

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 27, 1936.  
B-1160.

SUBJECT: Expenses of Leased Wire System.

Dear Sir:

Certain questions have been raised regarding the interpretation of the Board's letter of March 26, 1936, X-9534, "Expenses of Leased Wire System". For your information these questions, together with the answers thereto, are shown below:

Inquiry: Should the number and amount of salaries of all main line operators be reported on head office Form E only, and share of main line expenses chargeable to the branches be reported on branch Form E, as share of main line leased wire expense?

Answer: The number and amount of salaries of all main line operators should be reported on head office Form E. The branch share of main line expenses should be reported on branch Form E in the Telegraph unit, item e, which should be amended to read "Payment to head office account leased wire system expense".

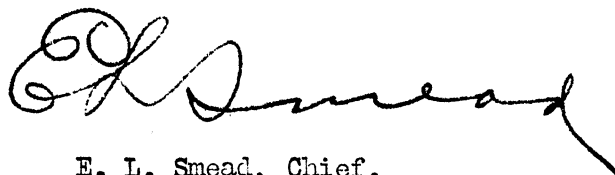
Inquiry: Are we correct in our interpretation of X-9534 that salaries of clerical help should be reported opposite item 22 "Telegraph" on Form 96 and be confined to employees actually assisting regular operators in receiving and transmitting messages and counting words? If our understanding is correct, salaries of department heads, messengers and other employees, such as typists who prepare office copies of incoming messages, etc., chargeable to "General Service - Telegraph" on Form E would be reported on Form 96 in items 2 and 3 "Salaries - Clerical Employees" and "Salaries - Other Employees", respectively, as at present.

Answer: The only salaries to be included in item 22, "Tele-

graph" on Form 96 are those of telegraph and teletype operators. Salaries of other employees assigned to the Telegraph unit should be included in items 2 and 3 "Salaries - Clerical Employees" and "Salaries - Other Employees", respectively, on Form 96. There will be no changes necessary in the method of reporting salaries on Form E. Salaries of clerical help engaged in work on main line business, such as counting the number of words in messages, should, as stated on page 2 of the Board's letter of March 26, 1936, X-9534, be included in the amount reported to the Board as "Personal Services", in connection with the main line leased wire statement.

- Inquiry: Should office boy's salary and contribution to Retirement System be distributed to head office bank functions in proportion to the number of words sent over the main line leased wires?
- Answer: Office boys' salaries should be reported on Form E under "General Service - Telegraph" item b, "Salaries - All Other" and be included in the total expenses of the Telegraph unit, which is completely distributed. They should be included on Form 96 in item 3 "Salaries - Other employees" and in accordance with the second paragraph of the Board's letter, X-9534, of March 26, 1936, should not be included in expenses for personal services in connection with operation of the main line leased wires as reported monthly to the Board.
- Inquiry: In the event the per word cost of main line messages exceeds the actual cost of branch line messages, should reimbursement be requested from Government Agencies for messages sent over branch lines on the basis of the main line per word cost?
- Answer: Reimbursement should be requested from Government Agencies for messages sent over branch lines on the basis of the lesser of the main line per word cost or the actual branch line per word cost.

Very truly yours,



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

TO ALL PRESIDENTS