

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 2728]
[November 22, 1943]

INFORMATION REGARDING THE FOURTH WAR LOAN

To all Banking Institutions in the
Second Federal Reserve District:

For your information we quote below the text of an announcement by the Treasury Department which was released for publication on November 22, 1943, regarding the Fourth War Loan Drive.

Secretary Morgenthau announced today that the Fourth War Loan Drive would start January 18, and would run until February 15, 1944.

The goal has been set at \$14,000,000,000. Five and one-half billion dollars of this amount is to be raised directly from individuals.

The State War Finance Committees will have the task of raising this \$14,000,000,000. These committees are being strengthened and expanded to meet the necessity of increasing the number of people who are buying War Bonds. Millions of volunteer salesmen are now ready to carry this campaign for funds to every individual investor in homes and in plants throughout the nation.

The major emphasis throughout the entire period of the Drive—January 18 to February 15—will be placed on the quota of \$5,500,000,000 for individuals. During the period from January 18 to February 1 only sales to individuals will be reported by the Treasury. The reporting of sales to individuals will be supplemented starting February 1 with reports of sales to other non-banking investors—the quota for which is \$8,500,000,000. This will not preclude the acceptance of subscriptions from other non-banking investors at any time during the Drive.

All subscriptions for Savings Bonds and Savings Notes received at the Federal Reserve Banks or at the Treasury of the United States between January 1 and February 29, 1944, will be credited to the Drive.

The goal and the type of securities to be offered were determined by the Treasury after consultation with the chairmen of the State War Finance Committees, officials of the Federal Reserve System, the American Bankers Association and other investment authorities.

The securities to be sold under the direction of the War Finance Committees will consist of:

Series E Savings Bonds	2½% Bonds of 1965-70
Series F and G Savings Bonds	2¼% Bonds of 1956-59
Series C Savings Notes	⅞% Certificate of Indebtedness

In view of the fact that many commercial banks accept time deposits and perform in their own communities the same functions as those performed by other savings institutions, the Treasury will permit such commercial banks to make a limited investment of their time deposits only in the 2¼% and 2½% Bonds under a formula to be announced later.

The 2½% Bond will be dated February 1, 1944, due March 15, 1970, callable March 15, 1965, and will be issued in coupon or registered form at the option of the buyers, in denominations from

(OVER)

\$500 to \$1,000,000. Commercial banks, which are defined for this purpose as banks accepting demand deposits, will not be permitted to own these bonds until February 1, 1954, except for the limited investment of time deposits.

The 2¼% Bond will be dated February 1, 1944, due Sept. 15, 1959, callable Sept. 15, 1956, and will be issued in coupon or registered form at the option of the buyers, in denominations of \$500 to \$1,000,000. Commercial banks, which are defined for this purpose as banks accepting demand deposits, will not be permitted to own these bonds until September 15, 1946, except for the limited investment of time deposits.

The ⅞% Certificate of Indebtedness will be dated February 1, 1944, due February 1, 1945, and will be issued in denominations of \$1,000 to \$1,000,000 and in coupon form only.

The Treasury will request that, until after February 15, 1944, commercial banks not buy the ⅞% Certificates of Indebtedness offered, and that the market not trade in any of the marketable securities offered in the Drive.

To avoid unnecessary transfers of funds from one locality to another, the Treasury requests that all subscriptions by corporations and firms be entered and paid for through the banking institutions where funds are located. This request is made to prevent disturbance to the money market and the banking situation. The Treasury will undertake to see that statistical credit is given to any locality for such subscriptions that the corporations and firms may request; except subscriptions from insurance companies will be credited to the State of the home office as in the past.

In order to help in achieving its objective of selling as many securities as possible outside of the banking system, the Treasury requests the cooperation of all banking institutions in declining to make speculative loans for the purchase of Government securities. The Treasury is in favor of the banks making loans to facilitate permanent investment in Government securities provided such loans are made in accord with the joint statement issued by the National and State Bank Supervisory Authorities on November 23, 1942.

The attention of commercial banks and other banking institutions in the Second Federal Reserve District is called particularly to the last two paragraphs of the above announcement.

ALLAN SPROUL,
President.