

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, October 9, 1945

***To All Banking Institutions
in the Eleventh Federal Reserve District:***

Enclosed is a copy of a letter dated September 27, 1945, addressed to the Board of Governors of the Federal Reserve System by Frank E. McKinney, Assistant Director, Office of Contract Settlement, with respect to the need for prompt preparation and filing of claims under cancelled war contracts.

It is suggested that your bank urge all of its customers that have claims under cancelled war contracts to prepare and file the claims at the earliest practicable date.

Very truly yours,

R. R. GILBERT

President



OFFICE OF CONTRACT SETTLEMENT

Federal Reserve Building
Washington 25, D. C.

September 27, 1945

THE FEDERAL RESERVE BOARD
Washington, D. C.

Attention: MR. E. L. SMEAD

Gentlemen:

As you know, the victorious conclusion of the Japanese War was immediately followed by mass terminations of war contracts. Approximately \$24,000,000,000 in outstanding commitments was reported by the contracting agencies as canceled during the month of August. The backlog of canceled commitments pending settlement on August 31 was \$36,000,000,000. Furthermore, since the amount of canceled commitments involved in some of the August cancellations could not be immediately determined and must await a review of contract deliveries and since some additional terminations will probably be made in September, it is anticipated that at least \$40,000,000,000 in outstanding terminated commitments will be pending settlement on October 1, representing some 105,000 individual terminations.

In order that this vast backlog of canceled contracts may be settled with reasonable dispatch, an immediate substantial increase in the settlement rate must be achieved over the recent monthly average rate of \$1.4 billion representing 6,500 individual settlements. The contracting agencies are well prepared to handle this increased load. It is obvious, however, that contracts can be settled no faster than claims are presented, and consequently that the first move in achieving the all-important increase in this settlement rate is up to the contractors themselves.

The increasing pressure on the military services to release personnel is a factor that must not be overlooked. This applies to those engaged in contract settlement work just as much as other branches of the service. The present well-trained and competent settlement staffs cannot be held indefinitely by the Services, and while replacements will be found as needed, preparation and filing of claims at the earliest possible date will assure contractors of the benefit of negotiation and settlement with experienced Service personnel.

In compiling and presenting their claims with the greatest possible dispatch, war contractors will not only be aiding themselves, but also assisting the industrial economy as a whole to achieve full reconversion from war to peacetime

basis. Probably no group is ~~more~~ aware of this fact than the commercial bankers. A concerted effort on their part to emphasize to their customers the importance of fast filing of claims and thus obtaining a quick honorable discharge from war production would be most timely. Our purpose in writing you is to enlist the aid of the Federal Reserve System in presenting this thought to its member banks throughout the country and requesting their assistance.

Your cooperation in disseminating this timely message through the banking structure will be greatly appreciated.

Sincerely yours,

(Signed) FRANK E. MCKINNEY

Frank E. McKinney
Assistant Director