

PROCEEDINGS OF A CONVENTION OF  
REPRESENTATIVES OF THE NATIONAL BANKS OF THE FIFTH DISTRICT  
Held at the Jefferson Hotel,  
Richmond, Virginia,  
May 18, 1914.

=====

Mr. John M. Miller, Jr., Temporary Chairman - Gentlemen,  
the member banks of Richmond, Virginia, of the Federal  
Reserve District No. 5 have invited the member banks of the  
entire District to meet in Richmond to-day to consider the  
appointment and selection of nominees for Class A and Class  
B directors of the Regional Reserve Bank of that District.  
On behalf of the member banks of Richmond it gives me great  
pleasure to welcome you to Richmond, the home of your Feder-  
al Reserve Bank. We are here to undertake, as I see it, a  
very important and responsible duty, namely, the first steps  
in the organization of the Federal Reserve Bank of Richmond.  
The circular letter sent out by the Richmond member banks on  
May 11th, a copy of which I have before me, and which each  
one of you has received, sets forth the purposes of this  
convention.

We realize that there are many difficulties before us  
in arriving at a proper and satisfactory solution of those  
problems, and I feel sure that every delegate here is in

favor of harmonizing the situation as best he can, and endeavoring to select the very best material in the district for the directors of Federal Reserve Bank No. 5. The success of the Federal Reserve Act, in the opinion of many, will be dependent largely upon the twelve units making up the system, and it goes without saying that District No. 5 desires to elect able directors, directors who will attend the meetings and give the business of the Federal Reserve Bank of Richmond their very best efforts.

The member banks of Richmond have naturally given this matter considerable thought as well as time, and the more they have studied the problem the more intricate it seems. No cut and dried program has been outlined by the member banks of Richmond. It was only natural, however, for the member banks of Richmond, in giving this matter their thought, to arrive at some suggestions to be submitted to you from time to time, either to the convention or to the committees, not for the purpose of insisting upon the adoption of those suggestions, but for the purpose of laying before you something to begin your deliberations with, and to be modified or changed entirely at the pleasure of the convention. Please understand from the start that Richmond has no cards up its sleeve, no desire for anything except harmony and the results for Federal District No. 5. Richmond has refrained from naming any candidates for Class A and Class B, preferring that its position be thoroughly understood, and its ambition is

solely for District No. 5 and not for the preferment of any person in Richmond connected therewith.

Gentlemen, the first business is the election of a permanent chairman, and nominations will be received now.

Mr. Joseph G. Brown, of Raleigh:- Mr. Chairman, I wish to place in nomination for that position a gentleman who is accustomed to presiding over deliberative bodies, a trained banker, a man thoroughly familiar with the new banking law, a man who has but one thing to keep him from occupying that high position, and that is, that he is not a native of North Carolina, but of our sister State of South Carolina. I wish to nominate Mr. R. G. Rhett, President of the People's National Bank of Charleston, South Carolina.

Mr. Rhett's nomination was duly seconded.

Chairman Miller:- The Chair awaits other nominations. If there are no other nominations, a motion to close the nominations is in order.

On motion, duly seconded, the nominations were closed, and Mr. Rhett was unanimously elected permanent chairman.

Chairman Miller:- Gentlemen of the convention, I present to you Mr. R. G. Rhett, of Charleston, South Carolina, your permanent Chairman.

Mr. R. G. Rhett, Permanent Chairman:- Gentlemen, I assure you that I appreciate the honor you have done me in electing me to this office. I hope that when we get through I shall be found to have measurably discharged the duties of the position to your satisfaction, certainly to that end I

shall strive. The next order of business is the election of a permanent Secretary.

The name of Mr. J. S. Hill, Cashier of the National City Bank of Charleston, West Virginia, was then placed in nomination and duly seconded.

The Chairman:- There being no further nominations, the Chair hearing no motion, a motion is in order to close the nominations.

On motion, the nominations were closed and the unanimous ballot of the association was cast for Mr. Hill.

Secretary Hill:- Gentlemen, I desire to thank you for the honor. I assure you that I am not familiar with the duties of the position, but I will try to discharge them as best I can.

The Chairman:- Gentlemen, we have been called together to-day for the purpose of seeing if we cannot organize this Fifth Federal Reserve District in harmony with the high purposes of the greatest piece of legislation of this generation. We have been assigned, I think, a peculiarly well-rounded district, a district in which we have manufacturing States, mining States, and agricultural States, a district with a capital of six million dollars, with deposits of twenty million dollars, together with United States deposits amounting to thirty million dollars, giving us for loans and re-discounts to the member banks twenty million dollars, plus the capital of six million dollars, thus giving us twenty-

six million dollars resources for loans without taking into consideration the Federal Reserve notes. As far as I can understand, the banks of this district have never asked for re-discounts at any one time of more than twenty-one million dollars; so that we have a Federal Reserve Bank which has sufficient funds to supply itself, and we have a district containing industries which do not all demand their money at the same time, and I think we are peculiarly fortunate.

Now, gentlemen, the Government has yielded to the demand of the banks that they manage this Federal Reserve District Bank, and so they have given them six directors out of the nine. Of these six directors, two are elected by the banks of the largest group, one banker and one business man, two by the banks of the middle group, one banker and one business man, and two by the smaller banks, one banker and one business man. We are assembled here to-day to see if we can formulate some method of selection which will enable us to get the best men for the service. This is pioneer work, it is a new banking system, it is to blaze out pathways along which we will go, and it is proper for us to see that we draft the best men for the new service, men of the best motives, men of the highest character, men with the most enthusiasm for this particular subject, so that we may establish a bank worthy of this section.

Now, gentlemen, the call is for us to gather together to see if we can elect men as described by the act, and yet distributed in some equitable way over the district, so that

the men will not only represent the larger class of business, the medium class of business and the smaller class of business, but will reflect the views of business over the district. First get the best men, then distribute them over the district in the proper way.

Mr. Thomas B. McAdams, of Richmond: Mr. Chairman, as you all know, our district is divided into five States, Virginia, West Virginia, North Carolina, South Carolina, Maryland and the District of Columbia. In giving this matter consideration in Richmond for the past two weeks, we thought that some method could be devised by which, if a committee were appointed to draft a plan of organization, we could have it considered more effectively if that committee were selected by the members from each of the political districts. I therefore move that a committee on program be appointed to suggest a plan of organization and election of directors, such committee to consist of eighteen members, three from each of the districts referred to, the delegates present from each district to meet together and select three gentlemen for membership on that committee from that district.

The Chairman:- Gentlemen, you have heard the motion, that a committee on program be appointed, consisting of three from each of the political divisions, and elected by the delegates present from the various divisions.

Seconded and adopted.

Mr. O. J. Sands. of Richmond:- Mr. Chairman, it seems to me that we ought to have a committee to pass on credentials, and also to recommend in regard to voting by proxy. I move you, sir, that we have a committee appointed by the Chair, consisting of six members, one from each of the political sub-divisions of the district, to pass on those two questions, the credentials of representatives present, and to recommend whether proxies of banks not represented be permitted to be voted.

The Chairman:- The committee itself to pass on the proxies?

Mr. Sands:- They can make a recommendation as to that, but they can pass on the credentials themselves of those who are present.

The Chairman:- Gentlemen, it is moved that a committee of six, one from each division, be appointed to pass on the credentials of those who are here, and to recommend what shall be done about proxies.

Mr. Strachan:- Mr. Chairman, this convention having been called, as it was, prior to any election of the board of directors, I doubt whether the delegates are very well prepared to present proxies. North Carolina occupies a little different position, due to the fact that their convention met last week and passed a resolution instructing their representatives, which may not be true of other States. A great many of the member banks probably did not know whether

written proxies would be required.

Mr. Sands:- My idea was that this committee of six would consider those questions and bring in some recommendations. I have a number of telegrams from banks which were unable to be represented, "Please vote for me in the conference."

Mr. Smith:- In order to bring the question up, I move that we have no proxies; that we settle that question and then appoint a committee to pass on the credentials.

Mr. McCorkle, of South Carolina:- Mr. Chairman, I do not want to interpolate any questions this morning, but I hope the motion of the gentleman from North Carolina will not prevail, for this reason: the orderly way will be to present this question to the house after its consideration by the committee. Mr. Sand's motion was not that we have proxies, but that the committee consider that proposition. While I have no view one way or the other on that question, I do not believe it would be wise to shut off consideration of that important question by precipitating it on the house at this time. The committee will consider it maturely and report it, and it will come then with more weight one way or the other after consideration by the committee. I hope the motion will not prevail and that we allow the committee to report that matter to us.

Mr. Smith:- After that statement, I withdraw my motion.

Mr. Sand's motion was then adopted.

The Chairman:- Inasmuch as there is nothing more for the convention to do until those two committees make their reports, it will be in order to take a recess until some particular hour. Before we adjourn, we have with us to-day Mr. M. C. Elliott, Secretary of the Reserve Bank Organization Committee, who will make his address to us after I read these two letters.

FIRST NATIONAL BANK

Birmingham, Alabama

May 16, 1914.

Mr. Jno. M. Miller, Jr.,  
First National Bank,  
Richmond, Va.

My dear Mr. Miller:

I have your letter of the 14th, and again wish to say how sorry I am that I cannot attend your convention on Monday next. Apart from the pleasure of attending a representative gathering in your beautiful and historic city, a personal contact with the representative men who will gather there would have been of great benefit to me I am sure.

The Federal Reserve Banks are in no sense political; they are strictly business institutions, and their ownership lies in the member banks of the Federal Reserve System. No bank could long command public confidence that would prove unable to pay a reasonable return in the shape of dividends to its stockholders, and the success of the reserve system is fundamentally dependent upon the ability of the regional reserve banks to pay their dividends of 6% to their stockholders (the member banks), in addition to setting aside the usual surplus and reserve funds. The ability of a bank to make its dividends fixes its standing as a successful institution, and its prestige in the community depends upon its management. Hence it is of the highest importance that a regional reserve bank, which must meet the dividend requirements of an ordinary bank in addition to its higher functions of carrying the reserves of its

members, its rediscounting for them and of furnishing currency in times of need, should have the most careful and efficient management. While the Federal Reserve Board is endowed with large powers, it is compelled to rely upon the management of the different regional banks. I am sure that the bankers of District No. 5 will appreciate the importance of electing six strong and representative men as directors. The law provides that of the six directors to be chosen by the bankers, that three may be bank officers or directors, and that three shall not be connected with or directly interested in banks, but should be representative of the agricultural, manufacturing, commercial or professional interests. I deem it important that directors should be chosen in a measure with respect to their residence, so as to give all parts of your district proper representation. The bankers on the board ought to be good judges of credits, and all should be men of high character and broad views with no personal interests to serve, who can act together harmoniously and for the sole purpose of the general good.

Please extend my cordial greetings to the bankers of Richmond and of District No. 5.

With high personal regards, I am,

Sincerely yours,

W. P. G. HARDING.

Chicago, May 16th, 1914.

Mr. John M. Miller, Jr., Vice President,  
The First National Bank,  
Richmond, Virginia.

Dear Mr. Miller:-

Your letter of the 14th has been received. I thoroughly agree with you that it will be necessary for you to elect your strongest men to positions of director of Class A and Class B of your Federal Reserve Bank - those who will give their careful attention to the duties of the office and attend meetings regularly. In my opinion it is also of the greatest importance that there be elected to these positions representative men whose experience, ability and skill qualify them

for the exercise of broadgauged judgment and who are, thereby, best fitted to serve with the greatest benefit to your entire district, as well as to the nation.

Yours very truly,

G. M. REYNOLDS,  
President.

Mr. Elliott:- Mr. Chairman, and Gentlemen representing the member banks of Federal Reserve District Number Five - It is a very great pleasure to be permitted to be here and to join with you in the discussion of the vitally important questions you have to consider to-day. It has been my good fortune to be connected with the Reserve Bank Organization Committee which is charged with the duty of organizing the Federal Reserve banks created by the recent Act of Congress known as the Federal Reserve Act, and I can therefore fully appreciate the importance of the next step in the organization of these banks, namely, the election of Directors.

In a comparatively short time the Organization Committee will have completed its work of incorporation and the duty will then devolve upon the various Boards of Directors to take charge of and consummate the organization of the Federal Reserve banks of the several districts.

To illustrate the importance of the main question which is to be considered at this meeting it might not be amiss to refer very briefly to the history of the Federal Reserve Act and to call your attention to the steps which have been taken in order to carry out the provisions of this Act.

It is not my purpose to tire your patience with a discussion in detail of the defects of what is known as the National Bank Act under which our national banking system has been operated since 1864. That this Act was defective

and has been known to be defective by the bankers generally is an admitted fact. That it has been the subject of sixty-odd special amendments in addition to a number of acts of a general nature affecting the national banks is sufficiently indicative of the fact that the system was far from perfect.

In addition to these amendments the Comptroller of the Currency, in accordance with the duty imposed upon him by law, has annually recommended changes in the system.

When we consider the nature of the amendments passed we find that from 1864 to 1914 the changes have not been of a substantial character but simply a matter of change in certain details; for example, of all the recommendations made by the Comptroller the only material amendments brought about have been those which have increased the lending power of the banks without in any way safe-guarding the security of the depositor.

The Federal Reserve Act of 1913 was accordingly the first attempt to fundamentally and radically alter our banking system with the view of providing a more perfect and practicable system of banking. As a consequence there was the usual opposition that necessarily follows any effort to carry out purely constructive legislation.

After a very vigorous fight before the Senate and House committees, and after a most careful and exhaustive study of the situation by these committees, the Federal Reserve Act was passed, approved by the President, and became a law of

the United States on December 23, 1913.

It must be a source of great gratification to those who advocated and brought about the passage of this bill to observe the spirit of cooperation and vital interest on the part of the bankers, which has taken the place of all forms of opposition. Those who had the courage to undertake what Congress had so long refrained from undertaking realized, of course, that the success of the system must ultimately rest with the bankers, and their attitude as shown up to this point must remove any doubt of its ultimate success even from the most sceptical critic.

Under the terms of this Act the Reserve Bank Organization Committee was created and began its work in the first part of January, 1914. In accordance with the provisions of the Act, the Committee immediately sent out notices to all of the national banks of the United States, calling upon them to signify their intention whether or not they desired to become members of this new system, or whether they preferred to withdraw and to operate under State charters or to go into liquidation.

Out of a total of approximately seventy-five hundred national banks operating in the Continental United States at that time, there were practically no withdrawals.

In sending out notices to such banks to signify their intention in this matter, for convenience in filing, the resolution of acceptance of the provisions of the Act was

printed on a white card and the resolution of non-acceptance on a blue card. When those resolutions were returned it was found in the beginning that about fourteen out of the seventy-five hundred national banks returned blue cards signifying their intention to withdraw, but upon investigation it was ascertained that in almost every instance the blue card was either sent in through error or that the bank had before the passage of the Act determined to go into liquidation. Accordingly within the sixty-day limit specified by the Act practically all national banks had given notice of their intention to enter the system.

The next step in placing this Act in operation<sup>consisted</sup> in designating not less than eight nor more than twelve Federal reserve cities and defining the geographical limits of the districts to be served. This work, after an exhaustive study of general as well as banking conditions, was completed by the Committee, and the banks in each district were immediately called upon to send in their subscriptions or applications for stock in the Federal reserve bank of their respective districts.

Thirty days were allowed by statute for all banks to call meetings of their boards of directors, execute their applications and file them with the Organization Committee.

At the expiration of this thirty days, May 8, 1914, twenty-two banks out of a total of approximately seventy-five hundred had not been heard from, but practically all of

these applications were subsequently found to have been in transit when the time limit expired.

On May the 8th the minimum amount prescribed by the statute had been subscribed in every district with a large margin and without the necessity for the sale of any public stock, for the sale of any stock to the United States Government, and without including the subscriptions of the State banks and trust companies eligible to membership.

Five banks in each district were designated by the Committee to execute the certificate of organization for each Federal reserve bank and by arrangement with these banks and with the clearing house associations of each Federal reserve city, the certificates of organization will be executed to-day by the designated banks in every district except one, and the only reason that this district is not included is that it was impossible to have the certificate of organization prepared by the Committee reach San Francisco in time to be executed to-day.

Before the end of the week, therefore, every Federal reserve bank in the United States will have been incorporated.

This brings us to perhaps the most important step in the organization of the Federal Reserve banks, namely the election of directors.

It is, I understand, the purpose of this meeting to consider primarily the subject of the election of Class A and Class B directors and it is to this particular question

that I desire to direct your attention.

The operation of a Federal Reserve bank, a national bank, or any other form of corporation is of course in its final analysis dependent for its success upon conservatism and business judgment of its management. This is not only important in the case of Federal Reserve banks, but is possibly more important in this instance than in the case of any other form of corporation.

In the case of a purely private corporation, its success or failure affects only a comparatively small number of stockholders and creditors. The success or failure of a quasi public corporation, for example, of a railroad, telephone or other public service corporation, affects its individual stockholders and a part of the public which is more or less localized. The success, or failure, however, of a Federal Reserve bank affects not merely its member banks, not merely a small part of the public, but our national interest and welfare.

When, therefore, the Organization Committee has performed the duties imposed upon it by law, has organized twelve Federal Reserve banks, has called for the subscriptions to stock, and when the Federal Reserve Board, which is to have the supervision of this important branch of our national life, has been organized and has appointed three Class C directors for each Federal reserve bank, these twelve entities or corporations will be turned over to a board of directors

to consist of nine members, and the future success of each Federal Reserve bank and of the coordinated whole will in the final analysis rest to a very great extent upon the ability and capacity of its board.

It has become almost an axiom among those who have been connected with the supervision of our banking system that where directors direct, failures rarely occur.

The Comptroller of the Currency is required annually to report to Congress the causes of failure of national banks. A study of this report will indicate that the failures resulting from criminal violations such as mis-application of funds and embezzlement are in the minority, and that in the majority of instances the failure results more from misfeasance or neglect on the part of the board of directors than from malfeasance or crime on the part of officers or employees.

The popular conception of a national bank examiner is in error. The examiner is not merely a bookkeeping detective looking for misapplications and false entries; but the examiner who obtains the best results in this field of operation is the one who can keep up the interest of the directors and can be assured that the bank's management is receiving their care and attention.

The duties and responsibilities of the directors of Federal reserve banks will be of the same general character, with an added degree of responsibility, as the duties and

responsibilities of directors of national or member banks.

Section 4 of the Federal Reserve Act provides among other things that

"Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

"The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

"Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks."

From this it will be observed that the Federal reserve banks are to exercise the functions of banks and are not merely an association of other banks.

When this section is read in connection with Section 13 relating to rediscounts and other powers of Federal reserve banks, and with Section 16, which provides in effect that the United States Government shall lend its credit through the issuance of Federal reserve notes to these banks, it is apparent that the duties and obligations of the directors of Federal reserve banks are nothonorary but that those who undertake these important obligations are factors in a great coordinated system of banking.

While the management of the Federal reserve banks will be relieved from many of the problems and difficulties of individual banks, and will deal primarily with certain defi-

nite depositors and customers - the member banks - the responsibilities of their directors will be increased by reason of the fact that they have at stake not only the investment of the depositors' funds, but the investment of the national credit.

In working out a system which will insure conservative business management of these banks, Congress has undertaken to create a board of directors, which is representative of the interests involved.

It is provided that the board of each Federal reserve bank shall consist of nine members, that one-third of this board, to be known as Class C directors, shall be selected by the Federal Reserve Board, which is in effect the representative of the United States Government; that one-third shall be known as Class A directors and shall consist of three members who shall be chosen by and be representative of the stockholding banks; and that the remaining one-third, to be known as Class B directors, shall consist of three members who at the time of their election shall be actively engaged in their district in commerce, agriculture, or some other industrial pursuit. The make-up of this board of directors is therefore representative first of the United States Government, second of the stockholding banks, and third of the business representatives who are in effect the creditors or that part of the public which deals with member banks.

In other words, it will be observed that Class A consists

of representatives of the banks or those who are intrusted with the funds of the business public for investment; Class B consists of representatives of the public who are furnishing these funds, and Class C consists of the representatives of the Government, which undertakes to supervise the proper and conservative investment of such funds.

It must be remembered, however, that while these three interests are representative, that the board when organized is a unit, and that this board is charged with the management and control of the affairs of such banks. The grouping or classification relates only to the manner of election, and not to their status after election.

When by election by the member banks or by appointment by the Federal Reserve Board the candidates become members of the board of directors of the Federal Reserve banks, the duties and obligations of each member are the same. It is true that the chairman, or Federal Reserve Agent, and the deputy chairman, or Deputy Federal Reserve Agent, who are members of the board occupy dual capacities in that they are the local representatives of the Federal Reserve Board in addition to being members of the board of directors. As members, however, their duties are similar to those of Class A and Class B directors.

The Committee has very naturally received a number of inquiries as to the duties of the Federal Reserve bank director, the time it will be necessary for him to devote to

the affairs of the bank and the obligations and responsibilities he will incur. There appears to be considerable diversity of opinion among bankers as indicated by these inquiries. A few are under the impression that the directors of the Federal Reserve banks will meet at infrequent intervals for the purpose of general discussion of the bank's affairs, while the majority have a more accurate and true conception and appreciate that the board will have to deal with a great many problems particularly during the constructive period of this great system.

A great deal has been said about the success or failure of the Federal reserve system being wholly dependent upon the personnel of the Federal Reserve Board. While it is true that this board will be charged with the general supervision of the operation of all Federal Reserve banks, the measure of success attained by any Federal Reserve bank will to a very great extent depend upon the personnel of its board of directors. In other words, it is important that a distinction should be made between the supervision of the Federal Reserve Board and the actual management intrusted to the board of directors of the Federal Reserve bank.

When we consider the successful operation of our banking system under the defective machinery heretofore provided by the National Bank Act, it would seem to be certain that if the boards of directors of the several Federal reserve banks are made up of men who come within the category of directors

who direct and are selected from candidates of ability and capacity, the success of every Federal reserve bank should be assured.

As suggested, however, the first board of directors of each Federal reserve bank will take over its management while the system is still in a constructive period, and the men first selected should be men of constructive ability, who can and will assist in placing in operation the new system on a proper basis.

A Federal reserve bank is not merely, as some suggest, a Governmental agency charged with certain specific Governmental functions, but is a banking corporation created and organized for the purpose of engaging in the banking business within the limitations of the Federal Reserve Act.

Each member bank is not only interested as a stockholder but the strength of the Federal reserve bank is the reserve strength of every member bank, and the success of the Federal reserve bank means in the final analysis the successful development of that Federal reserve district.

It is through the elasticity given to our currency and the power and ability of the Federal reserve bank to rediscount commercial paper for member banks that proper development will be made possible in the districts served.

The inability of national banks to convert into cash their quick assets irrespective of their value except through the accommodation of some other bank has made it necessary to

restrict and curtail legitimate local investment. This has frequently resulted in arresting development at a time when if permitted to continue it would not only have yielded a proper return but would have created an additional legitimate demand for proper investment. The fact that balances carried as reserve by national banks have been carried in other national banks which in turn are subject to the same class and character of demands as the depositing bank has made it frequently impossible for the depositing bank during periods of stringency to obtain its own cash resources for the purpose of development, and so what has been counted as reserve has at times proved to be reserve only in name.

While the power, therefore, to make legitimate rediscounts for member banks is a most important and necessary power, the responsibility of such rediscount is of a corresponding degree of importance, and this is but one of the many responsibilities and duties that will be assumed by the Federal reserve bank director.

In order to insure a thoroughly representative board, Congress has provided that such boards shall not only consist of the three interests referred to, namely the Government, the banks and the business interests, but that in making this selection each district shall be divided into three general groups or divisions; each group to contain, as nearly as may be, one-third of the aggregate number of member banks of similar capitalization. Each one of these groups will nominate and elect one Class A and one Class B director,

so that the directors will be selected by and be representative of not only the stockholding banks as a whole but of the several classes of banks included within each district. This does not mean that the board shall necessarily consist of officers or directors of the smallest banks as well as officers or directors of the largest, but that each class of banks shall have an opportunity to nominate and elect together with banks of similar capitalization, either from their own or any other group, the candidate best suited in the opinion of such banks to perform the important duties assigned to the directors of Federal reserve banks.

In order to carry out the provisions of the Act, the Committee will mail as soon as possible to each member bank a printed list showing the banks contained in the three groups of the district in which such bank is located, and at the same time or immediately thereafter will request such member bank to elect by ballot a district reserve elector authorized to cast its vote and to nominate one candidate for Class A director and one candidate for Class B director.

When these nominations have been received a printed ballot will be prepared in accordance with the statute showing the name of each nominee and by whom nominated. This ballot will be sent to the district reserve electors of each group and will be in the form of a preferential ballot, that is to say, it will include three or more columns opposite the name of each nominee. The district reserve

elector will be requested to indicate in the first column his first choice for Class A director, in the second column his second choice for Class A director, in the third column his third choice for Class A director, and in the fourth column any other choices he may have. On a similar ballot each elector will be requested to indicate his first, second, third, and other choices for a Class B director.

When these ballots have been received by the Committee a poll will be taken of all the votes in each group and in accordance with the statute those receiving the necessary number of votes in any group will be declared elected.

When the Class A and Class B directors have been thus elected and the Federal Reserve Board has appointed the three Class C directors, this board of nine will take charge of and complete the organization of the Federal reserve bank. It will be necessary to obtain proper banking quarters and facilities for the conduct of its business, to adopt by-laws for its management, to select the necessary employees and to place the bank in actual operation.

It is hoped and believed that the member banks will respond promptly to the request of the Committee to elect their electors and to nominate their candidates and that the electors will return promptly their ballots so that the election may be completed with as little delay as possible and the boards of directors may take over the management and complete the organization of the several Federal reserve banks.

It is obvious that the time within which these banks will be placed in actual operation will depend upon the promptness with which the member banks comply with the requirements of the statute.

If the same interest and co-operation is shown that has been shown up to this point, the establishment of the Federal reserve banks should be an accomplished fact in ample time to enable them to meet the full requirements.

When the system is in operation those who are responsible for this great constructive legislation will have realized the purpose of the Act to furnish an elastic currency; to afford means of rediscounting commercial paper and to establish a more effective supervision over banking in the United States.

The Chairman:- Is there any question that any gentleman would like to ask Mr. Elliott before he leaves?

A Member:- I would like to know if Mr. Elliott's paper is to be printed and circulated for our information?

Mr. John P. Branch:- Mr. Chairman, I move that it be printed and circulated.

Seconded and adopted.

On motion, a vote of thanks was extended Mr. Elliott for his address.

Mr. Ingle:- Mr. Chairman, I will ask the Chair, or Mr. Elliott, how essential is it, when directors are voted on, instead of naming first choice on which all agreed alone,

to name the first, second and third choice. It seems to me that if we name the first, second and third choice, it may defeat our agreement here to-day. Is it necessary, if we agree on six directors, that the bank shall also name a second and third choice?

Mr. Elliott:- I think under the statute you must do so. It is not discretionary but mandatory, and some question might arise whether it was in proper form unless you indicated those choices. If merely the first choice were named by those seventy-five hundred banks, or the five banks in every district, it might be that no candidate would receive a majority, and that might necessitate holding another election. But the whole theory of the preferential ballot is that when the ballot is filed the election will be held without any necessity for another election.

The Chairman:- I would like to ask whether the first, second and third choices can all be one man, or must be different?

Mr. Elliott:- I imagine you could name the same man for first, second and third choice. It would be a practical evasion of the statute.

Mr. W. J. Kehoe:- I understand that that cannot be done, that we must name first, second and third.

Mr. Elliott:- I do not think it would be an actual compliance with the statute.

Mr. John M. Miller:- I think there is a decided differ-

ence of opinion among the members whether the chairman of the board can properly exercise the duties of president, governor, or manager, of this Federal Reserve Bank. Will Mr. Elliott please define the duties of the chairman?

Mr. Elliott:- I think he could fill the office of President. It would necessitate his election as such by the board of directors. The board of directors are authorized to exercise the powers usually exercised by the boards of directors of banking associations, and the power to elect a president and other officers is one of the powers that they usually exercise. The method of election of directors of Class C and Class B and Class A is different, but when they are elected, they are all directors of the board. It is true that the Federal Reserve Agent or the Deputy Federal Reserve Agent occupies a dual capacity, but that capacity is separate and distinct from his capacity as a member of the board. I take it that the board might elect officers from their number or from the outside.

Mr. Miller:- I would like to ask if it would be consistent for the chairman of the board to act as chairman of the board and president of the association?

Mr. Elliott:- I prefer not to express an opinion on a matter purely of operation. I do not know off-hand whether there will be any conflict in his capacity. Of course at times he must act as the representative of the Government dealing with the banks, and probably there might be a con-

flict in representing the Government and being the head of the bank.

Mr. Miller:- As a matter of fact, will not the Federal Reserve Agent be called upon frequently to receipt to the president of the board for securities and in turn turn them back to himself?

Mr. Elliott:- Yes, sir, he will at times have to act for the Government dealing with his own bank; and, as I say, a situation might arise where it would not be consistent.

Mr. Miller:- In other words, if he were chairman of the board of management, he also might have to receipt to himself on some occasions and release himself on others?

Mr. Elliott:- That might arise.

Mr. Pringle:- Would it be necessary to throw out the ballot of the entire district because it did not have but one choice?

Mr. Elliott:) No. The committee realizes that in the matter of selection of Class A and Class B directors, that power vests in the banks themselves, and as long as they hold a legal election there is no occasion to make a technical objection. But the committee is appointed by the statute, as the member banks are, and a strict compliance with the statute would be probably necessary.

A Member:- What is the tenure of office of these directors?

Mr. Elliott:- Off-hand I would say one a year. At first they are elected for one, two and three years, but

after that, one a year.

The Chairman:- They meet and draw lots for the one, two and three year terms, and after that one is elected each year for three years.

Another Member:- By what process is a district divided into six groups?

Mr. Elliott:- The statute reads that each district shall be divided into three groups or divisions, each group to contain, as nearly as may be, one-third of the aggregate number of said member banks of the said district and shall consist, as nearly as may be, of banks of similar capitalization. There are two requirements, first, as to the number, and, second, as to the amount of capitalization. It is a physical impossibility to comply with both. If you take District No. 5, group No. 1, I won't attempt to give the exact figures because I haven't them in my mind, but we will say that group 1 consists of banks from \$120,000 to \$160,000, group 2, over \$60,000; so that it will be necessary to put some banks of \$120,000 in group 1, and it was necessary to put some banks of \$120,000 with the smaller banks. In order to comply as nearly as may be with the statute, the method adopted will be to take banks of the largest aggregate resources and put them in the larger groups, and banks of the smaller resources and put them in smaller groups.

A Member:- That will be done after a while?

Mr. Elliott:- Yes; it is being done now. All the

banks are being grouped and the lists are being sent out this week showing the number and the names of the banks in each group.

The Convention then took a recess until 2:30 o'clock P.M.

During the recess, the Chair appointed the committee on credentials and the six subdivisions elected the committee on program, as follows:

COMMITTEE ON CREDENTIALS.

North Carolina, Jos. B. Ramsey, President First National Bank, Rocky Mount.

Virginia, Caldwell Hardy, President Norfolk National Bank, Norfolk.

West Va. J. N. Carnes, Cashier Citizens National Bank, Charleston.

South Carolina, E. H. Pringle, Jr., Vice-President Bank of Charleston, Charleston.

District of Columbia, M. E. Ailes, Vice-President Riggs National Bank, Washington.

Maryland, Chas. C. Homer, Jr., Vice-President Second National Bank, Baltimore.

=====

COMMITTEE ON PROGRAM.

Maryland, Wm. Ingle, Vice-President Merchants-Mechanics National Bank, Baltimore.

Albert D. Graham, Vice President Citizens National Bank, Baltimore.

Howard Harding, Cashier Patapsco National Bank, Ellicott City, Maryland.

South Carolina, J. W. Simpson, Vice President Central National Bank, Spartsenburg.

W. A. Clark, President Carolina National Bank, Columbia.

R. G. Rhett, President Peoples National Bank, Charleston.

**West Virginia, W. A. McCorkle, President Citizens National Bank, Charleston.**

**Jas. K. Oney, Vice President Huntington National Bank, Huntington.**

**L. A. Hooper, Cashier First National Bank, Bluefield.**

**North Carolina, J. Elwood Cox, President Commercial National Bank, High Point.**

**Joseph G. Brown, President Citizens National Bank, Raleigh.**

**H. M. Victor, President Union National Bank, Charlotte.**

**District of Columbia, H. H. McKee, Vice President Capital National Bank, Washington.**

**W. T. Galliher, President American National Bank, Washington.**

**George W. White, President Metropolitan National Bank, Washington.**

**Virginia, O. J. Sands, President American National Bank, Richmond.**

**Thos. B. McAdams, Cashier Merchants National Bank, Richmond.**

**E. B. Spencer, Cashier National Exchange Bank, Roanoke,**

2:30 o'clock P. M.

The Chairman:- Gentlemen, the Committee on Program is ready to report.

Mr. Ingle:- Mr. Chairman, and Gentlemen - Your committee have been in session since the adjournment this morning. We have two recommendations; first, we recommend to our constituents that each political subdivision of District No. 5 be entitled to one director of either Class A or Class B as the case may be; the second provides for a program under which that end may be attained. I ask Mr. Simpson, of South Carolina, who has been good enough to act as our secretary, to read the formal resolution touching that.

Mr. Simpson:- Mr. Chairman, and Gentlemen - It was moved and agreed that the Program Committee recommend to the Convention that each State nominate three candidates for Class A, one by the bankers of Group No. 1, one by the bankers of Group No. 2, and one by the bankers of Group No. 3; and further recommend the nomination of three candidates for Class B, one by the bankers of Group No. 1, one by bankers in Group No. 2, and one by the bankers in Group No. 3, thus nominating not over thirty-six candidates; that these nominees be referred to the Program Committee which will select from them three in Class A, one from each group, and three in Class B, one from each group; and that the Program Com-

mittee then report its selection back to this Convention; and, further, that any group may nominate the same candidates as any other group for a directorship in the same class.

The Chairman:- Gentlemen, you have heard the report of the committee. If it is not clear to you, the chairman of the committee or myself will make it clear to you.

A Member:- It is not clear to me.

The Chairman:- The banks of the first group nominate a Class A and a Class B director, the second group nominates a Class A and a Class B director, and the third group nominate a Class A and a Class B director. Each group of each political subdivision would do that. That gives us six times six, thirty-six nominations. There is no reason why the first section should not nominate the same man as the second section, or, if they choose to consolidate on two or three, they have the privilege of doing so, but each of the political subdivisions sends in the names of six men. Is that clear?

A Member:- Is it proposed to do that now?

The Chairman:- It is proposed to adjourn now and let each State get together and hand in its nominations, and the committee will take them as soon as they give them to them and go right back.

Mr. Kehoe:- I think you are making a mistake.

Another Member:- Let's have other suggestions and see which we think is the best.

Mr. Kehoe:- Has the committee any other suggestions?

Mr. Simpson:- The committee has no other suggestions, because we thought that would cover the entire field. Let us say that South Carolina will hold its meeting; they will first vote for a Class A director for each of the three groups, one, two and three. When they get to the commercial and mercantile end of it, they are also asked to nominate three men; so that each State will report back to this Program Committee for its consideration either two names or any number of names between two and six, divided between the two classes of directors. When those names are so reported to the Program Committee, it will in turn simply ballot, I assume, or agree, upon some process of elimination which will provide eventually that each State shall have one director; of course the division will be B in some places and A somewhere else, but that is the general program as it was devised after the matter was threshed out very industriously. I will read the report again.

"The Program Committee recommends to the convention 1st, the election of one director from each division comprising Region #5. And 2nd, that each State nominate to this convention three candidates for directorships in Class A, one to be nominated by bankers in Group 1, one by bankers in Group 2, and one by bankers in Group 3, and further that each one of the States in the same way nominate candidates for directorships in Class B, thus nominating not over 36 candidates; these nominees to be referred to the program committee which will select from these nominees three in Class A, one from each group and three in Class B, one from each group, and will report their selection back to the convention for consideration and action. And further, that any group may nominate the same candidate as any other group for directorships in the same class."

A Member:- Mr. Chairman, I think before we can proceed to business we should have the report of the credentials committee.

The Chairman:- The point is well taken.

Mr. Hardy:- Mr. Chairman, and Gentlemen - Your Credentials Committee begs leave to report as follows:

That immediately upon adjournment of the Convention this A.M. said Committee met in the Convention Hall, there being present Mr. Caldwell Hardy representing Virginia, Mr. J. N. Carnes representing West Virginia, Mr. Joseph B. Ramsey representing North Carolina, Mr. E. H. Pringle, Jr., representing South Carolina, Mr. M. E. Ailes representing the District of Columbia and Mr. Charles E. Homer, Jr., representing Maryland, and immediately organized by electing Mr. Caldwell Hardy as Chairman and Mr. Joseph B. Ramsey as Secretary.

The following resolution was offered by Mr. Ailes of the District of Columbia and duly seconded by Mr. Charles E. Homer, Jr., of Maryland, and after debate was adopted, Mr. Hardy and Mr. Carnes voting in the negative - to wit:

RESOLVED, that officers and directors of member banks present and employees of member banks present, when specifically authorized to represent their institutions, shall be considered duly accredited delegates to this Convention; each bank to be entitled to one representative - and there shall be no representation other than as above stated.

RESOLVED FURTHER, that each of the six delegations present report to the Secretary of the Convention the names of the banks represented under the above resolution, together with the name of each bank's delegate.

Respectfully submitted,

Caldwell Hardy,  
Chairman

Jos. B. Ramsey,  
Secretary.

It was impracticable, within the time allotted to this committee, to review in detail all of the cards on which the delegates were registered, and not being personally acquainted with all of the members of the delegations, we thought it proper to leave the State delegations to deal with the question of representation among themselves.

Mr. Kehoe:- Tell us how the credentials came about?

Mr. Hardy:- We did not cover that point; we left that to the State delegations; they know their members, and it is for each State delegation to pass upon. They know personally all of their membership and can readily determine whether a man is properly accredited, or not. I want to say for myself personally that I was bound by the instructions of my State delegation, and I at first concurred in their view, and voted at first accordingly; but I think it was the desire of the credentials committee to avoid any possibility of having an aggregation of ballots under the control of any one or two people.

Mr. Kehoe:- Have the individual banks sent these gentlemen here by vote, or otherwise?

Mr. Hardy:- If he is an officer, it is assumed that he is authorized to represent his bank, and if he is not an officer and the State delegation is satisfied that he is authorized to represent his bank, he is so recognized.

Mr. Kehoe:- In most cases the banks didn't take any action at all, they just sent a delegate.

Mr. Hardy:- That is my case exactly.

Mr. Kehoe:- In other words, nine or ten of us are here without any credentials?

Mr. Hardy:- Yes, sir.

Mr. Grace, of South Carolina, moved that the report be accepted, which motion was seconded and adopted.

Mr. R. S. Turk, of Washington:- The District of Columbia has no big banks; can you tell us how they will vote?

The Chairman:- I think your delegation will solve that, it will tell you how it is to be done.

Mr. Mills, of South Carolina:- Mr. Chairman, in my opinion we are going a little too fast on this thing. It seems to me that we should go no further than to suggest to each State the class of directorship they may have, and divide that up by lot or in some other way. I see no way but by lot. But when it comes to the question of deciding

between several who have been voted for as directors, I think we are going a little too fast, because none of us came here to vote on that question, and we did not think that question would come up. It seems to me it would be a great deal better if we simply decided what class of director each State should have, let them nominate what persons they please in that class, and then let the banks in the State vote for directors in that class.

Mr. Kehoe:- Mr. Chairman, I take it that this is simply a conference; this is not a convention; this body cannot authorize anything; we are simply here in conference, and we have got to go home to our banks, our constituents, as it were. The banks want to do this, they did not send us here to do this at all; it is entirely unprecedented and unauthorized, and we must not undertake it, because it will not go if we attempt it. It has got to be done carefully. We have got to go home and report to our banks and have another meeting and have it duly authorized. Nine-tenths of us are not accredited at all by a regular form of credential. I move an amendment to that proposition, that we report to our home banks and have a future meeting for this purpose. It is very important. There has not been any legislation of this importance since the war. Here we go and elect delegates. We are going entirely too fast. I know something about this measure, I have had a good deal to do with it. Certain gentlemen want office. We don't want to be carried away by that.

We want the banking law to be first, not the man, but we want the job to be first. I hope the proposition will be voted down.

A Delegate:- Mr. Chairman, speaking for the representation from the District, I do not know whether Mr. Kehoe is authorized or not, but every other gentleman present is fully authorized. We have full power to represent our banks here, and I hope that the program will be carried out.

Mr. MacCorkle:- I am not going to take a moment of your time except to answer the suggestion of the gentleman from the District of Columbia. The great trouble is this. When the different groups go back home, it will be impossible for them to vote as intelligently as they would when they were here, with all the names before them. Our delegation came here not to make a speech or two, or to be good fellows, but we came here to take the best possible course we could take, guided by the best intelligence of this convention, in a perfectly legal and orderly way, by and through the respective groups in the States. That is our object here to-day. Now I admit that the statement of the gentleman a moment ago is true, that our action is in a way advisory; but it is with the advice and sense and intelligence of these five States and the District of Columbia here assembled, communing one with the other and looking into each other's faces, wanting to build up this growing section of the United States. That is our ambition, and I think that is

accomplished by letting the committee, having this splendid representative body before them, settle on the men who are going to make or break the financial system of the country in the next two or three years. That was the object of the committee in having us here together, having a communion of bankers here to-day and settle the important question of the personnel of the directors. If we do not do that, Mr. Chairman, why have we assembled here to-day?

Mr. A. L. Mills, of South Carolina:- Mr. Chairman, I just want to say that I do not think it is a question of authority to represent the banks. It is a question of voting intelligently. Now there are gentlemen suggested from Maryland and Virginia and West Virginia that some of us have not heard of before. Of course these gentlemen have some support, but very often it is possible that a man may get some local support by soliciting for himself. My idea is that we be allowed to nominate several gentlemen in each class, and then go home and make some independent investigations and vote for the men that in our opinion will best fill the position.

Mr. H. W. Showalter, of West Virginia:- With all respect to my friends of West Virginia, we have a committee of three who will name who they want as directors, and when we go into a meeting they have prestige enough to elect the men they nominate. I think it is better, as long as we are giving each State an opportunity to vote, for each State to call a

meeting in the next ten days in their particular State, and let them all vote on who they want for directors.

Mr. Kehoe:- I second that.

The Chairman:- I think possibly there is some misapprehension of the purpose of the committee. The question first came up how we were going to determine which State should have Class A and which Class B directors, were we going to do it by lot, or selection, or how should it be done? The next question is, are we going to confirm anyone a State might nominate, irrespective of our judgment whether it was proper to do so or not? It was thought that a better result could be obtained by deciding that the director should be in Class A in some States and B in other States, and if we had before this committee the personnel of the nominees, because the great question is to get the best men to run this institution, whether from one section or another section. The committee thought they could best settle it -- they do not settle it, they just advise you of what they think is the best selection. That is the purpose of the report.

Judge A. W. Wallace, of Virginia:- Mr. Chairman, there is a division among our delegates as to whether the action of this convention is mandatory on the various banks, or whether it is merely advisory. We have no right to go beyond our authority. I do not think there is a man in this body who is authorized, or expected when he came here, to be bound by the directors this body recommended. Therefore,

this representative body of bankers who will be known to every bank and banker, can accomplish the same thing by mere recommendation that they can by mandatory order. People do not like to be ordered, and especially when the representative has no authority to order.

Now, sir, I ask that the report of the committee be read over again, and let us see if we cannot so amend it that the action of this body will <sup>be</sup> advisory and not mandatory. It will have the same effect. No banker goes from this body who is not going to be able to influence his bank at home, and after a thorough discussion we are better informed to advise our banks at home. I came here with my mind like a piece of white paper, I did not know who should be directors, except that they should be men cautious and careful to see that we do not fail in success, and I think that is the desire of every man on this floor. I think we can get together. I think we ought to get together, the action ought to be unanimous. There is no question of friendship, no question of favoritism, it is a question of duty to our banks to select the best men; and whatever this body does the banks of the whole region will confirm. I therefore ask that the report be reread, and move that if it can be amended by resolution so as to make it advisory instead of mandatory, it be adopted.

Mr. Pierce:- I do not understand the report. Will the committee report thirty-six names, or narrow them down to six?

The Chairman:- They are going to report six.

Mr. Pierce:- Why nominate more than six?

The Chairman:- Because the committee want the opportunity to know how to apportion them. When they have one business man and three bankers before them, they may feel that that district needs a banker more than a business man, and they may take the business man from another section.

Mr. Pierce:- As the result of that, there will be six candidates nominated by each group, and five of them will be eliminated by the committee?

The Chairman:- Yes, if they choose to nominate six; they may nominate two.

Mr. Pierce:- But what I do not understand is, what is the reason for the committee eliminating five candidates, or why are we requested to nominate six if only one can stand and the committee has the right to eliminate five?

The Chairman:- Because the committee decided that it should not decide ahead of time whether you should have a Class A or a Class B man.

Mr. R. T. Barton, of Virginia:- Mr. Chairman, I think with Judge Wallace that the report ought to be read over again. I don't know what occurred in other delegations, but in the Virginia delegation some gentleman got up and said he wanted to know before he voted what the committee's power was. The Chairman said that the committee had power only to prepare a program, that is all. Now the committee comes in with a program that six candidates for Classes A and B shall be nominated, and then it goes on to say, without any power

given to it, that it shall exclude five. That absolutely takes away from the banks and their delegations the right to do anything but nominate, and gives to eighteen men, not chosen by them, the right to elect. I don't think they had any right to do that. I therefore move that so much of the report as goes beyond the mere recommendation that we select thirty-six among ourselves, six from each of the six grand divisions - that the rest of that report shall be disapproved; and then let us take up the question of what we shall do after we have nominated the thirty-six. I happen at this moment to represent seven banks; I represent two by appointment and five more by request; and I cannot go home to those banks and tell them that I consented here that eighteen men, not chosen by them at all, should exclude them from the right of suffrage on this question. Fortunately, there is no question of female suffrage here. The Irishman, when he was asked what he thought of negro suffrage, said, "Yes, damn them, let them suffer." I say this is a very dangerous exercise of power to be given to the committee.

Mr. Barton's motion was duly seconded.

The Chairman:- Will Mr. Simpson read the report?

Mr. Simpson, Secretary of the Program Committee then again read the report.

Mr. Simpson:- Mr. Chairman, was not Mr. Barton laboring under a misapprehension in thinking that the action of the

committee was final, instead of merely recommending the names to this convention?

Mr. Barton:- I understand that it is not final, and it is not final after this convention acts on it. But the committee cuts down the thirty-six to six. That power was not conferred upon them. If the chairman of the Virginia meeting were present, he would confirm what I have said. I was under the impression that the province of that committee was to determine the order of procedure only.

The Chairman:- What are you going to do with the thirty-six when they come in?

Mr. Barton:- My idea would be to refer the thirty-six to the banks themselves, and not leave it to eighteen men.

The Chairman:- How could they select out of that thirty-six?

Mr. Barton:- I would follow that with a resolution that the banks select out of these thirty-six, let the banks throughout the country choose from the thirty-six. My friend mentioned that the banks have not heard of this. I represent a bank that communicated with me over the phone, to come here and represent them. I have nothing to do with that bank, I am president of another bank, and I cannot consult with that bank as to whom they want, I have no opportunity of doing so. Why not give the 480 banks in the district the opportunity to find out whom they want among thirty-six of the best men, and let them vote on them at home? You cannot have a meeting

this week, inevitably the meeting cannot be held until the latter part of next week, because you cannot get the polls ready until then. But this thing is being rushed through as if it was a political meeting, cut and dried, and instead of doing good it will do harm. Caucuses and politics ought not to be mentioned in this body. I move that this body eliminate so much of that report as gives to the eighteen men the power of election, and let that election come back. That is the spirit of the age, not that a few men shall determine, but let the people vote themselves in meetings of directors throughout the five States and the District of Columbia. We are capable of choosing just as well as the eighteen are. We go out and choose thirty-six, and the next minute the committee of eighteen chooses six out of the thirty-six. It is too serious a matter; we have got to live under it.

Mr. Kehoe:- Mr. Chairman, I rise to a point of order. I want to know whether this is a conference or a convention. I understand it is a conference, and that report calls it a convention. We are not a convention until we meet the next time. We are only a conference, here informally.

The Chairman:- What is the distinction?

Mr. Kehoe:- A conference is only a meeting that is not organized. A convention is a meeting of gentlemen who have the credentials of banks to represent them.

Judge C. E. Nicol, of Virginia:- Mr. Chairman, we are all agreed but we do not understand each other. All down in

this section where I am sitting, we are teetotally opposed to delegating authority to this committee to eliminate thirty out of the thirty-six. Thirty-six nominees are given to the committee, and out of that thirty-six they eliminate thirty. It seems to me that we are all agreed, but we do not understand each other. Now we have gotten a little confused, for this reason. We are only entitled to six directors. Every single solitary human being on this floor will agree to this, that of these six political divisions each one shall have one of these directors. We are all agreed that far. The next proposition is how we are going to give these six political subdivisions an opportunity to elect directors. One difficulty arises about this, that the District of Columbia might elect a Class A director, and other States elect Class A directors. Before we elect directors for all of the political subdivisions, it ought to be decided, first, whether the District of Columbia wants a director in Class A or Class B. It will follow almost as a matter of course that nobody in Washington is engaged in agriculture; there are some barren places there, but they do not raise corn and wheat in the city. So, as a matter of fact, they are confined to Class A, and when they come to select their candidate, he will be Class A; that is a necessity, if we are going to give them representation. When we come to Virginia, before we elect a director for Virginia, we ought to say by vote of the Virginia delegation whether we want representation in Class

A or Class B. It may be that we will want it in Class B. I think we will. Then each of the other political subdivisions will say whether they want representation in Class A or Class B. It may be that when that is decided it will end all confusion and misunderstanding. Then these political subdivisions will recommend to this convention their selection, and they will have the one they want. I think everybody will agree to that. So the main thing is whether, when you call the roll, the District of Columbia will say whether they want Class A; they can't get Class B if they want it. Then call Virginia, West Virginia, North Carolina, and South Carolina, and each one will say whether they want Class A or Class B; and if there is no conflict, all that will be necessary will be for the delegates of each group to meet in caucus and recommend to this convention their choice. It does not bind them except in a moral sense, but it goes without saying that whoever the convention recommends under those circumstances, and whoever is chosen under those circumstances, will be approved by the banks of District No. 5 throughout the entire territory.

The Chairman:- I wish to say that they all want Class A.

Judge Nicol:- Then we have got to solve that in convention right here. We can determine that as well as any committee.

The Chairman:- I want to say that Washington City is

the only one that has come forward and said it is willing to take Class B.

Mr. Field:- Mr. Chairman, I think this question is something like an overdraft, it is not going to sweeten a bit, and we had just as well collect on it now. I have heard numerous presidents of banks reiterate that they are not authorized by their directors to do anything here at all. It occurs to me that if the directors of their banks had enough confidence in them to let them look after the banks, they have enough confidence in them to confirm any action they take in this regional bank matter. Now I myself am the president of a small bank, and what action I take here is going to be confirmed when I get home. There is no use in talking about putting this thing off and having another meeting. We have a bigger meeting here now than we are going to have next time. Procrastination is the thief of time; let's get rid of the thief and fix the thing right now.

Mr. Goodwin:- Mr. Chairman, I for one did not leave my business to come here for fun or a junketing trip; I came here for the good I could do and to assist the convention in reaching a conclusion. All of you know the Federal banking law, it has been before you for some time, and if you are not here to do business, you ought to stay at home, to my way of thinking. If we are going to arrive at any conclusion, anything we are going to do is not going to be done in this large body if we stay here a week. I can see no

reason why that committee of eighteen cannot handle this matter. If I have any fault to find with it, it is too large a committee, six would handle it better. But I have confidence enough in that committee to let them handle this. We are all in the dark. Nobody is going to run away with our money. This is simply a recommendation. Now let the committee go ahead and recommend something to us; if we don't like it, we can turn it down. I sincerely hope that the report of the committee will be adopted in toto.

Mr. George E. Sipe, of Virginia:- Mr. Chairman, each State will settle on its representative, whoever it may be, and we will be up against that proposition when the report of the committee comes. Why put it off? It is entirely practical for the convention to decide on this, and I move that that report be referred back to the committee with directions to report here what places among these appointments shall be assigned to the different States. We are going to meet that issue. Why not let the committee present that? Why not meet it now? We have got to meet it before we attempt anything else, because when we come in here with thirty-six people, we will be as much in a fog then as we are now, because we will have a confusion of nominations to select from. I move that the report be referred back to the committee with instructions to report what places shall be assigned to the different States.

The Chairman:- Gentlemen, you have heard the substitute,

that the report be referred back to the committee with instructions to report to this body what places shall be assigned to the different States.

Judge Nicol:- The question between Mr. Sipe and myself is this, whether to refer that to the committee to report, or whether the convention shall decide that right now on the spot. When we get the report back from the committee, we will have just lost that much time, we will be just where we are now. Wouldn't it be just as simple to call the roll now? We are going to take Washington and put her in Class B.

Mr. Kehoe:- Class A; nobody has suggested Class B.

Judge Nicol:- It is hard to find from the representatives from Washington exactly what they do want. I thought we had gotten rid of the District of Columbia by putting her where she wanted to be, in Class B, I believe every one of them except one, with one voice, say that they want Class B.

Mr. Kehoe:- Did you ever hear of a committee on organization coming in and nominating candidates?

Judge Nicol:- I have heard several things to-day that I never heard before. I have heard the Chairman of the Convention say that you all with one voice wanted to be in Class B, and you say that you want to be in Class A.

Mr. McKee:- Let me correct that misunderstanding. The representatives from Washington said that Washington is willing to accept a director in Class B if the other States

accepted what was allotted them. We do not say that we want a director in Class B, but we are willing to accept a director in Class B provided the other States will adopt what is apportioned to them.

The Chairman:- Gentlemen, the motion before the house is whether we shall refer the report back to the committee to say which sections shall get Class A directors and which sections Class B.

A Delegate:- Of course it is understood that the original motion is that this report be received and confirmed?

The Chairman:- Yes, sir. This is a substitute.

Mr. Purcell, of Virginia:- Mr. Chairman, I did not conceive that this meeting was called for the purpose of nominating directors. The law itself provides a method of nominating directors and electing them. But, in the spirit of harmony, it was thought that in this convention the bankers might meet and solve the technical difficulties that seem to surround the matter of how best to allot and make the selection of directors among the States in this district, that it would be better, and produce better feeling. It is evident that every political subdivision of this district desires representation in Class A. It is equally evident that that cannot be done, and that of necessity three of those divisions must have Class A and three must have Class B. I take it, as the Chairman said, that

the committee, in its wisdom, thought that it was better to have the names before the convention and allot them to States, than to allot them to States and afterwards have them before the convention. It is said that that is giving the committee more power than was intended. I think it is better to take the bull by the horns and lay down as the solution of the problem that we will by lot decide whether each State shall have a Class A or a Class B director. There can be no fairer way to do that, no way to do it without hot words somewhere, unless we do it by lot. Then our patriotism will arise and say, "I am willing to accept this fair division of honors by this body." I think, therefore, that this convention should instruct that program committee to report a plan by which directors of Class A and Class B shall be distributed by lot among the divisions of this district, and let us all abide by it, and that can be easily, quickly and readily done by placing six ballots in a box, a representative of each district withdrawing one of them, ~~assigning~~ deciding thereby whether that State shall have a Class A or a Class B director. Then the nominations will be made by the banks themselves under the law. When we come to vote, we will vote for a Class A director if that director has been assigned to that State by lot, and we will vote for a Class B director if such a director has been assigned it by lot, and each of the States will do the same thing, and if there are a few or a dozen scattered votes, they will have no effect

on it. I think you will find that the easiest method will be the most satisfactory way of settling this question.

Mr. Smith:- It seems to me that we might adopt a certain part of that report of the committee. As I understand, the report of that committee is that they recommend that each subdivision of the district have one director. If that is the case, I think we ought to adopt that part of it without taking the time to refer that back to the committee. Then we can discuss in the whole convention what kind of a director will be allotted to each State. If it goes back to the committee, and the committee recommends A to one and B to another, we will have to discuss it over again. It seems to me that if we decide what kind of a director each State shall have, then we can decide who shall be elected director.

A Delegate:- I move to table the motion of the gentleman from Virginia.

Seconded and adopted.

The previous question was then moved and seconded.

The Chairman:- The question comes up on the amendment of Judge Nicol.

On motion, duly seconded, Judge Nicol's substitute was laid on the table.

The Chairman:- The question now comes up on the original motion, which is that the report of the committee be accepted.

A Delegate:- Mr. Chairman, I rise to a point of order.

Unless the roll call is dispensed with, we will have to vote by roll call.

The Chairman:- If there is a call for the roll call, we will vote by it; unless it is called for, we will vote by ayes and noes.

A Delegate:- I move the previous question.

The Chairman:- The question comes up on the original motion.

The question was then put on an aye and nay vote.

The Chairman:- The Chair rules that the ayes have it.

A Delegate:- I call for a division.

The Chairman:- The motion is out of order. Anyone can move to reconsider, and unless there is a motion of that sort the vote stands. The report is adopted, and Mr. Simpson will read it.

Mr. Simpson then again read the report of the Program Committee.

Mr. Showalter:- Mr. Chairman, a motion was made some time ago to have a meeting called some time in the next week or ten days to decide who should be elected.

A Delegate:- There was no second to it.

Mr. Kehoe:- I seconded it myself.

The Chairman:- The only two motions I heard were the two motions over here; I did not hear your motion or I would have put it. The question now is, to what hour shall we adjourn in order to have the committee make its report?

A Delegate:- I move that we adjourn until five o'clock, and that in the meantime the names be handed to the committee.

Seconded.

Mr. Kehoe:- I rise to a point of order, that Mr. Showalter's motion be stated.

The Chairman:- The motion before the house now is that we adjourn until five o'clock, and there is no discussion before the house.

The Convention then took a recess until five o'clock P. M.

6:30 o'clock P. M.

The Chairman:- Gentlemen, the committee is now ready to make its report.

Mr. Ingle:- Since the adjournment, your committee has been diligently engaged upon the matter before it, and beg now to offer the following suggestions. We have balloted on the names submitted by each political subdivision, and we recommend the following for directors.

## CLASS A.

Group 1, Waldo Newcomer, Maryland.

Group 2, John F. Bruton, North Carolina.

Group 3, Edward Mann, West Virginia.

## Class B.

Group 1, G. J. Seay, Virginia.

Group 2, D. R. Coker, South Carolina.

Group 3, Jas. F. Oyster, District of Columbia.

The Chairman:- Gentlemen, you have heard the report of the Committee; what is the pleasure of the conference?

Mr. J. W. Hook moved that the report be received and adopted, which was duly seconded.

The Chairman:- It is moved and seconded that the report be adopted. It is understood that this is merely a recommendation to the banks of the district.

A Delegate:- I would like to have the report read again.

Mr. Ingle:- The committee determined that each State should have one director. The trouble was selecting them. By the process of selecting and balloting, the committee recommend the following:

The chairman of the committee then again read the names of the directors nominated by the committee.

Mr. Hook's motion that the report be received and adopted was then unanimously carried.

The Chairman:- Is there any further business before the convention?

Mr. Robertson:- I make the motion that the secretary send to all the member banks those six names.

The Secretary:- I would like to ask the delegates about the reports of the convention, whether it is the intention to have them published complete, or the reports of the committees, or is there anything you want to go into it? I want to know how you propose to have them distributed, by what process, and who will pay for it, and I would like to have some understanding on that right now.

Mr. Hardy:- I think that the final results should be announced. I see no reason for the publication of the details.

Mr. Ingle:- Would it not be wise for the secretary of this meeting, or some other person, to keep a record of the members present?

The Secretary:- I have a record of those present.

The Chairman:- The motion at present is that the final results be made public, but not the details, but it is not stated how.

Mr. Robertson:- Would it not be wise for the secretary to notify each member bank of the result?

Mr. Cox:- I move that the Richmond committee be directed to disseminate this information throughout the district. I understand that they are willing to do it.

Mr. Sands:- I second that motion, with the addition that the committee make ~~it~~ very clear to the members throughout the district the procedure necessary to put into effect these nominations. I think the Richmond committee would be very glad to do it, and they will send such a statement and synopsis as will make it entirely clear to the various members, and without very much expense.

Mr. Robertson:- I accept Mr. Sand's amendment.

Mr. Sand's amendment was then adopted.

Mr. Ingle:- Mr. Chairman, if it is in order, I would like to offer a resolution of thanks, first, to the Richmond Committee for getting this meeting together, and, second, for their very delightful hospitality while we have been here.

Unanimously adopted by a rising vote.

The Convention then adjourned.

## LIST OF MEMBERS PRESENT.

## SOUTH CAROLINA.

Cities	Banks	Representatives
Abbeville,	National Bank of Abbeville,	J. Allen Smith.
Aiken,	First National Bank,	D. W. Gaston.
Anderson,	Citizens National Bank,	J. F. Shumate.
Bishopville,	First National Bank,	D. A. Quattlebaum.
Camden,	First National Bank,	C. J. Shannon, Jr.
Charleston,	Bank of Charleston,	E. H. Pringle, Jr.
"	Commercial National Bank,	R. G. Rhett.
"	Peoples National Bank,	E. P. Grice.
Chester,	National Exchange Bank,	J. R. Dye.
Columbia,	Carolina National Bank,	W. A. Clark.
"	Palmetto National Bank,	J. P. Mathews.
"	National Loan & Exchange Bank,	E. W. Robertson.
Florence,	First National Bank,	J. C. Rogers.
Gaffney,	National Bank of Gaffney,	Maynard Smith.
Greenville,	Norwood National Bank,	George A. Norwood, Jr.
"	Fourth National Bank,	A. L. Mills.
"	First National Bank,	Perry Beattie.
Hartsville,	First National Bank,	Julien C. Rogers.
Lancaster,	First National Bank,	Charles D. Jones.

## South Carolina - continued -

Newberry,	National Bank of Newberry,	B. C. Mathews.
Marion,	Marion National Bank,	S. W. Norwood.
Rock Hill,	Peoples National Bank,	C. L. Cobb.
Spartanburg,	Central National Bank,	John W. Simpson.
Sumter,	City National Bank,	G. A. Lemmon.
Wagener,	First National Bank,	E. B. Jackson.

## NORTH CAROLINA.

Cities	Banks	Representatives
Ashville,	American National Bank,	J. K. Dixon, Jr.
Charlotte,	Union National Bank,	H. M. Victor,
"	Merchants & Farmers Nat. Bank,	W. C. Wilkinson.
"	Commercial National Bank,	A. T. Summey.
"	Charlotte National Bank,	John M. Scott.
Elizabeth City,	First National Bank,	C. H. Robinson.
Fayetteville,	Nat. Bank of Fayetteville,	A. B. McMillan.
Forest City,	First National Bank,	W. W. Hicks.
Gastonia,	Citizens National Bank,	A. G. Myers.
"	First National Bank,	S. N. Boyce.
Goldsboro,	Nat. Bank of Goldsboro,	G. A. Norwood.
Henderson,	Citizens Bank,	W. A. Hunt.

## North Carolina - continued -

Henderson,	First National Bank	S. T. Peace.
High Point,	Commercial National Bank,	J. Elwood Cox.
Kinston,	National Bank of Kinston,	J. J. Stevenson.
Lexington,	First National Bank,	J. E. Foy.
Louisburg,	First National Bank,	F. B. McKinne.
Lumberton,	First National Bank,	H. M. McAllister.
Monroe,	First National Bank,	D. A. Houston.
Oxford,	First National Bank,	W. H. Hunt.
"	Nat. Bank of Granville,	H. G. Cooper.
Raleigh,	Merchants National Bank,	E. C. Duncan.
"	Citizens National Bank,	J. G. Brown.
"	Commercial National Bank,	J. G. Brown.
Roanoke Rapids,	First National Bank,	C. A. Wyche.
Rocky Mount,	First National Bank,	J. B. Ramsey.
Salisbury,	First National Bank,	W. B. Strachan.
Statesville,	First National Bank,	E. S. Pegram.
"	Commercial National Bank,	E. S. Pegram.
Tarboro,	First National Bank,	H. H. Taylor.
Thomasville,	First National Bank,	A. H. Ragan.
Wadesboro,	First National Bank,	W. L. Marshall.
Washington,	First National Bank,	A. M. Dumay.
Wilmington,	American National Bank,	Thos. E. Cooper.
"	Murchison National Bank,	C. S. Grainger.
Wilson,	First National Bank,	Jonas Oettinger.
Winston-Salem,	Merchants National Bank,	G. W. Maslin.
"	Peoples National Bank,	J. W. Fries.

## WEST VIRGINIA.

Cities	Banks	Representatives
Anawalt,	First National Bank,	J. H. Barker,
Bluefield,	Flat Top National	E. T. Tyree.
"	First National Bank,	L. A. Hooper.
Charleston,	Citizens National Bank,	J. N. Carnes.
"	Kanawha National Bank,	Chas. Capito.
"	The Charleston National	W. B. Prichard.
"	National City Bank,	J. S. Hill.
Fairmont,	The Nat. Bank of Fairmont,	Walton Miller.
"	First National Bank,	H. W. Showalter.
Gary,	Gary National Bank,	J. H. Barker.
Huntington,	First National Bank,	J. L. Caldwell.
"	Huntington National Bank,	J. K. Oney.
Kenova,	First National Bank,	J. L. Caldwell.
Martinsburg,	Citizens National Bank,	Edward Rutledge.
"	Old National Bank,	George S. Hill.
Marlington,	First National Bank,	Geo. L. Dickinson.
Moorefield,	South Branch Valley Nat. Bank,	J. W. Gilkeson.
Northfork,	First National Bank,	C. S. Dieffenderfer.
"	Clark National Bank,	Tate L. Earnest.
Peterstown,	The First National Bank,	O. P. Vines.
Point Pleasant,	Merchants National Bank,	W. A. MacCorkle.
Ronceverte,	First National Bank,	A. B. C. Bray.
Sutton,	Home National Bank,	A. C. Herold.
"	First National Bank,	A. C. Herold.

## West Virginia - continued +

Thurmond,	National Bank of Thurmond,	J. Hugh Miller.
Welch,	McDowell County Nat. Bank,	I. J. Rhodes.
"	First National Bank,	Bernard O. Swope,
West Union,	First National Bank,	Wm. J. McElhiney.
Winona,	Winona National Bank,	R. L. Walker.
Williamson,	National Bank of Commerce,	T. A. Warden.

## WASHINGTON, D. C.

American National Bank,	W. T. Galliher,
National Bank of Washington,	W. J. Kehoe.
Commercial National Bank,	A. G. Clapham.
Riggs National Bank,	M. E. Ailes.
Continental Trust Company,	Charles W. Warden.
The Munsey Trust Company,	William F. Gude.
District National Bank,	Robert N. Harper.
The Franklin Nat. Bank,	R. S. Turk.
National Capital Bank,	Henry H. McKee.
Lincoln National Bank,	C. S. Gatley.
Columbia National Bank,	B. W. Guy.
Second National Bank,	John C. Eckloff.
National Metropolitan Bank,	Geo. W. White.
Federal National Bank,	John Poole.

## MARYLAND.

Cities	Banks	Representatives.
Baltimore,	National Union Bank of Md.,	S. S. McKim.
"	Citizens National Bank,	Albert D. Graham.
"	Nat. Bank of Baltimore,	T. R. Thomas.
"	National Exchange Bank,	R. V. Lansdale.
"	First National Bank,	R. E. Bolling.
"	Md. Nat. Bank of Baltimore,	G. Harry Barnes.
"	Western National Bank,	Chas. E. Rieman.
"	Second National Bank,	Chas. C. Homer, Jr.
"	Merchants Mechanics National,	J.B.H.Dunn.
"	The Old Town National Bank,	Jacob W. Hook.
"	Farmers & Merchants National,	C. G. Osborn.
"	National Bank of Commerce,	Thomas Hildt.
Chestertown,	Third National Bank,	W. B. Copper.
Ellicott City,	Patapsco National Bank,	Harold Hardinge.
Hyattsville,	First National Bank,	Harry W. Shepherd.
Laurel,	Citizens National Bank,	A. G. Thomas.
Salisbury,	Salisbury National Bank,	M. V. Brewington.
Westminster,	First National Bank,	George R. Gehr.

## VIRGINIA.

Cities	Banks.	Representatives.
Abingdon,	First National Bank,	J. W. Bell.
Alexandria,	Citizens National Bank,	Carroll Pierce.
"	Alexandria National Bank,	C. E. Nicol.
"	First National Bank,	Geo. E. Warfield.
Appalachia,	First National Bank,	W. A. Jones.
Blackstone,	First National Bank,	S. L. Barrow.
Bristol,	Dominion National Bank,	H. E. Jones.
Buena Vista,	First National Bank,	B. E. Vaughan.
Charlottesville	Jefferson National Bank,	H. Rinehart.
"	Peoples National Bank,	G. R. B. Michie.
Chase City,	First National Bank,	N. H. Williams.
Clifton Forge,	Clifton Forge Nat. Bank,	E. W. Grice.
Covington,	Covington National Bank,	R. E. Cunningham.
Crew,	First National Bank,	J. M. Jones.
Culpeper,	Second National Bank,	J. J. Roberts.
Danville,	First National Bank,	B. V. Booth.
East Radford,	First National Bank,	F. Harvey.
Esmont,	Esmont National Bank,	F. Von Gemmingen.
Fairfax,	National Bank of Fairfax,	Jas. W. Ballard.
Farmville,	First National Bank,	V. Vaiden.
Fredericksburg,	National Bank of Fred'ksbg,	A. W. Wallace.
"	Planters National Bank,	W. J. Ford.

## Virginia - continued -

Front Royal,	Front Royal National Bank,	A. L. Warthen.
Hampton,	Merchants National Bank,	H. B. Booker.
"	First National Bank,	H. H. Kimberly.
Harrisonburg,	First National Bank,	George E. Sipe.
Herndon,	National Bank of Herndon,	J. F. Ryan.
Honaker,	First National Bank,	Aaron Russ.
Lawrenceville,	First National Bank,	J. E. Snow.
Leesburg,	Peoples National Bank,	J. F. Ryan.
"	Loudoun National Bank,	A. Dibrell.
Lexington,	First National Bank,	B. E. Vaughan.
Luray,	First National Bank,	J. S. Price.
Lynchburg,	Peoples National Bank,	John Victor.
"	Lynchburg National Bank.	Allen Cucullu.
Manassas,	National Bank of Manassas,	Westwood Hutchison.
"	Peoples National Bank,	G. Raymond Ratcliffe.
Marion,	Marion National Bank,	W. L. Lincoln.
Marshall,	Marshall National Bank,	T. T. Adams.
Mount Jackson,	Mount Jackson Nat. Bank,	A. G. Weaver.
Newport News,	First National Bank,	J. A. Willett.
Newmarket,	Citizens National Bank,	C. N. Hoover.
Norfolk,	Seaboard National Bank,	W. T. Old.
"	Norfolk National Bank,	Caldwell Hardy.
"	National Bank of Commerce,	H. M. Kerr.
"	Virginia National Bank,	J. W. Hunter.

## Virginia -continued -

Orange,	National Bank of Orange,	M. G. Field.
Pearisburg,	First National Bank,	C. L. King.
Petersburg,	National Bank of Petersburg,	T. F. Heath.
"	Virginia National Bank,	John W. Long.
Portsmouth,	First National Bank,	V. G. Weaver.
Pulaski,	Pulaski National Bank,	K. E. Harman.
Purcellville,	Purcellville Nat. Bank,	C. L. Robey.
Richmond,	Central National Bank,	Charles Hutzler.
"	Merchants National Bank,	Thos. B. McAdams.
"	Planters National Bank,	R. L. Gordon.
"	National State & City Bank,	J. H. Hill.
"	Savings Bank of Richmond,	L. Z. Morris.
"	American National Bank,	O. J. Sands.
"	First National Bank,	John M. Miller, Jr.
"	Broadway National Bank,	H. N. Phillips.
"	Manchester National Bank,	F. P. McConnell.
Roanoke,	Roanoke City Nat. Bank,	D. M. Taylor.
"	First National Bank,	J. T. Meadows.
"	National Exchange Bank,	J. H. Dudley.
"	Roanoke National Exchange,	E. B. Spencer.
Rocky Mount,	Peoples National Bank,	N. P. Angle.
South Boston,	First National Bank,	J. D. Tucker.
" "	Planters & Merchants Nat.,	Henry Easley.
Staunton,	Staunton National Bank,	B. E. Vaughan.
"	Augusta National Bank,	F. P. McFarland.
Strasburg,	Massanutten Nat. Bank,	R. S. Wright.

## Virginia - continued -

Warrenton,	Peoples National Bank,	S. C. Brittle.
"	Fauquier National Bank,	C. E. Tiffany.
Waynesboro,	First National Bank,	R. G. Vance.
"	Waynesboro Nat. Bank,	S. W. Thompson.
Winchester,	Farmers & Merchants Nat.	R. T. Barton.
"	Shenandoah Valley Nat. Bank,	R. T. Barton.
Woodstock,	Shenandoah National Bank,	E. D. Newman.
Wytheville,	First National Bank,	C. W. Gleaves.