

(Closed)

FEDERAL RESERVE BANK
OF NEW YORK

SECURITIES DEPARTMENT

June 20, 1919

UNITED STATES TREASURY CERTIFICATES OF INDEBTEDNESS

Redemption on July 1, 1919 of Series 5 G, Maturing July 29, 1919

Exchange of Certain Outstanding Issues for Series T 4, Maturing September 15, 1919.

TO ALL BANKS, TRUST COMPANIES, SAVINGS BANKS, BANKERS, INVESTMENT DEALERS
AND PRINCIPAL CORPORATIONS IN THE SECOND FEDERAL RESERVE DISTRICT,

DEAR SIRs:

Redemption on July 1, 1919 of Series 5 G Maturing July 29, 1919

The attention of holders of Certificates of Indebtedness of Series 5 G, dated February 27, 1919, and maturing July 29, 1919, is called to the following notice from the Secretary of the Treasury with respect to the redemption of these certificates on July 1, 1919:

"Notice to Holders of United States Treasury Certificates of Indebtedness of Series 5 G dated February 27, 1919, and Maturing July 29, 1919.

All United States Treasury Certificates of Indebtedness of Series 5-G dated February 27, 1919 and maturing July 29, 1919 are hereby called for redemption on July 1, 1919 at par and accrued interest pursuant to the provision for such redemption contained in the certificates. On July 1, 1919 interest on all certificates of said Series will cease to accrue. Holders of certificates of said series shall nevertheless have the privilege of exchanging such certificates on or before July 1, 1919 at par with an adjustment of accrued interest for Treasury Certificates of Indebtedness of Series T 4 dated June 3, 1919 maturing September 15, 1919."

CARTER GLASS,
Secretary of the Treasury.

June 20, 1919."

Exchange of Certain Outstanding Issues for Series T 4, Maturing September 15, 1919

In the interest of carrying out the financial program of the Treasury Department, holders of United States Treasury Certificates of Indebtedness maturing between July 15, 1919 and September 9, 1919, inclusive, are encouraged to exchange such certificates for certificates of **Series T 4 dated June 3, 1919 and maturing September 15, 1919.** In our circular No. 176 dated June 16, 1919, the certificates which may thus be exchanged were enumerated as follows:

Series	Date of Issue	Date of Maturity
Tax Series of 1919 (4%)	August 20, 1918	July 15, 1919
Bond Series 5 F	February 13, 1919	July 15, 1919
" " 5 G*	February 27, 1919	July 29, 1919
" " 5 H	March 13, 1919	August 12, 1919
" " 5 J	April 10, 1919	September 9, 1919

(*By the notice quoted above the certificates of Series 5 G (Bond Series) are called for redemption on July 1, 1919, but attention is called to the provision of the notice of redemption permitting holders of these certificates to exchange them on or before July 1, 1919 for Treasury certificates of Series T 4).

The certificates of Series T 4, due September 15, 1919, are acceptable at their maturity in payment of Federal income and war-profits and excess-profits taxes payable on September 15, 1919.

The Treasury Department emphasizes two reasons why such exchanges are very important.

First: If a large amount of the above certificates can be exchanged within the next ten days or two weeks, it would greatly reduce the Treasury's certificate program, which must be presented to the banks of the country, since it would eliminate a large amount of refunding.

Second: It is essential, in order to prevent money disturbance on and about September 15, 1919, that a large amount of Certificates of Indebtedness of Series T 4 should be issued and, in the opinion of the Secretary of the Treasury, it is not expedient on account of the extremely short maturity for the Treasury to sell such certificates for cash or by book credit.

By giving banking institutions this privilege of exchange they are offered an opportunity to take a certificate, which should be readily marketable to tax-payers, in exchange for certificates for which there is a comparatively light investment demand. If the banks and trust companies will encourage and facilitate these exchanges and dispose of tax certificates to their customers, it will enable banking institutions in this Federal Reserve District to liquidate to that extent their borrowings from this bank, and will at the same time protect them from the possibility of a strain later when income and war-profits and excess-profits taxes are due.

Some of the leading banks have taken advantage of this opportunity to exchange their certificates, and it is hoped that further exchanges will be made and that there will be a resulting wide distribution of Series T 4.

Yours very truly,

BENJ. STRONG,

Governor