

OFFICE CORRESPONDENCE

March 17. 1935.

To Federal Reserve Board
From Mr. Platt

While I can't fully agree with each item of the report as written by Mr. James, I believe that the committee should submit the regulation proposed in item (4) as offering a solution of the problem to the Governors' Conference and to the Committee on Voluntary Services.

I am not at all sure that it offers the only solution, or even that it is necessary to meet the objections and protests of the American Bankers' Association, but if the Board wishes to cut out, or to curtail by a system of charges, the collection of non-cash items the protests and resolutions offer an opportunity to do so. My own feeling is rather in favor of imposing a charge of 40 or 50 cents per \$1,000 with a minimum charge of 20 or 25 cents or even less - not so much for revenue as to make member banks consider whether to send their items to a correspondent bank or to a Federal reserve bank without indiscriminately dumping them into the Federal reserve banks.

The estimate of revenue that would be derived from a charge of 50 cents per \$1,000 with a minimum of 25 cents per item made by Mr. VanFossen indicates that such charges would yield a considerable profit, though they are probably lower than banks make when they make any charge at all for collection.

It would be interesting to refer to the Governors' Conference also the question whether one or two Reserve banks could make a charge for collection leaving the others on a free basis, as an experiment. The question of making charges only for items not payable at banks or through clearing houses should be given consideration.

Edmund Platt.