

The Third Side of the Coin: Visit the Fed

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You can arrange a visit of the Federal Reserve Bank. Each of the 12 banks has its own rules and procedures. Therefore, you will have to find out how the banks you visit work. However, the Federal Reserve Banks typically have public tours once or more times a week. Also, most banks limit tour groups to a minimum and maximum size. Call the Public Affairs department of the Federal Reserve Bank to make your arrangements.

Last week, I visited the Dallas Fed. A couple of years ago, I toured the Cleveland bank. They are different. In Cleveland, they spent their infrastructure money on refurbishing the old bank, laboriously, one floor at a time. What I saw was a shrine with Oak and Mahogany walls and deep Wool carpets. Some people in my group who had been to the White House thought it was a draw. In Dallas, the Fed abandoned the old bank and built themselves a skyscraper with integrated fiber optics, hard surfaces, and bright lights.

Both banks have tremendous vaults and physical security systems. "Forget about Die Hard," they said in Dallas. In Cleveland, the statues outside the building double as machine gun emplacements. People who handle money work in teams of two and each is culpable for the actions of the other. "If the other person you are working with slips a \$20 bill, we fire you both."

In Dallas, we were told that the physical money was irrelevant. "The Bureau of Printing and Engraving will print all we want." What counts is DATA. It takes 2.4 seconds for a check to clear from Bank A to Fed A to Fed B to Bank B. The reason it takes so many business days for a check to clear is to allow for humans to proof their own hands-on operations.

In fact, the main event in Cleveland and Dallas was about check clearing. It is one of the money makers for the FRB. The volumes are astronomical and the speeds are subatomic. They have the latest and greatest machinery. Processing paper money is the other challenge. Worn bills are shredded. Counterfeits are held for a monthly pick-up by Treasury agents. The FRB sees relatively little counterfeit money because phoney bills get caught at other steps in the journey. "The last person holding it is legally liable," we were cautioned in Dallas. "You are responsible for knowing the difference."

Which brings up two caveats: (1) They have no sense of humor. And (2) They are not there to argue about the Trilateral Bilderberger Conspiracy. If you go to the Fed, smile, look, listen, and enjoy. The Dallas FRB processes about a million dollars a second, about \$22 Billion a year. The New York Fed does that volume each week. You have to feel good about being around all that money.