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ADDRESS REPLY TO
 FEDERAL RESERVE BOARD

FEDERAL RESERVE BOARD

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July 16, 1920.

X-1980

Subject: Cashing Government Warrants and Checks Drawn
 on the Treasurer of the United States for
 Disbursing Officers.

Dear Sir:-

Referring to the Board's letter of June 7, 1920,
 X-1944, on the subject of "Comments by the Federal Reserve
 Board on recommendations made by Governors of Federal Reserve
 Banks at their conference with the Federal Reserve Board,
 April 7th-10th, 1920", and with particular reference to the
 discussion by the Board of Topic 4, "Cashing Government
 warrants and checks drawn on the Treasurer of the United
 States for disbursing officers", one of the Federal Reserve
 Banks has made inquiry as to the protection afforded a Federal
 Reserve Bank, by telegraphing to the Treasurer of the United
 States as to whether or not the balance to the credit of a
 particular disbursing officer is sufficient to meet his check
 presented for payment at the Federal Reserve Bank, in the event
 this disbursing officer has other checks outstanding which might
 be presented at Washington for payment prior to receipt by the
 Treasurer of the check cashed by the Federal Reserve Bank and
 which would exhaust his balance with the Treasurer of the United

States. There is quoted below reply received from Assistant Treasurer of the United States with reference to this inquiry:

"In compliance with your request of July 12, the following is submitted relative to the methods used in reserving sufficient balance in the account of a disbursing officer to make payment on a check which has been certified to a Federal reserve bank requesting information as to sufficient funds to make payment thereon.

"When such request is received from a Federal reserve bank, notation of the amount of such check is made on the ledger account of the disbursing officer and that part of the balance is held in reserve to meet the check.

"If the Treasurer's officer, subsequent to the telegraphic advice given Federal reserve banks, should receive checks from other sources which would not leave a sufficient balance in the officer's account to meet the check which has been certified to a Federal reserve bank, payment on checks received from other sources would be refused and the Federal reserve bank, paying upon the Treasurer's telegraphic advice, would be thoroughly protected.

"This work has been thoroughly systemized so that these certifications are followed up and if, for any reason, the bank requesting the certification of the check does not present it in due course, the matter is adjusted by correspondence with the bank. In other words, the Federal reserve bank that pays on telegraphic advice that balance in officer's account is sufficient, is as thoroughly protected as if the check were presented and immediately charged in the account of the drawer."

Very truly yours,

Assistant Secretary.

To Governors of all F.R. Banks except Kansas City