

(Closed)

# FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, December 7, 1917.

TO THE CASHIER,

SIR:

As a result of the election of directors by group 2 of the member banks, Mr. Robert H. Treman has been elected a Class A Director, and Mr. William B. Thompson, a Class B Director of the Federal Reserve Bank of New York, each for a term of three years from January 1, 1918.

The following is a list of the candidates nominated with the number of votes received by each in the column of first choice:

CLASS A DIRECTOR		CLASS B DIRECTOR	
P. A. CANFIELD,	—	JACOB RICE,	1
Kingston, N. Y.		Kingston, N. Y.	
JOHN C. LEGGETT,	2	WILLIAM B. THOMPSON,	83
Cuba, N. Y.		Yonkers, N. Y.	
ROBERT H. TREMAN,	79		
Ithaca, N. Y.			
C. P. H. VARY,	2		
Newark, N. Y.			
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Total number of votes cast	83	Total number of votes cast	84
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Respectfully,

PIERRE JAY,

*Chairman.*

FEDERAL RESERVE BANK  
OF NEW YORK

NEW YORK, December 18, 1917.

TO THE PRESIDENT,

DEAR SIR:

With regard to the second offering of United States Certificates of Indebtedness to be issued in anticipation of Federal tax requirements, the details of which appear in this circular, we desire again to call your attention to the great desirability of tax payers taking large amounts of such certificates.

The amount of Federal income tax and excess profits taxes which will be due and payable June 15, 1918, has been estimated to be in excess of two billion dollars. Payment of such a huge sum in currency or by bank checks within a short period would occasion an unprecedented strain on the banks and money markets of the country; but if the Government from time to time borrows in anticipation of the receipt of those revenues and gradually disburses the proceeds of such borrowings between now and June 15th, the strain may be avoided. The purpose of these issues of certificates is, therefore, to produce a medium for the gradual payment of taxes.

It is doubtless the custom of many of your corporate and other clients gradually to set aside or accrue funds to be used later in payment of taxes. The general benefits that will result to the banking and commercial interests of the country as a whole from a wide investment of such accumulated funds in these certificates are manifest; but the tax payer may enjoy a further and individual benefit from the purchase of these certificates as will be seen by reference to a recent ruling of the Commissioner of Internal Revenue, which runs as follows:

"Investments in obligations of the United States, including Liberty bonds of both issues, made by a corporation or partnership from capital, surplus or undivided profits will be included in invested capital for the purpose of computing the deduction and rate of taxation under the excess profits tax law; but undivided profits earned during the taxable year can not be included in invested capital."

Corporations and firms which are liable under the excess profits tax law, as well as all taxpayers, corporate and individual, will find an advantage in investing in these certificates in anticipation of their use for tax-paying purposes; and until so used the investment carries interest at the rate of 4%.

**You can render valuable assistance to the Government by bringing this issue and its advantages to the attention of all of your customers and depositors who will be interested in them. Your active and prompt cooperation in placing them in the hands of tax payers will be appreciated.**

Very truly yours,

BENJ. STRONG,

*Governor.*

P. S. Additional copies of this circular in such quantities as may be required will be furnished upon request.

# Federal Reserve Bank of New York

Offering of

## UNITED STATES TREASURY 4% CERTIFICATES OF INDEBTEDNESS

Dated January 2, 1918

Due June 25, 1918

The Secretary of the Treasury, under authority of act of Congress approved September 24, 1917, for purposes therein indicated and as a means of averting concentration of tax payments on one date, announces that he will receive through Federal reserve banks subscriptions at par and accrued interest from January 2, 1918 for a limited amount of United States Treasury certificates of indebtedness, dated January 2, 1918, and maturing June 25, 1918, bearing interest at the rate of 4% per annum from date of issue payable with principal at maturity.

In accordance with the above, subscriptions will be received by the Federal Reserve Bank of New York subject to allotment and the right is reserved to reject any subscription and to allot less than the amount of certificates applied for, and to close the subscriptions at any time without notice.

After allotment, payment for certificates allotted must be made to the Federal Reserve Bank of New York not earlier than January 2, 1918 nor later than the close of business January 15, 1918. Qualified depositories will be permitted to make payment by book credit for certificates allotted to them for themselves or their customers up to an amount for which each shall have qualified in excess of existing deposits when so notified by Federal reserve banks.

The certificates will be issued in denominations of \$500, \$1,000, \$5,000, \$10,000 and \$100,000, payable to bearer.

They will be payable with accrued interest at maturity at the Treasury Department, Washington, D. C., or optional with holders, at the Federal reserve banks.

They shall be exempt both as to principal and interest from all taxation now or hereafter imposed by the United States, any State or any of the Possessions of the United States or by any local taxing authority, except:

- (a) Estate or inheritance taxes, and
- (b) Graduated additional income taxes commonly known as surtaxes, and excess profits and war profits taxes now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, associations or corporations.

However, the interest on an amount of bonds and certificates authorized in said act, the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, association or corporation, shall be exempt from the taxes provided for in clause "b" above.

The Secretary also announces that as authorized by Section 1010 of War Revenue Act approved October 3, 1917, Collectors of Internal Revenue will receive certificates of this issue at par and accrued interest under rules and regulations to be prescribed or approved by the Secretary of the Treasury in payment of income and excess profits taxes when payable at or before maturity of certificates; but these certificates will not be accepted in payment of or on account of bond subscriptions.

After allotment and upon payment for same, this bank will issue its interim certificates if necessary pending delivery of definitive certificates.

December 18, 1917.