

EX OFFICIO MEMBERS

DAVID F. HOUSTON
 SECRETARY OF THE TREASURY
 CHAIRMAN
 JOHN SKELTON WILLIAMS
 COMPTROLLER OF THE CURRENCY

ADDRESS REPLY TO
 FEDERAL RESERVE BOARD

FEDERAL RESERVE BOARD

WASHINGTON

W. P. G. HARDING, GOVERNOR
 ALBERT STRAUSS, VICE GOVERNOR
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 R. G. EMERSON, ASSISTANT SECRETARY
 W. M. INLAY, FISCAL AGENT

September 22, 1920.

X-2013

CONFIDENTIAL

Dear Sir:

There are enclosed herewith copies of confidential instructions issued by the Secretary of the Treasury under date of August 30th, 1920, with respect to Federal Reserve Banks, making exchanges, replacements and redemptions of United States paper currency.

The Federal Reserve Board understands from previous communications that your bank is in a position to take over the additional functions immediately. Kindly advise the Board of the exact date as soon as determined when your bank will commence these new currency operations in order that the Treasurer of the United States and Assistant Treasurers concerned may be notified.

The Secretary of the Treasury has authorized the following statement by him to be used by Federal Reserve Banks in making their announcements of the assumption of these new operations in United States paper currency, to banking institutions in their Federal Reserve Districts together with such local statement of regulations as may be necessary:

" In anticipation of the discontinuance of the several sub-treasuries prior to June 30, next, as directed by recent legislation, the Secretary of the Treasury has authorized and instructed Federal Reserve Banks, as facilities are present, to undertake exchanges and replacement of United States paper currency. And further, in order to furnish improved facilities for the public and in order to establish as equitable a distribution as possible of United States paper currency fit for circulation, the Secretary has directed the Treasurer of the United States hereafter not to make direct shipments of currency fit

X-2013

-2-

for circulation to remitting banks, but to transmit a credit to the appropriate Federal Reserve Bank, which bank shall make appropriate shipment. It is believed this procedure will result in improving the general situation throughout the United States not only with respect to the condition of the paper currency, but with respect to the shortage of notes of small denominations now existing in many sections of the country."

Very truly yours,

Governor.

Enclosure.

To Chairmen of all F.R. Banks EXCEPT RICHMOND
CHICAGO AND DALLAS.