

BEP HISTORY FACT SHEET



Last Updated April 2013

FEDERAL RESERVE BANK NOTES

Federal Reserve Bank Notes—not to be confused with Federal Reserve Notes—are no longer issued and are probably the most obscure type of paper currency.

Federal Reserve Bank Notes were authorized by the Federal Reserve Act of December 23, 1913, and used as a form of emergency currency in the early twentieth century. While the Federal Reserve Notes we see every day are the responsibility of the Federal Reserve System as a whole, Federal Reserve Bank Notes were obligations of the 12 different Federal Reserve Banks that issued them.

The notes were first issued in fiscal year 1916. One of the primary purposes of the Federal Reserve System, established in late 1913, was to eliminate the system of National Bank Notes and to replace it with a centrally controlled system of Federal Reserve Notes. However, dispersing Federal Reserve Notes across the country took time and lawmakers feared that National Bank Notes might be withdrawn from circulation faster than the new Federal Reserve Notes could be issued. This could cause sudden drops in the number of notes in different parts of the country, resulting in regional scarcities of currency. In such cases, the local Federal Reserve Bank was authorized to step in and issue its own temporary currency to make up the deficiency. But few National Banks retired their currency as quickly as lawmakers had feared, and there was little demand for Federal Reserve Bank Notes.

Federal Reserve Bank Notes were next issued during World War I when the Treasury withdrew Silver Certificates from circulation and sold the backing silver to Great Britain in 1918. To make up the loss in circulation, Federal Reserve Bank Notes were issued as an emergency replacement. Production of the notes ended in 1922. By that time, the Treasury had replaced the missing silver, and Silver Certificates were reissued as the Federal Reserve Bank Notes were retired.

A small-sized form of the notes was produced and issued in early March 1933 when President Franklin D. Roosevelt closed all the banks for three days to stop a banking panic during the Great Depression. The Treasury feared that once the banks reopened there would be a mad dash by depositors for cash, sucking all the available National Bank Notes and Federal Reserve Notes out of the economy. To counter this threat, Federal Reserve Banks were authorized for a limited time to issue as many notes as they saw fit. The feared run on the banks for currency never materialized, and many of the notes shipped by the BEP were not issued.

The existing stock of Federal Reserve Bank Notes left over from the 1933-1934 printing, \$660 million worth, was issued during World War II, much of it in December 1942, when the Treasury was suffering a cash crunch. These notes began to be retired as the end of the war approached; and, in the summer of 1945, Congress amended the Federal Reserve Act to end the use of Federal Reserve Bank Notes.

Additional Source

Noll, Franklin. "The Forgotten Currency: Federal Reserve Bank Notes," 2007.

Federal Reserve Bank Note
Production Totals

Denomination	Total Production
\$1	\$478,892,000
\$2	\$136,232,000
\$5	\$258,800,000
\$10	\$240,760,000
\$20	\$283,360,000
\$50	\$141,200,000
\$100	\$160,800,000

SERIES**Series 1915**

These large-sized notes were first printed in late 1915 and authorized by the Federal Reserve Act of December 23, 1913. They were available in \$5, \$10, and \$20 denominations.

Series 1918

Authorized by law on April 23, 1918, these notes were produced in \$1, \$2, \$5, \$10, \$20, and \$50 denominations. Because of a linen shortage caused by World War I, these notes were printed on 100% cotton paper, making the notes more fragile and harder to work with.

Series 1929

These small-sized notes were produced by utilizing the existing stock of National Bank Note blanks. It was planned that these would be overprinted by a single logotype plate for each bank, blacking-out certain features while adding others. The \$5, \$10, \$20, \$50, and \$100 denominations were issued.

RELEVANT LEGISLATION**August 4, 1914**

Also known as the Federal Reserve Act, this legislation empowered the Secretary of the Treasury to allow National Banks to issue additional notes if they maintained a gold reserve in the Treasury.

April 23, 1918

Also known as the Pittman Act, this legislation called for the melting down of silver dollars into bullion for sale to Britain. This action would result in a contraction of the supply of Silver Certificates. In response, the act provided for the issuance of Federal Reserve Bank Notes to meet the shortage in currency.

March 9, 1933

The act provided for the impoundment of all gold and Gold Certificates, making private possession illegal. It also authorized the issue of Federal Reserve Bank Notes.

October 10, 1940

Directed that the cost of redeeming National Bank Notes and Federal Reserve Bank Notes would be paid through annual appropriations for the Treasury Department instead of designated redemption funds.

JUNE 12, 1945

Revoked the authority of Federal Reserve Banks to issue Federal Reserve Bank Notes. It also made permanent the ability of Federal Reserve Banks to use securities as collateral when ordering Federal Reserve Notes.

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