

Handwritten initials

FEDERAL RESERVE BOARD FILE
333.

July 2nd,
1919.

333.4(6)

Mr. Joseph A. McCord, Chairman,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

Dear Mr. McCord:

Your letter of June 28th in further reference to the matters discussed in your letter of June 24th, has been received by the Board.

In short your inquiry appears to be as follows: Whether a Federal Reserve Bank which purchases or discounts from a member bank with its endorsement, the acceptance of a non-member State bank, should require an agreement of the accepting State bank to the effect that it will not make any acceptances beyond the limits imposed by Section 13 of the Federal Reserve Act for member banks so long as the Federal Reserve Bank holds the purchaser's acceptance.

As you suggest, there may be no limit imposed by the State law upon the amount of acceptances which a State bank may legally make but if that is true the Federal Reserve Bank may properly take that fact into consideration when purchasing the acceptances of such a non-member State bank. It does not appear to the Board to be proper for a reserve bank to attempt to require an agreement from the State bank that it will restrict the aggregate amount of its acceptances whenever or so long as the Reserve Bank holds any of its acceptances. If an agreement of the kind which you describe were generally required the natural inference would be that the national bank is acting as a medium or agent for the State bank in procuring rediscount privileges with the Federal Reserve Bank, - a course which without the approval of the Federal Reserve Board, is expressly prohibited by the Federal Reserve Act. If, however, a member bank holds in its portfolio in the natural course of business, a nonmember bank acceptance and ultimately desires to offer that acceptance for rediscount or purchase by a Federal Reserve Bank, the transaction would be authorized even without the Board's express approval

Handwritten signature

-2-

but it would not seem logical or reasonable in such a case to require the non-member bank to enter into an agreement that it will not make any acceptances beyond a certain specified limit so long as the reserve bank holds the acceptance.

As to your fear that it may result in favoritism to a non-member State bank unless such an agreement is procured, it is suggested that the Federal Reserve Bank in all cases must exercise its discretion in determining whether or not it will purchase non-member bank acceptances and if there is any reason to believe that the accepting bank is extending its acceptance credits beyond proper limits the Federal Reserve Bank should take that into consideration before making the purchase.

Very truly yours,

Governor.

GLE/sad

3/7-2

M. B. WELLBORN, GOVERNOR
 L. C. ADEL, DEPUTY GOVERNOR
 M. W. BELL, CASHIER
 W. B. ROPER, ASS'T CASHIER
 W. R. PATTERSON, ASS'T CASHIER
 R. A. SIMS, ASS'T CASHIER
 J. L. CAMPBELL, ASS'T CASHIER
 H. F. CONNIFF, ASS'T CASHIER
 J. M. SLATTERY, SECRETARY

FEDERAL RESERVE BANK OF ATLANTA.

JOS. A. MCCORD,
 CHAIRMAN OF THE BOARD AND
 FEDERAL RESERVE AGENT
 EDW. T. BROWN,
 DEPUTY CHAIRMAN
 WARD ALBERTSON,
 ASS'T FEDERAL RESERVE AGT.
 CREED TAYLOR,
 GENERAL AUDITOR

June 28, 1919.

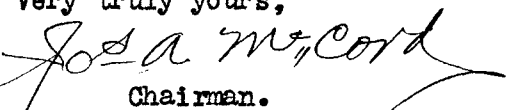
My dear Mr. Strauss:

I am in receipt of your letter of June 24th, which was in answer to inquiry made by me in reference to interpretation of Regulation B, section IV, subdivision (d) Series of 1917, relating to the discount of bankers' acceptances other than those accepted or endorsed by member banks.

Possibly in my letter I inadvertently referred to the limitations referred to in Section 9 of the Federal Reserve Act, when it was my intention to refer to the limitations placed in Sections 13 and 14 of the Federal Reserve Act, wherein member banks are limited to accepting up to 50% of the capital and surplus of their bank outstanding at any one time, an amount not in excess of 50% of their capital and surplus for domestic purposes, and up to 100% for foreign transactions.

The object of my inquiry was to know if we should discount acceptances of non-member banks when offered to us and endorsed by our member banks, regardless of the amount that said non-member bank might accept for. Under the laws of some of our States, state banks are given the right to accept without any limitation being placed thereon, and for Federal Reserve Banks to accept under discount or purchase with the endorsement of a member bank the acceptances of non-member banks where no control is placed over the amount that the non-member bank may accept, would be giving to the non-member bank privileges that would not be granted to the member banks; and it was my special thought to call attention to what extent we would be authorized to purchase bankers' acceptances of non-member banks, and to know if we should require some certification that they would not have outstanding more than is permitted to our member banks.

With this explanation I would be very glad indeed to have your further consideration of the subject.

Very truly yours,

 Chairman.

Hon. Albert Strauss,
 Vice Governor, Federal Reserve Board,
 Washington, D.C.

333.4(6)

5/16/19

2/7-2

FEDERAL RESERVE BOARD
OFFICE OF THE GOVERNOR

To **Mr. Harrison**-----

Letter McCord, Atlanta

**SUBJECT: Interpretation of Reg B,
Sec IV, Subsection (d)
Series 1917, relating
to discount of bankers'
acceptances other than
those accepted or endorsed
by member banks.**

Please prepare reply to McCord

W. P. G. HARDING

July 1, 1919
-----, 19-----

*Amptman's
non-member bank
D. B. Smith*

Serial files #6

332.21
FEDERAL RESERVE BOARD FILE
~~333.~~

June 24th, 1919. 333.4(6)

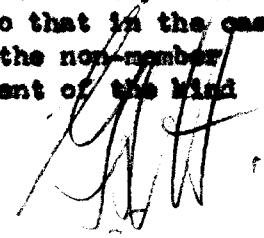
Mr. Joseph A. McCord, Chairman,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

My dear Mr. McCord:

The Federal Reserve Board has received and considered your letter with reference to the interpretation of Regulation B, section IV, subdivision (d), Series of 1917, relating to the discount of bankers' acceptances other than those accepted or endorsed by member banks.

The specific question which you present is as follows: May a member bank discount with the Federal reserve bank the acceptance of a non-member State bank which is drawn against the domestic storage of readily marketable commodities, and if so, is it essential that the Federal reserve bank require a statement of the financial condition of the non-member bank and an agreement by that non-member bank that the borrower will not be liable to it in an amount in excess of the limits provided by Section 9 of the Federal Reserve Act?

The requirement of Section 9 of the Federal Reserve Act that the State bank give an agreement that it will not loan to any one borrower more than the amounts authorized by that Section so long as the Federal reserve bank holds its paper, applies only in the case where the Federal reserve bank directly discounts paper for a member State bank and does not apply to the case described in your letter, where a non-member bank's acceptance is offered for sale by a member bank. With reference to the statement of condition of the accepting bank, Regulation B expressly provides that the statement need not be filed in any case where the acceptance is either accepted or endorsed by a member bank so that in the case you describe it is not necessary to procure from the non-member bank either a statement of condition or an agreement of the kind



- 2 -

described in Section 9 of the Act.

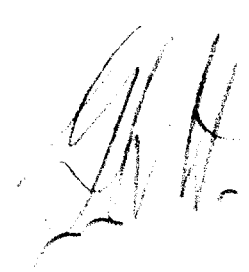
You also ask whether there are any limitations upon the aggregate amount of acceptances of this character which may be purchased by a Federal reserve bank. The law does not make any such limitation.

Very truly yours,

(Signed) Albert Strauss

OLH/and

Vice- Governor.



16-19

M. B. ... IN, GOVERNOR
L. C. ... LSON, DEPUTY GOVERNOR
M. W. BELL, CASHIER
W. B. ROPER, ASS'T CASHIER
W. R. PATTERSON, ASS'T CASHIER
R. A. SIMS, ASS'T CASHIER
J. L. CAMPBELL, ASS'T CASHIER
H. F. CONNIFF, ASS'T CASHIER
J. M. SLATTERY, SECRETARY

FEDERAL RESERVE BANK OF ATLANTA.

JOS. A. MCCORD,
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT
EDW. T. BROWN,
DEPUTY CHAIRMAN
WARD ALBERTSON,
ASS'T FEDERAL RESERVE AGT.
CREED TAYLOR,
GENERAL AUDITOR

June 16, 1919.

3-20 4 6

Dear Governor Harding:

Referring to Regulations of the Federal Reserve Board, Series of 1917, page 7, Regulation B, section IV, subdivision (d), which reads as follows:

"Bankers' acceptances, other than those accepted or endorsed by member banks, shall be eligible for purchase only after the acceptor has furnished a satisfactory statement of financial condition in form to be approved by the Federal Reserve Board and has agreed in writing with a Federal Reserve Bank to inform it upon request concerning the transactions underlying such acceptances."

a question has arisen with us and a hypothetical case has been suggested.

Suppose a small State bank over which we have no control, under the laws of its State is authorized to accept and no limit is placed upon the amount it may accept, should accept a draft drawn on it for the domestic storage of readily marketable commodities, and one of our member banks should purchase that acceptance, and in turn our member bank should endorse that acceptance and offer it to us for purchase. Would we be justified in discounting that acceptance without being furnished a statement of the non-member bank as to its financial condition and a further statement that it would not accept more than is permitted by law for our member bank to accept.

In other words, suppose a State bank did not limit its acceptance. Would we be justified in purchasing such acceptances from our member bank on the member bank's endorsement, and if so, to what extent would we be justified in buying these acceptances on the endorsement of any one member bank?

We notice that Regulation B, Series of 1917, supersedes Regulation B of 1916. It was my impression that the original requirement was that in order for the acceptance of a non-member bank to be eligible for purchase by the Federal Reserve Bank, that the non-member bank should furnish a statement to the Federal Reserve Board, who would review same and say whether it was satisfactory or not, and that said accepting bank must have a capital of one million dollars. Has the requirement as to capital been abolished or superseded by the Regulations of 1917?

Very truly yours,

Jos. A. McCord
Chairman.

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

*Per
Eligible acceptances
Chickamauga Trust Co. Chattanooga, Tenn*

#6

33221
FEDERAL RESERVE BOARD FILE
333.

June 10, 1919.

333.4

Dear Sir:

I have your letter of June 7, enclosing request of the Chickamauga Trust Company, Chattanooga, Tennessee that its acceptances be declared eligible for discount by Federal Reserve banks. The application was considered by the Board at its meeting today and I was instructed to advise you that, in view of the nature of the business done by the Trust Company and the non-liquid character of its assets, the Board does not feel warranted in declaring its acceptances eligible for discount by Federal Reserve banks.

Very truly yours,

Governor.

Mr. M. H. Wellborn, Governor,
Federal Reserve Bank,
Atlanta, Georgia.

CSM

M. B. WELLBORN, GOVERNOR
L. C. ADELSON, DEPUTY GOVERNOR

M. W. BELL, CASHIER
W. B. ROPER, ASS'T CASHIER
W. R. PATTERSON, ASS'T CASHIER
R. A. SIMS, ASS'T CASHIER
J. L. CAMPBELL, ASS'T CASHIER
H. F. CONNIFF, ASS'T CASHIER
J. M. SLATTERY, SECRETARY

FEDERAL RESERVE BANK OF ATLANTA.

JOS. A. MCCORD,
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

EDW. T. BROWN,
DEPUTY CHAIRMAN

WARD ALBERTSON,
ASS'T FEDERAL RESERVE AGT.

CREED TAYLOR,
GENERAL AUDITOR

333.04

Doct

RECEIVED
JUN 7 1919
GOVERNOR'S OFFICE

June 7, 1919

Dear Sir:

I am enclosing a copy of letter from
the Chickamauga Trust Company, Chattanooga, Tennessee,
also their statement for May 31, 1919.

This company desires to have your approv-
al for Bankers Acceptances, and I respectfully recommend
that their request be granted.

Very truly yours,

M B Wellborn
GOVERNOR

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

enclos-

WILLIAM M. ELLIOTT
PRESIDENT

CHICKAMAUGA TRUST COMPANY
CHATTANOOGA, TENNESSEE

June 6th, 1919.

33314 (6)

Mr. M. B. Wellborn, Governor,
Federal Reserve Bank,
Atlanta, Georgia.

Dear Sir:-

I am enclosing you a statement of this Company of date May 30th, 1919, for the approval of the Federal Reserve Board, and we request a permit be granted authorizing the purchase of acceptances of this Company by Federal Reserve Banks.

As you are aware we do not receive deposits, our principal business being the investment of money for insurance companies. It is our intention to couple with this the business of dealing in acceptances.

We refer you as to our standing to the First National Bank and the Hamilton National Bank of Chattanooga.

Very truly yours,

W. M. Elliott
President.

WME/M

CHICKAMAUGA TRUST COMPANY

CAPITAL AND SURPLUS \$ 300,000.

WM. M. ELLIOTT, PRESIDENT.

WM. D. CARSWELL, COUNSEL.

CHATTANOOGA, TENNESSEE.

Condensed Statement Chickamauga Trust Company, May 31, 1919

IN RE

Resources

Cash due from Banks	\$ 48,716.80
Farm Mortgage Loans	258,748.10
Mortgage loans pledged to secure Real Estate Bonds	180,000.00
Real Estate Bonds	13,900.00
U. S. Bonds and other securities	104,586.00
Bills Receivable	13,720.02
Accounts Receivable	4,076.35
Accrued Interest	10,000.00
Furniture & Fixtures	3,000.00
Acceptances	7,000.00
Customers liability on acceptances	71,500.00
	<u>\$715,247.27</u>

Liabilities

Capital Stock	\$300,000.00
Surplus & Undivided Profits	34,166.92
6% Real Estate Bonds	180,000.00
Bills Payable unsecured	100,000.00
Bills payable secured by U. S. Bonds	25,000.00
Accounts Payable	731.78
Collection Account	3,848.57
Liability on Acceptances	71,500.00
	<u>\$715,247.27</u>

U. S. Bonds and Other Securities Owned

Liberty Bonds	\$ 30,700.00
Mo. Pacific General 4's	10,000.00
D. & R. G. Con. 4's	5,000.00
St. L. & S. F. P. L. 4's	5,000.00
C. M. & St. P. Conv. 4½	10,000.00
C. M. & St. P. Ref. 4½	10,000.00
N. Y. Central Deb. 6's	10,000.00
Southern Railway 6% Notes	25,000.00
100 shares N. Y. Central R. R. Stock	
Ledger Value	<u>\$104,586.00</u>

State of Tennessee, County of Hamilton:

I, W. M. Elliott, President of the above named
Bank do solemnly swear that the above statement is true
to the best of my knowledge and belief.

Subscribed and sworn to before me
this 6th day of June 1919.

W. M. Elliott
President

Wm. D. Carswell
Notary Public.

Form 40

TELEGRAM

FEDERAL RESERVE BOARD
WASHINGTON

January 2, 1919

332.21

333

333.416

*Renewed
Savannah
acceptances*

WELLBORN
ATLANTA

Your letter thirty-first STOP In view of circumstances
Board sees no objection to Renewal of the Savannah acceptances.

HARDING

OFFICIAL BUSINESS
GOVERNMENT RATES
CHARGE FEDERAL RESERVE BOARD

EDW. T. BROWN,
DEPUTY CHAIRMAN OF
THE BOARD

M. B. WELLBORN,
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

JOS. A. MCCORD,
GOVERNOR
J. B. PIKE,
CASHIER

JOS. M. SLATTERY,
ASS'T FEDERAL RESERVE
AGENT

M. W. BELL,
ASSISTANT CASHIER

W. B. ROPER,
ASSISTANT CASHIER

W. R. PATTERSON,
ASSISTANT CASHIER

R. A. SIMS,
ASSISTANT CASHIER

WARD ALBERTSON,
GENERAL AUDITOR

FEDERAL RESERVE BANK OF ATLANTA.

RECEIVED
DEC 2 - 1918
GOVERNOR'S OFFICE

December 31, 1918

Dear Mr Harding:

Bankers' Acceptances purchased by us from the Savannah banks about ninety days ago are now maturing. These acceptances involve the shipment of cotton, and as you are probably aware, the Southern ports have been greatly congested with this staple for the past three months, owing to the scarcity of ships. This difficulty, however, is being gradually removed, for they are now getting the use of more ships than they have had for some time. There is, however, quite a lot of this cotton that cannot be shipped for thirty to sixty days - therefore, the banks are calling on us for renewal of acceptances, and it seems to me that there is nothing left for us to do but consent to them; although, it is against our policy to do this as a general thing. We usually accept these acceptances to be paid at maturity; except when they are made for thirty to sixty days, then we are willing to grant renewals for the balance of the time, not exceeding ninety days on the original transaction.

I wish to acquaint you with the situation at Savannah regarding acceptances, to ask for your approval of our course in giving these renewals, owing to the very peculiar circumstances that are prevailing in our District. Under ordinary circumstances, this would hardly ever be the case, but owing to the large number of ships that were put into use for War purposes, up through the middle of November - they have not yet had opportunity to get these ships back into the regular course of operation in the past thirty days.

Very truly yours,

M B Wellborn
Chairman of the Board

cc [unclear] [unclear]

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

*State Bank
acceptances
6
Council of the
Monetary Union*

38221
FEDERAL RESERVE BOARD FILE
333.4

September 25, 1918.

333.4(6)

Dear Mr. Wellborn:

Receipt is acknowledged of your letter of the 23rd instant, enclosing a copy of financial statement purporting to show the condition of the Commercial Bank of Woodville, Mississippi at the close of business September 10th, with request that the Federal Reserve Board pass upon the statement with the view of approving it in order that Federal Reserve Banks may buy acceptances of the Commercial Bank in the open market.

Regulation B, Subdivision IV, Paragraph (d) with reference to bankers' acceptances, reads as follows:

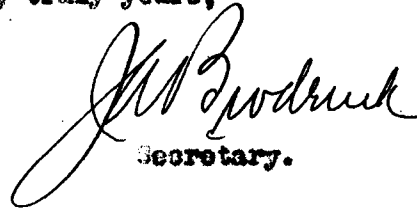
"Statements.—Bankers' acceptances, other than those accepted or indorsed by member banks, shall be eligible for purchase only after the acceptor has furnished a satisfactory statement of financial condition in form to be approved by the Federal Reserve Board and has agreed in writing with a Federal Reserve Bank to inform it upon request concerning the transactions underlying such acceptances."

It is the intent of the above provision that the Board pass only upon the form of the statement. The question of whether or not this bank is in satisfactory financial condition is respectfully referred to you and to your committee. A statement showing mere figures, of course, does not give a proper index of the business of the institution, and I would suggest that it may assist you if you request that bank to have sent to you for inspection a copy of the report of

-2-

the last examination made by the State Examiner, but in case of doubt as to the condition of the bank it might be well for you to arrange for an examination of the institution. The capital and surplus of the bank is so small, it appears to be necessary to use extreme care before approving or agreeing to purchase the acceptances of the bank. It is presumed that in case you approve the application the acceptances purchased will be fully secured by warehouse receipts or shipping documents.

Very truly yours,


Secretary.

Mr. M. B. Wollborn,
Chairman, Federal Reserve Bank,
Atlanta, Georgia.

B-H

EDW. T. BROWN,
DEPUTY CHAIRMAN OF
THE BOARD

M. B. WELLBORN,
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

JOS. A. MCCORD,
GOVERNOR

J. B. PIKE,
CASHIER

JOS. M. SLATTERY,
ASS'T FEDERAL RESERVE
AGENT

M. W. BELL,
ASSISTANT CASHIER

W. B. ROPER,
ASSISTANT CASHIER

W. R. PATTERSON,
ASSISTANT CASHIER

R. A. SIMS,
ASSISTANT CASHIER

WARD ALBERTSON,
GENERAL AUDITOR

FEDERAL RESERVE BANK OF ATLANTA.

September 23rd, 1918.

333.4 (6)

Dear Sir:

There is attached hereto statement of the Commercial Bank of Woodville, Miss., as at the close of business September 10th., 1918.

The Commercial Bank wishes the Federal Reserve Board to pass on their statement with the view to approving same in order that Federal Reserve Banks may buy acceptances of the Commercial Bank in the open market.

Respectfully,

M B Wellborn

Chairman of the Board.

Federal Reserve Board,
Mr. Jos. A. Broderick, Secy.,
Washington, D. C.

Enclo-



D. H. WALLACE, PRESIDENT
 J. B. STIRLING, VICE-PRES.
 C. J. KEES, CASHIER

Commercial Bank

WOODVILLE, MISS.

September 10th 1918.

Financial Statement to the Board of Directors, of
 the Commercial Bank of Woodville, at the close of
 Business September 10th 1918, as shown by the books.

RESOURCES

Banking House-----	---	\$ 1,900.00
Bills Receivable -----	-----	148,517.10
Bonds & Securities -----	-----	34,000.00
Bonds Borrowed -----	-----	19,000.00
Cash on Hand and other banks-----	-----	27,332.21
Furniture & Fixtures-----	-----	1,500.00
Guaranty Fund with State Treasurer-	-----	1,000.00
Third Liberty Bonds-----	-----	415.00
War Savings Stamps -----	-----	873.26
Guaranty Check with Wilkinson County	-----	
for Bonds purchas-----	-----	500.00
		<hr/>
TOTAL -----	-----	\$235,037.57

LIABILITIES

Bonds Borrowed -----	-----	\$ 19,000.00
Capital Stock -----	-----	20,000.00
Deposits -----	-----	187,265.60
Undivided Profits Less Expenses----	-----	4,647.12
Surplus -----	-----	2,500.00
Undivided Prof. from 1917 -----	-----	1,574.85
Collected on Forth Liberty Bonds---	-----	50.00
		<hr/>
Total -----	-----	\$235,037.57

We, D. H. Wallace, ~~and~~ President, and C. J. Kees Cashier,
 of the Commercial Bank of Woodville, Mississippi, do hereby
 certify that the above is a true and correct statement of
 Commercial Bank as shown by the books as of September 10th
 1918.

D. H. Wallace PRESIDENT
C. J. Kees CASHIER

Sworn to and subscribed to before me this the 10th day of September
 1918 L. H. Lewis, Chancery Clerk of Wilkinson Co.

EDW. T. BROWN,
DEPUTY CHIEF OF THE BOARD
JOS. M. SLATTERY,
ASSISTANT FEDERAL RESERVE AGENT

M. B. WELLS,
CHIEF OF THE BOARD
FEDERAL RESERVE AGENT

FEDERAL RESERVE BANK
OF ATLANTA.

1 33

FEDERAL RESERVE BANK	RECORDS
333	BOARD FILE
	M.W. BELL, ASSISTANT CASHIER
	W.B. ROPER, ASSISTANT CASHIER
	W.R. PATTERSON, ASSISTANT CASHIER

333 4
333.4 (6)

APR 19 1918

GOVERNOR'S OFFICE

April 17, 1918.

Hon. W. P. G. Harding, Governor,
FEDERAL RESERVE BOARD,
Washington, D. C.

EJ.

Dear Governor Harding:

We are in receipt of your letter of April 15th, acknowledging receipt of our letter of the 12th, enclosing confirmation of telegram of April 12th and copy of letter of March 30th.

After due consideration of this matter, we telegraphed the Federal Reserve Bank of New York to ship the bank acceptances purchased through them for our account, to Atlanta, as physical endorsement was required. We took this course rather than to have transactions at different dates between the Federal Reserve Agent at Atlanta, the Federal Reserve Agent in New York and the bank in New York, for if we had placed the bills through the channels there, each day that a paper matured it would have required certifications of transfers.

We therefore determined that the other course was better; having the paper sent to us, we could endorse it physically or manually, and deposit it with the Federal Reserve Agent here, and withdraw in time to forward to New York for collection.

Yours very truly,

J. A. McCord
Governor.

JAM:F

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#6

332.21
FEDERAL RESERVE BOARD FILE
~~333.~~

April 16, 1918.

333.461

Dear Governor McCord:-

I have your letter of the 12th instant enclosing confirmations of your telegrams of April 12th and a copy of your letter of March 30th with reference to the deposit of acceptances purchased by your bank through the Federal Reserve bank of New York, with that institution.

On the 13th instant, upon receipt of your telegram of the 12th, I wired you as follows, which is now confirmed:

"Board requires physical endorsement of items pledged with Federal Reserve Agent stop Would suggest your executive committee give power of attorney to L. F. Sailer, Deputy Governor New York, to endorse items held by that bank for you to Federal Reserve Agent, and that Mr. Welborn then give him power of attorney to endorse them for collection for him stop Sailer could have rubber stamp made making endorsement in each case by L. F. Sailer, Attorney in fact stop This is the only way I can suggest to avoid shipment of items to Atlanta and back to New York."

Very truly yours,

Governor.

Mr. Joseph A. McCord,
Governor Federal Reserve Bank,
Atlanta, Ga.

Form 40

TELEGRAM
FEDERAL RESERVE BOARD
WASHINGTON

April 15, 1918.

333,4(6)

McCord,
Governor Federal Reserve Bank,
Atlanta, Ga.

Board requires physical endorsement of items pledged with Federal Reserve Agent. Stop. Would suggest your executive committee give power of attorney to L. F. Sailer, deputy Governor New York, to endorse items held by that bank for you to Federal Reserve Agent, and that Mr. Wellborn then give him power of attorney to endorse them for collection for him. Stop. Sailer could have rubber stamp made making endorsement in each case by L. F. Sailer, Attorney in fact. Stop. This is the only way I can suggest to avoid shipment of items to Atlanta and back to New York.

HARDING.

OFFICIAL BUSINESS
GOVERNMENT RATES
CHARGE FEDERAL RESERVE BOARD

EDW. OWEN,
DEPL. CHAIRMAN OF THE BOARD

M. B. WELLBORN,
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

JOS. M. SLATTERY,
ASSISTANT FEDERAL RESERVE AGENT

JOS. A. McCORD,
GOVERNOR

J. B. PIKE,
CASHIER

M. W. BELL,
ASSISTANT CASHIER

W. B. ROPER,
ASSISTANT CASHIER

W. R. PATTERSON,
ASSISTANT CASHIER

FEDERAL RESERVE BANK

OF ATLANTA.

April 12, 1918.

3-23-18
APR 15 1918
GOVERNOR'S OFFICE

Hon. W. P. G. Harding, Governor,
FEDERAL RESERVE BOARD,
Washington, D. C.

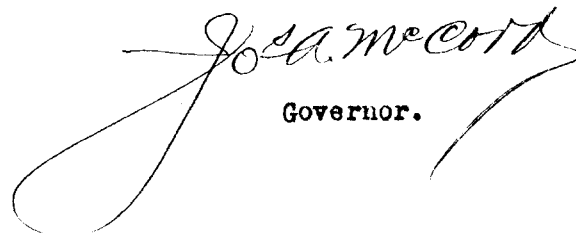
Dear Governor Harding:

We wired you this morning as per the enclosed confirmation, referring to our letter of the 30th ultimo, and have your telegram in reply that letter of March 30th has not been received and to please telegraph the question raised.

We therefore telegraphed you as per the second confirmation enclosed, that the question was how could we deposit with the Federal Reserve Agent in New York for account of the Federal Reserve Agent in Atlanta the two and one-half million dollars of acceptances without physical endorsement.

We are also enclosing copy of our letter of March 30th, which goes more fully into detail in this subject, and await your early reply.

Yours very truly,



Governor.

JAM:F
Encls

4/15

Handwritten initials and a checkmark in the top left corner.

FEDERAL RESERVE BANK OF ATLANTA

TELEGRAM

Atlanta, Ga. April 12, 1918.

Harding, Governor,
Federal Reserve Board,
Washington.

Question raised letter March thirtieth was how could we deposit two and one half million acceptances purchased through New York with Federal Reserve Agent of New York for account of Federal Reserve Agent Atlanta without physical endorsement, thus saving shipment of items to Atlanta and return to New York for collection, and still make them available for deposit for circulation.

McCord, Governor.

collect
official business
government rate

CONFIRMATION

FEDERAL RESERVE BANK OF ATLANTA

TELEGRAM

#1

Atlanta, Ga. April 12, 1918.

Harding, Governor,
Federal Reserve Board
Washington.

Have received no reply my letter March thirtieth, reference bills purchased New York. The deposit of these with Federal Reserve agent very desirable. Calling special attention to last paragraph, can you suggest way to handle?

McCord, Governor.

collect
official business
government rate

CONFIRMATION

Form 40

TELEGRAM
FEDERAL RESERVE BOARD
WASHINGTON

333.4(6)

April 12, 1918.

McCard,
Governor Federal Reserve Bank,
Atlanta, Ga.

Your telegram this date. Letter March thirtieth not received. Please
telegraph question raised.

HARDING.

CLASS OF SERVICE	SYMBOL
Day Message	Blue
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM



CLASS OF SERVICE	SYMBOL
Day Message	Blue
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

RECEIVED AT WYATT BUILDING, COR. 14th AND F STS., WASHINGTON, D. C.

B285AN 66 COLL GOVT

TU ATLANTA GA 445P 12

HARDING

GOVERNOR FEDERAL RESERVE BOARD WASHINGTON

QUESTION RAISED LETTER MARCH THIRTIETH WAS HOW COULD WE DEPOSIT
TWO AND ONE HALF MILLION ACCEPTANCES PURCHASED THROUGH NEWYORK
WITH FEDERAL RESERVE AGENT OF NEWYORK FOR ACCOUNT OF FEDERAL RESERVE
AGENT ATLANTA WITHOUT PHYSICAL ENDORSEMENT THUS SAVING SHIPMENT OF ITEMS
TO ATLANTA AND RETURN TO NEW YORK FOR COLLECTION AND STILL
MAKE THEM AVAILABLE FOR DEPOSIT FOR CIRCULATION

MCCORD GOVERNOR.

APR 12 11 05
APR 13 1918
COMMUNICATIONS OFFICE

Treasury Department

65WU MO 43 collect Govt TELEGRAM

353.4 (6)

TU ATLANTA Ga 1115am Apr 12 1918

Harding Governor Federal Reserve Board

Washington

Have received no reply my letter March thirtieth reference bills
purchased New-York the deposit of these with Federal Reserve
Agent very desirable, calling special attention to last paragraph
can you suggest way to handle

McCord Governor

1244pm

EDWARD J. OWEN,
DEPUTY CHIEF OF THE BOARD
JOE H. SLATTERY,
ASSISTANT FEDERAL RESERVE AGENT

M. B. WELLBORN,
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

JOS. A. McCORD,
GOVERNOR
J. B. PIKE,
CASHIER
M. W. BELL,
ASSISTANT CASHIER
W. B. ROPER,
ASSISTANT CASHIER
W. R. PATTERSON,
ASSISTANT CASHIER

FEDERAL RESERVE BANK OF ATLANTA.

March 30, 1918.

COPY

COPY 333,46

Hon. W. P. G. Harding, Governor,
FEDERAL RESERVE BOARD,
Washington, D.C.

Dear Governor Harding:

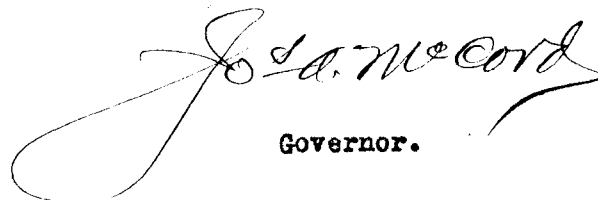
We have participated in the purchase of bank acceptances through the Federal Reserve Bank of New York to the extent of \$2,514,095.91. These acceptances by agreement were purchased without the endorsement of the Federal Reserve Bank of New York, as was agreed to at our conference in Washington on March 22nd. The Federal Reserve Bank of New York is holding these bills for our account, in trust.

It is highly desirable that we shall have these bills delivered to the Federal Reserve Agent of the Federal Reserve Bank of New York in trust for the Federal Reserve Agent of the Federal Reserve Bank of Atlanta; but there is an omission of our endorsement thereon. We have passed resolutions authorizing the deposit with the Federal Reserve Agent of such bills as we buy from another Federal Reserve Bank, but those bills of course are endorsed by the other Federal Reserve Banks. But this case is different.

What we desire is to know how the Federal Reserve Agent at New York would accept this paper in trust for the Federal Reserve Agent at Atlanta, and said paper to bear our endorsement without the necessity of sending this volume of paper to Atlanta to be physically endorsed and returned New York to be held.

Will you kindly wire me on Monday morning next if there is any procedure whereby this can be arranged without having the paper actually returned to us and endorsed, and returned to New York, and if you think the present resolutions that have been passed (copies of which are on file with the Federal Reserve Board) will be sufficient to cover such transaction?

Yours very truly,



Governor.

JAM:F

EX-C 10 MEMBERS
WILLIAM G. MCADOO
SECRETARY OF THE TREASURY
CHAIRMAN
JOHN SKELTON WILLIAMS
COMPTROLLER OF THE CURRENCY

FEDERAL RESERVE BOARD

WASHINGTON

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

H. PARKER WILLIS, SECRETARY
SHERMAN P. ALLEN, ASST. SECRETARY
AND FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

March 30, 1918.

X-855

333.0(6)

Dear Sir:

You will doubtless remember that at the conference last Saturday there was some discussion as to the proper method of distribution among the Federal reserve banks of bills and acceptances bought by the Federal Reserve Bank of New York, and attention was called to the probability that the New York Bank would like to dispose of a block of these acceptances during the present week.

A statement of the reserve position of the various banks was read and the suggestion that the amount be distributed among the six or seven banks having the highest reserve was readily acceded to, and it seemed to be the general sentiment that $4\frac{1}{4}\%$ would be a fair rate. The question, however, was not discussed as fully as would doubtless have been the case had Governor Strong been present. Members of the Board, having in mind recent transactions where two Federal reserve banks sold acceptances at a $4\frac{1}{4}\%$ rate, and feeling that after all the rate was of no material consequence in view of the excess earnings now being made by all the banks, did not press this matter of rate for discussion as fully as they might otherwise have done, and the Governors of the banks interested in the arrangement left with the feeling that the paper would be offered them at a $4\frac{1}{4}\%$ rate.

It has developed since, however, that this rate was not entirely satisfactory to Governor Strong and the directors of the Federal Reserve Bank of New York, and the Board understands that sales by that

X-855

- 2 -

bank have been made on the basis of 4% up to 60 days and 4-1/8% from 60 to 90 days. The Board wishes to call your attention to the fact that for a considerable period of time, -- probably during more than two years following the establishment of the Federal reserve banks, when there was only a negligible demand for rediscounts and the earnings of the banks were small, -- the Federal Reserve Bank of New York very generously gave all other Federal reserve banks an opportunity of participating in the New York bill market by making allotments to the other banks of bills purchased by it. It is true that the Federal Reserve Bank of New York was allowed a commission of 1/8 of 1% for its services, but this did not by any means cover the loss of income that it sustained through its policy of dividing its purchases with the other Federal reserve banks. As a result, during all this time, it was able to take advantage of its local market to not more than 20% of the purchases made. The bank's policy was inspired entirely by a desire to be of service to the whole system, and the other Federal reserve banks were able to make much larger earnings than would have been the case had they been compelled to rely upon strictly local discounts.

Since the entry of the United States into the war, conditions have radically changed. The Government is constantly in the market for funds, and reserve banks generally have withdrawn from the old arrangement and now make only occasional purchases of bills in New York; and Governor Strong advises the Board that the directors of the Federal Reserve Bank of New York feel that the disadvantage under which the bank

operates in this respect is sufficiently important to justify a better understanding than now exists. He points out that the New York Bank is not able to take advantage of its own market when it is obviously to its interest to do so, but that it must carry the entire burden of the New York market when it is to the apparent advantage of the other Federal Reserve banks to withdraw, although their reserve positions may be much stronger than that of the New York bank. It hardly seems fair that by withdrawing from the market and awaiting a distribution of the bills purchased by the Federal Reserve Bank of New York under the provisions of the Act which enable the Federal Reserve Board to regulate rediscounts between the respective Federal Reserve banks, that those banks which have withdrawn should be able to get bills at better rates than would have been the case had they participated in the purchase originally. Furthermore, the New York bill and acceptance market is a very important factor and it is essential that it should be sustained. As the control of this market by the Federal Reserve Bank of New York in the early days of the system redounded to the advantage of all the other Federal reserve banks by reason of the allotment policy adopted, it seems that all Federal reserve banks should cooperate with the Federal Reserve Bank of New York in sustaining the market now, and without insisting on endorsements where they were willing heretofore to buy acceptances without endorsement.

In view of these considerations the Board feels that each of the Federal Reserve banks should look at the matter from a national rather than a local standpoint, both as to the rate of interest and as to the question of endorsement by the Federal Reserve Bank of New York. In the

-4-

K-855

exercise of its statutory power to require inter-bank rediscounts, the Board would hesitate to direct one Federal Reserve bank to take paper from another without the endorsement of the selling bank, but there certainly seems to be no occasion, when paper is sold by one bank to another as the result of negotiation and not by direction of the Board, for the endorsement of the selling bank to be given, if the names on the paper bought are well known to, and satisfactory to, the purchasing bank. In the case of paper sold by the New York banks the names as a rule are well known to all the Federal Reserve banks and have been bought freely by them in the past without the endorsement of the New York bank. It is quite probable that, although the Federal Reserve Bank of New York might be desirous of building up its reserves, it would prefer to continue to carry the burden of the New York market rather than sell bills with its endorsement at a higher rate than that at which they were purchased.

It will be the Board's policy to watch the reserve situation very closely, with the view of preventing any disproportionate decline at any Federal Reserve bank, and hereafter, should the Board have occasion to invite voluntary rediscount operations, it hopes that the principles above outlined will be observed by the Federal Reserve Bank. In case any of the Federal Reserve banks should be required by the Board to rediscount paper for other Federal Reserve banks, the endorsement of the selling bank will be given, when demanded by the purchasing bank, but the transaction will be at a lower rate than would obtain if sold without endorsement.

The Board would appreciate an expression of your views on this subject.

Very truly yours,

Governor.

No. _____ Date March 29, 1918.

#6

FEDERAL RESERVE BOARD

MEMORANDUM

For Mr. Harding.

At a meeting of the Federal Reserve Board on Friday, March 29, 1918, the following matter (as Chairman, Committee on) was referred to you (as member, " ") (as Governor.)

A letter (3/21/18) from Governor McCord of Atlanta, re the purchase of paper from the F.R. Bank of New York, was read, and general discussion of the distribution of paper among F. R. banks ensued. It was agreed that Governor Harding write all the banks a general letter on the subject.

A. P. [Signature]
Secretary.

[Handwritten mark]

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

Date 3/30
Documents minutes to all banks
Signature [Signature] X-855

EDW. T. BROWN
DEPUTY CHAIRMAN OF THE BOARD
JOS. M. SLATTERY,
ASSISTANT FEDERAL RESERVE AGENT

M. S. WELLBORN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

332.2K
FEDERAL RESERVE BOARD FILE
J. B. PIKE, GOVERNOR
CASHIER
M. W. BELL, ASSISTANT CASHIER

FEDERAL RESERVE BANK 333.

OF ATLANTA.

March 27, 1918.

333.4(6)

GOVERNOR'S OFFICE

Hon. W. P. G. Harding, Governor,
FEDERAL RESERVE BOARD,
Washington, D.C.

Dear Governor Harding:

On my return to Atlanta today I find that New York has offered the acceptances to us at 4% up to 60 days and 4 1/8% from 60 to 90 days. It was my understanding at the Conference that 4 1/4% was the rate agreed on. I therefore telegraphed you as per the enclosed confirmation, calling attention to the discrepancy in the rates, and asking if New York was correct. I received your telegram in reply, saying that I was correct in my understanding of the rate, but that New York demurred to paying that, and you suggested compliance with the New York bank's wishes, which would be 4% up to 60 days and 4 1/8% above.

In reply beg to say that we have accepted same on this basis. We note that New York says that she has been buying for other banks in the System and that she thinks we ought to give a better rate. In this connection wish to say that the Federal Reserve Bank of Atlanta has always paid the Federal Reserve Bank of New York 1/8 of 1% of the discount for all paper purchased for our account by them, and even when we purchase paper in New York ourselves and direct it to be paid for at the Federal Reserve Bank of New York, they deduct (which was agreeable to us) 1/8 of 1% for their services.

Yours very truly,

J. A. McCall
Governor.

JAM:R

33221
FEDERAL RESERVE BOARD FILE
333.

November 9, 1917.

333.46

Mr. M. B. Wellborn,
Chairman Federal Reserve Bank,
Atlanta, Georgia.

Dear Mr. Wellborn:

I acknowledge receipt of your letters of the 5th instant. In view of the fact that the Central Bank and Trust Company of Atlanta has applied for membership, the members of the Board, at the meeting this morning, expressed themselves favorably regarding your action in purchasing certain trade acceptances from that institution.

With reference to the state of Georgia school warrants, I would state that Governor McCord explained his attitude to me last night respecting them, and perhaps it may have been a good policy to take them. The members of the Board feel, however, that in view of instructions sent out sometime ago regarding open market operations, no definite commitments should have been made without a reference to the Board. The Board, therefore, does not place itself on record as approving this transaction.

333.2

Very truly yours,

Governor

333 4 (6)

November 8, 1917.

No. 157k FEDERAL RESERVE BOARD

MEMORANDUM

For Mr. Harding.

Under the regulations of the Board the following matter is referred to you as

Chairman, Committee on #2.

Member, "

Letter dated Nov. 5, from the Federal Reserve Agent at Atlanta with reference to the purchase of trade acceptances from the Central Bank and Trust Company, Atlanta, Ga.

Shuman
Assistant Secretary.

These papers are charged to you. If they are sent out of your office, kindly notify Secretary's office that the charge may be cancelled.

Please return this memorandum to the Secretary with copy of documents resulting from action taken, if any, that it may be placed on the docket.

REMARKS.

This is for Gov. Harding to note, not for committee use
CCW

OFFICERS

M.B.WELLBORN,
CHAIRMAN OF THE BOARD.
EDW. T. BROWN,
DEPUTY-CHAIRMAN.
JOS. A. M^C CORD,
GOVERNOR.
W.H.TOOLE,
SECRETARY.
J.M.SLATTERY,
DEPUTY-SECRETARY.
M.W.BELL,
CASHIER.

FEDERAL RESERVE BANK
OF ATLANTA.

DIRECTORS

EDW. T. BROWN,
ATLANTA, GA.
F W. FOOTE,
HATTIESBURG, MISS.
W.H.HARTFORD,
NASHVILLE, TENN.
L.P.HILLYER,
MACON, GA.
W.H.KETTIG,
BIRMINGHAM, ALA.
J.A.MCCRARY,
DECATUR, GA.
W.H.TOOLE,
WINDER, GA.
M.B.WELLBORN,
ANNISTON, ALA.

3709 414

November 5, 1917

My dear Sir:

Pending the examination of the Central Bank and Trust Corporation, Atlanta, for membership in our System, they offered us on November 3rd, Trade Acceptances, and in view of the fact that they have already made application for membership, and will likely be members very soon, we decided to purchase the Trade Acceptances from them, and trust our action will meet with your approval.

Very truly yours,

M.B. Wellborn

Chairman of the Board
and Federal Reserve Agent

Mr W P G Harding,
Governor - Fed Reserve Board,
Washington D C

NOV 5 1917

#6

FEDERAL RESERVE BOARD FILE

OFFICERS

M.B. WELLBORN,
CHAIRMAN OF THE BOARD.

EDW. T. BROWN,
DEPUTY-CHAIRMAN.

JOS. A. M. CORD,
GOVERNOR.

W.H. TOOLE,
SECRETARY.

J. M. SLATTERY,
DEPUTY-SECRETARY.

M.W. BELL,
CASHIER.

FEDERAL RESERVE BANK
OF ATLANTA.

DIRECTORS

EDW. T. BROWN, ATLANTA, GA.

F.W. FOSTER, MISSISSIPPI.

W.H. HAYES, TENN.

L.P. HILLYER, MACON, GA.

W.H. KETTIG, BIRMINGHAM, ALA.

J.A. MCCRARY, DECATUR, GA.

W.H. TOOLE, WINDER, GA.

M.B. WELLBORN, ANNISTON, ALA.

332

file

333.4(4)

August 21, 1917

Sir:

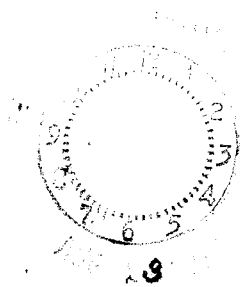
I beg to acknowledge receipt of your letter of August 17th, returning the report of audit of the Citizens and Southern Bank, Savannah, Georgia, and note their form of statement of bankers' acceptances is satisfactory to your Board.

Your suggestions in connection therewith have been noted.

Respectfully,

M B Wellborn
Federal Reserve Agent

Mr H Parker Willis,
Secty - Fed. Reserve Board
Washington DC



*Acceptances
Dunlap & Co
Savannah Ga*

#6

3322
FEDERAL RESERVE BOARD FILE
~~3330~~

333.4(6)

August 17, 1917.

Mr. M. B. Wellborn,
Federal Reserve Agent,
Atlanta, Georgia.

Dear Sir:

Receipt is acknowledged of your letter of the 14th instant enclosing report of an audit made by Messrs. T. C. Dunlap & Co. of the Citizens & Southern Bank of Savannah, with its three branches, showing condition as of June 30th.

It is noted that this report is filed under subdivision d, paragraph 4 of the regulation B, series 1917, relating to the eligibility of bankers acceptances other than those accepted or endorsed by member banks. The form of the statement is satisfactory to the Board, but the question as to whether the character of the bank's assets is such as to make it advisable for the Reserve Bank to purchase its acceptances, is a matter for the decision for the management of your institution.

The bank stock owned by the Citizens & Southern Bank and its overdue paper seem to be the principal items which should be given special consideration.

The reports are returned herewith and it is suggested that they be placed in your files available for inspection at the time of the next examination of your institution.

Very truly yours,

Secretary.

OFFICERS

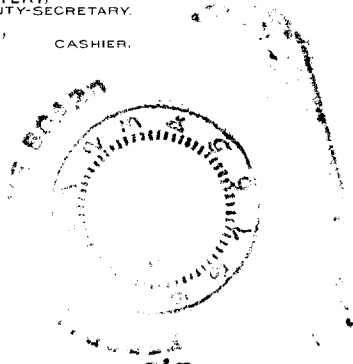
M.B.WELLBORN,
CHAIRMAN OF THE BOARD.
EDW.T.BROWN,
DEPUTY-CHAIRMAN.
JOS.A.McCORD,
GOVERNOR.
W.H.TOOLE,
SECRETARY.
J.M.SLATTERY,
DEPUTY-SECRETARY.
M.W.BELL,
CASHIER.

FEDERAL RESERVE BANK OF ATLANTA.

August 14 1917

DIRECTORS

EDW.T.BROWN,
ATLANTA,GA.
F.W.FOOTE,
HATTIESBURG,MISS.
W.H.HARTFORD,
NASHVILLE,TENN.
L.P.HILLYER,
MACON,GA.
W.H.KETTIG,
BIRMINGHAM,ALA.
J.A.McCRARY,
DECATUR,GA.
W.H.TOOLE,
WINDER,GA.
M.B.WELLBORN,
ANNISTON,ALA.



Sir:-

At a meeting of our Executive Committee, today, statements of an audit of the Citizens & Southern Bank of Savannah, Ga., with its three branches, covering the period ending June 30, 1917.

I am requested by the Executive Committee of the Federal Reserve Bank of Atlanta, to submit these reports to your Board, with the recommendation that your Board approve same as satisfactory statements, under Sec-4 "Bankers Acceptances- Regulation-b-1917".

Respectfully,

M.B. Wellborn
Chairman of the Board
and Federal Reserve Agent.

Mr. H. Parker Willis; Secy.,
Federal Reserve Board
Washington, D.C.

enc

*Accepted
by letter to the Board
Savannah, Ga.*

#6

FEDERAL RESERVE BOARD FILE
~~332.21~~

August 10, 1917.

333.4(6)

Mr. M. B. Wellborn,
Federal Reserve Agent,
Atlanta, Ga.

Dear Sir:

Acknowledgment is made of your letter of August 6th
forwarding statements of an audit of the Citizens and
Southern Bank of Savannah, Georgia, with its three branches,
covering the period ending June 30, 1917.

These are returned to you herewith with the request
that you will have them examined by your Executive Committee
and submit a recommendation to the Board as to the action
which should be taken upon the request. Prompt attention
will be given to this recommendation upon its receipt here.

Yours very truly,

Governor.

37-416

OFFICERS

M. B. WELLBORN,
CHAIRMAN OF THE BOARD.
EDW. T. BROWN,
DEPUTY-CHAIRMAN.
JOS. A. MC CORD,
GOVERNOR.
W. H. TOOLE,
SECRETARY.
J. M. SLATTERY,
DEPUTY-SECRETARY.
M. W. BELL,
CASHIER.

FEDERAL RESERVE BANK
OF ATLANTA.

DIRECTORS

EDW. T. BROWN,
ATLANTA, GA.
F. W. FOOTE,
HATTIESBURG, MISS.
W. H. HARTFORD,
NASHVILLE, TENN.
L. P. HILLYER,
MACON, GA.
W. H. KETTIG,
BIRMINGHAM, ALA.
J. A. MCCRARY,
DECATUR, GA.
W. H. TOOLE,
WINDER, GA.
M. B. WELLBORN,
ANNISTON, ALA.

August 8, 1917

Dear Sir:

I am enclosing herewith copy of an
audit of the Citizens and Southern Bank, of Savannah,
Georgia, and also of its three branches located at
Macon, Augusta, and Liberty Street, Savannah, for
the six months ending June 30th, 1917.

From this statement, the bank appears
to be in a satisfactory condition, and I would there-
fore ask your Board to grant their approval for
banker's acceptances, under Regulation B, series 1917.

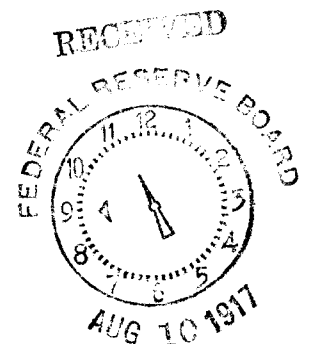
Respectfully,

M. B. Wellborn
Federal Reserve Agent

Mr H Parker Willis,
Secty - Fed. Reserve Board,
Washington

enclos-

Allen



332-2
FEDERAL RESERVE BOARD FILE
333

OFFICERS
M.B. WELLBORN,
CHAIRMAN OF THE BOARD.
EDW. T. BROWN,
DEPUTY-CHAIRMAN.
JOS. A. MFCORD,
GOVERNOR.
W.H. TOOLE,
SECRETARY.
J.M. SLATTERY,
DEPUTY-SECRETARY.
M.W. BELL,
CASHIER.
W.S. GRAVES,
ASST. CASHIER.

FEDERAL RESERVE BANK OF ATLANTA.

DIRECTORS
EDW. T. BROWN, ATLANTA, GA.
F.W. FOOTE, HATTIESBURG, MISS.
W.H. HARTFORD, NASHVILLE, TENN.
W. HILLYER, MACON, GA.
W.H. KETTIG, BIRMINGHAM, ALA.
J.A. MCCRARY, DECATUR, GA.
P.H. SAUNDERS, NEW ORLEANS, LA.
W.H. TOOLE, WINDER, GA.
M.B. WELLBORN, ANNISTON, ALA.

November 29, 1916.

puip

333.1104

RECEIVED
DEC 1 1916
GOVERNOR'S OFFICE

Dear Sir:—

Replying to your letter of November 23;
our New Orleans Branch advises that the
character of acceptances to be offered by the
Citizens Bank and Trust Company of New Orleans
will in most cases be against domestic
transactions.

Very truly yours,

M.B. Wellborn
Chairman of the Board.

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

Encl folder

787-

FEDERAL RESERVE BOARD

[Handwritten signature/initials]

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

Date 12/1/16

From Governor

1
#6

FEDERAL RESERVE BOARD FILE
332-1

part

November 23, 1916.

333.06

Mr. M. B. Wellborn,
Chairman of the Board,
Federal Reserve Bank,
Atlanta, Ga.

Dear Sir:-

Receipt is acknowledged of your letter of the 21st instant enclosing statement of condition of the Citizens Bank and Trust Company of New Orleans, which institution desires to offer ^{its} their acceptances to the Branch Bank at New Orleans.

The Federal Reserve Board has no objection to your bank's authorizing the purchase of the acceptances of this institution by the Branch Bank at New Orleans, but would like to be advised, as a matter of information, as to the character of the acceptances to be offered, -- will they be against imports or exports, or will they be against domestic transactions, or both?

Very truly yours,

governor.

OFFICERS
 M. B. WELLBORN,
 CHAIRMAN OF THE BOARD.
 EDW. T. BROWN,
 DEPUTY-CHAIRMAN.
 JOS. A. McCORD,
 GOVERNOR.
 W. H. TOOLE,
 SECRETARY.
 J. M. SLATTERY,
 DEPUTY-SECRETARY.
 M. W. BELL,
 CASHIER.
 W. S. GRAVES,
 ASST. CASHIER.

FEDERAL RESERVE BANK OF ATLANTA.

November 21, 1916.

DIRECTORS
 EDW. T. BROWN,
 ATLANTA, GA.
 F. W. FOOTE,
 HATTIESBURG, MISS.
 W. H. HARTFORD,
 NASHVILLE, TENN.
 L. P. HILLYER,
 MACON, GA.
 W. H. KETTIG,
 BIRMINGHAM, ALA.
 J. A. McCRARY,
 DECATUR, GA.
 P. H. SAUNDERS,
 NEW ORLEANS, LA.
 W. H. TOOLE,
 WINDER, GA.
 M. B. WELLBORN,
 ANNISTON, ALA.

Sir:--

I enclose herewith statement of the condition of the Citizens Bank and Trust Company, of New Orleans, La. This institution desires to offer their acceptances to our branch bank at New Orleans, and our directors there are in favor of handling their paper

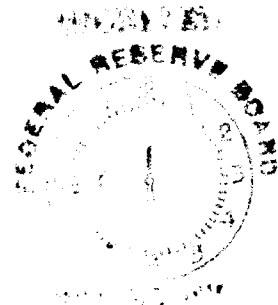
Will you kindly advise me as soon as possible of the action of the Board.

Respectfully,

M B Wellborn
 Chairman of the Board.

Mr. H. Parker Willis, Secy.,
 Federal Reserve Board,
 Washington, D.C.

11/23



(1)

STATEMENT OF THE
CONDITION OF THE

CITIZENS' BANK & TRUST COMPANY OF LA.

At Close of Business Monday,

November 13, 1916.

RESOURCES

Loans and Discounts	\$	2,840,312.08
Overdrafts, secured and unsecured		4,361.88
Stocks and Bonds		203,918.66
Banking House, Furniture & Fixtures, and Safety Deposit Vault & Fixtures		147,000.00
Other Real Estate owned		34,000.00
Due from distant Banks & Bankers		529,123.86
Checks for Clearing House		288,801.66
Cash in Vault		209,360.53
	\$	<u>4,256,878.67</u>

LIABILITIES

Capital Stock	\$	400,000.00
Surplus		100,000.00
Undivided Profits		<u>94,251.46</u>
	\$	594,251.46
Deposits subject to check		2,418,734.62
Deposits not subject to check		640,213.81
Due Banks & Bankers		<u>203,678.78</u>
		3,262,627.21
Bills payable		400,000.00
	\$	<u>4,256,878.67</u>

I certify this statement to be true
and correct.

F. J. ...

CASHIER.

Sworn to and subscribed before me,
at New Orleans, La. November 14th, 1916.

Edgar ...
Not Pub

FEDERAL RESERVE BOARD FILE
332021

333.4 (6)

HS

November 18, 1916.

Mr. Marcus Walker,
Managing Director, New Orleans Branch,
Federal Reserve Bank,
New Orleans, La.

My dear Sir:

Your letter of November 15 enclosing statement of The Citizens Bank & Trust Company, is at hand. The statement appears to be in very satisfactory condition so far as can be ascertained at first sight, but Governor Harding thinks it would probably be better to transmit this to the Federal Reserve Bank of Atlanta with the recommendation of your directors, and let the Bank forward it here with its recommendation. This, you will understand, is simply in order to maintain uniformity in our reports as we have always required all formalities to be complied with before granting such permission.

Very truly yours,

Secretary.

Enclosure.

*202
Lump*

OFFICERS
P. H. SAUNDERS,
CHAIRMAN OF THE BOARD.
MARCUS WALKER,
MANAGING DIRECTOR.
C. G. DUNN,
CASHIER.

NEW ORLEANS BRANCH
FEDERAL RESERVE BANK
OF ATLANTA.
(SIXTH FEDERAL RESERVE DISTRICT.)

DIRECTORS
A. P. BUSH, MOBILE, ALA.
W. J. DAVIS, JACKSON, MISS.
J. H. FULTON,
NEW ORLEANS, LA.
P. H. SAUNDERS,
NEW ORLEANS, LA.
MARCUS WALKER,
NEW ORLEANS, LA.
~~JOHN E. BOUDEN, JR.~~
NEW ORLEANS, LA.
JAS. E. ZUNTS,
NEW ORLEANS, LA.

NEW ORLEANS, LA.

November 15, 1916.

333.4(6)

Federal Reserve Board,
Washington, D.C.

Gentlemen:--

The Citizens Bank & Trust Co., of La., of this City, would like to qualify in order for us to purchase their acceptances.

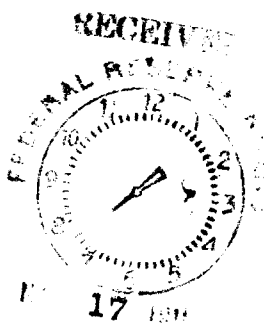
According to the Clearing House statement, and general opinion, this institution is in very good standing. We enclose herewith certified statement as of the 13th inst., and should you desire any further data kindly let us hear from you.

Such acceptances as we purchase from this bank will be with documents attached.

Yours very truly,

Marcus Walker
MANAGING DIRECTOR

M.W.



No. H-14

412
Nov. 17, 1916.

FEDERAL RESERVE BOARD

MEMORANDUM

For Mr. Harding

Under the regulations of the Board the following matter is referred to you as Chairman, Committee on Member and State Banks:
Member, " "

The attached letter of Marcus Walker, of the N. O. Branch, dated Nov. 15, relative to the purchase of acceptances of the Citizens Bank and Trust Company of Louisiana, of New Orleans.

A. B. ...
Secretary.

Please return this memorandum to the Secretary with copy of documents resulting from action taken, if any, that it may be placed on the docket.

REMARKS .

Date.

#6

FEDERAL RESERVE BOARD FILE

OFFICERS
P. H. SAUNDERS, CHAIRMAN OF THE BOARD
MARCUS WALKER, MANAGING DIRECTOR
C. C. QUINN, CASHIER

NEW ORLEANS BRANCH

FEDERAL RESERVE BANK
OF ATLANTA

(SIXTH FEDERAL RESERVE DISTRICT.)

DIRECTORS
A. P. BUSH, MOBILE, ALA.
W. J. DAVIS, JACKSON, MISS.
J. H. FULTON, NEW ORLEANS, LA.
P. H. SAUNDERS, NEW ORLEANS, LA.
MARCUS WALKER, NEW ORLEANS, LA.
JOHN E. BOUDEN, JR., NEW ORLEANS, LA.
JAS. E. ZUNTS, NEW ORLEANS, LA.

NEW ORLEANS, LA.

June 2, 1916.

333.4(6)

Federal Reserve Board,

Washington, D.C.

Gentlemen:--

We are in receipt of a letter from Atlanta inquiring about an acceptance of the Citizens Bank of Hattiesburg, Miss., for \$17,412.58 which was purchased by us on May 23rd.

Upon investigation we find that our Discount Department failed to promptly report this transaction to Atlanta and yourselves, and in this connection we beg to refer you to our letter under date of May 31st in reply to Examiner Broderick's letter of May 29th in which he states that such bills of exchange are not eligible for purchase under the regulations and suggests that in the future similar bills be not purchased.

As we were under the impression that this item had been reported we made no mention of the transaction in our letter.

Yours very truly,

Marcus Walker
MANAGING DIRECTOR

Referred to
Mr. *Jacobs*
JUN 5 1916
for the preparation of a
reply for the signature of



JUN 5 1916

*acceptances
ineligible for
purchase*

*#6-
No.*

33221
FEDERAL RESERVE BOARD FILE
333A
262

June 2, 1916.

333.4 (6)

Mr. Marcus Walker, Managing Director,
New Orleans Branch, Federal Reserve Bank of Atlanta,
New Orleans, La.

Sirs:

Replying to your letter of May 31, would say that the bills
of exchange drawn by the Attalla Compress & Storage Company, accepted
by the Citizens Bank, Hattiesburg, Miss., are not eligible for pur-
chase, for the reason that they are secured by warehouse receipts cov-
ering commodity issued by a warehouse not independent of the borrower.
Examiner Broderick in his letter of May 6th quoted paragraph (d), of
Regulation S, which covers the point in question.

Respectfully,

Assistant Secretary.

OFFICERS

P. H. SAUNDERS,
CHAIRMAN OF THE BOARD.
MARCUS WALKER,
MANAGING DIRECTOR.
C. G. DUNN,
CASHIER.

NEW ORLEANS BRANCH

FEDERAL RESERVE BANK
OF ATLANTA.

(SIXTH FEDERAL RESERVE DISTRICT.)

DIRECTORS

A. P. BUSH, MOBILE, ALA.
W. J. DAVIS, JACKSON, MISS.
J. H. FULTON, NEW ORLEANS, LA.
P. H. SAUNDERS, NEW ORLEANS, LA.
MARCUS WALKER, NEW ORLEANS, LA.
~~COL. W. E. BOUDEN, JR.~~ NEW ORLEANS, LA.
JAS. E. ZUNTS, NEW ORLEANS, LA.

NEW ORLEANS, LA.

May 31, 1916.

3-55, 4 (6)

Federal Reserve Board,

Washington, D.C.

Gentlemen:--

see Broderick's file

We are in receipt of a letter dated the 29th from Examiner Broderick and note that bills of exchange drawn by the Attalla Compress & Storage Co., accepted by the Citizens Bank of Hattiesburg, Miss., are not eligible for purchase under the regulations, and that we are not to purchase similar bills in the future.

Will you please advise us why these bills are not eligible. Is it due to the fact that they are secured by warehouse receipts covering commodity, which warehouse is operated by the Attalla Compress & Storage Co.?

Yours very truly,

Marcus Walker

MANAGING DIRECTOR

M.W.

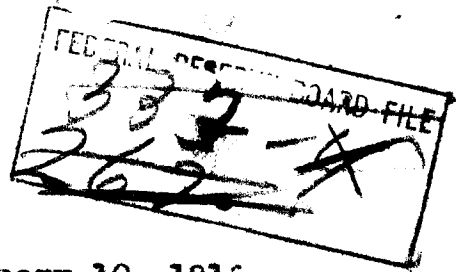


JUN 2 1916

Referred to
Mr. *Broderick*
JUN 2 1916
for the preparation of a
reply for the signature of

#6-70

*Mr. Saunders
re: acceptances
H. L. Younger
H. L. Younger*



February 10, 1916.

333-4(6)

Dear Dr. Saunders:-

My attention has been directed to certain phases of the operation of the Bank at New Orleans and to the apparent laxity with which the regulations that have been issued by the Board have been carried out. I quote from a communication received from one member of the Board:

"The New Orleans branch is continually disregarding our regulations. They do absolutely as they please. Almost every transaction they make is, to say the least, irregular. Some weeks ago there was an item as a banker's acceptance drawn upon a land company accepted in addition by a small bank in a perfectly irregular way, just to get it as a banker's acceptance. At the same time they took \$50,000 on Coate Bros., drawn by P. Stemring Coate, at 3%, also as a 'banker's acceptance.' I enclose copy of the bill. It is a trade acceptance at best, provided that there is really a bona fide sale between the Coate who drew the draft and the Coate who accepted it. The bill was purchased at 3%, while they agreed that open market trade acceptances should be purchased, I believe, between 3 1/2 and 4%. I think it is time that these men get a very sharp letter in which they are told that they must observe the rules of the Board and that they cannot do as they please."

I am sure that you and your colleagues have no desire to take the law into your own hands and I know that we may depend upon you to carry out our regulations. If the authority given you is not sufficient, please let me know your wishes and I will take pleasure in laying before the Board any request that you may make and will get prompt action upon it. We must however, insist upon strict observance of all rules that are laid down by the Board.

Kindly bring this letter at once to the attention of Mr. Walker and your other colleagues.

Very truly yours,

(Signed) W. P. G. HARDING

Mr. P. H. Saunders, Chairman,
New Orleans Branch, F. R. Bank
of Atlanta, New Orleans, La.

Mr Marcus Walker

300 46)

Niquig Lincas, Fed Res. Bank

N. O. La

21, 110

Sir,

With reference to your favor of Feb 7 with enclosure viz copy of the Coate Bros acceptance, I ~~try to~~ state it appears that the paper in question is a domestic trade acceptance without a member bank's endorsement, bought in the open market. The rate authorized by the F.R. Board for such paper is $3\frac{3}{4}$ ~~to~~ to 4 per cent whereas the rate charged by your branch is 3 $\frac{1}{2}$ ~~per cent~~, ~~charged on paper~~ which is the rate for commodity paper discounted for member banks.

~~You are requested therefore to cancel the paper in question.~~

OFFICERS

P. H. SAUNDERS,
CHAIRMAN OF THE BOARD.
MARCUS WALKER,
MANAGING DIRECTOR.
C. G. DUNN,
CASHIER.

NEW ORLEANS BRANCH

FEDERAL RESERVE BANK
OF ATLANTA.

(SIXTH FEDERAL RESERVE DISTRICT.)

DIRECTORS

A. P. BUSH, MOBILE, ALA.
W. J. DAVIS, JACKSON, MISS.
J. H. FULTON, NEW ORLEANS, LA.
P. H. SAUNDERS, NEW ORLEANS, LA.
MARCUS WALKER, NEW ORLEANS, LA.
SOL WEXLER, NEW ORLEANS, LA.
JAS. E. ZUNTS, NEW ORLEANS, LA.

NEW ORLEANS, LA. Febraury
Seventh
1916.

325.4(6)

Mr. H. Parker Willis, Secretary,
Federal Reserve Board,
Washington, D.C.

Dear Sir:--

Your letter of the 1st inst., addressed to
the Chairman of our Board, Dr. Saunders, covering accep-
tance of LeBourgeois & Bush Inc., has been noted by the writer.

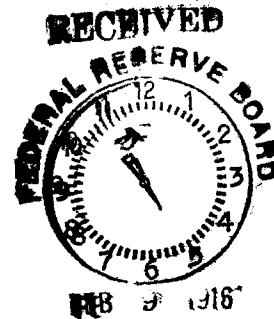
Agreeable to request contained in this letter
for copy of the Coate Bros., acceptance, you will find the
same enclosed herewith.

Yours very truly,

Marcus Walker

MANAGING DIRECTOR

M.W.



TRADE ACCEPTANCE.
THE OBLIGATION OF THE ACCEPTOR OF THIS BILL
ARISES OUT OF THE PURCHASE OF GOODS FROM THE
DRAWER,
COATE BROS. ACCEPTOR.
AGAINST ABOUT 1000 B/ C.VALUE RECEIVED AND CHARGE GAINED TO THE AMOUNT OF
1000 B/ C. --- COATE BROS.,
NEW ORLEANS, LA. }

MEMPHIS, TENN. JAN'Y 10TH. 1916, 50,000.00

ON APRIL 8TH. 1916, PAY TO THE ORDER OF COATE BROS.,
FIFTY THOUSAND & NO/100 --- DOLLARS.

ACCEPTED JAN'Y 10TH. 1916

PAYABLE AT COMMERCIAL NATIONAL BANK,

NEW ORLEANS, LA.

COATE BROS.

P. STERNING COATE.

ENDORSED BY COATE BROS.
AND WAREHOUSE RECEIPTS
ATTACHED, 1000 B/C

FEDERAL RESERVE BOARD

February 9, 1916.

Respectfully referred to Mr. Jacobson, through COUNSEL, and then to files.

Letter from Branch F. R. Bank at New Orleans, dated Feb. 7th, relative to a draft purchased in the open market drawn by LeBourgeois & Bush.

H. Parker Willis

Secretary.

*Notes
M.B.E.*

*Have written Mr
Lawrence that rules
of House must be observed
W.S.N.*

OFFICERS

P. H. SAUNDERS,
CHAIRMAN OF THE BOARD.
MARCUS WALKER,
MANAGING DIRECTOR.
C. G. DUNN,
CASHIER.

NEW ORLEANS BRANCH

FEDERAL RESERVE BANK
OF ATLANTA.

(SIXTH FEDERAL RESERVE DISTRICT.)

DIRECTORS

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MARCUS WALKER, NEW ORLEANS, LA.
SOL WEXLER, NEW ORLEANS, LA.
JAS. E. ZUNTS, NEW ORLEANS, LA.

NEW ORLEANS, LA. February
Seventh
1916.

233.4(6)

Mr. H. Parker Willis, Secretary,
Federal Reserve Board,
Washington, D.C.

Dear Mr. Willis:--

Your letter of the 1st inst., in reference to draft drawn by LeBourgeois & Bush, Inc., purchased by us as an open market bankers acceptance, received and contents carefully noted.

Beg leave to state in regard to this draft, that the same was paid on February 1st on account of the shipment of sugar which secured it. The maturity of this draft was April 12th.

I realize that the draft was not in exactly the form required by law, but I knew that it complied with the spirit and that it was an unusually well secured and endorsed draft, and I likewise felt sure that on account of this it would be retired before maturity.

Mr. Walker, the Managing Director, will forward you a copy of the Coate Bros. acceptance, and will also take note of this letter and in future see that paper meets with all the requirements.

You, of course, understand that this class of business is new to our bankers and our merchants and factors, and that it will probably take some little time for them to learn the exact form of paper desired.

RECEIVED Yours very truly,



CHAIRMAN OF THE BOARD

P.H.S.

420

Letter to Mr. Combs in reply

3/11/16

#6

FEDERAL RESERVE BOARD FILE
260.

333, 4
M. L. ...
Feb. 4 - 16

February 1, 1916.

S i r :

I wish to acknowledge receipt of your letter of January 25 enclosing a copy of a draft drawn by Lebourgeois & Bush Inc. and purchased by you in the open market as a banker's acceptance.

You are advised that this draft does not come within the definition of a banker's acceptance as set forth in paragraph I, Regulation S, Series of 1915. It is accepted by the Bank of Abbeville and not by the Parish Lands Company which is the drawee. Under the requirements of the regulations of the Board a draft to be eligible as an acceptance must be accepted by the drawee and not by any one else. You are advised, therefore, that the paper in question is not a banker's acceptance within the meaning of the regulations of the Board and is not eligible for purchase as such by you.

It is ineligible for purchase as a Trade Acceptance for the same reason. The fact that the Parish Lands Company has stamped the bill a Trade Acceptance and has signed such statement as "acceptor" does not in itself make it a Trade Acceptance. The bill was accepted by the Bank of Abbeville and not by the Parish Lands Company which appeared on the bill merely as an endorser. It was, therefore, not eligible for purchase by you as a Trade Acceptance under Regulation P, Series of 1915, which requires a bill to be accepted by the company, firm, corporation, or person upon whom it is drawn. It is suggested, therefore, that you make arrangements with the parties in question to have the bill drawn in such form as will conform to the regulations of the Board.

If it is desired that the acceptance be made by the Bank of Abbeville, the Parish Lands Company should make arrangements with such bank in advance and the bill should be drawn on that bank and not on the Parish Lands Company. The bank as drawee could then properly make an acceptance eligible for purchase as a banker's acceptance. If Lebourgeois & Bush Inc. desire the credit of the Parish Lands

P. H. Saunders.

2-1-16

#2

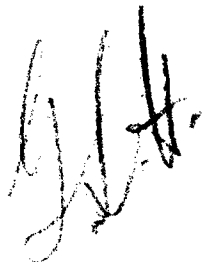
Company in addition to that of the bank, they should arrange to have such company sign as endorser.

Will you please forward a copy of the draft for \$50,000 accepted by Coate Brothers referred to in your letter of January 25th, and also Schedule BD-7, to cover the Parish Lands Company transaction?

Respectfully,

Secretary.

Mr. P. H. Saunders, Chairman of the Board,
New Orleans Branch, Federal Reserve Bank,
New Orleans, Louisiana.

A handwritten signature in dark ink, appearing to be 'G. H. H.', is located in the lower-left quadrant of the page. The signature is written in a cursive, somewhat stylized hand.

FEDERAL RESERVE BOARD
WASHINGTON

333.4(6)

January 29, 1916.

My dear Mr. Warburg:

See 2 1/25 116

At the suggestion of Mr. Jacobson, I have examined the attached copy of a draft drawn by Lebourgeois & Bush Inc. with a view of determining the relation of the various parties to the bill.

Lebourgeois & Bush Inc. are obviously the drawers and the Parish Lands Company, to whom the bill is directed, is the drawee, but it appears from the stamp across the face that the bill was accepted not by the drawee but by the Bank of Abbeville. It is generally understood that a bill must be accepted by the drawee and the drawee only, except in a few unusual cases like an acceptance for honor. Section 132 of the Negotiable Instruments Law provides that "the acceptance must be in writing and signed by the drawee." Paragraph I of the Trade Acceptance regulation and paragraph I of the Open Market Bankers Acceptance regulation also provide that the obligation must be accepted by the company, firm, corporation, or person "upon whom it is drawn."

It seems, therefore, that the paper in question is not an acceptance of any sort under the provisions of the Negotiable Instruments Law or within the meaning of the regulations of the Board on the subject. The fact that the Parish Lands Company which is the drawee has stamped on the bill that "the obligation of the acceptor of this bill arises out of the purchase of goods from the drawer" and signs such statement as "acceptor" is immaterial. That they call themselves "acceptor" does not in itself make them so, and this would seem to be particularly true in this case where the Bank of Abbeville has expressly "accepted" the bill in the usual form.

It may also be noted that the bill is endorsed on the reverse side by both the payee and by the drawee, that is, the Parish Lands Company. If the Parish Lands Company were in fact the acceptor, it would have been unnecessary for it to make this endorsement.

Mr. Warburg.

1-29-16

#2

It is suggested, therefore, that the bill in question is not a trade acceptance, because not accepted by the drawee who is the purchaser of the goods in question; and that it is not a banker's acceptance, because, though accepted in form by a bank, such bank was not the drawee and not entitled to accept the bill.

therefore

Respectfully,

why not? Because not a drawee.

G. Harrison

Hon. Paul M. Warburg,

Federal Reserve Board.

If the parties to this transaction desire an acceptance by the Bank of Abbeville, the Parist Land Co should make arrangements with such bank in advance and the bill should then be drawn by Lebourgnois & Bush Inc. on that bank. The bank, being the drawee, could then properly make an acceptance. If Lebourgnois & Bush Inc. also desire the additional credit of the Parist Land Co they could arrange to have such company endorse the bill either before or after acceptance.

333.4(6)

OFFICERS

P. H. SAUNDERS,
CHAIRMAN OF THE BOARD.
MARCUS WALKER,
MANAGING DIRECTOR.
C. G. DUNN,
CASHIER.

NEW ORLEANS BRANCH

FEDERAL RESERVE BANK
OF ATLANTA.

(SIXTH FEDERAL RESERVE DISTRICT.)

DIRECTORS

A. P. BUSH, MOBILE, ALA.
W. J. DAVIS, JACKSON, MISS.
J. H. FULTON, NEW ORLEANS, LA.
P. H. SAUNDERS, NEW ORLEANS, LA.
MARCUS WALKER, NEW ORLEANS, LA.
SOL WEXLER, NEW ORLEANS, LA.
JAS. E. ZUNTS, NEW ORLEANS, LA.

NEW ORLEANS, LA. January
Twenty Fifth
1916.

Mr. Sherman Allen, Asst. Secretary,
Federal Reserve Board,
Washington, D.C.

Dear Sir:--

Beg leave to acknowledge receipt of yours of the 21st inst., and to state in reply thereto that we enclose herewith copy of accepted draft of LeBourgeois & Bush. This draft has been accepted by the Bank of Abbeville and is secured by sugar properly evidenced by warehouse receipts attached to said draft and is regarded by us as a bankers acceptance, and was purchased as an open market transaction inasmuch as the Bank of Abbeville is not a member bank. This draft is primarily drawn on the Parish Lands Company and accepted by them and was thereby accepted by the Bank of Abbeville. It partakes, therefore, both of the nature of a domestic bill of exchange and a bankers acceptance, but we regarded it as a bankers acceptance.

In regard to the draft of \$50,000. accepted by Coate Bros., beg leave to state that this does not bear the endorsement of a member bank or any other banking institution, and was regarded by us as a domestic bill of exchange under the head of an open market transaction. It was bought from one of our member banks without their endorsement because the bank did not desire to rediscount, and we knew that the paper was thoroughly secured by cotton warehouse receipts attached, and, therefore, purchased it as an open market transaction for the investment.

Trusting that this answers your inquiry satisfactorily and regretting to state that our Managing Director, Mr. Marcus Walker, is confined to his bed, I am,

Yours very truly,

P. H. Saunders
CHAIRMAN OF THE BOARD

P.H.S.
ENCLOSURE



JAN 27 1916

*at what rate?
3%
mf.*

TRADE ACCEPTANCE

The Obligation of the acceptor of this bill arises out of the purchase of goods from the drawer.

PARISH LANDS COMPANY
Acceptor

By Joe B. Chaff
Secty-Treas.

C O P Y
Orleans, La. January 13th, 1916 \$78,500.00

On April 12th, 1916, Pay to the order of Ourselves - - - - -
SEVENTY EIGHT THOUSAND FIVE HUNDRED No/100- - - - - Dollars.
Value received and charge the same to the account of

To PARISH LANDS CO.

New Orleans, La.

LEBOURGEOIS & BUSH INC.

By J. C. LEBOURGEOIS,
President

(Across the face):

Accepted January 13th, 1916

Payable at New Orleans, La.

Bank of Abbeville, Abbeville, Louisiana,

By L. O. Broussard,

President

LEBOURGEOIS & BUSH, INC.
 By L. C. LeBourgeois
 President

PARISH LANDS COMPANY
 By Joe B. Chaff
 Secty-Treas.

Warehouse receipts:	1624	133 Bbls. sugar
	1623	153 "
	85	168 "
	86	1064 Sacks "
	87	350 "
	92	725 "
	91	300 "
	88	1000 "
	157	300 "
	158	300 "
	145	200 "
	5629	250 "
	3626	250 "
	1584	170 "
	343	300 "
	3613	250 "
	10460	251 "

Mr. Jacobs' is careful -

MM

333.4(6)

January 21, 1916.

Sir:

With further reference to the acceptance of \$78,500, drawn by Le. Bourgeois and Bush Inc., may I ask you to furnish us with a copy of the bill or acceptance in question, also to explain in detail the meaning of your statement "drawn on the Parish Lands Company and accepted by the Bank of Abbeville".

May I also inquire whether the bills drawn by P. Stemring Coate on Coate Bros. for \$50,000 bears the indorsement of a member bank or any other banking institution, and whether you regard it as a bankers' acceptance or a domestic bill of exchange bought in the open market.

Respectfully

Mr. Marcus Walker
N.O. Branch

Asst. Secretary.

OFFICERS

P. H. SAUNDERS,
CHAIRMAN OF THE BOARD.
MARCUS WALKER,
MANAGING DIRECTOR.
C. G. DUNN,
CASHIER.

NEW ORLEANS BRANCH

FEDERAL RESERVE BANK
OF ATLANTA.

(SIXTH FEDERAL RESERVE DISTRICT.)

DIRECTORS

A. P. BUSH, MOBILE, ALA.
W. J. DAVIS, JACKSON, MISS.
J. H. FULTON,
NEW ORLEANS, LA.
P. H. SAUNDERS,
NEW ORLEANS, LA.
MARCUS WALKER,
NEW ORLEANS, LA.
SOL WEXLER,
NEW ORLEANS, LA.
JAS. E. ZUNTS,
NEW ORLEANS, LA.

NEW ORLEANS, LA. January
Eighteenth
1916.

333.46

Mr. H. Parker Willis, Secty.,
Federal Reserve Board,
Washington, D.C.

Dear Sir:--

Replying to yours of the 15th inst., wish to advise that the acceptance of \$78,500.00 is, in the opinion of the writer, an acceptance within the meaning of Regulation J, Series 1915. It is drawn by LeBourgeois and Bush Inc., on the Parish Lands Company and accepted by the Bank of Abbeville, Abbeville, Louisiana. It also bears the endorsement of LeBourgeois & Bush, Inc., and the Parish Lands Company and has attached to it warehouse receipts for 5710 bags and 454 barrels of raw sugar, and insurnace policies totaling \$105,000.00 payable to the holder of warehouse receipts. You will find enclosed herewith copy of statement of the Parish Lands Company.

The Bank of Abbeville, Abbeville, Louisiana, has a capital of \$100,000.00, surplus and profits of about \$245,000.00 and deposits of about \$350,000.00. It is one of the best country banks in the State. Its President, Mr. L. O. Broussard, is one of our most prominent bankers and has been Secretary of the Louisiana Bankers Association for twelve years.

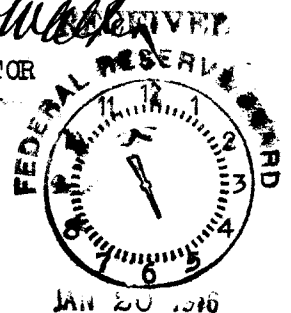
This acceptance was purchased by us after due consideration by Dr. Saunders and the writer. The rate at which it was purchased was 3%.

Trusting the above is the information you desire, we remain,

Very truly yours,

Marcus Walker
MANAGING DIRECTOR

M.W.
ENCLOSURE



Find out what it means, drawn on the Lands Co and accepted by the Bank. Ask for a copy of the bill.

C O P Y

STATEMENT of ASSETS and LIABILITIES

of the

PARISH LANDS CO. of NEW ORLEANS.

A S S E T S:

Real Estate	\$ 20,611.89
Floating Equipment	3,396.32
Office Furniture and Fixtures	112.20
Stocks in Other Corporations	227,525.00
Bills Receivable	106,200.00
Bills Receivable (Mtge. Notes) and accrued interest	205,495.48
Sundry Claims	2,150.00
Cash	71.53
Accounts Receivable	200.00
Due from:	
People's Sugar Co.	28,936.28
LeBourgeois & Bush in liquidation	8,564.21
LeBourgeois & Bush Inc.	10,710.40
Longview Sugar Co.	959.50
Herbert Wadsworth	<u>3,500.00</u>
 TOTAL ASSETS	 \$618,432.81

L I A B I L I T I E S :

Bills Payable and accrued interest	\$ 13,086.66
Accounts Payable	<u>1,174.29</u>
 TOTAL LIABILITIES	 \$ 14,260.95
 CAPITAL STOCK	 \$100,000.00
SURPLUS	<u>504,171.86</u> <u>\$604,171.86</u>
 TOTAL	 \$618,432.81

I have examined the books of the Parish Lands Company of New Orleans, Louisiana, and hereby certify that the foregoing statement is in accordance therewith and truly sets forth the condition of the Company as on December 31st, 1915.

New Orleans, Louisiana, January 13th, 1916.

Signed..... Charles E. Wermuth

S E A L

Certified Public Accountant

New Orleans

#6

FEDERAL RESERVE BOARD FILE
260

January 15, 1916. *333.46*

Sir:

Under date of January 13 you report on Form BD-7 the purchase of a bill amounting to \$76,500 and accepted by the Parish Lands Company and the Bank of Abbeville. Will you be good enough to send us some details of the transaction and state more particularly whether the bill in question is a bankers' acceptance within the meaning of Regulation J, Series of 1915, also whether the acceptance bears the indorsement of the accepting or any other bank.

Respectfully,

Secretary.

Mr. Marcus Walker,
Managing Director, New Orleans Branch,
New Orleans, La.

MW

Mr. Caram Evans #6

FEDERAL RESERVE BOARD

DR. WILLIS:

Mr. Harding says to show the attached telegram to Mr. Warburg before sending.

R.R.B.

2/7/16.

EW

RECEIVED
FEB 10 1916
FEDERAL RESERVE BANK OF ST. LOUIS

OFFICERS

M.B. WELLBORN,
CHAIRMAN OF THE BOARD.
EDW. T. BROWN,
DEPUTY-CHAIRMAN.
JOS. A. McCORD,
GOVERNOR.
W.H. TOOLE,
SECRETARY.
J.M. SLATTERY,
DEPUTY-SECRETARY.
J.B. PIKE,
CASHIER.
M.W. BELL,
ASST. CASHIER.

DIRECTORS

EDW. T. BROWN,
ATLANTA, GA.
F.W. FOOTE,
HATTIESBURG, MISS.
W.H. HARTFORD,
NASHVILLE, TENN.
L.P. HILLYER,
MACON, GA.
W.H. KETTIG,
BIRMINGHAM, ALA.
J.A. McCRARY,
DECATUR, GA.
P.H. SAUNDERS,
NEW ORLEANS, LA.
W.H. TOOLE,
WINDER, GA.
M.B. WELLBORN,
ANNISTON, ALA.

FEDERAL RESERVE BANK OF ATLANTA.

February 5, 1916

333.4(4)

Mr. H. Parker Willis, Secretary,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Secretary:

Our loans are running very fast to maturity, and the principal volume of loans is composed of cotton commodities. In order to keep up our earnings, we are desirous of investing some of our funds in cotton loans, maturing in 30, 60 and 90 days, but we cannot obtain these from our member banks. We have made inquiry of them, and none of them have such loans to offer, except the regular line that we are getting from time to time.

We are desirous of investing from \$500,000. to \$750,000. in cotton loans, which will absolutely be paid within 30, 60 and 90 days, and possibly sooner, if the cotton should be sold; certainly with a fixed date of payment. But these loans are of the following nature: They are given by individuals, firms and corporations to a large state bank in this city, which has a capital of \$1,000,000. and a surplus of about \$400,000., and whose credit and reputation is of the very best. These loans secured by cotton, Atlanta storage, ample margins and insured.

Now we can purchase these loans from this state bank on a basis of 3%, and they will certify that they have not charged over 6% on the same; but on examination of all of the rules that we have thus far received, they all pertain to acceptances. However, we think that these loans are eligible under Section 14 of the Federal Reserve Act, which governs open market transactions.

We would be glad to have you wire us on Monday as early in the day as possible, if we could purchase these loans with the endorsement of this state bank. The state bank would have no objection, in my opinion, to endorsing the loans, and then writing across the face of the notes "Accepted, payable at our office", naming the date of payment of the notes and signed by an official of the state bank. We would like very much indeed to get hold of this volume of paper if possible, which would aid us materially in taking care of our expenses and would very materially aid in making our dividend.

Mr. Hollins N. Randolph, our Attorney, will call on you Monday morning with reference to this matter, as he has had the legality of it referred to him, and we hope that the Board will give us this authority to purchase this paper in the open market.

Awaiting your telegraphic reply, I beg to remain,
Yours truly, *Jos. A. McCord*
Governor.

(412)

No. 285

Feb. 7, 1916.

FEDERAL RESERVE BOARD

MEMORANDUM

For Mr. Harding.

Under the regulations of the Board the following matter is referred to you as

~~Chairman~~, Committee on

Member, " " Operation of F. R. Banks:

The attached letter of Governor McCord, dated Feb. 5, re investments in cotton loans.

Shuman
Asst. Secretary.

HS
2/7

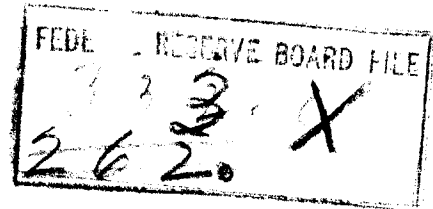
Please return this memorandum to the Secretary with copy of documents resulting from action taken, if any, that it may be placed on the docket.

REMARKS .

*Please docket by
Council this AM*

OMC

#6



333, 4(6)

November 26, 1915.

S I R :

Your letter of November 17 inquiring about regulations relating to open market transaction for New Orleans was duly received. Regulations have been prepared and submitted to the Board and we are now hoping to get them out very shortly, probably on Monday next.

Respectfully yours,

Secretary.

Mr. M. B. Wellborn,
 Chairman, Board of Directors,
 Federal Reserve Bank of Atlanta.

333,4(8)

OFFICERS

- M.B. WELLBORN,
CHAIRMAN OF THE BOARD.
- EDW. T. BROWN,
DEPUTY-CHAIRMAN.
- JOS. A. MFCORD,
GOVERNOR.
- W.H. TOOLE,
SECRETARY.
- J.M. SLATTERY,
DEPUTY-SECRETARY.
- J.B. PIKE,
CASHIER.
- M.W. BELL,
ASST. CASHIER.

FEDERAL RESERVE BANK OF ATLANTA.

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ATLANTA, GA.
- F.W. FOOTE,
HATTIESBURG, MISS.
- W.H. HARTFORD,
NASHVILLE, TENN.
- L.P. HILLYER,
MACON, GA.
- W.H. KETTIG,
BIRMINGHAM, ALA.
- J.A. MFCRARY,
DECATUR, GA.
- P.H. SAUNDERS,
NEW ORLEANS, LA.
- W.H. TOOLE,
WINDER, GA.
- M.B. WELLBORN,
ANNISTON, ALA.

November 17, 1915

S i r :

During my recent visit to Washington Mr. Harding told me that you would prepare some regulations with reference to the open market transactions for the Branch Bank in New Orleans.

As I have received none from you, I trust we will be favored with these regulations very soon, so that the Branch Bank will be enabled to transact more business.

Yours truly,

M.B. Wellborn

Chairman of the Board
and Federal Reserve Agent.

Mr. H. Parker Willis, Secretary,
Federal Reserve Board,
Washington, D. C.

*Hand
20-7-110*



Form 40

*No Branch
Purchase of Acceptances!*

TELEGRAM

FEDERAL RESERVE BOARD
WASHINGTON

FEDERAL RESERVE BOARD FILE
373-4
262

November 6, 1911.

333.4(6)

D. M. SAUNDERS
Branch, Federal Reserve Bank,
New Orleans, La.

Your telegram fourth instant addressed Wellborn. Board is at work preparing regulations governing purchase of State Bank Acceptances of kind referred to in your wire. Will be able to inform you of its terms within very few days.

WILLIS

Secretary.

[Handwritten signature]

OFFICIAL BUSINESS
GOVERNMENT PRINTING OFFICE
CHARGE FEDERAL RESERVE BOARD

Form 40

TELEGRAM
FEDERAL RESERVE BOARD
WASHINGTON

333.4(6)

November 5, 1915.

P. M. Saunders,
New Orleans Branch Federal Reserve Bank,
New Orleans, La.

Your telegram November fourth. Board willing to reduce rate on transactions
described in Mr. Harding's letter of _____ instant from four to
three and one half per cent.

WILLIS
Secretary.

Willis
Filed

OFFICIAL BUSINESS
GOVERNMENT RATES
CHARGE FEDERAL RESERVE BOARD

POSTAL TELEGRAPH-CABLE COMPANY



NIGHT LETTERGRAM

THE POSTAL TELEGRAPH-CABLE COMPANY (INCORPORATED) TRANSMITS AND DELIVERS THIS NIGHT LETTERGRAM SUBJECT TO THE TERMS AND CONDITIONS PRINTED ON THE BACK OF THIS BLANK.

RECEIVED AT 1845 PENNA. AVE.	DELIVERY No. 446
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INDEPENDENT COMPETITIVE PROGRESSIVE

4-589

333.46
11/4/15

346bmbg67 NL gvt 650-p

Neworleans La nov 4-15

M B Wellborn

Care W P G Harding Federal Reserve Board Washington DC

Wire just received our board in session we desire especially authority to purchase bank acceptances against commodity loans originating in this section. These acceptances selling in Newyork at from two one half to three percent, four percent on this class of business prohibative, can be handled probably at three, see if you cannot get rate of bank acceptance reduced to three leaving rate on other transactions four

P. H. saunders

#6

FEDERAL RESERVE BOARD FILE
333-4
~~2620~~

KVM

October 30, 1915.

333-4(L)

Sir:

X376

Good

This is to advise you that the Board's letter of October 8 relating to open market operations, has been slightly modified by the insertion of the words "with respect to bills of exchange" on the last page of the letter after the words "free to exercise the authority granted under Section 14." This addition does not alter the sense of the letter, but has been introduced for the sake of clearness. The letter as thus modified will be officially published in the Federal Reserve Bulletin for November.

Respectfully,

Secretary.

Mr. M. B. Wellborn,
Chairman, Board of Directors,
Federal Reserve Bank of Atlanta.