FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 3954
March 5, 1953]

Offering of $1,200,000,000 of 91-Day Treasury Bills

Dated March 12, 1953 **Maturing June 11, 1953**

To all Incorporated Banks and Trust Companies, and Others Concerned, in the Second Federal Reserve District:

Following is the text of a notice published today:

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, March 5, 1953.

TREASURY DEPARTMENT
Washington

The Secretary of the Treasury, by this public notice, invites tenders for $1,200,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing March 12, 1953, in the amount of $1,200,342,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated March 12, 1953, and will mature June 11, 1953, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, March 9, 1953. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on March 12, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 12, 1953. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117(a)(1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, as amended, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

This Bank will receive tenders up to 2 p.m., Eastern Standard time, Monday, March 9, 1953, at the Securities Department of its Head Office and at its Buffalo Branch. Please use the form on the reverse side of this circular to submit a tender, and return it in an envelope marked "Tender for Treasury Bills." Tenders may be submitted by telegraph, subject to written confirmation; they may not be submitted by telephone. *Payment for the Treasury bills cannot be made by credit through the Treasury Tax and Loan Account. Settlement must be made in cash or other immediately available funds or in maturing Treasury bills.*

ALLAN SPROUL, *President.*

Results of last offering of Treasury bills (91-day bills dated March 5, 1953, maturing June 4, 1953)

Total applied for	$1,996,167,000	
Total accepted	$1,300,085,000	(includes $197,423,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price	99.453	Equivalent rate of discount approx. 2.164% per annum

Range of accepted competitive bids:

High	99.500	Equivalent rate of discount approx. 1.978% per annum
Low	99.448	Equivalent rate of discount approx. 2.184% per annum

(17 percent of the amount bid for at the low price was accepted)

Federal Reserve District	*Total Applied for*	*Total Accepted*
Boston	$ 12,888,000	$ 12,888,000
New York	1,334,309,000	756,199,000
Philadelphia	50,463,000	29,803,000
Cleveland	50,920,000	44,920,000
Richmond	13,045,000	11,545,000
Atlanta	28,676,000	28,110,000
Chicago	241,940,000	182,885,000
St. Louis	38,829,000	31,458,000
Minneapolis	8,096,000	8,096,000
Kansas City	60,603,000	50,773,000
Dallas	36,062,000	36,062,000
San Francisco	120,336,000	107,346,000
Total	$1,996,167,000	$1,300,085,000

(OVER)

IMPORTANT—If you desire to bid on a *competitive* basis, fill in rate per 100 and maturity value in paragraph headed "Competitive Bid." If you desire to bid on a *non-competitive* basis, fill in only the maturity value in paragraph headed "Non-competitive Bid." *DO NOT fill in both paragraphs on one form.* A separate tender must be used for each bid, except that banks submitting bids on a competitive basis for their own and their customers' accounts may submit one tender for the total amount bid at each price, provided a list is attached showing the name of each bidder, the amount bid for his account, and method of payment. Forms for this purpose will be furnished upon request.

No. ....

TENDER FOR 91-DAY TREASURY BILLS

Dated March 12, 1953 **Maturing June 11, 1953**

Dated at ....

.... 1953

To Federal Reserve Bank of New York,
Fiscal Agent of the United States.

COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on March 5, 1953, as issued by the Secretary of the Treasury, the undersigned offers ....*
(Rate per 100)
for a total amount of $........................ (maturity value) of the Treasury bills therein described, or for any less amount that may be awarded, settlement therefor to be made at your Bank, on the date stated in the public notice, as indicated below:

☐ By surrender of maturing Treasury bills amounting to .... $________________

☐ By cash or other immediately available funds

**Price must be expressed on the basis of* 100, *with not more than three decimal places, for example,* 99.925.

NON-COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on March 5, 1953, as issued by the Secretary of the Treasury, the undersigned offers a non-competitive tender for a total amount of $................
(Not to exceed $200,000)
(maturity value) of the Treasury bills therein described, at the average price (in three decimals) of accepted competitive bids, settlement therefor to be made at your Bank, on the date stated in the public notice, as indicated below:

☐ By surrender of maturing Treasury bills amounting to .... $________________

☐ By cash or other immediately available funds

The Treasury bills for which tender is hereby made are to be dated March 12, 1953, and are to mature on June 11, 1953.

This tender will be inserted in special envelope marked "Tender for Treasury Bills."

Name of Bidder ....
(Please print)

By ...., ...
(Official signature required) (Title)

Street Address ....

....
(City, Town or Village, P. O. No., and State)

If this tender is submitted by a bank for the account of a customer, indicate the customer's name on line below:

....
(Name of Customer) (City, Town or Village, P. O. No., and State)

IMPORTANT INSTRUCTIONS:

1. No tender for less than $1,000 will be considered, and each tender must be for an even multiple of $1,000 (maturity value).

2. If the person making the tender is a corporation, the tender should be signed by an officer of the corporation authorized to make the tender, and the signing of the tender by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership, it should be signed by a member of the firm, who should sign in the form ".., a copartnership, by ...., a member of the firm."

3. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

4. If the language of this tender is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

Payment by credit through Treasury Tax and Loan Account will not be permitted.

FEDERAL RESERVE BANK
OF NEW YORK

NEW YORK 45, N. Y.
March 3, 1953

COINS AND CURRENCY BOOKLET

*To the Chief Executive Officers of Member Banks
in the Second Federal Reserve District:*

For the past year we have been circulating a coin and currency exhibit among member banks for lobby display purposes. Because of the public interest shown in the exhibit, we have prepared an illustrated booklet, *Coins and Currency*, for distribution to your customers and other interested persons, particularly students. A copy of the booklet is enclosed. It contains a short history of money, and traces the coinage and currency of the United States from Colonial days to the present time. The cover of the booklet has been designed so that you can imprint the name of your bank on it. If you contemplate showing the exhibit in your bank, you may wish to distribute the booklet at that time. We can make copies available to you at $1.00 per 100.

Should you desire a supply of the booklets, please fill out the order form below and return it to our Bank Relations Department.

ALLAN SPROUL,
President.

____
(Date)

To Federal Reserve Bank of New York,
Bank Relations Department:

Please send us ______ copies of the booklet *Coins and Currency* at $1.00 per 100 copies and charge our reserve account for the cost (plus New York City sales tax, if applicable).

____
(Name of bank)

By ____________________ , ____________________
(Official signature required) *(Title)*

____
(Street address)

____
(City, Town or Village, P.O. No., and State)

COINS AND CURRENCY

A brief summary of

COINS AND CURRENCY

prepared by Federal Reserve Bank of New York

The story of money dates back almost as far as man himself. It began when man learned that he need not produce for himself everything that he needed or desired, that he could trade things he had for things he wanted. Difficulties were met, however, because there was no common standard of value. A fisherman, for example, couldn't get much wheat from a farmer who didn't like fish.

Before long man learned to set up a prized ornament or a long-lasting item of food as a standard to which all other things were compared. These standards — beads, shells, stones, furs, fish hooks, grain and cattle, to name a few — all have been given a turn as money from time to time. Money, then, should be a generally acceptable medium of exchange.

When mankind learned that money was usually more generally acceptable if it was durable and easy to carry, metal money began to gain favor. Our earliest record of this type of money dates back to

2,500 B.C., when the Egyptians produced rings that were used for exchange. Cubes of gold became money in China about 400 years later. The first metal coins were made in Asia Minor, about 700 B.C., by the Lydians. These coins, struck from an alloy of gold and silver called electrum, were bean-shaped and were stamped with rough impressions.

The Greeks and Romans contributed much to the art of coinage. Some of the most beautiful coins ever produced were made by the Greeks during their Golden Age — 400 to 300 B.C. As time went on, coins became the favored medium of exchange the world over.

The origins of paper money probably go back to the clay tablets of Babylon about 2,500 B.C. On these tablets were written due bills, receipts and the like. Marco Polo, returning from his 13th century voyage to China, reported that paper money was in use there. He also reported that Emperor Kubla Khan, in 1273 A.D., issued notes printed on mulberry bark paper, bearing the red seal of Kubla and the signatures of his treasurers. The earliest specimen of paper money known to exist today is the *Kwan*, a Chinese note issued during the Ming Dynasty (1368-1399 A.D.). The *Kwan* is about the size of a sheet of typewriter paper.

In the Middle Ages when travel became more common, metal coins were looked upon by many as a burden, for they were too heavy to carry from place to place. Then, too, travelers were always easy prey to robbers. Those who traveled began to leave their coins with a goldsmith. In turn the traveler received a receipt which was of no value to a robber. This custom grew in popularity and gradually the receipts were transferred from one person to another in payment of debts, instead of withdrawing the actual coin. In effect, this was paper money at work.

When the early colonial settlers departed for North America, they left behind them a well-developed coinage system. The few foreign coins that the colonists brought with them were used to pay for European trade. In their new homeland they soon found themselves engaged in primitive barter or using Indian wampum as money. A group of settlers soon learned to counterfeit wampum, however, and it lost its value. For home trade, then, the product most widely used in an area became money. For example, in Virginia it was tobacco and in Massachusetts it was grain, fish, and furs. Throughout all of the Colonies gun powder and bullets were frequently used for small payments.

After trade with the West Indies was developed, Spanish eight-reales pieces were widely circulated. These coins, known as *pieces of eight*, became standard money and remained in circulation with official sanction until 1857. To meet the need for small change, colonists frequently cut these "Spanish dollars" into fractional parts. A half section of the dollar therefore became "four bits" — a quarter section was "two bits."

Wampum

Spanish piece of eight

Pine Tree Shilling

Excelsior cent

The men of the Massachusetts colony were the first to attempt their own coinage in British America. In 1652 a mint was opened in Boston where the pine tree shilling, so named because it bore the impression of a pine tree, was minted. Sixpence and threepence pieces were also products of this mint, which was closed by the English Government in 1686.

During the time following the Declaration of Independence and up to the adoption of the Constitution, a number of State legislatures authorized the issuance of coins. The first attempt of any significance on a national basis, however, came in 1787, when James Jarvis was engaged by the national Congress to make copper one-cent coins. On one side of this coin the design consisted of a circular chain of 13 links enclosing the motto *We Are One*. On the other side was a dial with the hours of the day marked on it. Above the dial was the noonday sun, and beside it the word *fugio*, the whole signifying "time flies." Below the dial was the phrase *Mind Your Business* — an admonition to diligence, not the caustic expression of today. Because these expressions were suggestive of the spirit of Poor Richard, it became known as the Franklin cent, although Benjamin Franklin is not known to have had anything to do with the coin. New York State in 1787 issued a coin that was known as the Excelsior cent and bore a design resembling the Great Seal of the State.

After the adoption of the Constitution, Congress established a United States mint in Philadelphia in 1792, and the nation's first cents and half-cents were struck in 1793. They were copper and about the size of present-day quarters and nickels. A silver half-dime, half-dollar, and dollar were added in 1794, and the next year the eagle ($10 gold coin) and half-eagle appeared. At that time the eagle was the gold and the dollar the silver monetary unit. The motto *E Pluribus Unum* was first used on the half-eagle of 1795. The next year our first quarters and dimes were issued.

In 1690, men from Massachusetts returned, tired and beaten, from an unsuccessful siege of Quebec. Booty from the anticipated victory, it was thought, would finance the expedition. Tables were turned, however, and debts for ships, cannons, muskets, powder, and shot mounted. And then there were hundreds of hungry soldiers, threatening mutiny if not fed and paid. All this was met with a nearly empty treasury. Out of this dire need, Bills of Credit (in effect mere promissory notes) — the first paper money in America and in the entire British Empire — were issued by the colony.

Other colonies followed by printing paper money of their own. It circulated freely and notes were even torn into pieces to substitute for coins in making change. Issues were excessive, however, and some of them quickly sank to small fractions of the intended value. Despite the disadvantages, however,

Continental currency

Colonial paper currency

State bank note

early colonial paper money seems to have helped to solve some of the difficulties caused by a shortage of metallic money in an expanding community.

Then came the American Revolution and huge expenses with no adequate power of taxation. The Continental Congress, in June of 1775, authorized the first issue of paper money, to be limited to $2 million. Soon, however, several other issues were put out and the total in circulation greatly exceeeded all reasonable needs. Rapid depreciation of value resulted.

George Washington, in commenting on the conditions, said, "a wagon-load of money will scarcely purchase a wagon-load of provisions." The vanishing value of the currency of the Continental Congress led to the term for worthlessness that has remained to this day — "not worth a continental." Congress in 1790 authorized the Treasury to accept the continental notes at a rate of 100 to 1, in payment for bonds of the new Federal Government.

So bitter was the feeling toward paper money that a provision giving Congress the right "to emit bills on the credit of the United States" was struck out of the first draft of the Federal Constitution, and the Constitution as adopted carried a provision forbidding the states to "emit bills of credit." Not until more than 70 years later, in 1862, was paper money again issued by the Government of the United States.

Between 1790 and the Civil War no paper currency was issued by the Government. On several occasions (1812-15, 1837-43, 1846-47, 1857, 1860-61) connected with wars and depressions, the Treasury issued small amounts of notes, almost always interest-bearing, in denominations ranging down to $50. Some of these notes appear to have had some limited use as circulating currency, but at no time was there much in circulation, and of course they were not intended to serve as currency.

Until 1836 the larger part of paper currency in circulation consisted of issues of the first (1791-1811) and the second (1816-1836) Bank of the United States, a private Federal-chartered bank. At the time of closing in 1836 the Bank of the United States had outstanding note liabilities of $23,100,000. Afterward, notes issued by State-chartered private banks were the chief form of paper currency. These notes had varying degrees of acceptability, were not always redeemable in gold or silver on demand, and the issues of many banks frequently circulated at a substantial discount from face value. Each bank chose its own design for its notes, and they differed in size, color, and appearance. By 1860, it is estimated, there were notes of 8,000 banks in circulation. Under these circumstances, it is not strange that counterfeiting fluorished as never before or (fortunately) since. Bank failures were common throughout the period and people regularly suffered losses on the notes they received and held.

SOME OF THE MORE

1836 change from hand press to steam-operated coining press.

1840 silver dollar has figure of Liberty seated, a design used on all silver coins thereafter (except for silver dollars) until 1891.

1849 Congress authorized coinage of a double eagle ($20 gold piece) and a gold dollar.

1851 With the discovery of gold in California, and a need for acceptable money there, some private firms began minting their own gold coins.

1851 minting of silver three-cent pieces of almost paper thinness; soon dropped as impractical.

1853 coinage of three-dollar gold piece.

1854 establishment of San Francisco mint.

1856 Flying eagle cent, made of copper and nickel.

1857 circulation of foreign coins prohibited; the Spanish silver dollar ceased to be legal tender.

SIGNIFICANT LATER DATES IN THE HISTORY OF OUR COINAGE

1859 first Indian head cent.

1864 bronze two-cent piece, the first coin to use the moto *In God We Trust.*

1865 three-cent piece of nickel, discontinued 1890.

1866 first nickel five-cent piece (there were earlier silver half-dimes).

1873 coinage of trade dollars, slightly larger than standard silver dollars, intended for use in the China trade where they "competed" with the Mexican peso. Withdrawn from circulation in 1887 because they did not help Far East trade, but tended to circulate at home.

1875 coinage of 20-cent piece, discontinued 1878.

1883 first Liberty head nickels, almost immediately withdrawn because the reverse bore only a Roman letter V and counterfeiters plated them thinly with gold to pass them off as five-dollar coins. The next issue of the coin read "V cents."

1906 establishment of Denver mint.

1909 first "portrait coin," the Lincoln cent.

1913 first buffalo nickel.

1916 first minting of Liberty (full-length) half-dollar.

1921 first minting of present Liberty head silver dollar.

1932 Washington quarter.

1938 Jefferson nickel.

1942 silver (35%) "nickel" produced to save nickel, discontinued 1945.

1943 Zinc-coated steel cent produced to save strategic copper and tin (only year minted).

1946 Roosevelt dime.

1948 Franklin half-dollar.

Shinplaster

2¢ bronze piece

The first paper money actually issued by the Government of the United States consisted of non-interest-bearing Treasury notes issued in 1861 and 1862. These notes were payable on demand at certain designated sub-treasuries, and soon became known as demand notes. The amount first authorized was $50 million but a second issue of $10 million was also paid out. In 1862, Congress provided for the issuance of United States notes, and they were substituted for the demand notes, which were retired. The United States notes were first issued in the amount of $150 million and were designated as legal tender for all debts, except duties on imports and interest on the public debt. They were popularly referred to as "greenbacks" or "legal tenders." A second issue of $150 million was also authorized in 1862 and a third issue of the same amount in 1863. The highest amount outstanding at any one time was $449,338,902 in early 1864. By 1878 the amount outstanding had been reduced to $346,681,016, and this amount is still outstanding today, mostly in denominations of $2 and $5.

It was also during the Civil War (on January 3, 1862) that the Federal Government suspended specie payments — that is, dropped the provision for redeeming United States notes in coin. It was not until January 1, 1879 that specie payments were resumed. Following the suspension in 1862, subsidiary silver coins largely disappeared from circulation as they were hoarded. For a time their place was taken by tickets, due bills, and other forms of private obligations issued by merchants and others whose business required them to make change. Congress then first authorized the use of postage stamps for change (after people had begun to use them for this purpose), and later issued a modified stamp called postal currency. Finally, fractional paper currency was issued in denominations corresponding to the silver coins. Congress authorized an issue of $50 million, the highest amount outstanding at any one time was $49,102,660.27. These "paper coins," much smaller in size than our present currency, were known as "shinplasters" and were issued in denominations of 3, 5, 10, 25, and 50 cents (a small amount of a 15-cent denomination was also issued). After the end of the war, when coinage was resumed, this fractional currency was no longer needed, and in 1875 and 1876 Congress provided for its redemption and retirement. One of the most interesting of the few coins minted during the Civil War was the two-cent bronze piece, the first of our coins to bear the motto *In God We Trust.*

The first gold certificates were authorized in 1863, when Congress directed the Secretary of the Treasury to receive deposits of gold coin and bullion and to issue certificates therefor in denominations of not less than $20. (Later certificates were issued in the $10 denomination also.) The first issue was made in 1865, and gold certificates continued in circulation until 1933. The Treasury was authorized to issue silver certificates in 1878; like the gold certificates, they were given out in return for the deposit of silver dollars with the Treasurer of the United States. In 1934 this authority was increased to authorize issuance of silver certificates equal in value to silver purchased by the Treasury. Before this latter date, however, the Congress in 1890 directed the Secretary of the Treasury to purchase each month $4,500,000 ounces of silver at the market price and to issue in payment "Treasury notes of the United States." These notes, usually called "Treasury notes of 1890," were redeemable on demand in either gold or silver coin at the discretion of the Secretary of the Treasury and were legal tender. The authority for purchase of silver in this manner was repealed in 1893, when almost $156 million of the notes were outstanding. Congress later provided for the cancellation and retirement of this issue.

Most of the paper currency in circulation between the Civil War and the First World War, however,

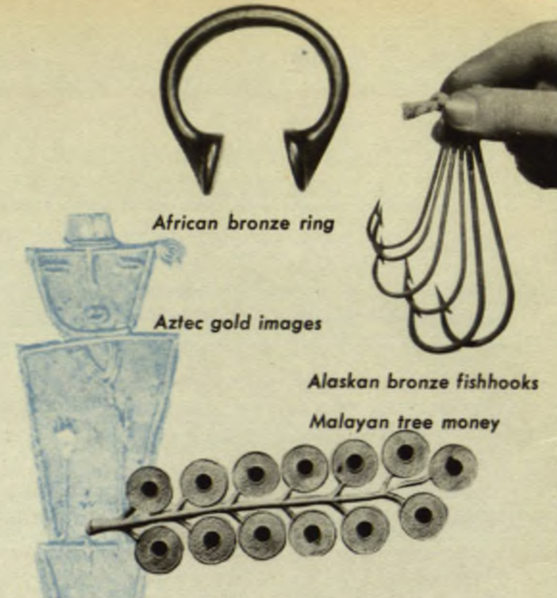
National bank note (old size)

Federal Reserve bank note (old size)

consisted of national bank notes. This currency, uniform in size and general appearance, was issued by banks chartered under the National Bank Act of 1863, which provided that these banks were required to deliver to the Treasurer of the United States a certain amount (based on their capitalization) of registered Treasury bonds bearing the "circulation privilege." The banks were then entitled to receive from the Comptroller of the Currency paper money equal to 90 per cent of value of the bonds. The total amount of currency for all banks was limited to $300 million until 1870, when it was increased; in 1875, the limitation was removed. By 1913, national bank notes amounting to almost $700 million were in circulation and the Treasury, of course, held bonds having the "circulation privilege" as backing. The last of these bonds matured in 1935 and national bank notes have since been retired from circulation as they are deposited in Federal Reserve Banks. The Treasury still keeps some cash in a special account to pay for these notes as they are presented.

The Federal Reserve Act of 1913 authorized the issuance of Federal Reserve Bank notes against the deposit of United States bonds. These notes were, in effect, very much like the national bank notes. In 1918 Congress authorized the issuance of Federal Reserve Bank notes in place of retired silver certificates, but by 1922 almost all had been retired. In the banking emergency of 1933 and 1934, Congress once again authorized the issuance of Federal Reserve Bank notes secured by direct obligations of the United States or by eligible commercial paper. By the end of 1933 the value of these notes in circulation reached a peak of $208 million; they were retired over the next two years. During World War II a stock of unused Federal Reserve Bank notes was issued in order to save paper and labor that would have been used to produce other needed currency. These notes are being retired gradually.

By far the largest portion of paper currency in circulation today consists of Federal Reserve notes issued by the twelve Federal Reserve Banks. These notes are obligations of the United States and are first liens on all assets of the issuing Federal Reserve Bank. Since 1933 they have been full legal tender for all debts, public and private. Each Federal Reserve Bank was originally required to maintain a reserve in gold of at least 40 per cent against its notes in actual circulation. In 1945 this requirement was reduced from 40 to 25 per cent, but in recent years all the Federal Reserve Banks have actually had gold reserves well in excess of the 25 per cent requirement. Federal Reserve notes, issued in denominations from $5 to $10,000, are furnished to the Federal Reserve Banks through the Comptroller of the Currency, and under the supervision of the Board of Governors of the Federal Reserve System. They are made by the Bureau of Engraving and Printing, which also produces currency for the Treasury. A Federal Reserve Bank desiring to



Money is not always coins and paper currency: people throughout the world have used many curious materials in odd forms, from iron nails to huge stone slabs.

obtain Federal Reserve notes applies for them to the Federal Reserve agent of its district (who is a representative of the Board of Governors) and submits collateral equal in value to the notes requested. This collateral can consist of eligible commercial paper, gold or gold certificates, and direct obligations of the United States. (New currency can also be obtained in exchange for notes no longer fit for circulation.) No Federal Reserve Bank is permitted to pay out the notes issued by another Bank, and therefore notes of one Bank deposited in another Federal Reserve Bank are returned to the issuing Bank (or to the Treasury Department for final destruction by burning). The Federal Reserve Bank of issue is designated on a note by the round seal which appears to the left of the portrait on the face of the note. The full name of the Bank is given in the outer edge of the seal, and a large letter within also identifies the Bank (A for the Boston Reserve Bank, B for New York, C for Philadelphia, and so on to L for San Francisco). There is also a numerical identification about an inch in from each of the corners (1 for Boston, 2 for New York, and so on).

In addition to these Federal Reserve notes, the only other kinds of currency being issued today are United States notes (issued only in denominations of $2 and $5 and limited to an aggregate amount of $346,681,016) and silver certificates (issued only in denominations of $1, $5, and $10). The chief distinguishing mark for the three types of notes is the color of the seal to the right of the portrait on the face of a note: the seal is green on Federal Reserve notes, red on United States notes, and blue on silver certificates. There is one other note series, but this "currency," consisting of gold certificates issued by the Treasury to the Federal Reserve Banks, does not circulate among the public. The certificates are issued in denominations of $100, $1,000, $10,000, and $100,000, and they represent pledges of the monetary gold stock of the United States.


FUGIO
1787