

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date January 9, 1969

To Records Section

Subject: Federal Reserve notes bearing

From John R. Farrell

Secretary Barr's signature

CONFIDENTIAL (FR)

This refers to and supplements the discussion at the Board meeting on January 8, 1969, the Treasury press release of January 8, and Mr. Ring's memorandum to the Records Section of January 9, all concerning a new issue (Series 1963B) of \$1 Federal Reserve notes bearing Secretary Barr's signature.

On the afternoon of January 8, Chairman Martin informed me that he had just talked with Secretary Barr about this subject, as agreed at the Board meeting that morning, and that he thought it would be advisable for Mr. Hexter and me to arrange to see the Secretary the next morning for a further discussion of the Board's position in the matter.

Later that afternoon Fiscal Assistant Secretary of the Treasury Carlock called me and said that--

1. He understood that I had some objections to the plan to use Secretary Barr's name on Federal Reserve notes.
2. The Secretary had discussed this matter with him before the plan was put into effect, and that he had advised the Secretary that he saw no objection to it.
3. He had not considered it necessary to clear the plan with the Board in view of the fact that Section 16 of the Federal Reserve Act provides that Federal Reserve notes "shall be in the form and tenor as directed by the Secretary of the Treasury..."

I mentioned to Mr. Carlock that the proposal to requisition the first batch (640,000) of the new Chicago notes for use in the Treasury Cash Room, so that Secretary Barr could purchase 32 of the low-numbered notes for a personal exhibit, would require Board approval since Richmond notes were ordinarily used by the Cash Room.

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Mr. Carlock said that he had not heard of this aspect of the plan, that he was not in favor of it, and that he would talk to Secretary Barr about it.

Mr. Carlock called me again early this morning and reported that Secretary Barr had said that, if there were reservations on anyone's part about his acquiring the low-numbered Chicago notes, he felt it would be better to forget this part of the plan. Mr. Carlock added that in the light of this development, he wondered if much would be gained from a further discussion of the matter by Mr. Hexter and me with the Secretary. I told Mr. Carlock that Mr. Hexter and I had previously discussed the purpose of our visit under such circumstances and that, while we were both inclined to share his doubts, I would want to clear the matter with Chairman Martin.

I later called Mr. Carlock back and told him that the Chairman had agreed to our not going through with the proposed discussion with the Secretary as long as it was understood by all concerned that the Board had not approved the Treasury plan and that the Chairman of the Board was strongly opposed to the entire undertaking. In this latter regard, I said that it was my understanding that the Chairman's opposition was based on a belief that the circumstances underlying the use of Secretary Barr's signature on Federal Reserve notes were such as to raise a question in the public mind about the way our currency was being handled, and that the Treasury January 8 press release was not of much help in this respect. I said that the headline "LAME-DUCK TREASURY CHIEF TO GET HIS BARR ON MONEY" appearing over the boxed item on page 20 of today's Wall Street Journal was, I thought, typical of the reaction feared by Chairman Martin.

cc: Chairman Martin
Mr. Hexter

January 9, 1969

Records Section

Discussions relating to

F. D. Ring

"Series 1963B" \$1 notes.

CONFIDENTIAL (FR)

Mr. James A. Conlon, Director, Bureau of Engraving and Printing called me on January 3, 1969, to inform us of the following changes that will take place over the next several weeks in the printing of Federal Reserve notes:

- (1) Secretary of the Treasury Barr's signature will appear along with the Granahan signature on \$1 notes that are printed between now and the time that signature plates are converted to the new incoming Secretary.
- (2) The \$1 notes with Mr. Barr's signature will be designated Series 1963B.
- (3) There will be no interruption in the numbering sequence on \$1 notes, but by chance Chicago \$1 notes being printed this month will jump to the new suffix letter I; i.e., Chicago \$1 notes with Mr. Barr's signature will begin with G 00000001 I.
- (4) \$1 notes of other Reserve Banks will be printed in the 1963B Series--New York, Cleveland, and San Francisco--with as much coverage on other Banks as possible.
- (5) "Coin World," the weekly numismatic paper had obtained some of the information from a member of the staff of the Bureau of Engraving and Printing, and Mr. Conlon was requesting that the paper not break the news.
- (6) The Bureau of Engraving and Printing is endeavoring to get out an early press release on the subject.
- (7) Notes bearing Mr. Kennedy's signature will be designated "Series 1969" because of the addition of the newly designed Treasury seal. Mr. Conlon is hopeful, however, that a Treasurer will be appointed promptly in order to avoid a short run on the new

series such as might occur if the Granahan - Kennedy signatures were used for a month or so and then changed by a new Treasurer's signature. An effort would be made to advise Mr. Kennedy of the problem.

(8) It may take perhaps six weeks after the January 20 inauguration to complete the signature plates on Mr. Kennedy. The plates are to be engraved.

I thanked Mr. Conlon and said that I would inform Mr. Kiley and Mr. Farrell. This was late in the afternoon and I immediately discussed it with Mr. Farrell. He referred to the considerable difficulty that the System encountered with regard to the low numbers on the first \$1 Federal Reserve notes that were introduced in late 1963, and suggested that the files be reviewed and a memorandum prepared for the Board's early consideration.^{1/}

On Monday, January 6, Mr. Donald C. Tolson, Deputy Director of the Bureau of Engraving and Printing, called me to say that Mr. Conlon had probably not told me in the earlier conversation what they were going to do in the way of arranging a special set of the Chicago notes for Mr. Barr. He said that Mr. Barr will get the first 32-note sheet of the Chicago \$1's, that the Cash Division of the Treasurer will order the first 32 packages (4,000 note packages) and remove the first note from each package, that a personal check for \$32 will be given to the Office of the Treasurer in payment for the notes, and that the 32 notes will then be returned to the Bureau for assembly into a sheet.^{2/}

Mr. Tolson said that this had been done a couple of times before for a new Secretary and that there was nothing unusual about this situation. In a later conversation during the day, I mentioned to Mr. Tolson the firm stand that the System had taken in 1963 when Mr. Dillon asked for a low number Chicago \$1 note for presentation to Senator Douglas, but he said that that particular situation was entirely different from the present one and emphasized again that it had been done before.

I discussed this new development with Mr. Farrell and the following morning he mentioned it to Governor Robertson. Governor Robertson suggested that it be brought before the full Board for their decision.

1/ Preparation of the memorandum was discontinued subsequently in favor of an oral presentation.

2/ Mr. Tolson later called back to say that the 32 notes would come from the first 160 packages of the Chicago \$1's.

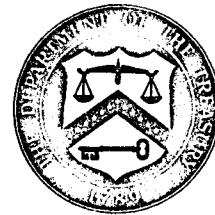
A verbal presentation with respect to the subject was given to the Board on January 8. Following the meeting, I talked with Mr. Tolson at Mr. Farrell's suggestion to ask why the Bureau was limiting Mr. Barr's signature to \$1's only and whether Mr. Barr's signature would be on all \$1's that are being printed. Mr. Farrell also requested that I describe our experience when short runs are made on coin, e.g., the 1968 nickels, and to mention in particular that we expect to have public relations problems with the Series 1963B notes.

Mr. Tolson said that the Bureau planned to print as many \$1 notes as they can with Mr. Barr's signature, hopefully as many as \$100 million. They are not going to print his signature on the other denominations since it would just make them a rarity. He felt that we would have no problem with collectors because of the large amount (\$100 million) the Bureau is producing. He also mentioned that Mr. Conlon and Mr. Comee, who is Deputy Assistant to the Secretary, had already worked together on a press release which described the forthcoming change and that the release would probably be made shortly.

I subsequently asked if the Bureau generally initiates arrangements for signature plates when a new Secretary of the Treasury is appointed. Mr. Tolson said that the Bureau takes the initiative since they are always anxious to convert the plates as soon as possible, but in the present circumstances there was an exchange from both sides. Further conversation caused Mr. Tolson to ask me if there was a preference that no change be made. I replied that Mr. Farrell would have been happy with no change, to which he responded humorously that the Secretary of the Treasury would have been unhappy.

FDR:mta

TREASURY DEPARTMENT



WASHINGTON, D.C.

January 8, 1969

FOR IMMEDIATE RELEASE

FEDERAL RESERVE NOTE SERIES TO BE SIGNED BY SECRETARY BARR

The Treasury announced today that an issuance of \$1 Federal Reserve Notes, Series 1963B, will bear the signature of Secretary Joseph W. Barr.

It pointed out that the issuance means that every Secretary of the Treasury since 1914, when the signature requirement was initiated, will have signed a currency series.

According to James A. Conlon, Director of the Bureau of Engraving and Printing, new techniques in use permit issuing the series without increased unit cost or interruption of normal currency production operations. He said that present technique requires engraving the new signature in only one 32-subject master plate. The previous method requiring 384 signature plates, Conlon explained, could not have been used in time to maintain the historical relationship of the Secretary to a currency issue.

Full conversion to the changed technique at this time will also expedite subsequent issue of a new series for Secretary-designate David M. Kennedy. Mr. Kennedy's series will be identified as Series 1969 since it will also include the first use of the new Treasury Seal on all Federal Reserve Notes.

The Bureau of Engraving and Printing estimates it will produce a minimum of 100 million of the new Barr notes which will continue in production until they are replaced by the Kennedy issue.

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