

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6251

February 27, 1929.

SUBJECT: Topics for next Governors'
Conference.

Dear Sir:

There are enclosed herewith,
for your information in advance of the
next Governors' Conference, copies of
letters which have been addressed to
the Secretary of the Conference sub-
mitting topics which the Board would
like to have discussed at the meeting.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

(Enclosures)

COPY

X-6251-a

February 26, 1929.

Dear Mr. Strater:

Some of the Federal reserve banks have established currency depots from time to time at interior and other important points, all of which have had the approval of the Federal Reserve Board. A number of years ago the Board permitted the establishment of a currency depot in a certain city because of unsettled conditions in that territory. Figures that the Board now has in its possession, however, convinced the Board that the emergency has passed and the Board has abolished the depot for the reason that its continuation would result in furnishing the member banks a good portion of their till money.

Requests for additional currency depots are being received and the Board has arrived at the conclusion that the practice must from now on be considered as a System matter rather than a regional one, because as various cities learn of the advantages of the currency depot they will request that accommodation, and it will be impossible to grant some and refuse others when the conditions are more or less identical.

In view of this situation, the Board would like to have this subject placed upon the program for discussion at the next Governors' Conference.

Yours very truly,

(S) R. A. Young,
Governor.

Mr. H. F. Strater, Secretary,
Governors' Conference,
Federal Reserve Bank,
Cleveland, Ohio.

COPY

X-6251-b

February 26, 1929

Dear Mr. Strater:

I have been advised that the Texas legislature has passed a law authorizing depository banks to include bankers acceptances of banks having a capital of \$500,000 or more in the pledge of collateral to secure public deposits. Governor Talley believes this will broaden the demand for and the permanent use of bankers bills by banks in his state, and from my experience in the Ninth Federal Reserve District, I am inclined to agree with him.

The mechanics of the transaction, however, may be a bit difficult because no bank will care to turn over to inexperienced public officials the custody and handling of bankers bills any more than they would care to turn over to them Government bonds, and it seems to me that from the standpoint of serving member banks and also in order to promote the use of bankers bills, Federal reserve banks could well afford to act as custodian for public officials who have securities owned but pledged by member banks.

In view of this possibility, the Board would like to have this subject placed on the program for discussion at the next Governors' Conference.

Yours very truly,

(S) R. A. Young,
Governor.

Mr. H. F. Strater, Secretary,
Governors' Conference,
Federal Reserve Bank,
Cleveland, Ohio.