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B E R E L E V E N T O F E D E R A L R E S E R V E D I S T R I C T N U M B E R T E N .

Washington, D. C.

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February 10, 1915.

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

(The hearing was begun at 11:08 o'clock, a. m.)

The Governor of the Board: Gentlemen, this is a petition of certain banks of southern Oklahoma to change the lines of Districts Nos. 10 and 11. Under the practice of the Board the petitioners will have the right to open and close, and we now call on the petitioners to present their case.

ARGUMENT BY MR. W. B. HARRISON, SECRETARY OF THE OKLAHOMA BANKERS' ASSOCIATION, OKLAHOMA CITY, OKLAHOMA.

Gentlemen of the Board: I would like to state first of all that the reply brief of the respondent was only filed within the last ten days, and it was impossible for us to have more than a day or two to look at it before we left home. However, we have been able to bring out some facts in connection with that brief that I am sure the Board will be glad to consider.

The first statement on which respondent contends seriously is that our petition does not have the required signatures of two-thirds of the banks in the petitioning territory, and as it is conceded that we would have no standing here unless we had the two-thirds signatures, which are contained on the last page of our petition and brief combined, alphabetically arranged, I would like to discuss first the sufficiency of the petition itself.

Our petition shows 128 banks in this territory, of which 104 have signed the request for a change, while the respondent's

brief shows 136 banks in the same territory, -- a difference of eight banks; but the respondent has used statistics more recent than those used by us, as our petition was prepared and filed before the Dallas bank was organized. Our petition was filed September 6 -- October 16th, rather. It is a fact that there are 135 banks in this territory, but not 136, as respondent contends. But eight of these 135 banks are new institutions formed and chartered since the Organization Committee determined the regional bank district lines. Respondent has erroneously included one bank, the First National of Broken Bow, in the list as being located in Tulsa County. This bank is located in McCurtain county, and is not included in the territory asking to be changed, nor for that matter is Tulsa County so included. This pardonable error illustrates the unfamiliarity of respondent with Oklahoma's affairs. Tulsa County and McCurtain County are three hundred miles apart and neither is in this territory. But the most important feature regarding the eight new national banks we did not include in our list of petitioners is that six of them are converted state banks with the same officers they formerly had, and there is now on file as a part of our petition exactly the same protest signed by an authorized officer of each of these six banks, requesting this change.

I call your attention to the paragraph in small print on the last page of our petition, where it says:

(The original signature of each of the following banks to the above petition, signed by a duly authorized officer of the bank, is on file with the Federal Reserve Board. The same petition has been signed by

178 State Banks in the territory asking to be transferred, and the original signatures of these banks are likewise on file with the Federal Reserve Board but none of the State Banks are included in the following list of petitioners.)

Six of those state banks are the ones to which I refer that have since become National banks, and all of those six signed this petition and those slips were signed by an officer of the bank and now on file with the Board. Our list of petitioners should therefore be increased from 104 to 110. These six banks are: Merchants and Planters National Bank, Ada; American National Bank, Dustin; Farmers National Bank, Hammon; Farmers National Bank, Holdenville; First National Bank, Wilson; and First National Bank, Ringling. The remaining two of the eight additional banks respondent wishes added to our list, the First National, Talihina, and Farmers National, Tupelo, are new national banks with which we have had no opportunity to communicate regarding this petition. The First National Bank, of Talihina, Oklahoma, for instance, was organized December 20th, I believe, --at least late in December,--three months after our petition was filed. Even if these two are conceded to be with the respondent, which is probably not the case, the total number of non-petitioners is only twenty-six, while the total number of petitioners is 110. We therefore have a majority of twenty above the requirement of ninety claimed by respondent, as contained in the respondent's brief, --a majority of twenty-two of our petitioners have withdrawn their request for a change; and letters purporting to establish this claim are contained in Exhibit A of respondent's brief. We will not take

the time to go over all of them, but call your attention to the following:

Exhibit A, to which I would like now to refer, --all of the letters in Exhibit A in respondent's brief, twenty-two in number, are signed by officers of banks which are attached to our petition. I might state here that these are the only letters of all the compilation in the back part of this book which are signed by officers of banks that signed our petition; also that only seven of these letters, if you look through them,-- of the twenty-two only seven are addressed to the Federal Reserve Board. Fifteen of them are addressed to individuals in their private capacity, and were not intended for use on this occasion, and we will prove to you within the next few minutes that if it had been known that they would be used for any such purpose as this, they could not have been secured.

Letter No. 2 -- I skip letter No. 1, which is a straight retraction, because this bank, the First National of Atlanta is owned by what is known as the Adams Syndicate of Texas, intended -- that gentleman evidently wants to be in the Dallas District. Letter No. 2, signed by J. T. Wood, president of the City National Bank at Altas. Here is a letter from Mr. Wood dated February 4, just the day before we left home, mailed to me here addressed to Charles S. Hamlin, Governor of the Federal Reserve Board. I have a carbon copy of the letter now on file with the Board, and signed by the president of the bank. Kell is a director in the Dallas bank, I might say:

"Dear Sir:-

"Some weeks ago Mr. Frank Kell phoned the writer asking if we would write a letter stating that we desired the district lines unchanged for the present time.

"Mr. Kell's explanation of this was that the Dallas Board wished to get things running smoothly, also that this letter would not prevent us from later on trying to effect a change to the Kansas City district.

"Now we wished to be placed on record as favoring a change to District number ten.

"Fully 90% of our items are handled thru Kansas City and it is not at all convenient for us to be placed in the Dallas district.

"Trusting that the Board will make this change as I feel that it is but justice to a large majority of Oklahoma banks, I am,

"Very respectfully,

(Signed) J. T. Wood,

President."

It might be well to call to your attention that by looking at the map you will find Dallas is in the extreme southwestern portion of the State, near the Texas line, so if ninety per cent of their items are handled through Dallas, it is very evident that the larger per cent will be handled the same way.

Mr. Huff: You mean the Kansas City district?

Mr. Harrison: The Kansas City district ~~wilxbr~~-handled through the Kansas City district.

Mr. Huff: Is it in the county?

Mr. Harrison: Yes; it is as far south as a county can be

in Oklahoma and not be in Texas.

Letter No. 3, written by W. T. Clark, of Apache, is in no sense a retraction. It is a personal letter not intended for any such use as that made of it, in which the writer tries to compliment the recipient and express as little dissatisfaction as possible with present conditions. At the same time the letter plainly shows that the writer is still anxious for the change. We submit herewith another letter from the same party, issued within a week of this date, which I desire to read into the records. This letter is dated February 3, and is addressed to the Secretary of the Federal Reserve Board at Washington, and reads as follows:

No. 7127
FIRST NATIONAL BANK

Apache, Okla., February 3rd, 1915.

"Secretary, Federal Reserve Board,
Washington, D. C.

Dear Sir:--

"My attention has been called to a letter written by me to Mr. Oscar Wells, Governor of the Federal Bank of Dallas, Texas, under date of August 31st, 1914. It appears that the letter has been filed with the brief in the case of transfer of certain member banks in southern Oklahoma to the Kansas City District. Regarding this letter permit me to say that it was written by me to Mr. Wells as a friend of long standing, and I felt like making my opposition to the lines of the District as light as I could on account of personal relations between us. However, if this letter is to be used in this contest, I wish to say that I am unalterably opposed to remaining in the Dallas District for the very good reason that banks in this section have no business with Texas cities. We feel that it would be a great business misfortune to us if we are to remain in the Dallas District for the reason that has been stated over and over, viz:--we have no business connections with the Texas City.

"When I wrote the letter mentioned above, a copy

of which is with the brief in your hands, I was not aware that an effort would be made to have the federal banks clear items for country member institutions. If this practice should be taken up we would certainly be placed in a very awkward position; we would be proceeding backward all of the time.

"The sum total of the business is no banks in this part of Oklahoma have much business to transact with Texas points, but we go naturally to Kansas City and St. Louis, This condition is not of our making or choosing, but has come about naturally during a business experience of this section covering a period of many years. I doubt if we can ever change it.

"This is the reason why we should have never been placed in the lower district, and the very good reason why we should be placed where it would be to our best interests.

Very truly,

(Signed) W. T. Clark,

President."

If you will notice the letter to Mr. Wells is addressed to him at Houston, Texas, and not at Dallas, before he took his official position. It appears that the letter has been filed.

THE FIRST NATIONAL BANK.

Apache, Okla., Aug. 31, 1914.

"Mr. Oscar Wells,
Houston, Texas.

Dear Sir:

"I have your letter of the 29th instant, relative to the matter of making any changes in the present boundary lines of the Dallas Regional Bank.

"I would be very glad indeed to favor you personally in any way that I could, but we feel in Oklahoma that our State should not be divided, and since we have, most of us, dealt principally with

P.61 Brf.

Kansas City, we naturally look that way for our banking connections. I like Texas and her people, but I would have to get acquainted down there. Naturally, we are in close touch with Oklahoma City bankers, and they are very anxious to get the lines changed. I have not heard lately of any action being taken in the matter.

"In our dealings with a Regional or Reserve Bank, I do not see that it can make very much difference whether the Bank is located in Dallas or Kansas City; however, as stated above, our business relations with Texas points have been very limited.

"Our business outlook would be very good only from the fact that the cotton market is unsettled.

Very truly,

(Signed) W. T. Clark,

President."

That is from one of the persons that the respondent relies upon to substantiate their petition.

Letter No. 3 is by Harold Wallace, of Ardmore, cashier of the State National Bank, and is, to say the best, a neutral letter, and could not easily be construed in any other way. I might add that a large number of Mr. Wallace's stock-holders -- practically all of them -- are Texas men, and if it had not been for strong business associations which compelled his business to go the other way, he would certainly have been in favor of the Dallas Bank.

Letter No. 6 is neutral, and not a retraction. It is signed by T. H. Dwyer, President of the Chickasha National Bank, at Chickasha, Oklahoma. Mr. Dwyer appeared before the Organization Committee in the hearing at Kansas City, and gave testimony decidedly for his part of the State to go to the Kansas City bank.

I have here another letter written by Mr. Dwyer, addressed to the Federal Reserve Board, Washington, D. C., and dated February 4, 1915:

"As you will shortly consider the application for change of boundaries of the Eleventh Reserve District I simply wish to impress on your board the fact that fully ninety nine per cent --

He repeats that in figures, to make it emphatic.

(99%) of our business goes to Kansas City, and that point is the natural out-let for us and this southwestern part of Oklahoma, and urgently ask that practically all of Oklahoma be placed in the Kansas City District.

Yours very truly,

(Signed) T. H. Dwyer,

President, Chickasha National Bank."

Letter No. 8, from the Oklahoma National Bank, Chickasha, Oklahoma, purporting to be a retraction, is signed by an inactive officer of that bank, whereas the original protest and petition on file in this Board is signed by an active officer, and has not been withdrawn.

Letter No. 9, from the Oklahoma State National Bank, is not a retraction, and at best can only be interpreted as an acquiescence in a postponement.

Letter No. 11 is from the First National Bank, Elk City, Oklahoma, signed by A. L. Thurmond, Cashier, and dated December 24, 1914, and contains this statement: "We would prefer being in the Kansas City District, * *." Furthermore, that bank is represented here in person by Mr. E. K. Thurmond, who is also

interested in the Fourth National and those state banks placed in the Dallas district under this ruling. Mr. Thurmond has come four thousand miles to tell this Board their interests lie entirely with the Kansas City district.

We also have a letter from the same officer of the bank from whom they secured a letter through personal relations. He says:

"Federal Reserve Board,
Washington, D. C.
Gentlemen:--"

This letter is dated February 4.

"Some three or four weeks ago I wrote a letter to the Federal Reserve Board, Dallas, Texas, in which I stated that we preferred to be placed in the Kansas City District, but that we were willing to wait until the Federal Reserve Banks were in due running order, or words to this effect.

"It is our desire at this time, and has always been, that we should be placed in the Kansas City District, since practically all of our business comes through that point.

"We believe that matters have adjusted themselves in the past thirty days so that we could be changed to the Kansas City District, and we do not want our former letter to be misinterpreted to the effect that we do not want in the Kansas City District, and just as soon as we can get there.

Very truly yours,

(Signed) A. L. Thurmond,
Cashier."

Letter No. 12, from the American National Bank, of Holdenville, Oklahoma, is signed by the president of the bank. The original slip, I may say, was signed by the cashier of the bank, but, since both officers are active in the bank, I will submit

herewith another letter under date of February 4, 1915, addressed to the Federal Reserve Board, Washington, D. C.

"Gentlemen:-

We desire very much to be transferred from the Dallas Reserve District to the Kansas City Reserve District, for the reason that nine-tenths of our business goes either through Kansas City or St. Louis. We have been a member of the Federal Reserve Bank at Dallas since its organization and have never yet sent an item through the Federal Reserve Bank at Dallas or received one from them. We can account for this only for the reason, as I said in the outset, that most all of our business goes either through Kansas City or St. Louis. I have just talked to the First National Bank of this city and they also inform me that they have never sent an item, or drawn an item on Dallas. Therefore we urgently request that you transfer us to the Kansas City District, and oblige,

Yours very truly,

(Signed) L. T. Sammons,

President, American National Bank, Holdenville, Oklahoma."

From another one of the gentlemen depended upon to substantiate their petition,--Letter No. 13, from the National Bank of Commerce, at Hollis, is not a retraction, but an agreement to postpone, evidently given under pressure.

Letter No. 14, from the State National Bank of Hollis, while a retraction, contains a statement too misleading to be overlooked. The writer of this letter, Mr. ^{W.S.}/Cross, states that this bank is located forty-eight hours from Kansas City. We will admit that Hollis is the farthest point in Oklahoma from Kansas City, being at the end of a branch line of railroad in the extreme southwestern portion of Oklahoma, but the actual

running time of trains between Hollis and Kansas City is eighteen hours. It so happens Hollis is located so that they must change trains at Altus and Lawton before they can go to Kansas City. In the same way a number of inland towns in Oklahoma would take forty-eight to fifty hours to get to Dallas. It is not a fair illustration of the difference between Kansas City and Oklahoma, or Dallas and Oklahoma.

Letter No. 17 -- it is stated to be from the First National Bank at Marlow, but should be from the National Bank of Marlow, of which Mr. Wade, the party given, is cashier. It is a personal letter, evidently not intended for use as a retraction.

I have here a letter dated February 6, which came to me since arriving at Washington, addressed to the Federal Reserve Board, bearing the seal of the bank.

THE NATIONAL BANK OF MARLOW.

Marlow, Okla., Feb. 6, 1915.

"To the Federal Reserve Board,
Washington, D. C.
Gentlemen:

"My letter to Mr. Ben O. Smith, of Fort Worth, Texas, dated August 29th, 1914, was not written with the idea that it would be used as evidence that I favored the present division of the State of Oklahoma, in the Reserve Districting proposition.

"I have always been of the opinion and desire, that Oklahoma should be in the Kansas City District, and if my letter was used otherwise I did not so intend. It is but natural that bankers of the smaller cities should try and remain in favor with their friends in the Reserve Centers, and perhaps there are others who have written letters similar to mine, with no idea they would be used as evidence before

your Board."

Gentlemen, there you have the key to all these letters. I will read that sentence again:

"It is but natural that bankers of the smaller cities should try and remain in favor with their friends in the Reserve Centers, and perhaps there are others who have written letters similar to mine, with no idea they would be used as evidence before your Board.

"I will be glad to see the South part of our State placed with the North in the Kansas City District.

Very respectfully,

(Signed) Tom Wade,

Cashier, The National
Bank of Marlow."

There is also another letter from the State National Bank at Marlow, contained in their brief, letter No. 18. Without commenting, I would like to read the following letter, under date of February 6, to the Federal Reserve Board, Washington, D. C.; from the State National Bank, Marlow, Oklahoma:

"Gentlemen:

"On January 9th I wrote you a letter in reference to the placing of certain parts of the State of Oklahoma in the Dallas Reserve Bank district. I would refer you to that part of my letter wherein I stated that for the present I would withdraw our protest. After a careful consideration of the matter, and with especially the interests of my bank and the people of this vicinity in view, I deem it best to inform you that I now have as an earnest wish, that this part of Oklahoma at least will be transferred to the Kansas City district.

"We deeply appreciate the honor that was conferred upon Oklahoma by having a banker from our State on the Dallas Board, and trust that our action in this matter will in no way affect his standing or position. In writing my former letter, I was

considerably influenced by the natural desire on my part, and which was doubtless the case with others of this same part of Oklahoma, to advance one of our home people, and to aid him along all consistent lines.

"We are very grateful for the kind treatment received at the hands of the Dallas Federal Reserve Bank, and regret that we do not find it consistent with our views to desire to still remain in that district.

Respectfully,

(Signed) O. R. McKinney,
Cashier."

Mr. B. A. McKinney, of Durant, Oklahoma, was elected a director in the Dallas Reserve Bank. I can not say whether there is any relationship between the gentlemen or not; the names are the same.

Letter No. 20, signed by J. A. Gilbert, Cashier of the Farmers and Merchants National Bank, Roff, Oklahoma, under date of August 25, 1914, addressed to the Reserve Bank Organization Committee, Washington, D. C., is a carefully worded letter, apparently given at someone's urgent request, containing this prophesy as a preliminary to any retraction:

THE FARMERS AND MERCHANTS NATIONAL BANK.

Roff, Okla., Aug. 25, 1914.

"Reserve Bank Organization Committee,
Washington, D. C.

Sirs:

"We understand that there is a move on foot to place the entire State of Oklahoma in the Kansas City Reserve District.

"If the Dallas District will be as able to take care of our needs for funds as the Kansas City District, -- "

It is evident the writer was in doubt as to the service he could get from Dallas, or he would not have written thus. (Continues reading:)

we prefer that the districts be left as they are, for the reason that we are a cotton growing section and our needs are identical with most of the banks of the Dallas District.

"We are not in favor of any move that will delay the completion of the organization of the reserve banks.

Yours very truly,

FARMERS & MERCHANTS NATIONAL BANK,

By (Signed) J. A. Gilbert,
Cashier."

These are all the letters we have to present from the twenty-two they have placed in that exhibit, but I think the tenor of those will show the personal letters were not intended to be used here, and that the twenty-two named in the defendant's brief, are not to be considered as retractions.

With these remarks in mind, a careful perusal of the letters in Exhibit A, which are the sole basis of respondent's contention that many of petitioners have changed their minds, will show that only ten, at the very outside, of these communications can reasonably be construed as retractions. Some of them are to Mr. Oscar Wells, at Houston; some of them are to Mr. Smith at Fort Worth, who seems to have acted as a sort of "decoy duck" for the directors; others are addressed to members of the Dallas bank personally. I might say, in that connection, I have one of Mr. Smith's letters here, an original letter, to show how he got these signatures. This is addressed to Mr. Tom

Wade, at Marlow.

FARMERS & MECHANICS NATIONAL BANK.

Fort Worth, Texas, August 25th, 1914.

"Mr. Tom Wade, Cashier,
Marlow, Oklahoma.
Friend Wade:

"It has recently been brought to our attention that there may still exist some opposition to southern Oklahoma remaining in the Eleventh Regional Bank District.

"Do you happen to be familiar with the situation, and what influence, in your opinion, will that opposition be able to exert with the Department. In view of the fact that a great majority of the Texas banks were so enthusiastic in electing an Oklahoma man as one of the directors, we sincerely hope that there is nothing in this report. --"

Now here is the part to which I wish to call your attention:

"A contest, even though it might be unsuccessful, I am afraid would result in lessening the prestige of the Oklahoma director, and inasmuch as southern Oklahoma is, to a great extent, a cotton producing section, it occurs to us that it would be much better for them to remain with banks that are familiar with the cotton situation, rather than go to Kansas City.

* * * * *

Very truly yours,

(Signed) Ben O. Smith,

President."

Of course our boys did not feel like going up against a proposition where they thought the director's influence would be destroyed if they tried to get out of the district.

The fact that all of these efforts have been made with sp

little result indicates the strength of the movement in Oklahoma and the justice of the cause here presented. Out of 110 petitioning bankers not more than ten have evidenced even under pressure what can reasonably be construed as a retraction, and this leaves the petitioners with ten more than the maximum number which respondent claims is necessary to sustain our petition.

It may be well here to refer to a statement on page 47 of respondent's brief where it is claimed that it would be impossible to secure 309 signatures from banks in southern Oklahoma. I have already stated that in our list of petitioners are included 178 state banks. We did that, not because we thought the state banks were entitled to a Board hearing at this time, but in order that you might judge of the sentiment of the banks in that section, and those 178 are included in the 309 which respondent says it would be impossible to get without duplicating the number.

Respondent in his brief attacks the committee presenting this petition as unauthorized. This committee was selected unanimously at a meeting attended by a representative of practically every bank in the territory asking to be changed, and was requested and directed specifically to prepare and file this petition. Particular stress is laid in a number of places in respondent's brief on the fact that one member of the committee lives in Oklahoma City, which is outside of the territory asking to be changed, and he repeatedly refers to this fact. This member of the committee is secretary of an association of which

every petitioning bank is a member, and he lives in Oklahoma City because it is more convenient to transact their business from that point. I might say that at the time the Secretary of the Association appeared before the Organization Committee in Kansas City and gave the same evidence that is being given now, he did not live in Oklahoma City. He is paid by them to look after their affairs. It is well to note that all of the non-petitioning banks in southern Oklahoma are also members of the same association, and that if the sentiment were not overwhelming in favor of a change, their secretary would not be here taking part in such a contention.

The other members of the committee and of the delegation present today are bankers actively engaged in that business in the territory asking to be changed. If they have not a right to appear here, who would have? Such objection is trivial and not worthy of consideration.

It is true that this petition is not presented by such eminent counsel as represents respondent. In preparing for this hearing, the petitioning banks have frequently stated that they believed your body would care less for legal technicalities than for plain facts embodying banking principles and common justice. We have no oratory to offer, no fine technical points for which to contend, and no hairs to split with legal verbosity. We are not here as lawyers, but as business men representing a cause we believe to be just and right, and willing to submit our case to a tribunal we believe desires only authentic information on which to arrive at a fair conclusion.

In the brief which has been on file with your Honorable Body practically four months, we have set forth in a manner which can not be successfully disputed that southern Oklahoma had at the time the regional district lines were formed practically no banking relations with Texas, and especially with the city which has been designated as the center of District No. 11. Respondent has not attempted to offset this showing but has resorted to many less important assertions which bear only indirectly and remotely on the main point.

On page two of our brief we make this statement in italics, speaking of the exchanges for the month of April between the two cities:

"Figuring percentages upon these items shows Kansas City to have handled 93.2%, Dallas 0%, and other Texas cities 6.8%."

We elaborate on that considerably in the brief, which I have not time here to present, showing that all the banking business is with Kansas City or the northeast. Respondent has not attempted to offset this fact, but passes it over in his reply brief as facts abundantly known to the Organization Committee at the time the districts were outlined. If they were abundantly known to the Organization Committee, they must have been passed over without consideration at that time, because nothing could be more significant than that not less than ninety-five per cent of the territory that asks to be changed went to Kansas City and the northeast at that time, and does today.

The Federal Reserve Act provided in specific terms that the district lines should be formed with due regard to the natur-

al course of business. We do not blame the Organization Committee for making a mistake in our case because they probably did not have the facts before them on which to base a fair conclusion. It was not to be supposed that some mistakes would not occur even in the case of such an able-body of men as the Organization Committee. But when it is shown, as our brief clearly shows, that the banking relations of southern Oklahoma with Dallas were practically nothing at the time these lines were formed, we think the mistake made becomes apparent. A letter from the Comptroller of the Currency is herewith submitted which shows that only four national banks in the territory asking to be transferred carried accounts in Dallas prior to April, 1914.

I would like at this time to read here a letter from the Comptroller of the Currency to substantiate the facts which we have presented in our brief and argument. This letter is dated April 24, 1914, addressed to Hon. Robert L. Owens, United States Senator, Washington, D. C.

"My dear Senator:

"In reply to your letter of April 20, you are advised that there are five banks, among those in Oklahoma allotted to the Dallas District, which reported accounts in Dallas on March 4, the date of the last call. These banks, together with the depositary banks, are as follows:

First National, Ada,	- Am. Exchange
Nat'l., Dallas.	
Chickasha National, Chickasha,	- Commonwealth
Nat'l, Dallas.	
First National, Nowa,	- City Nat'l,
Dallas.	
City National, Madill,	- " "
Dallas.	

First National, McAlester, - Am. Exchange
Nat'l, Dallas.

"There are also some twenty-three banks reporting reserve balances with FORT WORTH banks, and a few keeping their reserves in HOUSTON banks.

"It is possible that other banks on this list actually have balances in Dallas, in State banks, or in national banks which they have not requested this office to approve as reserve agents.

Respectfully,

(Signed) Jno. Skelton Williams,
Comptroller."

Of those five national banks four are located in that territory which is asking to be changed. One of them is located in one of the counties which is excluded from this petition. Of the four national banks, the First National Bank at Ada carries a cattle, oil, and cement account, which requires a Dallas correspondent. The Chickasha National Bank at Chickasha carries a heavy grain account, which requires a Dallas correspondent. The First National Bank at McAlester is located in the coal district, and every week has a pay-roll from Dallas which requires a Dallas account to handle properly. So that in three out of the four cases, some specific reason enters into why that bank carried a Dallas account. In other words, there was absolutely no business of a regular character at Dallas at the time these banks were organized.

Senator Robert L. Owen: The cement plant is located at Ada?

Mr. Harrison: Yes, the cement plant is located at Ada,-- a large one.

Also regarding the accounts at Fort Worth, it is a large packing center. Oklahoma raises many cattle, and those accounts are handled at Fort Worth for the purpose of taking care of the cattle accounts which naturally go to Dallas.

If, as respondent claims, the natural course of business and banking is toward the south, why is it that in the years preceding 1914 only four out of 135 national banks had discovered this to be the case, and these four carried only a fraction of their reserve balances in Dallas? Such a contention is too absurd to have any weight. The fact is that in spite of its geographical proximity, southern Oklahoma is not and never has been in close commercial or banking relation with any part of Texas. It is true that the five counties in the southeastern part of Oklahoma which have been excluded from our petition are connected by a special line of railway with Dallas, and have what may reasonably be called close Dallas relations; but outside of this small area, and perhaps one adjoining county, southern Oklahoma is as far removed commercially and financially from Dallas as it is from San Francisco or Philadelphia.

From a banking standpoint the situation is much worse than the geographical position would indicate. As is contended by respondent, the main crop in Texas is cotton, and the same is true of southern Oklahoma. Cotton begins ripening and is shipped to market from southern Texas sixty days before the Oklahoma crop is ready for shipment. This period gradually shortens as one moves from southern Texas to northern Texas, but the ef-

fect of this condition on the banking business is that the banks of Texas, which are very heavy borrowers in the cotton season, exhaust their loan resources before the Oklahoma crop is placed on the market. Their loans are made first in southern Texas and gradually move northward, as the crop ripens. By the time Oklahoma cotton is harvested, Texas banks are loaded with cotton securities, and Oklahoma borrowers are at a great disadvantage compared with the borrower in southern or even central Texas.

It is very easy to look at a map and say, well, here is Dallas-or Oklahoma located right at the door of Dallas, as respondent says in his brief, but cotton begins ripening in southern Oklahoma sixty days after it begins ripening in southern Texas. The respondent makes the contention that Dallas, being a cotton bank, and southern Oklahoma being largely a cotton producing territory, therefore the two should be in the one district. Cotton begins ripening in southern Oklahoma sixty days before the Oklahoma crop is placed on the market.

Mr. Huff: In Texas.

Mr. Harrison: In southern Texas, down near the Mexican line. The time shortens gradually as you move northward across Texas, Southern Oklahoma is the farthest northern region of the cotton crop. The result of this is that the banks of Texas which are admitted to be very heavy borrowers at the cotton season exhaust their resources before Oklahoma is reached, and by the time southern Oklahoma has reached its borrowing stage, the banks of Texas are obliged to go east for their resources,

and Oklahoma is obliged to go the same way, and at the very best all that southern Oklahoma could get from the cotton bank in Dallas would be the ragged end of the borrowing, when, according to our petition, showing they have borrowed on re-discounts upward of \$23,000,000 in one year, as shown in the Comptroller's report, and if to those are added a large amount of re-discounts which, as you well know, is the practice of many bankers, to use them, placing it on their regular statement,--if, after that is added, some twenty-or thirty million dollars, you can see the position Oklahoma is in to obtain loans from the Dallas banks at the end of the cotton season, when the Texas cotton borrowers have been supplied first with the money and the resources have been exhausted.

Senator Robert L. Owen: Mr. Chairman,--pardon me just a moment. There is a call to the Senate which will require Senator Gore and myself to leave now. I am very sorry we can not continue to be here while this hearing is going on, but I wish to ask permission, on behalf of the Oklahoma delegation, that I might be given an opportunity to address the Board with regard to this matter at the first convenient moment,--perhaps this afternoon, as soon as this vote is over. They are going to take some vote at twelve o'clock. There is something going on up there! (Laughter.)

The Governor of the Board: The Board will be very glad to hear from you at any time, Senator. There may be a little doubt about this afternoon, but there will be no trouble about it.

Senator Owen: I wanted to give as little inconvenience to those representing the Dallas district as possible, and that is the reason why I suggested this afternoon.

The Governor of the Board: Oh, well, there will be no trouble about it.

Senator Owen: The pairs are being broken at twelve o'clock, and so it will necessitate the presence of both of us on the floor of the Senate at that time.

The Governor of the Board: If you can come, any time ^{that} will be agreeable to you.

Senator Owen: Our State is very deeply interested in this matter, which accounts for our presence here this morning.

The Governor of the Board: Senator Gore, would you like at some future time to address the Board?

Senator Thomas P. Gore, of Oklahoma: I should not desire to address the Board at length, certainly, but --

The Governor of the Board: It will be understood that -- Senator Owen, we will expect you at three, subject to your pleasure.

Senator Owen: If you please; I will telephone as promptly as I know, Governor.

Mr. Harrison (continuing argument): Speaking of ~~the~~ southern Oklahoma being a cotton section and Texas a cotton section, which is dwelt on very largely in the arguments of respondent, and also in the arguments before the Organization Committee, claiming that Oklahoma being a cotton, and Texas a cotton, district, they should be in one district, it should not be overlook-

ed that there is a large amount of cotton, about one-third of the total Oklahoma crop, grown in the counties which are already in the Kansas City District. Therefore, the Kansas City banks are, and must continue to be, thoroughly familiar with handling this crop, as well as the extreme southern Oklahoma crop, which they have heretofore financed. Hence the claim of respondent, on page 54 of its reply, that the Kansas City bankers are not competent to finance the Oklahoma cotton crop is founded on a false supposition.

561 I will say the gentleman - the respondent - stated they did not say they were not able banks, but said their experience was not sufficient in cotton to handle this class of paper.

Now, Mr. Miller, the federal reserve agent at Dallas, a member of the board of directors, born and raised in Texas --

Mr. Huff: Kansas City.

Mr. Harrison: Kansas City - excuse me if I make a misstatement - born and raised in Texas, been a cotton banker all his life, knows, or did before he became federal reserve agent, a large number of cotton banks, and certainly knows the cotton business as well as any banker in that section of the country. He is one of the directors. Mr. A. C. has spent all his life in the cotton regions of Mississippi, Alabama, and other southern points. Mr. L. A. Williams, another director in the Kansas City bank, has had fourteen years' experience in banking, all of it in the cotton district, and under these circumstances, it is absurd to say the directors in the Kansas City bank are not qualified to handle that situation.

The Kansas City bankers have done it in the past successfully, in open competition with Texas banks, and our bankers and merchants are not so ignorant that they need the paternal club of government force to compel them to learn where it is best to finance their crops.

It is well known that Kansas City is the center of a great wheat, corn and live stock producing belt, and it is the money from these sources that has heretofore financed the Oklahoma cotton crop, and will do so with ease and satisfaction in the future if permitted. As shown on pages five to eight of petitioner's brief, the ability of Kansas City banks to finance Oklahoma's products is immeasurably superior to that of the Dallas banks. And this accounts for the fact that such financing has always been done in Kansas City or some other northern or eastern point in the past.

Take the question of re-discount, to which I referred a few moments ago, it is true at certain periods of the year the Kansas City banks -- the total they had was about two and one-half millions in 1914, but those re-discounts were out of the way before the Oklahoma cotton crop came on the market. The re-discounts of the Dallas bank are at the highest point when the Oklahoma cotton crop comes on the market.

It is on this unquestionable showing that your petitioners also base their claim that the natural course of business can not in any sense be said to be followed in the present division.

In an effort to offset these clearly apparent facts, respondent sets forth statements as to the direction in which cotton, grain, lumber and some other products raised to a very limited extent in southern Oklahoma move. This argument is contained on pages 37, 38 and 39 of respondent's brief, and can be answered by a single statement; respondent has confused the case of certain lines of commerce with the course of banking. Your petitioners are representing a banking proposition, and while it may be true that some of the products to which respondent refers move southward to the Gulf before moving eastward to European markets, the financing of these crops is all done from the north and east and the Gulf movement of freight in no way decreases the grounds for contending that petitioners banking relations are with Kansas City and farther east.

For instance, the respondent in his petition refers to the case of the Kemp & Kell Grain Company, one of the largest buyers in the Southwest. They have a number of mills over that country. Now, the wheat taken out of Oklahoma - five-sixths - is purchased by two firms, either Rosenbaum and Company, of Chicago, or Armour and Company, of Chicago, and all the financing of that crop comes from the north and east.

Respondent quotes on page 36 a statement from the Senate record that banks will not be prohibited from doing business with their previous correspondents, no matter in what district they are located, but it is well known that the keeping of a reserve balance in a regional bank almost always carries with

it the necessity of a balance in a bank in the regional center.

Re-discounts - I secured this morning a statement of the capital stock and deposits of the Dallas banks, compared with Kansas City, the Dallas banks have approximately seven and one-half million capital and twenty-five million surplus; Kansas City national banks' capital and surplus -- and I included the surplus in the Dallas statement -- of fifteen million dollars; deposits of one hundred and five million dollars. Kansas City deposits run seven to one of their capital and surplus; Dallas deposits run three to one of their capital and surplus.

Respondent says, on page 46, that petitioners "have the temerity to propose to further reduce the resources of the Dallas bank, and by so doing, the claim is put forward that this action would help both banks." The fallacy of such a criticism does not need explanation to any banker when it is remembered that southern Oklahoma, like Texas, is a heavy borrower at certain seasons and at the same seasons as Texas. While the change asked by petitioners would slightly reduce the capital of the Dallas regional bank, it would in much greater degree reduce the demand upon that institution for loans and therefore make its position stronger.

That is a quotation from the respondent's brief. The fallacy of this does not need explanation to bankers. It is true if our petition is granted, the capital of the Dallas bank will be reduced to about \$386,000, but while that is true, the calls on that bank for loans will be reduced all out of proportion to the reduction of capital, so the position of the bank will be

strengthened instead of weakened. The Dallas bank, with the territory which we ask to be changed would still have more than one and one-quarter millions above the required capital for a federal reserve bank.

Respondent's brief is largely devoted to technical matters of no vital significance or import to this proposition, such as the formation of this committee, the form of the petition, whether it was signed by all the banks individually. Now the way we got up our petition, -- and we tried to get it up as soon after the Organization Committee got up its decision as possible -- we sent out slips to the banks, identically the same slip with the place for the officer of the bank to sign, a copy of which appears on the petition, and the original of which is with the Board in every case.

We put it in as brief language as we could for your convenience, to cover the grounds which are contended for in this case. If we had done, as respondent shows we should prepare a petition and send to every bank to have signed, it would be necessary to take a year at least to get this petition around to the large number of banks before we could have presented it to the Board, and then in the identical language as presented, and nothing would have been gained, because every bank has signed the same worded petition in this case.

Respondent's brief is largely devoted to technical matters. If you will look at it you will find it is a lawyer's brief, voluminous, verbose, and replete with matters that are not vital to this question at issue. I suppose that if we were lawyers,
and as eminent coun-

sel as represented by the respondent, we would probably declare this to be immaterial, unnecessary, and not responsive to the question asked; but the fact remains that a large part of the brief is not in response to the vital point put forward by us in this case: Where have the banks in the petitioning district been accustomed to transact their business, and what is the most convenient and best arrangement for them? That is what we have been trying to get at.

Insinuations are many times thrown out that this is a movement on the part of Oklahoma City, and not by the banks in question. Such an assumption gives too much credit to the ability of Oklahoma City bankers to force into line 110 national banks and 170 state banks scattered over a wide territory, many of which banks have no financial connection in the metropolis of our State. To claim they could force into -- well, 110 out of 135 national banks, and 178 state banks in the same district, many of which have no financial connections at all with Oklahoma City!

Oklahoma City is the natural center of the district asking to be transferred, even if it is beyond the border of that district, and if Oklahoma City bankers have taken any part in this movement it has been because the petitioning banks naturally looked to them for support in every movement in which they are interested. If the relations of these southern Oklahoma banks with Dallas were such as is claimed by respondent, it would be utterly impossible for Oklahoma City to have any influence upon them, and it would be likewise absurd to charge

such influence.

Dallas carries 28,820 mercantile accounts in Oklahoma. I found this statement since coming here to Washington, and in looking in Bradstreet's I learn that the total number of all mercantile accounts in Oklahoma City is a little less than 122,000, and including all of Oklahoma, and yet these respondents claim they carry 28,820 mercantile accounts in all this portion of Oklahoma.

Mr. Huff: The statement is not that that many accounts in southern Oklahoma, but that many accounts in Oklahoma as Dallas had made the district.

Mr. Harrison: I stand corrected. I thought it was southern Oklahoma. And that statement is made in the Senate record also. We still have 8280 to the good after giving you all the merchants in Oklahoma. Such a statement, that Dallas carries 28,280 accounts in Oklahoma, and only five bank accounts, is a story that needs no refutation. It would be utterly impossible.

We are glad that Dallas secured the bank. We believe that the great Empire of Texas alone and unaided is sufficient in financial and commercial importance to warrant the location of a regional bank somewhere in that State when there were to be twelve such institutions established. We are not trying in the least to injure the Dallas bank, but only contending for our own rights.

When it is considered that if all of the territory which we ask is transferred, the Dallas bank will still have more than a million and a quarter capital above the amount required by law, we do not see how a reasonable objection to the transfer can be

made. When it is further considered that we have excluded from our petition the only section of Oklahoma which is in any reasonable degree related by business associations to Texas, and that a large per cent of the non-petitioning banks in the territory asking to be transferred are located in the counties immediately adjoining the five which we have excluded, and that only one county outside of those we have excluded has asked that it also be included, Johnson County, which immediately adjoins the county of Bryan,--the sincerity of our position should be clearly seen, and our efforts to act in harmony with the best interests^{both} of Texas and Oklahoma apparent.

We ask therefore that in considering our petition you remember that it represents under any showing a margin of ten above the two-thirds requirement claimed by the plaintiff, as shown by a fair examination of Exhibit A. Further, I ask you to bear ~~number~~ this point in mind, while there are a lot of letters in the back of this brief, none of the letters contained in Exhibit C, and purporting to represent the feeling of bankers in southern Oklahoma, are from bankers whose names are attached to our petition,--not one of them,--and that all of the letters contained in Exhibit F, again purporting to represent the feeling of bankers in Oklahoma,--the petitioning territory,--are from territory that is excluded from our petition, and have no more right to appear here as an argument against us than would letters from bankers located in some point in Texas, because they are conceded to the Dallas bank.

In justice to the banks in the petitioning district, which

feel that their business relations have been unintentionally outraged by the present district lines, we ask you to re-district that territory so that their interests will be better served, and the federal reserve system will not be handicapped by unwarranted artificial barriers raised against its proper development.

Gentlemen, that is our position. We are ready to answer any questions. We have some bankers here from the petitioning territory, who can speak for themselves, and we are at your service. I thank you.

ARGUMENT OF MR. CHARLES C. HUFF, COUNSEL FOR RESPONDENT,
THE FEDERAL RESERVE BANK, OF DALLAS, TEXAS.

Gentlemen of the Board: I feel rather alone in this con-
gregation, ^{today,} with the great number of sixteen inch guns being
trained upon me. I feel like as if I could not say, in the
words of the Kaiser, that I had the right and God Almighty with
me, I would probably go down in defeat today; but gentlemen,
this law is on trial; this is no bankers' law, yet you stand up
here and say what the banks want! If this law had been passed
at the instance of the banks, but it was passed over the pro-
tests of the banks. You do not know the discussion that took
place when this law was first proposed. The bankers were
against the law; the bankers did not want this law. A healthy
public opinion whipped this law onto the statute book. When
the banks found out the law was going to be passed, then they
came in for the first time and asked to be permitted to make
suggestions, and they did perfect this law, and made it, in my
opinion, one of the greatest pieces of legislation ever placed
on the statute books. But this law was not passed, may it
please the Board, at the instance of the banks alone; but it
was passed to correct some evils that had grown up at the hands
of the banks themselves; it was passed in order to give stabili-
ty to the financial system of this country; it was passed in or-
der to keep the reserve centers in the east from corralling all

the money and the time of short crops and depreciation.

The gentleman says that my argument in the brief is largely technical. Well, now, of course that is a good deal in training. You have, as members of this Board, made some rules which you have said were going to be followed in appeals of this kind. One of the rules was that a petition must be signed by two-thirds of the member banks. Now those rules were promulgated on August 28, 1914. My objection was,--and it's technical, but it goes to the very foundation of this proceeding, if the rules have been made,--my objection was that this petition was not founded upon a petition prepared in accordance with these rules, but showing that after the Organization Committee's report of the lines were made public, that banks, at the instance of Mr. Harrison, sent in protest slips. Now, let's see if that is not correct, as found by Mr. Harrison's own letters, away back in April:

Now, the first one is this:

"THE OKLAHOMA BANKERS ASSOCIATION.

Office of the Secretary,

Oklahoma City, April 7, 1914.

"TO C. B. A. MEMBERS IN DALLAS DISTRICT.

Gentlemen:

Without presuming in the least to dictate in the matter of the regional reserve bank districts, we feel that another letter at this time will be welcomed by you, in view of the many urgent letters and telegrams we have received."

Now that is on April 7, 1914.

(Continues reading:) "The writer has much information which it is impossible to convey in a letter, but the main point is: After communicating with Senators Cwen and Gore, all Oklahoma's Congressmen, and after consulting with bankers in Kansas City personally and canvassing the situation as thoroughly as time has permitted, we are convinced that there is a reasonable chance, by proper activity, to get Oklahoma placed in one regional district.

"As for a branch bank, the administration forces are inclined to adopt the policy of placing branches only where there are not overnight facilities for handling business. Under that policy, and the Districts as now framed, every city in Oklahoma is barred from obtaining a branch.

"Our information is, that 95% of the Oklahoma banks that have been placed in the Dallas District are very much opposed to this arrangement. We ask that any bank that is contented to remain in that District, please write us at once. All others should fill out the enclosed form AND RETURN TO THE WRITER (Do not mail it to Washington. This is VERY IMPORTANT AND SHOULD HAVE YOUR IMMEDIATE ATTENTION.)

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"Further suggestions will follow developments.

Very truly yours,
(Signed) W. B. HARRISON,
Secretary C. B. A."

Now, that's the first letter. That was before these rules were promulgated.

Here is the second letter, just a week later:

"THE OKLAHOMA BANKERS ASSOCIATION.
Office of the Secretary.
Oklahoma City, Okla., April 13, 1914.

"TO THE BANK ADDRESSED:

"We have not as yet received from you one of the signed slips like the enclosed which we mailed you a week ago and asked to be returned immediately. This is exceedingly important, and we can not put too much stress on

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the necessity of hearing from every Oklahoma bank in the Dallas District at once definitely. If you want to be in the Dallas District, please state that plainly. If you do not, sign this slip today, and mail to us, unless you already have one in the mail.

"We admit that there is only a fighting chance to get the District changed, but we have good reason to believe it can be done. Today we have received from Washington a signed statement by a high government official, whose support means as much to us as that of any other man, saying he thinks this change can be made if the banks will all sign the protest.

"It is very important to not only send this in, but to wire your Congressman and Senators, unless you have already done so. Let them hear from you direct in protest against the lines as at present formed, if you feel that way about it. . . ."

(The letter was signed by W. B. Harrison, Secretary, C. B. A.)

Now, the point I make is this, that these protest slips were not made and not filed in response to this procedure, but were made and filed immediately after the announcement of these lines. I do not know what the procedure was at that time. I can not understand it. They were urged to "see your Congressman and to wire your Senator." I suppose at that time the Board had made no regulations with reference to the matter, and yet certainly those slips which were sent in to be directed to the delegation in Congress and Senators were not made as a protest to ~~be~~ base a petition on hereafter, because that was two, three, four months before the rules were promulgated, upon which this petition could only stand. Now, my position is that under this procedure laid down by you, that this petition has never been followed in accordance with your rules.

Now, another position I take with reference to this mat-

ter is that, under the statute, under the law creating these banks and this Board, this matter could only come before the Board called as a review, -- a petition for review. Now, of course they may say I am technical. Yet the well recognized rule of law is that where you are simply reviewing the action of some other tribunal, that you can not change it, except on an error of law, or where the finding upon the facts was so erroneous as to result in a miscarriage of justice and fraud.

Now, it says that "the determination of said Organization Committee shall not be subject to review except by the Federal Reserve Board when organized . . ." -- no other tribunal could review it, and they could only review it as a question of review of the finding of the Board -- Organization Committee, rather -- upon the testimony taken on the hearing. Now, gentlemen, I will submit to you that in this entire brief filed by the gentleman from Oklahoma, there is not one reference to one line of testimony taken upon the hearing before the Organization Committee. The Organization Committee did not send any boys out to transact this business. The Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency went themselves in person to every district in this United States. They saw the people; they came face to face with them; they got their opinions; they had the hearings; they saw the conditions upon the ground; and after seeing those conditions they made these findings, created these districts as they are now, and under the law, -- while it may be technic-

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al, yet under this very law this Board, as a legal proposition, has no right to upset the finding of that committee unless there be an error in law or unless the finding of the committee is so erroneous as to amount to a fraud upon the district as formed.

I do not believe any gentleman following me will controvert that well-known proposition of law.

Now they say "You are technical." Well, now, if I am, you permitted it; you invited it. "At all hearings hereunder, all questions of fact, including jurisdictional and powers of the Federal Reserve Board, may be argued." Now that may be technical, but, gentlemen, when you come to consider it, you are an appellate court; you simply have to take the testimony as introduced on the hearings. All of these letters from banks in Oklahoma, about the conditions of business,--all of those letters amount to nothing if you are going to try this case according to your own rules. That whole brief, when you consider it, has to go out, because none of it is founded upon ~~the~~ a single syllable of testimony taken at these hearings. It is not a trial de novo, but it is an appeal; it is for the purpose of determining whether or not the first -- those three gentlemen who went into every part of this country, and who saw and heard every word of testimony, who made maps, who got the opinion of the people on the ground for the purpose of seeing whether those gentlemen made such a serious error of fact as to warrant you in saying that this finding of fact they made as to these districts was so very erroneous that we will have to over-

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turn it, because it amounts to a question or a matter almost of fraud upon the district as formed.

Now, gentlemen, another thing: When these protests were first filed, it was said that they were being filed because the State of Oklahoma was being divided. Now listen here: This is what Mr. Harrison himself says:

(From letter written by W. B. Harrison to O. B. A. Members in Dallas District, dated Oklahoma City, April 7, 1914:)

"*** we are convinced that there is a reasonable chance, by proper activity, to get Oklahoma placed in one regional district. **"

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Now, the point I make is this, that when they sent out these protests from Harrison's office in Oklahoma City, to be signed by these banks, the point they had in mind then was that all of Oklahoma was to be transferred to Kansas City. Now let's see why that was not done. There are thirty banks in the five counties that they have excluded from this petition. On file with this brief, and on file are letters from twenty-six of those banks saying that they want to be in the Dallas district. Since that time there have been letters sent in from a bank in Hugo to the Federal Reserve Board, a copy of it being sent to Dallas; another letter addressed from the First National Bank at Durant, making twenty-eight of those banks in those five counties that said they did not want to be in Kansas City, but they were aware they wanted to be. Now, is it not absolutely as apparent as the nose on your face that when these gentlemen got to feeling around down there for the purpose of getting up a petition, they ran across five counties that they could not

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jar, and they said "We will exclude you gentlemen, and we will divide the State of Oklahoma ourselves in another way than the division of the Organization Committee." Now, they say to you, the very first try out of the box, "We want to get all of Oklahoma into one district"; yet, gentlemen, when they went up against the five counties down there where there were twenty-eight banks, they said, "Oh, no; we don't want to go to Kansas City; you can not transfer us across Kansas into Missouri. We want to stay in Dallas." Then they did some dividing themselves. They made another division of the State of Oklahoma, and they pay a very nice compliment to Mr. McKinney in their brief, because they say "He is up there, and we don't want to transfer him or this territory away and therefore cause him to lose his job." Well, the law takes care of him. There was no reason for doing that, but the point I make is this, that on file with this Board are twenty-eight letters from those counties which absolutely say they do not want to go to Kansas City, and they are not going to Kansas City, if they can help it.

Now, gentlemen, if you had included those thirty banks and tried to get a petition, that gentleman knows, they all know, that you could never have, by any kind of figuring, scared up your two-thirds. Now, let's see: He says a list of these banks was received; I got it from the books in the Federal Reserve Bank in Dallas; but there are 166 banks. Now, three-fourths of them admittedly, by their own petition, never did file any protest. Thirty of them are excluded, making 66; 23 wrote letters either say-

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ing that they did not want to be transferred or that they felt that no action should be taken now, which would make 86 out of the 166, which would show that one-half of the banks down there really were not behind this movement.

Now, he says, gentlemen, that some of those banks have since written other letters. Well, all I can say is they saw them last, since we did. These letters, he says we ought not to use them. I do not know. I do not think there is any breach of faith. Mr. Wells wrote them, and said he was interested in knowing the feelings of these men, and the letters were in reply to those letters of inquiry.

Now, he takes up Mr. ~~Wood, of Altus~~ Wood's letter,--Mr. Wood, of Altus. Here is what Mr. Wood said just on December 24th. He says,--

(Letter signed by J. T. Wood, President of the City National Bank, Altus, Oklahoma.)

"Regarding proposed change of Southern Oklahoma banks into Kansas City District:

"I deem it unwise at this time to make any change; in fact, we are very well pleased with Dallas. Should a majority of Southern Oklahoma bankers favor Kansas City, the change could be effected at some future time. * * *"

That is what he said just on December 24th. Here is what this man from Apache says,--and right here I will say I have seen another letter from him, and he does not want to be in any district; he does not want any reserve bank. He says in the last letter I saw from him that he did not want to be a member of any reserve bank any place. Now, let's see what he says:

(Letter addressed to Mr. Oscar Wells, Houston, Texas, signed by Mr. W. T. Clark, President of the First National Bank, Apache, Oklahoma, dated August 31, 1914.)

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"I have your letter of the 29th instant, relative to the matter of making any changes in the present boundary lines of the Dallas Regional Bank.

"I would be very glad indeed to favor you personally in any way that I could, but we feel in Oklahoma that our State should not be divided, ***."

Now that's the way the Organization Committee divided it, but they contend it should not be divided that way, but that it is all right to let Harrison divide it. It is all right for Harrison to make the division if he wants to, but the Organization Committee, that made it their duty according to the terms of this law to pass on it, can not divide it; but let Harrison divide it for us! (Continues reading from above letter:)

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"I would be very glad indeed to favor you personally in any way that I could, but we feel in Oklahoma that our State should not be divided, and since we have, most of us, dealt principally with Kansas City, we naturally look that way for our banking connections. I like Texas and her people, but I would have to get acquainted down there.

(Laughter.) -- (Continues reading:)

Naturally, we are in close touch with Oklahoma City Bankers, and they are very anxious to get the lines changed. I have not heard lately of any action being taken in the matter.

"In our dealings with a Regional or Reserve Bank, I do not see that it can make very much difference whether the Bank is located in Dallas or Kansas City; however, as stated above, our business relations with Texas points have been very limited. * * * "

Now that, gentlemen, is a letter that he wrote on August 21st, in response to Mr. Wells' letter.

Now the letter from Mr. Thurmond of December 24th speaks for itself. Mr. Thurmond simply says he did not think they ought to have any change. Now, he has since written a letter; when he found out his brother was coming up here, he had to write another letter, being cashier of the bank that his brother is president of, and his brother coming up here to get something done, he could not have a letter like this outstanding. And they say we over-reached them, but I say he over-reached us, because he went and got a later letter; and within a period of thirty days Thurmond has changed his mind and the whole thing, and something has happened within thirty days that makes him think it is all right to go ahead.

Now, the gentleman in Holdenville wrote in August, and this is what he said:

(Letter from Mr. L. T. Sammons, President of the American National Bank, Holdenville, Oklahoma, dated August 31, 1914, addressed to Mr. Oscar Wells, Vice President, First National Bank, Houston, Texas.)

"In reply to your letter of August 29th, will say that, as far as I am concerned now, I had just as soon be in the Dallas District as in the Kansas City District, for the reason that I think the Dallas District will understand this cotton condition better than any other. I think the Dallas District will fully realize what we are up against in this cotton section, and will understand how to handle the situation better than if we were in a grain or any other territory. Therefore, I am perfectly content to remain in the Dallas District."

Now that is from Mr. L. T. Sammons, written to Mr. Wells on August 31st.

Here is a gentleman, Mr. Cross, President of the State National Bank of Hollis. He says:

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(Letter from Mr. W. S. Cross, President of the State National Bank of Hollis, dated Hollis, Oklahoma, January 15, 1915, and addressed to Federal Reserve Board, Washington, D. C.)

"In regard to the proposed change --"

This letter can not be ~~said~~ subject to any objection because it is not even directed to anybody in Dallas, but is directed here and filed here. I assume therefore this one will pass without any criticism.

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"In regard to the proposed change in this Reserve District, we prefer to stay in the Dallas District, on account of the distance and connections which the mails make. We are only twelve hours from Dallas and about forty-eight hours from Kansas City."

Now, gentlemen, here's a letter I want to call your careful attention to, because it says that this man has, while he started out thinking he ought to be in the Kansas City District, thought the matter over and looked at it and feels he ought to let it alone. He says:

(Letter from Mr. Tom Wall, Cashier of the First National Bank, Poteau, Oklahoma, dated January 12, 1915, and addressed to Mr. B. A. McKinney, Federal Reserve Bank, Dallas, Texas.)

"In these days of agitation, financial and otherwise, I am becoming convinced that to "Let well enough alone" is a good axiom.

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"The strenuous effort to effect a change in Federal Reserve District No. 11, adding Oklahoma to the Kansas City District, seemed to me to be a proper procedure and for the best interest of all of we Oklahoma bankers who petitioned; and, not to be contrary, I signed the petition for this bank, like a majority. Since the matter will soon be heard by the Federal Reserve Board, I have given the question of changing, more thought than heretofore -- at least more intelligent thought -- for the reason that I now know more about the Federal Reserve Banks and their functions than heretofore, and I imagine this is true of themost of the bankers.

"Take the individual case of this bank. After summing it all up, I find our mail service to Dallas is a few hours shorter than into Kansas City. The SERVICE of one Federal Reserve Bank appears to be about the same as the other. So far as I know, the discount rates are the same. Items for credit and balances to check against seemingly are just as convenient for us as they would be in Kansas City or St. Louis. A few weeks' operation of the banks has changed my ideas concerning them.

"I do not want to be put in the position of going back on the petition I signed along with the other Oklahoma bankers, but thought would drop you a line to say that since finding out more about the modus operandi of Federal Reserve Banks, that it makes no difference to me if the District remains like it is. In fact, I believe I prefer it now, as it is.

"I have felt that the strong effort being put forth to change the boundary lines would naturally cause you to take a keen interest in the matter from a personal standpoint, and I wanted, in this letter, to express my "honest convictions" that perhaps a lot of us had rushed into something that we really didn't know whether we wanted it or not."

H-m

That's written on January 12, from the First National Bank of Poteau, Oklahoma.

Now, those letters are all in the brief. I will not rehearse those; in the brief are twenty-six letters from bankers, I have told you about, in the five counties they have excluded. There are twenty-two letters from banks listed as petitioning creditors, some of which have taken back what they wrote. There are also letters from other banks not listed as petitioning creditors. Now, those letters are all there. I will not take the Board's time to go through into the question of letters, any further.

Now, let's consider the question ~~of~~ -- they say the "vital question" in this case. This Act says these "districts shall be apportioned with due regard to the convenience and customary course of business, and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all." Now let's see, what does that mean? That does not naturally mean-necessarily have to mean the banking business; it means that the States - that the lines must be so arranged as not to disturb the trade relations, not the banking relations. Now it can not be contended, gentlemen, that practically ninety per cent of the products of southern Oklahoma pass into Texas and Louisiana, say what you want to about it; but it is a cotton, corn and wheat country. It does not go north; it does not go east.

Their own brief says that it goes southwest. But they said that is not in the direction of Dallas. All right; let's see. It is not in the direction of Dallas, but southwest is in the direction of the Gulf, and that entire commerce passes right down through the State of Texas, and its ~~its~~ Gulf port.

Now the banking business they say goes to Kansas City. If it does, it takes an unnatural trend and it does not follow its commerce. But there is a reason as to why banking business in Oklahoma ~~was~~ first went to Kansas City. Under the old law as you gentlemen well know, St. Louis was a reserve city; Kansas City was another. That condition prevailed for a great number of years prior to the establishment of any reserve cities in the State of Texas. Of course that gave Kansas City and St. Louis a great benefit over the other sections of that country, because they had to keep a part of their deposits in those reserve cities. Therefore, naturally, the business was started to Kansas City and St. Louis by a reason of this local advantage it had on account of being reserve cities, and this condition prevailed for a great number of years prior to the establishment of any reserve cities in the State of Texas; so that when Texas became a State with reserve cities, Kansas City and St. Louis had ~~the~~ already gotten the trend of the banking business. But now that business did not follow its trend. It did not follow the course of business. The bankers' business went in a different direction from everybody else's business, and yet they come up here and say to you that because, for-

sooth, they have carried some balances in Kansas City, they would have you transferred from the very door of the Dallas bank territory across the State of Oklahoma and the State of Kansas into Missouri, because, forsooth, they had carried some accounts in the banks up there, and in hard times they had gotten some concessions there. But, gentlemen, what does the law mean? It means that the course of trade, that is, the course of commerce, must not be disrupted by this division. Is it a hardship to say that ~~the~~ a man can get paid for his product where it is sold; that a man can ship his cotton, his grain, and his products into Texas and Louisiana down by the Dallas bank to be paid for his products where they are sold is a hardship, and diverts the course of business? It can not be insisted, and they wont attempt to tell you; they wont attempt to tell you that the cotton, the grain, the corn, the surplus raised in southern Oklahoma, does not pass into Texas and into Louisiana, and out through the Gulf port. They will not contend it, but they ~~will~~ lay their case wholly upon the question that the bankers, the chosen class, must be favored to the disadvantage of everybody else!

Now, let's see the result. These banks have been in operation less than three months. They were open on November 16, 1914. Next week they will be in operation three months. No man on earth can tell at this good day whether the conditions that ~~have~~ they paint so horribly will come to pass or not, no man can foresee. It is highly speculative. To take any action now, however, would be a leap in the dark. Why the banks have

H-p

not even reached half of their efficiency. Their capital is not all paid in. It will take those banks three years to reach the height of their efficiency, yet in less than three months after the opening of these banks these gentlemen ask you to tear these lines asunder!

Listen to them prophesy evil, as they ask you simply to tear these lines to pieces and create some more! Now, gentlemen, of course you have the physical power to do it. You can sit down and write an order to do it. But where would that lead to? Suppose you were to say, "All right, Mr. Banker from South Oklahoma, although these banks have not gotten well started, although the Board has not even promulgated all the rules with reference to them, although we have not even fixed it, so the State banks could come in, and these banks are still in their infancy, yet, at your behest, at your request, and because, forsooth, if you put all the State of Oklahoma in one district, probably Oklahoma City would get a branch bank, we will cut these lines asunder, and we will put you in the Kansas City district." Well, now, gentlemen, I say you can do it, but where would it lead to? The very instant that thing was done, every dissatisfied community in the United States would be sending by wire petitions to get transferred. Oklahoma is not the only place in the world that feels that probably they ought to have been in some other district, or that they ought to have been in the center of some district. The practical result of overturning, ~~these lines~~ ^{within} less than three months, the judgment of the Organization Committee,

would simply lead to an absolute disruption of these banks. Now why would you do it? Why would you do it? They do not say the Dallas bank is not taking care of the business in Oklahoma. They say that they are prophets, that they can see into the future, and they say "We believe that when they have a big crop, the Dallas or the Texas banks would borrow all the money, and leave the Oklahoma banks without any." Now can you see that? Do you see that? That's what they see. Well, now, suppose that were to happen! This law is framed just so it would cover ~~the~~ a situation like that like a blanket. It says if one federal reserve bank has to, it can discount with another its members' paper, so that if this terrible calamity comes to pass, if the Texas bankers were to go up there to Texas and say, "Here, I want all your money to float our cotton crop," and if they were to get it all in August or September or October, and you came along in November and wanted some money, all in the world you ~~have~~ would have to do would be to take your paper and go to some bank that was not very crowded and did not have all that business, and you would just be swimming like the balance of the bunch! Now, gentlemen, I can not foresee that terrible calamity that they do. I do not catch it at all. Of course my hind-sight was always better than my foresight, but I do not believe I could see that even with my hind-sight. But it may happen. But it is not going to happen while you and I live. It may happen some time.

Now that, gentlemen, is the gist of this petition.

H-r

Now, let's see; Mr. Harrison is a good letter-writer. He just writes lots of letters! When Harrison has not anything else to do he just sits down and takes a stenographer and writes some letters! Now, I do not ~~mean~~ mind most of the letters he writes, and have only taken exception to this one. This is dated January 13. He says to the bankers in the Dallas district:

"At the request of several bankers who are anxious to have our petition granted, I am sending this letter.
* * * "

He did not say where those banks were situated, either. (Continues reading:)

"These bankers inform me that parties interested at Dallas are urgently requesting banks that have signed our petition to withdraw their plea and authorize Dallas representatives to state they wish to remain in that district. We do not know of a single bank that has complied with this request.
- - - "

Well, since they have come up here, they have found some information; they have learned something, when they got to Washington, or when they got this brief they learned something, that some of them had taken such action, and had not gone back on it either! (Continues reading:)

"We do not know of a single bank that has complied with this request. We believe the bankers of Southern Oklahoma have enough good sense and stamina to keep them from being either weak-kneed or loose-jointed at such a time as this.

"It is apparent that Dallas is considerably worried by our petition. --- "

Well now, they may, but I had not heard it; there is no rumor like that down there. There may be an under-current that is depressed, but there is no stampede on account of your petition. They are still going on, and the bank is open.

"The truth is, that they were given until January 1st to file an answer, and that on January 8th no answer had been filed, nor do we think any has been filed since. No answer can be filed to our petition which would really be an answer, because it is unanswerable. ---"

Well, that's very nice to say about his own petition, and I am sorry I can not agree with him. He pleads guilty to having written a good one, and I will grant him that honor. (Continues reading:)

"We believe Dallas is depending on political support to offset incontrovertible facts, and while it is possible political support may win, we are very willing to leave that matter to the Federal Reserve Board. We have the promise of splendid support ourselves in high political circles, and that promise is in writing. - - - -"

Well, that is kind of a reflection on the support, that it has to be in writing before they will count on it, but we will pass that. (Continues reading:)

"Our hearing will be held February 10th, and Messrs. Craig and Robertson and the writer will probably reach Washington Feb. 9. If any other bankers would like to go with us we would be pleased to know this. If any banks desire to contribute to an expense fund to provide additional representation, they may do so in any amount they see fit, and we will use the funds to the best of our ability. - - - -"

I never saw them when they would turn that down. Even Texas bankers will take a little contribution to anything. (Continues reading:)

"The most important step is for every banker who is interested to write a personal letter at once to Senator Gore, Senator Owen and Representative Scott Ferris. It is being represented to these parties very insistently that the petitioning banks wish to withdraw, and such statements should be corrected in a positive manner. Please keep this office supplied with copies of your correspondence on this subject. Very truly yours, (Signed) W. B. Harrison, Secretary."

H-t

Well, now, I have often wondered why that was. If these gentlemen had a case in the Supreme Court, they would not be writing their representatives about it, What have they got to do with it?

Now, gentlemen, he says in this letter, and this is the thing I want to take issue with him about, that Dallas is dependent on political support. No man holding public office in Dallas has even approached or talked to in this contest. Dallas has never sought to put this bank into politics. No man, no senator, no representative, no man who holds a political office, has ever been approached concerning this contest, or talked to about this proposition.

Mr. Harrison: May I explain that point, Mr. Huff?

Mr. Huff: Yes; go ahead.

Mr. Harrison: The Dallas papers stated just before that letter was gotten out that Postmaster General Burleson had made a personal visit to Dallas, and was still there, and that they expected to have a friend at court, and that was why the letter was written.

Mr. Huff: Well, of course I do not know what the Dallas paper said, but I say to you gentlemen that when this matter was first turned over to me, I said, "Don't any man connected with this bank write any man in office about this petition. This bank can not afford -- this bank simply can not afford to go into politics, and to have any man in politics taking any action with reference to this matter. And, gentlemen, that

has been the procedure.

Now the thing I am trying to explain is that this letter in stating that we were dependent upon political support is unfounded. We are not depending upon any support except the fact that the right of this contest is with the Dallas bank, and that the Organization Committee's action ought not to be overturned.

Now, gentlemen, in making this statement, I want distinctly to state I do not mean to reflect on any one. I know the gentlemen who represent Oklahoma, and some of them are personal friends, and I am quite sure that, while they may have been written to about this matter, that their interest in the matter is simply to present the facts to this Board just like it is being done in this instance, and I do not want to give an impression otherwise. But I simply want to correct the impression that has gotten around that part of southern Oklahoma that the Dallas bank was trying to rush into politics.

Mr. Chairman, do you know what time I am to ~~finish~~ run?

The Governor of the Board: Twelve o'clock.

Mr. Huff (continuing): Now, gentlemen, Mr. Harrison says that on page 54 of my brief I said the Kansas City bank was not competent to take care of the cotton situation. Well, now, I am quite sure that he did not mean to put it in that language, because I know that he would not want to mis-quote me, or to put me in an attitude or position before this Board that would not be just correct, but here was what was said:

"It is therefore apparent that the Federal Reserve Bank of Dallas, managed as it is and as it necessarily will continue to be, by a Board of Directors who have an intimate knowledge of the cotton industry, can better serve the banks of Southern Oklahoma than the Kansas City Reserve Bank, which is operated by directors and officers who, though thoroughly qualified in a general way and properly disposed toward their member banks, cannot, of course, understand the needs of a bank in a cotton growing region."

the
 Now, gentlemen, that was ~~my~~ statement. I made. I do not say these gentlemen are not competent. I think they are competent. But here is the situation. The Dallas bank is necessarily officered by men who have had their entire banking experience in a cotton country. They know the ebb and flow of the cotton business. They know that it is necessary to relate the credits to a certain period of the year, and the point I attempted to make was that a bank not officered by men who had had the actual, practical experience in the cotton country, would feel like probably at times that the credits were going too far, and that they did not understand the cotton situation as a banker would that was situated and manned or controlled by gentlemen who had put in their lives in banking in the cotton States. And I had not criticized and do not mean to criticize the ~~Oklahoma~~ bank. I am quite sure that the Kansas City bank is -- has officers that can thoroughly take care of any business, but at the same time it does not necessarily follow that because they have good officers, that those officers have an intimate acquaintance with the cotton situation to such an extent as that they could render the same kind and character of service as a banker familiar with the cotton situation.

Now, gentlemen, there is another thing cropped out in this contest, and I want it distinctly understood that what I am saying now is not in the way of criticism, because I recognize that whatever action has been taken has been prompted by a desire to boost the home town, but you can not escape this thing, this one thing will stand out prominent in this contest, and that is, that Oklahoma City bankers have violated the instruction of President Wilson, and are not neutral. Now, of course, that being true, necessarily it would become material to find out why it was gentlemen situated without this district, who apparently had no interest in the matter, would be unneutral, that they would not let the fight go on without taking part. Now, I do not say that they were taking part, but their own people say so. Now, here's a letter written from Kiowa, Oklahoma. This man --they do not say this fellow at Kiowa is coerced, or anything of the kind; he says:

(Letter from C. W. Crum, Cashier of the First National Bank, Kiowa, Oklahoma, to the Federal Reserve Board, Washington, D. C., under date of August 14, 1914.)

"Referring to the effort of Oklahoma City to change that part of Oklahoma that is in Federal Reserve District Eleven, from the Dallas to the Kansas City District, we are pleased with the District as made, and feel that the business of Southern Oklahoma can be best handled through the Dallas District, and desire to protest against this change being made."

There is another letter from a bank at Tishomingo; another one from a bank at Durant; and I might say that Mr. McKinney, the officer in the Durant bank, was responsible for that letter. Here's one, however, from the First National Bank at

Frederick:

(Letter written by Mr. J. B. Beard, Jr., Cashier of the First National Bank, Frederick, Oklahoma, to the Federal Reserve Board, Washington, D. C., dated January 8, 1915.)

"It is my opinion that this movement was instigated by Oklahoma City bankers, and is being pushed on account of interests of Oklahoma City parties, and not for the welfare of a majority of bankers in the District.

"We are highly pleased with the selection of Dallas as the reserve center of this District, and hope that no change will be made in the present District lines."

Now, there are five or six letters in this file to the same tenor, and therefore I say that I am not saying -- I am not making the charge that Oklahoma City bankers have violated the laws of neutrality, but the banks in this district themselves are making that charge. See?

Now, of course, with reference to this first letter of Mr. Harrison's, where it says there will not be any bank in Oklahoma unless all of Oklahoma is put in one district, would furnish a very patent reason as to why this condition existed.

Now, gentlemen, in concluding, I want to call your attention to one or two facts with reference to the proximity of Dallas to this territory. I am going to take a few towns on the main lines of the railroad which run both to Dallas and to Kansas City on the M. K. & T.: McAlester seems to be the farthest town from Dallas. McAlester is 201 miles from Dallas, and is 316 miles from Kansas City. From McAlester, the time to Dallas by rail is six hours, and the nearest -- clos-

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est time to Kansas City is ten hours. That's by the fastest rail, Going over on the other side, the Rock Island, Purcell is the first town south of the river.

Mr. Harrison: That's on the Santa Fe.

Mr. Huff (continuing): On the Santa Fe, yes;--Purcell's ~~the~~ distance to Dallas is 206 miles; Purcell's distance to Kansas City is 435 miles. On the Rock Island, Chickasha would probably be the farthest town north on that railroad, towards Kansas City. Chickasha's distance to Dallas is 211 miles; Chickasha's distance to Kansas City is 415 miles; Chickasha's train service to Dallas is eight hours and thirty minutes by one train, and seven hours by another, and its train service to Kansas City is fifteen hours by one train and twelve hours by the next. Elk City, where Mr. Thurmond's bank is located, is 304 miles from Dallas, and it is one of the extreme towns, and 472 miles from Kansas City. On the line of railroad running from Elk City towards Dallas will be found the towns of Minnegama, Lewis, Frederick, Grandfield, and several other towns, all of which would be very much closer to Dallas than to Elk City. Going over to McAlester, between McAlester and Dallas, is found Durant, Colbert, and several other important towns that get nearer to Dallas and further away from Kansas City. Over on the Rock Island, Chickasha, between Chickasha and the Texas line, is Ardmore, Marietta, Pauls Valley, Grandfield, --

Mr. Harrison: You are mistaken; they are over on the Santa Fe.

H-z

Mr. Huff (continuing): Yes, I am; Rush Springs, Duncan, Comanche, Marlow, Ryan, Lawton Marquette, -- all of which would be closer to Dallas by a considerable distance than they would to Kansas City. Purcell is 260 miles from Dallas, and nearer than to Kansas City. Nearer to Dallas also would be even the towns of Pauls Valley, Ardmore, Marietta, and one or two others whose names I do not recall; but the point I want to show you is that you take all of that territory, over all of it, and you take the most extreme points, ^{--indeed,} ~~into~~/practically all of them, -- are about half the distance to Dallas that they are to Kansas City. You take the principal railroads that traverse that country, and that run into both Dallas and Kansas City, and those points on those roads, the farthest towns from Dallas are practically about half as far as they are to Kansas City. Now, gentlemen, they will not dispute that.

You take the time cards of the railroads. I have several; they are in my grip; and you will see it takes about half the time to go from the extreme point in this territory from Dallas and to Dallas as it would to Kansas City.

Now, if this territory does not belong properly to Dallas, if this territory, situated within one-half the distance from Dallas as from Kansas City, -- the farthest point, -- and whose nearest territory is probably one hundred miles, if this territory does not belong in the Eleventh District, then where does it belong? If, in organizing these districts, the Committee made an error, which you are going to reverse, when they organ-

H-a'

ized and established these lines; if they made an error in putting this territory right against the Dallas Bank in the Dallas district, what territories go into it, and how are you going to establish these lines?

Now, gentlemen, it is a matter of impossibility to please bankers. Why, there is not a man on earth, nor any committee of three men -- I do not believe if the Saviour himself would come down here and lay out these lines,--that would satisfy all the bankers. If it was not the Oklahoma City bankers,--and they are just as good as anyone,--if it was not them, it would be somebody else. It is just the natural American instinct to kick! (Laughter) Now in Germany, you could not do that. You might go over there in Germany, and you could not get Harrison, even in the bosom of his family, to say but what it was a good thing, and that they did right; but over here, wherever a man feels it is his prerogative to kick at something that somebody else did, it is no trouble for a bunch of bankers to start up trouble like a hornet's nest in any part of the district; and they do it all over the country. I could go down in Louisiana, and have a contest in a week; get New Orleans or somebody to start a row down there, and there would be a contest. And, gentlemen, if you put the stamp of your approval on this contest, if you take this territory situated right in the face, almost, of the Dallas bank, and transfer it across Kansas into Missouri, then, gentlemen, you have opened the flood gate, and you will never close these lines so long as the law is a law, and that is no lie!

H-b'

He was speaking this morning about some dire conditions that he could see in the future, and I assume, therefore, that you, having heard ^{him} ~~me~~ so patiently give you the evils that he can see,--that you will permit me also to do a little prophesying and a little soothe-saying; and now, gentlemen, let me tell you, suppose you were to say, "All right; you all are good fellows; you have got good fellows with you," and you say, "All right, we will just tear these lines to pieces because you want us to, and we will tear up these districts." In two years there would not be any law. If you do that, if you overrule the Organization Committee on the finding made upon the testimony, on the facts which exist in this instance, if you should do that, why you would not even get to go to meals; you would have to sit here all the time and hear contests! There would be such a rush of hot air you would have to cool off in the evenings! Everybody wanting to change their districts! Why, every city, every one of these towns that has not a bank would want one; and I would venture to say,--now, you understand, I am prophesying,--if you do that, in less than six months Harrison would be back up here saying that Oklahoma City ought to have either a bank or a branch bank; and in another eighteen months, he would say, "Let's move the Dallas bank up to Oklahoma City!" Gentlemen, you can not do it. This law is a practical law. In the opinion of thinking men, it is the best piece of legislation put on the statute books in the last fifty years; but it can be brought into disrepute so quickly! And the very people who ask

H-c'

you to do it would be the people who would bring the act into disrepute.

Now, one word as to the general effect of this law. Everybody knows that when this law is properly interpreted, and these banks are in good running order, that the conditions, such as we had in 1907, will fade as a mist before the rising sun. It is not possible. This law was enacted for the purpose of putting into these federal reserve banks the money that was properly tributary to the territory in which they were. It is very proper to keep from the eastern States a congestion of the money, and to let the money stay in the territory where the products were raised. Experience had taught that the custom that had prevailed in banking systems, and that the custom that had prevailed and had grown up under usages of the banks themselves, were not wise, and that in order to give relief to the entire people, some further legislation had to be enacted, and this legislation, my friends, was enacted as a result of this well matured public opinion, and this law was framed for the purpose of giving stability and of equalizing the banking facilities in the entire United States. Now you gentlemen are clothed with the authority; it is your duty to interpret this law, and to say that it does not get into disrepute. It's now backed by a wealthy public opinion; everything is in its favor. But, gentlemen, these contests, if continued, if this digging keeps on, if nothing can be done unless there is an appeal, if the time of this Board is to be taken up by harrying of bankers

H-d'

coming on here and saying because I kept a deposit once up here, five hundred miles away, therefore you must take me right out of the door of the bank I am in, and put me over four or five States into another bank; if that is going to keep up, gentlemen, it will not be long until your law will get into disrepute, and these wise gentlemen who are up here in the Capitol, who make no errors, who passed this law, and who are now watching to see its good effects, if a turmoil comes up, if contests continue, if digging keeps on, they will say, well, we made a mistake about that; we will just wipe it off, and that will be the result; and that's sure to be the result if things should happen to take a turn in two years that some of us do not expect, and if some of our distinguished statesmen that now so eloquently defend their positions in Washington should lose out, and some of the other brand should come in, and this law is brought into disrepute; it is not their law anyway; they will say, we will wipe it off. Now, gentlemen, this law, in my opinion, and that of the press, and of thinking men -- of course when I say that, I just get in Harrison's class -- thinking men have pronounced this law as one whose benefits will be far-reaching and substantial. That of course means that the law, if it is let along, if you are going to tear down these districts in less than three months after these banks start, when are you going to put up the bars and keep them up? How can you tell within three months? How can you tell that these three gentlemen who went all over this country, and heard this testimony, are in error? Why, gentlemen, it occurs to me that the

H-e'

only thing that can be done is to postpone any action in this matter until these banks have been permitted to get on a firm foundation, until they are permitted to get the strength that the law authorizes them to get, so that you may intelligently pass an opinion,--not dream conditions as they portray them to you in prophecies of dire evil that may come, but that you may determine by experience whether this committee, in its judgment, has committed an error.

And now, gentlemen, believing that this contest is not one of merit, and that this Board will commit a very grievous and far-reaching error if they should overturn the judgment of the Organization Committee, I submit this matter to you, firm in the belief that business men as you are, you will simply weigh these facts, and will not transfer us out the door of the Dallas bank territory, within the greatest distance being less than three hundred miles, to a bank four or five hundred miles away; and I submit this case to you, gentlemen, in all earnestness, believing that the action of the Organization Committee was such as it should have been, that it was ^{based} ~~best~~ upon a full and fair hearing upon the ground, that nothing has been shown to change those facts, and that if you try this case on the same facts that the Board tried it on, if you have before you and consider simply those facts that the Organization Committee considered, and as your rules say you will consider, you will then be compelled to say we confirm the judgment of the Organization Committee, and that these lines shall remain established until experience shall have taught us that the error has been committed,

H-g'

"Primarily, yes, sir."

On page 3241 of the same record occurs this question by the Secretary of Agriculture: "Have you any communications on the part of Oklahoma people indicating their preference?" To which Mr. replied, "No, sir."

What would be the use of our going into the testimony before the Organization Committee, when it is all one way? Our brief simply amplifies the testimony which we gave at Kansas City, and which we believed you needed to have expanded, in order to have a true estimate of this action.

As to the political elements of this, our brief statement, we were willing to submit this matter to the Federal Board without regard to politics. I will state that the banks in Oklahoma are different from Dallas, which is a federal institution, and yet represented in Washington by no one. Those banks were represented by Senator Owens and Senator Gore and the congressmen referred to, and had a perfect right to see their interests were taken care of. We have never believed politics would ever enter into this case; if we had we would certainly not have been here.

In the gentleman's argument regarding the course of trade, he said "the course of trade for the South." He has only spoken of one side of it, and has not said one word about the imports into that country, practically all of which, except the small amount which comes from Texas,--all the rest comes from Kansas City, St. Louis, Chicago, and the Southeast. It is not correct that the course is the other way; the course of

H-h'

trade is from the north and east, but the large volume of exports of cotton and freight go by reason of freight resources, to the Gulf and eastern ports.

He spoke about mail facilities, that it is two hours -- days -- from some points near Dallas to Kansas City. What difference does it make to a bank that posts its letter in the morning and the letter is delivered the same night, or whether it gets on the train immediately and reaches the bank the next morning? There is not a point in this territory where a letter posted in the afternoon will not be in Kansas City bank the next morning. It does not make any difference; over-night facilities are what we are after in the banking business.

I should have referred, in the course of the letters, to the fact that the First National Bank of Chicago, one of the twenty-two, is represented here in person by one of the directors, sent here for the purpose of speaking for that bank.

In going through the record of Exhibit A, I forgot to mention that -- I do not desire to detain the Board any longer -- we presented our argument without oratory, --no evidence to show you we could make a speech, or anything of the kind, but I do wish to say we believe we are entirely within the rules on this occasion. It seems to me it is somewhat out of line for the gentleman to come down here and say we have no right to present our petition when in the rules that are formulated by the Board it is provided that the representatives, that is, of the respondent bank, shall be given seven days in which to reply.

Our petition was filed on the 22d day of September -- or the 15th day of September. He had until the 22d day of September under those rules to file the reply. He filed it on the 30th day of January. We have said nothing about it. We are willing to give them all summer, if necessary, to get up a reply; but when they get three or four months, in which to file their reply, and then come up here and say that we have not conformed to the rules, we feel obligated to call attention to their own failure to observe the terms of the rules of the Board.

Mr. Huff: Mr. Harrison, the matter was not called to the attention of the Dallas bank until the first of January. It is not our fault.

Mr. Harrison: I beg your pardon, but I have records from the Federal Reserve Board which show it was called to the attention of the bank on the 20th day of October, but we will leave that to the record, and I will not state that is a positive fact. The law itself states, -- I think I can understand plain English: "The districts shall be apportioned, provided, -- this relative to the review, -- "The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States." We are here contending that it was not so formed; that it would be subject to review at any time under those circumstances; but are perfectly willing to abide by the rules of the Federal Reserve Board, because, under those rules the only testimony offered

here has been under the contention of Oklahoma. If you can find one iota of testimony given at the Kansas City hearing -- and the Organization Committee notified them to appear there and show where they wanted to go -- If you can find one iota of testimony given before the Organization Committee, which shows we wanted to go first to the Dallas bank, we are willing to withdraw our plea. Every man who went there made the contention we are making here today. Banking is not all our business; we have every other kind except export of cotton, and some of those products come from the east; and it was our natural location, and we should be permitted to go there. If this hearing is based on the testimony before the Organization Committee, as the gentleman contends, we are perfectly willing to have it decided on that ground, because every item of that testimony is in our favor.

I feel that our facts have been presented as facts, and there are a number of the issues which the gentleman presented which we do not think are pertinent or that this Board cares very seriously to consider; at least that is our opinion of them. We came here to present these facts. It is not a fact that the bankers of Oklahoma were against this bill. I call the gentleman's attention to the fact that the author of this bill is from Oklahoma, and is an Oklahoma banker. And the bankers of Oklahoma stood behind him in this move, and it is not fair or right to come here and contend that the bankers of Oklahoma were opposed to this movement, when we have done every-

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thing we could to have this bill promulgated, and put in force in the proper way, and we believe today we are better friends of the measure because of trying to get these banking relations transacted through their natural channels than men who would ask the government to compel banks to place their balances where they do not and never can belong, and we believe the Federal Reserve Board has sufficient experience in the banking business to know these are facts and that they have been stated as facts and can not be controverted. I thank you.

The Governor of the Board: We will adjourn until three o'clock, when the Senators from Oklahoma can be here.

(Whereupon the hearing was adjourned until three o'clock, p. m.)

(The hearing was re-convened at 3:11 o'clock, p. m.)

The Governor of the Board: Gentlemen, I have just received word from Senator Owen that it will not be possible for him to be here this afternoon, so that the only thing to do is to adjourn this until such time as we hear from him. He said he would try and let us know when he could come. So that I do not know that all the gentlemen care to stay here, but of course the representatives of the two bodies would naturally want to be here, and hear what the Senator had to say.

Mr. Huff: : Mr. Chairman, would it be possible for Senator Owen to put his argument in writing, and give us an opportunity to reply to it in writing?

The Governor of the Board: I think it is perfectly open for you to see the Senator; I have no doubt both of you could see him about the matter. I think he would be very glad to see you.

Mr. Huff: Of course, I have no disposition to want to cut the Senator off from being heard, but at the same time I have made a business engagement in Washington, Pennsylvania, tomorrow, making my presence there imperative. You will understand I am a good ways from home. I got here yesterday, and figured we would get through today. Not only that, but I made quite an important business engagement for tomorrow at Washington, Pennsylvania. As it is it will be a week from the time I leave here until I get back even at that, and I had just thought that possibly the Senator would not mind reducing his argument to writing,

and giving us an opportunity of replying to his argument by written argument.

The Governor of the Board: Well, now, could you possibly come back the day after tomorrow, or are you so tied up that you could not do that?

Mr. Huff: I have to be home Monday, and that is the only way I can do.

The Governor of the Board: Now, I suggest you go down and see the Senator, and let us know about that,--both of you go down.

Mr. Huff: I have in Washington, Pennsylvania, tomorrow, Mr. Harding (addressing Mr. Harding, of the Board), a very important business engagement.

Mr. Harding: Tomorrow is Thursday, you could leave there tomorrow, and get there Monday, could you not?

The Governor of the Board: Would there be any certainty that the Senator would come Friday? You all know the character of the engagement he has.

Mr. Huff: I suggested that he reduce his remarks to writing. Of course, I do not care whether that is finished in a week or ten days.

The Governor of the Board: I suggest both of you go down and see him.

Mr. Huff ; That will give me an opportunity to reply in writing.

The Governor of the Board: Of course I feel this,--and I think I express the opinion of the whole Board,--that you have

the right to be present when the Senator or anyone appears in this matter, and having been notified by us that two hours would be the limit, you come here in good faith; so in a sense we are bound to accommodate ourselves to your engagements, or any of the other counsel; so I think that is the best suggestion, if you will see the Senator.

Mr. Huff: Will you not agree to have the Senator reduce his remarks to writing any time?

The Governor of the Board: As far as that is concerned, we can have the Senator present.

Mr. Harrison: I would not care to speak for Senator Owen, because I do not know what argument he will make.

The Governor of the Board: I think it would be better if you both see him, so I think we can consider this is now adjourned until you see the Senator, and we can convene again tomorrow morning or afternoon.

Mr. Huff: I can say to the Senator, can I, that it will be perfectly satisfactory to you gentlemen to follow a written argument.

The Governor of the Board: I think we would not object to that, if the Senator cares to do that.

Mr. Huff: In a week or ten days.

Mr. Harrison: I think the chairman's suggestion that the stenographer be present and take it down would certainly meet that requirement.

The Governor of the Board: If you see him and let us know the result, I think we can arrange it in some way.

Mr. Huff: Well, of course, if Senator Owen is to come in person and make argument, I feel the only way to answer that would be by an argument. I would be very glad to hear the argument, and I am extremely regret that I am tied up this way, so, under the rules, under the papers, I knew any kind of an argument would get through in one day, and therefore I made this engagement that I have.

The Governor of the Board: You have acted in perfectly good faith throughout, and we will try in some way to accommodate you, but if you will see the Senator, I feel sure you will be able to straighten that out in some way.

Mr. Huff: All right, sir; I thank you.

The Governor of the Board: We will now adjourn.

(Whereupon the afternoon session of the hearing was adjourned, to re-convene at call of the Governor of the Board.)

(The hearing was resumed at 3:15 o'clock, p. m., February 11, 1915.)

The Governor of the Board: Senator (Hon. Robert L. Owen), we will be very glad to hear from you. Let me read, before you begin, this communication from Mr. Carter, a member of the House:

"February 9, 1915.

"My dear Sir:

"Herewith I hand you a number of letters received by me on the question of the division that now exists in the State of Oklahoma with reference to the Federal Reserve Bank Districts.

"You will note that a large majority of them favor a change being made so that the entire State might be placed in one District, and I am inclined to think that it would be better for our State.

Very truly yours,

(Signed) C. D. Carter."

"Chairman,
Federal Reserve Board,
Treasury Department,
Washington, D. C."

ARGUMENT BY HON. ROBERT L. OWEN, UNITED STATES
SENATOR FROM OKLAHOMA.

I think the letter of Mr. Carter was simply written in an off-hand way, and did not intend to mean that if it might be thought judicious to place some of his account with the Dallas district, that it might not be wisely done.

When the Organization Board was charged with the duty of dividing the nation up into twelve districts, and determining what city should be the habitat of the proposed federal reserve bank of that district, it brought up a great variety of acute situations in which the ambition of States and the ambition of cities were involved, and was an extremely difficult problem for the Organization Board to work out. I was of course intimately aware of the difficulties they were meeting, and when at last they made these divisions and it was submitted to my attention that this proposed line had been drawn through Oklahoma, while I very keenly regretted it, still the Organization Board had done the best they could with an extremely difficult and involved situation, and for that reason I stated to them at the time that I would not at that time raise any issue about it, but would let the matter rest and come up in regular order before the Federal Reserve Board. It now comes up in proper order. My purpose in that delay was not because of any indifference to the matter, nor because I did not appreciate what the wishes of the people of Oklahoma were, but because if that demand had been pressed, urging the Organization Board to reconsider their view at the time, it would have made a

precedent for a great many other demands made by various cities, such as Pittsburgh and Baltimore and others that felt that they should have had a bank location, and the question of these lines would have been brought forward, and I thought it better for the existing good order not to raise the issue.

Oklahoma was settled in large measure from the north and east; first, from St. Louis. St. Louis was the first important wholesale center, and their traveling men were the first ones to come into Oklahoma in any considerable numbers, and afterwards Kansas City became an important - and a very important - distributing center, -- so much so that an observation of the map shows the connections between Kansas City and Oklahoma, beginning with the railroad just on the edge of Oklahoma, which passes back and forth across the State line at various points, the road running from Kansas City to the Gulf, the so-called "Pittsburgh and Gulf," then comes in the Frisco Railway, the Kansas City, Oklahoma and Gulf, the M. K. & T., the Santa Fe, the Rock Island, and a number of other lines, making eleven different connecting lines running into Kansas City from Oklahoma. Of course, those lines connect with various cross lines, binding them together, so that more recently Kansas City has gradually been receiving a more and more important part of our business, both commercial, financial and social. For that reason, and because the extension of commerce has been first from St. Louis, and from Kansas City, the merchants throughout our State have established their accounts in that district. The

last fifty years it has been gradually growing more and more closely connected with St. Louis and Kansas City, and latterly still more strongly with Kansas City, because of its very close proximity to our State. It is for that reason that these facts have transpired to which Mr. Harrison has called the attention of the Board, that in Kansas City you will find all the banks of Oklahoma, almost without exception, have an account. They use it as a reserve city. They find it convenient to go there, because of the interchange, --commercial, financial, and social. It has gotten to be a business center for our State. We have very pleasant relations, too, with Dallas, but they are relations more of a social character, due to the fact that many citizens from Texas, as Oklahoma was opened up, come in to find land in Oklahoma. We have several hundred thousand people who at one time or another lived in Texas. So our relations are very friendly indeed with Texas, but the financial relations with Dallas at all events are very small, except some banks established by citizens who live in Texas, and who established several small banks on the southern border of Oklahoma because they thought it would be profitable.

Now, Mr. Harrison has laid these figures before the Board, and I wish to say this to the Board, that, looking at Texas as almost a mighty empire -- it is bigger than the German Empire, -- and I think it is more fertile naturally -- it has perhaps greater natural resources, because nearly all of the land of Texas will be abundantly available for agriculture. There have been discovered in recent years, due to the activity of our govern-

ment, many drouth resisting plants, that is causing that land, even on the far west, to have great value, and those values will steadily enlarge, so that the time will come when, in my judgment, all of that land heretofore known as "staked plains" will be extremely productive. They have found the Kaffir corn and milo-maize and feterita all of which resist drought in a wonderful fashion, standing quietly by when there is no rain-fall for six weeks, and then suddenly reviving. These plants are entirely different in charater from Indian corn, which when once shocked by severe drought, does not recover. These plants will hold their own against severe drouth. Their nature is such that they do not discharge moisture within the body of the plant, but hold it firmly, and when the rain does come, immediately they spring forward and deliver the grain. It is very good corn, too, making often forty or fifty bushels to the acre.

That is a very important consideration, because it means that this vast empire of the southwest will grow larger and larger and more important in its production of great agricultural values and therefore of all commercial values, and therefore of all financial value. So that Dallas, starting out as it does with approximately five millions of capital, may expect, within a comparatively few years, to get larger and larger, and more and more important.

When we look at the public utility banks of Europe we find that there are about twenty of those banks. Even little Holland has one, and Belgium has one, though very small, not much bigger than a county in Texas ; and I call attention to that

because there might be an idea that Dallas was going to suffer some harm from allowing these clearings of Oklahoma to be taken through a central point of Oklahoma. Under the Federal Reserve Act it was provided that there should be branch bans. The State of Oklahoma, having its capital at Oklahoma City, almost in the exact physical or geographical center of the State, a city which has sprung to a population of seventy thousand people. Now with a very large commercial and financial business; with somewhere about 350 bank accounts in the various banks in the State centered at Oklahoma City, would naturally like to be allowed to clear through a city belonging to the State. They get together, -- the bankers of Oklahoma do -- in the state banking association, and these same men who are engaged in banking as directors and officers are engaged also in other business for which for their natural convenience they get together in Oklahoma City. It is a social center as well as a commercial and financial center, and these people all know each other, and they naturally feel that if there is a value to the clearings of a local character, -- a commercial value to them, an industrial or a financial value to these clearings, that Oklahoma might be permitted to have the values which their own people create, rather than to transfer one-half of the State to Dallas and another half of the State to Kansas City; and then on the theory that there is no center to the State, deprive the State of a branch bank.

I do not think it is an improper ambition at all for Oklahoma City to desire whatever of value there might be to the

local clearings created by the values within the confines of that particular State; much less is it an improper thing for the banks of the State, whose clearings are involved, to desire to have those clearings through a central point, when they are in the habit of meeting together in social interchange or business interchanges at the conventions that are constantly taking place in Oklahoma City throughout the year.

So that I think the action of the Board is a very wise one, in laying down the question, How do these banks stand about this? What do they say about it? They are intimately acquainted with every detail. They know where their exchanges go. They know where they would like to have their clearings take place. And as they have the knowledge affecting this matter in their hands, in their minds, their view ought to carry great weight; and so when the Organization Board made the first line, and I called their attention to the desire of the people of Oklahoma that these clearings should be through a center in Oklahoma by a branch bank at some time, the suggestion was made before the Board itself was organized, I believe, that the proper step to take was to ascertain what the banks felt about that, and if they preferred to go to Dallas, they should have that right; if they preferred to go to Kansas City, they should have that right. It was left in a way to them, not entirely perhaps, but their view was to be very specially considered, and therefore I advised them that the proper thing to do would be to ascertain what the banks themselves desired about it, so the voice was taken, and a

very large preponderance of them, -- three-fourths or more -- expressed themselves favorably to having the State of Oklahoma go to Kansas City, looking forward, of course, to the clearing through a branch bank at some point in Oklahoma.

Now, as far as the argument goes that Dallas could not extend the financial accommodations to the banks in southern Oklahoma that Kansas City could, I think there is great force in the argument made by Mr. Huff that Dallas, in such a contingency, might borrow money from banks in the north, where the wheat crop had been harvested, where they were collecting this money. I think there is also force in the fear that Oklahoma banks might suffer from lack of accommodation, since the cotton crop does mature, beginning on the Gulf, a good many weeks in advance of the crop in Oklahoma, where the north edge of the line of cotton producing exists. I think there is some force in the contention that it would not be so convenient for the Dallas bank to furnish this accommodation to the banks of Oklahoma as Kansas City, but I do not think that is of sufficient importance to make a very great point about it. But I think the matter of state pride is a matter that deserves great consideration. I do not think that should be disregarded entirely, and especially where there is an actual financial value involved which is created within the confines of the State itself.

Now, it is shown by the records that the great volume of our business goes through Kansas City, that all of our banks have these accounts in Kansas City. Some of the banks in Oklahoma have two accounts in Kansas City, with two different re-

serve agents, so that Kansas City shows a very great preponderance, in our banking business, over Dallas. I do not suppose that any of the banks in Oklahoma keep reserve accounts in Dallas, because Dallas has not been looked to as a supporting financial center of our section. We have a good many connections by rail with Dallas also, -- probably four or five, but about double the number with Kansas City.

The argument as to the over-night mail would apply almost equally as well to Dallas or to Oklahoma City, because it is only one night to either Dallas or Kansas City. Leaving the central part of Oklahoma, where I live, at Muskogee, we can leave there at very late at night, and get to Kansas City the next morning, and in fact we can leave Oklahoma City on the five o'clock train, the M. K. & T., and be in St. Louis the next morning, which is several hundred miles further than Kansas City; and our people have just naturally cleared through Kansas City, because of its convenience, and because a mere matter of over-night was not of great importance. The items come up over night, and they get the credit without correspondents, and that's the end of it. The correspondents get the returns the next day, and the day after.

Now, I think that's about all the argument there is in it.

In the act itself there was provision that the natural convenience and course of trade should be considered, and I think that the evidence is very conclusive with regard to that. The course of trade and the convenience of the State has been emphasized by the evidence submitted here as showing that Kansas City

was our natural center. People seek the place of their own convenience, and the fact that they have gone there is a final answer to whether it is convenient or not. The fact that they have gone there proves that it is the most convenient place. If Dallas had been the most convenient place, they would have gone to Dallas. If Dallas had been the line from which they would naturally send their financial business, they would have gone to Dallas. They have not gone to Dallas. They have gone to Kansas City, and that's an answer that in my judgment is conclusive.

It of course is true that our cotton bales physically go largely by these roads running to the Gulf, via Galveston, and New Orleans, because it is a shorter line to tide water, but the financing of cotton shipping goes to New York, via Kansas City east, because the purchase of cotton is generally through New York, and the exchanges go through Kansas City.

I have received a great many letters from Oklahoma bankers relating to this matter, favoring Kansas City, and I have sent them all -- at least I instructed my secretary to send them all -- to the Board for the information of the Board. I hardly assume that you gentlemen would have time to read that volume of letters coming in in that way, because you have other cares besides the reading of these letters, but they unanimously -- I do not recall any letters I received favoring Dallas.

Now, I do not think there ought to be any pride of opinion about these districts. The Federal Reserve Organization Board had an awfully difficult problem to solve, and they did it the best they could, and when they made that decision, I acquiesced

in it without any delay, giving them to understand I would bring it up in an orderly way, and I am very sure they have no pride of opinion about this. I do not think they care one way or the other about it. I do not think it will do Dallas the least harm, because the Dallas district is a gigantic district any way geographically, and it is a district which more rapidly than ^{any} other part of the United States is developing. All that country down in the extreme southwestern part, down in that Brownsville country, on the Rio Grande, is one of the most magnificent productive domains in the world, not only by the irrigation that is possible from the Rio Grande, but there is underground water there that sweeps in from the latitudes above, and gives artesian water over much of that country; and it is a very rich soil, worth three or five hundred dollars an acre any time.

So Dallas has an imperial domain of its own, and there need be no jealousy on the part of Dallas, as she will never the less have a very great bank, and which will grow greater as the years go by. The Dallas bank will be as great as the people of Texas could desire.

Now I do not think of any other thing I should take your time to present. In brief, the people of Oklahoma have showed by their acts that the line of business convenience for them has taken them to Kansas City, because their accounts are with Kansas City, and are not with Dallas. The course of trade is shown to be with Kansas City, and not with Dallas, and as the purpose and spirit of the law are to be observed, I think that our claim is very strong that the people of the State should be permitted to go ^{to the} City where they have already been accustomed to go, and that

they should be allowed to have a situation where the contemplation of the reserve act for a branch bank might be carried out as to the State of Oklahoma, because if one-half the State goes south, and one-half the State goes north, obviously there would be no sufficient justification to demand a branch bank in the State at all.

Now I thought in the drafting of the federal reserve act that in reality it was not originally meant to follow those state lines, that the question of convenience of trade should be the controlling factor, rather than state lines, and I think so now. I think those fifteen or twenty banks,--whatever the number is that desire to go to Dallas -- I see no reason on earth why they should not be permitted to go, nor do I see any urgent reason why county lines should be divided because under the system as it has existed all these years in America, the First National Bank of Muskogee, for instance, has a reserve agent in New York, and the Arundle National Bank has a reserve agent in Chicago, and the Commercial National Bank an agent in St. Louis, the Third National in Kansas City, the Reserve National and other banks the same way. They take their reserve agents where they please, and nobody's disconcerted by it. You take the banking encyclopaedia here, these correspondents of every single bank running down the page,--it does not create any confusion. The bank ~~ixakfxkxixk~~ does as it pleases, and there is no difficulty about it at all, so that if these counties are cut out, just by county line, we have no objection to that especially, but I think that this dividing line ought to be made in ac-

cordance with the overwhelming wishes of these people, and I thank you gentlemen for the courtesy of your attention.

The Governor of the Board: Senator, I was asked by a member of the Board to ask you as to what in your opinion is the meaning of that clause in Section 2, "The determination of said Organization Committee shall not be subject to review except by the Federal Reserve Board when organized." That is the word,-- "review." Does that mean that we are to review a record of the Organization Committee, or does it mean that we are to take up the matter entirely anew, as if we were a separate organization?

Senator Owen: My interpretation of that language is that it is to review the action and not the record, because nobody knew where this line was until announced. How could there be any primary presentation of evidence upon a situation that was not known until after it was determined? And when you consider the task that the Organization Board had before them to draw these lines and to draw them rapidly, because they had to go all over the United States, three thousand miles long, and fifteen hundred miles across, it was obviously impossible for them to put a microscopic examination on the evidence as to proposed plans here, there and yonder. They did very well indeed, to get out of it alive! (Laughter) And evidently a review must mean a review of their action, not a review of the evidence, because you can not submit evidence on a case not known. If Oklahoma had known that that line was proposed, and Oklahoma had presented this evidence, and had had a hearing upon such a division, then it might be, properly contended that Okla-

homa should be committed to the original record, but to confine Oklahoma to a record which is impossible to be made, is asking the impossible, and no one, I think, will really wish to do that.

I will be glad to answer any questions any of you gentlemen may care to propound.

The Governor of the Board: Does any one care to ask any questions?

Mr. Harding: The cotton crop in Oklahoma is largely exported, is it not?

Senator Owen: I do not know. I think much of it goes to North Carolina, but am not quite sure of that.

Mr. Harding: Does the transportation of that cotton south through Texas -- is it just a matter of convenience to Dallas or other points?

Senator: No. Well, I thank you gentlemen.

Mr. Delano: I would like to ask a question: The act shows this language: "The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all."

Senator Owen: Yes.

Mr. Delano: You understand that leaves it discretionary with this Board to determine how extensive these readjustments might be?

Senator Owen: I think it does.

Mr. Delano: Suppose, for instance, we chose to make dif-

ferent alignments other than suggested? For instance, in this case, on petition, would we have the authority to do it?

Senator Owen: You would have the authority.

Mr. Delano: On our own knowledge of the conditions?

Senator Owen: Or any other district. The intention was to give the Board the power of the government itself in dealing with this system, and so far as it would be expedient to do, and as the law indicates.

The Governor of the Board: That is the general power of re-districting would point to the future?

Senator Owen: Yes.

The Governor of the Board: -- whereas the power to review would refer to the past?

Senator Owen: Yes, sir.

The Governor of the Board: So ten years in the future, if we want to redistrict, we may?

Senator Owen: Yes; you would still have the right in the future to change these lines.

Dr. Miller: Would that extend ^{to} the power of reducing the number of districts?

Senator Owen: The law gives twelve districts. I think that it would extend even to the power of reducing the districts. I am speaking now merely of the power.

Dr. Miller: Yes.

The Governor of the Board: We are very much obliged to you, Senator, for coming.

ARGUMENT IN REBUTTAL BY MR. CHARLES C. HUFF, COUNSEL FOR RESPONDENT.

Gentlemen of the Board: I desire to be heard on just the two questions asked the Senator, As to the question of review, the Senator said that means that this is a trial de novo. Well, I think that's the first time it ever occurred to anybody it was, because the Board came to make its rules - regulations for the appeal specifically provide you shall refer to the testimony taken before the Organization Committee. Now we have tried -- scrupulously tried -- to try this case on that testimony, to present the matter on a review. That's what it means;-- a trial de novo is no review, but a new trial. And while Oklahoma has seen fit to go out and get letters and statistics, when it came to answering this brief, we looked at your regulations which said that you shall refer to the testimony on the record taken before the Organization Committee, and refer to it by page, and on that we have scrupulously tried to act. Now we would be at an entire disadvantage if they can come in here with other statistics taken here and there over the State of Oklahoma. We had no opportunity to see them. We had no reason to believe that that testimony would be considered, and then to be presented with the question that this review means to try this case **over** anew, without one side having any opportunity at all of presenting testimony, is a surprise and not entirely just and fair.

Now, the Senator, I am quite sure, meant to give you his best information about the cotton export and moving of the crop not

being financed in the South, but his mistake in that matter, I think, is purely because he had not looked into the question. Now in this record taken before by the Organization Committee, there was a statement on page 123 showing the cotton area of the South, and the cotton area in Oklahoma. Now it said:

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"Dallas cotton buyers have salaried men covering all sections of Texas, Oklahoma, Arkansas and Louisiana, and paid out for cotton last year approximately \$92,000,000, and approximately \$80,000,000 of this cotton was financed directly or indirectly by the Dallas banks."

Now that's a record before the Organization Committee. That refutes the gentleman's statement that it was financed in the east. Now that's the only testimony that we thought that the Board would consider. I should have gotten up additional testimony. Just look, gentlemen, just for a few moments, at what a short change has made in these banks. Now it appears in the brief of Oklahoma bankers, and it appears from statements made by Senator Owen, and these other gentlemen, that three hundred some-odd banks signed protests, yet this bank has not been in operation but three months, and they were forced to exclude five counties because twenty-eight of those banks had already gone on record as wanting to stay in Dallas. They have also, a gentleman informed me today, written a letter to this Board, saying they wanted you to exclude from this petition any names from Johnson County, saying just as Mr. _____ said in his letter, that they rushed into something before they knew anything about it, and that we should work this thing out.

Now, Senator Owen made a very pretty and logical argument.

But you follow that argument to its conclusion, and you have not but one bank, gentlemen. If, because Oklahoma banks had done business in Kansas City, you are going to cut off this portion of Oklahoma, and send to Kansas City, then what will you say to New Mexico? What will you say to Arkansas? What will you say to Louisiana? What will you say to Mississippi? -- who have done no business in Georgia?

It was a practical impossibility for anybody so to arrange these districts as that they would necessarily follow the lines of bank accounts. Now bank accounts do not mean trend of business. These gentlemen can go and do business in Kansas City. They have open market facilities there, if they want, them. Yet at the same time it would be a distinct advantage to them to have another facility to their South, where their products are sold, and where all their products are shipped.

Now, in one letter in this brief -- and there are only two additional statements of fact, gentlemen, in this entire brief of the Dallas bank. It is based entirely on the record made before the Organization Committee. In two instances, because these gentleman had tried to make it appear in their petition that the commerce flows north from Oklahoma, -- I got a letter from a cotton broker, and a member of the New Orleans Exchange, in which he thought ninety per cent of the cotton raised in southern Oklahoma was shipped into Texas, and most of it was financed that way. I got another letter from Mr. Hill, who is one of the biggest grain dealers in the Southwest, stating that about ninety per cent of the surplus of all the grain products raised in south-

ern Oklahoma were either sold in Texas or Louisiana. That's where they were sold, or that they were shipped out through the Gulf points.

Now, another thing: If, gentlemen, the trend of commerce were to the Gulf, as these gentlemen state it is, on account of the favorable rate in that connection, then the trend of imports necessarily is through the same way. It comes to Galveston, New Orleans, from the Gulf, and not the railroads into Oklahoma,-- the heavy freight--and that's apparent even from their own brief that the imports taking water rates come right in through the State of Texas -- all of it that comes in this territory. Of course there is a great deal of force, if you do not stop to consider, in the gentleman's argument that the banks --what the banks say ought to control, but if that's true, gentlemen, if what the banks say is going to control, then you have not a district in this United States that will stay hitched. By the same process you will detach Arizona and New Mexico from this Texas district; you will take Louisiana and Mississippi from your Georgia district, and so on all through the line, until when you get through trying to follow the whims of the banks, you will not have any districts.

Now, I differ from Senator Owen as to what the word "review" means. It is nothing but a bill of review. It's found in the statute. You can not put a new construction on it now, because that would suit somebody that wants it that way; but that word "review" means just what it says, that you have got to take this record which is already made, and you have got to put

the test of reason to it, and see whether these districts shall stand, or whether the error of the Organization Committee was such a gross one as that you would feel warranted on that account to set aside that opinion of the Organization Committee. And unless you do that, if you are going to try Oklahoma's case on new testimony, presented for the first time on this hearing, and hold the Dallas bank down to the record, then, gentlemen, there is nothing for us to answer. We cannot find out what's in their mind. We have not the letters; they were filed with you. We have not the data. We wrote a letter up here and said, Why, this petition is replete with statements and data that we have never seen. We understood from your rules that this case was to be tried upon the record made before the Organization Committee. A letter came back and said, You understand the rules correctly. And the testimony will be found, giving the address where I could get it, and at the same time the secretary was instructed to send out a record, copy of which was filed, from which we were to answer this petition. Now, when you come up here -- we are answering a set of facts that the Organization Committee had. We never saw their set of facts. We never had an opportunity. We did not know the Board wanted us to go over there and get letters and statements. I have lived right on the border in southwestern Oklahoma myself for several years. I think, gentlemen, that as to the question of that portion lying next to Texas, -- all these banks may have done business in Kansas City, and yet the fact remains that those people do busi-

iness in Texas.

Now, in this record, taken from the Organization Committee's record, it shows that the Dallas merchants have accounts of some -- 28,000 accounts -- in Oklahoma. Of course that means all the State of Oklahoma. Now the gentleman yesterday said there are not that many merchants over there. Well, it does not take a merchant to have an account. Gin manufacturers, or any other business men may have the accounts; and that testimony -- that's the testimony that we were asked to prepare our reply upon.

Now if the Board is not going to consider that, if this Board is going to say,--All right, the law says "review," and "review" means to look over what somebody else has done, yet we say that in addition to "review," we will take some letters that you have never seen, and we will try this case, we will try your rights upon a statement of fact that you never saw, that you had no opportunity of seeing, and which our own rules do not say that you shall try it upon!

I feel, gentlemen, -- but of course I personally have no interest in this matter -- I feel that this law is absolutely on trial. While there was some prophesying done yesterday, and while Senator Owen believes that it will be probably all right to cut these lines asunder, and to begin thus early, before your bank's in operation, before the officers of the bank really have an opportunity of getting acquainted with the member banks,--that to do that, now, to absolutely disrupt these districts at this time, would be the most serious blow this law

could receive from any source, and that the law is useless, and that its purpose would be defeated by its own friends.

Now I recognize that the Oklahoma bankers feel that the case is weak, desperate, else they would not have asked Senator Owen to leave his duties in the Senate and come down here in an effort to save a weakening case. They have had more talent on the firing line and in reserve than I had expected to see, but, gentlemen, be that as it may, the facts can not be changed, and that is, that every part of this territory tributary to Texas raises the same products, is the same character of territory as Texas, and that if you will let six months pass, every bank, or the majority of the banks, as they are doing now, getting over in line, will say to you, just as this man said from _____,--I wanted to go to Kansas City, but we rushed in to something different; we knew something about it, and just a little time will work all these things out, whereas to disrupt these districts now will mean a continuous disruption of all the districts in the United States.

I thank you gentlemen for listening to me so courteously, and for giving me the opportunity of speaking to you.

Mr. Harrison: Regarding new matter, an examination of the Dallas brief and our brief will show that all the new matter which is pertinent to this case is already answered in the Dallas brief, and the references in our brief to additional letters and testimony, etc., has not been even mentioned at this hearing in any way except by counsel for the Dallas bank. In

other words, it has not been put into force here at all.

Our statements at this hearing have all been based on matters which are amply and fully set forth in this petition, without any reference to the additional matter to which he objects, and it is perfectly satisfactory with the members of our delegation that all that matter that the Board does not wish to consider it, shall be excluded entirely. That is, what he calls new matter. Take the facts set forth in our petition fully, and consider those facts, and never mind the other letters which he says he has not been able to see, and which are referred to in a general way. If we had published them all here, we would have a record larger than that banking encyclopaedia on the table. We do not feel it was necessary to do so.

Regarding these letters of Mr. Carter, my attention was called to them just while he was speaking, because an examination of some of these letters will show, I think, all but one of the banks from the five counties which we have excluded, that replied to Mr. Carter's letter, contained here,--Mr. Carter has a copy of his letter to the banks, and their replies, and the replies from all but one or two that gave any reply, from those five counties, prefer to go to Kansas City.

The Governor of the Board: Did they ever send written letters?

Mr. Harrison: Yes, I will explain that. These were written before the district was organized, and Mr. McKinney was elected a director, and one of these letters which respondent has named --from the same bank named there as protesting against the

change, has one of the strongest letters here, stating that all their business goes to Kansas City. I refer to the letters from I _____ and other towns from _____ County.

Well, it will take too long to go into them, but it is of interest along this line. Take before the peculiar condition arose of Mr. McKinney being elected a director of the bank, and these bankers expressed themselves that their business went to Kansas City, even ⁱⁿ those five counties that have been excluded.

As to the financing of the cotton crop, it was said five millions was paid for by the Dallas banks.

Mr. Huff: Eight million.

Mr. Harrison: Eight million dollars; well, the fact is the money comes from the east. Take Anderson & Company; every draft they draw is on Philadelphia; they never pay on local banks. It is to be had through the banks, but is not Texas money. The cotton goes through the Gulf to the ports, and is consumed by the mills. It is paid for by north and east always, not Texas money at all. I believe that is all.

The Governor of the Board: We will take this under advisement.

Mr. Harding: I want to ask a question upon the matter of review. If we are going to review evidence, and are not reviewing facts in this case, then there must be some evidence on the question of this boundary line. Now, is there not evidence on that, or has there not been?

Mr. Huff: Yes, sir; at the Kansas City hearing they took

testimony as to the trend of business. When they got down to our territory, they took testimony again on the trend of business. Oklahoma business men testified -- Mr. Mott, who is here, testified for Kansas City as to the trend of business, and said cotton was financed probably mostly in the east, -- New York and Boston for the present, and at that hearing the Oklahoma side had its inning, and the testimony as found in the record was taken.

Mr. Harding: But I can not find, -- it has been some time now since I looked over it -- that at that time it was in contemplation to establish the boundary line such as was determined on. If there was not any such boundary line in contemplation, was there not evidence on such a boundary line?

Mr. Huff: Well, of course, at that time there was no notice given as to where the lines were to be. At each one of these hearings, and especially at the Kansas City hearing, Mr. McAdoo asked witnesses from Oklahoma the following question. He says, "Where do you prefer to be?" And they said, "Kansas City or St. Louis." Then he asked, "How would you like to go to Denver?" One said, "I had not thought Denver would get a bank. Denver would be all right as one of the second or third choices, but the first choice was St. Louis." Mr. Robinson here, when he was asked his first choice, said it was St. Louis; his second choice was Kansas City, and his third choice was Houston. So that you will find all over ^{that} record, when references were made by witnesses as to which way they wanted to go.

Mr. Harding: That was on the supposition that the State of

Oklahoma was going into one district or another district, was it?

Mr. Huff: No, sir; I do not find anything said as to that. If you make the line at Canton River, where will you decide to go? There is nothing like that in the record that I can find.

Mr. Harding: I did not mean a line like that, but was there any argument or any evidence on a proposition to divide the State?

Mr. Huff: I do not think there was; I did not find it.

Mr. Harding: Well, then, of course there is not anything for us to review on that question, is there, in the evidence submitted?

Mr. Huff: Well, you have got to take the same testimony that they took, and see whether or not, with that testimony before you, you would make the same division of the line that they made.

Mr. Harding: That is your point. I thank you.

Mr. Huff: Yes, sir.

The Governor of the Board: We will take this under advisement and let you know when a decision is reached?

Mr. Harrison: I thank the Board very much for this hearing.

(Whereupon, the hearing was adjourned sine die at 4:05 o'clock, p. m.)

file date 2/10/12

ARGUMENT IN REBUTTAL BY MR. CHARLES C. HUFF, COUNSEL FOR RESPONDENT.

Gentlemen of the Board: I desire to be heard on just the two questions asked the Senator, As to the question of review, the Senator said that means that this is a trial de novo. Well, I think that's the first time it ever occurred to anybody it was, because the Board came to make its rules - regulations for the appeal specifically provide you shall refer to the testimony taken before the Organization Committee. Now we have tried -- scrupulously tried -- to try this case on that testimony, to present the matter on a review. That's what it means;-- a trial de novo is no review, but a new trial. And while Oklahoma has seen fit to go out and get letters and statistics, when it came to answering this brief, we looked at your regulations which said that you shall refer to the testimony on the record taken before the Organization Committee, and refer to it by page, and on that we have scrupulously tried to act. Now we would be at an entire disadvantage if they can come in here with other statistics taken here and there over the State of Oklahoma. We had no opportunity to see them. We had no reason to believe that that testimony would be considered, and then to be presented with the question that this review means to try this case over anew, without one side having any opportunity at all of presenting testimony, is a surprise and not entirely just and fair.

Now, the Senator, I am quite sure, meant to give you his best information about the cotton export and moving of the crop not

being financed in the South, but this mistake in that matter, I think, is purely because he had not looked into the question. Now in this record taken before by the Organization Committee, there was a statement on page 123 showing the cotton area of the South, and the cotton area in Oklahoma. Now it said:

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Brf.

"Dallas cotton buyers have salaried men covering all sections of Texas, Oklahoma, Arkansas and Louisiana, and paid out for cotton last year approximately \$92,000,000, and approximately \$80,000,000 of this cotton was financed directly or indirectly by the Dallas banks."

Now that's a record before the Organization Committee. That refutes the gentleman's statement that it was financed in the east. Now that's the only testimony that we thought that the Board would consider. I should have gotten up additional testimony. Just look, gentlemen, just for a few moments, at what a short change has made in these banks. Now it appears in the brief of Oklahoma bankers, and it appears from statements made by Senator Owen, and these other gentlemen, that three hundred some-odd banks signed protests, yet this bank has not been in operation but three months, and they were forced to exclude five counties because twenty-eight of those banks had already gone on record as wanting to stay in Dallas. They have also, a gentleman informed me today, written a letter to this Board, saying they wanted you to exclude from this petition any names from Johnson County, saying just as Mr. _____ said in his letter, that they rushed into something before they knew anything about it, and that we should work this thing out.

Now, Senator Owen made a very pretty and logical argument.

But you follow that argument to its conclusion, and you have not but one bank, gentlemen. If, because Oklahoma banks had done business in Kansas City, you are going to cut off this portion of Oklahoma, and send to Kansas City, then what will you say to New Mexico? What will you say to Arkansas? What will you say to Louisiana? What will you say to Mississippi? -- who have done no business in Georgia?

It was a practical impossibility for anybody so to arrange these districts as that they would necessarily follow the lines of bank accounts. Now bank accounts do not mean trend of business. These gentlemen can go and do business in Kansas City. They have open market facilities there, if they want, them. Yet at the same time it would be a distinct advantage to them to have another facility to their South, where their products are sold, and where all their products are shipped.

Now, in one letter in this brief -- and there are only two additional statements of fact, gentlemen, in this entire brief of the Dallas bank. It is based entirely on the record made before the Organization Committee. In two instances, because these gentleman had tried to make it appear in their petition that the commerce flows north from Oklahoma, -- I got a letter from a cotton broker, and a member of the New Orleans Exchange, in which he thought ninety per cent of the cotton raised in southern Oklahoma was shipped into Texas, and most of it was financed that way. I got another letter from Mr. Hill, who is one of the biggest grain dealers in the Southwest, stating that about ninety per cent of the surplus of all the grain products raised in south-

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Mr. Harrison: Eight million dollars; well, the fact is the money comes from the east. Take Anderson & Company; every draft they draw is on Philadelphia; they never pay on local banks. It is to be had through the banks, but is not Texas money. The cotton goes through the Gulf to the ports, and is consumed by the mills. It is paid for by north and east always, not Texas money at all. I believe that is all.

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Mr. Harding: I want to ask a question upon the matter of review. If we are going to review evidence, and are not reviewing facts in this case, then there must be some evidence on the question of this boundary line. Now, is there not evidence on that, or has there not been?

Mr. Huff: Yes, sir; at the Kansas City hearing they took

testimony as to the trend of business. When they got down to our territory, they took testimony again on the trend of business. Oklahoma business men testified -- Mr. Mott, who is here, testified for Kansas City as to the trend of business, and said cotton was financed probably mostly in the east, -- New York and Boston for the present, and at that hearing the Oklahoma side had its inning, and the testimony as found in the record was taken.

Mr. Harding: But I can not find, -- it has been some time now since I looked over it -- that at that time it was in contemplation to establish the boundary line such as was determined on. If there was not any such boundary line in contemplation, was there not evidence on such a boundary line?

Mr. Huff: Well, of course, at that time there was no notice given as to where the lines were to be. At each one of these hearings, and especially at the Kansas City hearing, Mr. McAdoo asked witnesses from Oklahoma the following question. He says, "Where do you prefer to be?" And they said, "Kansas City or St. Louis." Then he asked, "How would you like to go to Denver?" One said, "I had not thought Denver would get a bank. Denver would be all right as one of the second or third choices, but the first choice was St. Louis." Mr. Robinson here, when he was asked his first choice, said it was St. Louis; his second choice was Kansas City, and his third choice was Houston. So that you will find all over/^{that} record, when references were made by witnesses as to which way they wanted to go.

Mr. Harding: That was on the supposition that the State of

Oklahoma was going into one district or another district, was it?

Mr. Huff: No, sir; I do not find anything said as to that. If you make the line at Canton River, where will you decide to go? There is nothing like that in the record that I can find.

Mr. Harding: I did not mean a line like that, but was there any argument or any evidence on a proposition to divide the State?

Mr. Huff: I do not think there was; I did not find it.

Mr. Harding: Well, then, of course there is not anything for us to review on that question, is there, in the evidence submitted?

Mr. Huff: Well, you have got to take the same testimony that they took, and see whether or not, with that testimony before you, you would make the same division of the line that they made.

Mr. Harding: That is your point. I thank you.

Mr. Huff: Yes, sir.

The Governor of the Board: We will take this under advisement and let you know when a decision is reached?

Mr. Harrison: I thank the Board very much for this hearing.

(Whereupon, the hearing was adjourned sine die at 4:05 o'clock, p. m.)

122.5-11

file date 2/10/15

ARGUMENT OF MR. CHARLES C. HUFF, COUNSEL FOR RESPONDENT,
THE FEDERAL RESERVE BANK, OF DALLAS, TEXAS.

Gentlemen of the Board: I feel rather alone in this con-
gregation, today, with the great number of sixteen inch guns being
trained upon me. I feel like as if I could not say, in the
words of the Kaiser, that I had the right and God Almighty with
me, I would probably go down in defeat today; but gentlemen,
this law is on trial; this is no bankers' law, yet you stand up
here and say what the banks want! If this law had been passed
at the instance of the banks, but it was passed over the pro-
tests of the banks. You do not know the discussion that took
place when this law was first proposed. The bankers were
against the law; the bankers did not want this law. A healthy
public opinion whipped this law onto the statute book. When
the banks found out the law was going to be passed, then they
came in for the first time and asked to be permitted to make
suggestions, and they did perfect this law, and made it, in my
opinion, one of the greatest pieces of legislation ever placed
on the statute books. But this law was not passed, may it
please the Board, at the instance of the banks alone; but it
was passed to correct some evils that had grown up at the hands
of the banks themselves; it was passed in order to give stabili-
ty to the financial system of this country; it was passed in or-
der to keep the reserve centers in the east from corralling all

the money and the time of short crops and depreciation.

The gentleman says that my argument in the brief is largely technical. Well, now, of course that is a good deal in training. You have, as members of this Board, made some rules which you have said were going to be followed in appeals of this kind. One of the rules was that a petition must be signed by two-thirds of the member banks. Now those rules were promulgated on August 28, 1914. My objection was,--and it's technical, but it goes to the very foundation of this proceeding, if the rules have been made,--my objection was that this petition was not founded upon a petition prepared in accordance with these rules, but showing that after the Organization Committee's report of the lines were made public, that banks, at the instance of Mr. Harrison, sent in protest slips. Now, let's see if that is not correct, as found by Mr. Harrison's own letters, away back in April:

Now, the first one is this:

"THE OKLAHOMA BANKERS ASSOCIATION.

Office of the Secretary,

Oklahoma City, April 7, 1914.

"TO C. B. A. MEMBERS IN DALLAS DISTRICT.

Gentlemen:

Without presuming in the least to dictate in the matter of the regional reserve bank districts, we feel that another letter at this time will be welcomed by you, in view of the many urgent letters and telegrams we have received."

Now that is on April 7, 1914.

(Continues reading:) "The writer has much information which it is impossible to convey in a letter, but the main point is: After communicating with Senators Cwen and Gore, all Oklahoma's Congressmen, and after consulting with bankers in Kansas City personally and canvassing the situation as thoroughly as time has permitted, we are convinced that there is a reasonable chance, by proper activity, to get Oklahoma placed in one regional district.

"As for a branch bank, the administration forces are inclined to adopt the policy of placing branches only where there are not overnight facilities for handling business. Under that policy, and the Districts as now framed, every city in Oklahoma is barred from obtaining a branch.

"Our information is, that 95% of the Oklahoma banks that have been placed in the Dallas District are very much opposed to this arrangement. We ask that any bank that is contented to remain in that District, please write us at once. All others should fill out the enclosed form AND RETURN TO THE WRITER (Do not mail it to Washington. This is VERY IMPORTANT AND SHOULD HAVE YOUR IMMEDIATE ATTENTION.

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"Further suggestions will follow developments.

Very truly yours,
(Signed) W. B. HARRISON,
Secretary C. B. A."

Now, that's the first letter. That was before these rules were promulgated.

Here is the second letter, just a week later:

"THE OKLAHOMA BANKERS ASSOCIATION.
Office of the Secretary.
Oklahoma City, Okla., April 13, 1914.

"TO THE BANK ADDRESSED:

"We have not as yet received from you one of the signed slips like the enclosed which we mailed you a week ago and asked to be returned immediately. This is exceedingly important, and we can not put too much stress on

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Brf.

the necessity of hearing from every Oklahoma bank in the Dallas District at once definitely. If you want to be in the Dallas District, please state that plainly. If you do not, sign this slip today, and mail to us, unless you already have one in the mail.

"We admit that there is only a fighting chance to get the District changed, but we have good reason to believe it can be done. Today we have received from Washington a signed statement by a high government official, whose support means as much to us as that of any other man, saying he thinks this change can be made if the banks will all sign the protest.

"It is very important to not only send this in, but to wire your Congressman and Senators, unless you have already done so. Let them hear from you direct in protest against the lines as at present formed, if you feel that way about it. . . . "

(The letter was signed by W. B. Harrison, Secretary, C. B. A.)

Now, the point I make is this, that these protest slips were not made and not filed in response to this procedure, but were made and filed immediately after the announcement of these lines. I do not know what the procedure was at that time. I can not understand it. They were urged to "see your Congressman and to wire your Senator." I suppose at that time the Board had made no regulations with reference to the matter, and yet certainly those slips which were sent in to be directed to the delegation in Congress and Senators were not made as a protest to ~~be~~ base a petition on hereafter, because that was two, three, four months before the rules were promulgated, upon which this petition could only stand. Now, my position is that under this procedure laid down by you, that this petition has never been followed in accordance with your rules.

Now, another position I take with reference to this mat-

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ter is that, under the statute, under the law creating these banks and this Board, this matter could only come before the Board called as a review, -- a petition for review. Now, of course they may say I am technical. Yet the well recognized rule of law is that where you are simply reviewing the action of some other tribunal, that you can not change it, except on an error of law, or where the finding upon the facts was so erroneous as to result in a miscarriage of justice and fraud.

Now, it says that "the determination of said Organization Committee shall not be subject to review except by the Federal Reserve Board when organized . . ." -- no other tribunal could review it, and they could only review it as a question of review of the finding of the Board -- Organization Committee, rather -- upon the testimony taken on the hearing. Now, gentlemen, I will submit to you that in this entire brief filed by the gentleman from Oklahoma, there is not one reference to one line of testimony taken upon the hearing before the Organization Committee. The Organization Committee did not send any boys out to transact this business. The Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency went themselves in person to every district in this United States. They saw the people; they came face to face with them; they got their opinions; they had the hearings; they saw the conditions upon the ground; and after seeing those conditions they made these findings, created these districts as they are now, and under the law, -- while it may be technic-

H-e

al, yet under this very law this Board, as a legal proposition, has no right to upset the finding of that committee unless there be an error in law or unless the finding of the committee is so erroneous as to amount to a fraud upon the district as formed.

I do not believe any gentleman following me will controvert that well-known proposition of law.

Now they say "You are technical." Well, now, if I am, you permitted it; you invited it. "At all hearings hereunder, all questions of fact, including jurisdictional and powers of the Federal Reserve Board, may be argued." Now that may be technical, but, gentlemen, when you come to consider it, you are an appellate court; you simply have to take the testimony as introduced on the hearings. All of these letters from banks in Oklahoma, about the conditions of business,--all of those letters amount to nothing if you are going to try this case according to your own rules. That whole brief, when you consider it, has to go out, because none of it is founded upon ~~the~~ a single syllable of testimony taken at these hearings. It is not a trial de novo, but it is an appeal; it is for the purpose of determining whether or not the first -- those three gentlemen who went into every part of this country, and who saw and heard every word of testimony, who made maps, who got the opinion of the people on the ground for the purpose of seeing whether those gentlemen made such a serious error of fact as to warrant you in saying that this finding of fact they made as to these districts was so very erroneous that we will have to over-

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turn it, because it amounts to a question or a matter almost of fraud upon the district as formed.

Now, gentlemen, another thing: When these protests were first filed, it was said that they were being filed because the State of Oklahoma was being divided. Now listen here: This is what Mr. Harrison himself says:

(From letter written by W. B. Harrison to O. B. A. Members in Dallas District, dated Oklahoma City, April 7, 1914:)

"*** we are convinced that there is a reasonable chance, by proper activity, to get Oklahoma placed in one regional district. ** "

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Now, the point I make is this, that when they sent out these protests from Harrison's office in Oklahoma City, to be signed by these banks, the point they had in mind then was that all of Oklahoma was to be transferred to Kansas City. Now let's see why that was not done. There are thirty banks in the five counties that they have excluded from this petition. On file with this brief, and on file are letters from twenty-six of those banks saying that they want to be in the Dallas district. Since that time there have been letters sent in from a bank in Hugo to the Federal Reserve Board, a copy of it being sent to Dallas; another letter addressed from the First National Bank at Durant, making twenty-eight of those banks in those five counties that said they did not want to be in Kansas City, but they were aware they wanted to be. Now, is it not absolutely as apparent as the nose on your face that when these gentlemen got to feeling around down there for the purpose of getting up a petition, they ran across five counties that they could not

H-g

jar, and they said "We will exclude you gentlemen, and we will divide the State of Oklahoma ourselves in another way than the division of the Organization Committee." Now, they say to you, the very first try out of the box, "We want to get all of Oklahoma into one district"; yet, gentlemen, when they went up against the five counties down there where there were twenty-eight banks, they said, "Oh, no; we don't want to go to Kansas City; you can not transfer us across Kansas into Missouri. We want to stay in Dallas." Then they did some dividing themselves. They made another division of the State of Oklahoma, and they pay a very nice compliment to Mr. McKinney in their brief, because they say "He is up there, and we don't want to transfer him or this territory away and therefore cause him to lose his job." Well, the law takes care of him. There was no reason for doing that, but the point I make is this, that on file with this Board are twenty-eight letters from those counties which absolutely say they do not want to go to Kansas City, and they are not going to Kansas City, if they can help it.

Now, gentlemen, if you had included those thirty banks and tried to get a petition, that gentleman knows, they all know, that you could never have, by any kind of figuring, scared up your two-thirds. Now, let's see: He says a list of these banks was received; I got it from the books in the Federal Reserve Bank in Dallas; but there are 166 banks. Now, three-fourths of them admittedly, by their own petition, never did file any protest. Thirty of them are excluded, making 66; 23 wrote letters either say-

H-h

ing that they did not want to be transferred or that they felt that no action should be taken now, which would make 86 out of the 166, which would show that one-half of the banks down there really were not behind this movement.

Now, he says, gentlemen, that some of those banks have since written other letters. Well, all I can say is they saw them last, since we did. These letters, he says we ought not to use them. I do not know. I do not think there is any breach of faith. Mr. Wells wrote them, and said he was interested in knowing the feelings of these men, and the letters were in reply to those letters of inquiry.

Now, he takes up Mr. ~~Wood, of Altus~~ Wood's letter,--Mr. Wood, of Altus. Here is what Mr. Wood said just on December 24th. He says,--

(Letter signed by J. T. Wood, President of the City National Bank, Altus, Oklahoma.)

"Regarding proposed change of Southern Oklahoma banks into Kansas City District:

"I deem it unwise at this time to make any change; in fact, we are very well pleased with Dallas. Should a majority of Southern Oklahoma bankers favor Kansas City, the change could be effected at some future time. * * * "

That is what he said just on December 24th. Here is what this man from Apache says,--and right here I will say I have seen another letter from him, and he does not want to be in any district; he does not want any reserve bank. He says in the last letter I saw from him that he did not want to be a member of any reserve bank any place. Now, let's see what he says:

(Letter addressed to Mr. Oscar Wells, Houston, Texas, signed by Mr. W. T. Clark, President of the First National Bank, Apache, Oklahoma, dated August 31, 1914.)

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"I have your letter of the 29th instant, relative to the matter of making any changes in the present boundary lines of the Dallas Regional Bank.

"I would be very glad indeed to favor you personally in any way that I could, but we feel in Oklahoma that our State should not be divided, ***."

Now that's the way the Organization Committee divided it, but they contend it should not be divided that way, but that it is all right to let Harrison divide it. It is all right for Harrison to make the division if he wants to, but the Organization Committee, that made it their duty according to the terms of this law to pass on it, can not divide it; but let Harrison divide it for us! (Continues reading from above letter:)

"I would be very glad indeed to favor you personally in any way that I could, but we feel in Oklahoma that our State should not be divided, and since we have, most of us, dealt principally with Kansas City, we naturally look that way for our banking connections. I like Texas and her people, but I would have to get acquainted down there.

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(Laughter.) -- (Continues reading:)

Naturally, we are in close touch with Oklahoma City Bankers, and they are very anxious to get the lines changed. I have not heard lately of any action being taken in the matter.

"In our dealings with a Regional or Reserve Bank, I do not see that it can make very much difference whether the Bank is located in Dallas or Kansas City; however, as stated above, our business relations with Texas points have been very limited. * * * "

Now that, gentlemen, is a letter that he wrote on August 21st, in response to Mr. Wells' letter.

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Now the letter from Mr. Thurmond of December 24th speaks for itself. Mr. Thurmond simply says he did not think they ought to have any change. Now, he has since written a letter; when he found out his brother was coming up here, he had to write another letter, being cashier of the bank that his brother is president of, and his brother coming up here to get something done, he could not have a letter like this outstanding. And they say we over-reached them, but I say he over-reached us, because he went and got a later letter; and within a period of thirty days Thurmond has changed his mind and the whole thing, and something has happened within thirty days that makes him think it is all right to go ahead.

Now, the gentleman in Holdenville wrote in August, and this is what he said:

(Letter from Mr. L. T. Sammons, President of the American National Bank, Holdenville, Oklahoma, dated August 31, 1914, addressed to Mr. Oscar Wells, Vice President, First National Bank, Houston, Texas.)

"In reply to your letter of August 29th, will say that, as far as I am concerned now, I had just as soon be in the Dallas District as in the Kansas City District, for the reason that I think the Dallas District will understand this cotton condition better than any other. I think the Dallas District will fully realize what we are up against in this cotton section, and will understand how to handle the situation better than if we were in a grain or any other territory. Therefore, I am perfectly content to remain in the Dallas District."

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Now that is from Mr. L. T. Sammons, written to Mr. Wells on August 31st.

Here is a gentleman, Mr. Cross, President of the State National Bank of Hollis. He says:

H-k

(Letter from Mr. W. S. Cross, President of the State National Bank of Hollis, dated Hollis, Oklahoma, January 15, 1915, and addressed to Federal Reserve Board, Washington, D. C.)

"In regard to the proposed change --"

This letter can not be ~~said~~ subject to any objection because it is not even directed to anybody in Dallas, but is directed here and filed here. I assume therefore this one will pass without any criticism.

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"In regard to the proposed change in this Reserve District, we prefer to stay in the Dallas District, on account of the distance and connections which the mails make. We are only twelve hours from Dallas and about forty-eight hours from Kansas City."

Now, gentlemen, here's a letter I want to call your careful attention to, because it says that this man has, while he started out thinking he ought to be in the Kansas City District, thought the matter over and looked at it and feels he ought to let it alone. He says:

(Letter from Mr. Tom Wall, Cashier of the First National Bank, Poteau, Oklahoma, dated January 12, 1915, and addressed to Mr. B. A. McKinney, Federal Reserve Bank, Dallas, Texas.)

"In these days of agitation, financial and otherwise, I am becoming convinced that to "Let well enough alone" is a good axiom.

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"The strenuous effort to effect a change in Federal Reserve District No. 11, adding Oklahoma to the Kansas City District, seemed to me to be a proper procedure and for the best interest of all of we Oklahoma bankers who petitioned; and, not to be contrary, I signed the petition for this bank, like a majority. Since the matter will soon be heard by the Federal Reserve Board, I have given the question of changing, more thought than heretofore -- at least more intelligent thought -- for the reason that I now know more about the Federal Reserve Banks and their functions than heretofore, and I imagine this is true of themost of the bankers.

"Take the individual case of this bank. After summing it all up, I find our mail service to Dallas is a few hours shorter than into Kansas City. The SERVICE of one Federal Reserve Bank appears to be about the same as the other. So far as I know, the discount rates are the same. Items for credit and balances to check against seemingly are just as convenient for us as they would be in Kansas City or St. Louis. A few weeks' operation of the banks has changed my ideas concerning them.

"I do not want to be put in the position of going back on the petition I signed along with the other Oklahoma bankers, but thought would drop you a line to say that since finding out more about the modus operandi of Federal Reserve Banks, that it makes do difference to me if the District remains like it is. In fact, I believe I prefer it now, as it is.

"I have felt that the strong effort being put forth to change the boundary lines would naturally cause you to take a keen interest in the matter from a personal standpoint, and I wanted, in this letter, to express my "honest convictions" that perhaps a lot of us had rushed into something that we really didn't know whether we wanted it or not."

H-m

That's written on January 12, from the First National Bank of Poteau, Oklahoma.

Now, those letters are all in the brief. I will not rehearse those; in the brief are twenty-six letters from bankers, I have told you about, in the five counties they have excluded. There are twenty-two letters from banks listed as petitioning creditors, some of which have taken back what they wrote. There are also letters from other banks not listed as petitioning creditors. Now, those letters are all there. I will not take the Board's time to go through into the question of letters, any further.

Now, let's consider the question ~~of~~ -- they say the "vital question" in this case. This Act says these "districts shall be apportioned with due regard to the convenience and customary course of business, and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all." Now let's see, what does that mean? That does not naturally mean necessarily have to mean the banking business; it means that the States - that the lines must be so arranged as not to disturb the trade relations, not the banking relations. Now it can not be contended, gentlemen, that practically ninety per cent of the products of southern Oklahoma pass into Texas and Louisiana, say what you want to about it; but it is a cotton, corn and wheat country. It does not go north; it does not go east.

Their own brief says that it goes southwest. But they said that is not in the direction of Dallas. All right; let's see. It is not in the direction of Dallas, but southwest is in the direction of the Gulf, and that entire commerce passes right down through the State of Texas, and its Gulf port.

Now the banking business they say goes to Kansas City. If it does, it takes an unnatural trend and it does not follow its commerce. But there is a reason as to why banking business in Oklahoma ~~has~~ first went to Kansas City. Under the old law as you gentlemen well know, St. Louis was a reserve city; Kansas City was another. That condition prevailed for a great number of years prior to the establishment of any reserve cities in the State of Texas. Of course that gave Kansas City and St. Louis a great benefit over the other sections of that country, because they had to keep a part of their deposits in those reserve cities. Therefore, naturally, the business was started to Kansas City and St. Louis by a reason of this local advantage it had on account of being reserve cities, and this condition prevailed for a great number of years prior to the establishment of any reserve cities in the State of Texas; so that when Texas became a State with reserve cities, Kansas City and St. Louis had ~~the~~ already gotten the trend of the banking business. But now that business did not follow its trend. It did not follow the course of business. The bankers' business went in a different direction from everybody else's business, and yet they come up here and say to you that because, for-

sooth, they have carried some balances in Kansas City, they would have you transferred ~~and~~ from the very door of the Dallas bank territory across the State of Oklahoma and the State of Kansas into Missouri, because, forsooth, they had carried some accounts in the banks up there, and in hard times they had gotten some concessions there. But, gentlemen, what does the law mean? It means that the course of trade, that is, the course of commerce, must not be disrupted by this division. Is it a hardship to say that ~~the~~ a man can get paid for his product where it is sold; that a man can ship his cotton, his grain, and his products into Texas and Louisiana down by the Dallas bank to be paid for his products where they are sold is a hardship, and diverts the course of business? It can not be insisted, and they wont attempt to tell you; they wont attempt to tell you that the cotton, the grain, the corn, the surplus raised in southern Oklahoma, does not pass into Texas and into Louisiana, and out through the Gulf port. They will not contend it, but they ~~will~~ lay their case wholly upon the question that the bankers, the chosen class, must be favored to the disadvantage of everybody else!

Now, let's see the result. These banks have been in operation less than three months. They were open on November 16, 1914. Next week they will be in operation three months. No man on earth can tell at this good day whether the conditions that ~~here~~ they paint so horribly will come to pass or not, no man can foresee. It is highly speculative. To take any action now, however, would be a leap in the dark. Why the banks have

H-p

not even reached half of their efficiency. Their capital is not all paid in. It will take those banks three years to reach the height of their efficiency, yet in less than three months after the opening of these banks these gentlemen ask you to tear these lines asunder!

Listen to them prophesy evil, as they ask you simply to tear these lines to pieces and create some more! Now, gentlemen, of course you have the physical power to do it. You can sit down and write an order to do it. But where would that lead to? Suppose you were to say, "All right, Mr. Banker from South Oklahoma, although these banks have not gotten well started, although the Board has not even promulgated all the rules with reference to them, although we have not even fixed it so the State banks could come in, and these banks are still in their infancy, yet, at your behest, at your request, and because, forsooth, if you put all the State of Oklahoma in one district, probably Oklahoma City would get a branch bank, we will cut these lines asunder, and we will put you in the Kansas City district." Well, now, gentlemen, I say you can do it, but where would it lead to? The very instant that thing was done, every dissatisfied community in the United States would be sending by wire petitions to get transferred. Oklahoma is not the only place in the world that feels that probably they ought to have been in some other district, or that they ought to have been in the center of some district. The practical result of overturning, ~~the existing~~ ^{within} ~~in~~ less than three months, the judgment of the Organization Committee,

would simply lead to an absolute disruption of these banks. Now why would you do it? Why would you do it? They do not say the Dallas bank is not taking care of the business in Oklahoma. They say that they are prophets, that they can see into the future, and they say "We believe that when they have a big crop, the Dallas or the Texas banks would borrow all the money, and leave the Oklahoma banks without any." Now can you see that? Do you see that? That's what they see. Well, now, suppose that were to happen! This law is framed just so it would cover ~~the~~ a situation like that like a blanket. It says if one federal reserve bank has to, it can discount with another its members' paper, so that if this terrible calamity comes to pass, if the Texas bankers were to go up there to Texas and say, "Here, I want all your money to float our cotton crop," and if they were to get it all in August or September or October, and you came along in November and wanted some money, all in the world you ~~have~~ would have to do would be to take your paper and go to some bank that was not very crowded and did not have all that business, and you would just be swimming like the balance of the bunch! Now, gentlemen, I can not foresee that terrible calamity that they do. I do not catch it at all. Of course my hind-sight was always better than my foresight, but I do not believe I could see that even with my hind-sight. But it may happen. But it is not going to happen while you and I live. It may happen some time.

Now that, gentlemen, is the gist of this petition.

H-r

Now, let's see; Mr. Harrison is a good letter-writer. He just writes lots of letters! When Harrison has not anything else to do he just sits down and takes a stenographer and writes some letters! Now, I do not ~~mean~~ mind most of the letters he writes, and have only taken exception to this one. This is dated January 13. He says to the bankers in the Dallas district:

"At the request of several bankers who are anxious to have our petition granted, I am sending this letter.
* * *"

He did not say where those banks were situated, either. (Continues reading:)

"These bankers inform me that parties interested at Dallas are urgently requesting banks that have signed our petition to withdraw their plea and authorize Dallas representatives to state they wish to remain in that district. We do not know of a single bank that has complied with this request.
- - -"

Well, since they have come up here, they have found some information; they have learned something, when they got to Washington, or when they got this brief they learned something, that some of them had taken such action, and had not gone back on it either! (Continues reading:)

"We do not know of a single bank that has complied with this request. We believe the bankers of Southern Oklahoma have enough good sense and stamina to keep them from being either weak-kneed or loose-jointed at such a time as this.

"It is apparent that Dallas is considerably worried by our petition. ---"

Well now, they may, but I had not heard it; there is no rumor like that down there. There may be an under-current that is depressed, but there is no stampede on account of your petition. They are still going on, and the bank is open.

H-s

"The truth is, that they were given until January 1st to file an answer, and that on January 8th no answer had been filed, nor do we think any has been filed since. No answer can be filed to our petition which would really be an answer, because it is unanswerable. ---"

Well, that's very nice to say about his own petition, and I am sorry I can not agree with him. He pleads guilty to having written a good one, and I will grant him that honor. (Continues reading:)

"We believe Dallas is depending on political support to offset incontrovertible facts, and while it is possible political support may win, we are very willing to leave that matter to the Federal Reserve Board. We have the promise of splendid support ourselves in high political circles, and that promise is in writing. - - - -"

Well, that is kind of a reflection on the support, that it has to be in writing before they will count on it, but we will pass that. (Continues reading:)

"Our hearing will be held February 10th, and Messrs. Craig and Robertson and the writer will probably reach Washington Feb. 9. If any other bankers would like to go with us we would be pleased to know this. If any banks desire to contribute to an expense fund to provide additional representation, they may do so in any amount they see fit, and we will use the funds to the best of our ability. - - - -"

I never saw them when they would turn that down. Even Texas bankers will take a little contribution to anything. (Continues reading:)

"The most important step is for every banker who is interested to write a personal letter at once to Senator Gore, Senator Owen and Representative Scott Ferris. It is being represented to these parties very insistently that the petitioning banks wish to withdraw, and such statements should be corrected in a positive manner. Please keep this office supplied with copies of your correspondence on this subject. Very truly yours, (Signed) W. B. Harrison, Secretary."

H-t

Well, now, I have often wondered why that was. If these gentlemen had a case in the Supreme Court, they would not be writing their representatives about it, What have they got to do with it?

Now, gentlemen, he says in this letter, and this is the thing I want to take issue with him about, that Dallas is dependent on political support. No man holding public office in Dallas has even approached or talked to in this contest. Dallas has never sought to put this bank into politics. No man, no senator, no representative, no man who holds a political office, has ever been approached concerning this contest, or talked to about this proposition.

Mr. Harrison: May I explain that point, Mr. Huff?

Mr. Huff: Yes; go ahead.

Mr. Harrison: The Dallas papers stated just before that letter was gotten out that Postmaster General Burleson had made a personal visit to Dallas, and was still there, and that they expected to have a friend at court, and that was why the letter was written.

Mr. Huff: Well, of course I do not know what the Dallas paper said, but I say to you gentlemen that when this matter was first turned over to me, I said, "Don't any man connected with this bank write any man in office about this petition. This bank can not afford -- this bank simply can not afford to go into politics, and to have any man in politics taking any action with reference to this matter. And, gentlemen, that

H-u

has been the procedure.

Now the thing I am trying to explain is that this letter in stating that we were dependent upon political support is unfounded. We are not depending upon any support except the fact that the right of this contest is with the Dallas bank, and that the Organization Committee's action ought not to be overturned.

Now, gentlemen, in making this statement, I want distinctly to state I do not mean to reflect on any one. I know the gentlemen who represent Oklahoma, and some of them are personal friends, and I am quite sure that, while they may have been written to about this matter, that their interest in the matter is simply to present the facts to this Board just like it is being done in this instance, and I do not want to give an impression otherwise. But I simply want to correct the impression that has gotten around that part of southern Oklahoma that the Dallas bank was trying to rush into politics.

Mr. Chairman, do you know what time I am to ~~finish~~ run?

The Governor of the Board: Twelve o'clock.

Mr. Huff (continuing): Now, gentlemen, Mr. Harrison says that on page 54 of my brief I said the Kansas City bank was not competent to take care of the cotton situation. Well, now, I am quite sure that he did not mean to put it in that language, because I know that he would not want to mis-quote me, or to put me in an attitude or position before this Board that would not be just correct, but here was what was said:

"It is therefore apparent that the Federal Reserve Bank of Dallas, managed as it is and as it necessarily will continue to be, by a Board of Directors who have an intimate knowledge of the cotton industry, can better serve the banks of Southern Oklahoma than the Kansas City Reserve Bank, which is operated by directors and officers who, though thoroughly qualified in a general way and properly disposed toward their member banks, cannot, of course, understand the needs of a bank in a cotton growing region."

Now, gentlemen, that was ~~my~~ ^{the} statement. I made. I do not say these gentlemen are not competent. I think they are competent. But here is the situation. The Dallas bank is necessarily officered by men who have had their entire banking experience in a cotton country. They know the ebb and flow of the cotton business. They know that it is necessary to relate the credits to a certain period of the year, and the point I attempted to make was that a bank not officered by men who had had the actual, practical experience in the cotton country, would feel like probably at times that the credits were going too far, and that they did not understand the cotton situation as a banker would that was situated and manned or controlled by gentlemen who had put in their lives in banking in the cotton States. And I had not criticized and do not mean to criticize the ~~Oklahoma~~ bank. I am quite sure that the Kansas City bank is -- has officers that can thoroughly take care of any business, but at the same time it does not necessarily follow that because they have good officers, that those officers have an intimate acquaintance with the cotton situation to such an extent as that they could render the same kind and character of service as a banker familiar with the cotton situation.

H-w

Now, gentlemen, there is another thing cropped out in this contest, and I want it distinctly understood that what I am saying now is not in the way of criticism, because I recognize that whatever action has been taken has been prompted by a desire to boost the home town, but you can not escape this thing, this one thing will stand out prominent in this contest, and that is, that Oklahoma City bankers have violated the instruction of President Wilson, and are not neutral. Now, of course, that being true, necessarily it would become material to find out why it was gentlemen situated without this district, who apparently had no interest in the matter, would be unneutral, that they would not let the fight go on without taking part. Now, I do not say that they were taking part, but their own people say so. Now, here's a letter written from Kiowa, Oklahoma. This man --they do not say this fellow at Kiowa is coerced, or anything of the kind; he says:

(Letter from C. W. Crum, Cashier of the First National Bank, Kiowa, Oklahoma, to the Federal Reserve Board, Washington, D. C., under date of August 14, 1914.)

"Referring to the effort of Oklahoma City to change that part of Oklahoma that is in Federal Reserve District Eleven, from the Dallas to the Kansas City District, we are pleased with the District as made, and feel that the business of Southern Oklahoma can be best handled through the Dallas District, and desire to protest against this change being made."

There is another letter from a bank at Tishomingo; another one from a bank at Durant; and I might say that Mr. McKinney, the officer in the Durant bank, was responsible for that letter. Here's one, however, from the First National Bank at

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Frederick:

(Letter written by Mr. J. B. Beard, Jr., Cashier of the First National Bank, Frederick, Oklahoma, to the Federal Reserve Board, Washington, D. C., dated January 8, 1915.)

"It is my opinion that this movement was instigated by Oklahoma City bankers, and is being pushed on account of interests of Oklahoma City parties, and not for the welfare of a majority of bankers in the District.

"We are highly pleased with the selection of Dallas as the reserve center of this District, and hope that no change will be made in the present District lines."

Now, there are five or six letters in this file to the same tenor, and therefore I say that I am not saying -- I am not making the charge that Oklahoma City bankers have violated the laws of neutrality, but the banks in this district themselves are making that charge. See?

Now, of course, with reference to this first letter of Mr. Harrison's, where it says there will not be any bank in Oklahoma unless all of Oklahoma is put in one district, would furnish a very patent reason as to why this condition existed.

Now, gentlemen, in concluding, I want to call your attention to one or two facts with reference to the proximity of Dallas to this territory. I am going to take a few towns on the main lines of the railroad which run both to Dallas and to Kansas City on the M. K. & T.: McAlester seems to be the farthest town from Dallas. McAlester is 201 miles from Dallas, and is 316 miles from Kansas City. From McAlester, the time to Dallas by rail is six hours, and the nearest -- clos-

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est time to Kansas City is ten hours. That's by the fastest rail, Going over on the other side, the Rock Island, Purcell is the first town south of the river.

Mr. Harrison: That's on the Santa Fe.

Mr. Huff (continuing): On the Santa Fe, yes;--Purcell's ~~the~~ distance to Dallas is 206 miles; Purcell's distance to Kansas City is 435 miles. On the Rock Island, Chickasha would probably be the farthest town north on that railroad, towards Kansas City. Chickasha's distance to Dallas is 211 miles; Chickasha's distance to Kansas City is 415 miles; Chickasha's train service to Dallas is eight hours and thirty minutes by one train, and seven hours by another, and its train service to Kansas City is fifteen hours by one train and twelve hours by the next. Elk City, where Mr. Thurmond's bank is located, is 304 miles from Dallas, and it is one of the extreme towns, and 472 miles from Kansas City. On the line of railroad running from Elk City towards Dallas will be found the towns of Minnegama, Lewis, Frederick, Grandfield, and several other towns, all of which would be very much closer to Dallas than to Elk City. Going over to McAlester, between McAlester and Dallas, is found Durant, Colbert, and several other important towns that get nearer to Dallas and further away from Kansas City. Over on the Rock Island, Chickasha, between Chickasha and the Texas line, is Ardmore, Marietta, Pauls Valley, Grandfield, --

Mr. Harrison: You are mistaken; they are over on the Santa Fe.

Mr. Huff (continuing): Yes, I am; Rush Springs, Duncan, Comanche, Marlow, Ryan, Lawton Marquette, -- all of which would be closer to Dallas by a considerable distance than they would to Kansas City. Purcell is 260 miles from Dallas, and nearer than to Kansas City. Nearer to Dallas also would be even the towns of Pauls Valley, Ardmore, Marietta, and one or two others whose names I do not recall; but the point I want to show you is that you take all of that territory, over all of it, and you take the most extreme points, ~~into~~ ^{--indeed,} practically all of them, -- are about half the distance to Dallas that they are to Kansas City. You take the principal railroads that traverse that country, and that run into both Dallas and Kansas City, and those points on those roads, the farthest towns from Dallas are practically about half as far as they are to Kansas City. Now, gentlemen, they will not dispute that.

You take the time cards of the railroads. I have several; they are in my grip; and you will see it takes about half the time to go from the extreme point in this territory from Dallas and to Dallas as it would to Kansas City.

Now, if this territory does not belong properly to Dallas, if this territory, situated within one-half the distance from Dallas as from Kansas City, -- the farthest point, -- and whose nearest territory is probably one hundred miles, if this territory does not belong in the Eleventh District, then where does it belong? If, in organizing these districts, the Committee made an error, which you are going to reverse, when they organ-

H-a'

ized and established these lines; if they made an error in putting this territory right against the Dallas Bank in the Dallas district, what territories go into it, and how are you going to establish these lines?

Now, gentlemen, it is a matter of impossibility to please bankers. Why, there is not a man on earth, nor any committee of three men -- I do not believe if the Saviour himself would come down here and lay out these lines,--that would satisfy all the bankers. If it was not the Oklahoma City bankers,--and they are just as good as anyone,--if it was not them, it would be somebody else. It is just the natural American instinct to kick! (Laughter) Now in Germany, you could not do that. You might go over there in Germany, and you could not get Harrison, even in the bosom of his family, to say but what it was a good thing, and that they did right; but over here, wherever a man feels it is his prerogative to kick at something that somebody else did, it is no trouble for a bunch of bankers to start up trouble like a hornet's nest in any part of the district; and they do it all over the country. I could go down in Louisiana, and have a contest in a week; get New Orleans or somebody to start a row down there, and there would be a contest. And, gentlemen, if you put the stamp of your approval on this contest, if you take this territory situated right in the face, almost, of the Dallas bank, and transfer it across Kansas into Missouri, then, gentlemen, you have opened the flood gate, and you will never close these lines so long as the law is a law, and that is no lie!

H-b'

He was speaking this morning about some dire conditions that he could see in the future, and I assume, therefore, that you, having heard ~~me~~ ^{him} so patiently give you the evils that he can see,--that you will permit me also to do a little prophesying and a little soothe-saying; and now, gentlemen, let me tell you, suppose you were to say, "All right; you all are good fellows; you have got good fellows with you," and you say, "All right, we will just tear these lines to pieces because you want us to, and we will tear up these districts." In two years there would not be any law. If you do that, if you overrule the Organization Committee on the finding made upon the testimony, on the facts which exist in this instance, if you should do that, why you would not even get to go to meals; you would have to sit here all the time and hear contests! There would be such a rush of hot air you would have to cool off in the evenings! Everybody wanting to change their districts! Why, every city, every one of these towns that has not a bank would want one; and I would venture to say,--now, you understand, I am prophesying,--if you do that, in less than six months Harrison would be back up here saying that Oklahoma City ought to have either a bank or a branch bank; and in another eighteen months, he would say, "Let's move the Dallas bank up to Oklahoma City!" Gentlemen, you can not do it. This law is a practical law. In the opinion of thinking men, it is the best piece of legislation put on the statute books in the last fifty years; but it can be brought into disrepute so quickly! And the very people who ask

H-c'

you to do it would be the people who would bring the act into disrepute.

Now, one word as to the general effect of this law. Everybody knows that when this law is properly interpreted, and these banks are in good running order, that the conditions, such as we had in 1907, will fade as a mist before the rising sun. It is not possible. This law was enacted for the purpose of putting into these federal reserve banks the money that was properly tributary to the territory in which they were. It is very proper to keep from the eastern States a congestion of the money, and to let the money stay in the territory where the products were raised. Experience had taught that the custom that had prevailed in banking systems, and that the custom that had prevailed and had grown up under usages of the banks themselves, were not wise, and that in order to give relief to the entire people, some further legislation had to be enacted, and this legislation, my friends, was enacted as a result of this well maturēd public opinion, and this law was framed for the purpose of giving stability and of equalizing the banking facilities in the entire United States. Now you gentlemen are clothed with the authority; it is your duty to interpret this law, and to say that it does not get into disrepute. It's now backed by a wealthy public opinion; everything is in its favor. But, gentlemen, these contests, if continued, if this digging keeps on, if nothing can be done unless there is an appeal, if the time of this Board is to be taken up by harrying of bankers

H-d'

coming on here and saying because I kept a deposit once up here, five hundred miles away, therefore you must take me right out of the door of the bank I am in, and put me over four or five States into another bank; if that is going to keep up, gentlemen, it will not be long until your law will get into disrepute, and these wise gentlemen who are up here in the Capitol, who make no errors, who passed this law, and who are now watching to see its good effects, if a turmoil comes up, if contests continue, if digging keeps on, they will say, well, we made a mistake about that; we will just wipe it off, and that will be the result; and that's sure to be the result if things should happen to take a turn in two years that some of us do not expect, and if some of our distinguished statesmen that now so eloquently defend their positions in Washington should lose out, and some of the other brand should come in, and this law is brought into disrepute; it is not their law anyway; they will say, we will wipe it off. Now, gentlemen, this law, in my opinion, and that of the press, and of thinking men -- of course when I say that, I just get in Harrison's class -- thinking men have pronounced this law as one whose benefits will be far-reaching and substantial. That of course means that the law, if it is let along, if you are going to tear down these districts in less than three months after these banks start, when are you going to put up the bars and keep them up? How can you tell within three months? How can you tell that these three gentlemen who went all over this country, and heard this testimony, are in error? Why, gentlemen, it occurs to me that the

H-e'

only thing that can be done is to postpone any action in this matter until these banks have been permitted to get on a firm foundation, until they are permitted to get the strength that the law authorizes them to get, so that you may intelligently pass an opinion,--not dream conditions as they portray them to you in prophesies of dire evil that may come, but that you may determine by experience whether this committee, in its judgment, has committed an error.

And now, gentlemen, believing that this contest is not one of merit, and that this Board will commit a very grievous and far-reaching error if they should overturn the judgment of the Organization Committee, I submit this matter to you, firm in the belief that business men as you are, you will simply weigh these facts, and will not transfer us out the door of the Dallas bank territory, within the greatest distance being less than three hundred miles, to a bank four or five hundred miles away; and I submit this case to you, gentlemen, in all earnestness, believing that the action of the Organization Committee was such as it should have been, that it was best upon a full and fair hearing upon the ground, that nothing has been shown to change those facts, and that if you try this case on the same facts that the Board tried it on, if you have before you and consider simply those facts that the Organization Committee considered, and as your rules say you will consider, you will then be compelled to say we confirm the judgment of the Organization Committee, and that these lines shall remain established until experience shall have taught us that the error has been committed,

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and we will not try to prophesy and foresee error in the future. I submit the matter to you.

The Governor of the Board: You have ten minutes, Mr. Harrison.

Mr. Harrison: I do not think it will require all of the ten minutes. I would like to explain first why in our brief we did not refer to the Organization Committee testimony. The testimony before the Organization Committee,--the only testimony submitted by Oklahoma bankers, was submitted at the hearing at Kansas City; the only testimony given in that case was in favor of placing all of Oklahoma in the Kansas City district,--not one word of contrary testimony. The respondent in his brief quotes a statement from Mr. Banks', made in that case, that Dallas was his second choise, but there was absolutely no testimony submitted before the Organization Committee, requesting that we be placed in any other than the Kansas City district. Of course, there were very kind suggestions and remarks and remarks thrown out by the Kansas City bankers to prove to the Organization Committee that we ought to be in Texas, but I am speaking from the Oklahoma standpoint; therefore, we felt it was unnecessary for us to review testimony which is absolutely all one way. Not only so, but Mr. Howard of Dallas, who was the chief witness of Dallas before the Organization Committee, made this statement, on page 3236 of the record. The Secretary of the Treasury asked the normal course of Oklahoma's business, and their exchanges is with Kansas City and St. Louis, is it not?"Mr. replied,

H-g'

"Primarily, yes, sir."

On page 3241 of the same record occurs this question by the Secretary of Agriculture: "Have you any communications on the part of Oklahoma people indicating their preference?" To which Mr. replied, "No, sir."

What would be the use of our going into the testimony before the Organization Committee, when it is all one way? Our brief simply amplifies the testimony which we gave at Kansas City, and which we believed you needed to have expanded, in order to have a true estimate of this action.

As to the political elements of this, our brief statement, we were willing to submit this matter to the Federal Board without regard to politics. I will state that the banks in Oklahoma are different from Dallas, which is a federal institution, and yet represented in Washington by no one. Those banks were represented by Senator Owens and Senator Gore and the congressmen referred to, and had a perfect right to see their interests were taken care of. We have never believed politics would ever enter into this case; if we had we would certainly not have been here.

In the gentleman's argument regarding the course of trade, he said "the course of trade for the South." He has only spoken of one side of it, and has not said one word about the imports into that country, practically all of which, except the small amount which comes from Texas,--all the rest comes from Kansas City, St. Louis, Chicago, and the Southeast. It is not correct that the course is the other way; the course of

H-h'

trade is from the north and east, but the large volume of exports of cotton and freight go by reason of freight resources, to the Gulf and eastern ports.

He spoke about mail facilities, that it is two hours -- days -- from some points near Dallas to Kansas City. What difference does it make to a bank that posts its letter in the morning and the letter is delivered the same night, or whether it gets on the train immediately and reaches the bank the next morning? There is not a point in this territory where a letter posted in the afternoon will not be in Kansas City bank the next morning. It does not make any difference; over-night facilities are what we are after in the banking business.

I should have referred, in the course of the letters, to the fact that the First National Bank of Chicago, one of the twenty-two, is represented here in person by one of the directors, sent here for the purpose of speaking for that bank.

In going through the record of Exhibit A, I forgot to mention that -- I do not desire to detain the Board any longer -- we presented our argument without oratory, --no evidence to show you we could make a speech, or anything of the kind, but I do wish to say we believe we are entirely within the rules on this occasion. It seems to me it is somewhat out of line for the gentleman to come down here and say we have no right to present our petition when in the rules that are formulated by the Board it is provided that the representatives, that is, of the respondent bank, shall be given seven days in which to reply.

Our petition was filed on the 22d day of September -- or the 15th day of September. He had until the 22d day of September under those rules to file the reply. He filed it on the 30th day of January. We have said nothing about it. We are willing to give them all summer, if necessary, to get up a reply; but when they get three or four months, in which to file their reply, and then come up here and say that we have not conformed to the rules, we feel obligated to call attention to their own failure to observe the terms of the rules of the Board.

Mr. Huff: Mr. Harrison, the matter was not called to the attention of the Dallas bank until the first of January. It is not our fault.

Mr. Harrison: I beg your pardon, but I have records from the Federal Reserve Board which show it was called to the attention of the bank on the 20th day of October, but we will leave that to the record, and I will not state that is a positive fact. The law itself states, -- I think I can understand plain English: "The districts shall be apportioned, provided, -- this relative to the review, -- "The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States." We are here contending that it was not so formed; that it would be subject to review at any time under those circumstances; but are perfectly willing to abide by the rules of the Federal Reserve Board, because, under those rules the only testimony offered

here has been under the contention of Oklahoma. If you can find one iota of testimony given at the Kansas City hearing -- and the Organization Committee notified them to appear there and show where they wanted to go -- If you can find one iota of testimony given before the Organization Committee, which shows we wanted to go first to the Dallas bank, we are willing to withdraw our plea. Every man who went there made the contention we are making here today. Banking is not all our business; we have every other kind except export of cotton, and some of those products come from the east; and it was our natural location, and we should be permitted to go there. If this hearing is based on the testimony before the Organization Committee, as the gentleman contends, we are perfectly willing to have it decided on that ground, because every item of that testimony is in our favor.

I feel that our facts have been presented as facts, and there are a number of the issues which the gentleman presented which we do not think are pertinent or that this Board cares very seriously to consider; at least that is our opinion of them. We came here to present these facts. It is not a fact that the bankers of Oklahoma were against this bill. I call the gentleman's attention to the fact that the author of this bill is from Oklahoma, and is an Oklahoma banker. And the bankers of Oklahoma stood behind him in this move, and it is not fair or right to come here and contend that the bankers of Oklahoma were opposed to this movement, when we have done every-

H-k'

thing we could to have this bill promulgated, and put in force in the proper way, and we believe today we are better friends of the measure because of trying to get these banking relations transacted through their natural channels than men who would ask the government to compel banks to place their balances where they do not and never can belong, and we believe the Federal Reserve Board has sufficient experience in the banking business to know these are facts and that they have been stated as facts and can not be controverted. I thank you.

The Governor of the Board: We will adjourn until three o'clock, when the Senators from Oklahoma can be here.

(Whereupon the hearing was adjourned until three o'clock, p. m.)

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BEFORE THE FEDERAL RESERVE BOARD

In the Matter of the Petition to Transfer a Portion of
Southern Oklahoma from Federal Reserve District
Number Eleven to Federal Reserve
District Number Ten.

REPLY OF RESPONDENT

TO

ARGUMENT OF SENATOR T. P. GORE

In the Matter of the Petition
to transfer a portion of
Southern Oklahoma from Fed-
eral Reserve District Num-
ber Eleven to Federal Re-
serve District Number Ten.

BEFORE THE
FEDERAL RESERVE BOARD

MAY IT PLEASE THE BOARD:

On February 13, 1915, subsequent to the oral argu-
ment made before your Board in the above matter, Senator T.
P. Gore filed a written argument with your Board, in support
of this contest, a copy of which argument having been pub-
lished in the March number of "The Oklahoma Banker", edited
by W. B. Harrison, who was in charge of the contest on behalf
of the Southern Oklahoma bankers before your Board, under the
heading, "'Kidnapped' Says Gore".

It will be noted, in passing, that the contestants
have persistently sought, from the beginning, to try this con-
test and the issues involved in this proceeding in the public
print of Oklahoma and upon the influence of their Senators
and Congressmen rather than rest the case upon its merits be-
fore your tribunal.

Respondent would not have asked permission to reply
to this argument were it not for the fact that it was printed
and spread broadcast over the State of Oklahoma and some of
the statements therein contained are such as ought not to be
permitted to pass unanswered and are such as would tend to

create dissatisfaction in the minds of Southern Oklahoma bankers who have always and are now desirous of remaining in the Eleventh District.

In the argument made by Senator Gore is found the following language:

"Two kinds of powers are conferred and two kinds of duties are imposed on your Board by the Federal Reserve Act. Certain provisions of that law are mandatory. In their execution the Board has no choice--no discretion. It cannot consider circumstances. It cannot be influenced either by its own wishes or the wishes of others.

"The manner of executing other provisions of the Act is discretionary. In respect of these the Board can take counsel of circumstances. It may be influenced by local needs and by the wishes of those whose vital interests are affected by its action."

At the threshold, therefore, of the issues discussed by Senator Gore is found again the question, what are the powers of the Board with respect to this proceeding.

Section 2 of the Federal Reserve Act reads, in part, as follows:

"As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as 'The Reserve Bank Organization Committee,' shall designate not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal

Reserve Board, not to exceed twelve in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

"Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located."

It is therefore necessary for your Board to determine what is the meaning of that portion of the law which provides that, "The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized".

When the Board's attention was first called to this provision of the Act your Board then construed this provision of the Act in line with the position taken by respondent in this contest, and at that time took the same view of this provision of the law as the respondent has urged; and, among the rules and regulations so promulgated by the Board on August 28, 1914, is found the following:

"Petitions for review of the determination of Federal reserve districts by the Organization Committee must be signed by duly authorized officers of at least two-thirds of the member banks in the territory which the petition asks to have taken out of one district and annexed to another.

"Proceedings as to notice, filing of briefs and arguments shall be the same as for petitions for changes in the designation of Federal reserve cities, except that the board of directors

of the Federal reserve bank and not the member banks in the Federal reserve city shall select the representative to appear and answer the petition. Class A and B directors elected may act, pending appointment of Class C directors, in the selection of such representative.

"The Board will not hear testimony, but the parties will be limited to the record before the Organization Committee.

"At all hearings held hereunder all questions of law or fact, including jurisdiction and powers of the Federal Reserve Board, may be argued."

It will thus be seen that your Board construed this provision of the law simply as giving parties interested a right of appeal and limited the consideration before your Board to the testimony taken by the Organization Committee. Your rules so promulgated provided the manner in which an appeal could be taken from the decision of the Organization Committee in order that your Board might review its action.

If that provision of the law is to have any effect, it should necessarily, therefore, be construed in line with the rule of law applicable to appeals and reviews as determined by the courts of our land.

In the case of *Weekawken Wharf Company v. Knickerbocker Coal Company*, 54 N. Y. Supp., 566, 567, it was there held that the word "review", as used in Code's Civil Procedure, paragraph 779, providing that where costs of a motion are awarded or proceedings in the action on the part of the party required to pay the same, except "to review or vacate the

order", are stayed until the payment thereof, must be taken to mean to review on appeal; for that is the only method whereby a review may be had. The word could not have meant renewal of the motion or a re-settlement of the order. The word "review" means simply that the court on appeal may be asked to consider the question presented below as a ground for the determination in the order. Reference to this case will also be found in Words & Phrases, Volume 7, pages 6214 and 6215, under the heading of "Review".

The case of State of Missouri ex rel Bentley v. Reynolds, reported in 89 S. W., 877, is of service as indicating the view the courts put on the word "review", where found in statutes similar to the one under consideration. Under the law of Missouri, any action or neglect of the officer or member of a political convention or committee, or of any judge or clerk of primary election, or any public officer or board, with regard to the right of any person to participate in a primary election, is subject to review by the appropriate remedy of mandamus or certiorari, as the case may require. As bearing on the correct construction to give the word "review", found in the Federal Reserve Act, a quotation from this Missouri case is here made:

"Sec. 23. Jurisdiction of and Review by the Courts.--Any action or neglect of the officer or members of a political convention or committee, or of any judge or clerk of primary election, or of any public officer, or board, with regard to

the right of any person to participate in a primary election, convention or committee, or to register, or with regard to any right given to, or duty prescribed for, any elector, political committee, political convention, officer or board, by this act, shall be reviewable by the appropriate remedy of mandamus or certiorari, as the case may require. In addition thereto, the Supreme Court of this State, or any justice thereof, or the court of appeals having jurisdiction over any city to which this act is applicable, or any judge of such court of appeals, or the circuit court of any such city, or any judge of such circuit court, shall have summary jurisdiction, upon complaint of any citizen, to review such action or neglect. Such complaint shall be heard upon such notice as the said court or justice or judge thereof shall direct. In reviewing such action or neglect, the court or justice or judge shall consider, but need not be controlled by any action or determination of the regularly constituted party authorities upon the questions arising in reference thereto, and make such decision and order as, under all the facts and circumstances of the case, justly (justice) may require. For any of the purposes of this section, service of a writ of mandamus, certiorari, order or other process of such court, or justice or judge thereof, upon the chairman or secretary of such convention, committee or board shall be sufficient.'

"It is in the first sentence of that section that the attempt is made to subject certain acts of the election officers to review, 'by the appropriate remedy of mandamus or certiorari'. The act recognizes that the remedy afforded must be appropriate to one or the other of the writs named. It authorizes the use of either of those writs only when it is appropriate, and it does not undertake to amend the law with reference to either of those writs by giving it a function it did not before possess. Therefore, when the nature of the case is such that the common-law writ of mandamus or certiorari is appropriate, the statute says it may be used, but the statute goes no further. But Section 23 does not purport to cover a case of contested election with either of those writs, or to bring every action of the election officer under review. The language is: 'Any action or neglect of the of-

ficers . . . with regard to the rights of any person to participate in a primary election, convention or committee, or to register, or with regard to any right given to or duty prescribed for any elector, political committee, political convention, officer or board, by their act,' etc. In other words, if a party has been denied the right to vote at the primary, or denied a seat in the convention or in the committee, or denied the right to register, or any such specific right or duty given to or prescribed for him by that statute, he may have the remedy of mandamus or certiorari when it is appropriate. The next succeeding sentence, which essays to confer summary jurisdiction on certain courts and judges, is limited, also, in its scope to 'review such action or neglect'; that is, the action or neglect already mentioned."

It will thus be seen that the Supreme Court of the State of Missouri, in passing on that statute, which gave the right to review the action and neglect of any officer or member of a political convention, etc., held that the statute only authorized the court to review such action and neglect of said officer, that is, such action or neglect mentioned in the statute, and refused to extend the scope of that statute so as to make possible a contest of a primary election under the statute.

In the American & English Encyclopaedia of Law, Volume 21, page 349, First Edition, under the heading "Review", is found the following:

"A second examination with a view to amendment; reconsideration; revision. Used more particularly to designate the examination of a cause by an appellate court, and the second examination of a proposed public road by a jury of viewers or, as they are sometimes called, a 'jury of review'. In the first sense it signifies any of the different modes by which a judicial act may be revised, as appeal, writ of error, rehearing, etc."

Under the heading, "Grounds for Review", Volume 23, Cyclopedia of Law & Procedure, page 886, is found the following:

"A proceeding of this kind, for the review of a judgment, may be maintained for want of jurisdiction (that is, of the tribunal rendering the judgment or decision), for the insufficiency of the complaint to show any right of action, for error of law committed by the trial court, for material new matter discovered since the rendition of the judgment, for fraud practiced in obtaining the judgment, or where the judgment was taken against the party in consequence of surprise, mistake, inadvertence or his excusable neglect, or to correct a mistake in the form of the judgment, but not on account of matters which may have been pleaded in defense of the original action, nor merely on account of a conflict in evidence."

The action of the Federal Reserve Organization Committee in establishing the present lines of District 11 amounted to a decision or judgment. The Federal Reserve Act gave interested parties a right of review before your tribunal. That right of review, however, can only be maintained on one of the following grounds:

1. Because the Organization Committee did not have jurisdiction to make the order establishing the lines which it did.
2. For error of law committed by the Federal Reserve Organization Committee.
3. On account of material new matter discovered since the date of decision which was not known to the parties at the time of the decision.
4. For fraud practiced in obtaining the judgment of the Federal Reserve Organization Committee.

5. Because the Federal Reserve Organization Committee's judgment was taken in consequence of surprise, mistake or inadvertence, or on account of excusable neglect on the part of the parties now complaining.

6. Because of a mistake in the form of the decision promulgated by the Federal Reserve Organization Committee.

If any one of the above grounds has been shown to exist, then, of course, the Federal Reserve Board would be authorized to reverse the ruling of the Organization Committee; but it is not claimed in this proceeding that any of the grounds authorizing a reversal upon this review, which grounds are named above, exist in this proceeding. Therefore, nothing has been shown which will justify or permit your Board, in passing upon this appeal and in reviewing the judgment of the Organization Committee, to tear that order asunder and reverse the solemn findings of the Organization Committee.

It is evident that Congress had in mind, when it used the language it did use in this statute, that it should limit the right of the Federal Reserve Board to reverse the decision of the Organization Committee upon appeals, unless for reasons justifying a reversal, as shown above. Congress knew that every dissatisfied community in the United States would be appealing to your Board from the decision of the Organization Committee and asking your Board, upon these appeals, to reverse the Organization Committee's judgment and to change the district lines. Therefore, Congress specifically stated that the judgment of the Organization Committee should

not be subject to review except by your Board, and used the word "review" because of its significance, which limited your right to reverse the action of the Organization Committee to one of the grounds laid down in the law books in proceedings of appeal and review.

It is quite evident that it was the purpose of Congress to require these districts to be maintained as originally determined by the Organization Committee, unless upon review you could reverse its decision for some one of the grounds above set out and not to permit a change of the district lines until experience showed you that the lines so established by the Organization Committee were incorrectly established and should be changed.

In the same section of this law is found the following language:

"The districts thus created may be readjusted and new districts may, from time to time, be created by the Federal Reserve Board, not to exceed twelve in number."

It is evident that it was the purpose of Congress to require your Board to review only the action of the Organization Committee and not to reverse that decision unless you could do so upon one of the well known grounds applicable in passing upon this character of proceeding as a court of review.

It was for the purpose of giving stability and a sense of security to the action of the Federal Reserve Organization Committee that Congress permitted your Board only to

review its actions under the legal limitations which that word carries with it.

It was not Congress' intention, however, to require you, after these banks had been established and had been in operation a sufficient length of time to enable you to intelligently determine whether the Organization Committee had committed error, to then refrain from changing the lines of the district or creating new districts if the Board, in its wisdom, then determined, after a trial of the law, that error had been committed in the establishment of the present district lines, because Congress specifically states that the districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, showing that Congress recognized that time might determine and might show that there had been error in the establishment of these lines, and that, when that time should arrive, your Board's hands would not then be tied, but that your Board could then exercise the right of changing the lines or of creating new districts if, in its wisdom, experience had shown you that that was the wise thing to do.

It was evidently the purpose of Congress to permit you to work out the problems arising under this law in a thorough and systematic manner, rather than to permit your time to be taken up in hearing endless contests and appeals when it limited your right to act upon the judgment of the Organization Committee to your right to review its action only on appeal.

In the argument of Senator Gore is found the following language:

"I respectfully submit that there are two considerations which should control the action of the Board in the premises--the general interest and ultimate success of the Federal reserve system on the one hand and, on the other hand, the vital interest and wishes of the Oklahoma bankers who seek the transfer.

"That it is the deliberate wish of the Oklahoma bankers to be transferred to the Kansas City District is established by evidence that is not only convincing but overwhelming. That 110 national banks out of 135, reinforced by 178 state banks, should have joined in requesting the transfer leaves no room for doubt upon this point."

The fallacy in Senator Gore's position is that he desires this Board to determine this contest upon the wishes of some bankers in Oklahoma City, joined by certain Southern Oklahoma bankers, rather than to determine this contest upon the interests of the entire country and the testimony heard and considered by the Organization Committee.

It is needless to state to your Board that Dallas bankers have refrained from having anything to say whatever about this contest. From a quotation of the rules promulgated by your Board it will be seen that the directors of the Dallas Bank were required to select a representative to appear and answer this petition. This the Dallas Federal Reserve Bank did, and this is the real crime that has been committed in the eyes of Senator Gore. No Dallas banker has written your Board or has appeared before your Board in any manner which would show that Dallas desired an aggressive guardianship over its

Oklahoma neighbors. No Senator from the State of Texas has written your Board or has appeared before you in this contest. No member of Congress from Texas has sought to interfere or suggest in any manner how your Board should determine this contest. At the hearing before your Board neither of the Texas Senators and none of the eighteen members of Congress appeared before you or had one word to say with reference to this matter.

Senator Gore further contends in his argument that, because the Oklahoma bankers had established connections in Kansas City, St. Louis and Eastern financial centers, therefore the Southern Oklahoma banks should not be included in the Eleventh District but should be transferred to the Tenth District.

A careful analysis of this argument will lead to only one conclusion, and that is, that there should be no banks in the West or South, but that what banks existed should exist in New York, Boston, Philadelphia and Chicago. The bankers of St. Louis and Kansas City have done their business altogether with these cities. There is not a district created but what, in some parts of the district, there are banks that have done business in other cities than the city designated as the place of the reserve bank.

There is no use in severing any ties that Oklahoma bankers may have with Kansas City banks. Because Oklahoma bankers may have done business with Kansas City banks furnishes no valid reason why they should not be furnished another

business connection to the South and in the vicinity where all of their products are sold. It is not the purpose and object of the Federal Reserve Act to destroy banking facilities which banks have heretofore had, but to give them additional facilities, to the end that the country as a whole may have a more stable and satisfactory financial basis. Instead of injuring the banks in Southern Oklahoma in permitting the district lines to remain as they are established, the retention of Southern Oklahoma in the Eleventh District will strengthen the advantages and facilities of these Southern Oklahoma banks and will inure to their substantial benefit rather than to their detriment. If they have connections in Kansas City they can retain their connection and, in addition thereto, they will have a stable and satisfactory connection in that portion of the country where the entire products of this part of Oklahoma are sold.

Senator Gore takes issue with the statement made, to the effect that Dallas wholesale houses carried, at the time of the taking of the testimony by the Organization Committee, 28,000 accounts with merchants and business men in Oklahoma, and claims that there are only 22,000 merchants in Oklahoma. This testimony was taken before the Organization Committee, and is found on page 115 of the Senate Record, and shows that Dallas jobbers had on their books at that time 28,280 accounts with merchants and parties in the State of Oklahoma. It did not necessarily mean that these accounts were all with Oklahoma merchants, as there are numbers of concerns in Oklahoma carrying

accounts with Dallas merchants which are not classed as merchants. For instance, there are a great number of oil companies, gas companies, gins, cotton-seed oil mills, manufacturing enterprises, and concerns of that character which are not listed as merchants in the commercial agencies but which are, nevertheless, business institutions in Oklahoma. This testimony taken by the Organization Committee goes to show, and does disprove the statements made by the representatives of the Southern Oklahoma banks to the effect, that no business was done by Oklahoma with Texas.

Senator Gore says, in his argument:

"It is highly desirable that the political unit and the financial unit should comprise one and the same territory. It is highly undesirable that Oklahoma should be cleft asunder in the middle from one end to the other, that the veil of her financial temple should be rent in twain, that her bankers should be divided, that her people should be divided, that confusion should be made a necessity and that unity should be made an impossibility. Why pronounce such a sentence against an unoffending State?"

Evidently Senator Gore had drawn heavily upon his imagination when he saw the political unit of his State and the financial temple rent in twain. Oklahoma bankers have been doing business with Kansas City, St. Louis, Chicago, Little Rock, Fort Scott, Fort Worth, Houston, Dallas, New York, and other financial centers before the establishment of the Federal Reserve Banks, and no one claimed that the political unit or the financial unit of the State had been torn to threads nor had believed, until Senator Gore made this argument, that it

was hurtful to the State of Oklahoma to have her bankers have financial connections in nearly all of the leading financial centers. Every one believed, until this argument, that such a condition was highly satisfactory and that it was to the best interests of the State for the banks to have financial connections in all of the financial centers, yet, when the Organization Committee adds one more financial center to the list of financial connections and gives to Southern Oklahoma banks one more highly useful financial connection, the Senator from Oklahoma rises up in his might and says that such action has rent asunder the veil of Oklahoma's financial temple and was a severe sentence upon an unoffending State.

Senator Gore draws a very strong indictment against whoever was responsible for the establishment of the present district lines and calls the judgment and action of such tribunal a terrible sentence against his State. Of course, the Senator was trying to create the impression that Dallas or Dallas bankers were responsible for this sentence against his State, which he paints as being so unjust and terrible. Let us consider, however, the origin of this action which he pronounces a sentence. Who were responsible for the establishment of the present lines? The Organization Committee, composed of Mr. McAdoo, Mr. Houston and Mr. Williams, two of them members of the Cabinet and one of them the Comptroller of Currency. Does this Board believe that the action of the Organization Committee was a crime and sentence against the State of Oklahoma? Can this Board, in view of the indictment

made against these three gentlemen who compose this Organization Committee and who established these lines, thus convict the Organization Committee and proclaim, by its judgment, that the indictment so drawn by Senator Gore was in fact well founded?

The Organization Committee, by its decision in the establishment of these lines, is held up as a tribunal which has rent asunder the political and financial unit of Oklahoma and rent the veil of her financial temple in twain, divided her people politically and financially, and left the State an object of sympathy. If the Board can subscribe to this indictment, then, of course, this contest should be successful. If, however, this Board believes in the patriotic motives of the Organization Committee and believes that the Organization Committee did its duty in the best manner possible, then we contend that the Board cannot sustain this contest and cannot pronounce the judgment of worse than incompetency against the Organization Committee which established these lines.

Senator Gore further states in the course of his argument:

"It has been urged that Oklahoma City or that the bankers of Oklahoma City are responsible for this contest. This allegation is disproved by the practically unanimous wish of the entire banking fraternity of the State. But if it were true I am prepared to defend such ambition on the part of Oklahoma City. If it were so it were not a grievous fault and Oklahoma City should not be compelled grievously to answer it. Is not the ambition of Oklahoma City that the State should be a financial as well as a political unit, that the interests of

Oklahoma should be fraternized and united, that the future growth and greatness of her people should not be foreclosed or fettered, is not this ambition on the part of Oklahoma City quite as legitimate as the desire on the part of Dallas to kidnap one-half the bankers of Oklahoma, to lead one-half the State into captivity against its will and to enhance their own fortunes by the sacrifice of that of their unwilling neighbors? Could such wedlock as Dallas proposes be auspicious, honorable or enduring, dictated by selfishness and force on the one part and submitted to with reluctance and protest on the other? Should not divorce precede matrimony in such a case?

"Let us admit that this is a contest between the ambition of Dallas on the one hand and the ambition of Oklahoma City on the other. The ambition of Dallas is unsupported. There is no other weight in the balances in her behalf. On the other hand there are many weights in the balances in behalf of Oklahoma City. Her ambition, if you please, is reinforced by the united, by the almost unanimous wish of the bankers of the State. Her ambition is reinforced not only by the wish but by the interest, by the convenience, by the established customs and habits of a circle of business men whose sagacity is beyond challenge. Her ambition is seconded by the present welfare and by the future destiny of the entire citizenship of a sovereign State. Against these powerful considerations Dallas can plead naught but lust for the birthright of her brethren. I neither wonder nor complain that Dallas should desire so fair and fruitful a conquest. I am unwilling, however, that she should consummate this desire --the sacrifice of my own State and my own people."

It will thus be seen that the Senator now practically admits what was so conclusively shown on the hearing, that Oklahoma City was the instigator of this contest and had nourished it from the beginning, with the assistance of certain bankers in Southern Oklahoma.

The Senator defends this ambition upon the part of Oklahoma City, and says it is a laudable ambition, and one that should be cherished and fostered, rather than denied.

We will concede that the ambition is commendable, but, in conceding this fact, no one should lose sight of the dire results that would follow the accomplishment by Oklahoma City of her ambition in this matter.

This is not the only contest before this Board. This is not the only appeal from the Organization Committee's decision. If it be conceded that this contest should be granted because it was originated by Oklahoma City and fostered by certain bankers in Southern Oklahoma, and if the contestants did prevail in this contest, let us consider, for a moment, what would result. Oklahoma City is not the only ambitious city in the United States; Oklahoma City is not the only city in the United States that could secure the assistance and backing of bankers in its vicinity. Other cities have ambitions and have banker friends in their vicinity who would foster and assist them in their ambitions. New Orleans desires to have a branch bank and has bankers in its vicinity who would foster that ambition. Nashville desires a branch bank and has bankers in Tennessee who would foster its ambition. Pittsburg desires a bank and has numbers of bankers in Pennsylvania and in the territory near it that would be glad to cherish and aid in its ambition. Denver has an ambition to have a bank or branch bank, and has a great scope of country whose citizenship would aid it in its ambition. Birmingham naturally would prefer to have the Federal Reserve Bank rather than to see it maintained at Atlanta. All over the United States are other cities with friends to back their ambitions, and if this Board should up-

hold the indictment made by Senator Gore of the Organization Committee's work and should grant the contestants their desires in this contest, the floodgate would be opened and contest after contest would find its way before your Board and your time would be taken up in disposing of contests made possible and brought about as the result of the ambition upon the part of cities. Your banks are in their incipiency. They are all still infants and have not yet shed their long clothes. They have, as yet, been unable to procure the capital stock made possible by the terms of the Act. The officers of each of these banks are striving day and night to make the success of these banks possible and to vindicate the wisdom of Congress in the passage of this law. Would it not be the part of wisdom to let these banks work out their problems for a year or two and let them at least get upon a paying basis before the district lines are rent asunder and your Board flooded with numerous and endless contests?

Senator Gore states that the ambition on the part of Oklahoma City is quite as legitimate as the desire on the part of Dallas to kidnap one-half the bankers of Oklahoma, to lead one-half the State into captivity against its will, and to enhance their own fortunes by the sacrifice of that of their unwilling neighbors. We again call the attention of the Board to the fact that if Oklahoma was kidnapped, as Senator Gore says it was, if one-half of the State was led into captivity by being placed in the Eleventh District, then these Oklahoma

bankers and this territory was kidnapped not by Dallas, not by the Federal Reserve Bank of Dallas, but the gentlemen who were guilty of the kidnapping were the gentlemen who compose the Organization Committee who established these present lines. If the Board believes that the Organization Committee kidnapped a portion of Oklahoma and led a portion of the State into captivity to Dallas, and that, by reason of this kidnapping and this enforced captivity the Dallas Bank was established, then, of course, subscribing to that doctrine, your way is clear and the contestants should prevail. If, however, your Board does not believe that Secretary McAdoo, Secretary Houston and Mr. Williams were kidnapers and if the Board does not believe that these three gentlemen led into captivity to Dallas a portion of Southern Oklahoma bankers and fettered and bound them in this district, to the detriment of the State of Oklahoma, then, of course, you cannot decide this contest in behalf of the contestants and the ambition of Oklahoma City cannot prevail.

Senator Gore says:

"Could such wedlock as Dallas proposes be auspicious, honorable or enduring, dictated by selfishness and force on the one part and submitted to, with reluctance and protest on the other? Should not divorce precede matrimony in such a case?"

The question arises, who married Southern Oklahoma to Dallas? Did Dallas do it? Did Dallas bankers do it? Did any representative of the City of Dallas perform this ceremony which Senator Gore says is so irksome and unnatural? Who were the gentlemen who made this match? It was not Dallas citizens.

It was not Dallas bankers. It was not Texas Senators. It was not Texas Congressmen. It was no citizen of the City of Dallas; but this marriage which he protests against was performed by two eminent members of President Wilson's Cabinet and by the Comptroller of Currency of the United States. If you gentlemen believe that Secretary McAdoo, Secretary Houston and Mr. Williams should be censured by reason of their action in this behalf, if you subscribe to this accusation brought against them by the Senator from Oklahoma, then, of course, your duty is clear. You should enter a decree annulling this alliance. If, however, you believe that the Organization Committee was prompted by the highest motives, that their conduct is not subject to the criticism brought against them by the Senator from Oklahoma, that in the establishment of these lines this Committee was prompted by the desire to do the most good for the greatest number of people, then we submit that you cannot assist Senator Gore in fostering the ambition of Oklahoma City.

What has Dallas done that would justify Senator Gore in making such an argument? Here is all that has been done by Dallas: The Federal Reserve Bank of Dallas, in response to instructions from your Board, has requested its counsel to make reply to the petition of certain Southern Oklahoma banks and to represent it in this contest. That is all that the record shows that the Dallas Reserve Bank has done, and this same record conclusively shows that no citizen of Dallas has in any way sought to do anything further than

the Federal Reserve Bank of Dallas has done in response to your instructions. On the one side of this contest stands the Dallas Reserve Bank making a reply to this petition, in accordance with instructions given by your Board. On the other side of this contest is found W. B. Harrison, Secretary of the Oklahoma Bankers Association, a resident of Oklahoma City, Mr. Mee, President of the Oklahoma City Clearinghouse Association, both of Oklahoma's Senators, and five or six of her Congressmen, together with a portion of the Southern Oklahoma bankers.

The gentlemen bringing this contest charge it as a crime that the lines, as established, divided the State of Oklahoma, yet they themselves seek still a division of the State, because they have not asked that five Counties in Southern Oklahoma be transferred to the Kansas City District. There are thirty banks in those five Counties in Southern Oklahoma which are, by the petition of contestants, left in the Dallas District. There are thirty-four member banks of the Federal Reserve Bank of Dallas in Southern Oklahoma who have not, to this good day, asked to be transferred. There are one hundred sixty-six banks in Southern Oklahoma members of the Dallas Federal Reserve Bank. Thirty-four of these banks have never asked to be changed. Thirty of the one hundred sixty-six were eliminated by the parties bringing this contest. Twenty-two others wrote letters protesting against any change in the lines or stating that nothing should be done at this time, making eighty-six of the one hundred sixty-six banks

which have, in one way or another, showed that they were not in sympathy with this contest. Since that time probably eight or nine of the twenty-two banks above referred to have written other letters indicating that they desired to join with the other banks in Southern Oklahoma in being transferred to Kansas City. Some of these banks have written letters both ways, showing that they did not know themselves what was best for them. Thus it will be seen that this is not a unanimous request upon the part of Southern Oklahoma banks to be transferred to Kansas City, but that less than two-thirds of the banks in Southern Oklahoma desire a change.

Senator Gore states that one hundred seventy-eight state banks in Oklahoma desire to have the district lines changed. It is here suggested that the interests of the state banks cannot very well be considered, because these same state banks havenot asked and procured a change of the State law in Oklahoma so that they could join any Federal Reserve Bank, showing that the state banks, instead of having an interest in this matter, are either indifferent or not in sympathy with the purpose of the Federal Reserve Act.

It will be noted, from the quotation above, that Senator Gore states that Oklahoma City's "ambition is seconded by the present welfare and by the future destiny of the entire citizenship of a sovereign State. Against these powerful considerations Dallas can plead naught but lust for the birth-right of her brethren. I neither wonder nor complain that

Dallas should desire so fair and fruitful a conquest. I am unwilling, however, that she should consummate this desire--the sacrifice of my own State and my own people." This indictment, may it please the Board, against Dallas, cannot prevail, because Dallas is not responsible for the establishment of these lines. This indictment, therefore, must necessarily be classed as another of the Senator's indictments against the Organization Committee. If anybody was sacrificing the Senator's home State and his people, it was not Dallas, prompted by a lust for the birthright of her brethren. Dallas cannot be classed among Joseph's brethren. If the Senator's State and his people have been sacrificed, he cannot lay that crime at the door of Dallas or Dallas bankers. He cannot ask the conviction of Dallas at your hands for such an offense, but if such an offense has been perpetrated it was not by Dallas nor Dallas citizens; it was not by Texas nor Texas citizens; it was by the Organization Committee. If the Board believes that these gentlemen have sacrificed the Senator's home State and his people and can subscribe to this language of the Senator, then, of course, the Board cannot become a particeps criminis in this terrible offense, but must necessarily join the Senator in furthering the ambition of Oklahoma City and in loosening the bondage which binds his State and his people. If, however, you do not believe that you can convict two members of your Board and the Comptroller of Currency of this offense, if you believe these gentlemen, acting as the Organization Committee, acted for the

best interests of the United States as a unit, and were not seeking to further the lust of Dallas for the birthright of her brethren, then, may it please the Board, you cannot join Senator Gore in his charge, and must, of necessity, decline to entertain this contest.

It is apparent, from Senator Gore's argument, that he has dealt largely in imaginary grievances and has not descended to a discussion of the facts as shown by the record. He has attempted to build a straw man, in order to knock it down.

He claims that the Southern Oklahoma bankers are practically a unit in asking this transfer. This is not borne out by the record, as your Board knows. In truth and in fact there are practically as many banks in Southern Oklahoma which desire to remain in the Eleventh District as there are which desire to be transferred to the Kansas City District. A great many of the leading bankers of Southern Oklahoma have taken the position that the Federal Reserve Organization Committee knew more about this situation than the Southern Oklahoma bankers and that the action of the Committee should not be changed until time demonstrates that their action was erroneous.

On February 13, 1915, Mr. R. K. Wootten, President of the Oklahoma National Bank of Chickasha, Oklahoma, in writing to Mr. H. L. Jarboe, Jr., President of the Drovers National Bank of Kansas City, says:

"Replying to yours of February 11th, I am in favor of the Oklahoma National and other banking interests I am connected with remaining in the Dallas District, because we are already in that district and don't know, by any means, that it is to our interest to be changed.

"The Districting Board, being on top mast, located us in the Dallas District. The Dallas Bank is manned and directed by a strong set of directors and officers. We don't know at all that it is to our interest to be changed, and until we do know more for sure where we are and what is to our interest we are in favor of letting things stand as they are."

This is an expression from one of the strongest business men in Oklahoma and the President of the Oklahoma National Bank of Chickasha. A copy of this letter was forwarded your Secretary on February 18th, and is on file with the records of this proceeding.

We cite that as an instance to show the Board that strong bankers in Southern Oklahoma find the bondage of which Senator Gore complains extremely pleasing and not at all irksome. We confidently believe that if this contest is denied that within six months three-fourths of the banks in Southern Oklahoma will be congratulating themselves upon having been permitted to remain in the Eleventh District.

Southern Oklahoma bankers are doing business with the Dallas Reserve Bank pleasantly and profitably. They are now convinced that their legitimate needs will be cared for by the Dallas Bank and that they can obtain service at the Dallas Bank, which is considerably nearer than the Kansas City Bank. If this portion of Oklahoma does not belong in the

Dallas District geographically, then all of the districts have been erroneously created and your Board will have to create new ones.

The directors and officers of the Federal Reserve Bank of Dallas are in entire sympathy and accord with the purposes of the Federal Reserve Act and are in sympathy with the problems which daily confront your Board. It is the earnest desire of the directors and officers of the Dallas Bank that the wisdom of the Federal Reserve Act may be demonstrated and that they may have an appreciable part in working out the problems confronting all of the banks in carrying out the terms of this Act and in building a stable, substantial and beneficial financial system which will inure to the benefit of the entire people.

Earnestly believing that the district so created by the Organization Committee is one in which it can demonstrate the advantages of a Federal Reserve Bank, the Dallas Bank urges your Board not to change its present district lines, but to permit it to assist in working out the destinies of the banks so created under the terms of this law.

Respectfully submitted,

CHARLES C. HUFF,
Counsel.

FEDERAL RESERVE BOARD FILE
122 05-11

file date 9/15/14
Okla

PETITION

OF

Certain Banks in Southern Oklahoma

TO THE

Federal Reserve Board

To Change the Lines of Federal Reserve District No. 10 and Federal Reserve District No. 11 so That All of Oklahoma Except the Counties of Marshall, Bryan, Choctaw, Pushmataha and McCurtain will be in

DISTRICT No. 10



As this petition is being filed, the cotton fields in the section asking to be transferred are white with a crop estimated at approximately 1,000,000 bales. The market is demoralized and the situation acute. Kansas City banks are well supplied with money from wheat, corn, cattle and other northern crops to assist in financing this product. Kansas City is Oklahoma's natural avenue of relief for the farmer, merchant and banker, and such relief accords with the thoroughly established lines of commerce and finance, as the facts herein set forth prove.

Received and filed 9/15/14.

WESTERN BANK SUPPLY CO., OKLA. CITY



TO THE FEDERAL RESERVE BOARD,

Washington, D. C.

GENTLEMEN:

The banking and commercial interests of the State of Oklahoma, and particularly the bankers and business men of that portion of Oklahoma which is included in District No. 11 of the Federal Reserve System, respectfully petition your Honorable Board to transfer from Federal Reserve District No. 11 to Federal District No. 10 all Oklahoma counties now included in District 11, except the counties of Marshall, Bryan, Choctaw, Pushmataha and McCurtain.

Why Five Counties Are Omitted.

Our reasons for not asking the transfer of the five counties named are:

First, these counties are closer to Dallas than any other part of Oklahoma, and are connected with Texas by a line of railroad not serving any other section of our state.

Second, because of this peculiarly close geographical connection with Texas, many banks in these five counties are either owned outright by Texas bankers or are closely associated with Texas institutions, and prefer to be in the Dallas district.

Third, Mr. B. A. McKinney of Durant, Bryan county, has been elected a director in the Dallas bank and we have no desire to interfere with his services in that position. His neighboring bankers in the five counties named, many of whom, like Mr. McKinney, are former Texans, were ardent supporters of him for the position referred to and would sincerely regret, as would also petitioners, any change in the district which would deprive the Dallas bank of his services.

We ask that this transfer be made:

FIRST:—Because the present districting is not in accordance with the spirit of the law which provides in Section 2, "the districts shall be apportioned with due regard to the convenience and customary course of business."

(a) Course of Business

The course of Banking business in Oklahoma has always been to the north and east. The data which we submit to you shows this conclusively to have been the case in

the past, and also that it is the desire of the bankers in Southern Oklahoma to continue to let their business follow the natural channels in which it has heretofore run. The tabulation of figures contained in reports from a number of banks in the Dallas District counties of Oklahoma, the originals of which we submit to you, shows that during the month of April the banks in question cleared through Kansas City items amounting to \$4,737,199.58; that the same banks cleared through Dallas no items at all, but that they cleared Texas business, through correspondents in Denison, Sherman and Fort Worth, to the amount of \$345,617.19. *Figuring percentages upon these items shows Kansas City to have handled 93.2%, Dallas 0%, and other Texas cities 6.8%.*

The same banks received in cash items from Kansas City banks, during the same time, \$808,392.94; from Dallas only \$642.68, and from Fort Worth \$8,068.79. *Figuring percentages on these items shows Kansas City to have handled 98.8%, Dallas 0.08%, and other Texas cities 1¼%.*

We invite the attention of your Board especially to a perusal of the letters from which these figures were tabulated, as many of them show the dissatisfaction existing among the bankers in Southern Oklahoma and their evident desire to be included in the Kansas City District.

Oklahoma-Dallas Relations.

As showing further the trend of business toward Kansas City, we also submit for your consideration a letter from Mr. Thralls, Manager of the Kansas City Clearing House, showing that 381 banks in Southern Oklahoma, on May 9, 1914, carried with Kansas City banks 414 accounts. We are advised by Senator Owen that the Comptroller's office in April furnished him with a list of *five* national banks only, in the Southern District, which show Dallas correspondents. We submit herewith letters from four of these banks showing in each case a special reason requiring the carrying of the account in Dallas. Statistics for state banks are not available, but there is no reason to believe they would alter the proportion. Accounts secured by Dallas banks from Oklahoma since the regional districts were established should not be construed as due to the natural trend of business.

Dallas banks have evidently recognized that the trend of business in Southern Oklahoma is to the north and east, because we have never heard of banks in that city soliciting business in Oklahoma, nor have we seen representatives of those banks at Oklahoma Bankers' Convention, until

the last one held in May, 1914, just after the announcement was made showing the boundaries of the reserve districts. In proof of the fact that Dallas banks have not sought business in Southern Oklahoma, we submit a letter from the City National Bank of Dallas, dated May 20, 1914, written to a Southern Oklahoma banker, in which they say:

What Dallas Bankers Say.

"We have no adequate facilities for handling Oklahoma points when the items bear previous Oklahoma indorsements as well."

We also submit a letter from the Commonwealth National Bank of Dallas, dated May 12, 1914, in which they say:

"We clear Oklahoma items through our St. Louis and Kansas City correspondents and consequently would hardly be in a position to handle items on Oklahoma bearing prior Oklahoma indorsements."

These letters show conclusively that Dallas banks are without the facilities to handle, direct, Southern Oklahoma points, which proves there has previously been no exchange business between these sections of any importance. On the contrary, the banking business of the whole of Oklahoma has gone more largely to Kansas City on account of quick, direct, overnight mail transmission, and because of the financial assistance furnished by Kansas City bankers in past years before Dallas was a place of any financial importance. It is further true that Dallas has never assisted in financing Southern Oklahoma's interests, with the exception of a very few points near the Oklahoma line.

What Freight Shipments Show.

That the trend of commercial business, as determined by existing freight rates, is northeast and southwest, and not southeast toward Dallas, is also shown by a statement made by W. V. Hardie, Secretary of the Oklahoma Traffic Association, in a letter which we herewith submit to you. Mr. Hardie says "the whole trend of commercial trade from the Southwest,—Kansas, Oklahoma, Texas and New Mexico,—is from the north and northeast to the south and southwest, while the trend of financial relations as a result, is in the reverse direction, to care for the commercial operations." Mr. Hardie also quotes freight rates from eastern manufacturing points to different southwestern points, including Wichita, Oklahoma City and Dallas, showing an increasing scale as the city is located further south, and draws the conclusion that so long as the present freight rate sys-

tems are maintained, Southern Oklahoma will remain in closer touch, in a commercial way, with cities to the north and east. Mr. Hardie also calls attention to the fact that a large percentage of the railway mileage of Oklahoma leads into northeast gate-ways, such as Kansas City, St. Louis and Chicago, Kansas City being the principal gate-way for Oklahoma railroads.

Mr. Hardie's statement is substantiated by a statement of Mr. J. W. Hutchins, Vice President and Manager of the Oklahoma Stockyards Company of Oklahoma City, in which he says his company has not been able to divert business from the north to Oklahoma City, but that its trend is from Texas and Southern Oklahoma north and east. Mr. Hutchins' statement is also submitted for your examination.

Showing of Farm Loan Companies.

A large factor in the development of any new state, such as Oklahoma, is the furnishing of farm loans to the farmers, through local agents representing non-resident investors. In this connection we call attention to a letter from Mr. Fred S. Gum, President of Gum Brothers Company, which company has placed a large number of farm loans in Oklahoma for eastern investors. Mr. Gum's letter gives a list of all the farm loan organizations operating in the state, and calls attention to the fact that only one of these companies has a head office in Dallas, Texas, and that the volume of business handled by this company would not exceed three or four per cent of the total investments made in Oklahoma through these companies. In this, as in other lines, the trend of business has been to the north and east.

(b) Convenience in Doing Business.

We contend that the phrase "Convenience in doing business" includes the idea as to the *ease with which business may be transacted*, as well as the question of mail facilities. The Federal Reserve act was framed with the primary purpose of providing an easy means of re-discounting commercial paper held by the banks, and it is expected that through these rediscounts the supply of currency will expand and contract to meet seasonal requirements. It follows, therefore, that the banks of Southern Oklahoma should be attached to that district in which long acquaintanceship has already placed the necessary credit information regarding these banks in the possession of the probable managers of the bank, and to which the business has always naturally flowed. The situation at present is such, owing to this acquaintanceship, that any good bank

in Southern Oklahoma will be granted a re-discount immediately upon application to its Kansas City correspondent; whereas, an application to a new bank to the south of Oklahoma would result in delay, in many cases, until an investigation could be made, and as these applications for re-discounts in the future will doubtless be made at times when prompt action is necessary, another reason is afforded why these banks should be attached to the Kansas City District.

Mail Facilities.

The Brief presented to the Organized Committee by Dallas showed that many Southern Oklahoma points were closer to Dallas than to Kansas City in mileage. We submit herewith data showing comparisons of train schedules from all county seats in the section you are asked to transfer to Kansas City and Dallas, compiled by Mr. Fay Thompson, Division Passenger Agent of the Rock Island lines in Oklahoma, from schedules in effect May 22, 1914. This data covers twenty-seven points, and an examination of it shows that from twenty-five of these points trains leaving at 1:40 P. M., and later, reach Kansas City before 8:30 A. M. the next day; and from only three points is it necessary to leave in the morning in order to reach Kansas City the next morning, two of these points being in the extreme southeastern corner, and two in the far southwestern corner of the state. Inasmuch as *overnight mail service* is all that is necessary to meet the requirements, a shorter mileage in favor of Dallas to many of these points is not material to the issue.

We also submit letters from three of the largest cotton concerns located in Oklahoma, viz.; Harris-Irby Cotton Co., Anderson & Clayton Co., and Dodson & Williams, showing that they finance no Oklahoma cotton in Dallas.

LOAN AND DISCOUNT FACILITIES.

SECOND:—In the second place, Southern Oklahoma should be placed in the Kansas City District, *because the figures show the Kansas City District will be better able to meet the re-discount requirements of the Southern Oklahoma banks, than will the Dallas District.*

The Report of the Comptroller of the Currency for 1913, giving the figures on reports of condition from November 26, 1912, to August 9, 1913, shows these figures as to re-discounts and bills payable of banks in the Kansas City District:

Kansas, including all reserve cities, shows a decrease from \$519,000 to \$392,000 in the time mentioned (Pages 399-01.)

Nebraska, during the same time, decreased from \$1,663,000 to \$546,000. (Pages 415-417.)

Missouri, including Kansas City and St. Joseph, a slight increase from \$527,000 to \$571,000. (Pages 411-13.)

Colorado shows an increase from \$393,000 to \$455,000. (Pages 385-387.)

Wyoming shows an increase from \$53,000 to \$81,500. (Page 447.)

A tabulation of these figures shows a net decrease of \$1,109,500.

Heavy Dallas Re-Discounts.

Turning now to the figures applying to the states in the Dallas District during the period above mentioned, the following increases are shown:

Louisiana, outside of New Orleans, \$998,000 to \$2,460,000. (Page 403.)

Texas, \$3,330,700 to \$17,509,600. (Pages 435-437-439.)

New Mexico, \$113,000 to \$223,700. (Page 419.)

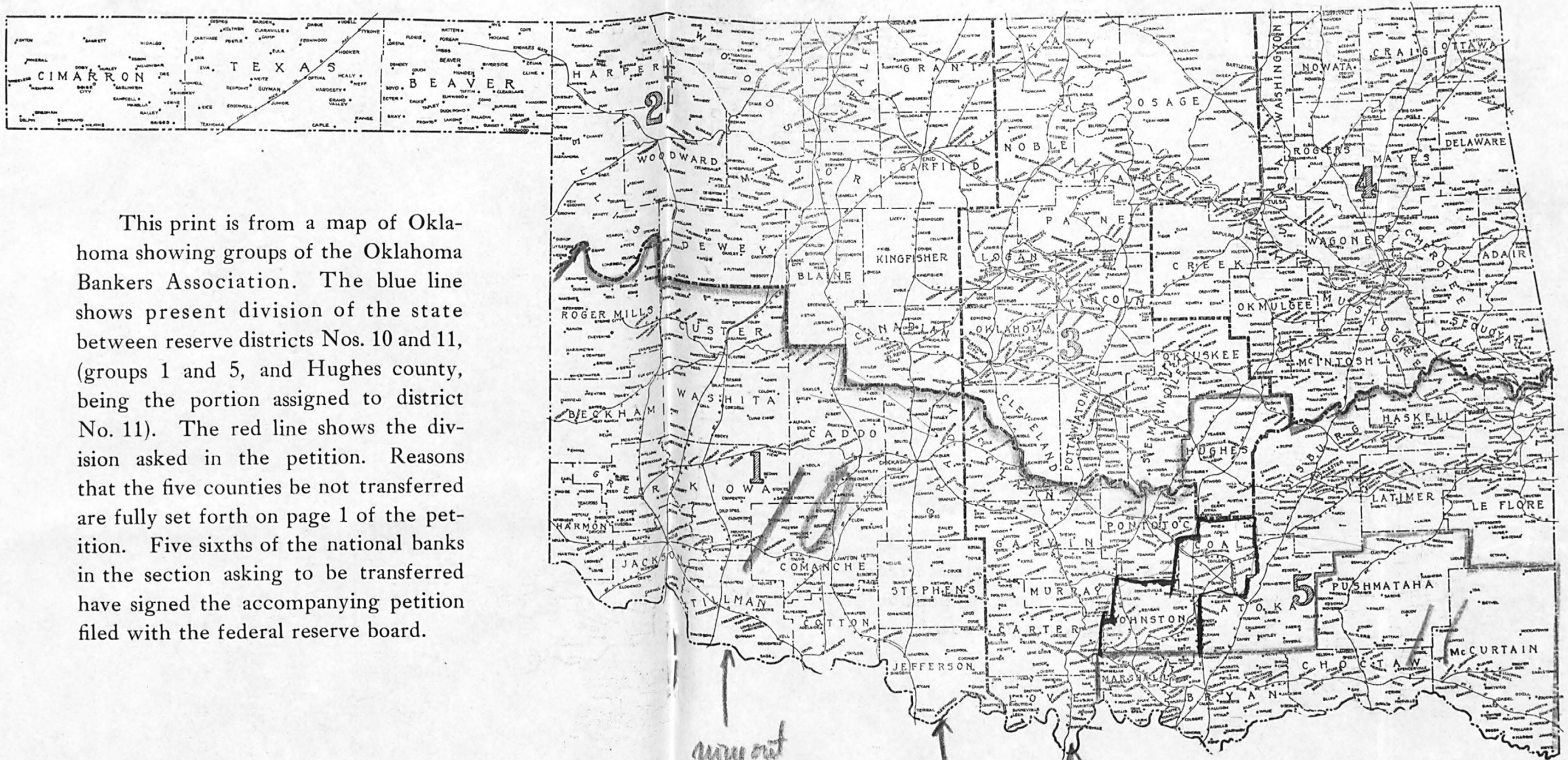
Which figures tabulated show a net increase of \$15,751,300.

The Comptrollers Report shows that in the same period bills payable and re-discounts of Oklahoma banks, excluding Oklahoma City and Muskogee, increased from \$998,000 to \$1,690,000, a net increase of \$692,000. (Page 427.)

Transfer Would Help Both Districts.

While we have been unable to secure information showing the division of these Oklahoma figures, as between the Northern and Southern Oklahoma banks, the situation in our state is such, that it is no doubt true that Southern Oklahoma banks had the largest portion of these accommodations. It will be noted from these figures, that the increase in re-discounts in Oklahoma could have been taken care of by the decrease in the Kansas City District, with \$407,500 left over, while at the same time the net increase in the Dallas District was nearly twenty-three times the Oklahoma increase. *This is a most cogent reason why the transfer should be made*, it being understood that it was the primary purpose of the Organization Committee to make the districts self-sufficient in so far as it were pos-

Map of Oklahoma Showing Present Districting and Districting Requested by Banks



This print is from a map of Oklahoma showing groups of the Oklahoma Bankers Association. The blue line shows present division of the state between reserve districts Nos. 10 and 11, (groups 1 and 5, and Hughes county, being the portion assigned to district No. 11). The red line shows the division asked in the petition. Reasons that the five counties be not transferred are fully set forth on page 1 of the petition. Five sixths of the national banks in the section asking to be transferred have signed the accompanying petition filed with the federal reserve board.

was out of 3 petitions

3 of 5 petitions

2 out of 2 petitions

sible to do so, and one need not be a prophet in order to be able to say truthfully in which district re-discounts could be the easier made.

Another fact in connection with this matter is that the Louisiana and Texas demand for re-discounts comes earlier than the Oklahoma demand, and it is quite possible that Southern Oklahoma may need re-discounts at times only to find that Texas and Louisiana have already absorbed the supply, which occasions inquiry as to the ability of the Dallas Bank to take care of re-discounts in its district without having to call upon other districts for help.

Comparative Loaning Resources.

The 1913 Report of the Comptroller of Currency shows individual deposits in the Dallas district August 9, 1913, against which the required reserves are to be held in the Federal Reserve Bank, to have been as follows:

	Country Banks	City Banks
Texas	\$98,872,800	\$73,411,300
Louisiana, Outside of New Orleans	13,606,900	
New Mexico	12,826,500	
Southern Oklahoma	20,857,200	
	<hr/>	<hr/>
Total	\$146,163,400	\$73,411,300
Reserve deposits required, 5% country banks...	\$ 7,308,170	
Reserve deposits required, 6% city banks.....		4,404,678
		<hr/>
		\$11,712,848
Capital Stock Dallas Bank.....		5,634,091
		<hr/>
		\$17,346,939
Less 35% Reserve Deposits.....		4,099,496
		<hr/>
Loan Resources	\$13,247,443	
Re-discounts and bills payable.....	20,193,300	
		<hr/>
		—\$ 6,945,857

With re-discounts in this district outstanding, on the same date, of \$20,193,300, it is apparent that it would require \$6,915,857 to make up the deficiency.

Turning now to the figures applying to the Kansas City District, the Comptroller's Report, of the same date, shows individual deposits as follows:

	Country Banks	City Banks
Nebraska	\$47,925,100	\$ 50,222,500
Wyoming	11,242,600	
Colorado	31,237,200	47,166,700
Kansas	51,489,200	14,050,800
Missouri		
(Kansas City and St. Joseph)		83,811,600
Northern Oklahoma	26,071,500	11,429,600
	<hr/>	<hr/>
	\$167,965,600	\$206,681,200
Reserve deposits required, country banks 5% ..	\$ 8,398,280	
Reserve deposits required, city banks 6%	12,400,872	
		<hr/>
Total reserve deposits	\$20,799,152	
Capital Stock Kansas City Bank	5,594,916	
		<hr/>
		26,394,068
Less 35% Reserve against deposits	7,314,703	
		<hr/>
Loan Resources	\$19,079,365	

Only \$2,027,000 rediscounts and bills payable were outstanding in the Kansas City District on that date, leaving a balance available of \$17,052,365, compared with a deficit of \$6,945,857 in the Dallas Bank.

How Proposed Change Would Benefit.

These comparisons show conclusively that the re-discounts and bills payable of Oklahoma banks, which were (in the entire state) \$1,690,000 on August 9, 1913, can be better taken care of in the Kansas City District than in the Dallas District.

A compilation of re-discounts and bills payable on August 9, 1913, from the Comptroller's Report, shows that District 11, with \$20,193,300 outstanding, is exceeded only by District 6, which includes Georgia, Alabama, Florida and parts of Mississippi, Tennessee and Louisiana, this district showing \$21,459,000 outstanding.

On the other hand the Kansas City District, with only \$2,027,000 re-discounts outstanding, was one of the districts showing the smallest amount of re-discount requirements on that date.

It follows, also, that the transfer of Southern Oklahoma to the Kansas City District will help supply the investment needs of the Kansas City banks, as it is evident from the figures quoted above that the Kansas City bank

will need to look elsewhere than to re-discounts of its member banks to absorb its loan surplus.

It is true that the act confers authority upon your Board to require one Federal Reserve Bank to re-discount for another; to which reply may be made that if you will transfer that part of Oklahoma asked to the Kansas City District you will never need to make such an order, so far as petitioners needs are concerned.

It has probably been represented to the Organization Committee that Southern Oklahoma should be included in the Dallas District, inasmuch as it was *The* cotton growing section of the state. We call attention to this, inasmuch as it was stated at the Dallas organization meeting, "Oklahoma north of the Canadian River is a non-cotton growing section, while south of the river cotton is raised. They have put the cotton growing section of Oklahoma in with the Dallas district." If this be true, in our opinion, it affords the best of reasons for transferring Southern Oklahoma from the largest cotton growing reserve district in the system, to the district which includes cotton grown in Oklahoma only.

Protests of Banks Practically Unanimous.

Again, we believe the transfer should be made because it is the well nigh unanimous desire of the banks in the section represented by your petitioners that they be attached to the Kansas City District.

Bankers in Southern Oklahoma have expressed themselves on their preference between Kansas City and Dallas most emphatically. Soon after the districting was announced and the general opposition to the lines as formed became apparent, W. B. Harrison, Secretary of the Oklahoma Bankers Association, sent to every bank in Oklahoma (State and National), located in District No. 11, a letter in which was enclosed one of the accompanying forms of protest to your Board. Each bank was requested to notify the Secretary if it was content with the districting, and if it was not so content to sign the protest and return it to him.

A total of 325 replied, 309 protesting against the present arrangement, and asking that they be placed in the Kansas City District, and only 16 reporting that they are content with the present lines. The remaining forty have not been heard from. Many of those that did not reply are small banks that take no interest in any matter of this kind, and others are owned by or associated with Texas banks.

But not only did 95% of the banks protest in writing on the form prescribed, but scores of them accompanied the form with letters expressing their great disappointment in this matter, and declaring their business relations outraged. The tenor of these letters, a number of which are attached hereto, demonstrates again that Kansas City is the natural financial center for our state, and that Dallas is practically unknown to them in such relations.

Protest of Millers' Organization.

That other business interests are against the present arrangement, is shown by resolution adopted by the Oklahoma Millers' Association, at its annual convention, May 20th, in which they say that the natural trend of trade in the grain business is between Kansas City and all parts of Oklahoma, and urge upon our Senators and Representatives in Congress the deep obligation resting upon them to see that a re-adjustment be effected, so that all Oklahoma shall be in the Kansas City District. This resolution is submitted for your inspection, as is also a resolution adopted by the Oklahoma Press Association, at its annual meeting held in Ardmore, a Southern Oklahoma city, asking that the whole state be placed in the Kansas City district.

Transfer Would Not Injure Dallas Bank.

A transfer of the Southern Oklahoma Banks to the Kansas City District, would still leave the Dallas Bank with a capitalization of \$5,261,190, according to the figures of August 9, 1913, which show that the combined capital and surplus of those Oklahoma banks asking to be transferred to the Kansas City district, on the date mentioned was \$6,217,413. Six per cent of this amount is \$373,044, which deducted from the Dallas Bank's capitalization, as reported by the Organization Committee, would leave the capitalization above named, which is over a million dollars, or 30% more than the minimum required capitalization specified in the act.

Oklahoma Asks Only Fair Play.

It is the belief of the bankers of Oklahoma, that the present division of the state will operate to hamper the up-building of the financial interests within the state, through the diversion from Oklahoma financial centers of bank business to which they are legitimately entitled, by reason of the fact that many bankers will feel compelled to open accounts in Dallas, other than with the Federal Reserve Bank.

We Oklahoma bankers have asked nothing of the Organization Committee for the purpose of building up any

financial center, realizing that our cities are not located so as to entitle us to have an Oklahoma city designated as a Federal Reserve City, but we do ask that we be left alone to work out our own destiny, and placed in the district in which, if the plain intent of the Act is to be regarded, we should have been placed. Our people have gathered from the four corners of the Union, they are young, active, full of enthusiasm, and are not afraid of the outcome of commercial rivalry, if given an even start. For instance, Oklahoma City alone has 330 bank accounts from banks in Southern Oklahoma; Muskogee also has many, and so have other growing cities. The banks of one of these cities last year paid for Oklahoma cotton the sum of \$10,342,902.99, and loaned to banks in Southern Oklahoma \$875,304. Each year will see these and other Oklahoma cities take a larger share in financing Southern Oklahoma products, if by law the reserves are not forced southward.

Summary.

To sum up: We have shown that the flow of banking business from the section represented by your petitioners is to Kansas City and the present reserve cities of Oklahoma, which are north of the district line, and not to Dallas, by figures tabulated from original letters.

That commercial business tends north and east, because of the freight situation (set forth in letter by Mr. Hardie);

That Southern Oklahoma has overnight mail facilities on most of the railroad trunk lines leading into Kansas City gate-way;

That acquaintanceship, gained through years of banking in the past, renders it easy for your petitioners to do business with Kansas City;

Most important of all, that the re-discount needs of Southern Oklahoma can be met in District 10, without question, while there is grave doubt of their being met in District 11;

And, finally, that it is the desire of the bankers in the section you are asked to change, by an overwhelming majority, to be transferred to District 10, so they may continue to let their business run in its natural channels.

For which reasons we urge that your Honorable Board issue an order transferring Southern Oklahoma, except the counties of Marshall, Bryan, Choctaw, Pushmataha and McCurtain from District 11 to District 10.

Respectfully submitted,

FRANK CRAIG,
President City National Bank,
McAlester, Oklahoma.

GUY C. ROBERTSON,
Cashier First National Bank,
Lawton, Oklahoma.

W. B. HARRISON,
Secretary Oklahoma Bankers' Association.
Oklahoma City, Oklahoma.
Committee.

PETITIONERS.

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

GENTLEMEN: *This bank, having been placed in District No. 11 of the Regional Reserve Banking System, declares its natural course of trade and financial communication violated, and urgently requests that the districts be so re-adjusted that it will be in District No. 10, with headquarters at Kansas City.*

(The original signature of each of the following banks to the above petition, signed by a duly authorized officer of the bank, is on file with the Federal Reserve Board. The same petition has been signed by 178 State Banks in the territory asking to be transferred, and the original signatures of these banks are likewise on file with the Federal Reserve Board but none of the State Banks are included in the following list of petitioners.)

Town—	Bank	Town—	Bank
Ada.....	First National	Marietta.....	Marietta National
Addington.....	First National	".....	First National
Alex.....	First National	Marlow.....	State National
Allen.....	First National	".....	National Bank of Marlow
Altus.....	City National	Maysville.....	Farmers National
Anadarko.....	First National	".....	First National
Anadarko.....	National Bank	McAlester.....	American National
Apache.....	First National	".....	City National
Arapaho.....	First National	".....	First National
Ardmore.....	First National	Mill Creek.....	First National
Ardmore.....	State National	Minco.....	First National
Ardmore.....	Ardmore National	Mountain View.....	First National
Atoka.....	American National	Olustee.....	First National
Blair.....	First National	Pauls Valley.....	Nat. Bank of Com.
Blanchard.....	First National	".....	Pauls Valley National
Calvin.....	Citizens National	Poteau.....	First National
Chickasha.....	Citizens National	Purcell.....	Union National
".....	Chickasha National	".....	Chickasaw National
".....	First National	Quinton.....	First National
".....	Oklahoma National	Roff.....	F. & M. National
Clinton.....	Oklahoma St. National	Rush Springs.....	First National
".....	First National	Sayre.....	First National
Comanche.....	First National	".....	Beckham County National
Cordell.....	Cordell National	Sentinel.....	First National
".....	State National	Snyder.....	First National
".....	Farmers National	Spiro.....	First National
Custer City.....	First National	Stigler.....	First National
".....	Peoples St. National	".....	American National
Davis.....	First National	Stratford.....	First National
Duncan.....	City National	Stuart.....	First National
".....	Duncan National	Sulphur.....	Park National
Eldorado.....	First National	Temple.....	Temple National
Elk City.....	First National	Thomas.....	First National
Gotebo.....	First National	Tishomingo.....	Farmers National
Hartshorne.....	First National	".....	First National
Hastings.....	Nat. Bk. of Hastings	Verden.....	First National
Heavener.....	State National	".....	National Bank
".....	First National	Wapanucka.....	First National
Hobart.....	First National	Washington.....	First National
".....	City National	Waurika.....	First National
".....	F. & M. National	Weatherford.....	German National
Holdenville.....	State National	".....	First National
".....	American National	Wetumka.....	First National
".....	First National	".....	American National
Hollis.....	National Bk of Com.	Wilburton.....	Latimer Co. National
".....	State National	Walters.....	Walters National
Hydro.....	Farmers National	".....	First National
".....	First National	Total number of national banks	
Keota.....	Keota National	in territory.....	128
Lawton.....	City National	Number asking to be trans-	
".....	Lawton National	ferred.....	103 104
".....	First National	Two-thirds majority required	
Lindsay.....	First National	by rules.....	87 85
Lone Wolf.....	First National	National banks in territory not	
Mangum.....	First National	petitioning.....	85 24
".....	Mangum National		

Kiana = Peoples Natl Bank

3

FEDERAL RESERVE BOARD FILE
12205-11

file date 2/10/15
J. E. L.

BEFORE THE
FEDERAL RESERVE BOARD
AT WASHINGTON.

In the Matter of the **PETITION TO TRANSFER A PORTION OF SOUTHERN OKLAHOMA FROM FEDERAL RESERVE DISTRICT NUMBER ELEVEN TO FEDERAL RESERVE DISTRICT NUMBER TEN.**

ANSWER AND BRIEF
OF RESPONDENT
THE FEDERAL RESERVE BANK OF DALLAS.

CHARLES C. HUFF,
Counsel.

W. M. Warlick, Law P., 810½ Main St., Dallas, Phone M. 4091.

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1880

April 1st
1880

BEFORE THE
FEDERAL RESERVE BOARD
AT WASHINGTON.

In the Matter of the **PETITION TO TRANSFER A PORTION OF SOUTHERN OKLAHOMA FROM FEDERAL RESERVE DISTRICT NUMBER ELEVEN TO FEDERAL RESERVE DISTRICT NUMBER TEN.**

ANSWER AND BRIEF
OF RESPONDENT
THE FEDERAL RESERVE BANK OF DALLAS.

To the Honorable Federal Reserve Board:

The petition filed herein seems to be a joint petition and brief, and does not appear to be in conformity with the regulations of the Federal Reserve Board with reference to petition and supporting brief. In replying thereto, this Bank, which will be referred to herein as respondent, will, therefore, file its answer to the petition, and in support of its answer, follow with its brief answering the petition of the Committee and supporting the answer so made by it.

Now comes The Federal Reserve Bank, of Dallas, Texas, respondent, and, answering the petition filed with your Honorable Body, purporting to be on behalf of "Certain Banks in Southern Oklahoma" and asking

the Board to change the lines of Federal Reserve District No. 10 and Federal Reserve District No. 11, so that all of Oklahoma except the Counties of Marshall, Bryan, Choctaw, Pushmataha and McCurtain will be in District No. 10, says:

I

Respondent specially excepts to the petition so filed by three parties, to-wit, Frank Craig, President of the City National Bank, of McAlester, Oklahoma; Guy C. Robertson, Cashier of the First National Bank, of Lawton, Oklahoma, and W. B. Harrison, Secretary of the Oklahoma Bankers' Association, of Oklahoma City, Oklahoma, purporting to act as a committee for certain banks in Southern Oklahoma, for the following reasons, viz.:

(a) The said petition is not executed in the manner and form prescribed by said Federal Reserve Board, governing the procedure in appeals from the decision of the Reserve Bank Organization Committee, in that the same is not signed by two-thirds of all the member banks in the territory sought to be transferred, but is in fact signed by three individuals, acting in their individual capacity as a committee.

(b) The memorandum appearing on the final page of said petition, purporting to be a copy of a petition alleged to have been signed by certain banks in Southern Oklahoma, is not a fair or true representation of what is in fact, on file with said Federal Reserve Board, but same is an attempted consolidation by said committee, of certain slips or memoranda of protest claimed by said committee to have been executed by certain banks immediately following the announcement

of the district lines by the Federal Reserve Organization Committee, which action, if any, upon the part of said banks, was long prior to the filing of the petition herein by said committee, and it nowhere appears in said petition that said banks, for which this committee claims to be acting, filed this petition for transfer or authorized their names to be used in connection therewith, or authorized this committee to refer to any previous action taken by them as a basis of seeking to show that they were joining in this contest.

(c) At the time the petition signed by Frank Craig, of McAlester, Oklahoma; Guy C. Robertson, of Lawton, Oklahoma, and W. B. Harrison, of Oklahoma City, Oklahoma, was filed by them, it does not appear that a majority of the banks listed by them as petitioners had knowledge that their names were being used as petitioning banks asking for a transfer, or that said banks were informed or had knowledge that any prior protest or action upon their part was being used, and urged as a basis upon which to insist, that they were petitioning a transfer from the Eleventh District to the Tenth District.

(d) That the petition so filed, which this respondent is called upon to answer, is replete with references to letters, statements and data, which said committee filing said petition state are being filed with said petition, and called to the attention of the Federal Reserve Board, and this respondent here says that so much of said petition as refers to said letters, statements and data mentioned in said petition, should be stricken out, and that said letters, statements and data mentioned in said petition should be stricken from the record herein,

for the reason that said petition and the additional testimony referred to therein, to-wit: the letters, statements and data, constitute new testimony introduced on this hearing for the first time and not adduced before the Organization Committee, and, therefore, cannot be considered under the regulations of this Board governing appeals from the decision of the Reserve Bank Organization Committee.

II

For further answer to said petition and in support of the exceptions set out in paragraph one above, this respondent says that the petition filed by said committee did not, at the time of its filing, and does not now, correctly represent the real wishes and sentiments of the officers of a large number of the member banks listed in said petition on the final page thereof as petitioning banks, many of whom, subsequent to the filing of said memoranda of protest with the Reserve Board, immediately after the announcement of the district lines by the Federal Reserve Organization Committee and previous to and subsequent to the filing of said committee's petition, after they had taken time to thoroughly consider the Organization Committee's action and their own best interests, have expressed themselves both in writing and verbally, to the effect that they are satisfied with the lines established, and that no action should be taken at this time looking to a transfer of any portion of the territory from the Eleventh District to the Tenth District, and this respondent believes, and upon such information and belief alleges, that resort was made by said committee to said claimed memoranda of protest for a compliance with the rules established by this Board,

requiring the signature of two-thirds of the member banks in the territory sought to be transferred only, because said committee feared that they could not, at that time, have secured the necessary signatures of two-thirds of the member banks in the territory sought to be transferred, as required by the regulations of this Board in this character of proceeding.

In support of the allegations in this paragraph contained, and as illustrative of our position on the exceptions contained in paragraph one above, reference is here made to copies of letters from officers of certain member banks listed in said purported petition as petitioning banks found in the appendix to this brief and marked Exhibit A, numbered 1 to 22 inclusive, to which letters the considerate attention of the Board is requested.

III

For further special answer herein, respondent states that it is well known that, at the time the protest slips were signed by some of the member banks, many of the banks executing them were influenced in so doing by an appeal to their State pride and were opposed to the action of the Organization Committee in the establishment of the lines solely because the State of Oklahoma was being divided and the Northern portion of said State placed in the Tenth District and the Southern portion of said State placed in the Eleventh District, and that said committee filing the petition herein, has segregated certain counties with a view of leaving them in the Eleventh District and that this Board cannot assume that the lines fixed by the committee of three would meet the wishes of the member banks, if said banks were

executing the petition themselves, as they would be required to do under the rules of this board if they were in fact asking for a change of Federal Reserve District lines.

IV

For further special answer, respondent says that the activity for a transfer of territory from the Eleventh District, to the Tenth District, arose outside of the territory sought to be transferred, and that whatever action in the way of protest that was made by member banks within the territory sought by said petition to be transferred was taken upon the invitation and request of parties residing outside of the territory sought by said petition to be transferred, and this respondent here suggests that such outside action was inspired by a laudable ambition upon the part of certain parties non-resident of the territory sought to be transferred, to so arrange the district lines as that the thriving, prosperous and progressive city of Oklahoma City, Oklahoma, might stand a chance to be considered favorably as a location for a branch bank of the Kansas City Reserve Bank.

In support of the suggestion herein made, reference is here made to copies of two letters sent out from Oklahoma City, Oklahoma, on April 7 and 13, respectively, found in the appendix and marked Exhibit B, numbered 1 and 2.

V

For further answer, respondent says that there is no widespread dissatisfaction among the banks of Southern Oklahoma to the location of the present lines of the Tenth and Eleventh Districts, as would appear from the statements in the petition filed herein, and as indicative of

this fact, reference is here made to copies of letters from banks in Southern Oklahoma, addressed to the Federal Reserve Board, and to officers and member banks of the Federal Reserve Bank of Dallas, copies of which letters are to be found in the Appendix, marked Exhibit C, numbered 1 to 14, inclusive.

REMARKS.

Regulation 1, by the Federal Reserve Board, governing procedure in appeals from the decision of the Federal Reserve Organization Committee, provides, among other things, as follows:

“Petition for review of the determination of Federal Reserve Districts by the Organization Committee must be signed by duly authorized officers of at least two-thirds of the member banks in the territory which the petition asks to be taken out of one district and annexed to another.”

Is the petition herein in conformity with this regulation? The parties who filed this petition do not claim that the member banks for whose benefit it was supposed to be filed, ever saw it, signed it, or authorized any one else to sign it for them, or even had an opportunity to sign same. In order to show a semblance of compliance with the regulation of this Board, the committee so filing the petition refers to protest slips claimed to have been filed by certain banks in the territory sought to be transferred. There is no claim made that the member banks designated as petitioning banks authorized this committee to include them as petitioning banks on account of some prior protest. These protests, if made, were made before the organization of this respondent, and at a time when the protesting banks had no means of

determining whether they could obtain satisfactory service from the Dallas Bank or not, and such protests as were made were made, not upon the initiative of member banks, but in response to the invitation of parties outside of the territory sought to be transferred. These protests, when made, were made largely in response to State pride and were made largely because the State of Oklahoma was being divided.

After the Eleventh District had elected as one of its Directors a man from Southern Oklahoma, who was familiar with the wants and needs of that territory, and after this respondent was organized and began business, it nowhere appears that any member bank in Southern Oklahoma protested at being included in the Eleventh District, or that any number of member banks in this territory then availed themselves of the opportunity afforded them by this Board, of filing a petition to be transferred to the Tenth District.

We submit to this Board that there is no petition prepared, signed and filed by two-thirds of the member banks in the territory sought by this purported petition to be transferred from respondent's district to the Tenth District, as required by your regulations, and that this question is fundamentally jurisdictional, and that, therefore, this Board should sustain respondent's exceptions contained in paragraph one of its answer and that this proceeding should here now be dismissed.

Regulation No. 1, promulgated by this Board for guidance in proceedings of this character, among other things, provides:

"The Board will not hear testimony, but the parties will be limited to the record before the Organization Committee."

The purported petition filed herein nowhere refers to the record made before the Organization Committee, but said petition is based solely upon letters, statistics and testimony which the petitioning committee says it was filing with this Board at the same time it filed the petition. This respondent earnestly urges and insists that it should not be called upon to answer new matter and testimony filed with the Board in support of the purported petition, and which this respondent has never seen and has no way of seeing, and which was not a part of the record made by the Organization Committee, and respectfully insists that its special exception (d), found in paragraph one above, should be in all things sustained, and that said letters, statistics and data so referred to in said petition, constitute new testimony, not adduced before the Organization Committee and should not be heard or considered by this Board, and that such new matter and additional testimony should be purged from the record herein and that its exceptions should be sustained to such portions of the petition as are based upon or refer to such new and additional testimony.

In connection with the exceptions in paragraph one above, the Board's consideration is also asked of the special answer of respondent, contained in paragraph two, and particularly to the letters therein referred to, copies of which can be found in the Appendix. Respondent has made no special effort to obtain an expression from the member banks listed in said petition as petitioning banks, but believing that a great number of said banks have not authorized the use of their names in connection with this proceeding and believing that a great number

of said banks so mentioned in this petition as petitioning banks were in fact satisfied and content to remain as member banks of this district, respondent asked an expression from a few of the banks best known to it, with the result that each bank so inquired of has answered that it was making no effort to have territory taken from respondent's district and placed in the Kansas City district, and that it was satisfied with the district lines as established by the Organization Committee, and that they did not feel like any effort should be made to change the lines of the district until a fair test had been given the action of the Organization Committee, the letters made use of herein being irrefutable proof of the contention of this respondent that the purported petition was not in fact the petition of the banks listed in said petition as petitioning banks.

It is here respectfully suggested that the use of these letters by respondent cannot be considered as the introduction of new testimony, but should necessarily be considered in support of its jurisdictional objection and as going to the good faith of the purported petition which it is here required to answer.

**REPLY TO THE CONTENTIONS MADE
IN THE PETITION AND BRIEF
FILED BY THE COMMITTEE.**

If this Board should fail to sustain our contentions above, and should decide to consider the petition filed by the committee, then this respondent requests that it be permitted to further answer to the merits of said petition.

The petition states that the transfer of territory should be made:

“First—Because the present districting is not in accordance with the spirit of the law which provides, in Section 2, ‘the districts shall be apportioned with due regard to the convenience and customary course of business.’”

In reply to the first contention of petitioners, the following propositions are respectfully submitted:

(a) In establishing the present district lines, due regard was given by the Organization Committee to the same question here presented by petitioners, and the present lines were established, because it was evident that the greatest volume of commerce from Southern Oklahoma was southward and to the Gulf.

(b) The large volume of commerce from Southern Oklahoma being to the southward and through Texas, no violence was done in placing Southern Oklahoma in the Eleventh District, with its Bank at Dallas, Texas.

(c) The principal crops and products of Southern Oklahoma being identical with Texas products and crops, the Dallas Bank can understand and care for the wants and necessities of Southern Oklahoma much better than the Kansas City Bank or any other Bank.

(d) The Organization Committee having taken much time and painstaking care in the establishment of the present district lines, and it being apparent that it was an absolute impossibility for any committee to so district the United States as that its action would meet with the entire approval of all persons, both within and without each respective district, the action of said committee should be given full faith and credit, and no

change should be made in the present district lines of the Tenth and Eleventh Districts until a reasonable time has passed and the action of the Committee has been given a full and fair test, to the end that the Federal Board could then determine whether or not any error had been made by the inclusion of any territory within a given district.

(e) All of Southern Oklahoma being nearer Dallas than Kansas City, it was not only proper but necessary that it be included in the Eleventh District, and the fact that possibly a majority of its banks had heretofore done considerable business with Kansas City banks, furnishes no reason why the action of the Organization Committee should be overruled and that territory, situated almost at the door of the Dallas Reserve Bank, should be transferred to a bank situated hundreds of miles away.

STATEMENT UNDER THE ABOVE PROPOSITIONS.

The petition, under subdivision headed "Course of Business," refers to data which petitioners state was being filed with this Board, and inasmuch as such data is not accessible to respondent, it will be impossible for it to reply fully to the new matter and testimony which it has never seen and which it has no opportunity of seeing.

In addition to the record of the Organization Committee, respondent, solely for the purpose of answering the new matter and testimony filed by petitioners, and without waiving its objection to a consideration by the Board of such new testimony, also will use and refer to some additional letters and statements not found in the

record of the Organization Committee, copies of which will be found in the Appendix to this brief.

Particular reference is here made to the maps found on pages 108, 109, 110 and 111 of the copy of the record filed by the Organization Committee with the Senate of the United States, the date of the letter transmitting such record being May 18, 1914.

On page 115 of said Senate Record will be found the following:

“Signed statements from the Dallas jobbers show that they sell to 28,280 merchants in Oklahoma, 3,151 merchants in New Mexico, 5,698 merchants in Arkansas and 7,222 merchants in Louisiana.”

On page 116 the following:

“The map attached will show that all of the territory claimed in Oklahoma, Arkansas and Louisiana, is within 15 hours by rail from Dallas. That every portion of the territory can be reached from Dallas in less time than from St. Louis. With the exception of a small portion of northern Oklahoma, north of the Canadian River, it can be reached from Dallas by rail in shorter time than from Kansas City. The only portion of the territory that can be reached from Denver in a shorter time than from Dallas is the northern half of New Mexico, and a small portion of the Panhandle of Texas. Less than 5 per cent of the population in the territory, exclusive of Texas, can be reached more quickly from Kansas City or St. Louis, than from Dallas. Eight hundred and ninety-three of the 943 National banks are nearer Dallas than they are Kansas City, St. Louis, Denver or New Orleans. One thousand, seven hundred and sixty-one of the 1,816 State banks are nearer Dallas than any other of the cities mentioned.”

On pages 117 and 118 the following:

"It is a region in every sense, express and implied, in which that word is used under the law. Including the relatively small territory outside of Texas, which has for its convenience been put with Texas, and which can with most advantage to it be best served from a Texas bank, the region contains or produces approximately:

"One-sixth of the area of the United States (such area is large enough for a district, while, if added to the other territory claimed by St. Louis, the enlarged district would embrace approximately one-third of the total area of the United States).

"One-twelfth of the population of the United States (the increase during the last decade being 39 per cent).

"One-eighth of the National banks of the United States.

"One-tenth of the State banks of the United States (the number of total banks increased in the last 14 years 454 per cent).

"One-seventh of the total farm production of the United States (\$1,000,128,597).

"Two-fifths of cotton production of the United States (\$381,132,400).

"Four-ninths of total cotton-seed production of the United States (\$54,785,550).

"One-tenth of live-stock production (\$205,224,132).

"One-half of cotton exports (\$253,020,000).

"One-eighth of the total exports of the United States.

"With the exception of some territory in the extreme western and southern portions of the district, and a small area in southwestern Louisiana, every point in the district is within 12 hours' mail service of Dallas, and those remote portions of the territory are within closer mail service to Texas cities than any other city which has been under consideration as a location for a regional bank."

On page 118 the following:

“For eight months in every year a regional bank in this district would have money to loan; for 12 months in an ordinary year it could take care of its own member banks and have money left. During the exceptional year (1913) just passed, it could, at the peak of its advances to member banks, have financed itself. If, however, under extraordinary stress, it should need to re-discount the receivables of member banks to a small extent with other regional banks, or to issue emergency currency, it would simply be making use of these features of elasticity which have been advertised as among the chief excellencies of the new banking law.

“If the Texas regional bank should be a lender bank 8 months out of every year, and 12 months out of an ordinary year, why should it not every 4 months, during an occasional extraordinary year, be a borrower or note-issuing bank?”

William Mee, President of the Oklahoma City Clearinghouse Association, testifying before the Organization Committee at Kansas City, said that the Oklahoma banks did business largely with Kansas City banks, and then added:

“The cotton interests are divided to the East almost altogether, New York and Boston, very largely” (p. 1919, typewritten copy of Testimony taken by the Organization Committee).

P. C. Bings, of the Guarantee State Bank of Ardmore, Oklahoma, testified before the Organization Committee at Kansas City, that he was there as a committee representing the southern part of Oklahoma for the Oklahoma Bankers' Association, and, while so testifying, he was interrogated by the Secretary of the Treasury, and answered as follows:

“The Secretary of the Treasury: If you did not have it at Kansas City, where would you then prefer it?”

“Mr. Bings: As I say, it does not make any difference to me as long as we have a branch bank in our own State.

“The Secretary of Agriculture: You are pretty near Ft. Worth and Dallas. You do not want to be connected with a bank at any place in Texas?”

“Mr. Bings: I am afraid that neither Ft. Worth nor Dallas will get a regional bank, hence we would have to go further south, to New Orleans.

“The Secretary of Agriculture: Suppose one were at Dallas?”

“Mr. Bings: That would be our second choice.

“The Secretary of the Treasury: It would be?”

“Mr. Bings: Yes, sir, from the fact that three months in the year there is the cotton season and 60 per cent of our business goes south of Ft. Worth, Dallas or Houston” (pp. 1998 and 1999, Transcript of Testimony taken by the Organization Committee).

Sam I. Hynds & Company, cotton merchants, and members of the New Orleans Cotton Exchange, in a letter to B. A. McKinney, a Director of respondent, made the statement that practically all of the cotton produced in Oklahoma, sold for export and to New England mills, passes through Texas ports or New Orleans, and, further, that farmers and merchants who ship cotton on consignment forward same to Houston, Galveston or New Orleans. In other words, almost the entire Oklahoma cotton crop is shipped by way of the Gulf. See letter in Appendix, marked Exhibit D.

Frank Kell, the principal owner of the Wichita Mill & Elevator Company, and the Oklahoma City Mill & Elevator Company, the largest mill operator and grain

dealer in the Southwest, in a letter to B. A. McKinney, a Director of this respondent, shows that practically 90% of the grain, such as wheat, oats and corn, raised in Southern Oklahoma, moves southward and is consumed in Texas and Louisiana or moves out through Texas Gulf ports. See letter marked Exhibit E in Appendix.

Particular attention is called to the trend of questions asked by the Secretary of the Treasury at the hearings in Kansas City and Austin, which indicates that the matters made the basis of this first complaint in the petition were being duly considered by the Organization Committee.

The second proposition advanced by petitioners, headed "Loan and Discount Facilities," is as follows:

"Second—In the second place, Southern Oklahoma should be placed in the Kansas City District, because the figures show the Kansas City District will be better able to meet the re-discount requirements of the Southern Oklahoma banks, than will the Dallas District."

In support of this proposition, petitioners use data and new testimony not contained in the record of the Organization Committee, a great part of which is not fully shown in the petition.

In reply to the second contention so made by petitioners, respondent respectfully submits counter-propositions as follows:

(a) The reports of the Dallas Reserve Bank, made to this Board, and of which this Board is fully apprised, show conclusively that the petitioners' fears are unfounded and that the Dallas Reserve Bank is able to furnish

proper and adequate discount facilities to all of its member banks, including the banks in Southern Oklahoma, and that the Southern Oklahoma banks have already begun to use the Dallas Reserve Bank as a medium of discount, and that of the discounts made by the Dallas Reserve Bank, 25% of the amount was for Southern Oklahoma banks.

(b) The showing of petitioners under their second proposition proves only and conclusively that the banks in the Eleventh District in Texas and Louisiana are thoroughly cognizant of the needs of their territory, and furnish readily and fully the necessary funds with which to move the products and crops of their territory, and that, when necessary, they will borrow sufficient money for this purpose.

(c) The Federal Reserve Act was purposely designed to take care of just the contingency suspected by the petitioners to arise, but which has not been shown by the petitioners to have arisen; and if such a contingency should arise, adequate provision therefor is made in the Act without the necessity of changes in district lines.

(d) The petitioners wholly fail to show any condition of inability upon the part of the Dallas Reserve Bank to properly care for the needs and necessities of the Southern Oklahoma banks, and until such a condition is shown, there can certainly be no reason or cause justifying a reversal of the judgment of the Organization Committee in establishing the present district lines.

(e) Neither the present district lines nor the terms of the Federal Reserve Act prevents any member bank in Southern Oklahoma from carrying an account with any other bank in Kansas City or elsewhere, and the in-

clusion of Southern Oklahoma in the Eleventh District does not deprive any member bank of its right or privilege of carrying an account with Kansas City banks, if it desires.

(f) According to the terms of the Federal Reserve Act, it is impossible for the reserve banks to reach their full measure of strength and usefulness for a period of three years from the date of the opening of the banks, and until such a length of time has elapsed in which to permit the reserve banks to in a measure reach the maximum of their strength and efficiency, certainly no action should be taken by this Board changing the present lines of Districts Ten and Eleven, because at this time the banks have not been in operation a sufficient length of time to enable the Board to correctly determine whether the judgment of the Organization Committee in establishing the present lines was erroneous.

(g) The very purpose of the Federal Reserve Act was to furnish stability to our financial system and to change some former methods in the banking world, and to prevent a repetition of the disastrous conditions which have befallen this country in the past, and which were believed by the framers of the Act to have been occasioned in a large measure by customs and methods heretofore pursued, and certainly no just criticism can be made of the acts of the Organization Committee in establishing the present district lines, when it is said, as it is said in the petition, that such action in a measure changed banking customs heretofore prevailing.

STATEMENT UNDER PROPOSITIONS (a) to (g), INCLUSIVE.

See former Statement hereinbefore set out.

On page 118, Senate Record, will be found the following:

“The unassailable fact is—St. Louis and Kansas City will not dispute it—that when Texas needs money to move its crops, its banks can not borrow money in any considerable quantities in either St. Louis or Kansas City, and must go to Chicago or to the Atlantic seaboard. Balances are kept in St. Louis now, not in order to secure loans there in time of need, nor because trade sets that way, but in order to secure exchange facilities and provide means for making collections at par.

“The re-discounts and bills payable in the district Texas has defined, were \$23,000,000 at the peak of the heaviest demand of 1913. How much duplication or pyramiding was in this sum it is not easy to say; but, as shown in the Dallas Book of Facts, more than three-fifths of the amount could have been absorbed by the reduction in the percentages of reserve which are provided for under the law. The National banks in the territory would have had \$15,000,000 more of loanable funds at that time, if the present law had then been in force, leaving only \$8,000,000 to be taken care of by the regional bank. Its available funds for that purpose would have been far in excess of these demands.

“If the new law is simply going to provide new machinery (perhaps more complex than the old) for doing what is already being well done under the existing banking system, its importance and efficiency has been vastly exaggerated. We do not believe it is so limited in function. We think it was intended to provide elasticity and a means for equalizing seasonal inequalities, to relieve strain where strain has been great under the old system. It is, however, going to be a handicap instead of an advantage, if its effect will be normally to restrict Texas banks or banks in any other single district, to their regional bank and affect their open market connections. If it is going to be thought

a crime, or even bad banking, for one regional bank to use the surplus funds of another at one season, and to render the same service to another bank at another season, the law will prove to be absurdly inadequate.

“Moreover, why should it be thought inevitable that the member banks will deal only with the regional bank when wanting to borrow money? No one doubts that banks which now have resources beyond their local needs will continue to lend that money to other banks to meet seasonable requirements. If the new law is to create in the Government a monopoly of the business of loaning money to National banks to meet their seasonable requirements, it has not been so advertised. Member banks will, of course, maintain their legal reserve with the regional banks, but they will deposit as in the past surplus funds with other banks, receiving interest on daily balances and having constant transactions in the borrowing and loaning of money as heretofore.”

On page 120, the following:

“Southern Oklahoma is identified with Texas in every way. Texas people settled it up; Texas buys its cotton; her cattle graze its ranges; Texas buys its stock, its gas, its oil and its lumber. Northern Oklahoma is divided, a part preferring Kansas City, a part preferring St. Louis. Texas is closer to it, however, in every way, and can serve it better than any other State.

“No doubt there are many people in Louisiana, Southwestern Arkansas and Oklahoma, who would prefer not to be put in the District with Texas cities. There are many, however, who favor the Texas district. Some violence must be done, for manifestly this committee can not please those holding such opposing views. The nearest possible reconciliation—if the endeavor is to be made to please everybody—would be, to put Southern Oklahoma with the Texas district and Northern Okla-

homa with the St. Louis district, assuming, of course, that no bank is to be put at Kansas City."

On page 112, the following:

"Nine trunk-line railroads radiating in 27 different directions, with 91 daily passenger trains: Chicago, Rock Island & Gulf Railway; Gulf, Colorado & Santa Fe Railway; St. Louis, San Francisco & Texas Railway; Houston & Texas Central Railroad; Missouri, Kansas & Texas Railway of Texas; St. Louis Southwestern Railway of Texas; Texas & New Orleans Railroad; Trinity & Brazos Valley Railway; Texas & Pacific Railway.

"Five electric interurban railroads radiating in seven different directions, with 156 daily trains, handling 4,000,000 passengers annually: Northern Texas Traction Co., Southern Traction Co., Texas Traction Co., Eastern Traction Co., Dallas-Corsicana Traction Co.

"Dallas has headquarters and general offices for the Southwest, of the Western Union, Postal, and Mackay Telegraph Cos., with 262 circuits, handling 18,497,300 telegrams per year. Dallas ranks sixth in the United States in total volume of business.

"Dallas has headquarters and general offices for the Southwest of the Southwestern Telephone (Bell) Co., with 159 toll circuits, originating 554,000 long-distance calls per year, increasing at the rate of 50,000 calls per year; 2,924 toll stations operated from Dallas as headquarters; 643 towns served from Dallas on 50-cent rate, 169 on 25-cent rate. Fifteen and nine-tenths per cent of all the telephones in Texas are in Dallas.

"Dallas has the largest telephone development per capita of any city in the United States.

"All express companies operating in the territory have headquarters at Dallas.

"Only six cities in the United States have a larger volume of express business than Dallas.

"Dallas has more express business per capita than any city in the United States.

"Dallas has 176 mail receipts and 137 mail dispatches daily.

"Dallas has 111 daily exchanges of mail pouches direct with towns in Texas. Dallas has 65 daily mail dispatches to railway post offices. Dallas has 80 daily receipts of pouches direct to Dallas from other Texas cities. Dallas has 57 mail receipts daily from railway postoffice lines, exclusive of the 80 direct receipts from Texas. In reaching territory outside of Texas, Dallas has 57 receipts of mail and 65 dispatches of mail daily.

"While Dallas is the fifty-fourth city in size, its postal receipts are thirty-third in volume, and as much as any two cities in the territory combined."

On page 123, the following:

"M. H. Wolfe has furnished the following cotton statistics:

"Cotton area of all the South, 892,072 square miles.

"Cotton area in 12 hours' ride of Dallas, 437,794 square miles, or 49 per cent.

"Total cotton produced in South last year, 14,101,000 bales.

"Cotton produced in 12 hours' ride of Dallas, 6,857,000 bales, or 48½ per cent.

"Texas produced last year 4,902,000 bales.

"Oklahoma produced last year 1,057,000 bales.

"Arkansas produced south of the Arkansas River 505,000 bales.

"Louisiana produced 393,000 bales.

"Dallas cotton buyers bought last year 1,459,000 bales.

"Dallas cotton buyers have salaried men covering all sections of Texas, Oklahoma, Arkansas and Louisiana, and paid out for cotton last year approximately \$92,000,000, and approximately \$80,000,000 of this cotton was financed directly or indirectly by the Dallas banks."

At the hearing before the Organization Committee in

Austin, Texas, on February 9, 1914, Thomas H. Ball, of Houston, testified before the Organization Committee, and while he was testifying, the following interrogatories and answers were given:

“The Secretary of the Treasury: Suppose New Orleans made exactly the same argument you are making, that she did not want to be attached as a vassal to Texas, what is this Committee to do? There are various sections of the country that are arguing that they ought not to be attached to anything, they must be kept off by themselves, they do not want a re-united country on the financial question; and so, if that argument is good here, it is good in other sections of the country we have visited, so we are bound to consider this question from the economic standpoint, having relation to all these parts of the whole, and that is the only way we can consider it.

“Mr. Ball. Yes, and I do not expect you to do it any other way. And if New Orleans puts up that kind of an argument, she is at perfect liberty to do so, and I will not resent it; and I do not resent these people coming in from St. Louis and trying to make representations, and do the best they could to get us in with them.

“After all, the responsibility will come back to you gentlemen who are charged with it, and you will give such attention to our representations and views and figures as you think they are worthy of. And though you slay us, we will still serve this administration. We gave up the tariff on our raw material, against the judgment of a great many without a murmur, and we are trying to do what is right, and we want to help you in your great task; but we certainly think, with a State of this magnitude, and this showing, which must appeal to you as reflecting some degree of credit upon our people and their resources, we do feel very deeply in earnest about this matter, and we think that, with

the Pacific Coast, conceding it to San Francisco—I do not want to be in the attitude of hostility towards St. Louis, and I had her on the list of the eleven cities that I thought ought to be given regional reserve banks, but I do think that Texas, with her position, her great geographical area, her tremendous resources, the manner in which she is forging to the front in every line, and the confidence of her own people, that she can take care of the situation; that these points which have been suggested by our committee and by the Dallas committee, will not be any more bitterly opposed certainly to being attached to Texas, than Texas will be to being attached to these other points, and I was just suggesting that because while we are amiable, we want to do all we can; we want you to consider as far as you can consistently with your enormous responsibility, the desires and wishes of this great State of ours.

“The Secretary of the Treasury: That is what we came here for, to get your views, and we are going to give fair consideration to every argument that has been presented. But I should like to say just this in answer to your remarks, that though we slay you, you will still be loyal to the administration, Colonel—

“Mr. Ball: Well, I mean the Government.

“The Secretary of the Treasury: I want to say that in that connection, of course I assume you are speaking facetiously, but somebody may not understand you, and therefore I do wish to say, that it is impossible, of course, in the laying out of these districts as required by law, to slay any section of this country, or injure any section, whatever these districts may be. This new system is bound to be more beneficial than what you have got today, so that while the desire of every local community will be impossible to meet, and if we allowed every community to lay out its own district, we would never get the country divided into these districts; the purpose of the committee in having these hearings through-

out the country has been solely to give the people of this country the largest and amplest opportunity to present the views as they see them for our consideration; and we are going to give those views fair and impartial consideration and our decision will be rendered from that standpoint, and no other.

“Mr. Ball: We know that, Mr. Secretary.”

Mr. W. W. Collier, Commissioner of Banking and Insurance of the State of Texas, testified before the Organization Committee at the hearing at Austin, Texas, on February 9, 1914, and, while testifying, the following interrogatories and answers were given:

“The Secretary of the Treasury: We should like some information as to that, and also whether State banks, under your law, are entitled to become members in this system.

“Mr. Collier: Yes, sir, there is nothing in our law to prevent them becoming members.

“The Secretary of the Treasury: Is there anything that authorizes them? Are they permitted to own stock?

“Mr. Collier: Yes. Under the statutory provision they can own not in excess of 10 per cent of the capital stock of the corporation in which they are investing.

“The Secretary of the Treasury: You mean 10 per cent of their own capital?

“Mr. Collier: No. 10 per cent of the corporation in which they are investing.

“The Secretary of the Treasury: That would seem to give them ample power.

* * * * *

“Mr. Collier: There are 849 State banks in Texas, with a total capital, surplus and profits of \$44,645,000. I will omit the odd figures. They have total deposits of \$96,000,000 and total resources of \$149,000,000.

“The Secretary of Agriculture: What has been the growth in the last five years?

“Mr. Collier: The growth of the banks during the fiscal year 1912-1913, there were 111 new charters granted, with aggregate capital of \$3,358,500. The growth of the deposits from the time the State Bank Law went into effect in 1906, was \$8,000,000; 1907, \$19,000,000; 1908, \$22,000,000; 1909, \$39,000,000; 1910, \$48,000,000; 1911, \$58,000,000; 1912, \$71,000,000; 1913, \$96,000,000.

“The Secretary of Agriculture: That is the growth in the last seven years?

“Mr. Collier: That is the growth since the system was established.

“The Secretary of the Treasury: How many are eligible under the Federal Reserve Act?

“Mr. Collier: 377, with an aggregate capital and surplus of \$31,857,500.

“The Secretary of Agriculture: And deposits?

“Mr. Collier: I did not give the deposits, because I was not called on until this morning for this data, and did not have time to prepare that, but it is fair to assume that the deposits of those would be about \$60,000,000.

“The Secretary of the Treasury: Have you any indication from these banks as to their purpose with regard to the Federal Reserve Act?

“Mr. Collier: I will say this, Mr. Secretary, I have had, I suppose, inquiries from almost every one, and the attitude of the Department of Banking in Texas is to encourage them to become members.

“The Secretary of the Treasury: Are they showing a disposition to come into the Federal Reserve system?

“Mr. Collier: I believe it is fair to assume that more of them would become members if a Federal Reserve Bank is located in Texas, than they would if it was located otherwise.

“There is one point I want to touch on, if you will pardon me. That is, it has been suggested that having

a Reserve Bank located in Texas, where it was entirely a borrowing country, would not be advantageous or wise. I want to say that if the banks used their reserves, they would always be able to take care of themselves. At the date of the last call, our State banks in Texas only had four and one-half million dollars borrowed, and had in Eastern Exchange over \$14,000,000.'

ARGUMENT.

Petitioners state, on the first page of their petition, their reasons for omitting the Counties of Bryan, Choctaw, Marshall, McCurtain and Pushmataha from their application to transfer certain territory in Southern Oklahoma from the Eleventh District to the Tenth District.

Their reasons, as stated, may be correct, but a very sufficient and potent reason will also be found by reference to Exhibit F, 1 to 26, inclusive, in the Appendix, wherein will be found copies of letters from twenty-six member banks situated within this territory, stating most unequivocally that they are situated in the District of their preference.

As shown in the Appendix, Exhibit "G," there are one hundred and sixty-six member banks in Southern Oklahoma within the Eleventh District. The Committee filing this petition have excluded from the terms of the petition the Counties of Bryan, Choctaw, Marshall, McCurtain and Pushmataha. In these five counties there are thirty member banks, as shown by Exhibit G, in the Appendix, the name of each member bank being preceded by a star. Deducting these thirty banks from the number of member banks in Southern Oklahoma, there are left one hundred and thirty-six member banks.

In order for any territory to be transferred from one District to another, it is absolutely necessary, under the rules and regulations of this Board, for appeal from the decision of the Federal Reserve Organization Committee, that two-thirds of the member banks in the territory sought to be transferred, join in the petition asking to be transferred from one District to another. Thus it will be seen that it requires a petition signed by ninety member banks before this Board would have jurisdiction to hear any petition at all looking for a transfer of territory from the Eleventh to the Tenth District.

Attention is here called to the fact that certain banks which filed protest slips with the Federal Reserve Board, some time before the opening of the Federal Reserve Banks have been listed by the Committee filing this petition as petitioning banks. The Board's attention is respectfully called to copies of letters from twenty-two of these banks so listed as petitioning banks, found in the Appendix, marked Exhibit A, 1 to 22, inclusive, which letters show not only that these banks are not petitioning banks, but that the great majority of them are perfectly satisfied and want to remain in the Eleventh District, and that the remainder feel that no change should be made now, and that no effort should be made to change the lines until after the Federal Reserve Banks have been in operation a sufficient length of time to enable your Board to intelligently and properly determine whether or not the Federal Reserve Organization Committee made error when it established the present lines.

On the last page of the petition will be found the

statements: "Total number of national banks in the territory sought to be transferred, 128. Total number of banks asking to to be transferred, 104. Two-thirds majority required by rules, 85." Each of these statements is erroneous and misleading, and none of them can be accepted as correct. In the first place, there are 136 member banks in the territory sought to be transferred. In the next place, out of the 104 banks which the petition lists as petitioning banks, the Board will find, upon examination of Exhibit A, 1 to 22, inclusive, that twenty-two of these banks have, in effect, expressly stated that they are not petitioning this Board to make any transfer of this territory at this time.

In order for the Board to hear a petition from the banks in Southern Oklahoma, that petition, in accordance with your regulations, must be signed by the duly authorized officials of ninety member banks. Respondent has heretofore insisted, and now insists, that this petition has never been authorized or signed by any banks in the territory sought to be transferred, with the exception of the City National Bank, of McAlester, and the First National Bank, of Lawton. The third man signing the petition does not even claim to reside in the territory sought to be transferred.

If your Board overrules the exceptions heretofore urged and overrules the contention here made, that no proper petition has ever been filed, in accordance with your regulations, then most certainly, when you deduct from the number of banks which this Committee states are petitioning banks, the twenty-two banks which have expressed a desire either to remain within the Eleventh District, or a purpose not to urge any change or trans-

fer at this time, you will then have left only eighty-two banks, or eight less than the number required to file a proper and legal petition under the Board's rules and regulations.

Attention is here called to the fact that whatever protest slips have been filed with your Board antedate the letters from the banks in Southern Oklahoma shown in the Appendix and referred to in this brief.

Attention is further called to the fact that there are sixty-two letters from banks in Southern Oklahoma showing that they are not in sympathy with the Committee filing this petition. Had not the five counties above mentioned been excluded from the territory sought to be transferred by this petition, it would have required one hundred and ten banks to file a proper petition under your rules. It is, therefore, apparent that the Committee filing this petition were forced to exclude from the territory in the Eleventh District situated in Oklahoma certain Southern Oklahoma counties or that it could not have claimed, even by referring to prior protest slips, to have filed a petition which could be considered at all under your rules.

It will be noticed, from certain expressions found in the letters in the Appendix, that the reason first assigned by certain parties outside of the District why Southern Oklahoma should not be included within the limits of the Eleventh District was, that the State of Oklahoma was being divided. Appeals were made to the patriotism of the bankers in Southern Oklahoma to protest against the inclusion of Southern Oklahoma within the limits of the Eleventh District because, and

for the sole reason, as first claimed, that the State was being divided.

Under the first proposition in petitioner's brief page 1, is found subdivision entitled, "(a) Course of Business," and the contention is there made that because the Oklahoma banks have heretofore done some business with Kansas City banks, therefore the course of business was to Kansas City, and that, for this reason, the transfer of territory should be granted.

In order to properly analyze the contention made by petitioners, it is necessary to view the circumstances which forced the course of the banking business to take the unnatural trend and not follow the course of commerce.

Under the old law, St. Louis was a central reserve city, and Kansas City was a reserve city. Chicago, New York, and other Eastern cities were central reserve, or reserve, cities. This condition prevailed for a great number of years before the development of the great Empire State of Texas. Kansas City, St. Louis, Chicago, and other cities were reserve cities for a number of years prior to the establishment of any reserve cities in the State of Texas, and, under the then existing law, it was incumbent upon the banks to carry balances in the reserve cities.

Therefore, Oklahoma banks, Texas banks, Louisiana banks, New Mexico banks, and Arizona banks, and a great many other banks in the Southwest, were forced to carry balances and do business through Kansas City and St. Louis, because of the advantages those cities had by reason of being reserve cities; and this business, which the petitioners state is the natural course

of business, was built up by virtue of this condition just mentioned, which forced the trend of the banking business to be to Kansas City and St. Louis, rather than to follow the commerce, which was to the South and Southwest.

It may be conceded that a great many banks in Southern Oklahoma heretofore, have done and now do, business in Kansas City, but the conceding of that point does not necessarily show an error in judgment on the part of the Organization Committee. The Federal Reserve Act does not force these banks to discontinue carrying balances in Kansas City, if they find it to their advantage to do so, but simply requires them to also carry part of their reserve in the Federal Reserve Bank of their District.

Instead of working to the disadvantage of the banks in Southern Oklahoma, this Act works to the distinct advantage of these banks, in that it permits them to retain a banking connection in Kansas City and opens for them a very valuable banking connection with the Reserve Bank in Dallas, in the very locality where their products are marketed and paid for.

On the first part of the second page of petitioners' brief, is found certain figures claimed by the petitioners to support their theory as to why the transfer of this territory should be made. These figures are not new. They were known to the Organization Committee, and are readily explained in the light of what has heretofore been said with reference to the forced banking connections heretofore existing at Kansas City and St. Louis, and other Reserve cities.

On the second page of the petition is found the following:

“We invite the attention of your Board especially to a perusal of the letters from which these figures were tabulated, as many of them show the dissatisfaction existing among the bankers in Southern Oklahoma, and their evident desire to be included in the Kansas City District.”

Such letters therein referred to are not accessible to respondent and are not found in the record of the Organization Committee, and constitute new testimony, introduced on this hearing for the first time, in violation of the regulations of the Board, and cannot be considered; but, if considered, and if, as stated by petitioners, these letters show dissatisfaction among some bankers with the establishment of the lines, then the question arises, whether or not this is simply a bankers' law, or if this law shall be permitted to perform the functions which its authors and friends claim for it; that is, to be a benefit and relief to the business of the entire country.

It may well be here suggested, that it would be impossible, indeed, to frame any law with reference to banking matters, which would please all bankers. In fact, when this law was first proposed, a great many bankers were against it in its entirety, and this same dissatisfaction, which petitioners state these letters show, may grow out of the dissatisfaction held by certain bankers to the law itself.

Because some banks in Southern Oklahoma have heretofore done business with Kansas City, does not show that that is the natural trend of business, but the pe-

tioners themselves in the brief, show that the trend of business, that is, the trend of commerce itself, is not in the direction of Kansas City. Everybody else's business except the bankers' business, goes to the South and Southwest, and, therefore, the Dallas Bank is in line with the trend of the commerce and business from Southern Oklahoma.

The next subdivision of petitioners' brief, entitled "Oklahoma-Dallas Relations," page 2, refers to a letter from Mr. Thralls, manager of the Kansas City Clearinghouse, which letter we are unable to find in the record of testimony taken by the Organization Committee and we, therefore, naturally conclude that this letter is also new testimony furnished by the petitioners for the first time.

But what has been above said with reference to the course of business, in our opinion, completely answers this contention of the petitioners, and the contention itself, we submit, is not worthy of any serious consideration.

In this connection, we desire to call the Board's attention to a portion of the testimony set out under our second statement above, which will also be found on page 118, Senate Record, and is as follows:

"If the new law is simply going to provide new machinery (perhaps more complex than the old) for doing what is already being well done under the existing banking system, its importance and efficiency has been vastly exaggerated. We do not believe it is so limited in function. We think it was intended to provide elasticity and a means for equalizing seasonal inequalities, to relieve strain where strain has been great under the old system. It is, however, going to be a

handicap instead of an advantage, if its effect will be normally to restrict Texas banks or banks in any other single District to the Regional Bank and affect their open market connections. * * *

“Moreover, why should it be thought inevitable that the member banks will deal only with the Regional Bank when wanting to borrow money? No one doubts that banks which now have resources beyond their local needs will continue to lend that money to other banks to meet seasonable requirements. If the new law is to create in the Government a monopoly of the business of loaning money to National banks to meet their seasonable requirements, it has not been so advertised. Member banks will, of course, maintain their legal reserve with the regional banks; but they will deposit as in the past, surplus funds with other banks, receiving interest on daily balances and having constant transactions in the borrowing and loaning of money, as heretofore.”

This quotation is from the record of the Organization Committee, and, of course, it would be absurd to suggest that the Organization Committee did not give due consideration to this statement, as well as the other facts introduced, before it at its numerous hearings, and it is apparent, from a careful reading of the Federal Reserve Act, that its purpose was not to limit member banks to Federal Reserve Banks, but was enacted for the purpose of giving the member banks the benefit of the new facilities in addition to the facilities they had already enjoyed.

On page 3 of petitioners' brief is found subdivision entitled as follows: “What Dallas Bankers Say.” Under this heading, reference is made to letters from two banks in Dallas, which letters, from their dates,

show to have been written after the hearing of the Organization Committee, and which letters are not found in the record before the Organization Committee. The letters, however, when read and considered, form no basis upon which to predicate the argument that the Federal Reserve District lines should be changed. If Dallas banks have not sought business from Oklahoma banks, it may be to the disadvantage of the Dallas banks, but it certainly does not show a reason for transferring territory situated at the door of the Dallas Reserve Bank, to a bank situated several hundred miles away.

On page 3 of petitioners' brief is found subdivision entitled: "What Freight Shipments Show." The statements made by the petitioners under this heading refute the contention that the trend of business is to Kansas City, but show that it is to the Southwest, or towards the Gulf.

In this connection, reference is here made to a letter from Sam I. Hynds & Company, cotton merchants and members of the New Orleans Cotton Exchange, to B. A. McKinney, which letter, marked Exhibit D and found in the Appendix, shows that practically all of the cotton produced in Oklahoma, sold for export and to New England mills, passes through Texas ports or New Orleans, and further shows that the farmers and merchants who ship cotton on consignment, forward same to Houston, Galveston and New Orleans.

Reference is also made to letter from Frank Kell, reputed to be the largest grain operator of the Southwest, to B. A. McKinney, designated as Exhibit E;

which shows that practically ninety per cent of the grain, such as wheat, oats and corn, raised in Southern Oklahoma, moves southward, and is consumed in Texas and Louisiana, or moves out through the Gulf ports.

We submit that these two letters are new testimony, but they are only used to refute the new testimony adduced on this hearing, and which was not adduced on the hearing before the Organization Committee.

It is absurd to say that the freight rates to Gulf ports in Texas and Louisiana are not lower than they are to the Northern and Northeastern markets from Southern Oklahoma, because it is a self-evident fact that commerce follows the trend of lower rates. If there were equally as good markets for cotton and grain in Kansas City, St. Louis and Eastern points, and the rates to those markets were lower than to Gulf ports, it would then be natural that the commerce flow in those directions, instead of through Texas, and to the Gulf.

We have not felt that it was necessary to set out the different freight rates on these commodities, because, whenever it is shown to this Board, that the commodities themselves move to the Gulf and Gulf ports, it then becomes evident that the freight rates in that direction must be the favorable rates.

On page 4 of petitioners' brief is found subdivision entitled: "Showing of Farm Loan Companies." Under this subdivision, reference is made to letters showing that Eastern money had been used for farm loans in Oklahoma.

We have no doubt but what that statement is true, although this fact is not shown in the only record to which we have reference; that is, the testimony before

the Organization Committee; but, granting that Eastern money is loaned on Oklahoma farms, does that show any good reason why the portion of Oklahoma South of the Canadian River should not be included within the Eleventh Reserve District, with its bank located at Dallas? Will the inclusion of this territory within the Eleventh District in the least manner prevent a continuation of loaning of money on Oklahoma farms by Eastern capital if it so desires?

It is not contended that these farm loans are made from Kansas City, but they are made in Oklahoma as well as in the entire Southwest, by parties all over the Eastern States, and certainly the fact that part of Oklahoma is in the Eleventh District, with its bank at Dallas, cannot, in the remotest degree, affect this character of business.

On the fourth page of petitioners' brief is found subdivision entitled: "(b) Convenience in Doing Business." Under this subdivision, petitioners contend that, because Southern Oklahoma banks have heretofore done some business with Kansas City banks, therefore the officers of the Kansas City Bank would be in better position to find out about the Southern Oklahoma banks, and would render quicker service than the Dallas Bank.

Of course, this contention, followed to its logical conclusion, is an indictment of the entire theory of the Federal Reserve Act.

Under this heading is found the following:

"The situation at present is such, owing to this acquaintanceship, that any good bank in Southern Oklahoma will be granted a re-discount immediately upon application to its Kansas City correspondent;

whereas, an application to a new bank to the south of Oklahoma would result in delay, in many cases, until an investigation could be made, and as these applications for re-discounts in the future will doubtless be made at times when prompt action is necessary, another reason is afforded why these banks should be attached to the Kansas City District."

If the applications for loans that petitioners refer to are to be granted by the correspondent banks in Kansas City, then certainly the inclusion of Southern Oklahoma in the Eleventh District would not affect the Kansas City correspondent's knowledge of the Oklahoma banks so applying for loans, and this contention, when analyzed, falls of its own weight.

If the point sought to be made by petitioners is that, by reason of the fact that the Kansas City banks are acquainted with the Southern Oklahoma banks and that, by reason of that acquaintance, they would furnish the Federal Reserve Bank at Kansas City with information regarding the Southern Oklahoma banks, then a complete answer to that proposition is that the Kansas City banks do not possess an absolute monopoly of knowledge regarding Southern Oklahoma banks, and that the same information which they have has been and is readily obtainable by the Dallas Reserve Bank, when making investigation of the solvency and condition of Southern Oklahoma banks.

An analysis of the re-discounts made by the Dallas Reserve Bank will explode this proposition in an instant. There are 757 member banks in the Eleventh Reserve District. Out of this number there are 166 banks in Southern Oklahoma. Reference is here made

to reports filed with this Board by the Federal Reserve Bank of Dallas, which show that the Federal Reserve Bank, of Dallas, out of the total amount re-discounted by it, has furnished re-discount facilities to Southern Oklahoma banks of more than twenty-five per cent of the total.

Thus it will be seen that this apparent hardship which petitioners dreamed would develop, has not developed, but has faded in reality, when put to the test suggested by petitioners.

On the fifth page of petitioners' brief is found subdivision entitled: "Mail Facilities." Petitioners there contend that Southern Oklahoma should have been included in the Kansas City District, because of the mail facilities.

In support of this contention, reference is made to testimony not accessible to respondent, because not found in the record of testimony taken by the Organization Committee; but an analysis of the position so taken by petitioners shows that the contention is absolutely unfounded and that the weight of the testimony accessible to your Board and to respondent establishes the fact that, instead of the mail facilities from Southern Oklahoma points to Kansas City being better than to Dallas, the reverse in fact is true.

Reference is here made to a letter from W. S. Cross, President of the State National Bank of Hollis, Oklahoma, to the Federal Reserve Board, dated January 15, 1915, designated and shown as Exhibit A-14, found in the Appendix, reading as follows:

"In regard to the proposed change in this Reserve District, we prefer to stay in the Dallas Dis-

trict, on account of the distance and connections which the mails make. We are only twelve hours from Dallas, and about forty-eight from Kansas City."

This letter is from the President of a bank which has been listed as one of the petitioning banks asking for this transfer.

We refer further to a portion of the first statement set out above, wherein there is a quotation from page 116 of the Senate Record, reading as follows:

"The map attached will show that all of the territory claimed in Oklahoma, Arkansas and Louisiana, is within 15 hours by rail from Dallas. That every portion of the territory can be reached from Dallas in less time than from St. Louis. With the exception of a small portion of northern Oklahoma, north of the Canadian River, it can be reached from Dallas by rail in shorter time than from Kansas City."

Attention is called to the fact that no part of Northern Oklahoma, north of the Canadian River, is included in the Eleventh Reserve District, and that, therefore, by the testimony here shown and considered by the Organization Committee, it is absolutely established, beyond any controversy, that all of the territory in Oklahoma included within the Eleventh District, is shorter distance by rail from Dallas than it is from Kansas City.

Attention is further called to a portion of the first statement found in respondent's brief, quoting from pages 117 and 118 of the Senate Record, reading as follows:

"With the exception of some territory in the extreme western and southern portions of the District,

and a small area in southwestern Louisiana, every point in the District is within twelve hours' mail service of Dallas."

If further argument is necessary to refute this contention of petitioners, the Board will only have to turn to the maps on file with them, and look at the territory in Southern Oklahoma sought to be transferred, when it will be seen at a glance that this territory is almost at the door of the Dallas Reserve Bank, and is several hundred miles from Kansas City.

On page 5 of petitioners' brief is found subdivision entitled, "Loan and Discount Facilities," from which we quote:

"Second. In the second place, Southern Oklahoma should be placed in the Kansas City District, because the figures show the Kansas City District will be better able to meet the re-discount requirements of the Southern Oklahoma banks, than will the Dallas District."

Reference is here made to the testimony set out in the second statement above of respondent, being a quotation from page 118 of the Senate Record, as follows:

"The unassailable fact is—St. Louis and Kansas City will not dispute it—that when Texas needs money to move its crops, its banks can not borrow money in any considerable quantities in either St. Louis or Kansas City, and must go to Chicago or to the Atlantic seaboard. Balances are kept in St. Louis now, not in order to secure loans there in time of need, nor because trade sets that way, but in order to secure exchange facilities and provide means for making collections at par.

"The re-discounts and bills payable in the District Texas has defined were \$23,000,000 at the peak of the

heaviest demand of 1913. How much duplication or pyramiding was in this sum it is not easy to say; but, as shown in the Dallas Book of Facts, more than three-fifths of the amount could have been absorbed by the reduction in the percentages of reserve which are provided for under the law. The National banks in the territory would have had \$15,000,000 more of loanable funds at that time if the present law had then been in force, leaving only \$8,000,000 to be taken care of by the Regional Bank. Its available funds for that purpose would have been far in excess of these demands."

It will thus be seen that the only testimony introduced before the Organization Committee, and which is the only testimony that can be considered by this Board, refutes in toto the contention made by petitioners.

As further bearing on this point, reference is now made to a portion of the first statement of respondent, quoting from page 118 of the Senate Record, as follows:

"For eight months in every year a Regional Bank in this District would have money to loan; for twelve months in an ordinary year it could take care of its own member banks and have money left. During the exceptional year (1913) just passed, it could at the peak of its advances to member banks, have financed itself. If, however, under extraordinary stress it should need to re-discount the receivables of member banks to a small extent with other Regional Banks, or to issue emergency currency, it would simply be making use of these features of elasticity which have been advertised as among the chief excellencies of the new banking law.

"If the Texas Regional Bank should be a lender bank eight months out of every year and twelve months out of an ordinary year, why should it not every four months during an occasional extraordinary year, be a borrower or note-issuing bank?"

Under the terms of the Federal Reserve Act, the Regional Banks cannot reach the height of their efficiency for a period of three years. At present they are operating only with a portion of the capital provided by the terms of the Act. Before tearing up these Districts and crippling the Bank of the Eleventh District in its operation, would it not be the part of wisdom to wait a sufficient length of time until the Dallas Bank could, in a measure, reach the height of efficiency made possible for it by the terms of the Act?

At this time there is nothing to indicate that the grounds of fear entertained by the petitioners will ever materialize. To act now would be a step in the dark, and would be to anticipate a condition when there is nothing to justify an expectation of its realization. Although the Dallas Bank has not, in the smallest degree, reached the height of its efficiency, yet, at this time, all of the legitimate wants and needs of the Southern Oklahoma banks are being taken care of as fast as they are suggested.

Suppose, in an exceptional year, it should become necessary for the Dallas Bank, in order to move the great cotton crop of its District, to re-discount the receivables of its member banks to a small degree with other Regional Banks, would this constitute a crime, or would the Bank then be simply putting into operation the very terms of the law under which it was created? The testimony which this Board must consider does not show that even it will be necessary to do this; but, if an extraordinary period should come and this became necessary, would not this course be much better than the tearing up of the present District lines and the in-

clusion of Southern Oklahoma in the Kansas City District, where admittedly there is no need for additional territory?

What we have just said above, in respondent's opinion, completely disposes of what has been said by petitioners under subdivisions headed: "Heavy Dallas Re-discounts," "Transfer Would Help Both Districts," and "Comparative Loaning Resources," found on pages 6, 7 and 8 of the petition.

On page 8 of the petition is found subdivision entitled: "How Proposed Change Would Benefit."

Petitioners have already attempted to show to this Board that the Dallas Bank lacks the resources to care for its member banks in Southern Oklahoma, and yet they have the temerity to propose to further reduce the resources of the Dallas Bank, and, by so doing, the claim is put forward that this action would help both banks.

If the Dallas Bank, with the inclusion of the 166 member banks in Southern Oklahoma, does not have sufficient resources to meet the dire conditions which petitioners profess to see in the future, then, in respondent's opinion, it is a strange course of reasoning to say that, if you weaken this already claimed weak bank by taking from it almost one-fourth of its means of available resources, you will, in that manner, help the already claimed weak bank.

Respondent does not, for an instant, concede that the Dallas Bank will not have resources to care for all of its member banks in Southern Oklahoma and elsewhere, but simply points out the fallacy of the reasoning

of petitioners under the heading: "How Proposed Change Would Benefit."

The proposition is here laid down that, under the testimony taken by the Organization Committee, the Dallas Bank, with the inclusion of the Southern Oklahoma banks, will have adequate resources to care for the legitimate needs and necessities of each of its member banks. It has just been shown that this Bank could have cared for all of the needs of its member banks for the year 1913, which was one of the heaviest borrowing years in the history of the Southwest.

If the petition is denied and the Bank of Dallas is permitted to work out its problems in the manner prescribed by the Federal Reserve Act, in respondent's opinion, time will show that not only have the petitioners been in error as to their claimed foresight of calamity, but that the Dallas Bank will become one of the strongest institutions created by this Act.

The next subdivision of the petition is headed: "Protests of Banks Practically Unanimous."

Under this subdivision, the contention is made that banks in Southern Oklahoma were practically unanimous in protesting against the present District lines. It is there shown that W. B. Harrison, Secretary of the Oklahoma Bankers' Association, and a resident of Oklahoma City, sent out a letter to the banks in Oklahoma, asking them to sign protest slips and return to him. It is claimed that 309 banks signed protest slips, indicating their displeasure at the establishment of the present lines.

If 309 banks in Southern Oklahoma signed such protest slips, then there was either some duplication or

error has been made in the count. There are only 166 member banks in Southern Oklahoma. Petitioners themselves, for reasons which they found sufficient to themselves, excluded the banks in five counties, leaving only 136 member banks in the territory which petitioners ask to be transferred. Out of this number, 32 admittedly, according to the petition, never filed any protest. Of the remaining 104, twenty-two have since that time indicated either a preference to remain in the Dallas District, or a desire to see no change made at this time.

Thus, it will be seen that, upon careful scrutiny, this contention cannot stand.

The next two subdivisions found in petitioners' brief, are headed: "Protest of Millers' Organization" and "Transfer Would Not Injure Dallas Bank."

What has already been said, in respondent's opinion, completely disposes of the contentions made under these two headings.

The next and last subdivision in petitioners' brief, is headed: "Oklahoma Asks Only Fair Play."

Under this heading it is said:

"It is the belief of the bankers of Oklahoma, that the present division of the State will operate to hamper the upbuilding of the financial interests within the State, through the diversion from Oklahoma financial centers of bank business to which they are legitimately entitled, by reason of the fact that many bankers will feel compelled to open accounts in Dallas, other than with the Federal Reserve Bank."

It is here suggested that when the Committee filing

this petition prepared the petition, it saw fit, for reasons of its own, to divide the State and to leave five counties of Oklahoma in the Eleventh District. If the division which the Organization Committee made of the State of Oklahoma when it established the present lines was hurtful to the State of Oklahoma, why does it not follow that, by the same course of reasoning, the divisions which the Committee filing this petition makes of the State of Oklahoma would be equally as hurtful?

The above quotation shows that probably some financial center feels that its territory has been encroached upon by reason of the establishment of the present District lines. It may be possible that there is more under the surface than the above statement would show.

In a letter from the First National Bank of Colbert, Oklahoma, to the Federal Reserve Board, dated June 15, 1914, the following is found:

“I understand that bankers of Oklahoma City are making an effort to transfer us to Kansas City. I wish to protest against any change being made, as I feel that it is to our interest to remain as we are” (See Exhibit F-11).

Reference is here made to a letter from the First National Bank of Frederick, addressed to the Federal Reserve Board, under date of January 8, 1915, found in the Appendix, designated Exhibit C-4, from which the following is quoted:

“It is my opinion that this movement was instigated by Oklahoma City bankers, and is being pushed on account of Oklahoma City parties, and not for the welfare of the majority of the bankers in the District. We are highly pleased with the

selection of Dallas as the reserve center of this District, and hope that no change will be made in the present District lines."

Reference is further made to a letter written by the First National Bank of Kiowa, addressed to the Federal Reserve Board, dated August 14, 1914, found in the Appendix, and designated as Exhibit C-7, reading as follows:

"Referring to the efforts of Oklahoma City to change that part of Oklahoma that is in Federal Reserve District No. 11 from the Dallas to the Kansas City District, we are pleased with the District as made, and feel that the business of Southern Oklahoma can be best handled through the Dallas District, and desire to protest against this change being made."

Reference is further made to a letter from the Tishomingo National Bank, directed to the Federal Reserve Board, dated June 15, 1914, found in the Appendix, and designated C-13, from which letter we quote as follows:

"I notice from the press that there will be a committee of bankers from Oklahoma to appear before you in an effort to get all of the State of Oklahoma placed in the Kansas City Federal Reserve District. This committee will doubtless represent that 95% of the banks of Southern Oklahoma of the Dallas Reserve District are protesting against being left in the Dallas District, and probably there are a majority of banks South of the Canadian River on record as protesting against the division, but I wish to submit that the majority of these protests have been made as a direct result of a persistent campaign waged by Oklahoma City bankers. These Oklahoma City bankers have emphasized the fact

that our State has been divided and put into two different Districts, while, under the present condition, our State is divided into a dozen or more different Districts. Some of us borrow our money from and keep our reserves with New York, while others are with St. Louis, Chicago, Kansas City, Fort Smith, Little Rock or various other centers. * * * The Oklahoma City banks sent out the protests all ready to be signed up by the different banks, and urged that every bank join in the protest."

Quotation is now made from a letter from the Durrant National Bank, directed to the Federal Reserve Board, dated June 13, 1914, the letter being found in the Appendix, designated Exhibit F-12:

"We believe that a large part of the sentiment manifested by some of the banks in Southern Oklahoma in desiring to be transferred to the Kansas City District is due, in a great measure, to the agitation brought on by Oklahoma City. They are in the Kansas City District themselves, and, believing that benefit would accrue to their own city by having Southern Oklahoma transferred to Kansas City, have conducted a vigorous campaign to bring about that result."

We quote further from a letter written by W. T. Clark, President of the First National Bank of Apache, dated August 31, 1914, to Oscar Wells, Houston, Texas, the letter being found in the Appendix, and designated A-4, as follows:

"Naturally we are in close touch with Oklahoma City bankers, and they are very desirous to get the lines changed. I have not heard lately of any action being taken in the matter. In our dealings with a regional or reserve bank, I do not see that it makes very much difference whether the bank is located

in Dallas or Kansas City; however, as stated above, our business relations with Texas points have been very limited."

On page 2 of the petition is a statement to the effect that the parties filing the petition had never seen representatives of Dallas banks at the Oklahoma Bankers' Convention until the last one in May, 1914, just after the announcement was made of the present District lines.

The committee filing the petition have seen fit to testify to this fact, and we, therefore, presume that it will be legitimate if we do a little testifying also with reference to the presence of Oklahoma City bankers at Dallas; and, as a matter of information, and as throwing light on the immediate question under discussion, it is here stated that, upon the occasion of the meeting of the representatives of all of the banks in the Eleventh District at Dallas, on May 30, 1914, for the purpose of nominating candidates for the several directorships in the Eleventh District, a delegation of Oklahoma City bankers was in attendance, and was present at a caucus held by Southern Oklahoma bankers the day previous to the general convention. These gentlemen from Oklahoma City had prepared and brought with them a resolution which they asked the Oklahoma bankers to adopt, to the effect that it was the sense of the caucus that Southern Oklahoma should be transferred to the Kansas City District. Great pressure was brought to bear in their efforts to get this resolution adopted, but the caucus of Southern Oklahoma bankers voted down the resolution.

It is, therefore, apparent from the statement and

letter quotations above, that Oklahoma City has more than a passing interest in this contest. If it has an interest in the contest, of course, the Board hearing the contest is entitled to know that Oklahoma City has manifested some concern over the change of lines, and if the contest was instigated through the efforts of Oklahoma City bankers, and was not a voluntary move upon the part of Southern Oklahoma banks, this fact will, of course, be duly weighed and considered by the Board.

It is more than evident that the bankers of Oklahoma City are not neutral onlookers in this contest, but that they have, from the beginning, violated the laws of neutrality, and at times have taken an open and vigorous position for a change in the present District lines. That fact being established, it, of course, becomes pertinent to find a reason for this violation of neutrality upon the part of Oklahoma City bankers.

This activity upon the part of the Oklahoma City bankers may have been brought about by reason of a well defined idea that these bankers may entertain that Oklahoma City would be an excellent place for the designation of a branch bank of the Kansas City Bank in the event the Oklahoma City bankers should be successful in bringing about a change of the present District lines, as prayed for in the petition. Respondent does not imagine that it would be hard to convince Oklahoma City bankers that their city would be an excellent point for the designation of a branch bank. Indeed, that ambition on the part of Oklahoma City is a worthy and commendable one, but should not, in our opinion, outweigh the facts hereinabove presented.

It has already been abundantly shown that the grain

products of Southern Oklahoma pass into Texas and Louisiana and that the surplus not consumed therein passes out through the Gulf ports in these States, and that the cotton from Southern Oklahoma all passes through Texas and out through the Gulf ports of Texas or Louisiana.

The wisdom of the Organization Committee, therefore, becomes more manifest when it is considered that the financing of the cotton crop during the progress of production and while being marketed, is a problem and a burden to the banker, not understood or appreciated by those living in sections outside of the cotton district. Generally speaking, the business of a cotton community ebbs and flows once in a year, necessitating periods of expansion which might not appeal favorably to persons not conversant with conditions which produce them.

It is therefore apparent that the Federal Reserve Bank of Dallas, managed as it is and as it necessarily will continue to be, by a Board of Directors who have an intimate knowledge of the cotton industry, can better serve the banks of Southern Oklahoma than the Kansas City Reserve Bank, which is operated by directors and officers who, though thoroughly qualified in a general way and properly disposed toward their member banks, cannot, of course, understand the needs of a bank in a cotton growing region.

If weight and credit is given to the argument of the petitioners that, because the Southern Oklahoma banks have, in a large measure, done business with banks in Kansas City, therefore, Southern Oklahoma should be transferred to the Kansas City District, then, by the same course of reasoning, Texas and Louisiana should

have been attached to the New York District, because the financing of the Texas and Louisiana banks heretofore has been largely through New York. The petitioning committee's argument continued to its logical conclusion, would necessarily lead to the result that there should be only one Federal Reserve Bank, and that a central institution located in New York City.

The Federal Reserve Act, in the opinion of the majority of thinking men, is the greatest piece of constructive legislation placed upon the statute books within a period of fifty years. If properly worked out, panics such as this country has suffered in the past will disappear as a mist before the rising sun. The Act was intended as a benefit and a stay for the business of the United States. The success of the Act now depends upon the patriotic co-operation of the bankers throughout the country. If the bankers of the United States will hold up the hands of the Federal Reserve Board and the officers and directors of the Federal Reserve Banks, the success of this legislation is already assured and the blessings and benefits flowing therefrom will be widespread and substantial. If, however, the time of the Federal Reserve Board is to be taken up by contests between jealous communities, the success of this legislation will be jeopardized and the benefits arising therefrom will be materially diminished.

Respondent, therefore, submits this matter to the careful consideration of the Board, upon the record made by the Organization Committee, firmly believing that the action of the Organization Committee in establishing the present lines was correct and proper, and will result beneficially to both Districts.

The original letters referred to in this brief are being filed with the Secretary of the Federal Reserve Board for the use and benefit of the Board.

Respectfully submitted,
CHARLES C. HUFF,
Counsel for The Federal Reserve
Bank of Dallas, Texas.

APPENDIX

EXHIBIT A.

THE FIRST NATIONAL BANK OF ADA.

Ada, Okla., Sept. 1, 1914.

(1)

MR. OSCAR WELLS,
First National Bank,
Houston, Texas.

My dear Mr. Wells:

I am in receipt of your letter of August 29th, relative to a movement on the part of certain Oklahoma bankers to have the Southern portion of Oklahoma removed from Dallas Reserve District and placed in the Kansas City District.

I think that I got into disfavor with the Oklahoma bankers immediately after the designation of this District, by reason of my publishing my opinion of the District, which was: "That it was very pleasing to me as it was arranged." Afterward, considerable pressure was brought to bear on Mr. Norris and myself, in which an appeal was made to our patriotism to the State of Oklahoma, and after it had gotten down to the point where we were told that every other bank in Oklahoma besides the First National of Ada and one other, had signed the request that all of Oklahoma be placed in the Kansas City District, I was prevailed upon to sign such a request.

You may feel assured that I will do nothing whatever to have the boundaries of this District changed.

I am enclosing you with this a circular letter that I have just received from W. B. Harrison, Secretary of the Oklahoma Bankers Association, wherein you will note that Comptroller Williams has decided, after a full consideration of the matter, that no currency association will be formed in Oklahoma, and has advised all banks to join the currency association in their District. It rather strikes me that this is almost equal to a decision against changing the Reserve District as already established.

I appreciate hearing from you, and when I can be of further assistance to you in this country, it will be a pleasure to me.

With kindest regards, I am,

Yours truly,

Enc.
AGA-RHG

A. G. ADAMS
President.

THE OKLAHOMA BANKERS ASSOCIATION.

Office of the Secretary.

Oklahoma City, Okla., Aug. 31, 1914.

(1-X)

TO O. B. A. MEMBERS:

After thoroughly discussing the matter, the Executive Committee has decided there is little the Association as a body can do to help out the cotton situation. It is a problem for each individual banker to work out. No one knows yet what the price of cotton will be when the Oklahoma product comes on the market; it may be lower or higher than the price in Texas, which now ranges from 7½ to 9 cents. Most of the propositions put forward for holding the cotton crop INDEFINITELY are believed to be impractical, but it is important to market the crop slowly, and where the farmer is in a position to hold some of the crop over, he should be encouraged to do so. Oklahoma has a very liberal warehouse law, and cotton warehouses, bonded, should be arranged for in every important cotton shipping town. This will help the farmer and the banker alike. Warehouses will make it possible for the banker to obtain accommodations he could not otherwise secure from his correspondents, and especially from the regional reserve banks.

Bankers should seize the present opportunity to induce the cotton farmer to get away from that crop into diversified farming and live stock.

Comptroller Williams has advised all National Banks to join the nearest currency association, and many Oklahoma banks are inquiring whether such an association will be formed in Oklahoma. Full consideration of the matter has resulted in a decision in the negative. It would require almost the entire number of eligible banks in the Oklahoma portion of the Kansas City District to obtain the necessary capital for such an association, and it is doubtful whether the Comptroller would approve of its organization. It is already known he does not approve of crossing District lines. Hence, banks in the Kansas City District should join the Kansas City Association, and those in the Dallas District, the Texas Association, if they desire emergency currency. There is danger of getting too much of this currency on the market, because it cannot be used as reserve, but requires additional reserve to handle it, so the emergency currency should not be put into circulation unless actually needed. Remember that the notes and collateral to be offered for re-discount must be in tip-top shape and prepare your securities accordingly.

Press reports that the Executive Committee of the O. B. A., or any of its officers, favors rushing the cotton crop onto the market or oppose cotton warehouse plans, are false. They favor co-operation between the bankers and the farmers to work out this big problem. We will be glad to receive suggestions from you.

Yours truly,

W. B. HARRISON,
Secretary.

CITY NATIONAL BANK.

Altus, Okla., Dec. 24, 1914.

(2)

MR. FRANK KELL,
Wichita Falls, Texas.

Dear Mr. Kell:

Regarding proposed change of Southern Oklahoma banks into Kansas City District:

I deem it unwise at this time to make any change, in fact, we are very well pleased with Dallas. Should a majority of Southern Oklahoma bankers favor Kansas City, the change could be effected at some future time.

I trust that there will be no change made at this time.

Yours very truly,

J. T. WOOD,
President.

THE FIRST NATIONAL BANK.

Apache, Okla., Aug. 31, 1914.

(3)

MR. OSCAR WELLS,
Houston, Texas.

Dear Sir:

I have your letter of the 29th instant, relative to the matter of making any changes in the present boundary lines of the Dallas Regional Bank.

I would be very glad indeed to favor you personally in any way that I could, but we feel in Oklahoma that our State should not be divided, and since we have, most of us, dealt principally with Kansas City, we naturally look that way for our banking connections. I like Texas and her people, but I would have to get acquainted down there. Naturally, we are in close touch with Oklahoma City bankers, and they are very anxious to get the lines changed. I have not heard lately of any action being taken in the matter.

In our dealings with a Regional or Reserve Bank, I do not see that it can make very much difference whether the Bank is located in Dallas or Kansas City; however, as stated above, our business relations with Texas points have been very limited.

Our business outlook would be very good only from the fact that the cotton market is unsettled.

Very truly,

W. T. CLARK,

President.

THE FIRST NATIONAL BANK.

Ardmore, Okla., Dec. 24. 1914.

(4)

TO THE FEDERAL RESERVE BOARD,

District No. Eleven,

Dallas, Texas.

Dear Sirs:

There has something been said about, and some protest been made against, the Southern part of Oklahoma being placed in Federal District No. Eleven, and, in connection with this matter, we desire to say, so far as we are concerned, we are absolutely satisfied as it is now. It is true that when the Districts were first designated by the Department at Washington we signed a printed request that was circulated for that purpose, to have Southern Oklahoma changed, and placed in the Kansas City District. But, so far as we now can see, we think we would be better served, and have so far been better served, by the Dallas District, than we could have been by the Kansas City District.

Very truly,

C. L. ANDERSON

Cashier.

STATE NATIONAL BANK.

Ardmore, Okla., Sept. 4, 1914.

(5)

MR. OSCAR WELLS,

Houston, Texas.

Dear Mr. Wells:

In reply to your favor of the 28th ult., we understand that there is still some work being done to try to have us transferred to Kansas City. Of course, the majority of the boys in the Southern part of the State were against dividing

Oklahoma, and preferred to have it all in the Kansas City District. We, however, have decided to remain neutral, as we have very friendly relations both with Kansas City and Texas. In our case, most of our officers are Texans and have a large acquaintance in that State, and, naturally, we feel that we will be well taken care of.

With best personal wishes, I remain,

Yours very truly,

HAROLD WALLACE,
Cashier.

THE CHICKASHA NATIONAL BANK.

Chickasha, Okla., Aug. 31, 1914.

(6)

MR. OSCAR WELLS,
Vice-Pres. First Nat. Bank,
Houston, Texas.

Dear Mr. Wells:

I am just in receipt of yours of 29th, relative to the Southern portion of Oklahoma making an effort to connect itself with the Federal Reserve Bank at Kansas City, instead of the Dallas District, and in reply I will say that I attended a meeting of the State Executive Committee of the Oklahoma Bankers Association, of which I am a member, on Saturday, August 29th, and this matter came up for discussion before the meeting. I suggested that we pass the matter over now and make no effort at all to do anything along this line, as it had already been ordered and decreed that we were to be placed in the Dallas District, and that I for one saw no hopes of making any changes and that it was far best for us to go on and make the best of the situation and later on, if we found that it was not convenient for us to handle our business through Dallas, that we could then take the matter up with the Federal Reserve Board and ask for the change at some future date, but that at the present time I saw no hopes for any change being made in the District. I am glad to say that my views were considered in the matter, and it was passed over without any action being taken. In justice to Mr. Bings, of Ardmore, I will say that he agreed with me on this proposition, and we two were the main ones who advocated no change being made at this time, and I don't think anything more will come of the proposition. Being a Texan myself, I feel very much at home with a great many of the Texas

bankers, but there is a strong feeling here for a change.

With kind personal regards and best wishes, I am,

Yours very truly,

T. H. DWYER,
President.

THE FIRST NATIONAL BANK.

Chickasha, Okla., Aug. 31, 1914.

(7)

MR. OSCAR WELLS,
Care First National Bank,
Houston, Texas.

Dear Mr. Wells:

I have your favor of the 29th, advising that owing to the division made in locating Federal Reserve Banks at Dallas and Kansas City, you have been very much interested in the affairs of the Southern portion of the State, and in reply beg to state that we naturally thought all the time that we would be put in a District whereby we would patronize a bank located at Kansas City or St. Louis, and we preferred Kansas City, our mail facilities being very good, and of course having done a large per cent of our business at Kansas City, but after learning we had been placed in the 11th District, with a Bank to be located at Dallas, we did not allow ourselves to be discouraged, as we felt this matter was of much importance to the whole country, and had been well looked into by the gentlemen making such division, and if it developed that it was a disadvantage to the State to be divided, it could later be worked out.

We have contented ourselves on being able to transact our business satisfactorily with the Federal Reserve Bank at Dallas, and we should still be able to maintain our business relations with Kansas City, St. Louis and other Eastern points.

We have no special objection to make as to the mail facilities at Dallas, and if our securities which we have in Oklahoma can be recognized at the Federal Reserve Bank at Dallas by the Board, we know of no reason why our business should not be pleasant.

I appreciate very much the interest you are taking in the affairs, and hope to see you often on the Board.

Yours very truly,

BEN F. JOHNSON,
Vice-Pres.

BFJ-

THE OKLAHOMA NATIONAL BANK.

Chickasha, Okla., Aug. 31, 1914.

(8)

MR. OSCAR WELLS,
 First National Bank,
 Houston, Texas.

Dear Mr. Wells:

Replying to yours of August 29th, while to begin with, it was the opinion of our bank, considering the trend of business in this section, that it would be best for us to be in the Regional Bank District with Kansas City or St Louis, however, since the boundaries were fixed different and not knowing just what would be best for us, we have never joined in any move looking to a change, and don't think we shall until after we have tried out the proposition and realize what is best for us.

Some of our Oklahoma banker friends have criticised us severely for the stand we have taken. Anyway, their views have not changed our plans.

Thanking you for your letter, and hoping it may be proven it is best for us to be coupled up with the Dallas Reserve Bank and that all of us may see lots of benefits under the new scheme, I am, with personal regards,

Yours very truly,

R. K. WOOTTEN,
 President.

RKW-BH

THE OKLAHOMA STATE NATIONAL BANK.

Clinton, Okla., Jan. 16, 1915.

(9)

FEDERAL RESERVE BOARD,
 Washington, D. C.

Gentlemen:

In the matter of change in the boundary line between 10th and 11th Federal Reserve Districts, the hearing of which is soon to come up before your Board, it might be wise to postpone your decision until the different Regional Banks get into full working order in all its functions, and then it could be readily ascertained to which District the questioned territory belongs.

If the discount rates are kept somewhere near equal, it matters but little to which District any of us belong, until

the functions of the Clearing House are put into operation, and then some re-adjusting will most likely be in order.

Yours truly,

C. W. BREWER,
President.

THE FIRST NATIONAL BANK.

Comanche, Okla., Dec. 26, 1914.

(10)

FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

Some time ago we expressed our preference to be in the Kansas City District, but since they have begun operations and we have thought the matter over, will say that it would be agreeable to us to remain in the Dallas Federal Reserve District.

Very truly,

R. M. RALLS,
President.

THE FIRST NATIONAL BANK.

Elk City, Okla., Dec. 24, 1914.

(11)

MR. FRANK KELL, Director,

Federal Reserve Bank,

Dallas, Texas.

Dear Mr. Kell:

In regard to making any changes of the boundary lines of the Federal Reserve Banks: In my opinion it would be best to wait until the Federal Reserve Banks are in good running order.

We would prefer being in the Kansas City District, but we are willing to wait until the Board of Directors of the Federal Reserve Bank have their banks in good running order, as to make any changes now might cause some complications and we would want to reserve our right of trying to get changed as soon as the Reserve Banks got in good running order and where it would not cause any complication.

Very truly yours,

A. L. THURMOND,
Cashier.

ALT-AH

AMERICAN NATIONAL BANK.

Holdenville, Okla., Aug. 31, 1914.

(12)

MR. OSCAR WELLS,
Vice President, First National Bank,
Houston, Texas.

Dear Sir:

In reply to your letter of August 29th, will say that, as far as I am concerned now, I had just as soon be in the Dallas District as in the Kansas City District, for the reason that I think the Dallas District will understand this cotton condition better than any other. I think the Dallas District will fully realize what we are up against in this cotton section, and will understand how to handle the situation better than if we were in a grain or any other territory. Therefore, I am perfectly content to remain in the Dallas District.

Yours very truly,

L. T. SAMMONS,
President.

NATIONAL BANK OF COMMERCE.

Hollis, Okla., Jan. 5, 1915.

(13)

THE FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

Having had a conversation with Mr. Frank Kell, of Wichita Falls, Texas, who is a member of the Board of the 11th District, regarding the contemplated change from the 11th to the 10th Federal District of the Southern part of Oklahoma, I wish to say that it seems to me that the first thing we should do is to lend all of our energies toward the perfection of the Federal Bank plan.

We are in the 11th District, and as yet I have been unable to decide as to which District it would be most to our interest to be permanently placed in. We have a direct railroad connection with Dallas and, from the standpoint of convenience it seems that Dallas would be our preference.

Of course, there is a possibility that the financial interest of the State of Oklahoma might be injured should the boundary lines remain as they now are, but as it has not been tried out, and the entire plan is an experiment, I hardly believe that the matter could be intelligently settled at this time.

Respectfully,

C. W. GILLILAND,
President.

CWG-M

THE STATE NATIONAL BANK OF HOLLIS.

Hollis, Okla., Jan. 15, 1915.

(14)

FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

In regard to the proposed change in this Reserve District, we prefer to stay in the Dallas District, on account of the distance and connections which the mails make. We are only twelve hours from Dallas and about forty-eight hours from Kansas City.

Yours respectfully,

W. S. CROSS,
President.

 THE FIRST NATIONAL BANK.

Mangum, Okla., Aug. 31, 1914.

(15)

MR. OSCAR WELLS,
Houston, Texas.

Dear Mr. Wells:

I am very glad to have your letter regarding the move on part of the Oklahoma bankers to be transferred to Kansas City District.

Personally, we would prefer to remain as we are, in your District. However, this is on second judgment, as we preferred Kansas City at first, and when the remonstrance was first made, we joined in this, but since then we will stand pat on Dallas.

I want to congratulate you on being selected on the Board, and we feel that the entire District will be benefited by having you as a Director.

With kindest personal regards,

Yours very truly,

H. MATHEWSON,
President.

 THE FIRST NATIONAL BANK.

Marietta, Okla., Aug. 27, 1914.

(16)

MR. BEN O. SMITH, President,
F. & M. National Bank,
Fort Worth, Texas.

Dear Smith:

I am duly in receipt of your favor of the 24th inst., and

note what you say about it having been brought to your attention that there might still exist some opposition to the Southern part of Oklahoma being included in the Eleventh Regional Bank District, and desiring to know from me, in my opinion, what this opposition, if any, will amount to or exert with the Washington Department.

In reply will say, as far as my personal views are concerned, when I first learned that the Southern part of Oklahoma was to be included in the Dallas District, instead of Kansas City, I thought it was a mistake and that it would have been better if we had been placed in the Kansas City District. However, since then, and after thinking the matter over more carefully, I am frank to say, that while from one standpoint it looks like it would be better for the State of Oklahoma to all be in one District, from a financial standpoint and the further fact of Dallas being very centrally located as a cotton point and in a sense having a great deal more transactions and business with banks in the cotton section than Kansas City, it appears to me, as you say, that the Dallas Regional Bank should be more competent and possibly have more experience in the handling of cotton than the Kansas City Bank would. On this account, I am very much in favor of the District being left alone and the Southern part of Oklahoma remaining in the Dallas District.

* * * *

Hoping, however, that this opposition may not amount to much and that there will nothing come of it, and the District remain unchanged, and further, that I have made myself clear, as to how I stand personally, with regard to same, with kindest regards and best wishes, I remain,

Yours very truly,

F. B. CONRAD,
President.

THE FIRST NATIONAL BANK OF MARLOW.

Marlow, Okla., Aug. 29, 1914.

(17)

BEN O. SMITH, President,
F. & M. National Bank,
Fort Worth, Texas.

Dear Mr. Smith:

In my opinion, there is not much opposition to being in with Texas among the small banks, or at least nothing like there was at first. Anyway, there is no agitation of it. Most of us have come to the conclusion that it makes no difference

where we are. So many much greater and more grave matters are coming up that I doubt if anything is tried that will change the District lines.

Today's papers say that a meeting of bankers is on in Oklahoma City, but I had heard nothing of it, although I am reported to be there. A few people would like to have the change made, but they are not getting up much enthusiasm.

With the best of regards, and hoping to have more business some of these days for you,

Yours very truly,

T. L. WADE,

Cashier.

THE STATE NATIONAL BANK.

Marlow, Okla., Jan. 9, 1915.

(18)

FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

Some months ago, when we were advised that we were to be placed in the Dallas District (No. 11), we, along with others from this country, entered our protest, as most of our business had been in Kansas City and St. Louis.

After further consideration of the matter, we desire to say that we will, for the present, withdraw our protest and will be satisfied to remain in the Dallas District until the system has been given a thorough trial, and until such time as we ascertain from experience whether or not, in our judgment, it would be better for us to be in the Kansas City District.

Respectfully,

O. R. McKINNEY,

Cashier.

THE FIRST NATIONAL BANK.

Poteau, Okla., Jan. 12, 1915.

(19)

MR. B. A. McKINNEY,

Federal Reserve Bank,

Dallas, Texas.

Dear Buck:

In these days of agitation, financial and otherwise, I am becoming convinced that to "Let well enough alone" is a good axiom.

The strenuous effort to effect a change in Federal Reserve District No. 11, adding Oklahoma to the Kansas City Dis-

trict, seemed to me to be a proper procedure and for the best interest of all of we Oklahoma bankers who petitioned; and, not to be contrary, I signed the petition for this bank, like a majority. Since the matter will soon be heard by the Federal Reserve Board, I have given the question of changing, more thought than heretofore—at least more intelligent thought—for the reason that I now know more about the Federal Reserve Banks and their functions than heretofore, and I imagine this is true of the most of the bankers.

Take the individual case of this bank. After summing it all up, I find our mail service to Dallas is a few hours shorter than into Kansas City. The SERVICE of one Federal Reserve Bank appears to be about the same as the other. So far as I know, the discount rates are the same. Items for credit and balances to check against seemingly are just as convenient for us as they would be in Kansas City or St. Louis. A few weeks' operation of the banks has changed my ideas concerning them.

I do not want to be put in the position of going back on the petition I signed along with the other Oklahoma bankers, but thought would drop you a line to say that since finding out more about the modus operandi of Federal Reserve Banks, that it makes do difference to me if the District remains like it is. In fact, I believe I prefer it now, as it is.

I have felt that the strong effort being put forth to change the boundary lines would naturally cause you to take a keen interest in the matter from a personal standpoint, and I wanted, in this letter, to express my "honest convictions" that perhaps a lot of us had rushed into something that we really didn't know whether we wanted it or not.

With the kindest of regards, I remain,

Cordially and sincerely yours,

TOM WALL,

Cashier.

THE FARMERS AND MERCHANTS NATIONAL BANK.

Roff, Okla., Aug. 25. 1914.

(20)

RESERVE BANK ORGANIZATION COMMITTEE,
Washington, D. C.

Sirs:

We understand that there is a move on foot to place the entire State of Oklahoma in the Kansas City Reserve District.

If the Dallas District will be as able to take care of

our needs for funds as the Kansas City District, we prefer that the Districts be left as they are, for the reason that we are a cotton growing section and our needs are identical with most of the banks of the Dallas District.

We are not in favor of any move that will delay the completion of the organization of the Reserve Banks.

Yours very truly,

FARMERS & MERCHANTS NATIONAL BANK,
By J. A. GILBERT, Cashier.

Tishomingo, Okla., Dec. 19, 1914.

(21)

TO THE HONORABLE FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

The undersigned banks of Johnston County, Oklahoma, hereby petition your Honorable Board to make no change in the lines of the Federal Reserve District as established by the Organization Committee, and we express ourselves as satisfied with the lines as they now exist.

If in the event the lines should be disturbed in any manner, we ask that at least Johnston County be permitted to remain in the Dallas District.

Respectfully yours,

THE TISHOMINGO NATIONAL BANK,

L. L. CALDWELL, Cashier.

FIRST NATIONAL BANK, Wapanucka, Okla.

R. E. WADE, President.

FIRST NATIONAL BANK, Milburn, Okla.

J. W. WALKER, Cashier.

*FARMERS NATIONAL BANK, Tishomingo, Okla.

C. B. BURROWS, President.

THE FIRST NATIONAL BANK.

Wapanucka, Okla., Dec. 22, 1914.

(22)

MR. B. A. MCKINNEY,
Durant, Okla.

Dear Sir:

Your letter bearing date of the 19th inst. received, and in reply will say that we are perfectly satisfied in the District No. 11, and will be glad to sign the petition to stay in

the Dallas District, and be glad to do all we can for you.
I remain,

Yours very truly,

R. E. WADE,
President.

EXHIBIT B.

THE OKLAHOMA BANKERS ASSOCIATION.

Office of the Secretary.

Oklahoma City, April 7, 1914.

(1)

TO O. B. A. MEMBERS IN DALLAS DISTRICT.

Gentlemen:

Without presuming in the least to dictate in the matter of the regional reserve bank Districts, we feel that another letter at this time will be welcomed by you, in view of the many urgent letters and telegrams we have received.

The writer has much information which it is impossible to convey in a letter, but the main point is: After communicating with Senators Owen and Gore, all Oklahoma's Congressmen, and after consulting with bankers in Kansas City personally and canvassing the situation as thoroughly as time has permitted, we are convinced that there is a reasonable chance, by proper activity, to get Oklahoma placed in one regional district.

As for a branch bank, the administration forces are inclined to adopt the policy of placing branches only where there are not overnight facilities for handling business. Under that policy, and the Districts as now framed, every city in Oklahoma is barred from obtaining a branch.

Our information is, that 95% of the Oklahoma banks that have been placed in the Dallas District are very much opposed to this arrangement. We ask that any bank that is contented to remain in that District, please write us at once. All others should fill out the enclosed form AND RETURN TO THE WRITER (Do not mail it to Washington). This is VERY IMPORTANT AND SHOULD HAVE YOUR IMMEDIATE ATTENTION.

Further suggestions will follow developments.

Very truly yours,

W. B. HARRISON,
Secretary O. B. A.

THE OKLAHOMA BANKERS ASSOCIATION.

Office of the Secretary.

Oklahoma City, Okla., April 13, 1914

(2)

TO THE BANK ADDRESSED:

We have not as yet received from you one of the signed slips like the enclosed which we mailed you a week ago and asked to be returned immediately. This is exceedingly important, and we cannot put too much stress on the necessity of hearing from every Oklahoma bank in the Dallas District at once definitely. If you want to be in the Dallas District, please state that plainly. If you do not, sign this slip today, and mail to us, unless you already have one in the mail.

We admit that there is only a fighting chance to get the District changed, but we have good reason to believe it can be done. Today we have received from Washington a signed statement by a high government official, whose support means as much to us as that of any other man, saying he thinks this change can be made if the banks will all sign the protest.

It is very important to not only send this in, but to wire your Congressman and Senators, unless you have already done so. Let them hear from you direct in protest against the lines as at present formed, if you feel that way about it. We have received 220 replies to date, of which 215 have been protest.

Remember we are working day and night on this proposition in your interest and intend to keep up that work until we get a decision. So please do your part by forwarding the slip to us by next mail.

Yours truly,

W. B. HARRISON,
Secretary O. B. A.

EXHIBIT C.

THE FIRST NATIONAL BANK.

Altus, Okla., Dec. 24, 1914.

(1)

MR. FRANK KELL,
Director of the Federal
Reserve Bank, 11th District,
Dallas, Texas.

Dear Sir:

In my opinion it would be unwise to make any change of the line of Southern Oklahoma from this District, especially

just now. Trust your Board will consider the matter carefully and decide not to make any change.

Yours very truly,

J. A. HENRY,
President.

THE FIRST NATIONAL BANK.

Broken Bow, Okla., Aug. 14, 1914.

(2)

HON. B. A. MCKINNEY,
Durant, Okla.

Dear Sir:

We desire to congratulate you upon your election as a Director of the Federal Reserve Bank of this District, and to congratulate the District upon its wise selection, which is entirely in accord with our own personal wishes.

We are now ready to give our heartiest support towards retaining the Southern part of Oklahoma in the Dallas District, as it is now divided. We will oppose any plans which may be presented to include us in the Kansas City District, and if there is any way in which we may be of assistance in this matter, kindly let us know.

We are satisfied with our Directors, and with the District as it stands.

Yours very truly,

F. L. MALLORY,
Cashier.

(Seal)

THE FIRST NATIONAL BANK.

Coalgate, Okla., 8-24-14.

(3)

FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

We have been informed recently that there is a movement on foot to transfer the banks in Southern Oklahoma now in the Eleventh District, headquarters at Dallas, Texas.

Speaking for ourselves, as well as for many other bankers in this section of the State, we much prefer being in the Dallas District than that of Kansas City, and would regret very much to be transferred.

Hoping that you may see matters as we do in regard to this matter, we remain,

Very respectfully,

R. P. CARSON,
Vice-Pres.

RPC-MKH

THE FIRST NATIONAL BANK.

Frederick, Okla., Jan. 8, 1915.

(4)

FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

It appears that an effort is being made by certain Oklahoma bankers to change the boundaries of this District, and that they have presented a petition to your Board, asking that all of Oklahoma except a few Southern Counties be transferred to the Kansas City District.

It is my opinion that this movement was instigated by Oklahoma City bankers, and is being pushed on account of interests of Oklahoma City parties, and not for the welfare of a majority of bankers in the District.

We are highly pleased with the selection of Dallas as the reserve center of this District, and hope that no change will be made in the present District lines.

Yours very truly,

J. B. BEARD, Jr.

Cashier.

 THE NATIONAL BANK OF COMMERCE.

Frederick, Okla., Sept. 1, 1914.

(5)

MR. OSCAR WELLS,

V. P. First National Bank,

Houston, Texas.

Dear Mr. Wells:

Your letter of the 29th ult. is just received, and I wish to say, in reply, that I have been one of the few in Southern Oklahoma who have been entirely content with the arrangement of the District.

It appears to me that the arrangement was perfected after a comprehensive and a thorough examination into the claims of all parties concerned, and by a committee which had a much better opportunity to weigh matters with justice.

I feel altogether inclined to remain in the Dallas District, and in fact am glad that we are placed there. I am glad you wrote me about the matter, and with kind personal regards, I am,

Yours truly,

C. W. HOWARD,

Pres.

CWH-MMC

THE FIRST NATIONAL BANK.

Grandfield, Okla. Apr. 4, 1914.

(6)

CITY NATIONAL BANK,

Dallas, Texas.

Gentlemen:

We wish to congratulate you and your city upon the securing of the location for one of the Regional Reserve Banks.

And we are indeed glad to be located in a District with the central city so close to our doors.

We thank you for the services tendered in connection with handling business through the Reserve Bank, and when the opportune time arrives for opening an account in Dallas, we shall remember your good bank.

Yours respectfully,

O. E. MAPEL,

Cashier.

THE FIRST NATIONAL BANK.

Kiowa, Okla., Aug. 14, 1914.

(7)

FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

Referring to the effort of Oklahoma City to change that part of Oklahoma that is in Federal Reserve District Eleven, from the Dallas to the Kansas City District, we are pleased with the District as made, and feel that the business of Southern Oklahoma can be best handled through the Dallas District, and desire to protest against this change being made.

Yours Respect.,

C. W. CRUM,

Cashier.

(Seal)

THE LEHIGH NATIONAL BANK.

Lehigh, Okla., June 11, 1914.

(8 and 9)

TO THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

We, the undersigned banks, of Lehigh, Oklahoma, hereby protest against any change being made toward re-districting the Southern part of Oklahoma, which is located in the 11th Reserve District.

The undersigned banks are satisfied with Dallas for the reason that we have daily connections with this city, whereby we believe that it will be to our best interest to be associated with this bank.

Further, we do not believe that the Reserve Board will allow any discrimination in the interest rates, owing to the strong demand for assistance during the marketing of our cotton crop, which the entire 11th District is called upon to finance at the same time.

Assuring you of any assistance or information that we have, at any time called upon, we are,

Very truly yours,

THE LEHIGH NATIONAL BANK, Lehigh, Okla.

TOM MITCHAM, Cashier.

THE MERCHANTS NATIONAL BANK, Lehigh, Okla.

OLLIE L. BEARD, Cashier.

THE FIRST NATIONAL BANK.

Milburn, Okla., June 6, 1914.

(10)

TO THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

We feel it our duty to say a few words in behalf of the Reserve Board in locating the District line as they did through the State of Oklahoma. Inasmuch as the Southern part of the State is devoted to cotton growing, as well as the balance of the Eleventh District.

We believe it would also be to the best interest of all concerned should we have a Board of Directors coming from Texas, the Southern part of New Mexico, and the Western part of Louisiana, rather than one coming from Colorado, Wyoming, Nebraska, and those other States that know nothing about the problems of a bank charged with the duty of financing a cotton crop.

It appears to us that the Federal Board has acted wisely in placing us in the Eleventh District, with Dallas as a reserve center. We therefore commend them.

Yours very truly,

C. B. CARTER,

Asst. Cashier.

(Seal)

THE FIRST NATIONAL BANK OF ROFF.

Roff, Okla., Aug. 21, 1914.

(11)

FEDERAL RESERVE BOARD,

Washington, D. C.

Sirs:

There is a movement on foot among some of the bankers of Oklahoma to try to have all of Oklahoma placed in the Kansas City Federal Reserve District. We understand that a delegation is already on the way to Washington for that purpose.

We feel that there are a great many of the bankers of Southern Oklahoma who feel as we do about the matter: We would much prefer that the arrangement be left just as it is.

The interests of Southern Oklahoma are identical with those of Texas and the other cotton States. We are strictly a cotton country, and what would serve Texas the best would also be best for us. On the other hand, were we to be placed with Kansas City, we would only be a very small cotton producing community, placed with a large country, where practically nothing is known about cotton, or the handling of it. Dallas is much easier to reach from this section by mail or telephone, and we feel that practically everything is in favor of Dallas, over Kansas City, as far as Southern Oklahoma is concerned.

We are sure that in considering this proposed change, both sides of the question will be fully considered, and we feel that you will decide to let the Districts remain as they are. No doubt, there will be more agitation for a change than there is against a change, as there are a great many more banks in Oklahoma who are in the Kansas City District, than are in the Dallas District, but we have discussed the matter with a great many of the bankers of Southern Oklahoma, and we believe a great majority favor remaining in the Dallas District.

Very respectfully,

H. HUGHES,

Cashier.

THE FIRST NATIONAL BANK.

Ryan, Okla., Jan. 7, 1915.

(12)

MR. OSCAR WELLS, Governor,
Federal Reserve Bank, of Dallas.

Dear Sir:

While there is being made strong efforts to re-district our section of Oklahoma by a few of our members, we feel

that it will revert to a great inconvenience to us in the way of collecting items, proceeds of our products, nearly all of which are shipped towards the Gulf ports, thereby placing the credits of all country banks like ours in Texas cities. It is always desirous to get as prompt collection or returns for products shipped. If the clearance arrangements are solved, as desired, we will then of necessity have to clear such items in opposite direction to the point drawn on and delaying payment. Southern Oklahoma products are similar to those of North Texas, cotton being our most valuable product, all of which is shipped to Galveston port. For these reasons, we think it to our best interest to remain as originally platted, and trust your good officers will urge upon the Reserve Board to leave the District remain with our section, at least, in District 11, for which we will greatly appreciate and think it to our best interest that you do so.

Thanking you for whatever assistance you can lend to this end, and with continued best wishes, beg to remain,

Yours very truly,

J. H. WHITESIDE,
Cashier.

THE TISHOMINGO NATIONAL BANK.

Tishomingo, Okla., June 15, 1914.

(13)

FEDERAL RESERVE BOARD,
Washington, D. C.

Sir:

I notice from the press that there will be a committee from Oklahoma appear before you in an effort to get all of the State of Oklahoma placed in the Kansas City Federal Reserve District.

This committee will doubtless represent that 95% of the banks of Southern Oklahoma of the Dallas Reserve District are protesting against being left in the Dallas District, and doubtless there are a majority of the banks south of the Canadian River on record as protesting against the division, but I wish to submit that the majority of these protests have been made as a direct result of a persistent campaign waged by Oklahoma City bankers.

These Oklahoma City bankers have emphasized the fact that our State has been divided and put in two different Districts, while under present conditions, our State is divided into a dozen or more different Districts. Some of us borrow our money from, and keep our reserves with, New York, while

others are with St. Louis, Chicago, Kansas City, Fort Smith, Little Rock or various other centers.

You will find on investigation that the reasons given by these banks protesting against Southern Oklahoma being placed with Dallas for wanting the District changed, will vanish as soon as the Federal Reserve system is put in actual operation.

The Oklahoma City banks sent out the protests all ready to be signed up by the different banks and urged that every bank join in the protest.

I thoroughly believe that it is unwise to make any change in our District at this time, and that time will prove the wisdom of the Organization Committee in dividing Oklahoma along the line of its natural line of division.

Respectfully submitted,
L. L. CALDWELL,
Cashier.

WAURIKA NATIONAL BANK.

Waurika, Okla., Sept. 1, 1914.

(14)

OSCAR WELLS,
Houston, Texas.

Dear Sir:

Replying to yours of 29th ult.:

Our judgment has been all the while to keep every interest together as much so as possible. We think the Southern part of Oklahoma should be kept in the 11th District, that being the cotton producing part of the State. Those of us who hale from the South seem, and the cotton country seem, to be of that opinion; but, when you find a banker from the North, who is not acquainted with the cotton business, as we are, and they want out and go to Kansas City or St. Louis. We think it a grave mistake to transfer us to one of those Districts. We think we would be lost sight of in the mixup of the commercial and cattle interest. Of course, there is argument pro and con, BUT LET US STAY WHERE WE ARE.

Yours very truly,
WADE ATKINS,
President.

EXHIBIT D.

SAM I. HYNDS & CO.
Cotton Merchants.

Durant, Okla., Dec. 19, 1914.

MR. B. A. MCKINNEY, Cashier,
Durant National Bank,
Durant, Okla.

Dear Sir:

We beg to advise that all cotton produced in Oklahoma and sold for export to foreign countries, is shipped from Oklahoma via Galveston or New Orleans, and in our opinion fully seventy-five per cent of Oklahoma cotton sold to New England or Canadian mills, is also shipped via Galveston or New Orleans, and practically all cotton produced south of the Canadian River or Rock Island Railroad, is shipped via Galveston, thence by water to New England or Canadian points, as the combination of rail and water rates via the Gulf is less than the all rail rates from Southern Oklahoma.

We also beg to point out that farmers and merchants who ship cotton on consignment, forward same to Houston, Galveston or New Orleans; in other words, almost the entire Oklahoma cotton crop is shipped via the Gulf.

Yours very truly,

SIH-M

SAM I. HYNDS & CO.

EXHIBIT E.

KEMP & KELL.

Wichita Falls, Tex., Dec. 21, 1914.

MR. B. A. MCKINNEY,
Durant, Okla.

My dear Mr. McKinney:

I have your favor of 19th inst. The movement of the wheat crop from that part of Oklahoma included in the 11th Regional District, is nearly exclusively to the south, either through Galveston and New Orleans for export or to Texas for local consumption. In the territory above named, there is probably a larger per cent of the grain moved to Texas for local consumption by reason of the fact that the adjustment of rates from this territory is more favorable to a Texas destination on a domestic basis than to any other point for consumption, either for domestic or export use.

Most of the wheat grown in this territory above outlined is grown in the Southwestern part of the State of Oklahoma, where the commercial affiliation is largely with Texas con-

nections, and I might say, almost exclusively with Texas connections, so far as the grain business is concerned.

The surplus oats grown in the State of Oklahoma embraced in the 11th District, is very largely consumed in the Southeast, either in Arkansas and Louisiana, or beyond the river, through the Memphis gateway. Some of this comes to Texas, and is consumed in a local way, when the Texas crop is short; but most of the crop in the territory above named goes to the Southeast.

The surplus corn of this part of Oklahoma is nearly all moved to Texas or to Galveston and New Orleans for export. Seldom does the surplus corn of that section move in any other direction. Now and then you will find seasons when, for a short while, it will move through the Memphis gateway. This lasting only until such time as the Kansas corn may commence to move freely.

I feel quite sure that so far as the surplus grain grown in the territory above named is concerned, that 80 or 90 per cent of it moves to the South and Southeast, either for local consumption in that territory, or for export through Galveston and New Orleans.

I do not think that the opening of the Panama Canal will increase or in any wise affect the movement of grain from this territory for export, as the Pacific coast is well supplied with grain grown west of the mountains. Now and then we may have a shipment of oats to go to the Pacific coast, during years when the crop of this cereal is short in that country. Later, we may be able to increase our volume of flour moving out through the Gulf ports for export by extending our trade to the west coast of South America, and probably the Philippine Islands and Japan. This, however, is quite remote and in a measure quite doubtful.

There is no doubt that the imports through Galveston and New Orleans, induced by the opening of the Panama Canal, will largely increase the volume of tonnage destined to Southern Oklahoma, as the rate from the Pacific coast, through the canal to the entry ports of New Orleans and Galveston, plus the rail rate from New Orleans and Galveston to final destination will be lower than the all rail rate across the continent. Indeed, the canned goods shipments have already commenced to move in this direction.

I shall be pleased to have your further inquiries at any time that you think I can be of service to you.

With kindest regards, I am,

Yours truly,

FRANK KELL.

FKG-

EXHIBIT F.

THE FIRST NATIONAL BANK.

Achille, Okla., June 12, 1914.

(1)

FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

Inasmuch as the banks in the Northern part of Oklahoma are making a strong fight to have all of the State of Oklahoma placed in Reserve District Ten, I wish to state how the Directors of this Bank feel about the situation.

We realize that the Southern part of Oklahoma is a cotton growing country and that we have practically the same crops and conditions that the people of Texas have to contend with.

The business trend of this part of Oklahoma is towards Dallas, and we feel that we ought to have our banking facilities in the same part of the country that our other business is centered.

We are of the opinion that the Directors of the Federal Reserve Bank that is to be located at Dallas, in Reserve District Eleven, will better understand the conditions that we have to contend with and therefore will be in a better position to take care of the needs of the banks located in the Southern part of Oklahoma.

We want to file a protest against any change that may be made in the lines of the Reserve Districts that would place this part of the State in Reserve District Ten.

We feel that we properly belong to District Eleven, and we hope that no change will be made.

Respectfully,

W. G. COTNER,

Cashier.

(Seal)

THE FARMERS AND MERCHANTS NATIONAL BANK.

Achille, Oklahoma, June 10, 1914.

(2)

THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

The proposition to revise the findings of the Organization Committee in locating Southern Oklahoma in Federal Reserve District No. 11, Dallas, Texas, is very objectionable to this section of the country, and, on behalf of this bank, I

earnestly protest against any change being made from the original decision.

Our interests and those of Texas are closely merged, and I might say, identical. The character of the soil is practically the same, our crops are of the same character, and the principal markets for our cotton crop, give us exchange on Dallas, Houston, Galveston and New Orleans in payment thereof, and at the same time afford us a better price, because of the shorter haul to destination. Our corn and other small grain crops find a ready market in those sections of Texas where the agricultural conditions make other crops more profitable, in consequence of which, very little corn and oats are raised.

Since this town was established, our trade relations with Texas points have steadily increased, and I feel that it is to our best interests that we remain a member of Federal Reserve District No. 11. It is probably true that the majority of Oklahoma banks maintain their reserves in Kansas City, St. Louis and New York, but this is no doubt due to the fact that these connections were established before reserve cities were designated in Texas, and it is convenient to draw Eastern exchange in payment of the purchases of our merchants from Eastern and Northern cities. Altogether, I believe that the Organization Committee acted very wisely in embracing Southern Oklahoma in the Dallas Reserve District, and I sincerely trust that no change will be made from the original designation, because I believe it will be prejudicial to our interests to make any change.

Very truly yours,

W. E. HOLLAND,

Cashier.

(Seal)

THE ANTLERS NATIONAL BANK.

Antlers, Okla., June 17, 1914.

(3)

THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

This bank desires to express its complete satisfaction with being placed in Federal Reserve District Number Eleven, to be served from Dallas, Texas. In our opinion, Dallas is the logical point for the Southern section of Oklahoma, and we should be sorry, indeed, to be attached to either the St. Louis or Kansas City District. We are satisfied that whatever opposition there has been to the placing of Southern Oklahoma in the

Dallas District, is due to the agitation of persons whose personal interests would be better served by some other arrangement.

Respectfully,
 ANTLERS NATIONAL BANK,
 By M. D. JORDAN, Cashier.

THE FIRST NATIONAL BANK.

Aylesworth, Okla., June 4, 1914.

(4)

THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

Realizing that there is an attempt being made by some of the banks in Oklahoma, located in District No. 11, and others in the Northern part of the State, to bring pressure to bear upon you to change the boundary lines of District No. 11, so as to place the entire State of Oklahoma in District No. 10, we, as a member bank of District No. 11, wish to say that we heartily endorse the division of Oklahoma made by you in outlining this District, and wish to enter our protest against any change whatsoever in the territory included therein.

The natural trend of the business of the banks of Southern Oklahoma is not toward Kansas City and the placing of us in District No. 10, would necessitate our forming new relations altogether.

The State of Oklahoma should be divided, from the fact that the seasons are the same, and the crops grown are identical with those of the State of Texas, while the Northern portion of Oklahoma is the same as the State of Kansas.

At the Bankers' Convention, held in Dallas for the purpose of recommending Directors for the Regional Bank, Southern Oklahoma was shown due consideration, both in giving us a Director, and in selecting B Class Directors who were thoroughly identified with Southern Oklahoma interests.

Yours for District No. 11 to stand,

Respectfully,

JAS. N. KING,

Cashier.

(Seal)

THE BENNINGTON NATIONAL BANK.

Bennington, Okla., Aug. 25, 1914.

(5)

THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

After studying the situation carefully, I am convinced it

is to the best interest of our institution for us to remain in the Eleventh Reserve District. The matter of having our entire State placed in the District with Kansas City as the center, has been agitated, but owing to the fact that our interests are largely dependent upon the cotton crop, I feel that we can be served much better from Dallas than from Kansas City, and therefore write this letter in behalf of our section remaining as it is.

Respectfully,

L. E. BATCHELOR,
President.

FIRST NATIONAL BANK OF BENNINGTON.

Bennington, Okla., Aug. 25, 1914.

(6)

THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

We desire to express our satisfaction and desire to remain in the Eleventh Reserve District, of which Dallas is the center. We feel that, owing to the fact of our principal resources being derived from the cotton crop, our conditions and circumstances will be better understood in Dallas than at Kansas City, and for this reason it is our wish to remain in this District.

Respectfully,

LEWIS T. MARTIN,
Cashier.

THE FIRST NATIONAL BANK.

Bokchito, Okla., June 4, 1914.

(7)

HON. FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

We want to protest against any change that might be made in the lines of the Federal Reserve District that we are in.

The crops grown in Southern Oklahoma are the same as those grown in Texas and are not the same as those grown in the Kansas City District.

We think the Committee acted wisely in dividing the State as they did.

Respectfully,

TOM KING,
Cashier.

THE FIRST NATIONAL BANK.

Boswell, Okla., June 15, 1914.

(8)

THE FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

The purpose of this letter is to protest against any change whatever of that part of Oklahoma now in District No. 11, to District No. 10.

At first we were of the opinion that it would have been better if all of Oklahoma could have been in one District, even if the Southern part would have been in District No. 10; but, since studying the matter more closely, as to climate, soil, and crops, and the cattle and stock business, we are more fully convinced that we can be better served from the Dallas District, and it is our honest opinion that the same rule will apply to nearly all of the Southern part of Oklahoma.

As stated above, we are against any change whatever of the North line of District No. 11, in Oklahoma, and our appeal to you is, that you make no change, as we believe that the Organization Committee showed good judgment in dividing the State as they did.

Yours very truly,

W. W. MORAN,
Cashier.

(Seal)

THE STATE NATIONAL BANK.

Boswell, Okla., June 16, 1914.

(9)

THE FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

We desire to protest against any change in the Federal Reserve Districts, so far as they relate to the Southern part of Oklahoma.

We believe that our interests will best be served by continuing in the Dallas District, because of the similarity of the climate, soil and crops, and the further fact that the Dallas Bank will be managed by a Board of Directors who are acquainted with the needs of a bank in the cotton district.

We believe the Organization Committee showed good judgment in dividing the State as they did, and we trust that the lines as established will remain as they are.

Yours very truly,

W. W. JETER,
Cashier.

(Seal)

THE CADDO NATIONAL BANK.

Caddo, Okla., June 17, 1914.

(10)

THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

There has been considerable discussion lately among the banks of Southern Oklahoma with reference to being placed in District No. 11 with Dallas, and I desire to say that we are entirely satisfied with the condition as it is and certainly hope that no change will be made placing us in some other District. In the first place, I believe that we can get better service from Dallas, because they are nearer to us, and are more familiar with our wants. I believe it would be a mistake to change this part of Oklahoma back to the Kansas City District, as the Organization Committee would have to give a great deal of time to the consideration of other changes.

I respectfully request that no change be made,

Yours very truly,

(Seal)
FP-MT

F. P. SEMPLE,
Cashier.

THE FIRST NATIONAL BANK.

Colbert, Ind. Ter., June 15, 1914.

(11)

THE FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

I understand that the bankers of Oklahoma City are making an effort to transfer us to Kansas City. I wish to protest against any change being made, as I feel that it is to our interest to remain as we are. I feel that the Dallas District understands our needs and knows our condition better than Kansas City, and would be in a better position to assist us. I think the Federal Reserve Board acted wisely in placing this portion of Oklahoma in the Dallas District.

Yours very truly,

(Seal)

W. H. McCARLEY,
President.

THE DURANT NATIONAL BANK.

Durant, Okla., June 13, 1914.

(12)

THE HONORABLE FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

The officers and directors of this bank are thoroughly satisfied with the arrangement of the Federal Reserve Districts, and we protest against the Southern part of Oklahoma being transferred to the Kansas City District or any other District. We believe that the Organization Committee used good judgment in placing this part of our State in with Texas, because many of our citizens are from that State, we have similar soil and seasons, and similar crops. We know them and they know us.

We believe that a large part of the sentiment manifested by some of the banks in Southern Oklahoma in desiring to be transferred to the Kansas City District is due in a great measure to the agitation brought on by Oklahoma City. They are in the Kansas City District themselves and believing that benefit would accrue to their own city by having Southern Oklahoma transferred to Kansas City have conducted a vigorous campaign to bring about that result. They lined up a great many banks in this part of the State before those banks had stopped to consider what was for their best interest. We think the enterprise they have shown is worthy of commendation, but then we feel the Board should also know to what extent they have been active in the effort to get Southern Oklahoma transferred to the Tenth District.

We believe that a bank managed by a Board of Directors coming from Colorado, Wyoming, Nebraska and the other States of the Tenth District, would not know and care for our needs like the Texas bank would.

Yours very truly,

(Seal)
JRM-MESJAS. R. MCKINNEY,
Vice-President.

THE STATE NATIONAL BANK.

Durant, Okla., June 13, 1914.

(13)

HONORABLE FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

This bank desires to express its satisfaction with the Federal Reserve Districts as established by the Organization Committee. We believe that our interests will best be served

by connection with the Dallas Reserve Bank, rather than any other District to which we might be transferred. We think that the Committee showed a thorough consideration of our needs when they separated the cotton growing region of Oklahoma from the other section of the State and placed it along with Texas and the other States which have cotton as their chief product.

We respectfully protest against any change being made in our Reserve Bank connections.

Respectfully yours,

GREEN THOMPSON,
Vice-President.

GT-MES

THE FIRST NATIONAL BANK.

Fort Towson, Okla., 6-23-14.

(14)

FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

Some time ago we made a protest against having been placed in the Dallas (No. 11) District, but we now want to withdraw our objection, and state that we are perfectly satisfied with said District, as we feel that our interests are more closely allied with the other banks in this District than they would be with those of any other to which we could be attached.

Yours truly,

CHARLIE SWITZER,
Cashier.

THE FIRST NATIONAL BANK OF HAWORTH,

Haworth, Okla., Aug. 14, 1914.

(15)

MR. B. A. MCKINNEY,
Federal Reserve Bank Director,
District No. Eleven,
Durant, Oklahoma.

Dear Sir:

Having our attention called to the fact, by our mutual friend, Mr. R. D. Wilbor, of Hugo, Oklahoma, that we had failed to file our protest with you, protesting against being attached to the Kansas City Federal Reserve District, as suggested by the Kansas City and Oklahoma City bankers:

In this connection beg to state that we are unconditionally opposed to being attached to the Kansas City Federal Reserve

District. Kansas City is foreign to us in a financial way, and they are not acquainted with the local conditions of Southeast Oklahoma.

And we further believe that the Federal Reserve Board acted fairly and impartially in making the division of Oklahoma as they did and putting Southeast Oklahoma in the Dallas District, thereby making it possible for the Directors of the Federal Reserve Bank to know the conditions of each locality in their district.

You can use the above letter for your authority to file our protest against any change in the Federal Reserve District No. 11, and if we can serve you further, command us.

Yours very respectfully,

A. M. HOFFMAN,

Cashier.

(Seal)

THE FIRST NATIONAL BANK.

Hugo, Okla., June 16, 1914.

(16)

FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

We would like to express ourselves as being satisfied in District No. 11. We believe that the lines as they are now drawn, in reference to that part of Oklahoma being in District No. 11, were well defined by the Organization Committee. This from the fact that the greater part of this section mentioned is a cotton growing country, and naturally should be served by a bank which will be supported largely by this factor.

We oppose being annexed to the Kansas City District, and are entirely satisfied in District No. 11.

Yours very truly,

R. D. WILBOR,

President.

(Seal)

FIRST NATIONAL BANK.

Idabel, Okla., June 17, 1914.

(17)

HON. ORGANIZATION COMMITTEE,

Federal Reserve Board,

Washington, D. C.

Gentlemen:

It appears that considerable effort is being put forth by bankers of this State in the 10th District to bring about a change whereby all of Oklahoma would be in the 10th District.

At the beginning, we were disappointed, looking at it from a patriotic view, in having our State divided in two Districts, but further consideration makes it plain that our interest and that of Texas are very much the same in industry, and we feel that our interest will be best served in the 11th District.

Respectfully,

H. C. MORRIS,
Cashier.

THE FIRST NATIONAL BANK.

Kenefick, Okla., June 6, 1914.

(18)

FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

We desire to state that we think the Organization Committee used good judgment in placing Southern Oklahoma in the Eleventh Federal Reserve Bank District, as that part of Oklahoma placed in the Dallas District is essentially a cotton producing region.

We feel that our interests will be served better by a Board of Directors coming from Texas, Western Louisiana, Southern New Mexico, than one coming from Nebraska, Kansas, Colorado, Wyoming, or any other State that knows nothing of the great problems involved in financing the cotton crop.

Respectfully,

BRUCE MAY,
Vice-President.

(Seal)

THE FIRST NATIONAL BANK.

Kingston, Okla., June 6, 1914.

(19)

FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

We wish to commend the action of your Board in cutting off that part of the State of Oklahoma which is a cotton growing section and attaching it to the Eleventh District.

We feel that our interests would be better served by a Board of Directors coming from Texas, the Western part of Louisiana, and the Southern part of New Mexico, than one coming from Colorado, Wyoming, Nebraska, and those other States that know nothing about the problems of a bank

charged with the duty of financing a cotton crop, and we sincerely hope that no change will be made in this District.

Yours very respectfully,

JNO. LANDRAM,

Cashier.

(Seal)

THE FIRST NATIONAL BANK.

Madill, Okla., June 6, 1914.

(20) (21) (22)

RESERVE BANK ORGANIZATION COMMITTEE,

Washington, D. C.

Gentlemen:

We, the undersigned National Banks of Madill, Oklahoma, believe that your Committee exercised a wise judgment in locating Southern Oklahoma in the Dallas District.

Geographically, Dallas is convenient and easily accessible to our section; a large percentage of the population of Southern Oklahoma is composed of Texans, which tends to a closer acquaintance of the two peoples, and thus obviates what might be a serious problem in the selection of suitable men to direct the affairs of the District Reserve Bank.

The agricultural conditions and products of Southern Oklahoma and Texas are almost identical, and the business relations between the two sections are close and of long standing.

We understand there is a movement towards locating our section in another District.

In view of the conditions stated above, we think the change would be very unwise, and we wish to enter our unqualified protest against any change whatever.

Respectfully,

MADILL NATIONAL BANK,

By J. W. DERRICK, Cashier.

CITY NATIONAL BANK,

By W. H. LAWRENCE, President.

FIRST NATIONAL BANK,

By F. B. HERRON, Cashier.

THE FIRST NATIONAL BANK.

Soper, Oklahoma, 6-17-14.

(23)

FEDERAL RESERVE BOARD,

Washington, D. C.

Gentlemen:

The Reserve Bank Organization Committee, in establishing the Reserve Districts, saw fit to place Southern Oklahoma, in

which we are fortunate enough to be located, in District No. 11, with headquarters in Dallas, Texas. In view of the complaint which has been made in regard to the action of the Board, in dividing the State of Oklahoma between Districts Nos. 10 and 11, the officers and directors of The First National Bank of Soper desire to go on record as being of the opinion that the interest of Southern Oklahoma and the interest of this bank can be better served from Dallas than it can be from Kansas City, and to further express themselves as being perfectly satisfied with the action of the Committee of the formation of the Bank Reserve District of the Southwest.

Yours very truly,

A. J. STEEN,
Cashier.

(Seal)

THE FIRST NATIONAL BANK
OF STERRETT.

Calera, Okla., Aug. 22, 1914.

(24)

HONORABLE FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

The officers of this bank are satisfied with the action of the Organization Committee in placing this part of Oklahoma in the Dallas Reserve District, and protest against any change in the lines that would transfer us to another District.

As we are in what is essentially a cotton-growing region, we think we are fortunate in being included in a District whose Directors so thoroughly understand the cotton business; and especially is this true in view of the difficulty that will confront us this fall in handling the cotton business on account of the European war.

Respectfully,

J. C. KENTON,
Cashier.

THE FIRST NATIONAL BANK OF VALLIANT, OKLAHOMA.
August 21, 1914.

(25)

FEDERAL RESERVE BOARD,
Washington, D. C.

Gentlemen:

Relative to the opposition of the State being divided as to the Reserve Districts, beg to request that any and all opposition voiced by this bank, be ignored.

We have gone into the proposition and feel that placing the Southern part of this State in with Texas, was an act of wisdom, owing to the community of interest between this section of the State and Texas.

Thanking you to act in accordance with the above covering our wishes, we are,

Yours truly,
 THE FIRST NATIONAL BANK,
 VALLIANT, OKLAHOMA,
 By JAS. M. CECIL,
 President.

(Seal)
 Attest:
 W. E. WATKINS,
 Cashier.

WEW-LCS

THE FIRST NATIONAL BANK.
 Woodville, Okla., June 10, 1914.

(26)

FEDERAL RESERVE BOARD,
 Washington, D. C.

Gentlemen:

In the matter of the protest which is being made on behalf of the State of Oklahoma by certain of the banks located therein against the action of the Federal Reserve Bank Organization Committee, I beg to advise you that it is the desire of this bank that the District remain as laid out and designated and, in support of my protest against any change, beg to submit that, in my opinion, the interests of the banks located South of the Canadian River in Oklahoma will be best served by remaining in District No. 11, Dallas, rather than by being attached to the 10th Reserve District, Kansas City.

The principal crop of this section of the country is cotton, and all the exchange for that commodity goes south either to Dallas, Houston, Galveston or New Orleans, and cattle and hogs are shipped mainly to Fort Worth, Texas, while our corn and small grain products find a market either at home, or are distributed through those sections of Texas which raise little feedstuffs.

The character of the soil is practically the same as that of Texas; the majority of our people are Texas born or descendants from Texas people, and I cannot see any advantage that can result from any change in the decision of the Organization Committee, while there are many advantages that will accrue to us by being so closely in touch with the Federal Reserve Bank located at Dallas, and I sincerely trust that the

lines, as originally fixed, attaching Southern Oklahoma to the Dallas District No. 11, will be sustained.

Very truly yours,

M. U. AYRES,
Cashier.

(Seal)

EXHIBIT G.

OKLAHOMA NATIONAL BANKS IN ELEVENTH DISTRICT

Bank	Town	County
*Farmers & Merchants Nat'l. Bank	Achille	*Bryan
*First National Bank	Achille	*Bryan
First National Bank	Ada	Pontotoc
Merchants & Planters Nat'l. Bank	Ada	Pontotoc
First National Bank	Addington	Jefferson
First National Bank	Alex	Grady
First National Bank	Allen	Pontotoc
City National Bank	Altus	Jackson
First National Bank	Altus	Jackson
First National Bank	Anadarko	Caddo
National Bank of Anadarko	Anadarko	Caddo
*Antlers National Bank	Antlers	*Pushmataha
*Citizens National Bank	Antlers	*Pushmataha
First National Bank	Apache	Caddo
First National Bank	Arapaho	Custer
Ardmore National Bank	Ardmore	Carter
First National Bank	Ardmore	Carter
State National Bank	Ardmore	Carter
American National Bank	Atoka	Atoka
*First National Bank	Aylesworth	*Marshall
*Bennington National Bank	Bennington	*Bryan
*First National Bank	Bennington	*Bryan
First National Bank	Berwyn	Carter
First National Bank	Blair	Jackson
First National Bank	Blanchard	McClain
*First National Bank	Bokchito	*Bryan
*First National Bank	Boswell	*Choctaw
*State National Bank	Boswell	*Choctaw
First National Bank	Broken Bow	Tulsa
*Caddo National Bank	Caddo	*Bryan
*Security National Bank	Caddo	*Bryan
Calvin National Bank	Calvin	Hughes
First National Bank	Calvin	Hughes
Chickasha National Bank	Chickasha	Grady
Citizens National Bank	Chickasha	Grady
First National Bank	Chickasha	Grady

Bank	Town	County
Oklahoma National Bank	Chickasha	Grady
First National Bank	Clinton	Custer
Oklahoma State Nat'l. Bank	Clinton	Custer
First National Bank	Coalgate	Coal
*First National Bank	Colbert	*Bryan
First National Bank	Comanche	Stephens
Cordell National Bank	Cordell	Washita
Farmers National Bank	Cordell	Washita
State National Bank	Cordell	Washita
First National Bank	Custer City	Custer
Peoples State National Bank	Custer City	Custer
First National Bank	Davis	Murray
City National Bank	Duncan	Stephens
Duncan National Bank	Duncan	Stephens
First National Bank	Duncan	Stephens
*Durant National Bank	Durant	*Bryan
*First National Bank	Durant	*Bryan
*State National Bank	Durant	*Bryan
American National Bank	Dustin	Hughes
First National Bank	Eldorado	Jackson
First National Bank	Elk City	Beckham
*First National Bank	Fort Towson	*Choctaw
Francis National Bank	Francis	Pontotoc
First National Bank	Frederick	Tillman
National Bank of Commerce	Frederick	Tillman
First National Bank	Gotebo	Kiowa
First National Bank	Grandfield	Tillman
Farmers National Bank	Hammon	Roger Mills
First National Bank	Hartshorne	Pittsburg
National Bank of Hastings	Hastings	Jefferson
*First National Bank	Haworth	*McCurtain
First National Bank	Heavener	LeFlore
State National Bank	Heavener	LeFlore
City National Bank	Hobart	Kiowa
F. & M. National Bank	Hobart	Kiowa
First National Bank	Hobart	Kiowa
American National Bank	Holdenville	Hughes
Farmers National Bank	Holdenville	Hughes
First National Bank	Holdenville	Hughes
State National Bank	Holdenville	Hughes
City National Bank	Hollis	Harmon
National Bank of Commerce	Hollis	Harmon
State National Bank	Hollis	Harmon
*First National Bank	Hugo	*Choctaw

Bank	Town	County
*Hugo National Bank	Hugo	*Choctaw
Farmers National Bank	Hydro	Caddo
First National Bank	Hydro	Caddo
*First National Bank	Idabel	*McCurtain
*First National Bank	Kenefick	*Bryan
Keota National Bank	Keota	Haskell
*First National Bank	Kingston	*Marshall
First National Bank	Kiowa	Pittsburg
Peoples National Bank	Kiowa	Pittsburg
City National Bank	Lawton	Comanche
First National Bank	Lawton	Comanche
Lawton National Bank	Lawton	Comanche
Lehigh National Bank	Lehigh	Coal
Merchants National Bank	Lehigh	Coal
First National Bank	Lindsay	Garvin
First National Bank	Lone Wolf	Kiowa
*City National Bank	Madill	*Marshall
*First National Bank	Madill	*Marshall
*Madill National Bank	Madill	*Marshall
First National Bank	Mangum	Greer
Mangum National Bank	Mangum	Greer
First National Bank	Marietta	Love
Marietta National Bank	Marietta	Love
National Bank of Marlow	Marlow	Stephens
State National Bank	Marlow	Stephens
Farmers National Bank	Maysville	Garvin
First National Bank	Maysville	Garvin
American National Bank	McAlester	Pittsburg
City National Bank	McAlester	Pittsburg
First National Bank	McAlester	Pittsburg
First National Bank	Milburn	Johnston
First National Bank	Mill Creek	Johnston
First National Bank	Minco	Grady
First National Bank	Mountain View	Kiowa
First National Bank	New Wilson	Carter
First National Bank	Olustee	Jackson
First National Bank	Pauls Valley	Garvin
First National Bank	Pauls Valley	Garvin
National Bank of Commerce	Pauls Valley	Garvin
Pauls Valley Nat'l. Bank	Poteau	LeFlore
First National Bank	Poteau	LeFlore
National Bank of Commerce	Poteau	LeFlore
Chickasaw National Bank	Purcell	McClain
Union National Bank	Purcell	McClain
First National Bank	Quinton	Pittsburg

First National Bank	Ringling	Carter
F. & M. National Bank	Roff	Pontotoc
First National Bank	Roff	Pontotoc
First National Bank	Rush Springs	Grady
First National Bank	Ryan	Jefferson
Beckham County National Bank	Sayre	Beckham
First National Bank	Sayre	Beckham
First National Bank	Sentinel	Washita
First National Bank	Snyder	Kiowa
*First National Bank	Soper	*Choctaw
First National Bank	Spiro	LeFlore
*First National Bank	Sterrett	*Bryan
American National Bank	Stigler	Haskell
First National Bank	Stigler	Haskell
First National Bank	Stonewall	Pontotoc
First National Bank	Stratford	Garvin
First National Bank	Stuart	Hughes
Park National Bank	Sulphur	Murray
First National Bank	Talihina	LeFlore
Temple National Bank	Temple	Cotton
First National Bank	Thomas	Custer
Farmers National Bank	Tishomingo	Johnston
First National Bank	Tishomingo	Johnston
Tishomingo National Bank	Tishomingo	Johnston
Farmers National Bank	Tupelo	Coal
*First National Bank	Valliant	*McCurtain
First National Bank	Verden	Grady
National Bank of Verden	Verden	Grady
First National Bank	Walter	Cotton
Walter National Bank	Walter	Cotton
First National Bank	Wapanucka	Johnston
First National Bank	Washington	McClain
First National Bank	Waurika	Jefferson
Waurika National Bank	Waurika	Jefferson
First National Bank	Weatherford	Custer
German National Bank	Weatherford	Custer
American National Bank	Wetumka	Hughes
First National Bank	Wetumka	Hughes
Latimer County National Bank	Wilburton	Latimer
*First National Bank	Woodville	*Marshall
First National Bank	Wynnewood	Garvin
Southern National Bank	Wynnewood	Garvin

Total number of member banks in the Eleventh District in Southern Oklahoma—166.

Total number of member banks in the Counties of Bryan, Choctaw, Marshall, McCurtain and Pushmataha, which are excluded from the territory sought to be transferred by the Committee filing the petition—30.

Total number of member banks situated outside of the Counties of Bryan, Choctaw, Marshall, McCurtain and Pushmataha—136.

Total inumber of member banks required to file petition in accordance with the regulations of the Federal Reserve Board—90.

