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Washington, D. C.
November 17, 1917.

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

Dear Sir:

Permit me to leave this with you as a memorandum of what I understood to be the plan relating to state bank membership in the Federal Reserve system which was agreed upon at the conference at which were present, you, Messrs. Hamlin, Delano and Willis, and President Hinsch, Mr. Stevens and I.

It was thought advisable to adopt the plan suggested by Mr. F. W. Ellsworth, of the Guaranty Trust Company, modified as follows:

1. For the purpose of introducing into the plan the personal element, it seemed desirable that the Governor, or Federal reserve agent, of each Federal reserve bank send each week to the chairman of the American Bankers' Association Federal Reserve Campaign Committee -
 - (a) the names of ten state banks in his district not now members;
 - (b) the name of the officer in each of these banks who shapes the policy of the institution;
 - (c) in the selection of these banks to take the ten . . . largest banks that have shown interest in membership in the system;
 - (d) in sending in the names of ten banks each week to avoid sending the names of more than one bank in each community.
2. The chairman of the committee will then write to each of these ten banks a personal letter as per copy attached.

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If each of the twelve Federal reserve banks submit ten names each week it will mean that one hundred and twenty banks are being solicited directly each week. The nature of the letter written would bring a reply from practically every bank thus addressed. This reply would indicate the attitude of the bank toward membership in the system.

3. Upon receipt of these replies the contents would be carefully analyzed. If objections to membership in the system were evidenced therein founded on a lack of knowledge of the law governing state bank membership, or founded on a lack of knowledge of the practical working of the system, the Chairman would attempt in a further letter to correct these false impressions.

- (a) he would send to the Federal Reserve Board and to the Federal reserve bank a copy of the letter from the objecting bank and his reply thereto, thus putting the Board and the Federal reserve bank of the district in possession of the exact attitude of that particular institution;
- (b) if any of the banks responded favorably to the first letter the Chairman would write advising them to put themselves into communication with the Federal reserve bank of their district, again putting the Federal Reserve Board and the Federal reserve bank in possession of the facts.

4. When the correspondence with any of these banks begins to indicate a sufficient interest in membership in the system, which if encouraged might result in an application for membership -

- (a) an interview should be arranged between the interested banker and some local banker with whom he is friendly and who is an advocate of membership in the system.
- (b) or, if the bank is of sufficient importance it might be arranged to have a representative of the Federal reserve bank in the prospective applicant's district call upon the officers of the bank for the purpose of explaining away the difficulties and securing the application.

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5. Mr. Ellsworth's plan, copies of which were sent to the members of your Board, contemplated using a country-wide publicity campaign at intervals of six weeks or two months. It is my hope that the Federal Reserve Board will aid this campaign by sending to all eligible nonmember banks, copies of the Federal Reserve Bulletin and inserting therein such matter as will induce an interest in the system:

- (a) prominence should be given to the earnings of all Federal reserve banks;
- (b) letters such as have already been published expressing satisfaction by state banks in membership in the system should be included;
- (c) a "roll of honor" should be given a prominent place in the Bulletin, which should contain the names of all banks that have recently joined the system and which, each month, would bring the names of those banks joining during the month;
- (d) a feature should be made of the total amount of assets which the state banks have put back of the system and this should be published each month showing the progress made.

I have asked Mr. M. I. Stevens, First National Bank Building, Milwaukee, who has for the past five or six years been publicity counselor of the Marshall & Illsley Bank, to assist me in the publicity work sent out from my office in connection with the campaign.

It would be well to ask those connected with the Federal Reserve Board and the Federal reserve banks making speeches in the interest of the system to send copies of their speeches to Mr. Stevens, who would then send them out to the financial papers and other publications of the country.

If reasonable cooperation is established, this plan can be conducted without any other expense than the necessary postage.

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Mr. Ellsworth's plan of sending out at intervals literature in relation to membership in the system to all nonmember banks, together with the speeches made at group meetings, bankers' dinners and conventions, would maintain a sufficient interest in membership in the system so there would always be a number of banks volunteering to join, and so the letters from the Federal Reserve Campaign Committee would be given reasonable consideration.

Mr. Hinsch has announced that it is his intention as president of the American Bankers' Association, to do everything possible toward the unification of the banking system of the country. The machinery of the American Bankers' Association may therefore also be relied upon to help in every way. If the secretary of the Federal Reserve Board will advise the editor of the A. B. A. Bulletin of matter conducive to creating membership in the system, that matter will find a place in the Bulletin which is sent to practically every bank in the United States once each month.

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I started outlining what we discussed at our meeting of Thursday morning, but in my enthusiasm found myself adding a number of suggestions which I sincerely hope may have the approval of the members of your Board with the result that at your convenience the plan be transmitted to the proper person in each Federal reserve bank whom you desire to have assist in this work.

Respectfully, yours,