

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7210

July 22, 1932.

SUBJECT: Audit of Reserve Stock of Incomplete
Federal Reserve Notes.

Dear Sir:

For your information there is inclosed a copy of the recapitulation of an audit of the stock of incomplete Federal reserve notes of the Federal reserve banks held at the Bureau of Engraving and Printing as of close of business June 30, 1932, forwarded to the Secretary of the Treasury by Mr. M. R. Loafman, Chief, Division of Public Debt Accounts and Audit. In accordance with arrangements made between the Treasury Department and the Federal Reserve Board a representative of the Board was present during the process of the audit.

In his letter forwarding the report of the audit to the Secretary of the Treasury, Mr. Loafman stated that: "The audit extended from July 1 to 7, inclusive, and consisted of a piece count of the entire stock of Federal reserve note faces and a package count of the uniform backs allocated to Federal reserve notes. In view of the fact that a recent piece count has been made by this office of the entire stock

- 2 -

of each denomination of uniform backs on hand in the Bureau, a package inspection of the uniform backs allocated to Federal reserve notes was deemed sufficient at this time. The total faces and backs audited was found to be in excess of the required reserve of 4,250,000 sheets of incomplete notes, faces and backs as authorized in the letter of the Governor of the Federal Reserve Board to the Under Secretary of the Treasury under date of December 2, 1929. * * * With respect to the total faces and backs of the \$50 denomination, it will be noted that the faces are greater and the backs fewer in proportion than the quantities specified to be held in reserve. This condition was caused by the withdrawal of backs for printing faces for the Federal Reserve Bank of Chicago, in accordance with supplemental printing orders dated June 23 and 25, 1932, and the apparent shortage in \$50 backs is more than offset by the excess quantity in \$50 faces on hand."

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Inclosure.

TO ALL F. R. AGENTS.