

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARDMay 7, 1934.  
B-981.

Dear Sir:

Following the conference between the Board and a Committee of the Governors' Conference on October 12, 1933, with regard to reimbursement of Federal Reserve Banks for extraordinary expenses incurred during and immediately after the banking holiday, the question was taken up with the Treasury Department and on April 10, 1934, Mr. Wm. H. McReynolds, Administrative Assistant to the Secretary, wrote a letter to the Comptroller General of the United States, a copy of which is inclosed, in which he advised the Comptroller General it is the opinion of the Department that the vouchers of the Federal Reserve banks for reimbursement "should include all items which represent reimbursement for out of pocket expenses incurred in connection with the actual licensing of member banks and making available to member banks proclamations, orders, regulations and interpretations thereof, after the issuance of the Proclamation of March 6, 1933, which bears the hour of signature as 1 A. M." Mr. McReynolds also stated that, in accordance with the law and regulations, supplemental vouchers will be submitted to the Comptroller General's office, for consideration and direct settlement, covering the cost of transportation, etc., of gold and gold certificates, which were disallowed by the office of the Comptroller of the Currency;

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also that the vouchers returned by the Comptroller General will be re-examined, reapproved in accordance with Mr. McReynolds' letter, and resubmitted to the Claims Division of the Comptroller's office for further consideration as rapidly as possible.

These vouchers are now being reexamined and resubmitted and, as soon as the Board receives advice of the action taken thereon by the Comptroller General, you will be advised thereof for your guidance in preparing claims for reimbursement for banking holiday expenses for which vouchers have not already been submitted.

For your information, the Treasury Department has informally advised us that it has asked for the inclusion in the next deficiency bill of a provision which will permit the Department to reimburse the Federal Reserve banks for abrasion on light-weight gold absorbed by them since the banking holiday.

Very truly yours,



E. L. Smead, Chief,  
Division of Bank Operations.

B-979.  
April 10, 1934.

The Honorable

The Comptroller General of the United States.

Sir:

Reference is made to your letter of September 6, 1933 (A-50561), relating to the submission to your office for direct settlement of a voucher covering various expenses incurred in connection with the emergency banking situation, in favor of the Federal Reserve Bank of Dallas, Texas, which was approved for the Comptroller of the Currency in the amount of \$2,790.55, for payment from the appropriation "Expenses, National Banking Emergency, Act March 9, 1933, Comptroller of the Currency," and requesting to be informed which of the items involved in the claim are considered not properly payable under the appropriation and the reasons therefor, and that there be furnished your office a copy of any regulations which have been issued concerning expenditures from this fund; to a letter of the Under Secretary of the Treasury dated October 2, 1933, setting forth a description of certain items in the voucher mentioned which the office of the Comptroller of the Currency was unable to certify for payment; and to a number of letters from the Claims Division of your office addressed to the Comptroller of the Currency under your files Misc. 014506(3), 015096(1), 0232879(2), 0365373(1)(3), 0421355, 0426813, and 0428207, returning certain vouchers submitted by Federal Reserve Banks and others for further administrative reports in the matter.

There appears to have been a general misunderstanding with respect

to reimbursements for expenses in connection with the licensing of banks following the banking holiday. Accordingly, I have caused an investigation to be made of the matter with a view to determining what expenses had been authorized by the officials of the Treasury Department in connection with the duties devolving upon the Secretary of the Treasury under the Act of March 9, 1933 (47 Stat. 1-7). For your information, there are enclosed copies of telegrams dated April 8, 1933, signed by the Under Secretary of the Treasury, outlining the class of expenditures which would be reimbursed due to the charges for transportation of shipments of gold coin, gold certificates, etc. to member banks or Federal Reserve Banks in accordance with Sections 2, 3 and 5 of Executive Order No. 6102 of April 5, 1933; and April 22, 1933, signed by Assistant Secretary of the Treasury James H. Douglas, outlining the class of expenditures which would be reimbursed to Federal Reserve Banks due to the actual licensing of member banks and making available to member banks proclamations, orders, regulations and interpretations thereof, both of which were addressed to the Governors of the several Federal Reserve Banks.

Section 1 of the Act of March 9, 1933, supra, reads as follows:

"The actions, regulations, rules, licenses, orders and proclamations heretofore or hereafter taken, promulgated, made, or issued by the President of the United States or the Secretary of the Treasury since March 4, 1933, pursuant to the authority conferred by subdivision (b) of section 5 of the Act of October 6, 1917, as amended, are hereby approved and confirmed,"

and Section 501 of that Act provides:

"There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$2,000,000,

which shall be available for expenditure, under the direction of the President and in his discretion, for any purpose in connection with the carrying out of this Act."

The Office of the Comptroller of the Currency has interpreted the Act of March 9, 1933, to provide for the reimbursement of only the cost of telegrams sent and telephone calls made on and after March 9, 1933, by Federal Reserve Banks in connection with the licensing of banks following the banking holiday. It is apparent that it is the intention of the Sections of the Act of March 9, 1933, quoted above, to make the appropriation available for payment of expenses incurred after the issuance of Proclamation No. 2039 by the President on March 6, 1933, and the telegram of April 22, 1933, referred to above, was based upon that understanding. Accordingly, the vouchers returned by your office will be reexamined, reapproved in accordance with this letter, and resubmitted to the Claims Division of your office for further consideration as rapidly as possible. It is the opinion of this Department that these vouchers, as well as all others hereafter submitted to your office, should include all items which represent reimbursement for out of pocket expenses incurred in connection with the actual licensing of member banks and making available to member banks proclamations, orders, regulations and interpretations thereof, after the issuance of the Proclamation of March 6, 1933, which bears the hour of signature as 1 A.M.

Under date of March 7, 1933, the Secretary of the Treasury, with the approval of the President, issued Instructions G (photostatic copy enclosed), which provided that member banks of the Federal Reserve

system should turn in to the Federal Reserve Banks all gold and gold certificates owned by them before they could avail themselves of the currency and coin, rediscount, and other facilities of the Federal Reserve banks, which facilities the Federal Reserve Banks were authorized to extend to member banks in order to enable such banks to perform the functions permitted under the regulations issued by the Secretary of the Treasury.

Reimbursement of the expenses of the transportation of gold coin and gold certificates is authorized by section 3 of the Act of March 9, 1933, supra, including the cost of insurance, protection, and such other incidental costs as may be reasonably necessary.

In accordance with the law and regulations cited above, therefore, supplemental vouchers will be submitted to your office for consideration and direct settlement of the cost of transportation, etc., of gold and gold certificates, which were disallowed by the office of the Comptroller of the Currency.

For your further information I am attaching a copy of an order signed by the President on March 10, 1933, allotting the sum of \$1,000,000 of the appropriation mentioned above to the Treasury Department, this amount, or so much thereof as may be necessary, to be expended for any purpose in connection with the carrying out of the provisions of the Act of March 9, 1933, under such rules and regulations as the Secretary of the Treasury shall prescribe. A copy of an order signed by the President on December 28, 1933, allotting to the Treasury Department the unexpended balance under the original appropriation to be expended under similar conditions, is

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also enclosed.

Your cooperation in effecting settlement of these claims will be appreciated.

By direction of the Secretary:

Respectfully,

(Signed) Wm. H. McReynolds

Wm. H. McReynolds,  
Administrative Assistant  
to the Secretary.

Encls.