

FEDERAL RESERVE BOARD

543

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

November 15, 1933.
B-929.

Dear Sir:

For your information there are inclosed copies of correspondence with the Treasury Department with reference to the redemption of twelve \$100 Federal Reserve notes of the Federal Reserve Bank of Minneapolis which disappeared from the Bureau of Engraving and Printing on March 11 and which are now being presented for redemption with counterfeit seals and serial numbers.

Very truly yours,



L. P. Bethea,
Assistant Secretary.

Inclosures.

TO GOVERNORS OF ALL F. R. BANKS EXCEPT MINNEAPOLIS*

TREASURY DEPARTMENT

Washington

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November 2, 1933

Mr. L. P. Bethea,
Assistant Secretary,
Federal Reserve Board.

Sir:

Receipt is acknowledged of your letter of September 27, 1933, addressed to the Under Secretary concerning certain incomplete Federal Reserve notes for the Federal Reserve Bank of Minneapolis, of the \$100 denomination, with counterfeit seals and serial numbers, which have been honored by the Federal Reserve Banks of New York and Minneapolis.

You call attention to the fact that the incomplete notes disappeared from the Bureau of Engraving and Printing, and suggest that liability for their redemption devolves upon that Bureau. The only manner in which the Bureau can satisfy that liability is by placing an assessment on the employees of the section from which this sheet of notes disappeared. Many of these employees can ill afford to pay such an assessment, and the Department is reluctant to impose such a penalty on innocent employees.

I understand that some question was raised in the New York bank concerning the validity of the four notes first submitted by that bank to the Treasury for redemption, or at least concerning the validity of the first one presented, and that even after the Federal Reserve Banks were apprised of the situation, two notes from this sheet were forwarded for redemption by the Federal Reserve Banks of New York and Minneapolis. Under these circumstances it would appear that the presenting banks might properly be held responsible for these six notes.

The Department will rely upon your judgment in this matter, and if you still feel that the Bureau should be held responsible for these notes, the Department will take steps to have the amount involved collected from employees in the manner outlined above, for the relief of the Federal Reserve Banks concerned.

Respectfully,

(Signed) Thomas Hewes

Thomas Hewes
Assistant Secretary of the Treasury.

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ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

November 15, 1933.

B-929b

Honorable Thomas Hewes,
Assistant Secretary of the Treasury,
Treasury Department,
Washington, D. C.

Dear Mr. Hewes:

Your letter of November 2, relating to incomplete Federal Reserve notes of the Federal Reserve Bank of Minneapolis, of the \$100 denomination, with counterfeit seals and serial numbers, has been carefully considered by the Board. In view of the statements contained in your letter the Board will suggest to the Federal Reserve banks that in the circumstances they absorb the loss on these notes. The Board feels, however, that any liability in connection with the circulation of incomplete notes should be assumed by the Treasury Department and hopes that the Treasury will carry out the intention expressed in Assistant Secretary Dewey's letter of July 7, 1925, of asking relief from Congress for incomplete Federal Reserve notes which get into circulation and are subsequently presented for redemption.

Very truly yours,



L. P. Bethea,
Assistant Secretary.