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ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

## FEDERAL RESERVE BOARD

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January 12, 1920.

X-1796

CONFIDENTIAL.

Subject: Facilities of Federal Reserve System.  
Use by Eligible Nonmember Banks.

Dear Sir:

In our campaign for State bank membership we have run against, as you know, the fact that many eligible nonmember banks do not see any pressing reason why they should join the System because, as they themselves express it, they can get all the help they need from their correspondent banks and do not have to lose anything upon their reserve balances. Of course these same city correspondent banks are using the System quite freely and we would appreciate your suggestions or thought upon the important proposition of in some way restricting this abuse or misuse of the System by the eligible nonmember banks.

Would appreciate if you would drop me a line as to what you think would be a dignified, direct approach to this very serious matter. Assume of course the subject matter of this letter will be kept in strict confidence until we may arrive at some decision.

Awaiting your reply, I am,

Yours truly,

H. A. MOEHLLENPAH.

TO CHAIRMEN OF ALL BANKS.