

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7276

October 20, 1932.

SUBJECT: Expenditures of Federal Reserve Banks.

Dear Sir:

Under date of March 16, 1925, the Federal Reserve Board addressed a letter to the Governors of all Federal reserve banks (X-4290) advising that it would not be necessary for the Federal reserve banks to submit annual budgets of their expenditures for welfare and educational work to the Board for approval but stating, however, that expenditures for welfare and educational work, for officers' dinners, entertainment of local and out-of-town bankers and for membership dues in and donations to associations and societies should be kept within a reasonably low limit, and that in case of doubt as to whether a given expenditure is a proper one, the matter should be referred to the Board. In a number of instances the Federal Reserve Board has had occasion to state that it cannot authorize expenditures of Federal reserve bank funds by way of donations to further purposes, no matter how worthy, which are not directly related to the conduct of the affairs of the banks.

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In reviewing the expenses of the Federal reserve banks, it has been noted that in a number of instances expenses have been incurred for memorials, testimonials, and floral offerings; for the purchase of portraits, and for other similar purposes. Ordinarily, such expenditures would not seem to bear any reasonably direct relationship to the conduct of the business of the Federal reserve banks and; accordingly, it is the view of the Board that the Federal reserve banks should not make such expenditures. However, if in a particular case and for some special reason it is believed that an expenditure of this general character would be advantageous from the standpoint of the proper conduct of the business of the Federal reserve bank, a statement of the amount and nature of the proposed expenditure, with the reason therefor, should be submitted to the Board for consideration.

For the Board's information and files it will be appreciated if you will kindly furnish it with a list of all associations, clubs, societies, etc., to which membership dues, or donations, are being paid by your bank and by each of its branches, if any. The statement should show what the membership covers; in whose name taken out; the date it expires; the amount of the annual dues or, in case of donations to associations, societies, etc., of which the bank is not a member, the amount of the donations; the special benefit or advantage which it is believed accrues to the bank from the expenditure; and any other pertinent information. In any case

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which involves the payment of dues, assessments, or the like on the basis of participation of more than one representative of the bank the names of such representatives and the specific reasons for having more than one should be stated.

It is understood that at some of the banks Federal reserve clubs or societies are maintained from funds contributed in part by the Federal reserve bank and in part by the employees. It is requested that the funds contributed to the club by the Federal reserve bank or branch be accounted for separately from those contributed by employees, and that a statement be sent to the Board at the end of each year showing the purposes for which the funds contributed by the Federal reserve banks were expended.

Very truly yours,

Chester Morrill,
Secretary.

TO GOVERNORS OF ALL F. R. BANKS.