

FEDERAL RESERVE BOARD
WASHINGTON

X-3468

July 7, 1922.

SUBJECT: Change in Proposed Method of Reimbursement
of Fiscal Agency Expenses and New Estimate.

Dear Sir:

There is transmitted herewith, for your information and guidance, copy of a letter received from the Under Secretary of the Treasury, which is self-explanatory. You are requested to forward to the Board, for transmission to the Treasury, a new estimate of reimbursable fiscal agency expenses to be incurred during the six months' period beginning July 1, 1922, under the two titles specified in Mr. Gilbert's letter.

Very truly yours,

G o v e r n o r .

(Enclosure)

GOVERNORS OF ALL F. R. BANKS
COPIES TO AGENTS.

COPY

X-3463a

Treasury Department
Washington

July 5, 1922.

My dear Governor:

I am enclosing with this a copy of a communication from Mr. George L. Harrison, Deputy Governor of the Federal Reserve Bank of New York, dated June 30, 1922, on the question of reimbursement by the Treasury Department of fiscal agency expenses to the Federal Reserve Banks. Mr. Harrison encloses a copy of Governor Strong's letter on this subject to all Governors, a copy of which I understand has been sent to you.

From this correspondence and from various conversations on the subject, I judge that the situation which prompted me to make the offer as set forth in my letter of May 1, 1922, to reimburse Federal Reserve Banks for fiscal agency expenses, no longer exists, and that, as a matter of fact, it is thought that all or practically all of the Federal Reserve Banks now expect to earn enough to pay expenses and dividends during the fiscal year now starting, or at least until the close of the current calendar year, even without making special investments in Government securities for the purpose of revenue. As my offer was tentative and was as a matter of fact presented for discussion, and as it now appears that in the judgment of the majority of the Federal Reserve Banks it need not, for the present at least, be availed of, I am constrained to withdraw the suggestion and, at least until the close of the current calendar year, to proceed on the

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basis followed during the fiscal year ended June 30, 1922, that is to say, upon submission of claims therefor Federal Reserve Banks will be reimbursed necessary and actual expenses incurred in connection with new issues of public debt securities, including particularly as one item Treasury savings securities, and as the second item Treasury certificates of indebtedness and Treasury notes.

In connection with the proposal to reimburse the Federal Reserve Banks for fiscal agency expenses, various estimates of expenses to be incurred for the fiscal year now beginning have been submitted by most but not all of the Federal Reserve Banks. The estimates are not very satisfactory. I shall be very glad indeed if you will call the matter to the attention of all the banks and ask that they resubmit estimates of reimbursable fiscal agency expenses to be incurred during the six-months period beginning July 1, 1922, under the two major titles indicated above, and subdivided as requested in my letter of June 12th to accord to the classification of the objects of expenditure as prescribed by the Comptroller General of the United States.

Very truly yours,

(Signed) S. P. Gilbert, Jr.

Under Secretary.

Hon. W. P. G. Harding

Governor, Federal Reserve Board,

1 enclosure.