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**RECONSTRUCTION FINANCE CORPORATION**

**WASHINGTON**

*Mr. Carpenter*  
*Mr. [unclear]*  
*Mr. [unclear]*  
10  
FEB 5 1951  
122.2

JAN 31 1951

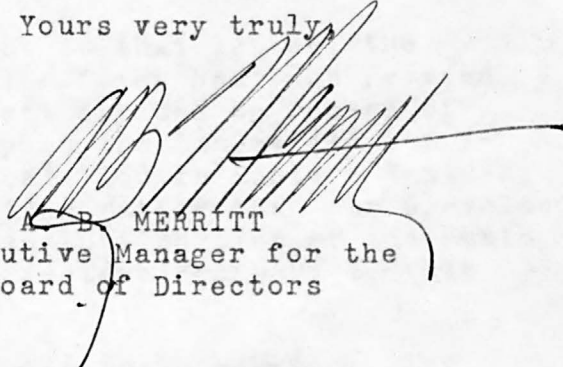
Dear Mr. Carpenter:

I have by reference your letter of January 25 addressed to Mr. Leo Nielson, Secretary of this Corporation, attaching copies of correspondence with Senator Virgil M. Chapman, pertaining to a rumor that Eastern Kentucky is to be removed from the Fourth Federal Reserve District.

*See letter 1/25/51*

I have written to the Senator on the subject and for your ready reference copy of my letter is enclosed.

Yours very truly,



K. B. MERRITT  
Executive Manager for the  
Board of Directors

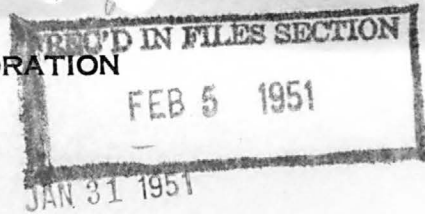
Mr. S. R. Carpenter  
Secretary  
Board of Governors of the  
Federal Reserve System  
Washington 25, D. C.

FOR FILES  
Patricia B. Ivie

*Mr. Carpenter*

RECONSTRUCTION FINANCE CORPORATION

WASHINGTON 25, D. C.



C O P Y

Dear Senator Chapman:

Mr. S. R. Carpenter, Secretary, Board of Governors of the Federal Reserve System has referred to this Corporation copy of your letter of January 19 with enclosure addressed to Chairman McCabe.

On January 17, 1951 W. E. Harber, RFC Board Chairman wrote directly to Mr. E. D. Wilder about the matter and copy of Mr. Harber's letter is enclosed.

Subsequent to that letter, the territory served by our Louisville Office has been revised to include the entire State of Kentucky and by reason of the inclusion of Eastern Kentucky in the Louisville territory, applicants for RFC loans domiciled in Eastern Kentucky will deal with our Louisville Office rather than our Cleveland, Ohio Office which formerly covered that portion of the State of Kentucky. This revision is effective February 1, this year.

Sincerely yours,

(Signed) A. B. MERRITT

A. B. MERRITT  
Executive Manager for the  
Board of Directors

Honorable Virgil M. Chapman  
United States Senate  
Washington, D. C.

FOR FILES  
Patricia B. Ivie

REC'D IN FILES SECTION

FEB 5 1951

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RECONSTRUCTION FINANCE CORPORATION

Washington, D. C.

January 17, 1951

Mr. E. D. Wilder  
Secretary  
Lexington Chamber of Commerce  
152 East High Street  
Lexington, Kentucky

Dear Mr. Wilder:

I have for acknowledgment your letter of January 11 referring to certain changes in RFC Branch Offices and territorial supervision in the State of Kentucky.

The Directors of the Corporation have no plan in mind to eliminate or transfer any of our thirty-one Loan Agency Offices or Branches. Arrangements have been made to consolidate the bookkeeping and other fiscal activities of the Loan Agencies and Branches in ten of the existing Loan Agency Offices. This move has been taken with the objective of reducing non-essential administrative expenses and to improve the services available through the Corporation.

Our Loan Agency Office at Louisville, Kentucky presently serves the approximate western half of Kentucky and our Loan Agency at Cleveland serves the approximate eastern half of the State. The entire State of Ohio is served by our Cleveland Office and we do not maintain a Branch Office at Cincinnati. Some thought has been given to including the entire State of Kentucky in the territory covered by our Louisville Office, but no action has been taken in this connection.

Your interest in the matters about which you have written is appreciated.

Sincerely yours,

/s/ W. E. Harber

Chairman

COPY

FOR FILES  
Patricia B. Ivie

PLACED IN FILES SECTION  
JAN 29 1951  
172.2  
WIT

JAN 25 1951

Mr. Leo Nielson, Secretary,  
Reconstruction Finance Corporation,  
811 Vermont Avenue, N. W.,  
Washington 25, D. C.

Dear Mr. Nielson:

There is referred herewith for your consideration a copy of a letter dated January 19, 1951, with enclosure, which Senator Chapman, of Kentucky, addressed to Chairman McCabe regarding a rumored change in the territory of the Fourth Federal Reserve District, together with a copy of the reply we have made to Senator Chapman.

1/25/51  
I understand that Mr. Kenyon discussed this correspondence with you by telephone yesterday.

Very truly yours,

(SIGNED) S. R. CARPENTER

S. R. Carpenter,  
Secretary.

Enclosures

EAK:ee  
1/24

*Jan*  
*[Signature]*

*[Handwritten initials]*  
*[Handwritten initials]*

FILE COPY

FOR FILES  
M. J. Dougherty

90  
IN FILES SECTION  
JAN 29 1951  
122.2

Curded

JAN 25 1951

Honorable Virgil M. Chapman,  
United States Senate,  
Washington, D. C.

Dear Senator Chapman:

This will acknowledge your letter of January 19, 1951, addressed to Chairman McCabe, with which you enclosed a letter from Mr. Ed Wilder, Secretary of the Chamber of Commerce in Lexington, Kentucky, concerning rumors that eastern Kentucky is to be removed from the Fourth Federal Reserve District.

Such a change is not under consideration by the Board at the present time, and we had been unaware of any rumors to that effect. No change in the boundaries of a Federal Reserve District can be effected except by action of the Board of Governors, and I can assure you that it would not be made without full and complete deliberation.

As the statements in Mr. Wilder's letter relate also to territories served by particular loan agencies of the Reconstruction Finance Corporation, we are taking the liberty of referring a copy of his letter to that Corporation for further attention.

1/25/51

Very truly yours,

*Read this to Gedney  
over the telephone and  
he approved*

(SIGNED) S. R. CARPENTER

S. R. Carpenter,  
Secretary.

cc: Mr. Leo Nielson, Secretary, Reconstruction Finance Corp.

KAK:dd  
1/24

FILE COPY

FOR FILES  
M. J. Dougherty

MILLARD E. TYDINGS, MD., CHAIRMAN  
RICHARD S. RUSSELL, GA.  
HARRY FLOOD BYRD, VA.  
VIRGIL CHAPMAN, KY.  
LYNDON B. JOHNSON, TEX.  
ESTES KEFAUVER, TENN.  
LESTER C. HUNT, WYO.

STYLES BRIDGES, N. H.  
CHAN GURNEY, S. DAK.  
LEVERETT SALTONSTALL, MASS.  
WAYNE MORSE, OREG.  
WILLIAM F. KNOWLAND, CALIF.  
HARRY P. CAIN, WASH.

J. NELSON TRIBBY, CLERK

United States Senate  
COMMITTEE ON ARMED SERVICES

READ IN FILES SECTION  
JAN 29 1951  
22.2  
7/14  
mcl

January 19, 1951

Honorable Thomas B. McCabe,  
Chairman, Board of Governors,  
Federal Reserve System,  
Federal Reserve Building,  
Washington 25, D. C.

Dear Mr. McCabe:

Enclosed is a copy of letter I have received from my good friend, Ed Wilder, Secretary of the Chamber of Commerce, Lexington, Kentucky, which explains itself.

Mr. Wilder will be grateful, and I will be most appreciative, if you will look into this matter and advise me.

With all good wishes,

Sincerely yours,

*Virgil M. Chapman.*

Enclosure

RECEIVED  
JAN 29 1951  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C.

FOR FILES  
M. J. Doherty

COPY

REC'D IN FILES SECTION  
JAN 29 1951

LEXINGTON CHAMBER OF COMMERCE, Inc.  
152 East High Street,  
Lexington, Kentucky.

January  
Eleven  
1951

The Honorable Virgil Chapman  
Senate Office Building,  
Washington, D. C.

Dear Virgil:

Our banking and business interests are very much disturbed over the rumor that eastern Kentucky is to be removed from the Fourth District of the Federal Reserve and that the Reconstruction Finance Corporation will require us to do business with the Louisville or St. Louis branches.

We have very little business relationship with the St. Louis area and far less with the Louisville area than we have to the northward and eastward of Lexington. The coal, timber and tobacco interest in the eastern half of Kentucky, as well as our general business and industrial transactions are more with the north and the east in the Fourth Federal Reserve District. We have been admirably served by the R. F. C. branch in Cincinnati and we urge you to help up remain in that district.

Anything you can do will be greatly appreciated. With kind regards and best wishes, we are

Sincerely,

LEXINGTON CHAMBER OF COMMERCE

ED WILDER, SECRETARY

FOR FILES  
M. J. Dougherty



REC'D IN FILES SECTION  
JAN 13 1950  
122.2

JAN - 3 1950

Mr. Ray M. Gidney, President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Gidney:

There is enclosed for your information a copy of the reply which the Board is today making to Congressman Brent Spence of Kentucky regarding a complaint which he received from Mr. Thomas Graham of Louisville, as to the division of the State of Kentucky between the Fourth and Eighth Federal Reserve districts, and suggesting the establishment of a branch at Lexington. A copy of Mr. Graham's letter is also enclosed.

The Board has sent a similar reply to an identical letter which Mr. Graham addressed to Congressman Frank Chelf, also of Kentucky.

Very truly yours,

(Signed) Merritt Sherman  
Merritt Sherman,  
Assistant Secretary.

S. R. Carpenter,  
Secretary.

Enclosures

Handwritten initials: MR, HAK

Identical letter to:  
Mr. Chester C. Davis, President,  
Federal Reserve Bank of St. Louis,  
St. Louis 2, Missouri

JJC:ct

FILE COPY

FOR FILES  
W. R. Corkhum

REC'D IN FILES SECTION  
JAN 13 1950  
122,21

JAN - 3 1950

RECORDED

20

Honorable Brent Spence,  
House of Representatives,  
Washington, D. C.

Dear Mr. Spence:

This refers to the letter dated November 7 which you received from Mr. Thomas Graham of Louisville regarding a re-adjustment of Federal Reserve district lines involving the State of Kentucky, and the establishment of a "sub-bank" at Lexington. The letter states that western Kentucky is served by the Cincinnati Branch of the Federal Reserve Bank of Cleveland and the eastern part of the State by the Louisville Branch of the Federal Reserve Bank of St. Louis. Just the reverse, of course, is true as the Cincinnati Branch serves the eastern part of the State and the Louisville Branch the western part of the State.

With respect to Mr. Graham's complaint as to the division of the State between two Federal Reserve districts, Section 2 of the Federal Reserve Act, which charged the Organization Committee with the responsibility of establishing the Federal Reserve districts, contains the provision that the districts "shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States."

The decision of the Organization Committee, which placed the western part of Kentucky in the St. Louis district and the eastern portion of the State in the Cleveland district, was announced on April 10, 1914 prior to the establishment of the Federal Reserve Banks. In determining the several districts the Committee stated, among other things, that it "endeavored to follow State lines as closely as practicable, and wherever it has been found necessary to deviate the division has been along lines which are believed to be most convenient and advantageous for the district affected."

Under the law the Board has authority to readjust existing Federal Reserve districts, and changes in territories have been made from time to time in the past. No set procedure has been established in connection with such changes in boundaries; generally, member banks which have sought transfer from one district to another

Similar letters Chelf  
Copies filed  
301-1(4)  
301-1(8)

FILE COPY

FOR FILES  
W. R. Corkum

JAN 13 1950

Honorable Brent Spence

- 2 -

have submitted a petition to the Board of Governors setting forth the reasons why the suggested change in district lines was deemed desirable. In acting upon any such petition the Board would, of course, consider all relevant factors and would have in mind the previously mentioned provision of the Federal Reserve Act that the districts "shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States."

5/9/39 filed 122.2-2  
A review of the Board's files indicates that about ten years ago Mr. Barry Bingham of the "Louisville Courier Journal" and the "Louisville Times" wrote to Senator Logan of Kentucky suggesting the desirability of transferring to the Federal Reserve district of St. Louis that portion of Kentucky assigned to the Cleveland Federal Reserve district. When the bankers in the eastern part of the State learned of this move practically every bank in the zone filed a protest with the Federal Reserve Bank of Cleveland. In support of their objections to such a proposal, the banks pointed out that the territory covered was originally laid out to serve business and banking to the best advantage; that no material change had taken place in the flow of business in the territory since the establishment of the original boundary lines and that they were satisfied with the district lines of their Federal Reserve district as drawn. The matter was not pursued any further.

As to that part of Mr. Graham's letter suggesting the establishment of a "sub-bank" at Lexington, it is assumed he means a branch Federal Reserve Bank. It is not entirely clear whether his suggestion to place the entire State of Kentucky in one Federal Reserve district and set up a branch at Lexington contemplates the removal of the present branch from Louisville. As you know, there is also a branch Federal Reserve Bank at Cincinnati which is only a little over one hundred miles from Louisville. With Lexington being within such a short distance of these two cities the establishment of another branch at Lexington would hardly seem to be justified.

While no definite standards have been prescribed by the Board for the determination of the necessity for establishment of a new branch, certain factors have been given consideration in this connection in the past. Among these factors have been the following: the number of banks in the territory affected; whether the establishment of the branch would afford banks in the territory quicker and more efficient service than they were already receiving from the Federal Reserve Bank head office or branch with which they were affiliated, including such services as the collection of checks and obtaining of currency; and the estimated cost of operation of the proposed branch.

FILE COPY

REC'D IN FILES SECTION

JAN 13 1950

Honorable Brent Spence

- 3 -

Should you have any further questions in connection with the matters about which Mr. Graham wrote you, we shall be pleased to attempt to answer them.

Very truly yours,

*2c*

(SIGNED) S. R. CARPENTER

S. R. Carpenter,  
Secretary.

FOR APPROVAL  
OF *Mr. Cardaman*  
BEHALF OF THE BOARD

Approved:.....  
(Initial)

*(SC)*

*Approved*  
MINUTES ON *me*  
JAN 3 1950

*Handwritten initials and signatures*  
JJC:ct  
12-28-49

FILE COPY

REC'D IN FILES SECTION

JAN 13 1950  
122.2

JAN - 3 1950

Honorable Frank Chelf,  
House of Representatives,  
Washington, D. C.

Dear Mr. Chelf:

This refers to the letter dated November 7, which you received from Mr. Thomas Graham of Louisville regarding a re-adjustment of Federal Reserve district lines involving the State of Kentucky, and the establishment of a "sub-bank" at Lexington. The letter states that western Kentucky is served by the Cincinnati Branch of the Federal Reserve Bank of Cleveland and the eastern part of the State by the Louisville Branch of the Federal Reserve Bank of St. Louis. Just the reverse, of course, is true as the Cincinnati Branch serves the eastern part of the State and the Louisville Branch the western part of the State.

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FILE COPY

FOR FILES  
W. R. Corkhum

JAN 13 1950

Honorable Frank Chelf

- 2 -

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FILE COPY

REC'D IN FILES SECTION 32  
JAN 13 1950

Honorable Frank Chelf

- 3 -

Should you have any further questions in connection with the matters about which Mr. Graham wrote you, we shall be pleased to attempt to answer them.

Very truly yours,

(SIGNED) S. R. CARPENTER

S. R. Carpenter,  
Secretary.

FOR APPROVAL  
OF W. R. Cardaman  
ON BEHALF OF THE BOARD  
Approved: (Initial)

Approved  
MINUTES ON me  
JAN 3 1950

JJC:ct  
12-28-49  
RR  
HW

FOR FILES  
W. R. Corkhum

FILE COPY

REC'D IN FILES SECTION

JAN 13 1950

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Kentucky, ind

DEC 5 1949

Honorable Frank L. Chelf,  
House of Representatives,  
Washington, D. C.

Dear Mr. Chelf:

This is to acknowledge receipt of your letter of November 30 enclosing a communication you have had from Mr. Thomas Graham, of Louisville, Kentucky, regarding the division of the State of Kentucky between two Federal Reserve districts.

The answer to this question entails some investigation, and we are taking the liberty of making an interim acknowledgment. We assure you that the reply to Mr. Graham's inquiry will be sent to you as soon as study of his proposal can be completed.

Very truly yours,

(SIGNED) S. R. CARPENTER

S. R. Carpenter,  
Secretary.

JKS:dd

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*Ant*



FILE COPY

FOR FILES  
A. L. Yates



FRANK L. CHELF  
4TH DISTRICT, KENTUCKY

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEES:  
IMMIGRATION AND NATURALIZATION  
NO. 1 - REVISION OF THE LAWS

HOME ADDRESS:  
LEBANON, KENTUCKY

Congress of the United States  
House of Representatives  
Washington, D. C.

REC'D IN FILES SECTION  
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JAN 13 1950  
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Kentucky W

30 November 1949

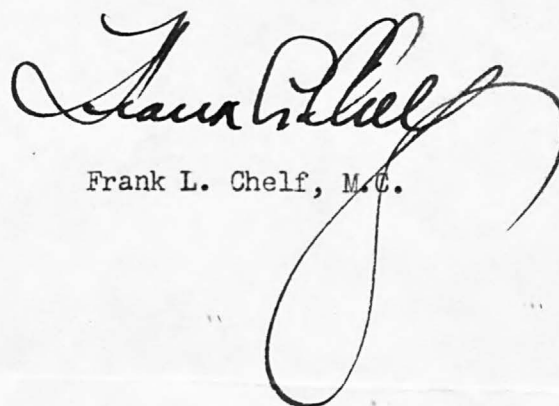
Mr. Samuel Carpenter, Secretary  
Board of Governors  
Federal Reserve System  
Washington, D. C.

Dear Mr. Carpenter:

I am enclosing a self-explanatory letter which  
I have received from Mr. Thomas Graham, of Louisville, Kentucky.

Any information which can be furnished me in this  
regard will be appreciated.

Sincerely yours,



Frank L. Chelf, M.C.

FOR FILES  
A. L. Yates

JOHN W. CRIMMINS  
CHAIRMAN OF ORGANIZATION

LENNIE W. McLAUGHLIN  
SECRETARY

# DEMOCRATIC COUNTY EXECUTIVE COMMITTEE

305 TYLER BUILDING  
LOUISVILLE, KENTUCKY

REC'D IN FILES SECTION  
JAN 13 1950  
JOHN J. BARRY  
TREASURER

THOMAS GRAHAM  
CHAIRMAN FINANCE COMMITTEE

## DEMOCRATIC FINANCE COMMITTEE 1949

WM. O. ALDEN, JR.  
O'NEAL, ALDEN & CO.  
M. M. BONNER  
614 W. WALNUT.  
ROBERT BURKE, JR.  
KY. HOME LIFE BLDG.  
A. E. CABELL  
LINCOLN BANK  
LLOYD CLARK  
BANK OF LOUISVILLE  
SID CLAY  
U. S. TRUST CO.  
CLIFFORD COOMES  
874 FETTER  
EDWARD DAVIS  
PYTHIAN BLDG.  
JOHN H. DAUGHERTY  
KY. HOME LIFE BLDG.  
JOHN DUGAN  
1445 S. THIRD ST.  
CHARLES DUNN  
800 BAXTER  
SAM ESKEW  
KY. HOME LIFE BLDG.  
ROBERT EVANS  
CITIZENS FIDELITY BANK  
CHAS. O. EWING, III  
OSCAR EWING DAIRY CO.  
CARL FISCHER  
1862 MELLWOOD AVE.  
GORDON FORD  
KY. HOME LIFE BLDG.  
HENRY GERBER  
LOUISVILLE WATER CO.  
FERD GNAU  
31 U. S. TRUST BLDG.  
F. A. GULLEDGE  
BANK OF ST. HELENS-SHIVELY  
ROBERT HATTON  
M. E. TAYLOR BLDG.  
WOOD HANNAH  
BANKERS BOND CO.  
SCOTT HAMILTON  
KY. HOME LIFE BLDG.  
MATT HARGAN  
STOCK YARDS BANK  
ROBERT HENSLEY  
KY. HOME LIFE BLDG.  
W. HOWARD HOPKIN  
100 CHENOWETH LANE  
FRITZ HUTTMANN  
741 S. THIRD ST.  
EDWIN KLEIN  
ROYAL INDUSTRIAL BANK  
SAM KIRBY, JR.  
201 N. BIRCHWOOD  
RAY KIRCHDORFER  
KY. HOME LIFE BLDG.  
DR. J. A. C. LATTIMORE  
15TH & WALNUT  
SEN. C. W. A. MCCANN  
712 W. JEFFERSON  
STANLEY MCGEE  
HEYBURN BLDG.  
RALPH NEBLETT  
BANK OF JEFFERSONTOWN  
ALBERT PHILLIPS  
FIRST NATIONAL BANK  
IRA PORTER  
LOUISVILLE TRUST CO.  
MERLE ROBERTSON  
LIBERTY BANK & TRUST CO.  
ALVIN ROSENBERG  
1411 WILLOW  
LEON SHAIKUN  
116 W. BRANDEIS  
ROBERT SLOSS  
M. E. TAYLOR BLDG.  
MAX WALDMAN  
M. E. TAYLOR BLDG.  
EDWARD WILLIS  
KY. HOME LIFE BLDG.  
HOLMAN WILSON  
LOUISVILLE TRUST BLDG.  
THOMAS YOUNG  
KY. HOME LIFE BLDG.

November 7, 1949

Hon. Frank L. Chelf  
Lebanon, Ky.

Dear Frank:

One of the worst things that has been inflicted on Kentucky has been the division of the State from an economic standpoint by the Federal Reserve System - Western Kentucky being served by Cleveland through Cincinnati, and the Eastern part of the State by St. Louis through Louisville.

It seems to me the greatest service you could render Kentucky would be to see that the State is put into one District and, additionally, there ought to be a sub-bank in Lexington. Then the state would not be in economic integration as it is at the present time which does more harm than anything I know of.

Yours sincerely,

Thomas Graham

TG:CN

*Hope you have good rest in Florida*

REC'D IN FILES SECTION

*to* JAN 13 1950 *map*

122.2

NOV 23 1949

Honorable Brent Spence,  
House of Representatives,  
Washington, D. C.

My dear Mr. Congressman:

This is to acknowledge your letter of November 17 enclosing a communication you have had from your friend Thomas Graham, an investment banker in Louisville, Kentucky, who writes regarding the division of the State of Kentucky between two Federal Reserve districts. The answer to this question entails some reference, and we are taking the liberty of making an interim acknowledgment, with the assurance that the reply to Mr. Graham's inquiry will be sent to you as soon as study of it can be completed. We trust that this delay will not be inconvenient.

Very truly yours,

(SIGNED) BRAY HAMMOND

Bray Hammond,  
Assistant Secretary.

*BH*  
11/23

FOR FILES  
W. R. Corkum

FILE COPY

EIGHTY-FIRST CONGRESS

BRENT SPENCE, KY., CHAIRMAN  
 PAUL BROWN, GA.  
 WRIGHT PATMAN, TEX.  
 A. S. MIKE MONRONEY, OKLA.  
 BROOKS HAYS, ARK.  
 ALBERT RAINS, ALA.  
 FRANK BUCHANAN, PA.  
 ABRAHAM J. MULTER, N. Y.  
 CHARLES B. DEANE, N. C.  
 GEORGE D. O'BRIEN, MICH.  
 CHASE GOING WOODHOUSE, CONN.  
 CLINTON D. MCKINNON, CALIF.  
 HUGH J. ADDONIZIO, N. J.  
 ISIDORE DOLLINGER, N. Y.  
 HUGH B. MITCHELL, WASH.  
 BARRATT O'HARA, ILL.

JESSE P. WOLCOTT, MICH.  
 RALPH A. GAMBLE, N. Y.  
 FREDERICK C. SMITH, OHIO  
 JOHN C. KUNKEL, PA.  
 HENRY O. TALLE, IOWA  
 ROLLA C. MC MILLEN, ILL.  
 CLARENCE E. KILBURN, N. Y.  
 ALBERT M. COLE, KANS.  
 MERLIN HULL, WIS.  
 HARDIE SCOTT, PA.  
 DONALD W. NICHOLSON, MASS.

WILLIAM J. HALLAHAN, CLERK

# HOUSE OF REPRESENTATIVES

COMMITTEE ON BANKING AND CURRENCY

WASHINGTON

November 17, 1949

REC'D IN FILES SECTION  
 JAN 13 1950  
 122, 201

Honorable Thomas B. McCabe  
 Chairman, Board of Governors  
 Federal Reserve System  
 Washington, D. C.

My dear Mr. Chairman:

I herewith enclose a letter <sup>11/7/49</sup> which I have received from my friend, Thomas Graham, an investment banker in Louisville, Kentucky. I would like to have your reaction to his subject.

With all good wishes, I am

Sincerely,

*Brent Spence*

FOR FILES  
 W. R. Corkhum

MCKAY REED  
CHAIRMAN

JOHN W. CRIMMINS  
CHAIRMAN OF ORGANIZATION

LENNIE W. McLAUGHLIN  
SECRETARY

TELEPHONE  
JACKSON 5394

# DEMOCRATIC COUNTY EXECUTIVE COMMITTEE

305 TYLER BUILDING  
LOUISVILLE, KENTUCKY

REC'D IN FILES SECTION  
JAN 13 1950  
122.201  
JOHN J. BARRY  
TREASURER  
mkt

THOMAS GRAHAM  
CHAIRMAN FINANCE COMMITTEE

DEMOCRATIC FINANCE COMMITTEE  
1949

November 7, 1949

WM. O. ALDEN, JR.  
O'NEAL, ALDEN & CO.  
M. M. BONNER  
614 W. WALNUT.  
ROBERT BURKE, JR.  
KY. HOME LIFE BLDG.  
A. E. CABELL  
LINCOLN BANK  
LLOYD CLARK  
BANK OF LOUISVILLE  
SID CLAY  
U. S. TRUST CO.  
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874 FETTER  
EDWARD DAVIS  
PYTHIAN BLDG.  
JOHN H. DAUGHERTY  
KY. HOME LIFE BLDG.  
JOHN DUGAN  
1445 S. THIRD ST.  
CHARLES DUNN  
800 BAXTER  
SAM ESKEW  
KY. HOME LIFE BLDG.  
ROBERT EVANS  
CITIZENS FIDELITY BANK  
CHAS. O. EWING, III  
OSCAR EWING DAIRY CO.  
CARL FISCHER  
1862 MELLWOOD AVE.  
GORDON FORD  
KY. HOME LIFE BLDG.  
HENRY GERBER  
LOUISVILLE WATER CO.  
FERD GNAU  
31 U. S. TRUST BLDG.  
F. A. GULLEDGE  
BANK OF ST. HELENS-SHIVELY  
ROBERT HATTON  
M. E. TAYLOR BLDG.  
WOOD HANNAH  
BANKERS BOND CO.  
SCOTT HAMILTON  
KY. HOME LIFE BLDG.  
MATT HARGAN  
STOCK YARDS BANK  
ROBERT HENSLEY  
KY. HOME LIFE BLDG.  
W. HOWARD HOPKIN  
100 CHENOWETH LANE  
FRITZ HUTTMANN  
741 S. THIRD ST.  
EDWIN KLEIN  
ROYAL INDUSTRIAL BANK  
SAM KIRBY, JR.  
201 N. BIRCHWOOD  
RAY KIRCHDORFER  
KY. HOME LIFE BLDG.  
DR. J. A. C. LATTIMORE  
15TH & WALNUT  
SEN. C. W. A. MCCANN  
712 W. JEFFERSON  
STANLEY MCGEE  
HEYBURN BLDG.  
RALPH NEBLETT  
BANK OF JEFFERSONTOWN  
ALBERT PHILLIPS  
FIRST NATIONAL BANK  
IRA PORTER  
LOUISVILLE TRUST CO.  
MERLE ROBERTSON  
LIBERTY BANK & TRUST CO.  
ALVIN ROSENBERG  
1411 WILLOW  
LEON SHAIKUN  
116 W. BRANDEIS  
ROBERT SLOSS  
M. E. TAYLOR BLDG.  
MAX WALDMAN  
M. E. TAYLOR BLDG.  
EDWARD WILLIS  
KY. HOME LIFE BLDG.  
HOLMAN WILSON  
LOUISVILLE TRUST BLDG.  
THOMAS YOUNG  
KY. HOME LIFE BLDG.

Hon. Brent Spence  
Ft. Thomas, Ky.

My dear Mr. Chairman:

One of the worst things that has been inflicted on Kentucky has been the division of the State from an economic standpoint by the Federal Reserve System - Western Kentucky being served by Cleveland through Cincinnati, and the Eastern part of the State by St. Louis through Louisville.

It seems to me the greatest service you could render Kentucky would be to see that the State is put into one District and, additionally, there ought to be a sub-bank in Lexington. Then the State would not be in economic integration as it is at the present time which does more harm than anything I know of.

Yours sincerely,

Thomas Graham

TG:CN

FOR FILES  
W. R. Corkhum

REC'D IN FILES SECTION  
NOV 12 1947  
122.2

NOV 10 1947 *Carded*

Mr. Ralph L. Thomas, Assistant Vice President,  
Peoples First National Bank & Trust Company,  
Pittsburgh 30, Pennsylvania.

Dear Mr. Thomas:

Mr. Leonard has referred to me your letter of October 29 <sup>(</sup>  
~~presenting the inquiry of Mr. Bailey~~ regarding the possibility of  
having one of your correspondent banks in the Fifth District trans-  
ferred to the Fourth District.

The Board is authorized by paragraph 1 of Section 2 of  
the Federal Reserve Act to readjust district boundaries, but no set  
procedure has been established for consideration of requests for such  
adjustments. In the past, where there has been strong sentiment among  
the banks in a given region to be transferred from one district to  
another, petitions to that effect have been presented to the Board of  
Governors. Any such petition should, of course, set forth in detail  
the reasons why the change is thought desirable.

Very truly yours,  
  
(SIGNED) BRAY HAMMOND  
Bray Hammond,  
Assistant Secretary.

*ms*  
BH:ekm  
gk  
AK-BH

FILE COPY

FOR FILES  
A. L. Yates

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

REC'D IN FILES SECTION  
NOV 12 1947  
122.2  
November 7, 1947.

To: Mr. Leonard

From: Mr. Hammond

I must claim responsibility myself for the blunder of fetching in Mr. Bailey and can implicate no others except for failing to catch my error.

*see letter 11/10/47*  
The letter in its present form follows previous correspondence in similar cases. Mr. Daniels and I had much rather leave out reference to the Federal Reserve Banks. They would, of course, be informed of any petition after it was received, but it seems to us that we should do as little as possible that might encourage the petition by indicating more than the simplest step to be taken in presenting it. For this same reason it seems to us that the distinction between transfer of a bank and transfer of the territory in which the bank is situated is not one that there is any call to make.

Do you go along with us?

OK  
RHH

FOR FILES  
A. L. Yates

REC'D IN FILES SECTION  
147  
NOV 12 1947  
122.2

# PEOPLES FIRST NATIONAL BANK & TRUST COMPANY

PITTSBURGH 30, PENNSYLVANIA

October 29, 1947

Mr. Robert F. Leonard, Director  
Division of Examinations  
Board of Governor of the  
Federal Reserve Board  
Washington, D. C.

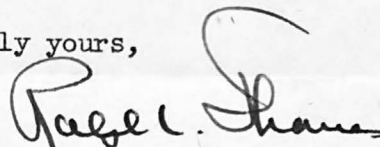
Dear Mr. Leonard:

A mutual friend of ours, Bill Bailey, Chief Examiner of the Fifth District, mentioned that you might be the individual to give me an answer on this question.

One of our correspondent banks is in the Fifth District now and is very anxious to be transferred to the Fourth District. All trade in that area goes toward Pittsburgh rather than Baltimore and Richmond.

What would you suggest as to the proper procedure to request consideration of this and to whom should it be addressed.

Cordially yours,



Ralph L. Thomas  
Assistant Vice President

FOR FILES  
A. L. Yates



*Mr De la Mata*

Mr. Horbett:

REC'D IN RECORDS SECTION  
FEB 21 1957  
122.2

For the benefit of the records, the source of information concerning the number of banks affected by the transfer of territory from Federal Reserve district to another is as follows:

Territory Transferred	Date of Transfer	Number of Member banks (*)	Source of information
✓ Fairfield County, Connecticut transferred from 1st. to 2nd. F.R.District	4/1/1916	✓ 15	Comptroller's Abstract No. 100 (May 1916) p.11
✓ Sixteen parishes in Louisiana transferred from 11th to 6th F.R.District	4/1/1916	✓ 16	do. <i>3/27/43</i>
✓ Twelve counties in New Jersey transferred from 3rd to 2nd F.R.District	7/1/1915	✓ 131	Comptroller's Abstract No. 96 (Sept.1915) p.11
✓ Tyler and Wetzel counties, West Virginia, transferred from 5th to 4th F.R.District	7/1/1915	✓ 5	do.
✓ Twenty-six counties in Oklahoma transferred from 11th to 10th F.R.District	7/1/1915	✓ 121	do.
✓ Twenty-five counties in Wisconsin transferred from 9th to 7th F.R.District	1/1/1917	✓ 52	Comptroller's Abstract No. 105 (Mar.1917) p.11

Parts of Sharkey and Yazoo Counties, Mississippi (made part of new county Humphreys) transferred from 6th to 8th F.R.District 12/12/1919 None Letter to Deputy Comptroller Kane, 2/11/1920. (File 122.208, Transfer of Humphreys Co., Miss. from 6th to 8th District.)

Bernalillo and Valencia Cos., New Mex. trans. from 11th to 10th Dist. 4/15/1926 3 Board letters to Gov(rs. K.C. & Dallas 3/31/1926

\* All National banks;  
No state bank members in territory at time of the transfer

*De la Mata*

*3/27/43*

*J.D. M.S.P.*

FEDERAL RESERVE BANK BRANCH ZONES  
Changes in Territory

RECORDS IN RECORDS SECTION  
FEB 21 1957  
122.2  
CWA

October 1, 1938

The following counties in Washington:

Asotin	Garfield
Columbia	Walla Walla

1/2/43

The following counties in Idaho:

Benewah	Idaho	Shoshone
Bonner	Kootenai	Nez Perce
Boundary	Latah	
Clearwater	Lewis	

-----  
transferred from Seattle Zone to Portland Zone  
-----

October 1, 1938

Spokane Branch discontinued  
-----

November 1, 1938

Calhoun and Refugio Counties, Texas, transferred from San Antonio Zone to Houston Zone.  
-----

June 1, 1940

Presidio County, Texas, transferred from San Antonio Zone to El Paso Zone  
-----

July 1, 1940

Sixteen counties in North Carolina transferred from Richmond Head Office territory to Charlotte Branch territory:

Alamance	Davie	Montgomery	Rockingham
Anson	Forsyth	Moore	Stokes
Chatham	Guilford	Randolph	Surry
Davidson	Lee	Richmond	Yadkin

-----

Nov. 16, 1942

City of Newport, Jackson County, Arkansas, transferred from Head Office Zone to Little Rock Zone.  
-----

Jan. 2, 1943

Brewster County, Texas, transferred from San Antonio Zone to El Paso Zone.  
-----

REC'D IN FILES SECTION

MAY 4 - 1940

12202

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

R-643

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 26, 1940



Dear Sir:

At the conference held in Washington on March 19, 1940, the Conference of Presidents approved in principle the proposal of the Standing Committee on Collections that the American Bankers Association bank numbering system be revised, and requested the Chairman of the Conference to appoint a committee of three members of the Conference to review, with power to approve in behalf of the Conference, such plan for the revision of the numbering system as may be recommended by the Standing Committee on Collections.

If a revision of the American Bankers Association bank numbering system is adopted that involves the printing on checks of numbers indicating the Federal Reserve Bank or branch territory in which a bank is located, subsequent changes in Federal Reserve branch territorial lines will cause considerable confusion in sorting and routing checks.

It will be appreciated, therefore, if you will discuss this matter with the Directors of your Bank at the first convenient opportunity and advise the Board whether the Bank feels that any changes should be made in branch territorial lines in your district before a change, if any, is made in the American Bankers Association bank numbering system.

Very truly yours,

L. P. Bethea,  
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS  
EXCEPT BOSTON, PHILADELPHIA, AND RICHMOND

REC'D IN FILES SECTION

MAY 1 - 1940

122 ● 2

HC

vt

APR 26 1940

22

Mr. Hugh Leach, President,  
Federal Reserve Bank of Richmond,  
Richmond, Virginia

Dear Mr. Leach:

There is enclosed <sup>R-643</sup> a copy of a letter dated April 26, 1940, which was sent to all Federal Reserve banks except Boston, Philadelphia and Richmond, regarding possible changes in Federal Reserve branch territorial lines.

It will be appreciated if you will discuss the subject of this letter with the directors of your bank at the first convenient opportunity and advise the Board whether the bank feels that any changes should be made in branch territorial lines in your district, other than the proposed changes in the territory of the Charlotte Branch which are now under consideration.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Assistant Secretary.

Enclosure

FOR FILES  
E. H. McKnew

FILE COPY

LSM; jbs

*Handwritten initials and scribbles*

*301 (5) Charlotte*

Requests for Changes in Boundaries of Federal Reserve Districts  
which have not been approved by the Federal Reserve Board

*file date*  
12/2/38

RESERVE BOARD IN FILES SECTION  
DEC 12 1938  
12202

February, 1915:

Formal hearing before Federal Reserve Board Feb. 2, 1915, on request for transfer of States of Nebraska and Wyoming from 10th to 7th District. (Files do not disclose record of Board action, but Minutes of May 26, 1915 cover action of Board on May 4, 1915, disapproving request.)

May, 1915:

Formal hearing on application of certain banks in Wisconsin for transfer from 9th to 7th District. Petition dismissed May 24, 1915, without prejudice.

Aug. 1916

Rehearing on above matter, banks in Northern Peninsula of Michigan also being allowed to intervene.

Oct. 1916

Board ruled that, effective January 1, 1917, Monroe, Jackson, Clark, Marathon, Langlade, Oconto and Marinette Counties and all counties (in Wisconsin) in Ninth District east and south thereof, be transferred from 9th to 7th District.

April, 1918:

Transfer of "Western half of Iowa" from 7th to 10th District. No request received by Board, but Sioux City, Iowa, Clearing House Association registered protest against such change.

April, 1922:

Application by six banks for transfer of Knox, Laurel and Whitley Counties, Kentucky, from 4th to 8th District. Matter not formally submitted to Board by either Federal Reserve Bank in interest. No Board action

July, 1923:

Correspondence with Mr. J. L. Milligan, with reference to transfer of certain counties in western Missouri from District No. 10 to No. 8. No action by Board.

Sept. 1932:

Application of certain banks in Oklahoma for transfer of eight counties in Oklahoma from 11th to 10th District, as follows:

Atoka	Bryan	Coal	Choctaw
Johnson	Mc Curtain	Marshall	Pushmataha

No formal request submitted to Board by either Federal Reserve bank in interest, hence no action by Board.

*This material was read by files 10/24 - it was placed inside the cover of file 122.2-1 (11/37-3/38) - the material has not been identified in placed in the file for the purpose of some possible use - R*

June, 1933:

Petition and letters from certain banks in Benton County, Arkansas, for transfer from 8th to 10th District. No application received from Federal Reserve banks concerned and no action by Board indicated.

March, 1935:

Letter from Chairman Peyton, of Federal Reserve Bank of Minneapolis, concerning efforts of Hon. Prentiss M. Brown, President of First National Bank of St. Ignace, Michigan, to obtain transfer of a portion of the Northern Peninsula of Michigan from the 9th to 7th District. No application made to Board, but files disclose several letters from other banks opposing the proposal.

(In May, 1937, the Board had correspondence with Mr. Peyton concerning the possibility of air mail service which would bring St. Ignace into better communication with the Federal Reserve Bank of Minneapolis. No action by Post Office Department is indicated.)

Note:

There are a number of letters in the files with reference to individual banks, member and nonmember, requesting permission to be transferred to other Districts. These matters usually have been adjusted through the Federal Reserve bank and no Board action is indicated.

FEDERAL RESERVE DISTRICT LINES

Record of Changes Authorized  
by Board

REC'D IN RECORDS SECTION

FEB 21 1957

122.2

4/15/26

District No. 1:

April 1, 1916

Fairfield County, Connecticut, transferred to  
District No. 2.

District No. 2:

July 1, 1915

Twelve northern New Jersey counties transferred from  
District No. 3, as follows:

Bergen	Hunterdon	Morris	Sussex
Essex	Middlesex	Passaic	Union
Hudson	Monmouth	Somerset	Warren

April 1, 1916

Fairfield County, Connecticut transferred from  
District No. 1.

District No. 3:

July 1, 1915

Twelve northern counties of New Jersey transferred to  
District No. 2

District No. 4:

July 1, 1915

Tyler and Wetzel Counties, West Virginia transferred  
from District No. 5.

District No. 5:

July 1, 1915

Two counties of West Virginia transferred to  
District No. 4.

District No. 6:

April 1, 1916

Sixteen parishes in Louisiana transferred from  
District No. 11, as follows:

Acadia	Calcasieu	Jefferson Davis	St. Martin
Allen	Cameron	Lafayette	St. Mary
Avoyelles	Evangeline	Rapides	Vermilion
Beauregard	Iberia	St. Landry	Vernon

December 12, 1919

Parts of Sharkey and Yazoo Counties, Mississippi,  
which had been made a part of the new county of  
Humphreys, transferred to District No. 8

District No. 7:

January 1, 1917

Twenty-five counties in Wisconsin transferred from District No. 9, as follows

Adams	Fond du Lac	Langlade	Monroe	Sheboygan
Brown	Green Lake	Manitowoc	Oconto	Waupaca
Calumet	Jackson	Marathon	Outagamie	Waushara
Clark	Juneau	Marinette	Portage	Winnebago
Door	Kewaunee	Marquette	Shawano	Wood

District No. 8:

December 12, 1919

Parts of Sharkey and Yazoo Counties, Mississippi, (made part of the new county of Humphreys) transferred from District No. 6

District No. 9:

January 1, 1917

Twenty-five counties in Wisconsin transferred to District No. 7.

District No. 10:

July 1, 1915

Twenty-six counties in Oklahoma transferred from District No. 11, as follows:

Beckham	Custer	Haskell	Latimer	Pittsburg
Caddo	Garvin	Hughes	Le Flore	Pontotoc
Carter	Grady	Jackson	Love	Roger Mills
Comanche	Greer	Jefferson	Mc Clain	Stephens
Cotton	Harmon	Kiowa	Murray	Tillman
				Washita

April 15, 1926

Bernalillo and Valencia Counties, New Mexico, transferred from District No. 11.

District No. 11:

July 1, 1915

Twenty-six counties in Oklahoma transferred to District No. 10.

April 1, 1916

Sixteen parishes in Louisiana transferred to District No. 6.

April 15, 1926

Bernalillo and Valencia Counties, New Mexico, transferred to District No. 10.



7 122.2  
September 6, 1921.

MR. EDDY

CONNECTICUT NATIONAL BANKS IN

MR. IMLAY

DISTRICT NO. 2.

Referring to telephone conversation, all of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut are in District No. 1, Federal Reserve Bank of Boston, with the exception of Fairfield county, Connecticut, which is in District No. 2, Federal Reserve Bank of New York. The following national banks are located in this county and are therefore attached to the Federal Reserve Bank of New York:

- ✓ Bethel National Bank ---- Bethel, Conn.
- ✓ City National Bank ----- Bridgeport, Conn.
- ✓ First National Bank ----- do
- Danbury National Bank ---- Danbury, Conn.
- City National Bank ----- do
- Greenwich National Bank -- Greenwich, Conn.
- First National Bank ----- New Canaan, Conn.
- Fairfield County NB ----- Norwalk, Conn.
- National Bank of Norwalk - Norwalk, Conn.
- First NB & Trust Co. ----- Ridgefield, Conn.
- City National Bank ----- South Norwalk, Conn.
- First-Stamford NB ----- Stamford, Conn.

*No state or trust  
Co. mail no of  
date of hearing  
- Apr 1 1916  
JD*

*Transfer*

# 2

FEDERAL RESERVE BANK  
OF NEW YORK

FEDERAL RESERVE BOARD FILE  
24122.2

April 7, 1916.

S i r s :

Receipt is acknowledged of your letter of  
the 6th instant informing me that the Federal Reserve  
Board has approved the applications of the Fairfield  
County, Connecticut, banks, for the surrender of stock  
in the Federal Reserve Bank of Boston, and for stock  
in the Federal Reserve Bank of New York.

Respectfully,

*Pierpont*  
Chairman.

Federal Reserve Board,  
Washington, D. C.

AJL/LES.

H. L. M.

*Truman*

#2

FEDERAL RESERVE BOARD FILE

24122022

April 6, 1916.

Mr. Pierre Jay,  
Federal Reserve Agent,  
New York, N. Y.

Dear Sir:

I have the honor to inform you that the Federal Reserve Board has today approved the applications of the following banks for the surrender of stock in the Federal Reserve Bank of Boston and for stock in the Federal Reserve Bank of New York:

		<u>Shares.</u>
Connecticut National Bank	Bridgeport, Conn.	350
Bethel National Bank	Bethel, "	18
City National Bank	Bridgeport, "	300
First-Bridgeport National Bank	Bridgeport, "	960
City National Bank	Danbury, "	180
Danbury National Bank	Danbury, "	180
Greenwich National Bank	Danbury, "	180
National Bank of	Norwalk, "	173
First National Bank	New Canaan, "	72
First National Bank	Hidgefield, "	33
City National Bank	No. Norwalk, "	120
First National Bank	Stamford, "	180
Fairfield County National Bank	Horswilk, ""	150
Central National Bank	Norwalk, "	72
Stamford National Bank	Stamford, "	360

Respectfully,

Assistant Secretary.

BANKS IN FAIRFIELD COUNTY, CONNECTICUT, TRANSFERRED  
FROM DISTRICT NO. 1, TO DISTRICT NO.2.

Bethel National Bank	Bethel, Conn.
First Bridgeport National Bank	Bridgeport, Conn.
City National Bank	" "
Connecticut National Bank	" "
Danbury National Bank	Danbury, "
City National Bank	" "
Greenwich National Bank	Greenwich "
First National Bank	New Canaan, "
Central National Bank	Norwalk, "
Fairfield Co., National Bank	" "
National Bank of	" "
First National Bank	Ridgefield, "
City National Bank	So. Norwalk, "
First National Bank	Stamford, "
Stamford National Bank	Stamford, "

Share La banks  
transferred

✓	6000	✓
✓	18000	✓
✓	6000	✓
✓	12000	✓
✓	15000	✓
✓	8400	✓
✓	7200	✓
✓	7800	✓
✓	6000	✓
✓	3900	✓
✓	1500	✓
✓	3800	✓
✓	2100	✓
✓	2200	✓
✓	6000	✓
✓	53000	✓
	138900*	

Capital La banks  
trans. 1,080,000  
S. 1,233,500  
March, 7, 1916

---

Connecticut

Gr	Capital	S.	Shares	No pk
Gr 1	16,206,279	9,826,652	15,622	35 <sup>1</sup>

Gr	C.	S.	Shares	No. Banky
Gr 2	2,425,000	1,060,000	2,091	18

Gr	C	S	Sh.	No pk
Gr 3	1,250,000	385,000	981	18

Gr	C	Mamie S.	Shares	No pk
Gr 1	3,550,000	1,983,000	3,320.00	72 20 13k 10
Gr 2	2,025,000	1,035,500	1,837.00	17
Gr 3	2,290,000	1,003,436	1,979.00	43

x

	Mass.			No. Bks.
	C.	S.	Share	
Yr 1	51,165,000	37,470,000	53,181,000	69
Yr 2	6,750,000	3,888,000	6,385,000	57
Yr 3	2,677,500	808,050	2,098,000	41

	N.Y.			No. Bks.
	C	S	Share	
Yr. 1	1,700,000	1,800,000	2,100,000	10
Yr. 2	2,075,000	1,156,000	1,940,000	19
Yr. 3	1,510,000	517,500	1,221,000	24

	P.S.			No. Bks.
	C	S	Share	
Yr 1	4,700,000	3,775,000	5,086,000	9
Yr 2	470,000	205,000	405,000	4
Yr 3	400,000	81,000	289,000	4

*Handwritten signature or initials*

W.  
S.

	C	S.	Shares	No Shares
Gr. 1	800,000	460,000	75,600	3
Gr. 2	2,360,000	1,092,000	207,200	18
Gr. 3	1,825,000	490,850	1,39,300	27



Comm.

$$\begin{array}{r}
 19,674,400 - 50,000 \\
 - 50,000 \\
 \hline
 19,624,400
 \end{array}$$

$$\begin{array}{r}
 11,229,000 \quad 10,000 \\
 - 13,000 \quad - 3,000 \\
 \hline
 11,216,000
 \end{array}$$

Maine inc	S
4,017,936	2,000
4,000	2,000
<u>4,021,936</u>	<u>4,000</u>

①, Maine inc.	S
	3,000
- 15,000	1,200
	1,091.14
	25,000
	1,000
	100,000

7/17,

$$\begin{array}{r}
 2,091,850 \\
 + 1,000 \\
 \hline
 2,092,850 \\
 - 50,000 \\
 \hline
 2,042,850
 \end{array}$$

$$\begin{array}{r}
 131,291.14 \\
 - 15,000 \\
 \hline
 116,291.14
 \end{array}$$

10,774,400  
4,31,899

---

16,206,279

431,879  
89,152

---

521,031  
06

---

342,6186

~~223~~ 1

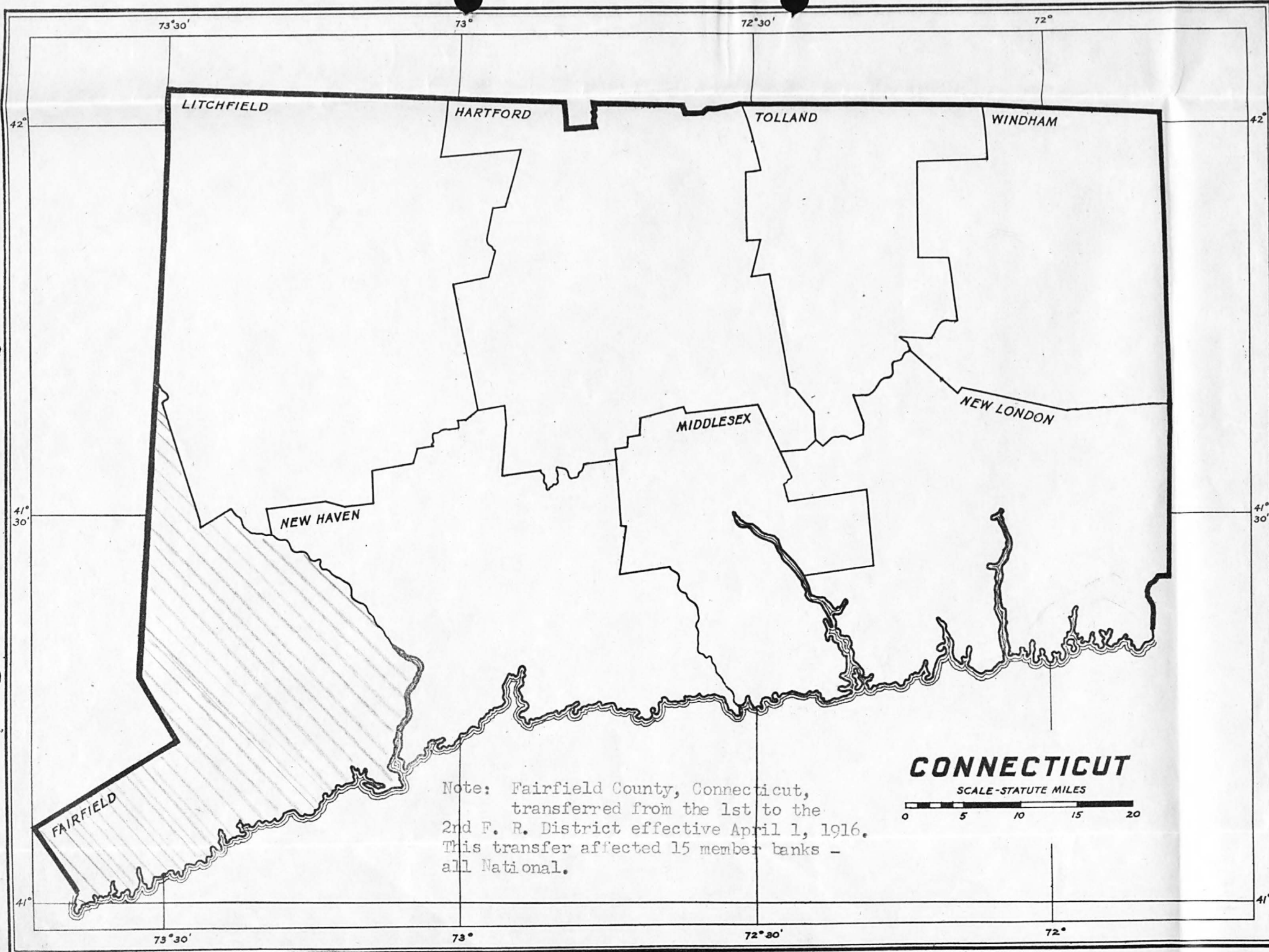
15309  
313

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15622

La means from 1 to 6

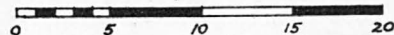
Capital	1,000,000
Surplus	1,233,500
Shares	1389



Note: Fairfield County, Connecticut,  
 transferred from the 1st to the  
 2nd F. R. District effective April 1, 1916.  
 This transfer affected 15 member banks -  
 all National.

**CONNECTICUT**

SCALE - STATUTE MILES



Copy sent to ~~Bank~~ *Agent.*

122.2

N.L.M.

January 10, 1917.

Federal Reserve Bank,  
Chicago, Illinois.

Dear Sirs:

One set of the applications of the Wisconsin banks for transfer of stock from the Minneapolis bank to your bank is transmitted to you herewith.

In forwarding these applications in duplicate to the Board the Federal Reserve Bank of Minneapolis requested that one set be forwarded to you and the other to their bank. However, inasmuch as all applications affecting stockholdings are filed here, it is desired to keep one set in order that our records may be complete.

It is noted that in several instances these banks have made changes in their surplus which will affect their stockholdings, and it is presumed that you desire the duplicate applications in order to straighten out the matter.

Very truly yours,

Secretary.

(enc.)

8

Copy sent to *Agent*

N.L.M.

# 9

FEDERAL RESERVE BOARD FILE  
122.2

January 10, 1917.

Federal Reserve Bank,  
Minneapolis, Minnesota.

Dear Sirs:

Referring to your letter of January 2, 1917, forwarding in duplicate applications for surrender of stock in your bank and for allotment of stock in the Federal Reserve Bank of Chicago, notice of the approval of which was sent to you yesterday, you are advised that the Board desires to keep one set in order that its records may be complete. All applications affecting stockholdings are filed in this office.

It is noted in the applications that several of the banks have made changes in their surplus since their last allotment of stock, and should file applications to correct their holdings. One set of the applications is therefore being sent to the Federal Reserve Bank of Chicago in order that they may take the matter up with the banks in question.

Very truly yours,

Secretary.

2

N.L.M.

sent to Bank

122.2

*To take place  
Jan. 1, 1917  
Appr. appro.  
1/8/17*

January 9, 1917.

Mr. Wm. A. Heath,  
Federal Reserve Agent,  
Chicago, Illinois.

Dear Sir:

I have the honor to inform you that the Federal Reserve Board, under date of January 6, 1917, approved the applications of the following banks in Wisconsin for the surrender of stock in the Federal Reserve Bank of Minneapolis and the allotment of stock in the Federal Reserve Bank of Chicago:

		Shares
First National Bank	Antigo	72
Langlade National Bank	"	45
Citizens National Bank	Appleton	120
Commercial National Bank	"	150
First National Bank	"	240
First National Bank	Berlin	60
First National Bank	Black River Falls	38
First National Bank	Brillion	20
Chilton National Bank	Chilton	36
First National Bank	Clintonville	44
First National Bank	Dale	18
National Bank of	De Pere	45
Commercial National Bank	Fond du Lac	120
First National Bank	"	90
Fond du Lac National Bank	"	150
Citizens National Bank	Grand Rapids	67
First National Bank	"	90

Wood County National Bank	Grand Rapids	120
Citizens National Bank	Green Bay	210
Kellogg National Bank	"	150
McCartney National Bank	"	180
First National Bank	Kaukauna	36
First National Bank	Manawa	18
National Bank of	Manitowoc	66
First National Bank	Marinette	84
Stephenson National Bank	"	120
American National Bank	Marshfield	54
First National Bank	"	72
First National Bank	Menasha	60
First National Bank	Neenah	113
National Manufacturers Bank	"	77
First National Bank	Neilsville	36
First National Bank	New London	39
Citizens National Bank	Oconto	47
Oconto National Bank	"	44
City National Bank	Oshkosh	144
Commercial National Bank	"	180
Old National Bank	"	240
Peshtigo National Bank	Peshtigo	21
First National Bank	Princeton	19
First National Bank	Ripon	75
German National Bank	"	75
First National Bank	Seymour	24
First National Bank	Shawano	45
German American National Bank	"	39
Citizens National Bank	Stevens Point	72
First National Bank	"	78
First National Bank	Tigerton	18
Old National Bank	Waupaca	39
First National Bank	Wausau	300
National German American Bank	"	270
First National Bank	Weyauwega	18

Very truly yours,

Secretary.



#9

122.2

# FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

### OFFICERS

THEODORE WOLD, GOVERNOR      S. S. COOK, CASHIER

### DIRECTORS

JOHN H. RICH, CHAIRMAN AND FEDERAL RESERVE AGENT	W. H. LIGHTNER, DEPUTY CHAIRMAN AND DEPUTY FEDERAL RESERVE AGENT
J. C. BASSETT, ABERDEEN, S. DAK.	E. W. DECKER, MINNEAPOLIS, MINN.
F. R. BIGELOW, ST. PAUL, MINNESOTA	L. B. HANNA, FARGO, N. DAKOTA
JOHN W. BLACK, HOUGHTON, MICH.	F. P. HIXON, LA CROSSE, WISCONSIN
	N. B. HOLTER, HELENA, MONT.

*Banks transferred  
This*

January 2, 1917.

Federal Reserve Board,  
Washington, D. C.

Gentlemen:-

We are sending you under separate cover by registered mail duplicate copies of resolutions of the Wisconsin member banks being transferred from the Ninth to the Seventh district, accompanied by a letter, a copy of which is attached hereto.

Respectfully,

*[Signature]*  
Cashier.

SSC:DC

Enc.

*Applications received  
& approved  
Jan 9*



COPY

January 2, 1917.

Federal Reserve Board,  
Washington, D. C.

Gentlemen:-

We enclose herewith by registered mail copies in duplicate of resolutions adopted by the boards of directors of the fifty-two Wisconsin member banks which have been transferred from the Ninth District to the Seventh, together with the certificates of the Federal Reserve Agents of the Federal Reserve Banks of Chicago and Minneapolis.

When the certificates of approval have been signed by the Secretary of the Federal Reserve Board, will you please forward one set of these resolutions to the Federal Reserve Bank of Chicago, and the other to us?

Attached hereto is a list showing the names and locations of the member banks, the number of shares subscribed for and the amount of capital stock paid in by each.

Respectfully,

SSC:DC

Cashier.

Encl.

OF WISCONSIN  
HEREBY

52 banks transferred  
25 counties

NATIONAL BANKS IN WISCONSIN TRANSFERRED FROM DISTRICT NO. 9 TO DISTRICT NO. 7.

TO TAKE EFFECT JANUARY 1, 1917.

<u>City</u>	<u>Name of Bank</u>	<u>Capital</u>	<u>Surplus</u>
Antigo	First National Bank	100,000	20,000
"	Langlade National Bank	50,000	25,000
Appleton	Citizens National Bank	150,000	50,000
"	Commercial National Bank	150,000	100,000
"	First National Bank	300,000	100,000
Berlin	First National Bank	75,000	25,000
Black River Falls	First National Bank	50,000	12,500
Brillion	First National Bank	25,000	7,500
Chilton	Chilton National Bank	50,000	10,000
Clintonville	First National Bank	60,000	12,000
Dale	First National Bank	25,000	3,400
De Pere	National Bank of De Pere	50,000	25,000
Fond du Lac	Commercial National Bank	125,000	75,000
"	First National Bank	125,000	25,000
"	Fond du Lac National Bank	200,000	50,000
Grand Rapids	Citizens National Bank	100,000	10,500
"	First National Bank	100,000	50,000
"	Wood County National Bank	100,000	100,000
Green Bay	Citizens National Bank	250,000	100,000
"	Kellogg National Bank	200,000	50,000
"	McCarthy National Bank	200,000	100,000
Kaukauna	First National Bank	50,000	10,000
Manawa	First National Bank	25,000	5,000
Manitowoc	National Bank of Manitowoc	100,000	10,000
Marinette	First National Bank	100,000	40,000
"	Stephenson National Bank	100,000	100,000
Marshfield	American National Bank	50,000	40,000
"	First National Bank	65,000	55,000
Menasha	First National Bank	80,000	20,000
Neenah	First National Bank	125,000	62,500
"	Nat'l. Manufacturers Bank	100,000	27,500
Neillsville	First National Bank	50,000	10,000
New London	First National Bank	50,000	13,500
Oconto	Citizens National Bank	65,000	13,000
"	Oconto National Bank	60,000	12,000
Oshkosh	City National Bank	200,000	40,000
"	Commercial National Bank	200,000	100,000
"	Old National Bank	300,000	100,000
Peshtigo	Peshtigo National Bank	25,000	10,000
Princeton	First National Bank	25,000	6,000
Ripon	First National Bank	100,000	25,000
"	German National Bank	100,000	25,000
Seymour	First National Bank	30,000	8,500

<u>City</u>	<u>Name of Bank</u>	<u>Capital</u>	<u>Surplus</u>
Shawano	First National Bank	50,000	25,000
"	German-American Nat'l. Bank	25,000	40,000
Stevens Point	Citizens National Bank	100,000	20,000
"	First National Bank	100,000	30,000
Tigerton	First National Bank	25,000	5,000
Waupaca	Old National Bank	50,000	15,000
Wausau	First National Bank	350,000	150,000
"	Nat'l. German American Bank	300,000	150,000
Weyauwega	First National Bank	25,000	4,000
	Total.....	5,510,000	2,122,900

121 Banks

\$2,100 in surplus was taken from  
Mar 9 to Mar 7 when appe.  
for trans were made -  
noted on cards

FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

122.2

OFFICERS

THEODORE WOLD, GOVERNOR S. S. COOK, CASHIER

DIRECTORS

JOHN H. RICH, CHAIRMAN  
AND FEDERAL RESERVE AGENT  
J. C. BASSETT, ABERDEEN, S. DAK.  
F. R. BIGELOW, ST. PAUL, MINNESOTA  
JOHN W. BLACK, HOUGHTON, MICH.  
W. H. LIGHTNER, DEPUTY CHAIRMAN  
AND DEPUTY FEDERAL RESERVE AGENT  
E. W. DECKER, MINNEAPOLIS, MINN.  
L. B. HANNA, FARGO, N. DAKOTA  
F. P. HIXON, LA CROSSE, WISCONSIN  
N. B. HOLTER, HELENA, MONT.

January 2, 1917.

Federal Reserve Board,

Washington, D. C.

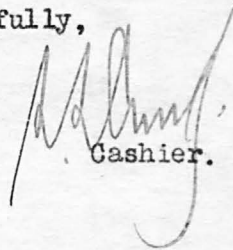
Gentlemen:-

We enclose herewith by registered mail copies in duplicate of resolutions adopted by the boards of directors of the fifty-two Wisconsin member banks which have been transferred from the Ninth District to the Seventh, together with the certificates of the Federal Reserve Agents of the Federal Reserve Banks of Chicago and Minneapolis.

When the certificates of approval have been signed by the Secretary of the Federal Reserve Board, will you please forward one set of these resolutions to the Federal Reserve Bank of Chicago, and the other to us?

Attached hereto is a list showing the names and locations of the member banks, the number of shares subscribed for and the amount of capital stock paid in by each.

Respectfully,



Cashier.

SSC:IC

Encl.

WISCONSIN BANKS TRANSFERRED FROM THE NINTH  
TO THE SEVENTH DISTRICT.

As of January 1, 1917.

<u>Name of Bank</u>	<u>Location</u>	<u>No. Shares</u>	<u>Capital Paid In</u>
First National	Antigo	72	\$3600.
Langlade National	Antigo	45	2250.
Citizens National	Appleton	120	6000.
Commercial National	Appleton	150	7500.
First National	Appleton	240	12000.
First National	Berlin	60	3000.
First National	Black River Falls	38	1900.
First National	Brillion	20	1000.
Chilton National	Chilton	36	1800.
First National	Clintonville	44	2200.
First National	Dale	18	900.
Nat. Bank of De Pere	De Pere	45	2250.
Commercial National	Fond du Lac	120	6000.
First National	Fond du Lac	90	4500.
Fond du Lac National	Fond du Lac	150	7500.
Citizens National	Grand Rapids	67	3350.
First National	Grand Rapids	90	4500.
Wood County National	Grand Rapids	120	6000.
Citizens National	Green Bay	210	10500.
Kellogg National	Green Bay	150	7500.
McCartney National	Green Bay	180	9000.
First National	Kaukauna	36	1800.

Wisconsin Banks Transferred from the Ninth to the  
Seventh District.

As of Jan. 1, 1917.

First National	Manawa	18	900.
Nat. Bank of Manitowoc	Manitowoc	66	3300.
First National	Marinette	84	4200.
Stephenson National	Marinette	120	6000.
American National	Marshfield	54	2700.
First National	Marshfield	72	3600.
First National	Menasha	60	3000.
First National	Neenah	113	5650.
Nat. Manufacturers	Neenah	77	3850.
First National	Neilsville	36	1800.
First National	New London	39	1950.
Citizens National	Oconto	47	2350.
Oconto National	Oconto	44	2200.
City National	Oshkosh	144	7200.
Commercial National	Oshkosh	180	9000.
Old National	Oshkosh	240	12000.
Peshtigo National	Peshtigo	21	1050.
First National	Princeton	19	950.
First National	Ripon	75	3750.
German National	Ripon	75	3750.
First National	Seymour	24	1200.
First National	Shawano	45	2250.
Ger. Am. National	Shawano	39	1950.
Citizens National	Stevens Point	72	3600.
First National	Stevens Point	78	3900.

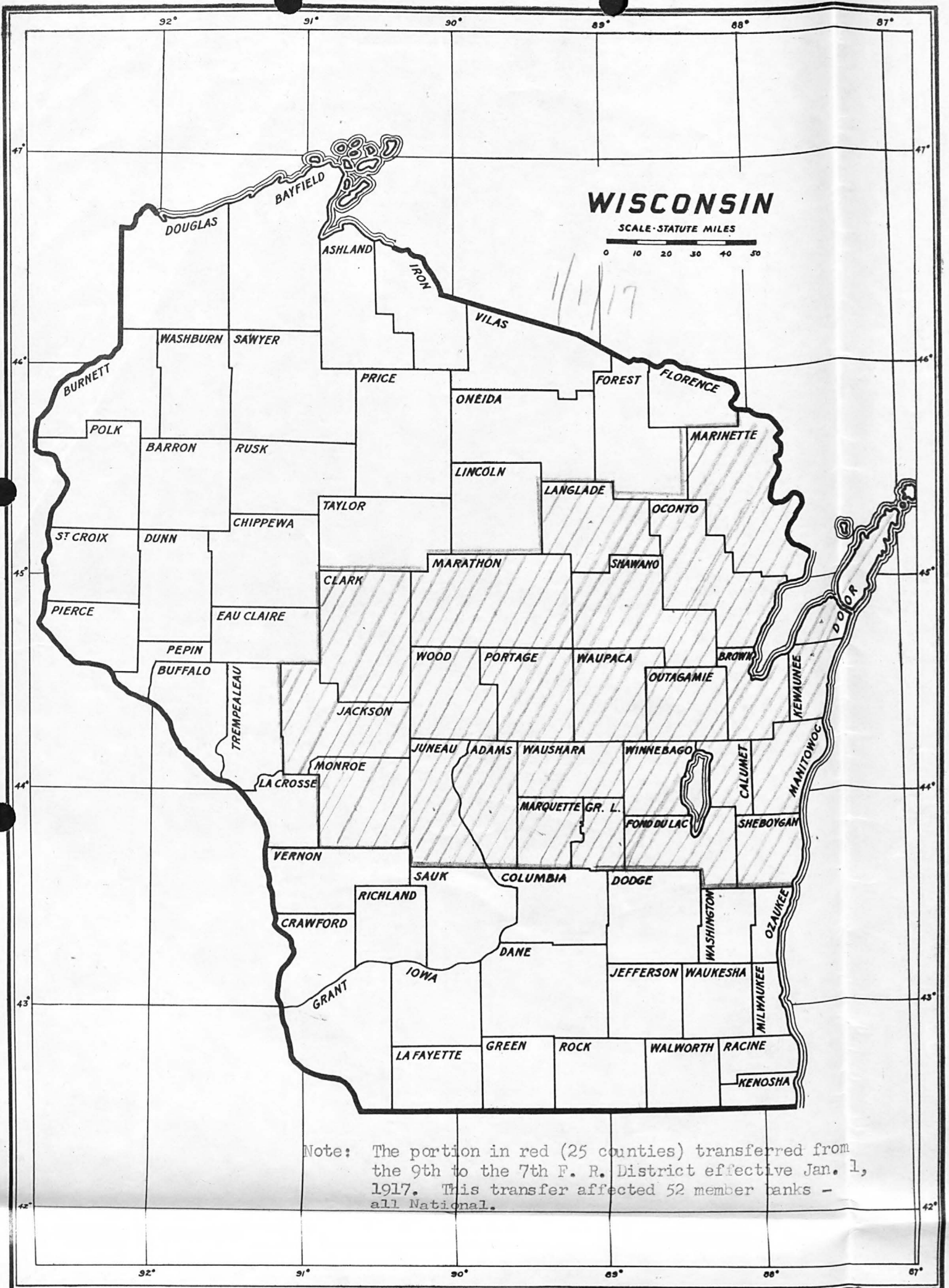
Wisconsin Banks Transferred from the Ninth to the Seventh District.

As of Jan. 1, 1917.

First National	Tigerton	18	900.
Old National	Waupaca	39	1950.
First National	Wausau	300	15000.
Nat. Ger. Am. Bank	Wausau	270	13500.
First National	Weyauwega	<u>18</u>	<u>900.</u>
		4588	\$ 229400.

52 Banks  
all Natl.





JAN. 1, 1925

STATEMENT FOR THE PRESS.

October 13, 1916,

The Federal Reserve Board today, acting upon the appeal of certain Wisconsin bankers, voted to transfer the territory included in the counties of Monroe, Jackson, Clark, Marathon, Langlade, Oconto and Marinette, of Wisconsin, and all other counties in the same State now in the Minneapolis District east and south thereof, from the Minneapolis to the Chicago District. No change as to northern Michigan.

The transfer was made effective as of January 1, 1917.

Counties transferred. to District No. 7 from 9.

0 Adams ✓	5 Fond du Lac	2 Langlade	0 Monroe	0 Sheboygan
4 Brown ✓	2 Green Lake	1 Manitowoc	2 Oconto	5 Waupaca
2 Calumet ✓	1 Jackson	2 Marathon	6 Outagamie	0 Waushara
1 Clark ✓	0 Juneau	3 Marinette	2 Portage	6 Winnebago
0 Door ✓	0 Kewaunee	0 Marquette	3 Shawano	5 Wood

*52 Members  
all well. B. H. J.  
152 ✓*

COUNTIES remaining in District No. 9.

Ashland	Chippewa	Forest	Pepin	St. Croix
Barron	Douglas	Iron	Pierce	Sawyer
Bayfield	Dunn	La Crosse	Polk	Taylor
Buffalo	Eau Claire	Lincoln	Price	Trempealeau
Burnett	Florence	Oneida	Rusk	Vilas
				Washburn

Adams no banks

Banks trans. from Dist 9 to Dist 7

52 banks  
25 counties

Winn Co.

St. Pere - National Bank of St. Pere

Green Bay - Citizens N. B.

" " Kellogg N. B.

" " Mc Cartney N. B.

Calumet Co.

Bullon First N. B.

Chilton Chilton N. B.

Clark Co

Neillville. First N. B.

Knox Co. no banks

Fond du Lac Co.

Fond du Lac First N. B.

" " " Commercial N. B.

" " " Fond du Lac

Repos First N. Bank

" German N. B.

Green Lake Co.

Berlin First N. B.

Orniston First N. B.

Jackson Co

Black River Falls First N. B.

Jamez Co  
no banks

Hewaunce Co  
no banks

Lacglade Co

Antigo First N. B.

" Lacglade N. B. of Antigo

Manitowoc Co.

Manitowoc - N. B. of Manitowoc

Marathon Co.

Harsaw First N. B.

" Natl. German American Bank

Marquette Co

Marquette - First N. B.

" Stephenson N. B. of Marquette

Peshigo

Peshigo N. B.

Monroe Co.  
No. Banks

Oconto Co.

Oconto - Citizens N. B.  
" Oconto N. B.

Outagamie Co.

Appleton First N. B.  
" Citizens " "  
" Commercial A. B.

Kaukauna First N. B.  
Seymour " " "  
Dale " " "

Portage Co.

Stevens Point First N. B.  
" " Citizens N. B.

Shawano Co.

Shawano - First N. B.  
" German American  
Dugston First N. B.

Sheboygan Co  
No banks

Kaupapa Co

Clutsville First N. B.

Heyanwega " " "

Kaupapa Old N. B.

New London First N. B.

Manawa First N. B.

Marshara Co

No banks

Hinnestago Co

Menasha First N. B.

Menah " " "

Natl. Manufacturers Bank

"  
Ashkosh City N. B.

" Commercial N. B.

" Old N. B.

Hood Co

Hood Co

Grand Rapids

Marshfield

Grand Rapids

" "

Marshfield

First N.B.

" " "

Citizen N.B.

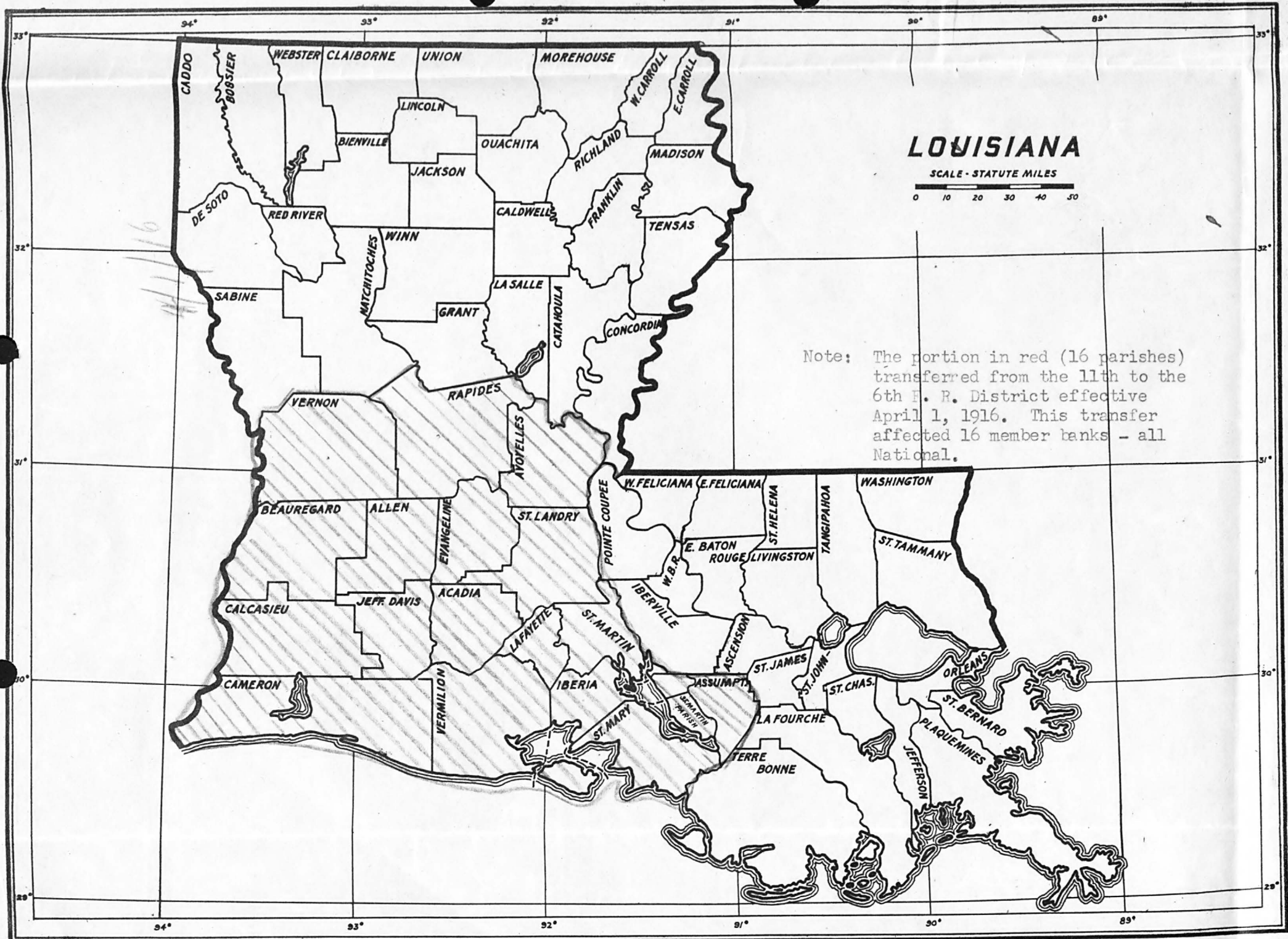
Hood Co. N.B.

American N.B.

---

Total 52 banks transferred

" 25 counties "





EX-OFFICIO MEMBERS

WILLIAM G. MCADOO  
SECRETARY OF THE TREASURY  
CHAIRMAN  
JOHN SKELTON WILLIAMS  
COMPTROLLER OF THE CURRENCY

CHARLES S. HAMLIN, GOVERNOR  
FREDERIC A. DELANO, VICE GOVERNOR  
PAUL M. WARBURG  
W. P. G. HARDING  
ADOLPH C. MILLER

H. PARKER WILLIS, SECRETARY  
SHERMAN ALLEN, ASST. SECRETARY

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

*Send to  
all member  
banks from file*

*Apr. 1/1916*

*Memo 558.*  
*122.2*  
*Card*  
*4/1/16*

My dear Sir:

On February 25 the Federal Reserve Board, acting upon the petition of certain banks in Louisiana to be transferred from the eleventh Federal reserve district (Dallas) to the sixth Federal reserve district (Atlanta), adopted the following resolution:

"RESOLVED, That all of Louisiana north of the parishes of Vernon, Rapides and Avoyelles remain in the Eleventh Federal Reserve District, and that the remaining part of the State of Louisiana now in the Eleventh District be transferred to the Sixth Federal Reserve District, and the banks therein allotted to the New Orleans Branch of the Federal Reserve Bank of Atlanta."

I have the honor to inform you that your institution is one of those thus transferred, and that the matter of effecting this transfer has been taken up with the two Federal reserve banks affected, which will advise you fully concerning the steps to be taken.

Respectfully,

Secretary.

NEW ORLEANS FEDERAL RESERVE BRANCH.

MEMBER BANKS.

Alabama

~~First National Bank~~

~~Ottrahelle~~

*Rev 3/25/16*

✓ First National Bank

Mobile

✓ Bank of Mobile National Banking Assn.

Mobile

~~National City Bank~~

~~Mobile~~

*2 L 3/9/16*

*Before transfer  
of 16 Partners  
from Dist  
11 to Dist 6  
JD*

Louisiana

✓ Louisiana National Bank

Baton Rouge ✓

✓ Commercial National Bank

New Orleans ✓

✓ Hibernia National Bank

New Orleans ✓

✓ New Orleans National Bank

New Orleans ✓

✓ Whitney-Central National Bank

New Orleans. ✓

Mississippi

✓ First National Bank

Bolixi

✓ First National Bank

Gulfport

✓ First National Bank

Jackson

✓ Capital National Bank

Jackson

✓ Jackson-State National Bank

Jackson

✓ Pascagoula National Bank

Moss Point

✓ First National Bank

Laurel

✓ First National Bank

Meridian

Mississippi (Cont'd)

✓ Citizens National Bank	Meridian
✓ First National Bank	Canton
✓ First National Bank	Philadelphia
✓ First National Bank	Hattiesburg
✓ First National Bank	Lumberton
✓ First National Bank	McComb City
✓ First National Bank	Brookhaven
✓ First National Bank	Vicksburg
✓ Citizens National Bank	Vicksburg
✓ Merchants National Bank	Vicksburg

LIST OF BANKS IN LOUISIANA TRANSFERRED FROM DISTRICT NO. 11,  
TO DISTRICT NO. 6. (NEW ORLEANS BRANCH)

*shares*  
*60* - 4/11/16

Banks voting  
"Yes"

First National Bank	Abbeville	<i>60</i>
First National Bank	Alexandria	<i>180</i>
First National Bank	Jeanerette	<i>60</i>
First National Bank	Lafayette	<i>150</i>
Calcasieu National Bank	Lake Charles	<i>150</i>
First National Bank	" "	<i>84</i>
Peoples National Bank	New Iberia	<i>92</i>
State National Bank	" "	<i>98</i>
Opelousas National Bank	Opelousas	<i>60</i>
Planters National Bank	"	<i>39</i>

Banks voting  
"No"

First National Bank	Ville Platte	<i>15</i>
First National Bank of Arcadia Parish at	Crowley	<i>38</i>
First National Bank	De Ridder	<i>21</i>
First National Bank	Eunice	<i>22</i>
First National Bank	Morgan City	<i>60</i>
New Iberia National Bank	New Iberia	<i>330</i>

*16 Banks*

RECEIVED BY THE FEDERAL RESERVE SYSTEM  
APR 11 1916

LIST OF BANKS IN LOUISIANA TRANSFERRED FROM DISTRICT NO. 11,  
TO DISTRICT NO. 6. (NEW ORLEANS BRANCH)

	✓ First National Bank	Abbeville
	✓ First National Bank	Alexandria
	✓ First National Bank	Jeanerette
	✓ First National Bank	Lafayette
Banks voting "Yes"	✓ Calcasieu National Bank	Lake Charles - <i>v 2 April 3</i>
	✓ First National Bank	" "
	✓ Peoples National Bank	New Iberia
	✓ State National Bank	" "
	✓ Opelousas National Bank	Opelousas
	✓ Planters National Bank	"
<hr/>		
	✓ First National Bank	Ville Platte
Banks voting "No"	✓ First National Bank of Arcadia Parish at	Crowley
	✓ First National Bank	De Ridder
	✓ First National Bank	Eunice
	✓ First National Bank	Morgan City
	✓ New Iberia National Bank	New Iberia

*Transferred as of  
April 1, 1916*

COMMERCIAL BANKS OF LOUISIANA  
DISTRICT NO. 6

LOUISIANA



First NB Abbeville  
 " " Alexandria  
 " " Jeannerette  
 " " Lafayette  
 " " Lake Charles  
 First NB Lake Charles  
 People " New Iberia  
 State " New Iberia  
 Opelousas " Opelousas  
 Planters " Opelousas  
 First NB Platte  
 First Acadia Parish at Crowley  
 " NB De Ridder  
 " " Eunice  
 " " Morgan City  
 New Iberia NB New Iberia

Pottery  
 Pottery  
 Pottery

11

sig.

15  
 16 Banks transferred  
 to New Orleans Branch  
 4/1/16

122.2

File Date 3-25-16

TRANSFER OF FIRST NATIONAL BANK OF NARA VISA, N.MEX.

From

DISTRICT NO. 11 to DISTRICT NO. 10.

Frost N. B. 7

Nara Visa

N. Mex.

Charter # 8663

Transferred from  
District 11 to District

10.



122.2

File date 7-15-15

TRANSFER OF COUNTIES IN WEST VIRGINIA

From

DISTRICT NO. 5 to DISTRICT NO. 4.

4

WEST VIRGINIA

<u>Name of bank</u>	<u>Location</u>	<u>Capital and Surplus</u>
First National	Middlebourne	39,500
First National	New Martinsville	75,000
Farmers & Producers National	Sistersville	136,000
First National	Sistersville	165,000
Peoples National	Sistersville	115,000

*Tyler & Metzger counties  
transferred to #4, from  
Dist 5,*

*Handwritten:* Sara F. T. & M.

*Handwritten:* From 10 To 11

LOAN TO MEMBERS  
STOCK PURCHASE  
RESERVE FUND  
OTHER DEBIT

DIVIDENDS  
INTEREST  
PROFIT  
OTHER CREDIT

100,000  
100,000  
100,000  
100,000

DATE OF PAY

AMOUNT

TOTAL BALANCE

STATE OF MISSOURI

REC'D IN FILES SECTION  
AUG 12 1938  
122 • 2

2/3/15

B E F O R E   T H E   F E D E R A L   R E S E R V E   B O A R D .

-

IN THE MATTER OF THE PETITION OF BANKERS IN NEBRASKA  
AND WYCMING ASKING THAT THE TERRITORY COMPRISING  
THE SAID STATES BE TAKEN OUT OF FEDERAL RE--  
SERVE DISTRICT NUMBER TEN AND BE ANNEXED  
TO FEDERAL RESERVE DISTRICT  
NUMBER SEVEN.

-0-

Washington, D. C.

--0--

February 3, 1915.

X X X X X

*See Mr. Harlan's  
Memo 7/14/17  
to Gov. Harding  
File 122*

Reported by  
Rexford L. Holmes,  
Shorthand Reporter,  
322 Southern Building,  
Washington, D. C.

The Governor of the Board: Gentlemen, I suppose the petitioners, being the moving party, will have a right to open and close. If there is no objection to that course of procedure, we will call on the counsel for the petitioner.

Mr. Francis A. Brogan, Counsel for the States of Nebraska and Wyoming: We have, I understand, an hour on each side?

The Governor of the Board: I believe that is the limit we usually fix.

Mr. Brogan: And we may divide that into opening and closing?

The Governor of the Board: Yes.

Dr. A. C. Miller: We should not object if you abbreviated the time limit.

ARGUMENT BY MR. FRANCIS A. BROGAN, OF COUNSEL FOR NEBRASKA  
AND WYOMING.

Gentlemen of the Board: I appear for Judge McHugh, who prepared the brief for the petitioners. This is the petition of substantially all the member banks of Nebraska and Wyoming to be transferred from the Kansas district to the Chicago district. It was, perhaps, a little unfortunate that practically all the information that was furnished with any degree of earnestness to the Organization Committee on the hearings was on behalf of cities which were seeking the location of the regional banks, and it is especially unfortunate in this instance that at the

hearings in the West this part of the country that I now represent, had two candidates for regional banks, Omaha and Lincoln, and naturally much of the effort that was put forth to present facts and statements and opinions before the Committee was confined to a showing as to the claims of those two cities. I have no doubt the Committee itself sought and obtained information as to the needs of this territory, independent of the ambition of one or two of those cities, but on behalf of the banks themselves there was no earnest committee procuring and furnishing information and presenting pressing reasons as to where this territory ought to go, after the decision was made that there should be a bank at Kansas City, Minneapolis and at Chicago. Those are the three banks that might have been concerned in this territory.

I think it is perhaps appropriate to call your attention to the difficulties which the Committee itself found with this territory in the explanatory statement made by the Committee on April 10. In a letter addressed to the Senate of the United States, I find at page 369 their discussion of the Kansas City district, and the reasons for locating the bank at Kansas City, and I want to say that with that we have now no dispute whatever.

After disposing of the claims of Omaha and Lincoln and Denver, the Committee says:

Now just what it was, what were the circumstances, and what were the grounds on which that was deemed inadvisable, of course the Committee did not have time in that brief statement to explain fully, nor have they been explained, and we are somewhat at a loss except as explanations may suggest themselves in the argument here. It is suggested here, -- I do not know whether that was intended as the reason they include Nebraska and Wyoming in the Kansas City district rather than in the Chicago district, -- that after the district had been outlined as it was formed it was found on<sup>s</sup>/poll of all the banks located in that district that the majority preferred Kansas City over any other location, that is, over Omaha or Denver. Now, of course it would be natural that a majority of the banks, if we include all of Kansas, Oklahoma, and part of Missouri, when put against the comparatively few banks in Iowa and Nebraska, would decide in favor of Kansas City as the location, and that may be used as an argument for that location. But on the other hand it may well be contended that, although fewer in number, still, as representing a large and important area covering the two States in question, the interests of the banks of Nebraska and Wyoming should be given most careful consideration, although they do not aggregate a large percentage perhaps of the entire number of banks whose votes were obtained for this large area; because, in the first place, the banks of Kansas and Oklahoma and the other portions have not expressed themselves as to whether Wyoming and Nebraska should

be included in that district, and have had no opportunity of doing so, and moreover would have no right to determine that. If that argument should be given any force whatever, it would be sufficient to justify any political gerrymander where the district is made up for the express purpose of securing votes, or favoring any action desired. So I think we are justified in not considering that as a real argument as to the question whether Wyoming and Nebraska should belong to this district, leaving it rather to the banks of that district themselves to decide the question.

Now I wish to invite your attention to that part of the United States which lies between the Mississippi and the Great Lakes on the east and the Rocky Mountains on the west. Of course, as you know, it is the great granary of the country, and I am dealing now only with that part lying north of Texas, between Texas and Canada. It is cut up arbitrarily into state lines, of course, but natural trade conditions have divided it into three great zones, or trade routes. They converge at Chicago, but west of Chicago they divide themselves naturally and in the regular course of business into three great trade routes, -- one through the gateway of Minneapolis westward, and having as tributary territory Minnesota, North and South Dakota, and Montana, and to a large extent Washington on the Pacific coast. There is another one on the south, passing through the gateway of Kansas City, and having as tributary territory Kansas, Oklahoma, parts of Colorado, New Mexico,



and running through to Arizona and Utah and the Coast. A central route begins at Omaha as a gateway, and includes Nebraska and Wyoming. These are not only trade routes for trans-continental traffic, but they are also natural zones for trade that originates in that territory, and so we have three parallel routes conducting their business and having their activities entirely distinct, independent and separate from each other. It is probably a little difficult for one not visiting or living there or going back and forth in those States to realize the extent to which they run along parallel lines, without intermingling. There are variations; there are exceptions to this; there are sporadic cases of traffic that crosses this line, but the fact remains that the great bulk and quantity goes east when we deal with the products of that region, and goes west when we deal with the imports into that region.

There is one other feature of that region that I wish briefly to refer to. Probably there are but few parts of the world as compared with Nebraska alone in which there is as great a volume of export and import trade relative to the transactions as in Nebraska, that is because, -- and I might as well include Wyoming in this statement, -- because Nebraska and Wyoming are exclusively agricultural and pastoral, more so in reference to Nebraska than any other part of the United States. Nebraska produces nothing except the products of the soil; the great wealth, amounting in exports to hundreds of millions of dollars each year, comes from the soil. Nebraska.

produces nothing else for its own consumption except from the soil; everything of a manufactured article that is consumed,-- substantially everything, -- it imports. The statistics will show very handsome manufacturing products at Omaha, but outside of one smelter which happens to be located there--because it seeks a lower level, I am told, -- there is no ore produced in Nebraska outside of that. The manufactured products are simply those which consist in a partial preparation of the agricultural product for exportation elsewhere. For instance, the packing houses in South Omaha simply turn the live stock and hogs into meat, but not for consumption into Nebraska, but for trans-shipment east; and that is true of everything.

Now it is obvious that if conditions, -- that is, if the restrictions of the law upon which these regions were formed, had permitted them, the logical and natural solution of the situation, would have been the creation of three districts corresponding to these three zones that I have described, with Omaha as the center for one, Minneapolis for another, and Kansas City for the third. A little study of the claims, however, of these three cities will make it apparent at once that when it was -- that even when it was decided to make twelve districts instead of eight, it was impossible for all three of them<sup>to</sup>/have a bank, because there is not tributary to them the banking territory that would justify it, and we concede -- I live in Omaha, and I am willing to concede freely -- that because of the greater preponderance of Kansas City and

Minneapolis, if there are to be but two banks in this region that I have described, those two cities were entitled to them, and the controversy as to whether Omaha should have a bank is entirely out of this matter, and it must be, because there is no room for a bank in Omaha, with the conditions prescribed by law, when there is a bank in Minneapolis and Kansas City, so we come simply to the question of what ought to be done with Nebraska and Wyoming as territory tributary to some other bank.

Now I think I am stating a mere truism, that is assumed throughout this entire discussion, that bank exchanges exist only because of trade. If Nebraska consumed all it produced, and produced all it consumed, I can imagine no reason for bank exchanges anywhere outside of the State. It is because of trade between States and countries that bank exchanges exist. They are concomitant; they follow the existence of trade relations; and I think this is true as to bank exchanges for the greater volume, for it greatly predominates over others. There are no bank exchanges between communities that have only occasional trade transactions. For instance, there is some traffic between southeastern Kansas and Omaha, because of products that are not produced in Nebraska, but there are no bank exchanges between southeastern Kansas and Omaha business men in that part of Kansas. They may have transactions with merchants in Omaha, but the banks located there would not think of keeping an account in Omaha. For that reason they would naturally observe the course of business where the volume of

trade had naturally led the bank exchange.

Now there is some minor dispute here as to the extent to which Nebraska's traffic is east and west. It is pointed out in the argument that there is some shipment of cattle from the southern part of Nebraska into Kansas City and into St. Joseph which lies between these two cities on the Missouri River; it is also pointed out somewhere that there is actually considerable traffic in milk and eggs from Nebraska and Kansas to Denver; and some other matters of that kind may be pointed out; but the fact remains that the great preponderating volume of the traffic is directly east and west, because not only is that country cut up into these zones that I have described, with all its traffic running east and west, but Nebraska is likewise cut up into three parallel lines by three great transportation systems that handle practically all its traffic. In the center is the Union Pacific, running from Omaha and Cheyenne, and connecting with Chicago by means of traffic arrangements through two or three of the trunk lines between Chicago and Omaha, and naturally furnishing traffic to all of them. North of them the country is occupied by the Chicago and Northwestern, which enters at Omaha, and also north of Omaha at a junction, and goes through Wyoming, and handles products from Wyoming through northern Nebraska and Chicago south of that. This furnishes the only modification of the broad statement I have made. South of that is the Burlington system entering at Omaha, and also at a junction south of Omaha, and going across the entire state to

Denver, with numerous branch lines, and a connection to St. Joseph on the river, and through St. Joseph to Kansas City. Now that one line of the Burlington -- it has two or three lines -- one line runs through along the state line. In fact it is only a few miles from the Kansas line, and serves the towns in the southern tier of counties, and there is some traffic, I concede, between that one part of Nebraska and Kansas City. It divides that traffic with Omaha, but the fact remains that a large part even of that minor traffic goes through St. Joseph, and on east, instead of to Kansas City, -- probably divides in some respects. Well, then, the question is, how can the facilities which these banks were intended to furnish the local banks best be furnished the banks in this territory?

I want to call attention here to the two maps that were presented on behalf of Kansas City and Minneapolis in the hearing before the Committee. The Kansas City bank map is found on page 175 of that report, and the Minneapolis map is found on page 235 (produces maps before the board). They are rather significant on this question. The Minneapolis claim, you will see, recognizes the existence of this zone, -- of one of the three zones -- that I have described. It makes its claim for a district with Minneapolis as the reserve center near the east, running clear across to the Pacific. Kansas City makes its claim for a district somewhat similar to the one allotted to it, but it runs it along the same general theory, although it does not make it as elongated as the other. It must be remembered that both of these maps -- both of these claims --

were presented at a time when it was not known whether the Organization Committee would form eight districts or twelve districts, or some intermediate number, and both of these claims were on the theory that there might be only eight banks, and that each might be entitled to one of the eight, and naturally they claimed a larger territory than they would have claimed had they known that twelve banks would be established. Minneapolis claims clear across to the Pacific, including Washington. I think the Committee cut that down when they decided to form twelve banks. Although the district allotted to them has something like five and one-half million dollars capital of its banks, yet it would have had over nine million dollars capital if it had got what it claimed, -- but that is a minor consideration. They prepared this map, pressing their claim for one of the eight banks, and also included this information evidently from the bank accounts in the territory carried in Kansas City banks. They have made up this description of the relation of the county to Kansas City, and have dotted the territory that they claim with the location of banks that carried on business with Kansas City banks. You will see while they absorb all the banking business of Kansas City, and do considerable in western Missouri, and practically dominate in Oklahoma, and reach into Texas, New Mexico and Colorado, they only claim to do business with a small portion of southeastern Nebraska, and make no claim as to Wyoming, and do not include Wyoming in the circle of the proposed district when they were claiming to be one of the eight districts, showing as to more than five-eighths of Nebraska

there was absolutely no banking business carried on with Kansas City at the time this claim was prepared.

In the discussion also in the brief presented by Kansas City, it was intimated, while they were claiming to be one of the eight banks, that if the Committee should think wise to locate Omaha in some other district, -- it could not be assumed that Omaha would have the bank, but that Omaha should be located either with Minneapolis or Chicago. Then the applicants for Kansas City conceded they would only claim the southern half of Nebraska, but even that would include a great deal of this territory in which they had at that time no banking business whatever.

Now there was no similar map prepared for Chicago, but from figures we submit here it is evident if you show the relation of Chicago to the territory west of it in the same manner that the Kansas City relation is shown by these dotted maps, you will find Iowa and Nebraska and considerable of Wyoming dotted over with local banks that carry accounts in Chicago and carry on regular business there, and did so all through.

Now I do not need, I think, to take up with counsel here a discussion of the minor questions arising in controversy as to whether trade in Nebraska flows east and west; that is so well known and so well established that one could almost take it for granted, -- as we say in court that the court would take judicial notice of it, -- but perhaps we do not need to do that, because on page 370 of the report made by the Organization Com-

mittee, in discussing this very situation, and the reasons why Kansas City should have the bank and Denver should not, they say, the great preponderance in the movement of trade in District Number Ten is to the east. Of course, they are merely stating a condition known to everyone familiar with trade conditions in the United States, and connected by these lines of railroads.

Counsel presents here an extract of the testimony given in Lincoln, when Lincoln was giving proof in support of this claim for the bank, that trade will flow north and south when the canal is opened, that the products of Nebraska will go south to go through that canal. I do not know where they would go, nor what they would do with them. They are shipped into the eastern part of the United States and to Europe, and no place else is there a demand for the products of Nebraska except in the great centers, where food stuffs are not produced to the same extent to which they are consumed. It has been a dream of that part of the country for some time that north and south traffic could be developed in some forced way. Everyone familiar with conditions there will recognize that attempts have been made to organize north and south railroads. Efforts for developing barge traffic on the Missouri have been developed, but as a matter of fact any puny efforts of that kind always have been and will be ineffectual, because trade moves towards causes that are greater and independent of any artificial conditions, especially a trade of this kind where the product is almost wholly exported and the consumption is almost wholly imported.



Now we have presented some figures here; I wish to refer to them briefly, because counsel makes the point that they ought not to be considered; but they merely illustrate the proposition that I have been presenting, and which is established from so many independent sources.

In the preparation of this brief a compilation was made from the cards carried by the banks of Nebraska and Wyoming in the Bankers' Encyclopedia, a recognized authority published in New York City, and the computation made up is as follows: That of the 220 national banks of Nebraska 136 list a correspondent at Chicago, 194 a correspondent at New York, 199 a correspondent at Omaha, 39 at Lincoln, 36 at Sioux City, 17 at St. Joseph, Missouri, 11 at St. Louis, and 10 at Kansas City. Now of the 32 national banks in Wyoming, 20 list a correspondent at Chicago, 31 at Omaha, 29 at New York, and 1 in Kansas City. It is conceded however, that there is some other business with the banks. They may carry accounts for the purposes of collection, but these are the listed advertised banking relations as pointed out here, and we think it is significant as showing that the banks throughout these two States understand and believe and expect they will be called upon to furnish exchange and banking facilities directly east of them, because of the flow of trade, and will very seldom be called on; only a few of them in one part of the territory will be called on -- to furnish facilities in Kansas City which is outside entirely of the zone.

There is also a compilation of a large number of the banks, but not all of them in Nebraska, made up during the past year,

showing the number of items handled in the course of the business. The volume is very large east, and almost none north and south.

Counsel complains of them that it admits a small part of Washington.

Judge Goodrich: Practically all.

Mr. Brogan (continuing): Practically all of that tier of counties I have described as having a railroad which connects with St. Joseph and through there with Kansas City.

Judge Goodrich: Three railroads.

Mr. Brogan (continuing): Oh, yes; there are two other railroads. One is the Missouri Pacific, which has a few lines in southeastern Nebraska in this territory that could be considered as common; it is about one-sixth of Nebraska, and because it is seeking north and south traffic. It is a well known fact that the statements furnished by the Missouri Pacific to the Railroad Commission in Nebraska show that its revenue from that part of its line does not pay operating expenses alone, to say nothing of returns, and the same is true of any line that attempts to go counter to the natural flow of this trade. The north and south line, the entire trade of that country west of the Missouri or west of a line half way between Missouri and Mississippi, will get no traffic, or not enough to pay operating expenses, but assuming that this statement as to the items handled in and out of the banks does not include that portion, that strip of counties along the south of Nebraska, yet it shows that as to all the rest of this territory there

is practically no business whatever transacted with Kansas City, and all the business comes east or goes west.

Now there is one other proposition that I want to urge here, and I think it is very important and very significant that of the 218 banks in Nebraska that have joined this association, -- this bank, -- 203 have signed this petition, and have asked to be transferred to Chicago. Of the 30 banks in Wyoming, member banks, 28 have signed this petition. In other words, out of the total of 248 in that territory 231 have asked to be transferred. I assume that these banks that are there to serve the trade, there to serve the public with banking facilities, and who have been trained all their lives to know how the public required to be served, and how it must be served, in banking business is to flourish, that they know where their business must be done, and where they ought to be located, and to what bank they ought to be related. No other reason can be suggested for their joining in this petition except the conditions as they find them, and as they believe this is no longer now the question of an ambition of the particular city or anything of that sort, -- nothing like that can enter in here; and it seems to me the remarks of the Committee in dealing with one other controversy were very pertinent here, and I want to read them. In disposing of the claim of New Orleans for a regional bank, the Committee says, at page 368:

"New Orleans selected a district-extending from New Mexico to the Atlantic Ocean, including all of Texas, Louisiana, Mississippi, Alabama, Florida, Georgia, and that part of Tennessee south of the Tennessee

River."

Now the Committee proceeds to deal with the objections that arose from that territory by New Orleans:

"It was represented by Texas that it would do great violence to her trade to connect her with New Orleans. It was claimed, and evidence was submitted in support of the claim, that her trade was with her own cities or with Kansas City and St. Louis. In a poll of the banks of Texas made by the Comptroller of the Currency, 212 banks expressed a first choice, 121 a second choice, and 30 a third choice for Dallas. No bank in Texas expressed a first choice for New Orleans, only 4 a second choice, and 44 a third choice. The whole State protested against being related to New Orleans."

That was considered a proper element to take into account in deciding against the claims of New Orleans that the territory they must include was protesting, and showed its business currents flowed in another direction.

*start* "The banks of Alabama generally desired to be connected either with Birmingham or Atlanta, only 3 expressing a first choice for New Orleans. The banks of Georgia desired to be connected with Atlanta, none expressing a first or second choice for New Orleans, and only 12 a third choice. They represented that it would do violence to them to be connected with a city to the west and claimed that their relations were mainly with Atlanta or cities to the northeast."

And so with Florida. The banks of that state apparently felt that if related to New Orleans they would be doing violence to the trade currents, and so would Tennessee.

"Generally speaking, the only banks which desired to be connected with New Orleans and expressed a first preference for her were 25 of the 26 banks reporting in Louisiana, and 19 of the 32 in Mississippi. On a poll made from the comptroller's office of all banks expressing their preference as to the location for a Federal reserve city, 124 expressed a first preference for Atlanta, 232 for Dallas, and only 52 for New Or-

leans. The views of the bankers were supported by chambers of commerce, other business organizations, and by many business men.

"It will thus be seen that if the committee was to give weight to the views of business men and bankers in the section of the country affected, to consider the opposition of the States of Texas, Alabama, Georgia, Florida, and Tennessee, and to be guided by economic considerations, it could not have designated New Orleans as the location for a reserve bank to serve either the western or the eastern part of the district that city asked for. The course of business is not from the Atlantic seaboard toward New Orleans, nor largely from the State of Texas to that city, and if Dallas and Atlanta had been related to New Orleans a better grounded complaint could and would have been lodged by them against the committee's decision than that made by New Orleans."

Now I think that is an important consideration, that whether you are dealing with the question of locating a bank at a certain city, and the necessary territory you would have to give it in order that it might have a bank, or whether you were dealing with the question whether a particular territory should remain in the bank to which it was assigned, or should be transferred to some other district, the wishes of the bankers, based upon the substantial ground that trade currents flow in the direction to which they wish to be related, is the most important consideration that could be presented to this Board.

Now I do not know any reason why this should not be done. The representatives of the Bank, in their brief give no reasons, except they dispute the completeness of our statements; they dispute our statements as to the totality of the flow of trade east and west, and as I say, we show that in minor points

there are variations and concede that there is a little territory along the south line of Kansas that is disputed ground, you might say, as to the traffic from Omaha and east of Omaha and Kansas City and St. Joseph, but it does not at all modify the main idea that the great volume and bulk of the business goes that way, that the great volume and bulk of the proper bank exchanges ought to go with the trade.

There is only this one additional suggestion to make in that respect, and that is as to what effect this will have in the Kansas City bank itself. I apprehend that the mere selfish desire of a bank, as a local entity, to have as large a holding of stock and as large a business and be as prosperous as possible, should not weigh for a moment against the needs and welfare of a particular territory, because that was not the purpose of the organization of these banks. It was primarily to serve the public through the establishment of a new method of bank exchange to the banks of the country. But we only take out of the Kansas City bank about a million six hundred thousand dollars of banking capital if the entire States of Nebraska and Wyoming are transferred from Kansas City to Chicago.

The Governor of the Board: What would that leave the capital at Kansas City?

Mr. Brogan: Close to four million.

Judge Goodrich: The basis of national banks would be only about three million, nine hundred thousand.

Mr. Brogan: Yes, but with the additional subscriptions,

it runs a trifle over four million, and I want in that connection to call your attention to a petition by certain banks in southern Oklahoma to be taken out of the Dallas district and added to Kansas City, because they say their business is largely with Kansas City rather than in the direction of Dallas. While it is not proper for me to offer any suggestions as to whether that matter will be decided in favor of these petitioning banks or not, still this Board will necessarily consider the two petitions together, and if found that upon a showing in this matter that a large part of Oklahoma, -- that part which Kansas City showed was directly within its sphere in this map, -- you will see their claims for all kinds of bank business runs down to Oklahoma.

Now the petition is to take not quite all; leave a little corner here at Dallas; and they claim between that and the present line which will add a banking capital of three hundred and sixty or eighty thousand dollars to the Kansas City bank. I submit that that question of the sufficiency of banking capital is a question to be determined independent of the question where Nebraska and Wyoming should go. Surely it is not to be contended that an intermediate territory like Nebraska and Wyoming is to be sacrificed in its banking and business interests in order simply to secure the success of a system. If the problem arising in connection with Kansas City and Dallas and St. Louis cannot be otherwise worked out than by sacrificing Nebraska and Wyoming, then there is something wrong down there that should be adjusted. What it is is not for us to say, but

the difficulty ought not to be saddled onto Nebraska and Wyoming. It is right and proper that Omaha should be denied a bank in view of that situation, because a claim of a particular city to a bank is not a claim entitled to any consideration on account of its interests in it, but a claim of a territory to bank service is entitled to the first consideration.

Now just a word about the powers of this Board. I assume you will take counsel with your legal advisers on that question, but we note the rather extraordinary claims made here in the brief that this Board is without power to take this action unless it is charged in our petition and proved by our evidence that the action of the Organization Committee was due to some fraud or gross abuse of power.

Judge Goodrich: Hardly a fair statement of what our brief contains. If you will read it, I will have no objections.

Mr. Brogan: I will read it; it comes very close to that, if we do not state just that. However, if you wish to disclaim it --

Judge Goodrich: I do wish to disclaim it in the language you used.

Mr. Brogan: All right, let us see. (Reads:)

"The rule ordinarily applying to the review of the action of Boards similar to the Organization Committee should be applied in this matter, and the action remain undisturbed unless it clearly appears that its decision was so arbitrary as to be palpably in disregard of the evidence, or was not made in good faith, or was the result of fraud."

Now that is the claim.

Judge Goodrich: Yes, sir.



Mr. Brogan (continuing): and I take issue with that proposition. That is a total misunderstanding of the language of this statute. Section 2, providing that the Organization Committee shall organize these districts, states:

"The determination of said Organization Committee shall not be subject to review except by the Federal Reserve Board when organized:"

Now the district thus created might be re-adjusted by the Federal Reserve Board.

"Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all."

Why I think it is fair, and I have no doubt the legal adviser of this Board will so advise you that this is an original grant of power, that so far as legal powers are concerned you have precisely the same power in readjusting these lines that the Committee had in making them. You are given -- you get direct from the act of Congress power not just simply to sit as a reviewing court with narrow technical powers, but to do exactly what the Committee ought to have done, and to do it on your independent judgment and on the situation as presented here. I do not think there is any room for dispute about that.

Now there is one other point I want to call your attention to, -- the language of this act. It would not be advisable for me to attempt any broad statement as to the purpose of the statute, but so far as concerns this case itself, perhaps it

is absolutely concluded by the language of the statute:

"The determination of said Organization Committee shall not be subject to review except by the Federal Reserve Board when organized: Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business \* \* \*."

That is a mandatory provision of the statute; it was mandatory on the Committee. It is mandatory on this Board, that these districts, -- both the location of the cities and the fixing of the boundary lines of the districts, -- the assignment of territory should be with due regard to the convenience and customary course of business. In other words, it was not intended, as Kansas City is bound to argue, that a new relation can spring up, that a new course of business may be artificially created by the location of the bank at Kansas City. That was not intended; Congress has forbidden that, and has expressly declared it and has declared it emphatically. It is put in here as a proviso, -- provided that the district shall be apportioned "with due regard to the convenience and customary course of business." Now if it is impossible to do that in cases of small particular pieces of territory, why of course that is one of those things that must be disregarded as minor matters always are, but here is a territory comprising two hundred and eighteen banks, with, as I have pointed out, an immense traffic in proportion to its wealth and population, an immense traffic due to the fact that it exports practically all of its imports and exports, practically all it consumes, and that all its export traffic is gathered to the Missouri River by these three great systems of railroads, and carried along east from

there, generally converging in Chicago. That is the condition of things, and that's the customary course of business which the Organization Committee and this board is commanded to have due regard for in the fixing of these lines.

ADDRESS BY JUDGE GOODRICH, OF ROBINSON AND GOODRICH,  
COUNSEL FOR THE FEDERAL RESERVE BANK OF KANSAS CITY, MISSOURI.

Gentlemen of the Board: Mr. Brogan apparently misconceives the point made by counsel for the Federal Bank of Kansas City in the brief, with reference to the manner in which this matter is to be considered by this Board. As we interpret the provisions of the act creating the federal reserve system, Congress did delegate to the Organization Committee the duty of dividing the entire country into twelve or less districts. It enjoined upon them the limitation that they should apportion the country with due regard to convenience and the customary course of business. It did not enjoin upon them the sole duty of apportioning the country with reference to convenience, nor the sole duty of apportioning the country with reference to the customary course of business, but instructed them to take into consideration both of those factors. Now the terms "due regard" are terms that have well defined legal significance, and as I find them to be defined, they mean that it was the duty of this Organization Committee to have a just and fair regard for all of the facts that appeared before them at the time of their respective hear-

ings, of all facts of which they could take judicial knowledge, and of all facts which they themselves knew.

Now this proceeding is in the nature of an appeal from the decision and finding of the Organization Committee. These gentlemen come before you as the final arbiters, and they say to you that you ought to disarrange this district as created, that you ought to segregate a part of the territory from it and put it elsewhere, because the lower or subordinate body, whose action you are reviewing, was guilty of a violation of the duty enjoined upon them. Therefore, I say to you that the rule promulgated by this Board on the 28th of August, in which you outlined the system of procedure in a case of this kind, was a fair one, and it contemplates that you gentlemen, in considering this matter, simply review the record as made before this Committee, as an appellate court would review the testimony of an inferior body. And I say that when you examine the record, you are bound to reach the conclusion that the Organization Committee discharged its duties well and wisely.

The Organization Committee has told you the formula or the plan whereby it attempted to perform its difficult task of dividing this entire country into twelve separate and distinct districts. That appears in the letter of April 10, and I need just to call to your attention, for fear that you may have forgotten, the summary that I have made on page 14 of this brief, as to the factors that they say they took into consideration in arriving at this apportionment. They say that they first took into consideration the ability of the member banks within the

district to provide the minimum capital. They took into consideration, second,

"The mercantile, industrial, and financial connections existing in each district, and the relations between the various portions of the district and the city selected for the location of the Federal Reserve Bank.

"Third. The probable ability of the Federal Reserve Bank after organization to meet the legitimate demands of business.

"Fourth. The fair and equitable division of the available capital of the Federal Reserve Banks among districts created.

"Fifth. The general geographical situation of the district, transportation lines, and the facilities for speedy connection between the Federal Reserve Bank and all portions of the district.

"Sixth. The population, area, and prevalent business activities of the district, whether agricultural, manufacturing, mining, or commercial, its record of growth and development in the past, and its prospects for the future.

"Seventh. The Committee endeavored, as far as practicable, to follow State lines."

I want to call attention also to the fact that the Comptroller of the Currency for the past eighteen years has classified Nebraska along with Kansas, Oklahoma, Colorado, Wyoming and Montana as the "western states." It's a natural classification. It's one that's based upon the prevailing industrial activities of those states.

Now we find that this Board was beset with applications from thirty-seven different commercial centers in the United States, each one clamoring for its place as the appropriate location of a federal reserve bank. We find that in this identical territory the banks of Colorado came forward with Denver as a candidate. The banks of Nebraska were divided in

their allegiance between the city of Lincoln and the city of Omaha, and Kansas City was put forward as a candidate. Not one word was said before that Organization Committee by anybody who appeared before it from the State of Nebraska saying that the state of Nebraska ought to be linked with a federal reserve bank at Chicago. Not one word was said by anybody who appeared before that Committee at that time claiming that Nebraska would be outraged or its commercial industries ruined if it were not linked with Chicago. When the vote of all of the banks in this territory was taken, only nine banks in the whole District No. 10 voted for Chicago as their first choice, and four of those banks were in the State of Missouri, and five in the State of Nebraska.

Mr. Brogan argues for Wyoming. At the hearing in Denver the Wyoming bankers were there in force, and they contended to a man that Wyoming ought to go to Denver.

There is another very significant thing that I desire to invite your attention to before I go to the consideration of some of the facts that are pertinent to that controversy. The Comptroller's report for the first of January, 1914, which is set forth in a letter to the Senate, on page 365, gives a list of the location of the discounts made by a large number of the national banks of this country, and classifies them by States. It shows the discounts made, for instance, in the New England States, in what was termed the eastern States, in what was termed the southern states, and what was termed the States in the middle West, and the western States and the Pacific States.

as I have said before, the Comptroller of the Currency has classified Nebraska as being in that group known as western States, and Wyoming, Colorado, Kansas, and Oklahoma, are likewise classified --

Mr. Brogan (interrupting): And Dakota also.

Judge Goodrich (continuing): Yes, the two Dakotas, and Montana, also Missouri is classified as a middle western State. But these statistics show that on January 14 Chicago had loaned to the western States about -- the Chicago banks had loaned to the western States about -- eleven million dollars of its capital, that Kansas City had loaned to the very same States twenty-one million dollars of its capital, and Omaha twenty-eight million dollars of its capital, which shows conclusively that at that very time the banks of Kansas City were supplying to the people of this territory twice the amount of money that was being then supplied by Chicago banks.

Now it is hardly worth while for me to argue to you gentlemen relative to the natural resources of the territory embraced in District No. 10. Mr. Brogan attempts to indicate that there is some dissimilarity in the natural industries and the activities that are being carried on by the people in this territory. If there be dissimilarities in this territory, those dissimilarities do not exist between Nebraska and Missouri, nor do they exist between Nebraska, Kansas and Oklahoma, because the States of Nebraska, Kansas, Oklahoma, and that part of Missouri included

within the federal reserve District No. 10 are identically similar. It must be conceded by everybody that the industries of those localities are those of farming and stock raising. It is true that in Oklahoma and Kansas, by reason of the recent discovery of oil and gas, there has sprung up in that territory other business activities, but taken as a whole, these territories are alike in their natural resources.

Mr. Brogan asks me why I have not pointed out in the brief how Kansas City would be hurt by this change. I ask him why he has not told you gentlemen how the State of Nebraska would be hurt by being compelled to stay in this district. He has talked about generalities, he has talked about the course of trade, but he has not given you one example, or one instance, or one argument, that ought to be sufficient to satisfy your minds that a single bank in the State of Nebraska would suffer any injury whatever if compelled to remain in this district. The brief prepared here indicates that the bankers in Nebraska have heretofore had their business affiliations and associations with the banks in Chicago, and therefore if a Nebraska banker desires to discount his paper or negotiate a loan, he will be known to the Chicago bankers, and will get more favorable and more expeditious treatment; but Mr. Yates, whose name appears upon this brief, the President of the Nebraska National Bank, at the time of the hearing in Lincoln, when interrogated by the Secretary of the Treasury, who suggested that he was pursuing a line of argument that might cause the whole thing



to go to Chicago, used this very pertinent and significant language:

"If we should go to Chicago, what would Chicago know about Nebraska or Kansas or Colorado or Montana or Wyoming? It would know nothing, while almost any Nebraska banker would know a great deal about it."

Now I say to you, in this connection, if I may be permitted to go outside of the record so far, that it is notorious that the bank in Kansas City are officered by men recruited from all of that western country; there are many officers in Kansas City institutions who have received their banking experience in the State of Nebraska. And I undertake to say also that if a vote could be taken upon the proposition, it would be found that more bankers in the State of Nebraska are acquainted with Kansas City bankers than are acquainted with Chicago bankers.

Now for some of the facts showing that Kansas City does have in fact very substantial relations with the State of Nebraska. Mr. Brogan would have you believe that Kansas City is a sort of terra incognita to Nebraskans, that it is almost an alien country; but I undertake to say that this record justifies the statement that the south thirty-nine counties of Nebraska do more business with St. Joseph and Kansas City, which are to the southeast, than they do with Missouri or any other locality.

I undertake to say that this record shows that though the Organization Committee had the benefit of a great deal of data which is only condensed in a letter to the United States Senate, this data was supplemented by very elaborate maps, copies of which are on file with the report of the Organization Committee.

I am going to go through this matter very briefly, because it contains some very pregnant and some very significant data.

You will remember that when the Committee having in charge the claims of Kansas City set out to secure a federal reserve bank for that place, they did not claim the entire State of Nebraska; they claimed only that territory lying south of the Platte River. This was upon the assumption that Omaha itself would be a candidate for the location of the bank, but in the face of the fact that Omaha was an aspirant and seeking to have located within it a federal reserve bank. The Kansas City banks were willing to debate with Omaha the question of whether or not the south thirty-nine counties in the State of Nebraska were Kansas City territory or Omaha territory. The facts shown before that Committee showed that thirty per cent of all of the live stock produced in the State of Nebraska went to Kansas City markets, -- thirty per cent of it; and that, in spite of the fact that there are many local packing houses in the State of Nebraska, and that Omaha itself is the third largest place as a packing center in the United States. It showed also that Kansas City did during the previous year with Nebraska a jobbing business of seven million dollars, and that these little dots that you see on the map here (indicating), -- each one of those dots which is in the territory south of the red line, indicating the south thirty-nine counties, indicates one hundred thousand dollars' worth of business. At each one of those spots in the State of Nebraska, each one of those dots (indicating) indicates places in the State of Nebraska at which

the lumber industries in Kansas City sold one hundred thousand dollars' worth of lumber in the previous year. This map that was sent out at the same time shows the nature and extent of the motor car industry carried on in Kansas City, and it appears from this map that the business transacted with Nebraska during the year of 1913 in motor cars and motor car accessories, aggregated \$1,980,000, and that the places where it was done were substantially throughout the entire State.

Now coming back to the facts that they are asking you to consider in this instance, I want to call your attention also to what appeared before the Committee with reference to Kansas City's banking activities. It appeared that at the time of the hearing in Kansas City, Kansas City had regular correspondents in Nebraska of fifty-two -- fifty-one national banks and seventy-eight state banks, and the map that you will find at page 175 of the letter to the Senate shows the location of towns in the State of Nebraska in which Kansas City banks at that time had correspondents (produces map).

Now these gentlemen contend that you ought to attach a great deal of importance to the statistics which they compile from the Bankers' Encyclopedia. They say that the Bankers' Encyclopedia is used by people generally, and that the fact that 158 Nebraska banks had Chicago correspondents, while only some 10 or 12 had Kansas City correspondents, is a very significant factor in determining this controversy, and that it very clearly shows the customary course of business, and the course of trade. We say in that connection that if that factor

is to be determinative, then from their own record it shows that the course of business is not to Chicago at all, but the course of business is to New York, because 223 Nebraska banks had a New York correspondent, while only 158 had a correspondent in Chicago.

We say furthermore, in this connection, that the question of exchange, or the question of a foreign bank for exchange purposes, is not a factor to be considered in determining this matter, when it is considered that the purpose of the law makers in creating this new system was to break up the existing order of things, and to create a new system. We say that the fact that a small bank in Nebraska has heretofore had an account in New York or has heretofore had an account in Chicago for exchange purposes, is not to be considered in determining this question. I was fortunate enough in my earlier career to be associated with a national bank in a smaller community, and in a strictly agricultural and stock-raising community, and I know the habits of the small country banker. I know how he looks upon those things, and I venture the assertion that few banks in Nebraska, outside of Lincoln and Omaha, have any personal relations with the Chicago banks whatever. They use their Chicago banks and their New York banks simply for reserve purposes, because the conditions existing have heretofore required that they have available for the use of their customers drafts that will pass at par in those places. Under the new system a draft drawn by the Nebraska bank upon its correspondent in Omaha, or a draft drawn

for a federal reserve bank in Kansas City, will pass par throughout the entire country, and there is no occasion any longer for the small bank in Nebraska having its New York correspondent, nor is there any occasion for the small banker having his correspondent in Chicago.

I want to call your attention to the testimony that actually appears in this record with reference to the course of business in Nebraska. I might sum it up in a nut-shell by saying that it shows in the first instance that the man who actually raises the wheat and the corn, the man who fattens the stock; disposes of that either to the local dealer in his home town or ships it to Kansas City, St. Joseph, or Omaha, and the local dealer who buys it markets it in either Kansas City, St. Joseph or Omaha. It is apparent from this record that so far as the producer is concerned, he has nothing whatever to do with the marketing of that product, after it reaches the Omaha market. In other words, the transactions on the part of the producer in the State of Nebraska are carried on entirely within rather than without the district, and it amounts to this: It is true that a large part of the surplus product of Nebraska does go to the eastern markets; it is likewise true that a large part of the surplus products of Missouri goes to the eastern market; it is likewise true that a large part of the surplus product of Kansas ~~city~~ and Oklahoma and all this territory that lies east of the Rocky Mountains goes beyond Kansas City and St. Joseph and Omaha to the eastern markets; and if your argument be right,

then you could never have a federal reserve bank in any territory that produced more than it consumed, where the course of the surplus product was away from that territory.

Now these gentlemen have not been entirely fair in their statistics compiled as part of one of their exhibits. In exhibit D I will first call attention to the statistics that they compile with reference to the items handled by Kansas City. It appears on page 7 of their brief that they got a list of the items drawn by 150 of the 218 national banks in Chicago or in Nebraska upon Omaha, Chicago, and Sioux City, and upon Kansas City, and also a number of items represented in those various transactions; and then they give some other details as to drafts and checks drawn and forwarded. Now it is very significant in this connection that when you examine the names that appear upon this petition, and you examine elsewhere the list of all of the national banks in the State of Nebraska, that these gentlemen, whether by accident or design I do not know, have omitted every non-petitioning bank in the State of Nebraska except one. They have omitted the banks in Lincoln which admittedly have large business transactions in Kansas City, and the non-petitioning banks or bankers that have not joined in this petition, and these are almost entirely the bankers that are in this southern territory of Nebraska. I say it is hardly fair to compile these statistics and ask you to draw this conclusion and eliminate from their compilation that territory which is the natural business territory of Kansas City.

Now they have some further statistics here with reference to the volume of business handled by the Union Pacific Railroad during the year of 1913, and I myself discovered for the first time this morning that these statistics do not purport to be statistics with reference solely to the States of Wyoming and Nebraska. I made the mistake of assuming in my brief that they did, but by reference to Exhibit D it will be made apparent that the statistics as given by the railroad officials had reference to the grain originating, not in the States of Nebraska and Wyoming, but the grain originating in the States of Nebraska, Wyoming, and Colorado.

Mr. Brogan: It so states.

Judge Goodrich (continuing): I say it so states, but it makes this all the more significant. In other words, for some purpose which is entirely foreign to this controversy, they want to tell you about the grain that originates in Colorado.

Mr. Brogan: That happens to be the statistics.

Judge Goodrich (continuing): I understand, but you have linked there with the states of Nebraska and Wyoming the grain and live stock originating in the State of Colorado. You have not attempted to segregate the two, so they have no significance as to the figures that are produced here. It does not show what part, for instances, comes from Nebraska, Nor what part comes from Wyoming. Consequently, they cannot have any significance under the situation here, and it is

notorious that so far as Nebraska and Wyoming are concerned, very little of the products will be transported by the Union Pacific that would naturally reach Kansas City. The Union Pacific, running through Wyoming and Nebraska, is a natural feeder to Omaha, and does not go directly to Kansas City. The Union Pacific facilities for Kansas City traverse the State of Colorado, and do not touch the State of Nebraska at all.

Now that document contains statistics compiled by some one in behalf of the Omaha banks, which show the transactions had over the Burlington Railroad during the same year. Now from these statistics it appears that during the year 1913 the Burlington road transported 21,410 cars of live stock to Omaha, and 14,288 cars of live stock to Kansas City and St. Joseph; those are their own figures; and that during the same period, 14,141 cars of grain went over the Burlington to Omaha, and 9,016 to Kansas City and St. Joseph. In other words, ~~out of the 35,000~~ -- out of the total cars of grain and live stock transported by the Burlington Railroad in the year 1913, originating in the States of Wyoming and Nebraska 35,000 of those cars went to Omaha, and 23,000 to Kansas City and St. Joseph. And yet this gentleman has the temerity to come before you and insist that Kansas City has no business or trade relations whatever with the State of Nebraska, and that these gentlemen who spent so many months in the very arduous and onerous task of trying to make an apportionment



of the territory in the United States which would be fair and just, have failed properly to discharge their duties.

Now as to convenience, I think that is a very essential factor, and it is one that should have been given, and doubtless was given a great deal of weight by the Organization Committee. My opponents beg that question. They tell you about all of the through trains that traverse the State of Nebraska on their way to Chicago, but they fail to call your attention to the fact that Kansas City is three hundred miles nearer any part of Nebraska you want to pick out than is Chicago, according to the ordinary routes of transportation. Let us see: Say that the banker out in Wyoming or the banker anywhere in the State of Nebraska desires to go to Chicago, and there confer with the Federal Reserve authorities; in order to reach Chicago he has got first to go to some Missouri gate-way point. He may go to Kansas City. A great many Nebraska bankers, if they wanted to go to Chicago, and took the most natural and the shortest route, would go by way of Kansas City. When the banker goes to Kansas City -- this Nebraska banker would be as near Chicago as Omaha is; when he got to St. Joseph, he would be four hundred miles nearer to Kansas City than to Chicago, and when he reached Omaha he would be three hundred miles nearer to Kansas City than to Chicago. Yet these gentlemen say that we are going to cause them a great deal of inconvenience.

The average running time of the trains between Chicago and Omaha is thirteen hours and a fraction; I cannot give you the exact number of minutes, but it appears in the statistics compiled by Denver; you will find it there now. The Nebraska banker, if he wants to go to Chicago, as I said before, must first go to Omaha. So nothing can be said from the standpoint of convenience, because it appears from this record that the Missouri Pacific Railroad and the Burlington Railroad have frequently trains serving Omaha, so that any Nebraska banker who has occasion personally to visit a federal reserve bank, can go directly from Omaha to Kansas City, and save three hundred miles in distance, and about five hours each way in time.

When a Nebraska banker wants to telegraph to Kansas City it is all in favor of Kansas City as against Chicago.

The Governor of the Board: What is the time between Omaha and Kansas City?

Judge Goodrich: I think it is about six hours.

Mr. Brogan: Yes; it takes all night, just the same as to Chicago, -- a little shorter yet.

Judge Goodrich (continuing): That shows the character of reasoning. It makes no difference to Mr. Brogan, but to some country bankers there is something more than the mere expenditure of time involved; and it strikes me that these frugal-minded country directors would very much prefer to send their officers on a journey wherein they might save

six hundred miles in distances, and possibly fifteen dollars in transportation, even though it did take the same amount of time. That is a factor.

But as to the telegraphic rates, there is no point in Nebraska, as I said before, that is nearer Chicago than Omaha. The primary rate from Omaha to Chicago of a telegram is forty cents, and to Kansas City is thirty cents.

Again, the telephonic rate between Omaha and Chicago is \$2.75 for the first three minutes, whereas it is only \$1.00 to Kansas City, and the proportions for any additional minutes spent in conversation are the same. In other words, it costs one-third more to telegraph to Chicago than it does to Kansas City, and it costs three times as much to telephone to Chicago as to Kansas City.

Now, these gentlemen have also omitted all mention of other lines of railroad. It is doubtless known to you gentlemen better than to me, because I am not especially familiar with it, that the Burlington Road goes up to Omaha, that the Missouri Pacific goes up to Omaha, and that the Burlington and the Missouri Pacific both have lines that go up in the region of Lincoln; but in addition to that, the Rock Island Railroad starts out at St. Joseph, and traverses the whole southern tier of Nebraskan counties, -- some eight or ten counties, -- and traverses, I might say, the most densely settled portion of Nebraska. The richest, the finest, the most productive part of Nebraska is the territory south of

the Platt River. That's the most thickly populated, it's the oldest, and it's the country that has the largest towns in it. The Grand Island Railroad originates at St. Joseph, and traverses for some distance the southern part of Nebraska and finally reaches its ultimate destination up in Grand Island, up about the middle of Nebraska. Now, they have not given you a single statistic with reference to what is done by those railroads. Yet they stand here, almost contending that we belong in an entirely different class.

(To the Governor of the Board): How much time have I taken?

The Governor of the Board: You have taken about forty minutes.

Judge Goodrich (continuing): I do not think, gentlemen, that under these circumstances I ought to weary you much longer, but I do want to call your attention to the fact that it may be contended here that all these twenty through trains that they have to Chicago afford very much better mail facilities, and I went outside the record a few days ago so as to procure information as to just how Omaha is served from Chicago and from Kansas City, from the standpoint of mails. These facts appear on page 36 of the brief. It will be shown there that there go each day from Omaha to Kansas City seven mails, and they go at very seasonable and convenient hours: for instances, eight o'clock in the morning; 8:45 in the morning; 1:30 p. m.; and on up to 11:35 midnight; and the times they

are received in Kansas City -- the mails are received in Kansas City -- are seven. Now the mails from Omaha to Chicago are only six. In other words, there is one more mail each day going from Omaha to Kansas City than there is going from Omaha to Chicago. We suffer a little bit on the other route, but on the mails that come from Chicago and come from Kansas City to Omaha, they have nine and we have seven.

These statistics here in these reports show that a large part of the business in the extreme northeastern part of Nebraska is done with Minneapolis; these statistics here show that in western Nebraska its transactions are naturally in large measure with Denver; and the statistics here show almost conclusively that Wyoming has heretofore done substantially all of its business with the State of Colorado. That's very evident. Cheyenne and Laramie are the largest centers in the State of Wyoming, and they are both practically within one hundred miles of the city of Denver.

Here is another significant fact that you gentlemen would be justified in taking into consideration in the consideration of this matter. Everything that these gentlemen are saying, if true, could be said with much more force by Denver. If what they say is true, Denver could likewise make the self-same complaint, -- but Denver and Colorado are not here complaining.

There is one fact that I omitted, that I think has very direct bearing, both on the question of due course of

trade, and the question of convenience. You gentlemen are doubtless aware -- familiar with the great mail order houses of Montgomery, Ward and Company, and Sears Roebuck and Company. They have, for many years had their headquarters in the City of Chicago. About four or five years ago the Montgomery-Ward concern changed its manner of handling its western products, and established its mail order house in Kansas City, in order to serve this western country, and the statistics compiled by that concern, and heard before the Organization Committee, showed that 12.3 percent of the entire business done by that Kansas City house was done with the State of Nebraska, and those figures become very significant when they are put against the figures that only 12.9 percent of its business was done in the State of Missouri. The testimony there shows also that Kansas City does business way up into Iowa. Its trade territory embraces this entire country.

The Committee acted wisely, and in my judgment, it could not have made a more logical selection, and for you gentlemen now to overturn their action, and set aside what they did, would be to refuse to have due regard for the convenience and customary course of business.

Dr. A. C. Miller: I would like to ask counsel whether he has considered -- and I will ask also Mr. Brogan -- the way in which this district will be affected in the matter of clearings by either its retention within the Kansas City district or its transfer to the Chicago district.

Judge Goodrich: It is to this extent, of course, -- the making of this change would reduce the capital of the federal reserve bank of Kansas City below the minimum, but I undertake to say that so far as the Nebraska banks are concerned they will continue to clear their affairs primarily as they have heretofore. The testimony here shows that all the smaller banks throughout the State of Nebraska have kept their accounts in Chicago and in New York only for exchange purposes, and that their primary transactions have been with the larger banks either in Lincoln or Omaha, and that they keep their reserves there. It is possible that in order to afford them ultimately all the facilities they want, there ought to be a branch bank established at Omaha, but I might say this in connection with that, it is a very significant thing that so far as the present experience of the federal reserve bank of Kansas City is concerned, the Nebraskan individuals have taken a pronounced liking to it, if results are any indication. Of the discounts that have thus far been made by the federal reserve bank at Kansas City, and those that remain on hand at this time, fully sixty-five percent are from the State of Nebraska; and I understand that at all times more than fifty percent of the loans that they make have been made to the State of Nebraska; and I understand furthermore from the evidence that they have yet the first complaint to hear from any banker in the State of Nebraska as to any inconvenience he has suffered in the matter of procuring his loans. Is there anything else? Does

that answer your question?

Hon. Paul M. Warburg: Are you familiar with the aggregate loans of Kansas City?

Judge Goodrich: I beg your pardon?

Hon. Paul M. Warburg: Are you familiar with the aggregate loans of Kansas City?

Judge Goodrich: I have not the information at this time, but they are exceedingly small, -- about \$90,000.

Hon. Paul M. Warburg: Sixty-five percent of that will be \$45,000. That will not be complete proof as to business in Nebraska.

Judge Goodrich: But it is significant that they have experienced no inconvenience in having their transactions there, but in many parts of Nebraska a local banker can leave home after breakfast, have several hours in Kansas City after the transaction of his business, and be home at a reasonable hour in the evening.

Dr. A. C. Miller: Prior to the establishment of the reserve bank in Kansas City, did any of the banks in Nebraska -- were they not in the country clearings system having headquarters at Kansas City?

Judge Goodrich: I do not know just how those matters were handled. I know we are counsel for the Bank of Commerce in Kansas City, and I know they had substantial transactions with banks in the larger towns of Kansas, and I apprehend there was some system whereby those accounts were handled in



Kansas City at par. I can find out about that.

Dr. A. C. Miller: It would be interesting; you might do so.

ARGUMENT IN REBUTTAL BY MR. FRANCIS A. BROGAN, OF  
COUNSEL FOR NEBRASKA AND WYOMING.

Gentlemen of the Board: I just want a few words; and I want to say I do not think there is enough difference between us as to the ultimate facts to justify any charges of misrepresentation or charges on either side. The matter on which we differ is rather as to the analysis of admitted figures than anything else, because there is no dispute as to actual facts.

One point I want to clear up without any delay: There is no doubt in the world, and I think I tried to state that in my opening, that all this territory from northern Texas -- I might say from central Texas -- to Canada is equally alike in its products and its wants and its needs, and that is precisely why it does not tend to meet in one common center, because its traffic all flows east and west, and naturally distributes itself in zones, just as I have contended for, and there would be just as much reason for contending that the Dakotas ought to go into the same territory with Kansas City as that Nebraska ought to, because their products are identical. It is that that separates them into these parallel routes.

Now, one other possible misunderstanding I thought to correct was this: It was said that at the hearing no one

asked that this territory be put into the Chicago district. Doubtless there was no one there furnishing a brief and asking for that. As I pointed out in my opening statement, that was one of the unfortunate conditions, but the Committee itself sought to correct that short-coming by asking for a statement as to the preferences, so as to include other cities as well as those that were prepared to ask for particular territory. They called on all their banks to give the first, second, and third choice, and although there was no active propaganda, yet they got the actual wishes of those banks in the matter.

On page 353 of their report they show how the Nebraska banks voted in response to that request, and I think this is very significant. It is true only five banks named Chicago, because there was active propaganda in behalf of Omaha and Lincoln, and Omaha got, and Lincoln got, and Kansas City got, eight votes for first choice. That accounts for that small group in the southeastern corner of Nebraska, which I concede is debatable territory between Omaha and Kansas City. As to the second choice, it becomes more significant, because Chicago had 110 votes. A majority of the banks of Nebraska voted for Chicago as second choice, and only nine voted for Kansas City as second choice. For their third choice 54 voted for Chicago, and 49 for Kansas City. So that you have a total first, second and third choice of the Nebraska bankers, of about 170, and Kansas City received about, I should say, 68, first, second, and third choice votes. When we turn to Wyoming, it is not

correct that Wyoming was unanimous for Denver; it was almost evenly divided between Denver and Omaha, in recognition of the fact that its traffic is generally eastward, although Denver is nearer to it, and perhaps more evenly situated by train service as to large parts of Wyoming. Yet there were ten banks voting for Omaha, and twelve for Denver and Chicago; so as to the second and third choices, Kansas City was not the first or second choice of any Wyoming bank, but the third choice of three. So counsel was mistaken when he said there was no expression before the Committee as to the Nebraska and Wyoming banks. On the contrary, there was a very emphatic expression that if they could not get Omaha or Lincoln, they wanted Chicago as third choice, and that that was the proper place with which to relate them if they were not to have the bank in their own State.

In line with that very thing I have no doubt that Mr. Yates appeared at that meeting and said that as between Omaha and Chicago the Chicago banks would know relatively little about conditions in the Nebraska banks, but his talk was entirely with relation to Omaha and Chicago. It does not follow that Kansas City would know any more or as much about conditions in the Nebraska banks as would the Chicago banker.

I do <sup>not</sup> think counsel can be correct in saying that thirty percent of all the cattle shipped out of Nebraska came to Kansas City. I personally - -

Judge Goodrich: The testimony shows it.

Mr. Brogan: I understand. There is a mistake somewhere, because it could not amount to that. Now, we have some figures here that I think overturn it completely. It could not be possible. I think it is not even thirty percent out of that portion which runs along the southern part of Nebraska. Let me show you these very figures which he read from our brief. They would indicate a different condition of things. On page 58 of the certificate of Mr. Holcomb, who was not representing a bank, but is the traffic manager of the C. B. & Q. Railroad Company, he states:

"Mr. H. W. Yates,  
President Nebraska National Bank,  
Omaha, Nebraska.

Dear Sir:

"In accordance with your request of even date, I wish to advise that the following is a statement of cars of the commodities named, handled by the Chicago, Burlington & Quincy, having origin in the States of Nebraska and Wyoming . . ."

Only the Union Pacific did not confine it to this, but the Burlington statistics are confined to Nebraska and Wyoming, and

"having destinations Omaha and east, St. Joseph and Kansas City for the fiscal year ending June 30th, 1913."

as follows:

(This letter, which was dated Omaha, November 11, 1914, gives the totals for live stock, grain, gravel and sand, dairy products, hay, and feed, for Omaha, St. Joseph and Kansas City, as 50,764, 11,103, and 12,269, respectively.)

Now, all that live stock alone as against St. Joseph and Omaha, and business from Nebraska and St. Joseph, is on its way east. It reaches Chicago, and therefore, so far as the

Nebraska banker has to do with it, he is entirely in the Chicago bankers' hands, but if you put these two together, of the thirty thousand cars of live stock shipped on the Burlington system alone, it is, we will say, better than one-third of Nebraska's. The three great systems, the Northwestern, the Union Pacific, and the Burlington, practically control that traffic. There are others there, -- the Rock Island sends trains through, and the Missouri Pacific is struggling with the problem, and the Grand Island is in court, but these are the three great systems that handle the traffic, and this is the statement that of the thirty thousand cars handled by Omaha and St. Joseph, 4,500 were handled by Kansas City. I fail to see where they will get thirty percent of even the one-third to Omaha and St. Joseph together. Kansas City would have nothing to do with St. Joseph traffic and shipments, and this is not an argument as against Kansas City for Omaha, but of all the traffic which goes through Omaha and Kansas City, and of the 30,000 cars only 4,500 were handled in Kansas City, so the statement that only thirty percent of the cattle produced and shipped out of Nebraska will go to Kansas City can not possibly be sustained.

I do not think counsel meant to say that the purpose of this act was to break up the existing order of things. I understand it was to distribute some of the congested reserves; I understand that to be the purpose; but to say that generally speaking it was to destroy the existing course of business, or

even the existing course of bank exchanges, certainly must be a misinterpretation of the act, because Congress was careful to avoid the possibility of such an interpretation of this act by providing that the districts should be apportioned with due regard to convenience and the due course of business, and that does not mean that customary conditions should be allowed to continue, so far as a change might be necessary to carry out the purpose of the act, which was to distribute the reserves in the great reserve centers.

As to the statement concerning collections, this I do not think involves clearings, but collections handled otherwise, including clearings. Perhaps there is no basis for the criticism of counsel that this certificate shows in the printed brief just what banks and just what towns have contributed to this information. Obviously, it does not include all of Nebraska, because it includes only 153 of the banks, and their names and locations are given here, so there can be no misunderstanding as to what information was said to be furnished here, but they show the remarkable fact that excluding large centers of South Omaha and Lincoln, of the banks of the lesser class throughout the State, 153 show practically no business whatever with Kansas City, and especially from the large business with Omaha they show a large business with Chicago.

Now, that's what this is for. We are conceding, and have throughout, that there is a small corner or strip, if you please to call it, of Nebraska, trading generally and shipping

more to St. Joseph than to Kansas City, yet it has some relations with Kansas City, and if the Board thought that there was a reason because of that fact or because of the necessity of retaining sufficient capital -- banking capital -- in Kansas City, if these things were important enough to justify breaking the state line, there would be no serious objection on our part to a few of those counties being left in the Kansas City district; -- not of course half of the State, as claimed here, because that would be doing violence to the wishes of nearly half of these petitioners, but probably four counties, -- five or six at the outside, -- in the southeastern corner of Nebraska, could be left in the Kansas City district without doing any great violence to their business, but that itself is not an argument for continuing the inconvenience as to the rest of the State or as to Wyoming. Now, my understanding is that the rest of the banks all clear through Omaha, -- substantially all, -- that their business is there. Just how they will be affected by this arrangement I do not profess to be able to discuss, because I lack the technical knowledge of banking, but I know their banking relations are with Omaha.

Now perhaps I should refer to one other feature. Counsel discussed the fact that so far as the individual who produces the product of the farm, and as far as the small country bank is concerned, they have no direct relations with the ultimate purchaser of the product, or with the final bank where the exchanges are carried on; and that is true; but the various

transactions are related to each other. The farmer sells his cattle to the buyer in the village, and gets a check on the local bank, but that dealer ships to the nearest point, Omaha or Lincoln, or some other towns in Nebraska that carry on shipping business, and there he may sell or ship to Omaha or Chicago, and he receives something in exchange, which ultimately comes from the purchaser in Chicago, and so there has to be a bank exchange carried on, and affecting ultimately the farmer who grows the crop and the small banker who first holds the check that pays for the cattle and the grain. You can not separate the interests of a State, merely because those relations will exist everywhere, and I fail to see the bearing it has whatever.

I was not able to discuss the statement of the sixty-five per cent of the loans from Nebraska, but the question asked by a member of the Board of course disposes of that. The loaning is not sufficient in any part of the district to warrant any attack on it, and yet we have not been told what effect the change of this district to suit the convenience and earnest desires of Nebraska and Wyoming would have upon the Kansas City bank, What harm would it do? Would it do any harm to Kansas and Oklahoma and other portions? Obviously only as it affected the bank itself. What harm would it do the bank if you take away this \$1,600,000 of capital, and if you wish to protect it by leaving a half million or so in the southeastern corner, and if you find it advisable to add three or four



hundred thousand dollars from the Oklahoma counties petitioning to get into the district, you would leave a capital between four and a quarter and four and a half millions. Minneapolis has only four and three-quarter millions, and but one or two of the other banks have a little over four million; so it can not be said that the desire of the management of the Kansas City bank to retain as large a capital and as large a territory in which to do business as possible is a factor to be taken into account in this matter at all, because it was not the purpose of the location of banks to benefit the city where the banks were to be located, nor the banking business in that city, except as all banking business in the locality would be benefited.

And in conclusion I want to say that the unanimous petition of substantially all the banks in Nebraska and Wyoming is an important factor, and not to be overlooked in this consideration. They know and ought to know whether it is more convenient for them to do business with Chicago or Kansas City, and they know or ought to know whether the purpose for which they exist will be better achieved by joining them with Chicago or Kansas City.

The Governor of the Board: Gentlemen, we will take this under advisement.

Mr. Brogan: May I make this request? This brief was prepared by Judge <sup>Mc</sup>Hugh and Mr. Yates, who was chairman of the committee, has died recently. On account of some important

matters which kept Judge McHugh away, he is not able to be here, and I want to present some different points in my arguments. I would like the privilege of filing an additional supplemental brief along the line which I have discussed here.

The Governor of the Board: How much time do you want?

Mr. Brogan: I will do it promptly.

The Governor of the Board: How much time would you suggest?

Mr. Brogan: Two weeks, if that is not too long.

The Governor of the Board (to Judge Goodrich): Then you want an opportunity to reply?

Judge Goodrich: This situation of course is one that needs to be determined as speedily as possible, because it leaves the situation in a state of uncertainty.

The Governor of the Board: Would it not be possible for you within two weeks to send brief and reply?

Mr. Brogan: It takes three days to get home.

The Governor of the Board: Of course counsel may mutually agree to extend the period to a reasonable extent; I would suggest ten days or two weeks as the time if possible for the preparation of your brief and your counterbrief.

Mr. Brogan: May I ask if the Oklahoma petition has been postponed?

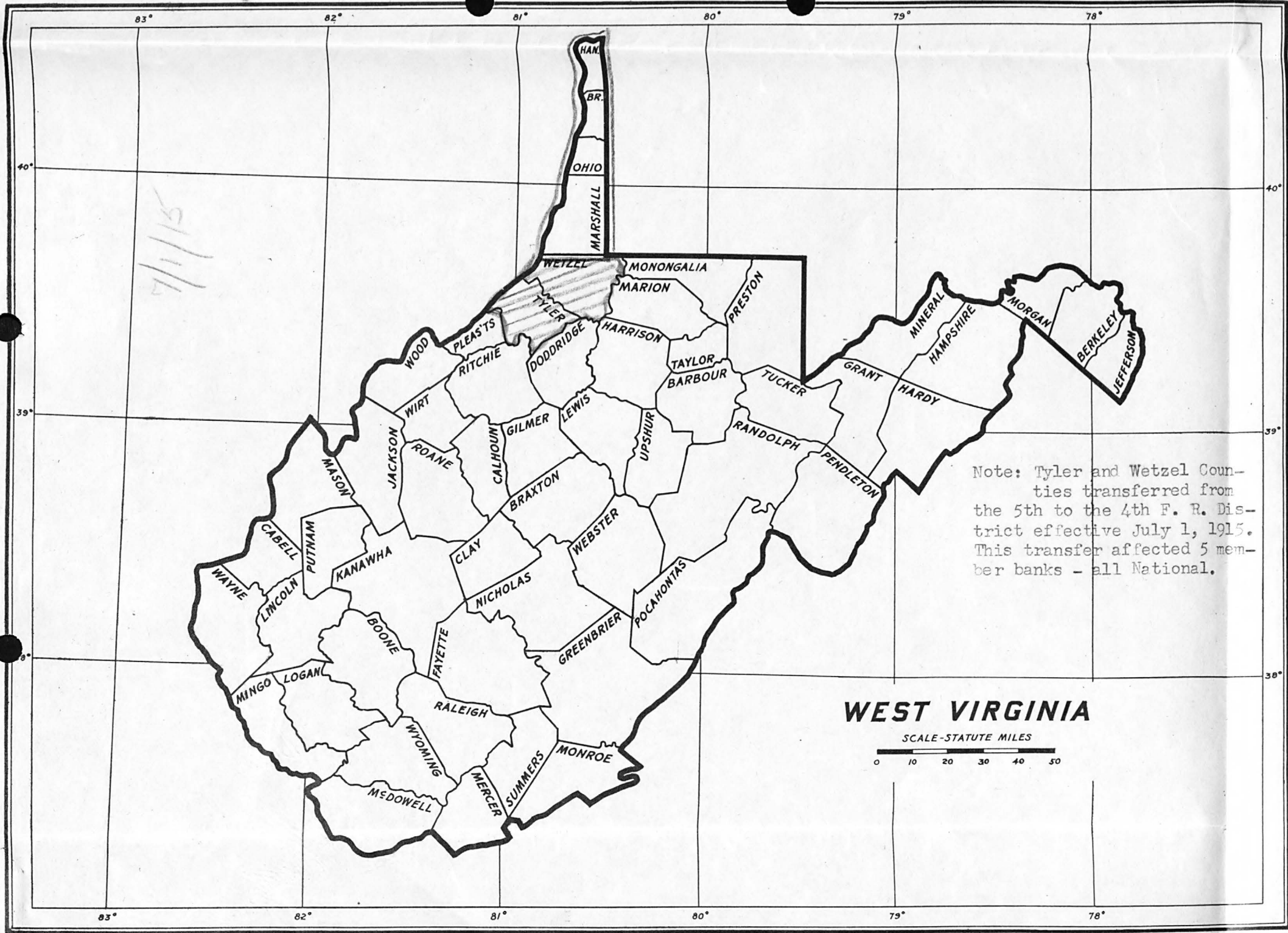
The Governor of the Board: It will be on the twenty-fourth.

Hon. Paul M. Warburg: The twenty-fifth.

Mr. Brogan: I should like to have our brief in by that time, because I think you will find it desirable to consider them both by that time at least.

The Governor of the Board: We will leave it with that understanding, then, that counsel will agree to send their brief and counter-brief within the time suggested.

(Whereupon the hearing was adjourned.)



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BEFORE THE FEDERAL RESERVE BOARD

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PETITION OF CERTAIN COUNTIES OF THE STATE OF WEST VIRGINIA TO BE  
TRANSFERRED FROM THE FIFTH FEDERAL RESERVE DISTRICT TO  
THE FOURTH FEDERAL RESERVE DISTRICT.

\* - \*

Washington, D. C.

- o -

January 27, 1915.

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Reported by  
Rexford L. Holmes,  
Shorthand Reporter,  
322 Southern Building,  
Washington, D. C.

(The hearing was convened at 11:12 o'clock a. m., with the following members of the Board present: Charles S. Hamlin, the Governor of the Board, F. A. Delano, W. P. G. Harding, Paul M. Warburg, and A. C. Miller.)

Hon. Charles S. Hamlin, the Governor of the Board: Gentlemen, the Board will be very glad to hear you now on your petition.

Mr. Charles N. Kimball, of Sistersville, West Virginia, representing the petitioning counties: Gentlemen, I appear before you representing these petitioners. There are three of the petitioning banks present in person, represented by their officers. We are here before you representing no great large community or no considerable financial interests. We are representing two small counties up in West Virginia and five national banks, these being all of the national banks in those two counties. We are not here to complain of the location of any reserve bank, but we are here asking to be transferred from one reserve district to another. We are asking to be transferred to a district with which we have always been accustomed to do business, and in which we believe a due regard to the course of business in our district demands that we be placed.

Now, I have with me a map which you see here, which will show to you the location of the counties in which these petitioning banks are located. (Exhibits map to the Board.) Webster and Tyler Counties, in which these petitioning banks are located, are shown on this map shaded yellow; they are in the extreme

northwestern portion of the Fifth District. Webster County adjoins Pennsylvania. The northern boundary line of Webster County is also the southern boundary line of the Fourth District; the western boundary of Webster and Tyler Counties is the Ohio River. The dividing line between West Virginia and Ohio is also the western boundary line of the Fourth District. Those two counties have always been intimately connected with the Panhandle Counties. We are virtually Panhandle Counties, although not within the Panhandle. The red lines here (indicating on map) show the railroads running from Sistersville, by which we are connected with Washington and Richmond. The blue lines are the connecting lines with Cleveland, Ohio.

While we are standing (The members of the Board, together with counsel, were standing up to examine the map counsel was explaining), to make it brief, the distance from Sistersville, which is the furthestmost point from Cleveland by the shortest route, is 182 miles; by the shortest route to Richmond it is 517 miles. A letter posted at Sistersville after banking hours will not reach Richmond until after banking hours the succeeding day. It is in Cleveland before banking hours the following morning. The distance and means of communication are such that a traveler can leave Sistersville, go to Cleveland, and return, in the same time that it would take a letter to go from Sistersville to Richmond. The time and distance is on or about the ratio of one to three. The distance is about three times as great to Richmond as to Cleveland. The time taken in travel is

about three times as great to Richmond as to Cleveland. The railroad fare to Cleveland is one-third less than the railroad fare to Richmond. The same ratio applies to long-distance telephone. The long-distance telephone rate from Sistersville to Richmond is three dollars for three minutes, and one dollar per minute for each additional minute; while to Cleveland it is one dollar for three minutes, and thirty cents for each additional minute. The same ratio applies to telegrams. To Cleveland we have a twenty-five cent rate for ten words, and two cents for each additional word; to Richmond a telegram rate of fifty cents for ten words, and three cents for each additional word.

Now, briefly, that sums up the location with relation to distance and time of connection between the two points.

Now we base our petition for change from the Fifth District to the Fourth District, first, upon the fact of our near proximity to Cleveland, and the Cleveland district; second, upon our great distance, comparatively speaking, and the difficulty of communication, between our district and the Richmond district; third, upon the fact that our business interests and commercial connections have always been and are with the cities and towns and banks in the Fourth District; fourth, upon the fact that "due regard to the convenience and customary course of business" demands that petitioners be placed in the Fourth District; and fifth, upon the proposition that the Federal Reserve Act was passed in aid of trade, and not in restraint of trade, and upon the fact that that Act expressly declares that the districts shall be apportioned with due regard to the convenience and customary



course of business.

Now, gentlemen, West Virginia is a small State, and probably extends over a greater proportion of territory in proportion to its area than any other State in the Union. It has an extreme east and west width of 270 miles, and extends north and south 250 miles. Its northern extremity extends twenty-five miles north of the latitude of Pittsburgh, Pennsylvania; its southern extremity extends to a latitude fifty miles south of that of Richmond, Virginia. Its eastern longitude extends to a point about fifteen miles east of the city of Richmond, and its western longitude extends to a longitude twenty miles east of the city of Columbus, so you see we are pretty largely distributed over the face of the map, although we are a small State, something like a few hundred over twenty-four thousand square miles.

Now, we have been placed in the Richmond District. We believe we should be placed in the Fourth District. Our means of communication and our business, we believe, demand that we should be placed in that district.

Now, in looking over the proceedings before your honorable body, I have noticed that the Richmond brief at no time and in no place had in mind taking in any part of West Virginia in the Fifth District other than the southern part of West Virginia; but the entire State has been placed in the Fourth District, with the exception of Hancock, Brook, Ohio, and Marshall Counties, the four counties whose boundaries show are actually Panhandle Counties. Now, the two counties of Webster and Tyler are in

the Ohio River County. We are virtually Panhandle Counties, and not four counties in the Fourth District; and Wheeling, the largest city of the State, and the industrial center of the northern portion of West Virginia, is only thirty-seven miles from New Martinsville, and forty from Sistersville, and is the city with which we are commercially closely connected. Pittsburgh is 116 miles away. Three of the petitioning banks are located in Tyler County, three of them in Sistersville; no, four are in Tyler County, and three of them are in Sistersville, represented here in person by their officers. One of them is at Middlebourne, the county seat, ten miles back in the county. The other petitioning bank is located at New Martinsville, which is thirty-seven miles from Wheeling. We are in the same senatorial district with Marshall County, and politically, commercially, and geographically, we belong with the Panhandle Counties between the Ohio River valley and the Richmond district. We have the range of hills or mountains called the Ohio River Hills and the Blue Ridge and Allegheny Mountains. We have no means or lines of communicating with the eastward portion of the United States from the West Virginia District except where a stream cleaves or cuts the ranges, and you will notice our railroads running east and west in West Virginia, all run up the Little Kanawha, up the Large Kanawha, and down the Big Sandy in the southern end. Our most usual means of reaching Richmond and the manner in which mail is sent is either to Wheeling and out the Baltimore and Ohio east to Washington and

to Parkersburg, or over the Baltimore and Ohio to Washington, or it is possible for the traveler to go to Point Pleasant and out to Charleston, and take the Chesapeake and Ohio to Richmond east to Huntington, and take the Norfolk and Western to Richmond, but those routes are so long and so much time is required to make such a journey that that route is impracticable.

Now, in starting to Washington or Richmond from Sistersville or New Martinsville, it is necessary to take the Ohio River route and go north to Wheeling 47 miles, and there change cars or to take the Ohio River south to Parkersburg, and change cars and go east.

The running time I have given you, gentlemen, that is necessary, or the time that it takes to reach Richmond, is the actual running time. It is not the actual time that it would take a letter to travel that distance, for the reason that there are several hours lost in making connections either at Parkersburg or at Wheeling, to the Cleveland district. We go directly north to Wheeling. We have five trains each day to Wheeling. We have three lines of railroad running from Wheeling to Cleveland, -- the Baltimore and Ohio, the Wheeling and Lake Erie, and the Pennsylvania; or we can go from Sistersville or New Martinsville to Pittsburg, Pennsylvania, 116 miles away, and we have the Pennsylvania Railroad, and the Wheeling and Lake Erie, and several other routes, to go to Cleveland, which is probably the most convenient way for a traveler to go, but the mail I understand goes to Wheeling and is sent out over

these lines to Cleveland, so that so far as distance in miles is concerned, the position of Sistersville, New Martinsville, and these petitioning banks demands that they be placed in the Cleveland district.

So far as the distance in hours and minutes is concerned, the same demand is made, because the actual running time, the actual time taken in going from Sistersville to Cleveland by mail or by a traveler is actually one-third that that it takes the same traveler or mail to go from Sistersville to Richmond.

In other words, it takes from  $6\frac{1}{2}$  to 7 hours to go from Sistersville to Cleveland, while to Richmond 17 hours is the shortest actual running time that the distance can be made in, and that is the actual running time, and not the actual time it would take because of the several hours that would be lost in making connections at Parkersburg or at Wheeling.

From Sistersville to Cleveland via Wheeling and the Wheeling and Lake Erie is but 99 miles; that would be going from Sistersville to Wheeling and out this road here (indicating on map), which is but 99 miles with running time of  $7\frac{1}{2}$  to 8 hours. Sistersville to Cleveland via Wheeling and the Pennsylvania Railroad is 182 miles, or 7 hours. Sistersville to Cleveland, via Wheeling and the Baltimore and Ohio Railroad, is 209 miles, six hours and forty-five minutes; Sistersville to Cleveland, via Pittsburgh and the Pennsylvania Railroad, is 264 miles;  $7\frac{1}{4}$  hours to  $10\frac{1}{2}$  hours. To Richmond by way of Pittsburgh and the Baltimore and Ohio to reach Richmond by Parkers-

burg is 522 miles, with an actual running time of 17 hours; to Richmond by way of Wheeling, the distance is 517 miles, with an actual running time of  $17\frac{1}{2}$  hours. One can also go to Parkersburg and Washington, and thence to Richmond, with the distance of 534 miles, or running time of 18 hours, while the distance by way of the Pleasant, and Kanawha, and the Chesapeake and Ohio, is 551 miles, or a distance of sixteen hours and twenty-three minutes. By way of Huntington, Kanawha, and the Norfolk and Western is 729 miles, or a running time of over twenty-three hours, -- twenty-three hours and fifty-eight minutes. But those, -- as I have stated, -- those routes are so long that they are entirely impracticable.

The Governor of the Board: May I ask, would you be subjected to the same disadvantage, in your opinion, if Washington or Baltimore had been designated? Are they about as unfavorably situated?

Mr. Kimball: No, sir; they are not. Washington would have been preferable, and Baltimore would have been also, because our banks carry as it is, -- but I will touch on the business relations in a moment.

The Governor of the Board: Well, I mean, with regard to Cleveland and Pittsburg, -- would they be nearer than Washington or Baltimore?

Mr. Kimball: Yes, sir.

The Governor of the Board: So that what you say would apply equally to Washington and Baltimore?

Mr. Kimball: Not to an entirely equal degree.

The Governor of the Board: Not to an equal degree?

Mr. Kimball: No, sir; because Baltimore would be just as much nearer to us than Baltimore is to Washington, rather than Richmond.

The Governor of the Board: Yes.

Mr. Kimball: There would be just that difference on this end.

The Governor of the Board: What I want to get at is this: Would this petition have been filed by you if either Washington or Baltimore had been designated? Would you still feel your proper place was in the Fourth District?

Mr. Kimball: Mr. Jackson, what would you say?

Mr. A. C. Jackson, President of the First National Bank, Sistersville, West Virginia: Yes; I believe it would. We believed our business connections are such that we all voted for Pittsburgh as a reserve point, for the reserve bank, and our vote was unanimously for Pittsburgh as opposed to Cleveland, but Cleveland is much more satisfactory than either Washington or Baltimore would be, for the reason that --

The Governor of the Board (to Mr. Kimball): I did not want to interrupt you,

Mr. Jackson (continuing): -- our business is of a nature that we are more in touch with Pittsburgh than Cleveland. We are in the oil and gas business, and they are also, so we are very closely connected, and for twenty years we have kept our

principal reserves in Pittsburgh. We have very intimate relations with those banks.

Mr. Kimball: Now, just answering your question, or touching on that phase or feature of it, the business relations of the Ohio Valley, and particularly of these two counties, are almost identical with those of the Wheeling and Pittsburgh district, and to a certain extent with those of the Cleveland district. Our business in the Ohio Valley here has been almost exclusively with -- connected with -- the oil and gas business, and also with the manufacture of glass, and steel mills. Those are the industries in the Ohio Valley. They are the same industries upon which the banking business of Wheeling depends, and also that of Pittsburgh, and to a great extent that of Cleveland. Pittsburgh has been the head of the oil and gas business for many years. Sistersville, West Virginia, has been the head of the oil and gas business in the State of West Virginia ever since oil and gas have been found in that State. Our banking has been done in Wheeling and Pittsburgh, because of the similarity of the business in which the two sections have been engaged. In the Wheeling district and Wheeling the industries are oil and gas production, glass manufacture, and the manufacture of steel and of piping, and those are the same industries that we have in our own section, in these two counties in which these banks are located.

All of these companies, all of the oil companies that produce oil, -- and I think that I am correct in saying all, -- maintain their head offices in Pittsburg, Pennsylvania; a few of them have their main offices in Cleveland, Ohio; and all of these companies pay their rentals to the farmers on their leases in checks on Pittsburg banks and on the Wheeling banks, and those checks may go through our banks, and their royalties are paid in like manner, and when oil is purchased by the pipe line companies, it is paid for by checks on the Pittsburg banks.

Mr. Jackson: The books for the oil companies are kept in Pittsburg. When we sell oil, they wire Pittsburg to get our balances, so the books are kept there, and also a large portion of the gas which is consumed in the cities of Pittsburg, Wheeling, and Cleveland, comes from our county, or is transported by pipe line to those cities.

Mr. Kimball: Some of the largest, -- or the largest -- gas pumping station in the world is located in Webster County, and the gas that supplies -- as Mr. Jackson has stated -- the gas that supplies Cleveland and Pittsburg is largely produced in these two counties. The gas not produced there at least passes through our counties in being transported to these two cities, and the direction of our business is all toward Pittsburg and toward the Cleveland district.

Now, I shall not attempt this morning to touch on the banking questions, or how these banks would be particularly



affected by carrying their reserves at Richmond instead of at Cleveland, because I assume that in the arguments that have already taken place before you those questions have been pretty well threshed out, and would apply perhaps to these banks as well as to the banks for which the arguments have already been made.

Now, as showing the line of business we have, in our printed brief, there appears a statement of the business of a certain period with these banks, showing the business of these banks with the Pittsburg district, in comparison with the Richmond district, during the last week. These five petitioning banks have kept an account of their items, and I will desire to file a copy of this with you this morning. During the week of January 18th to the 23d these five banks had only twelve items on the Fifth District outside of West Virginia, amounting to \$213.55. The items -- the other items -- on the Fifth District, -- all items of Webster, Harrison, Tyler, and Pleasants Counties, including the two petitioning banks with the two adjoining counties, -- we had 517 items, amounting to \$17,542.50. The items from all other West Virginia points in the Fifth District, -- we had 135 items, or \$5,132.37. Now that made a total on the Fifth District of 664 items, amounting to \$22,928.42. But it must be remembered that only twelve of those items, amounting to \$213, are in the Fifth District outside of the State of West Virginia, and that 517 of them were from the two petitioning counties and two adjoining counties now in the Fourth District. These

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banks had 569 items, with \$135,000 -- \$135,337.85, on the Fourth District. That shows in a measure the trend of business, our "due course of business" in this section, and we think if the act is to be followed, which states that the banks are to be located with "due regard to the convenience and customary course of business", that then the customary course of our business in this section demands that we shall be placed in the Fourth District.

Now, as I have stated in my opening remarks, we have no complaint to make whatever with regard to the location of the reserve banks. It is purely a business question with us as to which district our business demands that we be placed in, and we think that the ordinary course of our business, both past and present, shows that we are closely allied with the Fourth District, and therefore that we should be placed in that district.

If you gentlemen have any questions to ask, we will do our best to answer them, but we think this briefly states our case, and the map shows our location geographically. The figures I have given you, and the figures appearing in our brief here, show conclusively where the bulk of our business would indicate we should be placed.

Dr. A. C. Miller, a Member of the Board: Have any of these other counties in the western section of West Virginia shown a disposition to join you?

Mr. Kimball: Not that I am aware of.

Dr. Miller: Is not the argument you have made applicable

also to Pleasants County?

Mr. Kimball: It might be applicable to Pleasants County.

The Governor of the Board: Will you just point out the other counties?

Mr. Kimball: Here they are here (indicating on the map). The same would apply also to these.

Mr. Jackson: There is only one national bank in Pleasants County.

Mr. Kimball: In several counties.

Mr. Jackson: The president of that bank called me up the other evening and inquired about our case before the Federal Reserve Board, and said they would be very glad to be placed in the Fourth District also, but had not started any proceeding.

Hon. Paul M. Warburg, a Member of the Board: Why did they not join you?

Mr. Kimball: We did not ask them, because Webster and Tyler Counties are close together, and we did not ask them.

Dr. Miller: Are the industries in Pleasants County of large consequence?

Mr. Kimball: Oil and gas is all. We have no manufactures.

Dr. Miller: And only one national bank.

Hon. W. P. G. Harding, a Member of the Board: In case a branch is established at Parkersburg, how about it then?

Mr. Jackson: Parkersburg is forty-seven miles away.

We are the same distance from Parkersburg as from Wheeling.

Mr. Kimball: Cleveland would be more convenient for us than Charleston.

Mr. Jackson: Yes, Cleveland would be more convenient.

Mr. Kimball: We have to go over two lines of railroad to get to Charleston. All of the counties, -- some one asked the question about the counties of West Virginia in the Fourth District, --all of West Virginia is in the Fifth District except these four counties here; running from these are the four Panhandle Counties, virtually. Geographically, we are as much a part of the Panhandle as these counties are themselves. We are in the valley of the Ohio River. Our industries are exactly the same. We are closely connected by railroad connection, telegraph, telephone, and the configuration of the country. West Virginia is a very rough State.

The Governor of the Board: What is the outline of West Virginia and Virginia?

Mr. Kimball: West Virginia runs here (indicating on map). This is Maryland; that comes in here; this is the West Virginia line, and the Ohio River is here (indicating on map).

The Governor of the Board: Yes.

Dr. Miller: It runs up there in the Panhandle, does it?

Mr. Kimball: Yes. This red line, which is the Baltimore and Ohio Railroad (indicating on map), is also the boundary line of West Virginia. I can not see now; it runs here (in-

dicating).

The Governor of the Board: That is the line between Virginia and West Virginia (indicating on map)?

Mr. Kimball: Yes, sir; no, here it is (indicating on map).

The Governor of the Board: Oh, yes.

Mr. Kimball: It comes down here; this is the Maryland line here (indicating on map). But all of West Virginia is in the Fifth District, with the exception of those four counties there, and we are just as much a part of that Panhandle as those counties themselves. The Ohio River here (indicating on map) is very rough a few miles back, and mountainous, and as I said, no railroads run through except along the bed of a stream. It is impossible for them to get through.

Some gentleman asked me if the arguments we have advanced would be equally true as regards the other counties we have mentioned. They would be true as to Pleasants County, but not to Wood or the other counties south, because they are on the main line of the Baltimore and Ohio east. We are on a line of the Baltimore and Ohio running from Kanawha up the Ohio River to Pittsburg, and the Baltimore and Ohio east runs out as shown by this line here, and the Kanawha, and Chesapeake and Ohio and those lines there.

Dr. Miller: What is the approximate capital of the banks represented?

Mr. Kimball: I am glad you asked that question. This

transfer can be made without throwing out of balance the capital of the reserve bank at Richmond. The combined capital and undivided profits of the five banks is \$531,000. Their subscription to the reserve bank at Richmond is something over \$31,000.

The Governor of the Board: Are there any other questions?

Mr. Kimball: Doctor, is there anything else, or Mr. Jackson, that you would like me to speak about?

Dr. G. B. West, President of the People's National Bank, Sistersville, West Virginia (residing at 3464 Macomb Street, Cleveland Park, Washington, D. C.): I think there is nothing else.

Mr. Jackson: I think not. I believe you have covered the ground very thoroughly.

The Governor of the Board: I have a letter from Mr. Hunton (referring to Mr. Eppa Hunton, counsel representing the Reserve Bank for the Fifth District, of Richmond, Virginia). Perhaps he has advised you.--

Mr. Kimball: His partner did.

The Governor of the Board (continuing) -- that he will not be here, and that he will simply file a brief.

Mr. Kimball: I feel like apologizing to the Board because I have not perhaps been more logical, or presented this matter in a clearer manner, but I feel somewhat handicapped by the fact that we are rather overshadowed in this case by the great importance of the other cases that you gentlemen have heard; but this case is as important to us --to these five

banks -- as the other cases have been to those petitioning bodies.

Now I desire to file with you gentlemen, -- I have only two copies here, -- of the statement of the last two of these five banks, showing the items on the Fourth District and on the Fifth District, as well as the tables showing the distances and time of connection.

The Governor of the Board: Will you send a copy to the counsel on the other side?

Mr. Kimball: I will do so. I would like to have a copy made for each member of the Board, and you will have them to refer to.

The Governor of the Board: That is all right; keep those then, and mail them to us.

Mr. Kimball: We will do so.

The Governor of the Board: Gentlemen, we will take this under consideration, and advise you.

Mr. Kimball: Would you care to have that map, gentlemen?

The Governor of the Board: I think we would like to have the map. We can return it, you know.

Mr. Kimball: Gentlemen, I would like you to keep in mind this point, in considering this transfer, and that is, the identity of the business with our business, of the locality that our banks are situated in with the business of the Fourth District. The business that we are engaged in is almost exclusively the oil and gas business. Our business in Sistersville in years past, -- I think I will be correct in saying --

has been dependent exclusively on the oil and gas business.

Mr. Jackson: In fact, there would never have been any banks there had it not been for the oil and gas business.

Mr. Kimball: We have four banks there. One is a state bank. Sistersville has only four thousand inhabitants. The capital stock of each of our four banks is \$375,000, so you must see there has been a considerable business there, considering the size of the town, to warrant the establishment of those four banks.

Mr. Jackson: The deposits in the four banks are about -- over two and one-half million.

Mr. Kimball: And understand this is due almost exclusively to the oil and gas business, the rentals the people receive, the payment of royalties, and money in payment for the oil. The oil is purchased by the Standard companies, and as we have said to you, their offices are in Pittsburg, and payments are always made in checks on Pittsburg banks, and I would like to add to what I have said, that, according to the Comptroller's report, none of our banks, I believe, carries any accounts in Richmond.

The Governor of the Board: None of them?

Mr. Walter R. Reitz, Cashier of the Farmers and Producers National Bank, Sistersville, West Virginia: One small account is carried in Baltimore. That is the point where we believe we will be handicapped. We will receipt the Federal Reserve Bank in Richmond for a number of items, and have nothing on the Fifth District; all our items will be on the Fourth



District unless they collect items on the Fifth District, and that would take four days.

Mr. Kimball: I would like to call attention to this map.

Hon. F. A. Delano, a Member of the Board: Is that in your map?

Mr. Kimball: No, the map showing the location of banks carrying accounts with the Richmond banks and trust companies. Now this is West Virginia here (indicating on map), and here is the Panhandle, and our two counties are located there (indicating). Now that will give you gentlemen an idea of the banks carrying accounts.

The Governor of the Board: What is the number of that reference, -- the Senate Document?

Mr. Kimball: It is Document 485, the location of federal reserve district banks.

The Governor of the Board: We have the same information; I wanted to look that up.

Mr. Kimball: I will be very glad to leave this with you.

Now, there is another map I desire to call your attention to also, and that is a map of the vote taken on the location of the reserve bank. Our counties are located right there (indicating on map).

The Governor of the Board: We will carefully consider all this, and will advise you later.

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