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AND FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

January 25, 1916.

S i r :

One of the Federal Reserve Agents has called attention to, and sent in for inspection, a number of Federal Reserve notes which have been seriously mutilated and marked up with blue pencil, or other disfiguring marks. While there is no law specifically covering this matter, it is generally understood that the mutilating, disfiguring or counterfeiting of Federal Reserve notes, because Federal Reserve notes are obligations of the Government, must be regarded just the same as the mutilating, disfiguring or counterfeiting of other United States Government obligations; "greenbacks" for example.

The practice of blue penciling notes in counting them or at other times, is very specifically forbidden in the case of National bank notes, and it is perhaps a fair inference that it should not be permitted in the case of Federal Reserve notes, because the loss through the mutilation or disfigurement of Federal Reserve notes falls upon Federal Reserve banks and ultimately upon the National banks. It seems proper therefore, to call the attention of the Federal Reserve Banks to the matter and suggest that they take it up with their member banks.

Yours very truly,

Governor.