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FEDERAL RESERVE BOARD

WASHINGTON

H. PARKER WILLIS, SECRETARY
SHERMAN P. ALLEN, ASST. SECRETARY
AND FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

January 14, 1918.

Dear Sir:

The Board desires to point out the importance of securing a wide and uniform distribution in all of the Federal reserve districts, of Treasury certificates of indebtedness which will be issued pending receipts from the next Liberty Bond issue. The amount to be raised is very large, probably \$300,000,000 per week. Heretofore the banks in the second Federal reserve district have absorbed from 55 to 60 per cent of these certificates, but it is manifestly unfair to expect the banks in a single district to curtail necessary credits in order to enable them to take more than their proportionate share of certificates. The Board hopes, therefore, that your bank will give this matter immediate attention, and would request that, before the next Liberty Bond issue is offered to the public, you effect an organization which will enable you to carry on an effective campaign for the distribution of these certificates in your district. There is no time to be lost in beginning a campaign of this sort for if action should be delayed for a few weeks, it would be too late and nothing could be done until next summer. It is suggested, therefore, that you should inaugurate at once a campaign of education in your district with the view of having your member banks understand the necessity of curtailing nonessential credits, of sorting out and sending in to you gold certificates as well as gold coin, of securing more State banks as members, and of absorbing their proper proportion of these short time Treasury certificates.

A special department of your bank might be organized for this work under the immediate supervision of some prominent banker in your district, of vision and influence, and after your organization has been effected, representative bankers from various parts of your district might be asked to visit you with the view of acquainting themselves with the requirements of the situation, and of devising the best means of meeting them. A definite proportion of certificates might be allotted to each of your banks, and committees formed in each group of the various state banking associations whose duty it would be to correspond with and

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to visit all banks in the group, and to urge upon them the importance of cooperation. It should be pointed out to your member and nonmember banks that by investing in these Treasury certificates of indebtedness, and in placing them with their depositors, they would best insure themselves against undue strain in arranging for payments for subscriptions to the next Liberty Loan issue. The ensuing Bond campaign is going to be a most vigorous one, and special attention will be paid to the country districts. By arousing interest in the sale of Treasury certificates, you will not only render most effective service to the Government in providing for its financial necessities, but you will do a great deal toward preventing expansion of unnecessary credits, and will avoid a strain upon your member banks and upon your own bank which, if not anticipated in this way, might be very embarrassing.

The Board hopes, therefore, that you will take immediate steps to provide an efficient organization for the sale of Treasury certificates in your district, and requests that you inform it of the action that you propose to take.

Very truly yours,

Governor.