

Reference to 172, 184

FEDERAL RESERVE BANK OF NEW YORK
BOND ISSUE DIVISION
120 BROADWAY

ADDRESS ALL COMMUNICATIONS TO
BOND ISSUE DIVISION

TELEPHONE
RECTOR 5700

April 21, 1919.

VICTORY LIBERTY LOAN

3¾% UNITED STATES OF AMERICA CONVERTIBLE GOLD NOTES
OF 1922 - 1923

4¾% UNITED STATES OF AMERICA CONVERTIBLE GOLD NOTES
OF 1922 - 1923

THIS CIRCULAR CONTAINS NECESSARY INFORMATION FOR BANKS IN CONNECTION WITH THE VICTORY LIBERTY LOAN.

ALL OFFICERS AND EMPLOYEES IN YOUR BANK HANDLING LIBERTY LOAN WORK SHOULD HAVE AN OPPORTUNITY TO FAMILIARIZE THEMSELVES WITH THESE INSTRUCTIONS AND BE GOVERNED ACCORDINGLY.

ADDITIONAL COPIES WILL BE FURNISHED UPON REQUEST.

TO THE BANKS AND TRUST COMPANIES IN DISTRICT No. 2:

DESCRIPTION OF NOTES

These issues of notes are authorized by an Act of Congress approved March 3, 1919, and are offered for subscription in Treasury Department Circular No. 138, dated April 21, 1919, to which reference is made for more detailed information.

The notes will be dated and bear interest from May 20, 1919, and will mature on May 20, 1923.

Interest will be payable on December 15, 1919 and thereafter semi-annually on June 15th and December 15th, and at maturity.

The notes are redeemable at the option of the United States at par and accrued interest on June 15 or December 15, 1922.

The campaign for subscriptions opens April 21, 1919 and closes at the close of business May 10, 1919.

DENOMINATIONS

Coupon notes \$50, \$100, \$500, \$1,000, \$5,000, \$10,000.

Registered notes \$50, \$100, \$500, \$1,000, \$5,000, \$10,000, \$50,000, \$100,000. (Registered notes will have coupons attached for interest payable December 15, 1919).

CONVERSION PRIVILEGE

4¾% notes will be convertible at the option of the holder into 3¾% three/four year convertible gold notes, and in like manner the 3¾% notes will be convertible into the 4¾% three/four year convertible gold notes.

All conversions will be made with adjustment in respect of accrued interest but otherwise without any charge by the United States, and the privilege of conversion continues throughout the life of the notes or until date of redemption (if called for redemption before maturity) subject to such rules and regulations as may be prescribed by the Secretary of the Treasury. It may be, due to the pressure of making initial deliveries, that notes will not be receivable for conversion before July 15th.

DAILY REPORTS DURING THE CAMPAIGN

Postal card reports, Form 1, have been sent to all banks for use in reporting subscriptions daily during the campaign.

It is very essential that banks mail a card each night giving the amount of their subscriptions, the number of subscribers for the day and the totals to date, and it is equally essential that a card be mailed even though there are no new subscriptions to report. The proper tabulation of the subscription figures from day to day is dependent upon this being done.

No other reports will be required until after the close of the campaign.

Any bank placing its subscription with another bank and not direct with the Federal Reserve Bank of New York, should not use the postal card, nor send us reports of any kind as to the amount of its subscriptions, as to do so would result in a duplication. If banks intending to place their subscriptions through other banks advise us to that effect, it will be appreciated.

The Treasury Department requests that banks retain individual subscription data in their files in such manner that names, addresses, and amounts of subscriptions filed through them can be furnished if requested.

FINAL REPORT OF SUBSCRIPTIONS

Final report, Form 2, of subscriptions received by your bank must be in our hands before the close of business May 20, 1919 accompanied by the required payment. Forms will be sent you before that date which will provide for reporting the number of subscribers, the amount of each subscription, and the total of your subscriptions in the following manner:

Class A \$50 to \$10,000 inclusive
Above \$10,000 in detail.

In order that we may be able to give you proper quota credit for your entire subscription and number of subscribers, provision will be made for reporting on this form the number of subscribers and amount of subscriptions represented by your applications previously filed by you with the Federal Reserve Bank of New York for notes purchased for cash sales during the campaign.

Final report, Form 2, must be accompanied by the initial payment of 10% of the amount of such report or payment in full may be made for all or any subscriptions between \$50 and \$10,000. Forms will be provided for requisitioning either coupon or registered 3¾% or 4¾% notes for subscriptions of from \$50 to \$10,000 which have been paid in full on May 20, 1919.

PAYMENTS

Payments on account of subscriptions are due as follows:

10% with subscription (to be remitted by banks with final report, Form 2, which must be in our hands before the close of business May 20, 1919).

10% July 15, 1919.

20% August 12, 1919.

20% September 9, 1919.

20% October 7, 1919.

20% November 11, 1919.

Full payment may be made on May 20, 1919 for all or any subscription up to and including \$10,000.

Payment in full for separate subscriptions over \$10,000 may be completed after allotment, on a day probably not earlier than June 3, 1919, nor later than June 17, 1919, to be announced in the notice of allotment, with accrued interest from May 20, 1919, to date of payment, or on any of the instalment dates with accrued interest from May 20, 1919, on all instalment payments made subsequent to May 20, 1919.

In the case of a partial allotment of subscription over \$10,000 the excess of the 10% payment will be applied upon the next instalment or instalments and no accrued interest will be charged on the amount so applied.

HOW PAYMENTS MAY BE MADE

Payments of all instalments (including the initial 10%) or payment in full may be made as follows:

1. By **Advice of Credit** on the books of incorporated banks or trust companies which have qualified as depositaries.

2. By **Treasury Certificates of Indebtedness**: payment of the the first instalment of 10% or full payment on May 20, may be made in United States Treasury Certificates of Indebtedness of Series V of any issue not previously matured, but not in Certificates of Tax Series of 1919. Payment on other instalment dates may be made in United States Certificates of Indebtedness of the issues, if any, maturing or called for redemption on said instalment dates, respectively. Such Certificates must not be presented in amounts larger than the amount to be paid. Certificates used to make payment for subscriptions will bear interest to the date of such payment and in the case of Certificates used to make the initial 10% payment or full payment on or before May 20, will draw interest until that date. Certificates will be received at their face amount. Interest will be remitted to you as a separate transaction.

3. By **cash or bank draft** (New York Funds).

4. By **payment through another bank** or banks. A bank instructing another bank or banks to make payment in this manner should send report Form 2, direct to the Federal Reserve Bank indicating in spaces provided by whom such payments will be made.

DELIVERY OF NOTES FULL PAID MAY 20

For that part of your subscription between \$50 and \$10,000 which is not subject to allotment and for which you make payment in full on May 20, either 3¾% or 4¾% coupon or registered notes will be delivered as soon as possible.

The delivery of registered notes cannot of course be made as expeditiously as of coupon notes, but the Treasury Department informs us that registered notes of the Victory Loan will be delivered promptly. The Treasury Department strongly advises subscribers to request registered notes in order to protect themselves against the risk of loss, theft and destruction of their notes. Coupon notes cannot be exchanged for registered notes until the original registration is complete.

DELIVERY OF NOTES FULL PAID DURING THE CAMPAIGN

Notes of the 4¾% issue only will be available for delivery to subscribers who make payment in full in cash before May 10, 1919. They are of course convertible into 3¾% notes, but such conversion will probably not be physically possible before July 15th. These notes may be obtained by banks upon filing application on Form (L & C 182) provided, and payment for these notes may be made in the following ways:

By **Advice of Credit** by properly designated depositaries (using Form G. D. 10).

By **Certificates of Indebtedness** (Series 5 A maturing May 6, 1919 and Series 5 B maturing May 20, 1919 only).

By **cash or bank draft** (New York Funds).

Banks desiring to obtain the notes the same day payment is made, must pay either by **Advice of Credit**, check on the Federal Reserve Bank or cash.

CORRESPONDENCE

In order that all inquiries concerning Liberty Loans may receive proper attention, we wish to emphasize the importance of mentioning the name of the loan and the rate of interest in your letter.

In corresponding about Liberty Loans, it will be appreciated if a separate letter is written concerning each issue.

In replying to letters referring to payments or delivery of notes, please mention reference number or initials, and address to Federal Reserve Bank of New York, Bond Issue Division, P. O. Box 58, New York City.

Very truly yours,

L. F. SAILER,

Deputy Governor.