

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

July 24, 1939

Dear Sir:

It has come to the attention of the Board of Governors recently that some of the Federal Reserve banks, in the shipment of Government securities by express, are declaring such securities in certain instances at their nominal value and that, as a result, such Federal Reserve banks may be failing to comply with tariff regulations of the Interstate Commerce Commission with respect to express shipments. For your information in this connection, there is enclosed a copy of a memorandum with respect to this matter which has been prepared in the Legal Division of the Board.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill".

Chester Morrill,  
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

July 19, 1939

DECLARATION OF VALUE ON EXPRESS  
SHIPMENTS OF SECURITIES

The attention of the Board has recently been called to the fact that some of the Federal Reserve banks may be failing to comply with the law or with tariffs relating to the valuation of Government securities shipped by express. It is understood that in some instances nominal values are placed upon such securities and that, consequently, lower rates are obtained. The securities are insured, presumably at their full value; and, accordingly, it is unnecessary, for purposes of protection, to declare their actual value.

It appears, however, that the tariff regulations of the Interstate Commerce Commission require that the actual value be declared on securities shipped by railway express. Tariffs relating to shipments by air express, filed with the Civil Aeronautics Authority, are not clear as to whether property shipped must be declared at actual or market value.

Tariff Regulation No. 1400, filed with the Interstate Commerce Commission, which covers railway express shipments, provides as follows:

"A. Receiving shipment.

\* \* \* \* \*

"(2) Except as otherwise provided herein, shipment must not be received for transportation at rates named in the Money Classification unless the actual or market value is declared by shipper and marked by him upon the package.

\* \* \* \* \*

"E. Securities.

"(1) Marking - Rates on Securities are based upon the market value and shippers must be required to mark on all packages of securities the character and market value of the contents thereof. \* \* \* \* "

It seems clear that the above provisions expressly require that securities shipped by railway express be declared at their market value. According to informal advice received from the Bureau of Traffic of the Interstate Commerce Commission, there is no means by which an express company may lawfully authorize railway shipments of securities at less than their market value.

Under section 10 of the Interstate Commerce Act (U. S. Code, Title 49, Sec. 10(3)) any shipper who, by means of false representation as to cost, value, etc., knowingly attempts to obtain any allowance whereby the compensation of the carrier is, in fact, less than the regular established rates, is subject for each offense to a fine of not exceeding \$5,000.

With respect to shipments by air express, the latest tariff regulation filed with the Civil Aeronautics Authority contains the following provisions:

"2-A. Shipments acceptable for air express transportation.

"All articles of merchandise, \* \* \* securities, bank checks, etc. which are marked and packed suitable for rail express transportation, will be accepted for transportation by Air Express, not including packages valued in excess of \$25,000 each, \* \* \*

"3. Receiving shipments.

\* \* \* \* \*

"(b) The value of the property must be declared by the shipper and inserted in the receipt. The shipper's declaration of such value may be made by inserting 'not exceeding \$50.00' or 'not exceeding 50 cents per pound, actual weight,' as the case may be, in the blank space in that portion of the receipt reading 'value herein declared by shipper to be \_\_\_\_\_ dollars.'

"(c) When the value so declared exceeds \$50.00 as to shipments weighing 100 pounds or less, or exceeds 50 cents per pound as to shipments weighing over 100 pounds the value must be marked by the shipper upon the shipment.

"(d) The nature of contents of shipment should be shown on the receipt.

"(e) Packages with declared value in excess of \$25,000 will not be accepted and no more than \$250,000 aggregate declared value will be carried in any one airplane.

\* \* \* \* \*

"12. Excess value charge (insurance).

"The charges shown herein provide for full Common Carrier liability for a valuation not exceeding \$50.00 for packages weighing less than 100 pounds or 50 cents per pound, actual weight, for packages weighing over 100 pounds. When the declared value exceeds \$50.00 for any shipment of a 100 pounds or less, or exceeds 50 cents per pound actual weight for any shipment in excess of 100 pounds an additional charge of 10 cents will be assessed for each \$100.00 or fraction thereof in excess of the value stated above and such additional charges provide full Common Carrier liability for the value so declared."

It is to be noted that under the above provisions the "value" of the property is required to be declared by the shipper. While the word "value" may be construed as not meaning actual or market value, it is understood that the word has not been interpreted by the Civil Aeronautics Authority.