

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6456

December 21, 1929.

SUBJECT: Currency Policy effective January 2, 1930.

Dear Sir:

For your information and guidance there are enclosed herewith copies of correspondence with the Undersecretary of the Treasury in which the Undersecretary expresses the accord of the Treasury with the action taken by the Governors at their recent conference in voting to discontinue, as of January 2, 1930, the payment of old series Federal reserve notes in the denominations of \$5 to \$100, inclusive, and authorizes the same procedure with respect to old series United States currency in those denominations.

With regard to the recommendation of the Governors' Conference that the Treasury continue to maintain at the highest possible level its facilities for the redemption of old series National bank notes, and the request of the Undersecretary that steps be taken to insure the receipt for redemption of \$6,000,000 old series notes daily, on an average, on and after January 2, you are requested to forward for redemption, from your district, not to exceed \$ _____, weekly, old series National bank notes, regardless of their condition of fitness. In other words, in order to maintain the above schedule of shipments which is based, at the suggestion of the Treasurer of the United States, upon your proportion of total redemptions during the fiscal year 1928, you are authorized to make any adjustment necessary in the standard of fitness in effect in your district. If, for any reason, you should not be able either now or later to maintain this schedule of shipments you are requested to immediately advise the Board in order that adjustments may be made in the shipping schedules of other districts. On the contrary, should you feel that you could maintain a larger schedule, please advise this office. Needless to say, should your bank be able to maintain its schedule of redemptions with shipments of worn notes they should be forwarded in preference to new notes or notes in good condition. It is understood that all shipments from the parent offices will continue to receive one charter number assortment.

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In order to avoid difficulty in maintaining the 5 Per Cent Redemption Fund, the Treasurer would appreciate it if the Federal reserve banks, particularly those with large weekly quotas, would spread their shipments over several days of the week.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

TREASURY DEPARTMENT

Washington

December 18, 1929.

My dear Governor:

I have your letter of the 13th instant in which you convey the action of the Governors' conference on December 12, 1929, in voting that the payment of Old Series Federal reserve notes in the denominations of \$5 to \$100, inclusive, be discontinued on January 2, 1930, and recommending that the Treasury continue to maintain at the highest possible level its facilities for the redemption of Old Series National bank notes. In your letter you ask advice regarding Old Series United States notes and gold certificates of corresponding denominations.

The Treasury is in hearty accord with the action taken by the Governors with respect to Old Series Federal reserve notes, and hereby authorizes the same procedure with respect to Old Series United States currency in the denominations \$5 to \$100, inclusive. Accordingly, will you please instruct the Federal Reserve Banks on and after January 2, 1930, to discontinue further payments of Old Series United States currency in denominations up to \$100, inclusive, to cancel and redeem any such Old Series United States currency thereafter received, and thereafter to restrict payments of United States currency in such denominations to the New Series only.

As regards Old Series National bank notes outstanding, it is requested that the Board inaugurate such measures, with the cooperation of the Treasurer of the United States, as will insure the receipt for

redemption of \$6,000,000 Old Series daily, on an average, on and after January 2.

The Treasurer of the United States is being given similar advice. A copy of my letter addressed to him under this date is enclosed for your information.

Very truly yours,

(signed) Ogden L. Mills,
Under Secretary of the Treasury.

Hon. R. A. Young,

Governor, Federal Reserve Board.

Enclosure;

(COPY)

X-6456-b

December 18, 1929.

The Treasurer of the United States:

Sir:

With this please find copy of a communication, addressed under this date, to the Governor of the Federal Reserve Board, with respect to discontinuing payments of Old Series United States currency in denominations up to \$100, inclusive, on January 2, next, and with respect to insuring redemptions of Old Series National bank notes up to the established average of \$6,000,000 daily.

On and after January 2, next, will you please confine your payments of all kinds of paper currency in denominations up to \$100, inclusive, to the New Series only, and thereafter cancel and redeem all Old Series currency of these denominations which may be received.

Respectfully,

(Signed) Ogden L. Mills,
Undersecretary of the Treasury.

Enclosure:

COPY

X-6456-c

December 13, 1929.

Dear Mr. Secretary:

Under date of October 14, 1929, you addressed a letter to me with regard to the policy which should be pursued in the matter of continuing payments of United States and Federal Reserve notes of the old size. This subject was made a topic for consideration at the Conference of Governors which was held in Washington this week and I am enclosing copy of a report made by the secretary of the conference from which you will note that it was voted to discontinue payment of old series Federal Reserve notes, in the denominations of \$5.00 to \$100.00 inclusive, on January 2, 1930. Will you please advise whether the Treasury desires to authorize Federal reserve banks to discontinue payments of old size United States notes and gold certificates at the same time.

I understand that the Treasury program for the redemption of national bank notes contemplates that after the first of the year the Federal reserve banks will be authorized to redeem old series notes regardless of condition. If this is true, could not advice to the Federal reserve banks regarding all of these issues be incorporated in one communication, which it is suggested should be dispatched at the earliest possible date.

Very truly yours,

R. A. Young,
Governor.Honorable Ogden L. Mills,
Undersecretary of the Treasury,
Washington, D. C.

COPY

X-6456-d

December 12, 1929.

Dear Sir:

The Board's letter X-6393 of October 19, 1929, submitting as topics to the Governors' Conference the question of discontinuing payments of old series Federal reserve notes in the denominations of five dollars to one hundred dollars inclusive and the problem of handling national bank notes of those denominations after discontinuance of payments of Federal reserve and United States notes in the old series, was discussed at the Governors' Conference today and it was voted that the payment of old series Federal reserve notes in the denominations mentioned be discontinued on January 2nd and that the Conference recommend that the Treasury continue to maintain at the highest possible level their facilities for the redemption of national bank notes.

Very truly yours,

(S) H. F. Strater,
Secretary,
Governors' Conference.

Hon. Roy A. Young, Governor,
Federal Reserve Board,
Washington, D. C.

COPY

X-6456-e

Amount Redeemable Weekly on Basisof \$6,000,000 per day.By Districts.

Boston	\$ 2,520,000
New York	7,560,000
Philadelphia	3,170,000
Cleveland	3,815,000
Richmond	2,520,000
Atlanta	2,485,000
Chicago	4,750,000
St. Louis	1,905,000
Minneapolis	755,000
Kansas City	1,440,000
Dallas	1,730,000
San Francisco	3,135,000
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	\$35,785,000
Other Sources	<hr/>
	215,000
Total	<hr/>
	\$36,000,000