

FEDERAL RESERVE BOARD

WASHINGTON

X-3160

July 8, 1921.

SUBJECT: Assessment on Account of Redemption of Incomplete Federal Reserve Notes and Federal Reserve Bank notes.

Dear Sir:

In accordance with the procedure outlined in the Board's letter of June 10, 1921, (X-3140), to all Federal Reserve Banks, an assessment has been levied upon the Federal Reserve Banks in the usual way (pro-rated on the basis of capital and surplus) to reimburse the Board for payment of \$5,337.50 made to the Treasurer of the United States upon delivery to the Board of unsealed and unnumbered Federal Reserve notes and Federal Reserve Bank notes.

In agreeing to redeem in an amount not to exceed in the aggregate \$20,000 incomplete Federal Reserve notes and Federal Reserve Bank notes which find their way into the Treasurer's cash, the Federal Reserve Banks do so with the understanding that they admit of no liability in connection with the circulation of incomplete notes and that they expect to be reimbursed ultimately by the Government.

In view of the small amount involved, however, and uncertainty as to the time when the banks may expect reimbursement, the Board believes that the Federal Reserve Banks should charge the amount of this particular assessment, and any subsequent assessments made for this purpose, to Profit and Loss Account in accordance with the Board's General Instructions (June 20, 1921) covering the Preparation of Reports of Earnings and Expenses of Federal Reserve Banks.

Very truly yours,

G o v e r n o r .

To the Governors of all Federal Reserve Banks.