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DEPARTMENT OF THE TREASURY

United States Mint

Exchange of Coin

AGENCY: United States Mint, Department of the Treasury.

ACTION: Notice with request for comment.

SUMMARY: For many years, the United States Mint has administered a program by which people and businesses could exchange bent and partial coins (commonly referred to as “mutilated coins”) for reimbursement. On November 2, 2015, the Mint suspended the exchange program to assess the security of the program and develop additional safeguards to enhance the integrity of the acceptance and processing of mutilated coinage. Since that time, the Mint has made significant progress in evaluating risks and identifying potential remedial measures. This notice and request for comment is to supplement the information that the Mint has collected to date.

DATES: Submit either electronic or written comments by [INSERT DATE THAT IS 14 DAYS AFTER FEDERAL REGISTER PUBLICATION].

ADDRESSES: Submit electronic comments to MutilatedCoin@usmint.treas.gov. Submit all written comments to Mutilated Coin Redemption Program; Financial Directorate; United States Mint; 801 9th Street, NW; Washington, DC 20220.

FOR FURTHER INFORMATION CONTACT: Sheila Barnett, Legal Counsel, Office of the Chief Counsel, United States Mint, at (202) 354-7624 or sbarnett@usmint.treas.gov.

SUPPLEMENTARY INFORMATION:

I. Background

For many years, the United States Mint has administered a program by which people and businesses could exchange bent and partial coins (commonly referred to as “mutilated coins”) for reimbursement. Regulations governing the program appear at 31 C.F.R. part 100, subpart C. Bent coins are defined as U.S. coins which are bent or deformed so as to preclude normal machine counting but which are readily and clearly identifiable as to genuineness and denomination. Partial coins are defined as U.S. coins which are not whole; partial coins must be readily and clearly identifiable as to genuineness and denomination. This notice is not seeking comments on changing the definitions of bent or partial coins.

On November 2, 2015, the Mint suspended its exchange of bent and partial coins to assess the security of the program and develop additional safeguards to enhance the integrity of the acceptance and processing of mutilated coinage. On May 2, 2016, the Mint extended the suspension. The program will resume at such time as the new regulations are finalized and published. Some of the safeguards the Mint is considering include requiring participant certification, coinage material authentication, chain of custody information, and annual submission limitations. The Mint is now seeking input on the effects of such measures on stakeholders, as well as other factors that should be considered to enhance the integrity of the acceptance and processing of mutilated coinage.

The redemption of uncurrent coins, as defined by 31 CFR 100.10(a), is not being considered by the Mint. Uncurrent coins may be redeemed only at Federal Reserve banks and branches in accordance with the criteria and procedures set forth in 31 CFR 100.10.

Dated: October 25, 2016

Richard A. Peterson

Deputy Director for Manufacturing and Quality

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