

FEDERAL RESERVE BOARD

WASHINGTON

X-3129

May 26, 1921.

SUBJECT: Collection of Checks Deposited for Credit in  
Treasurer's General Account with Federal Reserve Banks

Dear Sir:

For your information and guidance, there is enclosed herewith a copy of a letter under date of May 23, from Assistant Secretary of the Treasury Gilbert, authorizing Federal Reserve Banks to send checks deposited for credit in the Treasurer's account with Federal Reserve Banks direct to drawee banks, and advising that if Federal Reserve Banks send these checks to other banks they will be responsible in case collection is not made.

Very truly yours,

Vice-Governor.

To CHAIRMEN OF ALL FEDERAL RESERVE BANKS.

C O P Y

TREASURY DEPARTMENT

Washington

May 23, 1921.  
X-3129a

Dear Governor Harding:

I received your letter of May 14th with respect to the collection of checks by Federal Reserve Banks, and am in entire agreement with the views which you express. I shall appreciate it, therefore, if you will advise Federal Reserve Banks that they are authorized to send checks deposited for the Treasurer's account direct to drawee banks; and that if Federal Reserve Banks send these checks to other banks they will be responsible in case collection is not made. Of course, in presenting checks to drawee banks the Federal Reserve Banks will exercise all possible precautions and where there is any doubt as to the solvency of a bank will, if possible, make presentation over the counter.

There are a few pending cases of checks which are uncollected because of bank failures. In most of these cases the drawee bank has not made payment, and it will, therefore, be possible to have recourse upon the drawer. It would greatly facilitate the settlement of the few remaining cases if the Federal Reserve Banks involved would make payment of the sums involved to the Treasury and prove claims on their own behalf against the failed banks. I should appreciate your advice as to whether this is feasible.

Very truly yours,

(Signed) S. P. Gilbert, Jr.,

Assistant Secretary of the Treasury.

Hon. W. P. G. Harding,  
Governor, Federal Reserve Board.