

FEDERAL RESERVE BOARD

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WASHINGTON

October 7, 1926.

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

SUBJECT: Assistant Federal Reserve Agents at Branches.

Dear Sir:

A question has been raised as to the necessity for appointing assistant Federal reserve agents at branch Federal reserve banks where the duties of such assistant Federal reserve agents are confined largely to the issue and retirement of Federal reserve notes.

At several branches, the office of assistant Federal reserve agent has been abolished and the stocks of Federal reserve currency held there are carried in the form of issued notes. At one branch where a stock of unissued notes is carried, the Federal reserve agent is represented by two directors of the branch, one having been designated assistant Federal reserve agent and the other alternate assistant Federal reserve agent. These representatives of the agent each receive a nominal salary in addition to a small fee for each time they are called upon to engage in currency operations. The Board feels that under such an arrangement the designation of a representative of the Federal reserve agent need not be confined to members of the board of directors of the branch, but anyone, other than an employee of the branch Federal reserve bank, residing locally and legally qualified, may be designated.

Consideration is being given by one of the Federal reserve agents to the abolishment of the office of assistant Federal reserve agent at the branches of his bank. The agent feels that a greater amount of Federal reserve notes should be maintained at each branch than the amount which the bank should be called upon to carry at the branch in the form of issued notes. The proposal has been made that the Board approve of the agent carrying at each branch what might be termed an emergency stock of unissued Federal reserve notes, the stock of unissued notes to be placed in a number of chests - each chest to be under triple control of an officer of the branch, a representative of the auditing department stationed at the branch and the Federal reserve agent at the head office. When Federal reserve notes are needed for emergency purposes, the need will be communicated to the Federal reserve agent at the head office, who will telegraph his control combination or combinations for a specific chest or chests to the branch. Under an agreement between the Federal reserve agent and the Federal reserve bank the dispatch of the wire containing the control combination to a particular chest will be considered as a delivery to the Federal reserve bank of the amount of notes shown by the records of the agent

and of the other joint custodians to have been placed in this chest at the time the control was established, and this amount will be accepted by the bank as conclusive for all purposes. The branch will prepare and mail to the agent the usual vault record sheet showing the serial numbers, denominations and amount of notes issued, attested by the officer of the branch and the representative of the auditor designated as joint custodians, and carrying a receipt signed by an officer of the branch for the amount of notes received from the Federal reserve agent through the release of the particular chest or chests.

Under the foregoing suggested arrangement, either the Federal reserve agent or his assistant must be present at the branch each time it is necessary to replenish the emergency supply of Federal reserve notes, in order to receive them from the Post Office authorities, (or from the branch whenever an accumulation of fit notes is turned back to the agent) and in order to see that they are properly deposited in the chests under the necessary control combinations. It might also be necessary for the agent or his assistant at the head office to visit the branch once or twice a year on the occasion of the examination made by the Federal Reserve Board's examiners.

The Board desires that the Federal reserve agents at their forthcoming conference give consideration to the practicability and desirability of establishing some uniform procedure for handling the note functions of the agents at those branches where the full-time service of an assistant Federal reserve agent does not appear to be required.

Very truly yours,

D. R. Crissinger,
Governor.

To all Federal Reserve Agents.