

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

{ Circular No. 3730
July 5, 1951 }

Offering of \$1,200,000,000 of 91-Day Treasury Bills

Dated July 12, 1951

Maturing October 11, 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, July 5, 1951.

TREASURY DEPARTMENT
Washington

The Secretary of the Treasury, by this public notice, invites tenders for \$1,200,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing July 12, 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 July 12, 1951, and will mature October 11, 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 Daylight Saving time, Monday, July 9, 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 July 12, 1951, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 12, 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 Daylight Saving time, Monday, July 9, 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 July 5, 1951, maturing October 4, 1951)

Total applied for	\$1,821,659,000		
Total accepted	\$1,200,374,000 (includes \$113,293,000 entered on a non-competitive basis and accepted in full at the average price shown below)		
Average price	99.595	Equivalent rate of discount approx. 1.604% per annum	
Range of accepted competitive bids:			
High	99.650	Equivalent rate of discount approx. 1.385% per annum	
Low	99.590	Equivalent rate of discount approx. 1.622% per annum	
(65 percent of the amount bid for at the low price was accepted)			

Federal Reserve District	Total Applied for	Total Accepted
Boston	\$ 11,397,000	\$ 11,222,000
New York	1,394,902,000	811,352,000
Philadelphia	34,309,000	29,309,000
Cleveland	37,833,000	37,833,000
Richmond	17,363,000	16,688,000
Atlanta	10,109,000	10,109,000
Chicago	151,928,000	125,878,000
St. Louis	19,298,000	19,063,000
Minneapolis	9,983,000	9,983,000
Kansas City	37,584,000	37,234,000
Dallas	24,168,000	22,418,000
San Francisco	72,785,000	69,285,000
TOTAL	\$1,821,659,000	\$1,200,374,000

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, except that banks submitting bids on a competitive basis for their own and their customers' accounts may submit one tender for the total amount bid at each price, provided a list is attached showing the name of each bidder, the amount bid for his account, and method of payment. Forms for this purpose will be furnished upon request.

No.

TENDER FOR 91-DAY TREASURY BILLS

Dated July 12, 1951

Maturing October 11, 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 July 5, 1951, as issued by the Secretary of the Treasury, the undersigned offers.....*

(Rate per 100)

for a total amount of \$.....
(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 July 5, 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 July 12, 1951, and are to mature on October 11, 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)

IMPORTANT INSTRUCTIONS:

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

FEDERAL RESERVE BANK
OF NEW YORK

NEW YORK 45, N. Y.

July 2, 1951

DANGEROUS COUNTERFEIT FEDERAL RESERVE NOTES

To all Banks in the
Second Federal Reserve District:

Counterfeit Federal Reserve notes in the \$10 and \$20 denominations are again appearing in the Second Federal Reserve District, and have been detected in considerable volume in the New York metropolitan area. These notes, which first appeared several years ago, are of good workmanship and are not easily detected. Your tellers and customers should be warned to scrutinize such Federal Reserve notes.

The United States Secret Service describes the counterfeits that are now appearing as follows:

COUNTERFEITS APPEARING AS FEDERAL RESERVE BANK OF DALLAS (K) ISSUE

\$10 Denomination

Lack of proper shading in Hamilton portrait makes the lower lip very indefinite. Treasury seal and serial numbers are printed in bright green and the numerals are unlike the genuine in design. Round dots instead of 5-pointed stars appear between the abbreviated words around the border of the seal, and the stem of the key appears to be thicker than the genuine. The notes bear facsimile signatures of W. A. Julian and John W. Snyder. Serial number varies.

Check letter and face plate number--J 16 Back plate number--9 or 1219

\$20 Denomination

Red ink lines have been drawn on face of note only, to simulate the genuine colored fibres. White areas appear at the top and at the left of Jackson's hair, due to omission of etched lines. A tiny black vertical line appears just above the bridge of Jackson's nose. Treasury seal and serial numbers are in bright green. In the row of four dots appearing just above the key in the seal, the dot at extreme right touches the key handle. In the genuine it does not touch. The notes bear facsimile signatures of W. A. Julian and John W. Snyder. Serial number varies.

Check letter and face plate number--J 16 Back plate number--488

COUNTERFEITS APPEARING AS FEDERAL RESERVE BANK OF SAN FRANCISCO (L) ISSUE

\$10 Denomination

The edges of the Hamilton portrait are ragged against the dark crossruled background, especially where the lines of the hair fail to meet the background. In the Treasury seal the center dot is missing in the second row of dots above the key. The seal has such a faded appearance that it is difficult to distinguish other characteristics. The back of the note is printed in dull green and the sky effect is so faint as to be barely visible. The notes bear facsimile signatures of W.A. Julian and John W. Snyder. Serial number varies.

Check letter and face plate number--J 100
Back plate number--7, 12, 207, or 1207

\$20 Denomination

A few red lines have been drawn on the face only to simulate the genuine colored fibres. White areas appear at the top and at the left of Jackson's hair, due to omission of etched lines. The Treasury seal and serial numbers are in bright green. A tiny black vertical line appears just above the bridge of Jackson's nose. On the back of the note several curly hair lines are visible in the sky shading. The notes bear facsimile signatures of W.A. Julian and John W. Snyder. Serial number varies.

Check letter and face plate number--J 100 Back plate number--88

COUNTERFEITS APPEARING AS FEDERAL RESERVE BANK OF RICHMOND (E) ISSUE

\$20 Denomination

In the Jackson portrait, missing hair lines give the head an unnaturally white appearance at the top and left. Treasury seal and serial numbers are in a very faded light green. The notes bear facsimile signatures of W.A. Julian and John W. Snyder. There are small but noticeable breaks at extreme left of the fine line underscoring the facsimile signature of W.A. Julian, and in the inner hairline border of the scroll immediately below the underscoring. Serial number varies.

Check letter and face plate number--F 28
Back plate number--59, 88, or 1289

All counterfeit money received from any source should be forwarded to the nearest office of the United States Secret Service, rather than to Washington, D. C. The Secret Service has offices in Room 917, Federal Office Building, 90 Church Street, New York 7, N. Y.; in the United States Court House, Buffalo 1, New York; in the Post Office Building, Utica 1, New York; and at 1060 Broad Street, Newark 1, New Jersey.

Additional copies of this letter will be furnished upon request.

ALLAN SPROUL,

President.

**NEW YORK-NEW JERSEY MUTUAL SAVINGS BANK
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.**

July 3, 1951.

*To the Chief Executive Officer of each Mutual Savings Bank
in the States of New York and New Jersey:*

The national Voluntary Credit Restraint Committee has approved the establishment of regional committees to consult with and advise mutual savings banks in their respective territories concerning the application of the Statement of Principles of the Program to specific loan inquiries. Similar committees heretofore have been announced for commercial banks, insurance companies, investment bankers, and savings and loan associations.

The New York-New Jersey Mutual Savings Bank Voluntary Credit Restraint Committee is the regional committee representing mutual savings banks in the States of New York and New Jersey. The members of the Committee are as follows:

- JOSEPH A. KAISER, *Chairman*,
Executive Vice President, The Williamsburgh Savings Bank, Brooklyn, N. Y.
- RANDOLPH H. BROWNELL, President, Union Square Savings Bank, New York, N. Y.
- RAYMOND F. EISENHARDT, Vice President, The Buffalo Savings Bank, Buffalo, N. Y.
- NORMAN P. MCGRORY, Vice President, The Howard Savings Institution, Newark, N. J.
- ARTHUR PHELAN, Vice President, Federal Reserve Bank of New York, New York, N. Y.
- WILLIAM F. TREIBER, Vice President, Federal Reserve Bank of New York, New York, N. Y.
(Alternate for Mr. Phelan)

The Program for Voluntary Credit Restraint, dated March 9, 1951, and the four bulletins issued thereafter by the national Voluntary Credit Restraint Committee have already been sent to you. We expect to furnish you with additional material from time to time. The basic purpose of the Program is to provide credit necessary to sustain essential production and services, and at the same time to restrain financing which will add to inflationary pressures.

As the Program is entirely voluntary, the primary function of this Committee will be to serve the mutual savings banks in New York and New Jersey 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 mutual savings banks to resolve questions which they may have as to the appropriateness under the Program of any loan under consideration. A meeting of the Committee will be held shortly to appoint a secretary and to devise a form of application, copies of which will be forwarded to you, for use in sub-

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mitting to the Committee for consideration the details of any specific loan for the purpose of determining whether the loan conforms to the Program. If, in the interim, you wish the Committee to consider any specific loan about which you may have any doubt, please submit complete details of the loan, without naming the borrower, to G. MORGAN BROWNE, 33 Liberty Street, New York 45, N. Y.

The Committee has every confidence that all mutual savings banks in the States of New York and New Jersey 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.

JOSEPH A. KAISER,
Chairman.