

FEDERAL RESERVE BOARD

WASHINGTON

X-7305

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

December 9, 1932.

SUBJECT: Discount of Eligible Paper by Federal Reserve Banks for Regional Agricultural Credit Corporations.

Dear Sir:

You will recall that during the recent conference in Washington, the attention of the Governors of the Federal reserve banks was directed to the reply made by the Federal Reserve Board, under date of October 25, 1932, to a letter, dated October 13, from the Governor of the Federal Reserve Bank of Minneapolis, with regard to the discount by Federal reserve banks of eligible paper offered by regional agricultural credit corporations. Copies of these letters are inclosed herewith, for your information and files, together with copies of telegrams on the same subject exchanged by the Board with the Governor of the Federal Reserve Bank of San Francisco, under dates of November 23 and November 28, 1932.

Very truly yours,

Chester Morrill,
Secretary.

Inclosures.

TO GOVERNORS OF ALL F. R. BANKS.

C O P Y

X-7305-a

Oct 25 1932

Mr. W. B. Geery, Governor,
Federal Reserve Bank of Minneapolis,
Minneapolis, Minnesota.

Dear Governor Geery:

Reference is made to your letter of October 13, 1932, referring to the authority of the Regional Agricultural Credit Corporations created by the Reconstruction Finance Corporation pursuant to the provisions of Section 201(e) of the Emergency Relief and Construction Act of 1932 to rediscount paper with the various Federal reserve banks, and inquiring whether a Regional Agricultural Credit Corporation located in one Federal Reserve District and having a branch in another Federal Reserve District would be expected to rediscount paper acquired through such branch with the Federal reserve bank of the district in which the head office of the corporation is located or with the Federal reserve bank of the district in which the paper has originated.

The Regional Agricultural Credit Corporations are authorized under the law to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal Intermediate Credit Banks any paper that they acquire which is eligible for such purpose, and it is assumed that the corporations, before requesting the Federal reserve banks to rediscount their paper, will consult with the Reconstruction Finance Corporation and also will utilize their authority to rediscount with the Federal Intermediate Credit Banks.

Mr. W. B. Geery

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In the event that it should become desirable for the Federal reserve banks to rediscount paper for these corporations, there are a number of questions to be considered with a view to obtaining some uniformity of policy and procedure among the Federal reserve banks in accepting such paper for rediscount.

Replying to your specific inquiry, it is the view of the Federal Reserve Board that, if and when the Federal reserve banks are requested to rediscount paper for the Regional Agricultural Credit Corporations, the offering in each case should be made to the Federal reserve bank of the district in which the head office of the offering corporation is located, unless exceptional circumstances are presented which might render it desirable to follow some other course of procedure.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.

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C O P Y

X-7305-b

FEDERAL RESERVE BANK
OF MINNEAPOLIS

October 13, 1932.

Federal Reserve Board,
Washington, D. C.

Gentlemen:

Under the act of Congress providing for the organization of the Regional Agricultural Credit Corporations, they are given the right of rediscount with the Federal Reserve Bank. Would it be expected that they would rediscount only with the Federal Reserve Bank located in the district in which they are situated?

What prompts this inquiry is the question as to whether, in case the Regional Agricultural Credit Corporation of Spokane desired to rediscount paper taken through its branch in Helena, they would be expected to offer it to the Federal Reserve Bank of San Francisco or to this bank, and whether the Regional Agricultural Credit Corporation located in Minneapolis would expect to rediscount paper taken in Southern Michigan, with us or with the Federal Reserve Bank of Chicago.

Yours very truly,

(s) W. B. Geery
Governor

C O P Y

X-7305-c

T E L E G R A M
FEDERAL RESERVE SYSTEM
(Leased Wire Service)

Received at Washington, D. C.

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Board

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Paragraph "E" Section 201 "A" title 11 Emergency Relief and Construction Act of 1932 provides that Regional Agricultural Credit Corporations may rediscount with Federal Reserve Bank paper acquired by them which is eligible for such purpose. Is it Board's opinion Federal Reserve Bank in absence specific amendment to Federal Reserve Act may discount eligible paper for regional Agricultural Credit Corporation either under statute above referred to or under Section 210 of Act of July 21, 1932 or under any other provision Federal Reserve Act

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C O P Y

X-7305-d

T E L E G R A M

FEDERAL RESERVE BOARD

WASHINGTON

November 28, 1932.

Calkins
San Francisco

Your telegram November 23. In view of provisions of Section 201(e) of Emergency Relief and Construction Act of 1932, it is Board's opinion that Federal reserve banks may legally rediscount eligible paper for regional agricultural credit corporations; but inasmuch as such corporations are authorized to rediscount eligible paper also with Reconstruction Finance Corporation and Federal Intermediate Credit Banks, it is assumed that, before requesting Federal reserve banks to rediscount their paper, they will consult with Reconstruction Finance Corporation and will also utilize their authority to rediscount with Federal Intermediate Credit Banks. In the event that it should become desirable for the Federal reserve banks to rediscount paper for regional agricultural credit corporations, there are a number of questions to be considered with a view to obtaining some uniformity of policy and procedure among the Federal reserve banks in accepting such paper for rediscount.

Morrill