

FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

April 11, 2014

By Registered Mail

Mr. Chris Powell
Gold Anti-trust Action Committee Inc.
7 Villa Louisa Road
Manchester, Connecticut 06043-7541

Dear Mr. Powell:

I am in receipt of your January 29 letter to William C. Dudley, in which you pose certain questions regarding gold accounts and reference a certain 2004 speech by H. David Willey, whose tenure at the Federal Reserve Bank of New York (the "Bank"), as you may know, ended in 1982. I have been asked to reply on Mr. Dudley's behalf.

The Bank presently opens and maintains gold custody accounts only at the request of central banks, governments, and official international organizations, and we have not located any evidence that the Bank has historically opened a gold custody account at the request of a member bank of the Federal Reserve System.

Until 1934, depository institutions that were members of the Federal Reserve System were generally permitted to deposit gold with the Bank to be held for the account of foreign official correspondents, but the only records we have located from that period indicate that such gold was held in accounts owned by the official institution and not the member bank itself. As we do today, the Bank provided basic safekeeping services and would hold such gold in its custody. From 1934 until 1974, the Gold Reserve Act permitted private ownership of gold only under U.S. Treasury license, and it is highly unlikely that Treasury issued a license that would have permitted the Bank to maintain a gold account for a member bank during that time. In connection with Congress's lifting of the ban on private ownership of gold in 1974, the Board of Governors of the Federal Reserve System publicly issued a policy statement on December 9, 1974 which expressly stated that the Federal Reserve Banks will not perform services for member banks with respect to gold, including safekeeping (see CCH Fed. Banking Law Rep. ¶156,368.50). In accordance with that policy statement, the Bank has not provided gold custody services to member banks from 1974 to the present.

Sincerely,



Timothy J. Fogarty
Senior Vice President
Central Bank and International
Account Services