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FEDERAL RESERVE BOARD

WASHINGTON

H. PARKER WILLIS, SECRETARY
SHERMAN WALKER, ASST. SECRETARY
AND FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

March 21, 1917.

Dear Sir:

The Board has been advised by the Secretary of War that, owing to the failure of Congress at its last session to pass the general deficiency appropriation bill, no funds are available for the payment of many obligations which have been contracted by the War Department, as evidenced by official "Public Vouchers" for "Purchases and Services other than Personal". No doubt is entertained that Congress at the approaching extra session will promptly enact this appropriation bill, so that the necessary money will be available. In the meanwhile it is earnestly desired that holders of these vouchers be enabled to realize upon them at as small a cost as possible, and you are requested to send your member banks a copy of this letter. The Board understands from the War Department that each voucher will have a rider attached as follows:

"This account is not payable at this date by reason of the fact that no funds are now available owing to the failure of Congress to pass the general deficiency measure. This is the original voucher and payment will be made when funds are available, only on presentation thereof. No other voucher will be issued covering this transaction except on conclusive proof of the loss of the original."

Your member banks in giving accommodation to holders of Government claims as evidenced by these vouchers, could take the note of the firm or contractor with the voucher attached as collateral security. The Board holds that such notes will be eligible for rediscount by Federal reserve banks at the fifteen-day rate, or at the regular commercial paper rates according to maturities.

Very truly yours,

Governor.