

FEDERAL RESERVE BANK  
OF DALLASCircular Number 28  
Series of 1918.

Dallas, Texas, May 25, 1918.

A TIMELY FUNCTION WHICH EVERY ELIGIBLE BANK  
IN THE ELEVENTH DISTRICT SHOULD ASSUME

## TO THE BANK ADDRESSED:

In order to co-operate with the Government in the financing of its war activities, every eligible bank should qualify as a War Loan Depositary at the earliest possible moment, under the method outlined in Treasury Department Circular No. 92, and supplement thereto, and War Loan Circular No. 14, dated April 10th and 23rd, respectively. The procedure necessary is extremely simple and is stated fully in the circulars noted above.

By so qualifying, banks are enabled to pay for their subscriptions to the issues of Liberty Loan Bonds (on installment dates, or in full) and Treasury Certificates of Indebtedness, BY CREDIT on their books, and may be sure that reasonable notice will be given (at least three or four days) before the withdrawal of any part of the funds lodged with them as such Depositaries. These deposits are withdrawn pro rata, in accordance with the total amount the Government intends to disburse upon payment of funds to it.

It is the purpose of the Treasury Department, by the creation of War Loan Depositary accounts, to avoid unnecessary dislocation of funds in the floating of the various issues of Government obligations, and to aid in maintaining these funds, as far as possible, in the ordinary channels of trade and banking, until they are actually disbursed, whereupon they naturally return to these channels immediately.

Theoretically, the funds raised by War Credits, with proper co-operation with banks, are never withdrawn from trade channels. It must be recognized that the purpose of floating war issues, is to raise a war CREDIT for the Government, but it does not necessarily follow that the Government desires the proceeds to be paid to it in cash at the time the credit is made available to it.

Yours very truly,

R. L. VAN ZANDT,

Governor.