

*Filed at Hearing
Jan. 20. ~~est~~*

The Federal Reserve Board:-

In support of the able argument by the Chairman of the Banking and Currency Committee of the New Jersey Bankers Association, I wish to make an appeal to you in behalf of the banks of Hudson County, and particularly the banks of Hoboken and Jersey City, for a change of assignment from District #3, in which the National banks of our County were placed by the Federal Reserve Organization Committee, to District #2 (New York), because Hudson County is New York from every business and banking standpoint, and we feel that in this connection we are in a stronger position to object to our present assignment than banks of any other section of the country.

Since the days of civilization, ferries have connected the City of New York with Hoboken and Jersey City, and the completion of the McAdoo Tunnels has placed us within a few minutes reach of the center of New York's financial district.

We have five (5) National banks in the two cities, four (4) of whom are Clearing House members, having been affiliated with that institution for over a quarter of a century. Bank representatives go to New York from our County four or five times daily, and attempting to transact the volume of business done with New York, in Philadelphia will not only radically change business methods, but will result in a loss of accounts, evidenced by the fact that at present many of the New York banking institutions are soliciting business in this county on the grounds that better and quicker service can be had with New York City banks than with Hudson County banks clearing

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through Philadelphia.

When our National banks applied for membership in and assented to the provisions of the Federal Reserve Act, they did so under the impression that the Districts would be apportioned with due regard to the convenience and customary course of business, and with that idea in mind, they feel that the Committee's action in placing them in a district remote from that in which their business has always been conducted, will work hardship, and result in increased expenses and certain loss of business.

Indulging in figures will result in repetition of data compiled by the Banking & Currency Committee, as set forth in their brief, but the importance of this question to our New York Clearing House banks cannot be too strongly emphasized.

We can go to Federal Reserve Bank in New York in a matter of minutes, but to the Federal Reserve Bank in Philadelphia it means hours, and should it be necessary to rediscount paper with Philadelphia, this very difference in time will make it next to impossible to secure the accommodation on the day that it is needed.

Your answer to these objections may be that a branch of Federal Reserve Bank #3 will be established sufficiently near or even within Hudson County, so that adequate service may be given, but we believe this impracticable, as it will create additional expense to be borne by the stockholders, who are most desirous of availing themselves of the facilities already established in Federal Reserve Bank of New York.

Competition with state institutions has been and is kept, but we feel that it is not the desire of the Federal Reserve Act to handicap the National banks in meeting this competition, or to hamper their usefulness in communities in which they are located, but rather that the desire is unanimous with the Board and the banking fraternity of the country, to perfect and organize the system so that the State

institutions may be induced to join the association, thereby furthering the best interest, ~~and~~ financial strength and credit protection of the country.

To that end our member banks are most anxious to co-operate with the new law, and trust that the rules and regulations that are in future to govern them will permit them to do so.

We, therefore, earnestly request that a change in the assignment of Hudson County be made to the Federal Reserve Bank in New York on the grounds that this county is as much a part of New York City as though it were within its confines.

Respectfully submitted.

First Nat'l Bank, Hoboken, N. J.

M. J. [Signature]
Cashier.

Approved by.

HUDSON COUNTY NATIONAL BANK,
OF JERSEY CITY, N. J.

A. H. Edge, Vice Pres.

The Second National Bank of Hoboken

A. N. [Signature]

Vice President

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TO THE FEDERAL RESERVE BOARD.

GENTLEMEN:

THE FIRST NATIONAL BANK OF JERSEY CITY, of which I am Cashier and a Director, while agreeing with the able brief and argument made by the New Jersey Bankers' Association in favor of the inclusion of North Jersey in the territory of the Federal Reserve Bank of New York, rather than in that of Philadelphia, desires to add a few words on behalf of the Banks in Hudson County. We have a population of nearly 600,000, about one fifth of that of the State.

It may be that we were lax in failing to urge our cause before the Organization Committee, but we relied on the full knowledge possessed of the situation by one of the members of that Committee, the Honorable Secretary of the Treasury.

Hudson County, and especially Jersey City and Hoboken, are really a part of the financial metropolitan district of New York: four of our banks are members of the New York Clearing House itself, and clear daily through that institution, as do the banks within the City of New York. We can send a messenger in less than five minutes from our Bank to the Federal Reserve Bank of New York: indeed we are nearer in time and distance than nineteen-twentieths of the Banks in the Borough of Manhattan itself.

Our Bank, as its low number will show, came into the National Banking system immediately upon its organization and established its course of dealing with the New York Banks. Our reserves have always been kept in New York, never anywhere else.

The great bulk of the checks drawn on our Bank are paid through the New York Clearing House.

From October 1, 1914 to January 15, 1915 (79 days) our average daily New York exchange was \$1,019,646.95.

From January 2, 1915 to January 15, 1915 inclusive we paid through the New York Clearing House 24,890 checks aggregating \$11,121,351.54, while during the same time from all other sources, including our counter, we only paid 13,708 checks amounting to \$8,239,576.86.

When we require credit or currency we can obtain it from New York City in less than an hour.

Our North Jersey Banks generally do but little business through Philadelphia; this Bank absolutely none at all.

By reason of our large daily draft on New York we are required to keep a large daily reserve there amounting on the average to over \$2,000,000.

The reserve which we would require to keep in Philadelphia would amount to \$350,000. and would be so much dead money as this Bank has not been a borrower in many years.

The tendency in Northern New Jersey of late years has been to the organization of State Banks and Trust Companies, rather than to National Banks. Quite recently one of our largest Banks surrendered its federal charter and consolidated with a Trust Company. I predict that if we are not transferred to the New York District, there will not be a National Bank left in Hudson or Essex Counties in five years time.

Many of our customers are large manufacturers having their factories in New Jersey with their offices in New York; most of these would leave us if we cleared our checks through Philadelphia, involving from four to six days delay rather than through New York, where the result is know the next day. Letters have already been sent by New York Banks to many of these large dealers calling their attention to these disadvantages and soliciting their business.

The Federal Reserve Act was passed to facilitate and not to hamper banking, and the exchange of credits; the act says

that the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States.

The draftsmen of that act were shrewd business men, knowing of just such situations as the one now before you: they provided for the contingency.

The mere fact that the change would somewhat decrease the capital and deposits of the Reserve Bank of Philadelphia should not weigh a moment with your board; the act seeks not the aggrandizement of any locality but the convenient and customary course of business.

The whole matter resolves into a very narrow compass—the Banks of Northern New Jersey and especially those of Essex and Hudson Counties are not country banks or beehives for the saving of money to be invested in the purchase of paper in distant business centers, but active discount business banks having their main business with New York City, and turningover 25% to 30% of their assets every day at the call of their customers.

They are accustomed to the methods of New York and so are their customers.

With Philadelphia as their reserve City, active banks would simply have to put by 5% for a reserve for that city, where it would be of no value and yield no income, and at the same time keep up their reserves and deposits with the New York Banks in order to cover the daily drafts of their customers. This would be hoarding money.

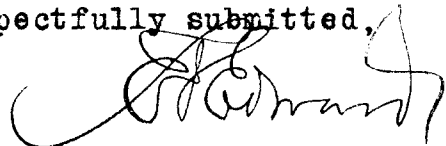
Mr. Rhoads in his brief for the Reserve Bank of Philadelphia, able banker as he is, appreciates the weakness of his cause, and suggests several palliatives which might be put in operation. But he can make no promises that either the New York or Philadelphia Banks will accede thereto.

But the most naive suggestion made by Mr. Rhoads is

that if the necessities of Northern New Jersey should require it a branch of the Philadelphia Reserve Bank could be established in Northern New Jersey. (This begs the whole question.) Why go to the expense and detail of a branch bank here, when we have in New York a Reserve Bank which fulfils our requirements?

Mr. Rhoads' appeal for delay has no merit. If the change is to be made there is no time like the present, just as the system is under way.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J. H. Morgan", written in dark ink.