

# THE CASH MANAGER

June 1992

News and Views  
on Cash Services  
for the  
Eighth Federal Reserve District

## Fed Enhances Cash Ordering Services

Soon, Eighth District depository institutions will have new options for ordering currency and coin from the Fed.

By late 1992, a cash ordering service will be available on Fedline®—the Fed's personal computer-based software—and EDITH®, the Eighth District Interactive Telephone Helpline. The new options will replace the Fed's AutoCash® system.

In addition to the new cash ordering and early credit request service, institutions can access numerous other Fed information and transaction services through Fedline: ACH, funds transfer, securities transfer, check services, accounting services, savings bonds and TT&L, to name a few.

EDITH, which also offers a number of Fed services, will add a cash ordering service, plus an

additional feature allowing financial institutions to dial in to inquire about a previously placed order for currency and coin.

Both Fedline and EDITH offer improved timeliness, efficiency and security. Watch for upcoming information on the availability of these cash ordering options.

## Rise In Food Coupon Processing Reflects The Economy

**A** noticeable rise in the number of food coupons processed in the Eighth District reflects conditions of the nation's economy, according to Fed economist Adam Zaretsky.

At the St. Louis office, records show a 20 percent increase in the number of food coupons handled between 1990 and 1991, and a 13 percent increase so far in '92.

In related news, the number of Americans receiving food coupons jumped recently to a record 25.7 million—exceeding one in 10 people.

"Job losses because of the recession cause more individuals to depend on public assistance," says Zaretsky.

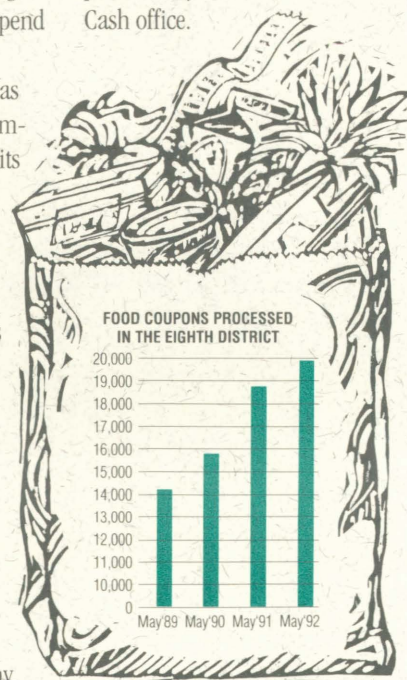
A new factor in the recent

recession, he adds, is an increase in the average length of time individuals must spend finding new jobs.

Zaretsky forecasts that as savings diminish and unemployment insurance benefits expire, a larger and more diverse group may request food coupons.

The increased volume of food coupons reinforces the need for adequate custody controls. Remember, food coupons lost before or during shipment to the Fed cannot be replaced. In a recent letter, we offered precautionary measures to secure your shipments. If you have any

questions about this policy, please call your local Cash office.



# From Deposit Slip To The Vault: How The Fed Processes Your Deposits

**A**fter a busy day at your bank, your vault tellers need to make a shipment of money to the Fed. They carefully count and bundle the currency by denomination and fill out appropriate deposit slips. Then, it's out to the armored carrier and off to the Fed. What happens next? Let's look.

## Federal Reserve Board Applauds Eighth District's Cash Operations

The St. Louis Fed was recognized by the Federal Reserve Board of Governors in Washington, D.C., recently for processing more currency per machine in 1991 than any of the other 11 Federal Reserve districts.

The high productivity is credited, in part, to the department's incentive program developed several years ago. The incentive program works like this: individual and team goals are set at the beginning of each month. If the goal is attained by the next-to-last business day of each month, employees can take off the last business day of each month.

The program is working, and employees keep breaking their own records. To date, our high-speed processing records are (in notes per day):

- 1s: 546,000
- 5s: 568,100
- 10s: 568,000
- 20s: 580,000
- mixed denominations: 568,500
- highest day's processing (two teams) 1,128,000
- highest week's processing (two teams) 5,510,800.

Since the program began, processing volume has increased about 30 percent, and the number of processors required on a team has been reduced from four to three employees.

The Little Rock, Louisville and Memphis branches have started similar incentive programs.

When currency shipments arrive at the Fed, security is the name of the game. First, the armored carrier backs into a special entrance to the Bank's security court. The Fed's guards then inspect the armored car—all sides and top and bottom—from the central

guard room. When clearance is given, the armored carrier representative is allowed to remove the shipped currency and take a secured elevator to a currency transfer room. He places the bags on a table and takes his place inside a vestibule in the transfer room where he can watch Fed tellers inspect the bags.

Only after the door closes behind the carrier representative are two authorized Fed tellers allowed into the transfer room to accept the currency (the doors must never be open at the same time, nor can the carriers and Fed personnel be in the room at one time). The bags are inspected for tears and broken seals, and are verified against the armored carrier's manifest—a shipping receipt—by a team of two tellers. Once deposits are accepted by the Fed, they remain under dual custody control.

Next, the bags of currency are transported to the receiving tellers' work area inside the vault. The receiving tellers' work station is designed so that they work across from, and in full view of, one another.

Only one bank's deposit is opened at a time at the work station. The bundles of currency are inventoried to the deposit invoice, which accompanies the currency. Once the deposit is balanced, the denominations are separated into containers holding approximately 600 bundles of one denomination.

All containers are stored in the Bank's main vault until they are needed by the high-

speed processing team for piece verification. How long is that? Our standard is

- ones—within 30 business days;
- fives, 10s and 20s—within 12 business days; and
- 50s and 100s—within seven business days.

Fed employees operating the high-speed processing machines are well-trained. Their average length of service at the Fed is about 10 years. In fact, the clerks go through a series of monthly tests to ensure they meet our standards, including identifying counterfeit currency.

The Fed also makes sure its sorting machines are up to operating standards. Each morning, before the workday begins, management tests all high-speed processing equipment. They test

- a 500-note test deck, to ensure compliance with System requirements in determining fit currency to be put back into circulation;
- defective notes, to ensure that all sensors are working properly;
- counterfeit notes, to ensure that all suspected counterfeits are rejected and don't go to the fit strappers; and
- different denomination notes, to ensure that only the denomination we are processing goes to the fit strappers.

In addition to quality, the Fed also emphasizes productivity. See the accompanying sidebar which shows how we achieve it.

# Federal Reserve Notes

## Altered Money Becomes Counterfeit Threat

Tellers are advised to keep an eye out for altered money, a form of counterfeiting that's become popular lately.

Here's how it works: Counterfeiters cut the corners off one bill and adhere them to the corners of another. At a quick glance, the bill is passed and accepted as a high-denomination note, even though the portrait remains unchanged. The most common alteration is changing a \$1 note to resemble a \$20 note.

To protect your bank, remind tellers to look for obvious characteristics of each

bill—the portrait, printing of the denomination across the face of the note and the picture on the back of each note.

As a reminder, never reimburse counterfeit notes—they are worthless. Retain the note and complete a Counterfeit Note Report Form, provided by the Secret Service, and be sure to ask the customer for his or her driver's license or other identification.

## Beware of Sweepstakes Scams

Lately, a West Coast company has been awarding oversized photocopied \$1,000 bills to sweepstakes "winners." The notes look deceptively

real—the front is copied from an actual \$1,000 bill—but several features deny its authenticity: The notes are about 12 inches long and are black and white. Also, the backs bear the picture that is on a \$10 bill, not the \$1,000 bill.

Many receiving the notes as prizes expect to cash them, and are surprised to learn they are worthless. If a customer expects to redeem a note, please point out the unusual characteristics. Referring the customer to the Fed will not help, as we instruct individuals to notify the company the notes came from.

## Fed To Acquire New Cash Processing Machines

The Federal Reserve plans to acquire new high-speed currency processing equipment for all Reserve offices by 1997. The first office to receive the new machine—the Baltimore Branch of the Richmond Fed—received its last fall.

## Do You Know Your Big Bills?

In 1946, the Treasury Department stopped printing \$500, \$1,000, \$5,000 and \$10,000 notes. In 1969, all Federal Reserve offices were notified to discontinue issuing them. But there are still many of these notes in circulation. If a bank customer wanted to deposit a large denomination bill, would you feel comfortable accepting one?

It may help to remember these tips. Legal tender of all denominations are the same size, including the large denomina-

tion notes. The ink color used on the large denomination notes was much darker than that used today. Also, the backs of the notes bear no drawings like the ones through 100s.

Just a reminder: All Federal Reserve offices must destroy large denomination notes upon receipt; we cannot reissue them. You are not obligated, however, to send large denomination notes to us—you may hold them for future use when a customer requests them.



Grover Cleveland \$1,000 bill



James Madison \$5,000 bill



William McKinley \$500 bill



Salmon P. Chase \$10,000 bill

## OPERATING LETTER

# No. 10

*This "operational highlights" column addresses one of the policies reported in the Fed's operating letters and is a regular feature of **The Cash Manager**. In this issue, we discuss the redemption of mutilated coin as referred to in Operating Letter No. 10. We invite our readers to suggest future topics.*

## What To Do With Mutilated Coin

**M**int, current and mutilated—these are the three categories of coin in circulation. Do you know how they differ?

Mint coins are those brand new coins from—where else?—the Mint. Current coins refer to those fit for circulation. But what about those that are unfit for circulation? How do we redeem them? It depends on the type of mutilated coin.

**Uncurrent coins** — these are coins worn or reduced in weight by natural abrasion, yet recognizable and machine-countable. Uncurrent coins will be redeemed at the Fed at face value. Deposits should be made in full standard bags with one denomination per bag. We will also accept non-standard bags providing they are sorted by denomination in multiples of \$20. Color-coded

tags are required and "uncurrent" or "mutilated" must be written on each tag.

**Bent and partial coins** — these are coins so deformed that they cannot go through normal machine counting. Partial coins are not whole; some of the metal is lost. These coins are redeemable by the U.S. Mint if separated by denomination in lots weighing at least one pound for each category. Reimbursement rates vary by denomination. If bags are not separated by denomination, they will be treated as mixed coins.

**Fused and mixed coins** — Fused coins are U.S. coins melted and bonded together. Mixed coins are coins of several alloy categories in one bag.

They are redeemed by the U.S. Mint, based on the metal and face values of the coins. A minimum of two pounds of fused and mixed coins is required for redemption. Coins with foreign metals attached are considered worthless and will not be accepted. Foreign coins, including Canadian, *cannot* be combined with U.S. coins. They may be redeemable, however, at any bank that has a foreign exchange or international department (Federal Reserve Banks do not).

*Note: To redeem your bent, partial, fused and mixed coins, contact:*

*United States Mint  
P.O. Box 400  
Philadelphia, PA 19106.*



Post Office Box 442  
St. Louis, Missouri 63166

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