

FEDERAL RESERVE BOARD

WASHINGTON

X-3481

July 22, 1922.

924

SUBJECT: Redemption of Currency Fit for Circulation.

Dear Sir:

I enclose herewith copy of a letter from the Secretary of the Treasury, to which your attention is invited.

I enclose also tables showing the results of test examinations of each kind of paper currency presented for redemption during the month of June, 1922, by your bank and its branches. In discussing this matter with Treasury officials, I am convinced that unless the percentage of fit notes sent in for redemption is very materially reduced there is danger that the existing methods may be changed so as to transfer to the Treasury all the details of redemption and distribution now handled by the staffs of the banks and the Board.

Very truly yours,

G o v e r n o r .

(Enclosures)

GOVERNORS OF ALL F. R. BANKS
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COPY

X-3481a

TREASURY DEPARTMENT
WASHINGTON.

July 18, 1922.

My dear Governor:

I have just had brought to my attention by the Currency Committee the Treasurer's report for June of test examinations of paper currency received during that month from Federal Reserve Banks for redemption. I am transmitting copies herewith. If these tests reflect the actual situation, I confess to great astonishment and I think the matter is one to receive the serious consideration of the Board and the several Federal Reserve Banks.

You will note very satisfactory assortment is being made by all the banks with respect to Federal reserve bank notes and National bank notes. With respect to United States currency, the only creditable showing appears to have been made by the Federal Reserve Banks of Richmond and Minneapolis; all other banks show an amount of notes fit for further circulation having been cancelled far in excess of any reasonable standards. The Treasury is directly and particularly concerned in the situation, and must insist that United States currency be more carefully assorted before it is cancelled and forwarded to the Treasurer for redemption. It would seem entirely feasible to assort United States currency notes to the same standard as apparently is applied to Federal reserve and National bank notes.

As regards the assortment of Federal reserve notes, the percentage of fit forwarded by each of the banks is so excessive that I am sure there must be some exceptional circumstances to account for the matter. The most cursory examination of the Treasurer's reports indicates the situation, for it appears that approximately seventy-five per cent of Federal reserve notes fit for further circulation are being forwarded for redemption.

Very truly yours,

(Signed) A. W. Mellon,
Secretary.

Hon. W. P. G. Harding,
Governor, Federal Reserve Board.

RESULTS OF TEST EXAMINATION OF EACH KIND OF PAPER CURRENCY FORWARDED BY FEDERAL RESERVE BANK
FOR REDEMPTION DURING THE MONTH OF JUNE, 1922.

X-3411b

	Number of Notes examined						U. S. CURRENCY.						Percent of Fit Notes					
	1's	2's	5's	10's	20's	Total	1's	2's	5's	10's	20's	Total	1's	2's	5's	10's	20's	Total
Boston	38,900	3,500	3,100	800	-	46,300	13,843	2,249	1,927	166	-	18,185	36	64	62	21	-	39
New York	119,000	7,100	10,200	1,000	-	137,300	29,276	2,529	3,593	577	-	35,975	25	36	35	58	-	26
Buffalo	5,300	400	400	-	-	6,100	707	49	46	-	-	802	13	12	11	-	-	13
Philadelphia	38,100	2,600	3,300	-	-	44,000	14,982	984	1,204	-	-	17,170	39	38	36	-	-	39
Cleveland	16,800	1,100	1,600	-	-	19,500	6,014	265	596	-	-	6,875	35	24	37	-	-	35
Cincinnati	14,000	900	1,200	100	-	16,200	1,731	179	355	82	-	2,347	12	19	30	82	-	14
Pittsburgh	15,500	1,000	1,500	100	-	18,100	4,042	238	564	41	-	4,885	26	24	38	41	-	27
Richmond	2,100	-	300	-	-	2,400	54	-	41	-	-	95	03	-	14	-	-	04
Baltimore	12,200	800	1,000	200	-	14,200	3,255	354	671	90	-	4,370	27	44	67	45	-	31
Atlanta	13,500	400	900	-	-	14,800	2,698	66	63	-	-	2,827	20	17	07	-	-	19
Nashville	3,500	100	300	-	-	3,900	477	55	13	-	-	545	14	55	04	-	-	14
Birmingham	4,100	-	-	-	-	4,100	471	-	-	-	-	471	11	-	-	-	-	11
New Orleans	10,000	400	900	100	-	11,400	3,411	120	509	45	-	4,085	34	30	57	45	-	36
Jacksonville	5,000	100	500	-	-	5,600	404	28	93	-	-	525	08	28	19	-	-	09
Chicago	56,100	5,300	5,300	-	-	66,700	14,214	1,434	2,170	-	-	17,868	25	28	41	-	-	27
Detroit	10,800	900	700	400	-	12,800	859	103	107	50	-	1,119	08	11	15	13	-	09
St. Louis	18,200	1,400	1,600	200	-	21,400	8,621	918	1,122	80	-	10,741	47	66	70	40	-	50
Memphis	1,800	100	100	-	-	2,000	521	-	36	-	-	557	29	-	36	-	-	28
Louisville	5,100	300	500	100	-	6,000	1,719	99	325	87	-	2,230	34	33	65	87	-	37
Little Rock	2,500	200	200	-	-	2,900	362	26	107	-	-	495	14	13	53	-	-	17
Minneapolis	4,000	300	400	100	-	4,800	420	25	18	18	-	481	11	08	05	18	-	10
Helena	500	100	-	-	-	600	52	12	-	-	-	64	10	12	-	-	-	11
Kansas City	7,000	600	600	100	-	8,300	2,324	155	250	32	-	2,761	37	26	42	32	-	33
Denver	1,200	100	-	-	-	1,300	496	25	-	-	-	521	41	25	-	-	-	40
Omaha	900	-	100	-	-	1,000	116	-	2	-	-	118	13	-	02	-	-	11
Oklahoma Cy.	1,000	100	100	-	-	1,200	214	44	-	-	-	258	21	44	-	-	-	22
Dallas	16,500	500	-	-	-	17,000	3,369	165	-	-	-	3,534	20	33	-	-	-	21
El Paso	600	-	-	-	-	600	205	-	-	-	-	205	34	-	-	-	-	34
San Francisco	1,900	100	100	-	-	2,100	1,013	62	58	-	-	1,133	53	62	58	-	-	54
Los Angeles	2,700	200	200	-	-	3,100	1,275	69	118	-	-	1,462	47	35	59	-	-	47
Seattle	1,000	100	-	-	-	1,100	532	52	-	-	-	584	53	52	-	-	-	53
Spokane	1,000	-	100	-	-	1,100	245	-	23	-	-	268	25	-	23	-	-	24
Portland	900	100	-	-	-	1,000	555	72	-	-	-	627	62	72	-	-	-	63
Salt Lake Cy.	1,000	-	100	-	-	1,100	273	-	48	-	-	321	27	-	48	-	-	29

FEDERAL RESERVE BANK NOTES

	Number of Notes examined						Number of Fit Notes						Percent of Fit Notes					
	1's	2's	5's	10's	20's	Total	1's	2's	5's	10's	20's	Total	1's	2's	5's	10's	20's	Total
Boston	14,700	19,700	200	-	-	34,600	496	1,418	31	-	-	1,940	3.3	7.1	15.5	-	-	5.6
New York	23,300	20,000	10,900	-	-	54,200	1,061	3,266	1,155	-	-	5,482	4.5	16.3	10.5	-	-	10.1
Buffalo	6,000	8,000	-	-	-	14,000	46	335	-	-	-	381	0.7	4.1	-	-	-	2.7
Philadelphia	18,900	12,600	-	-	-	31,500	2,268	1,040	-	-	-	3,308	12.0	8.2	-	-	-	10.5
Cleveland	33,500	14,700	2,400	-	-	50,600	919	411	330	-	-	1,660	2.1	2.7	13.7	-	-	3.2
Cincinnati	12,000	3,000	3,000	-	-	18,000	619	69	141	-	-	829	5.1	2.3	4.7	-	-	4.6
Pittsburgh	6,000	9,800	7,100	-	-	22,900	481	228	3,877	-	-	4,586	8.0	2.3	54.6	-	-	20.0
Richmond	12,500	1,500	-	-	-	14,000	583	70	-	-	-	653	4.6	4.6	-	-	-	4.6
Baltimore	13,700	10,400	-	-	-	24,100	724	767	-	-	-	1,491	5.2	7.3	-	-	-	5.1
Atlanta	24,300	2,050	4,450	200	-	31,000	411	71	201	50	-	733	1.2	3.4	4.5	25.0	-	2.3
Nashville	12,900	300	-	-	-	13,200	186	1	-	-	-	187	1.4	0.3	-	-	-	1.4
Birmingham	16,000	1,000	100	-	-	17,100	288	4	8	-	-	300	1.8	0.4	8.0	-	-	1.7
New Orleans	18,801	11,700	-	-	-	30,501	1,959	556	-	-	-	2,515	10.4	4.7	-	-	-	8.2
Jacksonville	16,000	2,000	1,300	200	100	19,600	412	66	337	62	34	911	2.5	3.3	25.9	31.0	34.0	4.6
Chicago	19,900	14,000	2,000	-	-	35,900	544	856	57	-	-	1,457	2.2	6.1	2.8	-	-	4.0
Detroit	15,900	6,000	1,100	-	-	23,000	618	252	-	-	-	870	3.8	4.2	-	-	-	3.7
St. Louis	20,100	3,000	2,500	100	-	25,700	1,038	119	343	25	-	1,525	5.1	3.9	13.7	25.0	-	5.9
Memphis	7,900	1,000	-	-	-	8,900	656	78	-	-	-	734	8.3	7.8	-	-	-	8.2
Louisville	16,000	1,000	400	100	-	17,500	1,970	50	100	18	-	2,138	12.3	5.0	25.0	18.0	-	12.2
Little Rock	13,600	600	1,500	100	2,800	18,600	56	25	2	4	1	88	0.4	4.1	0.1	4.0	0.0	0.4
Minneapolis	18,800	-	1,600	100	-	20,500	708	-	46	12	-	766	3.2	-	2.2	12.0	-	3.7
Helena	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kansas City	26,200	7,500	1,800	-	-	35,500	1,055	1,595	145	-	-	2,795	4.0	21.2	8.0	-	-	7.8
Denver	11,400	1,300	7,900	-	-	20,600	1,162	2	548	-	-	1,712	10.1	0.1	6.9	-	-	8.3
Omaha	9,900	2,000	6,900	-	100	18,900	294	62	114	-	-	470	2.9	3.1	1.6	-	0.0	2.4
Oklahoma City	12,000	1,000	3,400	-	-	16,400	218	3	106	-	-	327	1.7	0.3	3.1	-	-	1.9
Dallas	22,500	2,500	2,200	-	-	27,200	1,236	371	100	-	-	1,707	5.4	14.8	4.5	-	-	6.2
Houston	4,400	1,000	-	-	-	5,400	37	8	-	-	-	45	0.8	0.8	-	-	-	0.8
El Paso	-	-	100	-	-	100	-	-	5	-	-	5	-	-	5.0	-	-	5.0
San Francisco	29,700	16,900	1,900	-	-	48,500	5,682	2,330	156	-	-	8,168	19.1	13.7	8.2	-	-	16.8
Los Angeles	12,600	6,100	1,300	-	-	20,000	1,454	972	319	-	-	2,745	11.5	15.9	24.5	-	-	13.7
Seattle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spokane	3,800	-	-	-	-	3,800	1,568	-	-	-	-	1,568	41.2	-	-	-	-	41.2
Portland	11,200	1,400	-	-	-	12,600	2,592	130	-	-	-	2,722	23.1	9.2	-	-	-	21.6
Salt Lake City	6,800	1,600	400	300	-	9,100	111	190	41	53	-	395	1.6	11.8	10.2	17.6	-	4.3

FEDERAL RESERVE NOTES (Half Notes)

	Number of Notes examined					total	Number of Fit Notes					total	Percent of Fit Notes					
	5's	10's	20's	50's	100's		5's	10's	20's	50's	100's		5's	10's	20's	50's	100's	total
Boston	15,800	19,000	18,900	-	-	53,700	11,617	14,306	13,474	-	-	39,397	73.5	75.2	71.2	-	-	73.3
New York	19,600	20,000	19,900	-	-	59,500	15,447	14,342	15,046	-	-	44,835	78.8	71.7	75.6	-	-	75.3
Buffalo	15,900	16,000	15,400	-	-	47,300	11,718	11,980	12,798	-	-	36,496	73.6	74.8	83.1	-	-	77.1
Philadelphia	20,100	20,000	16,525	-	-	56,625	15,163	16,000	13,704	-	-	44,867	75.4	80.0	82.9	-	-	79.2
Cleveland	10,900	7,500	6,900	-	-	25,300	9,014	5,583	4,432	-	-	18,029	73.5	74.4	64.2	-	-	71.2
Cincinnati	16,000	16,000	12,000	-	-	44,000	11,681	11,538	8,156	-	-	31,375	73.0	72.1	67.9	-	-	71.3
Pittsburgh	8,000	16,100	16,000	-	-	40,100	5,750	11,536	11,174	-	-	28,460	71.8	71.6	69.8	-	-	70.9
Richmond	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Baltimore	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Atlanta	4,000	3,000	1,000	-	-	8,000	2,479	1,757	810	-	-	5,046	61.9	58.5	81.0	-	-	63.0
Nashville	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Birmingham	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Orleans	15,000	14,800	6,800	-	-	36,600	12,268	12,675	5,715	-	-	30,658	81.7	85.6	84.0	-	-	83.7
Jacksonville	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chicago	21,800	24,000	22,100	-	-	67,900	14,639	17,253	16,033	-	-	49,975	67.3	71.8	81.5	-	-	73.6
Detroit	16,000	15,900	16,000	-	-	37,900	10,529	9,216	10,501	-	-	30,246	65.8	59.2	65.6	-	-	79.8
St. Louis	15,900	12,000	12,000	-	-	39,900	11,941	9,297	10,528	-	-	31,766	75.1	77.4	87.7	-	-	79.6
Memphis	4,000	4,000	2,300	-	-	10,300	3,083	3,407	1,291	-	-	7,781	77.0	85.1	56.1	-	-	75.5
Louisville	8,000	5,600	5,600	-	-	19,200	5,429	4,528	4,729	-	-	14,686	67.8	80.8	84.4	-	-	76.4
Little Rock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minneapolis	8,000	7,600	1,100	-	-	16,700	4,326	5,278	896	-	-	10,500	54.0	69.4	81.4	-	-	62.8
Helena	4,000	2,000	2,000	-	-	8,000	1,091	1,342	1,552	-	-	3,985	27.2	67.1	77.6	-	-	49.8
Kansas City	15,000	16,000	16,000	-	-	47,000	8,194	11,375	11,295	-	-	30,864	54.6	71.0	70.5	-	-	65.6
Denver	4,100	2,000	1,600	-	-	7,700	1,916	1,011	1,336	-	-	4,263	46.7	50.5	83.5	-	-	55.3
Omaha	7,900	7,000	3,500	-	-	18,400	2,074	3,916	2,719	-	-	8,709	26.2	55.9	77.6	-	-	47.3
Oklahoma Cy.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dallas	8,000	2,500	1,900	-	-	12,400	4,629	1,473	1,229	-	-	7,331	57.8	58.9	64.6	-	-	59.1
Houston	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Paso	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
San Francisco	20,000	20,000	19,700	-	-	59,700	16,091	15,990	17,717	-	-	49,798	80.4	79.9	89.9	-	-	83.4
Los Angeles	12,000	11,800	11,900	-	-	35,700	8,349	8,821	10,415	-	-	27,585	69.5	74.7	87.5	-	-	77.2
Seattle	16,000	12,000	13,000	-	-	41,000	11,399	9,494	11,032	-	-	31,925	71.2	79.1	84.8	-	-	77.8
Spokane	4,000	1,900	1,500	-	-	7,400	2,694	1,561	1,302	-	-	5,557	67.3	82.1	86.8	-	-	75.0
Portland	8,000	10,000	10,500	-	-	28,500	6,130	8,112	8,895	-	-	23,137	76.6	81.1	84.7	-	-	81.1
Salt Lake Cy.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NATIONAL BANK NOTES

X-3481b

	No. of Notes Examined						No. of Fit Notes						Percent of Fit Notes					
	5's	10's	20's	50's	100's	Total	5's	10's	20's	50's	100's	Total	5's	10's	20's	50's	100's	Total
Boston	15,000	13,400	4,300	80	50	32,830	710	709	339	7	6	1,771	4.7	5.2	7.8	8.7	12.0	5.3
New York	22,700	23,400	17,000	2,200	2,250	67,550	2,997	1,532	885	203	338	5,955	13.2	6.5	5.2	9.2	15.0	8.8
Buffalo	4,000	3,800	3,000	100	-	10,900	0	73	186	5	-	264	0	1.8	6.2	5.0	-	2.4
Philadelphia	16,250	18,750	5,025	200	65	30,290	1,411	779	244	37	6	2,477	8.6	4.1	4.8	18.5	9.2	8.1
Cleveland	26,900	25,900	21,100	-	60	73,960	959	657	2,197	-	0	3,813	3.5	2.5	10.4	-	0	5.1
Cincinnati	16,000	17,000	3,000	-	-	36,000	1,028	752	106	-	-	1,886	6.4	4.4	3.5	-	-	5.2
Pittsburgh	20,000	12,000	-	100	-	32,100	2,889	729	-	1	-	3,619	14.4	6.0	-	1.0	-	11.2
Richmond	3,300	500	200	20	10	4,030	118	7	5	0	0	130	3.5	1.4	2.5	0.0	0.0	3.2
Baltimore	4,100	3,500	1,200	20	30	8,850	266	231	35	0	0	532	6.4	6.6	2.9	0	0	6.0
Atlanta	20,500	10,600	1,175	50	50	32,375	1,021	597	100	6	4	1,728	4.7	5.6	8.5	12.0	8.0	5.3
Nashville	6,000	4,000	1,600	-	-	11,600	85	45	146	-	-	276	1.4	1.1	9.1	-	-	2.3
Birmingham	14,800	10,500	3,400	30	5	28,735	1,541	609	104	3	0	2,257	10.4	5.8	3.0	10.0	0	7.8
New Orleans	10,900	11,200	3,750	100	50	26,000	839	945	263	14	16	2,077	7.6	8.4	7.0	14.0	32.0	7.9
Jacksonville	11,600	13,300	2,200	30	5	27,145	1,458	1,221	244	0	1	2,924	12.5	9.1	11.0	0	6.6	10.7
Chicago	21,900	21,600	9,600	300	100	53,500	881	1,071	651	1	0	2,604	4.0	4.9	6.7	0.3	0	4.8
Detroit	8,000	7,000	4,000	200	-	19,200	179	152	48	3	-	382	2.2	2.1	1.2	1.5	-	1.9
St. Louis	20,500	17,600	4,400	210	70	42,780	1,308	3,053	184	7	1	4,553	6.3	17.3	4.1	3.3	1.4	10.6
Memphis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Louisville	17,500	14,000	4,900	160	32	36,592	2,713	4,164	914	10	0	7,801	15.5	29.0	18.6	6.2	0.0	21.3
Little Rock	7,600	9,900	1,500	105	30	19,135	7	107	28	2	0	144	0.0	1.0	1.8	1.9	0	0.7
Minneapolis	2,700	5,700	800	-	-	9,200	74	168	15	-	-	257	2.7	2.9	1.8	-	-	2.7
Helena	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kansas City	18,200	19,200	3,600	5,000	1,200	44,800	2,303	3,458	286	17	7	6,073	12.6	18.0	5.1	1.7	3.5	13.6
Denver	17,500	16,300	6,800	200	100	40,900	509	1,571	192	15	1	2,288	2.9	9.6	2.8	7.5	1.0	5.5
Omaha	5,100	9,600	4,000	56	20	18,776	3	670	37	-	-	710	0.0	6.9	0.9	0.0	0.0	3.7
Oklahoma City	7,700	10,800	3,400	100	-	22,000	96	121	118	20	-	355	1.2	1.1	3.4	20.0	-	1.6
Dallas	12,200	13,300	4,300	100	40	29,940	1,171	1,501	634	13	0	3,319	9.5	11.2	14.7	13.0	0	11.0
Houston	9,200	2,300	1,200	-	-	12,700	227	41	27	-	-	295	2.4	1.7	2.2	0	-	2.3
El Paso	6,300	3,400	600	20	20	10,340	841	444	1	0	0	1,246	13.3	13.0	0.1	0	0	12.4
San Francisco	28,200	35,600	24,400	998	356	89,454	2,366	10,018	3,510	190	65	16,149	8.3	28.1	14.3	21.1	18.1	18.0
Los Angeles	11,900	7,000	8,200	400	300	27,800	3,035	1,077	2,062	68	90	6,332	25.5	15.3	25.1	17.0	30.0	22.7
Seattle	3,800	5,900	1,100	123	49	10,972	474	812	184	8	1	1,479	12.4	13.7	16.7	6.5	2.0	13.4
Spokane	800	2,200	600	-	-	3,600	7	40	16	0	-	63	0.8	1.8	2.6	0	-	1.7
Portland	7,500	11,500	1,700	-	-	20,700	2,530	1,956	680	-	-	5,166	33.7	17.0	40.0	-	-	24.9
Salt Lake Cy.	10,000	8,100	1,200	36	8	19,344	374	487	52	0	0	913	3.7	6.0	4.3	0.0	0.0	4.2