

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-946

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



January 12, 1942

Dear Sir:

Several of the Federal Reserve Banks have forwarded to the Board letters received from bankers in their respective districts reporting instances of depositors withdrawing funds from their savings accounts because of rumors to the effect that the Government intends to confiscate all the savings deposits. Although the press has published denials of such rumors by the Secretary of the Treasury, the Department has advised us informally that it has not issued a formal press release on the subject. The Treasury has, however, replied individually to inquiries which it has received.

For your information in this connection, there are enclosed copies of a telegram dated December 17, 1941 and two letters dated January 8, 1942, addressed to a State banking commissioner, a bank, and a savings and loan association, respectively, by the Under Secretary of the Treasury, emphatically denying that there are any foundations whatever for such rumors.

Very truly yours,

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

Chester Morrill,
Secretary.

Enclosures ?

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

TELEGRAM

R-946-a

TREASURY DEPARTMENT

Washington

December 17, 1941

Mr. Louis A. Reilly
Commissioner of Banking and Insurance
State House
Trenton, N. J.

Answering your wire I wish to state most emphatically there are no foundations whatever for the rumors and Federal Government does not have under consideration any proposal involving the confiscation of, or capital levy on, savings deposits of this country for any purpose. Anyone circulating rumors of this character is acting against interests of the Government and the people of the country.

D. W. Bell

Under Secretary of the Treasury

R-946-b

TREASURY DEPARTMENT

Washington

January 8, 1942

Mr. William H. Hagan,
Vice President and Cashier,
The Peoples Bank,
Greensburg, Kentucky.

Dear Mr. Hagan:

Receipt is acknowledged of your letter of January 2, 1942, concerning rumors circulating in your locality that the Government intends to confiscate savings accounts.

I wish to state most emphatically that there are no foundations whatever for the rumors and the Federal Government does not have under consideration any proposal involving the confiscation of savings deposits of this country for any purpose. Anyone circulating rumors of this character is acting against the welfare of the nation.

I appreciate your bringing the matter to our attention and I am glad to have this opportunity to furnish you this denial.

Very truly yours,

(Signed) D. W. Bell

Under Secretary of the Treasury.

TREASURY DEPARTMENT
Washington

January 8, 1942

Mr. Allen C. Knowles,
Executive Vice President,
South Side Federal Savings and Loan Association,
3115 West 25th Street,
Cleveland, Ohio.

Dear Mr. Knowles:

On behalf of Secretary Morgenthau, receipt is acknowledged of your letter of December 19, 1941, stating that because of certain rumors which are apparently circulating in various localities, some depositors of your Association may have gained the impression that the Government might confiscate outright their savings deposits.

I wish to state most emphatically that there are no foundations whatever for the rumors and the Federal Government does not have under consideration any proposal involving the confiscation of savings deposits of this country for any purpose. Anyone circulating rumors of this character is acting against the welfare of the nation.

I appreciate your bringing the matter to our attention and I am glad to have this opportunity to furnish you this denial.

Very truly yours,

(Signed) D. W. Bell

Under Secretary of the Treasury.