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ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

July 27, 1917.

Dear Sirs:

On April 27, 1917, the Federal Reserve Board directed to you a letter (X-113) in reference to the difficulties arising from the form of punch which Federal Reserve Banks are using in cancelling Federal Reserve notes to be forwarded to Washington for redemption.

Some of the replies received from the various Federal Reserve Banks indicated that some of the banks are already using punches of the kind employed by the subtreasuries, while others held that the difficulty caused by the use of the 36 hole punch could not be eliminated merely by punching fewer notes at one operation as suggested in the Federal Reserve Board's letter, but that they would be willing to change the dies on their punches to correspond to those in use by subtreasuries, provided the Treasury Department would rule that half notes punched in that manner would be redeemed, for Federal Reserve Banks only, at full face value in case of the loss of the other halves.

Thereupon a request was made by the Reserve Board upon the Treasury Department to modify its former ruling of May 9, 1916, which applied only to notes cancelled by the 36 hole punch, so as to include notes punched in the manner employed by the subtreasuries.

As a result the Board has now been advised that the Treasurer of the United States will in future redeem for Federal Reserve Banks only, half notes cancelled by punches similar to the subtreasury punches, provided proper affidavits of loss of the other halves have been filed with the Treasurer.

In view of this ruling it follows that those Federal Reserve Banks now using the 36 hole punch may change their dies to correspond with those in use by subtreasuries and at the same time retain their right to redeem half notes at full face value in case of the loss of the other halves supported by affidavit in proper form.

Very truly yours,

Governor.