

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, May 26, 1944

FIFTH WAR LOAN DRIVE

To All Banking Institutions, and Others Concerned,
in the Eleventh Federal Reserve District:

As previously announced by the Secretary of the Treasury, the Fifth War Loan drive will start on June 12 and will close on July 8, 1944. The goal will be \$16,000,000,000. The campaign will be conducted by the War Finance Committee in each State, and the following securities will be offered to individuals, corporations, insurance companies, and other non-banking investors:

United States Savings Bonds of Series E, F, and G.

Treasury Savings Notes of Series C.

2½% Treasury Bonds of 1965-70 dated February 1, 1944, bearing interest from June 26, 1944, maturing March 15, 1970, callable March 15, 1965, to be issued in coupon or registered form in denominations of \$500 to \$1,000,000.

2% Treasury Bonds of 1952-54 dated June 26, 1944, maturing June 15, 1954, callable June 15, 1952, to be issued in coupon or registered form in denominations of \$500 to \$1,000,000.

1¼% Treasury Notes of Series B-1947 dated June 26, 1944, maturing March 15, 1947, to be issued in coupon form only in denominations of \$1,000 to \$1,000,000.

⅞% Treasury Certificates of Indebtedness of Series C-1945 dated June 26, 1944, maturing June 1, 1945, issued in coupon form only in denominations of \$1,000 to \$1,000,000.

Copies of Treasury Department circulars describing the marketable issues were mailed with our circular letter of April 27, 1944, and additional copies will be furnished upon request.

Sales of Savings Bonds of Series E, F, and G and Savings Notes of Series C for which settlement is made at the Federal Reserve banks or branches or at the Treasury Department between June 1 and July 31, 1944, will be counted in the drive figures.

NON-BANK SUBSCRIPTIONS

Banking institutions generally may submit subscriptions for the account of customers and may receive subscriptions from customers on forms distributed by the War Finance Committees. Others than banking institutions will not be permitted to enter subscriptions for the marketable issues except for their own account. The books for the receipt of subscriptions for securities offered during the drive will open on Monday, June 12, and subscriptions will be received, on and after that date until the close of the drive, at this bank and its branches at El Paso, Houston, and San Antonio. Specimen copies of the subscription forms are enclosed, and a supply for use in entering subscriptions will be forwarded to banks under another cover. Blanks for requesting additional forms will accompany the initial supply. As registered Treasury bonds are issued by the Treasury Department at Washington and on account of the unavoidable delay incident to inscribing them, separate subscription forms for such bonds have been prepared.

Subscriptions received by banks on solicitors' forms furnished by the War Finance Committees should be listed on the forms furnished by this bank and should be dispatched to this bank or appropriate branch as promptly as possible. The solicitors' forms should be retained in the files of the bank receiving them.

The Treasury Department has repeatedly 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 shifts of deposit balances from one part of the country or from one institution to another. A transfer of funds for the purpose of entering a subscription elsewhere not only constitutes a possible disturbance to bank reserve positions but ordinarily involves a great deal of unnecessary work. Such a transfer serves no purpose which cannot be accomplished by a statistical allocation of credit for the sale. Accordingly, in order to prevent transfers of funds, the Treasury has provided the procedure outlined below for allocating credits for sales during the drive.

CREDIT FOR SALES

The procedure for allocating credits to the various States and counties will be essentially the same as that followed during the last two drives. In the absence of a specific request for allocation elsewhere, credit for sales of marketable issues and Treasury Savings Notes of Series C will be given normally to the address of the purchaser shown on the subscription.

If a purchaser desires that credit be given to a locality other than the address shown on the subscription, such allocation may be made subject to the following limitations:

1. No allocations may be made with respect to subscriptions entered by insurance companies. (All such subscriptions are to be credited to the home address of the company inasmuch as quotas have been established on that basis.)
2. A request for allocation on behalf of the purchaser, prepared in the manner outlined below, must be delivered to the Federal Reserve bank or branch at the time the related subscription is filed. No allocation may be made after the subscription has been filed.
3. Allocations may be made only in denominational units.

A request for allocation should be made on Form RA (a copy of which is enclosed) and attached to the related subscription. To further insure proper allocation, it would be well to also indicate the place to which the allocation is desired on the application or subscription form in a space near the name of the purchaser. An additional supply of RA forms will be furnished upon receipt of advice as to the number required. Either the purchaser or the bank entering the subscription should prepare Form RA in quadruplicate; the first three copies should be transmitted with the related subscription to this bank or appropriate branch, and the fourth copy should be retained by the bank entering the subscription for record purposes. After the request for allocation has been received, it will be functioned through the Federal Reserve banks, and the Chairman of the War Finance Committee of the State to which an allocation is requested will be notified of the details of such allocation. To insure the successful operation of the procedure established for allocating credits for sales, it is important that requests for such allocations be made only on the forms provided by this bank.

Credit for sales of Series F and Series G savings bonds will be given normally to the address shown in the inscription on the bond. Sales of Series E bonds will be credited to the location of the issuing agent, except in the case of payroll savings where the issuing agent classifies the sales by counties and furnishes a breakdown of such sales under the established procedure. Direct sales of Series E bonds by Federal Reserve banks and branches will be credited to the address shown in the inscription on the bond.

PAYMENT

Payment at par for the Treasury bonds, notes, and certificates of indebtedness should be made in funds available for credit to the Treasurer of the United States on or before June 26, 1944. After that date payment should be made at par and accrued interest to the date the funds become available to the Federal Reserve bank or branch. No accrued interest need be collected on subscriptions in amounts of \$500 and \$1,000 for the two issues of Treasury bonds. Provision has been made to credit payments to the Treasurer's account as received and as the funds become available on and after the opening date of the drive. The securities will be shipped on full paid subscriptions as the funds become available on and after June 12. Banks which have qualified as War Loan depositaries under Treasury Department Circular No. 92, revised, may make payments for subscriptions entered by or through them by credit to their War Loan accounts, provided such credits do not increase the deposit balance in the account to an amount in excess of the collateral pledged and the amount of

the depositary's approved designation. It would be mutually beneficial if sufficient collateral were pledged in advance of the drive to secure deposits expected to be made in War Loan accounts during the drive and if each depositary would determine whether the maximum amount for which it has been designated is sufficient to meet its requirements. Where payment for subscriptions to the marketable issues is made through the War Loan account after June 26, accrued interest should be calculated to the date the credit is made on the books of the depositary bank, as shown on the subscription form.

SUBSCRIPTIONS BY COMMERCIAL BANKS

Concurrently with the Fifth War Loan Drive, but not as a part of it, commercial banks will be permitted to subscribe for the 2% Treasury Bonds of 1952-54 and the 2½% Treasury Bonds of 1965-70, as well as for Series F and Series G savings bonds, in limited amounts for the investment of their time and savings deposits. The total limit of such purchases, including those made for the same purpose in accordance with the formula announced by the Treasury last December, will be 20 per cent of their savings deposits and also 20 per cent of their time certificates of deposit issued in the names of individuals or of corporations, associations, and other organizations not operated for profit, or \$400,000, whichever is less, for any one bank. The limitation of \$100,000 (issue price) on the amount of Series F or Series G savings bonds (Series 1944) or a combination of the two held by any one institution will remain unchanged. The formula of the Treasury for purchases by commercial banks is fully set forth in our circular letter of April 27 and provides that the limit must be based on subscriptions and not on holdings.

In submitting an application for Series F or Series G savings bonds for its own account, a commercial bank should execute and forward the enclosed certificate with the application.

Bankers and others are requested to urge their customers and patrons to subscribe to the fullest extent of their ability and to assist them in the selection of securities appropriate to their individual needs.

Yours very truly,

R. R. GILBERT

President