

FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

BULLETIN No. 78

August 30, 1917.

TO THE MEMBER BANKS OF DISTRICT NUMBER SEVEN:

The amount of gold and gold certificates in general circulation in the United States is in excess of \$500,000,000. This gold should be utilized as reserve money, and to be most effective should be mobilized in the Federal reserve banks where it becomes the basis for the extension of credit and the issue of Federal reserve notes, thus strengthening the entire banking system of the country.

Federal reserve notes are the obligation of the Government and are redeemable in gold and can be used as a circulating medium in place of gold or gold certificates. Under these circumstances, and in view of the recent amendment to the Federal Reserve Act under which member banks may carry as vault or till money any kind of United States coin or currency, including Federal reserve notes, we earnestly request member banks to ship to us gold or gold certificates which they may have on hand; and also that they set aside gold and gold certificates received from their customers, paying out in lieu thereof Federal reserve notes, national bank notes, silver certificates or legal tender notes.

For the present we will pay transportation charges on gold coin or gold certificates, accepting gold coin subject to deduction for abrasion. In return we will supply free of shipping charges Federal reserve notes in denominations of \$5, \$10, \$20, \$50, and \$100, or will place the amount to the credit of the remitting bank, either in its account with us or in any designated bank in the city of Chicago.

Shipments should be made direct to the Assistant Treasurer of the United States, Chicago, for our credit with advice to us of the amount shipped. Banks having arrangements for the insurance of currency shipments are requested to forward gold certificates by registered mail, insured, with advice to us of the amount of the charges which will be refunded.

It is hoped that all member banks will avail themselves of this opportunity to assist in the mobilization of the gold of the country.

Respectfully,

JAMES B. MCDUGAL

Governor.