

FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

May 10, 1919.

TO THE BANK ADDRESSED:

The total certificates of indebtedness issued in anticipation of the Victory Liberty Loan is considerably in excess of the total notes which will be allotted. However, the financial program of the Government contemplates that the proceeds of the Victory Liberty Loan, together with income and profits tax installments of June 15 and September 15, both of which fall due within the period covered by outstanding maturities of Treasury certificates, will be sufficient to provide for the redemption of all such certificates, making it necessary to issue additional Treasury certificates to meet the current deficit only.

In order to successfully carry out this program the Treasury Department requests your co-operation.

While outstanding Victory Liberty Loan anticipation certificates of indebtedness of any maturity may be applied in payment of Victory Liberty Loan Notes on May 20 and June 3 (the latter being the date on which full payment will be accepted on subscriptions in excess of \$10,000) the Government cannot carry out its financial program as outlined above unless banks in making such payments use for this purpose only those certificates maturing on May 20, June 3, June 17 and July 1, in the order enumerated, and retain certificates of the later maturities.

Failure on the part of banks to concur in this plan will produce the following results:

- (1) An earlier withdrawal of balances in depositary banks than would otherwise be necessary.
- (2) An earlier resumption of the issue of Treasury certificates of indebtedness and in larger volume than would otherwise be necessary.

I earnestly request your careful and favorable consideration of the plan as outlined.

Very truly yours,

JAMES B. McDOUGAL,

Governor.