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127.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the THE AMERICAN NATIONAL BANK (Name of bank) of MARSHFIELD, WIS. 70-100 (Place), Does (Does or does not) desire to

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

[Handwritten Signature]
(Name and official title.)

Dated DEC 29 1913

Remarks:

Referring to the above.

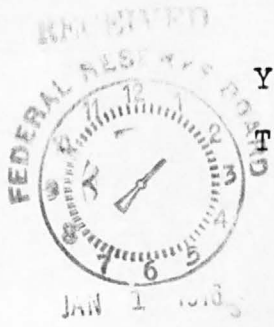
We wish to say that we feel that practically all of our business is done with Chicago and Milwaukee banks and the general trend is east rather than west to Minneapolis. We carry a Minneapolis account but only do so to procure what few grain drafts are coming this way.

We really think that there is no reason why we should be in the Minneapolis District and we hope that we will be transferred to the Chicago District as soon as possible.

Yours very truly,

THE AMERICAN NATIONAL BANK.

[Handwritten Signature]
CASHIER.



To the Federal Reserve Board:

October 5, 1916.

122.5-9
10/5/16

WISCONSIN PETITION

REPORT OF COMMITTEE

The Organization Committee rendered its decision assigning part of Wisconsin to the Minneapolis District and part to the Chicago District on April 2, 1914.

Many banks in Wisconsin assigned to the Minneapolis District protested.

Beginning in October, 1914, and up to the time of the hearing, petitions of protest against the decision of the Organization Committee were circulated, and these were signed in the form of printed slips and sent to the Federal Reserve Board.

The formal petition to the Board, with the said slips, was filed early in March, 1915, and a hearing was ordered for May 20, 1915.

Between March 15th and May 20th a number of letters favoring the transfer, signed by bankers and Congressmen, were filed.

At the hearing, May 20, 1915, briefs and arguments were submitted to the Board.

On May 4, 1915, the Board, after deciding a number of pending redistricting petitions, stated that action on other pending petitions will be deferred until further experience in the operation of the several districts, especially in the light of the new clearing system about to go into effect, and of the extent to which State Banks take membership in the System, shall have provided the Board with the necessary data for a conclusion. (See Bulletin, June 15, 1915)

At this time the only pending redistricting petitions were those

filed by Wisconsin and Connecticut Banks.

So far as your Committee is aware no mention of this decision of the Board was made in the Record of this case, although it greatly broadened the scope of this and all other future inquiries on the matter of redistricting.

At the hearing, counsel for the petitioning banks referred to the appeal regulations issued by the Board on August 26, 1914, in which the Board announced that it would not take testimony in pending appeals but would limit the parties to the record before the Organization Committee.

The counsel, basing his argument upon this ruling of the Board, contended that there was not a scrap of evidence introduced before the Organization Committee favoring the inclusion of any part of Wisconsin in the Minneapolis District; that on the contrary, the evidence was practically unanimous in favor of its inclusion in the Chicago District; that the Minneapolis bankers conceded Wisconsin to Chicago in a written statement; that in a summary of the proposed capital and surplus for the Minneapolis Bank, no reference whatsoever was made to Wisconsin banks; that positively the only evidence relating to Wisconsin banks was a map which included part of Wisconsin but which was withdrawn and the Secretary of the Treasury so notified, and the further fact that St. Paul bankers did at one time make some pretensions to part of Wisconsin but expressly upon the assumption that the Organization Committee should decide to have only eight Federal Reserve Banks.

Based on these facts, which apparently were not put in issue by the Federal Reserve Bank, counsel for the petitioners claimed that the

Board was bound as a matter of law, upon this record, to reverse the decision of the Organization Committee, it being against the evidence and the weight of the evidence.

On the other hand, counsel for the Reserve Bank argued that the Reserve Board was not bound by the record as would be an appellate court by the record of the lower court; that the decision of this Board was not judicial but administrative; that the Board was entitled to use its own judgment and expert knowledge, and could take the testimony before the Organization Committee for what it was worth, supplemented by its own inquiries.

As a matter of fact, the petitioners, although taking this very technical position in argument and in their brief, did not confine themselves to the record before the Organization Committee but put in evidence actual conditions, tables, figures, etc., based on actual experience of the operation of the system, as did also the respondents, the Federal Reserve Bank.

Briefly stated, the brief and oral argument of the petitioning banks brought out that Milwaukee is the business and financial center of Wisconsin; that Wisconsin is limited in a banking and business sense to the State and part of Michigan, being bounded on the East and North by the Great Lakes, on the West by the Twin Cities, and on the South by Chicago; that the trend of business in the petitioning territory is almost entirely North and South between said territory and Milwaukee and Chicago; that this was shown by these banks in 1914 in asking admission, which was given by the Secretary of the Treasury, to the Milwaukee Currency Association for the issue of the so-called Aldrich-Vreeland currency; that

little or no exchange is created with Minneapolis, it almost all originating with Chicago or Milwaukee; that Milwaukee and Chicago from time immemorial have been distributing centers for this petitioning territory; that the trend of the railroads was generally North and South between this territory and Milwaukee and Chicago; that railroad, telephone and telegraph rates were higher to Minneapolis than to Chicago and that the railroad journey to Minneapolis was much longer from many points and more circuitous than to Milwaukee and Chicago; that an inquiry had been made of all of the 244 banks, State and National, in the petitioning territory asking as to the course of general business in their communities, and that 234 replies had been received, of which 200 said the general trend of business was to and from Chicago, 34 said Minneapolis and 10 failed to reply; that including this Wisconsin territory in the Minneapolis District prevented the banks of Wisconsin which were in the Chicago District from loaning on farm mortgages in the part of Wisconsin in the Minneapolis District, although this District was rapidly being settled and there was a great demand for farm loans there, and but little demand in the part of Wisconsin in the Chicago District; that the necessity of keeping their reserve deposits in the Minneapolis Federal Reserve Bank rather than in Chicago Federal Reserve Bank will necessitate keeping even larger accounts with the banks of Milwaukee and Chicago, thus reducing their loaning power and crippling their industries; that the suggestion that their difficulties may be removed by the operation of the clearing system is not helpful as the simpler way would be to remove these difficulties by transfer of the territory; that even in the western part of the petitioning territory from 90 to 91% of all transactions were with Chicago and Milwaukee, which

percentage is even greater in the eastern part; that the reserves should be kept where the business is; that under the present division State banks will not join the Federal Reserve System as under it their reserves would be separated from the natural channels of trade.

The respondent, the Federal Reserve Bank, in its brief and argument claimed that the Reserve Board had lawful authority to rest its decision on its own expert judgment and was not bound, as in a judicial proceeding, by the record before the Organization Committee; that the Organization Committee was not so bound nor was it even bound to take any evidence; that it was merely authorized to take evidence if it saw fit to do so; that it had power, as did also the Reserve Board, to district without taking any evidence; that experience under the Act and not the record before the Organization Committee was the real test; that neither the Organization Committee nor the Board had power under the Act to so district as to leave Northern Michigan out or from the remainder of the District; that the regulations of the Board required the signatures of two-thirds of the banks involved; that this required the signature of two-thirds of all the banks in the District, including those not in the petitioning territory and that the 53 banks signing the petition were less than the necessary two-thirds; that the petition filed in March, 1915, contained only three signatures; that the slips attached to the petition were not, as matter of law, signatures; that the words "due regard" in Section 2 of the Act did not mean sole regard; that they meant only proper regard; that in many other parts of the United States the decision of the Organization Committee did and must necessarily interfere, more or less, with existing channels of business; that other reasons for its decision

appear in the report of the Organization Committee, e.g. the necessity for providing the minimum capitalization of four millions of dollars, the mercantile conditions of the districts, fair distribution of available capital among the respective districts, geographical situation, railroad, mail, telephone and telegraphic facilities, population, business activities, and future prospects of growth, etc; that the Minneapolis Bank is the smallest, except one, of the Reserve Banks; that the transfer of the petitioning territory would leave to the Minneapolis Reserve Bank a margin over the four million minimum requirement of only a little over \$300,000; that if the peninsula of Northern Michigan also were transferred the margin would be only about \$124,000; that the Minneapolis Reserve Bank would be crippled by such a reduction in its capital and the consequent reduction in its reserve deposits.

The Federal Reserve Bank did not put in issue the fact that the natural and actual movement of business in the territory was to and from Milwaukee and Chicago; it admitted that the railroad passenger facilities were better to Milwaukee and Chicago, but claimed business with Reserve Banks does not require personal attendance; it stated it had no reliable data as to telephone and telegraph rates but that probably there was not much difference; it pointed out that the center of the petitioning territory was 50 miles nearer Minneapolis than Chicago so that probably railroad transportation was not cheaper to Chicago; it claimed that with four exceptions, letters from points in the territory in question, mailed in the afternoon would be delivered in Minneapolis the next morning; that of the total rediscounts with the Minneapolis Reserve Bank, amounting to

\$341,206, the banks in this territory had taken \$277,256; that the proposed transfer would prevent these banks loaning on farm mortgages in Minnesota, North and South Dakota and Montana; that some of the eight banks refusing to sign the petition had given this as their reason; that one of these banks, the Commercial National of Fon du Lac, - stated that it opposed the transfer because it could secure very much higher rates on farm loans in Northern Wisconsin, Minnesota, North and South Dakota and Montana than it could in the Chicago District; that the North Dakota Bankers Association in its Bulletin of March 30, 1915, stated that the transfer would prevent these Wisconsin banks from loaning on farm mortgages in the above mentioned States and urged the banks of North Dakota to take an active part in a campaign against the transfer.

The Minneapolis Reserve Bank also claimed that the petitions were not filed within a reasonable time after the decision of the Organization Committee and should, therefore, be dismissed.

In the reply brief and arguments the petitioners claimed that the power of review vested in the Federal Reserve Board is a continuing power; that the petitioners filed their petition within a reasonable time; that the Regulations of the Board required the signatures of only two-thirds of the banks in the petitioning territory; that they were willing to accept a broad and liberal construction of the rule of the Board limiting testimony to the record before the Organization Committee; that the Board can take into consideration matters of common knowledge or facts within the knowledge of its members; that the testimony before the Organization Committee is not necessarily controlling.

The petitioners also averred that the Federal Reserve Bank had practically admitted all the essential allegations and facts offered by them as to the trend of business, railroad, telephone and telegraph facilities; that the statement of the respondent as to mail deliveries in and from Minneapolis was not true as such mail in nearly all of the petitioning territory is not delivered until the afternoon of the following day, and the banks are unable to care for it on that day.

The respondent Reserve Bank, through its counsel, also put in evidence a number of letters from banks in the petitioning territory, some of which had signed the original petition, indicating satisfaction with the operation of the Minneapolis Federal Reserve Bank, and in some cases evincing a change of mind as to the proposed transfer. These letters were from the following banks:-

1. First National, Berlin, Green Lake County.
2. First National, Black River Falls, Jackson County.
3. First National, Brillion, Calumet County.
4. First National, Clintonville, Waupaca County.
5. National Bank of De Pere, Brown County.
6. McCortney National, Green Bay, Brown County.
7. First National, Marshfield, Wood County.
8. First National, New London, Waupaca County.
9. Oshkosh City National, Winnebago County.
10. Commercial National, Oshkosh, Winnebago County.
11. Shawano Ger. American National, Shawano County.
12. Alma First National, Buffalo County.
13. First National Bank in Ripon, Fond du Lac County.
14. Commercial National " " " "

Of these banks, Nos. 5, 6, 7 and probably most of the others signed the original petition.

It is significant, however, to note that in the poll taken by the Board some six or seven months later, out of the 14 banks above mentioned, all but five voted in favor of the proposed transfer, these five being

those numbered 1, 9, 12, 13 and 14 above.

One bank, - the Commercial National of Fond du Lac, - gave as its chief reason for opposing the transfer the fact that it could get very much higher rates from farm mortgage loans in Minnesota, North and South Dakota and Montana than it could in the Chicago District.

The Reserve Bank also claimed that Michigan receives the bulk of its checks from banks in Wisconsin now in the Minneapolis District and that the proposed transfer would cut off Michigan from the benefits of the clearing system.

No action was taken by the Board upon this petition until November, 1915, when the matter was discussed. No attempt was made to discuss the evidence, the question raised being primarily concerned with whether to take up the matter at that time for final determination or whether to postpone it.

Some of the members expressed the opinion, informally, that the expressed desire of such a large majority of the banks of the territory involved would warrant the granting of the petition, although some doubt was expressed as to whether the reduction of capital involved and the withdrawal of reserves would not impair the Minneapolis Reserve Bank in its ability to care for its district.

Finally, especially in view of the letters introduced by the Reserve Bank showing a change of mind as to the merits of the transfer by some of the banks which had signed the original petition or the slips attached thereto, it was voted to take a poll of all of the banks in the territory asked to be transferred, and a poll was accordingly ordered.

It will be remembered that at this time the question was still an open one whether the Reserve Board had authority under the Act to reduce, by redistricting, the capital of a Reserve Bank below the four million minimum imposed as a condition of commencing business. The opinion of the Attorney General in the affirmative was not rendered until April 15, 1916.

The result of this poll, as originally rendered, was Aye, 45; No, 10; Not voting, 6.

The capital and surplus of the banks voting Aye was 6.4 millions; of those voting No, 1.2 millions; and of those not voting, \$746,000.

In the second hearing, held August 8, 1916, some changes were recorded in the attitude of the banks. It is probably substantially accurate to state that at the time of said second hearing the banks in favor of the transfer were 53 and those opposed, 8.

On January 7, 1916, Federal Reserve Agent Rich wrote to the Board, or to a Member, that he was surprised at the action of the Board in ordering the poll; that he did not know the Board desired to reopen the question and that if any territory were taken from the Minneapolis Bank, other territory should be added in compensation.

On May 15, 1916, the Committee having charge of the matter, consisting of Messrs. Delano, Warburg and Miller, made a report. In this report it was pointed out that to grant the whole petition would result in cutting off 22 banks in the upper peninsula of Michigan from the remainder of the Minneapolis District; that most of the petitioning banks were in the 16 counties nearest Milwaukee; that the poll showed that the banks in these 16 counties voted Aye, 29 (76%); No, 7 (18%); not voting, 2 (6%);

that the capital and surplus of the banks voting Aye was 4.3 millions; of those voting No, about \$900,000; and of those not voting, about \$400,000; that it was remarkable that some of the banks nearest to the Chicago District voted to remain in the Minneapolis District; that the principal reason for the change was that these banks had their chief business relations with Milwaukee and Chicago banks and wished to continue to do business through Milwaukee and Chicago as a gateway and not through Minneapolis.

The Committee report also stated that there was no considerable preponderance of evidence of inconvenience under existing circumstances nor is it apparent that there is any very strong feeling on the subject either one way or the other; that it did not seem desirable to transfer even the 16 counties nearest Chicago for fear that it might weaken the Minneapolis Bank.

The Committee concluded its report with the recommendation that no change be made at the present time, but that the petitioning banks be informed that if at the end of the current year they wish to renew the petition in an amended form, the Board will be glad to take it up; it also expressed the belief that the development of the new clearing system may change somewhat the views of the member banks in the district.

After a brief discussion it was felt that it might be well to adopt the report of the Committee in the hope that the operation of the new clearing system would make the banks more contented with their present location and less disposed to a transfer to the Chicago District.

The merits of the contentions of the petitioners as to the trend of business in the territory and as to the propriety of ultimately granting

the petition, were not considered by the Board, these questions being left for future determination in case they should file an amended petition at some future time.

On May 24, 1916, a formal Order of the Board was issued, setting forth that the Board found no present necessity for any change and that the petition was dismissed without prejudice to the rights of the signers to file an amended petition at a later date.

On the same date a letter was sent out to all parties interested, enclosing a copy of said Order.

On June 26th, the Board received a letter from a Committee of Milwaukee bankers in which the injurious effect of the new clearing system, - which was to be started in June and later postponed to July 15th, - upon their relations with their country correspondents in Wisconsin and Michigan.

This letter either preceded or followed a visit to Washington of this Committee and a conference with the Committee of the Board on clearings and, later, with other members of the Board.

This letter, among other statements, declared that since the decision of the Board on May 24, 1916, the Twin City banks had made every effort to secure the deposit accounts maintained with the Milwaukee banks by banks in Wisconsin and Michigan in the Minneapolis District; that the Federal Reserve Bank had sent out notices in which State Banks were invited to join the clearing system, in which notices it was announced that settlement could only be made by drafts upon member banks in the Twin Cities; that the very next day member banks of Minneapolis sent out letters of solicitation

referring to this notice; that there are 24 individual banks and 5 branch banks (of 3 State banks) in Milwaukee; that their total deposits are 121 millions, of which 25 millions is due to country banks chiefly in Wisconsin and Northern Michigan; that the banking territory of Milwaukee was limited to Wisconsin and Northern Michigan by the fact that on two sides it was bounded by the Great Lakes and on the other sides by the Twin Cities and Chicago respectively; that all parties believed that the Organization Committee would place this territory in the Chicago District where it logically belonged; that the Twin City member banks were working hand in hand with the Minneapolis Reserve Bank to deprive Milwaukee and Chicago of business logically and properly belonging to the latter; that Wisconsin State banks would join the Federal Reserve System if they could remit in drafts upon their Milwaukee correspondents.

The letter finally asked that to further the check clearing system the question of redistricting be opened or that the Minneapolis Reserve Bank be instructed to accept Milwaukee exchange from both National and State banks in their district.

About the same time, Congressman Stafford, of Wisconsin, called upon a member or members of the Board, urgently advocating a reopening of the whole matter of redistricting.

From about July 1st to July 20th the members constituting your Committee, later appointed to hear the evidence at the hearing on August 8th, considered carefully whether some modification of the clearing regulations could not be devised which would prevent the suggested injury from the loss of these accounts. Among others, the suggestion was made that the banks could remit to the Minneapolis Reserve Bank by drafts on Milwaukee

sent to the Chicago Reserve Bank to the credit of the Minneapolis Reserve Bank, on the assumption that the Milwaukee banks could have their checks parred at the Chicago Reserve Bank by making there the necessary excess deposits. It was found, however, that the Chicago bank had refused to allow this, and further consideration led your Committee to the conclusion that such an arrangement would cause delay, additional labor, and confusion and would very likely lead to the creation of artificial exchange which would hamper and injure the new clearing system.

Shortly after this, Mr. Wing, President of the Batavian National Bank of La Crosse County, wrote to one of the present Committee strongly urging that the proposed transfer be allowed by the Board. Then followed also conferences with representatives in Congress or in the Senate strongly urging this. Conferences were also held with Governor Wold on the same subject, and on July 21st Governor Wold wrote a member of this Committee stating conferences he had had with the Committee of Milwaukee bankers on the subject beginning July 3rd. In this letter, among other things, he stated that the Milwaukee bankers felt that reopening of the redistricting question would enable them to hold substantial country balances they are now threatened with losing, and that he had written them raising the question as to remitting in Chicago exchange, the Minneapolis Reserve Bank thus carrying the float one day, instead of two days as would be the case if Milwaukee exchange were accepted. This letter finally concluded by expressing the opinion that, if any change were made, all of Wisconsin should be transferred to the Minneapolis district; that it would be better to transfer the 19 Wisconsin counties and 48 member banks - excluding Milwaukee - now in

A new hearing, which was finally fixed for August 25th, all banks being

the Chicago District to the Minneapolis District than to transfer to the Chicago District the 33 Wisconsin counties and 83 member banks now in the Minneapolis district; that 62 out of 83 member banks and 125 out of the 146 State banks in the territory sought to be transferred now have Milwaukee accounts; that 32 out of the 45 member banks and 105 out of the 130 State banks of Wisconsin, excluding Milwaukee, now in the Chicago District have accounts in Milwaukee; that if all this territory were transferred to the Minneapolis District it would be based on State lines; that in such an event Milwaukee could be made a clearing agency and perhaps in the future a branch bank; that such a transfer would group the Wisconsin banks about their chief financial center. (Italics ours).

On the afternoon of July 25th, the matter was taken up by the Board, and on the morning of July 26th, a motion to reopen the petition and transfer certain Wisconsin territory, leaving enough to connect Michigan with the balance of the Minneapolis territory, was lost by a tie vote.

This vote was not on the merits of the case, those voting No resting their vote upon the fact that as the original petition was dismissed there was now no pending petition and that a new petition must be filed before action by the Board.

In the afternoon of the same day, the question was considered again and the conclusion was reached that the Board had power to reopen the original petition and that, in fact, it had power under the Act to redistrict on its own motion without any petition filed.

It was then voted unanimously to reopen the petition and to order a new hearing, which was finally fixed for August 8th, all banks being

notified and the Michigan banks being permitted to intervene.

On August 8th, the hearing was held and your committee was duly appointed to hear the evidence and report to the Board.

The Comptroller of the Currency, duly appointed a member of the Committee, attended the hearings, but decided not to join in the Committee deliberations or in its report because of the fact that he had been a member of the Organization Committee.

Your Committee suggests that each member of the Board read carefully the evidence taken at said hearing, as only a general resume can be given in this report.

There were present at the hearing, Senators La Follette and Husting and Congressmen Stafford, Reilly, Browne, Knop and Lenroot (the latter by letter), representing the petitioning banks and the bankers of Milwaukee; Mr. Lombard, representing the petitioning banks and also the Milwaukee Clearing House Association; the officers of seven National banks in Milwaukee; Mr. Bissell, representing all the National banks in four counties of the Peninsula of Upper Michigan, and officers of six banks in Wisconsin.

The Federal Reserve Bank of Minneapolis was represented by its Governor and by its counsel, Judge Ueland.

A resolution, passed unanimously by the Wisconsin Bankers Association, was presented in favor of the proposed transfer and it was stated that many members of the Association were prevented from being present inasmuch as the Bankers Convention was still in session, but that they would be represented by those in attendance above enumerated.

Mr. Lombard stated that members of the Board had expressed regret that the Milwaukee bankers did not appear at the former hearing in 1915, and that Mr. Lindsay was present to speak in behalf of the Milwaukee banking interests.

There were in all nine or ten bankers, representing banks in different parts of Wisconsin, who testified in favor of granting the petition for transfer, and in addition four Congressmen representing districts in Wisconsin appeared in favor and the two Senators from the State.

It was represented that 53 out of 61 banks in the territory in question were in favor of the transfer; that the banks in four counties of Michigan were acting independently and were unanimous in favor of being transferred to the Chicago District; that the petitioners were willing that Ashland and Iron Counties, embraced in the original petition, be retained in the Minneapolis District in order to avoid shutting off Michigan from the balance of the Minneapolis District; that in compensation, La Crosse, Trempealeau and possibly Buffalo Counties be transferred to the Chicago District; that the Milwaukee National banks held over 4.5 millions due to country banks in Wisconsin and Michigan now in the Minneapolis district and the State banks of Milwaukee held 5 millions, making a total of over 9½ millions; that Wisconsin and Michigan banks originate very little exchange in the Twin Cities; that the trend of business is to and from Milwaukee and Chicago and that the Chicago Reserve Bank will handle a large volume of checks drawn on Wisconsin and Michigan banks now in the Minneapolis District on two days deferred credit which must be sent to Minneapolis for collection, consuming surely four and perhaps

five days; that if the territory is transferred to Chicago, returns could be made in two days, - the exact time of deferred credit; that the expense of carrying this float on Northern Wisconsin and Michigan checks is a large item and will steadily increase; that the normal business relations of this territory lie with Milwaukee and Chicago; that this is proven by the fact that 292 of the 365 banks in this territory carry Milwaukee accounts as against only 71 in the Twin Cities; that of the 204 banking towns in this territory 202 carry their accounts in Milwaukee or Chicago as against 46 in the Twin Cities; that the items sent for collection to the Minneapolis Reserve Bank, as reports from the banks in the territory show, almost all originate from territory which made collection through the Minneapolis Reserve Bank in a roundabout way; that one bank, the Old National of Oshkosh analyzed its account at a particular period and found that out of 120 items received from the Minneapolis Reserve Bank, 115 originated out of the Minneapolis District, coming to Minneapolis from Chicago and St. Louis; that this routing caused a delay of two days; that only five out of 120 items were indorsed directly to the Minneapolis Reserve Bank by Northern Wisconsin banks; that railroad connections are more direct to Milwaukee and Chicago and much quicker; that mail facilities are better to Milwaukee and Chicago than to Minneapolis; that reserves should be deposited where the natural course of business flows; that disregard of trade currents will set back banking progress; that the petition was not a Milwaukee movement but the feeling of a large majority of the banks in the territory in question; that in the long run banking business will go where the reserves are; that the banks, or some of them, opposing the transfer do so because they get higher rates on farm loans in Minnesota, North and

South Dakota and Montana than they could get in the Chicago District; that the Organization Committee was undoubtedly influenced in its decision by the necessity for providing a minimum capital of four millions for the Minneapolis Reserve Bank; that since then the Attorney General of the United States had advised the Board that in redistricting the four million minimum need not be considered; that in any event, the capital remaining, even if the Michigan territory were transferred, would be in excess of four millions.

The Federal Reserve Bank, by its counsel, in argument, claimed that a new petition should have been filed; that the claims in the present proceeding are somewhat different as to territory from the first petition; that Michigan banks can not intervene if the former decision of the Board is a judicial decision; that the proposed transfer would impair the earning power of the Minneapolis Bank; that it was unwise to increase the assets of the Chicago Reserve Bank; that the purpose of the Act was to decentralise banking reserves; that no serious inconvenience has been shown up to the present time; that the matter should be delayed until the clearing system is more fully developed; that the Minneapolis Reserve Bank is now well balanced, consisting of loaning and borrowing districts; that parties not in the petitioning territory had no right to be heard by the Board; that the only parties interested are the banks in the petitioning territory; that the public is not interested; that the petition should be dismissed.

Governor Wold also spoke in behalf of the Minneapolis Reserve Bank, stating, among other things, that the bankers protest was based on the rule of the Federal Reserve Bank requiring Twin City exchange in settlement;

that the rule had been changed so that now settlement can be made in Milwaukee or Chicago exchange and that this was all Milwaukee had contended for; that it does not necessarily follow that because their reserves are in Minneapolis the Wisconsin banks will open accounts there with Twin City banks; that the Wisconsin banks are now sending items direct to Chicago Reserve Bank; that there is no difference whether these items are sent to the Minneapolis Reserve Bank or to Chicago; if sent to Chicago it gets there next day and goes out; Chicago takes it on two days deferred credit; if sent direct to Minneapolis Reserve Bank it would be taken on same basis of two days deferred credit; that it is not true that there would be a days difference in favor of Chicago, as Chicago does not send out items received after certain time in the day.

In answer to a question of Governor Harding, Governor Wold said his bank was now taking checks on Milwaukee and Chicago at par for immediate credit, absorbing the float.

Governor Harding then asked whether this was an economical arrangement looked at from the point of view of the whole system, and whether it would not be better to transfer these banks to Chicago where they naturally belong.

Governor Wold replied that it made no difference, that if the volume of such checks is large, instructions can be given Chicago to remit to credit of Minneapolis in Chicago. Governor Wold also said that one year ago, one-third of his rediscounts were from Wisconsin banks, but that today there were none owing to the concerted effort of the Milwaukee banks which offered rates as low as those of the Minneapolis Reserve Bank. He farther

denied that there was any loss of time in sending Wisconsin checks to Minneapolis, as banking is done on an overnight proposition.

In reply to a question from a member of the Board, Governor Wold said the circular accepting Milwaukee and Chicago exchange at par was dated July 26th and that he was not sure whether the Board was advised of this circular, that it should have received it.

Mr. Lombard asked whether July 26th was not the date on which Governor Wold received the telegram from the Board reopening the petition and Governor Wold replied that the telegram was received July 27th. (Page 86 of Record).

In this connection it is interesting to note that later Governor Wold admitted to Governor Harding that this circular was antedated.

Governor Wold also stated that he had written some of the banks, - which said they had larger deposits in Milwaukee than in Chicago and that it would be more convenient to check on Milwaukee than on Chicago, - sending the new circular.

As a matter of fact your Committee would point out that this circular was never sent to the Board, until Governor Wold produced it at the hearing.

At this point a member of the petitioning delegation said that it was necessary to keep larger reserves with the Minneapolis Reserve Bank to maintain their balance intact, but this was denied by Governor Wold.

Governor Wold added that if Milwaukee has money not belonging to her, taken out of normal channels, paying therefor high rates of interest, thus getting business belonging to some other territory, she will lose it as the Federal Reserve Act will put it where it belongs; that he did not mean

to imply that Milwaukee by giving high interest rates was getting money to which it was not entitled; that there will be a readjustment under the Federal Reserve Act and it is intended to do so; that it would be absurd to trade Ashland and Iron Counties for Buffalo, Trempealeau and La Crosse Counties, as every bank in these counties opposes the transfer.

In this connection your Committee would point out that in the record, page 125, there is a telegram from Mr. Wing, of the Batavian National Bank of La Crosse, as follows:-

La Crosse, Wisconsin,
July 17, 1916.

The bankers in La Crosse County, all but one in Trempealeau, and majority in Buffalo, want to go into Seventh District. Mr. Dickinson will agree to whatever is for best interests of La Crosse bankers. Am wiring Mr. Harding as above. Letter follows.

E. M. Wing.

Your Committee deems it wise, at this point, to give some special consideration to the technical claims in the brief filed by Federal Reserve Agent Rich subsequent to the hearing of August 8, 1916. These claims, in substance, made in this brief are as follows:-

- (1) That the Federal Courts have power, - under U.S. Revised Statutes Section 716 and Section 262 of the Judiciary Act, - to Review upon certiorari the redistricting decisions of the Federal Reserve Board.
- (2) That the Board, therefore, must act in a judicial manner, although the brief admits that the Board is an Administrative Board.
- (3) That the Board is bound by its rules of procedure promulgated August 21, 1914, both as to hearings and rehearings.
- (4) That the Michigan bankers can intervene only in support of or in opposition to the original petition and cannot, therefore, raise the question of the proposed transfer of any part of the peninsula of Michigan.

These claims may well be considered together. They practically amount to a claim that the Federal Reserve Board is a Court of Record, bound to consider and weigh evidence presented, according to the usual rules of evidence in courts of law, and subject to the technical rules of pleading. Only in this way could a record be made upon which the record could be reviewed by a higher court.

Such a claim loses sight of the fact that the Federal Reserve Board consists of experts and that any decision rendered may be the result as much of personal knowledge of the Board as upon any evidence which might be taken; while the Board is given quasi judicial powers it can find all the facts upon which its decisions rest unhampered by any technical rules of legal pleading or evidence.

This was clearly so as to the Organization Committee, which was empowered to summon witnesses but was not obliged to do so; on the other hand the Federal Reserve Board is given no express power under the Act to summon witnesses at all.

It would seem reasonably clear that either the Organization Committee or the Federal Reserve Board, respectively, could have originally districted or later redistricted without giving any hearing whatsoever to any parties, and, having this power, it can give hearings and decide questions upon the merits, without being bound by any legal technicalities, such as are raised in the respondents brief.

It is interesting to note here the somewhat startling change of attitude on the part of the respondent bank. At the first hearing in May, 1915, the petitioning banks raised the technical question that the

Reserve Board was compelled to decide the question upon the record before the Organization Committee and that, as there was not a scrap of evidence in that record favoring the inclusion of this territory in the Minneapolis District, the Board, it claimed, as matter of law, was bound to overrule the decision of the Organization Committee and to transfer this territory to the Chicago District in accordance with the uncontradicted testimony. (Record, p.6,12,13.)

The Minneapolis Reserve Bank, however, vigorously controverted this argument. For example:

(1) Counsel in argument claimed that under Section 2 of the Act the Board is to be governed by experience and not by a review of the decision of the Organization Committee. (Record, p. 2)

(2) That while a court can only ascertain facts from evidence and can not act on its own knowledge, or obtain information in its own way, the Organization Committee, under the Act, can do this and is directed by the Act to do it. (Record, p. 4)

(3) That the Organization Committee is merely empowered, and not directed to take testimony. (Record, p. 4)

(4) That the Organization Committee had power to district without taking any testimony. (Record, p. 4)

(5) That the determination of boundaries rested in the good judgment of the Organization Committee. (Record, p. 4)

(6) That the Federal Reserve Board can rely upon its own judgment and is not bound by testimony taken by the Organization Committee. (Record, p.5)

It would seem clear to your Committee that the Board has ample

power to render justice on the merits of the case free from the necessity, - admittedly incumbent upon a court of record, - to give regard to legal technicalities and niceties of legal pleading.

It would also seem clear that the Minneapolis Reserve Bank had ample notice of every claim advanced by any of the petitioners. If there were any doubt upon this point, a reading of Governor Wold's letter of July 21st to the Board, - showing that he was in conference with the petitioning parties, including the Wisconsin bankers from July 3rd to August 8th, the date of the final hearing, - will remove any doubt as to this.

(7) That no one was entitled to be heard upon the question of transfer except the banks in the territory involved.

As to this, it would seem sufficient to state that the public, including all bankers in any way affected, is as much interested in the decision as the banks in the territory.

The Federal Reserve Board is bound to consider questions presented from the broad aspect of the whole Federal Reserve System, and in fact, in every case, the Board has ordered notice given to the Federal Reserve Bank to which the proposed territory is asked to be transferred as well as to the Reserve Bank in which the territory is situated.

Furthermore, if there were any doubt, the letter of Governor Wold of July 21, 1916, above referred to, suggesting that all of Wisconsin be transferred to the Minneapolis District, in case any change is ordered by the Board, would clearly give the Milwaukee bankers the right to intervene and be heard.

Furthermore, it will be remembered that the counsel for the Reserve Bank argued that the Member banks of the territory involved knew best what was for the interest of the District and that he could not see that the public had any interest in the matter, whereupon the Comptroller of the Currency reminded him that 53 out of the 61 banks in the territory involved had voted for and strongly urged that the transfer be made. (Record, pages 73, 74)

(8) That the proceedings before the Board were inconsistent with methods employed by judicial or quasi judicial inquiries, - mentioning particularly inquiries before the Interstate Commerce Commission, - in that, among other things, Congressmen and Senators were permitted to testify at the hearing; that to sanction such a practice would be pernicious and will establish a precedent so that delegations from Congress may at any time importune the Board for acquisition of territory in utter disregard of the Board's rules and regulations; that if such is to become the method of the Board the Federal Reserve System will suffer a set-back hard to retrieve; that the aspect given to the advocacy employed (meaning the appearance of said Senators and Congressmen) makes the decision of the Board a matter of National concern.

This is the first time the right of Senators and Congressmen to appear before the Federal Reserve Board in matters of general public interest, involving the trend of commerce and of trade, has been put in issue.

Your Committee assumes that the Minneapolis Reserve Bank does not intend to charge that partisan political influences prompted these

representatives of the people of Wisconsin to appear before the Board. The political composition of the delegation which appeared, - four Republicans and three Democrats, - would clearly in advance negative any such charge.

Furthermore, these gentlemen confined themselves to testimony as to the general course of business in the territory involved and their testimony was unanimous that this course was North and South, from and to Milwaukee and Chicago, and not East and West from and to Minneapolis.

When further it is considered that the two Senators represented the whole State and that the five Congressmen represented a population of over one million of people, in 35 counties, every county in the territory involved in which the banks voted, except two, and that these two were unanimous in favor of the transfer, it will be manifest that their evidence should be entitled to great weight as to the usual course of business.

The references of the Reserve Bank to procedure before the Interstate Commerce Commission may also require passing mention. Inquiry of the Commission shows that while it has instituted Rules of Procedure, yet its intent is to secure substantial justice without adherence to fixed rules either of procedure or of evidence. As a fact, Section 17 of the Interstate Commerce Act specifically authorizes the Commission to conduct its proceedings in "such manner as will best conduce to the proper dispatch of business and to the ends of justice."

Upon applications for rehearing, Section 16-A of the Statute specifically provides that the Commission shall not only consider its

original order but as well all facts arising since the former hearing.

Furthermore, while Section 16-A provides that the proceedings at the rehearing shall conform as nearly as may be to the proceedings in an original hearing, specific power is vested in the Commission to direct otherwise if it so desires.

To deny that the Interstate Commerce Commission would have power to reopen a case, under circumstances similar to those now under consideration before the Board, would be to deny to the Commission power to conduct its proceedings in such manner as will best conduce to the "dispatch of business and to the ends of justice."

Your Committee is satisfied that the Federal Reserve Board has ample power to reopen this petition and to permit new parties to inter-
and that
vene, to require a new petition to be filed, - involving time, labor and expense, when the parties have already properly raised the principal question in the original petition, and when all parties have had ample notice not only as to the original petition, but as to all new claims arising out of new conditions such as the clearing regulations, - would be to obscure justice in technicalities, which no Commission nor Board would wish to do.

Furthermore, as this Board has power to redistrict of its own motion without any hearing or notice, it clearly follows that it has power to reopen and broaden the scope of the present petition upon due notice to all parties.

As to the objection of the Minneapolis Reserve Bank that Senators and Congressmen were allowed to appear and testify, with the

intimation that such procedure was contrary to the precedents of the Interstate Commerce Commission, and other quasi-judicial bodies, it is only necessary to state that inquiry of the said Commission discloses that, so far as the practice of the Commission is concerned, a Senator or a Congressman can appear at any hearing and discuss the merits of a case from any point of view, whether the case involves a matter of general public interest or a purely private matter, and that Members of Congress have in fact so appeared and discussed the merits of cases, although such appearance was very infrequent. It was further stated that the appearance of a Member of Congress rested entirely with the Member of Congress and not with the Commission.

In this connection, it is hardly necessary to point out that Senators and Congressmen have from time to time appeared before the Board, notably in the redistricting cases of Oklahoma and Connecticut, without objection, at least from any of the parties interested.

CONCLUSION AND RECOMMENDATION

Your Committee has endeavored to give an abstract of the testimony presented in the case so as to show fairly the contentions of the respective parties.

On the evidence presented, your Committee finds as follows:

- (1) The testimony before the Organization Committee and also that taken before the Board at its two hearings, is practically substantially uncontradicted that the normal, customary course of business in the territory involved is South and North to and from Milwaukee and Chicago.
- (2) That Milwaukee is the financial and business center of

Wisconsin and the chief distributing point of this territory.

(3) That if no question of capital for the Reserve Bank of Minneapolis had been involved, the mandate of the law, Section 2 of the Act, would, in the opinion of your Committee, have required the Organization Committee to place at least the greater part of the territory involved in the petition, including Milwaukee, in the Chicago District.

(4) That the Organization Committee was justified in placing this territory in the Minneapolis District in view of the necessity for securing a minimum capitalization of four millions of dollars for the Minneapolis Reserve Bank.

(5) That this necessity, before mentioned, no longer exists, in view of the opinion of the Attorney General rendered April 15, 1916, and that the question is to be considered by the Board on its merits, unhampered by any such limitation, and in accordance with the requirement of Section 2 of the Act that "The districts shall be apportioned with due regard to the convenience and customary course of business."

(6) That from time immemorial, the business of this territory has converged upon Milwaukee and Chicago; that this is borne out by the fact that 200 out of 234 replies from the 244 banks, National and State, in this territory, stated that the trend of business was towards Milwaukee and Chicago; that the bulk of the exchange created originates in business transactions between said territory and Milwaukee and Chicago, and that the railroad, mail and telegraph facilities are, on the whole, more favorable to Milwaukee and Chicago than to Minneapolis.

(7) That a large majority of the National banks in the territory in question, - approximately 53 out of 61, are in favor of and urge the transfer and that their attitude seems to be consistent with interest of the public in this territory.

(8) That while the Federal Reserve Bank of Minneapolis is willing and able to care for the interests of the member banks in this territory, the necessity for depositing capital and reserves in Minneapolis takes these deposits away from the usual and ordinary course of trade and will probably necessitate accounts to be established with the banks of the Twin Cities, if for no other reason, to maintain reserve balances and care for demands caused by circuitous routing of checks rather than by legitimate business demands, to the injury of the commercial and business interests of the State.

(9) That while the threatened injury caused by the clearance regulation accepting only Twin City exchange in settlement has been temporarily averted by the new regulation, - published without the knowledge or consent of the Board, - accepting Chicago and Milwaukee exchange at par for immediate credit, your Committee entertain grave doubts as to the expediency of such a course, involving as it does the absorption of such an amount of float by the Minneapolis Reserve Bank as may total, in the aggregate, a very considerable sum, and we greatly fear that such action will be found impracticable and that it will ultimately have to be rescinded.

(10) That the exchange business of the banks in this territory consists largely of checks drawn on Milwaukee and Chicago; this would seem

clearly to be demonstrated by the evidence to the effect that out of 563 banks in the territory in question, 292 carry accounts in Milwaukee or Chicago, as against only 71 in the Twin Cities, while out of 204 banking towns in the territory, 202 carry accounts in Milwaukee or Chicago as against only 46 in the Twin Cities (Kasten, Record p.14, 15); also by the testimony of Mr. Lindsay that Milwaukee banks, National and State, held country balances due to banks in Wisconsin and Northern Michigan of over $9\frac{1}{2}$ millions of dollars. (Record p.10, 11); also by the letter of Governor Wold, above referred to, dated July 21, 1916, showing, among other things, that in the territory sought to be transferred, out of 229 banks, National and State, 185 have Milwaukee accounts, and that of the total 404 banks, National and State, in Wisconsin, excluding those in Northwest Wisconsin and Milwaukee, 320 have Milwaukee accounts; also by the fact that in the Directory for July, 1916, the banks in Wisconsin reported among their principal correspondents 669 banks in Chicago, 673 banks in Milwaukee and 105 banks only in the Twin Cities, those reporting the latter being, as to the greater number, located in the Northwestern part of the State, not affected by the proposed transfer; also by the fact that our statistical division reports, under date of August 2, 1916, that the National banks in Northwestern Wisconsin had only \$780,000 deposited in the Milwaukee and Chicago National banks, while the National banks in the territory proposed for transfer had 5.4 millions so deposited; also by the fact, as shown in petitioners brief, page 87, that letters received from National banks in forty cities in the petitioning district, representing 19 counties scattered over the territory, showed that during the first six months of 1916 they received approximately 760,000 items on Chicago and Milwaukee as against 19,000 on Minneapolis, or

34 to 1; while the amount of the items on Chicago and Milwaukee was 93 millions as against 2.8 millions on Minneapolis, or 33 to 1.

(11) That the transfer of said territory will still leave the capital of the Minneapolis Federal Reserve Bank in excess of four millions of dollars, and we believe that this amount, with the corresponding reserve deposits, will be ample to enable the Bank to care for all the needs of its district.

(12) That the transfer of the proposed territory, or a substantial part thereof, may tend to remove, in part at least, the objections of the State banks towards entering the Federal Reserve System.

(13) On the question raised as to the transfer of four counties in the Peninsula of Michigan, while the testimony seems to show that business tends towards Milwaukee and Chicago rather than towards Minneapolis, yet your Committee feels that a more careful and thorough investigation must be made, especially in view of the fact that a majority of the banks in the Peninsula were not represented at the hearing, and that nothing but the clearest necessity, after most careful inquiry, would warrant the splitting up of this territory; it should further be noted that while the 31 National banks in this territory have only negligible deposits in the Twin Cities (\$167,000), and large deposits in Chicago and Milwaukee (\$1,864,000), they have even larger deposits, - (\$2,276,000), - in Cleveland, Detroit, New York and Boston. This would seem to indicate that the territory, on the question of redistricting, should be treated as a whole, and in the absence of testimony, showing such a difference in the business of the banks in the four counties petitioning from that of the banks in the remaining part

of the territory as would warrant splitting up the territory, we cannot recommend the proposed transfer. Your Committee, therefore, recommends that no action be taken as to these four Michigan counties.

(14) Your Committee realizes that in these cases of redistricting it is impossible to draw a sharp and distinct line and that all that can be hoped for is a decision which, on the whole, will work substantial justice in accordance with the letter and spirit of the Act. With this end in view we recommend that the territory included in the counties of Monroe, Jackson, Clark, Marathon, Langlade, Oconto, and Marinette, and all other counties now in the Minneapolis District east and south thereof be transferred from the Minneapolis to the Chicago District.

There is annexed hereto memoranda of our Statistical Division giving information as to the questions involved, and a computation showing the effect on the Minneapolis Bank of the transfer recommended; also an informal opinion of counsel against the claim of the Minneapolis Federal Reserve Bank that redistricting decisions of the Federal Reserve Board are subject to review by the courts upon certiorari proceedings.

Respectfully submitted,

.....
.....
.....
Committee.

FEDERAL RESERVE BOARD FILE

122.5-9

Wis

Sept. 6, 1916.

Recd 2/16/17
Delano

My dear Governor Harding:

If the matter of the Wisconsin bank hearing comes up I would respectfully suggest that action be deferred at least until October. One reason for this is that I should like to be present when action is taken; another reason is that I believe that a better adjustment can be made in the handling of checks drawn by Wisconsin banks on Milwaukee than has yet been worked out. I have in mind that checks drawn by Wisconsin banks against Milwaukee accounts might be deposited in the Federal Reserve Bank of Chicago for the credit of the Federal Reserve Bank of Minneapolis, and if Chicago would consent to give immediate credit to the Milwaukee banks and at least not to exceed one day's deferred time (Milwaukee being only two hours away from Chicago with very frequent train service), I think the burden of this complaint would melt away and we could then settle the thing on its merits.

As you are aware, Minneapolis is the smallest District in point of capital of any of the Federal Reserve System. To take away the most of the state

of Wisconsin would not ~~only~~ bring it below the two millions of paid-in capital but would, of course, weaken it and discourage the officers of the Bank. There has been such a large amount of political activity mixed up in this case that I believe the Board can recover some of its dignity by not acting with too great haste.

Yours very truly,

DICTATED BY MR. DELANO

Hon. W. P. G. Harding.
Governor.

FEDERAL RESERVE BOARD

WASHINGTON

September 5, 1916.

Dear Mr. Hamlin:

An unexpected rush of routine matters on Saturday and lack of a stenographer yesterday, which was a legal holiday, have prevented my writing to you more promptly about certain features affecting the application of some of the Wisconsin banks for transfer from the Ninth to the Seventh Federal Reserve District.

First, as to the customary course of business:- the Rand-McNally Bankers' Directory contains a list of all banks in the United States and gives, among other information, a list of the principal correspondents of each bank. In the Directory for July 1916, the banks in Wisconsin reported among their principal correspondents 669 banks in Chicago, 573 banks in Milwaukee, and 105 banks in either Minneapolis or St. Paul, in this connection. By far the greater number number of Wisconsin banks that reported banks in Milwaukee and St. Paul as among their principal correspondents are located in the northwestern part of the State, which section is not affected by the petition for transfer.

The Federal Reserve Bank of Minneapolis sent out, under date of July 26, 1916, a circular letter to banks in Wisconsin, offering to receive, in payment of checks sent for collection, checks drawn on Chicago and Milwaukee banks, and offered to give immediate credit for checks on Milwaukee received in this way. The normal time allowance

in Minneapolis against a Chicago check is one day, and against a Milwaukee check, three days. It follows, therefore, that the Federal Reserve Bank of Minneapolis is willing to absorb the float, which may at times amount in the aggregate to a very considerable sum. Personally, I do not believe that the Bank is warranted in undertaking to carry this float; and my opinion is that if the pending application for transfer should be denied, the Minneapolis Bank would before very long rescind its action and would take checks on Milwaukee only on the basis of the time involved in collection.

Should the petition be granted, the banks in northern Wisconsin which have established relations with Milwaukee banks would not feel obliged to seek a new connection with member banks in Minneapolis or St. Paul and would not have to divert their business, which consists largely in checks and drafts drawn on Milwaukee and Chicago, to those cities in the Northwest, but could send such items to the Federal Reserve Bank of Chicago, which is the normal course for them to take. Of course, if the time allowance of two days against checks on Milwaukee should continue to be imposed by the Federal Reserve Bank of Chicago, the Wisconsin banks would not find it to their advantage to use checks on Milwaukee in maintaining their balances with the Federal Reserve Bank of Chicago; but there seems nothing to prevent Milwaukee banks, by carrying excess reserves in the Federal Reserve Bank of Chicago, from having checks on them received by the Federal Reserve Bank of Chicago without this time allowance, on the same basis as checks on Chicago banks are taken.

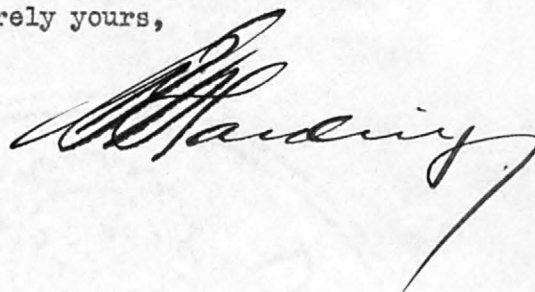
Hon. Charles S. Hamlin

(3)

In my opinion, the whole question hinges upon "the convenience and customary course of business." If the facts brought out show that it is more convenient for the banks in northern Wisconsin to deal in Milwaukee and Chicago rather than in Minneapolis, and if the customary course of business is in the direction of Milwaukee and Chicago, then it seems to me that the application for transfer should be granted unless it can be shown conclusively that such action would so reduce the capital and deplete the assets of the Federal Reserve Bank of Minneapolis as to impair its effectiveness as a reserve banking institution.

With kind regards, I am,

Sincerely yours,



Hon. Charles S. Hamlin,
Mattapoisett,
Massachusetts.

REXFORD L. HOLMES

322 Southern Building
WASHINGTON, D. C.

Attorney at Law

Special Attention to Claims and Patents

September 1, 1916.

The Honorable

The Federal Reserve Board,

Washington, D. C.

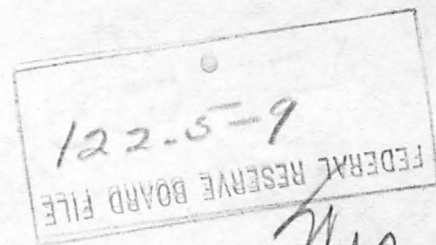
Gentlemen:

Pursuant to authority given by your honorable body following the re-hearing of August 8-9, in re the application of certain banks in Wisconsin for transfer from the Ninth to the Seventh Federal Reserve District, I have the honor, on behalf of petitioners, to file a brief containing arguments and facts supporting petitioners' contention. Three copies of the brief are herewith transmitted.

I have the honor to be,

Very respectfully,

Rexford L. Holmes



MEMORANDUM AS TO PETITION OF WISCONSIN BANKS1915

- March ¹³ --
^ Petition filed by banks in Wisconsin for transfer to Chicago District.
- March 5. Rich to Delano. Says movement headed by J. W. Dunegan of the First National Bank of Stevens Point, Wisconsin, to have part of Wisconsin transferred to Chicago. Rich incloses 68 copies of letters to him from banks interested. Admits that many of the banks feel that the natural drift of business is not in the direction of Minneapolis, but that they have no complaint against the Minneapolis Bank.
- March 13. Briefs duly filed.
- March 13. Petitioners' brief sent to Rich.
- April 8. Rich asks for copy of testimony before the Organization Committee. Duly sent him.
- April 20. Time for reply brief of Minneapolis Bank extended to May 1st.
- April 20. Rich advised that he may refer to testimony before Organization Committee at hearing.
- April 26. In letter to Governor Wold Mr. Allen says most of the petitions were on printed slips, mostly dated in October, but some in November and one in December, 1914. Gives copy of the slip. The statement on the slip rests wholly on the fact that the Organization Committee was not fully informed concerning the convenient and customary course of business.
- April 27. Letter to North Dakota Bankers Association states, hearing is to be Thursday, May 20th.
- May 3. Letter from Hon. Thomas F. Konop, Member of Congress from Wisconsin. Says all business and commercial relations in this part of the State (Green Bay, Wisconsin), are with Milwaukee and Chicago and hopes petition will be granted.
- May 15. Hon. M. K. Reilly, Member of Congress, writes from Fond du Lac, Wisconsin, hoping petition will be granted.
- May 20. Hearing.

1916

- January 7. Letter, Rich to Delano. Expresses surprise that a poll of the

Wisconsin banks is being taken. Did not know Board desired to reopen the question. If Board decides to take Wisconsin territory from us some compensating territory should be given, etc. etc.

May 15.

Report of Committee on Redistricting, consisting of Messrs. Delano, Miller and Warburg.

Attached map shows 53 banks included in territory embraced in petition. If petition granted would isolate part of State of Michigan from Minneapolis District covering 22 banks. Committee, therefore, to avoid this must, (a) deny petition entirely, (b) modify the lines suggested, or, (c) include upper peninsula of Michigan in the Chicago District.

On December 21, 1915, Board voted that a postal ballot be taken. Ballot showed that of the 61 banks in area which originally petitioned for a change, 45 voted in favor, 10 against it, and 6 have not replied. Those voting in favor represented 6.4 millions capital and surplus; those voting against it represented 1.2 millions. The 6 banks not voting represented \$746,000.

Principal reason for change is that their principal relations have always been with Chicago banks and that they expect to continue to do business through Chicago as a gateway, and not through Minneapolis.

Somewhat remarkable that some of the banks nearest to the Chicago District voted to remain in the Minneapolis District.

"Therefore, in the opinion of your Committee, there is no considerable preponderance of evidence of inconvenience under the existing circumstances, nor is it apparent that there is any very strong feeling on the subject either one way or the other."

The area covered by the banks which have petitioned embraces 34 counties, but most of the petitioning banks are in the 16 counties nearest to Milwaukee.

It might be argued that the Board should transfer only these 16 counties, which have a capital and surplus as follows:

29 banks voting in favor of the	
transfer.....	4.3 millions
7 banks opposed to the transfer.....	\$911,000
2 banks not voting.....	400,000.

This would mean a reduction in the capital of the Minneapolis Reserve Bank of approximately \$350,000.

In view of all the circumstances, your Committee does not feel that this is desirable. The Minneapolis Bank is now one of the weaker banks of the System, and to reduce its capital by \$350,000 and its paid-in capital by half that amount would still further weaken it.

"We, therefore, recommend that no change be made at the present time, but that the petitioning banks be informed that if, by the end of the current year, they wish to renew their petition in an amended form, the Board will be glad to

take it up. In the meantime we believe that the developing of the clearing system may change somewhat the views of the member banks in the District."

May 24.

Order of Board. - Upon consideration, etc. etc., and after a careful investigation of the matter, the Federal Reserve Board has arrived at the conclusion that there is no present necessity for any change in the geographical limits of these said districts, No. 7 and No. 9, at this time. It is ordered that said petition be dismissed without prejudice to the rights of the signers to file an amended petition at a later date.

Copy of letter sent to 88 banks interested, dated May 24, 1916. Incloses copy of order of Board, and says, further, that Board has given careful consideration to the views presented and has reached the conclusion that it would not be justified in making any alterations at this time.

If future developments should indicate any necessity for such change, the Board will, at a later date, give consideration to the matter upon the application of banks desiring to be transferred. The Board, however, is very hopeful that the results under the new clearing system will make a transfer unnecessary.

Attention is particularly called to the fact that if the Board had granted the petition as filed, those banks located in that portion of the Minneapolis District embraced within the upper peninsula of Michigan would have been isolated and cut off from the rest of the District. This fact should be taken into consideration if at a future date an amended petition is filed for a modification of district lines.

June 9.

Allen to Bartlett, Wisconsin Bankers Association, who asks for grounds of Board's decision. Sends copy of statement to newspapers and copy of Federal Reserve Bulletin.

June 28.

Letter to Board from Committee of Milwaukee banks carrying country bank balances, as to effect of the Board's clearing plan on their relation with country correspondents. Says, generally speaking, they are in favor of the new clearing plan but naturally would like to minimize the effect upon their relations with correspondents in Northern Michigan. At present 24 individual banks and 5 branches of 3 State banks in Milwaukee. Total deposits 121 millions, of which 25 millions is due country banks, nearly all of it to Wisconsin and Northern Michigan banks. Our banking territory limited to Wisconsin and Northern Michigan, as we have the Great Lakes on two sides, Chicago 85 miles to the South, and the progressing and growing Twin Cities to the West and Northwest. Think Committee may be helpful to Board in working out some of the problems arising in Wisconsin under the proposed check clearance plan; many of the problems are influenced by geographical limits.

Before Organization Committee Wisconsin bankers felt Northern Michigan and Wisconsin would be placed in a district with Chicago

as a Reserve City, because convenient and customary course of trade placed them there, but Organization Committee put the Northern two-thirds of Wisconsin and Northern Michigan in the Minneapolis District.

Even Minneapolis bankers surprised, but instantly realized the business-getting possibilities to be opened up in a territory which they had heretofore never been able to cultivate because the trend of trade and banking connections were toward Milwaukee and Chicago.

When Organization Committee's decision published Northern Wisconsin and peninsula of Michigan protested, but were advised by the Federal Reserve Board that the law offered a remedy by petition. Banks of Northern Michigan almost unanimous in protesting when district boundaries were announced, but later seemed indifferent. They were royally entertained at Minneapolis for several days, and a prominent business man from their section was placed on the Board of the Minneapolis Reserve Bank.

The banks in Wisconsin and territory named joined in a petition. All the National banks but eight, in the territory in question, joined, but it was decided adversely by the Board. Since the decision the efforts of the Minneapolis banks to secure the business of this territory have been undiminished. A notice sent the State banks inviting them to join the check clearing plan provided for a settlement only by draft on member banks in Minneapolis or St. Paul.

The next day Minneapolis bank sent letters of solicitation referring to the Federal Reserve Bank's notice, leading to the conclusion that the Minneapolis Federal Reserve Bank and the Minneapolis Member banks were working hand in hand to deprive Milwaukee and Chicago of business logically and properly theirs. We hear of Wisconsin State banks that would join the check clearing plan could they remit in drafts on their present correspondents in Milwaukee.

We, therefore, suggest that to further the check clearing plan redistricting of territory in question be reopened, or that the Minneapolis Reserve Bank be instructed to accept Milwaukee exchange from both National and State Banks in their District.

July 17. Letter E. M. Wing, President of Batavian National Bank, to Mr. Harding. States preference of a number of banks in that district for transfer to Chicago.

July 19. Letter, Mr. Harding to Mr. Wing. States that -
"Senator Husting called to see me this morning and we discussed the wishes of the Wisconsin banks. The readjustment that you desire appears reasonable to me, and I am in hopes that the Board will take the matter up in the near future."

122.5-9

FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

OFFICE OF THE CHAIRMAN
AND FEDERAL RESERVE AGENT

August 29th,
1916

Federal Reserve Board,
Washington, D.C.

Dear Sirs:

At the request of A. Ueland,
Counsel for this bank, I am sending
herewith documents in connection
with the Wisconsin Bank Case, which
I return for the files of the Board.

Yours very truly,



Assistant Federal Reserve Agent.



August 7, 1916.

MEMORANDUM FOR MR. HAMLIN.

1. Attached hereto please find list of names and locations of national banks in Wisconsin in favor of, and opposed to, transfer to the Seventh Federal Reserve District, as per letters received up to August 8, '16.

2. Ditto of Northern Michigan banks.

3 and 4. Amounts due from the F. R. Bank of Minneapolis -

(a) To all member banks in the Ninth F. R. District, as shown by the F. R. Bank's statement of June 30, 1916,\$ 19,378,659

(b) To the 67 member banks in Wisconsin, considered for transfer to the Seventh F. R. District, as shown in the Comptroller's reports of June 30, 1916,\$ 1,597,548

(c) To the 21 member banks in Wisconsin not considered for transfer to the Seventh F. R. District, as shown in the Comptroller's reports of June 30, 1916,.....\$ 83,219

(d) To all the member banks in Wisconsin at present in the Ninth F. R. District, as per Comptroller's reports of June 30, 1916,.....\$ 1,690,767

(e) To the 61 member banks in Wisconsin outside Ashland, Price and Taylor Counties, considered for transfer to the Seventh F. R. District, as per Comptroller's reports of June 30, 1916,.....\$ 1,514,330

(f) To the 31 member banks on the upper Michigan peninsula considered for transfer to the Seventh F. R. District, as per Comptroller's reports of June 30, 1916,.....\$ 831,587

Respectfully submitted,

W. Jacobson
Statistician.

41

NAMES AND LOCATIONS OF NATIONAL BANKS IN WISCONSIN CONSIDERED FOR TRANSFER
FROM THE NINTH TO THE SEVENTH FEDERAL RESERVE DISTRICT.

Name of Bank.	Town.	County.	In favor of transfer. (yes)	Against transfer. (no)
Ashland National	Ashland	Ashland	"	No
Northern "	"	"	"	"
Citizens "	Green Bay	Brown	Yes	
Kellogg "	" "	" "	"	
McCartney "	" "	" "	"	
National Bank of	DePere	"	"	
First National	Alma	Buffalo		"
" "	Mondovi	"		"
" "	Nelson	"		"
" "	Brillion	Calumet	"	
Chilton	Chilton	"	"	
First "	Neillsville	Clark	"	
Commercial National	Fon du Lac	Fon du Lac		"
First National	"	"		"
Fon du Lac National	"	"	"	
First National	Ripon	"	"	
German "	"	"	"	
First "	Crandon	Forest	"	
" "	Berlin	Green Lake		"
" "	Princeton	" "		"
" "	Black River	"		
	Falls	Jackson	"	
Batavian "	La Crosse	La Crosse		"
National Bank of	" "	" "		"
First National	Antigo	Langlade	"	
Danglade "	Antigo	"	"	
Citizens "	Merrill	Lincoln		"
National Bank of	Manitowoc	Manitowoc	"	
First National	Wausau	Marathon	"	
National German American	"	"	"	
First National	Marinette	Marinette	"	
Stephenson National	"	"	"	
Peshtigo "	Peshtigo	"	"	
Citizens "	Oconto-	Oconto	"	
Oconto "	"	"	"	
First "	Rhineland	Oneida	"	
Citizens "	Appleton	Outagamie	"	
Commercial National	"	"	"	
First National	"	"	"	
" "	Dale	"	"	
" "	Kaukaura	"	"	
" "	Seymour	"	"	
" "	Park Falls	Price		No
" "	Phillips	"		No vote
Citizens "	Stevens	"		
	Point	Portage	"	
First "	" "	"	"	
" "	Shawano	Shawano	"	
German-American National	"	"	"	
First National	Tigerton	"		No vote

RECEIVED
 DEPT. OF REVENUE
 ST. LOUIS, MO.

#1 cont'd

First National	Medford	Taylor	Yes	
" "	Rib Lake	"	"	
" "	Blair	Trempealeau		No
" "	Clintonville	Waupaca	"	
" "	Manawa	"	"	
Old	New London	"	"	
First	Waupaca	"	"	
" "	Weyauwega	"	"	
" "	Menasha	Winnebago	"	
National Manufacturers	Neenah	"	"	
City National	Oshkosh	"		No
Commercial National	"	"	"	
Old	"	"	"	
Citizens	Grand Rapids	Wood	"	
First	" "	"	"	
Wood County National	" "	"	"	
American National	Marshfield	"	"	
First	"	"	"	

Total - 67 banks - 2 not voting - 49 Yes - 16 No

#2

NAMES AND LOCATIONS OF NATIONAL BANKS IN THE UPPER MICHIGAN PENINSULA
CONSIDERED FOR TRANSFER FROM THE NINTH TO THE SEVENTH FEDERAL
RESERVE DISTRICT.

Name of Bank	Town	County	In favor of transfer (Yes)	Against transfer (No)
First National Bank of Alger County	Munising	Alger		No vote
Baraga County National	L'Anse	Baraga		No vote
First National	Sault Ste Marie	Chippewa		No
Escanaba National	Escanaba	Delta		No vote
First "	"	"	Yes	
" "	Iron Mountain	Dickinson	"	
" "	Norway	"		No vote
" "	Bessemer	Gogebic	"	
Gogebic "	Ironwood	Gogebic		No vote
First "	Calumet	Houghton		No vote
" "	Hancock	"		No vote
Superior "	"	"		No vote
Citizens "	Houghton	"		No
Houghton "	"	"		"
First "	Hubbell	"		No vote
" "	Lake Linden	Houghton		No vote
" "	Laurium	"	Yes	
" "	Alpha	Iron		No vote
Iron County National	Crystal Falls	"		No vote
First "	Iron River	"	Yes	
" "	St. Ignace	Mackinac	"	
Miners "	Ishpening	Marquette	"	
First "	Marquette	"		No
Marquette "	"	"		No vote
First "	Negaunee	"		No vote
Negaunee "	"	"		No vote
First "	Menominee	Menominee	Yes	
Lumbermen's National	"	"		No vote
First "	Ontonagon	Ontonagon		No vote
" "	Rockland	"		No vote
" "	Manistique	Schoolcraft		No vote
Total 31 banks			8 Yes - 5 in 1916, 3 in 1914.	4 No 19 not voting

MEMORANDUM FOR GOVERNOR HAMLIN.

SUBJECT: Result of the poll of the Wisconsin and Michigan National Banks.

1. Of the 67 banks considered for transfer from Federal Reserve District No. 9 to Federal Reserve District No. 7,

45	voted "yes"	, January 1916
17	voted "no"	" "
<u>5</u>	not voting	
67		

Of the 17 banks voting "no", 10 are located in the counties adjacent to the counties which are to remain in District No. 9.

2. Of the 21 Wisconsin banks in the 9th Federal Reserve District which are not considered for transfer, 20 voted "no" - i. e., against transfer to the 7th Federal Reserve District, and 1 had no preference.

3. Of the 31 banks in the Upper Peninsula of Michigan,

8	have requested to be transferred	(4 letters dated 1914
		(4 " " 1916
3	" " not " " "	3 " " 1916
<u>20</u>	Have not been heard from	
31		

Respectfully submitted,

M. Jacobsen
 Statistician.

August 3, 1916.

122.5-9

August 4, 1916.

Dear Mr. Allen:

Will you kindly have prepared for me the following information for use at the hearing of the Wisconsin petition Tuesday:

(1) Names and locations of the 61 banks voting ^{Yes and} No in Wisconsin, as per map.

(2) Same as to Northern Michigan banks, giving those voting Yes and No.

(3) The reserve deposits which will be lost to the Minneapolis bank if the 61 banks are to be transferred.

(4) Same as to the Northern Michigan banks.

Very truly yours,

(Signed) C. S. Hamlin,
Governor.

Hon. Sherman Allen,

Assistant Secretary, Federal Reserve Board.

122.5-9

August 3, 1916.

Dear Mr. Allen:

Will you kindly go over the letters in the Wisconsin Banks petition, and let me know how many banks have written or have been polled in favor of the transfer to the Chicago district, and how many banks are opposed. Will you kindly divide the letters as follows:

- (1) The 67 banks as contained in the final map submitted to Mr. Harding.
- (2) The banks in Northern Michigan.
- (3) Banks in other parts of Wisconsin.

Very truly yours,

(Signed) C. S. Hamlin,
Governor.

Hon. Sherman Allen,

Assistant Secretary, Federal Reserve Board.

August 2, 1916.

MEMORANDUM FOR THE BOARD:

The number of Wisconsin national banks which it is proposed to transfer from the Ninth to the Seventh Federal Reserve District, is 67, with an aggregate capital and surplus of \$9,719,447.26. The calculated amount of capital paid over to the Federal Reserve Bank of Minneapolis (at the rate of 3% of the member banks' aggregate amounts of capital and surplus) is \$291,600, or 11.3% of the total paid-in capital of the Federal Reserve Bank of Minneapolis, which on July 31 was \$2,578,000.

These 67 banks on June 30, 1916, had ^{total} deposits with approved reserve agents of \$6,906,000, of which \$3,247,000, or 46.7 per cent was deposited with Milwaukee national banks; \$2,285,000, or 33.1 per cent with Chicago national banks; \$631,000, or a little over 9 per cent with New York national banks, and \$459,000, or less than 7 per cent, with Minneapolis national banks.

The 5 Milwaukee national banks report under date of June 30, 1916, a total of \$20,004,000 due to banks and bankers, while the aggregate calculated amount due all Wisconsin banks from their approved reserve agents in Milwaukee on the same date, was \$6,036,000.

There are 21 banks in Wisconsin with a combined capital and surplus of \$1,868,300, whose transfer from the Ninth to the Seventh Federal Reserve District is not under consideration. They report \$1,574,000 as due them from approved reserve agents, of which \$434,000, or 27.6 per cent represents the amount due them from Milwaukee national banks, and \$376,000, or 23.9% , from the Minneapolis national banks.

The number of national banks in Wisconsin, at present located in the Seventh District, is 49, with an aggregate capital and surplus of \$14,970,250.

and total deposits with approved reserve agents of \$12,040,000, of which 47.8 per cent is held with Chicago banks, and 23.8 per cent - with New York City banks.

The total number of national banks in Wisconsin is 137, with an aggregate capital and surplus of \$26,558,000, and \$20,520,000 of deposits with approved reserve agents, of which over 40 per cent is held on deposit with Chicago banks, and less than 30 per cent with Milwaukee banks.

The number of national banks in the upper Michigan Peninsula, all of them considered for transfer from the Ninth to the Seventh Federal Reserve District, is 31, with combined capital and surplus of \$4,404,000. Their contribution to the paid-in capital of the Federal Reserve Bank of Minneapolis is about \$132,100. The transfer of these 31 banks, also of the 67 banks in Wisconsin, would, therefore, reduce the capital of the Federal Reserve Bank of Minneapolis by about \$132,100 plus \$291,600, or \$423,700, or about 16.5 per cent, leaving the paid-in capital of the Federal Reserve Bank about \$2,154,000.

These 31 banks held on deposit with approved reserve agents a total of \$4,311,000, of which over 31 per cent is held with Chicago national banks; over 23 per cent with New York City national banks; about 17 per cent with Boston national banks; and less than 3 per cent with Minneapolis national banks.

The following exhibits give the amounts of capital and surplus of the national banks in Wisconsin and in the upper Michigan peninsula; also their deposits with approved reserve agents by cities. All figures related to June 30, 1916:

MM

WISCONSIN NATIONAL BANKS' DEPOSITS WITH APPROVED RESERVE AGENTS IN
CENTRAL RESERVE AND RESERVE CITIES

(In thousands of dollars)

	Considered for transfer to F.R. District No. 9 <u>67 Banks</u>	To remain in F. R. District No. 9 <u>21 Banks</u>	Now in F. R. District No. 7 <u>49 Banks</u>	Total <u>137 Banks</u>
Milwaukee	3,247	434	2,355	6,036
Chicago	2,285	356	5,759	8,400
New York	631	66	2,872	3,569
Minneapolis	459	376	41	876
St. Paul	157	339	10	506
Philadelphia	66	...	.....	66
St. Louis	31	1	914	946
Cleveland	27	...	.....	27
Boston	3	...	.....	3
Washington	.....	2	3	5
Cedar Rapids	.....	...	14	14
Dubuque	.....	...	72	72
Total	6,906	1,574	12,040	20,520

Deposits of Milwaukee banks in Central Reserve Cities

Due from

Chicago	3,791
New York	1,724
St. Louis	<u>907</u>
Total	6,422

Net amount due to banks and bankers by Milwaukee banks..... \$20,004

Division of Reports & Statistics, Federal Reserve Board.

Aug. 2, 1916.

MM

DEPOSITS OF THE 31 BANKS IN THE NORTHERN PENINSULA OF MICHIGAN WITH APPROVED
RESERVE AGENTS IN CENTRAL RESERVE AND RESERVE CITIES

(From reports dated June 30, 1916)

----- In thousands of dollars -----

New York	994
Chicago	1,349
Milwaukee	515
Detroit	298
Boston	732
Minneapolis	124
St. Paul	43
Cleveland	252
Philadelphia	2
Washington	2
Total	4,311
Capital and surplus	4,404

AGGREGATE CAPITAL AND SURPLUS OF WISCONSIN BANKS AS REPORTED UNDER DATE OF
JUNE 30, 1916.

21 banks to remain in Federal reserve district No. 9	\$1868,300.00
67 banks applying for transfer to Federal reserve district. No. 7	9719,447.26
49 banks now in Federal reserve district No. 7	14,970,250.00
Total	\$26,557,997.26

Division of Reports & Statistics,

Federal Reserve Board,

Aug. 2, 1916.

122-5-9
122.1

FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

Robert [unclear]

July 26th, 1916.

My Dear Mr. Delano:

With reference to your confidential telegram of this date: We shall, of course, expect to have ample notice and opportunity to prepare our arguments in the event of the reopening of the Wisconsin Bank case. This will be particularly necessary if it proves to be true, as I infer, that Northern Michigan is to be included in the petition.

I wrote Governor Hamlin very fully on this question last Saturday, and would like to invite your attention to that letter, if you have not already seen it. It is very clear that this new agitation is being promoted by the Milwaukee banks, and by a bank or banks in Detroit, Michigan. I enclose herewith copies of two letters which I have just received from Director J. W. Black of Houghton, Michigan, which throw considerable light on the present active efforts to bring this matter again before the Board. It seems to me very unusual that this matter should come up through the activities of banks and individuals not located in this district, and in no way affected by any relations that we may have with our members.

I am of the opinion that Governor Hamlin's suggestion of including the whole state of Wisconsin in the Ninth Reserve District is the best and most satisfactory solution of this question. It appears to me that in no other way would Milwaukee have so good an opportunity to ultimately obtain a branch bank, and it might prove desirable in that event to give Milwaukee at an early date a branch for collection purposes in order to adjust any questions that may be raised upon that point.

I have already acted upon the question of allowing member banks, who desire it, to cover with drafts upon their Milwaukee correspondents, and enclose herewith copy of a circular issued today which settles that point.

I have not thought it would be desirable for us to take up the question with the Chicago Reserve Bank, since they have already refused their own members permission to remit Milwaukee drafts for immediate credit.

Hon. Frederic A Delano -2-
July 26th, 1916.

Should the Board decide to reopen this question as early as the middle of next month, I beg to request that we be given official notice at as early a date as possible, in order that we may not be handicapped by shortage of time in the preparation of the evidence that we will wish to present.

Yours very truly,

Shaw
Governor.

Encls.

Hon. Frederic A. Delano,
Vice-Governor, Federal Reserve Board,
Washington, D. C.

First fixed for August 15th

(Copy)

Houghton, Michigan.

July 24, 1916.

Mr. Theodore Wold,
Governor Federal Reserve Bank
Minneapolis, Minnesota.

Dear Mr. Wold:

I met Mr. John D. Cuddihy, President of the First National Bank of Calumet this noon. He told me that he had received this morning, three letters urging him to communicate with the chairman of the Federal Reserve Board at Washington with reference to the transfer of this section to the Chicago district. One of these letters was from the Vice-President of the First and Old National Bank of Detroit. The other two letters came from Milwaukee. Mr. Cuddihy could not give me the names of the two Milwaukee Banks, as he merely glanced at the letters before leaving the office.

So far as I can learn the bankers in this section are satisfied with their Minneapolis connection.

It does not seem to me that the banks of Milwaukee and the lower part of the State of Michigan should be permitted to attempt to promote discord as they are apparently trying to do at this time. If the upper Michigan bankers are dissatisfied in any way I am sure they would lose no time in making known to the proper authorities the cause of the dissatisfaction.

I wrote Mr. Decker the other day when I wrote you about Mr. Hughes of Milwaukee coming up this way. You might show this letter to Mr. Decker.

Yours very truly,

(Signed) J.W.Black.

JWB/EC

(Copy)

Houghton, Mich.

July 25th, 1916.

Mr. Theodore Wold,
Governor, Federal Reserve Bank,
Minneapolis, Minn.

Dear Mr. Wold:

Mr. Rice showed me a letter from J. W. Staley of the First and Old National Bank of Detroit, and his reply. The letter from Mr. Staley was I presume, the same as the one written to Mr. Cuddihy. His letter said in substance that the writer understood a movement was on foot to have the banks in this section transferred to the Chicago District, and suggested that a letter from Mr. Rice to the Chairman of the Federal Reserve Board urging the transfer would have considerable influence.

Mr. Rice's reply said that when the system was first organized the banks in this section preferred being in the Chicago district. Since that time they have become reconciled to the Minneapolis connection and that he believed that the Minneapolis connection would prove beneficial to the local banks and the local merchants, and that he believed it was only a question of a short time before our railroad connections to Minneapolis would be very much improved. He therefore could not say that he was at all favorable to the suggestion made by Mr. Staley.

I asked Mr. Rice to write to Mr. Bice of Marquette to find out if they have been approached down there. Mr. Rice and Mr. Bice are very good friends and I feel sure they will be together on this proposition.

I still believe that the Federal Reserve Board at Washington should be advised of the activity on the part of the bankers in the Chicago district with the view of spreading discord in the 9th district.

Yours very truly,

JWB/EC

(Signed) J. W. Black.

C O P Y

FEDERAL RESERVE BANK OF MINNEAPOLIS

July 21st, 1916.

My dear Governor Hamlin:

With reference to my discussion with you while in Washington of the Milwaukee bankers' petition that the check collection system be modified, or the redistricting question re-opened, and with reference as well to your suggestion that all of the State of Wisconsin be made part of the Ninth District, I should like to present the following views:

After my return to Washington, I wrote Mr. A. H. Lindsay of the Committee of the Milwaukee bankers, under date of the 3rd inst., stating that the petition of his committee had been referred to me while in Washington, and inquiring whether it would not be possible for the committee to come to Minneapolis, so that we might talk over the whole matter. I stated to him that it is our desire to operate the collection system in such a manner as to accommodate the Wisconsin banks to the fullest possible extent. Mr. Lindsay replied under date of the 5th inst., that the committee that had visited Washington had not submitted their report, and that he would advise me later if they decided to act upon my suggestion. On the 15th inst., I again wrote Mr. Lindsay repeating my suggestion that the committee come to Minneapolis, and asking him to let me know what developments there had been in the situation. On the 17th inst., Mr. Lindsay replied that my suggestion had been submitted to the Milwaukee banks carrying country balances, and that no action was taken. He said that if the Milwaukee banks should decide later to have the committee visit Minneapolis, he would be glad to have me outline in advance subjects for discussion, in order that we might be prepared to take up their questions in an effective way.

My judgment is that the Milwaukee banks have no great desire to discuss check collection with us, and I feel convinced that their chief interest lies in the promotion of discussion, and the creation of discontent, that might serve the purpose of re-opening the whole redistricting question. You doubtless know that the large volume of country bank balances which Milwaukee has attracted is due to their practice of absorbing exchange. Approximately one-half or all the banks are now on a par basis, and I believe that practically all of the banks will soon find it desirable to go on to the par lists. It is therefore apparent that the banks that are now on a par basis no longer have the same motive as before

for carrying Milwaukee accounts, and other banks that from time to time go on the par lists will take the same view. It is very likely that the Milwaukee banks feel that to reopen the redistricting question might enable them to hold substantial balances from the country, which they are now threatened with losing.

I notice that since the 15th inst., we have been handling quite a large volume of items drawn on banks in this district, which were deposited in small or outlying banks in Chicago, which are not members of the Chicago Clearing House Association. As you know, the Chicago Clearing House imposes a charge, in avoiding which these banks have adopted the practice of sending these items to Milwaukee banks, which forward them to the Federal Reserve Bank in Chicago, which in turn send the items to us.

In order that there might be as little criticism as possible of the new collection system, I have written the banks in Milwaukee territory that are affected, and have raised the question, that they can remit to us in Chicago exchange. We thus carry the float one day instead of two, as would be the case if remittances were made in Milwaukee exchange. In writing the banks in territory adjacent to Milwaukee, I have tried to make it plain that this bank is endeavoring to be as liberal as possible, and to adjust its relations with them on such a basis as to give them a maximum degree of service with a minimum of inconvenience to them.

Practically all of the member banks in Wisconsin could operate as successfully with the Ninth Reserve Bank as with the Seventh Reserve Bank in Chicago. The former movement for redistricting was undoubtedly inspired and promoted by the Milwaukee banks, and I am reliably informed that they have a representative at this time in the Northern Michigan territory endeavoring to create discontent and dissatisfaction. If Milwaukee could be eliminated from this question, I believe that the discontent would practically disappear. If Milwaukee cannot be eliminated, it will probably be necessary to seek some common ground upon which a satisfactory arrangement can be based. It has seemed to me unlikely that the Seventh Reserve Bank would ever find it necessary to create a branch in Milwaukee, but two hours away. The practical way for that city to proceed, it seems to me, would be to support a movement to include the entire state of Wisconsin in the Ninth District, the result of which might be the immediate creation in Milwaukee of an agency for check collection, with the possibility that at some future time Milwaukee would be in a position to present arguments for the establishment of a branch of this Reserve Bank in that city. I should like to call attention to the following facts, and such figures as I have been able to make up from the authorities and references at hand.

Even if the redistricting plan, which was strongly supported by the Milwaukee banks, had been adopted, it would still have left an unsatisfactory condition in the state of Wisconsin. The northwestern

portion of the state, including 17 counties, would have been a part of this Reserve District, and the remainder of the state would have been attached to the Seventh Reserve District. It seems to me that it would be a better plan to put all the Wisconsin banks in this Reserve District. The lower counties of Wisconsin are somewhat nearer to Milwaukee than Chicago, and are in close touch by rail, telegraph and mail.

There are in the State of Wisconsin 152 member banks. That portion which was not affected by the former redistricting petition includes 17 counties and 24 member banks. The territory which the Wisconsin bankers sought to have detached from this district and added to the Seventh District, consists of 33 counties, in which there are 83 member banks. The southern portion of Wisconsin now included in the Seventh District, outside of Milwaukee, contains 19 counties and 45 member banks. From the viewpoint of the Milwaukee banks, there are some additional facts that are interesting. In the 33 counties which they sought to have detached from this district, 62 of the 83 member banks have Milwaukee accounts. In this area there are 146 State banks that are or may readily become eligible for membership, of which 123 have Milwaukee accounts.

In the 19 southern counties of the state outside of Milwaukee, now a part of the Seventh District, there are 45 member banks, of which 32 have Milwaukee accounts, and there are 130 State banks now eligible, or with capital and surplus to readily become eligible, of which 103 have Milwaukee accounts.

The territory affected by the previous petition, and the 19 southern counties now a part of the Seventh District, have a total of 128 member banks, of which 94 have Milwaukee accounts, and 276 eligible State banks, of which 226 have Milwaukee accounts. The number of these accounts indicates that a collection agency in Milwaukee would be in a very good position to render practical service to the territory in question, and might be the means of encouraging a considerable number of State banks to become members. The chief consideration is, however, that it is much more practical, if a change is to be made in the territory of the Ninth Bank, to adopt a method that affects the member banks in the southern portion of the State, rather than to accept a plan that covers 33 counties, in which there is a population of 851,593. In other words, it would be simpler to add to the Ninth District the 19 southern counties which have only 45 member banks outside of Milwaukee, than to take away from the Ninth District 33 counties affected by the redistricting petition, in which there are 83 member banks, and so large a number of eligible State banks. To my mind, this is really the most important feature of this question.

I am, of course, concerned about any possible loss of territory which would result in considerable reductions of capital and reserve. The eligible State banks in the 33 counties to which I have referred, are as a rule very well managed, and have substantial deposits. They make excellent material out of which to create new members, and I had

hoped that at a later date we might be able to make progress with them, and bring quite a number into the system. It is, of course, impossible to do any effective work now, because of the attitude of the Milwaukee bankers, and it will continue so while the question of change and adjustment is still under discussion.

The change that I have proposed would round out the Ninth District, and would give it a territory laid out upon State lines. It would group the Wisconsin banks around their chief commercial center, and it would enable them to enter a splendid market for farm loans that is represented by the western section of our district. The banks in the 20 southern counties of Wisconsin are now debarred from eastern Montana, North and South Dakota and western Minnesota farm lands, since they are not in the same Reserve District.

You will, of course, understand that this bank has no wish to acquire territory at the expense of another bank, and the suggestions that I make are not presented with a view of increasing the importance of the Ninth District to the disadvantage of the Seventh Reserve District, or the Seventh Reserve Bank. The purpose that I have is only to present what seems to be the simplest solution of the difficulties that have been created by the Milwaukee bankers, and eliminate any possibility of further friction.

Since receiving the last letter from the Chairman of the Milwaukee bankers' committee, I am in doubt whether it is desirable for me to carry out my previous purpose of going down to Milwaukee in case the committee finds it impossible to come up here. I should like to have your judgment as to what it would be desirable to do under these conditions.

The Board in its judgment can readily determine whether this suggestion about the arrangement of the territory should be made to the Wisconsin banks by the officers of this bank, or whether it should come direct from the Board. If it is considered appropriate for this bank to proceed in the matter, I shall be glad to see that it is discussed with the committee of Milwaukee bankers, and that it is called to the attention of member banks in parts of Wisconsin that would be affected. In the meantime, I shall be glad to know what the Board thinks of these suggestions.

Yours very truly,

(SGD) Theo. Wold

Governor.

Hon. Charles S. Hamlin,

Governor, Federal Reserve Board,

Washington, D. C.

WISCONSIN PETITION

Petitioners Principal Arguments.

- (1) At hearings before the Organization Committee the testimony was almost unanimous that this Wisconsin territory should be attached to the Chicago district.
- (2) In the 100 pages of testimony given in behalf of the claims of Minneapolis for a Federal Reserve Bank, no statement or request was made that any part of Wisconsin be attached to the Minneapolis District.
- (3) A map was presented including part of Wisconsin but it was stated to the Secretary of the Treasury that Wisconsin was ^{by} included for the purpose of presenting the matter to the Committee.
- (4) The written statement of Minneapolis read into the record concedes Wisconsin to the Chicago District.
- (5) In the summary of banking capital and surplus to go into the Minneapolis Reserve Bank there is no mention of a single bank in Wisconsin.
- (6) Refers in same petition to part of northern Wisconsin, but this was based solely upon the theory that only eight districts were to be established.
- (7) Chairman Glass, on April 4, 1914, stated that the banking operations and commercial transactions of any given territory would be practically maintained as they exist today for the reason that such territory will transact its business with a branch bank instead of with a Federal Reserve Bank if more convenient.
- (8) Mr. Glass also said that there is no reason why any large financial

or commercial community should be in the least degree uneasy over the prospect of losing its business which it now commands.

(9) Wisconsin bankers assumed that Chicago would have a bank and that the portion of Wisconsin in this petition would be attached to the Chicago District.

(10) A branch of the Chicago Reserve Bank in Milwaukee cannot serve the territory embraced in this petition.

(11) The evidence clearly showed that the petitioning territory had its customary course of business with Chicago.

(12) The record before Organization Committee does not contain a word to indicate that the petitioning territory should be attached to Minneapolis.

(13) Minneapolis did not ask before Organization Committee for a single bank in Wisconsin.

(14) Conceded by representatives of Minneapolis before Organization Committee that Wisconsin belonged to Chicago.

(15) Railroad fare, telephone and telegraph rates higher to Minneapolis than to Chicago from petitioning district.

(16) On August 13, 1914, the Secretary of the Treasury allotted certain prescribed territory in Wisconsin to the Milwaukee Currency Association (this territory includes almost all the territory included in the amended petition).

(17) With the exception of a small strip in the northwest, Wisconsin is tributary to Milwaukee and to Chicago. These latter cities are the distributing centers for the territory named.

(18) Trend of commerce in this territory has always been southward.

(19) Train and mail service with Chicago far superior than with Minneapolis. Chicago mail delivered in all the northern portion of Wisconsin in the morning; Minneapolis in the afternoon.

(20) Railroad fare, telephone and telegraph less to Chicago than to Minneapolis.

(21) The banks in petitioning territory have done business for many years with Milwaukee and Chicago banks.

(22) Rate of discount for rediscounting with Federal Reserve Bank of Minneapolis higher than with that of Chicago.

(23) Character of business in this section necessitates doing business with Milwaukee and Chicago in any event.

(24) If reserves must be carried in Minneapolis, larger amounts must also be carried in Milwaukee and Chicago, thus decreasing the loaning power.

(25) Do not believe clearing system will meet our difficulties.

(26) State banks will not join if this territory remains with Minneapolis.

(27) Present provision directly contrary to current of trade and banking.

(28) Would place National banks at disadvantage in competition with State banks.

(29) Claim as reason for not granting petition that some petitioning banks are making farm loans in North Dakota, and if transferred to Chicago they could not make such loans.

(30) So, also, great demand for loans on farm mortgages in northern and northeastern Wisconsin; the part of Wisconsin already in Chicago District has money to loan on such security but cannot loan as northern Wisconsin is out of the district.

(31) The Minneapolis District, excepting only Wisconsin and Northern Michigan, is a grain producing country, and during the crop moving the Minneapolis bank will have great demands upon it.

(32) Wisconsin, whose industries are diversified, will be at a disadvantage in obtaining loans and must rely upon Milwaukee and Chicago, which places are familiar with the loans of this section.

(33) Only reason for putting petitioning territory in Minneapolis District is to provide additional capital for Minneapolis Federal Reserve Bank.

(34) We can see benefit to Minneapolis, but should not be at expense of petitioning territory.

ANSWER BY FEDERAL RESERVE AGENT RICH

(1) Granting petition will detach northern peninsula of Michigan entirely from Minneapolis District.

(2) Due regard for convenience and customary course of business means only proper regard.

(3) Capital of Minneapolis bank \$4,889,496, the smallest of any bank except Atlanta.

(4) If entire petitioning territory detached would take away from Minneapolis \$499,100.

(5) Subscription of banks in the northern portion of Wisconsin is \$265,896.

(6) If territory covered by petition should be detached would leave margin for Minneapolis over required capital of only about \$800,000. If peninsula of Michigan were detached also would leave margin of only about \$124,000.

(7) Admits better railroad passenger service to Chicago. Railroad generally runs in lines more direct to Chicago than to Minneapolis.

(8) Time and expense of railroad travel of no importance.

(9) Rather doubtfully denies cheaper telephone and telegraph rates.

(10) Admits slightly better mail service to Chicago.

(11) Denies rediscount rate much higher at Minneapolis than at Chicago.

(12) Total rediscounts at present time of Minneapolis Reserve Bank amount to \$341,201, of which \$277,256 are for member banks in territory affected by the appeal.

(13) The Wisconsin banks in the Minneapolis District are the only banks in that District that can take farm mortgages from Wisconsin, Michigan, North and South Dakota and Montana to any considerable extent.

(14) Petitioners admit that some of the eight banks not signing the petition give as a reason that they are making farm loans in North Dakota, and if put into the Chicago District they could not make such loans.

(15) Bulletin of the North Dakota Bankers Association, March 30th, opposes this transfer, as banks transferred could no longer loan on North Dakota farm mortgages.

REPLY BRIEF OF PETITIONERS

- (1) 2/3 of the banks in the petitioning territory have signed the petition.
- (2) Better and quicker mail service admitted.
- (3) Better, quicker and cheaper railroad service admitted.
- (4) Cheaper telephone and telegraph rates not disputed.
- (5) That banks in ^{Southern} Northern Wisconsin cannot loan on North Dakota land admitted.
- (6) That natural course of business is to Milwaukee and Chicago not disputed.
- (7) That sufficient capital would remain to Minneapolis after the transfer is admitted.
- (8) If transfer made Minneapolis would have \$4,300,596 capital.
- (9) This capital would be ample.
- (10) Only claim that transfer is injurious to Minneapolis Reserve Bank; a selfish reason.
- (11) Wisconsin should not be forced to build up Minneapolis at its expense.

MEMORANDUM C.S.H.

Attorney General, on April 15, 1916, gave an opinion that Federal Reserve Board can redistrict and may reduce capital of Federal Reserve Bank below \$4,000,000.

1916, January 7.

Mr. Rich writes that from the organization of the Minneapolis bank

to December 31st the aggregate rediscounts of ^{Wisconsin} Minneapolis banks were 1.3 millions, out of 5.8 millions for the whole district. Mr. Rich adds that if this district should be transferred the Board should consider whether some other territory should not be added.

1916, May 15.

Committee of Board reports that no considerable preponderance of evidence on inconvenience or any very strong feeling on the subject. One way or the other has been demonstrated.

To transfer part only of the territory petitioned for would reduce the capital of the Minneapolis bank by \$350,000, which is not desirable as Minneapolis is now one of the weaker banks in the system.

Committee recommends no change at present time but that petition may be renewed at the end of the year when the development of the clearing system may change the views of some of the member banks. Committee points out that petition as filed would cut Michigan off from Minneapolis District.

722.5-9

July 19, 1916.

Dear Mr. Harding:

Senator Husting called this morning with reference to the Wisconsin petition. I asked him if he would ascertain whether the suggestion I made the other day, - that payments could be made by Wisconsin banks to the Federal Reserve Bank of Chicago for the credit of the Minneapolis Bank, - would meet the difficulties of the Wisconsin banks. He said he did not think this suggestion would meet their difficulties - and in this he seems to agree with your conclusion expressed to me the other day - but that he would ascertain at once and let me know.

As I said to you the other day, I am impressed with the situation of the Milwaukee bankers and feel that some remedy should be found. If Milwaukee were in the Minneapolis District I assume that making it a clearing agent or branch would settle the question, but, unfortunately, it is not in the Minneapolis District so that remedy fails.

Will you kindly let me know whether you think that there are many points in the United States where a similar difficulty will arise.

Sincerely yours,

(Signed) C. S. Hamlin,

Hon. W. P. G. Harding,

Federal Reserve Board.

CONFIDENTIAL

July 19, 1916.

Dear Senator Husting:

Will you kindly ascertain whether the following suggestion would meet the difficulties of the Wisconsin bankers who now carry accounts with Milwaukee banks:

Assuming that checks drawn on Wisconsin banks are put into the Minneapolis Reserve Bank for collection, these checks are sent to the Wisconsin banks upon which drawn. Supposing the clearing regulations were amended so that these Wisconsin banks could pay their checks not directly to the Minneapolis Reserve Bank but by sending cash or other items to the Chicago Reserve Bank to be held by this bank to the credit of the Minneapolis Federal Reserve Bank. To carry this out, of course, the Milwaukee banks would have to make some arrangement with the Chicago Federal Reserve Bank by which their checks would be parred at that point.

Would you kindly ascertain whether this will meet the difficulties and let me know at your earliest convenience.

Very sincerely yours,

(Signed) G. S. Hamlin.

Hon. Paul O. Husting,

United States Senate.

122.59

7/15/16

Ogden, Utah
Standard

JUL 15 1916

EXCELLENT SHOWING FOR
FEDERAL RESERVE ACT.

A political document has been sent out by the Guaranty Trust company of New York, intended to be an attack on the federal reserve act, and a number of party organs throughout the United States are quoting the statistics as proof that the bankers object to the new banking law.

The Herald-Republican finds in the tabulation of replies from the banks the basis of a sarcastic editorial on the administration. The Salt Lake paper is grasping at straws.

There were 5344 answers received to questions sent out as to the law. There were 1760 favorable replies, 1773 unfavorable and 1811 non-committal.

This, in itself, is a remarkable indorsement, coming from a body of men who resented government interference in the first place and were deeply prejudiced against the measure as it placed onerous requirements upon the banking business.

But a careful analysis of the figures will disclose something more than a mere indecision, which the close totals would indicate.

Ever since banking was established in the United States and there was a West, the money of the country has gravitated to the great banking centers in the east. The surplus of all banks has been held in the vaults of the New England states, but the federal bank law is tending to upset that condition by causing the money to remain within the bank zones. The Eastern bankers somewhat resent this, so we find that of the 1773 unfavorable replies, nearly one-half are from bankers who heretofore have impounded western money. In New York state, out of 199 direct answers, only 70 were favorable, but in Wyoming, Montana, California, Washington, Colorado, North Dakota, South Dakota, Kansas, Texas, Idaho, New Mexico and other states, which heretofore have been compelled to bow down to the bankers of the east, the vote is overwhelmingly in favor of the federal reserve act.

Utah bankers voted 8 for to 8 against. This may be accounted for by the fact that a number of Utah banks are controlled in New York.

In Montana the replies were 24 in favor, 11 against; in California, 86 in favor, 68 against; in Texas, 133 in favor, 56 against.

In our opinion, the federal reserve act is the greatest piece of banking legislation ever enacted by the congress of the United States.

122.5-9

7/13/16

BOISE IDAHO

NEWS

JUL 1 3 10 16

BANK RESERVES AND CREDIT.

The warning against pyramided bank reserves, which Paul M. Warburg, a member of the federal reserve board, gave in a recent address before New York bankers, has caused many financiers to revise their estimates of existing conditions. In reporting the state of the national banks on March 7 last the controller of the currency congratulated the country on the existence of a surplus reserve of \$993,000,000, remarking that this sum would be sufficient "to give a further loaning power of \$3,000,000,000 to \$4,000,000,000." Mr. Warburg showed that it is only with the metallic reserve—that is, the actual gold—that credits may be established. Under the law—which is the old law—credits may be extended upon credits. This condition will not be changed until November 16, 1917, when banks will be prohibited from following such practices.

Since Mr. Warburg called attention to this provision some serious examinations have been made, and these—as an article in the Wall Street Journal shows—are by no means gratifying. Instead of a surplus of \$993,000,000, the banks, under the reorganization, will have—unless they improve their credits—a surplus of only \$236,461,000 a year from next November. But this surplus will be hard money, and its worth will be much greater than the reserve lately reported by the controller. If these are the facts, as appears to be established, where, then, are the \$3,000,000,000 to \$4,000,000,000 credits to be obtained? If any large expansion of credit is made on the present reserve report trouble will follow.

The country's business would soon be in a very bad way were credits to be increased on a false basis. The change which is certain to come in November, 1917, through the operation of the federal reserve law, is not to be feared, but it must be taken into consideration. The law has worked satisfactorily so far, and as long as members of the board are alert to warn and advise the bankers, there is no reason to fear distress in the change from the old system to the new.

July 11, 1916.

Dear Mr. Harding:

I have carefully read your memorandum of July 8th, on the matter of the Wisconsin banks. You point out that the suggestion I made, - that Wisconsin banks in the Minneapolis District could pay checks presented to them by the Minneapolis Bank by remitting to the Chicago Bank for the credit of the Minneapolis Bank, - will cause delay and a good deal of additional labor.

As I understand it, however, the clause in our new clearing system, permitting a bank to send checks received by it on, for example, a bank in the Chicago District direct to the Chicago Federal Reserve Bank to be credited to the Minneapolis Bank, will involve precisely the same labor and delay. It would seem to me that one is the converse of the other.

I should think it would be highly desirable at least to make this experiment, and then if it does not succeed we can take up the broader matter involved. I presume that in every Federal Reserve District there are other banks similarly situated, and if we were to relocate them simply for this reason we would possibly have to change the district lines of every district in the United States.

Do you not think it would be well to try this in any event as an experiment, and see if it will meet the situation. I am very confident that if it works satisfactorily it will perfectly

-2-

satisfy the Wisconsin bankers.

Sincerely yours,

(Signed) C. S. Hamlin,

Hon. W. P. G. Harding,

Federal Reserve Board.

122.59

FEDERAL RESERVE BOARD

WASHINGTON

July 8, 1916.

Dear Governor Hamlin:-

Replying to your memorandum of the 6th instant, which was not brought to my attention until this morning, I wish to say that I think in any event the banks in Milwaukee should make arrangements with the Federal Reserve Bank of Chicago to handle checks drawn upon themselves, without any time allowance. I have no doubt they could make this arrangement by keeping a small excess reserve sufficient to cover the amount of checks in transit, just as Louisville has arranged to do with St. Louis and Cincinnati and Pittsburgh with Cleveland. Such an arrangement would, of course, put checks drawn on Milwaukee on a parity with checks payable in Chicago. It is, of course, possible for banks in that part of Wisconsin which is now in the Minneapolis district, to draw checks on their Milwaukee correspondents and to send these checks to the Federal Reserve Bank of Chicago for account of the Federal Reserve Bank of Minneapolis. It will be necessary, however, for the Federal Reserve Bank of Minneapolis to agree to this kind of an arrangement. This plan however, is open to some serious objections. It involves delay and a good deal of additional labor. Let us consider a typical case. The Citizens National Bank of Green Bay carries an account with the Wisconsin

National Bank of Milwaukee. It is obliged to carry its reserve account with the Federal Reserve Bank of Minneapolis. The Minneapolis bank, in regular course of business, is constantly receiving checks on Green Bay which it forwards to the Citizens National Bank. Suppose the Citizens National Bank of Green Bay wishes to make settlement for these checks by drawing on the Wisconsin National Bank of Milwaukee and by sending such check to the Federal Reserve Bank of Chicago for credit of the account of the Federal Reserve Bank of Minneapolis. It must notify the Minneapolis bank that it has made such remittance. It must address a letter to the Federal Reserve Bank of Chicago stating that the remittance is for account of the Federal Reserve Bank of Minneapolis. The Federal Reserve Bank of Chicago in due course receives the check on Milwaukee which had been mailed at Green Bay the day before; it must acknowledge receipt to Green Bay; make the bookkeeping entry and mail advice to the Federal Reserve Bank of Minneapolis, which letter will be received at Minneapolis on the next day, or two days after the transaction originated at Green Bay. The Minneapolis bank must also be careful to keep track of the transaction until it has actually received advice of credit from Chicago, for it cannot regard the matter as closed when it receives advice from the bank at Green Bay that the check has been forwarded to Chicago. Thus it is evident that there is some accounting cost to be considered, both in Chicago and Minneapolis. There is three-fold labor involved on every transaction of this kind, and the final settlement between Minneapolis and Chicago must also be counted as a factor. Green Bay is

located on Lake Michigan, in the northeastern part of Wisconsin and had direct railroad communication with Milwaukee. The Citizens National Bank there, which was organized in 1888, has had long established relations with the Wisconsin National Bank which it naturally wishes to continue. In my opinion, the Organization Committee, in its division of Wisconsin, did not pay due regard to "convenience and the customary course of business."

I do not think that the plan suggested by you would be regarded as anything more than a makeshift, and my opinion is that it would not prove satisfactory to any of the parties concerned.

Sincerely yours,



Hon. Chas. S. Hamlin,
Governor Federal Reserve Board.

July 10
check leaves for Green Bay

MINNEAPOLIS

Advice from Chicago
reached Minneapolis
and transaction closed
July 13
except as to settlement
between Chicago & Minneapolis

Check received July 11
Green Bay

Advice mailed Minneapolis July 11
Check on Milwaukee mailed to Chicago July 11

MILWAUKEE
settlement by Chicago to Green Bay

Lake Michigan

CHICAGO

Check received at Chicago July 12
and advice of credit mailed Minneapolis

122.54



July 6, 1916.

Dear Senator Husting:

The list of banks which have not replied to our request to express a preference between the Minneapolis and Chicago districts, is as follows:

Ashland National Bank,	Ashland, Wis.
First National Bank,	Phillips, "
Citizens National Bank,	Merrill, "
First National Bank,	Tigerton, "
McCartney National Bank,	Green Bay, "
First National Bank,	Menasha, "

Sincerely yours,

(Signed) C. S. Hamlin
Governor.

Hon. Paul O. Husting,
United States Senate.

AMERICAN BANK NOTE CO

July 6, 1916.

Dear Mr. Harding:

In the matter raised by the Milwaukee banks the other day, could not the whole question be solved by amending our clearance plan as follows:

Supposing the Minneapolis Reserve Bank received for collection a check drawn on a member bank "A" situated, say, just north of Milwaukee. Bank "A", we will assume, has an account with a Milwaukee bank "B". Suppose the clearance plan were changed so as to permit bank "A", instead of remitting to the Minneapolis Bank, to draw its check on the Milwaukee bank "B", and send this check to the Chicago Bank, the latter to receive it for the credit of the Minneapolis bank.

It would seem to me, off hand, that this would give the Milwaukee bankers just what they desire, that is, the privilege to their correspondent banks in the Minneapolis territory to send checks on Milwaukee which would be received at par by the Federal Reserve Bank for the credit of the Minneapolis Bank.

I assume that under our plan, in the first instance, at least, a Milwaukee check will not be taken by Chicago at par. This, however, would not be a serious objection, for I assume that the Milwaukee bank, ~~in the above illustration, will have an account with some Chicago bank.~~ ~~The Milwaukee bank~~ could keep an excess account with the Chicago Reserve Bank which would result in parring its checks.

On the other hand, it would seem to me clear that Chicago, in

any event, should take checks on Milwaukee banks at par for immediate credit. The distance between the two cities is only 85 miles, or two hours by the fast trains. This would give ample time for a man in Chicago to go to Milwaukee, cash a check, return, and deposit the cash with the Chicago Bank on the same day.

You will remember that the Committee doubted the expediency of even transferring 16 counties to the Chicago District, on the ground that it would lower the capital of the Minneapolis Bank by some \$350,000; whereas, if we were to transfer practically 61 counties it would lower the capital of the Minneapolis Bank by about \$500,000, which would seem to be approaching the danger mark.

Kindly think this over and let me know how it strikes you. If this plan is not satisfactory I know of no other plan than to transfer these counties to Chicago. I wish very much we could reach some conclusion on this before the members separate.

Very sincerely yours,

(Signed) C. S. Hamlin.

Hon. W. P. G. Harding,
Federal Reserve Board.

*Citizens Nat. Bank
Green Bay, Wis.*

PCM.

FEDERAL RESERVE BOARD FILE
1225-91

Wis.

May 25, 1916.

Mr. W. P. Wagner, President,
The Citizens National Bank,
Green Bay, Wisconsin.

Dear Sir:-

Your letter of May ¹⁹ 18th, (relative to possible changes in District No. 9 of the Federal Reserve system, came duly to hand and has had the consideration of the Federal Reserve Board.

There is enclosed for your information copy of a statement to the press and a letter sent out today to those interested.

*Minutes 665
666-4*

Very truly yours,

Assistant Secretary.

*First Nat. Bk.
Grand Rapids, Wis.
PCM.*

122.5-9
FEDERAL RESERVE BOARD FILE
122.5-9/

May 25, 1916.

The First National Bank,
Grand Rapids, Wisconsin.

Dear Sirs:-

Your letter of May 18th, relative to possible changes in District No. 9 of the Federal Reserve system, came duly to hand and has had the consideration of the Federal Reserve Board.

There is enclosed for your information copy of a statement to the press and a letter sent out today to those interested.

Very truly yours,

Assistant Secretary.

*Memo 665
666-a*

122.5-9
122.1

5/24/16

666.

IN THE MATTER OF THE PETITION OF CERTAIN BANKS IN WISCONSIN
FOR MODIFICATION OF DISTRICTS NOS. 7 AND 9.

Garded

Upon consideration of the petition of certain banks in Wisconsin that the geographical limits of Districts Nos. 7 and 9 be modified so as to include in District No. 7 a part of the territory now included in District No. 9, and

After a full investigation of the matter [and in view of the fact that the petition if granted would have resulted in isolating and disconnecting the upper peninsula of Michigan though leaving it in the Minneapolis District,] the Federal Reserve Board has arrived at the conclusion that there is no present necessity for any change in the geographical limits of the said Districts Nos. 7 and 9 at this time.

It is ordered that said petition be dismissed without prejudice to the rights of the signers to file an amended petition at a later date.

5/24/16.

122.5-9

No. 717

Date May 22, 1916. 272.

FEDERAL RESERVE BOARD

MEMORANDUM

For Mr. Counsel:-

At a meeting of the Federal Reserve Board on
May 22, 1916, the following matter
(as Chairman, Committee on
was referred to you (as member, " "
(as

for the preparation of the necessary papers inform-
ing all parties interested in the matter, to be
submitted to the Board.

Report of Committee on the Petition of Wisconsin
banks to be attached to District No. 7, approved
by the Board this morning.

FILE
MAY 25 1916
Federal Reserve Board

Shumullin
Assistant Secretary.
RECEIVED
MAY 23 1916
Federal Reserve Board

Please return this memorandum with copy of
documents resulting from action taken, if any.

Date _____

Documents _____

Signature _____

The Citizens National Bank

GREEN BAY, WIS., May 19, 1916.

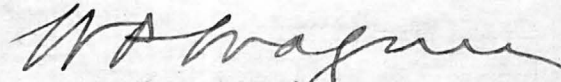
Sherman Allen, Secy.,
Federal Reserve Board,
Washington, D. C.

Sir,-

I write to inquire whether a decision has been reached in the matter of the transfer to District Number Seven, requested by certain banks in Wisconsin now members of District Number Nine. If no decision has yet been reached, we would request an opinion as to when the decision will be made.

This letter is written at the request of the three national banks of Green Bay.

Respectfully,


President.



122.5-9

ORGANIZED 1892



THE FIRST NATIONAL BANK

CAPITAL AND SURPLUS \$ 150,000.00

GRAND RAPIDS, WISCONSIN.

GEO. W. MEAD, PRESIDENT.
EARLE PEASE, VICE PRES.
A. G. MILLER, CASHIER.
HENRY C. DEMITZ, ASST. CASH.

May 18, 1916.

Federal Reserve Board,
Washington, D. C.

Gentlemen:

The National Banks in this section are hampered by the uncertainty as to whether or not we are to remain in District No. 9 or be transferred to No. 7.

Now that the question of parring cash items is coming to the front we are more interested than ever to be transferred to No. 7 inasmuch as practically all of the items from Central Wisconsin go to Milwaukee and Chicago or beyond.

If these items have to be forwarded to Minneapolis for collection there will be a delay of at least one day and in many instances two days. The natural trend of all the business up this way is away from Minneapolis otherwise we would, of course, be glad to remain in District No. 9.

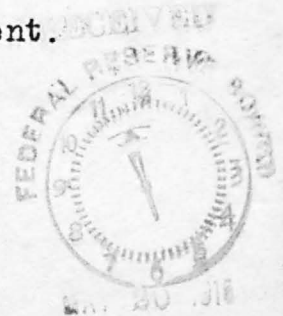
Some of the banks are now placing orders for large amounts of lithographed checks and would like to have them made payable through their Federal Reserve Bank. This in itself makes it important to know your decision at an early date.

Thanking you in anticipation of your careful consideration, I remain

Yours most truly,

Vice President.

EH



FEDERAL RESERVE BOARD
WASHINGTON

100-81
FEDERAL RESERVE BOARD FILE

122.5-9

Wis

May 15, 1916.

The Federal Reserve Board.

Gentlemen:

The Chicago and Minneapolis Committee, to whom was referred the matter of the transfer of certain territory from the District of the Federal Reserve Bank of Minneapolis to the district of the Federal Reserve Bank of Chicago, begs to submit the following report:

The attached map shows the territory embraced in the petition of fifty-three banks. It is the northeast corner of Wisconsin and if the petition were granted would result in isolating that portion of the Minneapolis District embraced in the upper peninsula of the State of Michigan. In other words, the banks in that district (twenty-two in number) would be entirely disconnected from the Minneapolis District, and to avoid this, we must either, (a) deny the petition entirely, (b) must modify the lines suggested by the petitioning banks, or (c) must include in the Chicago District the upper peninsula of Michigan.

On December 21, 1915, the Board voted that a postal ballot should be taken to ascertain the wishes of the banks in Wisconsin. As a result of that ballot it would appear,

first, that of the sixty-one banks in the area which originally petitioned for a change forty-five responded in favor of the change, ten voted against it, and six have not replied.

The capital and surplus of the sixty-one banks in the area which has petitioned is divided as follows:

	Capital and Surplus:
Forty-five banks favoring the transfer	\$ 6,431,900
Ten banks voting against the transfer	1,200,823
Six banks not voting	746,000

The reasons most frequently cited by the banks desiring to be changed is that their principal relations have always been with Chicago banks, and that they expect to continue to do business through Chicago, as a gateway, and not through Minneapolis. At the same time, it is a somewhat remarkable fact that some of the banks nearest to the Chicago District line voted to remain in the Minneapolis District. Therefore, in the opinion of your Committee, there is no considerable preponderance of evidence of inconvenience under the existing circumstances, nor is it apparent that there is any very strong feeling on the subject either one way or the other.

There are thirty-four counties which are included in the area wherein the banks have petitioned to be transferred, but most of the banks are in the sixteen counties nearest to

Milwaukee. It might be argued that instead of granting the petition as originally made, the Board should modify the lines and transfer only the sixteen counties lying nearest to Milwaukee. The situation in these counties is as follows:

	Capital and Surplus
Twenty-nine banks in favor of the transfer	\$ 4,372,400
Seven banks opposed to the transfer	911,000
Two banks not voting	400,000

If this proposal were carried out it would mean a reduction in the capital of the Federal Reserve Bank of Minneapolis, of approximately \$350,000, and in view of all the circumstances your Committee does not feel that this is desirable. The Minneapolis Bank is now one of the weaker Banks of the System and to reduce its capital by \$350,000 and its paid-in capital by half that amount would still further weaken it.

We, therefore, recommend that no change be made at the present time, but that the petitioning banks be informed that if, by the end of the current year, they wish to renew their petition in an amended form, the Board will be glad to take it up. In the meantime we believe that the developing of the clearing system may change somewhat the views of the member banks in the District.

Respectfully submitted,

C. Adams

W. C. Miller
W. C. Miller

in the area

x 6

first, that of the ~~fifty-three~~ ^{sixty-one} banks, which originally petitioned for a change ~~forty-one~~ ^{forty-five} responded in favor of the change; ~~five~~ ^{ten} voted against it, and ~~seven~~ ^{five six} have not replied. ~~A total of eighty-eight banks, however, were polled to get their views and, as a result of that poll,~~ ^{the} the number desiring the transfer ^{was} is to be ~~forty-two~~, having a capital and surplus of \$5,996,500; ~~the number desiring to be left in the Minneapolis District is~~ ^{was} ~~twenty-eight~~, representing a capital of \$3,515,000; and ~~the number not heard from seventeen, with a capital of \$1,928,323.~~

Insert A # One bank, with a capital of \$300,000 was indifferent.

The reasons most frequently cited by the banks desiring to be changed is that their principal relations have always been with Chicago banks, and that they expect to continue to do business through Chicago, as a gateway, and not through Minneapolis. At the same time, it is a somewhat remarkable fact that some of the banks nearest to the Chicago District line voted to remain in the Minneapolis District. Therefore, in the opinion of your Committee, there is no considerable ^{preponderance of} evidence of inconvenience under the existing circumstances, nor is there ^{it apparent} ~~any evidence~~ that there is any very strong feeling on the subject ^{either one way or the other,} of ~~whether these banks shall be in one District or another.~~

Insert B

We, therefore, recommend that no change be made at the present time, but that the ^{petitioning} banks ~~in the Wisconsin District~~ ^{in the Wisconsin District} be informed that if, by the end of the current year, they wish

to renew their petition in an amended form, the Board will be glad to take it up. In the meantime we believe that the developing of the clearing system may change somewhat the views of the member banks in the District.

Respectfully submitted,

A. A. C. M.

122.5-9
122.1

May 15, 1916.

The Federal Reserve Board.

Gentlemen:

The Chicago and Minneapolis Committee, to whom was referred the matter of the transfer of certain territory from the District of the Federal Reserve Bank of Minneapolis to the district of the Federal Reserve Bank of Chicago, begs to submit the following report:

The attached map shows the territory embraced in the petition of fifty-three banks. It is the northeast corner of Wisconsin and if the petition were granted would result in isolating that portion of the Minneapolis District embraced in the upper peninsula of the State of Michigan. In other words, the banks in that district (twenty-two in number) would be entirely disconnected from the Minneapolis District, and to avoid this, we must either, (a) deny the petition entirely, (b) must modify the lines suggested by the petitioning banks, or (c) must include in the Chicago District the upper peninsula of Michigan.

On December 21, 1915, the Board voted that a postal ballot should be taken to ascertain the wishes of the banks in Wisconsin. As a result of that ballot it would appear,

first, that of the sixty-one banks in the area which originally petitioned for a change forty-five responded in favor of the change, ten voted against it, and six have not replied.

The capital and surplus of the sixty-one banks in the area which has petitioned is divided as follows:

	Capital and Surplus:
Forty-five banks favoring the transfer	\$ 6,451,900
Ten banks voting against the transfer	1,200,823
Six banks not voting	746,000

The reasons most frequently cited by the banks desiring to be changed is that their principal relations have always been with Chicago banks, and that they expect to continue to do business through Chicago, as a gateway, and not through Minneapolis. At the same time, it is a somewhat remarkable fact that some of the banks nearest to the Chicago District line voted to remain in the Minneapolis District. Therefore, in the opinion of your Committee, there is no considerable preponderance of evidence of inconvenience under the existing circumstances, nor is it apparent that there is any very strong feeling on the subject either one way or the other.

There are thirty-four counties which are included in the area wherein the banks have petitioned to be transferred, but most of the banks are in the sixteen counties nearest to

Milwaukee. It might be argued that instead of granting the petition as originally made, the Board should modify the lines and transfer only the sixteen counties lying nearest to Milwaukee. The situation in these counties is as follows:

	Capital and Surplus
Twenty-nine banks in favor of the transfer	\$ 4,372,400
Seven banks opposed to the transfer	911,000
Two banks not voting	400,000

If this proposal were carried out it would mean a reduction in the capital of the Federal Reserve Bank of Minneapolis, of approximately \$350,000, and in view of all the circumstances your Committee does not feel that this is desirable. The Minneapolis Bank is now one of the weaker Banks of the System and to reduce its capital by \$350,000 and its paid-in capital by half that amount would still further weaken it.

We, therefore, recommend that no change be made at the present time, but that the petitioning banks be informed that if, by the end of the current year, they wish to renew their petition in an amended form, the Board will be glad to take it up. In the meantime we believe that the developing of the clearing system may change somewhat the views of the member banks in the District.

Respectfully submitted,

122-5-9

W. H. A.

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the *The Ashland National Bank*
(Name of bank)

of *Ashland, Wisconsin*, *does not* desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

W. H. A.
(Name and official title.)

Dated MAR 28 1916

Remarks:



122.5-9
Wno-14

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank (Name of bank) of Hayward Wis (Place), does not (Does or does not) desire to be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Henry E. Rorer
(Name and official title.)
Pres.

Dated July 31-1916

Remarks:

Lawyer County
Exp. 25,000
Sur 15,000
40,000



THOS. DALY, President
T. R. WALL, Vice President

NO. 5557

E. R. WILLIAMS, Cashier
EDW. H. HINGER, Asst. Cashier

122.5-9
Mis. - 0
1/19/16

The Commercial National Bank of Oshkosh

CAPITAL & SURPLUS \$ 300,000

Oshkosh, Wis., January 21st, 1916.

Federal Reserve Board,
Washington, D. C.

Gentlemen:

Enclosed please find our petition to be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

1/19/16

This is in compliance with your letter of December 27th last.

Yours truly,

W.L



Cashier.



122.5-9

1/19/16

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the The Commercial National Bank
(Name of bank)

of Oshkosh, Wis., does desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

E. Williams
(Name and official title.)

Dated JAN 19 1916

Cashier

Remarks:

*Winnebago County
Cap. 200,000
Surplus 100,000*



EX-OFFICIO MEMBERS
 WILLIAM G. MCADOO
 SECRETARY OF THE TREASURY
 CHAIRMAN
 JOHN SKELTON WILLIAMS
 COMPTROLLER OF THE CURRENCY

FEDERAL RESERVE BOARD

WASHINGTON

January 14, 1916.

122.5-9
 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
 ADDRESS REPLY TO
 FEDERAL RESERVE BOARD

MEMORANDUM FOR DR. WILLIS:

Attached hereto is a map showing the poll to date of the banks in that part of Wisconsin which is in District No.9 (Minneapolis) as to whether or not they desire to be transferred to District No.7, (Chicago).

The total number of banks interested is 88.

		Capital & Surplus
Number desiring transfer - - - -	42 -	\$5,921,900
Number not desiring transfer - -	28 -	3,287,000
Not heard from - - - - -	17 -	2,031,323
Indifferent - - - - -	1	300,000
	<u>88</u>	

Number which have replied - - - 71

Of the 53 banks which petitioned for the change

- 41 voted in favor of it
- 5 " against it
- 7 have not replied.

Respectfully.

A. M. Inley

122.5-9

Wis. ✓

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Eau Claire National Bank (Name of bank) of Eau Claire, Wisconsin (Place), does not (Does or does not) desire to be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

W. S. Coffin President.
(Name and official title.)

Dated January 11, 1916.

Remarks:

We do not blame the banks in the Northeastern part of Wisconsin for preferring to be in the Seventh District, rather than the Ninth. Their business has always been with Chicago and Milwaukee, rather than with the Twin Cities. We are strongly of the opinion that the banks in Northwestern Wisconsin had better stay in the Ninth District, and we are inclined to think that the District had better not be changed until the present arrangement is fairly tried out.



W. S. Coffin
President.

122-5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First Nat'l Bank (Name of bank) of Baldwin, Wis. (Place) does not (Does or does not) desire to

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

FIRST NATIONAL BANK, BALDWIN, WIS.

N. L. Swanson (Name and official title.) Cashier

Dated Jan 11-1916

Remarks:

St. Croix County



122.5-9

377a.

TO THE FEDERAL RESERVE BOARD:


In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank (Name of bank) of Keenah, Wis., Does (Does or does not) desire to

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

J. B. Baister (Name and official title.)
Cashier

Dated JAN 11 1916


Remarks:

RECEIVED
FEDERAL RESERVE BOARD

JAN 12 1916

122.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the National Manufacturers Bank
(Name of bank)

of Memphis Wis, does desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

M W Gilbert
(Name and official title.)

Dated Jan 10-1916

Remarks:



122.5-9

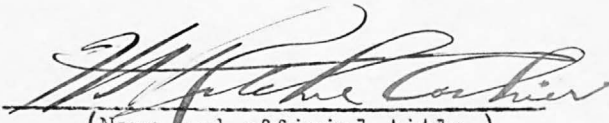
377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank
(Name of bank)

of New London, Wisconsin, does desire to
(Place) (Does ~~or~~ does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.


(Name and official title.)

Dated JAN - 5 1916

Remarks:

OFFICERS AND DIRECTORS

FRANK F. BECKER, PRESIDENT.
J. J. MARTENS, VICE PRESIDENT.
WM. J. KOWALKE, CASHIER.
LUTHER LINDAUER,
CHARLES E. RAUGHT,
JUDSON G. ROSEBUSH.
JOHN Mc NAUGHTON.

122.5-9
FIRST NATIONAL BANK

CAPITAL \$50,000. SURPLUS \$25,000

NO. 3641.

KAUKAUNA, WIS., Dec. 31st, 1915.

Federal Reserve Board,
Washington, D. C.

Gentlemen:

Your circular letter of the 27th instant is received with the form to be executed indicating a preference in the question of changing from the Ninth Federal Reserve District to the Seventh. We have filled in the spaces indicating that we prefer to be included with the Seventh Federal Reserve District, Chicago, which is in accordance with the position we took about a year ago, as expressed in a resolution adopted by our Board of Directors, a copy of which was sent you.

Respectfully yours,

W. J. Kowalke

Cashier.




122.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank
 (Name of bank)
 of Appleton, Wisconsin, does desire to
 (Place) (Does or does not)
 be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.


 (Name and official title.)
 President

Dated December 31st, 1915

Remarks:

The change is desirable because the business relations of this community are almost entirely with Chicago.



122-5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the "The Citizens National Bank" (Name of bank) of Appleton, Wisconsin (Place), Does (Does or does not) desire to be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Lamar Christad Pres-
(Name and official title.)

Dated December 31st 1915

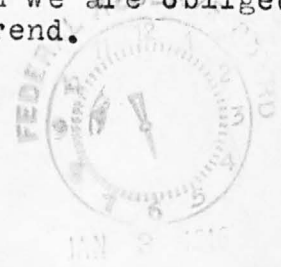
Remarks:

The reasons why we believe that we should have been placed in District #7 are as follows;

In the first place, we have a five hour mail service to Chicago, whereas the service between Minneapolis and Appleton is very bad from a banker's standpoint because the mail has to go a round-about way and usually does not reach us in the forenoon but late in the afternoon, which is mail from the previous day.

And futhermore, our business is all towards Milwaukee and Chicago. We have very little business to the northwest, especially St. Paul and Minneapolis.

If it were not for those facts, we could do considerably more business with the Federal Reserve Bank but as it is we have to keep balances in Chicago with various banks for the purpose of doing the business which we are obliged to do there on account of this natural trend.



122.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank
(Name of bank)

of Marionville, Mo., does desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

B. W. Williams, President
(Name and official title.)

Dated DEC 31 1915

Remarks:

Do not want "mues" to be in the 7th Federal Reserve District



122.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the _____ (Name of bank)

First National Bank, Kaukauna, Wis. does desire to of _____ (Place), (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

[Signature]
(Name and official title.)

Dated DEC 31 1915

Remarks:

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank.
(Name of bank)

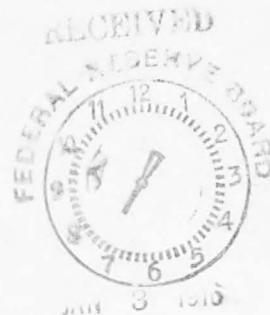
of Medford, Wis., does desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

L. Russell Cashier.
(Name and official title.)

Dated Dec. 30th, 1915.

Remarks:



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Langlade National Bank (Name of bank) of Antigo (Place), does (Does or does not) desire to be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

J. F. Albers President
(Name and official title.)

Dated DEC 30 1915

Remarks:



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Com. Hill Bank (Name of bank)

of Appleton (Place), does (Does or does not) desire to

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

C. S. Robinson (Name and official title.)

Dated Dec 30 - 1915

Remarks:

We or our customers have never had any business relations with Minneapolis. The trend of business is South and Eastward. Letter mailed in Minneapolis after 5:30 P.M. not received in Appleton until 2:30 P. M. the following day. A difference of over six hours in train service between Milwaukee and Minneapolis. One mail train from Minneapolis each day, over five from Chicago.



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Fond du Lac National Bank (Name of bank) of Fond du Lac Wis. (Place), Does (Does or does not) desire to be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Dated Dec 30, 1915 J. A. Kuapp Pres. (Name and official title.)

Remarks:

We believe the only advantage to us in being members of the Ninth District is the mortgage investment field. We can see no other advantage. Our business is conducted almost entirely with Chicago and but very little with Minneapolis. If we wish to transact business with Chicago, we can leave here in the morning and return early in the evening, while we would be obliged to spend two nights and a day or three days to go to Minneapolis and return. We believe it is to our interest to be associated with the Seventh District.



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First Nat'l Bank
(Name of bank)

of Grand Rapids, does desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Earl Pease
(Name and official title.)

Dated 12/30/15

Remarks:

about 90% of our business is with Milwaukee & Chicago



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Wood County National Bank
 (Name of bank)
 of Luna Rapids Wis., does desire to
 (Place) (Does or does not)
 be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

J. J. Wood, President
 (Name and official title.)

Dated DEC 29 1915

Remarks:



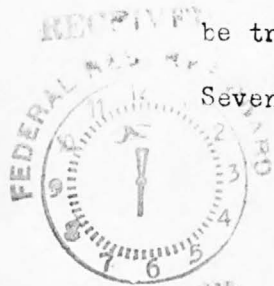
122.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Kellogg Nat Bank (Name of bank) of Green Bay Wis. (Place), does (Does or does not) desire to

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.



DEC 29 1915

J. M. Caslin (Name and official title.)

Remarks:

Our reason for desiring a change, are, the natural courses of business are South, which would be the seventh Federal Reserve District: also our mail service is much better to Chicago. We now have six mail trains to and seven from Chicago daily, while to Minneapolis we have only three and the mail is transferred in transit, while in Chicago we have a direct service. The mail leaving Green Bay after banking hours hardly ever gets to Minneapolis and distributed the following day in time for clearings, while the mail that leaves Green Bay after mid-night is delivered in Chicago, and distributed long before clearing hours, which — in our opinion, is a decided advantage.

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Citizens National Bank (Name of bank) of Green Bay wis. (Place), Does (Does or does not) desire to be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

W.P. Wagner
 (Name and official title) President

Dated Dec 29th 1915

Remarks:



122.59

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of
 Directors, I beg to advise that the Citizens Trust Bank
 (Name of bank)
 of Grand Rapids Mich, _____ desire to
 (Place) (Does ~~or does not~~)
 be transferred from the Ninth Federal Reserve District to the
 Seventh Federal Reserve District.

J. A. Cohen Pres
 (Name and official title.)

Dated DEC 29 1915

Remarks:



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the National (Name of bank)

of St. Peter (Place), does (Does or does not) desire to

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

W. W. Wells (Name and official title)

Dated Dec 29th 1915

Remarks:



122.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank.
(Name of bank)

of Dale, Wis., does desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

G. Rivest President.
(Name and official title.)

Dated December 29, 1915.

Remarks:

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank
 (Name of bank)
 of Crandon, Wisconsin, does desire to
 (Place) (Does or does not)
 be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Edwin E. Miller
 Cashier.
 (Name and official title.)

Dated December 29, 1915.

Remarks:

This is desired by this bank solely for reasons of economy and convenience. Practically all of our business is done naturally through our correspondents in Milwaukee and Chicago. Our railway, ~~XXX~~ express and mail service with Milwaukee and Chicago is superior to that with Minneapolis.



TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank,
~~(Name of bank)~~, Clintonville, Wis.
~~(Place)~~ of Clintonville, Wis., Does desire to
~~(Does or does not)~~

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

R. Gibson Cashier

(Name and official title.)
First National Bank,
Clintonville, Wis.

Dated DEC 29 1915

Remarks: We get better mail service to Chicago than to Minneapolis & the natural trend of our business is toward Chicago. We would much prefer being transferred to the 7th District

First National Bank,
Clintonville, Wis.



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank
(Name of bank)

of Brillion, Wis., does desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

G. Edanson Cashier
(Name and official title.)

Dated Dec 29 1915

Remarks:

Our reasons for desiring this change are first of all, better mail service. That is quicker service, and second, because we believe the conditions in this section of Wisconsin resemble the conditions in the Chicago district more than they resemble those in the balance of the Minneapolis district. We particularly desire to state, however, that we have no criticism of any kind, as to the Minneapolis bank. We have the utmost confidence in Governor Woldt and his staff. We have found them able and courteous, and their manner of handling our business has been all that could reasonably be asked, excepting only the disadvantage as outlined above.



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of
 Directors, I beg to advise that the Chilton National Bank
(Name of bank)
 of Chilton Mo., does desire to
(Place) (Does or does not)
 be transferred from the Ninth Federal Reserve District to the
 Seventh Federal Reserve District.

Wm J. Paulsen
(Name and official title.)
 Pres.

Dated Dec. 29th 1915

Remarks:

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank
 (Name of bank)
 of Black River Falls, Wis., does desire to
 (Place) (Does or does not)
 be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

H. H. Riccard Cash.
 (Name and official title.)

Dated Dec. 29th 1915

Remarks:



122.5-9

Wink

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the FIRST NATIONAL
(Name of bank)

of ANTIGO, ANTIGO, WIS., DOES desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Hewitt
(Name and official title.)

Dated Dec 19 1915

Remarks:



122.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Oconto National Bank (Name of bank) of Oconto Wis (Place), does (Does or does not) desire to be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Geo Meyer Pres
(Name and official title.)

Dated Dec 29th
1915
Remarks:



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the Citizen National Bank (Name of bank) of Acute Wisconsin (Place) desires to (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Chas. Best Cochrane (Name and official title.)

Dated Dec 29, 1918

Remarks:



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the First National Bank
 (Name of bank)
 of Manawa Wis., Does desire to
 (Place) (Does or does not)
 be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

G. D. Dick Cashier
 (Name and official title.)

Dated Dec 29th 1915

Remarks:



122.5-9

9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the National Bank
(Name of bank)

of Manitowoc, Wisconsin, DOES desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

Emil Feigen President.
(Name and official title.)

Dated December 29, 1915

Remarks:

The principle reason for asking for a transfer is the great difference in distance and the very poor mail service between this city and Minneapolis. The trend of business from this part of the country being all to Chicago.



377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the The First National Bank of Marinette,
(Name of bank)

of Marinette, Wis., does desire to
(Place) (Does or does not)

be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

James A. Cook
(Name and official title) *Chairman*

Dated Dec 29-1915

Remarks:



127.5-9

377a.

TO THE FEDERAL RESERVE BOARD:

In response to your request, and by authority of its Board of Directors, I beg to advise that the STEPHENSON NATIONAL BANK
 (Name of bank)
 of Marinette, Wisconsin, does desire to
 (Place) (Does or does not)
 be transferred from the Ninth Federal Reserve District to the Seventh Federal Reserve District.

H. J. Brown Cashier
 (Name and official title.)

Dated December 29- 1915

Remarks:



