

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-9452

January 20, 1936.

Dear Sir:

Referring to previous correspondence with respect to whether the Federal Reserve banks should continue to pay out new Federal Reserve notes of the 1928 series when notes of the 1934 series are available and to the additional orders which have been placed for the printing of notes of the 1934 series, there is inclosed one copy each of a letter received from the Secretary of the Treasury dated December 13, 1935, the Board's reply thereto, dated December 20, 1935, and a letter from the Acting Secretary of the Treasury dated January 3, 1936, in which he states that he assumes the Board of Governors of the Federal Reserve System and the Federal Reserve banks are issuing the appropriate instructions with respect to the matter discussed in the letter of December 13, 1935.

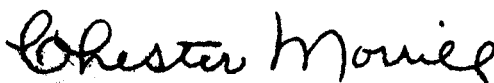
The Board wishes to cooperate with the Treasury Department in this matter and therefore requests that you make no further issues of new Federal Reserve notes of the 1928 series to your Federal Reserve bank when you have on hand notes of the 1934 series available to meet the requests for currency by the bank. You are also requested to submit promptly to the Board requisitions for a sufficient amount of Federal Reserve notes of the 1934 series to build up your stock of

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the various denominations of such notes to a point where you will be able to meet probable requirements of your bank for new Federal Reserve notes. New Federal Reserve notes of the 1928 series now held by you should be retained for the present for possible emergency use. For your information in this connection there is attached hereto a statement showing the stock of Federal Reserve notes of the 1934 series of each Federal Reserve bank now on hand at the Bureau of Engraving and Printing and a supplemental statement showing the amount of such notes by denominations which are still due from the Bureau of Engraving and Printing on orders placed during 1935. You have been advised in a separate communication of the orders placed during January 1936 with the Bureau for printing Federal Reserve notes of the 1934 series for the remainder of the current fiscal year.

Very truly yours,



Chester Morrill,
Secretary.

Inclosures.

TO ALL FEDERAL RESERVE AGENTS

C O P Y

X-9452-a

The Secretary of the Treasury

Washington

December 13, 1935.

Dear Sirs:

It is the view of the Treasury that the issuance of new Federal Reserve notes of the 1928 series, which bear on their face the words "redeemable in gold" should be discontinued by the Federal Reserve banks as soon as a sufficient stock of Federal Reserve notes of the 1934 series is available to meet current requirements of the respective banks. Accordingly, I propose to instruct the Director of the Bureau of Engraving and Printing to cease the delivery of Federal Reserve notes of the 1928 series and to cease working on any of such notes that are now in the process of completion.

These instructions would be issued to the Director of the Bureau of Engraving and Printing on the assumption that for the present

- (a) Federal Reserve agents will not issue Federal Reserve notes of the 1928 series to the Federal Reserve banks when notes of the 1934 series are or can be made available for such banks;
- (b) The Board of Governors of the Federal Reserve System will not ask for the shipment of Federal Reserve notes of the 1928 series from the Bureau of Engraving and Printing when notes of the 1934 series are available or can be made available to meet current requirements, and would instruct the Federal Reserve agents not to issue any Federal Reserve notes of the 1928 series to the Federal Reserve banks when notes of the 1934 series are available.

In view of the foregoing assumptions, involving action on behalf of the Federal Reserve banks, and of the fact that it is the banks who are liable for the cost of printing and shipping Federal Reserve

notes, I feel that, prior to taking the contemplated action as above described, I should first receive the approval of the Federal Reserve banks. I shall therefore very much appreciate it if you will communicate with the several banks and advise me whether it will be satisfactory for me to instruct the Director of the Bureau of Engraving and Printing as proposed.

If the procedure herein contemplated is followed, I will submit to members of the appropriate committees of Congress the question of making, at its next session, an appropriation with which to defray

- (a) the cost of printing a stock of Federal Reserve notes of the 1934 series to replace those of the 1928 series held by or for the account of the Federal Reserve agents and by the Bureau of Engraving and Printing;
- (b) the cost of shipping Federal Reserve notes of the 1934 series to the Federal Reserve agents to replace new Federal Reserve notes of the 1928 series held by them;
- (c) the cost of returning to Washington new Federal Reserve notes of the 1928 series held by the Federal Reserve agents; and
- (d) the cost of destroying notes of the 1928 series replaced by notes of the 1934 series, if and when such notes are destroyed.

Very truly yours,

Signed. H. MORGENTHAU, Jr.

Secretary of the Treasury.

Board of Governors of the Federal Reserve System,

Washington, D. C.

December 20, 1935.

Hon. H. Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.

Dear Mr. Morgenthau:

In compliance with the suggestion contained in your letter of December 13 with respect to the discontinuance of the issuance by the Federal Reserve banks of Federal Reserve notes of the 1928 series which bear on their face the words "Redeemable in gold", as soon as a sufficient stock of Federal Reserve notes of the 1934 series are available to meet current requirements of the respective banks, your letter was referred to the Governors at their conference in Washington on Wednesday of this week. After discussing this matter the Governors advised the Board that they are in accord with the procedure set forth in your letter, with the understanding that, if Congress does not at the forthcoming session authorize the Treasury to replace the stock of new Federal Reserve notes of the 1928 series with notes of the 1934 series, the question as to whether the Federal Reserve banks should resume paying out notes of the 1928 series, will be given consideration promptly after the adjournment of Congress.

It is understood, of course, that acquiescence of the Board and the Federal Reserve banks at this time in the program outlined in your letter will not in any way prejudice the right of the Federal Reserve banks to resume the paying out of the existing stock of notes of the 1928 series in case the Treasury Department is not authorized to replace this stock with notes of the 1934 series.

Very truly yours,
(Signed) M. S. Eccles.

M. S. Eccles,
Chairman.

C O P Y

X-9452-c

THE SECRETARY OF THE TREASURY

Washington

January 3, 1936

Dear Mr. Eccles:

I have your letter of December 20, 1935, relating to the discontinuance for the present of the issuance by the Federal Reserve banks of Federal Reserve notes of the 1928 Series. The conditions referred to in your letter on which the Board and the banks are taking such action are noted.

I have accordingly instructed the Director of the Bureau of Engraving and Printing, for the present to cease the delivery of Federal Reserve notes of the 1928 Series and to cease working on any such notes now in the process of completion.

I assume that the Federal Reserve Board and the Federal Reserve banks are issuing the appropriate instructions with respect to this matter.

Very truly yours,

(Signed) T. J. COOLIDGE

Acting Secretary of the Treasury.

Hon. M. S. Eccles,
Chairman, Board of Governors,
of the Federal Reserve System.

FEDERAL RESERVE NOTES OF THE 1934 SERIES ON HAND AT THE BUREAU OF ENGRAVING AND PRINTING
ON JANUARY 13, 1936
(In thousands of dollars)

	5s	10s	20s	50s	100s	500s	1000s	5000s	10,000s	Totals
Boston	3,840	49,680	4,800	3,200	4,400	9,000	9,000	6,000	6,000	95,920
New York	9,220	95,280	14,480	9,400	13,200	12,900	21,600	15,000	12,000	203,080
Philadelphia	19,680	39,960	22,640	7,200	7,200	9,000	9,000	--	--	114,680
Cleveland	8,280	25,240	12,160	8,400	8,400	5,100	10,200	6,000	12,000	95,780
Richmond	6,660	31,360	35,600	6,000	6,000	--	--	--	--	85,620
Atlanta	14,460	17,640	9,600	6,600	6,000	--	11,400	--	--	65,700
Chicago	11,700	69,800	16,160	8,400	8,400	--	--	--	--	114,460
St. Louis	29,000	14,040	19,600	6,000	4,800	--	--	--	--	73,440
Minneapolis	16,020	17,880	7,840	4,200	2,400	--	--	--	--	48,340
Kansas City	7,080	16,120	10,400	6,000	6,000	--	--	--	--	45,600
Dallas	6,120	10,680	9,840	4,800	4,800	--	--	--	--	36,240
San Francisco	12,640	16,440	13,760	8,400	7,200	--	--	--	--	58,440
Total	144,700	404,120	176,880	78,600	78,800	56,000	61,200	27,000	30,000	1,037,300

1934 SERIES FEDERAL RESERVE NOTES BEING PRINTED AS OF JANUARY 13, 1936, ON
 ORDERS PLACED DURING THE CALENDAR YEAR 1935
 (In thousands of dollars)

	5s	10s	20s	50s	100s	Total
Boston	--	43,080	4,800	--	--	47,880
New York	--	193,800	--	--	--	193,800
Philadelphia	8,340	25,200	11,040	--	600	45,180
Cleveland	360	30,120	13,680	--	--	44,160
Richmond	--	23,640	26,880	--	--	50,520
Atlanta	9,720	5,640	--	--	--	15,960
Chicago	--	110,640	--	--	600	111,240
St. Louis	16,260	12,840	--	--	1,200	30,300
Minneapolis	2,580	1,320	--	600	1,200	5,700
Kansas City	420	13,560	--	--	--	13,980
Dallas	--	120	960	--	--	1,080
San Francisco	--	4,680	720	--	1,200	6,600
Total	37,680	464,640	58,080	600	4,800	566,400