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SHERMAN P. ALLEN, ASST. SECRETARY
AND FINANCIAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

November 8, 1917.

Dear Sir:

Under an Act of Congress, passed September 24, 1917, provision was made for the issuance by the Secretary of the Treasury of two billions of war savings certificates in small denominations, payments for which were to be evidenced by stamps. The Secretary of the Treasury was given a wide latitude and discretion in making the arrangements for the issuance and sale of these war savings certificates.

Under the terms of this Act, the Secretary of the Treasury has appointed a Committee to organize the work of selling these war savings certificates and has named Mr. Frank A. Vanderlip, President of the National City Bank of New York, as Chairman, and Mr. Delano of this Board as one of the members, (for full list of Committee see page 730 of the October Bulletin).

The plans thus far developed are stated in considerable detail in Treasury Department Circular of November, 1917, a copy of which is inclosed herewith; but in addition to the information therein contained, it is proper to explain that the Secretary of the Treasury will desire to employ the Federal Reserve Banks as Fiscal Agents for the Government distribution of these certificates.

It is not expected that this will throw any large amount of additional labor on the Federal Reserve Banks for the reason that it is thought that the sale of cumulative \$5.00 certificates will, to a very great extent do away with the necessity of the selling of "baby" bonds in denominations of \$50.00, and also take the place very largely of the part-payment plan of selling bonds. The main object is that the Federal Reserve Banks shall serve as centers of distribution and supply for these war savings certificates stamps, literature, etc., and it is the thought of the Board that the Federal Reserve Banks can readily utilize a part of their Liberty Loan bond facilities for handling the new certificates. This will be especially possible for the reason that the brunt of the campaign for the selling of the war savings certificates will come in December and January in the interim between the major campaigns for selling Government bonds.

As will be seen from the Treasury Department Circular already referred to, the Secretary of the Treasury will utilize the post offices for the distribution of the war savings certificates, stamps and literature. Furthermore, through the courtesy of the American Bankers' Association it is expected to interest not only all the national banks but all the State banks in the enterprise. The result will be that while the Federal Reserve Banks will not themselves be expected to take active part in the sale of war savings certificates, it is desired that they shall be the main depots from which banks, large employers of labor, railroads, merchants, manufacturers, and others, who have consented or may hereafter consent to act as selling agents, will receive their supply.

The Federal Reserve Banks as Fiscal Agents of the Government will receive certificates and stamps in suitable pamphlet form and in large consignments and will account for them to the Treasury Department as rapidly as they make sales. It is not the desire of the Board that they shall be called upon to make retail sales, but only that they shall deal in considerable or wholesale quantities in supplying banks, railroads, merchants, manufacturers, and other corporations who may call upon them.

A list of the supplies which will be sent direct to the Federal Reserve Banks is as follows:

1. Form of application for authority to act as authorized "sales agent".
2. An illuminated poster or sign to be given only to duly authorized agencies.
3. A large envelope container for certificates, stamps, etc.
4. The standard war savings certificate blank, size 8" x 11".
5. The envelope container for the certificate blank, size 4" x 8 $\frac{1}{4}$ ".

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6. The war savings certificate stamp (\$5.00 maturity value) in standard packages.
7. The thrift card, to be used chiefly by school children.
8. Twenty-five cent thrift stamps in standard packages, to be used chiefly by school children.

Post offices through which sales of certificate stamps and thrift stamps will largely be made, will make remittances to designated member banks who will in turn remit to the Federal Reserve Bank of their district for the credit of the Treasurer of the United States. These remittances should be accompanied by a deposit slip in triplicate, one copy to be retained by the Federal Reserve Bank, one copy to be sent to the remitting bank and one copy to be sent to the Treasurer of the United States.

You are requested to kindly acknowledge the above, and oblige.

Yours very truly,

Governor.

Inclosure.