

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-396



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 31, 1939

Dear Sir:

Under date of January 20 the Acting General Counsel of the Treasury Department wrote the Board relative to suggested legislation to reimburse the Board of Governors of the Federal Reserve System and the Federal Reserve banks for certain losses sustained by them as a result of the redemption of certain Federal Reserve notes and Federal Reserve bank notes which have heretofore disappeared from the custody of the Bureau of Engraving and Printing and entered into circulation without being regularly issued.

In accordance with the request of the Treasury Department, it will be appreciated if you will furnish us with the following documents or information as promptly as convenient for transmission to the Treasury Department for its use in considering this matter:

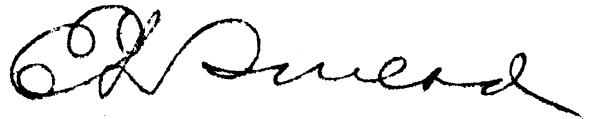
1. The amount of losses which have been sustained by your bank as the result of the redemption of any Federal Reserve notes or Federal Reserve bank notes which disappeared from the Bureau of Engraving and Printing and got into circulation without being regularly issued (the notes in question are probably notes which entered into circulation without proper seals or serial numbers);
2. The date of redemption, the bank of issue, and the serial number of each such note so redeemed;
3. To what degree your bank has been indemnified in any manner for any losses so sustained; and
4. A copy of the agreement and contract with the indemnity company under which any such indemnification was made.

The Issue and Redemption Division of the Office of the Comptroller of the Currency is now holding Federal Reserve notes and Federal Reserve

bank notes which were put into circulation without being regularly issued amounting to \$6,282.50, including \$700 of Federal Reserve notes in the \$100 denomination of the Federal Reserve Bank of Minneapolis, which disappeared from the Bureau of Engraving and Printing in 1933.

Your report should include any notes redeemed by your bank which were subsequently forwarded to Washington and are now included in the total of \$6,282.50 referred to above. In your reply it will be appreciated if you will state what disposition was made of each note redeemed.

Very truly yours,



E. L. Smead, Chief,
Division of Bank Operations.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS