

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 67-10

January 18, 1967

CURRENCY AND COIN SERVICES TO NONMEMBER BANKS

**To All Banks in the
Eleventh Federal Reserve District:**

Effective January 18, 1967, this Bank and its Branches will make shipments of currency and coin to nonmember banks at the direct request of nonmembers and receive shipments of currency and coin from these banks. Such shipments will be made in accordance with the conditions set forth in this Bank's Bulletin No. 5, a copy of which is enclosed. For many years, currency and coin has been shipped to nonmember banks at the request of member correspondent banks, and this procedure will be continued for the convenience of nonmembers and their correspondents.

Currency in denominations through \$100 bills and coin in all denominations, except half dollars, are in plentiful supply. Halves are generally not available; therefore, orders from nonmember banks for this denomination should be tendered separately from other orders to facilitate handling.

Please acknowledge the receipt of Bulletin No. 5 by signing and returning the enclosed card. Also, please record the name of your bank on the card.

Yours very truly,

Watrous H. Irons

President

Enclosures 2

CURRENCY AND COIN

To All Banks in the
Eleventh Federal Reserve District:

This bulletin describes the cash services of the Federal Reserve Bank of Dallas. Any bank shipping or causing or ordering shipments of currency or coin to or from this bank or any branch thereof shall by such action be deemed to have agreed to the terms and conditions of this bulletin with respect to such shipments. For purposes of this bulletin and unless stated otherwise, all references to the Federal Reserve Bank of Dallas or "this bank," shall include its branches at El Paso, Houston, and San Antonio.

SCOPE OF SERVICE

1. All forms of United States currency and coin will be received for credit, redemption, exchange, or replacement, subject to conditions stated herein and applicable Federal laws and regulations. This bank will supply all available current denominations of currency and coin subject to the rules of this bank and regulations of the Treasury Department. The amount of new currency and coin available generally will be governed by the amount of fit currency and circulated coin on hand.

2. The Federal Reserve Bank of Dallas will absorb the cost of armored carrier service, postage or expressage and will assume all risks, except those herein specifically excluded, incident to shipments of United States currency and coin to and from member banks except those in cities in which a Reserve Bank Office is located when such shipments are ordered from this bank or are prepared and forwarded to this bank in accordance with the provisions of this bulletin. This bank will also make shipments of currency and coin to and receive shipments from nonmember banks at their own risk and expense.

ALL BANKS

Unnecessary Deposits and Withdrawals

3. In view of the high cost of maintaining this service, the cooperation of banks is requested to avoid unnecessary shipments. It is suggested that accumulations of fit currency in excess of requirements be made available to other banks in the same community and that needed currency be obtained from other banks in the community if fit currency is conveniently available at such banks. All banks are expected to anticipate their requirements and whenever possible to refrain from shipping to this bank currency and coin fit for further circulation if money of the same denominations is likely to be needed in the near future. The interchange of currency and coin by local banks and the exercise of care in anticipating requirements will reduce shipments to and from the Federal Reserve Bank of Dallas, and the cooperation of all banks will be greatly appreciated.

Preparation of Shipments

4. Any bank shipping or causing shipments of currency or coin to or for the account of this bank or any branch thereof shall by such action be deemed to have agreed that all such shipments shall be prepared and verified by one or more responsible employees of the sender and that the sealed package shall be in charge of a responsible person until deposited and registered at the Post Office, or, if the shipment is by express or armored car, until receipted for by the express office or armored car service, and that the contents of all packages shall be enclosed in a strong wrapper, envelope, or cloth or canvas bag, well secured, and sealed in a manner acceptable to the post office, express office, or armored car service at the place of mailing or dispatch.

Ordering Currency and Coin

5. Member banks should order currency and coin using Form Cash 15 and nonmember banks Form Cash 489, and all such orders should bear an authorized signature. Supplies of these forms will be furnished upon request. If the form is not used, a letter should be substituted. The letter should contain definite amounts and kinds of currency and coin desired, and in the case of member banks authority to charge the reserve account of the ordering bank. These letters should also bear an authorized signature. Orders should be forwarded directly to the Cash Department of the Federal Reserve Bank and not submitted on cards, advice tickets, or remittance forms and should not be included in letters pertaining to other transactions. Compliance with this request will expedite shipments.

Standard Units of Currency and Coin Shipped by this Bank

6. In anticipating the needs of banks served by the Federal Reserve Bank and in order to assure prompt service in supplying the demand for cash, currency is strapped in standard packages and coin is sacked in standard bags. Orders for currency or coin should be for the following standard units or multiples thereof.

Currency		Coin	
Ones	\$100	Cents	\$50
Fives	\$500	Nickels	\$200
Tens	\$1,000	Dimes	\$500 - \$1,000
Twenties	\$2,000	Quarters	\$500 - \$1,000
Fifties, \$1,000, \$2,000 & \$5,000		Halves	\$500 - \$1,000
Hundreds			
\$1,000, \$2,000, \$5,000, \$10,000			

Closing Hours for Shipments, and Armored Carrier Schedules

7. The vaults of the Federal Reserve Bank of Dallas, including its branches, are closed on Saturdays. Banks are urged to keep this in mind as well as armored carrier delivery schedules, where appropriate, in anticipating their cash requirements. Requests for shipments of currency and coin will be acted upon promptly on the day of receipt if received not later than 2:00 p.m. unless scheduled for later shipment by armored carrier. Banks placing orders by mail should assure themselves that such orders will reach this bank in time for dispatching the shipment for arrival on the expected date.

8. Emergency orders may be made by telegram in A.B.A. code with proper test word, or by telephone, charges collect, in the case of member banks. Telephoned or telegraphed orders must be confirmed immediately by letter or copy of the telegram, bearing an authorized signature.

Method of Shipment by Federal Reserve Bank

9. Shipments of currency or coin from this bank to member and non-member banks will be made by armored car carrier, registered mail, express, or by such other means of transportation as may be selected by this bank, whichever method is appropriate under the circumstances.

Postal Limitations

10. Postal regulations have imposed certain limitations and restrictions on the shipment of money to certain towns where railway postal service is not provided. Banks affected have been apprised of these limitations and restrictions and their cooperation in this respect is solicited in placing orders with this bank.

11. Banks also are requested, as a practical measure, to place orders for currency and coin so that they can be dispatched for arrival and delivery on a business day. Postal authorities have ruled it unwise to permit dispatch of money which would be held over at the receiving post office during Sunday or a holiday.

Advice of Shipment

12. A mail advice will be sent to banks covering each shipment, and, if the shipment is not received promptly, the head office or branch making it should be immediately notified by telephone or telegraph.

Verification of Shipments

13. All shipments should be verified (piece counted) immediately upon arrival, by the receiving bank, and any discrepancy found should be reported to this bank. Receipt of a shipment of currency or coin must be acknowledged by officially signing the accompanying receipt form and returning it in the enclosed envelope addressed to the General Auditor of this bank. Where disbursement of currency or coin is made without verification, this bank will assume no liability.

Preparation of Currency for Shipment to Federal Reserve Bank

14. All currency included in each shipment should be sorted and packaged by denomination, face and top up, and should be enclosed in paper currency straps, each strap containing 100 notes, with the name of the depositing bank, date, amount, and the number or stamp of the teller counting the package, appearing on each strap. Under no circumstances should rubber bands, pins, or clips be substituted for paper straps. In so far as possible, packages should be assembled by denomination into units of 2,000 notes each. Each unit should be securely tied so as to avoid collapse while in transit. When shipments are made by mail the weight of all units allowed in one sack and under one registry is determined by postal regulations. Placing in each sack a number of units, not in excess of the weight allowed, is desired as a measure of reducing shipping costs.

15. On the date of shipment, if the currency is sent by registered mail, a notice should be mailed under separate cover to the Federal Reserve Bank, giving the date, amount and description of the shipment. If the currency is sent by armored carrier, this notice should be handed to the armored carrier representative. A supply of this bank's Form Cash 316 for this purpose for member banks and Form Cash 490 for nonmember banks will be furnished upon request. A copy of the advice should be enclosed with the shipment.

16. Torn notes should be carefully mended on the back with transparent cellophane tape in such manner as to preserve the original design and visual identification of the face of the notes. All such notes should be strapped separately from those packages containing currency not mutilated, and where the number of notes in a single denomination is 25 or more, a separate strap should be used. Pins, clips, and other metallic substances, if not removed, could cause injury to the handlers and damage the machinery used in cancelling unfit currency. Failure to comply with the foregoing slows up the process of handling and may delay final verification.

Method of Shipping Currency to Federal Reserve Bank

17. Currency of all denominations shipped by member banks should be forwarded by registered mail, armored carrier or such other means of transportation as may be selected by this bank. Nonmember banks should make their own shipping and insurance arrangements. Since the Federal Reserve Bank of Dallas assumes all risks incident to the transportation of shipments by member banks, the sending member bank should pay on registered mail shipments only postage at first class rate and appropriate registry fee, using the lower of the two scheduled rates charged by the Post Office for registered mail.

Mutilated Currency

18. The Federal Reserve Bank of Dallas will accept for credit, redemption, or exchange lawfully held paper currency of the United States that is mutilated. If clearly not less than three-fifths of the original proportions of a bill remain, it will be exchanged at face value. Lawfully held paper currency, so mutilated that less than three-fifths but clearly more than two-fifths of the original proportions remain, is exchangeable only by the Treasurer of the United States at one-half the face amount of the whole note. Fragments not clearly more than two-fifths are not exchangeable by the Treasurer of the United States unless accompanied by evidence required in Paragraphs 19 and 20. No recovery is allowed when currency has been totally destroyed.

19. Fragments of less than three-fifths, when identifiable as to denomination, kind, and genuineness, are exchangeable at the face amount of the whole note by the Treasurer of the United States when accompanied by satisfactory proof that the missing portions have been totally destroyed. This proof should be in the form of an affidavit from the owner stating that he is the owner, outlining the cause and manner of destruction, and recording the total amount destroyed. If the owner cannot of his own knowledge state the facts of destruction, an affidavit or affidavits from any other person or persons having knowledge of the facts will be required. Treasury Department affidavit forms TUS 5283 are supplied by this bank upon request, and the completed affidavits should be returned to this bank for presentation to the Treasury Department.

20. The affidavits must be subscribed and sworn to before a notary public or other officer authorized by law to administer oaths. Unless authenticated by the official impression seal of the officer, the affidavit should be accompanied by a certificate from the proper official showing that the officer was in commission on the date of the acknowledgment. The expiration date of the officer's commission should be shown in any event. Should an affiant sign by mark (X), his signature must be witnessed by two persons besides the acknowledging officer and the places of residence of the witnesses to the mark must be indicated.

Preparation of Coin for Shipment to the Federal Reserve Bank

21. Coins should be shipped to this bank loose in heavy canvas bags, each bag containing coin of only one denomination. Lead or plastic seals should be used in sealing bags of coin and the impression should bear the name or the A.B.A. number of the shipping bank. Coin shipped to this bank should be sacked as follows:

Silver or Clad Coin—\$500 or \$1,000

Nickels—\$200

Cents—\$ 50

22. On the date of shipment, if the coin is sent by registered mail, there should be mailed to the Federal Reserve Bank, a notice giving the date, amount and description of the shipment. If the coin is sent by armored carrier, this notice should be handed to the armored carrier representative. A supply of this bank's Form Cash 172 for this purpose for member banks and Form Cash 491 for nonmember banks will be furnished upon request.

Method of Shipping Coin to Federal Reserve Bank

23. Unless other means of transportation are selected by this bank, member banks should ship coin to this bank by Railway Express Agency, Inc., collect, where such service is available. The addressee tag should show the amount in each sack. Nonmember banks should make their own shipping and insurance arrangements on a prepaid basis.

24. Banks located in towns which have no express or armored car carrier facilities should ship coin to this bank by parcel post, fourth class insured mail. If the Federal Reserve Bank or appropriate branch is in the first or second parcel post zone from the point of shipment, the maximum permissible weight of each sack is 40 pounds when mailed from a first class Post Office. If the Federal Reserve Bank is in the third to eighth zones from the point of shipment, the maximum permissible weight of each sack is 20 pounds. If mailed at a second, third, or fourth class Post Office, the maximum weight of each sack is 70 pounds regardless of zone. On any shipment made by parcel post, fourth class insured mail, no sack should contain more than \$200 regardless of weight. There is no limit as to the number of sacks that may be mailed at one time. The addressee tag should carry the following inscription: "Postmaster — Fourth-class mail. This package may be opened for postal inspection if necessary. From — (Name of sending bank)."

25. The risks of loss of coin shipments to and from member banks will be assumed by this bank upon the same terms and subject to the same conditions as appear in Paragraphs 34 through 37 of this bulletin; however, this bank

will not assume any risks of loss on such shipments while they are in the custody of the United States Post Office Department.

Mutilated Coin

26. Mutilated coins will not be accepted at their face value at this bank or by the Treasurer of the United States but should be shipped to the mint at Denver, Colorado or Philadelphia, Pennsylvania. Mutilated coins found in deposits with this bank will be returned to the depositing bank. Coins are mutilated when punched, clipped, plugged, fused together, or when so defaced as to be not readily and clearly identifiable as to genuineness and denomination. Coins containing lead, solder, or substances which will render them unsuitable for coinage metal will not be accepted by the mints. Coins that are bent or twisted out of shape, but are readily and clearly identifiable as to genuineness, and coins that have been reduced in weight by natural abrasion only, are not regarded as mutilated and will be accepted at their face amount.

27. Mutilated coins of 90 percent silver are not accepted at their face amount but at their bullion or metal value. Mutilated coins which are minted under the authority of Public Law 89-81 are accepted at the value at which coins of 90 percent silver of the equivalent denomination would be accepted in similar condition, in accordance with such comparative measurement by the mint accepting the coins as is feasible. Mutilated coins which are so defaced or fused together as not to be readily and clearly identifiable as to genuineness and denomination will be accepted at their bullion or metal value. Mutilated minor coins are accepted at their bullion or metal value.

28. Mutilated silver coins will be purchased at the mints at the price fixed from time to time by the Director of the Mint, which is approximately the market price of silver bullion on the date purchased, and should be transmitted to the mints at the expense and risk of the owner (charges prepaid). Mutilated silver coins shall not be commingled with other types of coins in the shipment. Mutilated clad coins minted under the authority of Public Law 89-81 will be paid for in accordance with these provisions and the provisions of Paragraph 27.

29. Mutilated minor coins (1-cent bronze and 5-cent nickel) will be purchased at the mints in lots of not less than 5 pounds of each kind at a price (the approximate value as metal) fixed from time to time by the Director of the Mint, and should be transmitted to the mints at the expense and risk of the owner (charges prepaid). One-cent and five-cent coins in the same shipment shall be segregated by denomination.

Counterfeit or Altered Currency and Coin

30. In accordance with Treasury Department regulations, all counterfeit or altered currency and coin must be delivered to an agent of the United States Secret Service. Accordingly, all counterfeit currency and coin received by this bank will be delivered to a Secret Service Agent whose receipt, fully describing the counterfeit currency or coin, will be mailed to the depositor.

Foreign Currency and Coin

31. Foreign currency or coin except as provided in Paragraph 38 for member banks will not be accepted for credit, and if received, will be returned to the shipping bank.

Gold Coin and Gold Certificates

32. The executive order of the President of the United States requiring the surrender of all gold coin and gold certificates is still in force, with certain exceptions. Any gold held or received on deposit should be sent to the Federal Reserve Bank of Dallas for the account of the Treasurer of the United States. Gold coins having a recognized special value to collectors of rare and unusual coin, including all gold coins made prior to April 5, 1933, and gold certificates of the type issued before January 30, 1934, have been exempted from the surrender requirement, however, and may be retained by the persons owning them.

Money Sacks

33. Empty money sacks bearing the name of the Federal Reserve Bank of Dallas or of the United States Mint should be returned to this bank by armored carrier or fourth class mail. The sender will be reimbursed for the expense. Empty money sacks bearing the name of a depository bank will be returned to the bank at the expense of the Federal Reserve Bank. This bank does not furnish money sacks to commercial banks.

SHIPMENTS TO AND FROM MEMBER BANKS

Assumption of Risk

34. Any member bank shipping or causing or ordering shipments of currency or coin to, from or for the account of this bank or any branch thereof shall by such actions be deemed to have agreed to the following terms and conditions with respect to such shipments.

35. Subject to the terms of this bulletin, the Federal Reserve Bank of Dallas will assume all risks incident to the transportation of such shipments of currency or coin by such means of transportation as may be selected by this bank, from the time such shipments leave the office of the sending bank until delivered at the office of the addressee bank, except as enumerated below; however, the Federal Reserve Bank of Dallas will not assume any risk for shipments sent by Railway Express Agency, Inc., while such shipments are in the custody of the Railway Express Agency, Inc., as the rate charged by the express company on such shipments is based on the declared value and the ordinary risks of loss are assumed by the express company under its shipping contract.

Exceptions

36. The Federal Reserve Bank of Dallas will not assume any risk of loss in any of the following circumstances, and any loss thereunder is agreed and understood to be assumed by the bank shipping or causing or ordering such shipment:

- (1) Any loss in excess of \$2,000,000 on all shipments by any one banking office to this bank on any one day.
- (2) Any loss resulting from hostile or warlike action by any military, naval, air forces, or agents of domestic, foreign or revolutionary governments, powers, or forces, whether or not war has been formally declared and including defending against an actual or expected attack;

or any loss caused by any weapon of war employing atomic fission or radioactive force whether in time of peace or war.

- (3) Any loss resulting from any dishonest, fraudulent, or criminal act of an employee of any bank, other than this bank, shipping, causing, ordering or receiving the shipment.
- (4) Any loss to the extent recoverable from any insurance, surety, or indemnity company pursuant to purchased insurance, surety or indemnity (including bankers' blanket bond), whether primary or excess, carried by or maintained by any person other than this bank.
- (5) Any loss on any shipment by any bank other than this bank not made in conformity with the provisions of this bulletin.

Payments of Losses and Subrogation of Rights of Recovery

37. The amount of any loss, the risk of which is assumed under the terms of this bulletin, will be paid promptly by this bank upon receiving from the bank sustaining the loss, in a form satisfactory to this bank, a written proof of loss, receipt, and any other necessary documents, including, but not limited to, an assignment of its rights, title, and interest in the lost property. The bank receiving any such payment shall take all necessary measures in behalf and at the risk and expense of this bank for the recovery, reissue, or replacement of such property, including the institution of legal proceedings in its own name, if deemed necessary by this bank.

Canadian Currency and Coin

38. Canadian currency and coin may be forwarded to the Federal Reserve Bank of Dallas, provided it is not mixed with other currency or coin. After being converted into domestic funds, the amount will be credited to the depositing bank's reserve account.

Entries to the Reserve Account of a Member Bank

39. Deposits or shipments of United States currency and coin received from a member bank will be credited to its reserve account subject to count, verification, and subsequent adjustments for shortages, overages, counterfeits, etc.

40. Payments or shipments of currency and coin made to or for the account of a member bank will be debited to its reserve account, unless a draft on its reserve account accompanies the order. If the draft is drawn on a bank other than the Federal Reserve Bank of Dallas, it will be handled for collection under the terms and conditions of the regulations of the Federal Reserve System and current bulletins of this bank governing the collection of such drafts, and the proceeds will be credited to the member bank's reserve account as soon as available.

SHIPMENTS TO AND FROM NONMEMBER BANKS

Risks Incident to Shipments

41. At the direct request of nonmember banks and at their risk and expense, shipments of currency and coin will be made to nonmember banks. Also, at their own risk and expense shipments of currency and coin will be received from nonmember banks.

Transportation Service Available

42. Arrangements for the delivery of currency and coin shipments may be made directly with an armored car company by the nonmember bank and the request for shipment should so indicate. If such arrangements are not made, shipments will be made by registered mail or express, whichever in this bank's judgment is appropriate. Express shipments will be made, charges collect, and registered mail shipments will be insured under this bank's registered mail insurance policies. Shipments by other means should be insured by the carrier. *When shipments are made by an armored car carrier, the responsibility of this bank will terminate upon delivery of the money to the carrier on this bank's premises and all transportation arrangements, charges and insurance shall be negotiated directly with the carrier by the nonmember bank.*

Entries Through the Reserve Account of a Member Bank

43. Charges for the amount of currency and coin shipments to nonmember banks and any related shipping charges will be made to the reserve account of the member bank designated by the ordering bank. The reserve account of the designated member will also be credited for such shipments received from a nonmember bank. These shipments will be received subject to detailed verification, and any adjustments will be functioned through the designated member correspondent bank. Nonmember banks availing themselves of this service should request that a letter from the member correspondent bank be forwarded to this bank authorizing their reserve account to be charged or credited for currency and coin transactions with the nonmember bank, including adjustments. A form for this purpose will be forwarded upon request.

Shipments to Others at Request of Member Banks

44. At the request of a member bank and at its expense and risk, shipments of currency and coin will be made to its correspondent banks by registered mail or armored car carrier, the means of shipment to be designated by the member bank. *When shipments are made by an armored car carrier, the responsibility of this bank will terminate upon delivery of the money to the carrier on this bank's premises and all transportation arrangements, charges and insurance shall be negotiated directly with the carrier by the member bank.* Unless instructed to the contrary, shipments to correspondent banks at the request of a member bank will be made by registered mail and insured under this bank's registered mail insurance policies for the account of the member bank and the costs of such transportation and insurance charged to the member bank's account.

45. The registered mail insurance policies referred to in Paragraphs 42 and 44 afford protection against loss from the time of acceptance by the messenger or carrier, whether within or without the premises of the sender, and to end when actual delivery has been made to the office of the addressee. A condition in such policies is the requirement that the contents of each package to be insured thereunder shall be verified by at least one person.

46. The policies contain the following clause concerning coverages:

"To cover . . . risks of physical loss of or damage to or destruction of property insured, except theft on the part of employees of senders or addressees, but this policy does not insure against: (a)

capture, seizure, arrest, restraint, detainment, confiscation, preemption, requisition or nationalization, and the consequences thereof or of any attempt thereat, whether in time of peace or war and whether lawful or otherwise; any consequences of hostilities or warlike operations (whether there be a declaration of war or not) but the foregoing shall not exclude collision, explosion or contact with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather or fire unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision any other vessel involved therein, is performing) by a hostile act by or against a belligerent power the term 'power' as used herein including any authority maintaining naval, military or air forces in association with a power; or any loss or damage caused by any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (b) the consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, piracy, risks of contraband or illegal transportation or trade, and seizure or destruction under quarantine or customs regulations."

The exclusion with respect to theft on the part of employees shall not apply while property is in transit to or from Post Offices. Coverage of employee theft in such cases, however, is only to the extent the loss is not covered by other insurance or indemnity

47. The liability of the insurers under these policies is limited to \$10,000,000 on property from any one sender to any one addressee on any one day unless dispatched by two or more trains, in which event the limit of liability shall apply to each train separately, with the further limitation of liability that shipments of currency shall not exceed \$400,000 in any one shipping package.

RIGHT TO AMEND

48. The right is reserved by this bank to withdraw, add to, or amend at any time any of the terms and conditions of this bulletin.

Yours very truly,

Watrous H. Irons

President