

(Closed)

FEDERAL RESERVE BANK
OF NEW YORK

April 1, 1919.

WAR FINANCE CORPORATION SERIES "A" 5% GOLD BONDS

DEAR SIRs:

We attach herewith the official circular describing the War Finance Corporation, Series "A" 5% Gold Bonds. These bonds are dated April 1, 1919 and are due April 1, 1920, and bear semi-annual interest coupons dated October 1, 1919 and April 1, 1920. They are available in \$1,000 denominations only, issued in bearer form.

Tax Exemptions

As set forth in the circular, these bonds are exempt from the so-called normal tax. They are also exempt from all state and local taxes, except estate or inheritance taxes. The income from these bonds is subject to super taxes and excess profits taxes, except that the income from an aggregate principal amount not exceeding \$5,000 owned by any individual, partnership or corporation is exempt from such super taxes and excess profits taxes.

Method of Subscription

Subscription books will be opened at the Federal Reserve Bank of New York, Wednesday, April 2, and may be closed at any time. Subscriptions will be received subject to allotment, and payment must be made within the period fixed in the notice of allotment, which will be mailed to the subscriber. Upon payment, the Federal Reserve Bank will issue interim receipts pending delivery of the definitive bonds.

Discount and Rediscount Rights

Subject to the provisions of the Federal Reserve Act and to regulations of the Federal Reserve Board, direct obligations of member banks secured by these bonds may be discounted at the Federal Reserve Bank, and eligible paper secured by the bonds and indorsed by a member bank may be rediscounted. But the Act provides that the rate for this accommodation must be at least 1 per cent higher than the prevailing rate for eligible commercial paper of corresponding maturity.

War Finance Corporation

The War Finance Corporation was created by Act of Congress with an authorized capital stock of \$500,000,000, of which \$350,000,000 has been subscribed and paid for, and is owned by the United States of America. The Secretary of the Treasury is Chairman of the Corporation, which was created by the Government, to deal with situations arising in connection with the conduct of the war.

Commission to Banks and Dealers

Payment for these bonds must be made by check or other cash transfer and cannot be made by advice of credit, as in the case of Liberty bonds and certificates of indebtedness; however, a commission of $\frac{1}{8}$ of 1 per cent will be paid by the War Finance Corporation to incorporated banks and trust companies and to dealers in securities, on such sales of these bonds as may be confirmed and allotted to them, payable within 60 days.

Subscriptions By Telegraph

As this issue of bonds is for a limited amount and on very attractive terms, it is probable that the subscription books will not be open long, making it highly desirable that **subscriptions should be telegraphed to us.**

Yours very truly,

R. H. TREMAN,
Deputy Governor.

Dated at _____

April , 1919

SUBSCRIPTION TO SERIES A, ONE-YEAR GOLD COUPON BONDS OF WAR FINANCE CORPORATION


FEDERAL RESERVE BANK OF NEW YORK,
AS FISCAL AGENT OF THE
WAR FINANCE CORPORATION,
NEW YORK, N. Y.

ATTENTION OF SECURITIES DEPARTMENT

DEAR SIRs:

Referring to the offer of the War Finance Corporation dated March 31, 1919, the undersigned hereby subscribes for \$_____ principal amount of its Series "A" Gold Bonds at a price of \$1,000 per bond plus accrued interest, and agrees to accept such amount of said bonds as may be allotted, or temporary receipts therefor exchangeable for definitive engraved bonds, and to make payment in current funds at your office within the period of time fixed for such payment in the notice of allotment to be mailed to the undersigned.

Very truly yours,

 This subscription ^{is}
 is not
confirmation of telegram.

Circ - 158

Federal Reserve Bank of New York

OFFERING OF

\$200,000,000

WAR FINANCE CORPORATION SERIES "A" 5% GOLD BONDS

Dated April 1, 1919

Due April 1, 1920

COUPON BONDS IN DENOMINATIONS OF \$1,000

TAX EXEMPTIONS AS DESCRIBED BELOW

OFFERED AT \$1,000 PER BOND AND ACCRUED INTEREST

The War Finance Corporation, a corporation created by Act of Congress, approved April 5, 1918, as amended, offers, beginning at 10 o'clock a. m. Wednesday, April 2, 1919, under the authority of said act, with the approval of the Secretary of the Treasury, for subscription at \$1,000 per bond and interest, through the Federal reserve banks, as its fiscal agents, coupon bonds, Series "A," of War Finance Corporation in the aggregate principal amount of \$200,000,000.

Bonds will be issued in denominations of \$1,000 only, in bearer form, will be dated April 1, 1919, will mature April 1, 1920, and will bear interest from April 1, 1919, at the rate of 5% per annum, payable semi-annually on October 1st and April 1st. The principal and interest of the bonds will be payable in United States gold coin of the present standard of value.

The right is reserved to reject any application, to allot less than the amount of bonds applied for, and to close the subscriptions at any time with or without notice. Payment for bonds allotted may be made at once and must be made within the period fixed in the notice of allotment which will be mailed to the subscriber. Upon payment, Federal reserve banks will issue interim receipts pending delivery of the definitive bonds.

Incorporated banks and trust companies and such dealers in investment securities as shall be approved by the Federal reserve banks, will receive a commission of $\frac{1}{8}$ of 1 per cent. of the face amount of any bonds of this issue, when duly paid for which shall have been allotted to or through such banks, trust companies or dealers. This commission is to be payable in each instance within sixty days after the allotment has been paid for in full.

Legality:

Opinions have been given by the Attorney General of the United States and by the general counsel of the War Finance Corporation that these bonds will constitute valid and binding obligations of the Corporation, and will entitle their holders to the exemptions from taxation as set forth in this circular.

Tax Exemption:

In accordance with said Act of Congress, the bonds are 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, corporations or associations.

The interest on an amount of such bonds authorized by said act, the principal of which does not exceed in the aggregate \$5,000 owned by any individual, partnership, corporation or association, is exempt from the taxes referred to in clause (b).

Discount and Rediscount Rights:

It is further provided by said Act that Federal reserve banks are authorized, subject to the maturity limitations of the Federal Reserve Act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks, secured by the bonds of the Corporation, and to rediscount eligible paper secured by the bonds and endorsed by a member bank. No such discount or rediscount, however, may be at an interest charge less than 1% per annum above the prevailing rate for eligible commercial paper of corresponding maturity.

Security:

The act creating the Corporation provides that all bonds issued by the Corporation shall have a first and paramount floating charge on all the assets of the Corporation and that the Corporation shall not at any time mortgage or pledge any of its assets. These assets include not only such as may be obtained through the proceeds of sale of these bonds, but also those obtained from funds raised through subscriptions to capital stock. The United States is not liable for the payment of these bonds or the interest upon them.

Capitalization of Corporation:

The total authorized capital stock of the War Finance Corporation is \$500,000,000 all of which shall, under said Act of Congress, be subscribed by the United States of America. To date, \$350,000,000 of the capital stock has been subscribed and paid for, and is now owned by the United States of America; subscription to the remaining \$150,000,000 is subject to call upon the vote of three-fifths of the board of directors of the Corporation, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable. The Secretary of the Treasury is by law the chairman of the board.

The object of the act creating the Corporation was, as expressed in its title: "To provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, * * * and for other purposes."

Reports:

The first annual report of the War Finance Corporation, covering its operations from date of organization to November 30, 1918, inclusive, may be had upon application at the offices of the War Finance Corporation in Washington. The regular quarterly reports as required by said Act of Congress will likewise be supplied on request.

Balance Sheet:

The balance sheet of the Corporation as of March 19, 1919, is attached hereto.

WAR FINANCE CORPORATION

March 31, 1919.

By **Carter Glass**, *Chairman.*

Approved:

By **Eugene Meyer, Jr.**,

CARTER GLASS

Managing Director

Secretary of the Treasury.

WAR FINANCE CORPORATION
GENERAL BALANCE SHEET, MARCH 19, 1919.

ASSETS

Cash deposited with the Treasurer of the United States and the Federal reserve banks	\$13,851,406.43
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Loans To:

Banks, Bankers, Trust Companies and Savings Banks	3,912,677.61
Railroads (which includes \$50,000,000 to the Director General of Railroads)	116,555,270.00
Public Utilities	26,781,900.00
Industrial Corporations	636,652.00
Cattle Loans	6,790,772.35
Loans	154,677,271.96

Investments:

United States of America Liberty Loan Bonds	184,584,518.29
Office furniture and equipment	8,671.04
Accrued interest receivable	3,694,519.62
Total	\$356,816,387.34

LIABILITIES

Capital stock—authorized by War Finance Corporation Act	\$500,000,000.00
LESS SUBSCRIPTION BY THE UNITED STATES OF AMERICA, subject to call by the directors of the Corporation	150,000,000.00
	\$350,000,000.00
Earnings	6,780,122.77
Interest collected in advance	36,264.57
Total	\$356,816,387.34