

A special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, June 9, 1926, at 2:30 p.m.

PRESENT: Vice Governor Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. McIntosh
Mr. Eddy, Secretary
Mr. McClelland, Assistant Secretary

ALSO PRESENT: Mr. Wyatt, General Counsel.

The Vice Governor stated that the meeting had been called at the request of Mr. James to permit him to submit a report on his recent visit to Atlanta, Georgia, taken under the Board's instructions given at its meeting on May 20th. Mr. James presented a memorandum dated June 2nd setting forth the details of his visit to Atlanta, during which he communicated personally to the Federal Reserve Bank of Atlanta and to the individuals concerned the Board's actions of May 20th in voting that Mr. Joseph L. Campbell, Deputy Governor of the Federal Reserve Bank of Atlanta, be eliminated from the Federal Reserve System, and that the Federal Reserve Bank of Atlanta be called upon to make a full and complete report of the 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 including also the personal conduct of the members of the party which accompanied the shipment.

Upon motion, Mr. James report was received and ordered filed.

Mr. James then stated that in addition to his detailed report he

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wished to submit for the Board's consideration the following resolution:

"WHEREAS on or about April 28, 1926, certain information reached the Federal Reserve Board reflecting upon the character of service rendered by the Cuban Agency of the Federal Reserve Bank of Atlanta during the recent run on banks in Cuba which occurred on or about April 10, 1926;

"WHEREAS, pursuant to resolutions dated May 1 and May 20, 1926, the Federal Reserve Board caused investigations to be made of the recent run on American and other banks in Cuba, the assistance rendered by the Federal Reserve Banks of Boston and Atlanta, through their respective agencies in Havana, the steps taken to meet the situation, and all circumstances connected with the shipment of currency by the Federal Reserve Bank of Atlanta to Cuba;

"WHEREAS, it appears that the Federal Reserve Bank of Atlanta made a large shipment of currency to Cuba, which left Atlanta on a special train on Saturday, April 10, arriving in Key West on Sunday, April 11, and was there loaded on the Cuban Gunboat "Cuba" and taken to Havana, where it was delivered on Monday morning, April 12;

"WHEREAS, it appears that Mr. Joseph L. Campbell, Deputy Governor of the Federal Reserve Bank of Atlanta had personal charge and direction of said shipment of currency and of the party accompanying it; that while in charge of said shipment he drank intoxicating liquor excessively and permitted other members of the party under his supervision to do likewise; that he failed to take proper steps to safeguard the money; that he failed to keep proper records and to make a prompt and full report of the entire transaction; that he took an unnecessarily large number of men from Key West to Havana on a pleasure trip, thus incurring unnecessary expense for the Federal Reserve Bank of Atlanta; and that he and his party were guilty of conduct unbecoming representatives of a Federal Reserve Bank; and

"WHEREAS, it appears from these facts and from other information received by the Federal Reserve Board from time to time that Mr. Joseph L. Campbell lacks those qualifications which are requisite and necessary for a senior officer of a Federal Reserve Bank;

"BE IT RESOLVED by the Federal Reserve Board that:

"1. Mr. Joseph L. Campbell be given formal notice to appear before the Federal Reserve Board in its Board-room in the Treasury Building, Washington, D. C., at 10 a.m. on June 1, 1926, to show cause why he should not be removed from office as Deputy Governor of the Federal Reserve Bank of Atlanta pursuant to the terms of Section 11(f) of the Federal Reserve Act;

"2. At such hearing Mr. Joseph L. Campbell shall be permitted to appear in person, to be represented by Counsel, and to produce any witnesses whom he desires to testify in his behalf; and

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"3. A copy of this resolution shall be forwarded to Mr. Campbell and to the Federal Reserve Bank of Atlanta, through Mr. Oscar Newton, Federal Reserve Agent at Atlanta."

Mr. James suggested that if the above resolution should be adopted by the Board that Wednesday, June 16th, be fixed as the day for the formal hearing ordered in the resolution.

The Vice Governor suggested that before acting upon the resolution submitted by Mr. James the Board give consideration to several communications relating to the subject thereof which have been received by the Board since Mr. James' visit to Atlanta. Thereupon, the Secretary read to the Board the following communications:

Letter dated June 7th from the Federal Reserve Agent at Atlanta, submitting communication addressed to him under date of June 4th by Mr. M. B. Wellborn, Governor of the bank, submitting a report, as requested by the Federal Reserve Board, covering the transaction of the Federal Reserve Bank of Atlanta in connection with the movement of currency to its Havana Agency on April 10th, including instructions given to the party which accompanied the shipment, but not including the personal conduct of the members of the party, as requested by the Board, which is to be investigated by a committee of the Board of Directors of the bank. With his letter, Governor Wellborn submitted statements made by Mr. L. L. Magruder, Manager of the Cuban Agency of the Federal Reserve Bank of Atlanta, and Mr. M. W. Bell, Cashier at the Head Office, as well as communications exchanged with an insurance agency relative to insurance on the shipment of currency referred to.

Letter dated June 4th from the Chairman of the Federal Reserve Bank of Atlanta, enclosing certified copies of two resolutions adopted at a special meeting of the Board of Directors of the bank held on Monday, May 31, 1926, the first resolution with reference to, and appointing a committee to investigate, the personal conduct of the party of officers and employees of the Federal Reserve Bank of Atlanta which accompanied the currency shipment made by the bank to its Havana Agency on April 10th, and the second urging that the Federal Reserve Board put into effect the tentative plan for the operation of the Havana agencies, under the Federal Reserve Bank of Atlanta, after consolidation of the existing agencies, as submitted by the Special Committee appointed by the Federal Reserve Board to investigate the recent situation in Cuba.

Letter dated June 4th from Mr. E. R. Black, a director of

the Federal Reserve Bank of Atlanta, and Chairman of the special committee appointed under the resolutions adopted by the Board of Directors of that bank at its special meeting on May 31, 1926, to investigate the circumstances in connection with the shipment of currency made by the Federal Reserve Bank of Atlanta to its Havana Agency on April 10th. In his letter, Mr. Black (1) stated that the committee consists of Directors Melvin, Ware and himself; (2) requested that the Board furnish the committee, or the Federal Reserve Bank of Atlanta for use of the committee, the charges made against the bank and its officers in relation to the shipment of currency to Cuba, the name or names of the party or parties making such charges, and the evidence concerning the Cuban shipment as gathered by the committee appointed by the Board to investigate the matter; (3) stated that the Committee is ready at the Board's convenience to confer with the Board in line with the resolutions adopted by the directors of the Atlanta bank; and (4) requested an expression from the Board in reference to that part of the resolution of the Atlanta directors requesting the Board to defer action in the matter of the Cuban shipment until the bank's committee has had the opportunity to perform the duties imposed upon it by the directors' resolutions.

Thereupon ensued a detailed discussion of the above communications and the resolution submitted by Mr. James, which during the course of the discussion was amended so as to read as follows:

"WHEREAS, pursuant to resolutions dated May 1 and May 20, 1926, the Federal Reserve Board caused investigations to be made of the recent run on American and other banks in Cuba, the assistance rendered by the Federal Reserve Banks of Boston and Atlanta, through their respective agencies in Havana, the steps taken to meet the situation, and all circumstances connected with the shipment of currency by the Federal Reserve Bank of Atlanta to Cuba;

"WHEREAS, it appears as a result of these investigations that the Federal Reserve Bank of Atlanta made a large shipment of currency to Cuba, which left Atlanta on a special train on Saturday, April 10, arrived in Key West on Sunday, April 11, and was there loaded on the Cuban Gunboat "Cuba" and taken to Havana, where it was delivered on Monday morning, April 12;

"WHEREAS, it appears that Mr. Joseph L. Campbell, Deputy Governor of the Federal Reserve Bank of Atlanta had personal charge and direction of said shipment of currency and of the party accompanying it; that while in charge of said party he became under the influence of intoxicating liquor and permitted other members of the party under his supervision to use intoxicating liquor; that he failed to take proper steps to safeguard the money; that he failed to keep proper records and to make a

prompt and full report of the entire transaction; that he took certain men from Key West to Havana who had no duty to perform on board the ship or in Havana and whose further participation in the trip was merely for pleasure; and that he and his party were guilty of conduct unbecoming representatives of a Federal Reserve Bank; and

"WHEREAS, Section 11(f) of the Federal Reserve Act provides as follows:

'Sec. 11. The Federal Reserve Board shall be authorized and empowered:

* * * * *

'(f) To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.'

"WHEREAS, it appears from these and from other facts received by the Federal Reserve Board from time to time that Mr. Joseph L. Campbell lacks those qualifications which are requisite and necessary for a senior officer of a Federal Reserve Bank;

"BE IT RESOLVED by the Federal Reserve Board that:

"1. Mr. Joseph L. Campbell be given formal notice to appear before the Federal Reserve Board in its Board-room in the Treasury Building, Washington, D. C., at 10 a.m. on June 16, 1926, to show cause why he should not be removed from office as Deputy Governor of the Federal Reserve Bank of Atlanta pursuant to the terms of Section 11(f) of the Federal Reserve Act;

"2. At such hearing Mr. Joseph L. Campbell shall be permitted to produce any witnesses whom he desires to testify in his behalf;

"3. A copy of this resolution shall be forwarded to Mr. Campbell and to the Federal Reserve Bank of Atlanta, through Mr. Oscar Newton, Federal Reserve Agent at Atlanta."

Following the discussion, upon motion by Mr. James, the above resolution as amended was unanimously adopted.

Mr. Hamlin then moved that on the occasion of the hearing fixed for June 16, 1926, the Special Committee of the Board of Directors of the Federal Reserve Bank of Atlanta, consisting of Messrs. Black, Melvin and Ware, be invited to be present at the hearing and sit independently with the Board.

Unanimously carried.

Mr. James then submitted drafts of letters to Mr. Oscar Newton, Federal Reserve Agent at Atlanta, Mr. Joseph L. Campbell, Deputy Governor

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of the Federal Reserve Bank of Atlanta, and the Federal Reserve Bank of Atlanta, which, after discussion, were amended and unanimously approved in the following forms:

"Mr. Oscar Newton,
Federal Reserve Agent,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

My dear Mr. Newton :

"There are enclosed herewith two letters, one addressed to the Federal Reserve Bank of Atlanta and the other addressed to Mr. Joseph L. Campbell, both of which are self-explanatory.

"In your capacity as Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta, and the official representative of the Federal Reserve Board at the Federal Reserve Bank of Atlanta, you are requested to present to Mr. Joseph L. Campbell personally the letter addressed to him and to advise the Federal Reserve Board when this has been done.

"In your capacity as Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta and the official representative of the Federal Reserve Board at the Federal Reserve Bank of Atlanta, you are requested to read to the Board of Directors of the Federal Reserve Bank of Atlanta, at its next regular or special meeting, the letter addressed to the Federal Reserve Bank of Atlanta and the resolution of the Federal Reserve Board enclosed therein. When this has been done, please notify the Federal Reserve Board of the fact.

"By order of the Federal Reserve Board.

Walter L. Eddy,
Secretary."

Enclosures.

"Mr. Joseph L. Campbell, Deputy Governor,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

S I R :

"There is enclosed for your information a certified copy of a resolution adopted by the Federal Reserve Board on June 9, 1926, making formal charges that you lack those qualifications which are requisite and necessary for a senior officer of a Federal reserve bank.

"You are hereby notified to appear, if you so desire, before the Federal Reserve Board in its Board-room in the Treasury Building, Washington, D. C. at 10 o'clock a.m. on June 16, 1926, to show cause why you should not be removed

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from office as Deputy Governor of the Federal Reserve Bank of Atlanta, pursuant to the provisions of Section 11(f) of the Federal Reserve Act. You will be permitted to produce any witnesses whom you desire to testify on your behalf.

"By order of the Federal Reserve Board.

Walter L. Eddy,
Secretary."

Enclosure.

"Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

Gentlemen :

"There is enclosed for your information a certified copy of a resolution adopted by the Federal Reserve Board on June 9, 1926, setting forth the conclusion of the Federal Reserve Board that Mr. Joseph L. Campbell, Deputy Governor of the Federal Reserve Bank of Atlanta, lacks those qualifications which are requisite and necessary for a senior officer of a Federal reserve bank.

"The Federal Reserve Board has served formal notice on Mr. Campbell to appear before it in its Board-room in the Treasury Building, Washington, D. C., at 10 o'clock a.m. on June 16, 1926, to show cause why he should not be removed from office as Deputy Governor of the Federal Reserve Bank of Atlanta pursuant to the provisions of Section 11(f) of the Federal Reserve Act.

"The Special Committee of your Board, appointed in accordance with the resolution of the directors of the Federal Reserve Bank of Atlanta adopted at their meeting on May 31st, a certified copy of which resolution was transmitted to the Federal Reserve Board in your letter of June 4th, is especially invited to be present at the hearing above referred to and to sit, independently, with the Federal Reserve Board.

"By direction of the Federal Reserve Board.

Walter L. Eddy,
Secretary."

Enclosure.

The meeting adjourned at 4:10 p.m.

Approved:

Edmund Platt
Vice Governor.

Walter L. Eddy
Secretary