

FEDERAL RESERVE BANK
OF DALLAS

NUMBER 28

December 16, 1915.

BILL OF LADING DRAFTS

TO THE MEMBER BANK ADDRESSED:

Believing that the fullest degree of service possible, under the provisions of the Federal Reserve Act, should be accorded to the members of the Federal Reserve System, it is the policy of our management to develop the various functions contemplated in the Act as rapidly as is possible.

The distribution of our commodities to distant markets, and the attendant conversion into available funds of drafts - drawn by the seller upon the buyer in settlement, entail a large reduction of the lending ability of our member banks each year, or make it necessary for them to maintain compensating balances especially for the collection of these items.

Knowing of the considerable volume of this class of paper that is created in this District at different seasons, and in an effort to serve our members more acceptably and relieve them of this temporary tax on their normal facilities, we will, after this date, accept from them for immediate credit, subject to final payment, demand drafts or drafts drawn at not exceeding ninety days sight, of any firm, company, corporation or individual upon another firm, company, corporation or individual in the United States, when such draft is accompanied and secured by bills of lading or other documents covering readily marketable products. Such drafts must bear the endorsement of the forwarding member bank, including a guaranty of all previous endorsements, and must be sent with instructions to surrender the attached documents only upon payment of the draft. The drafts will be forwarded by us direct for collection, with instructions to the collecting bank to remit the proceeds to the nearest Federal Reserve Bank for our credit and advice, and the date of this deposit will terminate the interest charged us thereon.

The actual cost of collection, including interest at the rate of 4% per annum for the time outstanding, will be charged to the member bank's account, under advice, immediately upon receipt of proper notice that the item has been paid.

Yours very truly,

R. L. VAN ZANDT,

Governor.