

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 6625]
October 23, 1970]

Refunding of Treasury Notes Maturing November 15, 1970

To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:

The subscription books are open until 8 p.m., Thursday, October 29, for an offering of —

7¼ percent Treasury Notes of Series D-1974, at par, dated and bearing interest from November 15, 1970, maturing May 15, 1974, and

An additional amount of 7½ percent Treasury Notes of Series C-1976, dated October 1, 1969, maturing August 15, 1976, at 100.50 and accrued interest from August 15 to November 15, 1970

in exchange for 5 percent Treasury Notes of Series A-1970, maturing November 15, 1970, as set forth in Treasury Department Circulars Nos. 10-70 and 11-70, Public Debt Series, both dated October 23, 1970; a copy of each is printed on the following pages.

Subscription books for this offering will be open until 8 p.m., Thursday, October 29. To be timely subscriptions must be received at this Bank or its Buffalo Branch by such time, except that subscriptions postmarked before midnight Wednesday, October 28, will be deemed timely. Subscribers who intend to mail their subscriptions should note that subscriptions placed in a post office or mail box before midnight Wednesday, October 28, may not receive a *timely postmark*. Banks need submit by the closing hour only the total amount of customers' subscriptions for each new issue, provided that the usual detailed information for such subscriptions is furnished to this Bank or its Branch by the close of business, 3 p.m., Friday, October 30.

Coupons dated November 15, 1970 on the notes maturing on that date should be *detached* and cashed when due.

Only banking institutions may submit subscriptions for account of customers. On any subscription for account of an individual of more than \$200,000 for a specific security, the customer's name must be furnished. On subscriptions for \$200,000 or less for a specific security for account of an individual, banking institutions may consolidate the subscriptions and report the total number and amount. On subscriptions of any amount for account of customers other than individuals, their names and locations must be furnished. On subscriptions for account of customers of correspondent banks, the names of such customers and, if not individuals, their locations must be furnished.

Subscribers are required to certify that at the time the subscription is entered the securities surrendered were owned and delivery was accepted by the subscriber, or that such securities were contracted for purchase for value by the subscriber for delivery to the subscriber prior to the closing of the subscription books.

Cash subscriptions will *not* be received.

ALFRED HAYES,
President.

UNITED STATES OF AMERICA
7¼ PERCENT TREASURY NOTES OF SERIES D-1974

Dated and bearing interest from November 15, 1970

Due May 15, 1974

TREASURY DEPARTMENT,

Office of the Secretary,

Washington, October 23, 1970

DEPARTMENT CIRCULAR
Public Debt Series — No. 10-70

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers notes of the United States, designated 7¼ percent Treasury Notes of Series D-1974, at par, in exchange for 5 percent Treasury Notes of Series A-1970 maturing November 15, 1970. The amount of this offering will be limited to the amount of eligible notes tendered in exchange. The books will be open until 8:00 p.m., local time, October 29, 1970 for the receipt of subscriptions.

2. In addition, holders of the 5 percent Treasury Notes of Series A-1970 are offered the privilege of exchanging all or any part of them for 7½ percent Treasury Notes of Series C-1976, which offering is set forth in Department Circular, Public Debt Series — No. 11-70, issued simultaneously with this circular.

II. DESCRIPTION OF NOTES

1. The notes will be dated November 15, 1970, and will bear interest from that date at the rate of 7¼ percent per annum, payable semiannually on May 15 and November 15 in each year until the principal amount becomes payable. They will mature May 15, 1974, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. Provision will be made for the interchange of notes of different denominations

and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.

5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions accepting the offer made by this circular will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D.C. 20220. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. Under the Second Liberty Bond Act, as amended, the Secretary of the Treasury has the authority to reject or reduce any subscription, and to allot less than the amount of notes applied for when he deems it to be in the public interest; and any action he may take in these respects shall be final. Subject to the exercise of that authority, all subscriptions will be allotted in full.

IV. PAYMENT

1. Payment for the face amount of notes allotted hereunder must be made on or before November 16, 1970, or on later allotment, and may be made only in a like face amount of 5 percent Treasury Notes of Series A-1970, which should accompany the subscription. Payment will not be deemed to have been completed where registered notes are requested if the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service (an individual's social security number or an employer identification number) is not furnished. When payment is made with notes in bearer form, coupons dated November 15, 1970, should be *detached* and cashed when due. When payment is made with registered notes, the final interest due on November 15, 1970, will be paid by issue of interest checks in regular course to holders of record on October 15, 1970, the date the transfer books closed.

V. ASSIGNMENT OF REGISTERED NOTES

1. Registered notes tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, in one of the forms hereafter set forth, and thereafter should be surrendered with the subscription to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, D. C. 20220. The maturing notes must be delivered at the expense and risk of the holder. If the new notes are desired registered in the same name as the notes surrendered, the assignment should be to "The Secretary of the Treasury for exchange for 7¼ percent Treasury Notes of Series D-1974"; if the new notes are desired registered in another name, the assignment should be to "The Secretary of the Treasury for exchange for 7¼ percent Treasury Notes of Series D-1974 in the name of"; if new notes in coupon form are desired, the assignment should be to "The Secretary of the

Treasury for exchange for 7¼ percent Treasury Notes of Series D-1974 in coupon form to be delivered to

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

DAVID M. KENNEDY,
Secretary of the Treasury.

UNITED STATES OF AMERICA

7½ PERCENT TREASURY NOTES OF SERIES C-1976

Dated October 1, 1969 with interest from November 15, 1970

Due August 15, 1976

DEPARTMENT CIRCULAR
Public Debt Series — No. 11-70

TREASURY DEPARTMENT,

Office of the Secretary,

Washington, October 23, 1970

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers notes of the United States, designated 7½ percent Treasury Notes of Series C-1976, at 100.50 percent of their face value and accrued interest, in exchange for 5 percent Treasury Notes of Series A-1970 maturing November 15, 1970. The amount of this offering will be limited to the amount of eligible notes tendered in exchange. The books will be open until 8:00 p.m., local time, October 29, 1970 for the receipt of subscriptions.

2. In addition, holders of the 5 percent Treasury Notes of Series A-1970 are offered the privilege of exchanging all or any part of them for 7¼ percent Treasury Notes of Series D-1974, which offering is set forth in Department Circular Public Debt Series — No. 10-70, issued simultaneously with this circular.

II. DESCRIPTION OF NOTES

1. The notes now offered will be identical in all respects with the 7½ percent Treasury Notes of Series C-1976 issued pursuant to Department Circular Public Debt Series — No. 8-69, except that interest will accrue from November 15, 1970. With this exception the notes are described in the following quotation from Department Circular No. 8-69:

"1. The notes will be dated October 1, 1969, and will bear interest from that date at the rate of 7½ percent per annum, payable on a semiannual basis on February 15 and August 15, 1970, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature August 15, 1976, and will not be

subject to call for redemption prior to maturity.

- "2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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.
- "3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.
- "4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$1,000,000, \$100,000,000 and \$500,000,000. Provision will be made for the interchange of notes of different denominations and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.
- "5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes."

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions accepting the offer made by this circular will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D.C. 20220. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. Under the Second Liberty Bond Act, as amended, the Secretary of the Treasury has the authority to reject or reduce any subscription, and to allot less than the amount of notes applied for when he deems it to be in the public interest; and any action he may take in these respects shall be final. Subject to the exercise of that authority, all subscriptions will be allotted in full.

IV. PAYMENT

1. Payment for the face amount of notes allotted hereunder together with a cash payment of \$23.75 per \$1,000 (\$18.75 per \$1,000 for accrued interest from August 15 to November 15, 1970, and \$5.00 per \$1,000 on account of the issue price of the notes allotted) must be made on or before November 16, 1970, or on later allotment. Payment for the face

amount of the notes allotted may be made only in a like face amount of 5 percent Treasury Notes of Series A-1970 which together with the cash payment referred to in the preceding sentence should accompany the subscription. Payment will not be deemed to have been completed where registered notes are requested if the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service (an individual's social security number or an employer identification number) is not furnished. When payment is made with notes in bearer form, coupons dated November 15, 1970, should be *detached* and cashed when due. When payment is made with registered notes, the final interest due on November 15, 1970, will be paid by issue of interest checks in regular course to holders of record on October 15, 1970, the date the transfer books closed.

V. ASSIGNMENT OF REGISTERED NOTES

1. Registered notes tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, in one of the forms hereafter set forth, and thereafter should be surrendered with the subscription to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, D.C. 20220. The maturing notes must be delivered at the expense and risk of the holder. If the new notes are desired registered in the same name as the notes surrendered, the assignment should be to "The Secretary of the Treasury for exchange for 7½ percent Treasury Notes of Series C-1976"; if the new notes are desired registered in another name, the assignment should be to "The Secretary of the Treasury for exchange for 7½ percent Treasury Notes of Series C-1976 in the name of"; if new notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for exchange for 7½ percent Treasury Notes of Series C-1976 in coupon form to be delivered to"

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

DAVID M. KENNEDY,
Secretary of the Treasury.

DELIVERY INSTRUCTIONS—EXCHANGE SUBSCRIPTION

For United States of America 7¼ Percent Treasury Notes of Series D-1974

Dated November 15, 1970, Due May 15, 1974

BEARER NOTES DESIRED IN EXCHANGE

(Use schedule on reverse side for REGISTERED notes — see Instruction No. 2 above)

Pieces	Denomination	Face amount	<i>(Leave this space blank)</i>
	\$ 1,000		
	5,000		
	10,000		
	100,000		
	1,000,000		
	TOTAL		

Dispose of securities issued as follows:

- 1. Deliver over the counter to the undersigned
- 2. Hold in safekeeping (for member bank only)*
- 3. Hold as collateral for Treasury Tax and Loan Account*
- 4. Ship to the undersigned
- 5. Special instructions:

*If this item is checked, the subscriber certifies that the allotted securities will be owned solely by the subscriber.

(IMPORTANT: No changes in delivery instructions will be accepted. A separate subscription form must be submitted for each group of securities for which different delivery instructions are given.)

The subscription books will be open until 8 p.m., October 29, 1970.

Submitted by (Please print)
 By By
 (Authorized signature(s) required)
 Title, Title
 Address
 (Street, City, State, and Zip Code)

(Spaces below are for the use of the Federal Reserve Bank of New York)

SAFEKEEPING RECORD

Received

Checked
and
delivered

Received from FEDERAL RESERVE BANK OF NEW YORK the above-described United States obligations in the amount subscribed for.

Subscriber

Date By

Schedule for Issue of Registered Notes

(See Instruction No. 2 on page 1)

Name in which notes shall be registered, taxpayer identifying number (Social Security Account Number or Employer Identification Number), and post-office address for interest checks and other mail. <i>(Please print or typewrite)</i>	Amount	(Indicate under appropriate denominations, number of notes desired.)				
		\$1,000	\$5,000	\$10,000	\$100,000	\$1,000,000
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						

(If registered notes are not to be sent to the registered owner, give mailing instructions below.)

Mail registered notes to

EXCHANGE SUBSCRIPTION

For United States of America 7 1/4 Percent Treasury Notes of Series D-1974

Dated November 15, 1970, Due May 15, 1974

Important Instructions. 1. A separate subscription form should be used (a) for listing bearer securities surrendered, (b) for listing registered securities surrendered, and (c) for each group of new securities for which different delivery instructions are given. 2. Separate subscription forms should be used for bearer securities and registered securities desired in exchange. 3. Social Security account numbers or Employer Identification numbers of all subscribers for registered notes must be furnished on the reverse side hereof. 4. Signatures are required on original only; all other filled-in matter should appear in triplicate. 5. Amount of securities surrendered and applied for must be in multiples of \$1,000.

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
New York, N. Y. 10045

Dated at
.....1970

Attention: Government Bond Division

GENTLEMEN:

Subject to the provisions of Treasury Department Circular No. 10-70, Public Debt Series, dated October 23, 1970, the undersigned hereby subscribes, at par, for United States of America 7 1/4 percent Treasury Notes of Series D-1974, in the amount of \$.....* and tenders in payment therefor a like par amount of the securities—

Delivered to you herewith \$.....
To be withdrawn from securities held by you \$.....
To be delivered by \$.....

*(Please fill in on the reverse side the schedule "List of Accounts Included in this Subscription.")

SECURITIES SURRENDERED
(See Instruction No. 1 above)

5% Notes, A-1970 (detach coupons) \$.....

WE HEREBY CERTIFY that at the time this subscription was entered the above-described securities surrendered or to be surrendered in connection with this exchange were owned and delivery was accepted by the subscriber, or such securities were contracted for purchase for value by the subscriber for delivery to the subscriber prior to the closing of the subscription books.

(Do not fill in boxes below)

(Signature(s) required also on Delivery Instructions below)

Table with 3 columns: Received, Checked, Canceled. Header: GOVERNMENT BOND DIVISION

Submitted by (Please print)

By By (Authorized signature(s) required)

Title Title

Tel. No. Address (Street, City, State, and Zip Code)

SECURITY RECORDS "OUT TICKET"

For United States of America 7 $\frac{1}{4}$ Percent Treasury Notes of Series D-1974

Dated November 15, 1970, Due May 15, 1974

BEARER NOTES DESIRED IN EXCHANGE

(Use schedule on reverse side for REGISTERED notes — see Instruction No. 2 above)

Pieces	Denomination	Face amount		<i>(Leave this space blank)</i>
	\$ 1,000			
	5,000			
	10,000			
	100,000			
	1,000,000			
	TOTAL			

Dispose of securities issued as follows:

1. Deliver over the counter to the undersigned
2. Hold in safekeeping (for member bank only)*
3. Hold as collateral for Treasury Tax and Loan Account*
4. Ship to the undersigned
5. Special instructions:

Submitted by

Address
(Street, City, State, and Zip Code)

Schedule for Issue of Registered Notes

(See Instruction No. 2 on page 1)

Name in which notes shall be registered, taxpayer identifying number (Social Security Account Number or Employer Identification Number), and post-office address for interest checks and other mail. <i>(Please print or typewrite)</i>	Amount	(Indicate under appropriate denominations, number of notes desired.)				
		\$1,000	\$5,000	\$10,000	\$100,000	\$1,000,000
Name.....						
Ident. No.....						
Address.....						
<hr/>						
Name.....						
Ident. No.....						
Address.....						
<hr/>						
Name.....						
Ident. No.....						
Address.....						
<hr/>						
Name.....						
Ident. No.....						
Address.....						

(If registered notes are not to be sent to the registered owner, give mailing instructions below.)

Mail registered notes to

EXCHANGE SUBSCRIPTION

For United States of America 7¼ Percent Treasury Notes of Series D-1974

Dated November 15, 1970, Due May 15, 1974

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
New York, N. Y. 10045

Dated at

.....1970

Attention: Government Bond Division

GENTLEMEN:

Subject to the provisions of Treasury Department Circular No. 10-70, Public Debt Series, dated October 23, 1970, the undersigned hereby subscribes, at par, for United States of America 7¼ percent Treasury Notes of Series D-1974, in the amount of \$.....* and tenders in payment therefor a like par amount of the securities—

Delivered to you herewith	\$.....
To be withdrawn from securities held by you	\$.....
To be delivered by	\$.....

*(Please fill in on the reverse side the schedule "List of Accounts Included in this Subscription.")

SECURITIES SURRENDERED

(See Instruction No. 1 above)

5% Notes, A-1970 (detach coupons) \$.....

WE HEREBY CERTIFY that at the time this subscription was entered the above-described securities surrendered or to be surrendered in connection with this exchange were owned and delivery was accepted by the subscriber, or such securities were contracted for purchase for value by the subscriber for delivery to the subscriber prior to the closing of the subscription books.

Submitted by

Tel. No. Address
(Street, City, State, and Zip Code)

NONNEGOTIABLE RECEIPT

Subscription No. _____

To Subscriber:

FEDERAL RESERVE BANK OF NEW YORK, Fiscal Agent of the United States, hereby acknowledges receipt of securities tendered with subscription numbered as above in exchange for

7¼ PERCENT TREASURY NOTES OF SERIES D-1974

Securities allotted on this subscription will be delivered on November 16, 1970, in accordance with your instructions.

Teller
Government Bond Division — Issues & Redemption Section

BEARER NOTES DESIRED IN EXCHANGE

(Use schedule on reverse side for REGISTERED notes — see Instruction No. 2 above)

Pieces	Denomination	Face amount	(Leave this space blank)
	\$ 1,000		
	5,000		
	10,000		
	100,000		
	1,000,000		
	TOTAL		

Dispose of securities issued as follows

- 1. Deliver over the counter to the undersigned
- 2. Hold in safekeeping (for member bank only)*
- 3. Hold as collateral for Treasury Tax and Loan Account
- 4. Ship to the undersigned
- 5. Special instructions:

TO FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States

.....
(Date)

You are hereby authorized to deliver to

.....
(Name of representative)

whose signature appears below,

\$..... par amount
of securities issued pursuant to this subscription.

Name
(Please print)

.....
(Official signature required)

.....
(Signature of authorized representative)

Submitted by

Address

To Subscriber: If securities are to be delivered over the counter at this Bank to your representative, the authority in the box to the left should be executed on the date of delivery.

Schedule for Issue of Registered Notes

(See Instruction No. 2 on page 1)

Name in which notes shall be registered, taxpayer identifying number (Social Security Account Number or Employer Identification Number), and post-office address for interest checks and other mail. <i>(Please print or typewrite)</i>	Amount	(Indicate under appropriate denominations, number of notes desired.)				
		\$1,000	\$5,000	\$10,000	\$100,000	\$1,000,000
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						

(If registered notes are not to be sent to the registered owner, give mailing instructions below.)

Mail registered notes to

EXCHANGE SUBSCRIPTION

For United States of America 7 $\frac{1}{4}$ Percent Treasury Notes of Series D-1974
Dated November 15, 1970, Due May 15, 1974

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
New York, N. Y. 10045

Dated at
.....1970

Attention: Government Bond Division

GENTLEMEN:

Subject to the provisions of Treasury Department Circular No. 10-70, Public Debt Series, dated October 23, 1970, the undersigned hereby subscribes, at par, for United States of America 7 $\frac{1}{4}$ percent Treasury Notes of Series D-1974, in the amount of \$.....* and tenders in payment therefor a like par amount of the securities—

Delivered to you herewith \$
To be withdrawn from securities held by you \$
To be delivered by \$

*(Please fill in on the reverse side the schedule "List of Accounts Included in this Subscription.")

SECURITIES SURRENDERED
(See Instruction No. 1 above)

5% Notes, A-1970 (detach coupons) \$

WE HEREBY CERTIFY that at the time this subscription was entered the above-described securities surrendered or to be surrendered in connection with this exchange were owned and delivery was accepted by the subscriber, or such securities were contracted for purchase for value by the subscriber for delivery to the subscriber prior to the closing of the subscription books.

Submitted by

Tel. No. Address
(Street, City, State, and Zip Code)

DELIVERY INSTRUCTIONS—EXCHANGE SUBSCRIPTION

For United States of America 7½ Percent Treasury Notes of Series C-1976
 Dated October 1, 1969, With Interest from November 15, 1970
 Due August 15, 1976

BEARER NOTES DESIRED IN EXCHANGE

(Use schedule on reverse side for REGISTERED notes — see Instruction No. 2 above)

Pieces	Denomi- nation	Face amount		(Leave this space blank)
	\$ 1,000			
	5,000			
	10,000			
	100,000			
	1,000,000			
	TOTAL			

Dispose of securities issued as follows:

1. Deliver over the counter to the undersigned
2. Hold in safekeeping (for member bank only)*
3. Hold as collateral for Treasury Tax and Loan Account*
4. Ship to the undersigned
5. Special instructions:

*If this item is checked, the subscriber certifies that the allotted securities will be owned solely by the subscriber.

(IMPORTANT: No changes in delivery instructions will be accepted. A separate subscription form must be submitted for each group of securities for which different delivery instructions are given.)

The subscription books will be open until 8 p.m., October 29, 1970.

Submitted by
 (Please print)
 By By
 (Authorized signature(s) required)
 Title Title
 Address
 (Street, City, State, and Zip Code)

(Spaces below are for the use of the Federal Reserve Bank of New York)

SAFEKEEPING RECORD

Received

Checked

Received from FEDERAL RESERVE BANK OF NEW YORK the above-described United States obligations in the amount subscribed for.

Subscriber

Date By

Schedule for Issue of Registered Notes

(See Instruction No. 2 on page 1)

Name in which notes shall be registered, taxpayer identifying number (Social Security Account Number or Employer Identification Number), and post-office address for interest checks and other mail. <i>(Please print or typewrite)</i>	Amount	(Indicate under appropriate denominations, number of notes desired)				
		\$1,000	\$5,000	\$10,000	\$100,000	\$1,000,000
Name.....						
Ident. No.....						
Address.....						
<hr/>						
Name.....						
Ident. No.....						
Address.....						
<hr/>						
Name.....						
Ident. No.....						
Address.....						
<hr/>						
Name.....						
Ident. No.....						
Address.....						

(If registered notes are not to be sent to the registered owner, give mailing instructions below.)

Mail registered notes to

EXCHANGE SUBSCRIPTION

For United States of America 7 1/2 Percent Treasury Notes of Series C-1976
Dated October 1, 1969, With Interest from November 15, 1970
Due August 15, 1976

Important Instructions. 1. A separate subscription form should be used (a) for listing bearer securities surrendered, (b) for listing registered securities surrendered, and (c) for each group of new securities for which different delivery instructions are given. 2. Separate subscription forms should be used for bearer securities and registered securities desired in exchange. 3. Social Security account numbers or Employer Identification numbers of all subscribers for registered notes must be furnished on the reverse side hereof. 4. Signatures are required on original only; all other filled-in matter should appear in triplicate. 5. Amount of securities surrendered and applied for must be in multiples of \$1,000.

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
New York, N. Y. 10045

Dated at
..... 1970

Attention: Government Bond Division

GENTLEMEN:

Subject to the provisions of Treasury Department Circular No. 11-70, Public Debt Series, dated October 23, 1970, the undersigned hereby subscribes, at 100.50 and accrued interest, for United States of America 7 1/2 percent Treasury Notes of Series C-1976, in the amount of \$.....* and tenders in payment therefor a like par amount of the securities—

Delivered to you herewith \$
To be withdrawn from securities held by you \$
To be delivered by \$

*(Please fill in on the reverse side the schedule "List of Accounts Included in this Subscription.")

SECURITIES SURRENDERED

(See Instruction No. 1 above)

5% Notes, A-1970 (detach coupons) \$

Payment by subscriber of \$23.75 per \$1,000 (\$18.75 per \$1,000 for accrued interest and \$5.00 per \$1,000 on issue price) is made as follows:

By check herewith By charge to reserve account

WE HEREBY CERTIFY that at the time this subscription was entered the above-described securities surrendered or to be surrendered in connection with this exchange were owned and delivery was accepted by the subscriber, or such securities were contracted for purchase for value by the subscriber for delivery to the subscriber prior to the closing of the subscription books.

(Do not fill in boxes below)

(Signature(s) required also on Delivery Instructions below)

GOVERNMENT BOND DIVISION		
Received	Checked	Canceled

Submitted by
(Please print)

By By
(Authorized signature(s) required)

Title Title

Address
(Street, City, State, and Zip Code)

SECURITY RECORDS "OUT TICKET"

For United States of America 7½ Percent Treasury Notes of Series C-1976
 Dated October 1, 1969, With Interest from November 15, 1970
 Due August 15, 1976

BEARER NOTES DESIRED IN EXCHANGE

(Use schedule on reverse side for REGISTERED notes — see Instruction No. 2 above)

Pieces	Denomi- nation	Face amount		(Leave this space blank)
	\$ 1,000			
	5,000			
	10,000			
	100,000			
	1,000,000			
	TOTAL			

Dispose of securities issued as follows:

1. Deliver over the counter to the undersigned
2. Hold in safekeeping (for member bank only)*
3. Hold as collateral for Treasury Tax and Loan Account*
4. Ship to the undersigned
5. Special instructions:

Submitted by

Address

(Street, City, State, and Zip Code)

Schedule for Issue of Registered Notes

(See Instruction No. 2 on page 1)

Name in which notes shall be registered, taxpayer identifying number (Social Security Account Number or Employer Identification Number), and post-office address for interest checks and other mail. <i>(Please print or typewrite)</i>	Amount	(Indicate under appropriate denominations, number of notes desired.)				
		\$1,000	\$5,000	\$10,000	\$100,000	\$1,000,000
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						
Name.....						
Ident. No.....						
Address.....						

(If registered notes are not to be sent to the registered owner, give mailing instructions below.)

Mail registered notes to

EXCHANGE SUBSCRIPTION

For United States of America 7½ Percent Treasury Notes of Series C-1976
Dated October 1, 1969, With Interest from November 15, 1970
Due August 15, 1976

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
New York, N. Y. 10045

Dated at
.....1970

Attention: Government Bond Division

GENTLEMEN:

Subject to the provisions of Treasury Department Circular No. 11-70, Public Debt Series, dated October 23, 1970, the undersigned hereby subscribes, at 100.50 and accrued interest, for United States of America 7½ percent Treasury Notes of Series C-1976, in the amount of \$.....* and tenders in payment therefor a like par amount of the securities—

Delivered to you herewith \$
To be withdrawn from securities held by you \$
To be delivered by \$

*(Please fill in on the reverse side the schedule "List of Accounts Included in this Subscription.")

SECURITIES SURRENDERED

(See Instruction No. 1 above)

5% Notes, A-1970 (detach coupons) \$

Payment by subscriber of \$23.75 per \$1,000 (\$18.75 per \$1,000 for accrued interest and \$5.00 per \$1,000 on issue price) is made as follows:

By check herewith By charge to reserve account

WE HEREBY CERTIFY that at the time this subscription was entered the above-described securities surrendered or to be surrendered in connection with this exchange were owned and delivery was accepted by the subscriber, or such securities were contracted for purchase for value by the subscriber for delivery to the subscriber prior to the closing of the subscription books.

Submitted by

Tel. No. Address
(Street, City, State, and Zip Code)

NONNEGOTIABLE RECEIPT

Subscription No. _____

To Subscriber:

FEDERAL RESERVE BANK OF NEW YORK, Fiscal Agent of the United States, hereby acknowledges receipt of securities tendered with subscription numbered as above in exchange for

7½ PERCENT TREASURY NOTES OF SERIES C-1976, ADDITIONAL ISSUE

Securities allotted on this subscription will be delivered on November 16, 1970, in accordance with your instructions.

Teller
Government Bond Division — Issues & Redemption Section

BEARER NOTES DESIRED IN EXCHANGE

(Use schedule on reverse side for REGISTERED notes — see Instruction No. 2 above)

Pieces	Denomination	Face amount	<i>(Leave this space blank)</i>
	\$ 1,000		
	5,000		
	10,000		
	100,000		
	1,000,000		
	TOTAL		

Dispose of securities issued as follows:

- 1. Deliver over the counter to the undersigned
- 2. Hold in safekeeping (for member bank only)*
- 3. Hold as collateral for Treasury Tax and Loan Account*
- 4. Ship to the undersigned
- 5. Special instructions: _____

TO FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States

.....
(Date)

You are hereby authorized to deliver to

.....
(Name of representative)

whose signature appears below,

\$..... par amount
of securities issued pursuant to this subscription.

Name
(Please print)

.....
(Official signature required)

.....
(Signature of authorized representative)

Submitted by

Address

To Subscriber: If securities are to be delivered over the counter at this Bank to your representative, the authority in the box to the left should be executed on the date of delivery.

Schedule for Issue of Registered Notes

(See Instruction No. 2 on page 1)

Name in which notes shall be registered, taxpayer identifying number (Social Security Account Number or Employer Identification Number), and post-office address for interest checks and other mail. <i>(Please print or typewrite)</i>	Amount	(Indicate under appropriate denominations, number of notes)				
		\$1,000	\$5,000	\$10,000	\$100,000	\$1,000,000
Name.....						
Ident. No.....						
Address.....						
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Name.....						
Ident. No.....						
Address.....						

(If registered notes are not to be sent to the registered owner, give mailing instructions below.)

Mail registered notes to

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EXCHANGE SUBSCRIPTION

For United States of America 7 1/2 Percent Treasury Notes of Series C-1976
Dated October 1, 1969, With Interest from November 15, 1970
Due August 15, 1976

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
New York, N. Y. 10045

Dated at
..... 1970

Attention: Government Bond Division

GENTLEMEN:

subject to the provisions of Treasury Department Circular No. 11-70, Public Debt Series, dated
October 23, 1970, the undersigned hereby subscribes, at 100.50 and accrued interest, for United States of
America 7 1/2 percent Treasury Notes of Series C-1976, in the amount of \$.....* and tenders
payment therefor a like par amount of the securities—

Delivered to you herewith \$
To be withdrawn from securities held by you \$
To be delivered by \$

*(Please fill in on the reverse side the schedule "List of Accounts Included in this Subscription.")

SECURITIES SURRENDERED
(See Instruction No. 1 above)

% Notes, A-1970 (detach coupons) \$

Payment by subscriber of \$23.75 per \$1,000 (\$18.75 per \$1,000 for accrued interest and \$5.00 per \$1,000 on issue price) is
made as follows:

By check herewith By charge to reserve account

WE HEREBY CERTIFY that at the time this subscription was entered the above-described securities
surrendered or to be surrendered in connection with this exchange were owned and delivery was accepted
by the subscriber, or such securities were contracted for purchase for value by the subscriber for delivery to
the subscriber prior to the closing of the subscription books.

Submitted by

Tel. No. Address
(Street, City, State, and Zip Code)



CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

October 26, 1970

TO THE CHIEF EXECUTIVE OFFICER OF EACH MEMBER STATE BANK:

I would like to bring to your attention the following views expressed by the Assistant Attorney General in charge of the Criminal Division of the Department of Justice in a letter to the Comptroller of the Currency with respect to the use of interbank deposits as compensating balances for loans to individuals connected with the depositing bank:

"Reference is made to the conversations which representatives of the Criminal Division have had with you and members of your staff concerning the practice of bank officials utilizing the correspondent accounts of their banks for the purpose of compensating lending banks for loans granted to these officials. By using these non-interest bearing correspondent accounts in this manner, some borrowing officials have been able to obtain loans at preferential rates and to circumvent other statutes and administrative regulations promulgated for the protection of Federally regulated or insured banks. Since the borrower maintains these balances as a condition of the loan, he is able to utilize the funds and credits of his bank for his own personal benefit.

"Investigation into this area disclosed that this practice is fairly widespread, particularly in certain areas of the country, both in the initial acquisition of a bank and at subsequent times. There are no cases, at the present time, construing this practice as a misapplication under the criminal statutes. We believe, however, that where the facts demonstrate a clear detriment to the bank and a concomitant benefit to its officers this activity would, at a minimum, constitute a breach of the fiduciary duty owed by the officials to the bank and might in certain situations warrant prosecutive action.

"In light of the foregoing, your office, together with the Federal Deposit Insurance Corporation, the Federal Reserve Board, and the Federal Home Loan Bank Board, may wish to consider advising the banking industry of our view that the above practice might constitute a violation of Federal criminal statutes."

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Arthur F. Burns", is written over the typed name.

Arthur F. Burns