

FEDERAL RESERVE BOARD  
WASHINGTON

X-3447

June 17, 1922.

**SUBJECT:** Correspondence regarding Reimbursable  
Fiscal Agency Items.

Dear Sir:

For your information, there is enclosed copy of a letter from the Governor of the Federal Reserve Bank of Boston, relating to the Treasury's instructions regarding reimbursable fiscal agency items, referred to in Board's letter X-3432, together with copy of letter of the Under Secretary commenting thereon.

Very truly yours,

G o v e r n o r .

(Enclosure)

GOVERNORS OF ALL F. R. BANKS

COPIES TO CHAIRMEN.

X-3447-a

## TREASURY DEPARTMENT

COPY

WASHINGTON

June 15, 1922

My dear Governor:

I have your letter of June 14th, enclosing a letter from Governor Morss of Boston, dated June 12, 1922, regarding reimbursable fiscal agency expenses at Federal Reserve Banks. The Governor understands the Treasury's position with respect to reimbursable items. I agree with the Governor it would be very bad administration to set up an independent force, whose services are available only on work the expenses of which are reimbursable. However, as suggested by the Governor, it would seem entirely feasible to set up a reimbursable pay roll which will cover a proportionate part of salary expenses. It is exactly the same situation as exists in many Treasury offices where more than one appropriation is available for personal services, and in such instances the customary procedure is the same as suggested by Governor Morss.

Very truly yours,

(Signed) S. P. GILBERT, JR.

Under Secretary.

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

COPY

X-3447b

FEDERAL RESERVE BANK  
OF BOSTON

June 12, 1922.

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

Dear Governor Harding:

We have received your letter, X-3432, under date of June 8, 1922 referring to claims for Fiscal Agency reimbursement and note the instructions contained in the quotations from the Treasury letter to the Federal Reserve Board. We are in doubt as to the meaning of that portion of the Treasury letter which you quote referring to the exception from reimbursement of expenses incident to "The redemption of matured securities for account of the Treasurer of the United States".

It has seemed to us that the redemption of Government obligations constitutes the more important part of the work of the Fiscal Agency Department inasmuch as in the issue of new securities they are received from the Treasury and may be delivered to the subscribers without any consideration on our part of the authenticity of the instruments and the funds received in payment for them from the subscribers are credited them in the account of the Treasurer of the United States. When Government securities are redeemed at maturity or otherwise on orders received from the Secretary of the Treasury, the reverse operation takes place - we receive from the holders Government securities, we cancel and deliver them to the Treasurer of the United States and charge the account of the Treasurer of the United States with the amounts redeemed. In the case of redemption, however, there is the added duty of examining the securities for their authenticity and the compliance with the various instructions of the Secretary of the Treasury regarding lost, stolen securities, etc.

For purposes of securing economy of administration irrespective of whether the costs were ultimately reimbursable or not, we have conducted the issue and exchange of Government securities in the same department, using the clerical force interchangeably as the exigencies of the situations required.

Referring to a recent communication from the Federal Reserve Board requesting a list of salaries, it was specified that such list should include only those persons whose time was entirely devoted to Fiscal Agency work. Should that be the basis for reimbursing us for Fiscal Agency expenses under the new ruling by which it appears that we are to be reimbursed only for expenses of issue, we feel that it would result in a lack of economy in administration.

X-3447-b

We would appreciate it if you would advise us

(1) If we correctly understand the Treasury's position that we are to be reimbursed only for that portion of the Fiscal Agency expenses relating to issues and receive no reimbursement for expenses in connection with redemption;

(2) If such is the case, would the Treasury consider having an understanding with us as to what portion of the gross expense including both issue and redemption they would be willing to assume as the issue expense, thus preventing the necessity of actually setting aside a force of employees engaged in the issue division exclusively whose services could not be used for the purposes of redemption without our foregoing all reimbursement for their services in connection with the issue of securities.

Yours very truly,

(Signed) Charles A. Morss,

Governor.