

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 74-148

May 29, 1974

To the Chief Executive Officer, Each Bank
in the Eleventh Federal Reserve District:

As you are well aware, banks all over the country have been experiencing a large demand for pennies during the past few weeks, and the Reserve Banks have had to limit orders for these coins in order to insure an equitable distribution. The Mint has produced twice as many pennies this year as were produced in the same period last year, and banks that rarely ordered one cent coins before this time of heavy demand are ordering them on a regular basis now.

From what we can ascertain, the problem has been created by a large number of people who are hoarding pennies in the hope that they will become valuable as collector's items, or that the price of copper will increase to the point where a profit can be realized. Both reasons are unrealistic and are likely to cost the hoarder in terms of storage and transportation expense, exposure to theft, and foregone interest on the money invested. Moreover, it is illegal for persons to melt such coins.

It is not in the best interests of banking, business, or the general public to aid or abet such hoarding in any way. Therefore, I am asking that:

- (1) All banks refrain from selling pennies to anyone other than business firms for use in making change or to other banks which are temporarily short of pennies.
- (2) You promptly contact your business customers to request that they refuse to sell pennies and use their supplies only for making change.

It is hoped that each bank in the Eleventh Federal Reserve District will cooperate fully to help us maintain a sufficient supply of pennies to meet the needs of business. If banks will deny hoarders the opportunity to buy large quantities and promptly return any excess supplies to the Reserve Bank, and if the general public could recognize the expenses involved in hoarding and return the millions of pennies into useful commercial trade, we should be able to meet our business needs for coins.

Thank you for your cooperation.

Yours very truly,

P. E. Coldwell

President