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FEDERAL RESERVE BOARD  
WASHINGTON

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SHERMAN P. ALLEN, ASST. SECRETARY  
AND FISCAL AGENT

ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

November 12, 1917.

Gentlemen:

I wish to bring to your attention the following letter from the Treasurer of the United States:

November 9, 1917.

"I think the letter of October 10th of the Federal Reserve Board is a little misleading, namely:

"Paragraph 1 states that upon the receipt of unfit currency the Treasurer will place to the credit of the appropriate Federal Reserve Bank in the gold settlement fund an equivalent amount of gold or gold certificates and will advise the Federal Reserve Bank of the amount of that credit, stating for whose account the deposit is made, and will also advise the bank sending money for redemption in like effect.

"This, of course, leads the Reserve bank to believe that we are going to make this credit in gold or gold certificates, which we might not have at the time. It is also accountable for that part of the letter which says that our advice is not clear, and it does not appear therefrom, that the credit is going to be made in the gold settlement fund.

"The better way is to simply have this credit as a transfer of funds in the amount of the money redeemed, and I believe it would be a good plan to amend the letter of October 10th."

Very respectfully yours,

JOHN BURKE.

In the Board's letter of October 10, relative to the new plan for the redemption of unfit currency, paragraph 1, it was suggested to the Federal Reserve Banks that the Treasurer would upon

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receipt of unfit currency for redemption place to the credit of the appropriate Federal Reserve Bank in the Gold Settlement Fund an equivalent amount.

In view of the letter of the Treasurer of the United States quoted above the Board's letter of October 10, is amended so as to provide that the credit shall be given as a transfer of funds in the amount of money redeemed, and Federal Reserve Banks will charge the Treasurer's general account in one total for each list as a transfer of funds to the Treasurer of the United States.

Very truly yours,

Governor.

Federal Reserve Bank,