

Fifty Pine Street,  
New York, N. Y.

August 23, 1934.

Mr. Mariner Eccles, Asst. Secretary of Treasury,  
U. S. Treasury Building,  
Washington, D. C.

Dear Mr. Eccles:

You being from Utah and I having been born and lived there in Salt Lake City many years, I feel free to make a suggestion that I think is simple and would lessen risk of loss and check many hold-ups such as the payroll robberies and the \$427,000 one reported in the papers.

In your position you can make suggestions that will be given attention and acted on. Suppose you suggest that Federal Reserve and all clearing house banks, members of Reserve system, suggest to their depositors who are employers, of say five or more people, to stop paying employees in currency but by check that would be about as convenient and eliminate carrying and hauling around a lot of money amounting to millions daily in most all of the larger cities. The large merchants cashing checks would bank more checks and less currency.

The employers could pay all labor and office employees by what you could call (and print on it) a pay or pay-roll check drawn as near as possible on a near-by neighborhood bank or branch bank. On back of a standard form of check could be printed in small type a form of indorsement that would make the check almost as negotiable as currency. For instance--"I within named payee consent to (or authorize) that this check be paid to the bearer thereof

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Within Named Payee. "

Below which signature line could be printed a form by which the cashier, treasurer or other person signing check as or for maker, could guarantee--for instance

Signature of payee guaranteed

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Cashier or Treasurer.

M. Eccles, August 23, 1934

In practice the man or woman who could not conveniently cash their pay checks could ask delivery official to guarantee his or her signature after which most any store could take the check the same as money or party could walk into a bank personally. Under the printed name of the maker, up in the left hand corner, could be printed: "The payment of all genuine pay checks of the above named employer issued in an amount of less than \$100 has been guaranteed." The firm could take out a policy of an assurity company to protect the clearing house or his bank if his own credit was not sufficient.

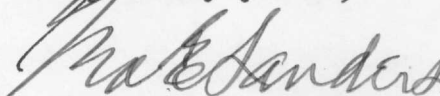
Employees should be asked to not pay all employees on the same day of the week. One group could be paid Mondays; another group on Tuesdays, etc. which would stop the Saturday and Monday accumulation of money or withdrawal from banks for that purpose. It would also make business better on mid-week days and not put the bulk of spending on Saturdays and Sundays in restuarants, theatres, bars, etc.

When merchants or other business houses took in checks, they could stop the liability of robbery and end the bearer feature by putting on their own bank stamp, for instance-"For deposit in First National Bank to the credit of John Doe & Co.," and take checks to the bank at their convenience every day and actually lessen the amount of cash on hand to handle their customers.

It would not cost much to have banks use a standard form which all looked alike, except the printing of name of bank and name of maker.

I note your prominence in public life and I am proud of you as a Utah product.

Very truly yours,



George E. Sanders.

GES:EB

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE: August 30, 1934.

TO Mr. Eccles

FROM R. L. Hoguet, Jr.

I am inclined to think that Mr. Sanders' suggestions might well be workable. There are, however, the following objections: first, a delay would result at the time of payment as it would be necessary for both the payee and the paying officer to sign the check at the time of delivery; second, despite the measure of protection which would be afforded banks by the use of a form such as Mr. Sanders suggests, there is no doubt that their expenses would be increased by handling so many small checks; and third, the present check tax of two cents would, of course, be a major deterrent to any company having to pay a large number of employees many small amounts, although I understand that the chances are that this tax will not be renewed when it expires.



Sept. 1, 1934

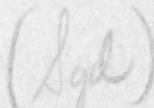
Dear Mr. Sanders:

Receipt is acknowledged of your letter of August 23rd, in which you make suggestions in regard to a standard form of check and a standard form of endorsement which could be used for payroll purposes rather than currency.

I am inclined to believe that there is much merit in your suggestion and that such a form of check would do a great deal to prevent holdups and payroll robberies. However, there seem to me to be the following objections: first, a delay would result at the time of payment as it would be necessary for both the payee and the paying officer to sign the check at the time of delivery; second, despite the measure of protection which would be afforded banks by the use of a form such as you suggest, there is no doubt that their expenses would be increased by handling so many small checks; and third, the present check tax of two cents (\$.02) would, of course, be a major deterrent to any company having to pay a large number of employees many small amounts. However, I understand that the chances are that this tax will not be renewed when it expires.

I shall turn your letter over to the Federal Reserve Board with the request that they give it every consideration.

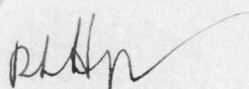
Very truly yours,



H. S. Eccles,  
Assistant to the Secretary.

Mr. George E. Sanders,  
Fifty Pine Street,  
New York, New York.

ELH:MTC



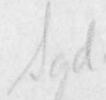


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Gentlemen:

For your information, I enclose a copy of a letter received from Mr. George E. Sanders together with a copy of my answer, concerning suggestions he makes in regard to a standard form of check and endorsement which might be used rather than currency for payroll purposes in order to prevent holdups and robberies.

Very truly yours,



M. S. Eccles,  
Assistant to the Secretary.

Enclosures

Federal Reserve Board,  
Washington, D. C.

KLH:MTC