

## FEDERAL RESERVE BOARD

WASHINGTON

X-4773

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

January 14, 1927.

SUBJECT: Receipt of Securities from Farm Loan Registrars  
by Federal Reserve Banks Acting as Fiscal Agents  
of the United States.

Dear Sir:

There are enclosed herewith for your information a copy of a letter from the Acting Secretary of the Treasury and a copy of the Board's reply thereto with reference to the receipt of securities for safe keeping from Farm Loan Registrars by Federal Reserve Banks in their capacities as Fiscal Agents of the United States. You will note that the Board states that it will make no objection to Federal Reserve Banks' accepting Government securities for safe keeping for the account of Farm Loan Registrars subject to the order of the Farm Loan Commissioner, if the Secretary of the Treasury requests that they do so as Fiscal Agents of the United States.

Very truly yours,

D. R. Crissinger,  
Governor.

TO GOVERNORS OF ALL F.R. BANKS.

Enclosures:

( COPY )

FEDERAL RESERVE BOARD

WASHINGTON.

X-4773-a

63

January 13, 1927.

Honorable Garrard B. Winston,  
Acting Secretary of the Treasury,  
Washington, D.C.

Dear Sir:

Reference is made to your letter of January 12th regarding the recent opinion of the Federal Reserve Board to the effect that Federal reserve banks are without legal authority to receive securities for safekeeping from Federal land banks or Federal farm loan registrars. You suggest that Federal reserve banks might properly accept Government securities for safekeeping, subject to the order of the Farm Loan Commissioner, for the account of farm loan registrars for specified Federal land banks or joint stock land banks upon authorization of the Treasury to do so as fiscal agents of the United States, and ask whether the Federal Reserve Board sees objection to handling the matter in the manner indicated.

The Federal Reserve Board feels that the question whether the receipt of securities for safekeeping for the account of farm loan registrars is a fiscal agency function which Federal reserve banks may perform, is a question properly for the determination of the Secretary of the Treasury and the Board is not disposed to question the decision which the Secretary may reach. If, therefore, the Secretary of the Treasury requests Federal reserve banks as fiscal agents of the United States to accept Government securities for safekeeping for the account of farm loan registrars subject to the order of the Farm Loan Commissioner, the Federal Reserve Board will have no objection to the Federal reserve banks performing this function.

Very truly yours,

D. R. Crissinger,  
Governor.

( COPY )

TREASURY DEPARTMENT

WASHINGTON.

X-4773-b

January 12, 1927.

Dear Governor Crissinger:

I am enclosing herewith copy of letter of December 22, 1926, from the Farm Loan Commissioner, in regard to the recent opinion of the Board to the effect that the Federal Reserve Banks are without legal authority to receive securities for safekeeping from Federal Land Banks or Farm Loan registrars. You will note the Commissioner's statement in the enclosed letter to the effect that the failure of the Federal Reserve Banks to accept such securities for safekeeping would seriously interfere with the present method of handling Government securities held by registrars as collateral security for Farm Loan bonds.

While I do not question the conclusion reached by the Board in the matter as to the method heretofore observed, it would seem that the Federal Reserve Banks could accept Government securities for safekeeping subject to the order of the Farm Loan Commissioner account of Farm Loan registrars for specified Federal or Joint Stock Land Banks upon authorization of the Treasury to do so as Fiscal Agents of the United States, particularly as such registrars are stated to be "public officials" in Section 3 of the Federal Farm Loan Act.

I shall appreciate it, therefore, if you will advise me whether the Board sees objection to handling the situation in the manner above indicated.

Very truly yours,

(Signed) Garrard B. Winston  
Acting Secretary of the Treasury.

Hon. D. R. Crissinger,  
Governor, Federal Reserve Board.

Enclosure.

( COPY )

TREASURY DEPARTMENT  
WASHINGTON

X-4773-c

Federal Farm Loan Bureau

December 22, 1926.

My dear Mr. Secretary:

Your attention is respectfully called to the attached copy of a letter from President D. P. Hogan of the Federal Land Bank of Omaha, Nebraska, enclosing a copy of a letter from Secretary Walter L. Eddy, of the Federal Reserve Board, advising the Federal Reserve Banks that they have no authority to receive, from Federal Land Banks or from Farm Loan Registrars, deposits of securities for safekeeping.

Failure of the Federal Reserve Banks to accept such securities for safekeeping will seriously interfere with our method of handling Government securities held by Registrars as collateral security for Farm Loan Bonds. I hope the Federal Reserve Board will allow the present arrangement to continue, until we can perfect other plans, or secure an amendment to the Act. Will you please confer with other members of the Federal Reserve Board and advise me of their attitude.

Yours very truly,

(sgd) A. C. WILLIAMS

Farm Loan Commissioner

Honorable Andrew W. Mellon,  
Secretary of the Treasury.