

FEDERAL RESERVE BOARD

212

WASHINGTON

X-3672
March 24, 1923.

Dear Sir:

Under arrangements outlined in the Board's letter X-857 dated April 1, 1918, the Federal Reserve Bank of New York has been paying all Federal farm loan bond coupons received by Federal Reserve Banks. The coupons have been cashed by the Federal Reserve Bank in which deposited and have been sent to the Federal Reserve Bank of New York, which in turn has been sending them to the respective Federal Land Banks issuing the bonds.

It is now proposed through a new and simplified arrangement to go into effect when the coupons maturing May 1 are presented, to have Federal Reserve Banks send coupons cashed by them direct to the Federal Land Banks instead of sending them to the Federal Reserve Bank of New York. The deposit accounts of the Federal Land Banks will continue to be kept with the Federal Reserve Bank of New York, and other Federal Reserve Banks cashing Federal farm loan bond coupons will receive payment therefor from the Federal Reserve Bank of New York through the Gold Settlement Fund.

This procedure will save a good deal of unnecessary handling as the records of the New York Federal Reserve Bank show that last year there was a duplication in the handling of over 307,000 coupons. It will also save something in postage and insurance on shipments from other Federal Reserve Banks to New York.

Forms for forwarding Federal farm loan bond coupons cashed by your bank to the respective Federal Land Banks and for advising the Federal Reserve Bank of New York of the amount of coupons cashed, in order that appropriate credit may be obtained through the Gold Settlement Fund, etc., will be forwarded in due time by the Federal Reserve Bank of New York.

Very truly yours,

Acting Governor.