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FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

January 15, 1916.

S i r :

The opinion of the Board has been asked whether it might not be proper to reduce the amount of the surety bonds carried by Federal Reserve Agents and Deputy Federal Reserve Agents.

As the amount of cash actually in the possession of the Federal Reserve Agents is being reduced there may be some justification for reducing the bonds carried by them to, say one hundred fifty thousand dollars, but to a greater extent in the case of Deputy Federal Reserve Agents the position has been classed as a directorship without actual custody of funds, even in the absence of the Federal Reserve Agent. There has been created the position of assistant to the Federal Reserve Agent, an employee deputized by the Federal Reserve Agent to act with and in his absence for him. This officer should be bonded for a substantial sum; whereas, the bond of the Deputy Federal Reserve Agent might be reduced very considerably.

The Federal Reserve Board recognizes that the cost of surety bonds is a part of the expense of the Reserve Banks, and wishes to relieve the Banks of this expense so far as it properly can and still safeguard their interests. It will, therefore, take up the case of each Federal Reserve Agent and Deputy upon its merits, acting upon such recommendations as the Federal Reserve Agents and the Deputies of the Banks may make.

As a further precaution, the enclosed rules drafted by Mr. Broderick, Chief of the Division of Audit and Examination, are suggested as laying down a principle which should be adhered to.

Yours truly,

Governor.

Secretary.