

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-952



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 23, 1942.

Dear Sir:

There are enclosed for your information copies of the following letters relating to the collection of postal money orders by the Federal Reserve Banks:

- (1) Letter dated January 14, 1942, addressed to the Department of Agriculture by Mr. B. M. Mulvihill, Chief, Division of Deposits, Treasury Department.
- (2) Letter dated January 15, 1942, addressed to the Postmaster, Atlanta, Georgia, by the Third Assistant Postmaster General.
- (3) Letter dated January 15, 1942, from Mr. Mulvihill to member banks authorized to accept deposits from Government officers for credit in the account of the Treasurer of the United States.

In furnishing us with copies of these letters, Mr. Mulvihill stated that it is understood that letters similar to the one sent to the Postmaster at Atlanta, Georgia, were sent to postmasters located in other Federal Reserve Bank and Branch cities.

Very truly yours,

A handwritten signature in dark ink, appearing to read "E. L. Smead".

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

Enclosures.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.
(Enclosures with addressed copies only)

c o p y

R-952-a

January 14, 1942

Mr. W. R. Fuchs
Assistant Director
Office of Budget & Finance
Department of Agriculture
Washington, D. C.

Dear Sir:

For your information, there are quoted below paragraphs 1 and 2 of section 1429 of the Postal Laws and Regulations, which section is contained in Title VIII, Chapter 3, entitled "Payment of Domestic Money Orders."

"1. Under such rules and regulations as the Postmaster General shall prescribe, postal money orders may be issued payable at any money-order post office, and on and after the date upon which such rules and regulations become effective all money orders shall be legally payable at any money-order post office, although drawn on a specified office; and as compensation for the extra labor involved in paying a money order at an office other than that on which the order is drawn the Postmaster General is authorized to exact a fee of the same amount as that charged for the issue of the order. (Act of June 16, 1934, Public No. 366, 73d Cong.)

"2. An original domestic money order shall be paid at its full face value if presented at the office on which drawn or at the office of issue at any time within the period of its validity, which is 1 year from the last day of the month in which issued. For the first 30 days after issue any domestic money order issued in the continental United States (except Alaska), and drawn on an office located therein, may be paid for its face value, less the fee prescribed by the law quoted above, at an office other than that of issue or that on which drawn, provided the office at which presented is located within the continental United States (except Alaska)."

Heretofore, Federal Reserve Banks and Branches, as a general rule, have forwarded money orders not drawn on or issued by postmasters in Federal Reserve Bank and Branch cities to member or par

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nonmember banks, located at the points on which the orders were drawn or at which issued, for collection. The Treasury now is in receipt of advice that effective February 2, 1942, Federal Reserve Banks and Branches will not accept for collection from member or nonmember clearing banks any postal money orders that are not drawn on or issued by the respective post offices in the cities at which such Federal Reserve Banks or Branches are located.

The Federal Reserve Board, Federal Reserve Banks and the Post Office Department have agreed to an arrangement whereby Federal Reserve Banks and Branches will continue to accept from Government officers, in their official capacity, money orders representing payment of obligations to the Government. In this connection, you are advised that the Post Office Department has agreed to modify its regulations to the extent that all such money orders will be cashed without fee by the postmasters in the cities where the Federal Reserve Banks or Branches are located, regardless of the fact that the orders may actually be drawn on other post offices.

The Post Office Department agreed to the modification of its regulations relative to the payment of money orders with the understanding that Government departments and agencies will endeavor to have money orders representing payment of obligations to the Government drawn payable at the point where deposited. It is requested, therefore, that you take such action as may be necessary to minimize the number of money orders requiring special handling. It will be appreciated if you will furnish the Treasury with a copy of instructions issued in the matter by your office.

By direction of the Secretary:

Very truly yours,

(Signed) B. M. Mulvihill

B. M. Milvihill
Chief, Division of Deposits

C O P Y

R-952-b

MO-M-pr

January 15, 1942.

Postmaster,

Atlanta, Ga.

My dear Sir:

An agreement has been made between the Treasury and Post Office Departments to allow postal money orders which are issued to pay obligations to the Federal Government to be cashed at the city in which the Federal Reserve bank presenting such orders is located, although they may be drawn on another post office. The new procedure is to become effective February 2, 1942, and is to apply only to money orders presented within 30 days after the date of issue.

When such an order is presented by the Federal Reserve bank located in your city, you will please pay it for the full amount and send the order to the office on which drawn (or the office of issue if the order was drawn on a point outside the United States), with request that it be treated as paid thereat and that you be reimbursed by a check against the postmaster's money-order credit with the Treasurer of the United States.

That this Bureau may be informed of the volume of such transactions and the cost of handling them in this manner by the Postal Service, you are asked to submit at the close of each month a statement showing the number of orders so treated, the post offices to which sent and the clerical time devoted to this work.

Please acknowledge receipt of this letter, using the enclosed envelope for your reply.

Very truly yours,

Third Assistant Postmaster General.

R-952-c

C O P Y

BUREAU OF ACCOUNTS
Division of Deposits

TREASURY DEPARTMENT
Fiscal Service
Washington

January 15, 1942.

TO THE CASHIER OF THE BANK ADDRESSED:

Your bank has, no doubt, received notice from the Federal Reserve Bank of your district stating that, effective February 2, 1942, Federal Reserve Banks and Branches will not accept for collection from member or non-member clearing banks, either as cash or non-cash items, any postal money orders that are not drawn on or issued by the respective post offices in the cities in which such Federal Reserve Banks and Branches are located.

It is not anticipated that your bank will, as a result of this change, experience any difficulties in connection with postal money orders included in deposits made by Government officers for credit in the account of the Treasurer of the United States. However, should any question arise concerning this matter, which cannot be settled locally, please communicate with the undersigned.

By direction of the Secretary:

B. M. MULVIHILL
Chief, Division of Deposits