

FEDERAL RESERVE BOARD

WASHINGTON

July 12, 1923.

X-3777

SUBJECT: Currency Shipments.

Dear Sir:

The Board recently requested the Committee on Economy and Efficiency to consider the subject of insurance. Closely related to this subject is that of rates charged by the express companies for the transportation of currency and securities. At the present time it is understood that all such shipments are made either by registered mail with outside insurance provided under the so-called registered mail insurance policies, or by express at rates which include insurance for safe-carriage, the choice of method being determined by cost.

About a year ago the express rates for such shipments were increased 35% or 40%, which has increased materially the expense to the Reserve Banks for the making of these shipments. A study of the express rates now in effect discloses certain inconsistencies which it is felt may afford a basis for securing a revision downward. One of the important questions is the cost of insurance on these shipments. Steps are being taken to find out the premium rates in the various districts through Messrs. DeLanoy & DeLanoy, brokers for all the banks. The determination of the legality and reasonableness of rates charged by the express companies lies, in the first instance, with the Interstate Commerce Commission. The whole question has already been taken up informally with the Commission and there are some reasons for feeling that a reduction in costs may be obtained on one or more of the following grounds:

1. That the rates at present charged by the American Railway Express Company on shipments of currency, which rates are based upon value, are unauthorized and in conflict with the terms of the statute.

2. That the rates generally are excessive and entirely out of proportion to the cost of the service rendered.
3. That the rates should be graduated so as to provide smaller charges for each succeeding thousand dollar unit of value after the first.

While it is still too early to indicate what, if any, actual reductions may be obtained, negotiations have now reached the point where it is necessary to present the matter formally to the Interstate Commerce Commission, and in this connection it is desired to obtain from each of the Reserve Banks certain information with respect to its shipments. Will you, therefore, please forward as promptly as possible the information requested in the attached memorandum concerning shipments now being made by your bank.

Very truly yours,

A. C. Miller, Chairman
Committee on Economy and Efficiency.

TO BE SENT TO ALL GOVERNOR.

FEDERAL RESERVE BANK OF _____
Including Branches if any.

Information requested in Board's letter X-3777 concerning currency shipments by mail and express.

(The word "Currency" wherever used refers to both paper money and coin.)

1. State total amount of express charges paid for shipments made during the six months' period ending June 30, 1923, if possible classifying the amount as follows:
 - a. Express charges on outgoing paper money shipments \$ _____
 - b. Express charges on incoming paper money shipments _____
 - c. Express charges on outgoing coin shipments _____
 - d. Express charges on incoming coin shipments _____

TOTAL _____
2. What classes of currency shipments are now being forwarded or received by your bank routed by express?
3. What classes of currency shipments, both incoming and outgoing, are now routed by registered mail at fourth class postage rates insured?
4. What classes of currency shipments, both incoming and outgoing are now routed by registered mail at first class letter postage rates insured?
5. If there have been any increases in rates charged by express companies in your territory within the last two years, give dates of increases and approximate percent of such increases.
6. Submit comparison of costs of shipping paper money by mail with cost by express in form similar to the attached.
7. How do you ship gold coin at the present time? Show comparison of costs by mail and by express.
8. How do you ship minor coin (pennies and nickels)?
State rate basis and shipping charges per standard bag.
9. How do you ship silver coin (10¢, 25¢, 50¢ and \$1.)?
State rate basis and shipping charges per standard bag.

TABLE SHOWING COST OF SHIPPING PAPER MONEY BY MAIL IN COMPARISON WITH COST OF SHIPPING BY EXPRESS.

Denom.	No. of Bills in Package	Value	Cost of Mail Shipments					Cost of Express Shipments		
			Insurance Premium	Reg. Fee	4th Class Postage P.P.Zones 1 & 2	Total Cost Zones 1 & 2	4th Class Postage P.P.Zone 3	Total Cost Zone 3	To Points Taking Minimum Rate	To Points Taking Next Highest Rate
Fourth Class Mail Ship.										
\$1.	1,000	\$1,000								
	2,000	2,000								
	3,000	3,000								
	4,000	4,000								
2.	1,000	2,000								
	2,000	4,000								
	3,000	6,000								
	4,000	8,000								
5.	1,000	5,000								
	2,000	10,000								
	3,000	15,000								
	4,000	20,000								
			Insurance Premium	Reg. Fee	1st Class Postage	Total Cost as 1st Class Mail				

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Denom.	No. of Bills in Package	Value.	Cost of Mail Shipments				Cost of Express Shipments			
			Insurance Premium	Reg. Fee	4th Class Postage P.P.Zones 1 & 2	Total Cost Zones 1 & 2	4th Class Postage P.P.Zone 3	Total Cost Zone 3	To Points Taking Minimum Rate	To Points Taking Next Highest Rate
First Class Mail Ship.										
\$1.	1,000	\$1,000					X	X		
2.	1,000	2,000					X	X		
5.	1,000	5,000					X	X		
10.	1,000	10,000					X	X		
20.	1,000	20,000					X	X		
50.	1,000	50,000					X	X		
100.	1,000	100,000					X	X		
Approximate percentage of mail shipments made to points within each parcel post zone.					____%					____%
Approximate percentage of shipments that would be made to points within each express rate zone assuming all paper money shipments were to be made by express.									____%	____%

Note: Provide additional columns for zones 4 & 5 if necessary to cover all points in your district.