

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

[Circular No. 3689]
April 12, 1951

Offering of \$1,000,000,000 of 91-Day Treasury Bills

Dated April 19, 1951

Maturing July 19, 1951

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

Following is the text of a notice published today:

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 12, 1951.

TREASURY DEPARTMENT
Washington

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing April 19, 1951, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 19, 1951, and will mature July 19, 1951, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, April 16, 1951. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 19, 1951, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 19, 1951. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a)(1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

This Bank will receive tenders up to 2 p.m., Eastern Standard time, Monday, April 16, 1951, at the Securities Department of its Head Office and at its Buffalo Branch. Please use the form on the reverse side of this circular to submit a tender, and return it in an envelope marked "Tender for Treasury Bills." *Payment for the Treasury bills cannot be made by credit through the Treasury Tax and Loan Account. Settlement must be made in cash or other immediately available funds or in maturing Treasury bills.*

ALLAN SPROUL, *President.*

Results of last offering of Treasury bills (91-day bills dated April 12, 1951, maturing July 12, 1951)

Total applied for.....	\$1,743,013,000		
Total accepted	\$1,000,603,000 (includes \$117,618,000 entered on a non-competitive basis and accepted in full at the average price shown below)		
Average price.....	99.614 Equivalent rate of discount approx. 1.528% per annum		
Range of accepted competitive bids:			
High	99.630 Equivalent rate of discount approx. 1.464% per annum		
Low	99.612 Equivalent rate of discount approx. 1.535% per annum		
	(90 percent of the amount bid for at the low price was accepted)		
		<i>Federal Reserve District</i>	<i>Total Applied for</i>
		Boston	\$ 17,594,000
		New York	1,285,441,000
		Philadelphia	25,725,000
		Cleveland	50,240,000
		Richmond	5,367,000
		Atlanta	16,639,000
		Chicago	198,777,000
		St. Louis	18,951,000
		Minneapolis	4,197,000
		Kansas City	30,261,000
		Dallas	32,682,000
		San Francisco	57,139,000
		TOTAL	\$1,743,013,000
			\$1,000,603,000

IMPORTANT—If you desire to bid on a *competitive* basis, fill in rate per 100 and maturity value in paragraph headed "Competitive Bid." If you desire to bid on a *non-competitive* basis, fill in only the maturity value in paragraph headed "Non-competitive Bid." **DO NOT fill in both paragraphs on one form. A separate tender must be used for each bid.**

No.

TENDER FOR 91-DAY TREASURY BILLS

Dated April 19, 1951

Maturing July 19, 1951

To FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States.

Dated at
.....1951

COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on April 12, 1951, as issued by the Secretary of the Treasury, the undersigned offers

.....* for a total amount of
(Rate per 100)

\$..... (maturity value)
of the Treasury bills therein described, or for any less amount that may be awarded, settlement therefor to be made at your Bank, on the date stated in the public notice, as indicated below:

By surrender of maturing Treasury bills amounting to \$.....

By cash or other immediately available funds

* Price must be expressed on the basis of 100, with not more than three decimal places, for example, 99.925.

NON-COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on April 12, 1951, as issued by the Secretary of the Treasury, the undersigned offers a non-competitive tender

for a total amount of \$.....
(Not to exceed \$200,000)

(maturity value) of the Treasury bills therein described, at the average price (in three decimals) of accepted competitive bids, settlement therefor to be made at your Bank, on the date stated in the public notice, as indicated below:

By surrender of maturing Treasury bills amounting to \$.....

By cash or other immediately available funds

The Treasury bills for which tender is hereby made are to be dated April 19, 1951, and are to mature on July 19, 1951.

This tender will be inserted in special envelope marked "Tender for Treasury Bills."

Name of Bidder.....
(Please print)

By.....
(Official signature required) (Title)

Street Address
.....
(City, Town or Village, P. O. No., and State)

If this tender is submitted by a bank for the account of a customer, indicate the customer's name on line below:

.....
(Name of Customer) (City, Town or Village, P. O. No., and State)

Use a separate tender for each customer's bid.

IMPORTANT INSTRUCTIONS:

1. No tender for less than \$1,000 will be considered, and each tender must be for an even multiple of \$1,000 (maturity value). A separate tender must be executed for each bid.

2. If the person making the tender is a corporation, the tender should be signed by an officer of the corporation authorized to make the tender, and the signing of the tender 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 received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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 tender 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 Treasury Tax and Loan Account will not be permitted.

**SECOND DISTRICT COMMERCIAL BANKING
VOLUNTARY CREDIT RESTRAINT COMMITTEE**

Created pursuant to the Program for
Voluntary Credit Restraint authorized
by the Defense Production Act of 1950

**33 LIBERTY STREET
NEW YORK 45, N. Y.**

April 11, 1951.

*To the Chief Executive Officer of each Commercial Bank
in the Second Federal Reserve District:*

The Voluntary Credit Restraint Committee, created pursuant to the Program for Voluntary Credit Restraint authorized by the Defense Production Act of 1950, has appointed twenty regional committees to which inquiries by lenders may be addressed regarding lending activities under the Program. Twelve regional committees have been organized to deal with commercial banking problems; one committee is located in each Federal Reserve District. Four regional committees for insurance companies and four regional committees for investment banking houses have also been organized; one of each is located in New York.

The Second District Commercial Banking Voluntary Credit Restraint Committee is the regional committee to deal with commercial banking problems arising in the Second Federal Reserve District. The members of the Committee are as follows:

- GEORGE WHITNEY, *Chairman*
Chairman of the Board, J. P. Morgan & Co. Incorporated, New York, N. Y.
- DAVID C. BARRY, Senior Vice President, Lincoln Rochester Trust Company, Rochester, N. Y.
- GEORGE CHAMPION, Senior Vice President, The Chase National Bank of the City of New York, New York, N. Y.
- HORACE K. CORBIN, President, Fidelity Union Trust Company, Newark, N. J.
- CHARLES H. DIFENDORF, President, The Marine Trust Company of Buffalo, Buffalo, N. Y.
- R. E. MCNEILL, Jr., President, Central Hanover Bank and Trust Company, New York, N. Y.
- ARTHUR PHELAN, Vice President, Federal Reserve Bank of New York, New York, N. Y.

The Program for Voluntary Credit Restraint was sent to you under date of March 9, 1951, by the Chairman of the Board of Governors of the Federal Reserve System. We expect to furnish you with additional material from time to time.

As the Program is entirely voluntary, the primary function of this Committee will be to serve the banks in the Second Federal Reserve District in an advisory capacity to aid them in their efforts to observe the principles set forth in the Program governing the extension of credit. The Committee will be glad to help individual banks to resolve questions which they may have as to the appropriateness under the Program of any loan under consideration. To facilitate the work of the Committee, please submit your request for consideration of a specific loan in accordance with the form which is enclosed. Forms should be prepared in triplicate and sent to G. MORGAN BROWNE, Secretary of the Committee, 33 Liberty Street, New York 45, N. Y. Additional copies of the form and of the Program will be furnished by the Secretary upon request.

The Committee has every confidence that all banks in this district will cooperate to the fullest extent to make a success of this Program which is designed to provide credit necessary for the essentials as defined by the Program, both in defense production and in private business, and at the same time to restrain loans outside the scope of the Program which will add to the danger of inflation.

GEORGE WHITNEY,
Chairman.

(Please Submit in Triplicate)

TO SECOND DISTRICT COMMERCIAL BANKING
VOLUNTARY CREDIT RESTRAINT COMMITTEE,
33 Liberty Street, New York 45, N. Y.

(Date)

GENTLEMEN:

The following information, transmitted to you in confidence, refers to an application for a loan which we have received. In your opinion, would the approval of this loan be contrary to the principles of the Voluntary Credit Restraint Program?

Very truly yours,

By _____, _____
(Title)

INFORMATION REGARDING BORROWER
(Do not give name)

Industry _____
Nature of business: (Check) Retail _____ Wholesale _____ Manufacturer _____ Service _____ Other _____
Importance of this borrower and of industry to the Defense Program: _____

INFORMATION REGARDING LOAN REQUESTED

Amount of loan \$ _____ Maturity _____
Purpose of loan: (Check and amplify if necessary)
To increase inventory _____ To retire debt _____
For normal working capital requirements _____ To retire net worth _____
To purchase fixed assets _____ Other (Explain) _____

Plan of loan repayment: _____

Source of funds for loan repayment: (Be as specific as possible) _____

(OVER)

The borrower states that the postponement of borrowing for the foregoing purpose would have the following result:

The Defense Program in our opinion would be affected as follows if the loan is not made:

Other pertinent comments:

(The spaces below for Committee use only)

The loan does not appear to violate the principles of the Voluntary Credit Restraint Program

The loan appears to violate the principles of the Voluntary Credit Restraint Program

Additional committee comments:

(Date)

**SECOND DISTRICT COMMERCIAL BANKING
VOLUNTARY CREDIT RESTRAINT COMMITTEE**

By
Secretary