

## The Papers of Charles Hamlin (mss24661)

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Hamlin, Charles S., Miscellany, Writings, "Memoranda Concerning The Federal Research Board...", Diary Vol. 2, 15 Mar. 1913 – 15 Jan. 1915 (PP. 1-37 (1 of 19))

CHARLES HAMLIN

Miscellany

PAPERS

Box 356

Folder 15

WRITINGS --

"MEMORANDA CONCERNING THE  
FEDERAL RESERVE BOARD..." DIARY  
Vol. 2, 15 MAR. 1913 - 15 JAN. 1915  
(pp. 1-37) (1 of 19)

From Vol. 2  
March 19, 1933  
Jan 15, 1915

Yellow note  
given -  
Have to be 1914  
See note below



Mr. Hamlin said he took oath on Aug. 10 (1914)  
and that first meeting was called for  
"Thursday" (would be Aug. 13)

See p. 60

eg



Memoranda concerning the  
Federal Reserve Board taken from  
the diaries of  
Charles S. Hamlin

(CSH) → I have been asked to put together a history of the Federal Reserve Board as taken from entries in my diaries and other records. These records, of course, are not exhaustive, but they merely note important points taken down by me from day to day.

The Federal Reserve Board was established by the Act of Congress of December 23, 1913. The Act provided for the appointment of five members, the first terms being arranged for two, four, six, eight and ten years and all subsequent terms at ten years. The Secretary of the Treasury was Ex-Officio Chairman of the Board and the Comptroller of the Currency was an ex-officio member.

The membership of the Board finally appointed by President Wilson was as follows: Charles S. Hamlin, two years; P. M. Warburg, four years; Frederic A. Delano, six years; W.P.G. Harding, eight years; and A. C. Miller, ten years. C. S. Hamlin was designated as Governor of the Board.

President Wilson originally sent to Congress the name of Thomas D. Jones of Chicago as a member but the objection to him was so great because of his connections with trusts that he finally asked to have his name withdrawn and the name of Frederic A. Delano was substituted. President Wilson offered also a membership and the Governorship of the Board to Honorable Richard Olney of Boston who declined the same.



I shall note here various entries from my diaries having to do with the personnel and the history of the Board.

*George Foster*  
March 15, 1913, Saturday. "Had letter from William Rice saying that Governor Peabody had had a talk with Secretary McAdoo and that the latter wanted me to accept some position in Treasury to help him in tariff, etc. matters and Rice asked if this would be agreeable to me; said Franklin Roosevelt knew of this and that Mr. McAdoo was to lunch with him Sunday and that if I would wire him he would let Roosevelt know how I felt about it, etc.

March 16. "About four P.M. Judge McAdoo of New York called me on long distance telephone, said he was authorized by Secretary McAdoo to tender me my old position in Treasury and begged me to accept it. I said I could not possibly accept as I had no inclination to go back to the Treasury and I had accepted from Governor Foss the position of Water Commissioner and that I had decided to withdraw from the practice of law and give my whole time to this office. Finally after a long talk, Judge McAdoo asked me if Secretary McAdoo could not get a man satisfactory to him and should bring up the matter again, would I not consider it from a point of view of duty to the Party. I told him that if such a request should later be made, I should give it consideration from the point of view of duty but that I could give no assurance that I should accept it, but that I would not decline it except after most careful consideration from the point of view of duty; I said from the point of view of inclination, I have absolutely no desire to go back. He finally said the Secretary might later write me putting it up to me as a duty to the Party.

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

March 24. Went to Washington to argue Port Diff. case.

March 25. Called on Secretary Lane. He said, and already had written me, that I ought to push myself more, that I should be given some important position, etc. I said I was an applicant for no office, that with me it was wholly a question of service, and that I cared for nothing enough to ask for it and never could or should. Told him about Secretary McAdoo. He agreed with me that there was no reason why I should feel any sense of duty to go back to the Treasury. He evidently wanted to know whether there was any office I would accept and finally in reply to an almost direct question, I said that I could be of more service as e.g. Ambassador to Japan, with which country I was familiar, but that I would never ask for this or any other office;—that



I did not care enough for any office to ask for it and that even if I wanted anything badly, which I did not, I could and would never ask for it. I spoke of Rice as Minister to Holland and also spoke kindly of Brandeis which seemed to interest him greatly.

Returning to the hotel I found a telephone call from Mr. Newton, Private Secretary to McAdoo—I had left a card that day for McAdoo but did not ask to see him. Called up Newton who said the Secretary wanted to see me the next morning. I said I must go back that night and he asked me to wait a minute; he then said he had seen the Secretary who wanted very much to see me, but had nothing special to say to me. I expressed regrets that I could not stay over.

I then called up Bertie who said there was an important letter at my office from Judge McAdoo. I then called up McAdoo in New York and found him very angry that no letter had been sent me from the Secretary—said the Secretary had put him in a false position, etc. I told him of my telephone message and he begged me, out of consideration for him, to stay over and see McAdoo. I told him not to worry on my account as I did not want the office and did not see how I could possibly accept it even from the standpoint of duty. Finally I agreed to stay over and call on McAdoo. Agreed also on returning to stop over in New York and see him.

March 26, Wednesday. Called on Secretary McAdoo who seemed very glad to see me and said I was better qualified than he to be Secretary of the Treasury. He spoke of Judge McAdoo and said that he hoped he could consider me as available for Assistant Secretary, if, according to my talk with Judge McAdoo, he could not secure the kind of man he wanted. I told him I had no inclination to return, in fact, I decidedly did not want to come back, and that I certainly could not be considered as being on any available list. Finally, after a long talk, he made me promise that if he could not get the right man for the place, and should take the matter up with me again, I would give it careful consideration from the point of view of duty, although I said I could not promise to accept it. I finally said, we will leave it this way, and I shall not expect to hear from you again unless you are absolutely unable to get the man you want. He seemed very much pleased and we left with a perfect understanding.

This A.M. took breakfast with Andrew Peters and went over whole matter with him; he said I would be very foolish to come back in this position, that the Administration would gladly give me anything I might want. I told him just what I told Lane and said I would never ask for anything.



That night had talk with Judge McAdoo from University Club, New York, over telephone. He said Secretary McAdoo told him that President Wilson said this position should be tendered to me and asked him as a friend of mine to call me up and find whether I would be willing to accept it. Judge McAdoo said he telephoned Secretary McAdoo as to his talk with me and he said he would write me begging me to accept as a matter of duty.

Said that later, hearing that Secretary McAdoo had not written me he had told Secretary McAdoo how annoyed he was and that it had put him in a false position etc; that Secretary McAdoo asked him if my appointment would not interfere with the present political situation in Massachusetts; that he had said he was sure it would not and that the Secretary then asked if I would be in sympathy with the Administration and he replied, absolutely yes, that I had been a Tariff reformer for many years. Judge McAdoo then said something leading me to believe that Jos. H. O'Neil had been talking with the Secretary and that he was not very favorably disposed towards me; that he told the Secretary that O'Neil and his friends were not in sympathy with Wilson and that Secretary said laughingly,—"Well, I guess we'll have to give Jos. O'Neill the slip". I explained fully to Judge McAdoo my position in political questions since 1896, and that I was Vice President of the Wilson College Mens League and President of the Wilson League of Massachusetts and that I was in absolute sympathy with the Administration. Judge McAdoo said that after my telephone message he had sent a long telegram to Secretary McAdoo, stating how annoyed he was, etc. etc.

March 19. Confirmed by Council as Metropolitan Water Commissioner at once determined to give up practice of law and resigned as local counsel of C.P.R. (Sent letters to Shaughnessy & Creelman, General Counsel.)

See Scrap Book as to collectorship of Boston; my name presented by Congressmen on list of ten; I was only name receiving votes of all the Congressmen.

Several Congressmen told me that Secretary McAdoo said there was some opposition to me as Assistant Secretary from Massachusetts. Mr. Thacher said McAdoo asked him if fact that I had been counsel for B.&M. RR. should militate against me. Thacher said, absolutely no; that my services were needed as an expert on Interstate Commerce and Interstate Law and that it was to my credit that my expert knowledge on these matters was recognized.

Mr. McNary also told me that Secretary Bryan asked him if it was true that the fact that I had been counsel of the B.&M. RR. was not generally known and that he had told him that this had been a purely political charge and that there was nothing in it; that he, McNary always had known this and that my work had been in connection



with the Boston Chamber of Commerce and that everybody cognizant with these matters knew it. He said Bryan spoke very pleasantly of me.

July 21, Monday. Secretary McAdoo in Boston. Telephoned me but I was out at Corey Hill hospital seeing Jane who had just been operated on. On returning, called up Secretary McAdoo but he had left for New York.

Tom Riley saw him and strongly urged my appointment as Collector. Secretary McAdoo kept saying—let's assume that Mr. Hamlin is out of it or is dead, but Tom said I can see no one else unless he is to be Assistant Secretary. (Tom had written several letters as also Dr. Coughlin, urging this strongly.)

July 23, Wednesday. About 3:30 P.M., McAdoo called me on long distance telephone from Washington. Said he wanted me to accept old position of Assistant Secretary, that he could find no other man as well qualified, that it was my duty to accept, that he would have called on me long ago except for reasons which he would fully explain when he saw me, that while he fully appreciated that I did not desire the place, yet he needed me badly and that the Administration must have me. I said I would at once go to Washington and talk matter over and would arrive there Friday A.M. He said he could not wait and, in fact, he had already sent my nomination to the President, relying on my sense of duty to accept. Finally, I told him that while I did not want this nor any other position, yet I did want to help the President and himself and that I could not resist this call to duty and, therefore, placed myself unreservedly in his hands. He thanked me most warmly and wrote me later a most kind appreciative letter. (See scrapbook)(Page 96)

July 25, Friday. President sends my name to Senate.

July 28, Monday. Confirmed by Senate.

July 29, Called up Grenville Mac Farland on telephone on another matter—he said he was delighted at my appointment, that ever since I introduced, or rather reported, the resolution of the B.&M. RR. as Chairman of Committee on Resolutions in the State Convention of 1912, he knew I was a man who could be trusted to do absolutely what I believed to be right and that I could always count on his support.

July 30, Wednesday. Secretary McAdoo in his telephone message asked me to find out something as to Wm. Taylor, candidate for Collector and suggested my seeing Brandeis. I had met Brandeis, I think the day before, in the University Club and he had told me that he had seen McAdoo on Sunday at Beverly and had strongly endorsed me for Assistant Secretary saying that McAdoo could have perfect confidence in me. I called at Brandeis' office this A.M. He said he had telephoned me the day before, that he felt Taylor's name should be dropped. I told him I talked with Grozier at



Provincetown the day before and that he had said he had written a confidential letter to McAdoo about Taylor; that while he did not say what he wrote, I rather felt from what he did not say, that the letter was hardly favorable.

Brandeis said that Hudson was honest but not a strong man; that he had recommended Hays of Springfield to McAdoo the Sunday before and after some talk he said he would recommend Jack Wheelwright for Collector of Internal Revenue. Said he would like to see appointed as Collector of Internal Revenue, Charles Warren but he could not advise it because of the widespread opposition, not confined to anyone factor, to him.

I told him Hayes was one of my warmest supporters in the Foss fight and that if I recommended him everyone would say I was rewarding my friends. I told him if I was asked, of course, I should say that he was a first-class man. Brandeis then dictated a letter to McAdoo, in answer to his request for a recommendation, and indorsed Hayes and Wheelwright.

I then told Brandeis I had made up my mind to indorse or recommend no one for this office as I could be of more value to McAdoo, under the peculiar situation and the sensitiveness of the Congressmen, if I kept absolutely out of it. He fully agreed with me as to the expediency of this.

Brandeis in the letter said Taylor should be dropped. I agreed to this especially in view of an interview with Special Agent Chandler saying Taylor was very thick with Mrs. Shevlin, of the dressmaker smuggling case and had published a statement in the Post as to who put on a label on her trunk which information could only have come from her; that Taylor had been called before the Grand Jury but could not adequately explain this.

July 30, Wednesday. Left for Washington.

July 31, Thursday. In Washington. Talked with McAdoo. Begged to be excused from making any recommendation for Collector. McAdoo was very cordial and said he thought my course was wise. I advised him to keep in close touch with Brandeis and to do nothing without consulting him, that he would be fair and would go out of his way to help him. Lunched with Congressman Murray. Told him would have nothing to do with Collectorship.

August 1, Friday. Took oath of office. Nearly 100 were present.

August 2, Sat. Dined at Chevy Chase Club with Senator Hollis and Saulsbury.

August 3, Sunday. Garrett D<sup>R</sup>oppers dined with me at Metropolitan Club. Professor Bullock later joined us there.

First case I had was as to sending Special Agent Chandlers to Paris to help District Attorney in Boston dressmaker smuggling cases. Assistant Secretary Curtis declined to let him go although District



Attorney and later the Attorney General said interests of Government would be jeopardized if he did not go. Conferred with Secretary and he agreed Chandlers should go and I so advised him.

August 4 - 11. Secretary McAdoo read over my digest of the Financial Bill and one morning sent for me and introduced me to Representative Glass. We had a conference and finally they asked me to go over the Bill and prepare amendments removing all inconsistencies and making any other suggestions I wanted. I prepared a long list of amendments after many conferences with Glass and finally the Secretary said he would accept them without even reading them, he was so busy. Mr. Willis of New York Journal of Commerce is retained as financial expert by the House Committee and Glass telegraphed him to come down. I found that he agreed with me in almost every suggestion I made. The Secretary gave me one proposed amendment allowing Reserve Banks to discount directly for individuals' notes based on warehouse receipts without even the indorsement of a member bank; he said President Wilson was inclined to favor this and he must be prepared to give him a damned good reason for rejecting it. I pointed out that at least the notes should be endorsed by a member bank and that if this were done, while I did not like it, yet I would not object if necessary to save the Bill; Willis took the same position. Glass said he agreed with us and would fight hard to reject it *in toto* but would insist anyway that such paper must be endorsed by a member bank.

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

I also revised an amendment authorizing national banks to establish savings bank departments, striking out permission to buy other banks for this purpose. Glass said if this were allowed certain Republican support had been promised for the Bill. I also revised amendment as to exchange of 2% bonds for 3%'s.

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

The Secretary also turned over to me Bullock's suggestions for amendments to Income Tax law asking me to advise him whether to accept them.

August 6, Wednesday. McAdoo said he wanted Brandeis to act as counsel for receiver of a failed Providence Bank. Advised him again to consult Brandeis on all appointments. McAdoo wired him to call him on telephone the next day.

August 8, Friday. Went over with Bankers and met President Wilson at White House.

August 10, Sunday. Maher calls on me. Said Quebec Central Railroad had asked to be bonded to carry passengers' baggage from Montreal to United States; that only authority under law was to carry merchandise from one point in United States to another through foreign



contiguous territory; this was covered by Sec. 3005 and 3006 Revised Statutes; that no foreign corporation had ever been bonded for such purpose except that Canadian Northern Railroad had been given such a bond two years ago but had executed it only this June. Under this bond, baggage of passengers could be forwarded from Quebec to any point in United States by delivering it to an American carrier at first post of arrival in United States. The approval of this bond was never published in Treasury decisions.

Maher said these carriers have all necessary facilities apart from this. United States officers examine baggage at Quebec and if not dutiable it is put in a sealed car going through to destination without delay without entry if seals are intact; if dutiable it can be forwarded under consular seal or the officer at Quebec can give notice to officer at frontier and it can be appraised there or an entry could be made under I. T. Act.

The only authority under law for such bonded routes is from one United States post to another and even these bonded routes have been limited to American carriers.

Apparent exceptions:

The Grand Trunk Railroad is incorporated, as to the post of route in Maine, under the laws of Maine; so also is the C.P. Railroad and it also owns the Soo Line. Maher said the C.P. Railroad once made an application for such a bond and then withdrew it, before 1893. Maher said the Quebec Central application was on the way to me but he would mark it special or in some way call it to my attention.

Maher said other laws were Sec. 3000 and 3001 relating to appraised goods and Act, Feb. 13, 1911, authorized bonded carriers to lade and unlaid at night; also the I.T. Act of June 10, 1880 relating to unexamined and unappraised goods.

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

August 11, Monday.

John Bassett Moore dined with me. Said he was not happy in State Department and should not stay there longer than one year; that the Department was not properly organized, there being no accurate division of duties between the Assistant secretaries; that frequently inconsistent letters were sent out; that Osborne was a sheep rancher and knew absolutely nothing about his duties; that Adee altho' very able was old and feeble; that Malone paid almost no attention to his work, continuing the practice of law in New York. B was very bitter against General Foster; said that when Secretary of State or just before, he had many claims on behalf of Foreign Governments and that he made a contract with Mr. May, a lawyer, to prosecute these claims, he to receive a share in the fees; that he had a dispute with May who thereupon filed the contract with the State Department when Gershman was Secretary of State; that Foster

*Gershman*



*Gersham*

tried to induce Gersham to remove contract from the files but Gersham refused and this led to the quarrel between them; that undoubtedly by this time he believed Foster had succeeded in getting possession of them through Lansing his son-in-law. (Judge Gersham once told me the same story.)

August 13, Wednesday. Secretary Bryan called me up to ask if General Frank Shuter was counsel of Boston & Maine Railroad; I said he once was but resigned; that I resigned as counsel in 1910 and I did not know whether Shuter was reemployed but that Senator Hollis could doubtless tell him.

In evening called on Bryan and was with him an hour; he was very cordial; spoke of his appointment; said President Wilson could not help offering it to him nor could he help accepting; said he fully believed Senate would not confirm him; said he had about given up ambition to be President, that he wanted leisure time to study and that in three months he could cram enough for a year; talked much about Bible history and read many extracts from his missionary address in Scotland giving me a copy with his autograph. Said he had decided to replace Streeter from Inter. Boundary etc. Committee—that he heard he was personal counsel of Mellen. I said if he wanted his resignation I felt sure Streeter would at once accede if he wrote him that he wanted a man on the Committee in full sympathy with the Administration and he said he would write him a nice letter along these lines. Said he wanted Mrs. Bryan to know Bertie. Spoke of Financial Bill and said notes of banks passing from hand to hand had all the functions of money. Was called on telephone several times as to financial bill and suggested men who could influence Democrats to vote for Bill; evidently was supporting it and taking keen interest in it.

August 10 - 17. Many complaints as to sealing of cars going through Canada between United States points; sent Special Agent Wheatley to examine into it.

August 21, Thursday. Congressman Curley called and said Governor *George* Fred Williams wanted an ambassadorship; that he was out in the cold, everybody against him and he told him we'd help him; said he had bitterly attacked Bryan in Nebraska but that he, Curley, had seen Bryan who bore no resentment; also that he had just seen President Wilson and was surprised to find him apparently not hostile, but if anything apparently friendly. Said he came to me to see if I would oppose Williams as undoubtedly I would be consulted.

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



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

August 23, Saturday. Met Chief Justice White at Shoreham and we took breakfast together. He was very pessimistic about sugar, said he had a plant costing \$365,000 which was not now worth 365 cents; said he did not complain, however, if Congress believed this to be best policy; said he was inclined to believe that Mexican matters could best be worked out through Huerta. He had come up from White Sulphur Springs on way to American Bar Association meeting in Montreal.

August 24, Sunday. Took long drive with Attorney General McReynolds and then walked home  $2\frac{1}{2}$  miles and we dined at Metropolitan Club. He asked me again to get a first class man for him as Assistant Attorney General; said very difficult to get a Democrat; suggested George Fred Williams; he said he was too cranky; I said he was a very able lawyer and that he had attacked me very bitterly and, as I was sure sometime he would realize, unjustly, but that I never allowed such things as this to cloud my judgment as to a man's ability. He also spoke of a suit versus Southern Pacific Railroad and I suggested Brandeis; this seemed to strike him favorably; he asked if I thought he would be willing to take the position as suit probably must be brought in Kentucky; I said I felt sure he would. He said he had offered to retain him in the United Shoe Machinery and New York, New Haven & Hartford cases but that Brandeis advised against this.

He also asked me to find out whether Joseph Knight was a Democrat as if he was, he thought he could find a place for him for office work. I strongly urged Jim McConnell's brother for same position and he said he would consider it. He said Mr. Olney wanted him to appoint John A. Sullivan District Attorney and he asked about Tom Riley; I said Sullivan was a splendid man but that I had endorsed Riley and I felt he was a man well equipped for the place and moreover had done splendid work as Chairman of State Committee; I begged him to consider him carefully for the place.

August 25, Monday. Gilman (Private Secretary), Halstead and Wheatley dined with me at Cosmos Club to talk over complaints of illegal practices at Black Rock, Buffalo, in connection with sealed merchandise en route from one point in United States to another entering Black Rock. Wheatley said it had been source of trouble for years, that whole trains had gone through without inspection, that entries had been made days after the cars had gone through, that our Inspectors were too friendly with railroads; that the collectors were in close touch with railroads or had been through practice of selling blanks, abolished by consolidation act. Wheatley suggested for Buffalo a



customs zone system, said when he was there last week, one of the railroad managers said it the right way but said would require buying more land by Railroads and that the expense was prohibitory. After a long conference, we decided to appoint a customs commission of three; one of whom should be experienced in border work, to consider the advisability of a customs zone and to hear all parties in interest. Wheatley also said he thought the railroads should be obliged to put on all seals and put number of the seal on the car manifest. There are many empty cars going through Black Rock and these have no manifest except what is called a bridge manifest issued by the Inter. Bridge Co. owned by Grand Trunk stockholders. Wheatley said the policy of the bridge owners was to send as many cars as possible over the bridge to get the tolls and that there was great congestion there; that the Michigan Central could easily send its empties through Niagara Falls and thus greatly relieve the congestion. The Canadian regulations require railroads to put on seals and put notation on manifest.

August 26, Tuesday. Met Assistant Secretary <sup>Dudley</sup> Malone at breakfast at Shoreham; said he had been a week in Boston studying collectorship situation; that he should report to Secretary McAdoo that Edmund Billings should be collector and perhaps Maynard for surveyor; that a rumor had reached his ears that Maynard had once been convicted for crime and that he was looking this up. I said I thought Maynard might do for surveyor. He also said Malley would be good for Internal Revenue Collector. Said he heard John A. Sullivan was disliked by Catholics as having somewhat separated himself from his Irish and Catholic friends. I said I felt sure no truth in this, that Sullivan was a man of highest standing and character, etc.

Said he had met with Mayor Fitzgerald; had great difficulty in getting him to say whom he wanted for collector. He praised Burnett and Malone, said he had heard that Burnett was a high brow and aristocrat; that Mayor Fitzgerald said this was not so and that finally he said that, so far from this being true, Burnett was a gang man and while Secretary of the Elevated Railway, he had passed over the stuff to members of the legislature.

Malone praised Carroll, of the Wilson League and said he ought to have some office. Malone also said that Colonel House thought that Hodges should be kept as appraiser in which I cordially concurred; also said McAdoo told Colonel House he was delighted with me. Malone said I had put the Administration under great obligation to me by finally consenting to become Assistant Secretary.

August 27, Thursday. Secretary McAdoo told me the President intended to enforce the Neutrality Law from now on most rigidly against the Huerta regime; that he did not much care, confidentially, whether the insurgents did succeed in getting arms, etc. from United States; that the collectors must use reasonable discretion; that both he and the President felt that it was necessary to have collectors in absolute harmony with the Administration. He asked me to call for resignation of the collector at \_\_\_\_\_, Texas, and gave me name of new man for place.

This P.M. some one telephoned that the privilege of free entrance of baggage without examination be given to Attorney General who was just going to Montreal to convention of American Bar Association. I



found no precedent for such a privilege to cabinet officers; only apparent exception was when Secretary Knox and later Root went to South America but they went on strictly official business to South America and even practically in positions as Envoys. The only courtesies granted cabinet officers were the "courtesies of the post" which did not carry free entrance without examination. Went over to see Attorney General; he said he knew nothing of this and had made no request; that, of course, he wanted no such privilege. I told him if such unusual privilege were granted some newspaper correspondent might discover it and attack him, but that I would, of course, give the courtesies of the post to him. He seemed very grateful to me for speaking to him.

Advised him to consult Mr. Olney as to good man for Assistant Attorney General.

August 28, Thursday. John P. Mitchell, collector at New York and Dr. Cleveland, expert, came down and we had a two hour conference on the reports submitted by Dr. Cleveland on changes in New York Customs House.

Mr. Boright representing the people of Richford and Congressman Green (Rep.) of Vermont called to talk over application of Canadian Pacific Railroad to have merchandise from Canada going into United States at Richford, Vermont, en route through Newport, Vermont, to Boston points entered at Newport rather than at Richford. Mr. Boright had a brief which he said contained some reflection on Canadian Pacific Railroad and department clerks and said before filing it he had been advised by Congressman Greene to strike out all such offensive references. He asked me as to this and I said he must use his own judgment as to this. He asked me to look over the brief this P.M. and also report of Mr. Stine who had been asked to make an investigation. I read it over and he returned with the Congressman later; he said he found at the Customs Division that Stine's report had not yet been received. I told them that I could (not) take up the matter then as I was going to Boston the next day--they both agreed that, of course, I could do nothing until Stine's report was received. Mr. Boright said Congressman Green had told him he ought to strike out certain sentences in his brief and he would do so and fit it the next A.M. At his request I told him the Department would take no action, unfavorable to his contention that Richford should not be disturbed, without giving him an opportunity to argue the question fully.

I told them both that I should give the matter my most careful consideration, that I had been counsel for the Boston and Maine and Canadian Pacific Railroad but had no matters in connection with the National Government since 1910; that I should enforce the laws of the United States without fear or favor. They both expressed themselves strongly and warmly that they would be perfectly satisfied with my decision in the matter.



August 27, (Cont'). During his talk with me McReynolds said he was or would be attacked because prior to appointment he had given advice to corporations under New Jersey "Seven Sisters" law. Said also he had given opinion to Steel Trust as to how to keep within the law; also that he had written the President telling him of this before his appointment.

Week ending September 6th. At request of Secretary McAdoo I wrote a carefully prepared legal opinion as to power of Congress to levy income tax on bond interest of American corporations due to nonresident foreigners. My opinion was that Congress could not levy such a tax on the foreign bond holders but could tax the interest as an excise tax on the American corporation, which, however, it had not done in the Act. Secretary McAdoo wrote letter, prepared by me, to Senator Williams and Representative Hull enclosing my opinion and suggesting that Act be made perfectly clear one way or the other. Secretary asked me to speak to Hull about it and I telephoned him and had several conferences. Also wrote him several letters. See letter book. On Saturday, September 6, Senator Williams introduced an amendment which was passed by Senate in \_\_\_\_\_ of whole specifically taxing such interest payments as a tax on the foreign bond holder.

Also prepared list of amendments to Financial Bill made necessary by change in Bill to effect that Reserve notes should be redeemable in gold only. Secretary McAdoo wrote me that these had better be taken up in Senate but that he had sent a copy of my letter to Congressman Glass.

September 6, Saturday. Assistant Secretary Williams telephoned me at Hotel, 3 P.M., that Senator Simmons had sent Secretary an important letter as to amendment allowing damage allowance as imported wines, etc. He sent letter to me and Senator Simmons' secretary, Mr. Wright, brought it up. Department was closed and all clerks away. I prepared a draft changing proposed amendment and brought it to Simmons and had conference with Senator Pomeroy who introduced the amendment; he accepted my changes and the Senate in \_\_\_\_\_ passed the amendment. See my letter to Secretary.

September 9, Tuesday. Secretary McAdoo said he should appoint Billings Collector at Boston and he called up those Congressmen in town to tell them; many were away. Peters, Philan and Dietrich came to see him and Dietrich bitterly protested vs Billings. Peters told me McAdoo offered the position to him but he declined it. I had nothing to do with proposed appointment of Billings and knew nothing about it until McAdoo told me, except that Assistant Secretary Malone told me one day at breakfast that he had been in Boston and should recommend Billings (See Scrap Book, p. 20)

Secretary McAdoo asked me about Billings and I said that while I did not know him at all well I had the highest opinion of his capacity and integrity and believed it to be a fine appointment from the point of view of character and capacity, but that I feared it would not be agreeable to the organization.



September 10, Wednesday. Protests continue to come in against Billings. Andrew Peters told Secretary in my presence that he ought not to appoint him because of opposition of State machine, Congressmen, etc., but Andrew was evidently scared by the noise. Peters said all the Congressmen would have and in fact did, agree in Hudson but Mayor Fitzgerald bitterly objected which threw Hudson out.

Secretary McAdoo told me he should not yield an inch and asked me to go right down to the Senate to see if Lodge and Weeks would interpose any objection to Billings. At once called on Senator Lodge who said Billings's appointment would be a great mistake, that he could not get along with anyone, that he had heard he was very wild in early life, that we were the ones who would suffer from his appointment which he believed to be a very foolish one. He said, however, so far as he was concerned he had no intention of fighting his confirmation, provided Senator Weeks raised no objection, unless, of course, charges were filed against him which on investigation proved him unfit. He told me to reach Weeks on telephone, if possible, he thought he had gone to Boston. Senator Lodge said he interposed no objection either to Maynard or Malley (Surveyor and Internal Revenue Collector) and cared nothing as to Naval officer (Nash of New Hampshire) as that went to New Hampshire although he thought it ought not to go there.

Went back to Treasury and then got Weeks on telephone at Boston; he said he would interpose no objection to Billings, although his opinion of him was exactly what I told him Lodge said to me, nor to Malley nor Maynard.

Senator Lodge raised no objection to calling for resignations of Graves, Surveyor and Lyford, Naval officer; said Ned Curtis had told Doty, the Sub Treasurer, he ought to resign at once.

Secretary McAdoo said if the Surveyor and Naval officer had not resigned when asked he should have said publicly, if necessary, that he had asked resignation of Surveyor because of the dressmaking frauds in his division on ground that while, of course, not personally cognizant of this, he must be held responsible, and as to Naval officer the good of the Service demanded a change as this office cost 4 cents to collect a dollar as against only 2 cents at Philadelphia and that the expense must be cut down and he believed a new man should be put in to do it. I believe both above reasons are absolutely sound and that on strictly business principles, new men should be put in. This evening I wired Lodge as to talk with Weeks.

In evening McAdoo dined with me at Metropolitan Club; said he had talked with Mayor Fitzgerald over telephone and told him that if Billings were dropped, Maynard would be also. Said that Billings was approved by Mr. Olney, Grozier of Boston Post, Brandeis and many others.

September 11, Thursday. Protests continue to come in. Norton of Boston Post sent strong telegram favoring Billings which I sent to Secretary. Also gave him editorials from Record and Transcript.

In P.M. Congressman Murray called and said the Congressional delegation had agreed on himself for Collector and he should accept and resign from Congress. I told him he would be very foolish to do this and give up his Congressional Career.

The President is evidently hesitating and Newton (Private Secretary to McAdoo) says that Tumulty is using his influence with President



against Billings, that Tumulty, being a Catholic, wants one appointed.

I told McAdoo that while he knew I had nothing to do with appointment of Billings, I considered it a splendid one, and further, if it were not a good one it was now too late to retract. Secretary McAdoo said Billings had been asked if he would accept it, and had said he would if he could remain a director of some trust company.

September 12, Friday. President is sending from time to time, exceptions under Neutrality Act permitting exportation of arms, munitions, etc. from Texas to Mexican points; consigned usually to mining companies; I suspect that these ultimately may get into the hands of Revolutionists. President Taft construed Neutrality law as permitting shipments to the organized Government of Mexico, but our Administration has refused to permit shipments to either Party, the exceptions being shipments to American corporations and individuals to protect their property.

Secretary McAdoo went with President to Cornish last night. Protests vs and telegrams for Billings for Collector continue to come in. I prepared a telegram to McAdoo to effect that if it was determined that Billings was ineligible, Fred J. Stimson would be an ideal compromise, but after consultation with Newton, we decided not to send it.

September 17, Wednesday. C.P.R. asked authority to enter Tea from Vancouver destined in Manifest (by error) for New York at Chicago. New York Collector sent papers from New York to Chicago. I signed telegram refusing to allow Manifest to be changed, adding that if C.P.R. delivered the Tea, which was free of duty, at Chicago instead of at New York, its destination, it would be liable to a fine of \$25.00 on its bond. This telegram was prepared in Customs Division, I had nothing to do with the matter except to sign the telegram laid before me.

Maine Central Railroad writes me asking that Customs track at Vanceboro be discontinued, also that inspections by night be allowed; this was discontinued by Assistant Secretary Curtis.

September 18, Thursday. Mr. Maher called at Hotel; said the Canadian Northern bond for carrying baggage to border would reach me today; said no authority under law for it and that a similar bond approved for Quebec Central Railroad a year or two ago was never published in Treasury decisions. Said also I.T. Act gave all needed privileges to border railroads, and that consular sealing no longer necessary except so far as it dispensed with necessity for entry. (Brouns in Man. says under I.T. entries generally along border, no examination is required.)

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

I told him as to fact of Quebec Central bond not being published as one of the things Maher had given me valuable information about. I also told him about Richford-Newport controversy, said I had been counsel for Boston Chamber of Commerce and railroads of Northern New



England, including General Trunk and C.P.R., and that I felt that there were many loose practices along Canadian border which must be discontinued; that the Canadian railroads would bitterly object. He said he would back me to the finish in enforcing the laws, only to keep him informed from time to time, so he would know in a general way what the decisions were.

September 19, Friday. The bond of Canadian Norfolk Railroad has just come up to my desk--the one Mr. Maher spoke about. I asked Mr. Gilman to ask the Customs Division under what authority of law such a bond could be authorized by the Department. Later he said there was no authority--merely international curtesy. I then asked if any similar bonds had been approved in the past. He inquired and said none. (Maher said Quebec Central had been approved.) I then called for the entire record.

September 20, Saturday evening. Assistant Attorney General Dennison came to my room in hotel and at his request I loaned him my Supreme Court Digest of I.C.C. cases through Volume 214 and the digest, without index, since then.

September 23, Tuesday. Before Conference Committee with Secretary McAdoo. He asked me to explain Customs Administration amendments. Was "on the stand" 2½ hours. Senator Williams is set against most of our suggestions. Was at first rather savage but at end was toned down.

Evening. Dined with Assistant Attorney General Dennison. Met Solie, General Davis, Mr. Gavit, Mayor New York, Wash. Post, Mr. Willert, *representing* editor of London Times. Mr. Berrill, Dept. of Justice, Mr. Frankfurter of War Depart. and Dr. Alsberg, Bureau of Chemistry. *Sol. Gen*

September 24, Wednesday. C.P.R. through Twokey, appealed to me directly to permit Tea - see page 29 - to be delivered at Chicago instead of New York. Letter of Twokey said, or rather it was reported to me, that Twokey to Customs Division, that Special Agent at Chicago told C.P.R., he would prosecute it if seals were broken. Gilman said Halstead said he regretted having referred in telegram to breaking seals on payment of penalty of \$25. Gilman said this privilege had been denied to American railroads two years ago and published in decisions. I said if this were so to prepare a letter in accordance there with, insisting on shipment to New York. Gilman said it was perfectly possible that importers had paid a low freight rate for through shipment to New York, much lower than local rate to Chicago and by change of destination were trying to secure benefit of this lower rate; also that importer might think the tea was of such character that it might be rejected at New York but accepted at Chicago. Letter sent ordering entry at New York.

September 30. A few days ago, Special Agent Wheatly asked me in an official letter to reassign ~~authority~~ Anthony Ludden of New York from his excepted position under Attorney General's Office to his old position of Customs Agent under Special Agents' Division at New York. Reason given in letter was that Ludden was an able



lawyer and his services were needed in Special Agents work. Wheatley came down with his letter; I asked whether Ludden was a Democrat or Republican; he said a Republican but his services were needed in strictly business reasons. I then said all right and wrote Civil Service Commission to consent to transfer. A day or so later a letter came from Civil Service Commission refusing to consent to transfer and pointing out that while Ludden was Customs Agent In New York in 1911, he was a District Republican leader and had attended State Conventions, etc., in absolute violation of Civil Service Law and Rules; that Commission asked MacNaigh to reprimand and suspend him and order him to resign from his political position; that they could get no satisfaction from McNaigh; that they repeatedly pointed out that he was defying the law and asked for his removal; that the excuse he gave for violating the law even after notice was that he was daily expecting an assignment to an excepted position; that McNaigh then transferred him to excepted position in Attorney General's Department; that the Commission asked Wickersham to remove him complaining that for a deliberate violation of law, he had been promoted to an excepted position; that Attorney General refused to remove him and said he was not then violating the Law.

Wheatley never intimated to me anything about this record but put his request on purely business reasons. Later I learned that Halstead, Chief of Customs Bureau, had told Bean who was acting Sup. Agent,--Wheatley being then in New York--that Ludden's record was a bad one and should be inspected; that Wheatley brought down his letter to me and the letter of the Department to Civil Service Commission without having it checked by Customs Division. The next day Wheatley came down with a letter to Wimple of Attorney General's department in charge of customs matters in New York and in it he asked Wimple to take care of Ludden for the present, etc. I told Wheatley I should not agree to this; he said he understood letter was in accord with my instructions--I said this was not so. I had merely told him he could send Wimple a copy of the Civil Service Commission's letter.

I told all the facts to the Secretary and he ~~fix~~ directed that Wheatley be ordered to report in writing all the circumstances leading up to his request for Ludden's transfer and especially to state whether at the time of making request of me, he knew of Ludden's record. As Wheatley was in charge at New York when Ludden was acting as Customs Agent, he must have known all about it. I drew up memorandum directing Wheatley to report as above, also a letter to Civil Service Commission which Secretary McAdoo signed, stating that neither he nor C.S.H. knew anything of Ludden's record until it was revealed in this letter and that a thorough investigation would be made.

I had recommended Wheatley to Secretary McAdoo for appointment as Sup. Agent in earnest suggestion of Assistant Secretary Curtis--see Curtis' letter to me--who said that Wheatley was the ablest man in the service and would be absolutely loyal to me.

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



September 30. Ned was in Washington and came to see me at Metropolitan Club. Said he had seen Ex Senator Watson of West Virginia in New York; that the Senator asked him to ask me to tell Secretary McAdoo for him that there was much apprehension in banking circles in New York because bankers feared that Secretary McAdoo was prejudiced against them; that he hoped Secretary McAdoo would do something to remove this fear; that any bank violating the laws should of course, be punished, but it should be made clear that Secretary McAdoo was not prejudiced against all banks; that it was difficult now to secure loans from banks because of this general apprehension; he further said he, Senator Watson, had carried West Virginia for Wilson.

I told Ned these matters did not come under my jurisdiction but that, of course, I would tell Secretary McAdoo what Senator Watson said. I added that, in my opinion, the New York banks were determined to prevent passage of any financial bill and would use every means to accomplish their purpose as they realized this great centralized power over credit would be materially cut down by this Bill and diffused over the whole country as it ought to be.

Within the next day or two, I mentioned this to Secretary McAdoo. He said he thought Senator Watson was egged on to these statements by the New York interests.

October 1 to 6th. Have had considerable trouble with exportations along Mexican border. The Collector at Laredo asked instructions whether to permit exportations,--under the Joint Resolution of 1912 forbidding exportation of arms or munitions of war on proclamation of the President,--of horses, saddles, girths, hay and other feed, etc., whether intended for Federal army or for other parties. We thereupon asked opinion of Attorney General who declined to give specific answer but laid down as a general principle that only articles personally and directly used for war were Munitions of war within the prohibition of the Joint Resolution; he also inclosed copy of a former opinion that provisions and clothing were not munitions of war.

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

Later Senator Sheppard of Texas sent us a telegram to effect that large numbers of horses were being shipped out of Laredo under these instructions and that collectors were discriminating on other shipments such as clothing, etc., against the collector and in favor of Federalists. I ordered an investigation of latter charge.

Meanwhile, I discovered that Wickersham had given an opinion that saddles were munitions of war, and the President sent over an advance copy of a letter permitting exportation of one saddle thus indicating opinion that saddles were munitions of war. I felt that our instructions to the collector at Laredo, which were repeated to collector at New Orleans, should be specifically passed on by State and Attorney General's Department, and especially so when Mr. Helch of State Department telephoned that the Mexican charge had asked permission to export 1,000 horses at San Antonio for his Government.



I called up Counsellor Moore who at first thought horses were munitions of war; then I called up Assistant Attorney Denison who also was inclined to think they were. Then I went to Secretary McAdoo and advised him to talk it over with President; he went right over and later said President did not fully understand the Joint Resolution and thought he had discretion to shut off all supplies, contraband as well as Munitions of war and that he personally would like to do this as to all factions in Mexico. Then Secretary McAdoo went to Moore who told him President had discretion only to permit exportation of munitions of war in certain cases, and as to what were munitions of war was a question of legal construction, but that the joint resolution did not touch in any way articles which, tho' not munitions of war, were contraband of war.

Secretary McAdoo then asked me to see Moore and on Friday P.M. October 3. I went over. Mr. Moore said he had prepared a memorandum to the effect that we were right that horses, to whomsoever consigned, were not munitions of war, nor were saddles, but as Wickersham had ruled that saddles were munitions, he should not disturb this altho' he was sure it was an erroneous ruling, and that Attorney General McReynolds ought to overrule Wickersham. He also said McReynolds opinion could only be construed as the Treasury construed it.

I then called up Denison who said he was inclined to agree that horses were not munitions of war and said Wickersham's opinion on saddles was hastily prepared and was wrong. He was going away and asked me to confer with Herron as to the second request for an opinion of Attorney-General which we sent over the day before. Later Mr. Moore's memoranda arrived, as above.

October 4, Saturday. Herron came over and said he had prepared an opinion for Attorney-General's signature that horses were not munitions of war and that he should also overrule Wickersham as to saddles. In evening dined with Moore at Metropolitan Club; he suggested to tell Herron that he could say that Wickersham evidently meant military saddles and thus he would appear not to be overruling him.

October 3, Friday evening. McAdoo telephoned me that President had signed tariff bill and the Treasury at once wired collectors all over the country that new law would be in effect Saturday morning. McAdoo failed to ask me to be present.

October 6. Moore, counsellor, State Department, sends me memorandum to effect that horses are not munitions of war.

October 3, Thursday. Accepted invitation to address Massachusetts Democratic State Convention if Tariff Bill not inacted into law by Saturday. A rumor reached us that the Convention would not specifically endorse the President on the Tariff Bill. I called up Tom. Riley in Boston; he denied this and asked me to draw up any planks on Administration's Tariff and Financial Bill I wished to go in the platform and he would see that they were inserted. I mailed such planks which I prepared later that P.M.



October 4th.

Saturday Democratic State Convention struck out, or rather the Resolutions Committee, all specific references to the President, Secretary of State and Secretary of Treasury. Never mentioned either in platform altho' it did contain a perfunctory indorsement of Tariff, Financial Bill, etc. Much indignation here.

October 6, Monday. Secretary McAdoo said Tumulty was largely responsible for delay in Billing's appointment as he had advised President to wait, etc.

Lunched at Shoreham with Attorney General, Malone and Tumulty. Tumulty said he wanted President to send in Billing's name alone. I suggested that this would make public think President was angry because not endorsed. I thought he should quietly send in the whole slate, as if nothing had happened.

Attorney General some days ago asked me to write Sherman Whipple as to legal standing of Francis M. Carroll; I did and Whipple endorsed him highly as did also Homer Albers. I sent letters to Attorney General. At this luncheon Malone and Tumulty urged appointment of Carroll. Attorney General said he thought Sullivan should be appointed, especially in view of action at State Convention.

I sent President and Secretary Bryan (personal interview) my planks and those adopted by Convention. Bryan said he did not see how any member of the Administration could help in campaign.

In a long letter I declined to permit Maine Central Railroad to revert to old practice of entry at Vanceboro, under which entry often not made until cars had left.

This A. M. met Assistant Secretary Osborne, State Department, and told him of Massachusetts Convention. He asked why Williams did not stop it. I said I thought he was not there. I told him Williams wanted an Ambassadorship. He seemed surprised but favorably so. Said Williams had come to him to get an interview with Bryan. I told him I thought it would be good politics to give Williams some office as it would tend to bring all divergent interests in line; that Williams had attacked me bitterly as he had the President and Bryan but I did not care and would forget the past in an effort to promote harmony.

At above luncheon Tumulty spoke with contempt of Democratic nominee for Governor in New Jersey--Fielder, I think. Said he had written urging Administration to keep out of the fight and that he, Tumulty, had given him a piece of his mind.

October 7, Wednesday. About 10 P.M. returning to Hotel, found notice to call up Boston operator. Did so and Judge Riley answered. He asked whether Carroll was appointed District Attorney; I told him I did not know but would ask Attorney General. I then questioned him as to Democratic platform at Convention Saturday. He said my proposed planks were not received until Saturday A.M., but he admitted that they were there in his possession. He said the proposed specific indorsement of President Wilson was before the Committee and vigorously objected to because of the proposed appointment of Billings. He said, however, that the platform did specifically indorse President Wilson. I said I had all the Sunday papers and not one mentioned the President's name in the platform; he said the papers must have printed the original draft of the platform; I asked him to send me a paper containing an indorsement of the President in the Platform; he said he would do so. He also spoke of Andrew Peters having something to do with platform as finally adopted, also Quincy Peters was a member of the Resolutions Committee.



*Barron* | October 9. At laying of corner stone of Boston City Club. In evening there was a dinner at Hotel Somerset and 1,150 attended, all the dining rooms being used, Ex President Taft, Geo. Smith and I were the speakers. After the dinner, Mr. Ballin of News Bureau asked me to say to Secretary McAdoo that Mr. Gaston, President of the National Shawmut Bank had come out against the Currency Bill and he suggested that Secretary McAdoo send for Gaston to discuss terms of a compromise; he said he would be glad to come on with him.

I told this to Secretary McAdoo who was very angry with Gaston and intimated that the million dollars of Philadelphia fund which he had intended getting the Secretary of War to transfer from Mr. N. P. Hallowell's Bank in Boston to the Shawmut Bank might never be transferred.

October 13. Have had some trouble with book publishers as to fixing market value of imported books; they insist that the export price to them be taken as market value--this would be absolutely contrary to law, altho' it was done in 1877 under Secretary Sherman. The last Administration fixed up a kind of compromise taking the price act. paid but with a proviso that it should not be more than a certain per cent below the foreign list price. This also was absolutely illegal. In addition, the last Administration held that authors' royalties were not part of market value, in absolute violation of a decision of the Bd. G.A.

Under existing practice the book publishers import foreign books unbound, the duty being the same as on bound books, and bind them in this country. They contend there is no foreign market value abroad for sheets unbound and that, therefore, the price should be taken working backwards to get foreign market value. Royalty, however, is paid on these sheets except that it is paid after importation. If we took prices in this country--there are none for unbound books. The importers want us to take the price they pay for the sheets without royalty, altho' royalty is as much a part of the cost as type setting or printing. I wrote McCrea that price paid is not foreign market value and that we could not accept it as such. Explained fully that in almost all imports there is a special export price which cannot be taken as market value. If it were taken the large importing publisher could get books or sheets at less rate than the small publisher and the rate of duty would vary.

This afternoon Secretary McAdoo sent in a letter from the President enclosing a letter from McCrea, and the President said he regarded the duty on books as a senseless one and hoped something could be done to mitigate the severity of the law. In the letter of McCrea he said--"Sec. Hamlin regards only the law and the law is forbidding" or words to that effect.

October 15, Wednesday. Geo. Fred Williams called at office; I saw him at once; he seemed very pleasant and acted as if there had never been anything between us. I told him that although I felt he had been unjust to me, I felt no resentment and that I wanted to see the Party united. He said that his opinion had changed about Wilson as well as about myself



and that in a political fight much was said in heat of discussion; that if I had come to him we could have mapped out a program of action which both could have agreed on with unanimity and enthusiasm, that he hoped old sores would be healed and forgotten, that if there was anything in the world he could do for me in the future I could call on him and he would respond. He said he originally thought Wilson was an ultra-conservative and could see no good in him but now he was lost in admiration of him as a great leader; that he fully realized that the most valuable men were those who changed early opinions in light of experience, that he was one who had so changed and he was free to admit I was another. I told him I wanted to go to him before my campaign but my advisers were strongly against it; he said that if I had we would have reached a perfect understanding and that I would have had his loyal support. I told him of Curley's talk with me and said I told Curley I should raise no objection to his appointment as a diplomatic officer, that on the contrary I thought it would be good politics; that I had so stated to Assistant Secretary Osborne and I had advised the Attorney General to retain him in an important case.

We were together over half an hour and at his request I took him in to see Secretary McAdoo. He came back and talked some minutes more: he said Secretary Bryan had intimated a desire to have him accept some position and he was to see him this A.M.; that he was to lunch with Speaker Clark; that he had a Bill on Patent Monopolies he hoped to see enacted. He also praised Secretary McAdoo highly. He finally left saying that he hoped we should be good friends again and forget the past which I willingly reciprocated.

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

Boston crypt

October 22, Tuesday. Mr. Brigham of / Trans/ called. He said the dispatch in Transcript other day that McAdoo was to run for Senate and resign and I was to be appointed in his place, was not sent by him but by another man who said he got information through Boston to effect that the rumor came from Albany and started from Colonel Rice and the Pruyn family. I told him Rice had been abroad for some months and only knew of my appointment by cable; that the Pruyn family were all dead except Robert Pruyn of Albany; that no friend of mine would do me the injury to spread such a false rumor. I told him I should at once speak to the Secretary about it. He said not to do that but I insisted.

I then told Assistant Secretary Newton all about it; he said he had traced the original rumor to Kelly of the Boston American who finally admitted it was a hot weather yarn. I then went to the Secretary and told him all about it and said I should run this down and find what truth there was in it though I believed it was absolutely false. He was very nice and begged me to let it drop; he said he fully understood that there was a concerted plan to discredit him in every way which he believed was



was engineered by banking interests and that similar efforts were being made to bring about an estrangement between himself and Assistant Secretary Williams. I shall never forget how kind and broad he is; he shows a big mind on a high level. I told him my only ambition was to finish up my four years and then be elected Governor of Massachusetts, and also to write a history of our own times modelled after McCarthy's English history.

Special report of October 21, said G. F. Williams was to be appointed Minister to Greece but that I was opposed to him. I at once telegraphed Williams that this report was absolutely and unqualifiedly false and received back a telegram from him that he knew that I had said kind things about him. I also wrote him to same effect.

Brigham of Transcript also called and I asked him to say as above and in the evening I called up Associated Press office and dictated an interview stating same.

October 23, Thursday. Spent all afternoon with Secretary McAdoo and Mr. Elliot, law advisor of Comptroller of the Currency, going over latest draft of financial bill and making changes therein. I objected to new clause authorizing Federal Reserve banks to take out National Bank Notes but McAdoo wanted this in.

November 10, Monday. Mr. Arnold, Special Assistant Attorney General to examine into the Wanamaker settlement, who has been studying the situation in connection with the Grand Jury, called at house 6:45 p.m. and gave me a copy of his report. He said the Attorney General asked him to ask me to read it before he read it and he wished me to talk it over with him. The report advised a new civil suit to cover additional duties lost to Government but made no recommendation as to an indictment.

This P.M. wrote letter to Secretary McAdoo outlining my speech before Canadian Club dinner to which he asked me to go to represent him. I took position versus any further reciprocity with Canada at present and went into whole history carefully. I asked the Secretary to send this to the President to see if he approved. I said Mr. Foster Acting Prime Minister of Canada was to speak and I felt sure he would talk of Reciprocity and I wanted specific instructions. The Secretary wrote President a letter inclosing mine.

November 11, Tuesday. The President telephoned over that he thought it would be better not to mention Reciprocity so I changed my speech at last minute and said nothing about it.

At the dinner at the New York Plaza Hotel, Mr. Foster went into the question just as I feared he would. (See scrap book) But I followed my instructions and said nothing.

November 12, Wednesday. Left New York 8:08 am. went over Wanamaker report carefully. Arrived Washington 2:35 p.m. and found message from



Attorney General to come and see him.. Telephoned and made appointment for 4 P.M. Found Charles Choate and Mr. Winslow of United Shoe Machine Company there. We had long talk later as to Wannamaker suit. I told Attorney General that I was satisfied theirs was a carefully prepared scheme of fraud, that the Government was defrauded, that the examiner was corrupt, that the Wannamakers had profited by the fraud, and that in my opinion they must have known of the fraud; that a new civil suit should be brought for additional duties found due by the report; that as to an indictment there was probably enough evidence to successfully meet a motion to dismiss: that as to whether we could prove beyond a reasonable doubt that John Wannamaker and his sons knowingly conspired to defraud the Government was another question which I must carefully consider before reaching a definite conclusion.

The Attorney General said he had had a talk with Mr. Arnold and would read his report carefully; that he feared it would be impossible to convict on an indictment because of the fact that the frauds could not amount to more than a fraction of 1% of the duties annually paid by Wannamaker to the Government ( $\frac{1}{2}$  of 1% as stated in Arnold report) and that there was no specific evidence referred to in the report showing Wannamaker's guilty knowledge or participation in the conspiracy; that Wannamaker would probably take the stand and swear that he knew absolutely nothing of the fraud or that goods for his personal use were being brought in free in sample packages; that he could show his large dealings with the customs house and could over that it was all taken care of by his agent without his knowledge and that a jury would probably find him not guilty unless the proof was most convincing. He finally asked me to talk it over with him again after he had read the report.

November 15, Saturday. Secretary McAdoo asked me to prepare a memorandum criticizing the new confidential draft of financial bill making the reserve notes legal tender and providing for redemption of National Bank notes by issuing legal tender Treasury gold notes.

November 16, Sunday. Prepared memorandum and sent it to Secretary who later called me on telephone and asked me to come to his house in evening to a conference ~~at his house~~ at 8:30. Went there and found Senators Owen, Hollis, Pomerine and Shafroth. The Secretary strongly opposed the legal tender plan also the clause allowing member banks to hold reserve notes in their reserves. Senator Owen said he had just left the President who said that while he was not prepared to combat the legal tender idea. He thought at this time for technical reasons it was inopportune; that when the bill was enacted this could be considered as a second step. Senator Owen said he would be guided by the wishes of the President as did all, except possibly Senator Pomerine; he said also the President said he would not object to allowing trust companies and state banks to continue to hold National Bank notes in their reserves.

Mr. McAdoo asked me what I thought of the legal tender idea and I said that if you accepted the idea as to greenbacks it would logically follow you should accept it as to all other similar notes, such as



proposed new gold notes to redeem National Bank notes, silver certificates, gold certificates etc.; that I feared making the Federal Reserve notes legal tender would prevent the speedy redemption of the new Act sought to secure--see my letters to Secretary--; that I thought the National Bank notes at times were redundant and that the new gold notes would be as fixed as the National Bank notes and no contractor would be possible. Senator Owens denied any redundancy in National Bank notes--this was in answer to my statement that as his plan in the draft called for 100¢ in gold behind each gold note, it would be better to use the gold to cancel the National Bank notes outright; finally, I said that if the Republicans fought the legal tender idea the mere publication of the proposal might precipitate a financial panic, no matter how logical the plan was and that if I were a speculator I would sell everything before such announcement. This seemed to influence all them, especially Senator Owen and it was agreed he should sound the Republicans on the Committee.

Senator Shafroth said in the West it was very difficult to get legal tender, e.g. to offer to an option and he impressed me with the necessity of making silver certificates and gold certificates at least legal tender. Finally, he suggested having the Federal Reserve notes redeemable by the Banks in gold or lawful money but by the Treasury in Gold. I asked him if he would agree to have the Act changed so that the Banks must recoup the Treasury in gold if the Treasury pays gold in redeeming these notes. He said yes and Secretary McAdoo and I said we would not object to this change on above understanding.

November 17, Monday. Mr. Arnold, Special Assistant to Attorney General in Wannamaker case, called by appointment and went over the criminal phases of the suit. He has no doubt of the personal guilt of the Wannamakers but realizes that it will be very difficult and perhaps impossible to convict them, although he is sure the evidence is such that a motion to dismiss after the Government evidence is in, could not be sustained. He has not yet reached a conclusion as to whether to advise a criminal prosecutor *ionf* or not.

He told me he wished to say something to me in absolute confidence; I said I did not wish to hear anything I could not freely tell the Attorney General. He agreed to this and then said that Mr. Wise, Wannamaker's counsel, lately had said to him that he could not hope to secure any preferment from this Administration, that he, Wise, could have secured a fine office for him, that John Wannamaker had said to him that a hell hound like Arnold would be of great use to him in his business and that he would be glad to give him a large retainer. Arnold said he hated to have to tell me this as he believed Wise was an absolutely honest man.

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



November 18, Tuesday. Arnold and I were with the Attorney General from 2:30 to 5 on Wannamaker case; we sent over the principal features with great care. The Attorney General asked many questions and had evidently read the report carefully. He said it appeared evident that a scheme for defrauding the Government had been devised and successfully put through and that it was clear the examiner had been corruptly passing dutiable goods as free or at reduced values; that before deciding whether the grand jury should be asked to indict the Wannamakers, he wanted to be sure that the evidence secured or which could be secured would be sufficient to convict; he seemed absolutely fair and impartial and to desire simply to get at the truth of the matter; he said it was a heavy responsibility and that he wished to take no action not warranted by the evidence; he seemed to have some doubt as to whether conviction could be had--requiring proof beyond a reasonable doubt--considering that there was absolutely no evidence directly implicating any of the Wannamakers and he felt that the most careful study of the report should be made before definitely deciding as to what course to pursue. Arnold said if indictment was brought it should contain conspiracy counts as well as direct charges of importing by false practices, etc., under Section 9 Adm. Act and other Statutes; said the conspiracy counts he did not much rely on except in way of admission of evidence; that it was vitally important to get at the books of foreign houses who sold the personal goods to the Wannamakers and that their depositions should be taken. The Attorney General reminded him that in a criminal case such depositions could not be taken but witnesses would have to be brought from Europe and that it might be very difficult to secure such witnesses as foreign firms would not willingly testify against such a good customer as the Wannamakers. Arnold said he thought our Government could persuade the French Government to induce these firms to testify and that the French Government under French law examined books of French firms regularly. Arnold did not know whether the French Government had power to order any French firm to produce their books. Arnold also said if he could not prove by the firm's accounts just what they sold the Wannamakers and the prices, etc., the indictment would probably fail; he said he would consider this over night and report in the morning. Arnold also said he had made no definite recommendations in his report but merely stated facts, law, etc. as he wished to keep his mind open until the whole matter could be gone over with the Attorney General; that although he felt certain the facts would safely carry the Government by a motion to dismiss yet he had not reached the conclusion that the Government was even reasonably certain to be able to secure a conviction by proof beyond a reasonable doubt; that in this matter he still kept an open mind without reaching any conclusion. We finally adjourned at about 5:30 P.M.

I remained after him a few minutes and the Attorney General asked me how I looked <sup>at</sup> it. I told him that I had gone over the report and made some notes; that it was one of the ablest reports I had ever read, but that to really master it would require many days--perhaps a week's careful study, which, in view of heavy Treasury work, I could not possibly give to it; that I was satisfied of the corruption of the examiner or at least of his such utter neglect of his duties as to raise almost irresistibly a strong belief in his corruption; that there was clear evidence of a carefully planned scheme to get these goods in without paying duties; that it



was almost impossible to believe that the beneficiaries did not have knowledge of it, but that it was conceivable though not probable that they may not have had such knowledge; that there was, however, no direct evidence to prove such knowledge or any overt act and that a conviction if secured would be based on the fact of the long continuance of the practice rather than on any one case under it; that I had no special knowledge of criminal law; that if to bring an indictment or ask the jury for one, it would be necessary to believe that the evidence was strong enough to prove beyond a reasonable doubt the guilt, I at that time, based on the necessarily short time allowed for examination of the report, felt I could not say that we could feel even reasonably certain of his duty to press the matter; but that if the only inquiry was whether the evidence at hand raised a strong suspicion of guilty knowledge or practices, my opinion when verified by further study of the report, might be different; that in my present study I certainly could not advise him not to press the matter nor could I advise him to go ahead. I then said that if I were Attorney General, I should feel disposed to ask some able lawyer, well versed in criminal law and also customs law, to read the report carefully and give his opinion as to what it showed.

November 19, Wednesday, 2 P.M. With Attorney-General again, who again discussed with Arnold the possibility of getting at the French books. Finally, the Attorney General said he would like to have some able member of the bar go over the report and one with a knowledge of customs and criminal law and get his opinion; he said he wanted some man of such standing and ability as would commend itself to all our men; he asked me if I knew of any such man and I said the best man I could think of was Wallace MacFarlane of New York. He asked Arnold if he would object to such a course and he said it would be most agreeable to him as he had been so wrapped up in the details of the case that it would be helpful to have some bright, keen mind go over his report. The Attorney General then asked me if I would ask MacFarlane to come down and see him and I said I would.

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

The evening papers say that the Democratic members of the Senate Finance Committee adopted Senator Shafroth's suggestions, approved by me, of making the Federal Reserve notes redeemable by the Reserve Banks in gold in lawful money, but by the Treasury in gold on if demanded.

November 20, Thursday. Went over Wannamaker's case with Secretary McAdoo; he asked me as to salient features of the report and he felt that an indictment should be brought; he said it would be ridiculous to indict the examiners and to let the men higher up go free; that the mere fact that we might not be able to prove the case beyond a reasonable doubt was no



reason for not prosecuting as there was enough evidence to raise a very strong suspicion, even a moral conviction of guilt; that the fact that the evidence was purely circumstantial was no reason for hesitation as this was usually the case even in murder trials. I advised him to see the Attorney General at once and he said he would: I also advised him not to send for MacFarlane until he had seen the Attorney General.

November 20. The General Appraiser at New York, McClelland, has ruled that where books are imported in sheets unbound and sold bound in U.S. and the royalty is payable in the U.S. on each bound book when and only if sold, the Royalty is not a part of the foreign market value of the imported sheets. The decision was dated Nov. 16, so we have 10 days in which to appeal. I told Secretary McAdoo about it and urged him to call it to the President's attention so that he could direct us whether to appeal to Board of He said he would do this and noted the fact that the appeal must be claimed on November 22 as last day. Went over it fully and I said ordinarily in a question of this importance I should take an appeal but that the decision set at rest a long continued controversy and if the President did not want an appeal taken, I felt we could safely acquiesce.

November 18, Monday. Ex-Assistant Secretary Curtis called and asked me to let in Mrs. Van Allen Thompkins effect free as he understood my decision to levy duty was only a temporary ruling: he also had sent a brief attacking decision of Court of Customs Appeals in the Bache case, somewhat similar. I told him I should not change my decision and he asked if he could go to the Secretary and ask him to overrule me. I said I had absolutely no objection to such action on his part and he went in and talked with him. The Secretary said he would look into the matter personally.

November 21, Friday. Had talk with Secretary McAdoo as to Wannamaker case; he said he had talked the matter over with the President and that the President felt that if the evidence secured made out a strong prima facie case the indictment should be pressed, and he asked me to say this to the Attorney General tomorrow at the conference, 2 P.M., and he added that on the facts shown, if Attorney General should decide not to push the matter it would give rise to a worse scandal than the Camanetti case.

November 20, Thursday evening. Dined with Mr. and Mrs. Henry White: Present Lady Spring Rice, Judge and Mrs. O.W. Holmes, Judge and Mrs. Pitney, Sir Admiral O'Neil, Assistant Secretary and Mrs. Franklin Roosevelt, Miss Delano, C.S.H. and H.P.H.

November 22, Saturday. 3 P.M. conference between Attorney General, Mr. Arnold and myself at Attorney General's office. Mr. Wise, Attorney, and John Wannamaker appeared. Attorney General told them he would be glad to receive any explanation they could give of the passing free of duty of dutiable merchandise at Philadelphia. Wise spoke for a few minutes, said there was no fraud and no concealment, that the Government had notice on each invoice that there were packages marked samples whose value was not extended; that the Government examiner passed these packages as



free being of no commercial value; that the Government was thus responsible for failure to receive duties lawfully due; in reply to Attorney General he said it was hard to believe that examiner was not corrupt; that this theory, however, was largely negatived by fact that in many cases the examiner's notes on invoice showed the presence of dutiable goods in the package and yet he passed them free; that this was incomprehensible; he later, however, said that it looked certainly like corruption; he could give no explanation. Then John Wannamaker spoke and denied that there was any knowledge in his part that any dutiable goods were ever admitted free; said he never had even seen the examiner, Bierly; that he assumed his employees charged with duty of passing goods through the customs house had paid all duties due; that he never had anything to do with paying duties or accounting for goods received. Then Arnold pointed out to him that the previous settlement was based on the order slips and that he or his firm had concealed fact that large amounts of goods had been brought in free charged to personal account of himself, Rodman, W & T. W. He positively denied these were for himself; Arnold cited specific instances, e.g., books of engravings of Rembrandt pictures; he denied ever having ordered any such books; Arnold said they were receipted for by his secretary in his own office; he denied this and said he had imported nothing for his own use; that these must have been for the firm; he pointed out that in his case the packages were only about one each month and said he did not and could not know anything about them. We thought he would be very much surprised at the discovery of personal packages but he evidently knew all about them as did also Wise; he said also that if indicted it would probably ruin his credit and force him into bankruptcy and would cause suffering to the 14,000 employees of the firm; he said he was not a rich man: Arnold then said something about his property amounting to 15 millions and he said he had taken out a mortgage for 10 millions. He absolutely denied that the items in the sample case receipt book were for his personal account.

Then Rodman Wannamaker came into room: he told how the Paris business was conducted; said that orders were issued to put no packages into the merchandise cases to avoid any possibility of fraud; said that all packages were put in cases by Thuillew, who is now insane; that Thuillew had whole charge of this matter; that he had never paid personally for any of his purchases; that they were paid by Paris office; that they were charged to his account and later these charges were O.K.'d by him: that he knew nothing as to what his goods paid duty and could not know; that he made no entries but assumed that all duties were paid, etc. He admitted that there was deplorable looseness in methods of accounting but he knew nothing of it until told by Wise. Wise said the same system was in force today, showing there was no fraudulent intent. Arnold denied this.

Finally it was suggested that they give us detailed information as to the value of the merchandise charged to personal account and they said they would.

J. Wannamaker said he had heard that examiner might have been overawed by his political influence but that he had never directly or indirectly influenced any appointments; that Senator Quay and he were bitter enemies.

They were pressed again and again but would give no explanation of the frauds save as above.

After they had gone--about 6:45 P.M.--the Attorney General said he



did not see how an indictment could possibly be sustained, at least as against J. Wannamaker. I asked if the facts did not show at least a prima facie case of fraud and the Attorney General said he thought not; Arnold differed decidedly as to this, and I said, without having formed a definite opinion, it seemed to me, taking all the facts, including the presents to Hartsaucht, Appar, and the insurance policy, a prima facie case might be said to have been made out, that certainly I would not now say it had not been made out. I said I could not resist the conclusion that this must have been known to the firm or at least to R. Wannamaker; that the case against J. Wannamaker was certainly much weaker than against R. Wannamaker, that it was at least conceivable that the sons may have carried out the scheme without the knowledge of the father, altho I admitted this was hardly likely. Arnold did not agree to this altho' Attorney General did. I also expressed opinion that Bierly must have been bribed with money; Arnold did not agree to this but thought Bierly might have been directed by the Appraiser Hartrauft to do as he did and he added that he believed Hartrauft's successor, Vincant, was crooked but this could not be proved.

The Attorney General then asked as to the Statute of Limitations and Arnold said he was satisfied that we had at least two months yet before the conspiracy charge would be outlawed, and the Attnorney General asked him to let him know definitely as to this.

There was much talk about the fact that Wannamaker produced his books very reluctantly and this was vehemently denied by Wise and J. Wannamaker and asseverated by Arnold. The destruction of letter was also talked about and other records and to my mind no very satisfactory explanation was given, especially as to Paris letters: they all denied that it was against the French code to distroy all letters after a year. Finally, J. Wannamaker said all books were at Attorney General's disposal and I understood him to say that he would produce all accounts of French firms who sold these alleged personal goods to the Wannamaker's in Paris.

J. Wannamaker absolutely denied that his private office had receipted for any of these personal goods. During the talk as to production of bills of French firms, Wise asked in reply to question of Arnold whether he would agree to appointment of a committee to take testimony abroad,--do you want this for the indictment or for some further payment of duties? I do not remember Arnold's reply to this. Wise also said if any further duties were found due, they would be paid--even if it amounted to \$100,000 more. This was the first suggestion made as to further payments.

R. Wannamaker said frankly that the fact that some 740 odd parcels were imported charged to his personal account were passed free altho containing dutiable merchandise looked bad, and that evidently they had been put in a false position by Thuillier and by the examiner, but that he was absolutely innocent of any intent to defraud or any knowledge of fraud: he said his personal expenses amounted to over \$200,000 per year and that he kept no accounts, everything being settled for him by the Paris and U.S. offices.



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

November 22, evening. Dined with Adm. Sutherland: Present, Senator and Mr. Weeks, Mrs. Spencer, Capt. of Austria, Miss Mackay Smith, Mr. & Mrs. Moore, et als.

November 22, Saturday. Signed letter to Collector of Customs of Vermont ordering him to collect duty due from Central Vermont and Grand Trunk Railroads for repairs made in Canada to engines, etc. used wholly in domestic trade in U.S. Ruled also that engines and cars engaged in interstate trade were not dutiable and could be repaired in Canada without being subject to duties.

Last week I ordered practice resumed of putting an inspector on evening train of Great Northern Railroad running between Winnipeg and Noyes, at urgent request of Senator McCumber who said examination at Noyes made great delay at a and C.P.R. was adverting that their trains were running thro' on time. Some time ago we discontinued putting inspectors on trains: all the railroads objected but finally all but the Great Northern agreed to the discontinuance as no great delays were shown in practice after inspectors were taken off. The Great Northern has much more passenger traffic than the other railroads and therefore, the delay is greater.

The Customs Division prepared a letter just after the discontinuance, which I signed, to Senator McCumber I think, saying if discontinuance showed delays the practice would be resumed. Senator McCumber came to see me several times and I assured him the promise in the letter, which I did not originate, would be kept. I felt that as long as inspectors were on Canadian trains in East the same facilities should be accorded trains, and especially American trains in competition with Canadian trains in Northwest. The Great Northern, however, was told that this was a temporary order, pending full investigation of the question all along border. I would like to see all inspectors taken off, if possible, but if not all railroads should be given equal facilities.

November 23. A day or two ago the chiefs were directed to certify to Secretary of Treasury those clerks, etc., who were below a fair standard of efficiency and Halstead of the Customs Division certified the names of Johnson and Makee. I talked it over with him and he said he felt it was his duty to do this as Makee could not do a real day's work and much of his work had to be done over again. I sent for Makee to talk it over with him but he had gone and as the Secretary said he must have the report that evening I checked it.

The next morning Makee came down,--his son-in-law, Twokey, the papers announced had just committed suicide in Canada--and I explained the matter to him telling him the reason for sending the report to Congress was to secure some pension or retiring legislation. I told him not to worry as I was his friend and he seemed much relieved.



Lunched at country club with Senator Wetmore. Present the Misses Wetmore with Spanish Minister and wife, General and Mrs. Cozier, etc., etc.

November 25, Tuesday. Mr. Cooksey, Secretary McAdoo's secretary, told me today that the Chief Clerk took up the matter with the Secretary and he decided not to report Makee or Rose of the Appointment Division, as the latter was of great help to Secretary as to old practices, forms, etc. I told Cooksey, Maher had also been of great help to me. I had nothing to do with this but was delighted with the action of the Secretary.

Last week Claude Bennett telegraphed me to try to secure his appointment as counsel of the Canadian Pacific Railroad in place of Twokey; this morning I wrote him that as the Canadian Pacific Railroad had business at times with the Department, I could not directly or indirectly recommend anyone for such appointment, and I said the same to Miss Graeves, Bennett's secretary who called on me this A.M.

November 24, Monday. Lunched with Attorney General who asked me about Charles Warren as a possible Assistant Attorney General. I praised him in highest terms and asked him to write Mr. Storey and Mr. Olney who would confirm what I said and would tell of his high standing at the Bar better than I could.

The Attorney General also talked over the Wannamaker case and expressed the view that there was not enough evidence to indict him but said he had not formed yet a positive opinion. I urged him to appoint Arnold of New York as Assistant Attorney General in charge of customs before Board of General Appraisers. He said Secretary McAdoo was strongly and really offensively urging him to appoint Gibboney but that he knew he was not fit for the place and positively would not appoint him. I have the same opinion of him, but out of loyalty to McAdoo, of course, said nothing.

November 27, Saturday. Some days ago I ordered Customs Division to refuse to bond Canadian Northwestern Railroad for carrying dutiable baggage from Montreal to places in United States and also ordered the bond allowed Quebec Central Railroad to be cancelled.

Claude Bennett called this A.M. and wanted me to recommend him to the Canadian Pacific Railroad and Boston and Maine as counsel. I told him I must absolutely decline to recommend him or anyone else as these railroads at times had business at the Department. He was very persistent and I had to deal with him almost sharply. I told him it would be as improper as for a Judge to recommend counsel, and that under no circumstances would I do so.

November 30, Sunday. Rode to Baltimore and thence to Brooklandville and lunched with Charlie McLane. Dr. and Mrs. Randolph took supper with us.

December 1, Monday. Wheatley, Estabrook and I had meeting at which a Mr. \_\_\_\_\_ and his Attorney, Mr. \_\_\_\_\_ were present and set forth a plan they had discovered for defrauding the customs revenue by Mr. Brewer in New York. The fraud consisted in shipping imported beer within certain barrels containing less than regular quantity: these barrels were chosen



for examination by guagers in collusion with importers by putting a label very near the bung-hole so the guagers could know just what barrels to mark for examination and then the whole importation was assessed for duty on basis of the short barrels. They showed us checks given to guagers as regular pay for the fraud. Wheatley advised laying matter before District Attorney who would ask for court order to produce the books of the corporations suspected and the books could be taken by the Special Agents. They said they had seen also a set of false or private invoices showing that the customs invoices were false as to quantity shipped. I had a talk with the Secretary and he authorized Wheatley to go ahead and Wheatley went to New York first putting on the roll as a customs inspector. They said the total frauds, assuming the other beer importers were also in collusion and they stated evidence as to some of these, would amount to nearly a million dollars per year of duties withheld, not counting penalties.

Evening. Gave dinner: present, Sec. McAdoo, Attorney General McReynolds, Lord Campden of British Legation, Congressman Peters, Assistant Secretary Roosevelt, Mr. Willert of London Times; also Miss Maude Wetmore, Miss Myer, Mrs. Dexter of Boston, Mrs. Peters, Mrs. Roosevelt and Mrs. Willert.

December 2, Tuesday. 8:45 A.M. Howard Elliott of New York, New Haven and Hartford Railroad called me on telephone; said he was to see Attorney General this P.M. and wanted to see me and asked if I could see him for a minute. I told him to come up to my house. He came up and said he wanted to talk over the New England Railroad situation. He showed me a letter from President Hadley of Yale to President Wilson asking him to give more time to the railroad directors to work out the railroad problems before bringing suit; he said the Attorney General wished to have the Fitchburg railroad lease annulled, among other things: he said this would require action from Massachusetts legislature and that Rhode Island and Connecticut did not want the system split up. He made no request of me to do anything but I gathered that he might intend to ask me to speak to the Attorney General about the matter, so I anticipated anything he might have said by saying that this was a matter he must work out personally with the Attorney General: that I had a very high opinion of his high character and purpose and his scrupulous regard for every interest. He said he thought he might speak to Secretary Houston: I told him I thought that would be injurious rather than helpful. He said he had talked with Secretary Lane. He said a suit now might necessitate a receivership for the whole system and entail great loss to innocent investors. I told him there was certainly a feeling here that the directors were not going forward with proper speed in doing voluntarily what would be done by a suit and that very likely the Attorney General felt this. I said the only advice I could give him would be to go frankly to Mr. Brandeis and ask his advice and cooperation in working out the problem and that altho' I never had spoken to him on the subject I felt sure that if approached in good faith he would meet him half way and help him in any proper way.



At 5 P.M. took drive with Attorney General and told him of Elliott's call and what I said to him: he seemed to agree as to my suggestion as to Brandeis. He had asked me to drive to talk over appointment of an Assistant Attorney General in charge of customs cases before Board of General Appraisers at New York. I spoke to Secretary McAdoo and he told me the Attorney General had been very sharp and almost discourteous with him in turning down his recommendation of Mr. Gibboney for the position; that he wished I would tell him that he, Secretary McAdoo, if the Treasury was to be consulted, would prefer to be consulted directly by the Attorney General as the appointment was a New York one and very important. During the drive the Attorney General said Secretary McAdoo had pressed Gibboney on him almost offensively; that he had looked him up and found that he was a hard drinker, and a reckless, loud mouth man; that he talked loudly even in barber shops of his practice and that he had traded on his friendship with Secretary McAdoo in his law business; he had heard of Gibboney's row with Tea Examiner Mitchell and said that he never would appoint him. Secretary McAdoo told me that the President and he wanted Gibboney to have the appointment and that the President had so written the Attorney General. I told the Attorney General that Secretary McAdoo took a personal interest in this appointment and that he should consult him. The Attorney General had previously told me he could not appoint Arnold (in charge of the Wannamaker case) as he thought his judgment was not very good and he preferred a Democrat.

December 2, Tuesday. In evening dined with Mr. and Mrs. Henry George: present, Mr. Graham, Congressman from Illinois, Mr. Siddens, Commissioner of the District, Mr. Cohen, Miss George, et al.

December 3, Wednesday. Evening. Dined with Mrs. Bayard: Present, Adm. Stanton, Dr. and Mrs. Randolph, Mr. and Mrs. Matthews, Mr. and Mrs. Tuckerman, Professor Swisher, Commissioner of Patents and Mrs. Ewing, Mrs. Baucott Windrie, Mrs. Biddle, Adm. O'Neill, etc.

December 4, Thursday. Dined with Mr. and Mrs. Tom. Thacher.

December 5, Friday. Attended Musicale at White House.

December 6, Saturday. Dined with Commissioner of Patents and Mrs. Ewing to meet Secretary Lane and wife. Present: General and Mrs. Mills; Adm. and Mrs. Davenport; Mr. and Mrs. Bulter (Rep. Supreme Court), Sec. and Mrs. Lane.

Signed letter denying application of Canadian Northwestern Railroad to be bonded for carrying baggage from Montreal to points in United States as no authority in law to accept such a bond. Also discontinued bond heretofore granted to Quebec Central Railroad in unpublished decision for same reason.

New York Tribune published charge that Assistant Secretary Williams improperly helped Munsey secure United States Trust Company and that his



brother was a director of Munsey Company.

McAdoo denies this (See scrap book). Told me last night walking home that Ailes of Riggs National Bank was at bottom of this: that Ailes received \$9,000 per year from National City Bank, New York, to represent them, in addition to his regular salary: that the Riggs Bank had made loans to Treasury employees O.K.'d by Ailes: that he had had a stormy interview with Glover and Ailes and had intimated to them that if any more attacks emanated from them he might withdraw the Government deposits from their Bank.

Telephoned Brandeis at Hotel Gordon to see Attorney General as to Charles Warren.

December 7, Sunday. Representative Ten Eyck of Albany and Mrs. Ten Eyck took supper with us.

December 8, Monday. Assistant Secretary Williams and wife dined with us and took us to theatre.

December 9, Tuesday. Arnold called and gave me memorandum to show John Wannamaker knew his personal goods were being imported without invoices in violation of law. He had appointment with Attorney General at 2 P.M. I said I should not attend unless he asked me, but I did not hear from him. He said he had no doubt but that J. Wannamaker knew of the illegal practice.

December . Dined with Miss Squire; present, General Reibler, Mr. and Mrs. Goff, Mr. and Mrs. Harlan, etc. *Reiber*

December 11, Thursday. Dined with Mrs. Beale, present: Mr. and Mrs. Roosevelt, Mr. Gillet, Miss Myer, Mr. Willer and Mr. Chandler.

December 13, Saturday. Went to New York as guest of W. B. Howell at dinner of Board of General Appraisers at Sherry's. Returned on midnight train. Mrs. and Dr. Randolph gave a tea for Bertie; Mrs. Bayard, Miss Riggs, et al poured; among the guests was Lady ~~Sherry~~ Rice, wife of British Ambassador.

December 14, Sunday. Mr. and Mrs. Otley of Belgium and Mr. Frank Dorr dined with us.

December 15, Monday. Ordered an inspector to go from Winnipeg to Noyes on extra night train on Northern Pacific Railroad that otherwise traffic would be turned to Canadian Pacific Railroad. Did this at the request of Senator McCumber.

Also ordered the same regulations for inspection at Lowelltown, Maine, as were adopted at Vanceboro. No merchandise to be examined until entry made, etc.

December 16, Tuesday. Dined with Mrs. Sheridan: Present Colonel McGonigle, Mr. Gillette, General and Mrs. Crozier, Secretary of War and Mrs. Garrison, Mr. Ricartain, Miss Sheridan, etc.



December 17, Thursday. Sent to Secretary State a letter signed by Secretary McAdoo asking State Department if the President has issued any proclamation exempting Russia from discriminating duty of 10% under Act 1913 and previous acts. The Russian Consul at Chicago officially asked Collector whether this duty was being assessed. I told Secretary McAdoo the discriminating duty was clearly applicable, because the Russian Treaty was at an end, unless the President had exempted Russia under Section Revenue Statutes; that I had seen inquiries in newspapers as to this; that in my opinion the matters would sooner or later be inquired into by Congress; that he must either put the burden on State Department of advising us or he would have to assume responsibility of not assessing the duty; he accordingly signed the letter and until officially advised by State Department we cannot assess the duty.

Dined at French Embassy: Present, Secretary and Mrs. Bryan, Secretary and Mrs. Redfield, Senator Bacon, Japanese Ambassador, Lady Sherry Rice, Brazilian Ambassador and wife; Costa Rican Ambassador and wife; Henry White, etc. etc. *Min notes*

December 18, Thursday. Mr. Nash, Naval officer at Boston, called yesterday and again this A.M. While here he said he wanted to know if he could accept a pass which might be sent him by Boston and Maine Railroad of which he had been counsel for some years. I told him certainly not and that in my opinion, he could not consistently remain counsel of any railroad or other corporation or individual, directly or indirectly, having to do with customs. I added that a new regulation would shortly be issued on this subject and advised him to resign as Attorney. He said he would do this at once. I then directed a regulation to be framed covering this whole question.

At 4 P.M., Mr. Wise, Attorney for Wannamaker, called and stayed until 6:15. Before he came, Mr. Arnold of New York, called me up to know when I would be ready to reach a conclusion on the Wannamaker case. I said I had not been able to go over the matter but hoped to very soon.

Wise went over case, said that Wannamaker's innocence was shown by fact that for a long time while investigation was in progress he had not even had a lawyer, his own being away; that when the settlement was made and his books returned to him, he could have destroyed them but that he did not but kept them intact; that for over a year he was watched by Special Agents, etc. but nothing even suspicious was found by them. He said also that it might well be that Tom Wannamaker had contrived this scheme unknown to his brother and Father: That Tom, now dead, was in charge of the Paris business when it originated.

He told me that Attorney-General told him he had directed the whole matter to me (CSH); I said this was not so, that while the Attorney General had asked me to over the matter with him, the responsibility was on him and that while I should try to be helpful in explaining the records as shown by Arnold's report, I was not at all sure I would make any definite expression of opinion. I said the case is not whether case should be submitted to Grand Jury, that had been done, but whether it should be withdrawn or abandoned--a very different matter. I asked him whether ordinarily a District Attorney let Jury know his opinion as to whether Bill should be found: he said in 99 cases out of 100, yes, altho' indirectly; any such direct action would be illegal.



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

I then asked what the relief he sought was and he said a statement to the Jury that the Government was satisfied no Bill should be found. I asked if Wannamaker had asked to be allowed to go before Grand Jury and he said if Attorney General decided not to withdraw the matter he should ask that privilege. I then asked him if it would be legally possible to present the evidence to the Grand Jury and allow Wannamaker and Rodman Wannamaker to appear before it and permit the Jury on their oaths to consider the matter free from any attempt to influence their decision. He said such a course as to the evidence, was the only legal course, but that in practice the Jury were made to know indirectly just what District Attorney wanted; that it was the easiest thing in the world for a District Attorney to procure or defeat a Bill. I thought he seemed to act as if the middle course above indicated was about all he hoped to secure.

I told him there were facts stated in Arnold's report which certainly seemed to call unquestionably for careful explanation and I asked him practically in so many words if he did not think that the Wannamakers would be treated justly by permitting them to go before the Jury and be cross examined and then allow the Jury to consider the whole evidence as applied to the law without any attempt to influence their honest judgment by the District Attorney. He did not answer this directly but I certainly gathered from his manner that he hardly hoped for anything different. Finally, I said I would go over the matter with Secretary McAdoo and he left asking me to let him know when and if the Treasury made any recommendation to the Attorney General and I said I would submit this request to the Secretary, McAdoo. K

Walked home with Secretary McAdoo and went over above with him: he was quite indignant at Wise's statement that Attorney General said he had dumped case over onto us: at first he said he would decline