

July 22, 1915.

Regarding paragraph 8, Regulation "C" (1915) Federal Reserve Board.

SPECIAL INSTRUCTIONS TO FEDERAL RESERVE AGENTS CONCERNING RETURN TO THE
TREASURY DEPARTMENT OF FEDERAL RESERVE NOTES UNFIT FOR CIRCULATION.

Memorandum furnished by the Division of Loans and Currency
of the Secretary's Office.

Paper currency is unfit for circulation :

1. When the notes are torn or defaced in any manner.
2. When the fiber of the paper is broken.
3. When the notes are so soiled that the engraved work or the silk fiber in the paper are obscured.

(NOTE) : In the latter case, the notes otherwise appearing to be in good condition it is the Department's practice to renovate the notes through laundering).

The following is an adaption of the methods followed by the Treasury Department in remitting unfit United States currency from subtreasuries :

First, - assort by denominations Federal reserve notes unfit for circulation, and separate those of each denomination into packages of 100 notes each. Enclose each package of 100 notes longitudinally in a paper strap about $1\frac{1}{2}$ inches wide, drawn sufficiently tight to hold the notes in place and secured by pasting the ends together - - sufficient lap being allowed for this purpose. A strap of light weight manila paper about $1\frac{1}{2}$ X 18 inches in size is suitable. Next place a paper strap about 2 inches wide transversely around the package of 100 notes and secure it by pasting the ends together. On this strap set forth the name of the remitting bank, the denomination and amount of the notes enclosed, and the name, initials or other identifying mark of the counter responsible for the package - - such information to be repeated for the upper and lower portion of the notes. Give a serial letter and number to each package, the letter constant for each ten packages and then proceeding, the number serial for each letter. Place such letters and numbers on the transverse straps so as to show on both the upper and lower edges of the packages. This duplication

is essential in order that when the notes are cut in halves the same information may appear on both the upper and the lower portions.

A package of 100 \$5 notes to be remitted by the Federal Reserve Bank of Atlanta, strapped and marked as indicated will appear thus:

	No. A - 1	
	<u>U P P E R S</u>	
	Denomination \$ 5	
	Amount \$ 500	
Longitudinal Strap	Counter ...XYZ	
	6-F ATLANTA	
	<u>L O W E R S</u>	
	Denomination \$ 5	
	Amount \$ 500	
	Counter ...XYZ	
	6-F ATLANTA	
	No. A - 1	
	Transverse Strap	

Next, punch the package of 100 notes (strapped and marked) in four places, the center of each puncture being approximately $2\frac{1}{2}$ inches from the transverse edge and $\frac{3}{4}$ inch from the longitudinal edge, each puncture being not less than $\frac{3}{8}$ nor more than $\frac{1}{2}$ inch in diameter, and then cut the notes in half longitudinally. Machines performing these operations are in use by the subtreasuries, and except at San Francisco separate machines are used for punching and cutting. The machine at San Francisco punches and cuts in one operation and is to be preferred.

Next assemble the packages of now half notes into bundles of ten and place a paper band transversely around the ten packages securing it by pasting the ends together. Place in one package not to exceed 4 bundles of 1,000 half notes each and wrap transversely with a heavy paper band about 6 inches wide, securing same by pasting the ends. Bundle and strap and wrap the upper and lower halves in exactly the same manner but separately. Prepare a label for each complete package as now assembled (4,000 half notes uppers or lowers), about 3 X 7 inches in size, setting forth the name of the remitting bank, whether upper or lower halves of Federal reserve notes, the denomination of the notes and their original face value. Give each package a serial number (to be the same for the corresponding packages of uppers and lowers); attach the label to the wrapped package by lightly pasting at one end. The label on the package will appear thus :

(Under side this end to be gummed)	6-F ATLANTA
	FEDERAL RESERVE NOTES
	U P P E R H A L V E S
	FOR DELIVERY TO THE COMPTROLLER OF THE CURRENCY
	Package No. _____ Denomination \$ _____ Amount \$ _____

Next secure the package of 4,000 half notes for shipment by placing one heavy fiber board about 6 X 7½ inches in size on the bottom and one on the top of the package, and draw tightly around the package in opposite directions strong web or canvas straps.

The notes will be shipped to the Comptroller of the Currency, Division of Federal Reserve Note Redemption, Washington, D. C., - the upper halves to be shipped one day and the lower halves the following day.

These instructions are accompanied by a dummy showing how 4,000 \$5 notes unfit for circulation should be prepared for shipment. (Only a portion of the straps are completed). Of course, it is not to be assumed that only packages of 4,000 notes may be forwarded. The plan may be modified for any number of notes that may be sent in by Federal reserve agents, the only point being that each denomination be kept separate and in units of 100 notes and properly marked. The packages when ready for shipment, will carry serial numbers in duplicate on the packages containing the corresponding upper and lower halves. These numbers should run from 1 to 1000 and then repeat, and when a shipment is made the packages of each denomination should be listed consecutively. For Example : A bank remitting 10 packages of 5's, 5 packages of 10's and 5 packages of 20's would number the packages of 5's say from 1 to 10, the packages of 10's from 11 to 15, the packages of 20's from 16 to 20, and the next time shipment is made the number of the packages will begin at 21. A schedule should be prepared for each shipment setting forth the package numbers of each denomination and the nominal face value of the notes, and should be enclosed with the shipment.

CAUTION: No pins or metal fastenings of any description except buckles on outside straps, or rubber bands should be used in preparing notes for shipment.

The fiber boards and the canvas straps received in shipments will be returned by the Comptroller of the Currency to the remitting bank.

Canceled currency is forwarded by subtreasuries by registered mail at a cost to the Treasury Department of 10 cents for 4 pounds weight for registration fee. The decision of the Postmaster General makes this procedure impracticable for Federal reserve notes returned as the Post Office Department will require payment of postage. Where Federal reserve agents are located in subtreasury cities it is suggested that the Federal reserve agents visit the subtreasury and observe the methods employed in preparing unfit currency for shipment.

7/26/15