



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 28, 1940

Dear Sir:

There is enclosed for your information a copy of a letter addressed by Frank W. Bullock, Major, Signal Corps, Assistant to the Director of Purchases and Contracts, War Department, to the heads of the various branches of the service, with respect to deposits in member banks of advance payments under War Department contracts. A copy of this letter is being mailed to each officer designated as a field representative at your Bank and branches, if any.

Very truly yours,

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

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS
COPY TO FIELD REPRESENTATIVES

R-758a

December 23, 1940

SUBJECT: Advance Payments - Banks to be used as Depositories
for Special Accounts

TO: The Chief of the Air Corps
The Chief, Chemical Warfare Service
The Chief of Coast Artillery
The Chief of Engineers
The Chief, National Guard Bureau
The Chief of Ordnance
The Chief Signal Officer
The Quartermaster General
The Surgeon General
The Chief of Finance
The Judge Advocate General

Effective January 1, 1941, the following policy will
govern:

Contracts or supplemental agreements containing provisions for advance payments and requiring that such advance payments shall be deposited in a special bank account, will provide that such special account shall be in a bank which is a "member of the Federal Reserve System", instead of being limited to a "national bank". This will include state banks which are members of the Federal Reserve System as well as all national banks.

Where such contracts or supplemental agreements further provide that such special account shall be the subject of an actual escrow agreement to which the bank shall be a party, then the provision for its deposit in a "national bank" will be used as heretofore.

By direction of The Assistant Secretary of War:

Frank W. Bullock
Major, Signal Corps
Assistant to the
Director of Purchases and Contracts