

FEDERAL RESERVE BOARD

WASHINGTON

X-7272

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

October 15, 1932.

SUBJECT: Shipment of Canceled Checks, etc.,
by Express.

Dear Sir:

There is inclosed a copy of a letter dated September 13, 1932, with inclosures, addressed to the Secretary of the Board by the Deputy Governor of the Federal Reserve Bank of Kansas City, together with a copy of a memorandum prepared by the office of the Board's Counsel, relating to an inquiry made by a Post Office Inspector concerning various shipments made by that bank which the Inspector feels should perhaps have been sent by mail rather than by express.

As you will note from the inclosed correspondence, the matter has not yet been acted upon by the Post Office Department. This correspondence is being forwarded to you, however, for your information and with the request that you advise the Board in case you have any comments or information regarding similar incidents.

It would seem that no useful purpose would be served by taking the matter up with the officials of the Post Office with which you deal.

Very truly yours,

Chester Morrill,
Secretary.

Inclosures.

TO GOVERNORS OF ALL F. R. BANKS.

C O P Y

X-7272-a

FEDERAL RESERVE BANK
OF
KANSAS CITY

September 13, 1932.

Mr. Chester Morrill, Secretary,
Federal Reserve Board,
Washington, D.C.

Dear Mr. Morrill:

There is attached hereto, for your information, copy of a letter recently received from the Post Office Inspector at this point, together with carbon copy of Mr. Helm's reply under date of Sept. 9. It will be observed that the Post Office Department is objecting to the sending of the daily transcript of the Treasurer's daily account and the warrants listed therein, as well as certain cash letters, by express. In a conversation with the Post Office Inspector, it was indicated that the Post Office Department might attempt to recover postage on all shipments of this character which we have heretofore made by express, and since this is a matter which undoubtedly involves other Federal reserve banks, it is possible you may feel it desirable to consult with some of the officials of the Post Office Department.

In this connection, attention is directed to the fact that, in all cases before making express arrangements for shipments other than the Treasurer's transcripts, the character of the documents to be enclosed, together with the form of printed letter of transmittal, has been submitted to the local Post Office for approval. Such approval, however, has not been in writing and the only written authorization we have is that relating to the Treasurer's transcript contained in Board's letter X-1296 and subsequent communications from the Treasurer's office. It is our understanding that the objection of the Post Office Department is based on the printed letter of transmittal which contains instructions.

Very truly yours,

(S) C. A. Worthington,
Deputy Governor.

CAW:L

C O P Y

X-7272-b

POST OFFICE DEPARTMENT

B. W. Ficken
Inspector

Office of Inspector

Case No. 32426-C

Kansas City, Missouri, September 1, 1932.

SUBJECT: Transmission by express of daily clearance letter, etc.

Federal Reserve Bank,
Kansas City, Missouri.

Attention Mr. J. W. Helm.

Gentlemen:

The Post Office Department has requested an investigation of the reported practice of bank sending their daily clearance letter, accompanied by paid or canceled check, by express instead of by mail, and in this connection the Second Assistant Postmaster General advises as follows: "While the transmission of canceled checks, if not accompanied by anything in the nature of personal correspondence, would not be violative of the law, the fact that a daily clearance letter is enclosed would constitute an apparent violation of the private express statutes."

In order to determine just what is being sent by express by your bank, will you kindly advise to whom you are making express shipments, how often and for how long a period. Also please advise just what is being inclosed in such shipments, submitting samples of all letters and forms used with descriptive explanation of each. It is also desired that you advise from what other banks you are receiving clearance letters and similar matter by express.

Sincerely yours,

/s/ B. W. FICKEN

Post Office Inspector

FEDERAL RESERVE BANK
OF
KANSAS CITY

September 9, 1932.

Mr. B. W. Ficken,
Post Office Inspector,
Kansas City, Missouri.

Dear Sir:

Replying further to the inquiry contained in your letter of September 1, 1932, Case No. 32426-C, you are advised that for years our daily transcript of the general account of the Treasurer of the United States has been forwarded by express, accompanied by all supporting papers. This was done in accordance with instructions contained in General Letter X-1296 from the Federal Reserve Board, Washington, D. C., dated November 30, 1918, a copy of which you will find enclosed. As requested, you will find samples of the forms which accompany our paid vouchers drawn on the Treasurer of the United States and which are enclosed daily with the transcript of the Treasurer's general account.

You are also advised that beginning in 1924 and 1925 and continuing until the present time, we have used this method for delivery of checks to the Federal Reserve Bank of St. Louis, the Federal Reserve Bank of Chicago, the Federal Reserve Bank of Dallas, and to our branches at Omaha and Oklahoma City. These shipments have been made daily except Sundays, holidays and election days, except that, during the daylight savings period, shipments to the Federal Reserve Bank of Chicago have usually been sent by mail. We also receive similar items by express from our Omaha and Oklahoma City branches.

You will also find enclosed copies of the forms which are enclosed with the checks which are forwarded to the Federal Reserve Banks of Chicago, Dallas and St. Louis, and to our branches at Omaha and Oklahoma City. With the exception of the forms accompanying the daily transcript of the Treasurer's general account, all other forms enclosed in such shipments have been presented in duplicate to the local post office officials in every case for approval before they were allowed to be sent by express.

Also as requested, you are advised that we are receiving express shipments containing checks and similar advices from the following banks:

Continental Illinois Bank & Trust Co.,	Chicago, Ill.
Federal Reserve Bank of Chicago,	" "
First National Bank,	" "
First National Bank,	Joliet, "
Citizens National Bank,	Emporia, Kans. (Irregularly)
Central National Bank,	Topeka, Kans.
Merchants National Bank,	" "
National Bank of Topeka,	" "
First National Bank,	Wichita, "
Fourth National Bank,	" "

FEDERAL RESERVE BANK
OF
KANSAS CITY

B. W. Ficken, Post Office Inspector
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First National Bank,	St. Joseph, Mo. (Irregularly)
Tootle-Lacy National Bank,	" " " "
Federal Reserve Bank of St. Louis,	St. Louis, "
Exchange National Bank,	Tulsa, Okla. (Irregularly)

Should any further information be desired on this matter,
please be assured that we will be glad to have you advise us.

Very truly yours,

J. W. Helm
Deputy Governor and Cashier

OFFICE CORRESPONDENCE

Date Sept. 30, 1932To The Federal Reserve BoardSubject: Question raised by Post Of-
fice Department as to whether certain
shipments made by the Federal Reserve
Bank of Kansas City should be made
by mail rather than by express.From Mr. G. Howland Chase

The attached correspondence deals with an inquiry made by a Post Office Inspector regarding shipments of cancelled checks and other matters which the Federal Reserve Bank of Kansas City has been sending by express, and which the Inspector feels should perhaps have been sent by mail.

As to a part of these shipments, the daily transcript of general account and supporting papers forwarded to the Treasurer of the United States, the Federal Reserve Bank is following the practice suggested in a circular letter from the Federal Reserve Board (X-1296), which was dated November 30, 1918, and in this respect, at least, it is probably adopting the same practice as all the other reserve banks. As is stated in the attached copy of the bank's letter dated September 9, 1932, the bank has also been sending other matters, including some "cash letters" and the accompanying checks, by express since 1924 or 1925.

The Board's files do not indicate that any question has heretofore been raised in connection with any shipments of this kind.

The Inspector, in his letter of September 1, quotes the Second Assistant Postmaster General to the effect that the objection is not to the sending of cancelled checks by express but to the sending of such matter accompanied by something in the nature of a "letter".

The statute to which the Inspector apparently refers will be found in Title 18, Section 304, United States Code, which makes

it a crime for any one to establish a "private express for the con-

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veyance of letters or packets". Section 306 makes it a crime for the sender to transmit any letter or packet by such means. The purpose of these statutes (which have been in existence in different forms at least since the first part of the last century) is to give to the Post Office Department a monopoly in the transportation of letters. Apparently the word "letter" has no technical significance, but is used in the commonly accepted meaning. The word "packet" means a packet of letters; in other words, the monopoly granted does not extend to anything except letters (See Postal Laws and Regulations, 1924, Section 1256.)

It is the opinion of this office that no useful purpose would be served by attempting at this time to interview officials in the Post Office Department in Washington in connection with this matter. To date there has been merely an inquiry by an inspector, and it would seem inappropriate to dignify the matter with an attempt to argue the case until something further has been heard from the Post Office Department. It is, of course, possible that this incident is a part of the general attempt by the Post Office Department to correct its annual deficit. It would seem, however, that should the Post Office Department attempt to impose this added cost upon the Federal Reserve System in connection with these shipments, the burden could be avoided by shipping the cancelled checks and the covering letter separately, the former by express and the latter by mail. What will be the attitude of the Department regarding shipments made

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in the past, must remain to be seen.

Accordingly, it is suggested that the attached letter, together with copies of the letter and inclosures from the Deputy Governor of the Federal Reserve Bank of Kansas City, and a copy of this memorandum, be sent to the Governors of all Federal reserve banks in case they may have any comments, or information regarding similar incidents.

Respectfully,

G. Howland Chase,
Assistant Counsel.

Letters attached.