

FEDERAL RESERVE BOARD

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WASHINGTON

X-3693

April 11, 1923.

Subject: Currency Shipments, Preparation and Mailing.

Dear Sir:

On April 6th I received from the Third Assistant Postmaster General a letter, enclosing copy of report rendered by Post Office Inspector William Pearson dated March 3rd, and copy of letter from the Chief Inspector, Post Office Department dated March 24th in which "it is recommended, in the interest of safety of valuable matter sent by banks in the registered mails, that a more systematic and stringent method of preparing and mailing remittances be followed not only by the Federal Reserve Banks and Branches but by other banks, many of which are members of the Federal Reserve System". Inspector Pearson's report has reference particularly to a shipment by the First National Bank of Fargo, North Dakota, on August 4, 1922, of \$20,000 in currency to the First National Bank of St. Paul and the Second National Bank of Minot, North Dakota. Both registers were received by the addressees in good condition with lead seals intact but short in sums of \$300 and \$500 respectively. The report says:

"Investigation at the mailing bank disclosed that currency shipments are prepared at that bank in the following manner: The money is counted by a teller who places several rubber bands around it, no wrapper or twine being used, and in this condition encloses it in a canvas coin sack which is handed to a bank messenger for sealing and mailing. Lead seals alone are used in the sealing, and as seals and sealing device are left in the custody of the messenger or messengers, who are frequently left alone in the bank, and in sole possession of the money, after all other employees have gone off duty for the night, the opportunity for rifling is great."

and concludes as follows:

"It was learned that it is the practice of banks throughout the country, including Federal Reserve Banks, to enclose currency loose, or with rubber bands around it, in canvas

coin sacks. It is obvious that this is a bad practice, and it is recommended that the Department issue to postmasters such instructions as will bring about a correction of this unsatisfactory condition".

The Chief Inspector in commenting upon the report of Inspector Pearson's says:

"It will be observed that the money is not properly prepared for mailing and the lead sealed sacks, together with the sealing devices, are left in the custody of the bank messenger or messengers, who are frequently left alone in the bank and have the opportunity for stealing the currency."

If this report correctly describes the method of mailing currency in your bank and in banks throughout the country it would seem clear that a safer method ought at once to be adopted.

Yours very truly,

Acting Governor.

TO THE GOVERNORS OF ALL F. R. BANKS