

FEDERAL RESERVE BOARD  
WASHINGTON

X-3380

April 10, 1922.

SUBJECT: Supplies of Gold Certificates.

Dear Sir:

The enclosed copies of letters exchanged with the Under Secretary of the Treasury are self-explanatory and are sent to you for your information.

Very truly yours,

G o v e r n o r .

(Enclosures)

TO THE GOVERNORS OF  
ALL FEDERAL RESERVE BANKS.

C O P Y

F E D E R A L R E S E R V E B O A R D

Washington

X-3380a  
March 24, 1922.

Dear Mr. Secretary:

I acknowledge receipt of your letter of March 23rd, in which you suggest that the Federal reserve banks make requisition on the Treasurer in due course for sufficient stocks of gold certificates for use in making payments on Government account.

In the past, the Federal reserve banks have obtained new gold certificates from the Treasury Department only when they have sent in other gold certificates for redemption, or when they have made payment therefor by check to the order of the Treasurer of the United States drawn on their gold settlement fund accounts. The cost of shipping new gold certificates to replace those sent in by the Federal reserve banks for redemption is borne by the Treasury Department; the cost of shipping new gold certificates when paid for by gold settlement fund check is borne by the Federal reserve banks. Is the Board correct in its understanding that hereafter the Treasury Department will furnish the banks with gold certificates on the same basis as it now furnishes them with silver and legal tender certificates?

In a letter received from the Federal Reserve Bank of Philadelphia, a copy of which I transmitted to the Secretary under date of March 21st, the bank asked to be informed what payments made by it are to be regarded as "payments for the account of the United States". It is believed that if all Federal reserve banks were advised in this particular, they would have some real basis for determining their requirements for gold certificates.

For your information, I would state that it is not the practice at the present time for the Federal reserve banks to make requisitions direct upon the Treasurer of the United States for supplies of United States currency. The banks make known their requirements daily by wire to the Federal Reserve Board and request that the Board arrange with the Treasurer of the United States shipments of the amounts, kinds and denominations of United States currency needed by them. Is it desired that Federal reserve banks requiring gold certificates make requisition therefor direct on the Treasurer of the United States, or is it desired that they make known their requirements through the Board in the same manner as in the case of silver and legal tender certificates, or is it preferred that hereafter the Federal reserve banks make requisition direct upon the Treasurer of the United States for all forms of United States currency desired by them?

Very truly yours,

(Signed) W. P. G. HARDING,

G o v e r n o r .

Honorable S. P. Gilbert, Jr.,  
Under Secretary of the Treasury.

COPY

X-3380c

THE UNDER SECRETARY OF THE TREASURY

Washington.

April 6, 1922.

My dear Governor:

I received your letter of March 24, 1922, in reply to my letter of March 23d, with regard to the supply of gold certificates by the Treasury to the Federal Reserve Banks. The Treasury Department is prepared to furnish the Federal Reserve Banks with gold certificates on the same basis as it now furnishes them with silver certificates and United States notes, under the general regulations governing the handling of United States paper currency by the Federal Reserve Banks. I believe that the procedure now used for the requisition of silver certificates and United States notes through the Federal Reserve Board should be continued, and extended to cover requisitions of gold certificates as well. It was not the intention in my letter of March 23d to suggest that requisitions for gold certificates should be made direct of the Treasurer of the United States, rather than through the Federal Reserve Board.

With regard to your suggestion that Federal Reserve Banks should be advised as to what payments are to be regarded as "payments for the account of the United States", I should say that the question had been answered by the Secretary's letter of March 24, 1922, with regard to the letter from the Federal Reserve Bank of Chicago, dated March 14th. I understand that the Secretary's letter has since been transmitted by the Federal Reserve Board to all the Federal Reserve Banks. The general regulations of the Treasury Department issued under date of August 30, 1920, as to the handling of United States paper currency presented for redemption or replacement, and under date of October 19, 1920, as to the handling of coin and other functions previously performed by the Subtreasuries, also indicate the Treasury's views on the subject. If it would be helpful to the Federal Reserve Banks to have more detailed information, the Treasury will be glad to reply specifically to any inquiries made.

Very truly yours,

(Signed) S. P. Gilbert Jr.,

Under Secretary.

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

THE UNDER SECRETARY OF THE TREASURY

C O P Y

Washington

X-3380b  
March 23, 1922.

My dear Governor:

In view of the Secretary's letter of March 6, 1922, to the Treasurer of the United States as to payments of gold certificates and other forms of United States paper currency, a copy of which was transmitted to the Federal Reserve Board with the Secretary's letter of the same date, I suggest that it would be well for the several Federal Reserve Banks to make requisition on the Treasurer in due course for sufficient stocks of gold certificates for use in making payments on Government account. According to reports from the Federal Reserve Banks, the stocks of gold certificates at the banks are relatively low, particularly in the smaller denominations. The Treasury will be prepared to give prompt attention to requisitions for additional stocks when submitted in the usual manner.

Very truly yours,

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

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