

122.6-4 - Adjustments between FRBanks, Chi-  
cago & Minneapolis account changes  
in Boundaries of FRDistricts

TRANSFER

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FEDERAL RESERVE BOARD FILE

122.64  
302.1-#

January 5, 1917.

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

Dear Governor Wold:-

I am in receipt of your letter of the 2nd instant and am very glad to know that the question of accrued dividends due to banks in Wisconsin which were transferred from your district to the Chicago district, has been adjusted in a manner satisfactory to both banks.

The Board has not approved any form of certificate to be issued representing accrued dividends, and prefers to leave that matter to the discretion of the Federal Reserve Banks. We understand that some of the banks have merely advised the member banks interested that proper notation has been made on the books and no formal certificate has been used, but there does not seem to be any objection to giving member banks a more formal certificate if they desire to have it.

Very truly yours,

Governor.

122.6-4

# FEDERAL RESERVE BANK OF MINNEAPOLIS

## NINTH DISTRICT

### OFFICERS

THEODORE WOLD, GOVERNOR      S. S. COOK, CASHIER

### DIRECTORS

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

RECEIVED

JAN 4 1917

GOVERNOR'S OFFICE

January 2, 1917.

Mr. W. P. G. Harding, Governor,  
Federal Reserve Board,  
Washington, D.C.

Dear Governor Harding:

Your favor of December 29th in response to our letter of December 26th regarding the assumption of accrued dividends due those banks in Wisconsin which were transferred by us on January 1st to the Federal Reserve Bank of Chicago, is at hand, and we note that the Board is of the opinion that if the matter was adjusted upon the basis of this bank assuming the dividends accrued up to January 1, 1916, and paying the Chicago bank an amount that would make the book value of the stock transferred to the Chicago bank equal to the book value of stock held by their old member banks at the time of transfer, it would be, under all circumstances, fair and equitable.

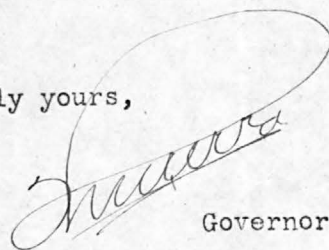
Our committee are ready to acquiesce in this manner of settlement. I have already communicated with Governor McDougal by telephone, assuring him that we would recommend to our board at its meeting to be held on January 8th that they approve of this basis, and that we had no doubt but that it would be promptly authorized. He in turn says that the matter will be submitted to his board and he has no doubt that it will be approved of by them, so I think your Board may rest assured that the matter will be adjusted at an early date.



PGH---2

I would like at this time to renew my request of some months ago asking the Board, if they have determined upon any particular form of certificate that should be issued representing accrued dividends, to send us such form. If no form has been approved, we will ask our own counsel to prepare one.

Sincerely yours,



Governor

TW-C

1/5



#779  
FEDERAL RESERVE BOARD FILE  
122.6-4  
FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

OFFICERS

JAMES B. McDOUGAL GOVERNOR  
C. R. McKAY DEPUTY GOVERNOR  
W. F. McLALLEN SECRETARY  
B. G. McCLLOUD CASHIER

DIRECTORS

C. H. BOSWORTH  
CHAIRMAN AND FEDERAL RESERVE AGENT  
J. B. FORGAN, CHICAGO, ILLINOIS  
M. B. HUTCHISON, OTTUMWA, IOWA  
E. L. JOHNSON, WATERLOO, IOWA  
H. B. JOY, DETROIT, MICHIGAN

W. F. McLALLEN  
DEPUTY FEDERAL RESERVE AGENT  
E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

January 2, 1917.

Mr. W. P. G. Harding, Governor,  
Federal Reserve Board,  
Washington, D. C.

RECEIVED  
JAN 4 1917  
GOVERNOR'S OFFICE

My dear Governor Harding:

We are in receipt of your valued favor of the twenty-ninth ultimo, from which we are pleased to note expression of the Board's approval of our plan submitted to Governor Wold, forming a basis of settlement for the liability for accrued dividends due the Wisconsin banks which have this date been transferred to the Chicago district.

Very truly yours,

K.

*J. B. Morgan*  
Governor.

P. S. Since writing the foregoing I have heard by telephone from Governor Wold, who states that he is entirely satisfied with the Board's ruling, and therefore will proceed accordingly. We are pleased to have the matter amicably adjusted.

*J. B. Morgan*

1226-4

December 29, 1916.

Hon. James B. McDougal,  
Governor, Federal Reserve Bank,  
Chicago, Illinois.

Dear Governor McDougal:

12/27/16  
Your letter as to the basis of dividend settlement between the Federal Reserve Bank of Chicago and that of Minneapolis has received careful attention by the Federal Reserve Board, as well as the letter on the same subject from Governor Wold.

The Board is of opinion that while there is little difference between the two plans suggested, yet, on the whole, the one suggested by you is the more equitable, and we feel it should be adopted in settling this question.

I have written Governor Wold to this effect.

Very truly yours,

(SGD) W. P. G. Harding

Governor.

#9

FEDERAL RESERVE BOARD FILE
122.6-4

See also 392.1 #7

December 29, 1916.

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

My dear Governor Wold:

The Board has given careful attention to your suggestion in your letter of the 26th inst. that your bank is glad to settle the matter of adjusting dividends of transferred banks with the Chicago Bank according to principles of equity rather than legal technicalities.

The Board has carefully considered your letter, as also that of Governor McDougal relating to the same subject, and is of opinion that while there is little difference between the two plans suggested, yet, on the whole, the one suggested by Governor McDougal is the more equitable, and we feel it should be adopted in settling this question.

I have written Governor McDougal to this effect.

Very truly yours,

(SGD) W. P. G. Harding

Governor.

12/29/16



122.6-4  
December 29, 1916.

Suggested letter to Governor Theodore Wold, submitted to Mr. Hamlin for his approval.

Dear Mr. Wold:-

Your letter of the 26th instant requesting that the Federal Reserve Board suggest a method of adjusting the dividends due to the banks to be transferred on January 1, 1917, from the Minneapolis to the Chicago district, has been received.

The Board is of the opinion, after a careful consideration of the earning position of both banks, that there is little difference in the two plans suggested and while the acceptance of either would be satisfactory to the Board, nevertheless it is the opinion, that the plan suggested by Governor McDougal is fairer to both banks. Though the Board has no power to require the two banks to make an adjustment of this character, the agreement proposed by Mr. McDougal appears to be an equitable one and a reasonable settlement of the point in question.

Memorandum in re Adjustment of Dividends.

Wisconsin Banks to be transferred on January 1, 1917 from  
Minneapolis to Chicago District.

EARNINGS AVAILABLE FOR DIVIDENDS

Estimate to Dec. 31, 1916.

Minneapolis	\$125,000	Equiv. to 6% to	Nov. 30, 1915.
Chicago	398,000	do	Feb. 1, 1916.

Transfer--Wisconsin Banks Jan. 1, 1917)	Capital Stock Investment	\$229,000
from Minneapolis to Chicago	) Deposits	\$1,705,000

- (1) Minneapolis agrees to pay par and to assume the cumulative dividends up to Jan. 1, 1916.
- (2) Chicago will agree to assume dividends from Jan. 1, 1916 if the Minneapolis Bank will consent to pay to the Reserve Bank an amount which will leave the par value of the Chicago stock substantially the same after the transfer, as it was before the transfer is made.

ESTIMATED EARNINGS NOV. 16, 1914,  
to Dec. 31, 1916.

\$398,000

Dividend paid to Mar. 31, 1915	\$76,000	
Dividend April 1 to Dec. 31, 1915		
declared payable Dec. 30, 1916.	288,000	364,000
Estimate Profit and Loss Jan. 1, 1917.		<u>\$ 34,000</u>

Book value \$100 $\frac{1}{2}$

Under this arrangement the Minneapolis Bank would pay 100 plus  $\frac{1}{2}\%$  on stock transferred--additional profits may increase the book value but it is unlikely that the amount will be in excess of 100 $\frac{3}{4}$ .

COMMENT

There is but little difference between the two plans. Governor Wold submits the correspondence with the statement that "the offer made the Federal Reserve Bank of Chicago on Dec. 20th, was under all circumstances eminently fair and that his bank is now disposed without argument to leave the matter with the Reserve Board for determination."

No.  
W

There does not appear to be any direct correspondence between the Chicago Bank and the Reserve Board. Governor Wold submits a copy of letter from Governor McDougal dated Dec. 22nd, in which the Chicago suggestion is made-- the last paragraph of the letter reads--"If upon further consideration, you are not disposed to adjust this matter on the basis outlined, then, of course, you are at liberty to take such steps as you deem appropriate."

It is respectfully recommended that the Board advise Governor Wold, that after a consideration of the earning position of both banks, it is apparent that there is but little difference in the two plans suggested, and while the acceptance of either would be satisfactory to the Board, nevertheless it is the opinion, that the plan suggested by Governor McDougal is fairer to both banks. Though the Board has no power to require the two banks to make an adjustment of this character, the agreement proposed by Mr. McDougal appears to be an equitable one and a reasonable settlement of the point in question.

*Respectfully*  
*John Broderick*



122.6-4

# FEDERAL RESERVE BOARD

WASHINGTON

December 29, 1916.

Memorandum for Mr. Broderick:

As I understand the facts, Governor Wold agrees to pay to the Chicago Bank the book value on January 1, 1916, of the transferred banks; or, in lieu thereof, he will pay par on the stock and will agree to assume the cumulative dividends up to January 1, 1916.

Governor McDougal agrees to this with the further stipulation that Governor Wold must pay to Chicago 1% extra, because Chicago will assume the cumulative dividends from January 1, 1916, to January 1, 1917.

A hasty examination of these propositions leads me to the impression that Governor Wold is more in accordance with equity. He turns over the banks with the dividends paid up to January 1, 1916. The Chicago bank will presumably derive the money necessary to pay cumulative dividends from January 1, 1916, to January 1, 1917, from the use of the capital and reserve payments of the transferred banks. That is to say, Chicago receives the assets and should assume the liabilities.

I do not see why it is not equitable to do exactly what Governor Wold proposes to do.

Will you kindly look over this and advise me before the meeting today.

C. S. Hamlin.

Gov. Harding has  
sent a telegram on  
this, which is in the  
executive folder.

There is also an  
exchange of telegrams  
with Secretary's office  
checking <sup>Gov.</sup> deposits  
~~concerning~~ <sup>refused</sup> transfer.

1/6/17.

No. S-158Date Dec. 29, 1916.

272.

## FEDERAL RESERVE BOARD

MEMORANDUMFor Mr. Hamlin

At a meeting of the Federal Reserve Board on  
Dec. 29, the following matter  
 (as Chairman, Committee on  
~~was referred to you (as member,~~ " "  
 (as

You were authorized to inform Governor Wold of  
 Minneapolis and Governor McDougal of Chicago of the  
 Board's decision regarding liability for dividends  
 of the transferred banks.

*Received*  
*1/6/17.*  
 FEDERAL RESERVE BOARD FILE  
*J. L. Kerwin*  
 Secretary

*This duty performed  
 through Mr. Harding  
 C110*

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

Date \_\_\_\_\_

Documents \_\_\_\_\_

Signature \_\_\_\_\_



## FEDERAL RESERVE BOARD

Subject \_\_\_\_\_

Chairman  
 Governor  
 Vice Governor  
 Mr. Hamlin  
 Mr. Delano  
 Mr. Miller  
 Mr. Williams  
 Secretary ✓  
 Asst. Secretary  
 Counsel  
 Div. Audit & Exam.  
 Div. Reports & Stat.

Information  
 Note and return  
 Would like to confer with you  
 Acknowledgment  
 Reply  
 Prepare reply - I will sign  
 Action of Board  
 Calendar  
 Investigation and report  
 Previous papers  
 Disposition  
 Comply  
 Decline  
 Circulate  
 File ✓

Date

1/4/16

From

Mr. Hamlin

#7

122.6-4

## FEDERAL RESERVE BOARD

WASHINGTON

December 28, 1916.

M.C. ELLIOTT  
COUNSEL

My dear Mr. Delano;-

I am returning for your file letters from  
302.1 #10  
Mr. Sawyer and from Governor McDougal with reference  
to accrued dividends due to transferred banks.

I assume that there is nothing further to  
be done in either of these cases until the parties  
in interest reach an agreement or find that they  
cannot do so.

Sincerely,

A handwritten signature in cursive script, appearing to read "M.C. Elliott".

Hon. F. A. Delano,  
Federal Reserve Board.

Copy in 302.1 #10

122.6-4

# FEDERAL RESERVE BOARD

WASHINGTON

December 28, 1916.

M.C. ELLIOTT  
COUNSEL

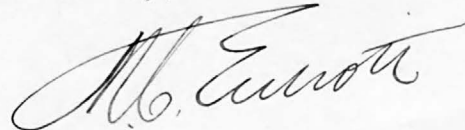
My dear Mr. Hamlin:-

I am attaching memorandum<sup>12/28/16</sup> outlining the proposition made by Governor McDougal to Governor Wold, as I understand it. Since preparing this I have been handed special delivery letter<sup>12/26/16</sup> just received from Governor Wold in which he advises you that the Executive Committee considers Governor McDougal's proposition fair and is disposed, without argument, to leave the matter with the Federal Reserve Board for determination.

No.  
cross

I would suggest, therefore, that the Board advise both Governors that while it has no power to require either bank to make an adjustment of this sort the tentative agreement reached appears to be equitable, under all of the circumstances, and that it will be satisfactory to the Board for settlement to be made on this basis.

Sincerely,



Hon. Charles S. Hamlin,  
Federal Reserve Board.



122.6-4

# FEDERAL RESERVE BOARD

WASHINGTON

M.C. ELLIOTT  
COUNSEL

December 28, 1916.

SUBJECT: Accrued Dividends due  
Member Banks Transferred from  
the Minneapolis to the Chicago  
District.

## Memorandum for the Board.

In a letter dated December 19, 1916, the Board recommended that the Federal Reserve Banks of Chicago and Minneapolis enter into an agreement to adjust the matter of dividends due to transferred banks along equitable lines, and suggested that these banks follow the plan adopted by the Federal Reserve Banks of New York and Philadelphia.

It appears that on January 1, 1917, Minneapolis expects to pay its stockholders accrued dividends to July 1, 1915, and that there will remain in the undivided profit account a sum equal to approximately one per cent.

On the same date, namely, January 1, 1917, Chicago expects to pay its member banks accrued dividends to January 1, 1916, after which the book-value of its stock will be approximately 101.

The Wisconsin banks when transferred will, therefore, have dividends due to them from July 1, 1915, while the other member banks of the Federal Reserve Bank of Chicago will have been paid up to January 1, 1916. Mr. McDougal suggests that

Minneapolis should assume the payment of dividends due the transferred banks from July 1, 1915, to January 1, 1916; that Chicago assume the payment of all dividends accruing from that date which is the date from which it will owe dividends to its other member banks.

In consideration of Chicago's assuming the payment of the dividend for the period from January 1, 1916, to January 1, 1917, during which time the transferred banks were members of the Minneapolis Bank, Mr. McDougal suggests that Minneapolis should pay to Chicago a sum which will make the book-value of the stock of the Federal Reserve Bank of Chicago after the transfer equal to the book-value before the transfer, i. e. 101.

If this agreement is carried out Minneapolis will assume or pay to the transferred banks dividends from July 1, 1915, to January 1, 1916, a period of six months which, at one-half of one per cent per month, would amount to three per cent of the cash-paid subscriptions of the banks transferred. In addition to this, it would pay to the Federal Reserve Bank of Chicago an amount equal to one per cent on the cash-paid subscription, making a total of four per cent to be assumed or paid by Minneapolis.

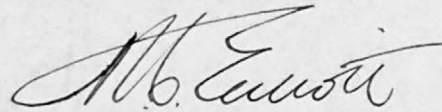
Chicago, on the other hand, will assume dividends for the year 1916, which, at one-half of one per cent per month, will amount to six per cent on the cash-paid subscriptions of the transferred banks.

The proposition, therefore, is a compromise. Inasmuch as the agreements entered into between the other Federal Reserve

Banks have not been in all respects uniform, there would seem to be no objection to this agreement varying in some respects from the others, if the Governors of the two banks can reach an agreement.

The Board suggested in its letter that if the Federal Reserve Bank of Chicago assumed the payment of accrued dividends, the Federal Reserve Bank of Minneapolis should pay to it any part of its earnings which might have been available as dividends to the transferred banks before the date of transfer. If this suggestion had been followed ~~and~~ Chicago would have assumed the six per cent it has agreed to assume, plus the three per cent it asks Minneapolis to assume and would have received one per cent from Minneapolis, making the net amount assumed eight per cent instead of five per cent, which would be approximately the amount assumed if Governor Wold agrees to the proposition submitted. I understand that the cash-paid subscriptions of the banks transferred amounts to a little less than \$229,000. On the basis suggested by Mr. McDougal, therefore, Minneapolis will assume the payment of approximately \$6,870<sup>+</sup> and Chicago the payment of \$11,450.

Respectfully,

  
Counsel.

*+ This does not include the 1%. Minneapolis is to pay Chicago which will increase this amount to 9,160*

122.6-4

FEDERAL RESERVE BOARD

December 28, 1916.

Memorandum for Mr. Elliott:

Will you please find the letter <sup>12/18/16</sup>  
Governor McDougal wrote to Governor Wold  
on the settlement of accrued dividends  
between Minneapolis and Chicago; also  
Governor Wold's letter <sup>12/20/16</sup> transmitted to  
Governor McDougal. We want very much  
to have you check this up for action  
tomorrow morning.

C. S. Hamlin.



122.6-4

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

## OFFICERS

JAMES B. MCDUGAL GOVERNOR  
C. R. MCKAY DEPUTY GOVERNOR  
W. F. MCLLLEN SECRETARY  
B. G. MCCLLOUD CASHIER

## DIRECTORS

C. H. BOSWORTH  
CHAIRMAN AND FEDERAL RESERVE AGENT  
J. B. FORGAN, CHICAGO, ILLINOIS  
M. B. HUTCHISON, OTTUMWA, IOWA  
E. L. JOHNSON, WATERLOO, IOWA  
H. B. JOY, DETROIT, MICHIGAN

W. F. MCLLLEN  
DEPUTY FEDERAL RESERVE AGENT  
E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

RECEIVED

DEC 29 1916

December 27, 1916.

CHIEF OF OFFICE

Mr. W. P. G. Harding, Governor,  
Federal Reserve Board,  
Washington, D. C.

My dear Mr. Harding:

Governor Wold, of the Federal Reserve Bank of Minneapolis, and myself have been corresponding for some considerable length of time touching the matter of the adjustment of the deferred dividends on the stock in the Wisconsin banks to be transferred on January 1, 1917 from the Minneapolis district to the Chicago district, with the result that to date we have been unable to reach any conclusion.

When the notice of transfer was originally sent out, as you know, there went out over my signature and the signature of Governor Wold the statement that an accrued dividend certificate would be issued to the member banks transferred by the Federal Reserve Bank of Minneapolis; but thereafter on consideration, as I understand it, Governor Wold now desires to withdraw that statement.

His proposition, as I gather it from his letter to me of date December 20, 1916, is that the Minneapolis bank will assume the deferred dividends on the transferred banks up to January 1, 1916. The dividends for the period from January 1, 1916, to January 1, 1917, to be assumed by the Chicago bank and the payment to be made to our bank to be the par value of the stock and no more, irrespective of the book value of that stock as it now stands upon the books of the Minneapolis bank.

As I understand the situation, at the time of the transfer the Minneapolis bank will pay the deferred dividends up to July 15, 1915, and at the same time we will pay our dividends up to January 1, 1916. If we assumed the dividend on the transferred banks from January 1, 1916, such amount should be paid in by the transferred banks (that is, by the Minneapolis bank for the transferred banks) as would leave our book value the same after the transfer as it was before.

Mr. Harding #2.

I made this proposition to Governor Wold in a letter of date December 18, 1916, copy of which letter I enclose herewith for your consideration. I sent copy of that letter to Mr. F. A. Delano, of the Federal Reserve Board, on the day the letter was written, and it is quite possible the same has come to your attention through him.

Governor Wold has now sent me copy of your letter to him of date December 16, 1916, and I much regret that copy of my letter of date December 18, 1916, was not before you at the time you wrote Governor Wold.

Governor Wold wrote me under date of yesterday saying "the suggestion made by us in our letter of the twentieth was made after due reflection and consideration by our Committee and would have been conceded to by our Board. Due to the fact that you do not see fit to adjust the matter on that basis, we have advised the Federal Reserve Board that we are unable to reach a conclusion."

I am more than anxious to adjust this matter according to the very equities of the case, and it seems to me that I have even gone beyond the equities, taking into account the rights of our own member banks, in my letter of December 18, 1916, copy of which is enclosed.

It being admitted that there could be no legal liability resting upon us to assume any of these deferred dividends, our Counsel has even suggested that should we assume said dividends and subsequently pay out the money thereon from our earnings, the United States, the ultimate beneficiary of excess earnings, might at some time seriously contend that we were not authorized to use our earnings to pay said dividends.

I trust you will carefully consider the proposed solution of the matter, as we have submitted it to Governor Wold, believing that our suggestion is entirely in accordance with the equities of the entire situation and therefore in harmony with the wishes of the Board.

Awaiting your further advice in the matter, I am

Very truly yours,

  
Governor.

K.  
Enclosure.

1226-4

272.

No. S-153

Date Dec. 27, 1916.

FEDERAL RESERVE BOARD

MEMORANDUM

For Mr. Harding

At a meeting of the Federal Reserve Board on  
Dec. 27, the following matter  
(as Chairman, Committee on Law:  
was referred to you (as member, " "  
(as

The attached letter of Governor Wold, dated Dec-  
ember 20, with reference to the liability for dividends  
of transferred banks as between Chicago and Minneapolis.

Received  
1/4/17  
FEDERAL RESERVE BOARD FILE

*St Parker Wille*  
Secretary.

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

Date \_\_\_\_\_

Documents \_\_\_\_\_

Signature \_\_\_\_\_

## FEDERAL RESERVE BOARD

Subject \_\_\_\_\_

FOR:

Chairman  
Governor  
Vice Governor  
Mr. Hamlin  
Mr. Delano  
Mr. Miller  
Mr. Williams  
Secretary ✓  
Asst. Secretary  
Counsel  
Div. Audit & Exam.  
Div. Reports & Stat.

\_\_\_\_\_  
\_\_\_\_\_

Information  
Note and return  
Would like to confer with you  
Acknowledgment  
Reply  
Prepare reply - I will sign  
Action of Board  
Calendar ✓  
Investigation and report  
Previous papers  
Disposition  
Comply  
Decline  
Circulate  
File

①

\_\_\_\_\_

Date

12/23/16

From

Mr. Hamlin

122.6-4

FEDERAL RESERVE BOARD  
WASHINGTON

December 26, 1916.

Dear Mr. Secretary:

I enclose a note from Federal Reserve Agent Rich, of the Minneapolis Federal Reserve Bank, dated December 23rd, making the suggestion that, if possible, Government deposits be increased in his bank to overcome the loss from the transfer of certain Wisconsin banks to the Chicago District. Kindly let me know whether this is practicable.

Very sincerely yours,

*Edmund*

Hon. Wm. P. Malburn,

Assistant Secretary of the Treasury.

Enclosure.



122.6-4

December 26, 1916.

John H. Rich, Esq.,  
Chairman, Board of Directors,  
Federal Reserve Bank,  
Minneapolis, Minn.

Dear Mr. Rich:

I have your note of  
December 23rd, as to additional  
Government deposits in your bank.  
I will take this up at once with  
Dr. Miller.

Very sincerely yours,

(Signed) C. S. Hamlin.

122.6-4

FEDERAL RESERVE BANK OF MINNEAPOLIS

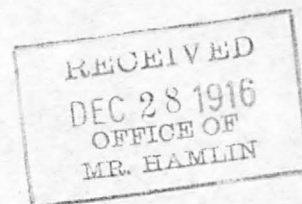
NINTH DISTRICT

OFFICERS

THEODORE WOLD, GOVERNOR      S. S. COOK, CASHIER

DIRECTORS

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



December 26, 1916.

Mr. C. S. Hamlin,  
C/o Federal Reserve Board,  
Washington, D.C.

Dear Mr. Hamlin:

As suggested in your favor of December 23d,

I am enclosing herewith a copy of a letter received today from Governor McDougal in reference to the assumption of dividends due the banks to be transferred as of January 1, 1917, from the Ninth District to the Seventh District.

Our committee felt that the offer made the Federal Reserve Bank of Chicago on December 20th, of which you were duly advised, was under all the circumstances eminently fair, and are now disposed without argument to leave the matter with the Federal Reserve Board for determination.

Will you lay the matter before them to the end that a definite decision may be reached?

Yours truly,

Governor

TW-C

SPECIAL DELIVERY

C O P Y

Federal Reserve Bank of Chicago

December 22, 1916.

Mr. Theo. Wold, Governor,  
Federal Reserve Bank of Minneapolis,  
Minneapolis, Minnesota.

RECEIVED  
DEC 28 1916  
OFFICE OF  
MR. HAMLIN

RE TRANSFER OF BANKS FROM DISTRICT  
NO. 9 to DISTRICT NO. 7.

Dear Mr. Wold:

I have your favor of the 20th instant, touching on the matter of the assumption of the deferred dividends upon the stock of the banks about to be transferred from your district to our district.

It seems to me from a legal standpoint that the Federal Reserve Board has already passed upon this question as indicated by the opinion of their counsel published in the January 1916 Bulletin on Page 17. As heretofore pointed out to you, and as you are doubtless already advised, the counsel for the Board there states:

"In this view a bank transferred should receive an accrued dividend certificate from the Federal Reserve Bank whose stock is surrendered, and such Federal Reserve Bank should pay this certificate when its earnings are sufficient to pay other stockholders their accrued dividends."

Again the Board in an informal ruling which is published in the December bulletin on page 678 with reference to the matter of the liability for accrued dividends as between the Dallas bank and the Kansas City bank, evidently acting upon the advice of the counsel referred to above, said:-

"The Board is, however, of the opinion that the Federal Reserve Bank of Dallas is liable to the member banks transferred for unpaid dividends up to the date of transfer, and that the banks so transferred are entitled to present their claims for such unpaid dividends to the Federal Reserve Bank of Dallas, which institution is being advised accordingly."

I would be very glad to settle this matter between ourselves as the Board has expressed a desire that we get together on the matter without calling on them to make any express ruling with reference thereto; but in view of these expressions of the Board, and in view of what I conceive to be simple justice to our own stockholders, I do not see how we can consent to an assumption of the liability for the dividends from January first, 1916, unless you consent to pay to our bank such an amount as would leave the par value of our stock substantially the same after the transfer is made as it was before the transfer is made.



I hope you will see the justice of our position in this matter and that you will appreciate that in the suggestion made in my letter of the 18th inst. I went far beyond the requirements of the situation from a legal standpoint.

The facts are that my proposition relieves you from the liability of approximately 5% upon the stock of the transferred banks for the year 1916, for which you are clearly liable under the above mentioned rulings.

You will please understand that the overture which I have already made, and which is further discussed herein, is a suggested solution which I was and am still willing to submit to our Board for its approval. I mention this fact in order that there be no misunderstanding, or in other words, that you may without question realize that the plan if agreed upon would still have to be approved by our Board. I have not formally submitted this matter to our Board, but I believe on your agreeing to this solution there will be no difficulty in getting their approval.

If, upon further consideration, you are not disposed to adjust this matter on the basis outlined, then, of course, you are at liberty to take such steps as you deem appropriate.

Very truly yours,

(Signed) J. B. McDougal

Governor

122.6-4

FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

OFFICE OF THE CHAIRMAN  
AND FEDERAL RESERVE AGENT

RECEIVED  
DEC 26 1916  
OFFICE OF  
MR. HAMLIN

December 23rd

1916.

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

My Dear Mr. Hamlin:

I view with a little anxiety the effect of the pending transfer of the Wisconsin banks upon our figures, which have been increasing satisfactorily during the year, and which are now reaching a point that permits us to have a real pleasure in them. As you know, we will lose roughly about \$1,750,000 from our due-to member banks, and approximately \$250,000 of capital, or a total loss of \$2,000,000.

I have been very hopeful that we could get past the transfer date without too drastic a change in the figures shown on our weekly statements, but I see no way in which this can be accomplished, unless the Secretary of the Treasury should feel that it is consistent to divert a somewhat larger sum to the Government deposits of this bank.

During 1916 our deposits from this source have been as follows:

January	\$187,270.12
February	543,315.73
March	496,918.72
April	440,826.60
May	689,252.52
June	800,846.01
July	886,116.14
August	1,041,839.32
September	1,096,800.65
October	940,519.39
November	841,639.03

You will note that during the first half of the year they were very moderate indeed, and that only twice during the year did they exceed one million dollars. Relatively, we have held a lower deposit of Government funds than any of the other Federal reserve banks, and these figures have perhaps been somewhat out of proportion, considering the

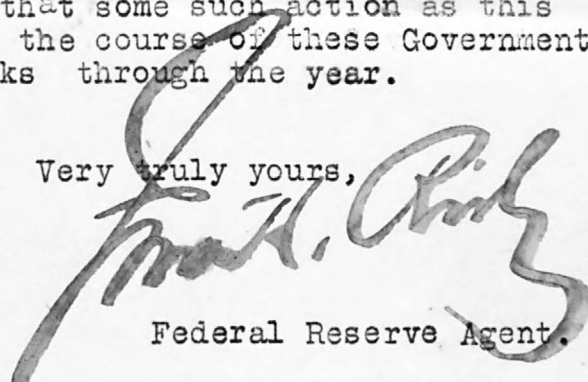


Hon. Charles S. Hamlin -3-  
December 23rd, 1916.

deposits made by the Government as a whole. Should the Secretary feel that he is justified in increasing the deposit in this bank by approximately \$1,500,000, it will have a very beneficial effect upon our figures, and will enable us to get over this period without showing a sudden and relatively heavy loss.

I should therefore like to request that if in the judgment of yourself and Dr. Miller, it is wise and practical to discuss this matter with the Secretary, that you take it up with him in our behalf. Governor Wold and I will keenly appreciate any help that he sees fit to give us at this time, and I think perhaps the Secretary will feel, after examining into the situation, that some such action as this is not unreasonable in view of the course of these Government deposits in this and other banks through the year.

Very truly yours,

A large, stylized handwritten signature in dark ink, appearing to read "Frank H. Chick". The signature is written over the typed name and title.

Federal Reserve Agent.

Copy to Hon. A. C. Miller.

122.6-4

December 23, 1916.

Dear Governor Wold:

I have your note of December 20th, enclosing  
copy of your letter to Governor McDougal, on the subject  
of adjusting the dividends in connection with the  
Wisconsin transfer. Kindly send me a copy of Governor  
McDougal's reply as soon as you receive it, and I will  
take up the matter with the Board.

Very truly yours,

(Signed) C. S. Hamlin.

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

47  
Copy in 304.1  
FEDERAL RESERVE BOARD  
122.6-4  
FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

December 22, 1916

TO THE BANK ADDRESSED:

Under a recent decision of the Federal Reserve Board at Washington, the boundaries of the Seventh District will be extended January 1, 1917 to include the following named counties in Wisconsin and the entire section of the State lying east and south thereof: Vernon, Monroe, Jackson, Clark, Marathon, Langlade, Oconto, Marinette and Door.

Please take notice that on and after December 30, 1916, checks on the Wisconsin points listed below should be sent to the Federal Reserve Bank of Chicago instead of the Federal Reserve Bank of Minneapolis

*Antigo, Fidelity Savings Bank, First National Bank, Langlade National Bank, Appleton, Citizens National Bank, Commercial National Bank, First National Bank, Berlin, First National Bank, *Black Creek, Bank of Black Creek, *Black River Falls, First National Bank, Jackson County Bank, *Brillion, First National Bank, *Chilton, Chilton National Bank, Commercial Bank, State Bank of Chilton, Clintonville, First National Bank, *Dale, First National Bank, *De Pere, National Bank of De Pere, State Bank of De Pere, *Elderon, Elderon State Bank,	*Elroy, Citizens Bank, State Bank of Elroy, Fond du Lac, Cole Savings Bank, Commercial National Bank, First National Bank, Fond du Lac National Bank, Grand Rapids, Citizens National Bank, First National Bank, Wood County National Bank, Green Bay, Bank of Green Bay, Citizens National Bank, Farmers Exchange Bank, Kellogg National Bank, McCartney National Bank, West Side State Bank, *Greenwood, Farmers & Merchants Bank, Greenwood State Bank, *Hixton, Farmers & Merchants Bank, Kaukauna, First National Bank, Kewaunee, Dairymans State Bank, Kiel, State Bank of Kiel,
---	---

\*All Banks.

Continued on 2nd sheet.

December 22, 1916

## 2nd Sheet- Extension of the Seventh District.

Manawa,	*Peshtigo,
First National Bank,	Peshtigo National Bank,
Manitowoc,	*Plymouth,
National Bank of Manitowoc,	Plymouth Exchange Bank,
Marinette,	State Bank of Plymouth,
Farmers Savings and	Princeton,
Trust Co.,	First National Bank,
First National Bank,	*Ripon,
Stephenson National Bank,	First National Bank,
Marshfield,	German National Bank,
American National Bank,	Ripon State Bank,
First National Bank,	*Seymour,
Menasha,	First National Bank,
First National Bank,	Seymour State Bank,
Mosinee,	*Shawano,
Farmers State Bank,	Citizens State Bank,
*Neenah,	First National Bank,
First National Bank,	German-American National Bank,
National Manufacturers Bank,	Sparta,
Neenah State Bank,	Citizens State Bank,
*Neillsville,	Stevens Point,
Commercial State Bank,	Citizens National Bank,
First National Bank,	First National Bank,
Neillsville Bank,	Sturgeon Bay,
*New Holstein,	Merchants Exchange Bank,
State Bank of New Holstein,	*Tigerton,
*New London,	First National Bank,
Bank of New London,	*Waupaca,
Farmers State Bank,	Farmers State Bank,
First National Bank,	Old National Bank,
*Oakfield,	Wausau,
Bank of Oakfield,	Citizens State Bank,
*Oconto,	First National Bank,
Citizens National Bank,	Marathon County Bank,
Farmers Bank,	National German-American Bank,
Oconto National Bank,	*Weyauwega, .
Oshkosh,	Farmers & Merchants Bank,
City National Bank,	First National Bank,
Commercial National Bank,	
Old National Bank,	

\*All Banks.

Respectfully,

JAMES B. McDOUGAL

Governor.



122.6-4

# FEDERAL RESERVE BANK OF MINNEAPOLIS

## NINTH DISTRICT

### OFFICERS

THEODORE WOLD, GOVERNOR      S. S. COOK, CASHIER

### DIRECTORS

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

*Handwritten initials*

December 22, 1916.

Mr. W. P. G. Harding, Governor,  
Federal Reserve Board,  
Washington, D.C.

RECEIVED

DEC 26 1916

C. S. WILSON'S OFFICE

Dear Governor Harding:

Your favor of the 19th stating the position of the Board on the question of accrued dividends due those Wisconsin banks to be transferred on January 1, 1917, from this district to the Seventh District is at hand and has been carefully noted.

We thoroughly agree with the Board that under no circumstances should the banks, <sup>to be</sup> transferred suffer by reason of such transfer. This matter was fully discussed by our Executive Committee early in the week and in hopes that it might effect an adjustment by the time the transfer took place, we suggested to the Federal Reserve Bank of Chicago, that we would be willing to assume dividends up to January 1, 1916, placing the banks to be transferred to the Chicago district on the same basis as regards deferred dividends, as the other members of the Chicago bank, as we understand that they are prepared and will pay a dividend to their members up to that time. We sent to Mr. Hamlin a copy of our letter to the Chicago bank, which I have no doubt has come to your notice, and while as yet we have not heard from them in response, we are in hopes that they will agree to it. I have no hesitancy in saying that we should be very glad, indeed, to do so were the situation reversed.

Sincerely yours,

*Handwritten signature*

Governor

TW-C



122.6-4

# FEDERAL RESERVE BANK OF MINNEAPOLIS

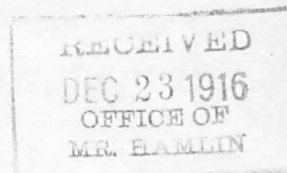
## NINTH DISTRICT

### OFFICERS

THEODORE WOLD, GOVERNOR      S. S. COOK, CASHIER

### DIRECTORS

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JOHN W. BLACK, HOUGHTON, MICH.	F. P. HIXON, LA CROSSE, WISCONSIN
N. B. HOLTER, HELENA, MONT.	



December 20, 1916.

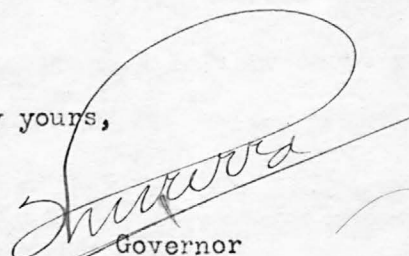
Mr. C. S. Hamlin,  
C/o Federal Reserve Board,  
Washington, D.C.

Dear Mr. Hamlin:

For your information I am enclosing you herewith a copy of a letter sent by us today to Governor McDougal of Chicago in reference to an adjustment of dividends upon the stock of the Wisconsin banks to be transferred by us on January 1st. This letter will explain itself.

May I add that I understand that the Chicago bank expect to pay their stockholders a dividend up to January 1, 1916, and the arrangement suggested by us would put the banks to be transferred upon an even basis, regarding dividends, with the original stockholders of the Chicago bank, so far as payments to be made to them by the Federal Reserve Bank of Chicago are concerned. In other words the Chicago bank would be in arrears to the new members exactly for the same period that they were to their old members.

Sincerely yours,



Governor

TW-C

December 20, 1916.

Mr. J. B. McDougal, Governor,  
Federal Reserve Bank,  
Chicago, Ill.

Dear Mr. McDougal:

Your favor of the 18th in reference to the matter of accrued dividends to those banks located in Wisconsin which are to be transferred on January 1st to your district, and suggesting that your committee might be willing to adjust the matter upon the basis of our assuming the dividends due to January 1, 1916, and paying you the book value of the stock shown by our books upon that date, is at hand, and has had consideration by our committee.

We feel that this is a matter of sufficiently great importance that the Federal Reserve Board should definitely determine the policy to be pursued in this and future transactions of a similar kind which may come up from time to time. As I have informed you and also the Board, our counsel advises us that we ought not to issue any accrued dividend certificates except upon authority and order of the Federal Reserve Board, and from conversations had with different members of the Board I am convinced that the majority of them at least, if not all, believe that an equitable adjustment would require us to pay the book value only of the stock held by the Wisconsin banks to be transferred, and that all accrued and unpaid dividends should be assumed by the bank benefited, which I have no doubt you will admit in this instance is the Chicago bank.

COPY

Nevertheless, our committee are willing to meet you upon an adjustment in the matter aside from the Board, if it can be done in justice to the stock-holding banks that remain, and believe if this bank assumes the dividends on the banks to be transferred, up to January 1, 1916, that the payment due on account of capital stock should be made at par and no more, in other words, the exact amount contributed by the banks, regardless of book value.

The time is short between now and the date of transfer, and if we are not going to be able to agree upon the question of dividends and it is necessary to await the determination by the Federal Reserve Board, which I am informed will not be rendered until this specific question is again referred to counsel, we should feel it necessary to advise the Wisconsin banks to be transferred that the announcement that the accrued dividends would be assumed by this bank was made under misapprehension of the rules of the Federal Reserve Board, and that dividend certificates would not be issued to them until it was determined by the Federal Reserve Board as to which bank should assume them.

I therefore trust you will take this matter up with your Executive Committee at the earliest possible date and let us have an early reply.

Yours truly,

(Signed) Theodore Wold,

Governor



122.6-4

December 19, 1916.

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

Dear Sir:-

The Board has given further consideration to the question of accrued dividends due to the member banks transferred from the Minneapolis to the Chicago District.

It appears that all parties are agreed that both legally and equitably the transferred banks are entitled to receive the same dividends as other banks remaining *in their original districts* ~~of the system~~. The Federal Reserve Act failed to specifically provide for this contingency and it is natural that there should be a difference of opinion on the question of which bank should assume the payment of dividends accrued up to the date of transfer. This question was considered by Counsel for the Board in an opinion dated December 20, 1915, and published in the Bulletin for January, 1916.

As between the member banks and the Federal reserve bank it seems clear from a purely legal standpoint that the member bank could not assert its claim against the Federal reserve bank of Chicago for dividends *(ie interest at 6%)* on its cash-paid subscription except from the date upon which it became a stockholder in that bank. It being conceded, however, that the transferred banks are entitled to the same dividends as

other member banks, the two Federal reserve banks should make provision by voluntary agreement for the assumption and payment of these accrued dividends on an equitable basis.

Viewing this matter from an equitable standpoint it would seem to be proper to apportion these dividends between the two banks on a basis which would take into consideration the earnings derived from the cash-paid subscription and deposits of the member banks before and after their transfer, that is to say, if the Federal Reserve Bank of Chicago is to assume the payment of accrued dividends the Federal Reserve Bank of Minneapolis should pay to the Federal Reserve Bank of Chicago any part of its earnings which might have <sup>been</sup> ~~been~~ *available* ~~as~~ as dividends to the transferred banks before the date of transfer. There is force in the suggestion made that the cash-paid subscriptions and deposits of member banks were held by the Federal Reserve Bank of Minneapolis during a period when provision had to be made for organization and current expenses and when it did not have an opportunity to earn any considerable profit by the investment of its available funds, and that the Federal Reserve Bank of Chicago will have the use of these cash-paid subscriptions and deposits during a period when such funds can more readily be utilized to earn the accrued dividends. Under these circumstances it would seem that the Federal Reserve Banks involved may and should reasonably enter into an agreement to protect the interest of the member banks transferred, having due regard, of course, to the rights and equities of other parties.



As these dividends are cumulative the payment of those due to the transferred banks by either the Federal Reserve Bank of Chicago or the Federal Reserve Bank of Minneapolis would not materially affect or prejudice the rights of other stockholders and as the earnings over and above expenses and dividends are paid to the United States as a franchise tax the interest of the United States would not be materially affected by the payment is made by either bank.

As the claim against a Federal reserve bank as a corporation would probably have to be asserted in a court of competent jurisdiction it is hardly within the power of the Board to require either Federal reserve bank to pay the claim involved in this case. In the opinion of the Board, however, it should not be necessary for the member banks to have to resort to the courts and the Board fully understands that the directors of the banks share this view.

The Board, therefore, recommends that the Federal reserve banks enter into an agreement to adjust this matter along equitable lines and in order that there may be uniformity in the several districts it suggests that the plan followed by the Federal Reserve Banks of New York and Philadelphia and by other banks where this question has arisen, be adopted.

Respectfully,

Dictated by \_\_\_\_\_

Governor.

Approved by \_\_\_\_\_

Counsel

## FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

## OFFICERS

JAMES B. McDOUGAL GOVERNOR  
C. R. McKAY DEPUTY GOVERNOR  
W. F. McLALLEN SECRETARY  
B. G. McCLOUD CASHIER

## DIRECTORS

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CHAIRMAN AND FEDERAL RESERVE AGENT  
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E. L. JOHNSON, WATERLOO, IOWA  
H. B. JOY, DETROIT, MICHIGAN

W. F. McLALLEN  
DEPUTY FEDERAL RESERVE AGENT  
E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

December 18, 1916.

REC  
DEC 20 1916  
OFFICE OF  
MR. DELANO

Mr. F. A. Delano,  
Federal Reserve Board,  
Washington, D. C.

Dear Mr. Delano:

I am enclosing herewith copy of a letter which I am today writing to Governor Wold, and which outlines a possible plan for the settlement of questions which have arisen as to the disposition of the accumulated dividend liability in connection with those of the Wisconsin banks which are soon to be transferred to the Chicago district. I am sending you a copy of this letter in keeping with my promise to do so.

You will please understand that the proposition as now submitted is of a somewhat informal nature, and is being offered simply as a suggestion.

Very truly yours,

K.  
Enclosure.

*J. M. McKay*  
Governor.

COPY

122.6-4

*Federal Reserve Bank of Chicago*

December 18, 1916.

Mr. Theo. Wold, Governor,  
Federal Reserve Bank of Minneapolis,  
Minneapolis, Minnesota.

Dear Mr. Wold:

While in Washington last week, as you are fully aware, certain members of the Federal Reserve Board expressed the hope that the Minneapolis Bank and the Chicago Bank could work out some mutually satisfactory arrangement for the adjustment of the accumulated dividends due those of the Wisconsin banks which are soon to be transferred from the Minneapolis district to the Chicago district. Both you and I have expressed our opinions that the matter should be definitely ruled upon by the Board. However, before leaving Washington I told Mr. Delano that I had in mind a plan which I would be willing to recommend to our Board of Directors and which I would probably submit to you upon my return to Chicago, and this I will now proceed to do.

I observe from your letter of December 2nd that it is confidently expected that on January 1, 1917, you will pay the cumulative dividend to your member banks for the period ending July 1, 1915, and after such payment is made there will be a balance in your undivided account of approximately 1%.

On January 1, 1917, it is expected that we will pay the cumulative dividend on our stock to member banks up to the first day of January 1916, and that after such payment has been made our book value will be approximately 101 or a little less.

In accordance with the expressed desire of Governor Harding I will be pleased to reach a satisfactory solution of the matter in accordance with the very equities of the case. It seems to me that these equities, taking into account the rights of our own member banks and the rights of your member banks and the banks to be transferred, could well be worked out as follows:



Mr. Wold #2.

1. Let your bank assume the cumulative dividends on the stock in the member banks transferred for the period from July 1, 1915 to January 1, 1916 - a period of six months - which is the period to which it is expected our dividends will be paid at the time of the transfer.

2. On the transfer of the Wisconsin banks from your district to our district let your bank pay in to our bank an amount which will make the book value of the stock transferred to our district equal to the book value of our member banks at the time of the transfer.

3. Let this bank then issue cumulative dividend certificates or assume liability for the cumulative dividend upon the stock of the transferred banks from January 1, 1916 to the date of the transfer.

Unless some such solution as this can be worked out I do not see how it is possible for our banks to assume this deferred dividend.

This is a very substantial departure in your favor from the interpretation placed upon the law by Mr. Elliott, Counsel for the Federal Reserve Board, referred to in my letter to Governor Harding, of which I will enclose copy, and manifestly is in accordance with the very rights and equities of the case as suggested by Governor Harding.

I cannot see how the equities of the case would require us to assume this cumulative dividend or any part thereof except on the basis above outlined. An assumption thereof on any other basis would manifestly be unfair to our present member banks.

I would be pleased to have an early advice as to whether this plan meets with your approval and if so, will then submit it to our Executive Committee for its consideration.

Very truly yours,

(Signed) J. B. McDougal,

K.

Governor.

122.6-4

272.

No. S-136

Date Dec. 16, 1916

FEDERAL RESERVE BOARD

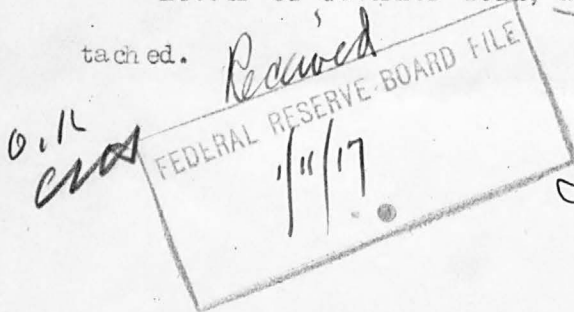
MEMORANDUM

For Mr. Harding

At a meeting of the Federal Reserve Board on  
Dec. 16, the following matter  
(as Chairman, Committee on Law:  
was referred to you (as member, " "  
(as

The attached draft of a letter <sup>12/19/16</sup> prepared by Counsel,  
and addressed to Governor Wold, with reference to the  
liability for accrued dividends at Minneapolis and  
Chicago.

Letter of Governor Wold, dated Dec. 6, also at-  
tached.



*H. P. Robertson*  
Secretary.

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

Date 12/19/16

Documents

letter to Gov. Wold

Signature

attached. R. R. B.



122.6-4

# FEDERAL RESERVE BANK OF MINNEAPOLIS

## NINTH DISTRICT

### OFFICERS

THEODORE WOLD, GOVERNOR      S. S. COOK, CASHIER

### DIRECTORS

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

December 6, 1916.

Mr. W. P. G. Harding, Governor,  
Federal Reserve Board,  
Washington, D.C.

Dear Mr. Harding:

Your favor of November 28th<sup>7</sup> relative to the question of whether this bank or the Federal Reserve Bank of Chicago should assume the obligation of accrued and unpaid dividends due those Wisconsin banks to be transferred on January 1st from this district to the Chicago district was duly received, and on December 2nd, I advised Governor McDougal of receipt of your letter, sending him a copy, and further advised him that our counsel instructed us that we should not assume that obligation and issue accrued dividend certificates unless ordered and directed by the Federal Reserve Board.

Today I am in receipt of a letter from him enclosing a copy of a letter written to you upon the second, bearing upon this same question and calling your attention to Mr. Elliott's opinion as reported in the January 1916 Bulletin, Page 17.

I am enclosing herewith a duplicate of a letter received from our counsel upon this question, and beg to advise you that I thoroughly agree with you that under no circumstances should the withdrawing Wisconsin banks be deprived of a dividend or the right to have them when earned. I am also inclined to agree with you that as an equitable proposition, the bank receiving the benefit (which in this instance is the Chicago bank) should assume that obligation. We had only a portion of the reserves during this period. It is only within the last few weeks that we have had the full payment of reserves to

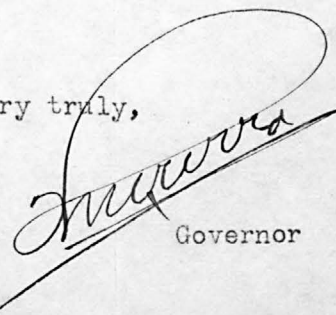
use, and it is needless to add that during the greater part of this two year period there has been no opportunity of employing any of these funds. The banks were assigned to us by the Organization Committee, they have been taken from us by the Federal Reserve Board. We had no pleasure or control either with their coming in or their going out, and it does not seem equitable that the member banks who remain in this district should be obliged to wait longer for their dividend than possibly would have been the case had we the use of the two and a half or three millions of funds which we will be deprived the use of after January 1st.

As I have previously written you, a letter was sent to the Wisconsin banks on the supposition that the matter had been definitely ruled upon by the Federal Reserve Board. The question was not even discussed at the meeting held by Governor McDougal and myself, at which time the letter was prepared. I do not care to make an argument on the question. We are prepared to acquiesce in whatever conclusion is reached by the Board, but we think that it is of the greatest importance to have uniformity in the method of procedure in transfers of banks from one district to another, and in view of the fact that the Act itself is silent upon the question, we believe that the Board should determine by formal ruling the policy to be followed.

Unless the Board is prepared to rule on the question at a very early date, it will be necessary for us to advise the Wisconsin banks that are to be transferred on January 1st, that the question of accrued dividends up to the time of their transfer, and which Federal Reserve Bank should be obligated, will be left until determined by the Federal Reserve Board.

Awaiting your further reply, I am,

Yours very truly,



Governor

TW-C

*Green*

#7

FEDERAL RESERVE BOARD FILE  
122.6-4

FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

OFFICERS

JAMES B. MCDUGAL GOVERNOR  
C. R. MCKAY DEPUTY GOVERNOR  
W. F. McLALLEN SECRETARY  
B. G. McCLOUD CASHIER

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E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

December 2, 1916.

Hon. W. P. G. Harding, Governor,  
Federal Reserve Board,  
Washington, D. C.

RECEIVED  
DEC 4 1916  
GOVERNOR'S OFFICE

Re transfer of banks from Ninth  
District to Seventh District.

Dear Sir:

I acknowledge receipt of your favor of the twenty-ninth ultimo, enclosing copy of your letter to Governor Wold of date November twenty-seventh.

I note from your letter that it is not the desire of the Board to take any part in the details of the transfer of these banks, but that the matter will be brought to the attention of the Board at the next meeting.

It seems to me that this whole matter of dividends is covered by the opinion of your counsel, Mr. M. C. Elliott, published in the January 1916 Federal Reserve Bulletin, Page 17, and doubtless if you consider the matter further that opinion will be before you.

In handling this matter we, course, want to bear in mind the equities of the situation, but the rights of our own member banks must be taken into account as well as the rights of the members to be transferred.

Reference to the last paragraph of Mr. Elliott's opinion above referred to will show you that the whole matter appears to be there authoritatively ruled upon.

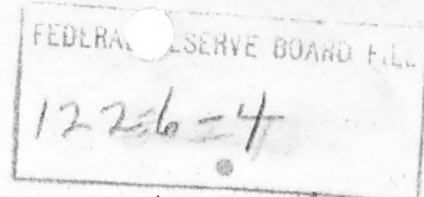
Very truly yours,

K.

*file*

*W. P. G. Harding*  
Governor





November 29, 1916.

Mr. J. B. McDougal,  
Governor Federal Reserve Bank,  
Chicago, Ill.

Dear Mr. McDougal:-

I have your letter of the 27th instant in the matter of transfer of banks from district No. 9 to district No. 7.

I enclose herewith copy of my reply to Governor Wold's letter of November 20th, which reflects the position that the Board has taken in the matter of transfers in general. I thank you for sending the copy of the letter which went out to the Wisconsin banks regarding the approaching transfer, and will bring it to the attention of the Board at the next meeting. It is not the desire of the Board, however, to take any part in the details of a transfer, and it would be disposed to do so only in the event of the two Federal Reserve Banks concerned being unable to reach a conclusion between themselves.

Very truly yours,

Governor.



122.6-4

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

## OFFICERS

JAMES B. McDUGAL GOVERNOR  
C. R. MCKAY DEPUTY GOVERNOR  
W. F. McLALLEN SECRETARY  
B. G. McCLLOUD CASHIER

## DIRECTORS

C. H. BOSWORTH  
CHAIRMAN AND FEDERAL RESERVE AGENT  
J. B. FORGAN, CHICAGO, ILLINOIS  
M. B. HUTCHISON, OTTUMWA, IOWA  
E. L. JOHNSON, WATERLOO, IOWA  
H. B. JOY, DETROIT, MICHIGAN

W. F. McLALLEN  
DEPUTY FEDERAL RESERVE AGENT  
E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

November 27, 1916.

RECEIVED

NOV 29 1916

GOVERNOR'S OFFICE

Mr. W. P. G. Harding, Governor,  
Federal Reserve Board,  
Washington, D. C.

Dear Sir:

In the matter of transfer of banks from  
District No. 9 to District No. 7.

Under date of October 19th the Secretary of your Board, Mr. H. Parker Willis, wrote our Counsel, Mr. Powell, with reference to the transfer of the banks from the Minneapolis district to the Chicago district, advising that the steps to be taken by the two district banks affected would be the same as those that had been taken in the past on the occasions of former transfers. In that letter Mr. Willis enclosed copy of the Federal Reserve Bulletin for July 1915, calling attention to the details on Page 142. Mr. Powell acknowledged the letter under date of October 26th, saying among other things "I take it that the joint letter to be sent out by the Governors of the two banks should be substantially in accordance with the form on Page 142 of the July 1915 bulletin, including paragraph (6)." No reply was had by Mr. Powell to that letter, and we assumed that he had correctly interpreted the ideas of your Board in that respect.

Following that I had a conference with Governor Wold of the Minneapolis bank, in which conference we formulated a letter to be sent to the several banks, copy of which I am enclosing. This letter went out over my signature and the signature of Governor Wold. By reference thereto you will observe that in paragraph five we discuss the matter of accrued dividends on stock in the Minneapolis bank, putting the burden thereof where it seems to me it rightly belongs, on the Minneapolis bank.

After that letter had gone out Governor Wold wrote me enclosing a copy of his letter to the Federal Reserve Board under date of November 20th, wherein he discussed this matter of accrued dividends.

Mr. Harding #2.

I am not at all sure that this matter is one that is properly referable to the Federal Reserve Board, but should you conclude that it is a matter within your province to decide, I shall be very glad to be heard with reference thereto before any ruling should be promulgated which would require us to pay dividends on this stock before the banks were members of this district.

I assume, of course, that in view of the fact that Mr. Powell received no answer to his letter, in which he called to the attention of Mr. Willis his understanding that this paragraph (6) on Page 142 of the July 1915 bulletin was to be incorporated in our plan of the transfer, that it is not the purpose or intention of your Board to rule otherwise. I should be very glad to have early advice from you as to what position you take in the matter.

Very truly yours,

*J. B. McLaughlin*  
Governor.

K.

Enclosure.

11/29

Upon review of the decision of the Federal Reserve Bank Organization Committee the Federal Reserve Board has entered an order effective from January 1, 1917 readjusting Districts Nos. 7 and 9, as a result of which your bank will after that date be ineligible to hold stock in the Federal Reserve Bank of Minneapolis, but will be eligible to membership in the Federal Reserve Bank of Chicago. In order to comply with the terms of the order referred to, you are requested to have your Board of Directors adopt on or before January 1, 1917, the enclosed resolutions covering surrender of your stock in the Federal Reserve Bank of Minneapolis, and application for stock in the Federal Reserve Bank of Chicago. When this has been done two certified copies should be forwarded to the Federal Reserve Bank of Chicago. Three copies of the resolutions are enclosed so that you may have a duplicate for your files.

For convenience the necessary operations have been arranged in the following order:-

(1) Adopt the resolutions above referred to, and send two certified copies to the Federal Reserve Bank of Chicago.

(2) Send to the Federal Reserve Bank of Chicago, with two certified copies of the resolutions, all receipts issued and sent to you for payments made by you on account of your subscription to the capital stock of the Federal Reserve Bank of Minneapolis.

(3) Execute and send to the Federal Reserve Bank of Chicago the necessary order authorizing the Federal Reserve Bank of Minneapolis to remit to the Federal Reserve Bank of Chicago, on your behalf, the net amount hereinbefore paid by you on account of your subscription to the capital stock of the Federal Reserve Bank of Minneapolis. This payment will be applied by the Federal Reserve Bank of Chicago on your subscription to the capital stock of said bank. Upon receipt of this payment the Federal Reserve Bank of Chicago will execute and forward to you its temporary receipt for the amount so paid or its permanent stock certificate.

(4) At the close of business on December 30, 1916, the Federal Reserve Bank of Minneapolis will transfer to the Federal Reserve Bank of Chicago all balances to your credit with the Federal Reserve Bank of Minneapolis at said date, in accordance with the proposed resolution.

(5) Inasmuch as the six per cent dividend provided for by statute is cumulative, the Federal Reserve Bank of Minneapolis will issue to you an accrued dividend certificate. This certificate will entitle you to receive interest on your cash-paid subscription at the rate of six per cent per annum, to be computed from the dates of your cash payments to the date of the surrender of your stock, and to be paid to you when the earnings of the Federal Reserve Bank of Minneapolis justify the payment of accrued dividends to its stockholders.

(6) Any and all remittances made by you on December 30, 1916, and thereafter, for the account of a Federal Reserve Bank should be made to the Federal Reserve Bank of Chicago instead of the Federal Reserve Bank of Minneapolis.

Kindly note that all of the above mentioned papers are to be sent to the Federal Reserve Bank of Chicago.

Respectfully,

FEDERAL RESERVE BANK OF MINNEAPOLIS,

By \_\_\_\_\_ Governor.

FEDERAL RESERVE BANK OF CHICAGO,

By \_\_\_\_\_ Governor.



122.6-4

Chicago, Illinois,  
November 15, 1916.

Upon review of the decision of the Federal Reserve Bank Organization Committee the Federal Reserve Board has entered an order effective from January 1, 1917 readjusting Districts Nos. 7 and 9, as a result of which your bank will after that date be ineligible to hold stock in the Federal Reserve Bank of Minneapolis, but will be eligible to membership in the Federal Reserve Bank of Chicago. In order to comply with the terms of the order referred to, you are requested to have your Board of Directors adopt on or before January 1, 1917, the enclosed resolutions covering surrender of your stock in the Federal Reserve Bank of Minneapolis, and application for stock in the Federal Reserve Bank of Chicago. When this has been done two certified copies should be forwarded to the Federal Reserve Bank of Chicago. Three copies of the resolutions are enclosed so that you may have a duplicate for your files.

For convenience the necessary operations have been arranged in the following order:-

(1) Adopt the resolutions above referred to, and send two certified copies to the Federal Reserve Bank of Chicago.

(2) Send to the Federal Reserve Bank of Chicago, with two certified copies of the resolutions, all receipts issued and sent to you for payments made by you on account of your subscription to the capital stock of the Federal Reserve Bank of Minneapolis.

(3) Execute and send to the Federal Reserve Bank of Chicago the necessary order authorizing the Federal Reserve Bank of Minneapolis to remit to the Federal Reserve Bank of Chicago, on your behalf, the net amount hereinbefore paid by you on account of your subscription to the capital stock of the Federal Reserve Bank of Minneapolis. This payment will be applied by the Federal Reserve Bank of Chicago on your subscription to the capital stock of said bank. Upon receipt of this payment the Federal Reserve Bank of Chicago will execute and forward to you its temporary receipt for the amount so paid or its permanent stock certificate.

(4) At the close of business on December 30, 1916, the Federal Reserve Bank of Minneapolis will transfer to the Federal Reserve Bank of Chicago all balances to your credit with the Federal Reserve Bank of Minneapolis at said date, in accordance with the proposed resolution.

(5) Inasmuch as the six per cent dividend provided for by statute is cumulative, the Federal Reserve Bank of Minneapolis will issue to you an accrued dividend certificate. This certificate will entitle you to receive interest on your cash-paid subscription at the rate of six per cent per annum, to be computed from the dates of your cash payments to the date of the surrender of your stock, and to be paid to you when the earnings of the Federal Reserve Bank of Minneapolis justify the payment of accrued dividends to its stockholders.

(6) Any and all remittances made by you on December 30, 1916, and thereafter, for the account of a Federal Reserve Bank should be made to the Federal Reserve Bank of Chicago instead of the Federal Reserve Bank of Minneapolis.

Kindly note that all of the above mentioned papers are to be sent to the Federal Reserve Bank of Chicago.

Respectfully,

FEDERAL RESERVE BANK OF MINNEAPOLIS,

By \_\_\_\_\_ Governor.

FEDERAL RESERVE BANK OF CHICAGO,

By \_\_\_\_\_ Governor.



*Re.*  
*Transfer of Banks from 9th to 7th District*

FEDERAL RESERVE BOARD

WASHINGTON

RECEIVED

NOV 14 1916

GOVERNOR'S OFFICE

November 13, 1916.

My dear Governor Harding:

Referring to the attached correspondence which was referred to the Committee on Clearing, concerning the transfer of certain banks in Wisconsin from the Minneapolis District to the Chicago District:

This matter has been taken up with the Governors of the banks of Minneapolis and Chicago and the suggestion made that they arrange for an agreement along the lines laid down covering similar transactions in other Districts. You will note that an agreement has been reached in the matter and it therefore appears that no intervention by our Board will be necessary.

Yours very truly,

*see*

*see letters*

*11/11/16*  
*11/15/16*  
*11/3/16*  
*11/1/16*  
*10/28/16*

*Chairman*  
Chairman, Committee on  
Clearing.

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

335.32  
FEDERAL RESERVE BOARD FILE  
122.6-4  
30201

122.6-4

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

OFFICERS

JAMES B. McDOUGAL GOVERNOR  
C. R. McKAY DEPUTY GOVERNOR  
W. F. McLALLEN SECRETARY  
B. G. McCLLOUD CASHIER

DIRECTORS

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E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

RECEIVED  
NOV 13 1916  
OFFICE OF  
MR. DELANO

Nov. 11, 1916.

Mr. F. A. Delano,  
Federal Reserve Board,  
Washington, D. C.

My dear Mr. Delano:

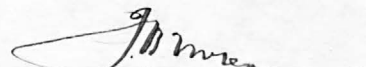
In further reference to the subject matter of your letter of the first instant, acknowledgment of which went forward on November third, I am now pleased to advise you that as the result of a conference with Governor Wold we have fully agreed upon all of the preliminary details concerning the transfer of certain Wisconsin banks from the Minneapolis district to the Chicago district. The questions raised in Governor Wold's letter to you of the twenty-eighth ultimo were all satisfactorily reconciled, and in other respects we are adhering to the terms outlined on Pages 142 and 143 of the Bulletin for July 1915, which we understand to be in accordance with the Board's wishes.

Will you please be good enough to lay this matter before Governor Harding in order the the Board may be apprised as to the present status of the matter at this end.

I will enclose herewith for your perusal copy of the communication which we are planning to send to the fifty-two banks involved under date of the fifteenth instant.

Very truly yours,

K.  
Enclosure.

  
Governor.

122.6-4

FEDERAL RESERVE BANK OF MINNEAPOLIS

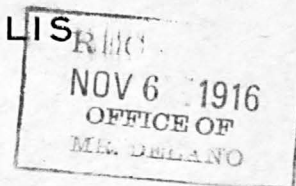
NINTH DISTRICT

OFFICERS

THEODORE WOLD, GOVERNOR S. S. COOK, CASHIER

DIRECTORS

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



November 3, 1916.

Mr. F. A. Delano,  
C/o Federal Reserve Board,  
Washington, D.C.

Dear Mr. Delano:

I am in receipt of your favor of November 1st,  
enclosing copy of your letter written to Governor McDougal in reference  
to the transfer of certain Wisconsin banks from this district to the  
Seventh on January 1st, and note that the questions raised by me will  
be left to be worked out by Governor McDougal and myself along the  
lines suggested in the July Bulletin, pages 142 and 143.

I beg to assure you that I have no doubt that  
Governor McDougal and I will have little difficulty in agreeing upon  
a plan.

Sincerely yours,

Governor

TW-C

122.6-4

# FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

## OFFICERS

JAMES B. McDOUGAL GOVERNOR  
C. R. MCKAY DEPUTY GOVERNOR  
W. F. McLALLEN SECRETARY  
B. G. McCLOUD CASHIER

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W. F. McLALLEN  
DEPUTY FEDERAL RESERVE AGENT  
E. T. MEREDITH, DES MOINES, IOWA  
G. M. REYNOLDS, CHICAGO, ILLINOIS  
A. H. VOGEL, MILWAUKEE, WISCONSIN

November 3, 1916.

Mr. F. A. Delano,  
Federal Reserve Board,  
Washington, D. C.

My dear Mr. Delano:

I am in receipt of your letter of the first instant, enclosing copy of a letter addressed to you by Governor Wold and bearing on the subject of a transfer of certain Wisconsin banks to the Chicago district. The questions raised by Governor Wold, with the exception of one, appear such as we can adjust here without any difficulty, they being simply matters of accounting. The one matter of importance and touched upon in Mr. Wold's letter, is the question of the adjustment of accrued dividends, and I trust his suggested disposition of this subject will meet with the full approval of the Board.

Very truly yours,

K.

*J. B. Morgan*  
Governor.



122.6-4

Nov. 1, 1916.

My dear Mr. Wold:

For your information, I am enclosing copy of a letter I have just written to Mr. McDougal, of Chicago, in connection with the transfer of certain banks from the Minneapolis to the Chicago District.

Yours very truly,

(Signed) F. A. DELANO

Mr. Theo. Wold,  
Gov'r., Federal Reserve Bank,  
Minneapolis, Minn.

122.6-4

November 1, 1916.

Mr. J. B. McDougal,  
Governor, Federal Reserve Bank,  
Chicago, Ill.

My dear Mr. McDougal:

I enclose herewith copy of a letter from Governor Wold, of Minneapolis, in relation to the transfer of certain banks from the Minneapolis to the Chicago District. Governor Wold raises some questions in regard to the handling of checks in transit and as it appears to the Board that this is a matter which could properly be worked out between you and Governor Wold, the Board is not disposed to interfere. If you and Governor Wold cannot agree on terms along the lines laid down in pages 142 and 143 of the Bulletin for July 1915, and also take care of the clearing matter to which Governor Wold refers, the Board will be very glad to take the matter up.

Yours very truly,

(Signed) F. A. DELANO

122.6-4

# FEDERAL RESERVE BANK OF MINNEAPOLIS

## NINTH DISTRICT

### OFFICERS

THEODORE WOLD, GOVERNOR      S. S. COOK, CASHIER

### DIRECTORS

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

*Reps To  
New Balance  
Chm Com on  
clearing*

October 28, 1916.

Federal Reserve Board,

Washington, D.C.

Gentlemen:

We are advised by the Federal Reserve Bank of Chicago that the rules governing the transfer of certain banks from the Richmond district to the Cleveland district, as reported upon pages 142 and 143 of the Federal Reserve Bulletin for the month of July, 1915, should govern the transfer of those banks in certain Wisconsin counties which the Board have determined should be transferred to the Chicago district on January 1, 1917. In accordance with Paragraph 4, Page 142, those banks in Wisconsin to be transferred, would on December 31, 1916, draw a check upon us for the amount showed by their books to be due from us. At the time this method was agreed upon, the collection system had not been opened up, and the accounts with the Federal Reserve Banks were very inactive, but at this time we are sending items from day to day to member banks and receiving remittances from them from day to day, some of which remittances the member banks are given immediate credit for, some two days, others four days and others eight days, so that if the member banks in Wisconsin who are to be transferred are to draw a draft for the amount on deposit with us, according to their books, it is going to cause an unnecessary amount of complication and correspondence. We are the ones to determine what is due from us to a member bank and not the member bank.

I therefore suggest that in our remittances of December 29th and 30th to those member banks in Wisconsin to be transferred, we request them to remit to the Federal Reserve Bank of Chicago for our credit, thereafter of course sending our items on those banks to the Federal Reserve Bank of Chicago, that those banks be requested not to send us any remittances for credit after December 28th. At the close of business on the 29th, each of those banks will be sent a statement of their account with us, showing the gross amount due them at that time, and we will advise them that this amount will be transferred to their account with the Federal Reserve Bank of Chicago on the following day, and that on December 30th we will advise the Federal Reserve Bank of Chicago of the gross amount due each of the banks to be transferred, as shown upon our books in accordance with the statement rendered to these banks at the close of business on the 29th, asking them to credit the account of each of the banks, and debit us.

This will involve, of course, our carrying a little float of the items that have been received from the banks to be transferred, taking two, four or eight days to collect, as the case may be, but even so, it will be much more satisfactory for us to have a clean cut off at that time rather than have the banks drawing against us for what their books might show as due from us, when there are remittances both ways in transit and in uncollected funds.

Please advise if you have any objections to our pursuing this plan.

Will you please furnish us with a form of accrued dividend certificate which we should issue to those Wisconsin member banks to be transferred? We now hope and expect to be able to pay in January 1917, a dividend to our member banks for the period from November 16, 1914, to July, 1915. Do you see any objection to our withholding the issuing of the dividend certificate until the dividend we

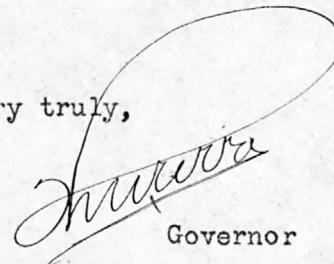


FRB--3

propose to pay is authorized by our Board of Directors and approved by your Board, when check for the dividend declared, together with certificate for the balance, would be sent to those banks being transferred, or would you prefer to have us issue certificates covering the accrued dividends for the entire period and have certificates forwarded to us for endorsement when the dividend was paid?

Awaiting your reply, I am,

Yours very truly,

  
Governor

TW-C



*West transfer*  
HS  
#7  
FEDERAL RESERVE BOARD FILE

122.6-4

October 19, 1916.

Mr. C. H. Bosworth,  
Federal Reserve Bank,  
Chicago, Illinois.

My dear Sir:

*Memo 845  
10-12-16*

By direction of the Federal Reserve Board, I hand you herewith copy of the Board's formal order amending the geographical limits of Districts Nos. 7 and 9. Steps to be taken by the respective Federal Reserve Districts affected by this order will be the same as those that have been taken in the past on occasions of former transfers. I am enclosing herewith a copy of the Federal Reserve Bulletin of July, 1915, in which are given details (p.142) of the proceedings in connection with the transfer of certain West Virginia banks from the Richmond to the Cleveland District.

You will observe that the Board's order becomes effective January 1, 1917, and that the arrangements for transfer should be effected before that time.

Yours very truly,

Secretary.

Enclosures.

*W. H. Transfer*  
HS

# 7

Secretary.

FEDERAL RESERVE BOARD FILE  
122.6-4

October 19, 1916.

Mr. Charles L. Powell,  
Counsel, Federal Reserve Bank,  
Chicago, Illinois.

*Min 845*  
*10-12-16*

My dear Sir:

By direction of the Federal Reserve Board, I hand you herewith copy of the Board's formal order amending the geographical limits of Districts Nos. 7 and 9. Steps to be taken by the respective Federal Reserve Districts affected by this order will be the same as those that have been taken in the past on occasions of former transfers. I am enclosing herewith a copy of the Federal Reserve Bulletin for July, 1915, in which are given details (p. 142) of the proceedings in connection with the transfer of certain West Virginia banks from the Richmond to the Cleveland District.

You will observe that the Board's order becomes effective January 1, 1917, and that the arrangements for transfer should be effected before that time.

Yours very truly,

Secretary.

Enclosures.

*Carded*

STATEMENT FOR THE PRESS.

October 13, 1916,

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

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



At a stated meeting of the Federal Reserve Board, duly held at its office in the City of Washington, District of Columbia, October 12, 1916.

Carded

P R E S E N T :

Mr. Harding, Governor,  
Mr. Warburg, Vice Governor,  
Mr. Hamlin,  
Mr. Delano,  
Mr. Miller,  
Mr. Williams.

X minutes 845  
10-12-16

.....  
In the Matter of Readjusting :  
the Geographical Limits :

of :

ORDER AMENDING THE GEOGRAPHICAL  
LIMITS OF DISTRICTS NOS. 7 AND 9.

Districts Nos. 7 and 9 in ac- :  
cordance with the power vested :  
in the Federal Reserve Board :  
by Section 2 of the Federal :  
Reserve Act. :

.....  
WHEREAS, the Federal Reserve Board is authorized and empowered by Section 2 of the Federal Reserve Act to readjust the Federal reserve districts; and

WHEREAS, upon further consideration of -

- (a) The petition of certain banks in Wisconsin for the transfer from district No. 9 to District No. 7 of all that part of Wisconsin situated in District No. 9 east of the western boundaries of the counties of Ashland, Price, Taylor, Clark, Jackson and Monroe;
- (b) The answer of the Federal Reserve Bank of Minneapolis;
- (c) The briefs of counsel and arguments heard by the Federal Reserve Board;

it appears to such Board that the convenience and customary course of business and the best interests of the Federal Reserve System will be served by a readjustment of the geographical limits of districts Nos. 7 and 9;

NOW, THEREFORE, the Federal Reserve Board doth order -

- (1) That district No. 7 be readjusted and altered so as to include the State of Iowa, all that part of Wisconsin located south of the northern boundary of the counties of Marinette, Oconto, Langlade, Marathon, and Clark; and east of the western boundary of the counties of Clark, Jackson, Monroe, Vernon, Crawford, and Grant; all of the southern peninsula of Michigan, viz, that part east of Lake Michigan; all that part of Illinois located north of a line forming the southern boundary of the following counties: Hancock, Schuyler, Cass, Sangamon, Christian, Shelby, Cumberland, and Clark; and all that part of Indiana north of a line forming the southern boundary of the following counties: Vigo, Clay, Owen, Monroe, Brown, Bartholomew, Jennings, Ripley, and Ohio;
- (2) That district No. 9 be readjusted and altered so as to include the States of Montana, North Dakota, South Dakota, Minnesota, all that part of Wisconsin not included in district No. 7, and all that part of Michigan not included in district No. 7;
- (3) That the alterations in districts Nos. 7 and 9 directed in this order become effective January 1, 1917;
- (4) That the Federal Reserve Banks of Chicago and Minneapolis be notified of the changes made in the districts referred to and directed to take such action as may be necessary for the transfer of membership of the banks included in the territory affected;
- (5) That a copy of this order be filed with the Comptroller of the Currency in order that the certificate of the Reserve Bank Organization Committee may be properly amended.

W. P. G. HARDING,

Governor.

Attest:

H. PARKER WILLIS,

Secretary.

