



January 6, 2004

VIA AIRBORNE EXPRESS
AND FACSIMILE

Ms. Jennifer J. Johnson
Board of Governors
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551
202.452.3819 (facsimile)

JOEB OF GOVERNORS
OFFICE OF THE SYSTEM
2004 JAN -6 PM 5:12
OFFICE OF THE SECRETARY

RE: **COMMENTS TO PROPOSED CURRENCY RECIRCULATION POLICY
(DOCKET NO. OP-1164)**

Dear Ms. Johnson:

Thank you for the opportunity to review the Federal Reserve's upcoming Currency Recirculation Policy. After careful review, we attach the enclosed comments for your consideration.

We greatly appreciate the Bank's willingness to accept input from non-financial institutions, And as a current and long-term partner, we wholeheartedly support the Bank's process improvement efforts. Yet we feel that these efforts will not be complete without the valuable input of the armored carrier industry. Accordingly, our response expresses the desire to be actively engaged by the Bank as this Recirculation Policy and other programs develop.

If you have any additional questions or concerns regarding the enclosed comments, please feel free to contact my office at the following address: Loomis, Fargo & Co., 2500 CityWest - Suite 900, Houston, TX 77042 or via telephone at 713.435.6700.

Thank you, again, for your time in this matter.

Sincerely,

James B. Mattly
President & CEO
Loomis, Fargo and Co.
(enclosure)

COMMENTS TO THE FEDERAL RESERVE CURRENCY RECIRCULATION POLICY
(Docket no: OP-1164)

According to Federal Reserve estimates, over 6.5 billion notes were cross-shipped during 2002. There is no evidence that this number is decreasing. Accordingly, the Bank has proposed a Recirculation Policy designed to: (i) decrease dependence on Federal Reserve currency processing services; and (ii) to reduce the amount of cross-shipped. Clearly, the Federal Reserve Bank feels that a demand-managed inventory model, with multiple storage and distribution points would help the Bank cut costs, without sacrificing service quality.

We applaud these efforts on the part of the Bank and look forward to playing a more active role in future discussions and strategy development. As a key player in the monetary supply-chain, armored couriers have moved the majority of the nation's money for over a century. And we believe that additional dialogue with the armored courier industry would provide the Bank with some innovative solutions to meet its goals.

To further illustrate this point, numerous banks outsource entire markets of currency work to armored providers because of their innovative approach and logistical ability meet storage, transportation, and preparation needs. Additionally, the partnership between the Federal Reserve Bank and the armored courier industry has already produced many workable solutions. In fact, the success of programs like the Coin Depot has driven the Federal Reserve Districts in New York and St. Louis to investigate the possibility of using local couriers for a currency program based on the same model.

In short, armored carriers make it their business to meet the currency needs of this country. Our industry has developed acumen for quality work, and has an unmatched history for integrity and innovation. Over a century of experience bears out this claim. And as the process of refining the monetary distribution process evolves, the input of reputable armored carriers will prove invaluable to the Bank. As one of the parties most effected by monetary supply policy changes, we strongly desire an active role in future discussions. To that end, we request that the Bank actively engage the armored carrier industry as its Recirculation Policy and/or other supply-chain programs develop.

Please direct any questions or concerns regarding this correspondence to: Loomis, Fargo & Co., Attn: John Rhoads, 2500 CityWest Blvd. Suite 900, Houston, TX 77042; 713.435.6700 or 713.435.6927 (facsimile).