

Reference to 116

FEDERAL RESERVE BANK
OF NEW YORK

NEW YORK, May 1st, 1917.

UNITED STATES CERTIFICATES OF INDEBTEDNESS

DEAR SIRs:

Under the act of Congress approved by the President April 24, 1917, the Secretary of the Treasury is authorized to borrow on short time certificates of indebtedness of the United States in anticipation of or in addition to the forthcoming issue of government bonds. The certificates of indebtedness, as well as the bonds, are exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States, or its possessions, or by any State or local taxing authority.

These certificates will be accepted at par and accrued interest in payment for subscriptions to the bond issues.

They are issued payable to bearer in denominations of \$5,000, \$10,000 and \$100,000 each. Interest from date of issue is payable, with the principal, at maturity and is computed for the exact number of days elapsed on a basis of 365 days to the year.

We are advised that many investors who intend to purchase the new government bonds have inquired for the 3% certificates of indebtedness and that since April 25th a large amount of the certificates has been sold to such investors.

It is believed that banks and bankers throughout the country can render most effective aid in the government financing by assisting in a wide distribution of these certificates to intending purchasers of the bonds. The gradual absorption of the certificates of indebtedness during the next few weeks by investors other than banks will thus greatly facilitate the ultimate distribution of very considerable amounts of the bonds with the least disturbance to the money market and investment values.

We suggest, therefore, that you consider bringing to the attention of your depositors and customers, especially those who may be interested in the purchase of the bonds, the desirability of purchasing certificates of indebtedness as they may be issued and of thus placing themselves in a position to use the certificates in payment for the bonds when the subscriptions are called, meanwhile employing their funds at a profitable rate of interest.

Appreciating the generous response of the banks and bankers of the district to the first offering of certificates, we make these suggestions to indicate a means by which they may prepare themselves to render further valuable cooperation in regard to subsequent issues.

Respectfully,

R. H. TREMAN,

Deputy Governor.

FEDERAL RESERVE BANK
OF NEW YORK

New York, May 2, 1917

Dear Sirs:

The Secretary of the Treasury has to-day authorized the Federal reserve banks to receive subscriptions for an additional issue of two hundred million dollars of United States Treasury certificates of indebtedness.

Certificates dated May 10, 1917, due July 17, 1917, will be issued in bearer form in denominations of \$1,000., \$5,000., \$10,000., and \$100,000., and will carry interest at the rate of 3% per annum.

Payments for subscriptions in this district are to be made May 10, 1917, at the Federal Reserve Bank of New York in New York funds.

The issue will be limited to two hundred million dollars, and as soon as subscriptions for the full amount have been received, the subscription list for this issue will be closed. Should the certificates of indebtedness not be ready for delivery on May 10th, interim receipts will be issued pending delivery of the certificates.

In accordance with our circular letter of yesterday, we suggest that you consider bringing to the attention of your depositors and customers, especially those who may be interested in the purchase of the forthcoming issue of Government bonds, the desirability of purchasing the certificates of indebtedness which may be used in payment for the bonds and, meanwhile, will give employment to their funds at a profitable rate of interest.

As fiscal agents, we shall be pleased to receive subscriptions to this issue on the enclosed blank forms which kindly execute and return to this bank before 1 P. M., Monday, May 7, 1917.

Respectfully,

R. H. TREMAN,

Deputy Governor.

FEDERAL RESERVE BANK
OF NEW YORK

Dear Sirs:

Under the Act of Congress approved by the President, April 24, 1917, the Secretary of the Treasury has announced that he will make an additional issue of Treasury certificates of indebtedness of the United States, to be dated May 25, 1917; to mature July 30, 1917; to carry interest at the rate of 3 1/4% payable from date of issue with the principal at maturity, the interest computed for the exact number of days elapsed on the basis of 365 days to the year.

Subscriptions will be accepted until \$200,000,000 shall have been subscribed and then subscription to this issue will be closed. The right to scale subscriptions is reserved.

Certificates of indebtedness will be issued in denominations of \$1,000., \$5,000., \$10,000., \$100,000., payable to bearer. The certificates, with accrued interest, will be payable at maturity at the Treasury Department in Washington and, optional with holders, at the Federal reserve banks.

These certificates will be receivable at par and accrued interest in payment of accepted subscriptions for Liberty Loan bonds, under the same conditions as the certificates already issued.

These certificates of indebtedness are exempt, both as to principal and interest, from all taxation except estate or inheritance taxes imposed by authority of the United States or by its possessions, or any State or local taxing authority.

Payments for this issue of certificates are to be made to the Federal Reserve Bank of New York on Friday, May 25, 1917, the date of issue, and you are requested to advise this bank before 1 p. m. on Wednesday, May 23, 1917, as to the amount for which you desire to subscribe, using the enclosed subscription blanks in making your subscriptions, indicating the denominations desired, and other details.

Interim receipts will be issued if necessary pending delivery of definitive certificates.

The Secretary of the Treasury strongly recommends that these certificates be widely distributed and to that end has established a rate of 3 1/4% with the particular purpose in view of encouraging the sale of these certificates to investors and smaller banks, even in those districts where higher money rates usually prevail, and thus bring about a gradual general preparation throughout the country for a convenient method of anticipating the payments for the Liberty Loan.

We feel sure of your valuable cooperation in placing this additional amount of certificates of indebtedness.

Respectfully,

R. H. TREMAN,

Deputy Governor.

Dated at.....

.....1917

FEDERAL RESERVE BANK OF NEW YORK,

NEW YORK, N. Y.

DEAR SIRs:

Pursuant to the terms stated in your letter of May 2, 1917, please enter our subscription at par for \$.....United States 3 per cent Temporary Loan dated May 10, 1917, due July 17, 1917, which we agree to pay for at the Federal Reserve Bank of New York on May 10, 1917.

Please be governed by the following instructions:

Issue the definitive certificates in the following denominations:

.....	at	\$ 1,000	\$
.....	at	5,000
.....	at	10,000
.....	at	100,000
		Total \$	<u>.....</u>

Regarding disposition of temporary receipt (if any):

.....
.....

Regarding disposition of definitive certificates:

.....
.....

Regarding method of payment by us:

.....
.....

Signed.....

Address.....

FEDERAL RESERVE BANK
OF NEW YORK

Sirs:

We have your favor of _____ and note your inquiry regarding the Liberty Loan.

For your information, we beg to advise that the bonds will be dated July 1, 1917, and will be ready for delivery on or about that date, and will carry interest at the rate of 3 1/2% per annum, payable semi-annually on January 1st and July 1st.

We expect subscriptions will be closed on June 15, 1917.

The bonds will be convertible into issues bearing a higher rate of interest, if issued before the termination of the war.

Other details concerning this issue have not yet been determined upon, but you will be promptly advised as soon as they are available.

Respectfully,

R. H. TREMAN,

Deputy Governor.

FEDERAL RESERVE BANK
OF NEW YORK

Sirs:

We acknowledge receipt of your subscription of \$_____ to the "Liberty Loan". Formal subscription blanks will be forwarded to you when received from the Treasury Department.

For your information, we beg to advise that the bonds will be dated July 1, 1917 and will be ready for delivery on or about that date, and will carry interest at the rate of 3 1/2% per annum, payable semi-annually on January 1st and July 1st.

We expect subscriptions will be closed on June 15, 1917.

The bonds will be convertible into issues bearing a higher rate of interest, if issued before the termination of the war.

Other details concerning this issue have not yet been determined upon, but you will be promptly advised as soon as they are available.

Respectfully,

R. H. TREMAN,

Deputy Governor.

FEDERAL RESERVE BANK
OF NEW YORK

Sirs :

We are pleased to advise that you have been allotted \$_____ on account of your subscription to the temporary loan to the United States Government to be dated May 10, 1917, bearing interest at 3% per annum and to mature July 17, 1917.

Kindly make payment for the same at par in New York funds between 10 a. m. and 1 p. m. on May 10th at this bank, at which time you will receive our temporary receipt, which will be in negotiable form and exchangeable in a few days for definitive certificates of indebtedness.

Will you also please furnish us with instructions regarding the disposition of temporary receipt and/or definitive certificates?

Very truly yours,

R. H. TREMAN,

Deputy Governor.