

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, May 27, 1943.

Press Service
No. 36-82

As a result of the highly successful Second War Loan Drive which brought 18½ billion dollars into the Treasury in three weeks, Secretary of the Treasury Henry Morgenthau, Jr., announced today that the method of selling bonds through volunteer salesmen would be "streamlined and amplified."

As the first step, according to Mr. Morgenthau, the existing Victory Fund Committees and War Savings Staffs in the various states will be combined into a single organization.

This consolidated organization will function under the direction of state chairmen who will report directly to the Secretary of the Treasury and will be responsible for the continuing sale of War Savings Bonds through the voluntary payroll allotment and other regular purchase plans. These state organizations will also be in charge of War Loan drives and will concentrate on the sale of increasing amounts of bonds to individuals and to corporations.

In order to facilitate the sale of issues of Government securities to commercial banks, mutual savings banks, insurance companies and government bond dealers, Mr. Morgenthau has authorized the Federal Reserve Banks as fiscal agents of the Treasury to handle sales to these financial institutions separately.

"We arrived at this plan," the Secretary said, "after consultation with the Board of Governors of the Federal Reserve System, and with the presidents of the 12 Federal Reserve Banks. I believe that this new arrangement makes the best possible use of what we learned in the first two War Loan Drives.

"One of the chief considerations in setting up this improved plan was to make it possible for everyone to concentrate on the sale of bonds to individuals. We are already making great progress, having sold twice as many bonds to individuals in the Second Drive as in the first, and having exceeded the quota we set for individuals in the Second War Loan Drive by nearly a billion dollars."

-000-

X

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date May 27, 1943

To Chairman Eccles

Subject: _____

From Mr. Thurston

The Secretary apparently was very anxious to get this press statement out at the 10:30 press conference. I told Mr. Smith over the phone that the fiscal agency change was one you felt raised some legal questions and I had not had an opportunity to run that down. It was a different understanding.

He talked with the Secretary, who much preferred to have it that way. The Secretary called Ronald Ransom while I was in Ransom's office and Ransom had Dreibelbis come up. They were both satisfied that it was a better way to state it and Szymczak very strongly agreed when the matter was referred to him. I talked to the Secretary myself on the phone and said that there was no issue over it at all, that it was just a matter of making sure that it did not involve any legal questions and counsel was satisfied that it did not, that it looked all right. So the Secretary is giving it out on that basis.



TELEGRAM

May 27, 1943.

TO EACH REGIONAL CHAIRMAN AND EXECUTIVE SECRETARY IN THE SECOND
FEDERAL RESERVE DISTRICT:

Here is a copy of a press release dated Washington, May
27, 1943, by the Secretary of the Treasury:

(Here is quoted in full attached release)

Mr. Sproul asks that the Victory fund organization stand
by until there is further determination of how the new organization
is to be made up.

(Signed) L. G. Payson

Assistant Executive Manager.

(Dictated over phone)
5/29/43

2:35 p.m.

May 27, 1943

COPY OF TELEGRAM SENT TO ALL PRESIDENTS OF FEDERAL RESERVE BANKS
BY SPROUL:

Secretary of the Treasury has announced today some new organization for sale of Treasury securities which will mean disappearance of Victory Fund Committee as such. Shall advise you further when more definite announcements are made. Meanwhile as Chairman of Victory Fund Committee I express to you sincere thanks for your help in two war loan drives which have established a precedent and a procedure which go a long way toward assuring a successful financing of the war.