

The Papers of Charles Hamlin (mss24661)

368_02_001-

Hamlin, Charles S., Scrap Book – Volume 244, FRBoard Members

205.001 - Hamlin Charles S
Scrap Book - Volume 244
FRBoard Members

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date August 11, 1941

To The Files

Subject: _____

From Mr. Coe

MPC.

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 244 of Mr. Hamlin's scrap book and placed in the Board's files:

VOLUME 244

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Earnings and Expenses of F.R. Banks, June 1933.

Page 99

Letter from Gov. of F.R. Board to Mr. Acheson, Under Secretary of Treasury, answering inquiry as to advisability of establishing a free gold market for gold mined in America.

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Confidential Memo re Direct Loans to Individuals.

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Earnings and Expenses of Federal Reserve Banks, July 1933.

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Letter to Mr. Hamlin from F.R.Bk. of Chicago re Proclamation issued by Gov. of Illinois for a bank holiday on March 4.

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Data re McFadden impeachment resolution. (Memo from Mr. Chase to Mr. Hamlin)

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Letters from J. M. Daiger to Gov. Black and Mr. Hamlin re F.R. System.

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Letter to Mr. Hamlin from Gov. Harrison re New York State declaring banking holiday.

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EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, JUNE 1933

Federal Reserve Bank	Month of June 1933								January - June 1933			
	Earnings from -					Current expenses		Current net earnings		Current net earnings		
	Dis-counted bills	Pur-chased bills	U.S.Gov't. securities	Other sources	Total	Exclusive of cost of F. R. currency	Total	Total	Ratio to paid-in capital	Total	Ratio to paid-in capital	Less accrued dividends and net charges (current) to profit and loss
									Per cent		Per cent	
Boston	\$20,767	\$2,267	\$172,420	\$8,507	\$203,961	\$150,907	\$172,554	\$31,407	3.6	\$311,807	5.9	-\$14,380
New York	130,946	10,256	1,302,589	64,690	1,508,481	526,289	595,444	913,037	19.0	5,545,987	19.1	3,869,166
Philadelphia	62,387	2,727	235,587	1,483	302,184	161,025	163,877	138,307	10.6	1,073,794	13.6	580,300
Cleveland	131,833	2,246	300,622	8,756	443,457	215,053	221,093	222,364	19.9	1,192,119	17.3	733,591
Richmond	39,975	1,002	88,795	3,714	133,486	115,037	116,816	16,670	3.7	59,337	2.3	-143,563
Atlanta	29,403	958	87,675	7,639	125,675	100,080	101,507	24,168	6.1	267,607	11.5	123,800
Chicago	44,890	3,434	462,637	18,933	529,894	269,761	300,580	229,314	20.2	1,132,145	14.7	654,108
St. Louis	6,703	891	118,415	4,759	130,768	112,921	117,686	13,082	4.0	530	--	-153,172
Minneapolis	17,754	656	102,885	18,713	140,008	85,459	85,704	54,304	23.4	208,307	14.7	116,481
Kansas City	17,635	806	100,803	19,179	138,423	129,221	132,862	5,561	1.6	15,174	.7	-109,682
Dallas	13,394	916	87,786	1,185	103,281	94,075	95,097	8,184	2.6	-8,700	--	-126,204
San Francisco	102,634	3,530	217,607	2,872	326,643	211,340	212,211	114,432	13.2	854,570	16.4	504,759
TOTAL												
June 1933	618,321	29,689	3,277,821	160,430	4,086,261	2,171,168	2,315,431	1,770,830	14.5			
May 1933	890,933	132,059	3,346,792	128,471	4,498,255	2,237,836	2,309,576	2,188,679	17.2			
June 1932	1,398,988	149,730	2,535,518	337,962	4,422,198	2,048,956	2,132,229	2,289,969	18.0			
Jan.-June 1933	6,842,801	1,097,263	16,871,477	829,598	25,641,139	13,447,465	14,988,462	10,652,677	14.3	10,652,677	14.3	6,035,204
1932	11,451,151	2,013,849	11,437,424	1,482,439	26,384,863	12,375,109	12,907,580	13,477,283	17.3	13,477,283	17.3	8,804,561

FEDERAL RESERVE BOARD
 DIVISION OF BANK OPERATIONS
 JULY 13, 1933

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See NH

FEDERAL RESERVE BOARD

WASHINGTON

OFFICE OF GOVERNOR

July 26, 1933

Dear Mr. Acheson:

You have asked my opinion as to the advisability of establishing a free gold market for gold mined in America.

There are three plans under which this may be done:

(1) The gold miners may be authorized to export their gold and to sell it to the arts at the world market price.

(2) A free gold market might be established in America and possibly confined to gold mined in America.

(3) A free gold market might be established in America and possibly confined to gold mined in America, in which market there might be purchases and sales of gold at a fixed price.

It would be well to consider these three plans separately, starting with the third plan.

The third plan represents the kind of gold market in existence in this country prior to the gold embargo, with the exception only that the purchases and sales may be limited to American mined gold.

A fatal objection now to this plan is the fixing of the price at which the gold can be purchased and sold. Such fixation of price constitutes in effect devaluation of the dollar at a determined rate. This should not be allowed in advance of a determination as to whether the dollar is to be devalued, and if so, at what rate. This third plan is the plan now advocated by the Committee for the Nation which I am informed advocates the establishment on such market of the price of \$36.17 an ounce for gold, which price would constitute a devaluation of the dollar of 42.8 per cent. A free gold market on a fixed basis should not be authorized except as a part of a policy of return to the gold standard with a definite amount of devaluation of the dollar at the rate fixed. I take it that we are not yet prepared for this step.

The second plan covers a free gold market such as has existed in England since the English abandoned the gold standard. Under this English market all gold may be freely bought and sold at the market price, may then be kept or may be exported, and may be freely imported for offering upon this market. This market is possible in England because England left the gold standard by relieving the Bank of England of the necessity of redeeming sterling with gold. England placed no gold embargo, impounded no gold, and instituted no anti-holding laws or campaign. America did all this. In addition to her embargo on gold exports she gathered from her citizens \$325,000,000 of gold coin and \$500,000,000 of gold certificates.

I feel that the Nation is not in position, after the acquirement of this gold coin and gold certificates from its citizens, now to favor the gold miner with a free market for his gold, in which market there might be an annual sale of \$50,000,000 of gold, and in this way allow such miner to obtain the present world price for his gold when the citizen who voluntarily turned in \$825,000,000 of his gold is by reason of that action denied profits which would have accrued to him in such world price if he had been allowed to retain his gold and was thus able to offer it on such market.

In this country it would be difficult to hold a free gold market within the limits of gold mined. Any holder of any other kind of gold would be entitled to the same market.

Again, such free market would imply the right to keep and to hold and in practical effect to hoard the gold bought at such market. This right is inconsistent with our present policy.

Again, such a market would have difficulty in excluding from its operations gold imports and in the end might lead to serious general consequences as a result of gold speculation if such imports were allowed.

The first plan involves a permit to the gold miner to export his gold and to sell it to the arts in America at market prices. This is by far the least objectionable of the three plans. The only question that such an authorization would raise would be the probable protest of the citizens who have turned in at the Government's request \$825,000,000 of

Mr. Acheson - 3

gold which would now have brought world prices if it had remained in private hands and the same right of export was accorded it. In considering this question of fairness it must be remembered that it will arise when and if the Nation returns to the gold standard with a diminished gold content of the dollar, but I doubt seriously if it should be raised now at the insistence of the right of export by these gold miners. It would appear that it might easily be deferred until such time as there may be a governmental determination as to the dollar. I am of opinion in the public good that the gold miner might well await this decision.

On the other hand, if there are urgent reasons for solving the question now I would heartily favor the first plan, involving only the right of export limited to gold mined in America and the right of sale of the American gold mined to the Arts at market prices.

With my regards, I am

Sincerely yours,

Governor.

Hon. Dean Acheson,
Under Secretary of the Treasury,
Washington, D. C.

73^D CONGRESS
1ST SESSION

H. RES. 158

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 1933

Mr. MCFADDEN submitted the following resolution; which was referred to the Committee on the Judiciary and ordered to be printed

RESOLUTION

On my own responsibility as a Member of the House of Representatives, I impeach Eugene Meyer, former member of the Federal Reserve Board; Roy A. Young, former member of the Federal Reserve Board; Edmund Platt, former member of the Federal Reserve Board; Eugene R. Black, member of the Federal Reserve Board and officer of the Federal Reserve Bank of Atlanta; Adolph Caspar Miller, member of the Federal Reserve Board; Charles S. Hamlin, member of the Federal Reserve Board; George R. James, member of the Federal Reserve Board; Andrew W. Mellon, former Secretary of the United States Treasury and former ex-officio member of the Federal Reserve Board; Ogden L. Mills, former Secretary of the United States Treasury and former ex-officio member of the Federal Reserve Board; William H. Woodin, Secretary of the United States Treasury and ex-officio member of the Federal Reserve Board;

John W. Pole, former Comptroller of the Currency and former ex-officio member of the Federal Reserve Board; J. F. T. O'Connor, Comptroller of the Currency and ex-officio member of the Federal Reserve Board; F. H. Curtiss, Federal Reserve agent of the Federal Reserve Bank of Boston; J. H. Case, Federal Reserve agent of the Federal Reserve Bank of New York; R. L. Austin, Federal Reserve agent of the Federal Reserve Bank of Philadelphia; George De Camp, former Federal Reserve agent of the Federal Reserve Bank of Cleveland; L. B. Williams, Federal Reserve agent of the Federal Reserve Bank of Cleveland; W. W. Hoxton, Federal Reserve agent of the Federal Reserve Bank of Richmond; Oscar Newton, Federal Reserve agent of the Federal Reserve Bank of Atlanta; E. M. Stevens, Federal Reserve agent of the Federal Reserve Bank of Chicago; J. S. Wood, Federal Reserve agent of the Federal Reserve Bank of Saint Louis; J. N. Peyton, Federal Reserve agent of the Federal Reserve Bank of Minneapolis; M. L. McClure, Federal Reserve agent of the Federal Reserve Bank of Kansas City; C. C. Walsh, Federal Reserve agent of the Federal Reserve Bank of Dallas; Isaac B. Newton, Federal Reserve agent of the Federal Reserve Bank of San Francisco, jointly and severally, of high crimes and misdemeanors, and offer the following resolution:

Whereas I charge the aforesaid Eugene Meyer, Roy A. Young, Edmund Platt, Eugene R. Black, Adolph Caspar Miller, Charles S. Hamlin, George R. James, Andrew W. Mellon, Ogden L. Mills, William H. Woodin, John W. Pole, J. F. T. O'Connor, members of the Federal Reserve Board; F. H. Curtiss, J. H. Case, R. L. Austin, George De Camp, L. B. Williams, W. W. Hoxton, Oscar Newton, E. M. Stevens, J. S. Wood, J. N. Peyton, M. L. McClure, C. C. Walsh,

Isaac B. Newton, Federal Reserve agents, jointly and severally, with violations of the Constitution and laws of the United States, and whereas I charge them with having taken funds from the United States Treasury which were not appropriated by the Congress of the United States, and I charge them with having unlawfully taken over eighty billions of dollars from the United States Government in the year 1928, the said unlawful taking consisting of the unlawful creation of claims against the United States Treasury to the extent of over eighty billions of dollars in the year 1928, and I charge them with similar thefts committed in 1929, 1930, 1931, 1932, and 1933, and in years previous to 1928, amounting to billions of dollars; and

Whereas I charge them, jointly and severally, with having unlawfully created claims against the United States Treasury by unlawfully placing United States Government credit in specific amounts to the credit of foreign governments and foreign central banks of issue, private interests and commercial and private banks of the United States and foreign countries, and branches of foreign banks doing business in the United States to the extent of billions of dollars, and with having made unlawful contracts in the name of the United States Government and the United States Treasury; and with having made false entries on books of account; and

Whereas I charge them, jointly and severally, with having taken Federal Reserve notes from the United States Treasury and with having issued Federal Reserve notes and with having put Federal Reserve notes into circulation without obeying the mandatory provision of the Federal Reserve Act which requires the Federal Reserve Board to fix an interest rate on all issues of Federal Reserve notes supplied to Federal Reserve banks, the interest resulting therefrom to be paid

by the Federal Reserve banks to the Government of the United States for the use of the said Federal Reserve notes, and I charge them with having defrauded the United States Government and the people of the United States of billions of dollars by the commission of this crime; and

Whereas I charge them, jointly and severally, with having purchased United States Government securities with United States Government credit unlawfully taken and with having sold the said United States Government securities back to the people of the United States for gold or gold values and with having again purchased United States Government securities with United States Government credit unlawfully taken and with having again sold the said United States Government securities back to the people of the United States for gold or gold values, and I charge them with having defrauded the United States Government and the people of the United States by this rotary process; and

Whereas I charge them, jointly and severally, with having unlawfully negotiated United States Government securities, upon which the Government's liability was extinguished, as collateral security for Federal Reserve notes and with having substituted such securities for gold which was being held as collateral security for Federal Reserve notes, and with having by this process defrauded the United States Government and the people of the United States, and I charge them with the theft of all the gold and Federal Reserve currency they obtained by this process; and

Whereas I charge them, jointly and severally, with having unlawfully issued Federal Reserve currency on false, worthless, and fictitious acceptances and other circulating evidences of debt, and with having made unlawful advancements of Federal Reserve currency, and with having unlawfully permitted

renewals of acceptances and renewals of other circulating evidences of debt, and with having permitted acceptance bankers and discount dealer corporations and other private bankers to violate the banking laws of the United States; and

Whereas I charge them, jointly and severally, with having conspired to have evidences of debt to the extent of over one billion dollars artificially created at the end of February 1933 and early in March 1933 and with having made unlawful issues and advancements of Federal Reserve currency on the security of the said artificially created evidences of debt for a sinister purpose, and with having assisted in the execution of the said sinister purpose; and

Whereas I charge them, jointly and severally, with having brought about a repudiation of the currency obligations of the Federal Reserve banks to the people of the United States, and with having conspired to obtain a release for the Federal Reserve Board and the Federal Reserve banks from their contractual liability to redeem all Federal reserve currency in gold or lawful money at any Federal Reserve bank, and with having defrauded the holders of Federal Reserve currency, and with having conspired to have the debts and losses of the Federal Reserve Board and the Federal Reserve banks unlawfully transferred to the Government and the people of the United States; and

Whereas I charge them, jointly and severally, with having unlawfully substituted Federal Reserve currency and other irredeemable paper currency for gold in the hands of the people after the decision to repudiate the Federal Reserve currency and the national currency was made known to them, and with having thus obtained money under false pretenses; and

Whereas I charge them, jointly and severally, with having brought about a repudiation of the national currency of the United States in order that the gold value of the said currency might be given to private interests, foreign governments, foreign central banks of issue, and the Bank for International Settlements, and the people of the United States be left without gold or lawful money and with no currency other than a paper currency irredeemable in gold, and I charge them with having done this for the benefit of private interests, foreign governments, foreign central banks of issue, and the Bank for International Settlements; and

Whereas I charge them, jointly and severally, with conniving with the Edge Law banks and other Edge Law institutions, accepting banks, and discount corporations, unlawfully to finance foreign governments, foreign central banks of issue, foreign commercial banks, foreign corporations and foreign individuals with funds unlawfully taken from the United States Treasury, and I charge them with having unlawfully permitted and made possible "mass financing" of foreigners at the expense of the United States Treasury to the extent of billions of dollars and with having unlawfully permitted and made possible the bringing into the United States of immense quantities of foreign securities, created in foreign countries for export to the United States, and with having unlawfully permitted the said foreign securities to be imported into the United States instead of gold which was lawfully due to the United States on trade balances and otherwise, and with having unlawfully permitted and facilitated the sale of the said foreign securities in the United States in a manner prejudicial to the public welfare and inimical to the Government of the United States; and

Whereas I charge them, jointly and severally, with having unlawfully made loans of gold and of gold values belonging to the bank depositors and the general public of the United States to foreign governments, foreign central banks of issue, foreign commercial banks, foreign corporations and individuals, and the Bank for International Settlements, to the loss and detriment of the Government and the people of the United States; and

Whereas I charge them, jointly and severally, with having unlawfully exported gold reserves belonging to the national bank depositors and gold belonging to the general public of the United States to foreign countries and with having converted the said gold into foreign currencies and with having used it for the benefit of foreigners and for speculative purposes abroad, and with having unlawfully converted to their own use and the use of others gold belonging to the United States stored or held in foreign countries and with having unlawfully prevented the shipment to the United States of the said gold which was due to the United States and with having permitted the importation under their supervision of false, worthless, and fictitious trade paper and foreign securities of doubtful value in lieu of it, and with having caused the United States to lose the said gold; and

Whereas I charge them, jointly and severally, with having unlawfully exported United States coins and currency for a sinister purpose, and with having deprived the people of the United States of their lawful circulating medium of exchange, and I charge them with having arbitrarily and unlawfully reduced the amount of money and currency in circulation in the United States to the lowest rate per capita in the history

of the Government so that the great mass of the people have been left without a sufficient medium of exchange, and I charge them with concealment and evasion in refusing to make known the amount of United States money in coins and paper currency exported abroad and the amount remaining in the United States, as a result of which refusal the Congress of the United States is unable to ascertain where the United States coins and issues of currency are at the present time and what amount of United States currency is now held abroad; and

Whereas I charge them, jointly and severally, with having arbitrarily and unlawfully raised and lowered the rates on money and with having arbitrarily increased and diminished the volume of currency in circulation for the benefit of private interests and foreign speculators at the expense of the Government and the people of the United States and with having unlawfully manipulated money rates, wages, salaries, and property values, both real and personal, in the United States, by unlawful operations in the open discount market and by resale and repurchase agreements unsanctioned by law; and

Whereas I charge them, jointly and severally, with having brought about the decline in prices on the New York Stock Exchange and other exchanges in October 1929 by unlawful manipulation of money rates and volume of United States money and currency in circulation; by thefts of funds from the United States Treasury; by gambling in acceptances and United States Government securities; by services rendered to foreign and domestic speculators and politicians, and by the unlawful sale of United States gold reserves, and whereas I charge that the unconstitutional inflation law imbedded in the so-called "Farm Relief Act" by which the Federal Reserve Board and the Federal Reserve banks are given

permission to buy United States Government securities to the extent of \$3,000,000,000 and to draw forth currency from the people's Treasury to the extent of \$3,000,000,000 is likely to result by connivance on the part of the said accused with others in the purchase by the Federal Reserve banks of United States Government securities to the extent of \$3,000,000,000 with the United States Government's own credit unlawfully taken, it being obvious that the Federal Reserve Board and the Federal Reserve banks do not intend to pay anything of value to the United States Government for the said United States Government securities, no provision for payment in gold or lawful money appearing in the so-called "Farm Relief Act", and that the United States Government will thus be placed in the position of conferring a gift of \$3,000,000,000 in United States Government securities on the Federal Reserve Board and the Federal Reserve banks to enable them to pay more of their bad debts to foreign governments, foreign central banks of issue, private interests and private and commercial banks, both foreign and domestic, and the Bank for International Settlements, and whereas the United States Government will thus go into debt to the extent of \$3,000,000,000 and will then have an additional claim for \$3,000,000,000 in currency unlawfully created against it, and whereas no private interests should be permitted to buy United States Government securities with the Government's own credit unlawfully taken, and whereas currency should not be issued for the benefit of the said private interests or any interests on United States Government securities so acquired, and whereas it has been publicly stated and not denied that the inflation amendment to the Farm Relief Act is the matter of benefit which was secured by Ramsay MacDonald, the

Prime Minister of Great Britain, upon the occasion of his latest visit to the White House and the United States Treasury, and whereas there is grave danger that the accused will employ the provision creating United States Government securities to the extent of \$3,000,000,000 and \$3,000,000,000 in currency to be issuable thereupon for the benefit of themselves and their foreign principals, and that they will convert the currency so obtained to the uses of Great Britain by secret arrangements with the Bank of England of which they are the agents and for which they maintain an account and perform services at the expense of the United States Treasury, and that they will likewise confer benefits upon the Bank for International Settlements, for which they maintain an account and perform services, at the expense of the United States Treasury; and

Whereas I charge them, jointly and severally, with having unlawfully concealed the insolvency of the Federal Reserve Board and the Federal Reserve banks and with having failed to report the insolvency of the Federal Reserve banks to the Congress and with having conspired to have the said insolvent institutions continue in operation, and with having permitted the said insolvent institutions to receive United States Government funds and other deposits, and with having permitted them to exercise control over the gold reserves of the United States and with having permitted them to transfer upwards of one hundred billion dollars of their debts and losses to the general public and the Government of the United States, and with having permitted foreign debts of the Federal Reserve banks to be paid with the property, the savings, the wages, and the salaries of the people of the United States, and with the farms and homes of the American people, and whereas I charge them with forcing

the bad debts of the Federal Reserve banks upon the general public covertly and dishonestly and with taking the general wealth and savings of the people of the United States under false pretenses, to pay the debts of the Federal Reserve banks to foreigners; and

Whereas I charge them, jointly and severally, with violations of the Federal Reserve Act and other laws; with maladministration of the Federal Reserve Act; and with evasions of Federal Reserve law and other laws, and with having unlawfully failed to report violations of law on the part of Federal Reserve banks which, if known, would have caused the said Federal Reserve banks to lose their charters; and

Whereas I charge them, jointly and severally, with failure to protect and maintain the gold reserves and the gold stock and gold coinage of the United States and with having sold the gold reserves of the United States to foreign governments, foreign central banks of issue, foreign commercial and private banks, and other foreign institutions and individuals at a profit to themselves, and I charge them with having sold gold reserves of the United States so that between 1924 and 1928 the United States gained no gold on net account but suffered a decline in its percentage of central gold reserves from 45.9 per centum in 1924 to 37.5 per centum in 1928, notwithstanding the fact that the United States had a favorable balance of trade throughout that period, and whereas the United States was the only country which lost a considerable quantity of gold during that period, to wit, 1924 to 1928, inclusive; I charge them with the theft and sale of the said gold to their foreign principals, and I charge them with the theft and sale of 10 per centum of the entire gold stock of the United States during the last four months of 1927 and during 1928 after crediting all importations of

gold received by the United States during that period, this theft and sale of 10 per centum of the gold stock of the United States occasioning the largest gold outflow from the United States that had ever theretofore occurred; and I charge them with the theft and sale of all the gold reserves exported from the United States from the year 1928 to the present time, a period during which the United States has lost gold continuously and has gained no gold on net account, notwithstanding the fact that the balance of trade and accounts throughout the entire period has been in favor of the United States, and whereas the United States has received no gold on net account since 1923, a period of ten years during which the United States has had a favorable balance of trade and has had large sums due to it and payable in gold from foreign nations and has not received such sums in gold; I charge them, the said accused, with the theft of gold which was lawfully due to the United States, with the theft of gold belonging to the United States, and with the unlawful diversion of United States gold to the treasuries and central banks of foreign countries; and I charge them with concealment of the true condition and amount of the gold reserves of the United States at the present time; and

Whereas I charge them, jointly and severally, with having conspired to concentrate United States Government securities and thus the national debt of the United States in the hands of foreigners and international money lenders and with having conspired to transfer to foreigners and international money lenders title to and control of the financial resources of the United States; and

Whereas I charge them, jointly and severally, with having fictitiously paid installments on the national debt with Government credit unlawfully taken; and

Whereas I charge them, jointly and severally, with the loss of United States Government funds intrusted to their care; and Whereas I charge them, jointly and severally, with having destroyed independent banks in the United States and with having thereby caused losses amounting to billions of dollars to the depositors of the said banks and to the general public of the United States; and

Whereas I charge them, jointly and severally, with failure to furnish true reports of the business operations and the condition of the Federal Reserve banks to the Congress and the people, and with having furnished false and misleading reports to the Congress of the United States; and

Whereas I charge them, jointly and severally, with having published false and misleading propaganda intended to deceive the American people and to cause the United States to lose its independence; and

Whereas I charge them, jointly and severally, with unlawfully allowing Great Britain to share in the profits of the Federal Reserve System at the expense of the Government and the people of the United States; and

Whereas I charge them, jointly and severally, with having entered into secret agreements and illegal transactions with Montagu Norman, governor of the Bank of England; and

Whereas I charge them, jointly and severally, with swindling the United States Treasury and the people of the United States in pretending to have received payment from Great Britain of the amount due on the British war debt to the United States in December 1932; and

Whereas I charge them, jointly and severally, with having conspired with their foreign principals and others to defraud

the United States Government and to prevent the people of the United States from receiving payment of the war debts due to the United States from foreign nations; and

Whereas I charge them, jointly and severally, with having robbed the United States Government and the people of the United States by their theft and sale of the gold reserves of the United States and other unlawful transactions and with having created a deficit in the United States Treasury which has necessitated to a large extent the destruction of our national defense and the reduction of the United States Army and the United States Navy and other branches of the national defense; and

Whereas I charge them, jointly and severally, with having reduced the United States from a first-class power to one that is dependent, and with having reduced the United States from a rich and powerful nation to one that is internationally poor; and

Whereas I charge them, jointly and severally, with the crime of having treasonably conspired and acted against the peace and security of the United States, and with having treasonably conspired to destroy constitutional government in the United States: Therefore be it

1 *Resolved*, That the Committee on the Judiciary is
 2 authorized and directed, as a whole or by subcommittee, to
 3 investigate the official conduct of Eugene Meyer, Roy a.
 4 Young, Edmund Platt, Eugene R. Black, Adolph Caspar
 5 Miller, Charles S. Hamlin, George R. James, Andrew W.
 6 Mellon, Ogden L. Mills, William H. Woodin, John W.
 7 Pole, J. F. T. O'Connor, members of the Federal Reserve

1 Board; and F. H. Curtiss, J. H. Case, R. L. Austin, George
 2 De Camp, L. B. Williams, W. W. Hoxton, Oscar Newton,
 3 E. M. Stevens, J. S. Wood, J. N. Peyton, M. L. McClure,
 4 C. C. Walsh, Isaac B. Newton, Federal Reserve agents;
 5 to determine whether, in the opinion of the said committee,
 6 they have been guilty of any high crime or misdemeanor
 7 which, in the contemplation of the Constitution requires the
 8 intervention of the constitutional powers of the House.
 9 Such committee shall report its findings to the House,
 10 together with such resolution or resolutions of impeachment
 11 or other recommendations as it deems proper.

12 For the purposes of this resolution the committee is
 13 authorized to sit and act during the present Congress at
 14 such times and places in the District of Columbia or else-
 15 where, whether or not the House is sitting, has recessed,
 16 or has adjourned, to hold such clerical, stenographic, and
 17 other assistants, to require the attendance of such witnesses
 18 and the production of such books, papers, and documents,
 19 to take such testimony, to have such printing and binding
 20 done, and to make such expenditures as it deems necessary.

H. RES. 158

RESOLUTION

for the impeachment of certain members of the Federal Reserve Board and certain Federal Reserve agents.

By Mr. McFADDEN

MAY 23, 1933

Resolved, That the Committee on the Judiciary be and it is ordered to be printed

17 after assistants, to require the attendance of such witnesses
18 and the production of such books, papers, and documents,
19 to take such testimony, to have such printing and binding
20 done, and to make such expenditures as it deems necessary.

Approved and reported by the Committee on the Judiciary,
J. Edgar Hoover, Chairman.
W. C. Clegg, Charles E. Harbo, George E. Jones, Andrew W.
C. Miller, Gordon L. Mills, William H. Woodin, Henry W.
Ladd, J. E. T. O'Connell, members of the Federal Reserve

See Mr. Hamilton
August 12, 1933.

TO: Mr. Morrill

SUBJECT: Direct Loans to Individuals, etc.

FROM: Mr. Van Fossen

CONFIDENTIAL

Attached hereto is a statement showing the number of applications of individuals, partnerships and corporations for loans not granted by the Federal Reserve banks during the calendar year 1933 to July 31, including a tabulation of the reasons for not granting the loans applied for.

It will be noted that of 122 applications refused, as shown in the statement, 79 were because of unsatisfactory security; 41 paper not eligible; and 2 other credit available.

Direct loans to individuals, partnerships and corporations granted by the Federal Reserve banks during the first 7 months of 1933 and the amount of such loans outstanding on July 31, 1933, were as follows:

	Advanced Jan. 1 to July 31 1933	Outstanding July 31, 1933	
		Total	Amount secured by U. S. Govt. obligations
<u>Federal Reserve Bank of Boston</u>			
H. T. Cushman Mfg. Co., No. Bennington, Vt.	\$ 25,000*	\$ 25,000	--
<u>Federal Reserve Bank of New York</u>			
Ira R. Crouse, Perth Amboy, N. J.	--	10,000	--
Empire Trust Co., New York, N. Y.	1,000,000	--	--
Foster & Stewart Co., " " "	45,000*	52,500	--
Joseph H. Meyer Bros., " " "	--	7,157	--
Miller Cummings Co., " " "	116,114*	162,354	--
Scaramelli and Company " " "	--	2,500	--
L.C. Smith & Corona Typewriters, Inc., N.Y.	150,000*	297,500	--
Nettie Shuff, Philadelphia, Pa.	8,960*#	7,403	--
Verna Whitfield, Brooklyn, N. Y.	45	45	45
Total	1,320,119	539,459	45

In replacement of loan to S. Shuff's Sons., Inc., Brooklyn, N. Y.

	Advanced Jan. 1 to July 31 1933	Outstanding July 31, 1933	
		Total	Amount secured by U.S. Govt. obligations
<u>Federal Reserve Bank of Philadelphia</u>			
Banta Refrigerator Co., Clearfield, Pa.	\$711*	\$186	--
Darling Valve Mfg. Co., Williamsport, Pa.	15,000	15,000	\$15,000
Kurtz Bros., Clearfield, Pa.	32,000*	32,000	--
Adam Scheidt, Norristown, Pa.	67,500	--	--
William T. Tyler, Philadelphia, Pa.	12,000	4,000	4,000
Raymond E. Winter, Williamsport, Pa.	400	400	400
Total	127,611	51,586	19,400
<u>Federal Reserve Bank of Cleveland</u>			
American Savings Bank, Cleveland, Ohio	100,000	80,000	80,000
Bucyrus City Bank, Bucyrus, Ohio	28,000	--	--
Thomas B. Carmichael, Akron, Ohio	1,800	1,600	1,600
Farmers & Merchants Bank, Smithfield, Ohio	4,900	4,900	4,900
Warren Heldman, Cincinnati, Ohio	14,000	14,000	14,000
Tuscarawas Sav. & Loan Co., New Phila., O.	9,550	9,550	9,550
Total	158,250	110,050	110,050
<u>Federal Reserve Bank of Richmond</u>			
Alpine Orchard and Canning Co., Hancock, Md.	2,000	2,000	2,000
Blue Ridge Coal Company, Baltimore, Md.	2,880	2,880	2,880
K. C. Chinn, Lovettsville, Va.	200	200	200
R. R. Mellette, Orangeburg, S. C.	100	--	--
E. A. Talbott, Ellicott City, Md.	12,000	12,000	12,000
Total	17,180	17,080	17,080
<u>Federal Reserve Bank of Atlanta</u>			
Alden Mills, New Orleans, La.	8,692	--	--
Atkinson & Co., " " "	600	--	--
Bank of New Roads, New Roads, La.	7,500	7,500	7,500
Citizens Bldg. & Loan Assn., Rome, Ga.	30,000	--	--
City Bank & Trust Co., Macon, Ga.	30,000	--	--
Geo. M. Cox, New Orleans, La.	2,000	--	--
Empire Trust Co., Atlanta, Ga.	11,000	--	--
Federal Land Bank, New Orleans, La.	300,000	--	--
A. J. Evans, " " "	950	--	--
Granite City Bank, Elberton, Ga.	25,000	--	--
Dr. Adolph Jacobs, New Orleans, La.	500	--	--
Alfred Lewis, Millen, Ga.	485	485	485
Lane Cotton Mills, New Orleans, La.	10,000	--	--
McFadden & West, " " "	600	--	--
New Orleans Stevedoring Co., " "	2,000	--	--
Bessie Scarborough, Poplarville, La.	1,000	--	--
Jackson J. Sells, Ft. Myers, Fla.	3,500	3,500	3,500
Southern Pecan Co., New Orleans, La.	600	--	--
George S. Weems, Shubuta, Miss.	4,017	--	--
A. B. Wright, Fayetteville, Tenn.	600	600	600
Total	439,044	12,085	12,085

Mr. Morrill - #3.

Advanced Jan. 1 to July 31 1933	Outstanding July 31, 1933	
	Total	Amount secured by U. S. Govt. obligations

Federal Reserve Bank of Chicago

Indiana Condensed Milk Co., Indianapolis, Ind.	\$67,500	--	--
International Harvester Co., Chicago, Ill.	210,000	--	--
Total	277,500	--	--

Federal Reserve Bank of St. Louis

William Bahrenburg, Belleville, Ill.	4,750	\$4,750	\$4,750
Gabe Black, Little Rock, Ark.	2,000	--	--
Elkhorn Bk. & Tr. Co., Arkadelphia, Ark.	4,750	--	--
Farmers & Merchants Bk., Des Arc, Ark.	14,060	--	--
Charles P. Hamill, Belleville, Ill.	8,850	7,850	7,850
Barney Plessner, St. Louis, Mo.	2,250	2,250	2,250
W. T. Riley, New Madrid, Mo.	900	900	900
Sachar & Canton, St. Louis, Mo.	18,500	--	--
Total	56,060	15,750	15,750

Federal Reserve Bank of Minneapolis

Bank of Elk River, Elk River, Minn.	5,000	--	--
John Benson, Eagle River, Wis.	3,000	--	--
Peninsula Oil & Gas Co., Iron River, Mich.	1,000*	572	--
M. Ristinen, Menahoga, Minn.	30,000	--	--
Total	39,000	572	--

Federal Reserve Bank of Kansas City

New Mexico Lumber & Timber Co., Bernalillo, N.M.	38,000*	17,071	--
Townley Metal & Hardware Co., Kansas City, Mo.	35,000*	--	--
Union Wire Rope Corp., Tulsa, Okla.	17,000*	12,500	--
Total	90,000	29,571	--

Federal Reserve Bank of San Francisco

Ag. Credit Finance Corp., Phoenix, Ariz.	93,000	--	--
Am. Trust Co., Coeur d'Alene, Idaho	79,000	--	--
H. H. Benjamin, Anaheim, Calif.	13,000	3,000	3,000
Hibernia Savgs. & Loan Society, San Francisco, Calif.	1,000,000	--	--
J. L. McCarthy, Orofino, Idaho	3,400	400	400
Santa Cruz County B. & L. Assn., Santa Cruz, Calif.	18,000	18,000	18,000
Total	1,206,400	21,400	21,400
Total, all districts	3,756,164	822,553	195,810

*Secured otherwise than by U. S. Government obligations.

(B-912b)

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APPLICATIONS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS FOR LOANS
NOT GRANTED BY THE FEDERAL RESERVE BANKS 1933 TO JULY 31.

Federal Reserve Bank	Number of applications not granted		Total number of applications not granted, January 1 to July 31, 1933	Reasons for not granting loans applied for			Amount of loans declined Jan. 1 to July 31, 1933*
	July 1933	June 1933		Paper not eligible	Paper not satisfactorily secured	Other credit available	
Boston	--	--	--	--	--	--	--
New York	11	7	56	11	44	1	\$ 3,627,000
Philadelphia	--	--	4	--	3	1	30,500
Cleveland	--	--	3	3	--	--	15,000
Richmond	--	--	1	--	1	--	10,000
Atlanta	1	2	18	8	10	--	674,900
Chicago	4	2	26	17	9	--	402,450
St. Louis	--	1	2	--	2	--	15,000
Minneapolis	--	--	6	1	5	--	61,000
Kansas City	--	--	2	1	1	--	55,300
Dallas	--	--	1	--	1	--	20,000
San Francisco	--	2	3	--	3	--	75,000
Total	16	14	122	41	79	2	4,986,150

*Approximate; amounts sometimes not stated.

(B-912c)

CONFIDENTIAL

Not for publication

B-811

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, JULY 1933

Federal Reserve Bank	Month of July 1933								January - July 1933			
	Earnings from -					Current expenses		Current net earnings		Current net earnings		
	Dis-counted bills	Pur-chased bills	U.S. Govt. secu-rities	Other sources	Total	Exclusive of cost of F.R. currency	Total	Total	Ratio to paid-in capital	Total	Ratio to paid-in capital	Less accrued dividends and net charges (current) to profit and loss
									Per cent		Per cent	
Boston	\$11,631	\$1,705	\$185,755	\$5,280	\$204,371	\$149,896	\$187,750	\$16,621	1.8	\$328,428	5.3	-\$51,248
New York	111,164	15,643	1,291,504	16,474	1,434,785	543,732	567,787	866,998	17.4	6,412,986	18.9	4,482,347
Philadelphia	56,338	2,452	236,383	899	296,072	169,033	172,851	123,221	9.2	1,197,015	13.0	622,692
Cleveland	44,169	2,308	300,320	14,887	361,684	229,269	232,537	129,147	12.2	1,321,266	16.6	796,505
Richmond	29,878	910	94,743	4,271	129,802	114,024	114,756	15,046	3.3	74,382	2.4	-163,046
Atlanta	19,473	816	91,342	1,623	113,254	95,393	96,087	17,167	4.1	284,774	10.4	116,196
Chicago	34,465	3,036	507,812	19,148	564,461	278,371	292,017	272,444	24.5	1,404,589	16.0	860,698
St. Louis	4,992	771	122,616	3,323	131,702	106,350	105,618	26,084	7.6	26,614	1.1	-148,485
Minneapolis	13,899	522	103,588	1,792	119,801	85,124	86,280	33,521	13.8	241,827	14.6	134,762
Kansas City	35,970	676	103,344	17,409	157,399	126,387	127,438	29,961	8.3	45,135	1.9	-108,063
Dallas	11,551	849	89,491	1,042	102,933	93,942	95,999	6,934	2.1	-1,766	--	-148,532
San Francisco	34,231	3,163	222,285	10,107	269,786	207,099	212,842	56,944	6.3	911,515	14.9	504,931
TOTAL												
July 1933	407,761	32,851	3,349,183	96,255	3,886,050	2,198,620	2,291,962	1,594,088	12.8			
June 1933	618,321	29,689	3,277,821	160,430	4,086,261	2,171,168	2,315,431	1,770,830	14.5			
July 1932	1,487,405	153,833	2,669,287	190,907	4,501,432	2,193,458	2,243,703	2,257,729	17.3			
Jan.-July 1933	7,250,562	1,130,114	20,220,660	925,853	29,527,189	15,646,085	17,280,424	12,246,765	14.1	12,246,765	14.1	6,898,757
1932	12,938,556	2,167,680	14,106,713	1,673,347	30,886,296	14,568,568	15,151,282	15,735,014	17.3	15,735,014	17.3	11,080,085

FEDERAL RESERVE BOARD

DIVISION OF BANK OPERATIONS

AUGUST 12, 1933.

VOLUME 244

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C O P Y

Mr. Hamlin:

Thank you very much. As a matter of fact, the Board's first definite report was at 2:22 a.m. when Mr. Mills reported that "in all probability the Governors of Illinois and New York would declare bank holidays" and it was not until 2:45 a.m. that Mr. Stevens reported that a proclamation was being drafted and at 3:20 a.m. he reported that the holiday would be declared by the Governor.

C. Morrill.

VOLUME 244
PAGE 137

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Om

*Mr. Howell
to read & return
to Mr. Howland*

FEDERAL RESERVE BANK OF CHICAGO

230 SOUTH LA SALLE STREET

August 11, 1933

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

Hon. C. S. Hamlin
Member, Federal Reserve Board
Washington, D. C.

Dear Mr. Hamlin:

I am today in receipt of yours of the ninth, with respect to the Proclamation issued by the Governor of Illinois for a bank holiday on March 4. I am glad to give you as closely as I can my recollection of this event.

The Chicago Clearing House Committee was in session in my office most of that night, as it had been for some days previously. The Governor of Illinois was called in early in the evening of March 3, and afterwards returned to his rooms in the hotel for further consideration and the awaiting of developments. My recollection and that of a number of others who were here is that he returned again to our offices about 11:30 p. m. or possibly a little later. A great deal of discussion was had and the Governor asked two or three lawyers, who were present, to work out a tentative draft of a Proclamation if it should be found necessary to issue such. In the meantime, we were in constant communication not only with Washington, but with New York, and particularly in the latter case as to what action Governor Lehmann of that State was taking. Later, the proposed draft of the Proclamation was submitted to the Governor in our office and as a number of us stood around, he made some changes in the phraseology and discussed it with all of us.

In the hectic events of the night, none of us are quite clear as to just the hour at which the Proclamation was finally signed, but those whom I have consulted agree with me that it must have been after one o'clock, and probably considerably later. I am also quite sure in my recollection that immediately upon the signing of the Proclamation, we notified the Federal Reserve Board in Washington.

My understanding is that when the Proclamation was finally signed (I think nearer two o'clock than one) the official Proclamation was dated as of 11:45 p. m. March 3, as the Governor for some reason thought it desirable to have the Proclamation dated the day before its being published.

I trust that this will give you what you desire and am sorry that I cannot be more explicit as to the exact hour.

8137

August 11, 1933

Hon. C. S. Hamlin

With personal regards, I am

Very truly yours,

John M. Stevens
Chairman

EMS HH

CRANES



JAPANESE BUSINESS ASSOCIATION

MADE IN U.S.A.

Office Correspondence

FEDERAL RESERVE
BOARDDate *See file*
May 24, 1933.To Mr. Wyatt

Subject: _____

From Mr. Hamlin

2-3495

Dear Mr. Wyatt:

Will you kindly boil down the specific charges made by Mr. McFadden in his impeachment resolution, and give very briefly the answers thereto.

Sincerely yours,

*W Hamlin*VOLUME 244
PAGE 143RECEIVED
OFFICE OF GENERAL COUNSEL

MAY 24 1933

11:30 - P. M.
NUMBER 8

Summary of Impeachment Charges of Congressman McFadden against the
Federal Reserve System.

1. Taking 80 billions from the Treasury which were not appropriated by Congress, in 1928, by unlawful creation of claims against the Treasury.
2. Similar crimes in 1929, 1930, 1931, 1932 and 1933.
3. Unlawfully creating claims against the Treasury by placing Government credit to the credit of foreign governments, central banks, private interests, and banks in this country and abroad.
4. Making unlawful contracts in the name of the United States.
5. Making false entries on books of account.
6. Putting Federal reserve notes in circulation without imposing an interest charge.
7. Purchasing Government securities with Government credit unlawfully taken.
8. Selling these securities back to the people for gold or gold values, thus defrauding the public and the Government.
9. Placing as collateral for Federal reserve notes Government securities upon which the Government's liability was extinguished, and substituting such securities for gold, thus stealing the gold.
10. Issuing Federal reserve notes on fictitious acceptances.
11. Making unlawful advancements of such currency.
12. Unlawfully permitting renewals of acceptances and other paper.
13. Permitting acceptance and other bankers to violate the laws of the United States.
14. Conspiracy to create one billion dollars of artificial evidences of debt in February and March, 1933.
15. Using this as security for unlawful issues of currency and extensions of credit.
16. Bringing about a repudiation of Federal reserve banks' obligations to redeem currency.
17. Transferring the debts and losses of the System to the Government and to the people.
18. Unlawfully substituting irredeemable paper currency for gold in the hands of the people.

P 143

19. Bringing about repudiation of the currency in order that the gold value thereof might be given to private interests, foreign banks, etc. for the benefit of the latter.

20. Conniving with international bankers to finance foreign governments, banks, etc. with funds taken from the Treasury.

21. Unlawfully permitting and making possible the bringing into the United States of immense quantities of foreign securities for sale in the United States, instead of the gold which was due on trade balances.

22. Making loans of gold and gold values belonging to the bank depositors and general public of the United States to foreign Governments, banks, etc.

23. Exporting such gold and using it for the benefit of foreigners.

24. Preventing the shipment of gold to the United States, and permitting worthless paper to be imported in its stead.

25. Exporting coin and currency and reducing the money in circulation so that the great mass of the people have been left without a sufficient medium of exchange.

26. Refusing to tell Congress how much gold and currency is exported.

27. Unlawfully raising and lowering the rates on money.

28. Manipulating the volume of currency in circulation for the benefit of private interests and foreign speculators.

29. Unlawful manipulation of values, wages, etc. by unlawful open market operations.

30. Bringing about the break in the stock market in October, 1929, by manipulation of money rates, thefts, gambling in open market operations, services to foreigners, etc.

31. Future intent to use the inflation provisions of the Farm Relief Act to obtain Government bonds with bad money.

32. Intent to pay the System's bad debts to foreigners by secret arrangements with the Bank of England of which they are the agents.

33. Unlawfully concealing the insolvency of the Federal Reserve System.

34. Permitting the Federal reserve banks to continue their operations, transferring vast amounts of their debts and losses to the public and the Government.

35. Paying foreign debts with the property of the American people.

36. Violation, maladministration, and evasion of the Federal Reserve Act and other laws.
37. Failure to protect and maintain our gold reserves.
38. Sale of such gold to foreign governments and others.
39. Concealing the true condition of the gold reserves of the United States.
40. Concentrating United States securities in the hands of foreigners.
41. Conspiracy to transfer to foreigners control of the financial resources of the United States.
42. Paying installments on the national debt with Government credit unlawfully taken.
43. Loss of Government funds intrusted to their care.
44. Destruction of independent banks in the United States, causing the loss of billions to depositors.
45. False reports of the operations and condition of the Federal reserve banks to Congress.
46. Publishing false and misleading propoganda.
47. Allowing Great Britain to share in the profits of the System at the expense of the United States.
48. Entering into secret agreements and illegal transactions with Montague Norman.
49. Swindling the United States by pretending to have received payment from Great Britain of the debt installment in December, 1932.
50. Conspiring to defraud the United States out of receiving war debt payments.
51. Stealing and selling the gold reserves of the United States.
52. Creating a Treasury deficit, thus requiring the destruction of our national defense.
53. Reducing the United States from a first-class power to a poor one,
54. Conspiracy against the people and security of the United States and its constitutional Government.

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41. Conspiracy to transfer to foreigners control of the financial resources of the United States.
42. Paying installments on the national debt with Government credit unlawfully taken.
43. Loss of Government funds intrusted to their care.
44. Destruction of independent banks in the United States, causing the loss of billions to depositors.
45. False reports of the operations and condition of the Federal reserve banks to Congress.
46. Publishing false and misleading propaganda.
47. Allowing Great Britain to share in the profits of the System at the expense of the United States.
48. Entering into secret agreements and illegal transactions with Montagu Norman.
49. Swindling the United States by pretending to have received payment from Great Britain of the debt installment in December, 1933.
50. Conspiring to defraud the United States out of receiving war debt payments.
51. Stealing and selling the gold reserves of the United States.
52. Creating a Treasury deficit, thus requiring the destruction of our national defense.
53. Reducing the United States from a first-class power to a poor one.
54. Conspiracy against the people and security of the United States and its constitutional Government.

Office Correspondence

FEDERAL RESERVE
BOARDDate May 26, 1933.To Mr. Hamlin Subject: McFadden ImpeachmentFrom Mr. G. Howland Chase-Assistant Counsel. Resolution.

2-8495

As requested, the following summary of the impeachment resolution made by Representative McFadden on May 23 (H.Res. 158) has been prepared. The summary follows the resolution paragraph by paragraph, and notes the answers which might be made to certain of the charges. The preparation of a summary is most difficult because of the wild and often almost incoherent statements which the resolution contains; and the only answers which can be made to almost all of the charges are either that they state conclusions of law, or simply that they are not true.

The resolution names the present members of the Federal Reserve Board, the twelve Federal reserve agents, and in addition, several former members of the Board. (With the exception of the present members of the Board, it would seem that the persons named are not subject to impeachment: Const., Art. 2, sec. 4 " * * * civil officers of the United States shall be removed from office on impeachment * * * ").

The persons named are charged with the following acts:

1 With taking funds from the Treasury which were not appropriated by Congress, with having taken \$80,000,000,000, from the Government in 1928 by "the unlawful creation of claims" against the Treasury, and with similar
2 crimes in 1929, 1930, 1931, 1932, and 1933. (Apparently merely a general charge to be detailed below.)

3 With having "unlawfully created claims" against the Treasury by placing Government credit to the credit of foreign governments, central banks, private interests, and banks in this country and abroad; with

7 having made unlawful contracts in the name of the United States; and
8 with having made false entries on books of account.

B 6

With having put Federal reserve notes in circulation without obeying "the mandatory provision of the Federal Reserve Act" requiring the Board to fix a rate of interest on such notes to be paid to the Government. (Imposition of this charge is discretionary; see 1916 Bulletin, p. 273).

7
8

With having purchased Government securities with "Government credit unlawfully taken" and with having sold these securities back to the people for gold or gold values, thus defrauding the people and the Government. (Meaningless, because "unlawfully taken" is not defined or explained.

9

With having placed as collateral for Federal reserve notes Government securities "upon which the Government's liability was extinguished", substituting such securities for gold as collateral, thus stealing the gold.

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11
12
13

With having issued Federal reserve currency on fictitious acceptances and other paper, "with having made unlawful advancements of" such currency, with having unlawfully permitted renewals of acceptances and other paper, and with having permitted acceptance and other bankers to violate the laws of the United States.

14

With conspiring to create \$1,000,000,000 of artificial evidences of debt in February and March, 1933, and with having used this as security for unlawful issues of currency and extensions of credit.

Mr. Hamlin - 3

8 16 With having brought about a repudiation of the Federal
reserve banks' obligations to redeem currency, and with transferring
17 the debts and losses of the System to the Government and to the
people.

9 18 With "unlawfully" substituting irredeemable paper currency
for gold in the hands of the people.

10 19 With having brought about therepudiation of the currency
"in order that the gold value" thereof might be given to private in-
terests, foreign banks, etc., for the benefit of the latter.

11 20 With conniving with international bankers to finance foreign
governments, banks, etc., with funds taken from the Treasury, and with
21 "having unlawfully permitted and made possible the bringing in to the
United States of immense quantities of foreign securities" for sale in
the United States, instead of the gold which was due on trade balances.

12 22 With having made loans of gold and gold values "belonging to
the bank depositors and general public of the United States" to foreign
Governments, banks, etc.

13 23 With having exported such gold and used it for the benefit
of foreigners, and with preventing the shipment of gold to the United
24 States, and permitting worthless paper to be imported in its stead.

14 25 With exporting coin and currency and reducing the money in
circulation "so that the great mass of the people have been left
without a sufficient medium of exchange", and with refusing to tell
26 Congress how much coin and currency was exported.

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48 27 With unlawfully raising and lowering "the rates on money"
28 and manipulating the volume of currency in circulation "for the benefit
29 of private interests and foreign speculators", and with the unlawful
manipulation of values, wages, etc., by unlawful open market operations.

46 30 With having brought about the break in the stock market in
October, 1929 by "manipulation of money rates", thefts, gambling in
open market operations, services to foreigners, etc.; and that they
31 are going to use the inflation provisions of the Farm Relief Act to
obtain Government bonds with bad money, and pay the System's bad debts
32 to foreigners "by secret arrangements with the Bank of England of
which they are the agents", etc. (First part is untrue; second part
charges something new, a "future crime".)

47 33 With having unlawfully concealed the insolvency of the Federal
Reserve System, with permitting the Federal reserve banks to continue their
34 operations, transferring vast amounts of their debts and losses to the
35 public and the Government, and with paying foreign debts with the property
of the American people.

48 36 With violation, mal-administration, and evasion of the Federal
Reserve Act and other laws.

49 37 With having failed to protect and maintain our gold reserves,
38 with having sold such gold to foreign governments and others, and with
39 concealing the true condition of the gold reserves of the United States.

50 40 With concentrating United States securities in the hands of
41 foreigners, and with having conspired to transfer to foreigners control
of the financial resources of the United States.

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21 42 With having "paid installments on the national debt with Government credit unlawfully taken".

22 43 With the loss of "Government funds intrusted to their care".

23 44 With "having destroyed independent banks in the United States" causing the loss of billions to depositors.

24 45 With having furnished false reports of the operations and condition of the Federal reserve banks to Congress.

25 46 With publishing false and misleading propaganda.

26 47 With allowing Great Britain to share in the profits of the System at the expense of the United States.

27 48 With "having entered into secret agreements and illegal transactions with Montagu Norman".

28 49 With swindling the United States by "pretending to have received payment from Great Britain "of the debt installment in December, 1932.

29 50 With conspiring to defraud the United States out of receiving war debt payments.

30 51 With having stolen and sold the gold reserves of the United States, and with having created a Treasury deficit, thus requiring "the destruction of our national defense".

31 52 With having reduced the United States from a first-class power to a poor one.

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54
With having conspired against the people and security of
the United States and its constitutional Government. Therefore, be it

RESOLVED That the Judiciary Committee investigate the matter
to determine whether they are guilty, and to report to the House with
its recommendations, etc.

Respectfully,

G. Howland Chase

G. Howland Chase,
Assistant Counsel.

see N.H.

J. M. DAIGER 719 FIFTEENTH STREET WASHINGTON, D. C.

May 26, 1933

Dear Mr. Hamlin:

In compliance with the telephone message that I received from Mrs. Nagle this morning, I am sending to you a copy of my letter of May 23 to Governor Black.

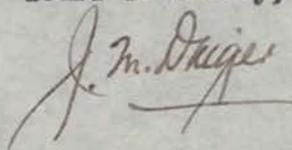
If I were writing the letter over, there is one point, now only implied in it, that I should be disposed to stress. It is the institutional, permanent, and governmental character of the Federal Reserve Board as something for the public imagination to tie to in a banking crisis. That tie is now lacking in what is, as far as the general public is aware, the only continuing aspect of the banking crisis; namely, the closed banks.

The tie is lacking for two reasons; first, because the position of the Board with regard to the closed banks has never been defined; second, because of the great diffusion of authority, effort and policy in dealing with the closed-bank problem. A striking contrast is afforded by the prompt and decisive moves of the Reichsbank to strengthen the public morale in Germany at the time of the big bank failures there in the spring of 1931.

You may recall that, when the announcement was made a few weeks ago of a joint meeting of the Federal Reserve Board and the governors of the Federal Reserve banks to consider the closed-bank situation, the newspapers all over the country placed more emphasis on it than on any previous similar announcement. No skill in psychological diagnosis is required to explain this. An institutional voice of popularly accepted authority was about to speak--or so the public was led to believe--on a crucial unanswered question.

I feel very strongly that a great social and ethical issue is at stake here; and the Federal Reserve Board, I truly believe, has everything to gain, and nothing to lose, by making common cause with the millions whose everyday lives have been made miserable and distraught by the closing of their banks.

Yours sincerely,



Hon. Charles S. Hamlin
Federal Reserve Board
Washington, D. C.

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J. M. DAIGER 719 FIFTEENTH STREET WASHINGTON, D. C.

(COPY FOR MR. HAMLIN 5/26/33)

May 23, 1933

My dear Governor Black:

In accordance with your suggestion of last evening, I am outlining the matter in which my Federal Reserve contacts during the past few years have given me a special interest. It is, briefly, that someone on the staff of the Federal Reserve Board, preferably as an assistant or secretary to the Governor, shall be specifically charged, among other things, with observing and forecasting the public and political relations of the Federal Reserve System, and with devising means of improving those relations.

As a subject of immediate and urgent importance in this connection, I have cited the questions of public policy and political procedure in respect of the closed banks. There are also, of course, others of scarcely less ultimate importance. In this letter, however, I shall confine myself to the relationship of the Federal Reserve Board to the depositors of the closed banks, since that relationship is obviously affected with a large public interest and is certain to become an object of increasingly great political pressure.

The traditional attitude of central banks or banking systems where publicity and politics are concerned is one of aloofness. The reasons for this are plain, and under ordinary circumstances the advantages considerably more than offset the disadvantages. It is also true that the central bank or banking system prefers, quite naturally, to be judged by what it does rather than by what it says. This applies particularly to decisions which, though important in themselves, do not directly affect the ordinary depositor, and which, in any event, he does not readily apprehend.

An attitude of detachment on the part of the banking authorities, however, presupposes the more or less orderly functioning of the banking system. It is hardly compatible with the situation that has existed since the banking holiday in March. On the contrary, the failure of more than 25 per cent of the banks in the country to reopen in the two months since then, not to mention the slow process of liquidating those which closed previously, has created perhaps our gravest social problem since the years immediately following the Civil War—one that will necessarily continue to be a sore spot in our national life for a very long time to come. There can be no aloofness toward that.

In these circumstances, it seems to me, the Federal Reserve Board has two distinct advantages to gain by taking a positive attitude, a human and comprehending attitude, where publicity and politics are concerned. The first, clearly enough, is a rehabilitation of the public and political position of the Federal Reserve System. That position has naturally and inevitably been impaired as a result of the banking troubles of the past three years, and particularly by the sequence of events since February. The second advantage to be gained, which I think

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is far more important from a social point of view, is a conviction on the part of the dismayed depositors of the closed banks that the Federal Reserve Board is alert to their distress and is vigorously undertaking to relieve it.

I am not unmindful, of course, of the efforts of the Treasury and the Reconstruction Finance Corporation, nor of the efforts of the Federal Reserve banks. Their work is of tremendous value. My concern is rather with the fact that the initiative and leadership in this work has not been coming from the Federal Reserve Board. I do not refer to the fact in any critical spirit; I fully understand the special circumstances that account for it. But the public does not understand, and in the nature of things could not be expected to understand. It has been either left in the dark, therefore, as to what the Board and the System are doing about the closed banks, or else, through unfortunate and uninformed publicity, given the impression that the Board and the System are doing little or nothing and showing no disposition toward active cooperation with those who are doing something.

This is a regrettable state for public opinion to fall into. And it is the more to be regretted because it is now unwarranted. If it is not corrected, we shall have sacrificed in two months the popular conception of the Federal Reserve System that has been built up during the past twenty years; and, furthermore, we shall be missing the opportunity, at a time when banking reforms were never more earnestly desired, of obtaining for the System that public support which we ourselves know would be wholly in the public's interest.

My proposal, then, in a narrow sense, is that the Federal Reserve Board capitalize the widespread public and political discontent over banking instead of permitting that discontent to continue, as now, to exert itself in part against the System; capitalize it, that is, in furtherance of the important reforms which the Board has advocated in the recent past. In a larger sense, my proposal is that the Board take the lead in grappling with the great human crisis that the closed banks represent. And I would especially urge that it do so promptly, before the adjournment of the present session of Congress, in order that it may obtain, with the cooperation of the President and the Secretary of the Treasury, whatever legislative sanction and fiscal support will be required for such measures as it may now formulate.

I have in mind, of course, the form which some of these measures might take. My views, however, are those of an interested student of the closed-bank problem, who has followed it closely for the past three years, rather than those of an administrative or technical expert. While I have a good deal of confidence in my resourcefulness in the field of public relations, I do not profess to be capable of drafting a program of political action for the Federal Reserve Board. On this point, therefore, I should prefer to say only that I have a legal and financial groundwork, and a capacity for subordination, that would enable me to collaborate with the Board and its technical staff in formulating measures for dealing with the closed banks.

J. M. DAIGER 719 FIFTEENTH STREET WASHINGTON, D. C.

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After that, and in my specialized field, there is the matter of public information and interpretation of official policy that I think can be handled skillfully and in a manner that will reflect credit on the Board and the System. For there is a great need that the public understand the difficulties and the confusion of authority that enter into the reopening or liquidation of closed banks; there is a great need that the public's mental confusion and moral bewilderment be reduced to a minimum while the Board carries out its program; there is a great need that the philosophical basis be laid for the acceptance of losses that are beyond the power of the Federal Reserve System to avert. And there would be a great need, if such measures as I have in view were adopted, that the public understand that the recovery from the closed banks was due in large measure to the policy in action of the Federal Reserve Board.

I think that these things which I have discussed can be done without loss of time, and that they can be done without any resort to spectacular methods. Perhaps it is superfluous to add that I think the program should head up in the Governor's office. It would manifestly need the force and prestige of the governorship to make it effective.

Faithfully yours,

(J. M. DAIGER)

Hon. Eugene R. Black
Federal Reserve Board
Washington, D. C.

JMD:A

COUPON BOND

8147

FEDERAL RESERVE BANK
OF NEW YORK

Personal and
Confidential.

August 15, 1933.

Dear Governor Hamlin,

I have delayed answering your letter of August 9 until I could definitely check up hours and dates. This I have not finally done even now, but my recollection is that all during the day of March 3 Governor Lehman took the position that he would not declare a state holiday on March 4 unless expressly requested to do so by the New York Clearing House Committee and probably even by the Federal Reserve Bank as well. At one time during the day he issued a statement that he had no intention of declaring such a holiday, but late Friday night (March 3) he requested the members of the Clearing House Committee, as well as myself to go to his apartment to discuss the matter. I advised him that I was unable to go at the time he requested because of the fact that I had to remain at the bank, in order to be in constant touch with Washington on the telephone. In fact, you may remember that late into that night Mr. Mills and the President were still discussing the possibility of a national holiday, and Mr. Mills asked me not to leave the bank until I was expressly released by him. Consequently it was not until well after midnight, when Mr. Mills told me that the President had finally definitely decided not to declare a national holiday, that I went uptown to Governor Lehman's

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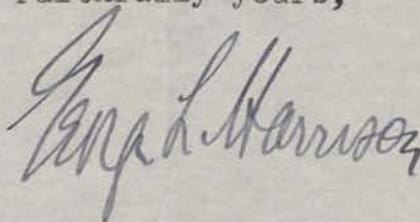
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apartment.

He and members of the New York Clearing House Committee, representatives of various private banking firms and others formed a group, I should say, of about twenty-five men when I arrived. It was agreed that the Governor would declare a holiday for two days, Saturday, March 4, and Monday, March 6, with the understanding that he would make a statement to the effect that he had done so at the request of the Clearing House Committee and with the advice and recommendation of the Federal Reserve Bank of New York. It was well after two o'clock Saturday morning (about two-thirty, as I remember) when this decision was made, and I immediately went to the telephone and advised our directors, who were still in session, and also advised Secretary Mills who, as you will remember, was with the Federal Reserve Board at the time.

I hope that this covers all that you have in mind.

Faithfully yours,



Hon. Charles S. Hamlin,
Federal Reserve Board,
Washington, D. C.