

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, April 15, 1941

## To all Banking Institutions in the Eleventh Federal Reserve District:

Through public announcement by Secretary of the Treasury Morgenthau on March 21, you were acquainted with preliminary plans for the issue of three new series of United States Savings Bonds on May 1, as a part of the program for financing the National defense. The enclosed brochure presents in brief summary form the essential characteristics of the three new issues. Defense Savings Bonds of Series E will replace the present Series D savings bonds, and, like those bonds, are intended for the small investor.

Under the provisions of Treasury Department Circular No. 657, copy of which is enclosed, arrangements have been made for the issuance of Defense Savings Bonds, Series E, by qualified banks and other agencies.

The terms of the agency circular outline fully the manner in which issuing agencies may qualify and the duties to be performed by such agencies. For your convenience in making application for such issuing privileges, there is enclosed a blank Application—Pledge Agreement, Form No. 384. The provisions regarding "Designation and Qualifications" will be found in paragraphs 2 and 3 of the circular. Insured banks under Federal Deposit Insurance Corporation will be qualified without collateral upon application for an amount not exceeding \$6,500, maturity value, of bonds of Series E, this being the approximate equivalent in the issue price of the \$5,000 guarantee.

As more fully covered in the circular the principal operations may be summarized as follows:

**Qualification.**—On approval of an Application – Pledge Agreement, this bank will issue a certification of qualification to the issuing agent.

**Blank Bonds.**—A supply of blank bonds of Series E, in registered form only, for issue against payment therefor will be furnished as requisitioned on the enclosed Form No. F.A. 72. Additional requisition forms are enclosed for your requirements.

**Application Forms.**—Individual application forms for Series E bonds, for use at the issuing bank, will be provided in reasonable quantities upon request.

**Instructions for Inscribing Bonds.**—Only Defense Savings Bonds of Series E will be inscribed and issued by qualified banks, and the conditions of their issue will be the same as those for the present Series D savings bonds, which they will replace. A bond may be registered only in the name of a natural person, that is, an individual, with the privilege of naming a co-owner, or a beneficiary, if he desires. Authorized forms of registration will be printed on the application form, and will be incorporated in the offering circular, and in the regulations governing savings bonds (Treasury Department Circular No. 530 (Fourth Revision)). Further and more specific instructions in this respect, and with respect to the preparation of the accounting stubs, will be given the banks that qualify. Suitable dating stamps will be furnished to qualified issuing agencies by this bank.

**Accounting.**—Suitable forms and instructions for transmitting stubs, proceeds of sale of bonds and for maintaining accounts with the Federal Reserve Bank will be supplied to qualified issuing agencies.

**Payment by War Loan Credit.**—It is the present intention of the Treasury Department to issue calls against credits established in connection with the payment received by issuing banks for savings bonds prior to calls against war loan deposits established in the regular way.

Should the amount of your proposed qualification require the pledge of collateral, certification of such qualification, as well as the distribution of the bond stock, will be expedited if you will effect the pledge at the same time the Application - Pledge Agreement is forwarded to this bank. Banks located in branch territories may, if they desire, utilize the custodial facilities of their branch.

The savings bonds of Series F and Series G are intended for the larger investors, and registration is not restricted to individuals. They will be issued only by the Federal Reserve banks, though banks generally may handle applications for their customers. Application forms suitable for use by your bank in forwarding applications for savings bonds of Series F and Series G will be provided in reasonable quantities upon request.

More detailed information regarding all three classes of bonds will be provided in the offering circulars (which will be forwarded to you shortly), in general publicity, and in publications of the American Bankers Association. A copy of Treasury Department Circular No. 530, Fourth Revision, containing regulations governing savings bonds, will be sent you as soon as available. This bank will also gladly answer any questions that may occur to you.

In view of the fact that the inauguration of the sale of these new securities is scheduled for May 1, your prompt consideration of this matter is requested.

Yours very truly,

**R. R. GILBERT**

President

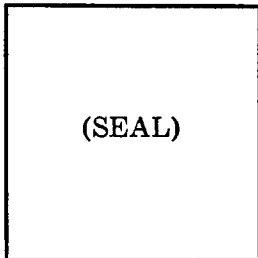
**CERTIFICATION OF POWERS OF STATE CHARTERED MEMBER**

It is hereby certified that the  
organized under the laws of the State of \_\_\_\_\_, possesses authority  
under the laws of that State and under its charter to act as an issuing agent for the sale  
and issue of Defense Savings Bonds Series E under the terms of Treasury Circular No. 657,  
dated April 15, 1941.

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Name of Federal Supervising Agency,  
or agent thereof designated to certify.

By-----  
Signature and title of duly authorized officer.

(Date)-----



**REGULATIONS GOVERNING AGENCIES FOR THE ISSUE OF  
DEFENSE SAVINGS BONDS  
SERIES E**

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1941  
Department Circular No. 657  
Fiscal Service  
Bureau of Accounts  
Division of Deposits

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, April 15, 1941.

**1. AUTHORITY TO DESIGNATE ISSUING AGENTS.**

Section 22 (a) of the Second Liberty Bond Act, as amended by the Public Debt Act of 1941, (Public No. 7, 77th Congress), provides, in part, as follows:

“22 (a). The Secretary of the Treasury, with the approval of the President, is authorized to issue, from time to time, through the Postal Service or otherwise, United States savings bonds \* \* \*.”

**2. DESIGNATION OF ISSUING AGENTS.**

All banks, trust companies and mutual savings banks incorporated by special law or organized under the general laws of the United States, the District of Columbia, or any State, all Federal Savings and Loan Associations and all other members of the Federal Home Loan Bank System, and all instrumentalities of the United States and other agencies which, by the laws of the United States, may be employed to act as fiscal or financial agents of the United States Government, are hereby designated, subject to the provisions of this circular, for employment as issuing agents for the sale and issue of United States Defense Savings Bonds of Series E, issued pursuant to Treasury Department Circular No. 653, dated April 15, 1941. *Provided, however,* That no issuing agent shall perform or make any effort to perform any of the acts included in such employment, or advertise in any manner that it is authorized to perform such acts until it has been duly certified by the Federal Reserve Bank of the district as having qualified so to act.

**3. QUALIFICATION OF ISSUING AGENT.**

(a) Declaration of Intent. Any issuing agent designated hereunder, desiring to qualify for employment as such an agent, shall file an Application and Pledge Agreement on Form No. 384 with the Federal Reserve Bank of the district, and pledge collateral security of the amount and classes and at the rates set forth in subsection (b) hereof; *Provided, however,* That each institution, other than a banking institution, organized under State law will be required to transmit with its Application and Pledge Agreement to qualify hereunder, a certification by the duly designated agent or representative of the appropriate Federal supervising agency to the effect that the institution desiring to qualify possesses appropriate authority under relevant State law and its charter, to act as an issuing agent under the terms of this circular. The amount of the qualification shall be based upon the maturity value of the aggregate amount of Defense Savings Bond stock, Series E, which the issuing agent desires to have on hand at any one time.

(b) Security Required.

(1) Banking institutions which are, and continue to be, insured by the Federal Deposit Insurance Corporation may qualify to obtain an aggregate of Defense Savings Bond stock, Series E, of not more than \$6,500, maturity value, at any one time, without the pledge of collateral security. The amount of \$6,500, maturity value, referred to represents \$4,875, issue price, the latter amount approximating the Federal Deposit Insurance Corporation guaranty. If qualification is desired in excess of \$6,500, maturity value, eligible collateral in the amount of 75 percent of the maturity value of such excess must be pledged.

(2) Designated issuing agents which are not insured by the Federal Deposit Insurance Corporation may qualify to obtain such stock by pledging eligible collateral (except as may be otherwise specifically authorized by the Secretary of the Treasury) in the amount of 75 percent of the approved qualification.

(3) Collateral security eligible for pledge hereunder shall consist of United States bonds or other direct public debt obligations of the United States, or obligations which are unconditionally guaranteed as to both principal and interest by the United States. All of such securities pledged must be in negotiable form and will be accepted at face value.

United States Savings Bonds of any issue registered in the name of the issuing agent pursuant to the provisions of Treasury Department circulars governing the registration thereof will, notwithstanding any provisions of such circulars restricting the pledge thereof, be eligible as collateral security hereunder and will be acceptable at the issue price of such bonds. In all such cases an irrevocable power of attorney shall be executed on behalf of the issuing agent by a duly authorized officer thereof authorizing the Secretary of the Treasury to request payment, and payment of the bond, or bonds, will, if it becomes necessary, be made upon such request at the then appropriate redemption value.

All of the foregoing security shall be pledged under the terms and conditions of the Application and Pledge Agreement, Form No. 384, and all collateral required to be pledged must be delivered to the Federal Reserve Bank of the district or, with the approval of such bank, to any branch thereof, before or upon delivery of the bond stock to the issuing agent.

Upon approval of the Application and Pledge Agreement, the Federal Reserve Bank will issue a certificate of qualification to the issuing agent on Form No. 385. The Federal Reserve Bank, as fiscal agent of the United States, may certify, in whole or in part, the qualification applied for. If the qualification applied for is not certified, appropriate notice thereof will be transmitted to the issuing agent making application.

#### 4. ACCOUNTS, FORMS AND DETAILS OF OPERATION.

(a) Each banking institution qualified as an issuing agent will be required to open and maintain or continue for the account of the Federal Reserve Bank of the district, as fiscal agent of the United States, a separate deposit account for the proceeds of all sales of Defense Savings Bonds, Series E, to be known as the "Series E, Bond Account." Each such issuing agent shall be required to remit the balance of such account or any part thereof and render reports of transactions in accordance with instructions issued directly by the Secretary of the Treasury or through the Federal Reserve Bank of the district, as fiscal agent. All remittances must be made in funds immediately available at the Federal Reserve Bank point.

Any incorporated bank or trust company qualified as a special depository under the provisions of Treasury Circular No. 92, revised February 23, 1932, as supplemented, may be authorized by the Federal Reserve Bank of the district, as fiscal agent, to make payment by credit in the "War Loan Deposit Account" up to any amount for which it shall be qualified in excess of existing deposits.

(b) All other qualified issuing agents, except as they may be otherwise specifically authorized from time to time by the Secretary of the Treasury or the Federal Reserve Bank of the district as fiscal agent, shall remit daily to such Federal Reserve Bank the entire proceeds of sales of Defense Savings Bonds of Series E, received by such issuing agents, and shall render reports of transactions in accordance with instructions issued directly by the Secretary of the Treasury or through the Federal Reserve Bank of the district, as fiscal agent.

(c) Application forms, bond stock, report forms and all regulations and necessary instructions relating thereto will be furnished by the Federal Reserve Bank of the district as fiscal agent to qualified issuing agents.

#### 5. TERMINATION OR MODIFICATION OF THE QUALIFICATION OF ISSUING AGENTS.

The Secretary of the Treasury, or the Federal Reserve Bank of the district as fiscal agent, may modify or terminate the qualification of any issuing agent at any time, without previous demand or notice, and require the immediate surrender of any part, or all of the bond stock, held by such issuing agent for sale to the public and not theretofore issued or sold and any part or all of the proceeds due from such bond stock issued or sold.

Any qualified issuing agent which shall have fully complied with the terms of its employment may at any time request the Federal Reserve Bank of the district to modify or terminate its qualification.

6. MISCELLANEOUS.

No issuing agent shall have authority to sell any Defense Savings Bond hereunder otherwise than as provided in Treasury Department Circular No. 653. Issuing agents must follow all regulations and instructions issued directly by the Secretary of the Treasury or through the Federal Reserve Bank of the district as fiscal agent, covering the sale, issue, inscription and validation of the bonds and the disposition of registration stubs.

Great care must be exercised in the inscription of the bonds, both as to correctness and legibility of the name (or names) in which inscribed, the address (or addresses), the date as of which issued and, finally, the imprint of the dating stamp of the issuing agent.

Nothing herein shall be held to apply to the Post Office Department or the Postal Service.

The provisions of Treasury Department Circular No. 568 dated September 15, 1936 governing the employment of Federal Savings and Loan Associations and Federal Credit Unions as fiscal agents of the United States for the purposes of taking applications and forwarding remittances for, and making delivery of, United States Savings Bonds, for their members, are hereby revoked, effective at the close of business April 30, 1941.

As fiscal agents of the United States, Federal Reserve Banks are authorized to perform any necessary acts under this circular. The Secretary of the Treasury may, at any time, designate issuing agents other than those hereunder designated, the employment of which shall be subject to qualification as herein provided, except as may be otherwise specifically authorized by the Secretary. The Secretary of the Treasury may, at any time, withdraw this circular as a whole, or from time to time supplement or amend any of the terms hereof, or of any amendments or supplements thereto, withdraw from sale, refuse to issue or to permit to be issued, any Defense Savings Bonds, Series E, and refuse to sell or permit to be sold, any such bonds to any person. Information in connection with any of the foregoing will be promptly furnished to issuing agents through the Federal Reserve Banks.

**HENRY MORGENTHAU, JR.,**

*Secretary of the Treasury.*