Culpeper Switch Facility

The new dropbox version

Where in the book ideas

- Ch24 “Housewife Politics” where you could give two or three hundred words to the state of payments at the time at a time of changing technologies; there’s also some cold-war connections that would fit in well for this time period (continuity of government, currency storage, payments tech hub)
- Ch41 “Committee to Save the World” where you focus on its closure (and transfer to the library of congress), flash back 200 word history of the site, shows an end of one technological era and the beginning of another

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New York Fed and Richmond Fed Pamphlet, link

19 page pamphlet with history with amazing story and pictures. (downloaded from coldwar-c4i.net)

Flyer and Pamphlet also from coldwar-c4i.net, link

Remarks at dedication by J. L. Robertson, Vice Chairman of the Board of Governors, December 10, 1969, link

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Everybody's Problem -- the Movement of Money : Remarks at the Annual International Conference of the Financial Executives Institute, Chicago, Illinois, by George Wilder Mitchell, link

It will consist of a national communications grid, serving all Federal Reserve Banks and Branches and the Board of Governors, centering in an electronic switching center located in a protected site at Culpeper, Virginia. It will contain both low and high speed lines, and will tie together a wide variety of terminals, ranging from teletypes to on-line computers. The switch is of the most advanced design we could find. It is adaptable to changing forms of payment as they may evolve.

The system is peculiar in the sense that additional switches can be added at the Culpeper site, or more likely at other locations in the United States, to handle growing volume— in other words, this national grid can be expanded almost indefinitely.

In addition to the nationwide facility, individual Federal Reserve Banks are setting up local switches to handle transactions within their own districts. Some of these will, in time, be as

large as the Culpeper switch. A prime objective of these Federal Reserve Bank switches will be the ability to accept automated communications from their member banks. Thus, a payment will move from a bank in Chicago to one in New York in completely automated fashion, and in a matter of seconds. Installation targets for two of the Reserve Banks, New York and Chicago, are in 1970.

Origins of the Federal Reserve Book-Entry System, by Kenneth Garbade, link

The paper tape system lasted until 1970, when continued growth in the volume of money and securities transfers prompted the Fed to upgrade again, this time to a fully automatic computer-based system built around a switching center in Culpeper, Virginia.[D] In early 1971, the Federal Reserve Bank of New York installed a new computer, the Sigma-5, to interface with the Culpeper Switch and to maintain the cash and securities accounts of member banks in the Second District.[E] The Culpeper Switch and the Sigma-5 remained in use beyond the end of the time period examined in this article.

D-

- Vollkommer (1970, pp. 26-8), Vollkommer, R. 1970. “Clearance and Custody of United States Government Securities: Solutions to Some Problems.” Unpublished paper, Rutgers University, Stonier Graduate School of Banking.
- Hoey and Vollkommer (1971, pp. 23-4), Hoey, M., and R. Vollkommer. 1971. “Development of a Clearing Arrangement and Book-Entry Custody Procedure for U.S. Government Securities.” Magazine of Bank Administration 47, no. 6 (June): 21-9.
- Board of Governors of the Federal Reserve System. 1975. The Culpeper Switch. Richmond, VA: Federal Reserve Bank of Richmond. Available at <http://coldwar-c4i.net/Mt_Pony/culpsw01.htm>.

E-

- Federal Reserve Bank of New York. 1972a. “Just Call Me Sigma; My Friends Do.” The Fed, March.
- --------. 1972b. “Just Call Me Sigma; My Friends Do.” The Fed, April.
- --------. 1984. “The Sigma Saga.” The Fed, April.

Dissertation, “The Rise of the Money Market: The U.S. State, New York City Banks and the Commodification of Money, 1945–1980” by Pierre-Christian Fink, link

“The Federal Reserve conceived of the payment system primarily as a technical problem. As the central bank, the Federal Reserve, of course, could deal with the economic problems of the payment system more easily than private organizers: it could repair the failure of any participant to make a promised payment by creating federal funds. The Federal Reserve operated its own payment system, FedWire, which was mainly used by smaller U.S. banks. In 1970, it opened a new server for FedWire in a bunker built to withstand a nuclear attack in Culpeper, Virginia (Board of Governors of the Federal Reserve System 1975). The Federal Reserve’s goal was, in the words of the responsible governor Mitchell, that FedWire and the private payment system provide an “efficient, direct, and prompt settlement machinery.” (Board of Governors of the

Federal Reserve System, Meeting Minutes, May 10, 1966, Volume 53, Part 5, p. 5, https://fraser.stlouisfed.org/title/821/item/516749, accessed on May 21, 2019.)

Hemet Coin Club, link

An interesting and historical place that is rarely mentioned is the Federal underground facility at Mount Pony, in Culpeper, Virginia. The space was built in 1969 at the height of the Cold War for a very specific purpose: this is where the Federal Reserve stockpiled billions of dollars in cash for emergency use after a war with the Soviet Union. According to the Brookings Institute, this included a "large number of $2 bills shrink-wrapped and stacked on pallets 9 feet (2.7 meters) high. Following a nuclear attack, this money was to be used to replenish currency supplies east of the Mississippi." It is estimated that between $2 and $4 Billion dollars in cash was held there.

A stored 30 day supply of food and water could be used sustain 500 Fed employees. The three story structure also used to boast an incinerator, indoor shooting range, and a helipad. It was "radiation hardened" with a two to four foot earth roof and lead lined window shutters.

In addition, the bunker wasn't just a storage place for doomsday economists, it also housed the Culpeper Switch, the central node in the Fedwire system that enables electronic bank transfers.

An old Federal pamphlet notes that Mount Pony was a fitting location for the communications switch, "for its history included such use. The top of the mountain was used by the Confederate Army as a signal station and, during World War II, it served as an observation post for spotting aircraft."

After the Cold War ended the Fed transferred the facility to the control of the Library of Congress. The LoC remodeling opened up the side of the structure and created a terraced arcade. Inside, they installed 90 miles of shelving into the climate controlled underground vaults.

The ivy and water features in front of the bunker speak to the new space's friend-lier purpose. Today it is a mecca for film preservation, where experts archive mul-tiple petabytes (a petabyte is the equivalent of 1.5 million cd-roms) of A/V material each year. According to the Library website, the end goal is that "the entirety of the Library's recorded sound and videotape holdings will be digitized, some using a hands-on, one-at-a-time approach, others—3/4" videotape, initially—as part of a high throughput, robotic operation."
A few of these videos are streamable on their website (www.loc.gov/collections/). The American Memory Collection has turn of the century scenes of New York City, Theodore Roosevelt, A Westinghouse factory and the Spanish American War.

Other Sources

Mount Pony/Culpeper, Virginia U.S. Nuclear Weapons Cost Study Project
Babcok, Charles, "Fed Keeps Hillside Vault," The Washington Post, 26 February 1976, pages 1, 4.
Katz, Lee Michael, "Mountain of Money," The Washington Post Magazine, 30 January 1983, pages 22-23.
Gup, Ted, "The Doomsday Blueprints," Time, 10 August 1992, pages 32-39.
Morrison, David, "And Not a Single Bang for Their Bucks," National Journal, 13 August 1994, pages 1924-1925.
Bunker to house film Journal 17 November 1997

Brookings, Sep 3, 2006, link

Until recently the Federal Reserve Board operated a 140,000 square-foot (13,020 square-meter) radiation hardened facility inside Mount Pony just east of Culpeper, Virginia (near the intersection of State Routes 658 and 3). Dedicated on December 10, 1969, the 400 foot long (122 meter) bunker was built of steel-reinforced concrete one foot (30.5 centimeters) thick. Lead-lined shutters could be dropped to shield the windows of the semi-recessed facility, which is covered by 2-4 feet (0.6-1.2 meters) of dirt and surrounded by barbed-wire fences and a guard post. The seven computers at the facility, operated by the Federal Reserve Bank of Richmond, were the central node for all American electronic funds transfer activities.

Until 1988, Mount Pony stored several billion dollars worth of U.S. currency, including a large number of $2 bills shrink-wrapped and stacked on pallets 9 feet (2.7 meters) high. Following a nuclear attack, this money was to be used to replenish currency supplies east of the Mississippi.

Prior to July 1992, the bunker, about 70 miles (113 kilometers) southwest of Washington, D.C., also served as a continuity of government facility. With a peacetime staff of 100, the site was designed to support an emergency staff of 540 for 30 days, but only 200 beds were provided in the men's and women's dormitories (to be shared on a "hot-bunk" basis by the staff working around the clock). A pre-planned menu of freeze-dried foods for the first 30 days of occupation was stored on site; private wells would provide uncontaminated water following an attack. Other noteworthy features of the facility were a cold storage area for maintaining bodies unable to be promptly buried (due to high radiation levels outside), an incinerator, indoor pistol range, and a helicopter landing pad.

In November 1997, Congress authorized the transfer of the facility from the Federal Reserve to the Library of Congress which, using funds from a private foundation, will purchase and renovate the site to house its extensive motion picture, television, and recorded sound collections.