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ADDRESS REPLY TO
FEDERAL RESERVE BOARD

August 23, 1917.

Dear Sir:

The Board wishes to invite your attention again to the importance of increasing the gold holdings of the Federal reserve banks.

About ten days ago one of the Federal reserve banks sent to all of its members (except those located in its own city, to whom a personal note was sent) a letter asking their cooperation in building up its gold holdings. The Board is informed that this bank has already received more than two hundred and fifty replies, all favorable, and that numerous shipments of gold certificates are being received.

If you have not already done so, the Board suggests that you send letters to your member banks urging their cooperation and pointing out that under the recent amendment to the Federal Reserve Act, a bank can carry as vault money any kind of United States coin or currency, including Federal reserve notes; and that there are over \$500,000,000 of gold and gold certificates in general circulation which could be replaced to advantage by Federal reserve notes, thereby diverting the gold to the Federal reserve banks, thus increasing their strength and consequently the strength of all banking institutions.

The bank to which reference is made requested its member banks to set aside the gold certificates received, not paying out such certificates over their counters unless specially requested, but to forward them instead to the Federal reserve bank. It offered to pay transportation charges on such gold certificates whether fit or unfit for circulation, and to

- (a) furnish therefor, free of expense, Federal reserve notes in such denominations as may be desired, or
- (b) to place the amount to the credit of the remitting bank in the Federal reserve bank, or in any designated bank in the city.

Many of your banks will no doubt have need for currency of particular denominations for payroll or crop-moving purposes, and the present, therefore, seems to be an opportune time for attracting a substantial part of the gold certificates in general circulation into the vaults of the Federal reserve banks.

Very truly yours,

Governor.