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FEDERAL RESERVE BOARD

WASHINGTON

X-3454

June 26, 1922.

SUBJECT: Defacement of \$100 Federal Reserve Notes.

Dear Sir:

There is enclosed herewith, for your information, copy of a letter received from the Under Secretary of the Treasury, which is self-explanatory. The Board concurs in Mr. Gilbert's view that the action recommended by The National Counterfeit Detector is inadvisable and unnecessary.

Very truly yours,

G o v e r n o r .

(Enclosure)

TO THE GOVERNORS OF ALL FEDERAL RESERVE BANKS
Copies to Federal Reserve Agents.

COPY

The Under Secretary of The Treasury

Washington

June 26, 1922.

My dear Governor:

The June, 1922, number of The National Counterfeit Detector, a publication devoted to descriptions and warnings of counterfeit issues, which is distributed to many banks and commercial concerns throughout the country, described a new and dangerous counterfeit \$100 Federal Reserve note and advised its subscribers to refuse any \$100 Federal Reserve note except with the endorsement thereon of the depositor or individual presenting it. Subsequently this publication amended its warning circular and recommended that subscribers make a memorandum of the name and address of all persons presenting a \$100 Federal Reserve note, this memorandum to be attached to the note.

The Secret Service Division of the Treasury Department has examined this counterfeit note, and is of the opinion that bank employees experienced in the handling of currency will have no difficulty in detecting it, and that accordingly banks may safely accept \$100 Federal Reserve notes from customers without delaying to make a memorandum of their names and addresses. The original recommendation of The National Counterfeit Detector may lead, I fear, to a widespread and continuing defacement of the currency, since all endorsed notes will have to be destroyed and replaced with new notes, which in turn will be defaced. In order to minimize this danger as far as possible, I think it would be advisable for the Federal Reserve Board to notify the Federal Reserve Banks, and, through them, all member banks, that it strongly disapproves of the endorsement of \$100 Federal Reserve notes, as originally recommended by the National Counterfeit Detector, and believes further that the amendatory recommendation of taking customers' names and addresses is unnecessary.

Very truly yours,

(Signed) S. P. Gilbert, Jr.

Under Secretary.

Hon. W. P. G. Harding,
Governor, Federal Reserve Board
Washington, D. C.