

X-6749

September 12, 1930.

Mr. W. S. McLucas,
Member Federal Advisory Council,
Tenth Federal Reserve District,
c/o Mayflower Hotel,
Washington, D.C.

Dear Mr. McLucas:

At the meeting of our Executive Committee this morning, Mr. Mullaney brought to our attention a resolution which was adopted by our Board of Directors at its meeting of April 24, 1930, in regard to this Federal reserve bank receiving directly from country non-member banks checks to be collected and credited to the accounts of their city correspondents, as follows:

"At the suggestion of Governor Bailey, Deputy Governor Worthington explained a proposal that non-member banks be permitted to forward items direct to the Federal reserve bank for collection and credit of their member bank correspondents, stating that a number of our member banks have requested this service. After general discussion, in which it was brought out that Governor Young of the Federal Reserve Board considers the plan worthy of consideration and that the System Committee on Collections has taken the position that the plan should not be adopted, it was moved by Director Parks, seconded by Director Mullaney and unanimously carried, that the views of the Board of Directors be recorded as favoring the adoption of such a plan because of the general benefits to be accomplished through saving in the physical handling of items, saving in the time of collection of items, and in affording an opportunity for member banks located in other than Federal reserve bank and branch cities to better serve their correspondent banks."

Our Executive Committee requested me to write you, sending you this resolution, the same being in accord with the unanimous opinion of the Board, and asking you, if possible, to get the endorsement of this plan from the Federal Advisory Council.

Very truly yours,

(Signed) M. L. McClure,
Chairman.