

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-7285

November 4, 1932.

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

Dear Sir:

With further reference to the above subject, which was the subject of the Board's letter of October 15, 1932, (X-7272), there are inclosed for your information copies of further correspondence, as follows:

- (1) Letter dated October 21, 1932, from the Governor of the Federal Reserve Bank of Cleveland and a copy of the inclosure referred to therein.
- (2) Letter dated October 21, 1932, from the Governor of the Federal Reserve Bank of Dallas.

Very truly yours,

Chester Morrill,  
Secretary.

Inclosures.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BANK  
OF CLEVELAND

October 21, 1932.

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

Dear Mr. Morrill:

In response to the board's letter X-7272 of October 15, 1932, subject "Shipment of Canceled Checks, Etc., by Express", we have to report that it has been the practice of this bank and its branches for many years to ship to the Treasury Department by express Government checks and warrants accompanied by the daily transcript of the Treasurer's general account, as well as a limited number of bulky cash letters to our member banks. The shipment of Treasury checks and warrants by express was begun at the suggestion of the Federal Reserve Board contained in its letter of November 30, 1918 (X-1296), and the shipment of bulky cash letters by express was adopted as a measure of added protection afforded by the special handling given express shipments, as well as the saving in transportation charges, which is quite substantial on large packages. The volume of express shipments was not augmented at the time the increased postal rates became effective.

Our experience with the Post Office inspectors has been similar to that of Kansas City; in July of this year, an inspector from the Cleveland district told us that this bank was violating the postal laws by sending cash letters to our member banks by express instead of by mail. He was informed that our interpretation of the law indicated that we were within our rights in using the express company for the shipment of checks, and that the adding-machine list accompanying the checks was in the nature of an invoice such as the Post Office Department approves for enclosure with parcel post shipments.

In September of this year, a Post Office inspector from the Pittsburgh district visited our Pittsburgh Branch, calling attention to an alleged violation of the postal laws in sending cash letters by express and requested that the practice be discontinued. After conferring with our Pittsburgh Branch and obtaining detailed information regarding the number of express shipments, a letter was received from the inspector estimating the amount of revenue of which the Post Office Department was deprived during the period from July 6 to the time the matter was taken up with the branch, as not less than \$734.40. A copy of this letter is enclosed. No formal demand has been made by the Post Office Department for reimbursement. Our Cincinnati Branch has had no communication from the postal authorities on this subject.

FEDERAL RESERVE BANK  
OF CLEVELAND

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

-2-

October 21, 1932.

We have been advised that a report regarding the practice of this bank and its Pittsburgh Branch has been forwarded to the Post Office Department in Washington.

Very truly yours,

(S) E. R. Fancher  
Governor.

F:S:K

C O P Y

415  
C O P Y

X-7285-b

PITTSBURGH BRANCH  
FEDERAL RESERVE BANK OF CLEVELAND

POST OFFICE DEPARTMENT

OFFICE OF INSPECTOR.

L. C. Kennedy  
Inspector  
S

Pittsburgh, Pa., September 24, 1932

Mr. F. E. Cobun  
Assistant Cashier  
Pittsburgh Branch Federal Reserve Bank  
Pittsburgh, Pa.

Dear Sir:

At a conference with you yesterday regarding the transmission of mail matter through express channels you stated that you sent an average of 30 letters a day weighing 12 ounces or more to your correspondent banks. The postage revenue on this would be not less than \$10.80. The increased postage rates went into effect July 6, 1932. There were 68 business days between the time of the increase in rates and the time that I called at your office and at this rate the Post Office Department was deprived of revenue to a minimum charge of \$734.40, this based on the assumption that each of the 30 letters mailed daily by you weighed at least 12 ounces and the amount estimated is the minimum amount of revenue lost to the Post Office Department through the use of the Railway Express.

Please advise if this estimate is correct. I am enclosing an officially addressed envelope requiring no postage for your use in submitting a reply.

Very respectfully,

L. C. KENNEDY (signed)

Post Office Inspector

C O P Y

416  
X-7285-c

FEDERAL RESERVE BANK  
OF DALLAS

B. A. McKinney  
Governor

October 21, 1932

Federal Reserve Bank  
Washington, D. C.

Gentlemen:                   Attention of Mr. Chester Morrill

This will acknowledge receipt of your letter X-7272, dated October 15, 1932, subject: "Shipment of Canceled Checks, etc., by Express."

For your information, we are at this time sending daily transcripts of the general account of the Treasurer of the United States by express, accompanied by paid vouchers. We are also forwarding by express daily cash letters to twelve or fifteen banking institutions within the district, as well as the Federal Reserve Bank Branch at Oklahoma City, all of which are now accompanied by letters of transmittal.

Early in September we had an experience here somewhat similar to that of the Kansas City Federal Reserve Bank. An inspector of the Post Office Department called upon us at that time and inquired if we were sending checks by express, accompanied by a printed letter of transmittal. Upon learning of our manner of handling such items, he obtained copies of all transmittal letters, which, according to our understanding, were to be referred to the Office of the Third Assistant Postmaster General for a definite ruling. We had not, prior to the receipt of your letter, heard anything further in connection with the investigation.

We are at this time giving the matter consideration, and without further discussion with the Post Office Department, contemplate instituting at an early date a plan which will comply with the suggestion of counsel in a manner that should protect this bank from any complaint on the part of the Post Office Department.

Very truly yours,

(S)   B. A. McKinney  
Governor.