



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D C 20548

092740

CIVIL DIVISION

JUN 10 1970

BEST DOCUMENT AVAILABLE

Dear Mr. Carlock:

During our review of the Office of the Treasurer of the United States, we noted that the Treasurer was holding about \$2,587 million of unissued currency which may never be issued. This currency, consisting of about \$1,240 million of gold certificates, series of 1934, in denominations ranging from \$100 to \$100,000 and about \$747 million of \$5 silver certificates, occupies about 900 square feet of vault space in the main Treasury building.

The Gold Reserve Act of 1934 required the Federal Reserve Board and all Federal Reserve banks and agents to turn in all gold bullion and coin. The act authorized credits to be established in Treasury accounts in equivalent dollar amounts in payment for the bullion and coin. The balances in these accounts are payable in gold certificates which the act authorized the Secretary of the Treasury to issue.

04129  
05751  
19

The gold certificates, series of 1934, were first issued on January 20, 1935, and through March 13, 1936, \$2,815,435,600 had been issued of which \$11,100 had been redeemed. Since March 1936, only \$611,100 of the gold certificates have been issued--one of each denomination (\$100, \$1,000, \$10,000, and \$100,000) totaling \$11,100, was issued on May 8, 1936, to the Federal Reserve Bank of Philadelphia, and five \$100,000 certificates were issued on July 25, 1960, one to the Federal Reserve Bank of Atlanta and one to each of its four branches.

During June 1965, the Federal Reserve Banks of Chicago, New York, and San Francisco turned in \$2,814,777,800 of the gold certificates for credit in the accounts of the Treasury. The gold certificates were destroyed by the Office of the Treasurer. These transactions left \$1,277,800 in gold certificates outstanding at May 28, 1970. We were informed by a Treasury official that the outstanding gold certificates were being used by the Federal Reserve banks and branches for display purposes.

The credit in the Treasury accounts, payable in gold certificates, amounted to about \$1.8 billion at May 28, 1970. We believe the need for maintaining the \$1.8 billion in unissued gold certificates, series of 1934, is questionable since there has been no major issue of the gold certificates after 1936. Also, since June 1965 only \$1,277,800 of the gold certificates have been outstanding, and gold transactions presently are handled for the most part by book entries.

774852 092740

In regard to the \$5 silver certificates held by the Treasurer, Public Law 90-29, approved June 24, 1967, provided that after June 24, 1968, silver certificates would no longer be redeemable in silver. The law also authorized the disposition of the silver then in the Treasury. The silver certificates are being withdrawn from circulation and destroyed by the Office of the Treasurer and Federal Reserve banks. We question whether the unissued silver certificates stored in Treasury vaults will ever be issued.

We would appreciate your views as to whether the approximately \$2,587 million of unissued currency should be retained considering the safekeeping and accountability aspects of retention, and the space which it occupies in the Treasury vaults.

An early reply will be appreciated.

Sincerely yours,

Max A. Neuwirth

Max A. Neuwirth  
Associate Director

The Honorable John R. Carllock  
Fiscal Assistant Secretary  
Department of the Treasury

DLG-05257

cc: Director, CD  
Currency file  
Chron  
Mr. Essner

BEST DOCUMENT AVAILABLE