

*CSA Annual  
Diary*

vol 6.

*Mar. 28, 1920 — Oct 12, 1922*

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Diary.  
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Mar 28. Sunday

Justice Clark of U.S. Sup. Ct. was with us. I told him in confidence about the Sec. of Treas. matter. He was very much shocked & said there were influences operating in Pres. who were of great menace; that wh. will or not, the Pres. was cut off from outside world & he saw and heard little not given to him through various trusted sources. He did not think McAdoo had as much influence as formerly, but then I doubted him. He thought outside influence operated through Tamm & Grayson. He said he felt certain I could be seen; he did not say directly how he knew this but he left no doubt in my mind and that he had originally gone to see Hoover about me & that Hoover had told him the matter was settled. He thought present conditions were very critical; he evidently heard that the Pres. was not having a free hand, and was not fit to have one in his present condition. He was very ~~enthusiastic~~ about ~~the~~ ~~matter~~



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of Ohio as a Presid. cand; said he was a self made man, shrewd & successful & would make a good President; that he did surely carry Ohio. He also spoke incidentally about the S. C. ex. Said none of the judges would resign while Wilson was Pres; that Ch. Justice White was old & ill; that he had become very deaf & had a chronic bladder trouble; that while nominally a Dem. he (Ch. J. W.) had little sympathy for Dem. doctrines; that he was more like an old time stand fast Republican; that he had no sympathy for Wilson nor for any of his policies.

Nov. 29 Sunday

Sec of War said he wanted to obtain advice and assistance of Board, as he was auth'd to do, under RR Act, to trans when adequacy of securities offered by RRs for advances under the guarantee & loans from Revolving fund. We decided it was well to appoint a Com<sup>tee</sup> to assist Board; we sent for Compt. of Treas. who said that the Bd. did not have & answer for RR any of the money necessitated by anything Congress ordered Board to do.

We voted to appoint Wainwright, Illiano and Bradley Palmer a Com<sup>tee</sup> of 3 to assist us. Dr. Miller took hold Illiano's hand. (I am not

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sure the Presd't will like them, but Illiano is well qualified for this work, & Sec Houston did not say a word to indicate any objection on his or on the President's part.)

Nov. 31 Wed.

Walked in with Sec & Mrs Houston. They were very much disturbed at Presd't taking Crane House at Woods Hall; said it was a disaster to them, would spoil their summer etc. Intimated they would go to Boyden's house in N.H. for good part of summer. I was shocked at their lack of loyalty. Houston was very bitter towards Hoover; said he was a thoroughly self seeking, unprincipled man; that he was very shifty - could not look you in the face etc; that this had always been his policy & Hoover's letter saying he would accept Rep. nomination simply emboldened him in his opinion of him.

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April 4. Sunday

Sen. Samsbury called & talked hour with the Dutch Minister & Mr. McClintock. The Sen said a close friend of his had had a talk with Sec. Colby a few days before his appointment as Sec. of State & that Colby spoke very bitterly and contemptuously about the President and his policies.

April 6 Tuesday

Justice McKeyquold called & said the Court had a dissent a decision in some litigation involving lease side properties & asked me my opinion of it. I strongly endorsed him but felt it my duty to tell him the Pres did not like him on acct of the letter he wrote 4 years ago about him & his saying his whole family to Chicago to vote against him. I also told him about his row with me over the Gov of the M Board.

I told him I felt it to be my duty to tell him all these facts and then said that in spite of these facts I had induced him to stay on night in our Board, and added that in my opinion he could not,

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on the whole had a better man.

Before going, he spoke of the political situation; he said McAdoo was a "damned crook" and that Palmer was little better.

He also said that, while he knew nothing about it, he believed the President was a dying man.

Details of operation.

Last Sept. <sup>1919</sup> consulted Dr. Chute of Boston who examined me and said I had a distinct enlargement of the Prostate gland; he drew off 8 oz of residual water. He said he would hardly feel like saying that an operation was absolutely necessary at this stage, yet that if I wanted one he would not dissuade me. He told me to come on again during the winter and he would examine me again.

We were so busy in the Board that I could not go on to Boston. In some time I could not see any special change until about February <sup>1920</sup> when I caught a slight cold which seemed to affect the gland, as the desire to urinate became more and



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more frequent. I had no feeling however that there was much residual water in my bladder.

Finally I thought I would consult some surgeon in Washington merely for the sake of checking the matter up. I consulted Dr Randolph who advised me to go to Dr H. A. Fowler, who was one of President Wilson's physicians. I made an appointment and on Wed. Apr 7 he drew off my water and found 30 oz. This seemed stupendous as I had no feeling that I was carrying any such amount. I then went to him every morning & later twice a day. The water fell to 14 oz the 2nd day and later varied from 14 to 24.

The doctor gave me neotrophin and said possibly the residual water might be reduced even as low as 6 oz which would postpone all of a immediate operation, but that if not so reduced an operation was inevitable.

I went on for 9 or ten days but the residual water remained very high. Each morning before the Board meeting I had to leave

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my water drawn and again in the late afternoon. I could not have any water until 5 or 6 hours after it was drawn off and then I could have it almost every 30 minutes or was obliged. Finally in the night I began to have it involuntarily wetting the bed.

I felt this could not continue and I made arrangements to have Bertie go to Boston with me on Sunday April 18 to see Dr Chute.

Dr Fowler said he believed my case was a simple one, but that the fact that I accidentally had sugar complicated the matter. I told him I greatly preferred having the operation in Washington and done by him but he advised me strongly to have it done in Boston where I could be under Dr Joslin's care as to diet etc which he considered vitally important as Dr Joslin knew all about me.

On April 17 we had a meeting of the Board all day and in the P.M. I was terribly distressed having to have water about every 20 minutes.

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I also felt warm and really ill. Finally I went home and told Berta I could not wait until Sunday but must go tomorrow Friday by the day train. I then telephoned Dr Chute who said he would see me at his office Friday evening.

We had a dinner Friday evening on the Belgian Ambassador & I begged Berta to stay over for it. She also had to make arrangements for sending her servants home as we decided it would be better to have the staff home ready for me after my operation. She did not want to do this but I told her the operation undoubtedly would not be done on some days & she could leave Sunday or Monday. I promised her there would be no operation before she came, unless it were some preliminary one which the Dr might insist on at once.

Finally I decided her to consent & leave the day train for Boston on Friday April 16. The day before I told Harding & Houston and they were very kind & sympathetic.

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See Houston told me in confidence that he also feared he had the same trouble and seemed much worried about it.

On the way to Boston (my water was drawn at 7 am by Dr Fowler) I began to pass water about 1 PM and it was continuous almost every 20 minutes. The train stopped at many stations & the W.C.'s were locked and I suffered tortures. And, being sure that no one was about, I had to urinate in the vestibule between the cars.

I finally reached Boston where George met me & we went to Dr Chute's. He drew off 14 oz & told me an operation was absolutely necessary. I told him to go ahead & he telephoned the Coryell Hill Hospital & engaged a room for the next morning. That night I slept at George's house.

Sat. morning April 17 I went to the hospital, after breakfast at George's, & immediately went to bed.

At about 10 am Dr Chute arrived & I at once went up to the operating room and stretched out on the table. The doctor then gave me an injection

Entered hospital  
Apr. 17

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of Novocaine which did not hurt at all. He then began telling a very uninteresting story to his Assistant, & was in my back and could see nothing. I was almost tempted to tell him to stop talking & get down to business when he suddenly said - There that is done! He had cut a large hole just between my Navle and Penis & I had been utterly unconscious of it all - not a pain or sensation! Then he said, I must now put a tube into the bladder and this may hurt you some. I should say it did. I felt him pierce my bladder - the morning water had not been drawn off so he could get at it more easily. I also felt the urine shutting out but this did not hurt much of any. \*The placing of the tube in the bladder, however, was very drawn out and extremely painful, in fact my legs had to be held firmly by his assistant. This must have taken 10 or 15 minutes & I was in agony. Finally a half inch tube was inserted connected w. a long rubber tube

\* Probably the pain came from the expansion of the bladder to bend its internal contents.

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which crumpled into a large bottle and the whole around was bandaged up & the operation was over. There was no pain whatever after that although the tube was very irritating - it felt like a cheap, badly frayed cotton umbrella. If I had realized that this was to stay there nearly 5 weeks I should have been in despair.

That day I had Grape fruit for lunch, broth in the afternoon and 1 egg, butter and milk for supper. I felt perfectly comfortable - no pain - except some irritation in the bladder.

I do not know why this was done under Novocaine - except that Dr. Joslin said he did not approve of ether in my case, altho' he said I was very nearly normal as to sugar. I should think gas could have been used. The next day I smoked my pipe comfortably & settled down to business. Better came on on Monday.

Dr. Clark & Joslin said the reason for putting in the tube was that I was literally dried up and emaciated for want of water & food; that the residual water had irritated my



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kidneys, altho otherwise they were in perfect condition, and that I needed a thorough washing out of system & carbolic dressing before the final operation. For 5 weeks I had to drink a glass of water every hour! Dr. Chute said the final operation should take place in about ten days.

Finally after about 2 weeks he said he was ready & Dr. Joslin said I was in such splendid condition on the point of view of diet that he had no fear of the result. Dr. Joslin however had to go to a convention at Atlantic City & Dr. Chute said he preferred to wait until his return - that the delay would be beneficial rather than otherwise, so it was postponed on a week - much to Bertie's disgust & somewhat to mine.

About the 3<sup>rd</sup> day after the first operation I was able to sit up in a chair & be wheeled out onto the piazza. Sitting up was very uncomfortable as the tube was very irritating. Later I began to walk - a small bottle being sewed in under my dressing gown. I found I could walk or lay in bed

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with little discomfort but sitting in a chair was very unpleasant. During all this time sedatives - bromides were given me in the day time, I suppose to allay the irritation of the tube, and also at night. They made me very drowsy in the day & did not operate very well at night. Finally at my request they omitted them by day, much to my relief. My nights were awful - terrible dreams - & every 2 hours I had to be awakened to take my water. I dreaded night & this lasted up to my leaving the hospital. It was very difficult to sleep as the long tube made me lay in awkward position. I was bolstered up with pillows which were very comfortable at first but became almost torture in the night when my position would have to be changed. I had two nurses - Mrs. Carr on the night & Miss Hartnett for the day. The latter was wonderful - kind & sympathetic; the former, very able but not very sympathetic.

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When I entered the hospital my urine had a point trace of sugar - so small it could hardly be quantitatively analyzed and this necessitated me to the 2nd operation. Dr. Juelin said he did not mind this as he thought it caused by the irritability of my bladder combined w. a slight temperature.

Finally, before the 2nd operation I was able to walk about a good deal & had a splendid appetite.

Berta came out every morning & had to see continuously all day up to 6 P.M. or later. She was a tower of strength to me.

The final operation took place in the morning of May 6.

I had no breakfast but a strong business Mrs. Hartness gave me an injection in my arm of Morphine & something of the kind, which I could not feel affected me in the slightest. I was dressed in a hospital jacket. The Dr. Herman Allen, the expert in anesthetics called & examined me. I told him - what he did not know - that I was not to have ether but spinal anesthesia.

Final operation

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I was wheeled up to elevator and operating room & took my seat in operating table. Then I sat up & Dr. Allen put a needle into my spine - this however did not hurt at all. I then laid down - my legs began to feel numb but I was conscious of touch. Dr. Allen said you will <sup>be</sup> a great blessing down on the wound but without pain. The pressing down was the hand of the surgeon pushing down into the wound & washing the prostate gland breaking it off with his fingers. It took 3 times to do this. The bulging of pressure was tremendous with considerable pain. When Dr. C. saw a bill of the gland the pain was intense. I stood it twice & then said I can bear this no longer. Then Dr. Allen asked me to breathe in some gas which was delicious - no choking or any thing of that sort. The minute I began to breathe it Dr. C. put in his hand for the 3rd & last time but after not unconscious I felt no pain but had a dreamy comfortable sensation. Then Dr. C. said - it is all done & a very simple case. Then the 1/4 inch tube

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was rinsed and a catheter put  
 + fastened in my penis - matter of  
 which I remember, the wound was  
 bound up & I was put in a letter  
 and carried down to my room.  
 I had not the slightest pain nor was  
 I very uncomfortable. My legs  
 remained numb for an hour or so  
 but rubbing finally made them  
 disappear.

They gave me grape fruit or dennis  
 and orange & white of an egg on Sunday.  
 The next morning I had an egg and best  
 mutton & grape fruit for breakfast  
 broth & milled biscuit for breakfast,  
 1 milled biscuit for lunch, and mutton  
 juice, white of egg & milled biscuit  
 for afternoon tea, and chicken, milled  
 biscuit & broth for dinner.

The big tube was taken out on Sunday  
 the fourth day after the operation  
 and for about a week I suffered  
 great inconvenience from leaking  
 through the wound and I smilled  
 like a RR animal. One day my  
 bandages had to be changed ten  
 times.

May 10 1920

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The trap closed up rapidly: the only  
 check was that one day the  
 catheter closed to work and there  
 was a blood through the wound.  
 The catheter was taken out and  
 then put in again. For the first time  
 it gave me great pain as I suppose  
 it passed by the wound caused by  
 removal of the prostate. This was  
 the only time that getting in a  
 catheter caused the slightest pain.  
 The leak however quickly healed up  
 and on Wed. May 26 the doctors said it  
 was practically solid and the  
 catheter was removed.

For a day or two after that I had to  
 urinate very hard day & night.  
 Then I had to practice holding my  
 urine for 2 or 3 hours.

Finally about the last of May - (Berke  
 went to Wash. May 26 after removal of  
 catheter) the Dr. put in the catheter  
 to see how well my bladder was  
 emptying: he drew out 4 oz. I was greatly  
 disturbed but he said it was all  
 right. Two days later he tried  
 again & 2 oz was the result. The



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Dr. Chute went west & a few days later Dr. Smith put in the catheter & found only 1/2 oz. which he said was perfect & he did not trust it in again saying it was unnecessary.

At Dr. Jordan's request I took Mrs. Hartwell to Mt. for a week after I left the Hospital - June 9 to leave after my diet and dress the wound wh. still had a sheels wh. was unhealed. On June 16 she said it was absolutely healed, removed all bandages & left that day.

June

Left Hospital June 9.  
Dr. Chute sent me a check of \$2500, but said if I thought it too high not to hesitate to say so. We finally agreed on \$1500 which I took.

July

The latter part of month I went down to Washington for a week and then alternated - one week in Wash. and one in Mt. until after election.

During the summer Judge Clark of Sub. Ct. of U.S. went thro the same operation - he was operated on by Dr. Hugh Young who who performed it by going up near the

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anus. He was out in 3 weeks but had a wretched time all summer. He seems now to have perfectly recovered.

During the summer, one day while dining, Sec. Hamilton said that shortly after I left leaving to a dinner was held at Chevy Chase club by a number of Democrats in response to a request by President Wilson to consider wh. he would any duty of considering running again for Presd and that while a large majority thought it well he most would a somewhat general answer was made to him. H. said this Wilson was most anxious to have him run, but Admiral Tamm said he had not the physical strength to do so.

Nov.

Dr. Coughlin died & I acted as one of the honorary bearers. (See Speech Bk.). Justice Chase called one day and said C. Justice White voted - by mail - for Harding!

The Board is being besieged by Cannon, Cullen & Robert Fleming, to give

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instructions to Mr. Board to advise members  
Board to special loans to farmers, that  
was alleged policy of deblate had  
nearly ruined them. Ev. H. & Board  
just out business to show that loans  
to farmers will certainly lead success  
abnormally. (See Sec. Board).

A strong effort is being made to revive  
the Gen. Credit Act.

Hendry & Hunter observed this before  
H. & Sen. Com. etc.

Believe it would doubtless cause an  
increase of deblate yet I am not at  
all sure it might not relieve the  
situation other than the Treasury point  
of view it would increase the money  
of many troubled cities.

Audison pointed out that probably  
a material part of the 3 or 4 billion  
of credits granted to business transactions  
by one of houses were carried out by  
redemptions of coin oblation and com.  
Paper & that the M-board was  
really carrying the load. (See Sec. Board)

I feel that the revival of Gen. Cred.  
Act might reduce the  
burden at least in the future

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also amendment offered by  
5% or max. disc. rate of  
Mr. Board.

Deblate is an almost inevitable result  
of war and I am not sure but that  
to some degree it is essential to restore  
these conditions.

The Senate passed a resolution recommending  
that the M-board pursue a more  
liberal policy in granting redemptions  
to farmers.

Hendry told some Senators that if  
this <sup>5% amendment</sup> resolution became law, he and a  
number of members of the Board  
would resign. This may or may not  
come but I doubt whether any other  
members would resign.

The H.R. struck out this resolution  
and yesterday, Dec 20, the Gen. Cred. Act  
passed both Houses but with the  
Resolution eliminated. It now goes to  
the President.

A few weeks ago a Bill was introduced  
making certain factors liable  
for redemptions. As the Board agreed  
it passed, the factors should be secured  
by wh. debts covering readily marketable  
stocks & that the word "certain" should  
be stricken out making Bill ability



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to all factors & com<sup>m</sup> credits holder.  
Williams & I voted for it and the  
rest of the Board voted against it.

I insisted that Harding should say  
a majority of the Bd opposed it.

Plant said he thought the bill  
would do no harm but he joined  
the majority against it.

I pointed out that in N.Y. certain  
com<sup>m</sup> credits holder was being taken  
for redemptio<sup>n</sup> wh. was same in number  
as factors holder.

At my request I was asked a com<sup>m</sup>  
of 1 to leave into this.

December

on Dec. 18 Bd voted to annul all restrictions  
in exchange dealings with Bolshevik  
Russia. We had, a few days before,  
a conference w. Under Sec. Davis at  
which a number of State Dept officials  
including Mr. Hoover, Mr. Amb. to Japan,  
were present, also some of the  
of the Board.

Under Sec. Davis said the State Dept  
last July had announced that  
trade w. Bolshevik Russia had been

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carried on, but at risk of all traders,  
that this should not be done while any  
restrictions existed and he said his  
Dept would take all responsibility.  
He said we must act as Board had  
delegated all power over the matter  
to the Sec. of T. & M. Board; that the  
President wished us to act in the  
matter.

Apparently the matter came to a head  
through the application of a Jewish  
Relief Society to send money to Russia  
via the Bd of New America (I think that  
was the name) of N.Y.

We had turned down this application -  
Lodge said the board had an unimpeachable  
record.

At the conference Lodge and I insisted  
not that to abolish all restrictions  
would permit Russian Rubles to be  
imported and sold illicitly to  
our people and also Russian gold  
to be used in U.S. to overtake  
gold.

Under Sec. Davis said no one would  
buy Rubles & subsequently said the  
Dept wanted these restrictions removed.

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He also said any one who gave numbers in Russia by getting a bank to buy them this would be a bank to build them.

He also said Bolshevik gold was now being brought in indirectly.

I pointed out that that was hardly an argument for releasing all restrictions.

Discussion was also had as to the kind of money gold of doubtful origin. We all agreed that releasing restrictions would not affect power of kind & amount.

at the discussion in Board I explained when that the Board had no doubts as to whether the President delegated all power to Sec. of T. w. power to appoint Agents & that he had advised the Board to act similarly as his Agent & only, to his approval.

I reminded the Board that originally we did not want to accept this view as Agent of the Sec. of T. but that he had insisted.

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It was pointed out that the President by proclamation in doing away with restrictions had empowered the Sec. of T. and Board to keep up restrictions in Bolshevik Russia as they might deem advisable, and so the Board must now affirmatively vote whether the restrictions should be removed.

I stated that the reference was to the Act as Agent of the Sec. of T., and that if he deemed it advisable the Board must concur.

A large majority of the Board thought it most indiscreet.

Finally, a resolution was agreed to making it clear that our action & that of Sec. of T. rested solely on recommendation & request of State Dept.

I voted for this, explaining that in my opinion it was the plain duty of the Board to carry out the policy of the State Dept in dealing with Bolshevik Russia, as requested

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He also said any one who uses gumblers in Russia by getting a bank to buy them then they could borrow bank to buy them.

He also said Bolshevik gold was now being brought in indirectly.

I pointed out that that was merely an argument for releasing all restrictions.

Discussion was also had as to the kind of gold of doubtful origin. We all agreed that releasing restrictions would not affect source of kind & amount of.

at the discussion in Board I explained when that the Board had no doubts as to by resolution the President delegated all powers to Sec. of T. w. power to appoint Agents & that he had advised the W. Board to act simply as his Agent & only, to his approval.

I reminded the Board that originally we did not want to accept this view as Agent of the Sec. of T. but that he had insisted.

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It was pointed out that the President by resolution in doing away with restrictions had empowered the Sec. of T. and Board to keep up restrictions in Bolshevik Russia or they might deem advisable, and so the Board must now affirmatively vote whether or not the restrictions should be removed.

I stated that this resolution was to the Fed as Agent of the Sec. of T., and that if he deemed it advisable the Board must concur.

A large majority of the Board thought it most inadvisable.

Finally, a resolution was agreed to making it clear that our action & that of Sec. of T. rested solely on recommendation & request of State Dept.

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by the President thru the State Dept and that the vote was not to be in any way considered as an expression of opinion as to its advisability by the Board.

I said it was exactly like the question of votes on Fed. bonds. The Sec. of T. paid these votes wholly about the Fed & that then it became duty of the Board to protect these votes thru higher discount rates or taxes secured by the bonds.

I said further that, on the witness before me, I was not at all sure of the advisability of throwing all restrictions aside, and cited to some of the Board the deed of the Dept of Labor to deport Hartman, in which it was stated that the Bolshevik Govt was trying to overthrow our Govt and was sending men and gold here on that purpose.

I said I voted on the throwing off of restrictions on ground that it was

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merely an administrative duty in which we had no discretion but were bound to carry out the policy of the President as declared to us by the State Dept.

I am amazed at acts of State Dept and believe it will be severely criticized.

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Nov. 11.

Went to Richmond with E. H. Platt, & will be guests of Compt. of Cur. left there Sunday P. M. 13<sup>th</sup>.

The Compt. said the Pres of the Court has RN had tendered us his private car. I advised the members that this was in violation of Int. Law Act and they asked me to tell Williams we did not accept it. I told him & he seemed amazed at our deed & said it did not violate the law. I asked him to consult the Com<sup>r</sup> & he said he would. Later he told me the Com<sup>r</sup> said if the President's car happened to be in train & we had accepted we broke the Pres<sup>t</sup> old invite us to ride with

Williams told me I could say that is concerned, he would resign immediately after when Adams visit out. Hebborn said Williams said same to him.

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him but that if the case was that on  
our own behalf the bank would need  
be paid & we should be violating the  
law by accepting it; Williams said  
the case was that in fact on our  
behalf but that we certainly should  
accept it as nothing would be  
said about it, that he would assume  
all responsibility.

I told him we should not accept it  
and we did not.

The Compt. should utterly amazed  
that any one should think that he  
was amenable to any law!

His idea of law is a rule of action  
for all except himself!

Some time ago the Compt. sent Hurd  
a long letter to object that the  
Mtn of N.Y. was loaning money  
to its member banks which  
were using the money on call loans,  
stock speculation, investment loans  
to the owners of obsolescence; that  
the N.Y. bank was continuously  
redempting w. other Mtns & selling  
them its assets to obtain money

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on the market; that the rest of the  
country was denied of all funds  
on the market; that the discounts  
of the N.Y. bank were greater than  
any other Mtns added together;  
that all rates should be reduced to  
6%; that the Atlanta plan of lowering  
rates to 4 1/2% on loans secured by  
U.S. bonds issued by Congress and  
acquired since Aug. 1, 1917 should be put  
into effect; that all temporary rates  
be abolished.

There were in all 3 or 4 letters which  
utterly attacked the Mtn of N.Y. and  
by all implication the Mtn Board.  
The letters were evidently written by  
publication; in fact, a newspaper  
Mr. told Harding the Compt. told  
him he was writing such a letter  
but Mr. Hurd had received it,  
altho' the Compt. subs. denied he had  
sent this - (a plain lie.)

I begged the Compt. to withdraw this  
letter and go into the Board and  
make any motions based on it  
wh. he might desire to make. I  
said the letter would be corrected



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as a letter, written attack on the N. Y. bank & the Board & seemed to imply that the Fed deliberately favored the N. Y. bank; that the Comptroller had never offered any motions in the Fed along the lines of his letter. He was obstinate, however, and said he will not withdraw the letter (this was the 1st letter).

A few days later, Rank, a No. Dakota congressman moved to investigate the Fed in a resolution setting forth the chief points of the Comptroller's letter.

The Board questioned the Comptroller & he finally admitted he had sent the letter marked confidential to a member of the staff. He gave the names of some and refused to give us a complete list.

He is a demagogue of the first water!

Mr. H. replied to his first two letters showing us various inaccuracies in his figures & conclusions.

He then moved that his first letter be admitted as the basis of

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the Board. I moved that the whole matter be tabled until the Comptroller presented in writing any motions he cared to make based on the letter. This was passed much to his indignation.

Later he made several motions which the Fed voted down, as to the  $4\frac{1}{2}\%$  bond rate. It appeared that he did not even know what the Atlanta resolution was. In fact Atlanta wanted to limit to a  $4\frac{1}{2}\%$  rate on the bonds of banks who had capital bonds after Jan 1, 1917, when they had bought them before then as a mere speculation, and this rate was not to be applied to such bonds taken as collateral on customers loans, - in other words the banks alone were to be given the benefit & the insiders who had long since got no relief.

This appeared to combine him & he modified his motion so that it would include these latter bonds. Mr. H. protested and that he originally favored a plan something like this but our Council said it did not

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lowbally be done. These of course did not please Williams as ~~is to~~ & we finally voted him down.

Williams then wrote another bitter letter and moved that all progressive rates be abolished & that all rates be reduced to 6% i.e. go & make and M. on call N.

We pointed out that he originally voted on progressive rates, that all districts had abolished them except St L & Kas C.; that the Board looked ultimately to wipe them out but wished to give St L & Kas City time to do this in an orderly way; that no progressive rate had made the general rates as high as 7%. He was, of course obstinate & we voted not to abolish these rates at present.

On our motion to reduce rates to 6% we pointed out that only Boston, N.Y. & Dallas had a 7% rate and that N.Y. said that lowering the rate would encourage wild speculation while Dallas had just put up its rate to 7% to save its reserve situation

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Finally we voted not to reduce these rates at present.

Sat. Nov 26

Williams wrote another bitter letter attacking the Mbrs of N.Y. and subsequently the Board. The Board remained in session all day up to 6.45 P.M.

Mr. Steyer was present.

Mr S. pointed out that, as regards the Chase bank, which was the principal point of attack of the Comptroller, the report of Oct 1919 was sent to the Res. bank some months later but not the yellow sheet which was never sent; that the Examiner stated generally in the report that the bank was in good condition the criticisms being only minor ones; that there was nothing in the report to hint the bank or notice that there was anything wrong as to its credit standing; that the Compt. if he found any weakness as to internal management when the criticism sheet had placed the onus on the special list; that he did not even make 2 examinations during 1920



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and made no examina Oct 19 and  
 Aug. 1920, altho his yellow sheet  
 wh. he never gave to the bank but  
 am in notes; that he had examined  
 only a portion of the N.Y. bonds twice  
 during 1919, and that he was not  
 advised of any examina of any N.Y.  
 bank made twice during 1920.

The Fed. Com. then made a tentative  
 report placing the responsibility on  
 the Comptroller for the serious condition  
 of the Chase bank, because of his  
 violation of law as to a 2nd examina.  
 This was finally referred back to  
 the Com. to consider whether they  
 desired to change their report in  
 view of his letter.

The Compt. refused to state whether he  
 would reveal the names of those  
 to whom he had sent his letters,  
 but said he would answer in  
 writing later.

Wed. 28<sup>th</sup>

Henry Compt. Compt. was asked  
 if he desired to present charges  
 vs N.Y. Bd. but gave equivocal

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answer.

I asked him if he considered the Board  
 on the N.Y. bank. He said on the present  
 loan at 200%, which had long ago been  
 paid off and wh. Compt. himself  
 said he did not know of until  
 5 months after examina report filed.  
 He gave an equivocal answer.

W.S. asked him if an examina early in  
 1920 would not have resulted in a  
 correction of the serious condition in the  
 Chase bank and he gave an equivocal  
 answer.

At the meeting of Saturday will  
 begged the Compt. to admit he was  
 mistaken in his criticisms & to withdraw  
 his letter & I joined in this request  
 but he would not do it.

Wed. Nov 28

Meeting at 10.30. The Compt. presented a new  
 letter on subject of Guar. Trust Co wh. he  
 said he would not read but asked to be  
 read in words. He then introduced the yellow  
 sheet of examina of Oct. 1919 of Chase  
 Natl bank and read part of it. He

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which this was a brush copy obtained from the agent by telephone as one of the sheets of the original, in his possession, had been torn. He read part of it and it disclosed that the agent indicated that the management was safe and its condition sound. He explained that this was merely the opinion of the agent under the conditions then existing & it was difficult to know what trust of the answer was the agent's & what trust the Comptroller of the Currency.

But he had the audacity to claim that the abstract sent to the bank had it in notice of conditions concerning what the agent stated were sound!

He then observed a letter from Sen Owen explaining why he had not been embroiled together w. some report submitted by Owen. I objected on the ground that the issue before me was not the confirmation of the Comptroller. It was finally decided that as a matter of personal privilege he could introduce it.

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He then read a letter in which he ~~stated~~ refused to give the names of those to whom he had sent his letter, as he did not wish to put them in the hands of a partisan body which might say things in criticism of him which he could not stand about. It was a gratuitously insulting letter. He had not hesitated to send out ~~the~~ <sup>but</sup> letter attacking us & the N.Y. Whelan, behind our backs!

The report of the U.C.C. Com<sup>tee</sup> was then read severely arraigning the Comptroller. We next examined the Chase bank during the early part of 1920 as he was held by law to do, pointing out that if he had examined it the conditions complained of would have been at once corrected, and putting upon him the entire responsibility for these conditions. It also pointed out that he had examined twice in 1919 only a part of the 28 <sup>not</sup> banks in N.Y. City and that the Whelan stated that it had received no report of a 2nd exam<sup>n</sup> of any N.Y. bank in 1920. The Comptroller was evidently much disturbed by the report; he called it a biller



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attack on himself & squirmed and wriggled  
w. evident embarrassment.

Finally E. H. asked what disposition  
should be made of the report. Mr. Miller  
said he wanted to confer with me  
before making a motion and suggested  
adjournment. E. H. suggested that  
such conference be held in presence  
of the Board, and asked me to present  
my views.

The Compt. started to leave the room but  
I said I wished him to leave what  
I should say, so he, evidently reluctantly,  
remained.

I said that my cordial and well known  
relationship w. the Compt. was well  
known; that I had many times  
reproved him, publicly and privately;  
but that in this case he was wrong.

I said that this was not an attack  
on the Compt., on the contrary, it was  
an answer to his attack on the Board  
and the Reserve Bank of N. Y.

I pointed out that the Compt. had  
never made any formal charges  
against either the Board or the  
Bank, although repeatedly during the

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hearing he had been asked to do so if he  
had any charges to make; that his  
letters were really merely motions to reduce  
rates and abolish progressive rates but that he  
incidentally attacked the Board & the Reserve  
Bank of N. Y. for giving excessive discounts to N. Y.  
banks & credit to the Chase Bank, which  
had been loaning large sums to its officers  
and directors & affiliated interests; that  
he charged the Reserve Bank with responsibility  
for not putting an end to these practices.

I added that in view of these charges  
it was incumbent on the Board to  
examine into the matter; that I was  
satisfied that the serious conditions  
in the Chase Bank could have been met  
if the Compt. had made an  
examination in early part of 1920 as the  
law commanded him to do; that,  
whether or not he had an excuse or not  
during this it was his omission which  
caused the serious conditions and that  
he was not justified in shifting the  
responsibility on his shoulders to the  
Federal Board.

I added that if a motion were  
made to accept the Report I should



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but bound to vote for it.

Dr Miller then moved to accept the report & it was passed unanimously except that the Compt. did not vote and the Sec. of the Treasury was not present.

I read the Secy, as did also Dr H. informed every day as to what transpired and the bully concurred in our action, altho he said some times he thought we were degrading him too much in making any answer to him at all.

Sec. Houston told me he had told the President about the matter especially Williams action in sending out his letter to a large number of heads; that the President said he had his letter of resignation and held it to it; that the President said Williams was certainly a most difficult man to get along with; that he thought he had been an obedient contributor.

Williams letter of resignation was published in the N. Y. Times of Mar 3 - see Sec. book.

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In it he attacked Sec. McLean bitterly but I am inclined with some justice. He also attacked Sec. Weeks but not by name.

The President's reply was also published; in it he apparently gives the Compt. a clean and most complimentary Bill of Health, altho it was largely confined to the gubernatorial question.

In view of the President's knowledge of the Compt. state in the dark at the Board & really at his own advent I do not see how he could have written such a bulbous note.

To sum up:

In many ways the Compt. has been an able administrator; he has done much good; I said at Richmond that in many ways he has been one of the most obedient Compt's we have had and I think this is correct.

On the other hand his system is almost appalling; he seems to think he is the only man in the world who is doing a duty and that any one who disagrees with him must be punished by irreparable mistakes.

In choosing to write his letters to the

1921

Board, instead of going in and making any motions he saw fit (none of which had ever been made by him before), and especially his action in secretly sending out cables to a large number of people, commencing "confidential" he has treated his fellow members in a shameful manner and they were obliged to trust not his own sole responsibility for the conditions complained of. Furthermore, his refusal to tell to whom he had sent the letter in order that we might know or ascertain who "betrayed his confidence", convinces me that he wanted the letter well hidden in order to gratify his insatiable egoism and treat his fellow members in an absolutely brutal spirit before the public.

He stabbed or tried to stab his comrades in the dark & at whisks and raps when they show that his own neglect to obey the laws of the U.S caused the serious conditions he complained of.

Shaking solemnly and seriously, I feel

1921

the Court. in spite of many good qualities is mentally unstable; he seems to think he stands solitary and alone the only man bet to carry on the Govt. This has been growing on him for some time and has now become a mania with him.

When he summoned the clear bank officials before him during the last of 1920 and learned what they had been doing he treated them with the utmost contempt and almost brutality, although, of course, he condemned their methods. Apparently, he knew nothing of the serious conditions until Ryan came down and complained of the officers of the bank. Under ordinary conditions he would have went the air with indignation but in this case he must patiently tried to work the matter out and even, in his annual report, advised an amendment to the WAct permitting the Board to discuss matters secured by state and bond collateral, in any case of emergency.

He told the Board that there were no express method of getting the clear bank info. and very little available

1921

commercial banks! Yet here he was criticizing the Board & the Members of N. Y. for giving such large discounts to the Chase bank, and yet refusing an amendment to the law throwing down all banks.

Incidentally, during the discussion the Compt. admitted sending a copy of his letter to Mr. McAdoo, but at once explained that Mr. McAdoo was counsel of the Chase bank!

Mr. Platt said it was true that he could denounce McAdoo for acting as counsel within the 2 year prohibition imposed on members of the Board.

As a matter of fact, McAdoo acted as counsel of the East River Natl bank, long before the 2 year limit had expired!

I think some members of the Board thought the Chase bank was very shrewd in retaining Mr. McAdoo as its counsel!

controlling interests have been at close of business today.

1921

March 3, 1921

The Compt. sent another letter to the Board answering Platt's question as to whether he had examined any Natl banks during early part of 1920. It gave a list of banks examined, but there were all 1st examples.

Platt said that in 1920 quite a number of N. Y. Natl banks favored condemnation of the Compt. & he thought this was probably the reason why he had not examined them a 2nd time.

At this meeting Mr. Tracy said that a Com<sup>tee</sup> of the Chase bank directors had reported that maybe the Pres<sup>t</sup> and 2 directors should be indicted for conspiracy to obtain funds of the bank for their own profit; but that Mayall was in an asylum half deranged, and the other two had tendered their resignations, and that the directors did not dare to touch the matter at this time lest the publicity would create a panic.



1921

Mr. Stoney also said that if any. would abolish the Comptroller office and vest all kinds of examination in the Fed. R. Bank, the bank would institute a general bank clearing; that he would try to have the clearing bank examine done by the Fed. Bank thus decreasing the number of independent examiners and increasing their efficiency.

The Board voted to send all the Comptroller letters, including the one about the Insur. Co. to the Mayor of N.Y. on immediate reply.

Board also voted to carry out recommendation of the C. C. Com<sup>tee</sup> and send a confidential letter to each State asking for a report on the efficiency of reports of Nat. Ex. examiners, in view of the Mr. Justice bill abolishing the Comptroller office.

Williamson in his letter also asked a copy of the stenographic report of the last two meetings. Mr. H. said he would reply that he should have very quickly given to any of the other

1921

Members, but reminding him that the Board at its last meeting voted that only 1 copy be printed and that each member could request it in the hands of Mr. Harding; that this was done to avoid any possibility of its being made public as it was feared that publicity might precipitate a panic; that Williamson himself voted on this matter.

Dec 4. 1921

Inauguration day.

Mr. Houston, who came to stay with us after Mrs. Houston left Washington, went early to the Dept.

Bertie and I went out at 12.30 to the Wilson house to welcome him back but when we got there we found he had already returned so we left our cards.

Houston came back to lunch after the inaugural. He said Harding's speech was almost unanimous with its unalloyed enthusiasm; that he received by scanty applause; that he met Allen Stearns, who seemed very shy and befuddled; that he was almost in a daze; that he said

1921

that a number of Pennsylvanians had come down with him and that he should like to be sworn in then P.H., and that he reminded him that he had not yet been sworn in and that probably he would not be before late in the afternoon at least. Later he went to Sen Knox's office with Houston & was sworn in by Ch. Justice White.

I told Houston the Ch. Justice had no authority to administer oaths in the Dist. of Col. and that Mellon should be sworn in again.

Mar 5

Sat.

Mellon was privately sworn in again. The Board was introduced to him & he made a very favorable impression, said he should consult the Bd as to sending a bill of a constitution and a Board message etc.

Houston said Mellon made a very good impression on him; he modestly disavowed knowing anything about the currency, wanted all officials to remain etc.

1921

He seemed almost apologetic when H. told him that the terms of our see Kelly and others offered by Lincoln in Nov. & as their assets were only \$100,000; he asked H. to induce them to remain even if only for a short time & said he would ask the President to send in their names at once.

Mar 7

Monday

Gov H. said he had had a talk with Mellon as to sending Houston abroad to examine into foreign operations of State Govs & U. Govs working abroad under Sec 25 & 25A of M.A.C., they being under general supervision of M.A.C.; that he, Mellon strongly approved of this & said it ought to be done and that H. was the best man to send; that he asked if matter must be settled at once and Gov H. said No; he then said he knew that H. was going south for a few days & he thought he ought to discuss to the President about it, altho he normally strongly opposed it, so it was left that way. The compensation suggested by Gov H. was \$2,000 per month to include all expenses, & Mellon said this was probably satisfactory.

1921

The other of N.Y. some time ago received a unanimous vote among members to send Houston abroad to examine our conditions in our countries. Dr Miller objected on ground that if any one were sent they should be sent by the Board.

The Ex. Council at its meeting 2 weeks ago urged the necessity of sending some one abroad for this purpose but mentioned no names. Worsley & Hunt but this through having Houston in mind.

The salary suggested for Houston was a little less than that voted by the Board for Sherrill Smith the Chief U. S. Ex. Com. at N.Y. when he was sent last June to Ex. Com. to examine into operation of branch banks there.

Houston said today that he thought Hoover would object to his being sent abroad & would claim that he, Hoover, knew all about conditions abroad.

1921

Nov 10

Thursday

Ev H. said he had just had a talk with Miller; that he said he was satisfied that Houston was the best man to send abroad but that he should prefer to have the matter worked on a day or two in order to show to the President about it. Dr Miller was very mad and said it was scandalous to refer a business matter of the Board to the President for approval. I pointed out that the Secy was a member of the Board and before voting on any matter he had a clear right to consult the President in any one case; that Sec. McAdoo certainly fully appreciated this right.

I believe we are going to have trouble in this matter and pointed out to the Board that we should carefully limit Houston's work abroad to banking, credit, and economic matters.

Ev H. said, relating to the report of currency on Compt. of currency, - that Miller said he had never been heard of him until the President sent him a note asking about his commission.



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be made out.

This action of the President is a kind of blow at Mellon. Mr. Platt said that if they he would not voluntarily resign in such an abrupt manner it means that the Treasury will be run from the White House and that Mellon is to be merely a figure head. He, with all his financial power, had quietly obeyed his resignation to the President he would have come down quickly. The President's action has humiliated Mellon before the Board as he said he would consult me before making any recommendation & that the office would not be filled by the President.

Mr. H. told me he had talked with Mr. Fadden, Chairman of the Currency & Com. Com. in a friendly way about the Williams letters & that he had given him a copy of his brief letter & of his reply to Sen. Fletcher. He also admitted that he had said something about the report, but said it should not be made public as it would cause great injudiciousness in the trust of

1921

the public and perhaps worse.

Mr. H. said not to do this.

The President has greatly stirred up the public by appointing from his home town his doctor Sawyer as a Brig. Gen., a Catholic priest as a member of the consular service, Mr. Cassinger as Comdt. of the currency, and the rumor is he is to appoint Herring as Secy. to travel, - all Ohio men.

Mar 11    Tuesday

Houston left on Beverly this evening. He asked me to call on Brookings and tell him of in N.Y. to call on Crane's apartment as he might possibly be there. He also asked to tell Brookings if there was any trouble about his brief sent and that this suggestion seemed to me foolish as the Bd must settle these questions.

Mar 12    Sat.

called on Brookings - he said Houston's matter looked well but could not be settled before next week. Mar 16: I understood him to say that he had written Mellon and, I think, the President

1921

about it. This tests the Board in a very  
good way and I am sorry he did it.

Jan 17

Thursday

The new commit. of the case was sworn in  
this am.

Ev H remained in the room to talk w Sec  
Mellen. Later at lunch he told me that  
Mellen said that while he thought  
Houston was the best man to send  
abroad we should be very careful not  
to encroach on the jurisdiction of Hoover  
who was very jealous of his prerogatives;  
that he thought that H. could not go  
abd w. out being put in the position  
of representing the Admin. wh. might  
cause confusion. He ended by making  
the naive suggestion that we send  
some one abroad to be picked out by  
the President; some one whom he wished  
to reward!!

Before starting to me, Ev H. went over  
to Brookings and when he came back he  
said he had told Brookings all of  
the above, wh. I think, he ought  
not to have done, as what Mellen  
said to him was part of the

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official business of the Board.

Later Brookings joined us. He said  
at Dr Mellen's request he had written  
Houston some days before about the  
matter, Dr Mellen dictating the letter.

Ev H finally said it was best to drop the  
whole matter to wh. we all agreed.

I suggested that Mr. Brookings should  
write H. saying that the matter was  
in such shape that it did not be worked  
out satisfactorily & suggesting that perhaps  
he had better come down. I said I

would telegraph him & tell him that if  
he came down, to come to my house.

The more I think of it, the more I am  
coming to feel that H. could not go over  
there without its being believed that  
he represented the Admin. which might  
cause confusion. Of course this could

be avoided by sending him over merely  
to examine the foreign branches of Amer.  
wh. wh. were not Natl banks (the  
Natl wh. branches being under jurisdiction  
of the Comptroller), and Ev H. said  
Houston would not care to be limited  
in this way.

Mr. Wm. Sec. Mellen dined with us.



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I gave a toast to him saying he was an eminent banker, patron of art & a philanthropist & ventured the prediction that he would have an equally great Sec. of the Treasury. He made a short modest reply & in his manner after dinner I think what I said pleased him very much.

He spoke very kindly of Houston & said that while he did not want to ask him to come to Washington there were several matters in which he would like very much to consult him if he did ~~not~~ come down.

Brookings during our talk, brought out - what I did not know - that he had asked Gov. Sling to receive him a Del. from the Mch. of N.Y. but that Sling did not feel that there was any place for him; that later Sling made the suggestion of sending him abroad on the bank.

Mr. H. said the action of the Fed. Adv. Council was in advising the Board

1921

that some one should be sent abroad was brought about by himself & Dr. Miller.

Brookings said he had called on the Directors of the Natl. City Bk & asked him to send a check on H. in an advisory capacity but that Mr. B. said there was no call on such a trustee; that he had also talked with Mr. Alexander who said there ought to be a check for him in the Mch. of N.Y.; that he thought he could secure for him the Presidency of Columbia University Mo. but that H. did not want to live in Columbia; that there was a vacancy in the head of the Carnegie Foundation caused by Dr. Angell becoming Pres. of Yale, and that he had written Eliza Root about it, who replied very pleasantly & cordially; that Houston wrote him he would live thus about an attempt.

Sec. Miller said that H. did undoubtedly secure a position in some bank of the 2 year limit under the Mch. was renewed.



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Mar 19

Sat.

Told Sec Hughes at lunch at Met. Club that  
Barnes Hargata a juv. delegate to assembly  
of R. of N. was shortly to visit me. He  
said he would be glad to meet him but  
did not seem to be particularly interested.

Sec. Houston told me some time ago that  
Compt. Williams, just before leaving  
office, intended to write a letter to the  
attorney general asking him to advise him  
as to legality of trust companies owned  
by Natl. banks. His request was based on  
an opinion given years ago by Sol. Geo.  
Shuman of St. Louis. Houston told me  
he had seen the Atty Gen who said he  
would be glad to render an opinion if  
asked to do so by the Sec. of T. Houston  
advised that at this late hour he  
should certainly not ask for an opinion  
unless some specific case called for  
it. He said the next day the Compt.  
received a letter from Mr. Buchanan  
(Ch. of N. of D.) who was his law advice;  
that the opinion was merely a whack  
of Shuman's opinion & disclosed no  
indefinite regarding an opinion given

1921

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Atty Gen. A. J. declined to ask it.

Williams has tried several times in the  
past to have Shuman's opinion declared  
law but McAdoo declined to ask the  
Atty Gen to rule on it just as did his  
predecessor - I think McVey, <sup>and his predecessor</sup> under Taft.

Knowing that Williams was guilty of  
disloyalty to Wilson in trying to obtain  
an opinion just as he was leaving office,  
evidently to embarrass the Admin. He  
frequently claimed before the Board  
that these holdings were in violation  
of the Natl. Bank Act, but one reply was  
that the opinion of the attorney gen.  
was nec. to warrant action & this  
opinion he never was permitted to  
get.

(Mar 27, 1921)

On the last Sunday in May I had a  
cyst removed from my forehead just over  
my left eye, by Dr. Barden, recommended  
to me by Dr. Randolph. On Mar. 13 Dr.  
Randolph wrote me as to the result of  
the pathological examination of the growth  
which was removed.

On Monday March 14, I took X ray  
treatment for it.

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Nov 21

Monday

Mr H. said Cressinger, Compt. of Cur. had just told him that the President had sent word to him that he desired to have all insurance taken out by JNAs on money shipments taken away from the present agents and given to a man whom he sent over to the Comptroller, whose name I don't remember. Mr H. said he told the Compt. this could not be done as the matter was in the hands of the JNAs, and he advised him to drop it. This insurance is in hands of O'Leary who was in Mexico during war.

Mr H. showed me a copy of the amendments to JNA Act wh. were to be made in admin. measure. It adopts Sec. 10 striking out entirely the 2 year limitation and provides for 6 appointive members and one of advisory members to consist of an Asst Sec of Treasury. The terms except as to present incumbents, are made 12 years. The office of Compt. of Cur. is abolished & its duties are to be performed by JNAs who the Gov or such other member as the Bd may select,

1921

subject to its supervision & control. Another provision states that the Bd is to be absolutely independent of the Sec of Treasury. The accounts of the Bd are to be audited by a public auditor and not by the Govt Auditor and provision is made for the purchase of a building for use of Board.

Two informal replies to V. Prout & Mrs. Cookidge.

Nov 22

Tuesday

Mr. Harding explained further about the President's request to Cressinger referred to in preceding page. He said that Cressinger told him that the President of U.S. telephoned him that the man in question was his cousin & that he wished Cressinger to arrange to have all insurance taken out by JNAs on currency shipments etc turned over to him, but that of course he should expect him to give as good or better terms than the present insurance agents! Undoubtedly public office is a "private" trust to the President!

Mr. Brownings told me at lunch that a St Louis man (I later learned it was Dwight Davis) had word from of his appointment as a member of



1921

the late Jm. Cook and said he knew nothing about the business. I explained to Bevois what it was. He said Davis was a good man, of great wealth, but utterly ignorant of business; that Davis was a liberal contributor to the Neb. campaign fund and that this undoubtedly was the sole reason for his admission!

Mar 26

Sat.

Wing of 1st Natl, Boston wrote Jm H. asking permission to buy 15000 shares at par - 100 per share - in Wamburg Corp's account. corporation under Sec 25 (Not 25A).

His cap. & surplus was 33 millions; 10% of that is 3.3 millions which is all he can subscribe under Sec 25 (10%)

Limit = \$3,300,000. Has already subscribed to 1 million (1st Natl Corp) and 625,000 (Wash Amel Corp) = total of 1,625,000 wh. deducted from 3.3 millions leaves 1,675,000 still available.

15000 sh. of Wamburg Corp at par - 100 = 1,500,000, so on the face of his letter he was entitled to subscribe, what Wamburg letter did not show,

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however, was that after the par was \$100 cash subscribers were bound to pay when it is called, and after \$50 to be carried as surplus, so that the real subscription was 15000 shares at 650.00 or \$2,250,000 being \$750,000 more than the limit of investment, or 1,675,000.

Jm H. counsel, in mem. book found this was illegal as "investment" under Sec 25 meant really "subscription". I applied w. Jm H. & so reported to Board.

I find it in ground that call was same as if stock had no par value but was sold for 150 per share, a certain amount drawn & balance on call.

Jm H. took note that all the Bn had to pay down was \$100 per share and that balance of \$50 might never be called; that part of 100 was within limit of Bn's right and that if in future \$50 more was called the Bn would have to sell some of its holdings of this or its other shares, or add to its capital or surplus, to keep within its limit. He treated it as if the liability to pay the extra \$50 were contingent, <sup>double</sup> liability of member banks on W stock or double liability



1921

of Nat on shareholders; or have a certificate giving access. in excess of 60% wh. are permitted when raised as act. existing value, and thereby, buying them, must bring an excess loan.

I could not agree to this on the lead. to say the 150 was absolute the only contingency being the call for payment and this was not contingent in ordinary use of term.

The Board voted to grant the application I only voting against it.

The Compt. Kresinger agreed w. me that the lead. was absolute to pay 150 per share + yet he voted w. the majority to abandon the purchase!

Nov 27

Sunday

Born delegate of Japan took lunch with us together with his son who is in school at Worcester, Mass. The Born was a delegate to Assembly of League of Nations and is on his way back from the Conference. He said the League had done good work and was sure to live wh. w. not the U.S. joined it; that the League had troubled many important questions

1921

hoping that the U.S. would join; that there was a strong movement in favor of admitting Germany, which, I understood, him to say England rather favored and France opposed; that he thought the movement strong even German influence in the smaller Nations. He said no trade had been secured by an agreement with the Soviets such as Lloyd George had had through; that much Soviet money had been sent out in Japan + that there were at least a thousand Soviet titles circulating; that a Japanese delegate who had been in Russia said Lenin was doing much to teach the peasants to read and write dividing them up into small groups; that Japan found great difficulties in trading w. Siberia, the regulations were so strict; that altho many eyes Russians had gone there, they did not agree with the Siberians. He also seemed to despair of Poland as they had been under subjection so long he doubted whether they could govern themselves.

1921

Nov 28

Monday

Lunched w. J. H. Ambassador to meet  
Bain Hgata; the Bain called in the  
morning and asked me if under our  
law I could accept a high decoration  
for the job. Not. I explained why I  
could not until I left office when  
I tried to go to Japan w. Bertie. He  
intimated that when I did I should  
receive a high decoration.

Nov 29

Tuesday

Ev H said he had an hour talk with Secy  
Mellon yesterday. The Secy said the admn  
was to take up the McFadden gold  
subsidy bill & make it an admn  
measure; that he believed the time had  
nearly come for a reduction in RR rates from  
7 to 6%. Ev H said he told him he feared  
it might revive speculative activity in  
the stock market and the Secy replied  
that a little specul. activity in stocks  
could not be harmful. Ev H then asked  
him wh. a differential should be made  
in favor of loans on Govt sec, bonds etc.  
He said no, these rates should be uniform  
with the rates on commercial paper.

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As the admn comes out on the McFadden  
gold subsidy bill it will cause bitter  
criticism from economists as it will  
amount to a gift to mine operators  
just as much as was the sugar bounty  
wh. was repealed by the Democrats in  
the Tariff of 1894, and will stamp  
the admn as a soft money party.  
Gold subsidy was condemned by the  
British Com<sup>m</sup> during the war, by the  
Manney Com<sup>m</sup> under Strauss and by the  
Lullien Dept Com<sup>m</sup>.

The question of RR rates is slightly different.  
The RR reserves are being up, so that  
Ev. Strong wants to cur much gold in the  
Bank of Eng. to keep it out of our reserves.  
Dr. Mellon wants to deposit new gold w.  
the RR Agents to reduce liability on RR Notes.  
I think this latter is the best plan  
but Sec. Mellon said he was opposed  
to it.

Ev H & I talked the matter over. Mellon's  
suggestion was not a new one as we  
have talked the matter over before.  
Ev H wanted out that there was to be  
a business conversation in Wash. on or



1921

about April 14, just before Congress comes together; the business of West & So. West will control Congress & E. H. said if anything was to be done in way of reduced rates it would be better to announce some thing before this convention so that our Council would not appear to be boasted.

The matter of approving the plans of W.B. of N.Y. for its building came up to day. It involved the bond date and some steel work; also Architects Com<sup>m</sup> which amounted to over 1 million dollars out of which engineering com<sup>m</sup> were to be deducted, leaving a net out of about \$500,000. This was based on a 6% com<sup>m</sup>; the rate on the Chicago W.B. building was only 5%. Our consulting architect reported that this one was all right and in strict accordance with the rules of the N.Y. Architects association. The Bd of directors of N.Y. bank, including our 3 trust directors were unanimous in approving this one. We thought it very high and Dr Miller raised the point whether we were bound to pass on this matter.

1921

He said if we were, he would never agree to approve them. We consulted with our Council & he said we were not bound to approve the fees absolutely as the directors had the right under the W.B. to make contracts & nothing was said as to approval by the Board; that our only power was that of general supervision & control & the power of removal of directors for malfeasance in office; that while undoubtedly we could investigate into any transaction the mere fact that we disapproved on the N.Y. Bd directors gave us no right to disapprove. He thought the best course would be merely to say we interposed no objection.

E. H. said See Miller told him he knew perfectly well the fees of N.Y. architects & thought these ones were not extortionate & that if he did be at the meeting he should vote to approve them.





1921

We finally agreed that we should do nothing before the Euro embargo of next week, unless, e.g. the N.Y. should ask for lower rates.

Gov. H. advised Secy H. to telephone Alexander in N.Y. & ask his opinion & he said he would.

I suggested advisability of letting Boston & old reduce to 6% if it wished to, but Gov. H. said Boston did not want to go down until N.Y. did, except that Gov. H. would do down then.

Platt said after the meeting that Gov. H. did not fairly state position of the Boston bank and I think he is right as to this.

Sec. Miller made a good impression & seemed to know the situation fairly well.

Gov. H. said if we did anything we should do it before Congress convened so it would not appear that we acted under duress.

1921

April 5

On Mar 31 I sent a letter to Sec. Miller in subject of customs duties. I suggested that a joint resolution be passed providing that the customs duties finally enacted should be made to relate back to all imports after April 15.; that this would prevent a long debate over the preliminary tariff and enable Congress promptly to take up question of internal tax reform. Have received no acknowledgment from him. (See Serock book on letter.)

We sent this letter to Williams today. The other day Gov. H. said Harrison had met Cotton & (w. McAdoo) for Chase Camp & that Cotton said we would kill all future correspondence regarding Williams quarrel w. McAdoo.

Mr. Miller said the other day that the crowd trying to dominate Luguel Hayes of the Chase Nat. Bk. N.Y. began their work by involving Hayes with some clearance suits; that Charles Salmon of Guar. Tr. Co. was notorious for his treachery in this regard; that Hayes had lost all his money in speculation. Miller said a prominent N.Y. banker whose name could be used in told him this.



1921

April 6

It is almost pathetic to watch Winans in his effort to induce the Adams to join the League of Nations. He had an interview & dinner w. the Presd & apparently an interview w. Sec. Hughes. When, however, did he learn authoritatively of the foreign policy of the Adams? Apparently at a dinner given by Sen McCormick at which the Int. Relations Com<sup>tee</sup> and some of the "irreconcilable" Senators were present. Here, if the bankers can be trusted, the Gov. policy was laid down & printed in extenso in the papers (see Sec. Rep.)

It must have been humiliating to see Hughes!

April 7

Boston asked leave to meet in a 6% rate. I favored it and it was decided to await Eur. conference next week. I called up Mr. Agard Custer & he said very direct was present & the vote was unanimous; that the conditions in the District had so improved that this move was

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deemed absolutely necessary & they did not want to delay it a day; that 6 1/2% would not be satisfactory; that Beal was strongly in favor of 6% while Ribley was opposed; that they had not consulted w. Haven & Wing as they assumed they would appear it being very heavy borrowing from the Reserve bank, and I remember (Custer did not say this) they heard it would necessitate lowering their rates to their customers. Custer also said a 6% rate w. N.Y. at 7 would drive many customers to the Boston banks & thence to the Reserve bank, but they did take care of this.

I put it as a serious responsibility to deny this, especially as wages have been materially reduced in N. England.

We spent all day, practically, in reading the stenographic minutes of the 2 days during the row with Williams & formally approved them. Wells came on from Cleveland & was present.

Gov. Stamp said the Guar. Trust Co.



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was necessarily solvent; it had cleaned up about ten millions for bad debts; it had cancelled deposits of nearly that much & its cash & surplus would be intact; that in credit expansion through our extra discount, it would be advisable to establish a new bond of 7 or 8 millions & to increase the capital but he did not think the N.B.S. directors would think it necessary to advise this.

Mr. S. violently opposed lowering Boston rates; he said that if they were lowered public opinion would cause the N.Y. Res. Bd. to do the same and this would cause a violent speculation boom in stocks; that the stock market was much cleaned & only a little movement was needed to start a violent specul. move.

He said the curve of wages was practically a straight line; that discounts had fallen off considerably; that retail prices had fallen moderately; that wholesale prices had fallen

1921

necessitated; that lower rates would cause the whole, prices & prices and wages would be stabilized at too high a level; that we should wait until wages were lower and the curve of wages, discounts, whole, & retail prices were more nearly written at a much lower basis.

Mr. H. said if we lowered rates now & a specul. boom set in we could never raise them again as pub. opinion would be so strongly against such a move.

Miller rather bowed some reason but said this was not the psychological time to do it.

L. Bell and said that if conditions in Boston were ready for lower rates I did not see how we should forbid Boston taking such action because of conditions in other districts; that Boston was an independent bank & nothing but strongest reasons of public policy would justify any refusal.

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April 10

Sunday

Charles Warren lunched w. us. He said the other day Gen Bliss told him that if Balboner were to write a book like Lanning's he would have to admit that Lloyd George had many times treated him exactly as Lansing said he was treated by Wilson.

Gilbert, an Sec., told me the other day at lunch that undoubtedly Hughes' letter to Germany & Harding's attitude towards a separate peace was put out to "throw a scare into France". I suspect he got this from Mellon.

Hughes' note to Germany said the U.S. said what that Germany must try all she was able to, or words to that effect. I believe Hughes meant to imply that England & France were asking too much; altho none of the papers so construed it.

Hughes also said that the U.S. believed that Germany was sincerely desirous of doing right in the matter.

This was a direct stab at Lloyd

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and France who blamed Germany was always sold & it was for this reason Mr. Secretary had been accused.

The Pro League Republicans had circulated an appeal to President Harding not to overthrow the League & the Versailles Treaty, saying that the voters in the election had declared in favor of the League w. the League Revolution. The tables of this morning somewhat mysteriously announced that this appeal had been w. down and no further signature would be asked. (See Subj.)

This can only mean that Harding has given them some assurance that he is not absolutely committed to the League & Treaty.

The tables 2 weeks ago said Harding was so committed & that he would say so in his message next Tuesday. Later, some doubts were expressed as to this & the Wash. Post editorially said there were many things in the Versailles Treaty wh. the U.S. could accept.

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I firmly believe Harding has no business policy & that he will waffle wobble in his message, trying to oval the two leagues & the irreconcilables at the same time.

My prediction is that sooner or later the U.S. will break with England & France and will go all interests and merchandise side w. Germany.

Comptroller Cressinger, Webb and Humphreys, took supper with me.

Mon 12

Tuesday,

I moved approval of Boston advertisement to reduce rates on Com. paper from 7 to 6%. Platt moved to amend by substituting 6 1/2%. Amdt lost, Platt and Miller voting for it & Ew H. Cressinger & not against. Dr Miller then moved to raise rates on Man. Certs at Boston from 5 1/2 to 6%.

This was carried all voting aye except Cressinger & myself who voted No.

I pointed out that while we had the power to do this it had never

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been exercised except where BR advised to put in rate desired & that it would be better for us to approve the 6% rate & express earnest desire for bank to issue certificate rate, & if it did not we did then act. This motion objected only 8% of the total paper held by the Boston branch so it did not amount to much.

conference of Ew began today. See Miller came over & heard reports on to rate situation. Ew opposed any decrease except Boston & Atlanta; the latter earnestly desired lower rates.

Ew H. reported that Ew Seay said W. Compt. Williams had called on him at Richmond & had shown him his letters attacking Board; also that Ew Davis, Van Jandt & Miller had received letters from him stating what he had done, the letter to Van Jandt stating that the Board wished to abolish the Dallas Branch.

The Board voted that in receipt of a letter from them to this effect the



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Evans did give them copies of the notes, correspondence, reports etc.

Apr 13

wed.

See Miller gave Evans & Board a lunch at MCB Club.

Evans dinner to U. President Coolidge. The Chalmers, Amb. Mathison, the new Swedish Minister Wallenberg, Ev Strong and others were present.

Apr. 14

Two days ago the Wash. Times had an edit. stating that Ev H. would be retained as Ev. by Repulse & that so far as was combatible w. his opinion he had done every thing in his power to look secure election of President Harding! (See Sec. 134)

14

Ev H. said Sec. Miller had just told him that - as regards admn. bill - he had ~~not~~ made up his mind <sup>yet</sup> as to ab. Com. of C. should be abolished, but that he had made up his mind <sup>also</sup> that the Sec of War, should remain as

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chairman of War Bd.

Originally Miller was positive that the Sec. should be taken off Board & Com. abolished. He suddenly drew a line to accomplish this & Sec. H. said it could be passed as an admn. bill. This shows how hard it is for a cabinet officer to give up any power.

I think the Sec. is right & that he should remain chairman, but the sudden change is amusing.

I predict the next step will be to decide that the office of Com. shall not be abolished! Considering the Repub. demands that this be done during last admn., such a result would be amusing, to say the least.

April 16

Ev H. said Miller had again changed his mind & wanted an under Secy ab. to sit on Reserve Board.

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President White Aldridge call of Post of N.Y.  
 Newton told me some time ago that an  
 cashier told him President wanted the  
 mortgage on the bus & year later did  
 not appear until October 1921; that he  
 at once called on Miller who said he  
 knew nothing about it. Evidently Pres.  
 Harding is working behind back of  
 Miller.

Aldridge abstract in scandalous; in  
 1910 he was defeated by campaign by  
 Hoveas in one of strongest Republ.  
 districts in N.Y. He, however, voted  
 in Nat. Convent solidly for Harding!

Columbian treaty ratified, in N.Y. times  
 editorial on Judge Thurston.

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April 25

President Harding called Ew H. to White house;  
 asked if John Mitchell of St Paul could be  
 good man for M.B. Ew H. said yes &  
 President said would send his name to Senate  
 tomorrow. This is best time Board has  
ever been consulted about an appointment  
by President!

President H. said Miller is a fine man but  
 doesn't know a damn about politics;  
 you Democrats run every thing & Miller  
 knows each of you by name every  
 day & wants me to retain you all.  
 (Not sure wh. he alluded to Board or to  
 money.)

Also said would be glad if possible to  
 have slight reduction of rates but he  
 thought Board could do nothing wh. would  
 cause any real inflation; reminded  
 Ew H. of his talk w. him at Marine  
 & said his views had not changed.

Also said Sen. Smith (E.F.?) was a wild  
 man & that business must bear  
 their losses just as all others.



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April 26

Tuesday

Gov H. reported talk w. Presdt. subject of N.Y. rates was taken up. Gov H. Cressinger & I said if N.Y. tomorrow at its directors meeting voted to lower rates even to 6% we would vote to approve it. Miller & Platt said might approve @ 4 1/2% but Platt thought that might be wait until at least next week.

Gov H. will be in N.Y. tomorrow & will see directors.

abstain. Eddy, Sec of Govt came in & said newspaper who were there saying that the President had just told them the Fed was to lower rates generally & help the business. Gov H. had gone to N.Y. & I said I did not be interviewed.

At dinner of Dir. Bankers another given a seat at head table w. the President. Cabinet etc

Apr 27

Money market, especially Wash. Post & N.Y. Times announced that by direction of Presdt Harding the Fed was to make a special inquiry into matter of debasing industrial values w. out serious injury to agric. interests and that

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It is "understood" some steps to and appreciation may be taken by the Board in the near future. (Sec. Sec. Pa.)

Evidently the President is delaying holding. I fear his action will be resisted by the Board.

April 28

Thursday

Dr Miller threw a bomb shell into the meeting by moving that we fix the N.Y. rate at 4 1/2%; as he had always opposed lowering of rates it was a complete surprise to me. He was evidently "acting" before Cressinger. He never mentioned the stunt in question that Board, by direction of Presdt, was to reduce rates, altho under Wilson Adams any suggestion of reduction on the Advo would have fairly howl with rage. He evidently wants to be reappointed!

Gov H. reported that at meeting of N.Y. directors, all were approved to any reduction except Palmer & Peabody. Peabody wanted to go down to 6% but said in view of statement in papers of Presidential approval he

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should oppose any decrease. They all seemed to feel it might be wise to reduce rates at other 7% banks. Mr. Miller after a talk over telephone w. Gov. Steieng said that while he believed 6.75 rates should go down, & such decrease would not cause speculative activity, yet he was inclined to defer to policy of directors to wait a few weeks.

I moved to amend Miller's motion so as to consider rates at all banks when we took up N.Y. This seemed to trouble Mr. Miller, as he evidently believed the Chicago rate would not be reduced. He admitted, however, that reduction in N.Y. would necessitate a reduction in Chicago, but did not want it done simultaneously.

The Bd of Aug. has reduced to  $6\frac{1}{2}\%$ . This may influence Gov. Steieng.

May 1

Sunday

Lunched w. Miss Boardman at Country Club.

Sen. Keyes told Bertie he voted on Knox Peace resolution & supported it was part of some general plan but

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did not know what the plan was. B. traveled Sec. Hughes but Keyes understood rather clearly, - said he could doubtless do well if left alone, and cautiously intimated that Lodge & Hughes were not in accord. He said he also voted on the Columbian Treaty but said he did not understand how conditions now were different from when Lodge attacked it before when Wilson wanted it passed.

Evidently trouble is brewing as to the foreign policy. Lodge said after having the resolution a treaty w. Sec. would be necessary. Men will find the Adams in antagonism w. France.

I fear Hughes is being dominated by Lodge & Knox.

The Peace resolution is subversive!

May 5

Board voted to approve Atlanta resolution to reduce rates to 6%. Miller voted for it and answered Platts objections!

The

6

Board voted to approve Chicago resolution to reduce to  $6\frac{1}{2}\%$ .

Platt said it was result of political



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pressure brought by Cabinet bulldozing alleged interview of President; said he would like to tell Miller that he bitterly resented this.

Miller several times during last month has brought up fact that Manager of Los Angeles bank rejected our discount holder of Globe Milling Co. of Los Angeles in California. Wanted Board to take up matter as he said its rejection was caused by stereotyping of necessities. Said he was a large stockholder & had lost \$40000 yearly dividends wh. had been turned. Put it entirely on impersonal grounds but it was evident his ox was gored.

Ev H. had talk w. men representing the Company and found Co. had loaned large sum to a subsidiary Company wh. was in bad credit and that in its credit sheet it had been recklessly turned down.

Ev H. said Miller had to put up over 100000 to save his investment of 50000 and expressed only that Miller was being dominated by his personal interests.

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May 13

Last Monday Ev H. sent me a copy of the Investor severely criticizing Compt. message on giving a Natl bank charter to some Boston men, in which Max Mitchell was interested. The Board advised reject & Compt. turned it down but later Max Mitchell got Thurston the Chairman of Rep. St. Comm. to go to Wash. & said he had a political fund. This proved true as Compt. granted the charter! (see notes in . . .).

May 16

Monday

Ad. Adv. Council Meeting.

Philip Slackton, Pres. of Old Cal. B.C. Boston told me he intended to see Compt. of Curr. and protest vs. his giving charter to Max Mitchell & friends. Said Compt. lunched w. Max directors in his way to N.H. recently & directors all protested against granting it; said that Compt. at best turned it down but Max Mitchell sent Thurston of Mass. Rep. St. Comm. to see Compt. who finally on advice of Sec. Weeks granted the charter; said that Max Mitchell had

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contributed \$5000 to Ribault, Cambridge and in last election & that the election was sold in return for this contribution; that it was a terrible & disgraceful scandal; that Compt. Cressinger had been told all these facts!!

May 21

Sat.

Dr. Borden removed a blasphemous remark from my report book.

May 25

Wed.

at Board meeting we considered 2 bills providing that the amount raised from branch tax should be used to advance money to cattle raisers.

We had already suggested to Platt to talk w. Gilbert of the Treasury as to drawing a bill providing that a certain percentage of the funds now held by Moses as "received on branch tax" should be turned at once into Treasury & that they could utilize it in loaning to cattle raisers thru the Moses. Dan Rand banker w. was Jim Carlin.

Suddenly Dr. Miller moved that the

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Board withdraw and send to Congress an Amendment to see if it to object that by a vote of 5, abhorrently, the Board should request Moses to reduce price. w. cattle trader having maturity of not more than 2 years!

We were all amazed and puzzled by Miller's question. He said he knew such legislation would be bad, from point of view of liquidity, but if we did not do something to help he believed the situation might act and act quickly.

He did not say what the situation would do but he admitted having discussed the matter with Sec. Hoover several times.

Finally he agreed that it might be better to wait for the result of Platt's talks with Gilbert as to the other bill above mentioned.

Hoover does not like the Board, accord. to Dr. Miller; he thinks no business should be in it, citing the Bank of England.

The Bank of Eng. directorship, however, contains many "merchant bankers" & acceptances houses.



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Miller evidently must have mistaken so he could tell Hoover he was coming head on the cattle raiders. He evidently wants very much to be disappointed, and has changed his views radically - he is now a rate reducer with a vengeance. He recently when Boston wanted to reduce from 7 to 6% he vigorously fought it & voted against it, saying that we should pattern by Act of England & reduce so down or up more than 1/2% at a time. Yet a year or more ago he voted to increase the N.Y. rate from 4 3/4 to 6%!

June 1

Some 2 weeks ago an advertisement of bonds of N. Dakota appeared in papers and in it a certificate signed by White, Mayor of U.S., that the bonds were all right & would be paid at maturity! Instead of removing White the Treasury issued a short story that White's signature had not been authorized by the Treasury Dept. This is scandalous - an attempt to win the support of the crazy populists

1921

of N. Dakota.

Mr Mitchell read to Bob yesterday a tract of a prominent Republican demanding White's removal.

The other day Mr Borden Harman told Peter in good authority that at a dinner in N.Y. recently President H. said to Vanderbilt - "Well, Harvey killed the grass!"

Sunday May 29, called on Mrs Corbin.

She said she knew, on the best authority, that Lodge went to Marion Ohio after the election & practically demanded the office of Sec. of State; that Prude elect Harding said this was impossible as Sen Mc Cumbe would then become Chairman of W. Nelson Crane; that Lodge consulted with Sen. Knox to defeat Root on Sec. of State; that his grand daughter Corrie Hunt said Lodge said Root's abstract would be a calamity; that she personally knew that V. Prude Coolidge had only contempt for Lodge.

She said that Harvey bought Root over. He knew that Root, if Secy, would never make him Amb. to Great Britain;

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that Harvey really wanted Hays removed; that they tried to get Root, then in effect - to declare himself in support of League of Nations in order to kill him off; that Hays sent 2 cables to Root who were not answered; that finally Hays called Root asking him to answer some definite questions as to L. of N. and to answer to Harvey, case of Harding, Mason, Ohio; that Harvey never told Harding of this; that Root fell into the trap & called advising Harding not to renege on the hook; that this cablegram reached Harvey just after Harding had come out against the League in a March speech; that Harding, not knowing Harvey's letter was very angry and said to Harvey, "Root is a Gutinsky"; that later Root explained this all to Harding.

She said she did not understand how Harding, knowing all this did ask Harvey, but she indicated he did not dash about.

She said also that Harding did not expect or want to appoint Sawyer

1921

as Brig. General, but that during the campaign Sawyer sd to President he would be pleased he did still continue in office if elected & that Harding good naturedly said some - they about taking him down w. him & that after elect. Sawyer insisted that his term would be kept and that he had to yield.

She also said a fund of \$150,000 was being raised to buy Harding for the month, & that Harding said the amount was beyond him & wanted to tell out but they would not let him; that they finally raised a large amount from "big business" in N. Y. for this purpose; that even when Daugherty's deal had been the convention Harding went to station to see them off & wanted to tell out, but that J. said - you report at Chicago, and we will do the rest!

She spoke rather contemptuously of Hughes & said he himself announced his appointment!



June 1

compt. currency with me no checks and  
yet been given to Max Mitchell on a  
Nat bank as yet, but the same had  
merely been reserved for it. I was mistaken  
in what I wrote about this some time  
ago.

Bertie this week was examined and given  
a lecture as Chamberlain.

June 6

Ad + Sec of T. announced approval of plan to  
permit Secy to loan 50 million to loan for  
construction to assist cattle ranches

June 7

Conference, Board, Sec. Mellon and Secretary  
Noyes + Geo Stoney sd better to have a  
bank head wh. he thought he could do  
suggested a com<sup>tee</sup> of western bankers to  
get wh. plan in conf. w N.Y. bankers.  
Whole meeting switched over to this.  
Meanwhile Geo H. has gone west to borrow  
best plan!

Amly infd in story on foundation -  
Sec. Wh. Storage Co as the former notified  
me she had sold some other notes  
not yet passed.  
To make sure, I gave her a formal notice

on May 25 ultimately made on June 25.

June 8

Bertie starts on autum. by H.H.  
Anna stays until tomorrow  
I will see at Bernardville.

July 8

Harding says Mitchell's appointment to Board  
was told us by Whelan, Head of Nat. Res. Com.  
because H. was called in for a \$2000 subscription  
& would not say that amount as he says  
Republicans would see it in him. solely  
to defeat Non-Partisan League. H. said he  
believes H. is a red hat Rep. politician, as  
shown by his billing towards Ramsey in  
Texas and Miller in Kan City, and that we  
are going to have trouble on him.

Harding & I went over matter and found  
that 7 M.A. and 8 Euro were now Republican

H. said the cabinet is knocking him head  
& that unless in his only supporter.  
Said he told Mellon that he was getting  
kind of criticism & would be glad to  
unify at any time. He was rather bitter  
towards Hoover - sd he knew of conditions  
abroad but very little of conditions in U.S.

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July 13

Met Sec. McAdoo in corridor and asked him to drop in and see me; later he came in. I told about Williams' view with the Board & the various letters and our report. Mentioned casually that Williams had said he, McAdoo, was counsel of Chase Natl Bank.

McAdoo said he had only read one printed speech of Williams - I can not believe this. He was very laconic and appeared not to want to discuss the matter. He said however that Williams lacked tact and was too individual but he was a man of high character and standards.

July 14

Sec. Miller sent over me and talked about the Treasury Cabinet; said matter of closing them up was before him but he had not looked into it. I advised him to go slowly. He said he thought it was better for employees to go out to lunch. I pointed out that they now were obtaining food at little more than 1/2 of what they would

1921

have to buy outside; suggested that he tell the employees before taking any action. I think I made some impression on him.

July 22

Lunched with Mitchell, Crumple and Dr. Wilcox of Texas, formerly of Fed. Advisory Council. Dr. W. was asked by Mitchell to take over the Texas M. Bank situation.

Dr. W. said Van Junst the Gov was a good man but had not received loyal cooperation of his subordinates; that he thought he should be backed up and his back strengthened; that Ramsey dominated the entire bank; that R. was a bull man, of poor mentality, and that he would dominate any situation unless faced by very strong men. We asked him if he knew any good men in case Ramsey should not be appointed and he gave us some names. He said none of these men would accept Governorship as the M. Bank was the dominating power in Texas,



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deferring, as I pointed out, on the other District. He said the transport business might be induced to come back and said it would be the best appointment which could possibly be made. He said Ramsey's reputation was that of a very able politician but he was a man of high standing and character and an eminent citizen.

He seemed well informed and sensible and made a good impression.

At the outset, however, he said that as he understood it, the administration having changed it was fair, other things being equal, to put Republicans into these bank positions.

I at once said we never had considered politics in Reserve bank appointments and that, while personally I was glad of both parties represented to be represented, we never even considered politics in our appointments.

I told him that on a list of out of the 12 Mr. Affens & Governors traded to be Republicans but were not elected as such.

1921

I also spoke of our appointment of Perceat Harris at Philadelphia and our appointments at Boston. I told him the Board acted in overlooking it though change had angered the Dem. Party of the whole South and S. West.

He said a number of bankers had said they wanted him as Mr. Agent in place of Ramsey.

I finally asked him if he would consider the Mr. Agency if Board were to offer it to him and he said No, but I fancied there was a possibility he might accept.

Walking home, he said he firmly believed the Board should be absolutely kept out of politics in the banking system would be secured.

He said he had never observed that Ramsey played politics in Mr. Bank matters.

I believe him to be a fine, sensible man, but that he came here somewhat with the impression, perhaps given by Hillman, that a change on political names was the trouble thing.

1921

He said Ramsey had had some banking experience as President of a small bank years ago, but that he had not sufficient banking experience to dominate the affairs of a bank and he emphasized that Mr. Moffat should exercise this dominance.

Aug 14

Sunday, Mattabovort.

Anna had been visiting for a week at Bear Harbor at Mrs. Henderson's house. Mrs. H. tendered her house to the British Embassy and the various members occupied it. Mrs. Bridg, wife of Major Bridg, chaperoned the party going up on Mt. - where she had a cottage - on the harbor. Nancy Lyon, Miss Beck, Miss Wood & others were there, also Mr. Chilton, Counselor of the Embassy, Capt. Binley and military attaché, Mr. Huber, Capt. Henry et al. On Sunday morning after midnight Dr. Mitchell called us up at Mt. and said Anna apparently had an acute attack of appendicitis and that it might be necessary to operate at once. I authorized him to do whatever

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he deemed well, without waiting for us. At 5 am Bertie & I started for Boston in our machine. Capt. Henry had previously called us & said he would be at Portland w. a machine to meet us as the train did not go through to Bear Harbor nor to Bangor on Sundays. We telephoned him from the Somerset Club, Boston & got Tracy Lyon. She said Anna was about the same & the Dr. had not determined whether or not to operate that day & that Capt. Henry left the report before we Portland.

We found the 9 am train did go through to Bangor but not to Bear Harbor. We left the train, however, at Portland and started on our journey of 189 miles. We reached Bangor before the train & telephoned from there to the Embassy. Capt. Henry telephoned & Mr. Simms advised that the operation had been performed but that Anna was not yet out of the ether; he also added that the Dr. found the conditions much graver than he looked & that Anna was in a very critical condition. Capt. Henry did not see this to Bertie but she heard Simms



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say it but did not tell me. She had a terrible shock as she heard Anna might die before we could reach her. We made the run from Bumpor to Bon Haven in 1 hour and 20 minutes - about 48 miles.

We arrived about 7 P.M. & the Dr. said Anna's appendix was in good condition; that the trouble was that a blood vessel had burst which fed the lower intestine - just over the appendix and that this stopped the circulation from the appendix and that gangrene had set in. The doctor cut out 18 inches of the intestine, including the appendix. The operation lasted over 2 hours, and twice Anna ceased to breathe and had to be revived by oxygen.

The doctor said she was in a very critical condition but thought she would probably ~~recover~~ pull through, although Dr. Jameson, the anesthetist said, <sup>to Nancy Lynn that</sup> he feared she would not.

The doctor said blood poisoning might set in any time during the next 7-12 hours, but if she pulled through that

1921

she would probably recover.

Bertie & I did not take our clothes off for 2 nights. Anna pulled up wonderfully - her pulse could not be counted after the operation and soon fell to 130 & her temperature came down slowly. Each day she improved and Monday Aug 22 she was able to eat a chop.

The only explanation we can think of is that she strained herself climbing Newbost mountain on Friday; it was a very steep ascent & she had to be pulled up frequently. The doctor said a careful examination of the part cut out showed a slight twist which might possibly account for the trouble.

The doctor was positive that the trouble was not the result of any slow growth - he said it was like lightning over a clear sky. He said usually Anna would make a perfect recovery in every way & that there was no more likelihood of any recurrence than there would be in anyone of good health.

Anna was very clumsy; she slipped terribly

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soon the time she was taken - just after  
 lunch on Saturday - for 2 or 3 hours  
 and Dr Jameson gave her Morphine; Dr  
 Mitchell was not bound until 7 P.M.  
 Saturday. Anna begged him to operate  
 at once so that when we arrived  
 the suspense would be over. The doctor  
 said she was the best patient he had  
 ever had.  
 Dr Mitchell first thought it was merely  
 an acute attack of appendicitis &  
 thought he would wait until it had  
 subsided; he found however that  
 Anna was suffering from a much  
 greater illness than usually goes with  
 appendicitis & this made him very  
 suspicious that he might find  
 something else the matter. He finally  
 determined to operate, which he did  
 about 4 P.M. Instead of making a  
 small cross incision for appendicitis  
 he made a large up & down incision.  
 His decision to operate saved Anna's  
 life for he said she could not have  
 lived many hours longer if the

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operation had been postponed. He said he  
 used only 2 oz of ether; an incredibly  
 small amount for such an operation.  
 Just as she was being carried into the  
 operating room she ceased to breathe  
 & had to be revived by oxygen; again  
 during the operation the same thing  
 happened. The doctor said he gave  
 her a little ether when he cut through  
 the skin; on going through the fat  
 just before he gave no ether as this  
 is not painful; when he cut through  
 the peritoneum he gave a little more  
 and gave when he pulled her intestines  
 out & packed them to hold them in  
 place. He said it was very difficult  
 as she was so little etherized that  
 her intestines resisted.

About 2 days later the doctor attended  
 a dinner of some medical society  
 at the Newbark Hotel and displayed  
 the operation in brief showing the  
 piece of intestine & appendix which  
 was cut out. He said Anna was  
 making a hard struggle for life & that  
 he thought she would pull through.  
 Later he showed me the piece which



1921

we cut out. It was an enormous mass 18 inches long & about 2 inches in diameter with a big vein running down looking like an artery.

We were treated with the utmost kindness by the people of Bar Harbor; every body called & sent masses of flowers, fruit, cake, candy etc. Mrs. Pulitzer sent such etc every day; Mrs. Colward the dean sent us cobles & sandwiches every night. Mrs. Richmond Townsend called every day & was really angry because the hospital would not suggest something to her she could do. Mrs. Vanderbilt called daily as did Mrs. Alricks, Mrs. Beulah Lawrence, Augustus Herendeel & scores of others.

On Saturday Aug 20, the doctor said he thought Anna had better have some champagne. He said any one of Anna's friends would be very glad to send her any amount. I said I preferred to try first and get it over Boston as I did not want

1921

any of Anna's friends to be held in the position of violating the law. Accordingly at 3 P.M. Saturday I called up Ned & George at Boston but their office was closed. I then called up Halgoth at the Boston custom house & got him. I told him I wanted 3 permits of champagne and asked him to see the Federal Administrator at once and try to arrange it. He said he would do it and the next morning - Sunday - at 9 am the champagne was at the hospital. It was a wonderful achievement to go through all the necessary red tape in this short time.

On Monday evening, Aug. 22 at 9 P.M. I started for Boston. Anna had had a rather choppy lunch and was in splendid condition. The doctor said she was out of danger.

I arrived at Boston at 8.45 P.M. time and rushed across the city stopping at Ned's office for a few minutes where I saw Ned & George. I took the 9.20 train arriving at New Bedford about 11.20 and reached the house

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at Mt about 12 M (1 P M local time).

Mr Lyon & Tracy & Mr Wood were there.  
I called on Major Bridge who had  
just returned from the West & he said  
Mr Bridge had just been taken down  
with the blimps.

I called on Mrs Loring and later went  
to Marion where I saw Henry and  
Katz.

I went to Providence at 6 P M. where  
I caught the Federal Express for  
Washington.

Sept.

Returned to Mt from Bear Harbor about  
Sept 11, Sunday

Oct 6

Gov Harding told the Board that Sec'y  
Miller had asked him for a list of  
class & directors whose terms expired  
at the end of the year, and also asked  
as to the political affiliations of  
each one! Gov H fears trouble may  
come.

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Oct 21

Gov. H. said while in N.Y. yesterday he called on  
McAdoo. He spoke about the attacks on the  
Mt by Sen. Senators & well-known; said that  
the matter was Hibler, Watson, <sup>Sen. Simmons</sup> ~~Edwards~~  
Norton Alvord & Williams; that they all  
claimed to be his friends; that they took  
the position that the Mt was all corrupt  
& corrupt; that the Rep. Admin was responsible  
for their continuance in office; that the  
Republicans were active & that the  
danger was that might be forced into  
removing all Dem. from the Board and  
capture it & use it as a political  
machine; that at the beginning they  
inquired into the National bank and found  
them were 70 Rep. directors & only 38 Dem.  
directors; that 7 out of the 12 Govs were  
Republicans & about the same ratio  
in the Mt; that therefore they  
dropped the matter but that there  
was great danger of its being reversed;  
that if the system were run as a  
political machine it would be all  
powerful and could absolutely prevent  
McAdoo's return in the future; that his  
strong card was that he had practically



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created the system and had kept it as a new national system etc etc. He said McAdoo was terribly stirred up and said he would send Cow Williams & tell him his attacks were injuring him & must be stopped. He said he was able to contact Williams when he was a subordinate but doubted wh. he could read. He said Williams attacks were most extreme & he implied, unfair, - that Cow never could stop when he had got started etc. Mr H. explained about Stamp Salary & said Fed was obliged to make trouble the fact that he had signed it and voted on it, as did also Williams. McAdoo spoke in very complimentary terms of Mr H.

Mr H. explained to call on McAdoo and point out the danger of national contracts of the system by the Fed.

1921

Oct 25

conference of Mr & Mr Agents w. Mr Board. Lasted through week. Mr H. suggested a rate reduction - N.Y. Phil & Brit 4 1/2% - Cleveland, Chic etc, 5% and the necessary discounts 5 1/2%.

was told they were almost unanimous against him at meeting among themselves but at conference Friday Oct 28, they all seemed to favor it or at least to agree that it would do no harm, except Mr Horn & Mr of Chicago who were violently opposed.

Mr H. spoke favoring Harding's suggestion. Miller spoke in favor - said in view of what had occurred as to bills he now was ashamed he had voted to increase rates to 7% in 1920.

On Saturday, Mr Harding told Miller that his vaccination was such that he had almost made up his mind to resign. Miller finally said he would step out of his address all allusion to the 7% rate.

Mr H. told me he was satisfied Miller had changed all his views since he had to put up so much money for

1921

The Globe Milling Co.

Nov 1

Tuesday.

Dined with Mr Eugene Meyer to meet Mr Bergman, an official of the German Govt, who here to establish a plan for stabilizing the mark.

He said that Germany industrially was in splendid condition; that the Munition were buying all the cotton and coal and grain they needed and had no difficulty in paying cash (gold) for the

He said Germany, leaving out Rhineland parts - now had a balanced budget.

He denied emphatically that Germany was now issuing marks to pay expenses. He said the German people were all speculating in marks, that they turned all the mobility they had into loans and bought foreign exchange with it & that this was what caused the demand for marks; that the trouble of Germany - not the Govt - held at least a billion dollars in dollar exchange.

The plan was to borrow 50 million

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of gold - or credits to that amount, in favor of the German Govt & then have the Govt announce that it was to buy marks; that this hypothesis would increase the value of the mark & depress dollar exchange; that the people would then prefer to sell dollar exchange for marks & their value could be stabilized at say 2 1/2 cents; that the increased value of the mark would mean higher wages wh. would ultimately prevent Germany injuring foreign countries by dumping her products at abnormally low prices & their honest competition; that few marks would have to be bought, that value would increase just as did the value of cotton, following the 100 million cotton loan, when only 1 loan of about 2,000 was actually made; that the Govt should get the dollar exchange on the holder in reasonable terms.

The condition, was, that the Reparations fund should make this loan a guaranteed loan over all reparations.



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Mr B. said he was to see Geo Steing in a few days & we said we saw no objection to his preparing some plan to submit to Board. While we saw no legal difficulty in carrying this out through the Mbanks, we of course did not commit ourselves to any plan. We thought legally the Mbanks could under plan not however sell gold to the Reichsbank or buy bills drawn by Geo. Govt or Reichsbank. I thought best way would be to have N.Y. banks draw as under Brown Brothers credit & Mbs to buy the bills.

Em H. Cressinger, Miller & I were present - we discussed legality only & expressed no opinion on merits.

Mr B. said that while doubts as to wire transactions, more living in bird incomes & labor were being crushed out of existence by the large banks.

NW 19

HPH and Anna said for Bermuda

1921

Dec 3

Sat.

Special Bd meeting to act on recommendation on year 1923 of M. A. F. The matter was referred last week to a special com<sup>tee</sup> - Platt, Mitchell and Cressinger to report as to advisability of class C directors. We advised this could be done because we wanted fresh blood and not because they were all Republicans; in any event they were fairly divided as Platt was advised by Wilson. We had absolute confidence in their judgment. The only controversial question arose from the desire of a man named Comstock to be added class C director at Kansas City. Although it was said his real aim was to be designated M. A. F. in place of Ramsey.

He had had but limited banking experience having been Secretary of the Howe in his bank in Kan. City, but when this bank was consolidated he was dropped, - not a favorable recommendation as to his ability. Mr Howe wrote a very laudatory letter saying that he & Comstock had run the bank for, I think, some 20 years. This letter was disingenuous as he was only Treasurer since Comstock, until very recently, never

1921

\* Cass personally saw them later, and for some time they were in the obituary files. Cass failed to see them again on Apr. 10, 1922 and they were sent to Gr. Board!

came near the Board but went direct to President Harding asking for the office as an original Harding man. In fact, EWH said Comstock told her Sewing of Ken C that he did not give a damn for the Board, but would get the office from the President!

While he had a few good letters from some Presidents he was plainly not fettered by M.A. Agent or even been a class C director.

President Harding, however, wrote 2 letters to Crossin asking him to see that Comstock was appointed M.A.

The President acted as if the agent was part of the streak which he could distribute as he wished. EWH wrote a very courageous and able letter to Sec. Miller, asking him to show it to the President, pointing out the importance of the position and that it was entirely in the hands of the Board. He wanted nothing, however, & the President insisted on a substitute of Comstock, altho this involved dropping Ramsey, who altho not a great M.A. yet was well up to the average.

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To avoid further controversy the special com. held a special meeting called, and, at the meeting said they were not yet ready to report a list of class C directors, but Mr. Mitchell moved that all of the present M. Agents be re-designated. Ramsey then as class C director had not expressed so only his designate was in issue.

After a long discussion the Bd voted to re-designate all of the M. Agents, Crossin alone voting No, although he said he had no other candidates to suggest. He took the ground that many of the M. Agents were mediocre men & should not be re-appointed and that all salaries should be fixed before notice sent of any re-designations.

Dr. Miller attached all of the M.A. saying they were good enough to take care of M.A. issue but were utterly unfit as chairmen of the Boards, & said he should move radically to reduce their salaries, in which Crossin backed him up. Miller said he should advocate an amendment to the law separating the functions of chairman and



1921

MAgent. We all said we should be glad to consider this without committing ourselves, and we voted that the Special Com<sup>o</sup> should consider & report what, if any, change in salaries should now be made, irrespective of the Com<sup>o</sup>.

Keller moved that the action of the Board in redesignating the MA be laid on the table. It was a tie vote, each voting in negative & Gov H. finally voted against it.

Mitchell voted Aye, apparently being confused as to the issue as he simply advocated redesignating all of the MA Agents, including Agency.

Keller bitterly attacked Jay saying his remarks at meeting of agents & Com<sup>o</sup> that Mloss should lead us in discount rates but should follow down other changes in market rates was trivial, childish & sophomoric, and that such a man was not fit for MAgent.

It was also agreed not to notify any MA. until salaries were fixed.

There were several names before the Com<sup>o</sup> for class C directors of Kans City

1921

other than Courtner. Her most prominent was a Mr Hord of Nebraska who had large cattle interests in Wyoming and was splendidly insured. The whole Nebraska delegation was over him, although he was not their original choice; also the Editor & owner of the Omaha Bee, the leading Rehub. trader and Sen. Hitchcock. It was a truly new Western recommendation although Hord was a Rehub.

Undoubtedly the Com<sup>o</sup> will report in favor of Hord.

The Board has then thrown down the gauntlet to Presdt Harding & I fear he will be forced to have given in however, would have been to drag the MA system into the mire of class gutter politics. I think the Presdt may well hesitate, however, when he realizes the Bd will appoint a man class C director who will greatly please the whole District, and especially the farmers bloc, while if the President has his way the appointee will be a politician, whose chief distinction is that he was an original Harding man!

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Ev H said it was rumored that  
Christian, President H's secretary told  
him that he - President H - made  
this statement. He was disabused  
of this idea, however, by Ev H's  
letter to Sec. Milton, but he still  
insisted that Comstock must be  
accepted.

Dec 6

Tuesday

Com<sup>o</sup> reported at Board meeting, main-  
ly against changing the salaries  
of any W.A. Agents at present time and  
Ad accepted it & voted to send to each  
W.A. Agent notice of his resignation.

Cresinger was not present but joined  
in Com<sup>o</sup> report. Dr Miller, who had  
thought could do things as to salaries  
nearly voted with the rest of us.

Ev H said Wendell of W.A. had said  
he would at once see the Attorney  
General and tell him to advise the  
President to keep his hands off in  
the belief as the Board should not  
be interferred with totally.

Ev H told me Platt saw Sec Weeks  
who said the Board was absolutely  
right in turning down Comstock,

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that the President had been deceived and that  
he would, if necessary, back up the Board.

Dec 21

Tuesday

Mitchell told the Board that, notwith-  
standing his letter, President Harding  
was very angry with the Board for  
not appointing Comstock.

Dec 23

Thursday.

Sailed for Bermuda.

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Jan 3

Jan 3. Sailed back from Bermuda.

Jan 11

Ev H told me this am he went to  
Cresinger & told him to tell President  
Harding that he was sorry he could  
not vote for Comstock, but that if  
the President wished his resignation  
he would give it at once; he asked  
C. also to tell the President that the  
statement made in the Senate that  
he (Ev. H.) had voted for Harding as  
President was not true.

He said Cresinger said he thought  
it would relieve the President if he



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should resign now. He added that Curriple saw the President who said that E. W. H. should stick to his job.

Jan. 31

H. P. H. and Anna sail back from Bermuda.

Jan -

Dr. Welles called and said the lead been asked by W. Davis Conrad by which I would accept the Presidency of a proposed corporation to be called "The United Bank Directors, Inc." which was to be a cooperative association of country banks to engage on its members in investment operations, discount of acceptances etc. See <sup>letter</sup> letter of Conrad dated Feb 2, 1922.

Dr. Welles said Conrad and the officers would like to have me become President; (the prospectus stated that the President was to receive \$5000. per annum).

Dr. Welles said he approved of the general plan and thought there was need of such an Association and asked me what I thought of it.

I told him that I could not under any circumstances become connected with it as I engaged my work in the M. Board, nor could I express my opinion as to its desirability, as the

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corporation would necessarily come into competition with the member banks and it would hardly be proper for a member of the Board to express an opinion on such a question.

Dr. Welles then suggested that Conrad write me a letter stating the plan and asked if I would consent to give him an interview. I said I would do this. Later the letter of Feb 2, referred to above, came in.

Feb 27

Dr. Welles & Conrad call. I had not as yet answered Conrad's letter.

I told them, as I told Dr. Welles, that I could not join the Company in any way.

They then asked my opinion as to the need of such a Company. I replied that I had read <sup>Dr. Welles's</sup> Conrad's letter and the prospectus, and that the Company seemed more of an investment than a Banking Company; that investment banking was outside of our jurisdiction and that it seemed to me that neither I nor the Board could properly give an opinion on such a question. (they

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had also said they wanted an opinion from the Board.)  
 Conrad said an opinion from the Board was needed to help raise the capital. I replied that they would throw on the Board terribly great responsibility which I was sure it would not care to assume, even though the capital had already been raised.

Wells then asked if the Board would give an opinion as to whether acceptance given by a discount by such a committee would be defensible or discount by Wells as Bankers Acceptance.

I said if a request was made formally by such a body I thought the Board would consider it.

No 28

I told the Board of this later at the meeting this afternoon; Present Gov. H. Keller, & Sec. Hopton, also Comdt. Cresinger, who may have come in later.

Gov. Harding said he told Mr. Wells yesterday exactly as I did & Keller agreed this was right.

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No 28

Gov H called a special conference to consider a letter from the Carbonadium Co. N.Y. Fall N.Y. (See Toml. Priest) and the Amer. Abrasive Metals Co. Mr. Howery, Priest, commenting that Trowbridge an architect was advising banks in U.S. & Canada to have his specifications for vault walls as the result of the Sandy Hook tests; that their companies' processes were tested at these tests but that the tests had not been fairly conducted. The Com asked for a hearing.

We advised Gov H to write Trowbridge we should give a hearing next week and asked him to fix a date when he could come down.

This letter of protest was given to Gov H by Sec. Keller who said he was interested in the Companies.

I am surprised that Sec. Keller sent in this letter to the Board; the Companies should have sent it direct; by sending it through Sec. H. they are evidently trying to use his influence with the Board and he should have refused to send it to us, but should have made the Companies do it themselves.



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March 8

Mr Harding, at the Board meeting, told two incidents concerning John Skelton Williams which he said he could vouch for.

1. That Williams after leaving the office of Comptroller, remained for some time an Treasurer of the Red Cross; that as such Treasurer, altho the Red Cross was trying to concentrate its deposits, he made a deposit with the Richmond Trust Co. of which he was Chairman of the Board, of \$250,000 (about equal to 1/4 the of all its deposits), and made <sup>a verbal</sup> an agreement (he acting ~~with~~ <sup>his brother as President of</sup> for the Red Cross and ~~the~~ bank) that the deposit should not be drawn upon on a fixed term and then only at a certain small amount each month; that when Elot Wadsworth became Treasurer of the Red Cross, in carrying out the policy of concentrating deposits started to draw down the deposit but was shown the agreement and now considers the Red Cross bound by it. Mr. H. said that Williams was Chairman of the Board of the Trust Co. when he made the agreement.

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2.

That last June, I think, Williams made a check in Augusta, Georgia and was allowed by the lack of attention the Natl Exchange National bank, in which he was keeping deposits as Receiver of the Honda + Georgia RR, to be paid, and in the other bank was blatted by the attention paid him by the Merchants State bank, and through drew out his deposits from the National bank and put them in the State bank, which was not a member of the M system, and that shortly after the State bank became insolvent, resulting in tying up the money and possible loss.

Mar 9

Mr. H. corroborates to most the above statements and says he is forced to the conclusion, on this and other things, that Williams is a crook!

March 17

Mr. H. and Mr. H. dined with Mr + Mrs Platt (Reserve Board). Sen. and Mrs Glass and Mr. + Mrs Tom Egan were there. Senator Glass, in talking about the

1922

Federal Reserve Act, said that just before the draft of the Act as agreed upon was published, See McAdoo, John Shelton Williams and Undermyer gave him a draft of plan for a central bank which they strongly favored and stated that to get the gold needed to start such a central bank, their plan was to have the Govt seize all gold in the Treasury behind the gold certificates. Glass was dumbfounded as they had all agreed in the M Act as drafted.

McAdoo said eminent bankers had approved his central bank plan & were strongly for it, citing his Reynolds, W. Chicago as one.

Glass then wrote Reynolds a note condemning such a plan and asking him if McAdoo quoted him correctly.

Reynolds wrote back absolutely vindicating the plan, but saying that he had had to be "diplomatic" with McAdoo as his bank would have to do business with him while he was Secretary, - in other words, he practically said he had made McAdoo ~~think~~ he was for his bill, when really he was

1922

absolutely opposed to it.

Later, Glass said, President Wilson spoke with him about the plan and seemed to be much interested in it, quoting Reynolds as being strongly in its favor. Glass then told Wilson what Reynolds had written him about the bill and this killed the whole matter.

Glass felt very bitterly about McAdoo's conduct, as he said McAdoo was pledged to the M Act as then drawn and claimed to be absolutely in accord with its principles, whereas his proposed central bank bill would have very likely, if published, have caused such opposition that the M Act <sup>itself</sup> would very likely have been destroyed.

During the war, McAdoo made a similar suggestion to the Federal Reserve Board.

Sit,

Nov 20

Wilson called on Oct. and said McAdoo in advocating a central bank was not delayed to the advantage



1922

as at that time the bill had not been definitely agreed upon. He said, however, that Mr. Adoo did his best to prevent Glass being made Chairman of the Banking & Currency Com<sup>o</sup>, but without avail, and that finally, one day, Mr. Adoo said to Glass - Well, you have beaten me!

Nov 29

during the week prior to Nov. 20, a committee of N.Y. Bankers came before Board and asked to have the Bankers' assistance regulations <sup>as to interest and of best trade</sup> liberalized. Mr. Krugel of the Mbank of N.Y. came down with them. They pointed out that customers were gradually turning to Sterling bills because of the harshness of our Regulations. They said foreign bankers looked askance at our banker bills because they never could tell whether they were eligible under our Regulations. Mr. Krugel agreed entirely with their statements. The com<sup>o</sup> consisted of Messrs. Lombard, Broderick and Kent.

after the hearing, the Board considered the whole matter, especially a proposed draft

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of new regulations proposed by our Council, Mr. Logan. The chief change was as to Bankers' acceptances not in excess of the 10% limit, under the law no security is required for such import & export acceptances, while under our Regulations security is required.

The Board were unanimous in believing that the question of security - as to the 10% limit, should be left to the judgment & experience of the Member Bank and Mbank (as to rediscounting)

CRS agreed fully but said that the tentative draft should be sent to all Members for examination and criticism, which was ordered done.

CRS also insisted that the Advisory Council or its Life Council should be consulted, which was done.

The Gov. also asked opinion of Comptroller of Boston which was very favorable.

Every one consulted approved except Gov of Mbank of Chicago, who was in doubt & said the leading bank in Chicago doubted its advisability.

Two

1922

Mar 26

Baan Shidhara, the Jap. Ambassador, called this (Sunday) P.M. and staid nearly two hours. He is leaving on Tuesday in Monday to undergo an operation on "stone". We talked in a general way about the of Paul H. Harty and I expressed the earnest hope that Japan and France would ratify it at once, notwithstanding the Senate reservation.

He said he had no doubt but that Japan would so ratify, without any reservation on its part.

He also said his Govt was considering the purchase of an Embassy building and that the White House on Sheridan Circle could be bought, at any expense, I understood him to say, of one million dollars.

Berter and I told him that this house would undoubtedly make a very good Embassy building but that we felt the price was far too high; and also architecturally it was very crude and unsuitable.

I suggested that it would probably be cheaper to buy land and build up a building, and suggested that the Govt

1922

consult Ralph Cream, of Boston, and ask him to come to Washington and look over possible sites for the erection of an artistic building of the best type of American art, in harmony with Japanese artistic principles, and with a typical Japanese garden attached thereto.

I said Cream would probably be glad to come to Wash. on a very warmable sun and advise the Govt and then it could decide on itself whether or not to employ him to design it. I pointed out that Cream designed the building at West Point and had been called into consultation on the N.Y. Cathedral and was a very eminent man in his profession. I also told him that Cream had, within a few years, published a book on Japanese art and was intensely interested in the subject.

I also said that Japan should erect a beautiful, monumental building

Mar 27

Sent Shidhara a note giving him Cream's Boston address.

at 6.50 P.M. Berter and I went to the



1922

train to see Shudshaw off. Bertie gave  
Baroness S. a bunch of violets.  
There was a large crowd at the  
station, chiefly jubulant, but I did  
not see a single representative of  
the State Dept. This seemed to me  
almost shocking.

Nov 31

M. A. Martin of St Louis called and told me  
that he had protested against a Natl Bk  
charter given by Compt. Cressinger to the new  
Federal Nat Bank of Stuttgart, Arkansas.  
He said the Natl bank examiner and the  
Ches Nat Bank examiner objected against  
it, and that it bore every evidence of  
being a "political" despatch. He said there  
were 3 banks there now, and one was  
greatly over extended; that the country  
there was but only on Hill and was  
occupied largely by tenant farmers; that  
the banks there loaned on the growing crop  
altho the tenant farmer might have no  
assets; that when the crop was good  
much money was made, but in times of  
crop failure, much was lost; that the

1922

banks there had been compelled to lighten  
their lines on debt and tried to secure  
indorsements of the land owner; that he  
thought the new bank, - altho the  
founder seemed good man, - was bound  
to go into the speculative loaning and that  
disaster ultimately would result; that  
there was absolutely no need of a  
new bank, unless to grant speculative  
loans, discarded by the present banks;  
that the Mbank would not redress  
the trouble as a class.

Edt explained that the Board a week  
ago directed Martin to issue the Mbank  
stock, as it was obliged to do so under  
the law, the Comptroller having granted  
it a charter.

April 2.

Sunday

Edt Wadsworth, as. sec. of the Treasury,  
calls at apartment - 1155 16th of Edt  
and H. H. after some general conversation  
he began to speak of Mr. Welmeth, the  
chief of the Bureau of Ingrading and  
Printing, who a day or two ago had  
been summarily removed, with 30 others,  
from the Bureau, without any charge, as

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required by the civil service law. I supposed of course, as the Bureau was under him, he would defend President Harding's action. To our amazement he said that Welbath was a splendid fellow, that there were no charges against him or against the office; that the removal was made over his head by the President, but what harm he did not know and that Sen. Wilson and he saw the President at the White House, just before the removal was made; that it was made over his protest.

Est asked how this could be done in view of the civil service law requiring charges to be filed with the officials and an opportunity to answer them, before removal.

Wadsworth replied, - "The civil service law was got around by the President abolishing the office!"

He then said he was trying to find some good position for Welbath, that his removal did not constitute the slightest reflection upon his character or ability, and he asked Est to help him in finding a position for him.

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The President's action is extraordinary, - a terrible attack on the civil service. The papers say that Attorney General Daugherty is to conduct an investigation - after the fact - to show what good grounds there were for removal! Considering that only a few days ago Daugherty openly attacked the civil service law, saying he would triple the recommendations of a political committee to that of the civil service commission, it looks very much like asking a wolf to investigate the slaughter of lambs by another wolf!

See Secret Books.

April 5

W. H. and Crossings conferred all the morning with the Texas District attorney and the chairman of the Grand jury (state) which was then investigating the failure of the Claydon Bank. Board met at 3.15 P.M. and W. H. said these men told him that the Adams had held notes discounted by the Claydon bank sometimes for 2 or 3 months after maturity without forwarding them to collectors; that in some of these the papers had given



1922

Norwood, the debaucher President, checks in payment of these Notes which he had held and were found in his desk after his departure on Mexico. Ew H. said if these & other statements were found to be true, he had lost all confidence in M.A. Ramsay.

The Board decided to have our chief examiner, Herson, go to Dallas and carefully investigate all relations bet. the M.Bank and the Clayton bank. We called Herson in and he said he would finish at Kansas City in time to be in Dallas on Sat. April 15, and we said this would do.

Ew H. was directed to write Ramsay and tell him the Board wished to see him here next Thursday April 13. We thought it advisable to have him here away from the Bank while Herson was examining it.

Herson said the Notes in question might have been excess collateral but still should have been presented.

Ramsay's relations with Norwood have always been very intimate and there is a reason about the night Norwood decumbed

1922

his auto was found abandoned near Ramsay's house, giving rise to the suspicion that he had been at Ramsay's house.

The Board had also received or seen an anonymous letter attacking Ramsay.

Some time ago the Board appointed a committee to investigate Ramsay, - of Ew H. Cressinger and, I think, Helms. Helms came here, waiting to hear from the men when Ew H. and Cressinger saw this morning.

Some time in the winter one of the Directors of the M.Bank of Texas, he came before Board and said that it was Ramsay who induced the Texas Board to displace Van Zandt and elect McKinley as Gov.

When the Board re-designated Ramsay it assumed that no change would be made in the Gov; if they had known such a change was to be made they never would have re-designated Ramsay.

1922

April 13

Mr Agent Ramsey of Dallas came before the Board to answer charges against him in matter of the Cleburn Nat'l bank.

a stenographer was present.

The Hearing left me in a very mixed up condition. The Board, it seems to me, has no evidence warranting the summary removal of Ramsey for improper action in the bank matter and yet I can not avoid the feeling that Ramsey went further than he ought, through blindness or what not on the debaucher President Harwood. It was also clear that Ramsey did not carry out his duties with regard to call letters on M Notes; he should have known that Notes delivered up to the bank on call letters were never paid but held as overvalued paper.

Now with his answer as to compliance in the dropping of our funds the Governor, satisfactory. There is no doubt in my mind that he fulfilled this.

Gov H. said that P H that Ramsey had just told him he had received an offer of

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\$20,000 per year from some bank or other institution, and that he thought he might resign as Mr Agent. Gov H said he advised R. that it might be well for him to do this.

April 14

Sen. Caraway introduced a Resolution asking the President to inform the Senate whether he had discharged or reduced any of the army or Navy veterans rated as "good" in the Bureau of Inf. & Printing, in view of the provisions of law.

Sterling moved to refer to Council on Civil Service. Council voting to report; no need of this. Democrats offered an amendment that Council should report in 10 days, later changed to 20 days.

Rodger and the rest of the Republic. voted No and defeated the Amendment. Then Rodger et al voted to refer to Civil Service Com<sup>n</sup> without any instructions to report it back.

This was done to enable the Council to smother the matter.

Rodger voted thus in order to shield the President in a violation of the civil service law!



1922

April 20

wrote President Lowell of Harvard suggesting a degree of L.L.D. for Gov. Harding. Showed to Edmund Platt about it; he said Bellows had spoken to him about it some time ago.

April 22

told Gov H what I had done and he showed me a letter from President Lowell dated April 12 offering him the degree.

April 24

Van Zandt called. After consultation with Gov Harding, I had been given Ramsey's testimony very adverse to him made by Ramsey but did not let him see the testimony.

April 25

Van Zandt came before Board. Only Gov H. Platt, & co. present. He made a long statement; claimed that Ramsey tried to dominate the whole Bank; cited an instance of receipt of pay of a woman clerk, working in obligation debt, done without his knowledge in concert by Ramsey giving to one of his under officers.

1922

said that Ramsey was too much of a politician; admitted that the bank never required of the maker of a note pledged for M. Notes and given to bank by collector even though the member bank did not pay it; admitted that in case of the carbon bank, an inquiry of the maker would have shown that in several cases the maker had given Norwood, the President, three checks in payment, which N. had not entered bec. he did not want to trace the banks deposits drawn there.

Van Zandt said he had told Ramsey that Norwood was a crook long before he decamped; that Ramsey had a report of the Natl. ex.aminer made long before which showed that Norwood had issued a fictitious draft to make it appear that a certain amount draft had been paid; that Ramsey never showed this report to him.

On the whole, I feel that it would be for the best interests of the bank to have an injection of new blood. Van Zandt has gone, and Gov H says

1922

Ramsay is to resign, which is most desirable.

while I do not believe that specific charges against Ramsay have been proved, yet I can not resist the conclusion that he has dominated the bank not only in his own but in the operating dept; that his mind is so "political" that he is always maneuvering and trying to dominate in one way or another; not in partisan politics but in business politics; that he has been too lenient with Norwood's bank, perhaps unconsciously.

Ben Judd also said Ramsay had had the seal of Guffey & Blank examined. G. is son of ex attorney in Guffey, but this Ben J. said was after the father had left office.

1922

Apr 27

Mr. H in addressing the Fed. Adv. Council referred to opinion of Logan, and concluded that Mr. B. could pay dividends out of surplus and to fact that Sec. Miller had asked opinion of Attorney General.

Mr. H said the Atty General had said that he wished to "cooperate" in every way, and, therefore, wanted to know just what opinion Miller and the Board wanted, and that he would endeavor to furnish a "satisfactory" one.

An extraordinary thing for the Atty Gen. to say!

Apr 28

Working your lunch at Fed. Club in honor of Sir Felix Schuster; he said England could have kept up stabilization of British Exchange until the present time, had it so desired, as there was an ample holding of U.S. securities in England to do this with, and the complete thought it better to remove all artificial manipulations; that British Exchange would surely reach par but possibly not within a year; that

securities in England to do this with, and the complete thought it better to remove all artificial manipulations; that British Exchange would surely reach par but possibly not within a year; that



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as soon as F.F.B. established an open gold market, gold could be exported and there would never be a gold shortage; that while the present gold holdings of the F.F.B. system could certainly be reduced a little, he thought it most desirable for the system to cling to its gold, as there might be valuable uses for it to help balance nations which had balanced their budgets; that unless budgets were balanced it would be folly to ship gold abroad as it would eventually go out of circulation and probably be shipped back to the U.S. almost by return steamer.

In answer to a question by Dr. Miller he said he thought gold should be centralized in the central banks, and that in the future the pound note after the fashion of the Bank of England would be universally used, subject to redemption in gold when demanded; he did not, however, mean that 100% in gold should be behind the notes, but merely a gold

1922

reserve, like our F.F. Notes.

He said that Britain now demands gold redemption of notes in small amounts but if a large amount is asked for careful inquiry is made.

Returning from the lunch with the Secretary of Kansas City, a member of the Fed. Advisory Council, I asked him as to qualifications of his constituents when President Harding asked the Board to appoint as class C Director of the F.F.B. of Kansas City. He replied that he had absolutely no qualifications for such a position; that he was utterly uneducated and that it would have been impossible to appoint him a class C director, much more as Chairman of the Board and F.F. Agent. He said he had been Sec. of the Board of directors of the Prudential Trust Co., - Howden bank, - but that he got the place solely through the brother-in-law, Mr. Hagerman, one of the directors; that after the consolidation Hagerman went off the Board and constituents was immediately doubled over

1922

ten Houten, and had no job when Harding (President) asked the Board to appoint him; that he did not believe a single bank or banker in Kansas City would or could conscientiously endorse him or such a trustee; that it was incomprehensible to him how President Harding could have named him when our Board or any other would.

May 1

attorney Gen. writes Miller that Moore can't pay dividends out of surplus.

May 2

letter between Bd of England & Moore of N.Y. had, as to invitation to send Mr. to conference of central banks to be called by Bd of England on suggestion of the Governor Cambridge. The letter showed that originally the invitation was to Mr. Stimp personally, but later (at Mr. H's suggestion to Stimp) it was changed to Mr. Moore.

Mr. Harding said the Admin. felt that no member of the Board should go as they were officers of the U.S. and

1922

he intimated that the Admin. would like to have a com<sup>ee</sup> of 3 or 4. It was suggested by Mr. H. or Mitchell that the com<sup>ee</sup> should be Stimp, Warburg, and Watts of St Louis; later the name of King of Boston was suggested. Mr. H. said a com<sup>ee</sup> consisting of Stimp, Warburg and Watts might be criticized as being composed of bankers of the extreme, so-called, reactionary group, and that Mr. H. would prefer to make a good member, as being a broker, more democratic banker, Mitchell. Mr. H. said Watts and Warburg were both democrats. Mr. H. said he did not refer to politics in using the word "democratic".

May 3

Mr. H. said he was to dine at the White House tonight and he thought the President would speak with him about the Bd of England invitation.

Mr. H. said Columbia University had just offered him the degree of D.S.D.



May 3

In afternoon, Board had conference with Gov. Stimp as to invitation of Board to attend a conference of central banks in London. Gov. Stimp, after listening to a reading of Gov. Harding's address to be delivered in N.Y. Friday, before Am. Assn. Council Session, said that the Governors refused to the meeting in London ought to be omitted. Gov. H. did not specifically mention the meeting and pointed out the limitations of the M.A. and especially stressed the fact that nothing could be done by any bank without the approval of the Board.

Stimp said it would be strange to hear this out just before Gov. Norman arrived and that we should at least hear what he had to say, if anything, on the subject.

Stimp also said that the President had told the Press he was interested in the matter and that, presumably, he had some ideas in his mind and that Gov. H.'s refusal would be construed as a slap at the President.

Stimp said he had good authority for

stating that Pres. Harding was very angry with the Federal R. Board for "voting him down" in the matter of currency, for class C. Director at New City, and he added that he had authority for saying that a statement such as that made by Gov. H. would be resented by the President.

I am inclined to think that Gov. H. made this refusal more as a hint to Stimp than anyone else, and that Stimp was using the President's name for his own purposes.

Stimp spoke rather contemptuously of the President. He said Miller told the President that he approved of accepting the invitation but thought that 3 ought to go, but forgot to inform Secy, with the result that President H. at once told the Reporter about it.

Stimp intimated that the President knew nothing about banking matters and was so - as suggested by C.H. - Gov. H. read it to him & obtained his consent to use it, - the President would be mad if the critics should say that Gov. H.

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was hitting at him.

I took the position that E. H. should not allude to this, at least until hearing what Norman had to say, and unless President Harding consented.

I pointed out that a hostile critic might say this was an attack both on Stung and the President, and that it savored of our warning to banks as to over-issuance in British Exch. Notes in 1916, and of the round robin in the Senate when President Wilson went abroad to Versailles.

Finally, E. H. rewrote the paragraph to the satisfaction of Stung, as he told me yesterday later, but he did not show it to me.

Stung said he thought Norman was coming over merely to talk to Mellon about payment of interest on the British debt.

Stung said the only way to stability was a) to establish a free gold market in Gt. Britain; b) to establish a gold exchange standard i.e. the linking standard; c) to pay up exchange.

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Stung said b) would never be adopted in Gt. Britain; that c) was not a good method.

Stung added that Gt. B. had been buying dollars which had depressed British exchange, and that it was a bad thing for a Gov. Govt to manipulate exchange.

Edith asked Stung if Gt. Britain would not at all have a free gold market provided she could be released from paying the interest on our debt for, say, a year or two.

Stung gave an evasive answer.

Edith believes this is Norman's harbor.

Edith believes Stung has some talent which he has worked out with Norman but which he is unwilling to show to the Board.

All he said to us was that we must adhere to the gold standard, to which, of course, we all agree.



Friday, May 5.

Start on Bangor to attend funeral of Frank Hamlen who died yesterday in Chicago.

Sat. May 6

In Boston. Kemp said that Charles Whitten the real estate agent said he represented interests who wanted to buy 30 acres of the calf tract; that he told him that on Monday he was to consult with some of the owners to see whether they would abandon the idea of building there as a resort for RR tract development and sell it in small lots on manureland sites; that Whitten said, my clients would be willing to buy the whole calf tract, they are very powerful and wealthy - what will you take for it? that GPH replied they were asking \$1.00 per sq. foot; that Whitten said, but without any indication of surplus, would you expect me to advise my clients that the land is worth \$1.00 per sq. ft; that GPH replied No. the south part is not as valuable as the North part and Whitten said he agreed to that; that W. L. L. said he would

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talk with his clients on Monday and let Kemp know.

Kemp or Ned also spoke of the fact that they heard that Union of the Natl Steamship Bank had asked Mr. V. Prudt Winkler to talk in the matter of buying the calf tract. Ned said he was going to call on Winkler to see him of the estate of Will into the common club (in which Winkler was greatly interested) and that Winkler would say something about it. Ned called on Winkler and said he was in his way to his brother who had told him they had received 2 offers (besides Whitten) for purchase of small lots, 15 to 20 acres; that they were to decide shortly whether to give up their plan for RR Port development and sell small lots. Winkler at well said - they must not do that, they must hold it, - certain large and powerful interests have agreed that the future of Boston lies in the development of the calf tract on a RR and Port plan; they are

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going to buy it; it is absolutely  
settled; I had a plan of the calf  
trust in my desk only a few days  
ago, and I have seen 2 letters from  
S.S. companies offering to hold a  
loan for 50 years if done and  
developed. He added that these  
interests had considered Jibby's  
Point, East Boston but were unanimous  
that the calf trust was far better  
and should be developed at once.

Ed told them to Ned & Kemp.

Sunday May 7

at funeral of Frank Hamble in Bangor.  
2 P.M. at 5 P.M. Ned & I called  
on Mrs. Harriett Hamble

Sunday May 8

Board discussed question of creating the  
institution of Bd of England all day. Ed  
not present. Finally voted to accept  
but later voted to exchange whole matter  
for record.

1922

- May 9

Bd meets with Mr Norman. Mr Stimp  
said whole question of gold stabilization  
depends on some adjustment of the  
debt question. Mr Norman said the  
members of Council would probably  
agree that the central bank should  
hold the whole central bank  
continuously; that probably they  
would advise central bank on all  
countries; that also they would favor  
low rate policies on banks having  
high reserves.

Mr Stimp said that this might  
involve a vote by Mr S. of want of  
confidence in the M System which is  
not strictly a central bank; and in  
the rate policy of the M System which  
might keep in relatively high rates in  
some countries, even while holding  
high reserves.

Mr S. said he could avoid this.

~~Ed~~

Mr S. & Mr Norman both said that  
if the central Bd suggestion of another  
Monetary conference were adopted  
it would necessarily involve the



1922

question of debt adjustment. They both seemed to favor a general holiday for some period of time during which interest should not accrue.

The Board felt that this was clearly a matter for the Admin to settle, as it was not strictly a banking question.

Ev S. suggested that the U.S. should call a Monetary Conference and that the suggestion of a general holiday should be boldly made then just as Hughes did in the 5 Power Treaty.

Finally we all agreed to Ev S.'s motion that the Secretary be asked to set with the Bd and thrash out the matter.

Ev S. asked Ev N. if Britain could declare a free gold market in the near future, if interest payments were postponed. He said he thought not.

Cummings said the cabinet had been discussing the matter and they seemed not to know just what to do.

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Platt said he had just asked Mellen to meet w. the Bd and he said he would decide after he had seen Ev N.

Platt said Mellen thought that Ev Stung was to go to the conference merely representing the Mbrs of N.Y.

We all agreed he should represent the 12 Mbrs, otherwise the charge would be made that the Bd had abdicated to Wall St.

Ev S. stated that he favored Ev S. going to the conference but that there would be undoubtedly many matters that would come outside of the jurisdiction of the Bd, and that in these the Admin should tell the Board how to instruct Stung.

Ev S. is perfectly satisfied that the real purpose of Ev Norman, out of the conference, is to secure a postponement of interest payments for a considerable period of time.

May 10

Wed.

See Mellen told Bd through Cummings that he would not come to the Board meeting until he had consulted with Hughes

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and Howell.

Ev. Norman and Stimp visited three weeks together all day waiting to leave for see Miller.

Stimp said he was sure the President would not approve of the same, and in any event he would not go unless and until the Admin. told him its attitude as to possible postponement of interest payments and as to calling an International Monetary Conference to be held in U. S.

Chit told Stimp he feared that if such a conference were called the whole subject of International Bimetallism would be brought up, and pointed out that in 1846 the Rep. Nat. Convention declared for the gold standard only until a Bimetallist conference could be arranged for and that Lodge insisted on adding the words "which we intend ourselves to bring about."

1922

May 11

Mitchell told me that Howell told Norman that if Britain should certainly pay her interest when due, and then they could both decide as to the other countries.

May 12

Ev. N. & Ev. Stimp have been leaving conferences with Miller and Mitchell for the last two days. Some I have been asked to and others not.

Then P. M. I tried to find Ev. N. to talk to him when we lived as he is to deal with us tonight. I found him in Miller's room and Miller and Mitchell with him. They asked me to stay. They were giving over a plan presented by Ev. N. outlining a plan on calling a conference by Bk of England, stipulating certain things each particularly member was to be asked to agree to along lines of cooperation etc. of Int. Bk., restoration of gold standard etc. I had never seen them before. Several changes were suggested.

Ev. S. also had a plan for his



1922

instructions, at the end of which it was recognized that the conference might declare that the gold standard could not be attained unless a formal arrangement covering our Intern. debt was made as a condition precedent. Gov. S. said the President, Lullin, Hoover all agreed the invitation when given should be accepted, but they favored it at a later date; say September. They had not, however, definitely agreed as to his instructions.

I shall have to know much more about the whole matter than I know now before I can vote intelligently on it.

7.30 P.M.

Gov. Norman dined with us, and we had a very pleasant talk. He reiterated his view that nothing can be done to get enough back to the gold standard until the debt question is settled. He said that if E.B. began paying interest it would create a very bitter feeling among the allies, and while he did not say so directly, I have no doubt

1922

of his conviction that E.B. is in no position to begin interest payments next fall. He said the weight of interest was a greater crisis than that of the debt on the latter, of course, would be bounded.

He asked me wh. I thought it on the part of interest of E.B. to have the interest question decided now or to wait.

I told him I was not familiar with the details and could not advise him.

He said he had met Mr. & Mrs. Augustus Hurlerway on the S.S. coming well and I said when I saw them I would speak about it; he replied that they knew him as the "Montague" or that was the name he was traveling under; he also said he was registered at the Sherburne under an assumed name.

May 13

Wm. L. of Shawmut National bank dined with me. He spoke of the case trustee but more guardedly than last week in Boston and I came to the conclusion he really knew less about it than

1922

I thought last week. He said he did not know who were behind it but he would find out on his return to Boston and would let me know, and that he would touch the matter. I told him I had a very small interest in the South part of the Calt. Trust, and that W.P.H. had a substantial interest, but relatively small compared with Jay & my brother.

May 14

Sunday. Sent Ned a special delivery describing whole interview.

May 15

Dined with Dwight Davis. See & her guests were there. To my surprise she showed signs of bitter feeling towards Lodge: she said if he had been back to plan, Coolidge would now be President. I reminded her of her campaign for President and, as I remember, she alluded to the treachery of Lodge and Crane.

1922

May 18

Went to Capt. Bailey R.N. to meet Lord Suckwell a prominent English banker & stock owner. He said St. Pitt. would never ask to trace its interest trusts postponed.

May 19

Platt read to Bd a letter from Geo. Slay as to issue of N. Va. Charter in April to the Com. Natl Bank of Wilmington, N. Car.

Slay said:

The bank was originally the Amer. Bk. & Tr. Co and chartered by act of Congress to Mr. Slay. The Mr. Slay owned it and declined to admit it as its condition was so bad; it then chartered to Crumpler; the N. Va. Bank's reported against it in account of its condition; Crumpler gave it a charter in understanding that \$100,000 be put up; only a small part put up in cash and balance in doubtful notes; the condition was not complied with; that the bank's capital was worked out and it was insolvent.

Wanted to call this letter immediately to attention of Crumpler.

The President in W. B. Cowley, a brother



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of Wash. Cooker of Wash. who advised  
William's confidante. Another brother  
is Robt. A. Cooker, formerly Lt Gen of War.  
com. & recently admitted in Jan from Board.  
Slay enclosed copy of letter from another  
brother, J. E. Cooker to Belton. V. Prout  
of com. Nat. Bank telling him to rush  
directly into the M.B. and not to be  
too particular; that no credit inquiry  
was necessary if a note did not exceed  
\$4999; that if a note was that of a  
cashier of a bank, and the cashier  
owned a bank, he should be put down  
as a borrower etc etc.

It is astounding that Cressinger should  
have given a charter to such a bank.

I fear it will turn out that Holeten  
are involved, and that it will be  
like the Max Mitchell case.

We asked Hopton to find who Cressinger  
was asked M.B. for an opinion

May 21

Hopton says he called Mr Slay who says  
Cressinger never consulted M.B. of Wash.  
as to charter to com. Nat. Bank of Washington.

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May 22

Herron. Ch. Gram made a report by letter to  
effect that the M.B. of Dallas had  
acted, as to collection of Notes, in the  
same way towards all banks as it  
did to the Citizens Natl Bank; so  
the absolute Ramsey & the Bk as  
to this particular bank clear.

May 23

Miller moved that it was sure of Bd  
that disc. rates of M.B. N. Y. could with  
advantage be reduced. His reasons were  
the high volume and the psychological  
aspect of reduction on market rates.

Edt said he was not prepared to  
vote on this without hearing from  
the M.B. as to conditions affecting rates.

Edt moved to amend by requesting the  
M.B. of N. Y. to report at once when  
rate conditions and who, if not changed  
were advisable, giving reasons in  
full.

Edt said if we adopted Miller's motion  
the Bd would seem to be bound to make

1922

good its Resolution and initiate lower rates; that while the Board had this power, it ought not to exercise it except under extraordinary or at least unusual conditions, and that the (COT) wished to learn, before voting, just what the N.Y. conditions were.

Miller admitted, in answer to COT's question that business was not being hampered by the existing  $4\frac{1}{2}\%$  rate.

COT said he thought this  $\frac{1}{2}\%$  margin over  $4\%$  could better be used later.

Platt said that later we might have to raise rates and that it would be easier to raise from  $4\frac{1}{2}\%$  than from  $4\%$ .

COT believes that if that time comes there will be a demand to lower rates under  $4\%$ .

COT met Sec. Miller last evening at dinner of Henry Patten and he told COT he saw no reason for lowering rates at the present time.

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The Board then voted down COT Motion.

On Miller's motion the Bd voted in favor by 4 to 1, Ew H not voting. COT voted No.

Yesterday Ew H & Mitchell were strongly opposed to Miller's motion, and I do not understand their vote.

altho Ew H did not vote, he indicated that if voting it would be Aye.

May 24

HR named Bier, <sup>secretly</sup> adding 1 blank to MR. Ew H. told me that Miller told Mr. Judd to let it go through or President H. said he did not object Ew H. unless it did hurt if it would be would withdraw. Ew H. said he told Miller he should prefer not to be re-elected. I told Ew H. he would be free to decline if he wished but he feared this would not be fair to the bankers who were working on his re-election.



1922

May 25

Mr. N. Y. asked Gov. H. to ask Board to give  
the reason for lowering lower rates.  
Point well taken, as Bd. should give reasons  
for the action explained to Mr. N. Y. was  
not advised vote.

Mills talked at great length and became  
quite excited; said rates were out of  
line but did not say how; said Board  
was entitled to lower rates; said it  
was wrong to keep up rates on fear of  
speculation in cash loan market.

Gov. H. replied that was not the reason  
for keeping rates at present level; that  
bus. seemed to be moving satisfactory  
towards better conditions and foreign credits  
were being liquidated, and there was  
no demand for lower rates.

Gov. H. said case of Mr. N. Y. said he  
would agree to lower rates if the Mbs.  
would throw 500 millions of East Bonds  
into the market to keep money off  
the stock of change.

Gov. H. told me that as he thought Mills  
wanted easier money but believed

1922

same; that he has bought low lower  
rates will still be hard to trust in  
\$500,000 to save his in the M's Globe  
Milling Co. investment.

June 12

Dr. Willie told me that last summer William  
wrote him a number of letters asking him  
to attack the Fed. R. Board in the N. Y. Her.,  
and that Mr. Adoo made the same  
request of him at about the same time.

June 29

The Pres. Secy of Sen. Watson of Indiana  
detached the Bd. official, stating that the  
Senator desired to know the Politics of  
each Member of the Bd. Mitchell at  
once would ironically that he be  
told it was none of his business.  
Finally it was agreed that the official  
who took the message reply that he  
did not know. An inquiry was  
found that was just what he had  
said. The whole Board took it as  
an insult.

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July 17

Dr Borden writes out copy from records my report am.  
(Aug 11. Dr Williams writes that showed nothing  
abnormal.)

Aug 7

Gov Harding left office Tuesday night  
Aug 9. at midnight. Some months ago Sen. H.  
told Harding it was settled that he was  
to be recalled. This was just after the  
passage of the Act adding a new member  
to the Mtd. From time to time Sen. H.  
told H. he was trying to leave the  
President send in the name of the  
new man & Harding fought. Sen. H.  
told H. this ought to be done and that  
he would see that the two names  
were acted on together and would hold  
up the new name until both were  
considered. Sen. Heflin, perhaps as  
we believe, by John Skelton Williams,  
has been attacking Harding almost  
every day. About 2 weeks ago Sen. H.  
told Harding the new name had  
been agreed upon & that both would  
go in soon. Last week Sen. H. gave  
out an interview or rather an im-  
partial despatch saying Harding would be  
re-called. Meanwhile nothing had

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happened. See H. told Harding it could  
surely be recalled last week. On Sat  
undersee. Gilbert told Harding that see  
H. spoke to the President but that  
he threw up his hands & said he  
was too busy w. the RR & coal  
strike to think of anything else.

See H's daughter told Margaret Hardy  
her father was very angry w. the  
Presdt. See H. said about the same  
to Gov H. & added that it would  
make the public believe he had  
little influence w. the President.

It is well known to me that Pr. Harding  
wants to appoint some good Rehab.  
trustee on Bd. as part of the check  
system, but that he does not  
quite dare to do it. Meanwhile he  
is allowing Harding's term to lapse  
and watching Sen. Heflin attack  
in the hope something may turn up  
to relieve him of the necessity of  
reappointing Gov. H.

It is a shocking case of weakness -  
the Press is almost unanimous for  
Gov. H.



1922

Aug 7.

Two days ago Sen. Rumrill wrote me and I believe, the other Bel. members asking for lower rates on farmers' trade, the rate as low as was in effect at N.Y. (4%), the rates being 4 1/2 at some local + 5 at others. He also thought that even 3 1/2% would be just.

at the Bel. meeting Tuesd. Aug 1 I moved that a commod. rate of 3 1/2% be established on loans made by Wb. Reels' covering stable agric. products where the Mem. Co. has not charged its customers over 6% on such paper. Finally on Ew H's earnest suggestion it was decided to frame such a regulation but in first instance to send the draft to the Mbrs for comment + suggestions. This was sent out Aug 2. (See See Book)

On Sat. Sen. Hobbs in a speech in Senate stated that he believed Ew H. speculated in cotton during the period of depletion. This am. Ew H. sent Sen. McLean a letter denying this.

Sen. Miller this P.M. went to White House to ask on behalf of Ew H.

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Aug 8

Ew H. says Mitchell says Miller yesterday P.M. and he said had seen Prout who said he would not commit himself, but added "I think Ew H. will be reappointed".

Ew H. just told me that Adams + Wilson, Chas. + Nat. of Rep. Nat. Comm. all to meet Prout today + strongly urge Ew H's reapp't.

Mitchell has just come in; he read to me Pr. Harding's letter to him of Dec 9. Thumping him for keeping politics out of the Mbrs (alluding to the Comstock affair) and then said he knows that Pr. Harding wrote it in a sarcastic sense and that he is satisfied that the Prout is still very ugly about Comstock and that this is the reason he does not want to reappoint Ew. Harding.

He added that Nelson. Murray was so strong that he thought Harding would yield + he believed he would send in his name today. He said Harding was surrounded by very poor political advisers.

Ew H. said this P.M. he was satisfied that Prout H. wants to put in Crumpler as Gov. and Willard or Comstock as

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combattable and then turn the Model into a political machine using all offices as trails.

5 P.M. E.W.H. says Miller just told him that the President had secured Miller, and said his only doubt was whether the report was his confirmation report last 2 or 3 months and black business in the Senate; that he wished Sen. Underwood would see him about this; that he told Miller he had an appointment with Underwood this evening & he would have Underwood see the President early tomorrow morning. E.W.H. said Miller said his name would be sent to Senate tomorrow if Underwood's interview with President was satisfactory.

any of

after the meeting this am. Cressinger asked if I would drop in and see him. I did and he went over the record of Bull's dismissal. He showed me that Bull could not reduce expenses and that already since his removal, over \$60,000 has been saved. He said that B. was not a good Administrator and also that he had become obnoxious to some of the women under him because of

1922

his attentions to them. He showed me a very abbreviated battery dress - which he had made (so I understood him) and presented to me woman who complained of this & said he was also always keeping her after hours and asking her into his private office, which she resented. He said complaint had been made that when addressing the women he often let his hand rest on their knees, trying to curl up their legs.

The other day, dining with 7 or 8 fellows, fellow said Bull was an obstructionist while he was in the Board and was very difficult to get along with. He seemed to think his removal was justified on business reasons.

Cressinger said he felt Bull was not a big man to be given any more under Model - which he now wanted - & that he would vote against him.

Cressinger then spoke of E.W.H. and said it was pathetic to see him, evidently meaning to see him would be filled so badly. I asked when the new abstract would go in. He said he had



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no idea, that he had not seen the President on 3 weeks. He seemed to think it strange that Gov H. so counted it, on he said some time ago Gov H. asked him to tell the President he would be glad to resign; that he did so and the President told him to tell Gov H. to sleep; that later, Gov H. said he did not want to resign under fire.

I rather gathered that Cressenger felt the President would not reappoint Gov H. and that he was trying to sound me on it.

I told him that, even from the basis of practical politics, it in my opinion would be a fatal mistake not to reappoint Gov H.; that it would be interpreted throughout the country as a blow at the FR system and as an expression of confidence in Sen Heblen and John S. Williams and of confidence of the Board; that Gov H. had made a splendid record; that not to reappoint him would injure Sen Lodge in his campaign as he was originally bitterly opposed to the FR system & had attacked the bill in

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the Senate; that I brand this would be a determined effort to induce the Dem. Party to come out for an "easy credit" policy, condemning the FR, & that Mr. Harding's failure to reappoint Gov H. would be cited as an approval of "easy credit" by Gov. President Hardy which would be difficult to reverse.

I am convinced Cressenger was sending me on the President.

Gov. H. told me he saw Sen. Underwood last night; that he was determined about his confirmation; that if Heblen could get 15 democrats, he could start off confirmation until March & next; that he felt that senatorial courtesy was involved, although he had told Heblen he should vote for him; that he said he must realize that he had to live w. Heblen who made it hard to befit him etc etc.

The Gov said he told Underwood that the Dem. Party was for him & Howard & that this made Underwood seem less despondent. Gov H. also

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reminded him that in extra minutes  
was that in M. Board on a kind of  
gentlemen's agreement that Hardy  
also should be asked and that this  
would be suff. justification for his  
inserting that the 2 names should  
stand on each copy. Finally, Underwood  
seemed to feel better about it and  
said he would see the President this  
am.

Platt, Mitchell and I sat w. Gov H. between  
3 & 4 hoping to hear from White House  
but nothing came. At about 5 Gov H.  
went into Mellon's office & told him  
his desk was cleared & he was going  
to N. Y. tonight. Gov H. came in & told  
me of this; he said Mellon said he  
was utterly at a loss to understand  
why the President had not sent in his  
name this day.

Gov H. then told Mellon that if P. H.  
should send in his name and it should  
be held up, he certainly, after 3 or  
4 weeks would ask the President to withdraw  
it. Mellon said that was a good  
suggestion & he would communicate this  
to the President.

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I think Gov H. made a mistake in saying  
this but the President could send in his  
name & easily arrange to have it  
held up.

At ten P.M. I called up Gov H. at his  
house but there was no answer,  
he had evidently gone to the train  
for N. Y.

Aug 10

Mitchell told Platt that Sen. Underwood  
told P. Harding that Gov H. should be  
requested and that he would certainly  
be embarrassed.

Platt just told me that Sen. McLean said  
the business to send in Harding's name was  
a damned outrage.

Aug 11

Wash. Post says President so busy w. RR strike he  
will prob. make no appointment for several  
weeks!

Aug 16

asked Gov H. to lunch at corner club. He  
showed me a letter from M. August Wells  
inclosing copy of an answer by P. Harding  
to a prominent Ohio Rep. (Carmi Thompson)  
slightly indorsing Gov H. by name. The



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letter said he (P.V.H.) fully understood the  
slight misstatements on E.W.H. but that  
there were 2 sides to the question and  
he would give the matter most careful  
consideration.

E.W.H. said that ten nominations had been  
suggested by P.V. Harding, but at last minute  
had been laid off. He said Under Sec  
Gilbert told <sup>him</sup> that last Friday Sec. H.  
had sent P.V. Harding another letter on  
E.W.H. - almost mandatory in its  
terms.

E.W.H. said the Board was getting worn  
w. him on the refusal to appoint  
Counsellor in Mo. Kan. city.

also said he had several good offers  
under consideration but should wait  
until P.V. H. had definitely settled the  
question.

also said that if nominated & confirmed  
he would not accept the office  
unless given the assurance that he  
would be re-designated as Governor.

I think E.W.H. goes too far here. An  
assurance of designation as Gov. for 10  
more years, 18 in all, - is more than

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any Board could properly give. All that  
E.W.H. has a right to expect is ranked  
as a member for 10 years. He seems  
to think such a designation is necessary  
for his vindication. On that theory  
I should have accepted the nomination  
which Under Sec. H. said he would give me.

E.W.H. said he had suggested to  
Platt to write Kelly of Birmingham  
and ask him to show what good reason  
there was for continuing the Mo. branch  
there; that this would stir things up  
and the business would bring great  
pressure on Sen. Hibbs to force  
him to drop his objection.

I told E.W.H. this would not do at  
all and, if done, would surely  
reflect on us as everyone would see  
through it and it would tend to  
bring Board in the position of political  
maneuvering - which it never had  
done & never should do; that it could  
give Sen. Hibbs a real cause for  
grievance - of which he had none  
now, - and that it would be disastrous  
to E.W.H.

Later, I told Platt the same. He said

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rather agreed with me, but thought he might write Kelley that he had heard some Insurance Co. wanted to buy the building occupied by the Branch and that he wanted to know whether it would be advisable to sell and give up the Branch.

I told him I should never agree to this & that it would be crazy to do it.

aug 21

Mitchell said this am. that Carmi Thomson, during w. Pr Harding, last week, strongly urged Gov Ho cabinet & said it was a great opportunity for a N.B.S. President to demonstrate that the N.B.S. Board was absolutely disconnected with politics, but that the President said this did not interest him at all, showing his desire to make the Board a part of the shack system!

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aug 25

B. manuscript severely criticizes Pr. Harding but not mentioning Gov. H. says reason is ample. Gov H would appoint a trustee to office under N.B.S. (undoubtedly refers to Comstock but does not mention his name specifically).

aug 30

Wed. celebrated my 61st birthday.

Sept 6

Go to Boston on auto with N.P.H. Give Mitchell a dinner at Somerset club and we go with him to the theatre afterwards. On way to Boston stopped at Fairbank Hospital, Jamaica Plain, and saw Rosamund Reil and baby.

Sept 7

Tuesday. Motored to Beverly Farms to wedding of Alice Harding and Mr. Pell, later went to wedding breakfast at home of Mrs. Pruece Jr.

Returning, visited Harmony Grove Cemetery Salem and visited graves of Mr & Mrs J. Norman Jackson.



Sept 15

Gov H told me that Miller sent me a letter yesterday and said he was still confident Pr H. would nominate him, and would give him a nice appointment after Congress adjourned, - within a few weeks. Gov H told Miller not to touch him too frequently and not to hesitate to drop his name at any time, but that Miller said he certainly would not drop his name. Miller also said Sen Edward McLean had told the President it would be politically best not to nominate him and that the President seemed very much impressed.

Platt shows me a copy of a letter to Sen. Swoot in reply to a letter from him asking me to certain of statements of Williams ~~alluded~~ by Sen. Heblin in an attack on Gov H. & the Board delivered in Senate last Tuesday Sept 12. Platt's letter was personal & not official. In it, he said that Williams was guilty of deliberate falsehood in some of his statements, I suggested softening this somewhat by saying intentionally misleading or something to that effect.

Sept 16

Platt said he had sent him letter to Swoot but did not say wh. he had adopted my suggestion.

Sept. 20

a day or two ago, Sen Owen who was with Mr Smith, former Member of the San Juan Loan Board, told me that if Gov H. was nominated he would vote against his confirmation and would do his best to defeat him. He added, however, that if nominated he would undoubtedly be confirmed.

I told him of Sen. Heblin's recent speech in the Senate charging that the Bill, permitting McLean to accumulate a surplus up to the subscribed capital, had been slipped through Congress at the last minute w. the help of Repub. votes, and reminded him that the House & Senate were then Democrats & that he had charge of this bill in the Sen. Com<sup>tee</sup> and reported it.

I urged him to set the matter straight in the Senate, as Sen. Heblin had really impugned his good faith, but he said he had read Heblin's speeches

and seemed to take no interest in the matter.

Later, Platt wrote him badly about this.

On looking up the Record Platt said Hoblin himself had voted on this bill, being, at the time a member of the H.R.

Sept 23

H.H. and I motored to Colver and lunched w. Ew. & Mrs. Moore.

Ew. Moore said that Cressinger positively promised to give a charter to Map Mitchell but finally was so impressed with the protests that he wrote Platt Hallawell, counsel for Mitchell that he would give no charter unless the H. Board favored it. Hallawell told Ew. Moore this really relieved him very much.

Sept 29

In Boston attending Bank Conference of Mass. or Atlanta, Rich. Phil & Boston.

Sat with meeting all day.

In evening we dined at Union Club with Ew. Moore & Curtis.

Ew. says of Richmond spoke of Compt.

Cressinger & 1st Nat. of Wash. N.C. He

intimated very clearly that Volstead was at the bottom of the matter and said

that Cressinger was very angry because

the H. Board had informed the Board

as to its better condition. He said

Cressinger had taken away the <sup>chief</sup> Nat.

Bank Examiner for Rich. & had brought

him to Washington, so that Rich. was

now the only H. City wh. did not

have a chief examiner.

Ew. S. also said that it was rumored

that Cressinger was to arrange to

have the H. Act amended so as to

take away the power of H. Board to

examine Member banks!

Ew. Moore spoke about the acquisition

of the Park Trust Co. of Worcester by

the Merchants Nat. Bk. His bank

had acquired the assets of the



Trust Co. at a very unfavorable opinion. Mr A Curtis was on a cruise to look into this & reported that the Trust Co. was in rotten condition. Notwithstanding this the Comptroller allowed the purchase to stand, but later Curtis said the directors had to put up a large sum of money to make good the condition of the Natl Bank.

Mr Mann intimated that this also was a question of value like the May Mitchell case.

Mr Mann, in speaking of Sen. Weeks, said: Huntblower & Weeks should do the work of Weeks, as it hurt Weeks; that the firm had changed greatly since Weeks left it, and had degenerated into a glorified bucket shop; that Parker did not tell the firm; an Irishman, but hurt it.

Mr Mann also spoke of the relation or admission of the Fed. Trust Co., which had absorbed the Comptroller's Co. and the Buck Bay Natl bank and had arranged to have Maloney, former Nat Br of Lowell, & now clearing house chairman, as its President; that Maloney came to him with a plan of reorganization which provided only 1 million of capital against 20 millions of deposits; that he told Maloney the Mbank would never approve this; that finally Maloney provided 1 1/2 millions of capital which left the deposits about 20 : 1 1/2 or about 13 : to 1.

Mr Mann said this ratio was too high but all of these banks were in a very weak, extended condition and if something were not done they would all fail which would be a serious blow to Boston banking already injured by the other Trust Co. business; that the clearing house Com<sup>tee</sup> had examined the 3 banks and that Long and Ripley had reported to him that the clearing

House com<sup>a</sup> unanimously requested him to advise the committee to handle the banking situation in Boston which could not stand 3 more bank failures; that the recommendation put the responsibility on the clearing House to see the consolidation through & handle it, and that he should advise the Board to approve it.

Mr Carter told that the Board would act quickly and favorably.

Oct 4

Mr H. called; said Mr H. sent over him last week; had a long talk with him. Mr H. said:-

at first had no idea of attacking him.

Then the pressure became very strong

Millen was 150% for him; also Sen Reed. (Pa)

etc etc

also much pressure against him.

But that attacks of Heblin & Wellman would hurt him in position of agency w. them if he failed to resist them.

Recommended to him that Robert would take situation out of politics, but he felt to attack him before the coming election would

blow whole matter into politics.

After the election will take up the matter.

Mr. H. gave no assurance, however, that he would support him.

Mr. Harding, to wit, is simply a political weather vane!

Oct 10

Board voted to advise to amend Republic to admit special savings acct in Calif. State banks as "savings accounts" under N.A. Act, but held they were demand deposits carrying req. of reserve as such.

The Board prohibits of savings acct and not only receipt of 30 days notice but also presentation of Pass Book and prohibited checking in such accounts.

Under Calif. law the special acct are segregated & were a true lien over demand deposits, but the law did not require receipt of Pass Book and permitted checking. The law further provided that if the 30 d notice was



put in and the Bank could not keep the deposits at end of 30 days, that it did make no more loans + drafts until paid.

Chairman Perrin strongly advised changing the Regulations so as to give these special savings accounts the benefit of the 3% reserve. He said these deposits did not draw down the ordinary demand deposits of the Calif. Bns, and that they should have the benefit of the 3% reserve, especially under Sec 9 - as to statutory powers of St. Bns joining the system.

Perrin favored keeping the higher reserve, as demand deposits against Natl Bns as these deposits were not segregated, and, moreover, if a Bn met in the 30 day rule & then did not be it would be insolvent, while under Calif. law such a result did not mean insolvency at all.

Chf said that under N Act when a Bn gives notice of refusal to reserve 30 days notice, that deposit is not a demand deposit, but a savings deposit, and that while he thought the Regulation was right as to Natl Bns,

it should be amended as to state bank savings accounts provided by the law of any State, where segregation was required,

Chf moved to amend the Regulations and was defeated, or rather, Dr Miller moved not to amend the Regulations in manner suggested by Perrin. The Motion not to amend was carried:-

Platt, Miller & Cressinger, Aye  
Chf & Mitchell, No.

Later Perrin told Platt this might mean the withdrawal of Sutter's Bn, the Secur. Trust & Savings Bn of Los Angeles and other large state Bns.

Platt seems rather to favor reconsideration and the matter will probably come up again.

Oct 12

Mr A. Rich called & spoke of 3 new charters to Natl Bns in his District granted by the Comptroller, Cressinger, in spite of an adverse report of the Natl Bank Examiner & the Nbr.

He said there was absolutely no necessity for these Bns & the charters

were given by the Compt. timely bec.  
of political influence.

He said also the matter was  
discussed by the other Agents  
& that every Agent should be similar  
acts of compromise in their Districts.