



THE UNDER SECRETARY OF THE TREASURY

WASHINGTON

August 14, 1943

Dear Marriner:

For your information I am enclosing a copy of the press release that we are sending out today for Monday morning's papers.

I discussed the matter of changing the ten-day provision to fifteen with our people here in the Treasury and with Mr. Sproul in New York. While it probably would not make much difference, there was a feeling that fifteen days after the drive was too long to keep the market closed for these securities and we might get some adverse criticism on this requirement. In view of all the circumstances I decided to let the ten-day provision stand.

Sincerely,

A handwritten signature in cursive script, likely belonging to the Under Secretary of the Treasury at the time.

Honorable Marriner Eccles,
Chairman, Board of Governors
of the Federal Reserve System,
Washington, D. C.



TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, August 16, 1943.

Press Service
No. 38-7

Secretary of the Treasury Morgenthau today released the official circulars containing the detailed terms and conditions of the 2-1/2% and 2% bonds, and the 7/8% certificates of indebtedness, which will be sold during the Third War Loan Drive beginning September 9.

These securities, as well as Series E War Savings Bonds, Series F and G United States Savings Bonds and Series C Treasury Savings Notes, will be available during the entire period of the Drive for subscription by individuals, insurance companies, savings banks, savings and loan associations and all other classes of subscribers except commercial banks, which are defined for this purpose as banks accepting demand deposits, which will not be permitted to subscribe for their own account.

On July 22, the Secretary announced that the securities to be sold during the Third War Loan Drive would be sold entirely to nonbanking investors. In keeping with this objective, the official circulars governing the 2% bonds and the certificates of indebtedness contain an express request that commercial banks not purchase and that subscribers not trade in these securities until ten days after the close of the Drive, or until after the books close on an offering of the same or similar securities for the exclusive subscription of commercial banks for their own account shortly after the conclusion of the Drive, whichever is earlier. The circular offering the 2-1/2% bonds contains a provision that these bonds may not be held by commercial banks before September 15, 1953.

Secretary Morgenthau pointed out that because life insurance companies receive substantial funds at a steady and predictable rate, arrangements have been made so that such companies may subscribe during the Drive to the 2-1/2% and 2% bonds in anticipation of funds which will be available to them for investment up to November 1, and defer payments accordingly. Provisions to carry out such arrangements are included in the official circulars. These arrangements are limited to companies whose principal business is the writing of life insurance. Bonds allotted to such companies may be paid for, in whole or in part, at par and accrued interest, at any time or times not later than November 1, 1943.

The Secretary again emphasized the importance of having subscriptions entered and paid for through the banking institutions where the funds of the subscribers are located, in order to avoid unnecessary movement of banking funds between various sections of the country.

The Secretary further announced that holders of the 3-1/4% Treasury Bonds of 1943-45, which have been called for redemption on October 15, will be given an opportunity to exchange their called bonds for other securities shortly after the close of the Third War Loan Drive. Holders other than commercial banks will be given the option of exchanging for either the 2% or the 2-1/2% bonds which are to be sold during the Drive, in authorized denominations. Commercial banks will be permitted to exchange their holdings for the new 2% bonds. In all cases exchanges will be made par for par with interest adjustments as of October 15.

The texts of the official circulars follow:

UNITED STATES OF AMERICA

2-1/2 PERCENT TREASURY BONDS OF 1964-69

Dated and bearing interest from September 15, 1943 Due December 15, 1969

REDEEMABLE AT THE OPTION OF THE UNITED STATES AT PAR AND ACCRUED INTEREST ON AND
AFTER DECEMBER 15, 1964

Interest payable June 15 and December 15

1943
Department Circular No. 719

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, September 9, 1943.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for bonds of the United States, designated 2-1/2 percent Treasury Bonds of 1964-69. These bonds will not be available for subscription, for their own account, by commercial banks, which are defined for this purpose as banks accepting demand deposits. The amount of the offering is not specifically limited.

II. DESCRIPTION OF BONDS

1. The bonds will be dated September 15, 1943, and will bear interest from that date at the rate of 2-1/2 percent per annum, payable on a semiannual basis on December 15, 1943, and thereafter on June 15 and December 15 in each year until the principal amount becomes payable. They will mature December 15, 1969, but may be redeemed at the option of the United States on and after December 15, 1964, in whole or in part, at par and accrued interest, on any interest day or days, on 4 months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

2. The income derived from the bonds shall be subject to all Federal taxes, now or hereafter imposed. The bonds shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The bonds will not be acceptable to secure deposits of public moneys before September 15, 1953. They will not be entitled to any privilege of conversion.

4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of \$500, \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury, except that they may not, before September 15, 1953, be transferred to or be held by commercial banks, which are defined for this purpose as banks accepting demand deposits. However, the bonds may be pledged as collateral for loans, including loans by commercial banks, but any such bank acquiring such bonds before September 15, 1953, because of the failure of such loans to be paid at maturity will be required to dispose of them in the same manner as they dispose of other assets not eligible to be owned by banks.

5. Any bonds issued hereunder which upon the death of the owner constitute part of his estate, will be redeemed at the option of the duly constituted representatives of the deceased owner's estate; at par and accrued interest to date of payment, 1/ Provided:

- (a) that the bonds were actually owned by the decedent at the time of his death; and
- (b) that the Secretary of the Treasury be authorized to apply the entire proceeds of redemption to the payment of Federal estate taxes.

Registered bonds submitted for redemption hereunder must be duly assigned to "The Secretary of the Treasury for redemption, the proceeds to be paid to the Collector of Internal Revenue at _____ for credit on Federal estate taxes due from estate of _____". Owing to the periodic closing of the transfer books and the impossibility of stopping payment of interest to the registered owner during the closed period, registered bonds received after the closing of the books for payment during such closed period will be paid only at par with a deduction of interest from the date of payment to the next interest payment date; 2/ bonds received during the closed period for payment at a date after the books reopen will be paid at par plus accrued interest from the reopening of the books to the date of payment. In either case checks for the full six months' interest due on the last day of the closed period will be forwarded to the owner in due course. All bonds submitted must be accompanied by Form PD 1782, 3/ properly completed, signed and sworn to, and by a certificate of the appointment of the personal representatives, under seal

1/ An exact half-year's interest is computed for each full half-year period irrespective of the actual number of days in the half year. For a fractional part of any half year, computation is on the basis of the actual number of days in such half year.

2/ The transfer books are closed from May 16 to June 15, and from November 16 to December 15 (both dates inclusive) in each year.

3/ Copies of Form PD 1782 may be obtained from any Federal Reserve Bank or from the Treasury Department, Washington, D. C.

of the court, dated not more than six months prior to the submission of the bonds, which shall show that at the date thereof the appointment was still in force and effect. Upon payment of the bonds appropriate memorandum receipt will be forwarded to the representatives, which will be followed in due course by formal receipt from the Collector of Internal Revenue.

6. Except as provided in the preceding paragraphs, the bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions must be accompanied by payment in full for the amount of bonds applied for.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of bonds applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par and accrued interest, if any, for bonds allotted hereunder must be made on or before September 15, 1943, or on later allotment; provided, however, that bonds allotted to life insurance companies may be paid for, in whole or in part, at par and accrued interest, at any time or times not later than November 1, 1943. One day's accrued interest is \$0.068 per \$1,000. Any qualified depository will be permitted to make payment by credit for bonds allotted to its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts, to issue allotment notices, to receive payment for bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

UNITED STATES OF AMERICA

7/8 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES E-1944

Dated and bearing interest from September 15, 1943 Due September 1, 1944

1943
Department Circular No. 721

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, September 9, 1943.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF CERTIFICATES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for certificates of indebtedness of the United States, designated 7/8 percent Treasury Certificates of Indebtedness of Series E-1944. These certificates will not be available for subscription, for their own account, by commercial banks, which are defined for this purpose as banks accepting demand deposits. The amount of the offering is not specifically limited.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated September 15, 1943, and will bear interest from that date at the rate of 7/8 percent per annum, payable on a semiannual basis on March 1 and September 1, 1944. They will mature September 1, 1944, and will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all Federal taxes, now or hereafter imposed. The certificates shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer certificates with interest coupons attached will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The certificates will not be issued in registered form.

5. The certificates will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States certificates.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. An offering of securities of identical or similar tenor to those offered by this circular will be made for the exclusive subscription of commercial banks shortly after the conclusion of this offering. Until such offering has been made and the books thereon closed, or until ten days after the subscription books close on this offering, whichever is earlier, commercial banks are requested not to purchase and subscribers are requested not to trade in the securities offered by this circular. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions must be accompanied by payment in full for the amount of certificates applied for.

2. The Secretary of the Treasury reserves the right to reject any subscriptions in whole or in part, to allot less than the amount of certificates applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par and accrued interest, if any, for certificates allotted hereunder must be made on or before September 15, 1943, or on later allotment. One day's accrued interest is \$0.024 per \$1,000. Any qualified depository will be permitted to make payment by credit for certificates allotted to its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts, to issue allotment notices, to receive payment for certificates allotted, to make delivery of certificates on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive certificates.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury,