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 AND FISCAL AGENT

FEDERAL RESERVE BOARD

WASHINGTON X-920

ADDRESS REPLY TO
 FEDERAL RESERVE BOARD

May 3, 1918.

Dear Sir:

Your attention is invited to copy, enclosed herewith, of a letter received from Assistant Secretary Leffingwell regarding the retirement of silver certificates and the substitution of Federal Reserve bank notes in appropriate denominations, in their place.

In compliance with his request, the Board has asked that notes in denominations of one and two dollars be prepared for the Federal Reserve banks, the allotment being the same as was made in the case of the notes of the five dollar denomination. Orders have been placed, therefore, (which include any orders which may have heretofore been given) as follows:

	Ones	Twos
Boston	\$12,000,000	\$3,000,000
New York	64,000,000	16,000,000
Philadelphia	16,000,000	4,000,000
Cleveland	16,000,000	4,000,000
Richmond	10,000,000	2,500,000
Atlanta	8,000,000	2,000,000
Chicago	30,000,000	7,500,000
St. Louis	10,000,000	2,500,000
Minneapolis	7,000,000	1,750,000
Kansas City	10,000,000	2,500,000
Dallas	5,000,000	1,250,000
San Francisco	12,000,000	3,000,000
	<u>\$200,000,000</u>	<u>\$50,000,000</u>

I have advised Assistant Secretary Leffingwell that suggestion has been made to the Federal Reserve banks that they use the 3% one year notes which they have on hand, as the basis of security for the Federal Reserve bank notes first received, and that the banks will be requested to enter their orders for the 2% certificates as actually required for circulation purposes.

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Your attention is directed also to a memorandum of counsel, copy of which is enclosed herewith, from which it appears that while the Federal Reserve banks will pay for the plates from which the notes are printed, just as the national banks do, the cost of paper and printing will be paid by the Comptroller of the Currency out of funds accruing from the tax upon circulation of this character.

The Comptroller of the Currency will be requested to maintain an adequate supply of Federal Reserve bank notes on hand which will be forwarded to the Federal Reserve banks in the same manner as national bank notes are sent to those institutions. It appears that it is not necessary for Federal Reserve banks to give any instructions as to the preparation of plates or the stock of Federal Reserve bank notes to be kept in Washington.

In view of the above, you will please disregard my letter of May 1st, X-912.

Very truly yours,

Governor.

2 Enclosures.