

## The Papers of Charles Hamlin (mss24661)

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Hamlin, Charles S., Scrap Book – Volume 164, FRBoard Members

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BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date June 27, 1941

To The Files

Subject: \_\_\_\_\_

From Mr. Coe

After correspondence with Mrs. Hamlin (see letters of May 25 and June 4, 1941) the items attached hereto and listed below, because of their possible confidential character, were taken from Volume 164 of Mr. Hamlin's scrap book and placed in the Board's files:

VOLUME 164

Page 81

Memo to Mr. Platt from Mr. Wyatt in re J.A. McCrary.

Page 104

Comparison Between the New York Reserve Bank and Chicago Federal Reserve Bank with Selected European Central Banks - March 31, 1926.

Page 109

Memo re capital and surplus and total resources of certain central banks.

Page 117

Memo to Mr. Hamlin from Mr. Goldenweiser re Federal Reserve Developments.

Page 145

Earnings & Expenses of F.R. Banks.

Page 149

Data showing that the Sole Havana Agency of the Federal Reserve System Should be Attached to the Federal Reserve Bank of Atlanta.

*M.P.C.*

## Office Correspondence

FEDERAL RESERVE  
BOARD

Date Oct. 12, 1926

To Mr. Platt

Subject: In re J. A. McCrary.

From Mr. Wyatt

In accordance with your request, I have prepared and respectfully submit herewith a history of the Board's procedure in the above matter and also a digest of the information obtained by the Board in this connection.

HISTORY OF THE BOARD'S PROCEEDINGS.

At the meeting of the Board on December 5, 1924, Mr. Buchanan informed the Board verbally of certain statements made to him by an Atlanta banker, relative to a recent election of Class "A" and "B" directors of the Atlanta bank, and concerning also the alleged unethical practices indulged in by Mr. J.A. McCrary, one of the directors of the bank, in the matter of obtaining bank credit. The Board discussed the matter in some detail and adopted the following resolution:

"Whereas statements have from time to time come to the Board reflecting upon conditions at the Federal Reserve Bank of Atlanta, the Board directs its Committee on District No. 6 to investigate conditions at the Atlanta Bank, incurring any necessary expenses for that purpose, in order to ascertain whether or not there is any foundation for the statements, and to recommend to the Board what, if any, action is necessary in the premises."

The Atlanta Committee, Messrs. James and Hamlin, discussed the matter with other members of the Board and decided to ask the Department of Justice to conduct an investigation with a view of substantiating or disproving the allegations.

Mr. Cunningham, of the Department of Justice, called on Messrs. James and Hamlin and was given in detail such information as had come before the Board. Through him, the Department of Justice was requested to conduct the investigation, and the Committee repeatedly impressed upon Mr. Cunningham the necessity that the investigation be conducted with absolutely no publicity whatsoever, and in such a manner that the name of Mr. McCrary would not be disclosed to anyone other than officials of the Department of Justice or its representatives. Mr. Cunningham stated that these precautions insisted upon by the committee might make it difficult to conduct the investigation.

The Department of Justice undertook the investigation, through one of its representatives in the Sixth Federal Reserve District, who after several weeks made a lengthy report on the case, which Mr. Ramsey, of the Department of Justice, permitted Mr. Eddy to read aloud in his office to Messrs. James, Hamlin, and Herson. A copy of this report was not filed with the Board at that time, because the Department of Justice operative had not produced conclusive evidence either proving

or disproving the alleged conduct of Mr. McCrary.

It is Mr. Eddy's recollection that Mr. Ramsey, Mr. Cunningham and the operative all suggested that it would be futile to continue the investigation along the lines laid down by the committee, and that in order to proceed it would be necessary for the committee to lift the restrictions placed upon them with respect to the use of Mr. McCrary's name. The committee decided that the investigation should be suspended for the time being, and the investigation was not resumed until July, 1926.

From this point on, the record of the McCrary investigation may be traced in the Board's minutes which, omitting formal and irrelevant matter, may be summarized as follows:

Board Meeting May 20, 1926.-

Governor Crissinger referred to the special order for this morning's meeting and in reviewing the situation leading thereto stated that on or about April 28, 1926, certain rumors, criticisms and charges of misconduct reflecting upon the character of service rendered by the Havana Agency of the Federal Reserve Bank of Atlanta in Cuba, which occurred on or about April 10th, came to the attention of the Federal Reserve Board, and that under date of May 1st the Board adopted the following resolution:

**"RESOLVED:** That Mr. James be authorized and directed to proceed to Havana, Cuba, to investigate the recent run on American and other banks in Havana and other parts of Cuba, and to report on the same, including the assistance rendered by the Federal Reserve Banks of Boston and Atlanta, through their respective agencies in Havana in meeting the situation and all circumstances connected with the shipment of currency by the Federal Reserve System to Havana.

"And for this purpose Messrs. Herson and Wyatt are detailed to accompany Mr. James and assist in the investigation.

"Authority is hereby given for the employment of clerical, stenographic or legal aid in Cuba should such employment be deemed necessary."

Mr. James on behalf of himself, Mr. Herson and Mr. Wyatt (hereafter referred to as the Special Committee) reported that pursuant to the above resolution the Committee had proceeded to Havana and made the investigation directed. He presented formally a detailed report of the proceedings of the Committee in Cuba and a memorandum setting forth their findings of fact as to the charges regarding the Atlanta agency, copies of which had been furnished to the individual members of the Board in advance of today's meeting.

These documents having been formally received by the Board, Mr. James suggested that the procedure at this meeting should be to con-

consider the formal recommendations as set forth in a memorandum addressed to the Board by the Special Committee under date of May 18, 1926, the first of which reads as follows:

"1. That Mr. Joseph L. Campbell, Deputy Governor of the Federal Reserve Bank of Atlanta, be eliminated from the Federal Reserve System."

Mr. James in discussing this recommendation with the Board stated that while Mr. Campbell was in charge of and responsible for the party of employees of the Federal Reserve Bank of Atlanta which accompanied the shipment of currency made by that bank to Havana on April 10th, Mr. J.A. McCrary, a Class "B" Director of the bank, was also a member of the party. He stated that so far as he could see the only reason for Mr. McCrary accompanying the party would have been as a representative of the Board of Directors of the Federal Reserve Bank of Atlanta. In view of the occurrences in connection with the shipment of currency, Mr. James stated that the Special Committee was prepared, if the Board believed it desirable, to amend its first recommendation so as to make it provide that Mr. McCrary also be eliminated from the System.

Following Mr. James' presentation, Mr. Hamlin moved that the Committee's first recommendation, as quoted above, be temporarily laid on the table until he had an opportunity of offering other motions.

This motion, being put by the Chair, was lost, Messrs. Platt and Hamling voting "aye".

Mr. McIntosh then moved that the Committee's first recommendation be approved.

Carried, Mr. Hamlin voting "no".

Mr. McIntosh then moved that the conduct of Director McCrary be investigated by the Special Committee with a view of determining whether or not he also should be eliminated from the Federal Reserve System

Unanimously carried.

Further discussion then ensued during which certain members of the Board expressed the opinion that inasmuch as the Federal Reserve Bank of Atlanta has not yet been consulted with regard to the subject of the Special Committee's investigation, the bank should be given an opportunity to present any pertinent facts in its possession.

Mr. Hamlin moved that a complete report be called for from the Federal Reserve Bank of Atlanta covering the whole transaction of that Bank in connection with the movement of currency to its Havana Agency on April 10th, including all instructions given to the party which accompanied the currency shipment and the personal conduct of the members of the party.

Unanimously carried.

Mr. Hamlin then moved that Mr. James personally communicate the actions of the Board to the Federal Reserve Bank of Atlanta and to the individuals concerned.

Carried, Mr. James not voting.

\* \* \* \* \*

Thereupon, at one o'clock the Board recessed.

At 2:45 p.m. the Board reconvened, the same members and officers being present as attended the morning session.

\* \* \* \* \*

Mr. James then referred to the action taken by the Board this morning in requesting him to personally communicate the Board's actions to the Federal Reserve Bank of Atlanta and the officials concerned, and he stated that he felt the motion should be amended so as to include both members of the Board's Committee on the Atlanta District - himself and Mr. Hamlin.

Mr. Cunningham stated that he felt the suggestion was a good one and thereupon moved that the actions by the Board at the morning session of this meeting be communicated personally to the Federal Reserve Bank of Atlanta and the officials concerned by Mr. James and Mr. Hamlin, members of the Committee on District #6.

Mr. Hamlin thereupon stated that he felt a sense of delicacy in the matter of dealing directly with the Atlanta bank, in view of the fact that he is a resident of the Boston District and it appears, from statements made during the discussion of the proposal to consolidate the two agencies, that there is some conflict between the Boston and Atlanta banks as to which should operate an agency in Cuba if the two existing agencies are consolidated. He also stated he felt that Mr. James was perhaps better qualified to pursue the matter in view of his having been chosen by the Board to investigate the circumstances in connection with the recent shipment of currency to Cuba from the Federal Reserve Bank of Atlanta.

Mr. James stated that under the circumstances referred to by Mr. Hamlin he was prepared to go through with the matter in his capacity as a committee of one appointed by the Board to investigate and report on the activities of the Cuban agencies in connection with the recent banking disturbance in Cuba and as a member of the Committee on District #6.

In view of Mr. James' statement, the Chair did not call for a vote on Mr. Cunningham's motion.

At Board Meeting, June 30, 1926.-

"Memorandum from Mr. James dated June 5th, as follows:

'In accordance with the action of the Board taken on May 20th in voting -

"That the conduct of Mr. McCrary be investigated by a special committee with a view to determining whether or not he also should be eliminated from the Federal Reserve System",

I beg to submit this as my report covering the result of my investigation.

'(1) Mr. McCrary accompanied the party headed by Deputy Governor Campbell which on April 10, 1926, accompanied a special shipment of a very large sum of money from the Federal Reserve Bank of Atlanta to Havana, Cuba, of his own volition and not at the request or suggestion of any officer of the Federal Reserve Bank of Atlanta.

'(2) Mr. McCrary took with him on the trip a friend or business associate without any authority whatsoever and over the protest of Mr. Creed Taylor, Deputy Governor of the Bank, and against the wishes of Governor Wellborn and Deputy Governor Campbell. (See letter from Deputy Governor Creed Taylor marked Exhibit "C" in my report of June 2).

'(3) Mr. McCrary was aware of the fact that the officers of the Cuban Gunboat at Key West protested against a large party going aboard the boat and that objections had been raised to the party going on the trip from Key West to Havana, but he (Mr. McCrary) made no effort to prevent this party going aboard the Gunboat but on the contrary he and his guest did go on the Gunboat and did make the trip to Cuba.

'Mr. McCrary admitted in my presence that he knew there was some drinking done by members of the Atlanta party while on the Cuban Gunboat, and also admitted that he himself had participated in this drinking. He further admitted that he had made no efforts to prevent the drinking.

'(4) Mr. McCrary contributed nothing whatsoever to the services rendered by the Atlanta Bank in conveying the shipment of currency to Havana and apparently there was no reason whatsoever for his going other than that he wanted to make the trip. It is, therefore, a question in my mind whether he was actuated by the desire to take a joy ride or to share in the glory that might accrue to those officials connected with the enterprise, or to further his own business interests by using this opportunity to make the trip without expense to himself.

'(5) From time to time during the past three years there has come to my attention in a more or less confidential way certain rumors that Mr. McCrary was using his position as a Director in the Atlanta Bank for furthering his own personal interests, especially in a business way; that he had let it be known rather generally among a large number of the member banks in the Sixth District that he was a Director and as such

was also a member of the Executive Committee of the Atlanta Bank which passed on such paper as was sent to the Atlanta Bank for rediscount or as collateral to loans, and that consequently he was in a position where his influence could count very materially one way or the other in the relationship of the member banks with the Federal Reserve Bank of Atlanta.

'In this connection, I desire to call attention to the memorandum dated June 5th to me from Mr. Eddy which is in reference to action taken by the Board on December 5, 1924, which action resulted in the Department of Justice making an investigation of Mr. McCrary's activities. This memorandum is attached hereto and marked Exhibit "A".

'(6) As a result of the gossip which I heard regarding Mr. McCrary and his using his position for his own personal advantage, and which was to the effect that Mr. McCrary made quite a nice little salary by his attendance at the bank each day, I made some inquiries along this line, particularly with reference to the Executive Committee meetings and I had Mr. W.S. Johns, General Auditor of the Atlanta Bank, prepare for me statements showing the amount of money drawn from the bank by each of the Directors of the Atlanta Bank for the years 1924 and 1925. This report from Mr. Johns I have submitted with my report to the Federal Reserve Board on June 2nd and is marked Exhibit "C" to that report.

'The report in question shows that Mr. McCrary's fees were greatly in excess of the fees paid to other directors of the Atlanta bank, - the payments to him exceeding those of any other director in an amount in excess of \$1,000 in 1924 and more than \$1,100 in 1925.

'I had Mr. Ward Albertson furnish me extracts from the by-laws of the Federal Reserve Bank of Atlanta covering the authority for the Executive Committee of that bank and am attaching hereto his letter and memorandum, marked Exhibit "B".

'It appears that Mr. McCrary's attendance at the Executive Committee meetings of the bank continuously is without authority of the by-laws and this, to my mind, is conclusive evidence that there is justification in the idea that Mr. McCrary has used his office for his own financial benefit.

'I might say also that I was advised by one of the officers in the Atlanta Bank that it was customary for the officers of the bank to pay \$6.00 per month for their luncheons served in the cafeteria of the bank, which made the cost of the luncheons approximately twenty-five cents per meal, and that Mr. McCrary made this contribution of \$6.00 and that he took his luncheon in the bank practically every day accordingly.

'While I am not sure in my own mind that the information I have gained is sufficiently conclusive to warrant the Board's acting to remove Mr. McCrary as a Director of the Federal Reserve Bank of Atlanta, I am myself convinced that he lacks many of the qualifications which I deem requisite and necessary for a director or an officer of a Federal Reserve Bank.

'I recommend, therefore, that each member of the Board review carefully my report of June 2nd and the exhibits thereto, and also this report with Exhibits "A" and "B" hereto attached, and that then the matter

be discussed in open Board meeting and the conclusion reached as to what would be proper action on the part of the Board with reference to Mr. McCrary and his activities.

Respectfully submitted,

(S) Geo. R. James

6/16. See letter this date from Mr. Newton with reference to the action of Mr. McCrary on June 7th, 1926 in returning to the bank as 'Part of advance to J.L. Campbell, Deputy Governor, 4-14-26, by Havana Agency of \$36.13.' Said letter and auditor's statement handed Mr. Wyatt on June 17th to be put with Campbell file.

(S) G.R.J."

In this connection, Mr. James referred to the action of the Board at its meeting on December 5th, 1924 in adopting the following resolution - 'Whereas statements have from time to time come to the Board reflecting upon conditions at the Federal Reserve Bank of Atlanta, the Board directs its Committee on District #6 to investigate conditions at the Atlanta bank, incurring any necessary expense for that purpose, in order to ascertain whether or not there is any foundation for the statements, and to recommend to the Board what, if any, action is necessary in the premises.'

He stated that pursuant to the above resolution the Committee had caused, through the Department of Justice, an investigation to be made concerning certain alleged unethical practices indulged in by Director McCrary in the matter of obtaining bank credit and other matters. The investigators, he stated, had been handicapped through the Board's informal decision not to permit the use of Mr. McCrary's name in connection with their investigations and that finally the investigation had been suspended.

He expressed the opinion that the matter should be reopened and moved that the Board request the Department of Justice to proceed with all authority and with full permission of the Board to complete the investigation regarding Mr. McClary.

Mr. James' motion being put by the Chair was unanimously carried.

Mr. James then moved that a special meeting of the Board be held tomorrow morning at 10:00 o'clock to read the Board's past records with reference to Mr. McCrary.

Unanimously carried."

At Board Meeting, July 1, 1926.-

The Governor stated that the regular order of business would be dispensed with, and in accordance with the action taken at yesterday's meeting the record with respect to the allegations made concerning the conduct of Mr. J. A. McCrary, one of the directors of the Federal Reserve Bank of Atlanta, would be read to the Board.

Thereupon, the Secretary read the following documents:

Minutes of a special meeting of the Federal Reserve Board held on December 5, 1924.

Memorandum prepared by the Secretary and addressed to Mr. James, under date of June 5, 1926, setting forth the status of an investigation conducted by the Department of Justice early in 1925, at the request of the Federal Reserve Board and upon recommendation of the Board's Committee on District No. 6.

Excerpts from the minutes of a meeting of the Board held on May 20, 1926, authorizing an investigation into the conduct of Director McCrary by the Committee which investigated the matter of the shipment of currency to Cuba on April 10th, the investigation to be conducted with a view of determining whether or not Mr. McCrary should be eliminated from the Federal Reserve System.

Report dated June 5, 1926, submitted by Mr. James, who constituted the special committee referred to in the previous paragraph, and certain exhibits attached thereto.

Following discussion of the contents of the above documents the Secretary was instructed to request Mr. Cunningham of the Bureau of Investigation, Department of Justice, to come before the Board and advise it of the facts, if any, developed as a result of the investigation conducted by the Department into allegations concerning the official conduct of Director McCrary. Mr. Cunningham then entered the meeting and handed to the Secretary a report dated January 6, 1925, signed by J. M. Tower, Agent in Charge of the Investigation, which report the Secretary read to the Board.

Mr. Cunningham was advised by the Governor of the Board's action at its meeting on yesterday in voting to request the Department to resume its investigation into the conduct of Mr. J.A. McCrary, and Mr. Cunningham suggested that a letter making formal request be addressed by the Board to the Attorney General.

Thereupon, the Secretary was instructed to prepare such a letter for submission to the Board at its meeting tomorrow.

The Secretary was instructed to communicate with the Board's Chief Examiner, who is now on examination of the Federal Reserve Bank of New York, and request that he be in Washington tomorrow morning and sit with the Board during its discussion of the advisability of undertaking an examination of the Federal Reserve Bank of Atlanta at this time, which question the members of the Board voted should be made special order of business for tomorrow's meeting.

At Board Meeting, July 2, 1926.-

The Governor stated that the meeting had been called in accordance with the action taken at the meeting yesterday, to discuss with the Board's Chief Examiner who had been summoned from New York, the question of the advisability of undertaking an examination of the Federal Reserve Bank of Atlanta at this time. Mr. Herson advised the Board that he was prepared to begin an examination of the Federal Reserve Bank of Atlanta one week from tomorrow-Saturday, July 10th.

Mr. Cunningham, of the Bureau of Investigation, Department of Justice, then suggested to the Board that the Board's Examiners be assisted by two representatives of the Department of Justice, one an accountant, to be commissioned by the Board as an Assistant Examiner and to work with the Board's Examiners inside the bank, and the other a regular operative of the Department who would be detailed to investigate on the outside.

After discussion, Mr. James moved that the Board approve the suggestion made by Mr. Cunningham.

Unanimously carried.

The Secretary then read to the Board the following draft of a letter to the Attorney General, prepared in accordance with action taken at the meeting yesterday:

"Sir:

Under date of December 6, 1924, the Federal Reserve Board addressed a communication to you requesting the cooperation of the Bureau of Investigation of your Department, in connection with a proposed investigation to be made by the Board into certain allegations reflecting upon the integrity and official conduct of certain members of the Board of Directors of the Federal Reserve Bank of

Atlanta.

After several conferences with Mr. Cunningham of the Bureau of Investigation of the Department of Justice, an investigation of the allegations referred to was undertaken by that bureau, with certain limitations imposed by the Federal Reserve Board which made it impossible definitely to establish the truth or untruth of such allegations. Upon report to this effect to the Federal Reserve Board, the investigation was temporarily suspended.

Recently certain additional information has come before the Board reflecting upon the official conduct of J. A. McCrary, one of the directors of the Federal Reserve Bank of Atlanta, and the Board has decided to request the Department of Justice to resume the investigation its own manner without the Board imposing upon the Department any restriction as to how it shall proceed.

Respectfully,

D. R. Crissinger,  
Governor."

The Honorable,  
The Attorney General,  
Washington, D. C. "

Upon motion, the above letter was unanimously approved.

Meeting of Executive Committee, July 14, 1926. -

Letter dated July 6th from the Assistant Attorney General advising that there has been referred to the Bureau of Investigation of the Department of Justice for appropriate action at the earliest possible date the Board's letter of July 1st, requesting resumption of the investigation undertaken by the Department in December, 1924, at the request of the Board, of certain alleged activities of Mr. J.A. McCrary, one of the directors of the Federal Reserve Bank of Atlanta.

Noted.

Board Meeting, August 23, 1926. -

Letter dated August 18th from the Assistant Attorney General, transmitting copy of report made by Mr. Howard E. Rank, special accountant in the Department of Justice, who was temporarily designated an assistant Examiner of the Federal Reserve Board to assist in the recent examination of the Federal Reserve Bank of Atlanta, and reports by Mr. R. L. Shivers, a Special Agent in the department.

Ordered circulated.

Board Meeting, October 7, 1926.-

Mr. James then moved that there be made special order for a meeting to be held on Tuesday, October 19th, the matter of action to be taken by the Board in the case of Mr. J. A. McCrary, director of the Federal Reserve Bank of Atlanta.

Carried.

DIGEST OF INFORMATION.

The following is a digest of the information in the Board's files pertaining to Mr. McCrary. Owing to the fact that the Board's record on this subject is very voluminous and I have had to prepare this memorandum very hastily, I cannot vouch for its absolute accuracy or completeness; but I believe that it will give you a good general idea of the case against McCrary.

The Buchanan Report.-

The earliest document in the Board's files specifically criticizing Mr. McCrary, appears to be an unsigned memorandum addressed by Mr. Buchanan to Mr. James under date of December 6, 1924, wherein Mr. Buchanan relates the substance of certain confidential information imparted to him by Mr. R. E. Harvey, Vice President of the Atlanta Trust Company, Atlanta, Georgia. This, apparently, is the substance of the information reported orally to the Board by Mr. Buchanan at a meeting on December 5, 1924. It reads as follows:

"In accordance with your request, there is respectfully submitted herewith the substance of confidential information imparted by Mr. R. E. Harvey, Vice President of the Atlanta Trust Company, Atlanta, Ga., concerning the recent election of a Class B Director of the Federal Reserve Bank of Atlanta and the conduct of Director McCrary, the successful contestant, during his past term of office.

"It was stated that prior to the election the unsuccessful Florida candidate, opposing Mr. J. A. McCrary for reelection as Class B Director of the Federal Reserve Bank of Atlanta, had a sufficient number of pledged votes to assure him of choice. His defeat was attributed to the fact that prior to the closing of the polls it became known how certain banks had voted and that this information was used to whip into line a sufficient number of votes to elect Mr. McCrary. The leak was thought to have come from the office of the Chairman of the Federal Reserve Bank of Atlanta, who, it was said, opened each ballot on the date of receipt under the pretext that if any irregularities in the form of the ballot appeared, correction could be made immediately by the voting bank.

"Relative to the conduct of Director McCrary, it was stated that he was using his influence as director of the Federal Reserve Bank of Atlanta and as member of the Discount Committee for obtaining personal credit, permitting loans to run past due in member banks, and furthering the interests of the J. B. McCrary Contracting Co., of Decatur, Ga., of which company he is an active partner.

Preliminary Investigation by Department of Justice in 1924.-

No written report of the preliminary investigation made by the Department of Justice in 1924 has ever been filed with the Federal Reserve Board and therefore it is impossible to summarize that report in this memorandum. It may be said, however, that the report tended to support in a general way the information received by Mr. Buchanan;— but the Department of Justice was unable to obtain information sufficiently specific or complete to enable it to prove any of the allegations contained in Mr. Buchanan's report.

Department of Justice Report, August 18, 1926.-

Under date of August 18th the Department of Justice submitted a report of its investigation which was commenced on July 10, 1926, in connection with the examination of the Federal Reserve Bank of Atlanta by the Board's examiners which commenced on that date. In order to realize the full purport of this report it is necessary to read the report, but I shall summarize below such information in the report as pertains specifically to Mr. McCrary.

Improper Use of Office.-

The summary of the report of investigation submitted by the Department of Justice under date of August 10, 1926, states that no information was secured through interviews with competing firms of the J. B. McCrary Contracting Company to furnish a lead for further investigation concerning McCrary's activities in using his position to further the interests of the J.B. McCrary Company.

The following information which appears in Mr. Rank's detailed report, however, would seem to furnish valuable leads which ought to be followed out:

The Citizens State Bank of Marianna, Florida, is one of the banks supposed to have been approached by Mr. J. A. McCrary in an effort to have it take some bonds presumably received by McCrary for work done by his contracting firm. An examination of the books of the Executive Committee of the Federal Reserve Bank of Atlanta shows that on September 17, 1923, at a meeting of the Executive Committee at which McCrary was present an offering of paper of this bank for rediscount aggregating \$5,085 was declined, and that on September 21, 1923, at a meeting of the Executive Committee at which McCrary was not present, the same offering was accepted. Some time between October 1, 1923, and March 27, 1924, this bank acquired \$2,566 City of Marianna Paving Loan Certificates, and still held some of these certificates as late as November 18, 1925. Whether or not they were acquired from

McCrary or his contracting firm will have to be ascertained by interviewing J. A. Ormond, Cashier of the Marianna Bank. (Rank's report, page 31. NOTE: It would seem that the investigator should have interviewed the Cashier of the Marianna Bank.)

The First National Bank of Leesburg, Florida, is another one of the banks supposed to have been approached by McCrary in an effort to have it take some bonds presumably received by McCrary for work done by his contracting firm. The records of the Federal Reserve Bank of Atlanta show that this bank was indebted to the Federal Reserve Bank from January 22, 1923 to March 26, 1923, and from November 12, 1923 to November 26, 1923, and that no offerings of this bank were declined. G. G. Ware, President of the First National Bank of Leesburg is now a director of the Federal Reserve Bank of Atlanta. The reports of examination of the First National Bank of Leesburg show that on various dates this bank held considerable amounts of municipal, improvement and good road bonds. Whether or not any of these were obtained from or through McCrary will have to be ascertained from the Leesburg Bank. (Rank's report page 32. NOTE: It would seem that this lead should be followed up by ascertaining from the Leesburg Bank whether any of these bonds were acquired from McCrary.)

The following is an extract of the minutes of the Executive Committee meeting of the Federal Reserve Bank of Atlanta, February 2, 1924, attended by Governor Wellborn, Deputy Governor Joseph L. Campbell and Creed Taylor, Federal Reserve Agent J.A. McCord, and directors J.A. McCrary and P. R. Kittels:

"In re Citizens First National Bank of Albany, Georgia.  
This bank had up for consideration the purchase of municipal warrants of \$48,000 to enable them to handle City of Albany deposit accounts, and after full consideration, on motion of Mr. McCord, seconded by Mr. McCrary, the Committee voted to purchase these warrants if and when submitted, provided same met the rule of eligibility as laid down by the Federal Reserve Board and was accompanied by Counsel's opinion showing same to be the legal obligations of the City of Albany; also if the Federal Reserve Board approves the purchase, it being in excess of the limit which we are authorized to purchase without the approval of the Board. This action by the Committee was for the purpose of aiming to save the bank, on account of existing emergency."

(NOTE: The last sentence was added to the minutes with pen and ink) (Rank's report, page 3).

QUERY: Were the McCrarys doing any construction work for the City of Albany at this time?

The following is an extract from minutes of the Executive Committee meeting of July 1, 1924, Federal Reserve Bank of Atlanta. Present: M. B. Wellborn, Governor, Creed Taylor, Deputy Governor, J.A. McCord, Federal Reserve Agent, Ward Albertson, Assistant Federal Re-

serve Agent, Directors J. A. McCrary and L. Hopkins.

"In re Bank of Elberton, Elberton, Georgia. Mr. Bates, Cashier, appeared before the Committee and discussed an increase in their line based on the action of the Committee on the 26th of June. He went into details concerning their affairs and stated that they would require \$50,000 to carry them through the summer as a result of a paving program which would bring about withdrawals from his bank; also a new hotel and ordinary withdrawals. Their account was discussed at length in view of his excessive outside borrowings and the condition of their loans as indicated by their last report of examination. The committee called Mr. Bates' attention to these unsatisfactory features and particularly impressed him with the fact that in its opinion a well managed bank did not borrow in excessive amounts. Mr. Bates indicated that they had been under a misapprehension with reference to the extension of credit by Federal reserve banks and its members and in view of this fact and the fact that this bank borrowed up to \$50,000 last year, on motion of Mr. McCrary, the Committee voted to extend them, on satisfactory paper a limit of \$50,000 on papers other than United States Government and commodity secured this year provided they furnish us with \$25,000 as additional collateral to their general credit, indicating that while they were doing this under the circumstances as outlined actually their preference is not to loan them anything." (Rank Report, pages 4 and 5).

#### McCrary Notes in Federal Reserve Bank.-

On page 38 of his report Mr. Rank lists the following:

Note of J. B. McCrary Engineering Company for \$2500 dated June 15, 1926, due August 15, 1926, payable to order of Commercial Bank and Trust Company, Miami, Florida, endorsed by J. A. McCrary and J. B. McCrary.

Note for \$8500, dated Tampa, Florida, June 14, 1926, due sixty days after date, payable to National City Bank of Tampa, Florida, signed by McCrary Building Supply Company, and endorsed by M. E. Lucas and H. F. McCrary. (Rank did not know whether J.A. McCrary is interested in this concern.)

#### Purchase of Lot for Bank Building.-

Pages 33 to 37(a), inclusive of Mr. Rank's report contain the principal information on the above subject. It quotes correspondence

in the files of the Federal Reserve Bank from which it appears that:

1. J.A. McCrary and L. P. Hillyer, Directors of the Federal Reserve Bank of Atlanta, were appointed a committee to negotiate with the trustees of the First Presbyterian Church for the purchase of the church property.

2. October 13, 1916, McCrary alone addressed a letter to Paul S. Vose offering him \$100,000 for an approved deed to the church property.

3. A counter offer to sell the property for \$102,500, signed by W.T. Newman, Chairman of the Board of Trustees and attested by Paul L. Fleming, Secretary of the Board of Trustees, was addressed to Mr. McCrary and written on the same letter head as the above.

4. This offer was accepted in a letter dated October 14 which was addressed to Newman, Chairman of the Board of Trustees, and signed as follows:

"L.P. Hillyer  
(By J. A. McCrary,  
(Director, Federal Reserve Bank of Atlanta.  
Committee  
(J.A. McCrary,  
(Director, Federal Reserve Bank of Atlanta."

5. This letter was approved by M.B. Wellborn, Chairman of the Board of Directors, Joseph M. McCord, Governor and Chairman of the Executive Committee and E.A. Brown, Member of the Executive Committee.

6. The deed executed by the church in conveying this property to the Federal Reserve Bank has set forth for consideration \$102,500. It was signed by seven trustees of the church and apparently Vose was not a trustee.

From other information obtained by the Department of Justice, it further appears that a commission of \$2,500 paid for the sale of this property was split 60-40 between Vose and the Empire Trust Company, Vose receiving \$1,500 as his share of the commission. It also appears that Vose and J.B. McCrary (brother of J.A. McCrary) were brothers-in-law having married sisters of Clifford Walker, Governor of Georgia, and that because of this relationship the McCrarys were anxious to do something for Vose, since he had very little money. It also appears that the church desired \$100,000 net for the property, and the amount received above that was to go as a commission on the sale.

Fees for Attending Executive Committee.-

Attached to Mr. James' report of June 5, 1926, which is quoted in full in the minutes of the Board meeting of June 30, 1925 (see above, page 5) are copies of certain records of the Federal Reserve Bank of Atlanta regarding the Executive Committee from which it appears:

1. That, during the year 1924, Mr. McCrary had attended 232 Executive Committee meetings and for this alone had received fees amounting to \$2,260; whereas no other director except Mr. Lindsey Hopkins received fees amounting to more than \$240 for attending Executive Committee meetings during the year 1924; and the fees received by Mr. Lindsey Hopkins amounted to only \$1,200.

2. That, during the year 1925, Mr. McCrary attended 223 Executive Committee meetings for which he received fees amounting to \$2,210; whereas no other director except Mr. Lindsey Hopkins, received fees in excess of \$360, and the fees received by Mr. Lindsey Hopkins amounted to only \$1,110.

3. That the by-laws of the bank provide that the Executive Committee shall consist of the Governor, the Federal Reserve Agent and two directors to be elected at the monthly meeting of the Board of Directors to serve until the next regular meeting.

4. The records of the Federal Reserve Bank of Atlanta show that Mr. McCrary was officially a member of the Executive Committee for only 94 days in 1924 and 104 days in 1925, including Sundays and holidays.

The minutes of the Board of Directors of the Federal Reserve Bank of Atlanta show that, on the dates mentioned below, it was voted to appoint the Directors named to serve on the Executive Committee until the next regular meeting of the Board:

Jan. 11, 1924,	Messrs. Simon	and Kittles
Feb. 8, 1924,	" Newton	" McCrary -
Mar. 14, 1924,	" Hartford	" Kettig
Apr. 11, 1924,	" Newton	" Hopkins
May 9, 1924,	" Ottley	" Simon
June 13, 1924,	" McCrary	" Kittles -
July 11, 1924,	" Hartford	" Kettig
Aug. 8, 1924,	" Hopkins	" Newton
Sept. 12, 1924,	" McCrary	" Kittles -
Oct. 10, 1924,	" Ottley	" Simon
Nov. 7, 1924,	" Kettig	" Hartford
Dec. 12, 1924,	" Hopkins	" Kittles
Jan. 9, 1925,	" McCrary	" Simon -
Feb. 13, 1925,	" Black	" McCoy
Mar. 13, 1925,	" Kettig	" Hartford
Apr. 10, 1925,	" McCoy	" Hopkins

May 12, 1925,	Messrs. Kittles and McCrary <
June 12, 1925,	" Black " Simon
July 10, 1925,	" Kettig " Hartford
Aug. 14, 1925,	No quorum.
Sept. 11, 1925,	Messrs. Hopkins " McCoy
Oct. 9, 1925,	" McCrary " Kittles ->
Nov. 13, 1925,	" Black " Simon
Dec. 11, 1925,	" Hartford " Kettig
Jan. 8, 1926,	" Hopkins " Melvin
Feb. 12, 1926,	" McCrary " Simon ->
Mar. 12, 1926,	" Black " Ware

From this it would appear that McCrary's official membership on the Executive Committee may be summarized as follows:

He WAS NOT officially a member

He WAS officially a member

From		To		From		To	
Jan. 11, 1924	Feb. 8, 1924	Feb. 8, 1924	Mar. 14, 1924	Feb. 8, 1924	Mar. 14, 1924	Mar. 14, 1924	Mar. 14, 1924
Mar. 14, 1924	June 13, 1924	June 13, 1924	July 11, 1924	June 13, 1924	July 11, 1924	July 11, 1924	July 11, 1924
July 11, 1924	Sept. 12, 1924	Sept. 12, 1924	Oct. 10, 1924	Sept. 12, 1924	Oct. 10, 1924	Oct. 10, 1924	Oct. 10, 1924
Oct. 10, 1924	Jan. 9, 1925	Jan. 9, 1925	Feb. 13, 1925	Jan. 9, 1925	Feb. 13, 1925	Feb. 13, 1925	Feb. 13, 1925
Feb. 13, 1925	May 12, 1925	May 12, 1925	June 12, 1925	May 12, 1925	June 12, 1925	June 12, 1925	June 12, 1925
June 12, 1925	Oct. 9, 1925	Oct. 9, 1925	Nov. 13, 1925	Oct. 9, 1925	Nov. 13, 1925	Nov. 13, 1925	Nov. 13, 1925
Nov. 13, 1925	Feb. 12, 1926	Feb. 12, 1926	Mar. 12, 1926	Feb. 12, 1926	Mar. 12, 1926	Mar. 12, 1926	Mar. 12, 1926

In other words, it appears that, including Saturdays, Sundays, and holidays, he was officially a member of the Executive Committee for only 94 days in 1924 and 104 days in 1925.

Participation in Havana Trip.-

It clearly appears from a preponderance of evidence that:

1. Although he had no duty to perform in connection with the matter, Mr. McCrary accompanied the party headed by Deputy Governor Campbell which, on April 10, 1926, transported a special shipment of currency amounting to \$26,500,000 from the Federal Reserve Bank of Atlanta to Havana, Cuba.

2. Mr. McCrary took with him, from Atlanta to Havana, one Mr. Loving, a personal friend and business associate who had no official connection with the Federal Reserve Bank of Atlanta and no possible excuse for accompany this very delicate mission.

3. Mr. McCrary was aware of the fact that at Key West the officers of the Cuban gunboat raised some objection to the entire party going on

board the boat for the trip from Key West to Havana; but Mr. McCrary made no effort to prevent this and, on the contrary, he, and his friend, Mr. Loving, both went on board the boat and made the trip to Havana, although neither of them had any duties to perform in connection with the trip.

4. Mr. McCrary himself participated with Mr. Campbell in the drinking which took place on board the Cuban gunboat and made no efforts to prevent the drinking.

Comment: Although Mr. McCrary was not officially in charge of the party he was Mr. Campbell's official superior; and, having volunteered to accompany the shipment, cannot escape responsibility for having at least connived at what took place on the expedition.

The facts set out above are clearly proven by ample evidence, including the following:

1. Mr. McCrary's own admissions made orally to Mr. James during the interview with Mr. James at the Biltmore Hotel in Atlanta on Saturday, May 29, 1926.

2. Admissions made by Mr. McCrary orally at a meeting of the Board of Directors of the Federal Reserve Bank of Atlanta on Monday, May 31, 1926.

3. Letter addressed to Mr. Newton by Governor Wellborn under date of June 4, 1926, making an official report of the Cuban shipment in response to a request by the Federal Reserve Board.

4. Signed statement made by Mr. Creed Taylor in response to certain questions propounded by Mr. James under date of June 1st.

5. Signed statement submitted to the Board by Mr. Campbell under date of June 13th.

6. Statements made to the Federal Reserve Board by Mr. Campbell at the hearing on September 9, 1926.

The following is taken from a memorandum addressed to the Board by Mr. James under date of June 2, 1926, entitled "Report of Trip to Atlanta made by direction of the Board under date of May 21, 1926."

"\* \* \* Mr. Campbell thereupon left the conference and Mr. McCrary was called over the 'phone and asked to come to the hotel, which he did very promptly.

\* \* \* \* \*

"When Mr. McCrary came into the room I read to him the documents attached hereto marked Exhibit 'A' No. 1; Exhibit 'A' No. 2, and Exhibit 'A' No. 3. I also told him exactly what I had told Governor Wellborn at the

"outset of the conference, laying particular stress upon the fact that in the matter of the second recommendation made by the Board's Cuban Committee regarding the consolidation of the agencies that no action had been taken but that after the adjournment of the meeting and as the members of the Board were leaving the room, one of the members made the statement to me that he would not vote for placing the agency under the consolidated arrangement with the Atlanta Bank so long as Governor Wellborn, Director McCrary and Mr. Campbell were connected with the organization; that two other members of the Board have indicated a like position and have reiterated this statement.

"Mr. McCrary appeared considerably embarrassed and almost immediately began to explain his connection with the party making the trip. He stated that he had gone on the trip of his volition and not at the solicitation or request of any officer of the Atlanta bank. He stated further that he was in the Atlanta bank at the time the matter of the Cuban emergency was under discussion and plans were being formulated for the shipment by special train and boat of a large amount of currency to Cuba, and that at the same time he had under consideration plans for making a trip to Cocoa, Florida, early the following week. He said that in the course of the conference that was then going on he had mentioned this and that Governor Wellborn had said 'Why not go down on the special train so far as Cocoa since it would entail no additional expense on the Atlanta bank and since the Atlanta bank had had to pay for something like one hundred first class passenger fares in order to secure the special train.' Mr. McCrary then said that when he left Atlanta with the party it was his intention of going to and only as far as Cocoa, Florida, but that on the way down he had changed his mind and had decided to go on to Key West.

"At this point, I called the attention of Governor Wellborn and Mr. McCrary to the fact that there were no charges of any kind pending before the Federal Reserve Board either reflecting upon them or in connection with either of them; that I was bringing to their attention the statement made by one of the members of the Board that he would not vote for placing the agency under the consolidated arrangement with the Atlanta bank so long as Governor Wellborn, Director McCrary and Mr. Campbell were connected with the organization, and that ~~the~~ other members of the Board had indicated a like position - simply because I felt that in the interest of the Atlanta Bank and out of my own feeling of duty in the matter I should tell them of the situation. Mr. McCrary said that he desired to make a statement in writing and would do so and that he would give me the statement that afternoon, or, if it could not be prepared in time to be given me before my train left, he would mail the statement to me in Washington."

(The following relates to what transpired at a special meeting of the board of directors of the Federal Reserve Bank of Atlanta held on May 31st, which was attended by Mr. James. This is also quoted from Mr. James' memorandum of June 2nd.)

"At this juncture, Mr. McCrary arose and said that he desired to present a formal statement of his connection with the entire transaction and that he should like to have me remain in the room while the statement was read.

"Mr. McCrary was given permission to present his statement at this point. I asked if it would be agreeable to Mr. McCrary and to the Board of Directors of the Atlanta Bank for me to be furnished with a copy of the statement which Mr. McCrary was about to present, and I was given the assurance both by Mr. McCrary and by Chairman Newton that this courtesy would be granted me. Mr. McCrary thereupon proceeded with the reading of this statement in which he set out in a general way that he had made the trip entirely of his own volition and not at the request of any officer of the Federal Reserve Bank of Atlanta. In his statement, however, he said that he had mentioned to Governor Wellborn the fact that he had in contemplation a trip to Cocoa, Florida, on a personal business matter for the early part of the following week and that Governor Wellborn suggested 'Why not go down on the special train as far as Cocoa since it would entail no additional expense on the Atlanta Bank and since the Atlanta Bank had had to pay something like one hundred first class passenger fares in order to secure the special train.'" (In this Mr. McCrary was repeating what he had said at the conference held at the Biltmore Hotel on Saturday.)

"Mr. McCrary further explained in his statement that ordinarily he did not take a drink but that he did so occasionally when attending a social function at which it might be embarrassing for him to refuse a drink tendered to him as a matter of hospitality. He said further in his statement to the Board of Directors that on the trip he had taken a few drinks but that he was not drunk. He also stated that Mr. Campbell had partaken of liquor to his knowledge but that he did not believe Mr. Campbell to have been drunk or at any time unable to perform his duties.

"The statement of Mr. McCrary to which reference is now being made was a rather lengthy one and in view of the fact that I had expected to be furnished a copy of the document I did not make any special effort to remember the details of the statement Mr. McCrary was making at the time. I do recall, however, that he said among other things that when he got to Cocoa, he decided to go on to Key West and that he had not

made up his mind to go beyond Key West until after the arrival of the train at that point. He further stated that on the arrival of the train at Key West he went to the telephone to call up some friend, business associate, or acquaintance, and was engaged for sometime in the conversation with the result that he knew very little of what transpired on the dock at Key West. He admitted that he knew there had been objection raised as to the large party going on the Cuban Gunboat to Havana, particularly on account of the party bearing arms, and also because the Cuban boat did not have accommodations sufficient to take care of the party. He also knew that Mr. Campbell had insisted upon four of the party from the Atlanta bank going along because they would be necessary to help count and distribute the large sum of money on arrival in Cuba. He stated further that his final understanding was that the entire party had been invited to go but did not make clear as to who had extended the invitation nor how he gained that impression.

"Mr. McCrary's statement carried almost no reference to what transpired upon the boat excepting that they had a very nice dinner and party, but making more emphatic that in his opinion there was no drunkenness and that the party was in good shape on the arrival of the boat at Havana. After the arrival at the dock at Havana, Mr. McCrary's statement indicated that he had taken very little part in what had transpired but that after going with the party to the National City Bank and seeing the money moved into the bank, he proceeded to the hotel for rest and recreation. After refreshing himself, and as I recall it, somewhere around eleven o'clock, he returned to the bank and then proceeded to call at the Royal Bank of Canada and other places, then proceeded to enjoy a sightseeing trip in Havana."

The following, which is also quoted from Mr. James' memorandum of June 2nd, refers to the conversation which took place in the Federal Reserve Bank of Atlanta on June 1st:

"At about 11:30 Mr. McCrary came into the bank and with Mr. Ward Albertson he came to me and stated that he had decided to withdraw the written statement he had made at the meeting of the Atlanta bank directors and asked if he might be permitted to do so. To this I replied that he was at liberty to do so in so far as I was concerned, and that I would agree to release him from his promise to give me a copy of his statement if he thought that such a thing were desirable. I then asked him whether or not he desired to substitute some other statement to me to be put into my records. He said he was not sure but that he thought he would

and that if he concluded to do so he would send it to me by mail promptly. (I might say in passing that no further communication has been received from Mr. McCrary.)"

\* \* \* \* \*

"I then asked Mr. Campbell several questions among which were the following:

\* \* \* \* \*

"I asked him whether or not he had invited Mr. McCrary to go on the trip, or had protested at his going, and he replied, 'no' to both questions, saying that at first he did not want Mr. McCrary to accompany the party for the reason that he felt this was going to be a wonderful achievement and would reflect great glory on him (Mr. Campbell) and that he did not wish to share this glory with any one else, but subsequently was very glad that Mr. McCrary was along because as the train was travelling on between Atlanta and Key West he became more and more impressed with the great responsibility resting upon him, particularly as the one in charge of the shipment and the party."

The following is quoted from a memorandum addressed to Mr. James by Mr. Creed Taylor under date of June 1st:

"In response to your three direct questions and your request to reduce them to writing with reference to the recent special, large shipment to our Havana Agency, I am giving you below the following:

"1. Did you know anything about Director McCrary and his friends or associates going on the special train carrying this shipment?

"Reply. The first information received by me as to Mr. McCrary and his friends or associates going on this trip was shortly before the train left.

"Mr. Campbell advised me that Mr. McCrary and some of his friends or associates were going on the train as far as Cocoa, Florida. I stated to Mr. Campbell that I did not think Mr. McCrary should go on this train, and certainly not any of his friends or associates, for the reason that this was a confidential affair; however, if Mr. McCrary desired to go, I presumed that he, being a director of the bank, would be entitled to go, but certainly not his friends or associates. Mr. Campbell replied that he agreed with me in this opinion and suggested that I express my views to Governor

"Wellborn, which I did immediately, the Governor replying, according to my best recollection, that Mr. McCrary had already phoned him that he was going, and in a casual manner stated 'Oh, well, Mc. shouldn't do those kind of things' or some statement similar to that.

"Nothing further was said regarding the matter according to my best recollection. I understanding that Mr. McCrary and his friend Mr. Love made the trip on the special train to Havana, Cuba, and stopped off at Cocoa, Florida, on their return trip."

The following is quoted from Governor Wellborn's official report of this transaction, which report was in the form of a letter addressed to Mr. Newton, Federal Reserve Agent, under date of June 4, 1926:

"Mr. J.A. McCrary, a director of our bank, intended to go to Florida, and I suggested that he accompany the train as far as Cocoa, Florida, his intended destination. With him went a Mr. Loving, an employee of his engineering business. I considered that Mr. McCrary and his friend would be an additional protection, for Governor Crissinger had phoned me that morning to be sure to have ample forces accompany the party. After arriving at Cocoa, Mr. McCrary consulted with Mr. Campbell, and decided to go with the party to Havana, Cuba."

\* \* \* \* \*

"I desire to add here, that I have learned that Mr. Loving who accompanied Mr. McCrary, paid his own expenses on the trip."

The following is quoted from a signed statement submitted to the Board by Mr. Campbell under date of June 13th:

"The Federal Reserve Bank party consisted of only nine men, instead of nineteen as charged, three guards, three clerks, Mr. McCrary and an employe of his Engineering Company and me. Mr. Couch of the Southern Railway Company also went to Havana at no expense to the Federal Reserve Bank. The entire party consisted of sixteen and not nineteen and only nine of these were of the Federal Reserve Bank party."

\* \* \* \* \*

"I was glad to have Mr. McCrary along, as the responsibility of handling this matter was heavy, and his advice and counsel was welcomed."

NOTE: The evidence produced at the hearing on September 9, 1926, further bears out and supplements the above.

Expenses of Havana Trip.-

Although, during Mr. James' visit to Atlanta, May 29th to June 1, 1926, Mr. McCrary told Mr. James that he paid his own expenses on the trip to Havana, the following entries in the records of the Federal Reserve Bank of Atlanta show that, subsequently, on June 7, 1926, Mr. McCrary refunded to the Federal Reserve Bank of Atlanta certain expense money advanced to him in Havana on or about April 12th.

The following entries in the records of the Federal Reserve Bank of Atlanta relate to the return by McCrary on June 7, 1926, of certain expense money advanced to him in Havana on or about April 12:

"Jun 7, 1926, Return of 'remainder of unused part of advance of \$300 to Mr. Campbell Apr 14th by Havana Agency returned by J.A. McCrary-----	36.13
"June 12, 1926, 'Adjusting difference between debit of \$42.47 (\$300.00 advanced Apr 14th, less \$357.53 returned May 12) May 12 and credit of \$36.13 June 6, being balance of amount advanced to Mr. Campbell by Havana Agency April 14 and credited back as \$36.13 June 6"-----	6.34"

The following comments occur on page 48 of Mr. Rank's report:

"Your accountant is unable to say what the \$36.13 returned by J.A. McCRARY covered. This \$36.13 was credited to SUSPENSE ACCOUNT GENERAL on June 7, 1926, as a return of a part of the \$300.00 advanced to Deputy Governor CAMPBELL by the Havana Agency on April 14, 1926 (See DEBIT ticket, 5/12/26, \$42.47, and CREDIT tickets, 5/12/26, \$300.00; 6/7/26, \$36.13; 6/12/26, \$6.34, on page 41).

"The following information regarding fares to Cocoa, Florida, McCRARY'S objective point, was obtained from the office of the Southern Railway Company:

"One way fare,	Havana	to Key West	\$17.50	
Pullman Upper,	Key West	" Cocoa	<u>3.30</u>	\$20.80
" " "	Havana	" Key West	17.50	
" Lower,	Key West	" Cocoa	<u>4.13</u>	21.63
" " "	Havana	" Cocoa	31.62	
" Upper,	Key West	" "	<u>3.30</u>	34.92
" " "	Havana	" "	31.62	
" Lower,	Key West	" "	<u>4.13</u>	35.75
" " "	"	" " "	14.12	
" Upper,	"	" " "	<u>3.30</u>	17.42
" " "	"	" " "	14.12	
" Lower,	"	" " "	<u>4.13</u>	18.25
" " "	Cocoa	" Atlanta	18.47	
" Upper,	"	" "	<u>5.10</u>	23.57
" " "	"	" "	18.47	
" Lower,	"	" "	<u>6.38</u>	24.85"

Official Attitude in Campbell Matter.-

Although he accompanied Mr. Campbell on his expedition to Havana and himself participated in that expedition, Mr. McCrary, in his capacity as a director of the Federal Reserve Bank of Atlanta, attended a directors' meeting held on September 24, 1926, and voted to approve the report of the Committee appointed by the Board of Directors to make an investigation of the personal conduct of the parties accompanying the shipment of currency to Cuba, which report completely "whitewashed" Campbell and exonerated him of all blame and incidentally upheld McCrary's own action in accompanying the shipment to Havana and taking along a friend who had no official connection with the Federal Reserve Bank. (Letter, Albertson to Federal Reserve Board, September 24, 1926.)

He also attended a meeting of the Board of Directors held on October 8 and voted in favor of the resolution of the Board of Directors expressing confidence in Campbell and surprise at the action of the Federal Reserve Board in removing Campbell from office. (Letter, Albertson to Federal Reserve Board, October 9, 1926.)

His participation in the action of the Board of Directors on these matters affecting his own personal interest is a fair indication of what Mr. McCrary's attitude would be toward other matters

81

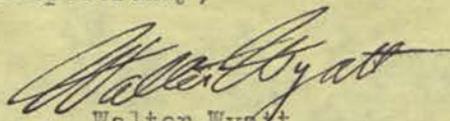
-7-

affecting his personal interest which might come up for action in the Board of Directors of the Federal Reserve Bank of Atlanta.

Relations with Manley Banks.

From copies of certain letters forwarded to the Board by Mr. O. R. Iuhring, Assistant Attorney General, under date of October 7th, it appears that McCrary was "very friendly" with W. D. Manley, President of the Bankers Trust Company of Atlanta, Georgia, and head of the so-called "Manley Chain" or "Witham System" of Banks, which was undoubtedly the greatest enemy the Federal Reserve System had in the South. Incidentally, it may be mentioned that Manley is now under indictment as a result of certain events leading up to the collapse of the Bankers Trust Company.

Respectfully,



Walter Wyatt  
General Counsel.

See 124

COMPARISON BETWEEN THE NEW YORK FEDERAL RESERVE BANK AND  
CHICAGO FEDERAL RESERVE BANK WITH SELECTED EUROPEAN  
CENTRAL BANKS, MARCH 31, 1926.

(In thousands of dollars) 1/

	Capital and surplus	Total resources
New York Federal Reserve Bank	93,888	1,448,905
Bank of England 2/	88,916	1,519,167
Bank of France	14,049	2,047,524
German Reichsbank	85,650	1,120,753
Chicago Federal Reserve Bank	46,904	618,119
National Bank of Belgium	4,055	505,178
Bank of Italy 3/	12,061	2,364,177
Netherlands Bank	15,428	336,337
National Bank of Switzerland	6,248	178,094

1/ Converted at current rate of exchange March 31, 1926

2/ Banking and Issue Department combined

3/ Statement of March 20, 1926.

Correspondence

FEDERAL RESERVE  
BOARD

109 109 Penn  
Date May 10, 1928

To Mr. Hamlin  
From Mr. Goldenweiser

Subject

109  
449

I transmit herewith a supplementary table showing for certain central banks capital and surplus and total resources. I do not believe that the total resources are a very valuable item for comparison because the practice of carrying items "gross" or "net" differs from bank to bank and changes in these methods of accounting make a great difference in the aggregate resources. I believe that loans and investments or note and deposit liabilities are much more significant for purposes of comparison. When you ask me about the strength of the different banks, I must say that the reserve position of the New York bank is definitely the strongest of any of the banks included in the table and probably of any other central bank. The volume of credit of the New York bank that is actually in use, of course, is relatively small, which does not indicate that the bank is less important, but merely that at this particular time the demand for reserve bank credit is not as large as the resources of the bank would be able to meet. The liabilities of the bank are also not as large as those of the Bank of England or the Bank of France, although larger than any of the other banks. The capital and surplus of the New York bank is larger than that of any of the other banks and that of Chicago is also larger than any of the banks listed with the exception of the Bank of England and the German Reichsbank. I should say that considering the reserves of the bank and

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Page 109

To

From

- 2 -

its potential lending power, the New York bank is unquestionably the strongest central bank in the world.

## Office Correspondence

FEDERAL RESERVE  
BOARD117 see BH  
Date October 22, 1926 /To Mr. Hamlin

Subject: \_\_\_\_\_

From Mr. GoldenweigerE. G. J.

3-4495

I transmit herewith a brief resumé of the Federal reserve system since its organization, which I hope will answer your purpose. I attach to it a table along the lines that I prepared for you last summer brought up to date, also a table showing the distribution of earnings of the Federal reserve system and of the Federal Reserve Bank of Boston from 1914 to 1925 and a table comparing certain items in the Federal Reserve Bank of Boston with certain foreign banks.

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Page 117

FEDERAL RESERVE DEVELOPMENTS

The period of twelve years which has elapsed since the Federal reserve banks opened their doors for business on November 16, 1914, embraces roughly eight years during which the activities of the reserve banks were largely influenced by the exigencies of war financing and post-war readjustments, and only four years of functioning under conditions which may be described as approaching normal peace time conditions. In a measure, the extraordinary economic and financial developments of the earlier period prevented for the time being the development of a banking and credit policy adapted to permanent peace time requirements. During the period prior to our entrance into the war, the Federal Reserve Board and the reserve banks were largely occupied with the task of organization; with the definition of the reserve districts; the location of the reserve banks, the selection of directors, officers, and staffs for the banks, and the formulation of methods of operation, as well as the definition of paper eligible for discount. During this initial period member banks were gradually transferring a portion of their reserves to the reserve banks. The reduction of reserve requirements, effected by the provisions of the Reserve Act, released funds which had previously been held in the reserves, and the inflow of gold in payment for food and war supplies purchased by the belligerents in this country, provided ample funds to supply the increasing requirements of member banks without recourse to the Federal reserve banks. Under these conditions the reserves of the reserve banks exceeded their combined note and deposit liabilities. Upon our entrance into the war in April, 1917, it became apparent to those administering the system that Federal reserve policy must be formulated with a view to assisting the Treasury in floating war loans. The very rapid increase in the use of reserve bank credit during that period was

due to the policy adopted by which individuals purchasing war bonds could buy them on the deferred payment plan, borrowing the balance of the purchase price from the banks, which in turn could rediscount this so-called war paper with the reserve banks. While it has often been said that the war put a severe strain on the Federal reserve system, it is equally true that it was owing to the war that the Federal reserve system began to function on a large scale and overcame the original inertia and prejudice against it which otherwise might have indefinitely delayed its development.

In reviewing the developments of the Federal reserve system after the close of the war and the period of rapid credit expansion following it, a table is presented which shows some of the most important economic factors in their relation to Federal reserve credit. Commodity prices, which had been advancing rapidly owing to conditions arising out of the war, had reached their peak in May, 1920, and after that began rapidly to decline. <sup>The</sup> ~~This~~ price advance was characterized by the fact that the physical volume of business activity was not increasing, and the rise in prices represented largely competitive bidding for a limited supply of goods. The purchasing power for this bidding arose out of the very rapid growth of bank credit caused by war time conditions. In 1920 the discount rates at the reserve banks were advanced to a high level, partly because the reserve position of the banks was approaching the legal minimum, and partly because the rapid expansion of credit needed to be checked. Credit, however, continued to increase to the end of 1920, while prices began to decline rapidly after the spring of the year. Between May, 1920 and January, 1922, the general index of prices declined from 248 to 138, or by more than 40 per cent. In was not until the beginning of 1922 that business and prices began to recover from the decline and it was not until the

middle of that year that the loan liquidation, both at the member banks and the reserve banks, came to an end. An important factor in bringing about the liquidation at the reserve banks was the rapid inflow of gold from abroad, together with the diminished currency requirements, resulting in a flow of currency from circulation into the reserve banks. Industrial activity began to revive late in 1921 and 1922 was a year of general recovery and readjustment, accompanied in the latter part of the year by some increase in reserve bank credit. Since 1922 the volume of reserve bank credit in use has fluctuated considerably, but is at present at about the same level as four years ago. During these four years the volume of bank credit in the United States has increased by about \$12,000,000,000 and the volume of loans and investments of member banks alone by about \$8,000,000,000. The additional reserves required for this large increase in bank credit arose from continued gold imports and from a gradual increase in the proportion of time deposits requiring only 3 per cent of reserves in the total of deposits against which reserves are required.

Since the reestablishment of the gold standard in England and other European countries in 1925, international gold movements have been on a much smaller scale and more responsive to price and money rate conditions in the different markets. In other words, the relation between the different countries of the world have returned more nearly to conditions prevailing prior to the war. Under these circumstances, the credit policy of the reserve banks must be adjusted not only to current trends in domestic conditions, but also to developments abroad, which through the international movement of gold and other liquid funds, have a direct bearing on the American money market.

5

During these past four years the Federal reserve system has made great progress in developing the technique of credit administration. Discount rate policy has been closely adjusted to business conditions and has been re-enforced by the development of a system of open-market policy. Through the purchase or sale of securities in the open-market, the reserve banks are in a position to increase or decrease the volume of funds available and thus to reenforce the effect of discount rate changes. ~~In~~ <sup>It</sup> in 1926 the business conditions have been prosperous and business activity in large volume. Throughout the year the policy of the Federal reserve banks has been one of watchful waiting and ~~actual~~ caution. In the middle of the year the discount rate at the New York reserve bank was advanced, and later in the autumn the system's security holdings were reduced by a considerable amount. The general price level has been declining since the latter part of 1925 and for the year this decline has amounted to about 6 per cent. With the large volume of production, and a sustained consumers' demand for goods, and a gradual declining price level, the situation is in marked contrast to the <sup>conditions</sup> ~~period~~ in 1919-1920. At that time business activity was declining, while prices were rapidly increasing. The growth of bank credit under the conditions prevailing in 1919-1920 is, therefore, fundamentally different from the growth during the past year, because the recent growth has come during a period of growing business activity at a price level which not only has not advanced, but has gradually tended downward.

	: : Production: :(1919=100):	: : Prices :(1913=100):	: : Net gold : imports or : exports 1/	: : U. S. :: : Discounts: : 2/	: : Securities: : 2/	: : Acceptances: : 2/	: : Total : earning : assets 2/	: : New York : discount : rate 3/	
1920:									
June	107	243	-\$70,792,683	\$2,461,022	\$347,445	\$401,184	\$3,209,650	7	per cent
Dec.	90	179	165,760,748	2,730,360	339,140	244,001	3,313,502	7	
1921:									
June	77	142	339,252,155	1,817,749	302,710	54,716	2,175,175	6	
Dec.	83	140	328,123,916	1,185,432	226,005	105,499	1,517,194	4 1/2	
1922:									
June	94	150	112,868,226	438,789	592,647	135,181	1,166,617	4	
Dec.	116	156	125,426,665	663,562	379,763	261,077	1,304,433	4	
1923:									
June	122	153	109,640,912	744,306	155,133	225,396	1,124,891	4 1/2	
Dec.	110	151	184,431,485	774,733	103,099	322,431	1,200,351	4 1/2	
1924:									
June	94	145	222,387,212	374,592	415,970	51,125	842,963	3 1/2	
Dec.	117	157	35,685,393	301,716	554,587	356,613	1,220,706	3	
1925:									
June	110	157	-150,269,955	437,621	345,707	264,589	1,060,667	3 1/2	
Dec.	121	156	15,903,337	690,896	358,412	367,864	1,428,732	3 1/2	
1926:									
June	118	152	81,384,689	476,044	408,776	244,038	1,139,808	3 1/2	
Sept.	121	151	-10,107,961	641,797	315,747	263,992	1,225,236	4	

1/ For the preceding six months; 1926, July to September

2/ Represents daily average holdings (In thousands of dollars) for June and December, 1920-25 and for June and September, 1926

3/ In effect June 30 and December 31, 1920-25 and on June 30 and September 30, 1926

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FEDERAL RESERVE BANK EARNINGS

During the first fifteen months of the system's operation, the heavy expense of organization was such that the reserve banks did not earn sufficient amounts to cover their expenses <sup>and dividends.</sup> Beginning with 1916, however, the amounts earned were sufficient not only to pay expenses and dividends, but <sup>from 1917 on</sup> to make considerable payments of franchise tax to the United States Government. During the years 1920-1921 the banks' earnings were so large that the franchise tax alone amounted to \$60,000,000 for each year. Since that time earnings have been much smaller and in some years ~~and many~~ <sup>some</sup> of the banks have had to pay their dividends and part of their expenses out of surplus. This was true of the Boston bank in 1924. The Boston bank did not pay any franchise tax in 1924 or in 1925, while in 1921 it paid more than \$3,000,000 to the United States Treasury.

The attached table shows gross and net earnings of the twelve Federal reserve banks combined and of the Federal Reserve Bank of Boston for each year from 1914 to 1925.

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DISTRIBUTION OF EARNINGS OF THE FEDERAL RESERVE SYSTEM  
AND OF THE FEDERAL RESERVE BANK OF BOSTON FROM 1914  
TO 1925

	Earnings		Disposition of net earnings				
	Gross	Net	Dividends paid	Transferred to surplus	Franchise tax paid U.S. Gov't	Profit (*) or loss (-) carried forward	
<b>System:</b>							
1914	\$63,145	2/ \$310,287	-	-	-	- \$310,287	
1915	2,110,107	168,828	217,463	-	-	- 48,635	
1916	5,217,998	2,750,998	1,742,774	-	-	+1,008,224	
1917	16,128,339	9,579,607	6,801,726	1,134,234	1,134,234	+ 509,413	
1918	67,584,417	52,716,310	5,540,684	48,334,341	-	-1,158,715	
1919	102,380,583	78,367,504	5,011,832	70,651,778	2,703,894	-	
1920	181,296,711	149,294,774	5,654,018	82,916,014	60,724,742	-	
1921	122,865,866	82,087,225	6,119,673	15,993,086	59,974,466	-	
1922	50,498,699	16,497,736	6,307,035	- 659,904	10,850,605	-	
1923	50,708,566	12,711,286	6,552,717	2,545,513	3,613,056	-	
1924	38,340,449	3,718,180	6,682,496	-3,077,962	113,646	-	
1925	41,800,706	9,449,066	6,915,958	2,473,808	59,300	-	
<b>Boston:</b>							
1914	891	2/ 25,818	-	-	-	- 25,818	
1915	124,568	2/ 8,785	-	-	-	- 8,785	
1916	490,888	295,935	249,735	-	-	+ 46,200	
1917	1,285,884	740,359	601,756	75,100	75,100	- 11,597	
1918	4,475,195	3,305,180	384,180	2,921,000	-	-	
1919	7,497,583	5,777,381	414,447	5,362,934	-	-	
1920	12,273,253	10,272,564	447,266	7,351,799	2,473,499	-	
1921	6,968,662	4,281,353	473,109	772,324	3,035,920	-	
1922	3,541,313	1,097,402	481,951	- 170,782	786,233	-	
1923	3,506,683	1,252,135	480,267	77,187	694,681	-	
1924	2,559,016	470,422	477,798	- 7,376	-	-	
1925	3,288,546	1,140,581	502,648	637,933	-	-	

1/ Amounts shown as transferred to surplus account for 1922 are net, i.e., after the deduction of amounts charged to surplus account on December 31, 1922, and paid to the United States Government as franchise tax for prior years as follows: for 1921 Boston, \$247,350.

2/ Excess of expenses.

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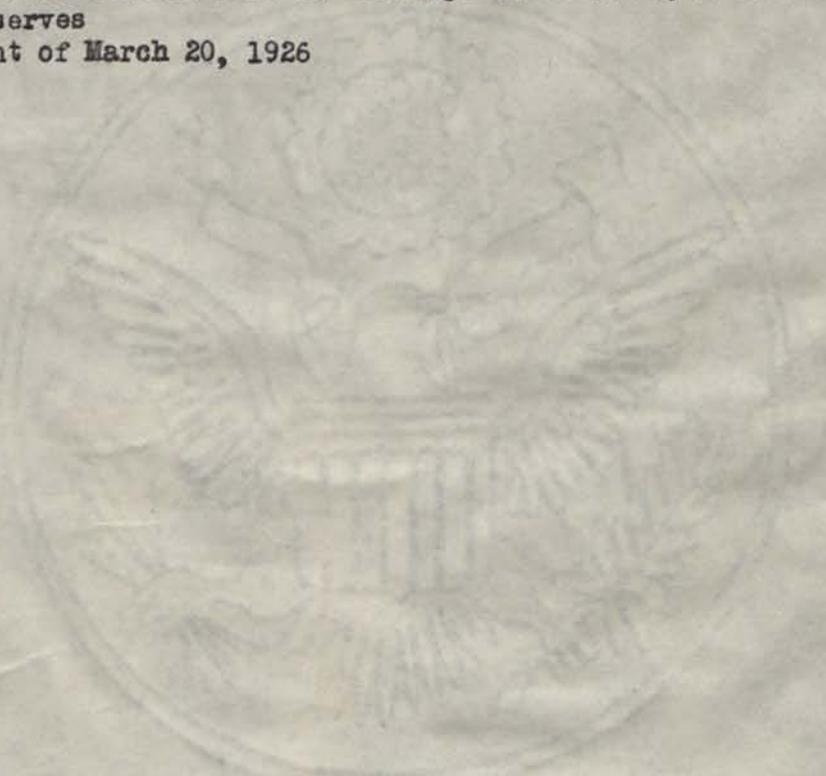
Comparison of the Federal Reserve Bank of Boston with Selected Central Reserve Banks of Europe.

(Bank statement nearest March 31)

	Total reserves	Loans, discounts and investments	Total note and deposit liabilities and surplus	Ratio of reserves to note and deposit liabilities	Capital and surplus	Total resources
Boston Federal Reserve Bank	222,532	94,846	300,646	74.0	25,792	381,952
Bank of England.....	713,664	696,966	1,321,676	54.0	88,916	1,519,167
Bank of France <sup>2/</sup> .....	204,640	1,682,106	1,920,004	10.7	14,049	2,047,324
German Reichsbank.....	469,396	585,666	900,840	52.1	85,650	1,120,753
National Bank of Belgium...	11,342	283,280	299,497	3.8	4,055	305,178
Bank of Italy <sup>3/</sup> .....	66,009	638,996	622,126	10.6	12,061	2,364,177
Netherlands Bank.....	242,937	89,171	343,095	70.8	15,428	366,367
National Bank of Switzerland	86,772	70,392	169,012	51.3	6,248	178,094

(In thousands of dollars) <sup>1/</sup>

- <sup>1/</sup> Converted at current rate of exchange on March 31, 1926
- <sup>2/</sup> Gold reserves
- <sup>3/</sup> Statement of March 20, 1926



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EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS

OCTOBER 1926. Total earnings of the Federal reserve banks in October were \$4,255,000 - the largest amount reported since December, 1925 and prior to that date, December 1923. Earnings from discounted bills were \$150,000 and from purchased bills and U. S. securities \$179,000 larger than the September figures.

Current expenses in October aggregated \$2,304,000 as compared with \$2,196,000 in the month preceding and \$2,249,000 in October last year.

10 MONTHS ENDING OCTOBER. During the first ten months of the year earnings totaled \$38,654,000 as compared with \$33,223,000 for the corresponding period last year and \$31,698,000 for the first ten months of 1924.

Current expenses (including the cost of Federal reserve currency) amounted to \$22,772,000 during the ten-month period, a decline of \$278,000 from the corresponding period last year and of \$1,216,000 from the total for the first ten months of 1924.

After providing for all current expense and dividend requirements, the balance of net earnings on October 31 was \$9,802,488 as compared with less than half that amount on the same date last year.

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CONFIDENTIAL  
Not for publication

FRS, OCTOBER 1926.

St. 5152

Federal Reserve Bank	Month				October			Year 1926			
	Earnings				Current expenses	Percent at dividends	Annual rate of current net earnings on average paid-up capital	Current net earnings to Oct. 31	Dividends accrued to Oct. 31	Balance available for depreciation allowances, surplus, franchise tax, etc.	
	From dis-counted bills	From pur-chased bills and U. S. securities	From other sources	Total						On Oct. 31	On Sept. 30
St. Louis	\$139,430	\$124,312	\$5,579	\$269,321	\$170,576	63.7	13.2	\$1,030,040	\$435,599	\$594,441	\$538,220
New York	556,320	317,891	12,644	886,855	529,229	59.7	11.7	3,163,300	1,736,542	1,426,758	1,248,328
Philadelphia	169,586	138,133	7,887	315,606	181,046	57.4	12.7	1,205,745	604,822	600,923	528,870
Cleveland	239,160	182,571	10,983	432,814	197,978	45.7	20.9	1,429,163	670,475	758,688	583,452
Richmond	155,132	61,027	8,102	224,261	110,449	49.2	21.9	919,424	302,981	616,443	533,168
Atlanta	189,246	109,548	4,683	303,477	118,385	39.0	43.3	1,542,030	246,276	1,096,354	936,426
Chicago	303,117	285,708	24,011	612,836	337,259	55.0	19.4	2,007,980	819,027	1,188,953	996,784
St. Louis	143,092	68,221	1,575	212,888	123,233	57.9	19.9	917,124	261,367	655,757	592,685
Minneapolis	37,861	116,698	28,265	182,824	87,460	47.8	36.3	467,247	156,842	310,405	230,495
Kansas City	42,316	140,071	21,885	204,272	143,388	70.2	17.1	840,515	210,918	629,597	589,655
Dallas	66,026	106,293	16,096	188,415	102,810	54.6	23.4	808,615	214,476	594,139	529,990
San Francisco	213,048	198,237	3,960	415,245	202,452	48.7	29.1	1,749,764	419,734	1,330,030	1,160,239
TOTAL											
Oct. 1926	2,254,394	1,854,810	145,670	4,254,874	2,304,265	54.2	18.5	15,881,547	6,079,059	9,802,488	8,468,372
Sept. 1926	2,104,984	1,675,743	150,257	3,930,984	2,196,113	55.9	17.1	10,172,989	5,747,154	4,425,835	3,328,218
Oct. 1925	1,935,246	1,854,159	140,169	3,929,574	2,249,366	57.3	17.0				

FEDERAL RESERVE BOARD  
DIVISION OF BANK OPERATIONS  
C. NOVEMBER 10, 1926.

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Burb  
Wbank of Atlanta  
Cuban agency.

Crane's  
Old Berkshire

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DATA SHOWING THAT  
THE SOLE HAVANA AGENCY OF THE FEDERAL RESERVE SYSTEM  
SHOULD BE ATTACHED TO  
THE FEDERAL RESERVE BANK OF ATLANTA

To

THE FEDERAL RESERVE BOARD,  
WASHINGTON, D. C.

TO THE FEDERAL RESERVE BOARD,  
WASHINGTON, D. C.

Gentlemen:

We respectfully submit herewith data relating to the Sixth Federal Reserve District, comparatively arranged with similar data of the First Federal Reserve District, to show that the sole "Havana Agency" of the Federal Reserve System should be attached to the Federal Reserve Bank of Atlanta:

The population of the Sixth Federal Reserve District is growing, particularly in urban population, Exhibit 1. The growth of urban population is accompanied by an increasing volume of building permits, Exhibit 2.

The population of the Sixth Federal Reserve District is continuing to produce large agricultural values, Exhibit 3, its growing manufacturing centers are increasing the volume and value of their products, Exhibits 4 and 5, and these and other varied activities of the Sixth District are reflected by large and growing values of exports and imports, Exhibit 6, and by its tonnage of water borne commerce, Exhibit 7.

The Sixth Federal Reserve District being adjacent to the Island of Cuba, and having many good harbors connected with the larger part of the United States by direct and shorter railroad and water routes, it is but natural and logical that a large commerce between it and Cuba is growing up, Exhibit 8.

The currency of the United States having been made legal tender by Cuba, and the Federal Reserve Board having established an agency in Cuba "as a means of stabilizing banking conditions and furnishing an adequate supply of clean currency" in Cuba, it was good judgment then, and is so today, that issues of the Atlanta Federal Reserve Bank were determined upon as Federal Reserve notes for Cuban circulation.

This allocation of Federal Reserve note issues resulted in additional lending power of the Sixth Federal Reserve District, a direct benefit to and availed of by the agricultural, industrial and commercial interests within this District, Exhibit 9.

To make these Federal Reserve notes issues of the Boston Federal Reserve Bank will further increase a lending power not needed by the agricultural, industrial or commercial interests of the First Federal Reserve District, Exhibit 10.

These exhibits show changes of magnitude that have quietly occurred in the Sixth Federal Reserve District, even rapidly when compared with the United States as a whole, and show conclusively a strong and continuing trend toward the fuller development of the natural resources within this District; but the same cannot be said of the data relating to the First District.

Transfer of currency and communication between Cuba and the Federal Reserve System is facilitated by the use of the Federal Reserve Bank of Atlanta, and particularly by the use of its Jacksonville Branch Bank, Exhibit 11 and Exhibit 12.

In conclusion, the Sixth Federal Reserve District is qualified to assume and exercise for the Federal Reserve System all of its functions in Cuba. The continuation of the present arrangement of two agencies of the Federal Reserve System in Havana is not conducive to efficiency or economy. The proximity of Atlanta and the flow of commerce between Cuba and the Sixth District should determine your Honorable Body to grant to the Federal Reserve Bank of Atlanta the sole Cuban agency.

From FEDERAL RESERVE BANK OF ATLANTA.

Atlanta, Ga.  
October 4, 1926.

AREA AND POPULATION  
FIRST AND SIXTH FEDERAL RESERVE DISTRICTS

From the Twelfth Annual Report of the Federal Reserve Board, for the Year 1925, page 293, we find the area in square miles and the population estimated as of January 1, 1926, for each of the several Federal Reserve Districts.

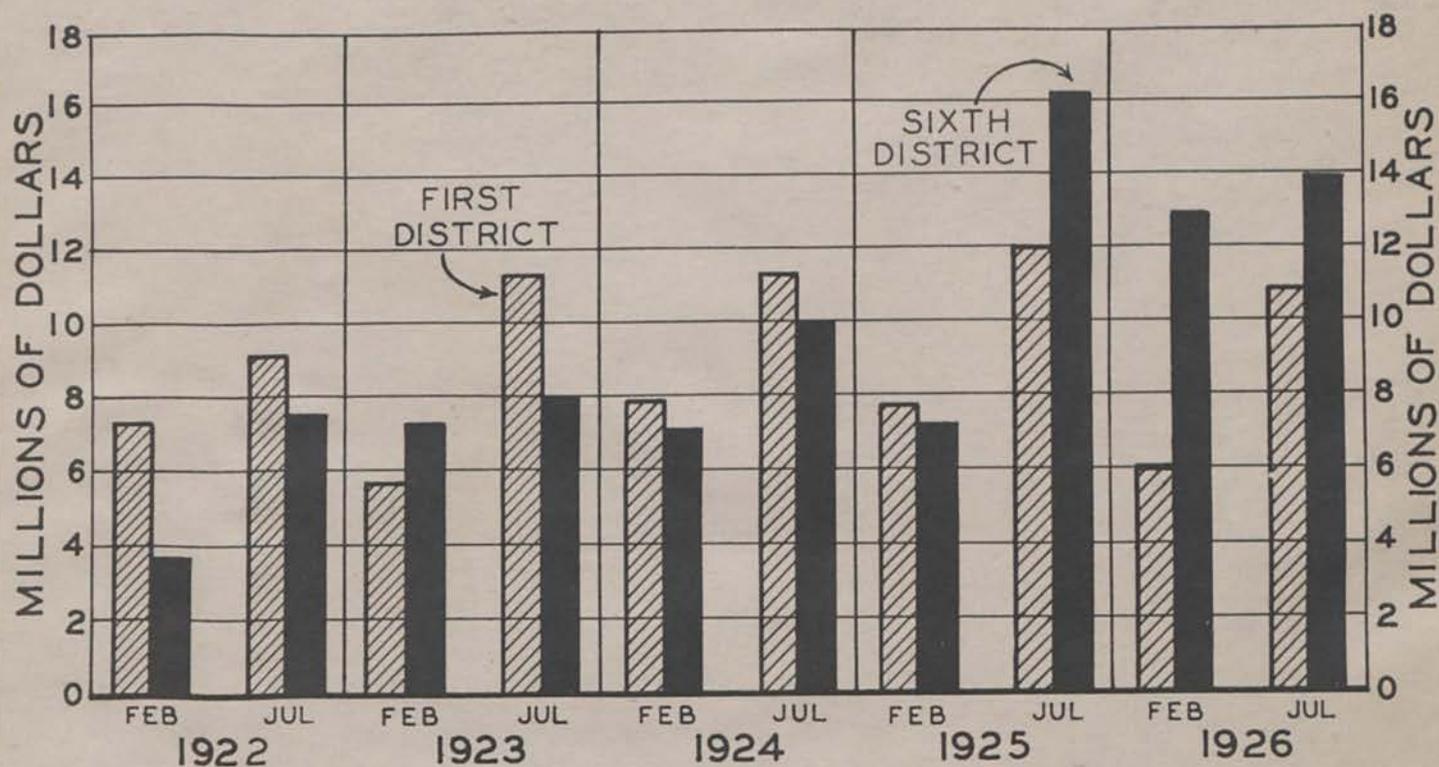
The Sixth Annual Report of the Federal Reserve Board, for the Year 1919, shows, on pages 533-534, estimates of population, as of December 31, 1919, for the First and Sixth Districts which were in excess of the actual populations of those Districts as determined by the United States Census as of January 1, 1920. The populations used here for the First and Sixth Districts as of January 1, 1920 are those shown by the 1920 Census for the present district areas.

	<u>First District</u>	<u>Sixth District</u>
Area Square Miles	61,345	248,226
Population January 1, 1926	7,670,000	10,834,000
"    January 1, 1920	7,071,000	9,962,000
"    Increase	599,000	872,000
% Increase	8.48%	8.76%
 <u>CITIES OF 50,000 *</u>		
Population January 1, 1926	4,211,000	2,283,000
"    January 1, 1920	3,838,000	1,712,000
"    Increase	373,000	571,000
% Increase	9.7%	33.3%

\* This data derived from estimates by Bell Telephone System of populations in local telephone service areas, and are in excess of U. S. Census populations within city limits.

VALUE OF BUILDING PERMITS  
 MONTHS OF FEBRUARY AND JULY  
 FEDERAL RESERVE SYSTEM BULLETINS

Exhibit 2.



First District data is from 14 Cities, with approximately 30% of present First District Population.

Permits, above 10 months, aggregate - \$ 89,472,000

Sixth District data is from 15 Cities, with approximately 18% of present Sixth District Population.

Permits, above 10 months, aggregate - \$ 93,988,000

VALUE AGRICULTURAL PRODUCTS22 CROPS

1924 Statistical Abstract, page 613, U. S. Dept. of Commerce.

The value of the yearly agricultural products of the Sixth Federal Reserve District is from four to five times the value of the yearly agricultural products of the First Federal Reserve District.

The following data is given in terms of thousands of dollars:

	<u>1919</u>	<u>1922</u>	<u>1924</u>
United States	\$12,442,997	\$ 7,073,691	\$ 8,703,144
First District	223,583	148,167	162,514
Sixth District	1,110,532	708,780	784,239

NOTE - Apportionment of Crop Values to Sixth Federal Reserve District: All of Georgia, Alabama, Florida, 60% of Tennessee, 60% of Louisiana and 50% of Mississippi Crop Values.

VALUE OF MANUFACTURED PRODUCTS

1924 Statistical Abstract, pp. 756-759

U. S. Department of Commerce.

These reports show that the value of the manufactured products of the Sixth Federal Reserve District is growing faster than that of the United States, as a whole, and decidedly faster than the value of manufactured products of the First Federal District is growing.

The data in terms of thousands of dollars are:

	<u>1914</u>	<u>1923</u>	<u>Increase</u>
United States	\$24,246,435	\$60,555,998	150%
First District	2,926,675	6,419,975	120%
Sixth District	903,494	2,308,692	156%

NOTE - Apportionment of value of Manufactured Products to Sixth Federal Reserve District: All of Georgia, Alabama, Florida, 75% of Tennessee, 75% of Louisiana and 50% of Mississippi, values of manufactures.

COTTON SPINDLES - IN PLACE AND IN USE

1924 Statistical Abstract, p. 780; Activity in Cotton Spinning Industry, August 1926; U. S. Department of Commerce.

The cotton manufacturing industry, in terms of spindles installed and in use, is growing rapidly in the Sixth Federal Reserve District.

In thousands of spindles the data are:

SPINDLES GAINED

<u>Year</u>	<u>United States</u>		<u>First District</u>		<u>Sixth District</u>	
1915-1926	4,683	100%	359	7.7%	1,369	29.2%

SPINDLES IN PLACE

1915	32,841	100%	17,526	53.4%	3,577	10.9%
1922	36,946	100%	18,856	51.0%	4,408	11.9%
Aug. 1926	37,524	100%	17,885	47.5%	4,946	13.2%

SPINDLES ACTIVE

Aug. 1926	31,322	100%	12,855	41.1%	4,682	14.9%
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SPINDLE HOURS - in Millions

Aug. 1926	7,489	100%	2,358	31.5%	1,290	17.2%
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NOTE - Apportionment of Cotton Spindles and Use to Sixth Federal Reserve District: All of Georgia, Alabama and Tennessee.

IMPORTS AND EXPORTS

1923 Statistical Abstract, pp. 445 and 461  
 1924 " " pp. 435 and 440

U. S. Department of Commerce.

The following data on imports and exports are given  
 in thousands of dollars:

<u>IMPORTS</u>	<u>United States</u>	<u>First District</u>	<u>Sixth District</u>
Average 1915-1919	2,514,557	271,681	126,029
1921	2,509,148	235,486	136,380
1924	3,610,553	336,798	256,406
 <u>EXPORTS</u>			
Average 1915-1919	5,304,009	276,568	469,677
1921	4,485,031	110,396	592,740
1924	4,590,982	115,162	596,382

WATER BORNE COMMERCE OF THE UNITED STATES  
AND BY STATES OF THE 1ST AND 6TH FEDERAL RESERVE DISTRICTS  
Fiscal Year ended June 30, 1925 in Cargo Tons of 2,240 Lbs.  
(From Report of Bureau of Research, U. S. Shipping Board)

	<u>Imports</u>	<u>Exports</u>	<u>Total</u>
United States	41,089,133	52,168,924	93,258,057
Maine	537,526	243,732	781,258
Massachusetts	2,446,052	343,651	2,789,703
Rhode Island	695,148	401	695,549
Connecticut	41,105	3,055	44,160
FIRST DISTRICT	<u>3,719,831</u>	<u>590,839</u>	<u>4,310,670</u>
Per Cent. of U. S.	9.0%	1.1%	4.6%
Georgia	557,304	348,970	906,274
Florida	1,107,880	1,657,668	2,765,548
Alabama	334,248	759,290	1,093,538
Mississippi	20,938	282,350	303,288
Louisiana	<u>5,419,231</u>	<u>5,295,467</u>	<u>10,714,698</u>
SIXTH DISTRICT	<u>7,439,601</u>	<u>8,343,745</u>	<u>15,783,346</u>
Per Cent. of U. S.	18.0%	16.0%	16.9%

COMPARATIVE DATA OF WATER BORNE COMMERCE  
 BETWEEN THE PORTS OF THE 1ST AND 6TH FEDERAL RESERVE DISTRICTS  
 AND THE ISLAND OF CUBA, IN CARGO TONS OF 2240 POUNDS.  
 COVERING FISCAL YEARS ENDING JUNE 30TH.

COMPILED FROM REPORT OF BUREAU OF RESEARCH, U.S. SHIPPING BOARD.

<u>IMPORTS - FROM CUBA</u>	<u>First District</u>	<u>Sixth District</u>
1923	281,458	1,246,054
1924	260,042	1,136,014
1925	299,777	1,558,928
TOTAL THREE YEARS	<u>841,277</u>	<u>3,940,996</u>
EXPORTS - TO CUBA		
1923	27,863	761,456
1924	30,717	786,263
1925	28,285	1,140,840
TOTAL THREE YEARS	86,865	2,688,559
TOTAL IMPORTS AND EXPORTS		
1923	309,321	2,007,510
1924	290,759	1,922,277
1925	328,062	2,699,768
TOTAL THREE YEARS	928,142	6,629,555

FOREIGN TRADE OF CUBA - PAN AMERICAN UNION: NO. 4, 1926,  
 GIVES THESE DATA ON CUBAN COMMERCE:

	<u>1923</u>	<u>1924</u>
Exports - Total	\$421,074,643*	\$434,865,295*
- to United States	367,345,910	362,264,908
% of Total to U. S.	87.3%	83.3%
*Excludes Re-Exports of and excludes Money Exports	1,524,313	1,430,449

This Report classifies exports by articles, with quantities and values, from which it is calculated that the Sixth District tonnage imports from Cuba, given above, are 1/3 of the value of all Cuban exports to the United States.

NOTES ON EXHIBIT 9 - FEDERAL RESERVE BANK OF ATLANTA

" 10 - FEDERAL RESERVE BANK OF BOSTON

The graphs showing Bills Discounted include accommodations extended other Federal Reserve Banks and accommodations received through rediscounting with other Federal Reserve Banks.

See Eighth Annual Report of the Federal Reserve Board, p. 216, on Inter District Accommodation.

In that these graphs of Bills Discounted include both accommodations extended and received, they differ from the graphs of Bills Discounted shown in the Twelfth Annual Report of the Federal Reserve Board, which graphs include only accommodations received, thereby avoiding duplications for the System as a whole; pp. 302 and 307.

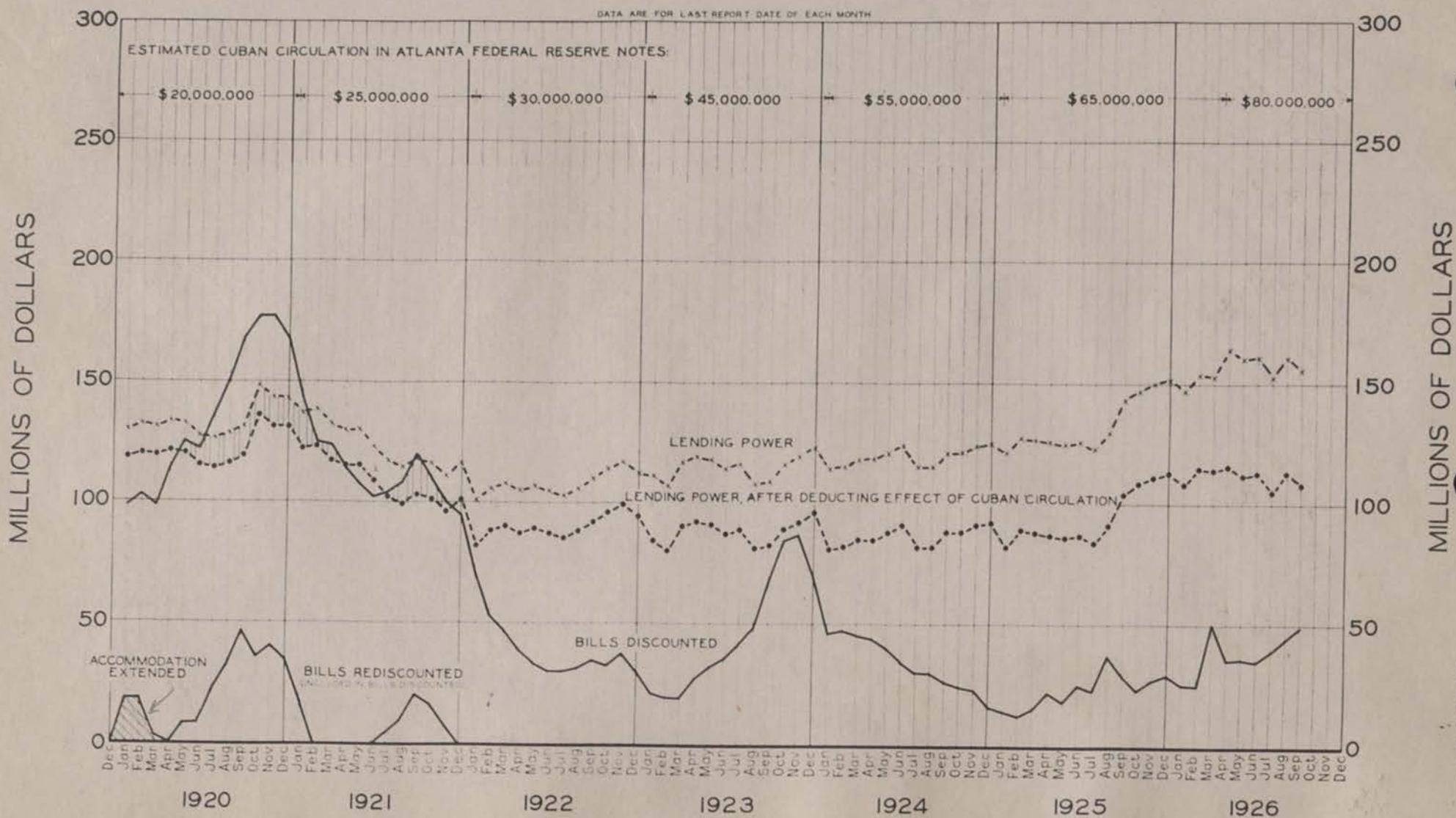
As shown here, it is possible to ascertain the District requirements, as well as the accommodation received and extended, by the First and the Sixth Districts.

From Exhibit 9 it is evident that without that lending power resulting from Cuban circulation in notes of Atlanta Federal Reserve Bank, the Sixth District would have been obliged to receive additional accommodation in 1920, 1921, part of 1922 and probably part of 1923.

# FEDERAL RESERVE BANK OF ATLANTA

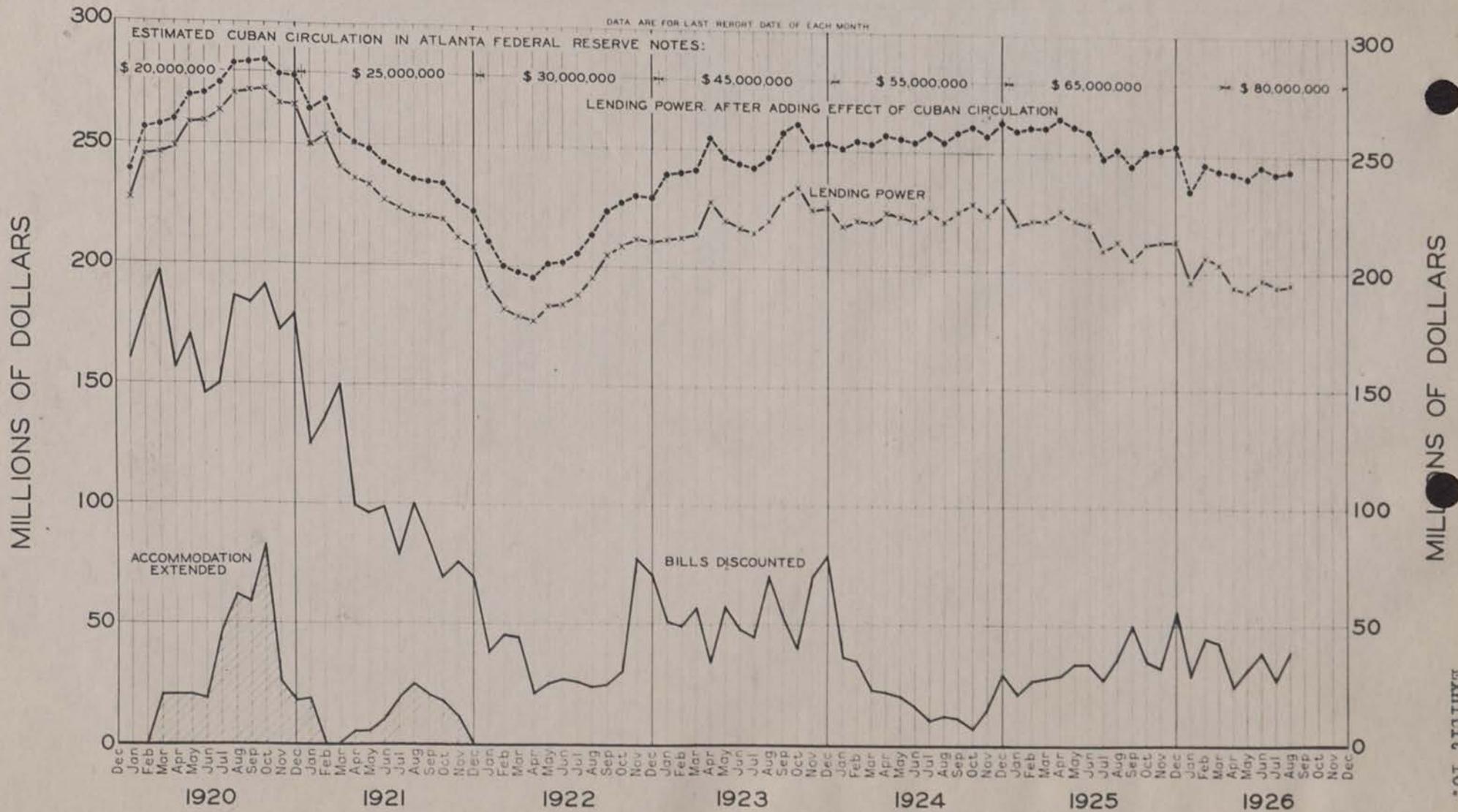
LENDING POWER AND THAT LENDING POWER LESS EFFECT OF CUBAN CIRCULATION  
IN NOTES OF ATLANTA FEDERAL RESERVE BANK

BILLS DISCOUNTED, AND BILLS REDISCOUNTED, INCLUDED IN BILLS DISCOUNTED



# FEDERAL RESERVE BANK OF BOSTON

LENDING POWER; THAT LENDING POWER PLUS EFFECT OF  
CUBAN CIRCULATION IN NOTES OF ATLANTA FEDERAL  
RESERVE BANK, AND BILLS DISCOUNTED.



## MAILS TO AND FROM HAVANA

Furnished by the Atlanta Post Office 9/24/26.

These Schedules show that for business purposes Jacksonville is 48 hours nearer Havana than is Boston and that Atlanta is 24 hours nearer Havana than is Boston. These Schedules are all on Eastern Time.

<u>Jacksonville</u>	<u>Havana</u>	<u>Mail Time</u>
Leave 2.45 P. M.	due 4.30 P.M. 1 day later	25 hrs. 45 min.
<u>Boston</u>		
Leave 4.25 P.M.	due 4.30 P.M. 3 days later	72 hrs. 5 min.
" 9.46 P.M.	" 4.30 P.M. 3 " "	66 hrs. 44 min.
" 8.01 A.M.	" 4.30 P.M. 3 " "	80 hrs. 29 min.
<u>Atlanta</u>		
Leave 9.50 P.M.	due 4.30 P.M. 2 days later	42 hrs. 40 min.
" 1.00 A.M.	" 4.30 P.M. 2 " "	39 hrs. 30 min.
" 9.25 A.M.	" 4.30 P.M. 2 " "	55 hrs. 5 min.
<u>Havana</u> Leave 10.00 A.M. and are		
Due Jacksonville	12.01 P.M. 1 day later	26 hrs. 1 min.
" Atlanta	7.15 A.M. 2 days later	45 hrs. 15 min.
" Boston	4.25 A.M. 3 days later	66 hrs. 25 min.

## ROUTES AND MILEAGES

The attached map shows routes from Boston, Atlanta and Jacksonville to Havana, Cuba.

These are railroad and mail routes and would be the routes used by air mail service.

Distances are as follows:

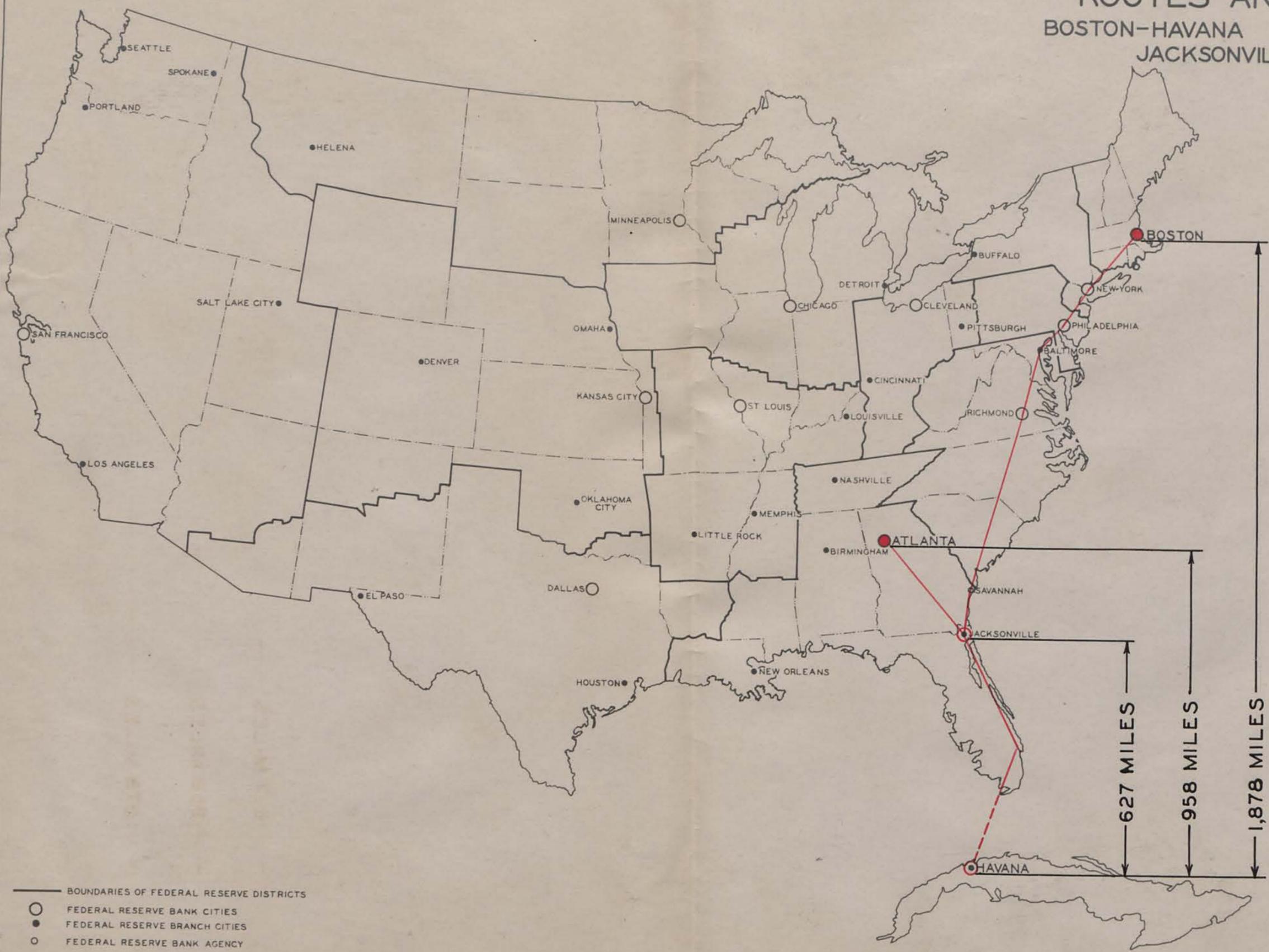
	<u>Miles</u>
Boston - Havana	1,878
Atlanta - Havana	958
Jacksonville - Havana	627

Air mails may be assumed as moving 100 miles per hour.

# ROUTES AND MILEAGES

BOSTON-HAVANA ATLANTA-HAVANA  
 JACKSONVILLE-HAVANA

Exhibit 12.



- BOUNDARIES OF FEDERAL RESERVE DISTRICTS
- FEDERAL RESERVE BANK CITIES
- FEDERAL RESERVE BRANCH CITIES
- FEDERAL RESERVE BANK AGENCY