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FEDERAL RESERVE BANK  
OF NEW YORK

CERTIFICATES OF  
INDEBTEDNESS DEPARTMENT

JANUARY 24, 1919.

UNITED STATES TREASURY CERTIFICATES OF INDEBTEDNESS

DEAR SIR:

*Your Quota.*

Your quota for the Series 5 E issue of Certificates of Indebtedness is

\$ \_\_\_\_\_

*Open Jan. 30,  
1919, Close Feb.  
6, 1919.*

You will observe from the issuing circular mailed under another cover that the *minimum* amount asked for in this issue is \$600,000,000. Subscriptions open on Thursday, January 30, 1919, and close on Thursday, February 6, 1919, subject to allotment.

*File Advice of  
Credit by Jan.  
30, 1919.*

We would again direct your attention to the profitableness and the convenience to you of subscribing by advice of credit on or before the opening day, January 30, 1919.

*An over-subscrip-  
tion Desired.*

Special attention is directed to the fact that the **minimum** amount asked for on this issue is \$600,000,000. Owing to the continued heavy expenditures of the Government the Secretary of the Treasury has requested us to urge the banks of this district to make a substantial over-subscription. The liberal and patriotic attitude which our banks have displayed in meeting all the heavy calls of the Government hitherto encourages us to believe that this request for an over-subscription of the 5 E issue will encounter a favorable response.

Very truly yours,



Director of Sales.

# Federal Reserve Bank of New York

OFFERING A MINIMUM OF

\$600,000,000

OF

## UNITED STATES TREASURY 4½% CERTIFICATES OF INDEBTEDNESS SERIES 5 E

Dated January 30, 1919

Due July 1, 1919

Dear Sirs:

The Secretary of the Treasury, under authority of act approved September 24, 1917, as amended by act approved April 4, 1918, offers for subscription through the Federal reserve banks at par and accrued interest a minimum of \$600,000,000 United States Treasury certificates of indebtedness dated January 30, 1919, payable July 1, 1919 with interest at the rate of 4½% per annum.

Upon ten days public notice given in such manner as may be determined by the Secretary of the Treasury the certificates of this series may be redeemed as a whole at par and accrued interest, on or after any date occurring before maturity of such certificates set for the payment of the first installment of the subscription price of any bonds offered for subscription by the United States after the offering and before the maturity of such certificates.

The certificates of this series, whether or not called for redemption, will be accepted at par with adjustment of accrued interest if tendered on such installment date in payment on the subscription price then payable of any such bonds subscribed for by and allotted to holders of such certificates.

The certificates of this series do not bear the circulation privilege and will not be accepted in payment of taxes.

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

Interest will be computed for the exact number of days elapsed, on the basis of 365 days to the year.

Treasury certificates of indebtedness of Series 4-G, dated October 1, 1918, and maturing January 30, 1919, will be accepted at par with an adjustment of accrued interest in payment for any certificates of this series which shall be subscribed for and allotted.

Subscriptions will be received by the Federal Reserve Bank of New York as fiscal agent of the United States up to close of business on Thursday, February 6, 1919, and certificates will be allotted in full in the order of receipt of applications but the right is reserved to reject any subscriptions and to allot less than the amount applied for and to close the subscriptions at any time without notice.

Payments for certificates allotted must be made to the Federal Reserve Bank of New York at par and accrued interest on and after January 30, 1919 up to February 6, 1919, inclusive, and must reach the bank before 3:00 o'clock p. m. on the day to which accrued interest is paid.

In connection with the foregoing offering of certificates of indebtedness of the United States, the Secretary of the Treasury announces that qualified depositaries will be permitted to make payment by credit for certificates allotted to them for themselves and their customers up to the amount for which each shall have qualified in excess of existing deposits when so notified by Federal reserve bank.

Interim receipts will be issued if necessary pending delivery of definitive certificates.

Said certificates 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 by said act, approved September 24, 1917, and amendments thereto, 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.

Please note that payment may be made at par and accrued interest either by book credit or by check on this bank or other funds available in New York on the day of receipt not later than February 6, 1919.

The Federal Reserve Bank of New York, if desired by subscribing banks, will receive and hold in custody for their account, subject to their order, their certificates of indebtedness of this and future issues.

This is the fifth issue of the series of certificates to be offered in anticipation of the Fifth Government Loan, as announced in letter of the Secretary of the Treasury dated November 27, addressed to the banks of the country, which for your convenient reference we reprint on the page following.

Respectfully,

R. H. TREMAN,

Deputy Governor.

January 24, 1919.

LETTER TO BANKS AND TRUST COMPANIES  
FROM THE  
SECRETARY OF THE TREASURY

WASHINGTON, D. C., November 27, 1918.

DEAR SIRS:

I am sure that every patriotic banker as well as every patriotic citizen in the United States recognizes the imperative duty of financing the Government not only to the conclusion of the armistice, but until peace has been determined and war bills have been paid. Until the peace treaty is signed, a splendid army of American heroes must be kept on duty in France as a guaranty that the kind of peace for which America has fought will be secured. The expense of maintaining our forces in Europe, both upon land and upon sea and other war bills, must be paid. They cannot be paid unless the Treasury continues to have the adequate support of the bankers and people of America.

I am sure that I do not have to emphasize the appeal to the patriotism of America. That patriotism is not of the incomplete or unfinished sort; it will not be content with half doing the glorious work we have so auspiciously begun. It will be content only with a realization of all of the fruits of our glorious victories, and this cannot be accomplished until the war has been financed and peace—the handsome peace which America wishes to secure to the world—has been escorted back to America as well as to the other Nations of the World.

It is, therefore, necessary that a rational program of Government financing shall be executed. The policy adopted in February last and again in June, of laying before the banking institutions of the country as nearly as may be the requirements of the Government during the period prior to the Third and Fourth Liberty Loans, met with very gratifying response which provided adequately for the necessities of the Government without strain or inconvenience; and I am writing now to inform you of the program for the ensuing five months, so far as one can be made at this time, in order that every bank and trust company in the United States may have adequate notice and be able to prepare itself to meet patriotically the requirements of the Government. I am sending a similar letter to every bank and trust company in the United States.

The expenditures of the Government, excluding transactions in the principal of the public debt during this fiscal year, beginning July 1, 1918, to and including November 23, 1918, a period of less than five months, amounted to \$8,213,070,568.65, according to the Treasury daily statements. Such expenditures during the current month of November to and including November 23rd, amounted to \$1,577,148,144.93 or at the rate of nearly \$2,000,000,000 for the month.

The proceeds of the Fourth Liberty Loan in excess of the amount of Treasury Certificates issued in anticipation of that loan have been exhausted; and the remaining instalment payments to be made on subscriptions to the Fourth Liberty Loan will but little more than cover the Treasury Certificates of Indebtedness issued in anticipation of that loan and as yet unpaid. Evidently some time must pass before the readjustment from a war to a peace basis can reflect itself in material diminution of the daily cash outgo from the Treasury. Indeed the wise policy of prompt liquidation of contracts might actually result for a time in the acceleration of demands upon the Treasury, while strengthening and making more liquid the banking position of the country.

Uncertainties with respect to pending revenue legislation make it impracticable and inexpedient to borrow further at this time in anticipation of taxes. In this period of readjustment it would be difficult to set in motion any plan for the continuous sale of Government bonds and it seems that the wise policy will be to plan for one more great popular campaign in the spring for the sale of bonds, which should be of short maturities, and meanwhile to provide for the Government's necessities by the issue of Treasury certificates at fortnightly intervals. The first issue of the certificates will be dated December 5, 1918, and will mature May 6, 1919, with interest at  $4\frac{1}{2}\%$ ; and similar issues, it is expected, will be made on Thursday of every other week following December 5th.

It is not at this moment possible to forecast the cash disbursements of the Government during the period of some five months which must intervene before the proceeds of another great public loan could reach the Treasury, nor therefore to announce at this time the minimum amount of each fortnightly issue of certificates further than to say in all probability it will not be less than \$500,000,000 nor more than \$750,000,000. The Federal Reserve Banks will advise all national and state banks in their respective districts of the amount of certificates which they are expected to take from time to time in pursuance of this program, which amount can be figured roughly to equal  $2\frac{1}{2}\%$  of the gross resources of each bank and trust company for every period of two weeks, or a total of  $5\%$  monthly.

I appeal with confidence to the patriotic bankers to continue to furnish the financial assistance imperatively required by the Government to support America's sons on land and sea until the final consummation of their wonderful victories.

Cordially yours,

W. G. McADOO,

Secretary of the Treasury.