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ADDRESS REPLY TO
FEDERAL RESERVE BOARD

November 27, 1918.

X-1292

SUBJECT: Unfit Federal Reserve notes forwarded to
Washington for redemption by subtreasuries.

Dear Sir:

Sometime ago it was the practice of the subtreasuries to forward to Washington for redemption all unfit Federal Reserve notes, and the subtreasuries having no appropriation for absorbing the cost of shipment, the said cost was assessed periodically against the respective Federal Reserve banks. Some of the Federal Reserve banks took exception to this method of handling, and the subtreasuries were accordingly instructed to redeem all unfit Federal Reserve notes at the Federal Reserve bank or branch Federal Reserve bank in their cities. Under this plan the issuing Federal Reserve bank was in no way relieved from the cost of shipping the notes, while on the other hand the Federal Reserve bank or branch in the subtreasury city was put to unnecessary burden by having to verify the notes when delivered by the subtreasury and then to assort and package the notes for shipment to Washington. This matter was taken up at the recent Transit and Audit Conference, and it was recommended that the former method be returned to.

The Federal Reserve Board has therefore informed the Treasurer of the United States that he may instruct Assistant Treasurers of the United States in subtreasury cities that hereafter all unfit Federal Reserve notes should be forwarded to Washington for redemption, and that shipping charges incident thereto will be paid by the issuing Federal Reserve banks. The Treasurer of the United States will periodically call upon each Federal Reserve bank for reimbursement to cover the shipping expense in connection with the redemption of its own notes which are received from the various subtreasuries for redemption.

Very truly yours,

The Chairman,
Federal Reserve Bank,

Governor.