

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-22

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 24, 1937.

SUBJECT: Facilities Available at Reserve
Banks for Purchasing Supplies at
a Discount.

Dear Sir:

Recently the Washington representative of the Retailers National Council called at the Board's offices and stated that the National Retail Dry Goods Association had taken up with him a protest lodged with that association by an association of merchants in one of the Federal reserve bank cities. This representative stated that the purchasing agent of one of the Federal reserve banks buys various articles for the employees of the Federal reserve bank at substantial reductions below retail prices, and that the local merchants are protesting such action on the part of the purchasing agent. The Washington representative of the Retailers National Council did not voice any opposition to employees of the Reserve banks forming associations for the purpose of purchasing supplies at a discount, provided the supplies were not purchased through the bank's purchasing agent. The Washington representative stated that the association lodging the protest was informed that all Federal reserve banks had arrangements similar to the one complained of, and asked whether that were true.

For the information of the Board, it will be appreciated if you will advise whether arrangements exist whereby employees at your bank or branches, if any, may purchase merchandise at considerably less than retail prices, and, if so, how the arrangements were established; whether the purchases made for the account of employees are made direct by the employees themselves, upon proper credentials, or whether they are purchased for the account of the employees by one of their own representatives or by the purchasing agent of the bank; and whether the purchases are paid for direct by the employees themselves, by their own representatives, or by the bank and reimbursement obtained from the employees. The Board will also appreciate advice as to whether, in your opinion, employees of

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a Federal reserve bank should be allowed to make purchases of supplies through the bank's purchasing agent.

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS.