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October 7, 1920.

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Dear Sir:

For your information, there is quoted below extract from letter received by Assistant Secretary of the Treasury Gilbert from Acting Third Assistant Postmaster General Barrows, with respect to postal regulations covering shipments of United States paper currency under instructions contained in regulations of the Secretary of the Treasury issued August 30, 1920, providing for Federal Reserve Banks making exchanges, replacements and redemptions of such currency:

"Receipt is acknowledged of your letter of the first instant, which the Postmaster General has referred to me, concerning the discontinuance of the several subtreasuries in accordance with the Act of May 29, 1920, and the transfer of the sub-treasury functions to the Federal Reserve Banks.

"The instructions which it is proposed to issue in connection with the change with respect to the exchanges, replacement and redemption of United States paper currency, a copy of which was submitted with your letter, have been carefully gone over as requested, and your understanding is correct that shipments of currency may be sent through the mails between the Treasury Department and the various Federal Reserve Banks and their branches under the procedure now in operation between the Treasury Department and the subtreasuries, that is, such shipments as are now sent as registered mail by the Treasury Department free of postage under penalty envelopes or labels to the several subtreasuries may be sent in the same manner to the Federal Reserve Banks and their branches; and that such shipments as are now being sent through the mails as registered matter with postage prepaid at the fourth-class or

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parcel post rates, either to or from the Treasury Department, may be handled in similar manner when sent to or from the Treasury Department and the Federal Reserve Banks, the methods of prepaying the postage and registration fees, pouching, etc., to be continued as under the present arrangements. Shipments of currency by the Federal Reserve Banks on secondary distribution may be sent through the mails as registered matter at the fourth-class rates in the manner in which the subtreasuries make such shipments under the arrangements now in force."

Very truly yours,

Assistant Secretary.

TO THE CHAIRMEN OF ALL FEDERAL RESERVE BANKS.