

Washington, D. C.,  
January 18, 1916.

SUGGESTED PROCEDURE INVOLVING THE DISPOSITION OF  
UNFIT FEDERAL RESERVE NOTES TO ACCOMPANY  
CONFIDENTIAL LETTER TO FEDERAL  
RESERVE AGENTS.

I.

Each Federal Reserve Agent shall transmit to the Treasurer of the United States an amount in gold equal to at least five per cent of all outstanding Federal reserve notes covered by a deposit with him of gold or lawful money.

II.

The Treasurer of the United States shall open an account with each Federal Reserve Agent in addition to the redemption account already opened with each Federal reserve bank.

III.

Whenever Federal reserve notes are redeemed out of the account of the Federal Reserve Agent, such notes shall be held for the account of such Agent.

Whenever Federal reserve notes are redeemed out of the five per cent redemption fund of the bank, such notes shall be held for the account of such bank.

IV.

Each Federal reserve bank shall give to the Treasurer of the United States a power of attorney authorizing him to transfer to the account of the Federal Reserve Agent all unfit Federal reserve notes of such bank now or at any time held by the Treasurer for the account of such bank from whatever source received.

V.

Each Federal Reserve Agent shall give to the Treasurer of the United States a power of attorney authorizing him to transfer for such Agent and in his name to the Comptroller of the Currency all unfit Federal reserve notes now or at any time held by the Treasurer for account of such Agent from whatever source received.

VI.

The Treasurer of the United States, by virtue of authority given him in the power of attorney mentioned in V, will deliver to the Comptroller of the Currency, in the name of the Federal Reserve Agent and for his credit, all unfit Federal reserve notes now or at any time held by such Treasurer.

VII.

The Comptroller of the Currency, on receipt of such unfit Federal reserve notes, will arrange for their destruction, and will credit the account of the Federal Reserve Agent with the amount of notes thus destroyed.

VIII.

In reducing its liability on any of its outstanding Federal reserve notes a Federal reserve bank may transfer to the account of its Federal Reserve Agent held with the Treasurer of the United States so much of its five per cent redemption fund as is not required to be kept against the balance of its outstanding notes not covered by gold or lawful money. The balance of the 100% of gold or lawful money to be deposited for the reduction of its liability shall be deposited

by the bank direct with its Federal Reserve Agent or to the credit of such Agent's account with the Federal Reserve Board.

IX.

Federal reserve banks holding their own unfit Federal reserve notes may transmit them to the Treasurer for redemption cut and punched in the manner prescribed for unfit United States currency.

X.

All unfit Federal reserve notes received by Federal Reserve Agents shall be forwarded to the Comptroller of the Currency for destruction in the manner provided by Regulation O, Series of 1915.