

Jan. 2. cont'd.

Dr Miller asked the Board to give authority Rev  
against Breck of the MoI of San F. a leave of  
absence with full pay in order that he  
might go with Mr Robinson of Los Angeles to  
attend the meetings of the Reparations comm.  
Mr Robinson was invited, with Gen Dawes,  
and another by the Repairs comm., the State  
Dept having no authority officially to take  
part in it. COT objected a) No authority to  
detain an employee of the MoI system or pay  
him any such service; b) Congress passed a  
law forbidding the Presdt to send any com<sup>n</sup>  
abroad w/out direct authority of Congress.  
Dr Miller insisted we could send Breck  
arriving some other nominal purpose!  
Gov C went to see Sec. Miller and returned  
saying that he did not object, that  
the cabinet had considered the guests  
& were most scrupulous in their decisions  
but nothing had been done which might  
unbear the admn.

Mr Robinson then came in and Dr Miller  
said there was no harm we shd not do  
this, in spite of what Sec. Ad. had said,  
widely "herboming" for the benefit of

Robinson. Robinson and Howell had delegated some of the officers who were abroad on their purpose, in understanding that they still not sit in any sub com".

No action taken. What a ridiculous example of a weak foreign policy! To ask the Reds could to invite Americans in their area exclusively to go over!

Jan 3. Thursday

CSO read the resolution of the Senate attached to ratification of the German Treaty (42 Stat at large p. 1945, Act 18, 1921) and said that sending Bruce abroad would violate the spirit of this resolution.

Dr. Niles discussed for nearly an hour how a violation of the Board could be made which would be nonobjectionable. CSO & James said yes, in form but in substance it would not be legal. A telegram from M.A. Peffer was then read asking authority for the bank to detail Bruce to assist Mr. Robinson & make other inquiries.

CSO moved that the Bd write Peffer that it had no power under the M Act to authorize such a detail.

A long bitter debate followed. CSO said the Auditor & Compt. would disallow any part of salary to Bruce while away on the part of duty in such service & Dr. Miller said in such event he would tell the auditor to go to hell!

Dr. Miller also characterized Sec. Mellon's disruption as a "cub stool" opinion as CSO as a "scared school girl".

Dr. M. then moved a substitute to his motion that the Govr consult the Secy of State to learn wh. there was any governmental objection to our sending Bruce. CSO pointed out that it would be very difficult to see. Mellon to go over his head in this way.

Finally CSO's motion was carried, agt. CSO, James & Cunningham, No. Miller & Dr. C. the latter explaining his vote on the reason that he felt the Bd had authority to send experts abroad.

I am convinced that Dr. Niles has some relation w. Mr. Robinson - probably financial relations, - which made him so insistent on this matter. It may be that when Dr. Miller had to tell the

the \$60000 on the Miller Co. in Calif., that we borrowed some of it from Robinson's bank. I have no knowledge as to this but suspect it.

Jan. 6. Monday

Over 300 people attended our New Years reception. At the end Justice Van Devanter, Sandford, & Butler called, and we had a delightful half hour together.

Jan. 7.

Board voted that retention by Board of authority to create plans for branches will not be granted but that in would entertain this to Feb. 1, 1924, after which time naming the towns or the location in non-contiguous territory. This was voted on the James motion slightly changed so as not to require alteration of state subsidy or of the Fed. Res. Bank prior to such date.

cos moved that the M Agents at once notify each Member of this decision.  
Passed.

cos then moved that effective date of the main resolution be changed from

Feb. 1 to April 1. H. A. Agl; cos. G. C. Plott; No. Br Miller, Cunningham, James & Daniels.

Mr. G. The Bd voted that any member may move reconsideration, however he may have voted on the original question.

Jan. 14.

acted V. Credit of the Commo Club.  
vote: cos 176. unvoted 120.  
not received 59½% of total vote.

Cunningham introduced a resolution test sel. & Cycleside Corp report on number of officers & salaries of Miles & Brundell, w. a view to finding wh. or not any economies can be adopted, with a view to military effects etc.

cos moved that the resolution be amended so that no expenditure be authorized w/out the direct vote of the Board. Passed.

On the resolution as amended, Dr. Miles said he was in sympathy with it and then proceeded hasty to assent it. He said he favored it when moved by cos some years ago.

cos strongly favored the resolution as

amended.

In vote, it was lost.

age CIO & Cunningham.

No. Gov L. Platt. ~~A. Miller~~.

Jurine. Not voting.

Miller. Not voting.

Jan 17.

\* CIO moved to discharge the economy and obbl. comt from the duty responsibility of making recommendations based on its judgment and transmitting those documents to sub. & ex hmc comt.

Long debate. Miller bitterly opposed. CIO said Com. & Obbl. Com "n't wait any longer to make recommendations & that he wanted action. cited vote of Board member ago directing Com. & Obbl. Com to submit to sub. in Ad. R. Agents monthly reports; which says sleeping in the comt. Miller said Comt could not & did not submit. CIO said that was why he made this motion.

Finally after long debate CIO moved - suspending the first motion - to reconsider the adverse report in

Cunningham resolution. Miller said he thoroughly discussed this resolution if the comt should be dismissed instead of authorized. Tell Bd then voted to reconsider it. Miller alone voted No. (!).

Meller finally went over to recommend.

Jan 24.

Called up the comt of state department who said that under a decision of 2003 years ago Members of the Federal Reserve Board outranked all other secretaries, whether 1st, 2nd, or 3rd.

Jan 27. Sunday <sup>Partie</sup>

about noon, received a telegram from Elizabeth Mayes (the wife of George, nee Elizabeth Harding) stating that Sergeant Harding died yesterday (Saturday) and that the funeral will be tomorrow (Sunday) at 2.30 P.M. at West Hills, Boston.

Mr & Mrs Neiburg, Anna, to be present at the funeral service and <sup>as</sup> the Spanish legate was the Federal <sup>representative</sup> to attend the funeral. While the telegram gave no particulars we all felt it was probably suicide.

Jan. 28 Monday

The Wash. Post mentions the death stating that the cause was "illed". statements were also made of what the medical examiner stated, but they were so ambiguous as to allow pretty clearly it was suicide.

Margaret had been visiting in Wash. for about a month, and left on last wed. night to go to Boston, saying her father had written inviting on her return.

On Friday Bertie received a nice letter from her, saying she was feeling very tired, as she could not sleep in the train, and adding that her father, after inviting on her return to Boston had himself gone to Washington, so that she was alone.

Gov. Harding was in Wash. on Friday last, returning on the midnight train to N.Y. intending to spend the day, Sat. - in N.Y.

He did not, however reached Boston until evening and I hear he did not see Margaret before his death.

Miss Miller, Sunday P.M., called up Mr Hayes who simply said Margaret

had been found dead in her bed.

Margaret had for some time been in love with Stanley Hawes, of the State Dept. Anna says some told her that Gov. H. had made inquiries about Hawes some two years ago in Wash. all. of his attention to Margaret. Mrs Clinton told Bertie she knew Margaret was engaged to him 2 years ago.

Nancy Lynn (~~and Bertie~~) is now with us and told Bertie she had known Hawes for years in St Paul; and that he was always talking in love with one girl after another and that she had warned Margaret against him. After she & Mrs Clinton sd that after her engagement to Margaret (wh. of course was never announced) he went west for several months and never wrote Margaret well.

He has been at the house several times during Margaret's visit with us, and was at dinner at least once or twice.

Bertie says that one night last week she came home with Hawes and had a long talk with him down stairs in which

he told Marguerite he was going to telegraph to another girl on Tuesday. Margaret was very depressed just before she left. She spent one day with Mrs. Wood & her mother made her consult a doctor, who strongly advised 2 months complete rest or she was on the verge of total collapse. Anna said she had had violent fits of coughing in which she raised a good deal of blood. Somebody told me that Hawkes some time ago told her that although he liked her very much, he did not love her, and could not marry her.

When she went to the station, I think on Mrs. Woods' house, Hawkes went with her!

The Sunday PM. Mr. Gauvin called & told Bertie Margaret once spoke of her mother's suicide and said she would go that way also.

Mr. Gauvin also told Bertie that Margaret once told her she had told Hawkes she would commit suicide if he did not marry her.

While Hawkes has been very attentive to Margaret since she was with us,

<sup>may have had some responsibility</sup>  
Anna tells that Margaret brought the glasses  
~~as well as~~ <sup>as well as</sup> Hawkes, - that she was always  
telephoning him and asking him to take her  
out to lunch etc.

Hawkes engagement was announced today and a lunch was given him and his fiancee today, Sunday. He was not told of Margaret's death until after the lunch.

Mr. Curtis told me over telephone after writing about that Margaret slept herself Saturday afternoon.

Curtis said Margaret had written her sister Mrs. Mayes that she was very ill and that the doctor had ordered her to go to Bethel, Maine for two months; that Mrs. Mayes at once telephoned Mr. Foster (Mrs. Hoar) who went to the house but did not reach it until after Margaret's death.

Jan 30. Tues.

Anna has just returned from Boston. She said the doctor told her that Margaret was feeling much better Saturday morning, & asked her sister to buy her two short dresses

to wear at the Nipp sanatorium to which the doctor had ordered her to go; that at noon the maid brought up the lunch tray, with a copy of the Wash. Post announcing Stanley Hooper's engagement to Miss Baldwin; that Sergeant read it, put the tray outside the door, wrote some letters, cut out the clipping, pinned it on his breast, and laid through it into the meat.

26.3. Sunday

President Wilson died at 11.15 am. He had eaten a bad turn about 2 weeks ago and it was only a question of time.

In the am Bertie and I went to St. James church to hear an Anglican Dr Kennedy, one of the King's Chaplains preach. He preached with us on Saturday. It was the ablest sermon I ever heard; - in fact, at the end he paid a tribute to Pres. Wilson which, by consequence and oratory surpassed anything I have ever heard. He said when we went to his cross surely as did Jesus Christ on the Place of the world & that those misguided persons who opposed him were in reality defeating God. Am. B.

after the service I thanked him and he said we would write out this tribute so that I could read it to Mrs. Wilson. I told him of my letter to Wilson about Beipenhead & his reply. He said Beipenhead was an ass and an imbecile as well.

The sermon was devoted to showing that neither individuals or nations could live in isolation; that by God's will they were dependent one on the other, & that the principles of the L. of N. were the principles of God.

10 P.M.

Letter from Balling saying Mrs. Wilson wished me to be an honorary pall bearer at the funeral next wed.

At once wrote Balling accepting and took by auto to the Wilson home with a separate note to Mrs. Wilson.

Mr. 4. Monday

At 7 PM Dr. Babbie called me on telephone from Cleveland Ohio; said he had been requested to act as honorary race bearer at her husband's funeral but nothing said about ladies, and that Mrs. B. would not, of course, come on unless she was expected. He asked if I would ask him if ladies were expected. I said it would be better to ask Bulling. He hesitated somewhat as to this, and asked if I had the telephone number. I said Yes and he then asked me to ask Bulling, and wait him.

I called up Bulling who said he did not know but will go up stairs & ask Mrs. Wilson. I held the line & in a minute he said Mrs. Wilson said as the space was so limited ladies were not expected.

I said to Bulling - why not have me write Babbie simply that the best information I can get is that on account of the limited space, ladies are not expected, or that Mr. Bulling says so. (I made this suggestion wishing to shield Mrs. W. from being grieved directly.)

Bulling seemed rather annoyed & said, almost tranquilly, "say anything you please,

These are her husband's exact words, and then he repeated them.

I wired Babbie that Mr. Bulling says that because the space is so limited, ladies are not expected, determined to shield Mrs. W. from a direct quotation, as I knew well what bitter disappointment this would cause to the ladies.

I also wired Redfield to the same effect as the & his wife had accepted our invitation to come on and I added that we should be delighted to have her come, if she came to under these conditions.

Mr. 5. Tuesday

Dr. Grayson gave to the Associated Press a copy of the list of honorary race bearers and my name did not appear on it! I am at a loss to understand this, but assume it was some mistake.

I called up Grayson & he said it was a stupid error; that my name was the first Mrs. Wilson mentioned.

See Basler told me that Mr. Wilson acting advised Mr. Addeo over signing when did, - just before Mr. started for Paris, and that he had told Mr. McAdoo shed now remained.

Basler & Redfield said they had had a conference with See Daniels at the Hammett Hotel; that S. had informed a letter to Gen. de Gullett on the subject of the  
that some oil leases; that S. would not volunteer to testify before the court but would be glad to do so if they asked.

They also said that See. Lane year ago had before him a patent granted by the Land Board covering land reserved by the Govt containing oil (not however land controlled by the Navy; that if Lane observed it the title would be indefensible, there being no appeal to the courts; that the matter had been discussed in the cabinet; that Lane was determined to abieve the patent against the protest of Daniels, Basler, and other cabinet members; that Daniels went to the attorney General, - Gregory, who stoutly advised against

it; that Lane still persisted, and finally Daniels and Gregory went to President Wilson & he wrote Lane not to abieve it until he had consulted with him; that the matter then rested for probably four years, when Daniels heard that Lane was going to abieve it just before leaving office; that again they went to the President who wrote another similar letter to Lane; that 10 days after Lane signed see. Payne formally disapproved it.

They also said that Daniels told them Lane had repeatedly urged him to leave the Govt done never, after the act of congress had put it under the care of the Navy; that Daniels said if the Comr summoned him and asked him about it, he should tell the whole truth.

In next page I have inserted a type written account of the speech. (<sup>changed to</sup>  
<sup>see. Bk.</sup>)  
Some papers announced that my name had been added as an honorary base bearer  
(see Second Bk)

"  
There has been much criticism of McAdoo  
from diversity that he had received \$5000  
from selling the oil rights and had an annual  
retainer of \$5000 from him, although he had not  
acted in any way in connection with the  
leather dome lease. McAdoo's followers  
were in despair. Raber and Rix thought  
he ought to withdraw as a Presidential  
candidate as did also Robert Wadsworth.  
McAdoo made a good appearance before  
the Conf. Com.  
The press, however, especially the N.Y. Times  
and N.Y. World, say he is absolutely  
out of it.

I am inclined to think, among my  
friends, that if all is to be a great  
mis, the people will not want to be  
represented by a man formerly under  
stained by said interests.

No. 14.

not presented a memorandum to the  
Board as to suggestions for the annual  
Report presented by Dr. Miller. The  
suggested article dwelt at great length  
on the vulnerability of the Board on  
M Note issues and finally, tho'  
vividly, arrived the conclusion  
that we should limit bullet  
issues of M Notes which had been the  
cause of bank inflation. It also  
directly stated that member banks  
discounted notes w. Mobs on the  
turboe of securing currency and  
that the Fed. R. Banks were originally  
created primarily as Note issuing  
banks. My article combated this  
and said that every M Note issued,  
except those issued dollar on  
dollar in exchange for gold,  
grew out of an antecedent  
rediscount of com. notes, and  
that by controlling these antecedent  
rediscounts thru the discount rate  
we could effectively regulate  
the amount of M Notes placed  
in circulation. (see scrap book)

Miller was very ugly & said my article was "muddle headed" as he was the "hired to slave," I said, very well, but it is the right to enslave and I will tell a majority report!

Feb 15. Friday

In the afternoon session, cross wrote a question of personal privilege and said one of his reasons for attacking the memorandum was that Dr. Miller, one day in May 1923 attacked M Note twice as the cause of inflation, past and present, bitterly attacking the other members of the Board for having used years negligent and for surrendering their power over M Note twice, throwing down the rule and leaving it to the uncontrollable forces of the ignorant director of the Federal Reserve banks to blood the country with paper money thus causing the speculation and inflation that followed.

I said this was an unjust and untrue

attack upon men not now on the Board; that the history of our intercession was given more easily and steadily than any other question I remember & was the unanimous conclusion of the Board, and I quoted Miller himself as favoring it. (see Mem.) Miller then said I did not answer it & cross replied that he had quoted the exact words in the Mem. and that unless you meant No he did favor it.

I said I did not question the right to change the mind, as we had frequently done before.

I reminded him that he was the original "deflation" champion and quoted a article in annual of Pol & Soc. Science for 19 (see Pt. 2.)

Miller made no reply to this.

I said Miller had called my article muddle headed, at which Miller began to apologize, but I said "No

analogy is necessary; the word implies no abbreviation; it is merely the word usually used by economists to indicate that they do not agree with the opinion of other economists, and I well blotted out that by the use of this word Dr Miller has elevated me to the grade of an economist, which I am conscious, however, I do not deserve.

At this the whole Board resounded with laughter.

Finally we all agreed to strike out all reference to the necessity of regulating D.R.B. and add generalizations including the reference to M.R.B. as being created mainly as note issuing bank etc. and the clause ended.

Ms. 15.

Herr Ch. Lyam<sup>s</sup> has said to me several times during the past fortnight that it is perfectly practicable to devise a plan for one examining slate box with 75 branches simultaneously and withoutordinate expense so we could attempt to leave the examinations made just after we examine the M.Bank, which requires a detail of examiners from other parts of the country.

In the leadout done investigate it appeared that Theodore Roosevelt, ant sec. of the Navy had had much to do in connection with the leadout done here; the evidence he gave to the com<sup>a</sup> showed this; it also appeared that, either by his testimony, or by his brother, Archib<sup>e</sup>, he had gone with his brother to Sinclair the oil man and asked him to employ archie, and that Sinclair gave archie the position of vice President of one of the oil companies at a salary of \$25000 per year!

Archib<sup>e</sup> as archie was known as the

\*. This was in 1919 before he was ant. sec. of Navy

and boy of the Roosevelt family, it seemed an extraordinary action. Archibald tried to tell the court what work he did for this bank sum of money, but about all he could say was that his work was confined to business business, without very able to give much of any detail as to what this business was. (Archibald, as I remember, was also connected with the Chester Tungsten concession.)

It further appeared that Theodore's wife had a large block of stock in one of Sinclair's oil companies, but Theodore said she had sold this.

- 1. We have the following facts:- Theodore was adm. sec. of the Navy; 2.\* as adm. sec. he asked Sinclair to employ him on condition.
- 3. His wife owned stock in the company.
- 4. Theodore had much to do in the matter of the Tungsten dome deal.

The various dates above should be looked up.

I am satisfied that Sinclair gave Archibald an instruction to secure Theodore's favor and 7. in asking him to do so so committed an act of very questionable

\* See Note. 7. 23

propriety, to say the least.

I heard also that Sinclair had given out of very great value to Archibald wife and that she said to some one that she did not know wh. or not to return them.

The taken state that the above documents will prevent Theodore from being nominated for Gov. of N.Y. I should think they would!

I feel that the conduct of Theodore is just as reprehensible as that of Denby.

Last week the Senate passed a resolution demanding Denby's resignation. Coolidge stated that that was the business which is true, but coolidge thereby accepts the entire responsibility for returning Denby.

I think the Resolution should merely have stated the opinion of the Senate that in view of the grave charges against Denby he should at once resign, was assuming that in fact he was not guilty of any positive misconduct.

Feb. 16. Sat.

Estelle Meyer called up me and said she was making a new will & she wanted me to act as one of the executors and also, as I remember, Mrs Chandler Hall, who was an executor under her present will. I told her I could not act, as I felt it might be misconstrued with my sister on the Board. I advised her simply to appoint a trust co. as executor and in addition any friend she desired.

I then called up Mrs Hall, who some time ago told me she was an executor, and told her of above talk with Estelle and she was very gratified.

This sat evening I dined with Mrs MacVige and Mrs Hall was there. After dinner we had a long talk. She said she did not want to act as Estelle's executor as it would involve time she could not give. I told her, if Estelle chose of it at least to wait upon a Washington trust co. being asked with her.

I also said I sympathized with her feeling against accepting the appointment: that I would not let Bertie do so, if she had been asked.

She said she would talk w. her sister Mrs Rogers who, she believed, would tell her best down and positively forbid her doing it. She feared she might have trouble with the relatives if she acted, and I fear so too.

70

Feb. 18. Monday.

Meting fed. adv. council  
at lunch at Washington Hotel Mr Henson  
chief M Grinnell told me he had arranged  
a plan for simultaneous examinations  
of large state banks and trustees; that  
it was practicable, and the cost  
would not exceed \$2000 for the  
largest bank; that it would take  
say 175 examiners, of which 100 could  
be supplied by the Federal reserve bank  
of San F. He said that to make a  
simultaneous counter skilled examiners  
were not necessary, as the assets,  
lesser etc only had to be copied, and

that this could be done within 2 days at the maximum; that after that the rest of the examination would proceed just as if each branch were a separate unit bank.

Mr Henson added that James had directed him to hold back this report until he could ascertain wh. these branches had sufficient capital, i.e. whether the capital of the parent bank was sufficient.

He said one examination would be ample each year, and that any <sup>other</sup> branch wanted could be secured by credit inquiries. He said the Natl. Bn Act should be amended so as to require only one examination each year & as many more as the Compt. deemed necessary; that the present requirement for 2 examns forced the comptroller to spend much of his time to examine banks known to be sound at the request of those suspected not to be sound.

I asked Henson what his opinion was as to the condition of the Bank of Italy. He said it was absolutely sound; that he had carefully studied the last report of the

state examiner, and that in his opinion, the Bank was in fine condition.

The Adm. adv. c. quickly induced the paddock bill (H.R. 6855. no 11.1924), section 6<sup>(B)</sup> which provides for branches of Natl. Bn in the city of location in states which permit branches, and section 7 of which amends sec 9 of the Federal Reserve Act so as to provide that after the passage of the Act no state law can enter the F.R. system except as provided that it shall relinquish any branches it may have established after the passage of this Act beyond the limits of the city of location, and further that after the passage of this Act no branch bank shall be permitted to establish a branch outside of the city of its location.

Now what Mr. Warburg said the council was unanimous abt. city branches, divided as to county branches and really scarcely considered state wide banking. He said that the council were willing to swallow sec 7 to get section 6(B) (see scrap book for notes re to the debate.)

Nov 20. cont.

Spent w Sen. and Mrs Bruce of Maryland.  
After dinner in the smoking room Mr  
Charles Elmer began talking about his  
quarrel with Sec. McAdoo and John Skelton  
Williams. He said Mr Adoo telephoned that  
he wanted to see him, and then in an  
amazingly egotistical way, he said that  
he thought that if the Secretary wished to  
see him he should call at his office  
and not ask him to come to the  
Secretary! He said he went however,  
and then told of his quarrel.

He said that after Sec. Breckinridge  
later told him that Mr Adoo asked the  
Sec. of War, <sup>garrison</sup> to remove the prohibited deposit  
of almost  $1\frac{1}{4}$  millions but that he  
declined; that later Garrison was  
ordered by, he thought, President Wilson,  
to withdraw the deposit and finally  
drew it down gradually and did not  
add to it.

He then got very excited and said that  
Mr Adoo and Williams were in a  
conspiracy to ruin the bank.

He then said that at one time he

thought he could prove that President  
Wilson was a party to the conspiracy  
but, rather grudgingly, said that this  
was not proved.

I thought this had gone about far enough  
and I interrupted him <sup>very briefly but</sup> and <sup>gently</sup> said;  
"President Wilson was not a Party to that  
alleged conspiracy or any other. The President  
was to trust his cabinet officers and use  
their eyes and ears. They may, of course,  
deceive him, but he can not be held  
responsible for that."

I then added:-

"President Harding transferred the naval oil  
reserve from the Navy to the Interior Depart-  
ment on the recommendation of his cabinet  
officer, Sec. Fall. The country believes that  
that was a betrayal of the public  
interest. Do you hold that President  
Harding was in a conspiracy to betray  
the public interest in that transfer  
when, apparently, he was deceived  
by Secretary Fall?"

Mr Elmer at once subsided and said "  
I think your point is well taken. No  
President should be charged with any

single intent when he accepts or declines  
the advice given him by his cabinet  
officers."

I was somewhat surprised at the quick  
manners in which Glaser "came down".  
If he had not, there would have been a  
scene which he would not soon have  
forgotten.

Later, Glaser said that Bishop Duran,<sup>had come to him</sup>  
at the time of President Wilson's death, to  
ask him if he would consent to have him  
buried in the cathedral, saying that Mrs.  
Wilson wanted this very much, and that  
he, (Glaser,) had said, - "I have thought that  
men bitterly for many years, but if you  
and Mrs. Wilson want him buried in the  
cathedral, - the best in Westminster abbey  
of the country, I shall not object, - I  
consent."

His evident feeling that he was the cathedral (  
*L'Église, c'est moi*) was so grotesque that I  
let this statement pass unchallenged as  
he said it quite clearly not as an attack  
on President Wilson, but as a manifestation  
of his power and prestige.

The lecture of "Charley" Glaser on an archi-

- pirewhale theme, graciously taking with  
his word the meeting Mr. Wilson and the  
Bishop (whom Glaser invited), and giving them  
permission to inter President Wilson's body  
in the cathedral, should give satisfaction  
to some Michael Angelo of the present period  
to portray this historic scene.

It is enough to make a hard laugh!

as we were going out of the smoking room,  
young Mr. Bruce, son of the Senator, said,-  
"I wish I could have told Wilson what  
I thought of him!" (Meaning, how I hate  
him.)

Mr. Glaser at once smilingly said, he could not  
or Mr. Hamlin could annihilate you!"

I said to young Bruce, - "President Wilson will  
be canonized by our children and their  
children!"

The Bruce, I believe, are Princeton gradu-  
-ates, and are evidently prejudiced  
against President Wilson because of the  
Princeton row.

Sen. Bruce gave out a very caustic tribute  
when President Wilson died, - the only interview

I read which was more of a covert attack  
than a tribute. (see scrap Book.)

No. 21. Thursday,

The Calif. Subt of Banking will tell Board  
cutterly protesting against the branch bank  
version of the so-called bills, and says  
it is absolutely inconsistent with an  
agreement entered into between himself and  
a Com<sup>c</sup> of the Board; - Miller, James, and  
Gates - on the occasion of his recent  
visit here, verbae a month ago. The  
telegram asked the Board to define its  
attitude as to said Bill.

Mr. C brought the telegram in and we both  
agreed that it was true.

Mr C said it made him feel all the  
stranger that, as he said a short time  
ago, that our Board still recommended  
to Congress that N. Y. banks should be  
given all branch privileges now accorded  
to state banks, under reasonable  
restrictions to be determined by Congress.

He said he would try to induce Miller

to agree to this, and so he would, Mr. Platt,  
Miller & co. discussed it through  
leaving to the majority to bill a despatch  
about as they saw fit.

No. 23

Wyatt asked me to put in writing what  
the Board asked me to say to him about  
his opinion, - that they continually  
mixed up questions of policy with  
questions of law, that they were too  
long, and that in the future he should  
confine himself, as far as possible,  
to the purely legal questions involved.  
This grew out of the Park Bank accept-  
-ances involving Wyatt and without  
trade.

Wyatt ruled, or his predecessor, some  
years ago that a bank could not  
draw a banker's acceptance (i.e. a  
bill) against another bank received  
by a trade bill drawn on the <sup>drawee</sup> bank  
trustees, drawn by said <sup>drawee</sup> bank,  
in connection with an import or  
export transaction.

Contractor Gates, Mr. Steing and

not thought such acceptances were at least technically legal, but seemed to strictly limited or indefinite possibilities by sound banking practice.

The Federal Advisory Council, at CIO's request, asked Wyatt to come in with them & later gave us advice as to the best banking practice, in the amounts that such acceptances were technically legal.

After Wyatt told CIO he had already an opinion and had reached the conclusion that such acceptance were technically legal.

CIO then asked him to write out his opinion.

A day or two later he gave me an opinion of 17 pages in length the first of which was that the Board could rule either that they were technically legal, or that they were not.

Most of the 17 pages were devoted to a discussion of good banking practice, and we seemed to baffle in ruling that they were not

legal, in spite of the statement to CIO that he had changed his mind and now thought they were legal.

It was the most extraordinary opinion I ever read.

It seemed almost as if he had said, "I am such a brilliant lawyer, I can reach either conclusion the Board wishes!"

I directed him to furnish another opinion stating categorically and succinctly just what his opinion as to the law was, reaching whatever conclusion he believed right.

He then asked me to tell the opinion of the Board as to his legal opinion in writing, evidently thinking that the Board would hesitate to do this.

Wyatt is getting to be intollerably bumptious and conceited. His head is so swollen that we must reduce it. He evidently seems to feel that he is a member of the Board. We shall have to disabuse his mind as to this!

Feb. 24. Sunday

Mr. & Mrs John Davis and his sister,  
and Theodore Greene of Providence  
lunched with us.

Davis talked very frankly as to  
the chances on the nomination  
for President. He said he had told  
an west via friends that he most  
decidedly would not enter the  
lists as a proslavery candidate.  
(Under the laws of W. Va and other  
states delegates can not be pledged  
on a candidate unless the candid-  
-date files his approval.)

He said he was not the general  
candidate counsel of J P Morgan  
but that the firm handled much  
of their banking and financial  
questions.

He frankly said, he could be nominated  
only as a compromise candidate;  
that he was not seeking it, and  
that if nominated he would  
accept only as a matter of  
public duty.

He said that during the war Doheney  
wanted a transport to go abroad but  
the state debt would not give it as it  
was suggested that he wanted to go  
over to attempt to unseat the Peace  
conference at Paris in the Mexican civil  
controversy; that at last he submitted  
then he would not attempt this and  
a transport was given him and his  
attorney; that he sailed from Halifax  
and on the day of sailing he gave out  
an interview that he was going abroad  
on this very transport; that Frank Polk  
cabled him to take up his transport  
and to give him back one merely auth-  
-orizing him to return at once to the U.S.  
He also said that he cabled all the  
consuls in Great Britain not to visit  
his transport, but to take it off;  
that one day Doheney called on him  
to have his transport visited; that  
he told him the instructions; that  
Doheney was livid with rage and  
denied the interview; that he told  
him that any report he might care  
to make would be cabled to the

state debt; that Tolson asked him to write down the protest but that he refused and said he could have the transcript for a few days for identification purposes, and if he brought it in a protest he would cable it; that later he brought in a protest & they cabled it.

He said that acc. to his recollect Tolson at one sailed back to the U.S. but that Pult told him the other day that he was sure that Tolson was finally allowed to leave the transcript wired having given assurances that he would not try to mix up with the Peace conference.

He said he was going to find out if this was true.

He also said he was asked to requestion Tolson in the congressional investigation but declined because of other professional engagements and Martin Cattell was retained.

He was very severe on the Roosevelt; he said Archie did not voluntarily

so before the conf. came; that Archie wrote Meader a letter about his suspicion of Sinclair and while the letter was in court Meader went to him in N.Y.; that the letter was shown by Meader's secretary to several people and was finally given to the com' which at once notified him to appear or they would summon him.

He also said Archie going back on the employee had come a new word, "to archie"; that a friend had heard of two employees of a N.Y. company quarreling and saying he would not be "archied" by the other, i.e. have some delinquency shown up by the other.

Mo 23. Sat.

He probably of Ad. adv. council called and asked me if I did not think that Dr. Miller should be reappointed. I said that Dr. Miller and I had discussed more than any other two members of the Board in banking questions but that I recognized that he was an economist and that an economist should always

be on our Board, and that I felt that it would be wise to reappoint Miller.

It was very hard for me to say this, in view of Miller's personal ideologies, but I think I leaned backward, to prevent any suspicion of internal injustice. Miller later to work, but in the whole he has done some good work. In digesting him I have got at the jist of many serious problems. His normal tendency is to say No to everything; he has no idea of practical administration. If he were not reappointed some maliceum would in all probability be given the place. On the whole, therefore, I attach more importance to his economic fitness than to his personal ambitions, and I know I can watch him.

Only this week Gov. St. Louis telephoned that the young of the economic (Taft) commission wished to consult him in private and he agreed if the Board would object to his taking a leave of absence and going abroad.

Most of the Board, especially Platt, favored this.

I strongly opposed it, as it would

violate the reservations Congress made to the German Treaty, & said we had resolved to allow a member of the Mass. of S. D. to go over with Robinson (also in the com<sup>n</sup>) & consistency demanded the same course w. St. Louis.

We finally determined to ask Sec. Miller who told us the next day that in his opinion it would be most unadvisable for St. Louis to go and we so advised him. I think Sec. H. must have consulted the Presdt and cabinet, as he did in the case of Robinson's request.

Miller told us that at the time of Robinson's request a friend of Robinson saw Sec. Hughes who said it would be most unadvisable for Robinson to take a Warhouse officer with him. Miller said he did not tell the Board at the time, as the Bd had already decided the question adversely.

Early this week Gov. Harding wrote me that his Doctor had ordered him to have 6 weeks rest and that he was to sail on Friday March 1, and he asked

me to get marshalled athletic teams from the state dept. I told the Board and it authorized Platt - who was going to Boston the next day to tell him that is the W.M.B. of Boston asked for a recess leave, the Board would grant it.

The trustees say that the L. of N. is to ask Harday to take financial charge of Hungary. I do not see how he can do this and retain his position as Gov. of the Bank.

#### Feb. 24. Sunday

Dined with the Wards. Admiral Stanton, who was there, told me that he knew on the best of authority that Theodore Roosevelt, when elected as Sec. of the Navy, was a director of one of Sinclair oil companies, receiving \$30,000 per year, and that when elected as Sec. he induced Sinclair to account double at \$50,000 per year. If this is true, it will end young Roosevelt's career forever.

#### Feb. 25. Monday

Mr. Harday called and said he was not at all well, that his doctor had found that his blood pressure was excessive and had ordered him to take a rest of at least 6 weeks.

He said he had received no formal notice of tender in the matter of Hungarian finances and felt that, involving as it must, an absence of 5 years, he should almost certainly decline it when offered. Later in the afternoon he called again and said he had called on Bertie.

I then said to him, I want to say a word to you about Stanley Hawley. I know little about him; the feeling here is very bitter towards him. As a friend of yours I naturally would want to look into the matter unless you ask me not to do it.

He said, "So far as I am concerned the matter is at an end. I know less about him than any body else. I told Margaret 2 years ago that I should not consent to her marrying him."

So far as my friends go, I shall leave that up them to decide, as to their views.

I told him that Bertie and I, so far as outward indications went during the month Margaret was with us, would say that Hawkes was an ardent and devoted suitor of Margaret; that I had heard rumors, very likely untrue, that Hawkes had a mistress in Washington which if true might have a bearing in naming in his conduct towards Margaret. The same man acted as if he had still stock. I do not believe we were ever pulled up again.

at a special meeting this P.M. Mr. G.W.C. read a telegram from Joliette, Calif. dated 2d of Banks strongly urging favorable action of the Board in the application of the Bk of Italy & the Pac. S. W. Savings and Co. to take over and operate as a branch the Valley Bk of Reno, Calif.

This was a state bank with some 8 branches and the agent was that the branches should be divided between the 2 Banks, which would close some of them.

The subpd said at this time were not

given the bank would close and would carry down with it a number of other banks and might imperil the whole banking situation in the San Joaquin valley.

Both of these 2 Bks now have branches in Reno which is midway between San F. & Los Angeles, about 200 miles from either.

When brought we voted to grant it but James & Daniels objected.

Finally, inasmuch as Mr. of M.R.B. wired me that it was vitally important & that the Exec. Comm of the M.R.B. approved it, we voted to give the bank authority to approve, provided it was satisfied this was the only practicable way of meeting the situation.

all voted Aye except James & Daniels who voted No.

G.W.C. then brought the application of the East Bayley & Co. at Newbern N.C. to take over a small bank as a branch. James & Platt both favored this, as the condition of the present

Bank and the Branch was sound.  
 Gov C bitterly opposed it on the ground  
 that the state did not have a good  
 system of exams., and added that the  
 Board had determined to permit no  
 more branches in any state not having  
 a satisfactory examination simultaneous  
 of banks & branches.

Crot said that whatever the Board  
 might do in the future, it had not  
 yet done this and that such a ruling  
 would directly violate the express  
 terms of the H. R. Act, which enables  
 the M. B. & Board to accept the exams.  
 of the state authorities but requires  
 that the M. B. must examine itself  
 as the state exams. is not satisfactory.  
 Gov C said the H. R. bank could not  
 make a satisfactory exam.

Crot pointed out that clearly in  
 this case it could.

Jones, to Crot's surprise, backed up  
 Crot and said Herren would shortly  
 report that a simultaneous exam.  
 of the largest bank & branches, e.g.  
 the Bk of Italy was perfectly

practicable; that it might require 2 weeks  
 140 examiners which could easily be  
 measured by the M. B. and other  
 sources wh. his report would reveal;  
 that the cost to the Bk of Italy would  
 not be over \$2000, which was not  
 excessive or unreasonable.

Crot pointed out that the M. B. of  
 Boston charged the N. Y. Bank, - I  
 think the Indust. N. Co. - that the  
 Banker was delegated to pay it as it  
 was so valuable on it.

Miller then offered a motion to object  
 that the M. B. could admit the  
 branch provided that the state was  
 giving a satisfactory simultaneous  
 exam. of all its banks and branches,  
 and the conduct of the parent b.  
 and branches was sound.

Platt offered an amendment - providing  
 that the parent b. and branches  
 were found sound etc when examined  
 of the state authorities or if that  
 were not accepted, of the M. B.  
 itself.

not then informed the Bd that as it  
had down the policy of non resistance  
of it were by the MBS and of its claim  
of all branches, unless the state be  
it which provided or satisfactory simul-  
-taneous exactions, we might well be at  
the duty to apply to the courts on  
a mandatory injunction against  
such plainly illegal act!

Miller motion died, on Platte motion  
of substitute carried, Miller and he  
alone voting <sup>against</sup> it.

Miller said if this policy were not  
adopted, we might as well throw  
up the stamp in California.

COT said of course congress could  
act, but prior to that, the Board  
had clearly no such power.

COT said Sen. Elkins had told him the  
Board planned adopt a system of  
agents of State members banks  
and branches, no matter how many,  
by the MBS.

COT said he would make such a

motion as soon as House report was  
filed.

COT then P H got out of the Conf. Library  
a directory of N.Y. districts with the  
following result:-

directory of Directors in the city of N.Y.

16th edition, Nov. 1919

Page 678.

" Roosevelt, Theodore, of the firm of  
Montgomery & Co. 14 Wall St. N.Y.  
associated Gas & Electric Co. N.Y. Director  
Broadway Improvement Co. "

J. G. White Publishing Co. "

Military Banking Publishing Co. "

\* Sinclair Oil and Refining Corporation. Director  
White Motor Co. "

I have sent to get subsequent reports  
to date to follow this up.

No 25.

owned with Mr & Mrs Ryburn.

Prince stated the Italian ambassador  
was there. He chose of Pres. Wilson  
saying that he did not wish to  
disturb the dead, but that Mr Wilson  
did not understand and the American

stalem neville and was sorry deceived as to France; that by the treaty with Yugoslavia Serbia was given to Italy while Yugoslavia got a tract only 4 or 5 miles from Serbia; that Hungary was more entitled to Serbia than Yugoslavia.

He said also that Italy had consented to Gov Harding's being small financial dictator of Hungary; that Harding knew all about the matter and that the only reason why a public, formal tender had not been made, was that certain details suggested by Harding had not been completely arranged.

He spoke with great regret at Margaret Hardings death; said it was so foolish, that she would have been just as happy with many other men; that American girls thought more with their wombs than with their intellects. The more I see of eastern, the less I like him. While on the surface he seems democratic & charming, I feel that beneath the surface he is an austocrat and a cynic, very much

like the old Russian ambassador, Baron Balsamoff.

Feb 26.

got a copy of the Directory of Directors. N.Y  
for Oct. 1921.

Nothing in it about Theodore Roosevelt and  
I found:-

Roosevelt. Archbold B.

55 Liberty St. N.Y

Roosevelt S.S. Co. Incumbent.

V. Presidt, Secretary and Director  
when did Theodore secure archive added  
as V. Presidt at 25000 per year?

Feb 28.

Report dated No 15 from Herrn, Ch. Gramme  
presented to Board. It showed that a  
simultaneous expansion of the St. Louis  
with the largest number of branches  
was practicable and the method was  
set out in detail, also the cost which  
did not exceed 20000 on the largest  
Bank, - the Bank of Italy

It was moved that the report be  
accepted & that the Board direct  
such grants to be immediately

made, in the manner outlined in the report,  
of all Member State banks with Branches.

Dr Miller bitterly objected and Dr James  
moved to lay it on the table.

Vote. aye, Miller & James

No. 230 & Platt. aye 10  
nay 2. Then voted aye & the motion  
was tabled.

Dr Miller had <sup>a regulation</sup> ~~an amendment~~ intended  
to offer which provided that the Board  
enables admit no branches from  
States in which there is not a satisfactory  
<sup>state</sup> simultaneous examination of state-bns  
and branches.

estt. when this was discussed the  
other day pointed out that this  
would be in direct violation of  
law. See q. Merrill that as a condition  
of membership state bns shall be subject  
to examination made by directors of the  
MBd or of the Mbr by examiner selected  
or approved by the Mbrs.

This is violates unless the directors of  
the Mbrs shall approve the examination of  
the state authorities.

Dr Miller was present and said we were all  
enraged; that sufficient knowledge ought to be  
informed as to conditions in the Board so he  
could "clean it up" etc etc.

estt told him that we have clear duty under  
the law to examine state member banks with  
branches, unless the Mbrs accept the examiners  
of the state authorities; that the Bd has  
notified the Mbrs of S. F. that we will  
nevertheless not allow examiners of the state  
of California etc. of its having given up  
simultaneous examiners; that Dr C has  
advised contended we could not make  
simultaneous examiners; that Miller says  
we can tractably and without unusual  
cost; that i. it is now our duty to do it.

Miller is trying to devise some way of  
keeping out all but one branch and this  
seems to him a sneaky way of  
doing it.

No 28.

called Mrs P.M. with Bertie in her boudoir by appointment.

She seemed very sad and wan.

She said she had received two letters and that she had already answered in return every letter from a Govt or Senator and that such letters came from all parts of the world. She said that when she saw in the papers that the Senate was to appoint a Committee to attend the funeral, she called up Sen. Swanson & asked him to object to Sen. Lodge being put on the Committee; that Sen. S. at first came up to tell her and begged her not to insist on this as it would interfere with the negotiations of the Senate; that she told him she had great respect for individual senators by very little for the Senate. She also said that Sen. S. telephoned later that Lodge had been appointed and that therefore she wrote Sen. Lodge that she felt sure he would appreciate her feeling that he should not be present at the funeral; that Lodge acknowledged her letter stating

that he had not realized that it was to be a private funeral!

She also spoke of the visit of the McAdoos saying that the house was absolutely jammed with visitors, press, representatives etc all the time he was there; that he was almost crazy w. excitement, saying one thing to me quickly and an entirely different thing to another; that his supporters were entirely demoralized; that Mrs McAdoo was in constant tears saying it would kill Mac; that Raymond Hedges, a Christian Scientist, went around the house w. a broad smile saying why they would come out all right; that she thought it would be hard to secure the nomination would kill him.

Mar. 29 Monday

Board held a little session over proposed branch bank regulation. Miller offered a draft wh. among other things, provided that the Bd would refuse to receive any application for a branch from any bank in a state which did not provide for adequate simultaneous examinations of its state banks & trust cos., including their branches, wh. or not member was.

Croft & Platt voted against the legality of such action, but to no avail & the regulation was tentatively passed.

Avg: Mr. C. Miller, Tawes, James  
No. Croft & Platt.

In P.M. finally agreed on a tentative draft of regulation on St. banks. Croft & Platt voted for some of them tentatively after they stated they had voted against them in the final draft. Miller offered this draft for formal adoption.

Croft moved to refer it to a special committee on a report which was passed. Croft said he did not wish to

refer to Mr. C. as well as Platt, James & Miller. Miller then question arose of making in the annual report some reference to branch banking. Platt offered a resolution to effect that Natl Cos. should be given same power as Natl State Cos. under regulation etc of Comptroller. In annual report Miller then offered a draft, stating that ultimate St. bns. shall be limited to powers now given Natl banks & that Natl Cos. shall be given powers now exercised by St. bns. <sup>the latter being recommended</sup> of M. bns. of Dept., the retained part of Platt's draft.

Miller offered this as a motion & it was agreed that the Secy & Comptroller should have right to record their vote.

Tawes then moved to substitute a general endorsement of the Medaille bill.

Vote: Avg. James & Tawes  
No. Croft, Mr. C. Platt & Miller.

As Secy & Com. voted avg it would make a tie so the resolution was

last in any event.

on the main motion <sup>w. r. muller</sup>:

ayc. Gov C. C. A. Black & Seaman

No. Davis, James

If the Secy. & Cunningham vote No it will  
be the vote, & it will be lost.

Mar. 4<sup>th</sup>

sec. Muller asked the Board to record him as  
voting ayc on Davis motion to approve the  
McFadden bill, and as "No" in motion <sup>w. r. muller</sup>  
<sup>voted in Feb. 29.</sup> to send ~~letter to be add~~ <sup>in the Release</sup> ~~immediately~~ <sup>to</sup> passed on  
Feb. 29.

sec. Muller never conferred with any members  
who favored this, <sup>including in the Release</sup> little nor heard our  
arguments; his decision was doubtless  
influenced by Davis who told me he had  
seen him & that he was against the  
Branch Banking system.

In my opinion the law should be changed  
to take away from ex officio members  
the right to vote.

It is an absurd driving selection: see  
Davis at comit. tell McFadden that

branch banking will injure the M. S. Y. T.;  
4 out of the 6 appointed members wish  
~~to write the letter~~ <sup>not in annual Report</sup> that this is not their  
opinion. among that commission etc as  
did the Secy to vote no. we have the vote  
of 4 of the 6 appointed members ayc,  
but, by adding the vote of the 4 offcios  
members, the vote becomes a tie and  
fails.. Each of the 4 offcios members  
can express their opinion in their own  
reports to Congress, and at the same time  
by their votes on the Board, they prevent  
a majority of the appointed members,  
(4 to 2) from expressing to congress opposite  
views!

Mar 5

Board took up question of salaried review  
in ann. Report.

cst moved (straw vote) to strike out all  
reference to Bd's intention to elect as the  
reviewer.

Milne accepted this but moved to put  
in its place a short sentence to effect  
that the slant of joint reviewer does not  
accurately show Ms. conditions  
cst accepted this as best of his motion.  
Platt moved to add a statement to effect  
that Bd felt the reviewer ought to be  
selected.

These were finally put in form of sth.  
motion after hours of weary discussion  
cst motion was lost, Cunningham and  
cst alone voting for it.

Mr Cunningham changed his mind &  
said he wanted to select the reviewer  
then he changed again & favored  
Platt's motion.

Milne was very ugly & finally moved

that the minority report, cst & Cunningham  
be adopted, and we think this was adopted.

Heller said it was the last time he should  
vote on salaried reviewer and probably the  
last time he should vote on any question!  
(No such luck, I fear).

Milne assaulted the Bd - said that it was  
dominated by the Minority, that the minority  
had turned Govt of Bd into a socialist Govt  
etc. etc.

Gov C ruled that henceforth the vote of no  
member actually in town should henceforth  
be recorded unless he came to the meeting -  
a slab at Heller and Davies, but, I am  
inclined to believe, a good majority voting  
reluctantly.

Milne said yesterday the fact that all the  
rows were opposed to salaried the  
reviewer was an absolutely conclusive  
reason to him why he should insist  
on salaried them.

Mar. 6.

Cunningham records his voted in favor of Davis motion and against Miller motion - just as did Sec. Miller, and it is buried in a tie vote.

Mar. 7.

Motion arose again in am. report.

Minister of yesterday meeting agreed when by simply stating that said motion as amended by Dr. Miller and agreed to by said prevailed.

Motion formally made to order report printed and signed by Dr. C. and voted. At this point Cunningham began to talk in a rambling manner saying he subjoined the report well all right but that it did not give a full report of our deliberation. It was pointed out to him that the deliberation contained the full report and that the reading matter was merely, in a way, a kind of editorial.

Miller also said in a rambling

way to Cunningham; You were asked by the Bd 6 weeks ago to present a draft of what you wanted in the Report in particular & yet you have done nothing about it! If you are not satisfied with it why don't you file a minority report? This seemed to please Cunningham who admitted he had forgotten all about it.

Not then asked Cunningham if he wanted not more time given to make the other day to stretch out certain parts of the report necessarily indicated by him & we would vote on it, but C. refused to do this.

A motion was then made to accept & print the Report.

ay. Rev C. Platt. etc

No. Cunningham. Janke

Not voting. Miller

etc. etc. Miller he certainly ought to vote one way or the other as by refusing to vote, he really aligned himself with the negative & he does but we ought not to send any report based on a 3 to 2 vote and

nowhere in a 3 to 3 vote.  
Miller accordingly voted Agt.

all then arrived in the minority were  
to file a dissenting report and they  
both said No.

Cunningham is in a precarious spot  
bordering on insolvency mixed up  
with Waller. During the debate  
a reference was made to the letter  
in the Lee Tadlock book, debated by  
a lot votg. Cunningham said he knew  
nothing of any such letter although  
yesterday he recorded the vote against  
it!

He evidently is afraid to sign any  
report & wants to carry over his  
political friends!

Putting him on the Board was a  
terrible mistake! He is good on  
nothing.

Jones also should be severely censured.  
The splitting of the reserves was  
settled out in the understanding that  
this was all he objected to and it

is extraordinary that he should then  
have voted against it.

We then took up the new state bank  
regulations presented by Miller, James,  
& Platt, the special com'ee.

It is pointed out that the clause relating  
to uncertain liability limits on any state  
not examined simultaneously etc  
banks would prevent the Bd from  
giving even a taller window to a  
state bank even in the city of locate,  
especially in California, which does  
not examine simultaneously.

Miller & James said the St. L. Bank of  
California said to the com'ee at the  
last conference that the date exam.  
simultaneously all but the 4 was  
w. the largest number of branches.

It did not so understand it and  
probably it is true.

Miller wanted out that the new

ugalter said the Bd would not entertain an application unless such bank was being examined simultaneously, i.e. that in California it could apply only to the 4 large banks.

crof said this was an illegal condition; that it was the duty of the Board to examine every member bk if the state exam'tn was not accelerated & that the Bd could not legally enforce such a condition.  
wyatt said the Board could do this.

miller + jones got in a row as to the condition that Bd wld grant application only in place of location + contiguous territory as defined by Bd.

miller wanted a clause - as to territory tributary in a banking sense to the current bank.

crof said this definition was vague and would have to be defined by the Board; that it might be construed much more

narrowly than the area defined in the Nov 7 resolution or, on the other hand it might be construed to embrace state wide branches.

crof said also he was against the area defined in the resolution of Nov 7. It was at least specious while Miller was completely vague.

Platt said we ought to repeal the Nov 7 resolution.

crof said he would vote on the repeal, but早日 think, he thought the area defined was in better shape than Miller blind zone of banking influence.

jones said basically he favored, as to branches, cutting down the power of state to that exercised by N. Y. ps.

crof asked jones to move this as the policy of the Board as he wld

use a vote on it; that the Motion to expand powers of N. was and was voted down & he wanted like a vote on this, but James would not make the Motion.

Miller finally gave notice he would move to amend the draft by striking in the <sup>Economic</sup> & Banking part of the draft.

Mar 9. Sunday

Dined at Collier's with Mr. Harriman & afterwards held a small investigation of Sen. Walsh of Montana in connection with the oil scandal. Sen. Adams was there, Sen. Pat Harrison and others, among whom were Mr. Sweet of Col. who was called in to tell why he wanted like to be President.

Took midnight train to N.Y.

Mar 10. Monday. N.Y.

Had talk w. Col. Hoare at his apartment. He said he had been one of the managers of the

McAdoo campaign; that up to the oil scandal he thought M. was sure of the nomination but that now he was absolutely out of it. He said the Party could not afford to nominate any man whose record had to be explained, and that this would eliminate John W. Davis because of his being counsel on Morgan.

He said he thought a ticket with Mr. Glass and Sweet might soon be talked of.

I then went to the Bank and had an hour talk w. Mr. Steing and Jay.

Then called on Houston at the office.

Then went back to the Bank and lunched with the officers, and in the afternoon went over the new Fed. N. Bank building.

Evening.

Dined at Hotel Astor at dinner given by the Japan Club of N.Y. Henry W. Taft presided and Col. and

Hanikara were the only sheapess.  
New sheapess were sent over the country  
by Radio.

In Paper of the 1<sup>st</sup> Natl N.Y. told me that my  
address was one of the best he ever heard.  
Thomas Lammert of W.Morgan &c. also  
congratulated me on it.

Mar. 12. Wed.

Meeting of the Bd of Italy attended before  
the Board advocating certain branches.

Platt raised question whether his could  
rule that an absent member could  
not be recorded in a vote unless he  
came to the Board meeting and voted.

Platt had raised a point of order  
that no member could record his  
vote unless present.

After a long acrimonious discussion  
Cecil said:

In my opinion the M.B. is not  
a parliament or a congress; it is  
simply a Board; in spite of councils  
obliged to the contrary, there is no  
such thing as a quorum, except in

those cases where the Act requires an  
abstinent vote of 5 members: the Act  
requires a quorum on the organization  
com<sup>n</sup> and on the Ad. Advisory council  
but is silent as to the Board; if a  
meeting is duly called, any number  
present can act; any member has a  
right to ask in advance that his vote  
be recorded in any question which comes  
up during his absence; each member  
ought to be given the right to demand  
that the votes of all the members be  
taken or recorded in any question, so as to  
fix responsibility; if any member asks  
postponement of a vote in order that  
such member be recorded this ought to  
be granted so that the member can be  
present or record his vote; to claim  
that the secretary can not vote unless  
he comes to a meeting is to deprive him  
of a privilege which the Act gives  
him; the fact that the Secy + const.  
with the votes of 2 of the abstinent  
members can tell a vote and defeat  
is simply the result of the Act as  
written by congress.

Not is inclined to believe that congress

should take away from the ex officio members the right to vote, but that is not the law.

The other day there was a motion made by Dr. Miller; in an application of a south branch in Elizabeth City, S. C. to take over a bank 40 miles away & run it up as a branch; that the W Agent asked whether the acquisition was desirable in banking grounds, which about over the resolution of Nov. 7, 1923, which would prohibit the establishment of the branch; James moved that the matter be postponed for a meeting of the full Board; the vote was Ayl. James C.S.H & Cunningham; No. Gov. C. Miller. Platt.

The motion was lost in a tie.

The main motion was then put and it was carried, 230 voting for it.

It was pointed out that this was merely an inquiry and did not nec. mean a change of policy, but James insisted on the motion.

In my opinion James should not have insisted on this, it being merely an

inquiry, but in James insisted and 230 voted to submit the motion. The motion having been defeated 230 voted over to vote on the inquiry.

The Board is in a troubleous imbane, but this is the fault of the Act and not because it is better to be left out because of the Act than to control the Board by returning to permit an absent member to record his vote.

Something must be done, however, as the Board is losing its trust in the community.

Gov. C. has been a failure as a Tuesday officer; the new members certainly have lost confidence in him because of the change of officers, which certainly is not to his discredit. He can not, however, hold the meetings in hand & a change should be made, altho I do not see who can be designated in his place.

Platt certainly would not be acceptable to the new members, altho I think we would make a fair, impartial

governor. He, however, when he presides allows the meetings to drag out at great length, and can not turn off business indefinitely.

Of course, it is not to be thought of, being a Democrat and with views radically opposed to all of the new members, except, at times, Gov. C.

I really don't see where we can turn to, but Miller, James, and Cunningham would be undesirable.

Evening.

Tried w. Sec. Miller.

Told him I should like to have a talk with him some time when he had a few leisurely minutes, about the Ad. N Board; that there was much objection there. He seemed very much surprised to learn this and acted as if he had never heard of it before. He explained how long he had been and said he would be glad to talk with me.

In my opinion, after the Sec. has a clear right to have his vote recorded in any matter, the members can lawfully ask him to leave them little in the Board or at his office before he records his vote, in order that he may know both sides of any question on which he is to vote.

If this is not done, it would be a shocking case of invisible Govt. I believe if Sec. M. realized that his vote was being used to legislate against state banks, under the guise of imposing conditions, he would hesitate to record it without, at least, going over the evidence and listening to the arguments.

I am also certain that if Sec. Miller had realized that his vote prevented 4 of the 6 alabamian members of the Board from being able to write the Fadden denying the arguments and statements of comkt. Fawcett in the letter to Fadden as to the object of

Branch banks on the Fed. N. system, he would have hesitated about recording it. His vote left banks in the position of shearing unauthoritatively on the Board, & took away from the Board, or at least a majority of the account-opening members, the right to set the sudden right on the matter.

during the meeting this morning James said it was absolutely necessary to have a full vote on all Branches, as otherwise the country would think the account-opening members had been "fixed". This was bitterly resented by us, as it was a thinly disguised charge of corruption against the minority.

Mar 14. Tuesday

Mr C says we have written down the above charge.

Mar 18. Tuesday

Perrin sent an applicator of Pac. S. W. to meet a Natl bank at Torrance, 15 miles from Los Angeles and with the territory made subject to Los Ang. by Bd of Govt to Resolute of Nov 7. 1923.

Perrin and the L. C. Com. of the NBChd reported that the bank to be merged was in good condition, and the St Bd subtd gave a certif. of public necessity etc.

The Com<sup>ee</sup> reported; Danes Ayl, James No.

Dr Miller said the Pac. S. W. had reached the limit of safety as to branches and had in fact gone beyond the limit.

James said he should vote against it on ground that St subtd did not examine simultaneously & that he expected the proposed regulations wld soon be adopted to oblige that Bd would not consider any applicator unless State examined simultaneously. Danes then charged Mr recorded his Ayl to No.

Miller moved to reject on ground that state subtd was not examining

simultaneously.

cso agreed as a substitute that the application be postponed until a simul. ex ante be made of the Pac. S. W. and its branches, which the Board herewith orders.

cso agreed see Miller & Rev C. could record their vote.

vote on cso subst.

Ay. cso. Platt, Cunningham

No Miller, Tawes, James  
left his record or see M. & Rev C. vote.

cso then reported that the DNBd suggested to examine the State Member banks of Calif., having branches, or such of them as are not now being examined simult.  
by the State Supdt, said ex ante to be made by Heron in the manner indicated by the recent report to Board.

agreed see M & Rev C could record vote.  
<sup>to Miller record to rule. rejected.</sup>

vote on main motion:-

Ay. cso. Platt, Cunningham, Tawes  
No. Miller, James.

afternoon session

Rev C said would have voted ~~against~~<sup>not</sup> cso substitute  
so it passed, no matter how Sec. M. might vote.

Debate followed on Miller main motion.

cso said Miller said this com. Pacif. S. W. had gone beyond limit of subtlety. Miller denied this & said he was referring only to the Banking situation; he added he had not the slightest doubt but that the simultaneous ex ante would show that the Pacif. S. W. was in fine condition.

cso argued that this start he had into record, Miller objected.

cso insisted and said Miller main motion showed he was merely clearing an excuse for rejecting the application, but he was moving to reject it on ground that State was not examining satisfactorily while he affirmed that DNBd simultaneous ex ante will show that the State was in fine condition.

vote on Miller motion:

Ay. Miller, Cunningham, Rev C. James, Tawes  
No. cso. Platt.

Jamieson moved to adopt the proposed regulation as to Branch banks.

Miller moved to strike out the § relating to contiguous territory and to substitute "banking area tributary to nearest bank or banks to that effect."

Miller admitted this would prevent Revolts of Nov 7, 1923.

Finally matter was set down for a special hearing next Tuesday.

Mar 20. Tuesday

Hearing. Interlock, directors, old col. in co and Natl Union Bank.

CSA wired Peoria as to Calif. Bd examiners.

Peoria replied Bank Subt said he were examining smaller banks & branches <sup>simultaneously</sup>, but not practicable to do examine the 2 largest bns (Pac. S. W. & B&H of St. L.) but that he might do examine the security trust (Sectra) and Merc. Trust (Green). See Second Bd.

After CSB motion for similar measure against all banks with branches which were not being examined simultaneously by St. Subt, was passed, Miller said it would necessitate a banking crisis in California!.

That is to say, the state examiner is not satisfactory, the FRBD will not accept it, and if the Board combines with says and examines their system itself, it will cause a banking crisis!

Miller is evidently merely seeking an excuse for not permitting any outside branches.

Mar 25 Tuesday

Report tele. from Pac. S. W. saying delay of Bd as to Torrance branch application was seriously embarrassing it.

It appeared that no notice of Board adverse decision had been sent either to Peoria or the Pacif. S. W.

The records showed that the Bd disapproved the application as found that the Pac. S. W. was not being examined simultaneously & the State Banking Dept.

Jamieson did not want it to go out in

this way but refused merely the statement that the Bd had deserved it.

not pointed out that the Bank was in the territory named as contiguous by the Bd in its annex to the Nov 7, 23 resolution, and that the Mbr & Agent said the bank was in good condition; that is, it was prima facie entitled to Bd's approval, and that is the Bd disapproved the real reason, as stated in the vote should be given to the Bank.

It was finally voted to return the bank, in exact accordance with the vote.

The Board is, has turned down this application on ground of not being simult. examined, a name never before given or thought of by the Board. The real reason behind this was that the majority of held shortly to pass a new regulation requiring to certify applications from one not simultaneously examined by State authority, and is, it refused the application!

The Pac S. W. will probably reply and say there is no such regulation, but the Bd want to reply, No. desire none, but we ought shortly to have one.

a more mercile, merciless, vote was never passed by any body outside of an insane asylum.

The Comit has been talking all the afternoon up to 4.30 p. m. See. Miller on the proposed new regulation but said they were not quite ready to report.

Mar 26 Wed.

Board took up proposed regulations. The Comit could not agree as to just what draft Sec. H favored, if any, to be inserted in lieu of the first clause, - contiguous territory. Finally Miller went in to see him and came back saying that Sec. H favored and desired to record in favor of the following:—

"The N. R. Board will restrict the establishment of branches, agencies or additional offices by such banks or trust co's in the city of location of the parent bank and the territorial area within the state territory to and connected with the city of location of the parent bank in usual banking relations, creating an instance where

the situation is such that peculiar and sub-  
stantial conditions exist making departure  
from the rule necessary or desirable."

GWC had moved to adopt the draft of  
regulation reported by the Com'ee and Miller  
now moved to strike out 1 and to substitute  
sec. H's draft.

GWC was about to put the vote on Miller's  
substituted motion, when Danvers insisted that  
sec. H. come in and vote. GWC & Platt  
objected to this and demanded a vote  
as sec. H had asked to be recorded in favor  
of draft, - his own draft, which was the  
subject of Miller's motion.

Danvers got very angry and rushed out of the  
room saying that he should see sec. H  
and that he would not ask the consent  
of the Board either.

GWC again started to put the vote but  
CSD raised the point of order that the  
BD must wait at least until Danvers  
returned.

while we were discussing the point of order  
Danvers ret'd, said he could only see sec. H. on a  
moment but that the sec. intimated he  
might possibly agree to an insertion after the  
word "relating", of the following:-

"said territory having been defined in the  
Resolution of Nov 7, 1923 and the audit named  
in Jan. 1924."

Danvers moved as an audit to Miller motion  
the insertion of the above words.

VOTE: age. Danvers, Danvers. Cunningham  
No. GWC. CSD. Platt. Miller.

Draft. sec. H to leave right to record himself  
on Miller Motion

age. GWC. CSD. Platt. Miller  
No. Danvers, Danvers. Cunningham

~~Draft.~~ sec. H to leave right to record himself

CSD then moved to substitute on the  
clause that Bd wait certain application  
for any bd not being simult. ex'd by  
the St Bkng clct, the following:-

"The Board will, except under extraordinary  
emergencies, grant no further application  
of state member bank or trustee,

unless there has been made, within one year  
before the date of application, a satisfactory  
simultaneous examination of the Parent Banks  
and its branches by the Fed. Reserve or by the  
state authorities, nor unless the conduct of  
the proposed branch is found to be satisfactory  
upon examination by the Federal Reserve  
authorities".

Vote: Agh. C.R.D. Platt.

No. Rev. C. Davis. Miller, James. Cunningham

on final motion to adopt the resolution as  
amended:-

Agh. Rev. C. Davis. Miller. Platt

No. Davis. James. Cunningham

See. M. to have right to record his vote.

C.R.D. stated he should put in the record  
an explanation of his abiding above vote  
and Platt & Davis record same right.

C.R.D. was in a quandary now to vote.  
He felt that See. M.'s was on the whole  
not objectionable as, according to C.R.D.'s  
interpretation of it, it gave the Board the  
power to grant state wide branches if

the Bd saw fit; it also took in the power of  
regulation many other functions to wh.  
C.R.D. had no objections; as to the amendt.  
ex ante, C.R.D. believes it to be absolutely  
illegal unless extended to embrace F. N. as  
well as State examin. ex ante. Having been  
debated as to this sufficiently, C.R.D.  
felt it was better to vote on the  
resolution as a whole, being  $\frac{9}{10}$  the record,  
rather than to defeat the whole resolution  
by voting against this which would  
have made a tie, wh. See. M. very  
naturally would stand to break by  
his vote, and the whole matter would  
be in chaos again.

As it stands now, a vote by See. M.  
against the resolution would defeat  
them by creating a tie, and C.R.D. does  
not see how See. M. could now vote  
against a draft of resolution (as to county  
territory) which he himself drew and  
on which he asked that his vote  
be recorded.

The spectacle of Davis, an off. obblig member,  
rushing out of the room to induce  
See. M. another off. obblig member,

to change the vote he (See M) had just asked to be recorded, is enough to satisfy any one that the M Board is today dominated by the ex officio members, both political appointees!

unless the right to vote is taken from the Sec. and controller of the currency, the M system is doomed. The Board is looked upon with almost contempt by the country at large. It has been changed, by President Harding's assistance into a purely political system!

4.4.5 P.M.

Dawes came in and said See M will vote so as to cause a tie in all the above propositions and begged me to accept his amendment which was voted down. I said I would consider the matter again but did not see how I could accept it.

Ew C. told me that Dawes, with sole less chief examiner, had had a long conference with See M. taking with him the minutes of todays meeting. Ew C said he had no right to do this and was bitterly accused.

Mar 27. Thursday

Dawes, Ew C. and Platt came in. I said I could not accept Dawes amendment but would try to draft something I could accept. I then took deabted the following, which is only a slight change in Dawes draft, which in itself was a amendment to Sec. M's draft. (See 4.4.5) :-

"The M Bd will as a general principle veto the establishment of branches, agencies, or additional offices by such banks or trust companies to the city of location, of the Parent bank and the territorial area within the State tributary to and connected with the city of location of the Parent bank, in usual banking relations, as said territory has been defined in the Board's resolution of Nov 7. 1923, excepting in instances where the State Banking authorities have certified and the Board finds that public necessity and advantage under a departure from the general necessity or desirable."

at the meeting Cld read this to the

board, not agreeing in advance to accept it, but saying he would be glad to discuss it and that he would be inclined to accept it as a compromise.

cfd pointed out that the proposed regulation omitted any reference to the audit of the New Resolution passed in Jan. 1924 (as to addit. currency around S. F. and Los Angeles) but this amendment would remain as an exception to the general principle under the last part of the proposed regulation.

while we were discussing it James left the room and shortly after returned with Sec. Miller. evidently he had told Sec H of my new draft.

Sec H took the chair and said it was very desirable to settle this disputed question, and then said he felt strongly that cfd's new draft was a fair compromise and should be adopted. Dr Miller attacked it saying it left nothing wide open.

Sec H said this was true as a matter of voting but that the principle and

exceptions laid down were fair.

Dr Miller then suggested striking out the words "tributary to and connected with the city or locate of the parent bank" in visual banking relatives" and substituting the words "contiguous thereto".

cfi accepted this & moved to substitute section six draft as amended on section 1 of the proposed regulations.

After Miller suggested the above change he said he would vote against the motion.

vote:

Aff. Sec. H, cfd, James, Cunningham, Dawes

No. Gov C. Plaza, Miller carried.

To complete the Parliamentary record of yesterdays meeting Sec H. recorded his vote against Miller's motion and the motion to adopt the regulation made by James, thus defeating each by making a tie.

The vote was then taken on a new motion by James to approve the regulations as amended, & it was the same as in C.R.'s motion.

Miller vigorously attacked Compt. Dawes for his letter to Conf. Metzgerman to collect that the YM system was in danger unless the McFadden bill was enacted charging that he should act as if it was the opinion of the Board, whereas 4 out of the 6 appointed members were of a contrary opinion. He replied that Dawes should leave out submitted this to the Board, and could feel the criticism was justified. Dawes, in a measure, justified the action by saying that he said the views expressed were merely his personal views.

Commissioner complained of clause in the Board in the subject of branch banks, evidently referring to Platts letter w. the reporter of the N.Y.J. Com & Com. Bulletin. Miller said he had traced one of them back to a letter sent by Platt to head of the King & Cull. Comit. of the Board.

Platt said he had written several such letters & would continue to do so as he saw fit. No conclusion was reached, but it was pointed out that an existing by law of the Bd gave to the Govr the sole right to give out statements as to the Board's action.

To sum up the regulation matter:-

- 1) Dawes told the secretary of the treasury had decided to vote against his own draft of clause 1.
- 2) This would have deprived Miller Motion and would have left the resolution of Nov 7. 1923 in full force as an acting policy of the Board.
- 3) By his draft the possible of contiguous territory is merely, as it were, terra nullius, subject to the full power of the Board to grant permits in any part of the state, if it so desire.

Dawes came in and said that C.R. had referred to the right standard always maintained by him, in his attitude this morning and that his statement had saved

the Board from abuse and public ridicule.

Mar 28. Friday

CDT had inserted in record an explanation of his vote (see p 88) as follows:

"Mr Hamlin explained his affirmative vote on the regulations as a whole as finally amended by stating that he accepted all Art 2 of the regulations; that he was opposed to the zoning regulation as originally drawn but was willing to accept the draft offered by the Chairman of the Board as a fair, workable compromise which did not violate Sec 9 of the SPA Act as he construed the draft; that he was opposed to the regulation as to refusal to entertain applications for branches from state banks not being simultaneously examined by the state banking authorities and voted against it when it was offered; but that, taking the regulations as a whole, he regarded so many of them as good that he was willing to vote on them as a whole, reserving the right to move in the future

to amend them by striking out the part we believed to be objectionable."

Mar 30. Sunday.

In + Mr Cordell Hull took supper with us. CDT advised Hull to leave the <sup>Mr</sup> Keller resolution to require wh. Sec. Hull to in Tuesday office illegally own ownership of bank and business stocks, - dropped at once. CDT said the Democrats had vacated 2 cabinet offices, and any further agitation, unless successful, would cause and was causing a revolution of public sentiment. Hull said he agreed absolutely on to this.

Mar 4.

Perrin sends CDT a letter dated Mar. 28 enclosing letters from Calif. Bd. superintendent stating that since his agreement w. M. Board he had granted no permits either by himself or non member banks outside of area defined as contig. territory around S. Fran. & Los Angeles, except in one case of great emergency, - the Valley Bd. which the Board ratified. (see Sec 88 Bk).

True 5.

by Sen. Thomas called by appointment. He said he was counsel for certain silver mine producers and was also acting as the general representative of Sen. Pittman, who was a sub committee of the Senate Com<sup>a</sup> which was investigating sales and purchase of silver bullion under the Pittman Act.

Apparently, he claims that the Treasury has failed to purchase the amount of bullion required under the Pittman represented by:

- a) allocation to Director of Mint of almost 14 million silver dollars on subsidiary coinage mintage, one million of which was not used but was transferred back to Treasury with concurrence of Director of the Budget, by Sec. Mellon, as he claims illegally.
- b) number by Treasury in 1919 and 1920 to N. Bank of N.Y. of almost 13 million silver dollars, under an agreed bet. Wm. H. and 3 N.Y. banks having branches in China, w. approval of M.R.Bd., but melting and shipped, all mintage, however, to be paid to Wm. H. and
- c) number in 1920 to Wm. H. of 50

million silver dollars, which presumably was also exported.

- d) export of 13 million silver dollars "from other source".

This would make a total of 70 million which the claimant claims now be bought in the market by the Treasury under requirements of Pittman Act, at \$1.00 per oz.

He said a) had nothing to do with the M.R.Bd.  
He asked C.R.C generally as to b).

C.R.C said he had a general recollection of the matter; that Mr. Straus was a sub com<sup>a</sup> of Board who had general charge of this matter, but that all he did was passed on by the Board and voted on; that the Board did approve a contract w/ Mr. G. Crane, the bullion exchange manager, or the Wm. H. and 3 N.Y. banks having branches in China for export of silver dollars when melted for purpose of collecting the pure of silver bullion which was then so high that there was a profit in melting the dollars, the bullion being more valuable than the coined dollars;

that this was true or very nearly true  
when as to subsidizing silver (the melting  
point of the silver dollar was just  
above 1.29 troy oz and of bimetallic silver,  
1.38 troy oz); that the 3 banks wished  
to use this silver to keep its basis from  
rising further, thus indirectly subsidizing  
commodity and to enable them banks to  
remove the discount in China or dollar  
exchange.

Sen. T. claimed only banks to regulate the  
exchange came from Pittman Act.

CSD said as a general recollector he  
thought Board acted under the  
treasury w/ the money Act wh. was  
extended by sec 9 of the Pittman Act.

all the Board did under the agreement  
was to permit the export of the  
melted bullion under an agreement  
that all profits from issuance of  
dollar exchange in China shall be paid  
to the M<sup>b</sup> of N.Y.

The treasury, not banks, claims that

it sembly gave the 13 million silver dollars  
to the M<sup>b</sup> of N.Y. & that it had  
nothing to do with any use the Bd  
might make of them, and that it did  
not act under the Pittman Act at all.

Sen. T. as far as he understood it, claims that  
the Board had no power, except by  
delegation from the treasury under the  
Pittman Act, to restrict dollar exchange  
or subsidiary silver.

c) number of 50 million silver dollars to  
M<sup>b</sup> of N.Y. in 1920.

CSD told Sen. T. that he had a bank  
recollector that this transfer was  
made solely to build up the desired  
silver of the M<sup>b</sup>.

In looking this up in Vol 5. Davis  
I find:-

Nov 7. 1919. (5 May. 48)

Board voted to authorize Mr. Harding  
to go to N.Y. with Strange, to consult  
with the directors, and, if

conditions seemed to warrant such course, to suspend the deposit reserve requirement.

Nov 10. 1919. (5 Years 52.)

Memorandum statements explaining above vote.

not signed a memorandum with Mr. H. and Straus, but added a postscript to the effect that suspending the deposit reserve requirement was a public notice of the condition, unless unavoidable, of the Bank of N.Y., of which the public was entitled to be informed, and that if the reserves were kept intact (by discounts) the public might be deceived, so that a few, knowing the real underlying condition, might profit at the expense of the many who did not know.

Nov 12. 1919 (5 Years 52)

reduced condition in N.Y. call loan rate 2.5%. Bus. failure feared.

Nov 13. 1919 (5 Years 55)

condition voted.

Nov 28. 1920. (5 Years 184)

While discussing reserve conditions Miller asked Mr. H. whether, in fact he suspended the required deposit reserve at N.Y.C.? Mr. H. replied that he did. He never had reported this to Board.

Dec 26. 1920 (5 Years 181)

N.Y. deposit reserve down to about 33%, below the required minimum of 35%. Harrison advised me that N.Y. must pay a tax, but it was agreed that this need not be added to the discount rate, as that premium applied merely to deposit reserves against D.R. Notes in actual circulation.

Sappington told me he had 50 million in silver at the N.Y. sub branch which could be deposited in the Bank of N.Y., thus taking care of the situation, and the Board decided that the deposit should be made.

Cast said he could lend only 25 million this week and the

balance next week, so that the reserve should not too suddenly be increased.

" Mr said he had never heard of this.

Sen T then spoke of talk with Crane in N.Y. and said the Compt should take his testimony.

CDT said, in addition to Crane's testimony, the Compt should call on all records of the M'Board; that they would be gladly furnished if asked by the Compt.

Sen T said he had been considering asking the Compt to send up explicit acts to examine our records!

CDT said no need for such action, - the Board would send copies or originals if Compt asked for them.

Sen T then suggested that Compt should subpoena the Board,

CDT reiterated above statement

Sen T. asked if it would be advisable to speak to E.W.C about the matter.  
CDT said Yes as far as Germany.

Sen T said we would see E.W.C and later

see the City of Marburg.

Sen T said there was also a political side, - that the Republicans would probably be glad to show the rail owners that their administration was just to them but that he looked that by speedy action Sen. Pittman might get the credit for it.

M.A. Jay came before Board and said that Warburg had told him that a number of American banks were to be asked to buy trade acceptances drawn by Germany in favor of against Germany (not banker acceptances), the trade bills being payable in dollars in the U.S., and redressed by the new German bank in Germany; that Mr Warburg wished to know whether these bills were eligible for purchase by the M'Bank of N.Y. and if so, wh. the M'Bank would look favorably upon them as a purchase; that the directors were advised by Harrim that they were eligible and had told Warburg they would look favorably upon them as a purchase unless the M'Board

interposed some objection.

Platt thought the Bd should not object, unless bills hot and cold.

cot argued Jay who said the Banks had never before bought bills of foreign trade acceptors payable in U.S. in dollars.

Jay said Warburg, (as usual) wanted an immediate answer as he was going away Tuesday.

cot pointed out that there were not banks acceptable and were in effect a direct financing of c.g. foreign merchants; that if they were banks acceptances it would not trouble them so much, but that in this case we were dealing w. the new gold bank simply as an endorser, and that while we so dealt with the central banks etc., this was confined to U.S. and not foreign notes; that while we may have bought some foreign bills in endorsement of foreign central banks, it was merely to establish an account with them cot raised doubt as to whether under

section 14 we were not limited in buying bills to bills originating in this country as the section says "bills of exchange or the kinds and matures by this Act made eligible for discounting, i.e. we could purchase such bills at home or abroad etc."

cot doubted whether a foreign trade bill, alto' payable in U.S. in dollars could be discounted by the Banks, and if not, he wondered wh. such bills could be purchased.

Jay pointed out and cot agreed that the purchasing power under Sec 14 was broader than the discounting power under Sec 13; e.g. Moes could purchase state non member bank acceptances.

cot admitted that, perhaps, this might be done under Sec 14. C.

cot said, that admittedly on the argument that the Banks had the power, the Board was asked to exercise an option as to the desirability of exercising this power, and the best in this regard the Sec of the Treasury as chairman

should be committed; further that this plan was in effect a loan to German citizens; that if the member banks were to agree to give credits here for this purpose, the old rule of the State Debt was still in force requiring notice to it, and that this was all the more reason why the Bd should consult with the State Dept.

Jay was finally told that the Bd was not prepared to express any opinion on this at the present time and without a more formal presentation of the matter.

I am getting tired of these abstractions which have to be decided immediately if not sooner by the Bd!

Plane 7.

Jay and Warburg came before Board. After careful consideration we decided, <sup>regarding</sup>, so advising, that these trade bills were technically eligible for purchase, and that, properly motivated, such purchases would be to advantage

of U.S.

No domestic acceptor in Germany can be made dollar exchange; if he does not, the Gold Bank must; dollar exchange, about been mostly forward transactions, must come from exportation of goods, not rec. to U.S. but as well to other countries, where the dollar exchange is stimulated by; and the U.S.

will get its share of these exports, which will <sup>in turn encourage exports from the U.S.</sup> On the other hand if these trade bills are made in sterling, ultimately Britain would get the benefit.

Warburg said that the good banks would not take any of these Bills unless the parties were engaged in business which would tend to give it dollar exchange credits from which these bills could ultimately be paid.

That the Gold Bank was a first class institution was seen by fact that the Bk of England had arranged for credits to the Reichsbank to permit it to buy one half of the stock there and share in sterling.

In considering the policy as to buying the Board voted to write Jay that, on

the assumption that these bills were negotiable under German law (in which the W.B.A. of U.S. must satisfy itself) and were technically legal, but that some arrangement should be made on their payment at maturity in the city of U.S. in which they were in terms payable.

CST insisted on this because the Board on previous occasions had decreed the acquisition of domicile bills by W.B.P. unless there was some office and assets in place where payable and of which they could be paid. See 6 M Bull. 386

Mr. Warburg said Sec. Mellon told him he saw no reason why such bills should not be purchased by W.B.P., assuming of course, that they are negotiable commercial bills, and that there was no international reason for decreeing them, in which he would concur w. Secy. of State.

Board voted not to announce decree until Sec. should concur w. Secy. of State.

The vote of the Board was unanimous somewhat to the surprise of CST who

feared Cunningham and James might vote against it. Cunningham said he was satisfied that the purchase of these bills would be ultimately for the advantage of the export trade from the U.S. on the reasons given.

April 8.

Cddy in reading minutes of last meeting stated that the vote on the German trade bills was unanimous.

James objected and said he voted against it.

The other members told James he voted back on it, but James vigorously denied this.

CST members evidently looking at James when he voted, as he was curious about it, and James undoubtedly voted agl!

Sec. Mellon told Board he did not deem it necessary to consult the Secy. of State as to the German trade acceptance, as the matter was surely a banking question.

April 10

Ent dinner on Rice: Present  
Japanese ambassador, Madame Wallenberg  
(wife of Swedish Minister), Mr & Mrs  
Crosier, Mr & Mrs Townsend, and Mr  
Lanning.

After dinner Mr Hamihara gave me a  
copy of a letter to Sec. Hughes, dated  
April 10, explaining the "gentlemen's  
agreement" and pointing out that Japan  
had considered the proposed immigration  
law excluding Japanese as an abomination.  
Hamihara asked me to read this as  
a general friend making any  
suggestions I cared to, stating that it  
would be published in a day or  
two.

<sup>from him later that</sup>  
I understood he had already sent  
this to Sec. Hughes.

April 11

Called up Hamihara at 9.30 am and  
made appointment for 5 P.M.

Called on him at 5 P.M.

H. said the letter had already gone  
to Sec. of State and was sent by him  
to Congress this noon.

I pointed out one clause where Japan

served to reinforce the honor of the U.S. or of  
its executive debt and thought this would  
set us trouble. It is certainly a very  
powerful letter. He seemed troubled lest  
the Govt and people would not understand  
how powerless he was in the matter. I  
assured him that he had achieved  
wonderful success in persuading the Sec.  
of State publicly to protest against the  
proposed legislation.

I spoke to him of the possibility of sending  
a Japanese writing President Coolidge asking  
him to announce in advance that he  
would veto the Bill if it passed with  
this clause in it. He said he could not  
ask this of Hughes, and I agreed as to  
this, and further, I fear this might  
bring about an alignment against  
Coolidge, in which Democratic might be glad  
to join.

I believe this legislation is an abomination to  
one of the great Powers of the world.  
(See Sec. Bk on Hamihara's letter.)

April 15.

The Senate yesterday entirely rejected Hambræus' letter on proposed immigration bill. Lodge, Peabody, Swanson, & others said Japan's protest demanded action on it by Congress. Sen Read of Pa who had been ~~sent~~ very friendly to Japan said that in view of the threat by Japan to bolt it was duty to vote for the exclusion. C.R. believes Congress would have excluded the Japanese any way & that his letter will be used as an excuse.

The N.Y. would oppose the exclusion and demands that Congress veto the bill, and that Mr. Hughes signs off he does not veto it.

I wish Hambræus had consulted me before and not after he had sent the letter.

April 12. Sat.

Sen Read of N.J. wired me to come to Senate to meet Sen. Sumner on matters connected w. the Bonus bill and to bring one or two experts with me.

I went there at 3 P.M. with Simard. We had a

talk with Sen's Read, Walsh (Mass) Anderson Jones and Sumner.

In brief they wanted me to consider the following Bonus plan, which they evidently wanted to put into a minority report:-

1. Pay off bill in cash, by issuing legal tender Notes.
2. Pay off cash by bond issue.
3. Same, but to be bought by N.H. at a very low rate of interest.

They wanted particularly to know as to the danger of inflation and high interest.

We told them our objections and said we would furnish a memorandum and send it to them.

April 14. Monday

C.R. told Board of about and said Read et al. had no objection to my mentioning it to Board in strict confidence. C.R. said he would send a confidential reply, to wh. Board raised no objection.

Mar 14. Monday

Dr Borden cut out a subaceous cyst on the back of my neck. It seemed to be very deep. Dr B said there was no need of having it analyzed.

Mar 16.

Gov Seay asked what right to make to a member bank at Charlotte, N.C. stating it wanted to buy a slate of having 3 branches & convert them into Branches. Gov S. said they were all in best class condition.

James and Tower reported a letter from Mr C. to sign letting Gov Seay to tell the bank that in view of the new regulation it would be useless to reply.

Platt offered a recorded letter, drawn by Mr C., stating that the only condition imposed on this bank in its admission was the one as to changing the character of its assets, and i. the bank shall notify the Board merely that it might ascertain this fact.

James violently objected saying the consent of the Bd to branches applied

to all banks whether they had had this condition imposed or not.

Mr C. read the regulation stating - see 6 - that consent of Bd to new branches in excess amounts was applicable only to banks when whom the condition was originally applied, and asked if James seriously wanted the Board in its best interest under the new regulations, to deliberately violate this?

On vote, all voted to send Mr C.'s letter except James who voted No.

Men Cunningham voted with us.

Platt said Wright advised him Mr C.'s letter was absolutely correct.

See Miller  
Last week Platt sent a strong letter on subject of branch fees and the action of the Comptroller Tower in recommending in his Report amendments to M Act and later voting in Bd meeting against the Bd sending in the annual report slants denying Comptroller's right as to necessity of such audit. (see Sec Bd.)

Today Platt told me see Miller lead

sent him under see. to him saying Miller  
agreed to much of what Platt said and  
that Bd should make recommendations to save  
on county banks, at least, the right to  
have Branches.

cos received from Smead a criticism of  
Sen. Reed's Bonus suggestions and wrote.  
Read a letter sending him as internal  
and confidential. Platt approved it  
but cos asked Moore to show the letter  
to Miller, and if he objected to sending  
it to send it in.

June 17

Showed Smead memorandum to Dr. Miller  
who said that it was good but might  
be condensed. I then said I would  
get Stuart, chief of exam., to look it  
over. We both agreed that I could send  
any mem. off'd by Stuart to Sen Reed.

Stuart came over and took out a  
somewhat shorter Mem. which I  
mailed sen. Reed (5.30 PM) on the  
confidential information.

June 20. Sunday

Hambana called. talked in a general way about  
immigration letter. Said, confidentially, that  
Hughes told him he and the President were in  
full sympathy with the feeling of the  
Govt.

June 21. James married to the stenographer. Never  
noticed cos a very member to my knowledge.

June 22.

Johnson, selected as calif. banks, and Oliver his  
counsel had conference with Board. Johnson  
stated that he was prepared to examine all  
state member banks with branches simul-  
-taniously as he now had 30 examiners  
as compared with only 8 in Dodge's time.  
Board asked him to confer with Helms  
who was to repeat tomorrow whether  
two board system or simultaneous  
examination was satisfactory to him.  
Johnson said he could do this without  
assistance of 2M examiners, but he would  
prefer to have them and would bear  
their expense.

He finally said he thought the banks  
would agree to have one simultaneous  
examiner by the state and another by

the M authorities, and said he would ascertain and report this to our Board.

COT said he did not think 2 simultaneous examinations were necessary, and that he understood the controllers second exam of Nat banks of large standing was more a less heretical.

Gov C. denied this.

COT said he had believed that the comit. was to recommend a change in the law so as to require only 1 exam., but more if necessary.

Gov C. denied this.

April 23. wed.

Mr Wells called and said that he had had a talk with Sec. Miller in behalf of the majority of Dr Miller in the M Bd; that he told Miller he hoped he would not be prejudiced by Miller voting against COT's commercial resolution on branch banks, in Rep't No. 11; that Miller said Miller had explained this to him, and that this was favorable to his position.

Wells said everyone was saying that COT should be despatched as the next Gov of the Board; that even the majority all respected him, and that Davis allegedly praised his fairness and impartiality. COT said it was most improbable that he, a Democrat, should be despatched, and Wells seemed to think that this was coming. (COT does not believe this.)

Attended reception at Rauschen given by Gen. and Mrs. Petrelli.

met Sec. Miller there. He did not know of James marriage.

Mr Miller said he agreed with Platt that it was not right that the controller

members of the Board should be instructed  
on addressing the Com. on subject of  
amendments to YM Act, because of a tie  
caused by votes of 4 obscure members.

Aug 23. 1924

Prior to meeting we dined w. Justice and Mrs  
Brandeis. Judge Brandeis said he thought  
Pratt knowledge to be very narrow, very  
timid, very evasive, and of absolutely  
no courage.

attended meeting of trustee of Carnegie Endow-  
ment on Inter. Peace.

during entire meeting, after much discussion  
on Peace, not a word was said as to  
limitation of armaments, or League of  
Nations, nor was any mention made of  
the deaths of Pratt with a Pratt Harding.  
Finally, just before adjournment C.R.D.  
moved that the Ex. Com. be instructed  
to prepare appropriate resolutions  
on the deaths of Pratts Harding and  
Wilson, referring to their work on

International Peace and to send a copy to the  
family of each President respectively.  
There was quite a lull, but finally James  
Brown Scott seconded the motion and it  
was put and carried unanimously, after  
C.R.D. bemoaned quite a number did not  
vote.

C.R.D. bemoaned Nicholas Murray Butler  
looked distressed, while Robert Lovett  
also looked somewhat disconcerted.  
C.R.D. mentioned Harding in the resolution  
to slant it of any partisan appearance  
and to make it more difficult for  
any one to vote against it.

at about 7 P.M. C.R.D. called up his  
secretary and told her all about it.

Evening.

We dined with Pratt and Mrs Coolidge  
at the White House; - a dinner in honor  
of Shearer and Mrs Gillette. C.R.D. took  
out Mrs Peirce, the wife of the  
clergymen, at whose church Pratt  
& Mrs Coolidge attended.

Mar. 26

Bo<sup>d</sup> had rate decision. Dr. C. just info'd  
on N.Y. reported that directors all wanted  
to reduce rates to 4%.

Dr Miller & CSD favored them; Plaist at  
first rather doubted the advisability.  
Voted to call special meeting on Sunday & to  
ask Sec. Mellon to be present.

Burnet telephones we may need an increase  
at 919 Jan. 82. during summer at same  
rate as last year. CSD wrote him confirming  
this.

Mar. 28

Board met with Sec. Mellon present.  
At first Sec. M. opposed any rate reduction.  
Dr. M. pointed out decline in moderate  
and matched decline in needs; suggested  
it wise psychologically to reduce.

CSD said the trumpet pieces were continue  
to fall and this will be a good object  
lesson to those who trumpet lower rates  
always meant higher prices.

Dr. M. trumpet recession in industry was

bound to continue, but that by July a recession  
inward movement would set in and that  
it would be easier at that time to go up  
from 4%, if necessary, than from 4½% as a  
rule.

Board finally voted to notify N.Y. that  
if it was the judgment of the directors  
at next Wed. meeting to drop down to  
4% the Board will oblige, and will  
authoriz'd G.C. Com<sup>a</sup> to appear (at full  
meeting did not (or had) such reduction ob-  
tained by N.Y. Board, or Plaist.

In N.Y. rules on Sunday, Mar. 27, limits what  
members to be an analogies of Nicholas Murray  
Butler report to the Carnegie Endowment  
on return. Plaist, on the division of literature  
and education. This report was presented  
to the Board at its meeting last Thursday but  
was not read. Mr. Butler in presenting it  
spoke on nearly half an hour on conditions  
in Europe but, to the best of my recollect  
never mentioned the League of Nations.

The report printed in the "Times," however  
quoted in full what Butler said in the

what as to the League of Nations and  
barely alluded to any thing else. The  
report in the N.Y. Times was merely a  
brief notice of what had been said against the  
L. of N. Butter in his report, & I have no  
doubt, intended it as such.

I have written Mr. Montague asking him to  
dine with me and talk this over.

April 30

The Board received word that N.Y. proposed  
at directors meeting today to lower rates  
to 4% to take effect at 3 P.M. today.

The A.C.C. ratified this.

CBD calls up Mr. Harding in Boston. He said  
he had heard this, and asked if this  
was the result of the policy of the  
Board as communicated to the N.Y. Bank.

CBD said No, we merely said that if the  
directors in their judgment advised  
and acted authority on the reduction  
the Bd will approve it, and that this  
applied also to Boston & Phila.

Mr. H asked if Board had object to Boston did not  
act for some days yet.

CBD said No, would not object.

Mr. H then asked if the Board allowed this  
reduction in connection with any plan under  
the Dams com' report. CBD said No, this  
plan was barely mentioned and not in  
connection with the rate quote.

CBD calls up Mr. Montague in the H.R.  
He confirmed CBD's recollection, that Butter  
report was not read at the meeting  
and that Butter in his remarks in his  
report never referred in any way to  
the L. of N.

Mr. M. said most of the trustees were,  
he thought, opposed to the L. of N.  
Especially James Brown Scott, and that  
Scott, although favoring a world  
court, was opposed to this one.

1:30 P.M.

M.A. Curtis calls up CBD and said the directors  
decided to take no action in the way  
of reducing discount rates on the current  
but had given the A.C.C. power to act  
at any time they thought it desirable.

May 3. seven o'clock, Saturday. 1919

Told Eddy to proceed immediately and leave  
covered by transmission to Gen. Bruce every sort  
of paper, unless a record at the Board  
was. He has been delaying this in order to  
put in the records of cases in N.Y. since  
he already been ordered to copy his records.  
A large bundle of papers has been found  
in basement, sift by steamer. I ordered  
these also covered immediately  
and told Eddy the Pittman case was  
related to everything we have.

May 4. Sunday

Call on Mrs. Wilson. Told her of my talk with  
Glover at Gen. Bruce's desire; also of meeting  
at Carnegie Foundation.

Explained to her as to Glover's row w. McAdoo  
and Williams; showed that McAdoo &  
Williams really wanted to break Glover  
bank, after Glover started the row.

Told her also about Glover talk as to having  
President Wilson to be buried in the cathedral.  
Mrs. Wilson said her chief hesitation at having  
her buried there came from her feeling  
towards Glover.

Mr. Balling said Mrs. Wilson, under her arrangement,  
was free to remove the body at any time.

May  
April 5.

conference of governors.

Gen. Harding told all he was certain that  
the movement for lower rates at N.Y.  
was instigated by Geo Steing, now sick  
in Gen. Norman's house in London; that  
Norman wanted reduction in U.S. to and  
as near as nearly on a parity w. St. Peter.

Gen C. told all that case opposed the  
reduction.

Not just Gen C. that nothing was said of  
this at the Board meeting; that it was  
then stated that case merely wanted  
it postponed on a few days.

May 5

Cady had letter from Frost asking reducing  
currencies as Gov on 1 year from May 1, 1924.

May 7.

conference with Govs.

long discussion as to direct rates.

Gov. Case gave reasons for D.Y. action; said it brought M rate into line w. currencies' rates; that it would not cause inflation; that a director of BoE of England told them that if Britain was over burdened w.  
credit demands etc. it could not handle  
& that our rates should go down while E.M.B.  
should go up.

Gov. Harding said no need to reduce rates  
but ultimately Boston must follow D.Y.;  
that country rates in N.Y. were 6% and  
would not be affected by reduction to  
4%.

Gov. Daniels said also country rates did  
not lie reduced from customary 6 to 8%  
when we reduced M rate to 2%.

Gov. Mc Dougal took same view.

all admitted however that reduction would help  
large borrowers in the large cities but claimed  
benefit would not be debonered.

Dr. Miller said M system should lead, downward  
as well as upward & that lower dist. rates  
would mean lower cost of imports, that  
prices had declined 15% in 6 mos. and this  
reflected w. carrying large inventories and  
made our uncertainty.

The Governors almost all seemed to take the  
view that our system should follow  
the market, at least, as to lower rates  
just as Jay did in 1821.

Gov. C. Miller, Clegg and Cunningham said  
they believed the mercantile banks should  
reduce rates.

Platt gave a somewhat general  
answer.

We also discussed other most alterations.  
Gov. Case said 300 million more was  
needed to have system fair & honest.

and dividends; that such an amount could not be secured by the money required and would be used to take down redists w. the system; he admitted that when these were reduced to nothing then the carry assets could be increased; had to leave say 50 million at once and more later into the market would start competition with members w. in buying assets & Govt securities; that it would interfere w. the money dealers.

In the final said Burns ought to buy an open market to move currency.

Dr Miller said now is time to buy in order to have weaker to use later if general demand set up; that the gold markets were not now being used for general loaning and that our purchases would not have any such effect.

In Burns said it would be a violation of reserve bank policy to put money into the market now.

COT said this might be true if we had

say 600 millions of Govt securities but now we can buy them little by little to test us in a matter of controlling any excessive upward movement later; that such buying would not cause inflation at present time.

not so satisfied that case's objections are largely founded upon aversion to any competition w. Member banks, and to a desire not to offend money dealing w. its securities, and also, possibly to offend a now slack market.

*Buy  
Bank 8.*

Gov Davis called and said that under Sec. Winter strongly objected to recent receipt of 50 million in holdings by N.Y. or Govt Sec.

The money dealers take its hand off the FM system.

HVH had a talk with Mrs. Farns. of the Dem. club. She said Metcalf is to attend the Dem. convention in N.Y.

she also said that COT was Metcalf choice for vice-Presdt. and hoped he could be nominated!; that Metcalf told this to Gen. Bush! an old politics trick!

May 12.

nd. adv. council meeting.

at the intervening conference warburg the preslnt outlined what he believed to be the proper scope of open market operations saying the system should always have about a billion of currency assets or at least 900 million as a minimum, and expressing the opinion that more Govt securities should be purchased and that this should be done w/out causing inflation.

not pointed out the attitude of the treasury debt in offering purchases is not recd, and said that during the war & post war period we subordinated our discount policy in the interest of the treasury, rightly or wrongly, and now he was opposed to having the treasury dominate an open market policy as it was apparently trying to do; that the treasury should acknowledge the market as it finds it, - subject to all the influences which regulate it, including the influence of the F.R. system which is and was intended

to be a factor in the market.

warburg said he agreed with this, but that of course Mcbride would cooperate w. the treasury so far as practicable in making these purchases, but that he did not see how the treasury could object if open market operations enabled it to place its certfs at a more advantageous rate to the Govt.

May 13.

council made a very ambiguous resolution as to open market purchases, saying that the Mcbride should have a sufficient volume of investments in normal lines to be able to stabilize the market when necessary to do; that under present conditions the system should receive an aggregate investment of substantially the present volume (835 millions, i.e. bonds 440, bills less than 87, Govt bonds & notes 250, us certfs 60.), "with a tendency somewhat to increase these investments so that can be done without unduly affecting the market".

The council also said: "the Mcbride should not

more investments on the sole purpose of increasing their earnings and earning dividends".

The council also stated: ~~that the banks~~  
 "the council was unanimous in the opinion that dividends should be continued as long as the amount of surplus justifies this action even though the dividends may not have been earned."

Then the council has in effect chosen one of the two methods (div. rates and other most obligations), viz. other most obligations, as a source of earnings and has substituted debiting into the surplus in lieu of other most obligations.

CFB pointed out to the council that charges intended the other most however to be used for earnings in case rates will off.

Waddington replied somewhat ambiguously that other most obligations justifiable by other means, would usually take care of earnings.

CFB asked Waddington if he (CFB) correctly interpreted the statement of the council to mean that other market losses shall never be used for making earnings unless such losses were justified upon other grounds, and Waddington said yes.

This is an absolute reversal of the intent of Congress and I should raise this in the next meeting in the Board.

In its report for 1914, the Board said:

"The Reserve Banks have expenses to meet, and while it would be a mistake to regard them merely as profit-making concerns and to apply to them the ordinary test of business success, there is no reason why they should not earn their expenses and a fair profit besides, without banking to exceed their lawful functions and exceeding the bounds of prudence in their management."

In Dugay on Dec 15, 1916 at a meeting of the council, said it was absolutely necessary for Waddington to earn expenses and dividends and that the resulting contribution w. member fees would be negligible

Worthing also said that the council had asked him to write to Congress strongly urging that a Rule be granted to take into the Juddson branch bank bill.

Crot said that while the council is the judge of its own power and he did not wish to question it, he would merely point out that if the council took such action, several members of the Board would well bound to try to leave the Board and a communication following my such Rule.

Worthing asked what the attitude of the Board was on the Juddson bill.

Crot said probably all favored the extension of rights to National banks; that 4 out of 6 of the unbanked members opposed the measure cutting down the powers of state member banks; that the 2 ex-officio members joined w. the majority of 2, making a tie and thus preventing any official communication on the subject.

Worthing said the council would consider the measure.

The action of the controller in using

the council to make this recommendation is almost the cleverest action I have ever known!

The council also informally said, - in reference to Platte suggestion - that a majority favored ultimately making the M system fully voluntary, but that no such action should be taken at the present time.

The above was explained that none of the large banks would leave but that probably many small banks might be glad to leave.

It was also pointed out that the old rules requirements would give banks ability to withdraw (as they now ability to absorb losses) and also see 5202 Rev Statute requiring liability to 100% of the capital.

Controller Davis was very much disturbed at such a change in the law.

The council finally voted not to recommend the Rule on the Juddson bill.

a week ago Elliott wrote asking for a contribution to the McAdoo campaign. When I see him I share with him that I have never made a political contribution since I became a member of the Board.

Mrs. Junk dined with us last week and she also is trying to raise a McAdoo fund. H.P.H. cordially recommended that's attitude to her and she agreed that it was a proper attitude to take.

Last week at Revenue Conference Danner told the Governor he wanted to increase the price of the copies of the examination sheets furnished to the Mine from \$5 to \$10 each.

The Governor seemed willing provided the Board did not object.

The Board at a meeting took the ground that it would not affirmatively advise him but that it was a matter for determination of the Banks and the controller, but that it would not disapprove such payment by any fed R. bank.

Today Danner showed me a copy of a letter from Gov. Harding objecting to this and

saying it was originally agreed to pay \$5 per copy, <sup>including</sup> to look out Gov C. when he was controller; that it was not fair to state members were upon whom when the Board was compelled to assess the whole cost of M Grants, while the controller is obliged to assess cost against the Nat banks.

Yesterday, Mr. Prince of the fed adv. council said that John Mitchell was practically wiped out by the closing of the control sec. co. of St Paul and the merger of the cat. Natl bank; that he brought much of his money of Mitchell's children was invested in the stock; that he was not sur but that his Mitchell money also was invested in the Natl bank; that the sec. co. was practically cleaned

out and that the Nade Co (just merged with the 1st Nade) would try to do it's best and would have little lost.

May 13.

Early this morn that the council voted informally in favor of the reappointment of Dr Miller on the DN Board.

Smead came in and told me that the M Bank of Cleveland had rented some rooms in its building to the Repub. Nade Com'ee for the coming convention.

Whether legal or not, I am amazed at such action! such poor judgment is deplorable. I shall bring this before the Board.

Suppose the M Bank of N. Y. did this on the Nade Dem. Convention and Tammany!

May 14

EW Hardy & Curtis write Danner that come and advised them they did not legally pay \$10 on the receipt and enclosed copy of vote of the directors that they can not and will not pay an amount greater than the cost of transcribing and binding such papers.

May 16

Danner writes expressing hope that Board will try to induce the Mba to accept request of Sherwood. President of Citizens 1st Nade Co of Albany. Georgia.

This house closed some time ago and the stockholders are trying to reopen it. They have made several suggestions to Mba the last of wh. was that the Mba should release all excess collateral (\$213,000) over the amt due on 1st Nade (\$217,000) and further should withdraw some \$18,000 worth bills taken held by 1st Nade for \$75,000 (later reduced to \$50,000), the 1st Nade to be released on all liability, and the \$50,000 notes to be endorsed by the old stockholders.

This has been pending for some time; - months ago I sent Hessen down to confer w. the directors of the M Bank and he reported that it had done all it legally could to keep open the bank.

The Bd about 1 month ago called a conference at which EW Wellborn, he closed Sherwood and cash. Fletcher a natl bank examiner was present.

Fletcher said the \$18,000 bills were

practically worthless.

After a long talk Shewell made the above proposal saying that it seemed the bank could make, or new stockholders were to put up \$50,000 of new capital.

The M&P Directors refused to accept Shewell's proposal.

The M&P agreed however to surrender all but \$10,000 of the excess collateral and to buy for \$50,000 the \$118,000 of worthless notes provided the new stockholders and all the directors included the notes & worthless notes.

Dawle wrote C&S a telegram that there was a minor difference & that the Board would urge the M&P to accept it.

C&S sent Dawle a memorandum to collect that, assuming the M&P had power to do what after Shewell or it wanted, which he did not decide, it was purely a matter of banking judgment which the M&P must decide & that Bd did not properly try to

influence it.

It was agreed at the conference that the M&P should not make no offer wh. its counsel did not approve as legal.

Later G.W.C. came in w. a telegraphed letter to M&P urging it, almost in direct language, tantamount to an order.

not objected to G.W.C.'s sending it saying it involved a question of bankruptcy judgment and power, the first to be absolutely in the discretion of the directors of the M&P, and the latter clearly in the first instance for them to determine, and that the Bd should not interfere in any way.

G.W.C. said he would follow C&S's advice and not send the letter.

Mr. Dadda, chmn of Bunting & Curr. Com<sup>n</sup> of HR telephoned C&S urging that Board persuade the M&P to accept Shewell's proposal.

C&S advised him the Board

had no authority to do this as it was  
merely a matter of exercising judgment  
to be determined by the directors.

McDadden should not have attempted  
to insist himself in this situation!

Some time ago Davis told C.R. he  
believed the closing of this bank  
was caused by the negligence or  
sabotage of the M.B.S., and it was  
this statement which caused C.R. to send  
Herron down, who gave the M.B.S.  
a clean bill of health.

We all told C.R. we doubted the fairness  
of the T. F. N. bank to do even what  
it had agreed to do. It was clearly  
agreed however at the conference, by  
Gov. Mellon, that no plan should be  
suggested wh. was not authorized by  
council of the M.B.S., and C.R. assumes  
such course was taken by Mellon.

May 17. Sat.

Prestt coolidge remained at Miller in  
M.B.S.

May 19.

C.R. goes into Miller office and congratulates  
him. (It makes C.R. remember Dillon's failure  
to congratulate him when he was appointed).  
Miller said see. Mellon told him at the  
Wallace wedding, a few days ago, that  
Prestt coolidge told him it was all settled.  
Miller also said that Giorni of the Bank of Italy  
had wired his congratulations and had  
sent him flowers!

May 20.

C.R. at meeting of Board points out that the  
M.B.S. <sup>system</sup> is almost literally bleeding to death;  
that its earning assets are diminishing and  
that some at least of the M.B.S. can  
not earn expenses & divide; that the  
over night collections are increasing slightly  
but not in any proportion to the banking off  
in redists; that he felt that the other  
market com<sup>a</sup> was being detained by the  
Treasury from increasing its investments

in bank securities; that we needed at least 500 millions Govt sec. to enable the banks to regulate credit, in case any further speculative activity should arise.

Dr Miller read report of J. Adm. council which rather freely favored measure in curbing airlets & introduced a resolution banning their records.

Gow & Platt denied that McNamee was under obligation to make earnings if money and money in investments would disturb the market; said that bank had dividends and cumulative should thus.

CIO said increase in investments could not distract the market at present time as all the Govt conceded.

CIO said we yielded to money dominate during the war & Post war, and that the money was dominantly now through its influence over the other markets come in keeping it out of other market.

May 21.

not uttered in Bd meeting a resolution robbery debt Board as to carrying of McNamee in its annual report for 1914; concerned in & ad. Comittee recommended a carry audit given May 13, '24; that recent com. audits should be considered the minimum; that should gradually be increased to approx. 1 billion; that this will make Bd to more objective before decr. rates rec. to control money shoul. condns, and would also provide rec. earnings; should be made w. discounts so as to obviate maximum changes in money market; that the only situation justifying abstention from open market operations thus wary rec. earnings would be where such purchases would seriously distract the market & encourage credit inflation; that it was concession of whom of Govt that increase in such investments would not cause shoul. activity at present time; that same advanced by some of Govt at recent conference on restriction of open market operations, - complete & u. less & mid. interference w. mkt.

sales of certificates were not sub. reasons for  
abounding tendency of strengthening the  
system so it can move faster since  
rates objective should prevent activity  
unrelated inflation.

Cunningham said it would create trouble  
if Bd suggested control of checks.  
activity in banks.

Crot & Muller said we were advised  
in 1914 by not continually credit money  
by trusting risk rates.

Muller said he had a 2 hour talk  
with Under Sec. Wimber yesterday to  
persuade him we should increase  
carrying assets; that he thought  
monetary for tactical reasons wed  
object, but that we were required  
to see we do it if we could prevent  
a continually drawn up plan showing  
clearly the necessity; that he was  
absol. indifferent in question of loss  
of earnings & thought them of  
absol. no importance.

are we dominated by the money or not?

Aug 22.

Sen. Glass called. Crot told him in absolute confidence  
about the hearing or move by the Cleveland M. Bank  
to the N.Y. Natl. Com<sup>c</sup>. He deplored this and feared  
it might injure the M. System. He said that  
Sen. Hibbin would denounce it and the in-  
vitably could only declare it; that probably  
would be quick to seize upon it as a basis  
for an attack. Crot asked wh. the thought  
it desirable for the Board to insert as  
corollary of the lease. He said the Board  
that might only increase the trouble.  
He thought the Board should clearly go  
on record as opposed to such loans  
and promptly send out such notice to all  
banks, but whether to do that now or to  
wait seemed to puzzle him.

Crot also stated to him as to his knowledge  
when market regulate and he was in  
absolute accord w. Crot that when such  
increases should be made, if necessary,  
merely on back of earnings, unless such  
course would so distract the money  
market as to cause inflation; that this  
was the clear intent of congress; that

money must come to the market as it finds it and should leave the M.R.B. alone & cease interfering with their operations. Mr. mentioned Miller's opinion at the morning meeting Gen. Slavy came in and said it was indicated that the M.R.B. system should at once reduce its carrying assets by issuance of Govt. Sec.; that this could be done now without affecting the market appreciably; that in the opinion the道元 should now be accepted; that before long, after the conventions, the political situation will cease to be a factor of uncertainty (meaning, & unknown, that confidence there will be conceded); that this will be followed by a broad currency in business; that we must have ample carrying assets to prevent it degenerating into a speculative money market; that in his opinion 1 billion of carrying assets should be the minimum. He also said that the believed England had a large amount of gold, <sup>not stated in the business statements,</sup> believed our France & Italy were due Russia to take care of the interest trusts to the U.S.; that we

were receiving gold daily from abroad and that this would increase greatly rather than diminish for not 10 years.

He said that ultimately we must modify or readjust the indebtedness of Great Britain to us; that is we fixed the terms of reparation on the "ability to pay" basis we should give the same terms to us allies.

Dr. Miller differed as to this & said that of our debt was nec. to meet the exigencies of an international obligation. C.R.A. agree absolutely w. Slavy.

Board decided to call a meeting of the other M.R.B. investment com'rs next Thursday.

Slavy thought ultimately we would rise again in U.S. and fall in Great Britain thus making a parity.

This is Carroll's view, except that Carroll would back up later in U.S. while Slavy, apparently, thinks it will come w/out any backing.

May  
2d 21

attended meeting of Harvard club at the Chevy Chase School, of which Harrington, one of the members, is moderator. This school was the old Chevy Chase Inn at which Coslant spent the summer in 1895 and 1896.

It rained many and showers, and Coslant went up to the room on the S. West side which he and Baron Kellie used to occupy.

May  
2d 22. (contd)

The St. Louis plan was to get the consent of the other next com<sup>a</sup>, to have N.Y. to proceed to levy Govt Sec. for its own account, leaving the present holdings of the other Mbs remain as they are. He also said they ought to agree that in future liquidations N.Y. shall be allowed to liquidate first.

The Board all agreed to the first resolution and the second was not considered.

Coslant said the rather inclined to lower N.Y. rates to 3 1/2 %; that while this might have little or no effect upon domestic conditions, it might bring about

much bauxing been abroad; that it was a great opportunity for the U.S. to become the money market of the world.

He intended, not however, until after the election, and probably long after, a tremendous business boom; that this would be succeeded by speculative activity in the stock market, aided by low interest rates; that we should be prepared for this by increasing our currency assets; that Gold the Bank, a most astute banker thought the M system today should hold at least 500 million of Govt Sec.

Gov S. showed us Mr. Adov's statement that he wished to remove the grip of Wall St from the M Board and said that such language was unworthy of a man who wished to be Prudent; that no man who ever held the office of Secy. of the Treasury ever avoided himself of the talk of Wall St. as did Mr. Adov; that he gathered in the money since 16 men identified w. N.Y. and Wall St: viz: Straus, Meyer, Lebowitz, Rothschild, Kelly, Mandel, Bauch.

Rev. S. also said that when Mr. Addeo formed his partnership w. Collier, he caused him to release to him from the master story of the creditable building, owned by the M.B.A. of N.Y.; that he explained that it was impossible as the B.A. was scattered in 2 or 3 buildings; that Mr. Addeo was insistent and finally caused Rev. S. not to forget that he called a <sup>special</sup> meeting of the M.B.A. and secured an increase of ten salary to \$5000!

Rev. S. said that while Sec. Glass despised him and attacked him while in office, Mr. (Rev. S.) recognized his ability and honesty, and that Glass was of the type of men, for whom he seemed to have opportunity to work for President!

May 23

Cody gave me a telegram from a Cleveland banker stating that the convention headquarters of the Rep. Nat. Com<sup>ee</sup> in the N.D. R. bank building had been transformed from a ball room to a suite of offices partitioned w. nearly painted metal etc etc

May 23.

Ran small dinner at which J.W. Ambassador was present, Judge & Mrs. McCay, Mr. & Mrs. Platt, Mr. Swalm, and Capt. & Mrs. Reed the daughter in law of Mrs. Swalm. We opened a bottle of 1811 sherry and Capt. gave a toast to "Her Excellency, the Ambassador of Japan and the great country he so worthily represents." Hambara said he had given us all credit that we would want the immigration bill.

May 24

went in to Mr. Weston under Secretary and told him about the Cleveland bank and its lease to Rep. Nat. Com<sup>ee</sup>.

Mr. Steingold told me this morning that he had talked w. Mellon yesterday about it and he was greatly disturbed & said he would speak to Weston about it.

Weston said he had called Mr. French who said the Rep. Com<sup>ee</sup> had been in possession since May 7; (not best record of this from Simola in May 13, see infra p. 142); that the Secy. Com<sup>ee</sup> and the Board of directors both voted for.

Weston at best seemed disposed to

mentioning the matter, and said there was no malice in it.

CRT said he was glad to assume that this was true & that civic pride was the only malice, but wanted out that if known, it would furnish the basis of political attack, which, whether justified or not, might injure the DN System, mostly and that Heblin would be eager to seize on such an opportunity and that the Advo would rend the treasury with indignation over it; that he had told Egan an absolute confidence about it & that he said if Heblin & the Advo should attack the DN System he could only defend the action of the Cleveland bank.

CRT said he spoke of it to Gen. Shimp but he feared the Gen. Natl com<sup>c</sup> would demand similar privileges from the Bank of N.Y. & that a refusal would necessitate political controversy.

Winston said, - what do you want done?

CRT replied that the best plan would be for the Bank quietly to leave the

lease rescinded; that he realized it was a contract, and had some doubt whether it could be rescinded except by consent of both parties to it; that the M Board should at least at once place on record a resolution denouncing this act and publicly but not cause by any national organization, sending a copy to the Cleveland bank and all M Banks.

CRT further pointed out that while the lease was said to be nearly or almost bankrupt, a newspaper clipping given him by Eddy yesterday referred to "the convention headquarters in the Nat. R. bank building"; that in all probability the stationery of the Natl com<sup>c</sup> would contain a legend using the name of the N.R. bank.

Winston said this would be bad and that the M Board had a right to see that no action need be taken by a bank, in the interest at least, which might subject the System to any political attack, whether warranted or unwarranted.

Winston briefly said he would at once consult w. Sec. Mellon about it.

May 25

called on Mrs. Wilson. Bolling said her W. in Virginia started to go into the bath room about 3 stars later; just as she was getting into the bath she saw something black in the bower which looked like a piece of cloth; she started to brush it away with the bat when suddenly it flew up towards her (it was a black swallow); she thought it was a bat and jumpled back and fell against the side fracturing a bone in her shoulder blade. Bolling insisted on her going back to Washington; she refused however to take the train and rode 180 miles to Washington by auto; the doctor wanted to stretch her arm to her side or across her chest but she would not permit it.

Yesterday, it was set, she being anesthetized, & placed in a plaster of Paris cast, wh. will have to remain a month or 6 weeks.

Parker Gilbert called; shore of Cleveland Board and Nat. Reb. com"; thought the

directors of the bank acted most unwisely; said that Colton, the Adm'r trustee, was conveniently identified with Wall St interests.

Gave a high tea to the Egyptian minister and wife: Present: Col. H.H. A. Egyptian Minister & wife, Mr & Mrs Clinton of Bus. Embassy, Sir Maurice Dow, Mr & Mrs Eugene Meyer, Mr & Mrs Sweetser (attached to League of Nations), Mr & Mrs Arthur Bullard, Josephine Patten.

After dinner, Col. drank to health of the Minister in 1811 sherry.

May 26. Monday

McFadden called; said reason for not calling for a report on McFadden bill from the Board was that he knew the Board was divided; that he would send later this morning to the Board a request for a categorical answer to certain questions; that the Board was to meet this PM (this was near to call).

Mr. Fadden, in answer to cdt question, said a Bill merely giving Natl. all the right to establish branches in same city would leave no chance of transact.

cdt believes that Mr. Fadden knows Elms will attack him for not referring the Bill to the Board, and is trying to "cover".

cdt also believes that some scheme is in  
out to force a majority vote favoring  
the Mr. Fadden Bill.

James telegraphs Crumrine he understands  
Board is to be asked for an opinion and he  
wishes to be recorded as unequivocally  
in support of the Fadden Bill.

J. P. Blair writes cdt favoring the Fadden Bill.

Adam, of Nat. Steamboat bank, calls cdt as  
unwilling to endorse the Fadden Bill and  
cdt informs that Board favors the  
Natl. as part, but is divided on State bk side.

Same is evidently settling in some due work!

cdt explained to Mr. Fadden how Davies reported  
to Congress that M system were to expand  
unless Mr. Fadden State bk members are cut  
down as to branches, and then voted in  
Board ~~that~~ against sending a report to  
Congress, contrary to his views.

Mr. Fadden said smilng, this certainly would  
seem to be a reason for absolutely the  
Committee in transferring him to the Bd.

cdt said the Committe. should be left under  
the Board or should cease, at least, to  
be an ex officio member, as he represented  
only the Natl. Bank, and naturally voted  
& worked for their selfish interest as opposed  
to that of the State Member banks.

at the meeting this P.M. a letter from Mr. Fadden  
to Mr. C was read asking for a vote of the  
Board on the Mr. Fadden Bill and adding that  
any qualification in the vote would be  
regarded as a vote against the Bill.

See. Miller & Davis were present.

cdt called attention to the fact that the

bill as reported by the com<sup>e</sup> debased radically  
in one respect at least from the bill as  
originally amended by the com<sup>e</sup>:- in the  
original bill all non mem. banks with  
branches were allowed to come into the  
system w. all branches established prior  
to the passage of the McFadden bill,  
while, as reported, no bank could enter  
the system w. out relinquishing all its present  
branches situated outside of location of  
parent bank.

Dawes at first denied this but finally  
agreed it was true.

After long discussion Cunningham moved  
a resolution (widely written by him)  
that the Board favored the passage  
of the McFadden bill.

See H. thought the amends to Sec. 9 DPA  
contained in Sec. 9 of the McFadden bill  
were not in all respects good and said  
that Senate could amend it.

CST and Platt said McFadden bill would  
change FR System from a National System  
into a State bank system; that it would

probably cause an exodus of St. Louis ban  
ks from the system & cripple it severely.  
Dawes said if not named many other  
banks would leave the system.

Vote on Resolution.

Ay. see Melan; G.W.C. Cunningham and  
Dawes

No. CST, Platt & Miller.

G.W.C. explained vote:- did not approve  
sec. 9 of the T. bill but to tell Hale  
we be voted on the resolution!

All, incl. See. Melan, deplored the  
change in com<sup>e</sup> report pointed out  
by CST and Dawes agreed it must  
be changed, but no one suggested  
changing the vote.

G.W.C. is more than a weak man; he  
has no convictions; in his testimony  
before McFadden com<sup>e</sup> he agreed w.  
Platt but now votes contra; he simply  
represents a majority of banks voting  
against him!

CIO said Braguer an untrustable money  
to Bnk of Italy on slate wide currency and  
to Pac. S. W. for nearly as much and  
invented any Bank, in the system,  
or coming in to compete with them.

somebody said Grinnie favored the  
Bill.

CIO said he might well, considering the  
necessity it gave him.

Spoke w. Argentine Minister.

See. Wells was there and told CIO and  
afterwards H.H. that there was a  
revolution against Dodge in Mass. on  
the vote to pass the Penruddick bill and  
bonus bill over the veto of the Presdt;  
that one Republican advised Dodge not  
to go to Mass. on bear of personal  
insult and perhaps even assault;  
that there had not been such feeling  
since Webster's 7<sup>th</sup> of March speech;  
that Presdt coolly when assaulted  
always turned the other cheek; that  
he asked See. W. the other day with the

innocence of a child, "why does Dodge act in  
this way?"

The Boston Herald began to publish a list of  
letters received pro & con Dodge corresp.  
The first list was published yesterday  
today. There were about 10 letters on Dodge and  
hundreds against him. (2000 in a few days.)

May 27. Tuesday

The B. Herald again had 10 letters on Dodge  
and hundreds against him

May 28. wed.

Sen. Glasssey told me that the senate com<sup>a</sup> reported  
favorably the McFadden bill the other day  
while Sen. Elan was in Phila making a speech;  
that there was a gentlemen's agreement that  
the matter would not be taken up by the  
com<sup>a</sup> while Elan was away; that Elan  
was very indignant and would object  
the Bill in the senate and could defeat it.

May 29.

The Gen Council rejected the Dudden bill with the  
charge so that state banks are precluded  
from entering only as to branches established  
after the Dudden bill becomes law.

When next com<sup>ee</sup> met: Gov. Stuy, Daniels, Morris,  
Mc Dougal & Handing.

After long discussion it was voted to increase  
purchase of Govt securities up to 150 million at once  
and to apportion same in ratio to currency  
necessities of the several banks; the same  
apportionment to be made of acceptances  
purchased; also that N.Y. could increase  
its holdings, apart from com<sup>ee</sup> purchase,  
up to a reasonable amount, say 100  
million of Govt sec.

Gov S also asked gen. authority to sell  
the bonds purchased thus far com<sup>ee</sup> as also  
N.Y.'s own purchases, to exchange temporarily  
w. N.Y. banks having favorable balances at  
clearing house to ride over the stocks  
wh. will acre June 15, when due debits  
& other requirements will have to be made by  
money, said funds to be ultimately

returned to the M<sup>ee</sup> b.<sup>r.</sup>

Gov S. also said that any recovery in business  
would first appear by an activity in the  
stock market wh. might cause a狂热的  
speculation and that N.Y. should be given  
power to meet this situation by selling Govt  
sec. w. out first getting consent of the other  
M<sup>ee</sup> com<sup>ee</sup>.

Mc Dougal attacked this and said no one bank  
should be allowed to thus control the  
stock market, unless it were the concurrence  
of whom of the other bns ruled by the  
com<sup>ee</sup> and of the M<sup>ee</sup> Board.

Crot was pleased at the bold assertion  
of control over the stock market and  
said he assumed that such control  
could n't be exercised only through  
action dealing with the effect on com<sup>ee</sup>  
-controlled business by way of speculation  
activity caused by stock market speculation.  
This clearly was not the stamp view  
however.

No action was taken as to this.

Gov Stuy & Handing denied power in the  
Board to barter purchase or sale of  
Govt sec. by a fed. R. Bank.

The only power directly given is under

section 13 and is limited to actions, limited in other respects.

Miller said if there was any doubt we could ask Congress to give us the power

In discussing the advisability of buying purchases of Govt Secs. Fancher & Mc Dougal said much should be made only when rates are high & we wish to obtain conditions; that when rates are low, as now, we should rather see securities to stabilize or lift up rates.

All agreed that under normal conditions this was true and that at the present time rates were not of much importance; that it was unwise to purchase credits needed later in case of threatened inflation, which might come sooner than we expect as the result of the tremendous gold imports.

<sup>Mc Dougal</sup>  
Fancher & <sup>Mc Dougal</sup> ~~Fowler~~ accepted this finally, and all agreed that such purchases had to be made now without unduly disturbing the market.

Gov. S. told us the regulation of the stock market by the N.Y.C. after the armistice was not a system imposed but done solely by N.Y.C. with approval of Sec. glam.

Gov. S. gave us confidentially a list of Wall St men whom see the Adm. used during the war: -

- <sup>1</sup> P. H. Warburg, <sup>2</sup> Albert Barnes, <sup>3</sup> N. C. Debbequwell,
- <sup>4</sup> C. T. Crosby, <sup>5</sup> F. A. Vanderbilt, <sup>6</sup> James Franklin,
- <sup>7</sup> Allen B. Dulles, <sup>8</sup> Albert Rathbone, <sup>9</sup> Eugene Meyer,
- <sup>10</sup> S. Parker Gilbert, <sup>11</sup> Jasper Potter, <sup>12</sup> Nicholas Kelley, <sup>13</sup> George Franklin, <sup>14</sup> George May, <sup>15</sup> Norman Davis, <sup>16</sup> J. S. Kent, <sup>17</sup> Kuhn, Loeb & Co., <sup>18</sup> Seignier & Co., <sup>19</sup> Corbett, Henderson & de Gersdorff.
- <sup>20</sup> J. G. White & Co., <sup>21</sup> National City Bank, <sup>22</sup> Guaranty Trust Co., <sup>23</sup> Harris, Fowler & Co., <sup>24</sup> J. L. Drexel, Drexel, & Rathbone, <sup>25</sup> Farley & Co. (N. Y. & St Louis), <sup>26</sup> Shoenen and Cotton, "Price, Waterhouse & Co.", <sup>27</sup> Bank of Cuba, <sup>28</sup> Bamberg Trust Co. etc.

16 in all.

See next page.

1. P. Al warburg .. Kuhn Loeb & Co.
2. Albert Stran .. Seligman & Co
- 3 N C Lebbengiell .. Cravath, Henderson & de Gersdorff
4. C. T. Crosby .. J. G. White & Co
5. F. A. Vanderbilt .. Wall City Bk
6. L. Franklin .. Guar. Trust Co
7. Allan B. Dulles .. Harr. Forbes & Co
8. Alfred Northrup .. Joline, Hartshorn & Northrup
9. Eugene Meyer .. Eugene Meyer & Co
10. S. Parker Gilbert .. Cravath, Henderson & de Gersdorff
11. Clarkson Patten .. Darley & Co. (N.Y. & St Louis)
12. Nicholas Kelly .. J. S. & Northrup
13. George May .. Prill, Waterhouse & Co
14. Norman H. Davis .. Bk of Cuba
15. F. S. Kent .. Banker Trust Co
16. George Franklin .. Shoorer & Collier

cost introduced a resolution at the meeting today requesting that the Board send word indirectly that the directors of Mbs of Cleveland had erased part of the minutes of the Mbs to the Relub. Note could be seen during the Wall convention; that in the opinion of the Board it should not have been made as it is likely to establish a precedent which may bring severe criticism upon the Mbs of Cleveland & upon the M System.

The resolution concluded by directing that a copy be sent to the directors of the Mbs of Cleveland and that after the national elections, a circular be sent to each Mbs to the end that leave of part of the minutes of the respective Mbs shall not be made on the use of any political committee.

This was voted on and passed unanimously although Platt recorded ten votes against the part requiring notice to be sent to the Mbs etc, but voted on the main part of the resolution.

May 30. Today

H H & Anna leave for Albany

May 31. Sat.

Sen. Glass called and we had a good talk. He spoke only of the Presidential term and said Senator Borah told him that if nominated he would be glad to run w. him as Vice President; that the thought Borah was not serious but that Sen. Swanson told him Borah had spoken with him seriously to same effect. He estimates Mr Adoo but not coming out seriously in any great issue; especially the R. of N. He said he <sup>(Mr Adoo)</sup> favored the suggestion of a referendum on the League, to be held about Oct the election, to get the opinion of the people, which he believed to be overwhelmingly in favor of the League.

He said that Mr. Wilson, just before he died, wanted to come out publicly against the Adoo, but his course in avoiding the League and his attitude as to the Bonus, and it was w. great difficulty that he and others persuaded him to postpone this.

He said Mr Adoo told him it would be bad policy to turn the R. of N.

He also spoke of the McFadden bill; said that the justification of the Senate came on reporting it in his absence was that they had changed Sec 9. so as to permit entrance of all New Member banks with all branches established before the passage of the McFadden bill.

He still opposed it bitterly and said it was an attempt to legalize the illegal resolution of the MBd of Nov 7. 1923

CRT explained that the compromise advocated in the Bill's regulations, in effect so modified the Resolution, as substantially to neutralize it.

He said it was very uncertain what course to pursue; - whether to content himself with voting and fighting against it on the floor on its merits or to arrange to have it debated at such length that it would be defeated.  
[ see letter, CRT to Glass on the Bill.]

Said that Miller's nominate was O.K. d by the Com. without a meeting & that there was no opposition on the floor.

There is a mystery about Miller's nomination to CRT. It was sent in on one Saturday

afternoon, just a week ago and was condemned the next Friday. C.R. saw no mention in the papers of the upstart until after he was condemned, altho others told him it was intended to.

C.R. believes it was sneaked through and that there may be trouble about it later.

#### June 1. Sunday

Called on Mrs. Hale. She said she saw me last by her house Sat. & that Mr. Clinton who was calling on her, said, "You goe Charles H. Muller. I am sure he is coming and some difference between Rebels & Democrats in the Board; that is the best".

She said Estelle M. spent 3 hours with her the other day considering of her mother; that she was very nice and moving towards her; that one day she told her she acted like an old dog etc.; that she said she no longer feared her becoming a Roman Catholic.

There are evidently unshakable differences between them.

Mrs. H. spoke derisively of Sam Dodge and Muller; said the latter was doubtless a good lawyer, but of no practical ability as a legislator. She admired Sec. Muller & C.R. explained to her

the tax policy wh. the Party had unmercifully overthrown.

She said she had visited Sen. Hale on voting to override the Presidents veto of the Bonus bill and all she could say was, "Well at least I hope you will admit I was correct!" She asked me about the Muller, saying she saw something of his bill at Mah Jong Martini. C.R. told her briefly about them.

#### June 3. Tuesday

Dined with Estelle & Anna May. Speaking of Mr. West (Mrs. Muller friend) Estelle said that she heard her say, some time ago, that she went with Uncle McCormick and Mrs. Wilson to the cathedral to make arrangements for interring her Uncle body there; that she (Estelle) told Mrs. Hale, and she some time later asked Mr. McCormick (her cousin) why he had not come to see her when last in Washington.

He said he was there only a few hours. Mrs. Hale said "you had time enough to take Mr. West to Mrs. Wilson and go with them to the cathedral etc. McCormick in arrangement, said he had not seen Mrs. West and she did not go to see Uncle

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H P H + Anna leave for Albany

May 31. Sat.

Sen. Glass called and we had a good talk. He spoke briefly of the Presidential term and said Senator Borah told him that if nominated he would be glad to run w. him as Vice President; that the thought Borah was not sincere but that Sen. Swanson told him Borah had a plan with him seriously to same effect. He continues McAdoo but not coming out squarely on any great issue; especially the R. of N. He said he <sup>(McAdoo)</sup> favored the suggestion of a referendum on the League, to be held about four months, to get the opinion of the people, which he believed to be overwhelmingly in favor of the League.

He said that Mr. Miller, just before he died, wanted to come out publicly against McAdoo, but his course in avoiding the League and his attitude as to the Bonus, and it was w. great difficulty that he and others persuaded him to postpone this.

He said McAdoo told him it would be bad politics to turn the R. of N.

He also spoke of the McFadden bill; said that the justification of the Senate committee for returning it in his absence was that they had changed sec. 9. so as to permit entrance of all New Members except with all branches established before the passage of the McFadden bill.

He still opposed it bitterly and said it was an attempt to legalize the illegal resolution of the M.R.B. of Nov 7. 1923

Crot explained that the compromise advocated in the Bill's regulation, in effect so modified the Resoluton, as substantially to repeal it.

He said it was very uncertain what course to pursue; whether to content himself with voting and fighting against it on the floor on its merits or to arrange to have it debated at such length that it would be defeated.  
[See letter, Crot to Glass on the Bill.]

Said that Miller's nominate was O. K. d by the Senate without a meeting & that there was no opposition on the floor.

There is a mystery about Miller's nomination to Crot. It was sent in on one Saturday

afternoon, just a week ago and was condemned the next Friday. COT saw no mention in the papers of the upstart until after he was condemned, altho others told him it was reported to.

COT believes it was sneaked through and that there may be trouble about it later.

#### June 1. Sunday

Called on Mrs Hale. She said she saw me pass by her house Sat. & that Mr. Clinton who was calling on her, said, "you go Charles H. Muller. I am sure he is coming and some differences between Rebels & Democrats on the MBoard; that is the point".

She said Estelle M. spent 3 hours with her the other day complaining of her brother; that he was very brusque and receding towards her; that one day we told her she acted like an old dog etc etc; that she said she no longer feared her becoming a Roman Catholic.

There are evidently unhappy differences between them.

Mrs H. spoke disparagingly of Sean Dodge and Peabody; said the latter was doubtless a good lawyer, but of no practical ability as a legislator. She admired Sec. Muller & COT explained to her

the tax policy w/ the Party had unmercifully overthrown.

She said she had visited Sen. Hale on voting to overrule the President's veto of the Bonus bill and all she could say was, "well at least I hope you will admit I was correct!" She asked me about the Miller, saying she saw something of his brother at Mah Jong parties. COT told her briefly about them.

#### June 3. Tuesday

Dined with Estelle & Anna May. Speaking of Mr West (her Miller friend) Estelle said that she heard her say, some time ago, that she went with Uncle McCarreck and her brother to the cathedral to make arrangements for interring her brother body there; that Mr (Estelle) told her to Mrs Hale, and she some time later asked Mr. McCarreck (her cousin) why he had not come to see her when last in Washington.

He said he was there only a few hours. Mrs Hale said "you had time enough to take Mr West to her brother and go with them to the cathedral etc. McCarreck in arrangement, said he had not seen Mr West and she did not go to see him.

w to the cathedral with him!

Mrs Hall, last Sunday, in speaking of Mrs Price, said she had seen something of her at tea at King Parties, and that very well in a while she said something which made her feel she was not quite a lady. She also referred to her manner in calling every one "deary!"

June 5.

Called by appointment on Mr Wilson and had a talk with her. She is improving fast.

Spent w. Mr. & Mrs. Clinton to meet Butech and  
+ Dr. lady Isabella Howard.

After dinner under see went to see Mr. Butech  
in regard to a successor to M.A. Reich of St. Louis.  
and he said that Mr. Price or Mr. Price was  
coming in to see him tomorrow.

Yesterday we Board heard Mr. Price of Md.  
Admiry C. who said Butech did not want  
to be made M.A. Agent; that he thought even  
if he would take it, he would have to give  
up so much time to cleaning up the affairs  
of the Com. Trust Co. That he did not act  
as Agent; that he was officer and director

wanted the Job. Every asked; that he was a  
first class man; that Price who was also  
slightly touched notably was a brother of  
Mr. Price of him. + now connected w.  
the D.R. Land Bank; that he was a nice  
fellow but absolutely unbefitted for M.A.

The Bd all felt they could not let him  
have it, assuming that  
he did give the time to the work & finally  
asked Mr. Conne, Miller & Cunningham, to  
make an effort w. him & go over his affairs  
& to find wh. if cleaned the place, he  
would accept. Conne was not authorized  
to handle it, however.

Last Satd Mr. Price said Butech could have  
a \$95,000 assessment against his stock wh.  
he could not pay; also that the Chase Note  
& a Chicago ex held note of his to a large  
amount.

June 6.

See Miller sent word asking Bd to take no action on appointment of M. A. at Miami until he could see them. At our request he came in & we told him all that had been done. He asked for delay until a week on next Tuesday to call. We agreed.

CIO told Bd as to Prince later w. Blatt and so course should find out exact status.

The work. Part contd an article from Cleveland to effect that all cycls were fastened in the vaults of the W.M.B. of Cleveland where were kept all books to the Reb. concrete! (See Scrap Bk.)

Was told Mrs Wilson, he wanted to check up on act of the Wilsons later w. him as to the slight of P. H. Hadley & see Wilsons at General or unknown saddle, and she said she would be glad to talk w. him any time.

June 7.

Confin adjourned & the Juddson bill failed. Dined w. Mrs Denwick. Sat beside wife of Captain Simler. Had good talk with her about Egypt. She said she enjoyed the subject with me immensely and told me to send her love to H.P.H.

CIO asked how to address her (she is the wife of King Farouk).

She said to use simply Madame; that she bound that she must make calls here which she never did in her own country; that she wrote the King who replied that it was the custom she should conform to it but not to use the letter.

Am debt by N.Y. this am. She said the New York agent at Albany said he would be glad to sign a contract with her for the New York stage!

H.P.H is spending Sunday with his & P. Morgan at Highland Falls, N.Y.  
Nina Gregory of London is also visiting there.

June 9. Sunday

M Bank of Cleveland writes to our Board says it created great excitement in Board. vaguely express conviction that MBC has no jurisdiction

The resolution says among other things; that the Board are given general conciliator to the obnoxious debauched in the points of view of the two Boards on this question, which debauchery this Board makes not its seriously regrets - also.

The Board is instructed to convey to the MBCD the unqualified belief of this Board that its action & the actions of its officers in this case were warranted and governed by no other considerations than the obligation of community responsibility, sound business management and the Board's own belief in its authority over the administration of such affairs on behalf of the Board.

This resolution was discussed by members, Stumbaugh & Knight & was unanimously adopted. June 6. 1924

This was accompanied by a letter dated June 7 1924 from M. A. Wells setting forth particulars of 2 leases.

1. Lease to Convention Com<sup>ee</sup>, non partition in rental sub.

Jan 23. 1924. 868 sq. ft. on Jan 1 - June 30. 1924  
Rental. 300 per mo.

2. To Rep. Hall Com<sup>ee</sup>.

8500 sq. ft. for 45 days on May 8. 1924, at a total rental of \$750, which includes cost of partition.

Wells, in letter said - "to the best of my recollection I have not seen our Board so stirred since the organization of the bank"

See Sec. 8 para B1.

winston noted to Wksp that b.c. of earlier & urgent deficiency administration, he could not send any more new U.S. currency in exchange for ruble unless Wksp would they trade on ruble notes and take out insurance in new money shipped.

Eddy discussed this by accident. Winston did not see fit to consult the Board.

Winston told the b.c. that if they wanted do this until July 1 (when current abbreviations would be available) he would try to leave an appropriate model to remember them.

The Bd consulted w. counsel who advised us that while the b.c. could continue to pay postage on ruble notes as they had always done, in contingency that congress might not reimburse them, they could not lawfully issue U.S. currency going from the treasury to the Wksp as the b.c. did not

have until they received them, and, consequently, they had no insurable interest; that such action would be as much a breach of the law forbidding debasement as if Winston himself took money out of the treasury by this insurance.

The Bd, therefore, would like b.c. to make no commitment as to amount of insurance bought until they heard from it.

We sent a copy of this to Winston.

June 10.

Winston wrote Bd that we have temporarily discontinued the fiscal agency relations of the Wksp & the Treasury as to receiving ruble currency, forwarding it to Wksp, and receiving in exchange new currency, and when to his telegram that if they desired new currency they must pay the expense of shipment. The old practice b.c. Wksp were made fiscal agents, when each b.c. had to pay expanse of shipment to and from the treasury

and the Marquis, says that after the Marq.  
was abolished, as a matter of convenience, the  
Marquis authorized Mlape to receive on it  
old currency & pay out on it new currency  
& Marq. had evidence of statements from & to the  
Mlape.

"Since bonds on this of course are no longer  
available and will not be until the beginning  
of the next fiscal year on July 1, the Marq.  
has been obliged to withdraw <sup>the</sup> temporarily  
and return to its original master.

"It is <sup>of course</sup> unfortunate that the debasement has  
not been less but the Marq. is faced with  
a condition it can not remedy, and unless  
the Mlape are willing to assume this  
of course, statements of new currency to the  
Mlape will cease after July 1, 1924."

"I trust, therefore, that your Board will  
advise the Mlape of the Marquis's position  
and your views in respect thereto.

Winston did not refer in any way to  
our telegram of yesterday, or which we  
sent him a copy.

Winston evidently comes in the Mlape board as an

Manager of the Marquis.

Gauvin said at the meeting today that Winston  
had no special reputation as a lawyer; that  
he was merely the son of his father, with  
no reputation on his own.

June 9. Sunday

In Voyage to N.Y. until connected with me; after lunch,  
he and Prof. Klemmick went to my room. Prof. K was  
one of the experts with the "Gauvin Case" and he  
said he drew the currency part of the report,  
which originally came out; that the introductory  
part - as to responsibility of responsibility in gold  
for a short time was a compromise; that  
the intention was to establish new German  
bank on a sterling not a gold basis; that  
as he originally drew it it specified the  
dollar & not the sterling standard; that  
Marshall bitterly objected to leaving U.S. on  
a dollar standard while she was on a  
depreciated standard; that U.S. regret  
later offered to tell Marshall to go on dollar  
standard; that Mr. Norman came down  
from Canada & hotly insisted that the bank

must be established on the sterling and not the dollar basis; that this is clearly what will be done unless Amer. bankers decline to help unless the dollar standard is adopted; that the Amer. bankers were "sound" and said they would help on the dollar basis, provided Great Britain would join with them!

He said Schacht also strongly favored the sterling basis.

*June  
Nov 12*

While away yesterday Winston told Cummins & Platt he had not yet discontinued the Brie. agency relations of Mbsc as to redemption of unbacked currency.

Letter came up as to a quorum and Winston said he upto the Sec. or Under Sec. &c. he should be counted as ex. c. objected to this & nothing was done.

One am protest brought out an objection to object that Under Sec. W. was not an ex officio member of Mbsc in Sec. Under Sec. absence.

Winston came in w. draft of letter to all Mbsc saying he had temporarily, until July 1, discontinued the Brie. agency functions to the exchange of unbacked for back currency; that until July 1, the Mbsc could take it in & cutting it in halves could ship it to Norway, receiving credit when received by Norway; that Nor. would ship more money to less charging it to the when shipped (this letter would be in letter); that they could very cost both ways and instead, as an ordinary banking matter; that Mbsc wld interfere no objection.

Letter sd Nor. shld agree to ask conf. to reimburse Mbsc; Winston sd this shld be considered later; CSD sd reimbursed this shld be done w/out reimbursement as agreement to reimburse would make it a voluntary service forbidden by the Statute.

Nothing was said as to reimbursement.

The Brie. were not ordered to do this but merely permitted by Bd to do it

as they saw best.

CSA moved to approve Comptroller's telegrams  
and all so voted except Miller, who voted  
No.

CSA last winter had at last consulted  
the Bd and recognized that it was  
independent of the Treasury & : we ought  
to evacuate as above.

James wanted wagatt's opinion sent to  
himself, CSA advised Bd not to do it  
as, although he agreed w. wagatt, he  
feared result would be a request for  
atty Gen. for opinion & that the request  
decide the other way, having said that  
this was a new statute and that : the  
orig. opinion of atty Gen. (which was couched  
on all the vulnerable) might not apply  
in this case, and probably, had nothing  
to do w. this case.

Miller sd & w c had overruled Comptroller  
& that we shld let matter rest, evet  
Comptroller raised the question again.

No action was taken, and wagatt my way  
said he wanted to go over matter  
again before finally being opinion.

June 11. wed.

Made the commencement address at the Univ.  
of North Carolina, Chapel Hill, N.C.

Stayed with Sec. & Mrs Daniels at Raleigh.  
Sec. Daniels had to speak at Columbia, S.C.  
and so was not there. Mrs Daniels took  
me by motor 40 miles to Chapel Hill and  
spoke.

at the commencement exercise the degree of  
L.L.D. was conferred on 7 or 8 people, mostly  
connected with the University but several  
others. No suggestion was made of any  
degree for me. I saw in the papers that  
the honorary degrees were voted by the  
trustees the day before I reached there.

I was invited by Chase, the Presdt and  
Josephine Daniels six weeks ago, and I  
naturally supposed a degree was to be  
given to me, altho nothing was said  
about it.

am inclined to think that the opposition  
to the M system in Nov. ear. was the  
of blamed. The legislature passed an Act  
permitting banks to pay by checks  
sent in by exchange draft on other

bans. The N. W. Cos. Supreme court held this unconstitutional but the Supreme Court of the U. S. upheld its constitutionality.

The trustees of the University are all elected by the legislature.

What I can not understand, however, assuming that they did not wish or intend to give me a degree, is why they could have invited me to deliver the commencement address, - the sole speaker.

There were 2500 present; my address was received with great attention and many of the trustees warmly congratulated me.

In the evening at Raleigh, Mrs Daniels had Judge Clarkson and Ex-Judge Bibb (?) at supper and they both warmly congratulated me; also Mr Brown, formerly of Dade, came very likely, the trustee, in that Southern style, never thought of the matter.

5

June 12. Thursday

Eunice W. Gertrude Leyer; Mrs Chandler Hale and her daughter were also there.

I asked Mrs Hale for the facts as to what Gertrude said about Mrs West. (See p. 177)

Mrs Hale said Mrs West told her that she had seen Mrs Lee Carmick, on the occasion of her visit to Mrs Wilson to take over the permanent burial place of Mr. Lincoln.

Mrs Hale said Mrs West evidently did not know she was a cousin of Mrs Carmick.

Mrs H. said later she saw Mrs Carmick who told her she had not seen Mrs West or any woman in Washington for a year!

I at once said that Gertrude told me Mrs West said she had gone out to the cathedral w. Mrs Wilson & Mrs Carmick.

Gertrude said, Yes I said that and it was not true but what Mrs West said very way was a lie and what I added made no difference!

Gertrude Leyer is a dangerous malingerer!

Mrs Hale also said that Mrs West and I told some one that she was materially injured to Senator Fred Hall and that she told Hall of this. It was, needless to say, not true.

June 14.

To Mrs. on fed. express. Mr. Chandler Hall and daughter were on the train going to Bay Harbor.

June 15-17. At Mrs.

June 17

Received letter from Frost chancery of Univ. of N.C. requesting my address to the skids and enclosing a check for \$200 for expenses etc. at once replied in a polite note returning the check saying I never have accepted a cent, even for expenses, but a University, an institution from wh. I considered a demand. Perhaps this may cause the writer to realize that there was another way in which they could have repaid me for my time and trouble. I never expect, however, to hear from them again.

See Miller & Bd discussed matter of arrest of John Mitchell as M Agent at him.

Bd last week asked Miller and Cunningham to see Mitchell and learn all of the facts. The former reported they saw him in N.Y.; that he was completely wiped out; that when arrested in M'Board, Mitchell sold all of

in stock in the Capital Trust Co. (about 2000 shares)

to his brother, taking his term. note; that shortly after, he took back the stock, canceling the note; that he also assumed all liability on the stock owned by his children; that the amount on the stock was \$95000 which he thought he could raise; that he also organized a new co. to take over some of the banks trades, and that he borrowed \$20000 from the Chase Natl. N.Y. and from a Chicago bank, for this purpose; that he would have to sell his house and that he was cleaned out.

The Comr said he was acting as an upright honorable man; that while they believed he would like very much to be absolved, yet he said frankly he did not see how the Bd could do it.

It seems that the Cap. Trust Co. bought back from Mitchell, for a miller and a greater dollars of mortgage.

Some of us feared that the deduction (\$16000) might claim that this was a premium or worse, that it was steadily money on no return, as the Bank had not increased the original sales.

we finally decided to wait a few weeks before taking action.

Dr Miller took oath of office on new term of 10 years, beginning Aug 10.

I asked Dr. Miller wh. he was sworn in by a Notary after being sworn in by chief justice White. He said No. I told him I asked Houston to tell him I doubted whether a judge, not a Notary could administer the oath. He said Houston never spoke to him about it.

Be considered proposed rate change of Phila.

Present rates:	90 days	6 mos	9 mos
	4 1/2	4 1/2	5
Proposed rates:	3 1/2	4 1/2	4 1/2

Phila is now the only bank leaving debentured rates, all the others being flat rates for all maturities.

The Bd man, agreed to new rate on 90 day paper, but C&O, Cunningham & James did not like the debentured aspect of 6x9 mos paper.

Miller set longer maturity demand early

a higher rate. C&O sd as a general trouble this was correct as to ordinary loans and he did not believe Congress intended that agricultural paper should have higher rates than commer. paper; that a 90 day loan for commercial purpose was probably given at a lower rate than a 6 mos loan by agree. numbers to a customer; that the 90 day paper, however, could be renewed from time to time at the lower rate; that the object in std banks at same rediscound rate would offer all of their long term paper could be met by the MBS.

Miller said a bank might cease to be required if it laid in its portfolio an unduly large amt of long term paper, but and might be in danger of insolvency.

C&O pointed out that it is the bad quality and not the term wh. makes bank insolvent.

Voted: to approve 3 1/2% rate and to disallow the rest.

C&O called up Austin and he said the spread of 1% between 90 d. & 6 mos paper

was an error of the Board; that he would call them together again and rectify it.  
C.H. expressed trouble that Bd would consider that all cities were have a blot rate and to raise question of a differentiated by a bank having cities or towns long time together might raise awkward questions.

The Novice was operated on yesterday in Bluff,-  
prostate gland, the single operator.

Told See Miller my dairy (6-47) showed I told Houston to tell him the sweepings in by C.J. which was of doubtful legality and that Houston told me that in class 5 he qualified again before a Notary Public.

See. M. said he had a vague idea this might be true and that he would look it up.