

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 29, 1938.

Dear Sir:

There is inclosed, for your information, a copy of a letter, dated March 23, 1938, received by the Board from Mr. Wayne C. Taylor, Assistant Secretary of the Treasury, with respect to reimbursing the Federal Reserve banks for expenses incurred in redeeming adjusted service bonds, and a copy of the Board's acknowledgment of Mr. Taylor's letter.

In connection with the statement in Mr. Taylor's letter with respect to studies of the basis for reimbursement used by the different Federal Reserve banks with a view to effecting more uniform charges for services rendered, the Presidents' Conference Committee on Reimbursable Expenses, as you know, has been giving this subject careful consideration for a considerable period of time. It is believed that instructions with respect to determining costs of the various fiscal agency operations, as now contained in the manual of instructions governing the preparation of functional expense reports, are about as satisfactory as can be devised. After consulting with Mr. Fleming, Chairman of the Presidents' Conference Committee on Reimbursable Expenses, and others, the Board has decided to have representatives of its Division of Bank Operations visit some of the Federal Reserve banks for the purpose of reviewing all fiscal agency expenses and the methods followed in determining charges to the Treasury and other Governmental agencies for work performed for them, with the hope that ways may be found to bring about a greater uniformity in the methods followed in determining such charges.

Very truly yours,

*Chester Morrill*

Chester Morrill,  
Secretary.

Inclosures.

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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TREASURY DEPARTMENT  
WASHINGTON

March 23, 1938.

Dear Mr. Morrill:

Thank you for your letter of March 4, 1938, expressing the willingness of the Presidents' Conference Committee on Reimbursable Expenses to treat the matter of reimbursement for expenses incurred in redeeming Adjusted Service Bonds in the manner outlined at a conference held on March 1 in the Office of the Commissioner of the Public Debt.

In accordance with that agreement steps are being taken to make approximately \$90,000 available to the Public Debt Service in order that vouchers from the Federal Reserve banks for expenses incurred from January through June of this year may be honored. I would like to point out that there is no assurance that these vouchers can be honored in their entirety if the total for the six months period exceeds \$90,000. In this connection, it is understood that the Committee is studying the basis for reimbursement used by the different banks with a view to effecting more uniform charges for the services rendered.

It is also fair to state that the Department makes no commitment with respect to a possible deficiency appropriation to cover expenses incurred subsequent to July 1, 1938, in the event the Committee desired this action. As a practical matter, we feel that there will be a continuing diminution of redemptions and that certainly by July 1 next the work will have decreased to a point where it will be entirely reasonable to expect the banks to carry on without further reimbursement.

Very truly yours,

(Signed) Wayne C. Taylor

Assistant Secretary of the Treasury.

Chester Morrill, Secretary,  
Board of Governors of the  
Federal Reserve System,  
Washington, D. C.

March 29, 1938.

Hon. Wayne C. Taylor,  
Assistant Secretary of the Treasury,  
Treasury Department,  
Washington, D. C.

Dear Mr. Taylor:

This will acknowledge receipt of your letter of March 23, 1938, in reply to the Board's letter of March 4, with respect to reimbursing the Federal Reserve banks for expenses incurred in redeeming adjusted service bonds. It is noted from your letter that you feel that, as a practical matter, there will be a continuing diminution of redemptions and that certainly by July 1, 1938, the work will have decreased to a point where it will be entirely reasonable to expect the Reserve banks to handle the redemptions without further reimbursement.

A copy of your letter is being forwarded to each Federal Reserve bank for its information.

Should the volume of redemptions continue on a large scale after July 1, 1938, the Reimbursable Expense Committee of the Presidents' Conference may wish to again review this matter with you.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
Secretary.