FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2883
January 1, 1945]

SHIPMENTS OF PAPER CURRENCY AND COIN

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

This circular sets forth the general terms and conditions, effective January 1, 1945, regarding the handling of shipments of paper currency and coin between us and banks in the Second Federal Reserve District, and the risk of loss incident to such shipments. Unless otherwise indicated, all references to us apply equally to our Buffalo Branch, and banks in the territory assigned to the Buffalo Branch are requested to transact such business directly with the Branch as usual.

COOPERATION OF BANKS IN AVOIDING UNNECESSARY SHIPMENTS

1. In view of the heavy expense of maintaining this service, the continued cooperation of the banks in the avoidance of unnecessary deposits, withdrawals and shipments will be appreciated. To that end banks are urged to observe the practice of interchanging fit currency and coin among themselves locally whenever feasible, and to refrain whenever possible from sending fit currency or coin to us when there is reason to anticipate need for money of like denominations in the near future.

INCOMING SHIPMENTS
TO FEDERAL RESERVE BANK OF NEW YORK

Preparation and Shipment of Paper Currency

Preparation of packages

2. Currency should be assorted by denominations.

3. Currency should be arranged face and top up in packages bound with paper straps. Denominations of $1, $5 and $10 should be strapped in packages of 100 pieces of the same denomination; denominations of $2 and $20 in packages of 50 or 100 pieces of the same denomination; denominations of $50 and $100 in packages of 50 or 100 pieces of the same denomination whenever practicable; and denominations of $500 and over in packages containing any number of pieces of the same denomination. The name of the sending bank, amount, date of counting, and initials of the counter should be plainly marked on each strap.

4. Under no circumstances should rubber bands, pins or clips be used in substitution for paper straps.

Packages to be fastened in bundles

5. The packaged currency should be fastened securely in separate bundles of the same denomination, each bundle containing, as far as the volume permits, 10 packages of 100 pieces each or 20 packages of 50 pieces each. Extra packages, if any, should be fastened in an "odd package bundle," and so marked.

Bundles to be shipped in sealed bags

6. Shipments of currency should be sent by registered mail or by express,* as stated below. In either case the entire shipment should be enclosed in a strong cloth or canvas bag and sealed with a lead seal, crimped, in such a manner that the contents will be well secured but the bag will not be damaged when opened and may be used again. The tag attached should bear the name of the sending bank and, if shipment is by registered mail, the necessary postage stamps should be affixed securely to the back of the tag and not to the bag. If shipment is by registered mail, no writing indicating the nature of the contents or stating the value thereof should appear on the bag or the tag.

When to ship by registered mail

7. Currency in the $2 denomination or larger and in the $1 denomination totaling $500 or less, should be included in the same bag and sent by registered mail. Copies Nos. 1 and 2 of our Form Mon. 82 should be executed and enclosed with the currency, and copy No. 3 of said form should be executed and forwarded to our Auditing Department by ordinary mail at the time of shipment. When the shipment consists of more than one bag, copies Nos. 1, 2, and 3 of Form Mon. 82 should be used in the manner described for the contents of each bag. Form B. Mon. 11, instead of Form Mon. 82, should be used in connection with shipments to the Buffalo Branch, and copy No. 3 thereof should be forwarded to the Adjustment Section of the Buffalo Branch instead of to our Auditing Department.

Postage

8. Postage on currency should be prepaid at first class rates, plus the registry fee and the surcharge at the rate per thousand dollars or fraction thereof, applicable to the parcel post zone in which the sending bank is located. It is not necessary to pay the additional fee for a return post office registry card, as copy No. 2 of Form Mon. 82 (or Form B. Mon. 11), showing the receipt of the package will be returned to the sending bank. As a registry fee is charged on each bag, shipments should be confined to as few bags as possible.

When to ship by express

9. Currency in the $1 denomination totaling over $500 should be sent by express, charges collect. Copies Nos. 1 and 2 of our Form Mon. 81 should be executed and enclosed with the currency and copy No. 3 of said form should be executed and forwarded to us by ordinary mail at the time of shipment. When the shipment consists of more than one bag, copies Nos. 1, 2 and 3 of Form Mon. 81 should be used, in the manner described, for the contents of each bag. Form B. Mon. 8, instead of Form Mon. 81, should be used in connection with shipments to the Buffalo Branch, and copy No. 3 thereof should be forwarded to the Adjustment Section of the Buffalo Branch.

Mutilated or torn currency

10. Mutilated or torn currency should be carefully mended on the back, and not on the face, with transparent paper in such manner as to preserve as nearly as possible the original design and size. Pins, clips, and other metallic substances should be removed, as they will damage the machinery used in counting, punching, and cutting currency and may cause injury to the handlers.

Fragments

11. Currency when not so mutilated that less than three-fifths of the original proportions remain will be received at its face amount. Fragments of less than three-fifths should be sent directly to the Treasurer of the United States, Currency Redemption Division, Washington, D. C., in accordance with Treasury Department Circular No. 55, Revised, dated October 25, 1937.

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* The terms "express" and "express company", as used in this circular, refer to the Railway Express Agency, Inc.

Preparation and Shipment of Coin

To be shipped in bags

12. Coin should be shipped loose in a strong cloth or canvas bag and sealed with a lead seal, crimped, in such a manner that the contents will be well secured but the bag will not be damaged when opened and may be used again. Coin should not be put in wrappers of any kind. Each denomination should be in a separate bag, the denomination and amount contained in each bag should be plainly marked on the shipping tag, and the amount in each bag should be as follows:

Silver Dollars............	$1,000 in each bag	Dimes	$1,000 in each bag
Half Dollars............	$1,000 in each bag	Nickels	$ 200 in each bag
Quarter Dollars..........	$1,000 in each bag	Cents	$ 50 in each bag

Shipments to be sent by express

13. All coin shipments should be sent by express, charges collect. Both copies of our Form C.CG. 28 should be executed and mailed to us, under separate cover, at the time of shipment. Form B. Mon. 8, instead of Form C.CG. 28, should be used in connection with shipments to the Buffalo Branch, and all three copies thereof should be forwarded to the Adjustment Section of the Buffalo Branch.

Mutilated coins

14. Mutilated coins received by us will not be accepted at their face amount but will be sold at their bullion or metal value and credit will be given for the proceeds. Silver coins are mutilated when plugged, fused together, or so punched, clipped, chipped, or otherwise mutilated as to be appreciably reduced in weight, or when so defaced as to be not readily and clearly identifiable as to genuineness and denomination. Minor coins are mutilated when plugged, fused together, or so defaced as not to be readily identifiable, or when so punched or clipped or otherwise mutilated as to show a material loss of metal.

Paper Currency and Coin to be Shipped Separately

15. Shipments of currency and coin should be prepared and forwarded separately and the shipments should not include securities or other valuables.

Credit and Advice for Shipments of United States Paper Currency and Coin

16. The amount of United States currency and coin, plus the cost of postage on currency sent by mail, will be credited on the date of receipt, subject to verification, and advice of credit will be mailed.

Canadian Paper Currency and Coin

17. Canadian currency may be shipped to us, and may be included in the same bag in which United States currency is shipped provided the two kinds of currency are properly segregated within the bag. Canadian coin likewise may be shipped to us, but it should be shipped in a different bag than that in which United States coin is shipped. The amount of Canadian currency and coin should be entered as separate items on the printed forms pertaining to the shipment. Canadian currency and coin received by us will be converted into United States funds by sale at current market rates and credit will be given for the proceeds, and advice mailed, upon completion of the sale.

OUTGOING SHIPMENTS
FROM FEDERAL RESERVE BANK OF NEW YORK

Paper currency and coin

18. We will furnish currency and coin in all available denominations. Currency will be forwarded by registered mail. Coin will be forwarded at our option either by registered mail, or by express. We will pay the cost of postage and expressage incident to shipments to member banks.

New paper currency

19. The amount of new currency furnished by us is governed entirely by the volume of fit currency on hand, and the furnishing of such new currency may be suspended entirely or in part until any abnormal supply of fit currency on hand is sufficiently reduced.

New coin

20. United States Mints supply us with new coin only when circulated coin is not available. Therefore, we are seldom in a position to supply new coin.

Requests for paper currency and coin

21. Requests for currency should be addressed for attention of Currency Paying Teller and requests for coin should be addressed for attention of Coin Paying Teller. Requests should be made by letter over properly authorized signature(s). In urgent or emergency cases requests may be made by telegram or telephone followed immediately by officially signed confirmation. In order that shipments will not be duplicated, the confirmation should be plainly marked as such. Telegrams requesting money shipments should be forwarded prepaid and should be in American Bankers Association code whenever possible. The appropriate test word taken from the list of special test words supplied by us should be used in each such telegram and telephone conversation. Our ability to make shipments promptly will be facilitated if banks will anticipate their requirements for currency and coin and, whenever possible, order by mail sufficiently in advance to allow for delay in transmission.

Method of payment

22. In the absence of other arrangements, the amount of currency and coin shipped by us will be charged to the reserve account or nonmember clearing account of the bank requesting the shipment. In the case of a bank which does not have such an account with us the charge will be made to the reserve account of a member bank which has made appropriate arrangements with us.

Time of shipment

23. Requests for shipments of currency and coin will be acted upon on the day of receipt unless otherwise directed, except that requests received after 3 o'clock p.m. (Saturday 12 o'clock noon) will be acted upon customarily on the following business day. Whenever a nonmember bank requests a shipment and sends us a bank draft in payment therefor, the shipment will be effected only upon receipt of the proceeds of the draft in finally and actually collected funds in accordance with the terms and conditions of our current circular regarding the collection of cash items and of our published time schedule or that of our Buffalo Branch as the case may be.

Contents of coin bags

24. Coins are shipped in standard bags containing the following amounts:

Silver Dollars	**$1,000 in each bag**	**Dimes**	**$1,000 in each bag**
Half Dollars	**$1,000 in each bag**	**Nickels**	**$ 200 in each bag**
Quarter Dollars	**$1,000 in each bag**	**Cents**	**$ 50 in each bag**

Advice of paper currency shipment

25. A form of receipt is enclosed with each shipment of currency and a duplicate copy of the form, marked "advice", is forwarded by ordinary mail to the consignee. The copy marked "receipt", which is enclosed with the shipment, should be executed by the consignee over properly authorized signature(s), and returned. If the shipment is not promptly received, we should be notified immediately by telegram (charges collect) or by telephone (charges reversed) in order that the shipment may be traced promptly.

Advice of coin shipment

26. Two advices covering each shipment of coin are forwarded by ordinary mail to the consignee. The copy marked "receipt" should be executed by the consignee over properly authorized signature(s), and returned. If the shipment is not promptly received, we should be notified immediately as stated in the preceding paragraph.

RISK OF LOSS

Shipments by Express

27. In the case of a shipment by express the Railway Express Agency, Inc. assumes the usual risks of transportation. The rate charged by the express company in the "Money Classification" is based upon value and includes a charge for the risks assumed by the company under its shipping contract. The Uniform Express Receipt, however, provides that the express company shall not be liable for loss, damage or delay caused by "The Act of God, public enemies, authority of law, quarantine, riots, strikes, perils of navigation, the hazards or dangers incident to a state of war, or occurence in customs warehouse." In the case of a shipment of paper currency or coin to us by express we will not assume any risk of loss incident to the shipment until it has been actually delivered to us by the express company; and in the case of a shipment by us by express we will undertake to make delivery merely to the express company and will not assume any risk of loss subsequently to such delivery.

Shipments by Registered Mail

Certain risks assumed by us

28. Except as specifically provided in paragraphs 29 and 30, we will assume:

(a) All risks of loss incident to the shipment of paper currency or coin by any bank in the Second Federal Reserve District to us by registered mail from the time the shipment leaves the office of the sender until delivery to our office.

(b) All risks of loss incident to the shipment of paper currency or coin by us, or for our account at our request, to a member bank in this District by registered mail until the shipment is delivered at the office of the addressee bank.

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.

Certain risks not assumed by us

29. We will not assume any risk of loss in any of the following circumstances:

(a) Any loss resulting from capture, seizure, arrest, restraint, detainment, confiscation, preemption, requisition, or nationalization by or under the authority of any Government (de facto or otherwise) or any Agency thereof whether civil or military, and the consequences thereof or of any attempt thereat, whether in time of peace or war and whether lawful or otherwise, or from aerial or other bombardment, or as a consequence of hostilities or warlike operations (whether there be a declaration of war or not), piracy, civil war, revolution, rebellion, or insurrection or civil strife arising therefrom.

(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 under any insurance or any surety or indemnity agreement carried 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 registered mail if the shipment is not made in conformity with the provisions of paragraph 30.

(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 30(a).

Conditions regarding shipments to us

30. We will not assume any risk of loss in respect of any shipment to us by registered mail unless the sender complies with the following terms and conditions:

(a) Concurrently with the shipment but under separate cover the sender shall mail us a notice of shipment (Form Mon. 82 in the case of the head office, and Form B. Mon. 11 in the case of the Buffalo Branch) showing the date, amount and description of the shipment.

(b) The contents of the shipment shall be verified and enclosed in a strong wrapper, envelope, or cloth or canvas bag, well secured, and the package shall be sealed in a manner acceptable to the post office at the place of mailing.

(c) The verification and the packing and sealing of the package shall be done by an employee of the sender and the sealed package shall be in charge of a responsible person until deposited and registered at the post office, or shall be in the custody of an armored car service in transit from the office of the sender to the post office.

(d) The post office registry receipt with respect to the shipment 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.

Payment of losses

31. We will pay promptly the amount of any loss, the risk of which is assumed by us under paragraph 28, upon our receiving from the 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 property in respect of which the loss was incurred. Any bank receiving any payment from us shall take all necessary measures, 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 if deemed necessary by us.

Insurance of outgoing shipments to nonmember banks

32. Although we do not assume any risk of loss incident to shipments by us by mail to a nonmember bank we will, in the absence of instructions to the contrary, arrange for the coverage of such shipments by us to a nonmember bank in this District at the expense of the nonmember bank under certain registered mail insurance policies carried by us. These policies cover all risks, except theft by employees of the sender or of the addressee and so-called war risks (similar to those described in paragraph 29(a)). Risk attaches from the time of leaving the office 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, and in event of nondelivery covers until returned to the sender. In case of reforwarding of any shipment, such shipment is covered until delivered at the correct or new address or until returned to the sender. Liability under these policies is limited to $10,000,000 on property dispatched from any one sender to any one addressee on any one train, boat or other conveyance.

Shipment by Other Means of Transportation

33. In the case of a shipment of paper currency or coin to us by any bank in the Second Federal Reserve District by a means of transportation other than registered mail or express we will assume all risks of loss incident to the shipment, except those losses described in subparagraphs (a), (b), (c), (d) and (e) of paragraph 29, 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, and (ii) 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 registered mail or express in connection with a shipment of paper 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 29, until the shipment is delivered at the office of the addressee bank. 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 31 shall apply to any loss, the risk of which is assumed by us under this paragraph 33.

GENERAL

Return of empty bags

34. Empty currency and coin bags bearing the name of other 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. It will be appreciated if banks which receive our bags or bags of a United States Mint will return the empty bags to us by parcel post, after a small number has accumulated. Bags bearing the name of our Buffalo Branch should be returned to the Branch. Credit will be given for the cost of postage.

Counterfeit, altered or raised paper currency or coin

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

> "§403.2 *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 take possession of and deliver to the Treasury Department through the Secret Service Division all counterfeit obligations and other securities and coins of the United States or of any foreign government, within the meaning of the statutes cited in §403.1, which shall be presented at their places of business. (Sec. 172, 35 Stat. 1121, Sec. 4, 52 Stat. 7; 18 U.S.C. 286)."

36. 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 on the 3rd floor, 253 Broadway, New York 8, N. Y.; in the U. S. Court House, Buffalo 1, N. Y.; in the Post Office Building at Utica 1, N. Y.; and 1060 Broad Street, Newark 1, N. J.
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> 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 direct to the Secret Service office to which the currency or coin was forwarded.
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> 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.
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> Fragments of currency (especially the ends) are sometimes used illegally in raising or altering lower denominations to higher. To prevent such unlawful operations these fragments should be collected and destroyed or forwarded to the nearest office of the Secret Service for destruction.

Agreement to this circular

37. Any bank shipping, or causing the shipment of, paper currency or coin to us, and any bank requesting the shipment of paper 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

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

Effect of this circular on previous circulars

39. This circular supersedes our Circular No. 973, dated April 15, 1930, entitled "Canadian Currency", and our Circular No. 1415, dated September 11, 1934, entitled "Shipments of Paper Currency and Coin". This circular and our Circular No. 2884 of even date, entitled "Safekeeping, Handling and Shipment of Securities", which are being issued simultaneously, supersede our Circular No. 2517, dated October 8, 1942, entitled "Insurance of Shipments of Paper Currency, Coin and Securities".

Additional copies of this circular, and copies of Treasury Department Circular No. 55, Revised, dated October 25, 1937, referred to in paragraph 11, will be furnished upon request.

ALLAN SPROUL,
President.