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AND FISCAL AGENT

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

July 11, 1918.

Gentlemen:

On account of the difficult situation existing in the Tampico district and the necessity of encouraging the production of oil and its importation into the United States, the Federal Reserve Board has undertaken to grant certain licenses for the exportation of limited quantities of gold for the use of American oil producers who are engaged in the production of oil in Mexico, and whose product is shipped to the United States.

For the months of July and August the Board will grant to oil producers licenses to export sums of gold equal to their export taxes and bar dues, due and payable to the Mexican Federal Government in those months.

For the month of August the Board will further grant licenses in favor of oil producers not to exceed in the aggregate one-half of the amount needed for the liquidation of their pay-rolls.

It is understood, however, that no applications for the exportation of gold, either for the payment of taxes or wages, will be granted except upon satisfactory showing that such taxes and wages relate to the production of oil which is actually being shipped into the United States.

Licenses for Taxes.

The Board will permit oil producers to file applications for export licenses, for the present, directly with it instead of through the Federal Reserve banks in the several districts. Blank applications may be obtained from the Federal Reserve Board or from any Federal Reserve bank. In making out such applications there should be included:

(a) A statement of the approximate average amount of oil produced during the six months preceding the application and shipped to the United States by the applicant company, and a statement of the amount of oil shipped to the United States upon which tax has been incurred during the period to which the application relates.

(b) A statement of the quantity and approximate valuation in Mexico of oil upon which the tax is to be paid to the Mexican Government, the rate of taxation, and the amount of the tax.

Tax receipts, copies thereof certified by American Consul, or other original documents showing the actual use of the gold in settling with the Mexican Government should accompany the next application for gold, and no such application will be granted without such accompanying documents attesting the use of the gold previously granted.

Pay-rolls.

In the case of applications for licenses to export gold for payrolls, the application should contain a statement of the

period covered by the payroll in question, the amount of oil produced during the preceding six months, and a statement as to whether or not the average production of oil during the period to which the application relates is expected to be the same as for the preceding period. The application should also state what proportion of the oil produced during the period for which the payroll application is made is actually intended for shipment to the United States.

A statement sworn to before the American Consul by the disbursing officer of the company at Tampico to the effect that the gold has actually been used for payrolls in the way specified in the application should accompany the next application for gold, and no such application will be granted unless accompanied by such a certificate relating to its predecessor.

Very truly yours,

Secretary.