

FEDERAL RESERVE BOARD

WASHINGTON

X-3353

March 9, 1922.

SUBJECT: Currency Payments for Account of United States.

Dear Sir:

The Board has received from the Secretary of the Treasury a copy of his letter, dated March 6, 1922, to the Treasurer of the United States, which gives instructions as to payments of United States currency, with particular reference to the payment of gold certificates and the kinds of currency in which payments shall be made in the different denominations. A copy of this letter is transmitted herewith for your information and for the guidance of your bank with respect to payments for account of the United States.

It is important that this policy be carried into effect as a matter of routine without special comment.

Very truly yours,

G o v e r n o r .

Enclosure.

LETTER TO GOVERNORS OF ALL F. R. BANKS
COPY TO F. R. AGENTS.

TREASURY DEPARTMENT

C O P Y

WASHINGTON

March 6, 1922.

Dear Mr. Treasurer:

In order to reestablish the unrestricted circulation of gold within the United States and restore payments by the Government to the basis which existed before the war, you will until further notice make payments of United States paper currency without distinction as between United States notes, silver certificates and gold certificates, except for the following restrictions as to denominations:

(1) Payments in denominations of \$1 and \$2 shall be made, so far as possible, in silver certificates, and if no silver certificates are available, then in United States notes, or, when available, Federal Reserve Bank notes.

(2) Payments in denominations of \$5 and \$10 shall be made, so far as possible, in United States notes and, when available, in silver certificates. If United States notes and silver certificates are not available in sufficient quantities, it will be the policy in the future as in the past to purchase Federal Reserve notes from the Federal Reserve Banks in the desired amounts. Nothing herein contained, however, shall be deemed to prohibit the payment of \$10 gold certificates on demand, or if no other kinds of currency in that denomination are available.

(3) Payments in denominations of \$20 and upwards shall

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be made, so far as possible, in gold certificates, or, when available, in United States notes and silver certificates. Federal Reserve notes already on hand in these denominations may be paid out, but without specific authority therefor in writing Federal Reserve notes will not any longer be purchased from the Federal Reserve Banks for the purpose of making payments in denominations of \$20 and upwards.

It will continue to be the policy of the Treasury to deposit to the credit of the Federal Reserve Banks in the Gold Fund with the Federal Reserve Board the free gold which from time to time becomes available to the Treasury and is not required to make current payments.

The instructions heretofore given under date of June 30, 1920, as modified by the instructions of January 7, 1921, and the general instructions of August 30, 1920, as amended, as to Exchanges, Replacement and Redemption of United States paper currency are modified in accordance herewith.

The Treasury is notifying the Federal Reserve Board of these instructions and requesting that the Federal Reserve Banks follow similar procedure with respect to payments for account of the United States, whether on current payments or on exchange or redemption of United States paper currency.

Very truly yours,

(Signed) A. W. Mellon

Secretary.

The Honorable,

The Treasurer of the United States.