

FEDERAL RESERVE BOARD
WASHINGTON X-3092

April 9, 1921.

Dear Sir:

There is enclosed herewith copy of a letter from the Acting Third Assistant Postmaster General suggesting that it would be desirable for the Federal Reserve Banks and Branches to submit a list of cities and towns to the Post Office Department to which shipments of valuable registered mail are regularly sent, or from which such shipments are regularly received to enable the Post Office Department to have an investigation made by the field officials of the Railway Mail Service and a time schedule worked out so as to permit shipments to reach their destination during business hours, thus avoiding holding the matter over night at some point in transit where adequate facilities for its protection may not be available.

The Board believes that the utmost cooperation between the Federal Reserve Banks and the Post Office Department is desirable in this connection and requests that a list of cities and towns to which valuable registered mail is sent regularly or from which such shipments are regularly received be forwarded to the Board for transmittal to the Post Office Department.

In this connection, there is also enclosed for your information and such action as you may deem necessary, a copy of a letter which the Board has received from DeLanoy & DeLanoy, advising that in view of the unprofitableness of registered mail insurance, the underwriters may increase the rates on this kind of insurance and in which suggestion is made similar to that referred to above by the Post Office Department that the Federal Reserve Banks and Post Office Department cooperate to reduce the risk in connection with these shipments; also suggesting that the Federal Reserve Banks keep a record of the serial numbers of new notes shipped in order that stolen notes may be more easily detected.

Very truly yours,

G o v e r n o r .

To the Chairman of all Federal Reserve Banks

X-3092-a

POST OFFICE DEPARTMENT

Third Assistant Postmaster General

Washington, D. C.

April 7, 1921.

Honorable W. P. G. Harding,
Governor, Federal Reserve Board,
Washington, D. C.

Sir:

Although the details have not been received in this Office, it is understood that there recently occurred, on a Saturday evening, at Bisbee, Ariz., a hold-up in which bandits obtained from the post office valuable registered mail some of which was possibly Federal Reserve matter.

In this connection it is thought possible that Federal Reserve matter of considerable value is in some instances being held overnight at a post office, or possibly over Sundays or holidays, perhaps without adequate protection because of the lack of safe or vault facilities or police or watchman protection, which might be avoided were the dispatch so timed, where practicable, as to cause the registered matter to reach its destination during banking hours, or to avoid holding the matter overnight at some point in transit where adequate facilities for its protection may not be available.

It is therefore believed that it might be advisable for the Federal Reserve Banks and branches to submit a list of the cities and towns to which they regularly dispatch, and from which they regularly receive, large values by registered mail. This will enable the Department to have investigation made by the field officials of the railway mail service, for the purpose of ascertaining what dispatches are preferable for and from the cities with which the Federal Reserve Banks and branches exchange registered mail, and to instruct the postmasters concerned accordingly.

Your views regarding the matter will be appreciated.

Respectfully,

(Signed) W. J. BARROWS

Acting Third Assistant Postmaster General.

X-3092-b

DELANOY & DELANOY
27 William Street
New York

April 5, 1921.

Mr. R. G. Emerson, Assistant to Governor,
Federal Reserve Board,
Treasury Department,
Washington, D. C.

Sir:-

Registered Mail Insurance for Reserve Banks

The very large losses of the past few months which have continued the unprofitable experience of the entire year 1920 have created considerable doubt in the minds of insurance underwriters as to the future of the business, and while up to this writing no definite steps have been taken to increase the low rates which the banks are enjoying such action is not unlikely.

In the present situation we believe the Federal Reserve Banks could co-operate to reduce the risk and to materially assist in recovering stolen notes by

- 1: Arranging with the Post Office so that if possible shipments will be mailed so they will arrive at their destination in time for the receiving post office to make delivery the same day. In other words to arrange the shipments so that the minimum of risk will be encountered in transit and especially during delivery. This will require consultation with the postmasters and particularly the Post Office Inspectors in the various reserve bank cities who no doubt will be glad to advise in the matter, and we believe the special precautions will justify some little rearrangement in the method of handling such shipments.
- 2: We understand that in shipping new notes the Reserve Banks do not keep any record of the numbers and in case a package is stolen the Post Office Department are not able to circularize the local banks giving the numbers of the stolen notes and are thereby deprived of one of the best methods known for making prompt recoveries. We believe that when new notes are shipped from the Treasury Department, Issue Division,

the numbers are recorded and when a package is stolen the Post Office Inspectors can immediately advertise the numbers and which frequently leads to the prompt apprehension of the thief. We wonder whether it would be possible for the Federal Reserve Banks to keep a record of new notes shipped, and submit the matter for your consideration.

Respectfully submitted

(Signed) J. L. SWAN

Secretary.