as see Malburn and ask to have a hearing when matter was sent to Murray. See letter to me from Country.

Apr 18 Sat.

Took 9 Am train for N.Y. went to Hotel Vanderbilt and met there See Meador, See & Mrs Houston and Miss Wilson, daughter of the President.

at 5 PM we sailed on Riv. Cutter Onondaga for Manhattan. arrived there 8.30 am Sunday after quiet voyage. Spent day loafing at home. Sailed back 5 PM & struck a heavy S.W. gale - very rough all all were very sick except See Meador who says he was not. I was squamous for a while but not sick.

Early Monday am a wireless told us the

President was to read special message to Congress
on Mexican situation. We ordered all
street & caught 9.15 train for Wash.
then went to hear President deliver his
message.

On the train Sec. Houston said he hoped President
Wilson would make no statement that we did not
intend to stay in Mexico after accomplishing our
purpose & Sec. Meddoo strongly agreed with him.
Houston said ultimate solution was to disengage
Munster doctrine and have spheres of influence
under control of U.S. & Britain & Germany over
all So. America except possibly the Argentine.

Apr 23

Thursday

Just as across along Mexican border on report of
calls that arms & ammunition were coming
in en route to Mexico, sent for Federalists &
some for Constitutionalists. Malburn & I went to
see who had with him Rev. Garrison &
Houston. I advised sending telegram to all calls
to hold all such exports pending final instructions
& told him we such telegram sent day before.
He rather sharply said he could not do that
at least until he had talked w. President who
was then out dining. That evening just as
I was going to Russian Embassy to dine Sec
Meddoo telephoned me to send such a
telegram to all collectors. I called up Silman
& told him to get Malburn & send out such
telegram which they did.

Apr 24

Friday

More letters came & collector ~~Post~~ Cobb especially
asked for specific orders as to arms etc
already there. Sec. Meddoo considered matter.

Apr 25

Sat.

Sec. M. not at office today. Told me to settle all
matters w. Malburn. I advised M. to have
conference w. War Dept & at 12.30 we went
there & had conference w. Asst Sec. Beesemeyer
& Gen. Wotherspoon, Chief of Staff. We agreed to
use calls to hold all munitions of war and to
give them constructively into possession of army
officers. There was no authority of law for
this but we agreed that such munitions might
later be used against our people & that the
emergency demanded quick action. Gen. W. said
he would assume all responsibility.

Apr 26

Sunday

Sec. Meddoo by telephone asked me to see that all calls
were worded that above orders did not cover food
or food substitutes.

Apr 27

Monday

Told Sec. Meddoo in my opinion it was most
advisable to issue 100 millions of Panama
Bonds out of the 200 million available;
that the Treasury was not in good condition
as there was not over 10 millions surplus
of assets over liabilities unless you include
in assets the subsidiary silver coin and

bulletin wh. was not really a debt hanging
account; that of the net balance in general fund
of about \$3 millions, 51 millions were in the
depository Bks leaving only 32 millions in
Treasury & Sub Treasury; that the subord. ser-
vice & bulletin amt'd to about 25 million leaving
only abt 7 millions over liabilities.

Sec'd. advs did not seem to be at all disturbed
he took the view - as he has several times
before; that the liabilities did not become
due all at once & that therefore we could
trust the assets have a Bank reserve and
as long as they were 25% of the liabilities
everything was smooth. He has often said
that we could loan another cash money
fund from present assets perfectly safely.

He seems to have given ideas of not financing,
more like the Howe's bank.

He said he would not think of issuing bonds
now as everyone would think it meant
war: I told him if he issued them at
any other time he would be criticized as
admitting the Treasury position was weak;
as it really was; that this was the time
to hunt out Panamas & that Williams agreed
with me absolutely.

He could not be brought to see any necessity
for any act.

The papers say he told Underwood that the
Treasury could easily show 50 millions now
for war purposes - I hope for his
reputation he did not say this.

Later he asked me as to his power to issue
certificates of indebtedness under old War Rev
Act of 1898 as amended by Tamm's Bill of
1909. I gave him a reason, on this, these
certifs run only for 1 year and it would be
very poor policy to issue them.

Apr 27 Monday

Some time ago a Com^{tee} of Cherry House Assault of
Wash. Natl Bk called & later wrote asking that
5 1/2 millions be deposited w. the Bk to help in
paying the District taxes, as had been done for
past few years; last year 4 millions were deposited
and appropriated in proportion to indiv. & Trust
Co. deposits. I showed to Secy & he said he would
not give the Regs Nat. Bk a dollar because of
their unjust attacks on himself & Williams. I
told him this would cause a better row and
that he would be severely attacked. He said he
did not give a damn - he would fight them
back.

About this time a sheet as to receipts from
taxes was sent us by Auditor of State it was
ditto. saying it had been purchased by a
certain Hodgson at request of Ailes U. Presd.
Regs Bk and Auditor refused it to us. I
said this infmtn should not be given.
Later Williams called me up and asked
me to look up this class intimating he
wanted to be discharged. I did this but
found that altho the class had given this
infmtn to Ailes in past years, he had not

given it out this year but had referred it to auditors who referred it to me.

Williams also said he had heard that Ailsa was delighted that I had been made fiscal Secy, - meaning thereby to prejudice me against him.

This morning I told Sec. we must decide as to the tax deposit. He said he had decided on this Saturday (w. out consulting w. me) & that he would make a deposit but would not give Refs Bk anything. I protested saying that I accepted all he said as to its attack on him & Williams & as to his statement that Ailsa was a "damned scoundrel", but that this was a business question, that the Refs Bk would be entitled - here, of its indiv. & trust to deposits - to 1 1/2 millions (if it were deposited in all) and if it were not given this amount it would inconvenience the Bank; that in any event if he gave the 4 million to other Bks they would not need as much and did not use it but in all probability they would give the Refs Bk its share.

He said he didn't give a damn what the Bks did w. the money. I earnestly begged him not to do this as it would justify a charge of vindictiveness in making public deposits & that it would cause a scandal & probably a cong. investigation. He said he was not afraid of the Refs Bk and he directed me to

prepare a letter to the Clearing House Com^{ee} saying he would deposit 4 millions in certain Bks but the old appropriation would not be followed but he would appropriate it accord. to his own judgment.

* I accordingly prepared such a letter & sent it in to him.

His action is extraordinary, no matter how unjustly the Refs Bk attacked W. & himself, and I am seriously considering wh. I ought not to resign.

Williams seems to be his evil genius - he is evidently secretly influencing Meddow and they are allowing personal vendictiveness to dominate their management of the Treasury finances. If this keeps up I shall resign.

Mon 29

Wed.

Saw Williams this am & he showed distinct tax matter saying Refs Bk should not be given a dollar. I told him such action would surely result in charges of vindictive discrimination; he said we would be criticized if we did not refuse to give them any money. He has evidently persuaded the Secy to adopt his view.

Later Williams told Thompson that the appropriation perhaps could be made on basis of Reserves & suggested that I ask each Bk what their reserves were.

Mon 30

Thurs.

* I checked a letter from Secy to sign to Clearing House Com^{ee} of deposit saying not exceeding

4 millions would be deposited with certain Natl Bks but the old rule of abatement would not be followed but the Secy would abate in his discretion.

I also signed a letter to Audeter saying he had properly refused to allow the clerk to give out information as to tax receipts from District.

Later I sent a letter to each Natl Bk in District asking for surplus. There was none written to Refg Bk & I asked Thomson to ask Williams wh. he thought we should write it also & he replied No.

May 1 Today.

Out of Comm of Wash. Natl Bk clearing house Com^{ee} called; I told him Sec. had just sent them a note fixing 4 millions as maximum to be deposited & that Sec. would abate and for security to be taken in his discretion & he would advise them shortly.

May 2 Sat.

Had another talk w. Sec. H. as to District tax deposit: he sd he positively would not give a dollar to Refg Bk; asked me to purchase abatement w. Williams on this basis; I sd I did not agree w. Williams & wished he would make the abatement. He said he understood fully that I believed he could not lawfully discriminate vs Refg Bk & that I assumed

no responsibility for his act; that he had positively made up his mind on the matter and that he hoped I would help him & perhaps some form of abatement with Williams, altho he said W. had really nothing to do with it. I went to Williams and had a talk w. him; sd I did not approve this discrimination but would of course help in any way to abate the money as directed by Sec'y. I told W. that if we took 4 millions as the maximum & then abated it in proportion to deposits & then struck out Refg Bk leaving say 2 1/2 millions abated as if 4 in all, it would be possible for the Bks to work back and show that the abate was based on 4 millions & thus prove deliberate discrimination vs Refg Bk. He said he did not object to this as the intention was to thus discriminate & the Secy would say so openly. I told him I did not believe the Secy would publicly state that he intended to and lead discriminate vs the Refg Bk, but he said he would do so. Finally he said he would leave to talk it over w. Mr. Smith of Com. Natl as to maximum amount needed & would ask him to see me Monday about it.

May 4 Monday.

Williams brought the Sands U. Pres. of Com. Nat. Bk. (?) to see me. We asked him as to necessity of deposit for District Bks. He said they could get along w. 3 millions but if this at least were not given them they would severely rubber and would have to call loans. W. asked him as to Reg's Bk & he said they did not loan on commercial paper as much as did the other Bks but he said it would rubber as all the other Bks of deposits not made & would have to borrow money to make up their reserves.

After he left I asked W. what he thought ought to be done & he said he thought the only thing to do would be to deposit 3 millions among the Bks but willing to go to Reg's Bk. He said to abstract it among the Bks as last year in Treas. to indiv. & Trust Co. deposits. He added that it would be better not to abstract among all Bks at 4 millions & then strike out Reg's Bk as they did before. Over & see mathematically the discrepancy vs Reg's Bk. Last week he said he did not object to this.

I had thoroughly pointed out to him my objection to this discrimination & consequently preferred to have him leave charge of it.

I then told Huddleston to write letter abstracting it on this basis. Our Bk - the Trust Co., I think, had not sent in its statement as to deposits and later Williams

sent me the appropriation list adding in his own hand about \$300,000 I think, for this Bank.

* I then checked letter to the Bureau regarding the appropriation for the Secy to sign. He signed them but directed Kelly not to mail them until after cabinet meeting tomorrow.

I hope he will take it up at the cabinet meeting & that sound sense will prevail.

At first I thought I would refuse to check them but as they were ordered to be sent by the Sec. in his own responsibility and over my protest I felt it my duty to check them.

Later I talked w. Sec. as to rec. for a bond used to recoup Panama expenses. I said we were in a critical condition here, paying out more than we took in & were losing our gold; I thought the Bks were strengthening their gold reserve at expense of Treasury but would let him know definitely when he got the wedding link. He seemed willing to issue bonds up to 50 million; I said too would be better to put Treasury in good position. He said would like to issue certificates of indebtedness but I pointed out they must be redeemed in 1 year and would ultimately intensify the situation.

* He asked me incidentally to prepare form of public subscription - which we offered was the best form altho we could have money by it.

May 5 Tuesday.

Later this P.M., Sec. ordered letters to be sent out to Dist. Bks. appropriating the 3+ millions of dollars but giving nothing to Reggs Bk. This P.M. Flatter of Reggs Bk. called but was told the letters would go out tonight.

May 6 Wed.

Mr. Flatter, V. Presdt Reggs Bk. called at 10 am. and asked me what Reggs Bk. could get. I told him the Secy personally had distributed the fund among the Dist. Bks & had not allotted anything to Reggs Bk. He seemed very much distressed - sd. Reggs Bk. had to pay 1/5 of the Dist. taxes and would be severely injured by this disbursement. He then asked the reason for this disbursement. I told him - as decided yesterday by the Secy - that the Secy personally had made this appropriation and that I must refer him to the Secy for his reasons. He said it was a rank, unjust disbursement & asked if I thought it would be of any avail to try to see the Secy; I sd. he had better go to Cooney and say he wished to see the Secy & he went out saying he would do this. Later Cooney told me he did not come to him.

Later in the day Mr. Glavin wrote the Secy a letter asking for an explanation for this disbursement.

Cooney brought it in & I told him to give it to Secy M.

That afternoon Sec. M. told me - in presence of Williams - that Williams would prepare a sheet to show the Reggs Bk. did not need

this deposit as it had little commercial value and loaned its money to Nat. City Bk. in N.Y.

Their whole attitude has changed; until now they were ready to say frankly that they declined to make the deposit bec. of unfair political attacks of Reggs Bk. & Nat. City Bks. on Meadows & Williams; now, however, they wish to defend their action on other grounds.

Later Sec. M. told me he had consulted the Presdt w. regard to the matter; I am amazed that the Presdt did not carefully look into this.

Sec. M. also said the Reggs Bk. had established in part an espionage on the Treasury through loans to employees and that he knew just what employees had loaned from them & that he would see that the loans were paid up or dismiss the employees.

Last week Sec. asked me - the other members of Congress were being present - whether I thought the designation of the Nat. Steamship Bk. as one of the Bks. to form a reserve Bk. would be looked on as a disbursement against its rival the 1st Nat. City Bk. who represented the Nat. City Bk. interests; he sd. he wanted to designate it. I told him that the Nat. Steamship was one of the strongest Bks. and that its directors were men of character and influence in the community & that it would be very natural

to him to this point. I added that Easton & I had been better political opponents but that I felt able to rise up above any such considerations.

Late this P.M. Mrs. Eleanor Welles called Mr. Bester & said she wanted Anna to come to the wedding.

This Am. As. Sec. Newton at my suggestion yesterday asked Sec. M. directly wh. we were expected at the wedding. Two weeks ago Sec. M. told Mrs. H. & I. were to be invited - a week ago he said his official family were expected but no invitation had come. I told Newton I did not go w. out a direct invitation nor could Bester.

This Am. Sec. M. sent for me & said of course we were both expected; that it was arranged that he should give out his invitation personally, that he should also have Anna invited.

This explanation above telephone from Mrs. Welles. Mrs. Houston told Bester today she had received no direct invitation. The whole matter has been very cleverly managed.

Sec. M. said today I ought to attend the cabinet meetings in his absence & that he would so advise the President.

This P.M. Mr. Warburg of the Fed. Res. Bd. came over from N.Y. in response to telegram

Message to later over Pan. Bond issue; he said on facts submitted by me such an issue was necessary & he would advise us how much could be floated.

May 7 Thursday.

Mr. Warburg called me from N.Y. on telephone; very desirous to know him but gathered that in the opinion it would be very difficult to trace over 50 million of Panama bonds. Said he would write me a confidential letter.

6 P.M. Attended wedding of Sec. M. & Mrs. Welles with Bester & Anna; after wedding we also sat down to supper; Anna drew the silver thimble in the wedding cake. Afterwards there was dancing in wh. Anna took part. We gave as a present a beautiful antique Chippendale mirror.

That

Yesterday morning Sec. M. told me he had urged the President to put me on Fed. Res. Bd. but that the President while appreciative of what I had done for the Admin. felt that as there would be 3 members - Mead, Williams & Miller on the Bd. taken from Admin. office holders, he would be criticized for putting in another. I said that I had had no intimate that my name was before the Bd. except thru the newspapers; that while of course I should have accepted if offered, I felt that when I saw Mead's name, that settled the matter in the Olney regard, as Sec. M. said he had

already done. Seidl. seemed very disturbed lest I should feel that he had not kept my appointment; he said he had had it in mind from the first.

I did not say to him - what I felt - that the President should have offered me the appointment before appointing Miller, or should have at least sent for me and have expressed some appreciation for what I had done for the Admiralty in accepting a subordinate position and have explained why he could not offer me the position.

May 8 Friday.

Several newspaper representatives have called & said there was a general consensus of opinion that I was entitled to Olney's place & that I would be appointed.

May 9 Saturday.

Hugh Wallace called & said in confidence that Col. House had urged on the President the necessity of appointing me. He said the only trouble seemed to be that it would mean the removal of the Admiralty officers; also that it was the Chairmanship and that the President feared I was too young for such a position. I said if this were the only objection he could appoint some one else. He said he felt sure the President did not want to make Harburg Chief & thought him to of the room in place of Olney would

not make Olney.

He said he thought House ought to go in & talk w. Olney; I said I had never expressed any desire for the position & could say and wanted to be able to say that no friend of mine by my knowledge, or consent had urged my name. He said - then you invited me to see Olney or Col. House to see him. I said absolutely. From his manner, however, I am convinced he will see him.

He said House saw Olney Sunday May 3 & thought he would accept.

I told him that if I were President I would not appoint myself after Miller had been appointed.

He said if not appointed, there would probably be changes in the Cabinet & I would be in line.

He said Col. House and he both felt it was essential that I should be appointed.

May 12 Tuesday

Ben in Runkle (colored) called & said Ralph of Ben of Inf. Printing had issued orders segregating colored people in one dressing room and ordered them to use toilets only in that room. I told him I could not believe this as I had heard nothing from him & we would surely have asked permission before making any such order. He said that if the colored people were left alone they would naturally come together; it was an order that they objected to, or at least all but a very few. I told him I would examine into this at once.

He also asked me to help a colored man under Auditor Cream who had been a bookkeeper but had been put to work on the calculating machines & did not stand the strain & bread Cream would reduce his salary.

October

May 13 Wed.

Ralph came over and said he had positively issued no such order & sd he wd like to have Mr. Egan call & see him. He said he had had some complaints from whites at places using tickets but he had advised the whites if they objected to use tickets in blue below.

May 14 Thursday.

Wrote Mr. Egan to call & see Ralph. Also wrote Cream to do something if he conscientiously could for the man Mr. Egan spoke to me about.

Missed Cune advised removal of two washings in Am. of Leg. & Printing; the record attached seemed to show clear case of misbehavior and I approved the dismissal. A few minutes later Washington called & sd he was a union villain & had a cancer on his right arm on shoulder; that he had been attending to a door which now had been closed up & that he had been ordered to do heavy work which he could not do but was glad to do sweeping & other light work.

I called back order of dismissal & called up Ralph who said Washington was a humbug; I told him that that might be

but that as he knew we were carrying on the rolls many aged, infirm & sick people and I did not want to have it said we had removed a colored villain while allowing other disabled employees to remain. He said he wd jump into the case.

For the past month have been very much worried over the free gold in the Treasury wh. has fallen off over 59 millions since Jan. 1. Under the McVeigh order placing all Govt receipts in the Bns only balances are now paid into sub-treasuries & the Bns call out gold & send in other money in part of excess over fixed deposits; while they give us some gold they turn over much in Nat. Bn notes, silver etc.

The McVeigh order did not apply to trusts to 5% redemption fund but on Mar 10. 1913 Am. Sec. Bailey ordered or authorized these trusts to be made to deposit Bns. As we this year will redeem practically the whole Nat. Bn circulation, it meant that 750 millions of dollars wd be diverted from Treasury & paid to Bns; as a fact about 1/2 of this has been paid directly into Treasury, so under Bailey order about 375 millions for year were diverted from Treasury.

Today I reviewed Bailey's order as it was illegal, the Sts requiring these deposits to be made w. the Treasury of U.S. This would keep Treasury to accumulate free gold.

I also sent out circular requiring Bors to pay expenses charges on Nat. Bk. currency sent in for redemption of the notes sent in were fit for reserve. Carefully examined statute & was satisfied that Bors should pay for expenses on all Nat. Bk. notes sent in wh. fit or unfit. In 1879 Sec. Sherman issued such an order, but in 1880 modified it to apply only to notes wh. were fit for reserve; later he reversed this entirely.

About 1/3 of Nat Bk. notes sent in for redemption are fit for reserve & this charge will probably keep them out of circulation and save drain on Treasury gold in redeeming them. I found Treasury often had for such notes by check wh. could be redeemed at sub Treasury for gold. I directed that as far as possible we should buy our Union notes by shipping lawful money.

Above two rulings will greatly help Treasury gold.

See my letter to Sec. Meadew and to Mr. Warburg as to this & as to suggested bond issue or certificates of indebtedness.

The great financial act of 1900 which created a gold reserve of 150 millions, failed to provide any means for raising for gold to maintain the parity clause and under it we can't use the gold reserve as long as there is any free gold in the Treasury.

At my suggestion the Fed. Res. Act - Sec 26 -

give authority to issue gold bonds or gold notes to preserve this parity.

May
21/15

Compt. Williams sends letter addressed to Secy showing the conduct of Refs Bk. - that it loans little or nothing on comm. paper, but largely on investment securities & makes large deposits in N.Y. in Nat. City Bk.; says their claim that business run in default will suffer if no deposit is made against tax parts is false & incorrect.

[This Bk. never made such claim. Mr. Sands said this Bk. loaned little on comm. paper. Mr. Glover Purdit in letter to Secy said its customers paid 1/5th of the taxes and that the Bk. would be injured by not being given a share of these deposits.]

The Secy called me up from N.Y. this am to ask about proposed easement to N.Y. City to build subway under the P.O. I told him of Warburg's letters as to issuing certificates of indebtedness & what I thought of it; he said he would not issue them. I told him I had the gold situation well in hand & could give him at least a weeks notice in advance of any critical situation.

May 22 Friday.

Malburn in N.Y. Sk. Apts. I've send me letter in Res. to give
Pembroke N.D. I. J. privileges. Letter tells Sk. Apts. only
reason the gives in favor are "there more no addit.
cost"; 2) lower cost Nov. Pac. RR in equality with
other RRs as to traffic bet. Wemying & Mem. & St. Paul.

I wrote mem. to hold letter for Malburn
concerning adding that in my opinion the best
that giving I. J. privileges will put an Amer. RR
on even ground w. a foreign RR would seem to
be a sufficient reason if there were no others -
to grant these privileges.

May 26

Monday.

Easton called & stayed over 1/2 hour. His ostensible reason
was to see Const. Williams & report about of Director
in Res. Bd. by the Res. Bd. before the local directors
were elected. He seemed pleased that the RR
was selected to join the Res. Bd. of Boston: I
told him the League Com^{rs} asked me and I
went over the Directors of the RR and said
there was no reason why the RR should not be
disfranchised. He said he hoped I would do
all I could to secure a member of the Res.
Bd. from Boston. I told him the Presdt had
not consulted me in the matter & added that
I had seen his name as well as my own
mentioned in that connection. He said he could
not even consider such a proposition & that
he probably couldn't get it anyway. He never
said a word to me about my chance of
being appointed & thus clearly indicated his

opponent. Later Andrew Peters called & they went
together to see Williams.

6.30 P.M. Peters called at house: said he saw the
Presdt last week & presented names of J. S. Smith
and Prob. Sprague of Howard but told Presdt that
my name was on all lips & would please everybody;
that the Presdt praised me most highly but
said the S. West wanted a man on the Board
& seemed rather inclined to pass over N. England.
Peters sd he thought Easton really wanted the
place.

In evening dined w. the Mellentwens. Sen. Haller
was there & he said the Presdt ought to appoint
me - that all factions would unite on me. Said
he would write to Presdt tomorrow and call
on him Thursday. I told him I would not let
anyone speak to him in my behalf. He said
he fully appreciated this but what he had
to say was in behalf of N.E. & not of me
personally.

May 27

Tuesday.

By May W. Fitzgerald called; said I ought to accept position
on Res. Bd. I said no objection had been made me. He said
he had talked it over w. Easton who seemed friendly
but said I would not accept it. I said if offered
I would accept. He asked if he could write or see
the Presdt. I said I had told my friends not to
ask for this, that if it came it must come
absolutely unolicited.

May 30 Sat.

Two weeks ago John Lind called asking for letter to our border customs officials for Mr Herbert J. Brown asking every courtesy for him.

I called up White House & Treasury send all right - at request of Sec. Bryan, and a letter was given him. Two or three days ago Col. Pabst would for Galveston asking if he could take Brown on a quasi official courtesy. Went over to see Bryan Thursday P.M. May 28. He said Brown was collect arms etc for Constructivists, asked me to write Col. Pabst & N. Orleans not to permit export of arms etc across border nor by sea direct to Mexican Ports, which I did. Also wired Pabst that Brown was a man of high character and standing & to accord him every lawful courtesy.

This am received telegram from Pabst that Brown had chartered schooner & wanted to clear for Brownville Texas; suspected arms were for Constructivists & had withheld clearance & asked for instructions.

I went to St. Dept - got Sec. B at his house - he asked me to take telegram to President & get his instructions. Went over about 10.15 - President was still in bed - left telegram & went to home. Called up Redfield but he was away for the day. Called up Chamberlain Secy. of Navy & he agreed w. me we had no legal right to prevent schooner clearing for any Port, Mexican or otherwise so long as

she was not conducting an armed expedition or friendly power.

Prepared a memo. to this effect and dictated it to Mr Foster at White House who gave it to President.

12.15 President W. called me on telephone and said that whatever the law might be he thought it more expedient to wire the collector to permit clearance only for some foreign port other than Mexico, e.g. Cuba, & I told him I would attend to this at once.

Took Brandeis to ride. He spoke of us to Board and said my appointment would be ideal and that to his knowledge my name had been strongly urged upon the President.

June 1 Monday

Brandeis dined with us. Seemed very much interested in my appointment. Spoke very enthusiastically of Warburg.

June 5

Friday. Mr. Coombs, private Secy. of Mead, said a number of newspaper representatives yesterday asked Mr. Mead about my chances for Res. Bd. & Mead said that was for the President to determine; that my appointment would be a very great loss to him personally but that he wanted to say that there was no appointment under the Govt I was not ^{qualified} ~~entitled~~ to

bill and that I ought to have anything I wanted.

June 7

Sunday
Mr. McAdoo has not mentioned the Reserve Bd to me since his return except once last week he asked me to consider a legal question he was talking over with Elliott saying - this is a matter you will be interested in - and then suddenly corrected himself by saying - we shall have to have many talks about the Reserve Bd from the Treasury point of view.

Mr. Williams nearly every day intimates that I am to be appointed & from his intimacy w. Sec. McAdoo I feel quite sure they must have talked it over together.

June 8

Sec. McAdoo has been severely criticized in N. Y. papers for demanding 1 million dollars for easement to tunnel under N. Y. P. O. & C. H. Home building. He has always seemed averse to granting this on any terms. He asked Ely & Co. to appraise it & they said it was worth 1 million dollars. The day he was married he asked me to look into it. I asked Atty Gen to get U. S. Dist Atty, N. Y. to examine title & he replied that bec. of the conditions in the title the U. S. could act only as a nominal consultant other than in aspect of N. Y. City - which it was willing to give, that all damages to present building

and all extra expense in foundation of any new building in future shall be made good. I carefully examined the title & reached same conclusion & telephoned this to Sec. McAdoo at Cornish. He seemed disturbed at this & insisted that I should write Atty Gen & ask if there was anything in the title releasing him from charging the most value of the easement wh. his expert said was 1 million dollars. I did this & he replied there was nothing in title to prevent charging full most value but he refused to say what this was. Sec. McAdoo then by letter asked me to ask expert on what grounds he based his opinion & he replied that he assumed the land in same position as if owned by private individual w. out any conditions or restrictions but if restricted as now pointed out its value might be little or nothing. I then saw Atty Gen & he suggested an arbitrator.

Finally Sec. McAdoo wrote letter to Pub Sec Comm deam by me suggesting such an arbitrator but he put in at end a statement that one of the terms of the grant was that the Pub Sec. Comm - in view of the unwarranted attacks on him - must publish his letter at its own expense in every paper in N. Y. I begged him - by a written request - not to do this but he insisted.

June 9 Wednesday.
Mr Dudley of Wash. Star told me in confidence that Hummell had just told him I would not be appointed to Reserve Board.
Have every reason to believe Sec. M. would prefer to appoint me. Am disappointed that Presdt does not promote me - he does not seem to be very appreciative of what I have done for him.

June 10
Wash. Post announces that I am not to be on Reserve Bd.

June 12 Friday
Sec. McAdoo, just before going to cabinet meeting called me in & said the Presdt - at his earnest request, had decided to appoint me on the Fed. Res Board; that his only hesitation had been because putting 4 members on from his official family might be criticized; was it not for this I would have been among the first to be appointed. I thanked him and assured him I gladly ~~accepted~~ accepted.
He then asked me if the Presdt was obliged to designate the Governor & Mr. E. when the names were sent in - I said No. he did not designate them until they were appointed & confirmed. He added that he should ask the Presdt to name me now.

In the afternoon he sent for me again & said that the Presdt would send the names

to the Senate on Monday & that he had determined to designate me as Gov and Mr Jones a lawyer of Chicago as Mr. E.

He said Secs Houston & Bullman strongly backed him up in his request for my appointment & designation.

I told him how I appreciated the honor that I hoped the Board would be harmonious as dissenting opinions would weaken its influence; that there were many questions which must come up under the Act, in the relation between the Board and the Treasury which could only be adjusted by most cordial and intimate relations between the two, that in some of these e.g. deposits of public moneys the Treasury was all paramount and that in all these relations there must be perfect harmony betw. the Treasury & the Board.

He said he could not tell me how pleased he was at the President's decision altho he did not know how he could get along without me in the Treasury & that I must talk to him in choosing my successor. I suggested Malburn & he said he would talk with me about it.

He seemed very much relieved at my appointment for he said the large financial interests would more brown & earth to control the members. I told him the only special quality I claimed was tact in harmonizing conflicting interests & that

in that way I could be helpful & that I should do my utmost to weld the Board together in a united whole. He said if this could be done we could demonstrate to the country and even the extreme radicals that the Act would really benefit all the people.

He told me not to mention my appointment to any one except that I could be telephoning Bertie say I thought the matter was arranged satisfactorily.

June 13 Saturday

Received letter from Stewart Ebbony enclosing copy of letter to Meadros warmly endorsing my appointment. He referred to a talk we had together Thursday P.M. late evening here with me. He then said he hoped I would be appointed & I told him I had never sought it directly or indirectly nor had any friend w. my knowledge solicited it for me; that I felt I could help Mr Meadros if appointed by securing fair play if any attempt was made by big financial interests to control the Board in any indirect way. This was in response to his statement that he feared Harding would be influenced by Wall St. as Mr Bertrand who recommended he was a nullman very close to the interests. He also distrusted Worthing, knew little of Miller. I told him I could

do much towards better harmonizing and felt I could be useful in bringing the Board together in unity for without this the Act would fail.

As a matter of fact the only time Mr Meadros spoke to me of the Reserve Board was the day before he was married and yesterday - Friday.

June 15

Monday. 12.30. Celebration of May day at Newry. I delivered an oration.

2 P.M.

President sends to Senate my nomination as member of Fed. Res. Board for a two year term.

June 17

Wednesday. Went to Boston for Yale June 7 & 8 day. To Mattapoisett Thursday P.M. left there Sat Am & arrived in Wash. Sunday am. Received enormous number of congratulatory letters.

June 22

Monday. Sen. Huller sent me a letter saying I would surely be confirmed. Sen. Weeks called 5 P.M. asked me to give Asst Appr George 30 days leave starting from August 1. Said I would see to do this. Sen. Weeks then said - well - you are subject to congratulations on your own account.

I said Yes and he then began to talk about the Reserve Bd & said the Com. wanted to be sure that none of the members were subject to any untoward influences. I sd - this was clearly their duty. He sd he was on the sub com. to which my name had been referred & that no objection would be made to me or to Miller. He asked if I had ever been a director of a Natl Bd & I said Yes - the Natl Life Bn. about 15 years ago - it was absorbed by the Natl Shareholder. He then asked as to my business affiliations - I said I had absolutely none - that I retired from law when I became Natl Water Com. - except for B. Ch. Commerce for a short time - & that I had no business affiliations & owned not a share of any bank or trust Co. He said he also gave up business when he went into Senate. I said my wife had a few shares of bank stock & trust Co stock & that I should sell this also. He seemed to think this not strictly necessary but I said I proposed to do it. I said also I was trustee of the Peabody estate but shld also resign from that. I added that I felt that membership on that Board was like membership on the U.S. Supreme Bench.

We then talked about Warburg & Jones. He seemed very favorably impressed w. Warburg but wanted to know about Jones. I showed him a telegram letter from Ant. Frank Shuman of Chicago enclosing an editorial from an opposition paper praising Jones & sd I would send him a copy also showed him a letter from House Chamber praising Jones.

Sen. Hallie also called this morning - said there was no objection to me - that Sen. Brewster told him I was the only man whom he recognized as fit for the position; that he supported if Rep. Fred Wellman were here he might voice his old charge of a secret return from the Bd. ; that he had spoken of this to members of the Com. & had told them it was a laughable absurdity. I told him Wellman had come to me & we had made it up and that W. had written me a letter from Greece congratulating me on my promotion to the fiscal bureau.

Mr. Brandeis and Mr. Rubell of Wisconsin dined with me at Army & Navy Club. Brandeis said - your friends will take care of you as to confirmation.

June 23 See Healy called me up late at night and asked me to do all I could with Sen. Lucas as to confirmation of Mr. Jones.

June 24

Mr. Laughlin, former Asst Sec of State and now
Act. of Chicago paper met me in case
and said I surely would be embraced
but Jones & Warburg would be rejected.

July 2 Thursday Am.

Senator Hitchcock, acting Chairman of the Senate
Banking & Currency Comm called me at Masony
about 11.30 am. He said he had read the
sketch of my life and he wanted to say to
me that Charles E. Russell's book had been sent
the Comm - he did not say by whom - in which
I was attacked as having had a secret return
of \$1000 from the Boston & Maine RR while
teaching law in Boston. I told him fully as
to this, explained how it originated and showed
that it was simply a political attack
as there was no secrecy about it whatever.
He asked me the exact time during which
I was returned and I explained to him
fully as in the letter subsequently sent
Sen. Hallis. He then hung up the telephone.

A little later Sen. Hallis called me up to
say the Comm had voted 11 to 1 (he must
have meant 10 to 1 as Sen. Owen is in Europe)
to report favorably on my nomination after
carefully considering the Russell article
and my reply. He said Sen. Brewster voted
against me because of this article & said
he would have voted for me otherwise.
Hallis said - on my inquiring whether it would

in Se. Hall
and
1st. RR
Brewster

July 2

July 3

not be well to ask Mr. Brandeis to see him - that
this was an excellent idea & I at once
telephoned Brandeis to the Jordan - he said
he would see Brewster at once & later telephoned
he had seen him and he felt sure he would
not violently oppose me altho he could
not say he had completely disarmed
his opponent.

I then wrote Sen. Hallis a letter giving all
the facts as to my relationship with the
B. Ch. Com. & B. & M. RR and sent it to him.

Left on train 4.03 PM for Boston, at 11.45
late next afternoon.

Evening. Met Sen. Owen in N. Y. at station - he
told me about same as Hallis - said
he had urged Brewster to vote for me
and Hallis confirmed this. Said he would
use every means to bring Brewster over, and
at one time he thought he would insist
on my being given the opportunity to
go before the Comm, but they were all-
except Brewster - of opinion that as I was
in private life I had a right to have
any case & were satisfied there was no
secrecy in my return.

7th letter to Sen. Hallis & clipping showing
attitude of Comm see my Masony letter
book & serial B.

Tuesday, in Boston w. Asst Sec Hallis. Went

to MA in afternoon. Found telegram from Fowler that Senate at 4 PM had adjourned to Monday for lack of quorum.

July 4 Sat. at MA.

July 5 Sunday. Left for Wash. in P.M.

July 6 Monday.

see Sec. 134 and 134A. 134A. 134A. 134A.

In Wash. Sent another letter to Sen. Hallen and Sen. Weeks & Brandegee as to BSA. got into matter most fully. Sen B. was in train with me last night and he said if Brewster attacked me he would gladly defend me in Senate.

At Massey found letter from Hallen that he had shown my letter of last Thursday to Sen Brewster and he felt sure he would not oppose me.

*Confirmed by Senate July 6

5.45 P.M. Sen. Brandegee has just telephoned that I was just confirmed by the Senate without a dissenting vote.

a minute later Sen. Hallen telephoned to same effect, and said Senate passed a vote to notify the Presdt of the confirmations.

I at once went home & called up Bette at MA & told her & then sent a wireless to Sec. Meddos on the Unondaga on Long Island Sound.

July 7 Tuesday.

Dined w. Sen. Hollis at Chevy Chase Club. Present, Sen. and Mrs. Hitchcock, Sen. Salisbury et al.

July 8 Wed.

wrote letter to judges of Probate Court, Boston and sent formal application resigning as trustee for the Philipps et al under will of Anna P Peabody to take effect Sat. July 11. I found the estate had some few shares in Nat. Shawmut (about 75) and a smaller no. in a Salem, Mass. Nat. Bk. Trust Co. While probably my co-trustees would have sold this stock if I asked them I thought the fairest thing was to resign absolutely to qualify as member of Res. Bd.

July 9.

Judge George of Prob. Ct. wrote that my resignation as trustee was accepted to take effect July 11 as requested.

also wrote Mr. Higg. Flo. to sell Bette's shares of Nat Bk of Com. N.Y. (17 sh.) and Union Trust Co. of N.Y. (45 shares).

July 10

Tuesday. L. H. Co. write they have sold the sh. of Nat Bk of Com.

I thought it was better to do this altho the Act did not seem to require it.

July 15 Wed.
Dined at old Mill in Rock Creek Park in honor of See
Laws 50th birthday. Present: See & Mrs. Ryan; See & Mrs.
Luna; See & Mrs. Meadows; Sen. & Mrs. Newlands; Mrs. Ames
Miss & Mrs. Smith a guest of Presdt: also President Welles.

July 16 Thursday.
Mr. Elliott told me See Meadows decided not to designate
the Gov & Vice Gov. of Res. Bd in the commission but
simply to make out all names as members of
Res. Bd & later to make the designations.

July 29 attended opening of Lake Lodge canal and made
a speech.

Aug 1 Sat. See McAdoo telephoned me to go to N.Y.
Monday and later asked me to come to Wash.
Sunday Am. for a consultation

Aug 2 Sunday
Arrived Wash. 1.30. Left w. See. Meadows bus
N.Y.

9 P.M. Attended bankers conference. See Se. Bd

Aug 3 Monday Aug 3 thru Thursday Aug 6 in N.Y. in charge
of Sub Treasury, and have Vogel being in currency.
Passed in collateral for old Ireland notes
with Mr. Harding of Res. Bd.

On Tuesday Aug 4, there was a line up of 3 or
400 people asking for gold in exchange for
Not Bd notes & silver certificates. Altho not
legally entitled to gold I instructed the ass't
treas to pay gold freely when asked for in
notably small amounts. Later I telephoned

See McAdoo; at first he objected this but I told
him a refusal might cause a panic & he
agreed to let me do as I wished. The result
was that the line disappeared in a day
or two.

Aug 7 Friday
In Wash.

Aug 8 Sat.
See. McAdoo said Presdt had designated me
as first Governor of the Reserve Board and he
ordered a designation to me drawn up by
Abbott & Devin.

Aug 10 Took oath of office in See McAdoo's room. Butler was
present and a large number of people including
See? Hunter & Lane, Sen. & Mrs. Sumner & Mrs. Smith
Mr. Glass etc. etc. See Mc. made a speech and called on
me to reply. First meeting called on Thursday.

Aug 12 Vanderlip called me from N.Y. in behalf of Com^r of
N.Y. Ch. Com. Said they wished legislation to auth.
holding Natl bk notes as part of lawful reserves;
that our Res owed Canada and England about
130 millions; that England had abstracted an agent
in Canada to receive all airt. dir. English bonds;
that it would be dangerous to pay this out of
our reserves.

I at once asked Sen. Owen & Sumner & Mr. Glass
to come to Dept; held conference 3 P.M.; they
said impossible to change law under 2 weeks;
I thought best to consult Mr. Glass that he could
permit reserves to be drawn in without any

legislation & we agreed this was proper course to pursue. Arranged w. Vanderlip on conference Thursday morning at wh. Eldridge, etc. his car would be present.

Aug 13 Thursday

Conference 10 am: Present Aldrich & Nelson board Sen. Owen Mc Elan & Eldridge. Whole subject gone over, shown that England's mortgage & caused the people for paying any debts; it seemed impracticable for us to draw down gold reserves of banks to buy her. Eldridge thought if we could be worked out by Comptroller allowing reserves to drop.

2.15

Conference at White House w. President. He delivered an address.

3 P.M.

Reserve Bd organized. See M. said President would be grateful if Dr. Fric of Princeton did be made Secy of Bd; that Mrs. Wilson's dying request was for this. Bd unanimously elected her.

also passed resolution that Comptroller was justified in permitting reserves to be used under present extraordinary conditions.

Aug 14

conference of Ch. Com., trades bodies, bankers etc.

In afternoon had talk w. Woodward & Eldridge.

Ascertained out clearly that Res in N. Y. had not yet decided to buy Canad. & English credits in gold to Canada; The Treasury had merely said it would allow reserves to be encroached and that

if ultimately it was decided that gold must be sent to Canada it could be taken from the reserves altho they might be depleted.

Seth Low, Geo Francis & Peters dined w. me at M.C. Club.

For work done in Reserve Board see minutes of meetings.

Aug 27 Thursday

Mr. Warburg in written memorandum strongly opposes opening Res. Bds until some conditions are made to the Res. Act; strongly advocates change so as to require member banks to deposit their reserves with Res. Bds along with 100 rd. Res. notes which should be made available as part of lawful reserves; sd that new banks under present law would not get more than 250 million of gold and as 1/2 cld be paid in with our paper the rest would be only about 150 million - too small a sum to be of any avail in present emergency. On other hand he said that if member banks would deposit reserves - over the full money - w. Res Bds we would get 800 million of gold wh. wld sustain our whole commercial system without difficulty.

Aug 28 Friday

Went over Warburg's suggestions in full board. Much discussion as to Res. notes; I pointed

out they were tied down to and represented com. paper. Warburg & the Secy thought that Fed Res notes could be issued on gold under Sec. 14(a) - power to exchange Fed. Res. notes for gold etc. Wellman and I agreed that this meant merely to exchange notes already issued for gold. The Secy said the intent of the Com was that new Res. notes could be issued on gold. I pointed out that this would constitute a new kind of Fed. Res note not authorized by the act & if authorized would require the gold to be held as a trust fund & if this were so, the Bns might prefer a present gold certificate to such notes.

The Secretary then said we ought seriously to consider the propriety of the U.S. suspending gold payments. He did not say this had been considered by the Cabinet but from his manner this seemed clearly to have been the case. He pointed out that this would enable the U.S. to keep the gold against wh. gold certificates were outstanding, although the certificates would still be in circulation. Miller said they would be at a discount wh. Sec. H. denied.

Well now I rather felt that the Fed Res act was not passed to keep U.S. on a gold basis but rather to make com. paper liquid so it could be used instead of cash loans & further to keep out money

deposited w. Res. bns and the number bns reserves similarly deposited away on Wall St, the duty of maintaining parity being on the Sec. of Treasury who was given extra powers to issue gold bonds for this purpose.

The minute the Secy mentioned such a power - I made up my mind that I would consent to any amendment of the Res Act which would avert such danger.

Warburg felt confident that with these amendments we could keep U.S. on gold basis without much if any danger of suspension.

In evening we met and drew up certain amendments.

Mr Glass said no hope of amendments as any bill would be lowered down with receivers amendments.

Sen Owen at once introduced a bill containing draft provisions adopted by us at above evening session. It was understood however that no bill would be put in until we had shown amendments to Sec. & Presdt. The next morning we changed the amendments by striking out acceptances of 2 name commercial paper etc. The Owen bill does not represent views of Bd. and some things in it e.g. lower cash limit of Nat Bns we had not agreed to & had so informed Sen Owen.

Sept 12 Sat.

Mr Miller presented a resolution to show that Fed Res Bk of Atlanta would soon have to shut its door if called in for gold.

This was based on Warburg's views. They both hoped that Fed. could protect itself by raising discount rate. They also seem to think Res Bk must furnish all gold needed for export as if they were the only banks in the U.S.

They are both evidently permeated.

Oct 7 Wednesday.

Today we finished election of Govt directors by electing the Cleveland bank directors. United now every elector was unanimous by in the election of Henry Wolfe, Mess. Delano, Miller & Warburg voted No. Mr. Harding said that while satisfied that Wolfe had the character & ability requisite yet he feared that the matter might be construed as a political issue & i. he felt constrained to vote no Wolfe. He said however that in view of the fact that W. was elected last week and the Sec'y was authorized to tell this to Mayor Baker of Cleveland an adverse vote now - the matter having already been considered - would put the Sec'y in a very awkward & embarrassing position & he should i. vote for Wolfe.

The vote stood: aye, Williams, Hamlin, & Harding; No. Delano, Miller & Warburg. The Sec'y

thereupon voted aye & W. was declared elected.

There was quite a better contest over this matter. Miller was told the Sec'y that he Miller was voting to save the Sec'y from himself!

Some time ago Sen. Burton went over the various names with me & objected to Wolfe not apparently on any ground of character or fitness but chiefly as I remember, on the ground that Wolfe had not treated him fairly in his newspaper, that once he had taken a few sentences from one of his speeches & had magnified them unfairly & had attacked him unjustly.

I have high opinion of Burton & would not willingly do anything to offend him but in passing over U.S. endorsements I was satisfied that he was among the best men for this place & that not to appoint would be to do the very thing we all sought to avoid, - to allow political reasons to influence us.

Sen. Pommeroy was very strongly interested in Wolfe & testified to his high character.

Last week or the week before we called Homer Johnson of Cleveland to the position but he declined to take it because of his professional relations to Cannon etc.

At our request he came in and was very letter towards Wolfe. Warburg said he told him that whenever Wolfe got

think he would say that he would be
 safe and that we would be asked to
 attend for him in a law suit but it was
 of such a nature that he declined.

Last week in morning the Secy sent
 down a note while we were in session
 asking us to give Sen. Pomeroy a hearing.
 Mr. Warburg moved to adjourn on
 the ground that we should never give a
 hearing to any Senator or Congressman except
 upon our invitation. Williams & I protested
 & said this would put us in a bad &
 ridiculous position. Miller said in agreement
 we should go up to my room and listen to
 Pomeroy informally. I said it would
 be ridiculous to hold me back in this
 manner but they persisted and voted
 to adjourn Williams & I voting No. I felt
 this was most discourteous to the Secy.

Later we met Pomeroy in my room -
 this was Thursday Oct 1 at noon.

After some discussion Warburg said to
 Pomeroy speaking as he said on the
 Board that the only harm we had by
 not voting for W. was that he could not
 give the necessary time to the cause as
 it would involve almost continuous
 presence in Cleveland at first and
 much time always. This statement was
not in fact true as Warburg and some
 of the others were influenced against
 W. by Johnson's statements. Shortly after

Warburg said to Williams his statement
 was not true. I very nearly objected to
 the statement when it was made but did
 not want to have any dispute before
 Pomeroy. Miller then asked Pomeroy if
 he could obtain assurance from W. as to
 whether he would give the necessary
 time even if it involved residence in
 Cleveland. This was done as Miller later
 admitted in hope that W. would say No.

In afternoon I said to Board that in my
 opinion the above statements committed
 the Board to W. if he gave satisfactory
 assurances & I should in such event
 vote for him. Warburg said if he gave
 such assurances we must then vote
 that the director must move to Cleveland
 & give all his time; - altho in San. Texas
 and other States we had not required this.

While we were speaking Sen. P. called on
 in telephone & said he had just been
 talking to W. who gave all necessary
 assurances. Later Sen. P. wrote me as to this.
 (See his letter).

Later that afternoon or the next day after
 long discussion we voted to elect W. and
 Newberry of Cleveland & Warburg said if
 Newberry would serve with Wolfe he
 would be perfectly satisfied. We then
 asked the Secy to call up Mayor Baker
 & ask if J. would serve in above
 condition.

Friday or Sat. the Secy said he had telephoned
Baker who said J. would serve & that he
(Mayor B.) in whole thought W.S. selection
would be a wise one

On Monday or Tuesday at another meeting
Orlando moved to reconsider election of
Walbe. Much rather bitter discussion
followed. I said that as the objection
to W. came from Johnson's remarks to
Warburg, W. should have a chance to
be informed of the & to answer the
criticisms. I agreed with me. Warburg was very
mad & sd if this were done he would
never again give any confidential informa-
tion to the Board. Finally on vote it
was moved to reconsider, Williams, the
Secy & I voting no and Harding, Miller
Delano & Warburg voting aye.

Finally, as above stated, Walbe was
elected.

The Secy was very indignant at the
treatment of his request for leaving of
Sen. Powerens - said he had talked it
over with Presdt Wilson who said he would
consider it his duty to remove any one
having the prohostile position that
our Board would bear no Sen. or Res.
except by mistake

During the discussion above Mr. Warburg stated
that he would agree if W.S. election were
voted down that he would vote for him on
first vacancy one year from date, or that he

would agree that we should tell him that we could
use our influence to have elected a member
of the Advisory Council or of some local
Council to be formed in connection with the
Natl. Res. bank. My answer was that if not for
election a year from now he would be fit now.

Oct 9

Friday.

Firstus Wade of St Louis and a Comr of St L.
merchants came in advocate a 150 million
fund to help cotton growers, handlers, etc.

Res. Bd named myself, Harding and
Warburg to hear. We discussed plan for 3
hours. As originally presented a syndicate
was to be formed which would raise
150 million for wh. they were to receive
7% net. The syndicate managers were to
loan this through banks as their agents to
banks in South who were to lend to
individuals at rate of not over 6% per lb
& were to rediscount the notes at rate
of 7% plus further sum of $\frac{1}{10}$ of 1% per
month ($1\frac{2}{10}\%$ per year) to cover expense of
managers and commissions to managers & their
agency banks. No limit was put on what
the borrowing banks should charge borrowers.
After long discussion they reluctantly
agreed to limit rate to $8\frac{5}{10}\%$.
We further said that the exact com. to
be paid must be expressly stated and I
said that having our syndicate manager
would not be satisfactory but it should be

a couple of at least 3 prominent bankers at least 2 to be in South.

Oct 10 Sat.

Warburg prepared a letter summarizing approving details of plan but saying nothing as to syndicate manager. He was said only one he had talked with was J.P. Morgan & I felt this would not be satisfactory alone. I thought rate was too high but all present said rate in South was 10% upwards the anti usury laws being got around.

Finally we went to Seely & later he came down to meeting & said he was willing to endorse such a plan in principle but that he would not endorse the particular plan as he thought interest rates too high. Later I prepared a letter, slightly changed by Seely agreeing to such a plan in principle but declining to discuss or approve rate of interest, currency etc. (See Serial A.)

As the Seely was leaving room after Board approved my letter he said he hoped we would see every endeavor to open bars as soon as possible. I said this would be done and that a call for capital subscription should be received in near future.

Suddenly Warburg paid up and down the room violently angry attacking me

for my conduct as I was in full doing the Board in some such expression; said it was absurd to open before conference with Gov of N.Y. and other banks; that I often forced the Board to change its views to please the Secretary; that he was disgusted that he had voted for McLellan of Indiana when he saw him; that he was disgusted with waiting for Secretary who late etc and that as Gov I was responsible for defects of Board, that he did not intend to stand it any longer etc etc.

Then Harding opened by saying the banks could not open until certain preliminaries accomplished, that he should never again vote for anyone against the honest conviction etc etc. - referring to the Wolff abstract.

I replied to Warburg that I had never & could never influence Board to vote against its conviction; that Williams & I who had bought and sold with the Seely had great objection for and respect for his opinion. W. then said or implied we were voting w. Seely because of objection etc. Williams & I denied this and I said the most significant difference to any other opinion was our difference to W. in abstract of Seely as Gov altho we had none to bear that charge might be attached in ground that Seely would not have courage to w. stand N.Y. capitalists

influence. This rather staggered him & I added that the only criticism I had heard of myself that I was too lenient in presiding & not strict enough.

W. & Harding then both opposed my sudden opening of the books & spoke of fact that if amendment as to reserves was not adopted by Congress the Board would be quickly forced to close etc.

I replied that even if amendment did not pass I should vote to open the books as soon as the res. preliminaries were accomplished. I thought they were sure to close next day as I believed it was my duty to carry out the will of Congress.

Harding thought I said that I would vote to open at once before even res. preliminaries were accomplished and was very mad but I made my stand clear.

I then said I appreciated that neither W. nor H. were in sympathy with the Act unless amended & that they believed unless amended the books should never open. They denied this rather freely when I reminded them of the report for the Fin. Council on the proposed audits written by W. & especially endorsed by H. saying books should never open unless audits passed. This somewhat quieted them.

Finally Miller moved that they both be

appointed a committee to consider & report next week. Just what preliminary steps should be taken before opening.

Then W. began again about defects of Board & that Secy was only one member & that responsibility was on me as Secy & I replied that I should share no responsibility & felt satisfied I had discharged my duties fairly and justly.

Then Miller delivered an analysis of the Secy's character - brilliant and unbusinesslike but unable to give real time to duties of Bd; that it was more or less annoying to discuss a question perhaps one hour & suddenly have Secy come in & have to go over all again & be interrupted perhaps have to change one's views to please Secy's snap judgments.

Finally the meeting adjourned.

I am about satisfied W. is absolutely out of sympathy w. Res. Act unless he can turn it into a vast system of centralization w. N.Y. the predominant factor & that he is representing the wishes of the N.Y. banks rather than the people - in fact I suspect he has little sympathy with the people.

Oct 14 Wed. Spoke at invitation of Amer. Bankers assocn at Richmond.

Oct 15 Thursday.

3 P.M. Board meeting. Secy H. read a letter addressed to him as Chairman of Board Gen. Post Letter. The Post said many complaints had been made to him by Senators & also that the Board was deliberately working back in organization of the Reserve Bns; that he knew this was untrue; that in order to show it to be untrue he hoped the Board would use every effort to expedite the opening. The Secy also read a letter prepared by himself to the Board urging haste & saying the Bns should be opened by Nov 2.

Warbury was very indignant saying both letters implicitly criticized the Board; he added that had it not been for delays caused by Secy being late at meetings much better progress would have been made. The Secy at once asked W. what he meant and a letter senturing seemed imminent. W. backed down, however, & did give no instances.

Plans so we had asked the directors to state at conference next week the earliest moment they could be ready & that it would be disadvantageous now to make any announcement. It seems the circular to the directors was signed by the Secy of the Bd & prepared by the Comdr & none of the other members had

seen it.

There was a long discussion, Warbury saying we could not open before Dec. 1 at earliest.

Stung was in town & we called him down into the meeting. He said N.Y. bankers felt strongly June 1 should be earliest day for opening of business in gold but he admitted to Williams the Res. Bns would not affect who be affected by that. His real reason seemed to be that this was a bad time for the Bns to open & he said we should wait until all could be heard at the meeting next week. At first he said the clerical force could not be ready but later he said that N.Y. would not be the last bank to open in any event. He agreed with Warbury that we could not properly open until Fed. Res. notes were printed & he said in reply to my question why Bns could not open & merely rediscount by issue credits or cash that this would make the Bns merely safe deposit Co's.

Finally it was agreed no announcement should be made before the meeting Oct 20.

We also voted to issue call on part of 1st subser of cash. Stock pay. Nov 2.

Oct 23 Friday.

British Ambassador

Oct 19 Monday.

British Ambassador came to Reserve Board with Sir George Paish & Mr Blackford who were invited by Sec. McAdoo to come over to discuss Int. exchange matters etc. He introduced them to us & we had a very short talk.

Oct 20 Tuesday

Convention of directors of Reserve banks. Sec. McAdoo ill. We gave Sir Geo. a dinner at Army & Navy Club - Sec. McAdoo was to have given him one. Later we went to supper at same club for Res. Bd. dinner & Sir Geo. gave a short address.

Oct 23. Friday

Meeting to arrange latter part. also w. Sir Geo.

Oct 24 Sat. " " " " "

also meeting with Sir George at 11.30.

Representing the U.S. Sub. Com. consisting of myself and Warburg; Mr. Res. Bd. Gov. Strong of N.Y.; Bankers Com. Wiggins and Mr. Brown of Brown Bros. N.Y.

On Friday we discussed the value allowed Amer. cables when delivered at Montreal. Gov. Strong contending value not enough.

On Sat. Gov. Strong outlined difficulties in establishing N.Y. Res. Bd. and responsibility of its guaranteeing gold for acceptances

to discharge British debt

Sir Geo. said: 1. The British Govt will remain on a sheer basis for later payments. 2. It will agree to accept finance bills for present indebtedness provided the security is first class. 3. It will not object to being paid in credits when bills mature.

He agreed that securities sent here for sale should not be or should not be paid in gold as Eng. people did not buy gold but credits.

Finally we adjourned until next Friday & Gov. Strong agreed to present a memorandum covering whole question.

Friday evening Oct 23 dined w. Warburg; he wants Res. Bd. to guarantee 100 millions of gold to cover finance bills. Mr. Schiff and Gov. Strong were opposed to this.

Oct 30 Friday.

Sermon of Com. w. Sir George

Oct 31 Sermon. 10 to 1.30.

At these sessions Gov. Strong read a number of letters covering ^{of} price allowed for gold at Ottawa. Claimed not high enough. Sir G. said if Eng. allowed more it would facilitate gold exports from U.S. and thus injure us. We replied this would be so in normal conditions but not now. Sir G. advised us not to begin exact cost etc which Bd. of England should allow but merely claim as a matter of justice we should be allowed a greater sum.

1) Facilities for free exportation, for selling cotton to England and assistance from England in financing its movement.

Mr. Story said advised that there was an understanding bet Eng. Mfrs not to buy cotton save on bond to market. Sir J. denied this and said matter was slowly righting itself; that Manchester shrimpers at first were short sighted but were now more reasonable; that he had advised that Ind. Cotton exchange should now be opened, etc.

c) Opening stock exchange. d) Payment to England of indebtedness not yet provided for. We have these up together using c) as an excuse for bringing up the principal question d)

Mr. S. said Com. of N.Y. Stock Exchange had so to London to consult w. London stock exchange Com. before opening.

After long discussion Mr. S. said Mr. Weyman & Brown would make a start in writing as to a plan for taking care of the stock exchange in case our securities were dumped when we abate opening. The plan suggested was a syndicate of banks and bankers who would lend to stock exchange brokers holding stock exchange collateral; a course wh. the syndicate to draw on certain Eng. Ops or on Bk of England the stock exchange collateral to be given as security; thus the banks in the syndicate would be indis. liable on the

Bills; furthermore the Eng. Ops were to agree to renew these bills if considered necessary by the syndicate and this would relieve our Ops from necessity of covering these bills w. gold wh. Story said they would never be willing to do.

Weyman said to me there Ops could get gold from Res. Bk by discounting com. paper is necessary in future.

Mr. Story said Res. Bk could not safely guarantee to deliver gold in future. If system was successfully established they could do it but would not agree to do it.

Sir J. at first insisted on Govt bonds as collateral but finally said he would advise Res. Bk to agree when some such plan as above.

Question then arose as to how this plan should be presented to Sir George whether as a suggestion of the bankers, Mr. S. Weyman & Brown or as a suggestion from one whole subComm. Sir J. said he could not cable a suggestion merely from bankers - it must have approval in principle of Story and of Reserve Bk. Weyman then called up Sir. M. B. in N.Y. & he said he had no objection to the matter being given to Sir J. if understood to be merely a mem. from the bankers but if anything more he & Res. Bk must have opportunity to consider it. (I had previously telephoned Sir J. & advised him to say this.)

Finally we adjourned until next week.
 We then called a meeting of Res. Bd and
 I suggested that if any interest were to
 be given to be called to Cham. or to Chicago
 w. approval of Secy & of Res. Bd we ought
 first carefully to consider it as also the
 Secy & the Pres't, we all agreed to this.

As a basis for all discussions as to amounts
 owed abroad we want the figures prepared
 by Bankers' Comm: showing Feb. 279.1 million
 Cash fund, 56.6. Net debt 322.4, as follows:

	Millions	
Credit balances	95	Debit balances due
Time drafts	63	for all countries,
acceptances for		56.6 million
our acct.	86	
Com. credits still		
unpaid	50	
Travelers credits	15	
Round turn for		
Europ. credits	12	
Exchange we must		
deliver not covered by	13	
alone		
Being house & cash.		
oblig for pay. and		
Securities	5	
Dividends	8	
Due Amoske for St. L.		
wid but not yet paid	.7	
And due Amoske for St. L.		
sold but not wid		
from Amoske	18.	

As I understand it from this net balance is
 to be finally deducted the 80 million U.S. notes
 for wh. gold has been provided. Also the
 100 million gold pool & the exchange made
 in exports.

We are agreed w. the thing that in all human
 probability the increasing exports with the
 100 million gold pool would amply take
 care of our indebtedness and that the
 only cause for anxiety would be whether
 in absence of stable exchange we should be
 flooded w. our securities sent back for
 sale. The above suggested arrangement the
 bankers thought would take care of the
 possibility provided it could be carried
 through.

New
 text 3

Tuesday.

New
 text 4

Went to Boston to vote
 In Boston with the Harding of Reserve Board.
 10 Am met Comm of clearing House. After long
 discussion they said would meet tomorrow
 and would probably advise taking of 5
 millions towards cotton loan provided Atty Gen
 of U.S. gave opinion that it did not violate
 Sherman Anti Trust law, Clayton Bell is Atty
 Gen of U.S. I said I would ask Secy to obtain
 an opinion from Atty Gen.
 1 P.M. lunched at St. Botolph Club with
 directors of Fed Res Bd and later visited
 office also the offices they expected to
 leave permanently. Left for Wash. 5 P.M.

Nov 4 Wed.

In Wash. Reilly would not admit Council to raise 5 million if some of Atty Gen. were obtd. They also stipulated in Boston that the Emergency Fund was to give preference to class A contributors. Nothing in the report as to this but Harding said it was the intention & such power must have been omitted by error.

Sec Meadwo said Atty Gen did not want him to arise again by formal letter as yet but would see him. Later he came over & had conference with Secy. At Secy's request I wrote him a letter & stated request of Boston clearing House Council.

Sec Meadwo said he would give the suggestion of the bankers council as to a 100 million loan from Brit. Govt or Bd of England to Sir Isaac w. his general approval. I pointed out that Warburg & I were asked a sub council to represent Reserve Bd & ∴ we should have in it & he finally agreed to this.

3 P.M. Meeting bet. Secy. Warburg, Estt and Sir Geo. & Mr. Blaisdell.

Secy. said he approved in principle of the suggestion of the bankers council & that Sir Geo. could cable it over informally altho bankers would not sign it until tomorrow. I suggested that reference to Brit. Govt be eliminated as it was merely a suggestion of a plan from the bankers

and finally the suggestion was amended so that it read that the loan was to be arranged by or through the Bd of England or other British banks.

I redrafted letter of bankers - originally addressed to me - so that it read addressed to Warburg & myself as a sub Council of Reserve Bd; also drafted a letter from Warburg & myself to Secy. transmitting the bankers letter to the Secy w. our approval of the principle of the plan, stating that we were authorized by Res Bd thus to transmit it. The Secy promised Sir Geo to send him a letter of approval tomorrow.

4.45 called meeting of Res. Bd which authorized us so to forward letter to Secy.

At Sir Geo's suggestion the bankers letter to Warburg & myself was slightly amended by adding clause that the suggestion was merely a tentative one & making it clear - as was the fact - that it came from the bankers & was not suggested by Sir Geo. Warburg called up Steing and dictated the letter wh. the bankers council was to send us.

Nov 13

Friday.

Fixed discount rates. Williams wanted all districts fixed at 6% and I rather agreed with him as a purely temporary matter. After long discussion however the conclusion was reached that rates should be higher in districts where money or rather credit was needed. We fixed rate of 5 1/2% for 30 days or less at N.Y. & Phil. and 6% for others: at 6% flat for Boston, Cleveland, Chicago etc and 6 and 6 1/2 for San F. St Louis, Dallas, Minn. Richmond, Atlanta etc.

We decided to give Boston, Cleveland & Chicago 5 1/2 for 30 days or less & telephoned them but they said they did not want it.

Nov 14

Sat.

Decided to put Richmond down to 6% class also St Louis - straight.

Finally announced rates:

Boston	
N.Y.	5 1/2 for 30 days or less. 6% for others
Phil	" " " " " " " "
Wash.	6% straight
Kans City	6% & 6 1/2
San Fran.	6% & 6 1/2
Minn.	6% & 6 1/2
Dallas	6% & 6 1/2
Richmond	6% straight
Atlanta	6% & 6 1/2
Chicago	6% straight
St Louis	6% straight

Foster would wind us asking for very low rates to be increased later - as I remember he wanted as low as 3%. We all thought this foolish as it would quickly drain

any credit from the Southern banks and no funds would go there.

Originally Kas C. wanted 7% but when Warburg telephoned, Ed Sawyer said he did not want to be out of line w. rest of country and asked for 6%.

Atlanta originally asked for 5% but explained this was in theory Govt would devalue large sums with it, and later sd if no such guaranty could be given it wanted 6%.

San F. org. asked for 5 1/2 and 6%. We felt that while this could be all right for San F. it would not do for the whole vast district and that 6 & 6 1/2 was more or less at least in best instance.

The report as put out was unanimous.

Nov 17

Tuesday. Cotten loan fund of 100 million dollars comm. - started today. We had much trouble with the Boston case. Harding & I went to Boston & met the clearing house comm. (see subcom): they said they would approve subscription of 5 million - we had asked for 10 - if I would secure opinion from aty Gen. after later Beale intimated that even then they might not do it unless their council Huletian sd it was not in violation of Anti Trust law.

I went back and the Pruett asked opinion of aty Gen who said it did not violate such laws. Meanwhile Huletian had given an opinion that the question was doubtful and that any director voting to subscribe incurred risk.

of indictment by a Boston Advertiser. Hurler
also went to Philadelphia and secured views of
John S. Johnson. The complete version was
not published - only the latter part adverse
against such subscription. Mr. Swinwell VP
of 1st Natl Boston told me that Johnson
held that the Anti Trust laws were not
violated.

The Secy invited a number of Boston Bank
Presidents to meet him in Wash. Monday Nov.
13. but all regretted for one reason or another
except Amory Cleveland of Webster & Allen who
came in & later subscribed to bond.

Easton told me in confidence that Stackton
of Old Col. Trust Co. defeated the motion to
subscribe - it was defeated by our vote.

Quinn Abbott came down Sat. Nov 14
and said Stackton (or his father Howard
Stackton or both) also voted against it
in the Merchants Natl. (Howard Stackton is a
lice man)

Easton also said that the Cotton Trusts
were fighting the bond as they felt it would
raise price of cotton they had to buy.
Col. Heffner wrote to some effect to
Sec. Meddow.

Swinwell told me that the Stacktons, Mr
Dunman and Mr Prudergast and also
Kiddie Peabody & Co bought it actively.

Nov 17

Tuesday Am. called who Stackton & Thayer and

asked them if they would vote to invest a
\$500,000 class A certifs w. out joining the agent.
They said they would take this up.

Stackton was somewhat angry at reports that
Boston wanted the gold pool for its own
benefit but was unwilling to help South
as to cotton; said Boston did not want or
need the gold pool; - that the banks save
their share - Trullin very reluctantly; he
even intimated that South given at the
banks' expense that Boston had 35
millions of gold obligations - was not true.

Nov 18

Wed. I wrote Stackton a letter quoting letters
from Beal Prudt of clearing h. association strongly
regarding use of a gold pool - saying the
whole clearing h. cause concerned (see letter
to him).

Stackton & Thayer both would they did not
subscribe. Stackton said in telegram that
he would not even touch it to a vote as
their policy was never to put to a vote
any matter against wh. there was strong
opposition (!).

Am disgusted w. the Boston banks & am
satisfied their refusal to come in was
due to,-

- 1) Anger at indictment of N. Haven directors
- 2) Republican policies.
- 3) Influence of cotton trusts who hoped
still further to depress cotton.
- 4) That question of Anti Trust laws was
merely a subterfuge.

Nov 20 Friday

Sir George Paish called on Secy who asked me to be present. Last week the Secy told the Reserve Board that the British Govt had told Sir George that it was so busy it could not answer the suggestions of the Bankers Com. for some days; the Secy added that financ. matters had so intervened that he felt it would not be harmful if the whole matter were dropped. He asked Warkley who was going to N.Y. to ask the Bankers Com., if they agreed to this, to make this suggestion wh. the Secy would give to Sir George.

Sir George at this interview - Friday - said he had heard nothing from British Govt but it was not surprising considering the matters in their hands such as the war loan, double income tax etc. Secy Meddow said he was in no hurry as Sir G. could confer with me while he was away at Jekyll Island and it was so arranged.

The Com. of State Dept called & said Dept was besieged w. requests to know status of the Reserve Board. I advised him to tell Asst Sec. R. Phillips to lose matter wh. w. Secy Meddow.

He said the State Dept felt harshly that our Board outranked Asst Secy & clearly outranked all Com. He said further they thought the Govt shld come next after the Solicitor General outranking Near Admirals.

Later I talked it over w. Secy Meddow. I said he was clearly wrong in stating some days or weeks ago that Compt. Williams outranked the Res. Bd as the Fed. Res Act - so far as related to Fed. Res notes, suits for violation of act etc but the Compt. as much under Res. Bd as under the Secy of the Treasury. He seemed to agree w. this.

I also advised him to suggest to President to be very liberal in fixing status of the Board as many of them felt humiliated and that it would be easier for us to insist upon the legal limits of the Board in many matters sure to arise if personally the Pres gave them a high status. I told him Com. of State Dept felt they were clearly above Asst Secs. He said Asst Secy was about to rule that the Board was an independent Board & that it would have been easier to rule they outranked Asst Secy if they were a branch of the Treasury Dept. He further said if they outranked Asst Secs this did not ability to humiliate the Comptroller. This seemed to trouble him very much. He said the Pres would probably be annoyed to have the matter brought before him but I pointed out that whatever their status was it shld be fixed once for all & he agreed to this. I told him also what Coakle said as to status of Gov. He said - clearly the

Gov. wants other members of the Board but if he were first clear about them it would seem anomalous e.g. on New Year's day to have the Gov. separated, & also the Vice Gov., from rest of Board and he thought the whole Board should have same status.

Nov 29 Sunday.

Mc Shays called. Said I gave him letter to Kennedy and Prudt gave him an interview & accepted invitation to speak at dedication of tablet given by Cong. to Clayton house in wh. Prudt & Kelly Madison lived after destruction of White House. Engraved invitation were sent out w. approval of Kennedy. ceremony to take place Wed. Dec. 2. That a few days ago Prudt wrote letter w. drawing invitation saying that otherwise neutrality might be violated; that the cause was in despair & contemplated giving up whole matter stating publicly it was owing to Prudt's withdrawal. I said I would see Kennedy.

Nov 30 Monday.

Called on Kennedy; he said McAdoo had written Prudt to withdraw invitation because of row of Secy w. Amer. Inst. over new buildings on Alty Ln. etc. I said I did not know McAdoo had written or I should not have come to him; that I feared such action would injure Admin. politically as it would send back the architects furnishing over whole country.

I said he agreed it was a terrible error & was very severe on McAdoo - said that before

Byron, Daniels & McAdoo the Prudt was heavy & hard head. Said he would speak to President & let me know.

Said also Prudt made great mistake in his attitude on segregation. I said if he had known facts he need not have justified, abhorrently, enforced segregation as there was none. at least in the hotel rooms, lunch rooms, and dining rooms in new Bldg. by Prudt. I blamed whole thing to him & he said I ought to see Prudt and tell him about it; I said I had telephoned a man, for Sec. McAdoo a few days ago.

He also said Prudt kept away from trouble too much; that being always with a Justice people thought him an invalid; that recently when going for Thanksgiving to Williamsstown Mr. Sayer took him to house by back roads to avoid crowd seeing him; that this had made him very unpopular.

Spoke also of Reserve Board & rumors of a split & resignation; said this would ruin the Democratic Party as the members or at least Warburg & DeLoane were big men and the people might side w. them.

I told him there were and would be divisions but I felt I could keep the Board together provided they did not feel humiliated & I told him of their desire to have their status fixed.

He said Prudt was disgusted with some of them & would like to remove them; that he said "they want their status fixed? Well, I

will status them!"

I explained to Trumbull that it originally might have been their social status, as Prudt thought, but that was not the question now: that they felt they were part of the army under lead of Prudt & that he should let them know wh. they were fighting as privates in the ranks or as officers; that there were many questions ahead on wh. they could give great trouble - that they felt they had great powers - far greater than I believed they had, and that it would be far easier to induce them to accept reasonable limitations of power if the Prudt showed that he had a high opinion of their status, but that as he humiliated them by e.g. putting them below asst Secs - it would certainly make them more tenacious as to their extreme powers, and that if their powers were what they claimed they would be as powerful as the Prudt himself.

He agreed w. me & said he would get Prudt to tell Asst Sec Phillips to have no action in matter of status until he could see him; also said Prudt should invite them to lunch & pay some attention to them.

Nov 30 Monday.

Spoke w. Asst Sec. Roosevelt. British Ambassador there; asked me if I thought it absol. nec. for Brit. Govt to reply immediately to our proposals through Sec Gen. Parish. Knowing Sec Meadow's attitude - explained to Asst Sec that he would be glad to have all negotiations lapse - I told him that showing personally and entirely unoffensively, I saw no reason for urgency in view of the great improvement in our export trade.

Dec 4 Williams, Capt. & Wallall came in - I think this was the day - to speak of Martin Sec. Meadow's sum. law. They had a telegram from Peabody, Int Director, of Seattle saying directors had voted not to comply Martin. W. was very indignant & Wallall had a reply. he proposed to send Peabody telling him he must fix the matter. I said this would not do & that it might embarrass the Asst Sec. & the Prudt. W. was said even if it became public it would embarrass nobody as Martin was the best man for the place etc (?). I said it would put in the directors hands a weapon they could use against us and the matter should now be dropped. Don't know what they finally did but fear W. will make some break.

Dec 5 Sat.

Spoke w. Asst Sec. Phillips.

Called on Asst Sec Phillips at his request to talk over status of Asst Sec. He said St. Louis had reached conclusion that Asst Sec was inferior in

status to Asst Secs & he showed me a list in which the order was Asst Secs. - Secs of Legation. Asst. Sec. & asked me my opinion. I said I felt that Asst. Sec. outranked Asst Secs as the Asst had in it the Sec. of Treasury & had broad middle powers. that As. Secs had no power except under orders of the Secy. He asked how Asst depended from P. C. Com^r and I said by fact that Secy of Treasury was on it. He said the President must settle it.

I then called on Hummel on another matter and told him, also told him the St. Fed had decided him down 8 or 10 numbers - as Phillips told me. He was furious & said no Republican as he shed his status - he was also impatient that we outranked As. Secretaries.

This evening dined w. Mrs. Sec. Phillips was there & again spoke to me and asked about my opinion saying he had sent letter to Presdt.

I reiterated my opinion and said the least that should be done would be to make As. Secs & Reserve Asst coordinate in rank each to outrank Secs of Legation. He at once agreed to this & said it was a happy solution & he would write the Presdt - I advised him not to & said I would have it with w. Sec. Meadew.

Dec 7

Monday.

Sec. M. returned from South, asked me about status of Asst & I told him all the facts.

To my surprise I found him suggesting in manner of difficulties as to giving status to Board ahead of As. Secs. He saw some difficulties

to making them of equal rank. He next saying that these difficulties were suggested by the Presdt - that he had nothing to do with it, that he would be delighted personally etc etc.

It was perfectly evident that he did not want the Asst to have any high status

Williams showed me a letter from Gov. Asst. Purn of blaming why Directors turned down Martin. It the only \$5000 job was cashed & that Martin admitted he did not properly fulfill such duties; that M. was affected w. tuberculosis & there was great indignation in Pa. want to such involve etc.

Dec 8. to Jan 1. 1915

Too busy to write in diary.

Had several conferences with Asst Sec Phillips over with Sec. Meadew, at wh. Sec. M. next speaking of the difficulties of making Asst. Asst rank ahead of Asst Secs. and of course the Phillips agreed with him. I told them frankly that I did not care a straw about the matter but that my associates felt very keenly about it and several had said they never would have accepted membership on the Board if they thought their relative position was to be on a par with Asst Secy's - that it would interfere with their duties to put them in such a relatively low position, especially the rank originally suggested to the Presdt by Phillips - to put

not be ahead of Secs of foreign embassies and legations and to put the Reserve Board behind them.

I added that in my opinion the Reserve Board outranked Art Secs from the very nature of the great powers granted to them by Congress, while Art Secs had no powers whatsoever except to carry out the orders of the Sec'y and from the further fact that the Board was absolutely independent, as ruled by the Atty Gen, in so far as its principal duties were concerned.

Sec. M. then expressed doubts as to the other Comms - the Int. Com. Com., Civ. Serv. Com. etc.

I said the Reserve Board differed from a Comⁿ 2) It has in it a cabinet officer 3) It is independent 4) There is no appeal from its decisions.

I begged the Sec'y to take w. the members but he did not want to and finally suggested that Phillips had better do this.

Finally I brought matter before the Board and it informally asked DeLoans and Miller to see Phillips later.

Subsequently Phillips told me he had had a talk with both and that Miller was very better.

I told Phillips that it was a very risky matter, that the members were lay men and had taken office many at great personal sacrifice & that to make them feel humiliated would impair their work and usefulness. He seemed very much

disturbed and said "you know the President has already decided the question". I did not know this nor how he had decided it and did not ask. He added - "However he will undoubtedly change if the St. Dept asks him and we must satisfy the Board and I will recommend that the Board be given a status above Art Secs.

Have not heard from the matter since except that we gave a dinner Monday Jan 11 at which Harding & Art Sec. Malburn were present: I asked Couse of the State Dept how to seat them and Dept had a diagram putting Malburn ahead of Harding.

He wrote a letter saying that he had changed the list putting Harding ahead of Malburn.

1915
Jan 1 +

Sec. Lane told me at my home new Tuesday that Sec. M. was disturbed about the Atty Gen's opinion that the Board was independent of the Treasury. Sec. Lane also told ^{Mr. Miller} ~~Bertha~~ that it was absurd not to put the Reserve Board ahead of Art Secs & Mr. Miller told Bertha.

At a dinner Jan 13 at Sec. Bertha's he told Bertha we were clearly ahead of Art Secs.

Atty Gen Gregory in the latter part of Dec. told me over the telephone that he had no difficulty in deciding that we were independent of the Treasury but that his

open had been "held up" for a long time - adding that "I would understand" meaning that Sec. 14 had had it held up.

Jan 16

For the last month we have been preparing regulations on acceptances under Sec 13 & 14 of Fed. Res. Act. Warburg has prepared many drafts - all of which he has mixed up 13 & 14 and I have insisted in their being kept distinct. Sec 13 has to do with closed market operations while Sec 14 is entitled open market operations. To my mind Sec 13 merely gave the privilege to member banks to accept import & export bills while Warburg claims - one counsel Elliott agreeing with him - that "acceptances" in Section 13 means the same as "banker's acceptances" in Sec. 14. Such an interpretation would enable the Fed. Res. to discount - when endorsed by a member bank - acceptances of State banks, Trust Cos and as well as of private banks. I do not believe Congress intended to give any such privilege to State banks and private banks under Sec 13. The H.R. Act as passed by H.R. in express words limited such ^{discount of} operations to acceptances of member banks when endorsed by at least one member bank. The Senate in various drafts of amendments claimed their words until the Owen modified amendments of Dec 1. which were adopted finally by the Senate. The Owen draft struck out the words of "member banks" leaving the power in the Res. to discount "acceptances" generally.

I thought this was done merely because it was unnecessary to repeat the words member banks, as it was plain that this was the intent of Congress. I called up Sen. Owen who said while not clear in his recollection yet he thought he intended to broaden the word. Even so then I think the word is plainly limited to member banks and he has thoroughly agreed to this & regards the distinction as vital.

To my mind, Sec. 14 - the open market powers - is much broader than S. 13 and extends to all acceptances, not being limited to imports and exports. On the other hand Elliott claims the power to purchase acceptances under S. 14 is also limited to imports & exports.

To my mind there when such powers were given - not to encourage the currency by Amer. banks of the import trade (this was done by S. 13 giving member banks power to accept such transactions) but merely to give Fed. Res. a right to establish a liquid secondary reserve at times when there was no demand for redemptions of commercial paper and also the right to protect its action in raising or lowering the rate of discount to protect the gold reserve by buying or selling in open market in competition w. member and all other banks so as to imitate or contract credits.

Warburg contends that S. 14 as also S. 13 was intended to encourage the currency of import transactions - a very narrow view

The question may be asked - what debenture does it make? The answer is, in my view Sec 14 relates only to extraordinary powers to be used only when actually necessary for the protection of the Fed. Reserve system under stringent regulations, while accord. to Washington view Sec 13 gives power to Fed Res. bank to discount St. Bk. acceptances and private bankers acceptances as a regular operation.

To my mind, everything under Sec 13 must be done as a matter of right on the part of those concerned i. e. State Bks, & indus. banks as well as Member banks (if 13 covers them), while Sec 14 is simply an authority to do certain things when beneficial to the Fed Res system.

In other words under Washington theory it is our duty to invest a certain portion of our resources in acceptances of St Bks and private banks. I agree that such is our duty as to all properly covered by S 13 i. e. Member bank acceptances but that all other acceptances must be governed by our conception of the needs of the Fed Res system. In actual practice, W. S. theory might result in a very large proportion of our assets being constantly invested in acceptances of banks or private bankers outside of the system resulting in instability of the banks to help other Fed Res banks by reducing operations.

Unusually, W. combined all authority to make such purchases to acceptances when

endorsed by Member banks which at least had the merit of giving the direct benefit of the operations to such banks. Mr Strong objected vigorously to this & W. accord. changed his views & tried to give all knowledge without any limitation to member bank endorsements altho the Fed Adv. Council apparently held us they should be so limited.

I also insisted a limit should be set to the amount wh. a Fed. Res. bank should so invest & W. bought this betterly as also my proposition that a limit should be set to a certain proportion of its net assets of any private bank or bank thus accommodated.

Finally we arranged & rather W. drew a draft of regulations under S. 14 chiefly but including also S. 13 which awarded the broad construction of acceptances wh. he contended for under S. 13. I finally after consultation w. Willie - agreed to accept this as a compromise, there being inserted a statement that the spirit of the law limited such transactions to acceptances of member banks or endorsements by member banks. I insisted however on the other limitations mentioned above.

Thus we recd a letter from Senator Owen enclosing a telegram from Jacob Schiff protesting against Federal Res. bank discounting acceptances of banks and bankers for the assistance of the Russian Govt. Sec. 14.

thought we did not interfere; I took the contrary
view and told him we did not under the Act
buy foreign Govt notes or bonds or discount a
note of a Gov. Govt and so we ought not to do
the same thing indirectly. DeLano took a
view to the opposite view. Finally we all
agreed to write down that no regulations, authority,
acceptance had yet been issued and that
we would carefully consider the Schick telegram.