

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 8601]
July 13, 1979]

CURRENCY AND COIN

Revision of Operating Circular No. 3

To All Member and Nonmember Banks
in the Second Federal Reserve District:

Enclosed is a copy of a revised Operating Circular No. 3, entitled "Currency and Coin." This operating circular contains procedures that banks must follow in shipping currency and coin to this Bank and in ordering currency and coin from us; it also sets forth provisions regarding the risk of loss in such shipments to and from this Bank. The major changes in this edition of the circular are summarized below.

Avoidance of overlapping deposits and withdrawals

Paragraphs 1 and 2 of the revised circular provide a clarification of our policy regarding overlapping deposits and unnecessary shipments. Note that we reserve the right to fill orders from banks that make unnecessary deposits and withdrawals of like denominations with currency received from such banks. Interchanges of currency and coin among banks are encouraged.

Preparation of currency deposits

Paragraph 7 (formerly 3) has been amended to provide that \$2 and \$20 bills must be deposited in full bundles of 1,000 pieces; \$50 and \$100 bills must be deposited in 100 note packages and in 1- to 10-package bundles. In addition, a footnote has been added to provide a uniform definition of fit currency.

Package straps

Paragraph 8 (formerly 4) contains new strap specifications and provides that straps should comply with ABA color standards.

Bags, seals, and tags for deposits

Paragraphs 9 and 18 include a recommendation that crimped seals on bags of currency and coin bear an identification of the depositing bank.

Worn and mutilated coin

Paragraphs 20 and 21 (formerly 19) reflect revised definitions of worn and mutilated coin, which were adopted by the Bureau of the Mint and the Federal Reserve Banks effective July 1, 1979. Note that coin that is bent or twisted out of shape is now classified as mutilated.

Currency shipments

Paragraph 26 (formerly 23) establishes new standard dollar amounts for ordering currency.

* * * * *

Several other changes have also been made, primarily to reflect our current practices and procedures, the new Anthony dollar coin, and the \$2 bill.

Additional copies of the revised operating circular will be furnished upon request.

PAUL A. VOLCKER,
President.

FEDERAL RESERVE BANK
OF NEW YORK

[Operating Circular No. 3]
Revised July 13, 1979]

CURRENCY AND COIN

To All Member and Nonmember Banks
in the Second Federal Reserve District:

This circular sets forth the general terms and conditions regarding the currency and coin services provided by this Bank. Any bank, member or nonmember, that directly or indirectly makes a shipment of currency or coin to, or orders a shipment of currency or coin from, any office of this Bank is deemed to agree to the provisions of this circular. Unless otherwise indicated, all references to this Bank apply equally to the Buffalo Branch. Banks are requested to transact business directly with the office (either New York City or Buffalo) from which they normally receive service.

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Overlapping deposits and withdrawals should be avoided

1. In view of the high cost of handling and transporting currency and coin, banks should not deposit and withdraw the same denominations of currency and coin within a short period of time. Banks should interchange fit currency and coin among themselves whenever feasible. This Bank will assist banks in establishing such currency and coin exchange arrangements. We reserve the right to fill orders from banks that make unnecessary deposits and withdrawals of like denominations with currency received from such banks.

Unnecessary shipments of fit currency

2. Normally, fit currency * should not be deposited with this Bank. Exceptions may be considered when a bank has excess currency and all its unfit currency has already been deposited.

METHOD OF SHIPMENT

Armored carrier service

3. Banks provided with armored carrier service by this Bank are requested to coordinate their deposits and withdrawals of currency and coin with our established armored carrier service schedules. We will not assume the cost or risk of loss of any shipment to or from this Bank made by means other than such armored carrier service unless the shipment is necessitated by unusual and nonrepetitive circumstances and prior approval of the shipment by such other means has been given by this Bank.

Registered mail deposits

4. Banks located outside the cities of New York and Buffalo that are not provided with armored carrier service by us should ship currency to us by registered mail. Packaged and bundled currency in all denominations may be included in the same bag sent by registered mail. Inasmuch as a registered mail fee is charged for each bag, as few bags as possible should be used. Form MON. 82 (for New York), form B MON. 12A (for Buffalo) and form B MON. 13A (for Head Office territory banks served by the Buffalo Branch) should be completed and attached to each bag. Also, a tag bearing the name and address of the sending bank should be attached to each bag, and the necessary postage should be affixed securely to the back of the tag (not to the bag). No writing indicating the nature or value of the contents should appear on the bag or on the tag. The postage—first class rates plus the fee established for registered mail—should be prepaid. Member banks should pay the lesser of the two fees established for registered mail; their reserve accounts will be credited for these charges. It is not necessary for any bank to pay for a return post office registry card, as the second copy of the deposit form will be returned to the sending bank to acknowledge receipt of the deposit.

Insured fourth class mail

Coin

5. Banks not shipping coin by armored carrier or making direct deposit should send their shipments by insured fourth class mail. When coin shipments are sent by insured fourth class mail, the member bank will be credited in its reserve account for the postage charges. For the Head Office, form MON. 99, and for the Buffalo Branch, form B MON. 12, (B MON. 13 for Head Office territory banks served by the Buffalo Branch), must be completed and forwarded to us. The amount of coin

* See footnote 1 on page 4 for a definition of fit currency.

contained in each bag shipped by insured fourth class mail should not exceed \$500, except in the following cases: a bag of Anthony dollar coins should not exceed \$2,000; a bag of nickels should not exceed \$200; and a bag of pennies should not exceed \$50. It is not necessary for any bank to pay for a return post office registry card, as the second copy of the deposit form will be returned to the sending bank to acknowledge receipt of the deposit.

INCOMING SHIPMENTS TO FEDERAL RESERVE BANK OF NEW YORK

Credit for deposits of currency and coin

6. Subject to verification and to the other provisions of this circular, we will credit on the date of receipt the account of the shipping or depositing bank (or the account of another bank that has made arrangements with us to receive the credit) with the amount of currency and coin received by us (plus the cost of postage, if mailed by a member bank not located in the cities of New York or Buffalo), and an advice of credit will be mailed to the sending bank.

Preparation of currency for deposit

Fit and unfit currency

7. Fit currency¹ not needed by a depositing bank and unfit currency, each packaged separately and clearly labeled fit or unfit, should be piece-counted by the depositing bank and arranged face and top up in packages of 100 bills each, according to denomination (under no circumstances should denominations be mixed) and in bundles (also clearly labeled fit or unfit), as follows:

<i>Denomination</i>	<i>Number of packages to a bundle</i>	<i>Dollar amount of bundle</i>
Ones	10	\$ 1,000
Twos	10	2,000
Fives	10	5,000
Tens	10	10,000
Twenties	10	20,000
Fifties	1-10	5,000-50,000
Hundreds	1-10	10,000-100,000

Bills of \$50 and \$100 denominations should be consolidated in packages of 100 notes of the same denomination and in bundles of 1 to 10 packages of the same denomination. Exceptions may occasionally be made in the case of very small and infrequent depositors. Currency that cannot be arranged as provided above, because of insufficient quantities, should

¹ A note is considered fit for further circulation when it is fairly clean so that its class, denomination and genuineness can be determined without difficulty, and it contains a sufficient amount of "life" or "sizing" to permit its being easily handled. It should not contain heavy creases that break the fiber of the paper and indicate that disintegration has begun. It should not present a limp or raglike appearance. Nor should it be so badly soiled as to be offensive, or torn, perforated or otherwise damaged. Mere creasing or wrinkling that has not broken or seriously weakened the note does not make it unfit. Also, "dog-ears" or bent corners do not render notes unfit.

not be deposited with us, but should be retained until enough currency of the appropriate denomination to complete the standard bundle units has been accumulated.

8. Each package of 100 notes should be bound with a *single* paper strap, which should comply with ABA color standards. In addition, each package strap should indicate the name or initials of the person who prepared the package, the name of the depositing bank, the name and address of the office of the bank at which the deposit was prepared, and the date the package strap was prepared. Under no circumstances should pins, clips, rubber bands, or straps of another bank be used in securing packages or bundles. Each bundle should be secured with heavy-duty rubber bands or string-tied by machine. *For Head Office deposits only*, a completed "front card" (Form MON. 200) that approximates the size of the currency should be placed in front of the first package of each bundle. On it should be recorded the date it was prepared, the dollar amount contained in the bundle, the name and address of the depositing office, and the denomination contained in each bundle. A supply of front cards will be furnished to main offices or designated warehouses of member banks upon request.

Shipments or deposits of currency

9. Bundles of currency should be shipped or deposited in strong tear-resistant bags. Each bag should be well secured with a crimped seal or comparably secure method. It is recommended that crimped seals bear some form of identification of the depositing bank such as an abbreviation of names or initials. Bags shipped by registered mail should be tagged as indicated in paragraph 4. Each bag shipped by armored carrier must have a yellow envelope tag, ENV. 161, or a blue envelope tag, ENV. 162, securely affixed to the outside of the bag. A yellow envelope tag, ENV. 161, should be used on any bag containing less than five bundles of \$1 bills or bills of other denominations. A blue envelope tag, ENV. 162, should be used on a bag containing five or more bundles of \$1 bills and no other denominations. A supply of envelope tags will be furnished on request. (These tag requirements do *not* apply to deposits made at the Buffalo Branch.) Each shipment or deposit of currency must be accompanied by a completed copy of our Currency Deposit form (MON. 161, for New York, B MON. 12A for Buffalo and B MON. 13A for the Head Office territory banks served by the Buffalo Branch) showing the full address of the depositing office, the total amount of the deposit by denomination and the total number of bags comprising the deposit. If additional information or instructions are placed on the deposit form, such as instructions to credit an account other than the depositing bank's account, the depositing bank should affix sufficient first class postage to the back of the sealed envelope tag containing the deposit form and cancel the postage with ink; no reimbursement is made for this postage. The postage is necessary in order to comply with the postal laws, which prohibit the shipment of "letters" outside the mails without the payment of postage.

Currency no longer issued

10. Currency no longer issued, such as gold certificates, Federal Reserve Bank notes, national bank notes and large-size notes, requires special handling. Banks should segregate such currency from other currency and may arrange it in packages of no more than 100 notes without regard to denomination. Such packages should be bundled separately and marked "Miscellaneous."

Mutilated currency

11. "Mutilated currency" are notes that are torn (with clearly more than one half of the original note remaining), patched, or perforated. Torn currency should be carefully mended on the back, *not on the face*, with transparent tape so as to preserve as nearly as possible the original design and size. Pins, clips, and other metallic substances should be removed as they may cause injury to currency handlers or damage the processing machinery.

Currency fragments

12. Fragments of currency that do not constitute clearly more than one half of the original whole note, as well as currency in such poor condition that its value is questionable or special care is required in its handling, must be sent directly to the Treasury Department, Bureau of Government Financial Operations, Room 132, Annex No. 1, DCS-BEPA, Washington, D.C., 20226, in accordance with Treasury Department Circular No. 55, copies of which will be furnished upon request. Such fragments will be exchanged at face value only if the Treasury Department is satisfied that the missing portions have been totally destroyed; the Treasury's judgment is final and is based on such evidence of total destruction as the Treasury deems necessary.

Counterfeit currency

13. Notes known by a bank to be counterfeit should be sent directly to the United States Secret Service, as provided in paragraph 43. Notes that are suspected counterfeits may be forwarded to us for inspection by registered mail, as provided in paragraph 42, or by regularly scheduled armored carrier service, provided that the notes are segregated and identified as suspected counterfeits. Under no circumstances should suspected counterfeit notes be included in a bank's fit or unfit currency deposits. This Bank will not assume any loss incident to a shipment of currency to us by ordinary mail. A receipt will be issued for each note determined to be counterfeit, and credit will be given for each note determined to be genuine.

Foreign currency

14. Canadian currency may be shipped to us at our expense by member banks with the exception of banks located in the cities of New

York, Buffalo, and Newark (where exchanges of Canadian currency can be made locally). Canadian currency may be included in the same bag as United States currency provided it is properly segregated within the bag. Each deposit of Canadian currency must be accompanied by a separate deposit form (Head Office—form MON. 161; Buffalo Branch—form B MON. 12A, and form B MON. 13A for Head Office territory banks served by the Buffalo Branch). The tags affixed to the outside of the currency bags, should identify the contents as including Canadian currency and indicate the amount. Canadian currency received by us will be converted into United States funds by sale, credit given for the proceeds, and advice mailed upon completion of the sale. Notwithstanding the foregoing, banks are urged to use local facilities, if available, for the exchange of Canadian currency.

Other currencies

15. Currency of foreign countries other than Canada should not be sent to this Bank.

Compliance with procedures

16. The large volume of currency handled by this Bank makes it imperative that the preparation procedures for currency deposits set forth herein be strictly observed. Improperly prepared currency deposits that do not meet the requirements outlined in this circular may be returned to the depositing bank at its expense.

Preparation of coin for deposit

17. Coin not needed by a bank may be deposited with this Bank. Prior to the deposit it should be verified through weighing or piece count by the depositing bank. The coin should be bagged in bulk without wrappers of any kind; it should also be segregated by denomination in the standard units below:

	<i>Method of Shipping</i>	
	<u><i>Insured 4th Class Mail</i></u>	<u><i>All Other</i></u>
Susan B. Anthony Dollar	\$2,000 in each bag	\$2,000 in each bag
Large Dollars	500 in each bag	1,000 in each bag
Half-Dollars	500 in each bag	1,000 in each bag
Quarters	500 in each bag	1,000 in each bag
Dimes	500 in each bag	1,000 in each bag
Nickels	200 in each bag	200 in each bag
Cents	50 in each bag	50 in each bag

Bags, seals, and tags for coin deposits

18. Coin should be shipped or deposited in strong, tear-resistant bags, and each bag should be well secured with a crimped seal, heavy duty stitching, or a comparably secure method. If a crimped seal is used, we recommend that the seal bear identification of the depositing bank such as initials or abbreviation of the bank name. Each denomination

should be in a separate bag. The name and address of the depositing bank, and the denomination and amount contained in each bag should be plainly marked on a tag affixed to each bag.

Deposit forms

19. Each deposit of coin must be accompanied by a completed copy of our coin deposit form (MON. 99 for New York, B MON. 12 for Buffalo, and B MON. 13 for Head Office territory banks served by the Buffalo Branch) showing the full address of the depositing office, and the total amount of the deposit by denomination and the total number of bags containing the deposit. When deposits are sent by insured fourth class mail the member bank's reserve account will be credited for the postage charges.

Worn coins

20. Coins that are worn or reduced by natural abrasion, but are readily and clearly identifiable as to genuineness and denomination, are not regarded as mutilated and will be received at face amount at this Bank. Such coins should be returned to this Bank in a separate bag, identified as worn, and should be separated by denomination.

Mutilated coins

21. Coins are considered mutilated when punched, clipped, plugged, fused together, bent or twisted out of shape, or when so defaced as to be not readily and clearly identifiable as to genuineness or denomination. Mutilated coins should not be forwarded to this Bank nor to the Treasurer of the United States but should be forwarded at the sender's risk and expense to the United States Assay Office, 32 Old Slip Street, New York, New York 10005, for sale in accordance with Treasury Department Circular No. 55, copies of which will be furnished by this Bank upon request.

Canadian coins

22. As is the case with Canadian currency, all banks are urged to use local facilities, if available, for the exchange of Canadian coin. However, with the exception of banks located in the cities of New York, Buffalo, and Newark, where local exchange facilities are available, member banks may ship Canadian coin to us by either regularly scheduled armored carrier service or insured fourth class mail at our expense. Canadian coin should be shipped in a separate bag. Each deposit of Canadian coin must be accompanied by a separate deposit form (MON. 99 for New York, B MON. 12 for Buffalo, and B MON. 13 for Head Office territory banks served by the Buffalo Branch). The plain tag affixed to the outside of the coin bag should identify the contents as Canadian and indicate the amount. Canadian coin received by us will be converted into United States funds by sale, credit given for the proceeds, and an advice mailed upon completion of the sale.

Other coins

23. Coin of foreign countries other than Canada should not be sent to this Bank.

OUTGOING SHIPMENTS FROM FEDERAL RESERVE BANK OF NEW YORK

Currency and coin

24. Orders for currency will be filled with either fit or new currency, and orders for coin will be filled with circulated or new coin at the discretion of this Bank. Shipments will be forwarded to banks located outside the cities of New York and Buffalo by armored carrier service or by registered mail (at our option) in the case of currency and by insured fourth class mail in the case of coin. We will pay the cost of such shipments to member banks. Banks in New York City should arrange, at their risk and expense, to pick up currency and coin ordered from us.

Requests for currency and coin

25. Requests for currency and coin should be made on forms supplied by us (Head Office—form MON. 126 for currency and form MON. 119 for coin; Buffalo Branch—form B MON. 11 for currency and coin), except that, at our option, requests may be made by phone. Order forms that are not properly completed may be returned unprocessed. Orders for delivery on armored carrier routes or registered mail must be received at this Bank at least three (3) full business days prior to the requested delivery date; late orders may not be processed in time for delivery on the requested date. As an alternate method of ordering currency, banking offices that experience little fluctuation in currency needs can be supplied with currency in predetermined amounts and denominations at designated intervals by submitting a "Standard Currency Order Authorization" (form MON. 327) to this Bank. Participating banking offices with standing currency orders may cancel or change such standing orders by advising this Bank of the change at least three (3) full business days prior to the anticipated delivery date. The notification may be made by letter or by telephone to the Head Office (212-791-5061) or, as appropriate, to our Buffalo Branch (716-849-5041/5024). Those banking offices that meet specific volume requirements, have adequate vault facilities, and meet loading dock specifications can make arrangements to receive shipments of coin directly from the United States Mint. A banking office that is interested in arranging for such a direct shipment from the United States Mint should contact the Head Office of this Bank (212-791-5111). Urgent or emergency requests for coin or currency may be made by telephone to the Head Office of this Bank (for currency, call 212-791-5061; for coin, call 212-791-5114) or to our Buffalo Branch (for currency or coin, call 716-849-5024). All telephone requests, whether emergency or otherwise, must include the appropriate test word, taken from the list of special test words supplied by us, and will be recorded automatically on magnetic tape recording devices. This Bank reserves the right to require the requesting bank to confirm its telephoned request by a letter of confirmation over authorized signature(s).

Currency shipments

26. Fit and new currency will only be furnished in multiples of the following standard amounts :

<u>Denomination</u>	<u>Fit</u>	<u>New</u>
Ones	\$ 1,000	\$ 4,000
Twos	2,000	2,000
Fives	5,000	20,000
Tens	10,000	40,000
Twenties	20,000	20,000
Fifties	5,000	5,000
Hundreds	10,000	10,000

Exceptions to requirements for ordering new currency may occasionally be made to permit small or infrequent orderers to meet seasonal demands for new currency. When filling an order, it may be necessary, depending on inventories, to substitute, either entirely or in part, new currency for fit or vice versa.

Coin shipments

27. Coins will be shipped in bags containing the following amounts :

<u>Denomination</u>	<u>Method of Shipment</u>	
	<u>Insured 4th Class Mail</u>	<u>All Other</u>
Susan B. Anthony Dollar	\$2,000 in each bag	\$2,000 in each bag
Large Dollars	500 in each bag	1,000 in each bag
Half-Dollars	500 in each bag	1,000 in each bag
Quarters	500 in each bag	1,000 in each bag
Dimes	500 in each bag	1,000 in each bag
Nickels	200 in each bag	200 in each bag
Cents	50 in each bag	50 in each bag

Notice of currency and coin shipment

28. With regard to each shipment of currency or coin by armored carrier service, a "Notice of Shipment" form is sent separately by mail to the consignee. If the shipment is not promptly received, we should be notified immediately by telephone (charges reversed) so that the shipment may be traced promptly.

Currency and coin bags to be examined

29. Before signing any receipt tendered by a representative of an armored carrier service, or the United States Postal Service, each bag containing currency or coin should be carefully examined. If upon examination, a bag is found to have a hole or tear in it or it appears that its seal has been tampered with, the contents of such bag should be immediately verified, and a notation should be made on the related receipt as to the condition of the bag or seal. If a shortage is found, the amount of the shortage should also be noted on the receipt.

Handling charges for nonmember banks

30. A handling charge will be imposed on each outgoing shipment or delivery of currency or coin made at the request of, or on behalf of, a nonmember bank. For currency shipments the charge will be \$4 and for coin shipments, \$3. Such charges will be imposed regardless of the method of shipment or delivery and will be in addition to our shipping or insurance charges.

31. In the absence of other arrangements, the amount of currency and coin furnished by us will be charged to the requesting bank's account with us. If a bank does not have an account with us, the amount of currency and coin furnished by us together with any related shipping, insurance, and handling charges will be charged to the reserve account of a member bank that has made appropriate arrangements with us on behalf of the nonmember bank.

Verification of currency and coin; claims

32. All currency and coin received from this Bank should be verified no later than the third business day after receipt, by two or more responsible employees of the addressee bank in the presence of each other. Currency should be verified by piece count. Coin shipments received from this Bank may be verified by weighing and/or piece count. Until verified, the currency and coin should be held under dual control. If an exception is discovered upon verification, we should be informed of the details immediately by letter (and by telephone if over \$50), signed by an officer of the bank. If the exception relates to currency, the package strap and front card, and plastic wrapping of the bundle should be returned to us. If the exception relates to coin, both the depositing bank's bag tag and this Bank's bag tag should be returned to us. We cannot honor a claim for an exception after the bank has distributed the currency or coin to a third party, whether a branch or a customer.

RISK OF LOSS

Shipments from or to member banks at our expense by armored carrier service or registered mail

33. Except as specifically provided in paragraphs 34 and 35 we will assume:

(a) All risks of loss incident to the shipment of currency or coin, if made in conformity with the provisions of this circular, by a member bank in the Second Federal Reserve District to us by armored carrier service,² or registered mail,³ from the time the shipment leaves the office of the sender until it is delivered to our office; and

(b) All risks of loss incident to the shipment of currency or coin by us, or for our account at our request, to a member bank in this District by armored carrier service, or registered mail, until the shipment is delivered at the office of the addressee bank to which it is addressed or, in case an undelivered shipment is reforwarded, until the shipment is delivered at the correct or new address or until it is returned to the sender.

² Unless otherwise indicated, the term "armored carrier service," when used in this circular, refers only to armored carrier service provided by us.

³ The term "registered mail" includes insured fourth class mail in the case of shipments of coin pursuant to paragraphs 5 and 6 of this circular.

Certain risks not assumed by us

34. We will not assume any risks of loss in any of the following circumstances, and any loss arising thereunder is agreed and understood to be assumed by the bank shipping, ordering, or causing such shipments:

(a) 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.

(b) Any loss resulting from any dishonest, fraudulent, or criminal act of an employee of any bank, other than ourselves, shipping, causing, ordering, or receiving the shipment.

(c) 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 ourselves.

(d) Any loss in excess of \$2,000,000 on all shipments to us by any one banking office on any one day.

(e) Any loss incident to a shipment to us by ordinary mail.

(f) Any loss incident to a shipment to us by armored carrier service, or registered mail, if the shipment is not made in conformity with the provisions of paragraph 35.

(g) Any loss incident to a shipment to us by registered mail in excess of the amount stated in the notice of shipment referred to in paragraph 35(a).

(h) Any loss incident to a shipment by us, or for our account at our request, by registered mail if the addressee bank takes delivery of the shipment at any place other than that office of the addressee bank to which the shipment is addressed, unless the shipment shall be in the charge of a responsible person, including an armored carrier service not provided by us, while in transit from the place at which delivery is taken to such office of the addressee bank.

Conditions regarding shipments to us

35. We will not assume any risk of loss in respect of any shipment by a member bank to us by armored carrier service, or registered mail, unless the sender complies with the following terms and conditions:

(a) Concurrently with any shipment by registered mail, but under separate cover, the sender shall mail us a notice of shipment showing the date, amount, and description of the shipment, such notice to be on the appropriate form supplied by us for use in accordance with the provisions of paragraphs 4 and 5 of this circular.

(b) The contents of the shipment shall be prepared and verified by two or more responsible employees of the sender and enclosed in a strong, undamaged tear-resistant bag, well secured with a crimped seal that is acceptable to the armored carrier service at the place of delivery to the armored carrier service, or to the post office at the place of mailing.

(c) With respect to any shipment by registered mail, the sealed package shall be the charge of a responsible person, including an armored carrier service not provided by us, until deposited and registered at the post office.

(d) The post office registry receipt, or any other receipt with respect to

each shipment by registered mail, or armored carrier service shall be carefully preserved by the sender in order that it may be available as evidence in event of loss and, in the event a loss is claimed, shall be turned over to us upon our request.

Shipments from or to member banks by other means of transportation

36. In the case of a shipment of currency or coin to us by a member bank in the Second Federal Reserve District, not located in the cities of New York or Buffalo, by means of transportation other than armored carrier service or registered mail,⁴ we will assume all risk of loss incident to the shipment, except those losses described in subparagraphs (a), (b), (c), (d), and (e) of paragraph 34, from the time the shipment leaves the office of the sender until delivery to our office; Provided, (i) we shall have specifically approved the use of such means of transportation with respect to such shipment, (ii) the contents of the shipment shall have been prepared and verified by two or more responsible employees of the sender and enclosed in a strong, undamaged tear-resistant bag, well secured with a crimped seal, heavy stitching, or other comparably secure means, and (iii) the sender shall have complied with all conditions specifically imposed by us with respect to such shipment. If we select a means of transportation other than armored carrier service or registered mail, in connection with a shipment of currency or coin by us, or for our account at our request, to a member bank in this District, we will assume all risks of loss incident to the shipment, except those losses described in subparagraphs (a), (b), and (c) of paragraph 34, until the shipment is delivered at the office of the addressee bank to which it is addressed. In case an undelivered shipment is reforwarded, we will continue to assume such risks of loss until the shipment is delivered at the correct or new address or until it is returned to the sender. The provisions of paragraph 37 shall apply to any loss the risk of which is assumed by us under this paragraph 36.

37. We will pay promptly the amount of any loss the risks of which are assumed by us under paragraph 33 or paragraph 36 if after investigation we are satisfied that the loss occurred during the time the shipment was in the possession of an armored carrier provided by us, the United States Postal Service, or any other carrier provided by us under paragraph 36. In addition, we must receive from the member bank sustaining the loss, in form satisfactory to us, a written proof of loss, receipt, and any other necessary documents, including, but not limited to, an assignment of its right, title, and interest in the lost property. Any bank receiving any payment from us shall take all measures deemed necessary by us, in our behalf and at our risk and expense, for the recovery, reissue, or replacement of the property in respect of which the loss was incurred, including the institution of legal proceedings in its own name. Unless and until there is a change in our policy, in the event any bank recovers a loss in whole or in part from any insurance, surety or indemnity company pursuant to purchased insurance, surety, or in-

⁴ Such other means of transportation would include, for example, armored carrier service not provided by us.

dennity (including bankers' bond) carried or maintained by it, the risk of which loss, but for the provisions of paragraph 35 (c) would have been assumed by us under paragraph 37, and as a direct result of such recovery the cost to such bank of maintaining the same or equivalent insurance, surety, or indemnity is increased, the amount of such increase, if deemed by us to be reasonable, will be reimbursed by us.

Shipments from or to nonmember banks

38. We do not assume any risks of loss incident to the shipment of currency or coin by a nonmember bank to us, or by us to a nonmember bank. The risk of loss incident to the shipment of currency or coin by us to a nonmember bank, however, is or may be covered as follows:

In the case of shipments by registered mail to a nonmember bank in this District, we will, in the absence of instructions to the contrary, arrange for the coverage thereof at the expense of the nonmember bank under certain registered mail insurance policies carried by us. These policies do not cover loss by theft by employees of senders or addressees (except in a very limited class of circumstances, and even in such circumstances the insurance afforded by such policies is excess insurance only), nor do such insurance policies provide protection against so-called war or related risks. Such policies contain the following clauses with respect to war and related risks:

“* * * 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.”

Risk attaches under the policies from the time of acceptance by the messenger or carrier, whether inside or outside the premises of the sender, until actual delivery has been made to the office of the addressee, whether delivery is effected in whole or in part by employees or agents of the Post Office Department, the sender, or the addressee, or in the event of nondelivery for any reason, at the place of address until delivered at the proper address or a correct or new address or until returned to the premises of the sender. Liability under these policies is limited to \$10,000,000 on currency and \$25,000 on coin dispatched by us to any one addressee on any one day by any one conveyance, and is further limited to \$2,000,000 on currency and \$2,000 on coin in any one shipping package.

GENERAL

Forms in use

39. The following forms are referred to in this circular :

Form numbers

<u>Name of Form</u>	<u>New York</u>	<u>Buffalo</u>
Coin Deposit	MON. 99	B MON. 12/B MON. 13
Coin Order	MON. 119	B MON. 11
Currency Deposit	MON. 161	B MON. 12A/B MON. 13A
Currency Order	MON. 126	B MON. 11
Green Front Card	MON. 200	N/A
Yellow Envelope Tag	ENV. 161	N/A
Blue Envelope Tag	ENV. 162	N/A

Supplies of these forms may be ordered by letter or telephone to the Head Office (212-791-5114) or, if appropriate, to our Buffalo Branch (716-849-5041). Supplies of Standing Currency Order forms, MON. 327, can be ordered at the same number at the Buffalo Branch. Supplies of Standing Currency Order forms, MON. 327, and Registered Mail forms MON. 82, can be ordered at the Head Office by calling (212-791-5061).

Return of empty bags

40. Empty currency and coin bags bearing the names of banks in the Second Federal Reserve District, received by us, are returned from time to time, at our expense, to the banks whose names appear thereon. Banks that receive our bags or bags of the United States Mint should return the empty bags to us by fourth class parcel post after a small number have accumulated. Bags bearing the name of our Buffalo Branch should be returned to the Branch. Credit will be given for the cost of postage. We do not supply bags to banks for the deposit of currency or coin to this Bank.

Requests for weekend or holiday shipments

41. The post office authorities have informed us that many post offices in towns and cities in the Second Federal Reserve District do not have adequate facilities for the overnight safekeeping of valuable registered mail shipments. In order to reduce the hazard of loss of currency and coin by burglary and robbery from post offices that are holding such shipments overnight, or over a Saturday (if delivery will not be accepted on that day), a Sunday, or a holiday, the post office authorities suggest that banks can assist by (1) anticipating currency and coin needs sufficiently in advance to assure the arrival of such shipments at destinations in time for delivery on a regular business day, (2) arranging to pick up such shipments immediately upon arrival at the local post office, even if such arrival is after banking hours but before the bank vaults are closed, and (3) timing their requests so that shipments will not have to be made on a Friday (if delivery will not be accepted on Saturday), or on a day preceding a holiday, except in cases of urgent need.

Counterfeit, altered, or raised currency or coin

42. The regulations of the Treasury Department, Part 403 of Chapter IV of Title 31 of the Code of Federal Regulations, provide as follows:

403.1 Delivery of counterfeit obligations and other securities and coins authorized. Authority is hereby given to all banks and banking institutions of any nature whatsoever organized under general or special Federal or State statutes, to all U. S. Post Offices, and to all disbursing officers of the United States and their agents, to take possession of and deliver to the Treasury Department through the Secret Service all counterfeit obligations and other securities and coins of the United States or of any foreign government which shall be presented at their places of business.

43. The following information is transmitted at the request of the United States Secret Service:

All counterfeit, altered, or raised currency received by banks from any source should be properly branded in ink or by rubber stamp. All such currency and all counterfeit or altered coin received by banks from any source should be forwarded to the nearest office of the United States Secret Service. The Secret Service has offices in the U.S. Custom House, Room 623, 6 World Trade Center, New York, N.Y. 10048; in the Federal Building, Room 1208, 121 W. Huron St., Buffalo, N.Y. 14202; in the Main Post Office Building, P.O. Box 1087, Syracuse, N.Y. 13201; and at 60 Evergreen Place, East Orange, N.J. 07108. A receipt will, upon request, be issued to the depositing bank for any currency or coin that is found to be counterfeit, raised, or altered. If inspection of such currency or coin is desired for reclamation purposes, request should be made directly to the Secret Service office to which the currency or coin was forwarded. Information which may aid the Secret Service with respect to any counterfeit, altered, or raised currency, or any counterfeit or altered coin should be sent to the nearest office of the Secret Service.

Agreement to this circular

44. Any banks, member or nonmember, shipping or causing the shipment of currency or coin to us or for our account, and any bank requesting the shipment of currency or coin by us, shall, by such action, be deemed to have agreed to the terms and conditions set forth in this circular.

Revision of this circular

45. The right is reserved to withdraw, add to, or amend at any time, any provisions of this circular.

Effect of this circular on previous circulars

46. This circular supersedes our Operating Circular No. 3, Revised November 18, 1970, and its six supplements.

PAUL A. VOLCKER,
President