

FEDERAL RESERVE BANK  
OF NEW YORK

Fiscal Agent of the United States

[ Circular No. 1901  
December 9, 1938 ]

Public Notice of Offering of \$100,000,000, or thereabouts, of Treasury Bills  
Dated December 14, 1938 Maturing March 15, 1939

*To all Incorporated Banks and Trust Companies in the  
Second Federal Reserve District and Others Concerned:*

Following is the text of a notice today made public by the Treasury Department with respect to a new offering of Treasury bills payable at maturity without interest to be sold on a discount basis to the highest bidders.

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of \$100,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p.m., Eastern Standard time, on Monday, December 12, 1938. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated December 14, 1938, and will mature on March 15, 1939, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of \$1,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than \$1,000 will be considered. Each tender must be in multiples of \$1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on December 12, 1938, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on December 14, 1938.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. (Attention is invited to Treasury Decision 4550, ruling that Treasury bills are not exempt from the gift tax.) No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

In accordance with the above announcement tenders will be received at the Securities Department of this bank (2nd floor, 33 Liberty Street, New York City) or at the Buffalo Branch of this bank (272 Main Street, Buffalo, New York) until two o'clock p.m., Eastern Standard time, on Monday, December 12, 1938.

It is requested that tenders be submitted on special form and in special envelope enclosed herewith.

*Attention is invited to the fact that payment for the Treasury bills cannot be made by credit through the War Loan Deposit Account. Payment must be made in cash or other immediately available funds.*

GEORGE L. HARRISON,  
President.

TENDER FOR 91-DAY TREASURY BILLS

Dated December 14, 1938. Maturing March 15, 1939.

Dated at.....

TO THE FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
New York City, N. Y.

.....1938

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public announcement on December 9, 1938, as issued by the Secretary of the Treasury, the undersigned offers to pay.....\* for a total amount of \$..... (Rate per 100) (maturity value) of the Treasury bills therein described, or for any less amount that may be allotted, payment therefor to be made at your bank in cash or other immediately available funds on the date stated in the public announcement.

The Treasury bills for which tender is hereby made are to be dated December 14, 1938, and are to mature on March 15, 1939.

This tender will be inserted in special envelope entitled "Tender for Treasury bills."

IMPORTANT INSTRUCTIONS:

- 1. No tender for less than \$1,000 will be considered, and each tender must be for an amount in multiples of \$1,000 (maturity value). Also, if more than one price is offered, a separate form must be executed at each price.
2. If the person making the tender is a corporation, the form should be signed by an officer of the corporation authorized to make the tender, and the signing of the form by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership, it should be signed by a member of the firm, who should sign in the form "....., a copartnership, by....., a member of the firm."
3. Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.
4. If the language of this form is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

Payment by credit through War Loan Deposit Account will not be permitted.

Before signing fill in all required spaces.

Bank or Trust Company.....

Post Office Address.....

State.....

Official signature required.

SPACES BELOW ARE FOR THE USE OF THE FEDERAL RESERVE BANK

Table with columns: Examined, Carded, Classified, Ledger, Acknowledged, Disposition, Allotment, Figured, Checked, Advised, Method of Payment, Amount, Date Released, By. Sub-headers: Received, Checked, Recorded, Window, Custody, Mail, Other Departments.

\*Price should be expressed on the basis of 100, with not more than three decimal places, e.g., 99.125. Fractions must not be used.

**FEDERAL RESERVE BANK  
OF NEW YORK**

December 9, 1938.

NEW AND DANGEROUS COUNTERFEIT

To Member Banks in the Second Federal  
Reserve District and Others Concerned:

In a letter dated December 7, 1938, the Treasury Department, Secret Service Division, describes a certain new and dangerous counterfeit as follows:

\$5 SILVER CERTIFICATE

Series of 1934A; check letter "E"; face plate No. 621; back plate No. 810; W. A. Julian, Treasurer of the United States; Henry Morgenthau, Jr., Secretary of the Treasury; portrait of Lincoln.

This production is printed on one sheet of good quality paper from skillfully executed photo-etched plates retouched by hand. A few sparsely scattered red and blue fibers have been affixed to the paper to simulate the silk thread in the genuine. In over-all dimension, the counterfeit is 3/16th of an inch longer and 1/16th of an inch narrower than the genuine. The printed front design is about 1/8th of an inch longer and slightly narrower than the genuine. The printed surface on the back is about 3/16th of an inch too long.

DEFECTS

(The graphic illustration appearing in the Treasury's letter of December 7, 1938, is omitted here.)

1. Serial numbers are printed heavily in a distinctive style of type unlike the genuine and the individual numerals are spaced too widely. The horizontal lines forming the letter E preceding the serial numbers are shorter than the genuine, and the perpendicular line is longer. On the letter A immediately following the serial numbers, the horizontal cross-bar is too high.
2. The blue Treasury seal is slightly smaller than the genuine and crudely etched, the lettering and shield design being reproduced raggedly. The Latin word SEPTENT is misspelled SEPTENS. The three white stars separating the several words outside the shield are irregularly formed as dots.
3. This counterfeit has appeared with two different serial numbers - E75637382A and #56373827A. The highest serial number printed on genuine notes of this variety and denomination is #58072000A.

The Lincoln portrait is well executed. However, the pupil in the left eye is more clearly outlined than the right eye, giving the latter an appearance of weakness. The shaded lines in parallel bordering the right side of the large numeral 5 on the left of the portrait vary in thickness at the outer edge and show a fine enclosing line which is not visible in the genuine. On the back, the dark area behind the Memorial columns has been retouched and the line work inside the oval design lacks shadow values which distinguish the genuine. The shading above and below the large white lettering at the bottom of the Memorial has been retouched by hand.

This is a particularly deceptive counterfeit and you are requested to notify money handlers to exercise more than ordinary caution in accepting notes of this variety, paying especial attention to the unusual character of the serial numbers and the misspelled word SEPTENS in the blue Treasury seal.

- - - - -

The Treasury Department has requested that any counterfeits which come to the attention of banks or others be forwarded with all available information to the office of the United States Secret Service having jurisdiction in their territory. Offices of the Secret Service are located in Albany, Buffalo, Syracuse and New York City, New York, and in Newark, New Jersey.

George L. Harrison,  
President.

FEDERAL RESERVE BANK  
OF NEW YORK

{ Letter RU.3  
December 15, 1938 }

Ruling of the Board of Governors of the Federal Reserve System  
Regarding Regulation U

*To Each Nonmember Bank in the  
Second Federal Reserve District:*

Further supplementing our letter RU.1 dated January 15, 1938, we quote below the text of a ruling regarding Regulation U of the Board of Governors of the Federal Reserve System which was published in the December, 1938, Federal Reserve Bulletin.

*(December 1938 Bulletin, p. 1042.)*

**Maximum Loan Value of Bonds Under Regulation U**

Section 1 of Regulation U provides in part that for the purposes of that regulation the maximum loan value of stocks shall be as specified in the supplement to the regulation and the maximum loan value of any collateral other than stocks shall be "as determined by the bank in good faith."

This means, in effect, that for such purposes the maximum loan value of collateral other than stocks should be the amount which the bank would customarily lend on such collateral if that were the only collateral for the loan. Consequently, a bank may not determine that such other collateral, as for example a bond, has a maximum loan value equal to its current market value unless the bank would customarily lend such amount on the collateral without any additional collateral.

It is believed that the regulation is clear on this point, but since it has developed that there may have been some confusion regarding the matter, it has seemed desirable to publish the foregoing to remove any misunderstanding that may have existed in this connection.

Inquiries regarding the regulation should be submitted to this bank.

GEORGE L. HARRISON,  
*President.*