

FEDERAL RESERVE BOARD

WASHINGTON

X-3172  
July 21, 1921.

SUBJECT: Confidential Report.

Dear Sir:

For the information of yourself, your Executive Committee and your Board of Directors, I am transmitting the following report which has been received from confidential sources:

"This morning, from a confidential source which has on many occasions proved to be reliable, I received information that the Communist party in the United States, working under instructions from Russian headquarters, is making concerted efforts to break down the banking system in the United States by starting rumors that certain banks are unsafe. This report is confirmed to a certain extent by the history of a recent run on the \_\_\_\_\_ Bank of \_\_\_\_\_ and one which occurred during the present week on the \_\_\_\_\_ Bank of \_\_\_\_\_.

"After receiving this information I talked with the manager of the local branch of the Federal Reserve Bank, who states that during the run on the Bank of \_\_\_\_\_ and the Bank of \_\_\_\_\_, numerous depositors were called up by phone and told to withdraw their money from these banks as they were on the verge of failure. Some of these depositors were given the exact total of their balance in the bank over the telephone, from the parties who advised them to withdraw their money. This giving of exact amounts of various depositors tends to confirm the statement made by my informant that the Communist party had members in the employe of many of the private banks in the United States, also in the Federal Reserve Bank and its various branches. My informant also stated that many of the robberies of bank messengers which have occurred in the United States recently were perpetrated by members of the Communist party and that the money thus obtained is being used largely to spread Communist propoganda."

Very truly yours,

G o v e r n o r .

CHAIRMAN OF ALL F. R. BANKS.