

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, April 15, 1942

INSTRUCTIONS TO QUALIFIED ISSUING AGENTS OF UNITED STATES SAVINGS BONDS, SERIES E

APPLICABILITY OF THESE INSTRUCTIONS

These instructions apply only to designated issuing agents which are qualified on a consignment basis, either through an Application-Pledge Agreement or an Application-Trust Agreement. Any instructions issued to the applicable agents prior to April 15, 1942, are hereby amended. These instructions do not apply to Corporations or States, Counties, and Municipalities which are qualified on a prepayment basis.

QUALIFICATION OF ISSUING AGENTS

A designated issuing agent may qualify to obtain a stock of Savings Bonds, Series E, by pledging on Form No. 384 eligible collateral or cash in the amount of 75% of the maturity value of the savings bonds consigned, or any designated issuing agent which is insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or any other acceptable State Insurance Corporation, System or Fund, the members of which are subject to Federal or State supervision, examination, and liquidation, may qualify to obtain savings bond stock, Series E, sufficient to meet its requirements without the pledge of collateral security therefor, under the provisions and limitations of Section 3 of Treasury Department Circular No. 657, First Amendment, dated October 2, 1941.

ISSUING BONDS

No issuing agent shall have authority to sell any Savings Bonds, Series E, otherwise than as provided in Treasury Department Circular No. 653.

Care should be exercised in inscribing bonds, ERASURES, ALTERATIONS OR INTERLINEATIONS IN INSCRIPTION ON A BOND ARE NOT PERMITTED. If an error, even though a minor one, is made in the inscription, the bond should be considered spoiled in issue and a new bond issued. All spoiled bonds should have the legend "VOID—SPOILED IN ISSUE" stamped or written in ink across the face. This legend should appear on the Original stub detached therefrom. All spoiled bonds together with the related original stubs should be returned to the Federal Reserve bank with report Form FA-82 for credit to the issuing agent's consignment account.

Individual application Forms PDE 1686 for bonds of Series E will be provided upon request. This form and the duplicate stub should be retained by the issuing agent as a record of the transactions. Issuing agents should indicate on applications for bonds the date of receipt.

Issuing agents should issue bonds in numerical sequence.

The bond and two registration stubs, before separation, should be inscribed in one operation by typewriter, after inserting carbon paper between the bond, the original stub, and the duplicate stub. **Only this method, or by use of addressing equipment, can it be assured that the inscription on all three is absolutely the same.**

The original stubs are prepunched for machine accounting, consequently, they must not be pinned, stapled, punctured on a spindle, or otherwise perforated or cut. The stubs should be kept flat and not folded. They may be held in groups by rubber bands. The left margin of the stub should be removed at the perforation and discarded.

The following steps are necessary in the issuance of the bonds:

(a) Inscribe name(s) and post office address(es) of registered owner (or owners) (or beneficiary) in the space provided on the bond and stubs.

(b) Type issue date (month and year) in the space indicated in the upper right portion of the bond. The issue date should be the first day of the month in which the application, accompanied by remittance, was received by the qualified issuing agent.

(c) Imprint name of issuing agent and actual date of issue (current date) in the space indicated by a circle on the bond and on each stub, using the authentication and date stamp furnished for that purpose.

(d) Notwithstanding the provision for signature on the original and duplicate registration stubs, no signature need be affixed, and a legible imprint of the authentication and date stamp on each stub as provided under (c) above will be accepted as sufficient validation.

IMPORTANCE OF CORRECT INSCRIPTION

It is important that each bond issued be inscribed in the correct legal name(s) of the individual(s) concerned. An erroneous inscription may cause considerable inconvenience, consequently, the instructions herein should be carefully read and followed.

A bond may be registered only in the name of a natural person, that is, an individual, whether adult or minor, with the privilege of naming a coowner or a beneficiary if desired. The full name of the owner and that of the coowner or beneficiary, if any, should be used, except that if there are two given names, the initial of one may be used. The name may be preceded by any applicable title such as "Dr.", "Rev.", etc., and in the case of women must be preceded by "Mrs.", "Miss", or other appropriate title. A married woman's own given name should be used, not that of her husband, for example "Mrs. Mary A. Jones", not "Mrs. Frank B. Jones". A minor, whether or not under legal guardianship, may be named as sole owner, coowner, or beneficiary, except that if the funds used for the purchase of the bonds already belong to the minor he may be named only as owner, without coowner or beneficiary. If a person named in the registration of a bond is under legal disability and a guardian or similar legal representative of his estate has been appointed, or is otherwise legally qualified, the registration should indicate such facts by the additions of appropriate words. Bonds should not be registered in the name of a person under disability for reasons other than minority, unless a legal representative of his estate has been appointed.

In cases where purchasers definitely decline to have their given names used and insist upon the use of their initials only, the Secretary of the Treasury has authorized the issue of United States Savings Bonds with the initials rather than the given names of owners, coowners, or beneficiaries. The notation "purchaser insists on use of initials only", or words to that effect, should be made in the margin of the original stubs of the bonds involved, and if practicable the given name of the owner, coowner, or beneficiary should be so noted.

The following are examples of forms of registration:

ONE PERSON

- (a) In the name of one person, for example:
John A. Jones
715 E. Main Street
Blankville, Texas

TWO PERSONS (AS COOWNERS)

- (b) In the names of two persons (but not more than two), for example:
John A. Jones
or
Mrs. Ella S. Jones
751 E. Main Street
Blankville, Texas

ONE PERSON (WITH ONE BENEFICIARY)

- (c) In the name of one person payable on death to one (but not more than one) designated person, for example:

John A. Jones
651 E. Main Street
Blankville, Texas
Payable on death to
Miss Mary E. Jones
350 S. Clark Street
Blankville, Texas

UNDER LEGAL GUARDIANSHIP

Charles E. Brown, a minor (or an incompetent), under legal guardianship
4630 W. Grand Avenue
Blankville, Texas

ADDRESS

The full post office address of the owner must be included in the inscription.

UNAUTHORIZED REGISTRATION

Bonds of Series E, may not be registered in the names of corporations, unincorporated associations, partnerships, fiduciaries, or in any form other than those given above.

BONDS DELIVERED TO PURCHASERS SUBSEQUENTLY RECALLED OR RETURNED ON ACCOUNT OF ERRORS

In case a bond is spoiled through erroneous inscription or otherwise and the report of sale and settlement covering the issue of such bond has not been made, the erroneous bond may be considered as spoiled in issue and a new bond may be issued in lieu thereof in the same manner as though the error had been detected at time of inscription.

In cases where bonds have been issued to purchasers and the report of sale and settlement has been made to the Federal Reserve Bank of Dallas and subsequently the bonds are recalled or returned on account of:

- (1) Errors in registration (incorrect inscription in names) due to the fault of the purchaser or of the issuing agent; or
- (2) Errors resulting in the issue of improper denominations entirely through the fault of the issuing agent; or
- (3) Errors in issue dates requiring corrections.

such bonds should be forwarded to the Federal Reserve Bank of Dallas, Dallas, Texas, for reissue, accompanied by complete information in each case, and the issuing agent should make appropriate notation in its records to that effect. Such bonds should not be included in any report. The use of an unauthorized form of registration, even though requested by the purchaser, shall be considered an error of the issuing agent within the meaning of this paragraph.

If an error was due entirely to the failure of the issuing agent to follow the purchaser's instructions, no further authority for the correction shall be required. In all other cases the fact that an error was made must be clearly established and, if the correction involves an apparent change of ownership or any interest whatever, the issuing agent should forward full information to the Federal Reserve Bank of Dallas for instructions.

ACCOUNTS AND SETTLEMENT

Bonds are supplied to the agent on a consignment basis only; they are not sold to the agent. A sale does not occur until the agent has received payment in full from a purchaser and issued a bond to him. Bonds should not be reported as sold until payment in full has been received.

Each institution qualified as an issuing agent will open and maintain or continue for the account of the Federal Reserve Bank of Dallas, as Fiscal Agent of the United States, a separate deposit account on their books for the proceeds of all sales of Savings Bonds, of Series E, to be known as "Series E Bond Account". The balance in this account should be remitted to the Federal Reserve Bank of Dallas weekly as of the close of business each Saturday (unless a more frequent remittance is necessary in order to replenish bond stock), and as of the close of business on the last day of each month. Weekly reports need not be submitted if there have been no transactions. The end of the month report and remittance shall include transactions subsequent to those included in the last weekly report, but should be submitted, even though there may have been no transactions since the last weekly report, showing the balance on hand (issue price) under reconciliation.

Form F. A. 82 has been designed for use in reporting sales of Series E bonds and should be submitted with the proceeds of sales at the close of business each week and at the end of every month. Space is provided for listing sales of bonds by denominations and serial numbers. **The original stubs detached from bonds sold must accompany the report** before credit may be passed to the consignment account. The form also provides spaces for listing bonds spoiled in the process of issue and unissued bonds returned for credit to the consignment account. A bond spoiled in issue should not be punched or perforated in any manner by the agent. The legend VOID—SPOILED IN ISSUE should be written or stamped on the face of the bond and original stub. Unissued bonds returned for credit should not be canceled. The reconciliation on each report submitted should be carefully compiled, issue price should be used as the basis of the reconciliation. Even though no sales are reported on the Form FA 82 submitted at the end of the month the balance on hand should be shown under reconciliation.

When the report is submitted the proceeds of sales of Series E bonds should be withdrawn from the "Series E Bond Account" and applied as payment for bonds reported sold. Payment may be made in one of the following forms:

- (a) By charge to the reserve account of a member bank.
- (b) By remittance in funds immediately available, funds not immediately available will be accepted with the understanding that consignment of replacement stock will be withheld until remittances are received in collected funds.
- (c) Any incorporated bank or trust company qualified as a special depository under the provisions of Treasury Department Circular No. 92 may, if authorized by the Federal Reserve Bank, remit by credit in the War Loan Deposit Account covering the proceeds of the sale of the bonds up to any amount for which the bank shall be qualified in excess of existing deposits. Form K, Public Moneys, for reporting proceeds in such cases will be furnished upon request. The form should be executed in duplicate indicating the month of issue of bonds, and should accompany weekly report Form FA 82.

When a bank which has qualified as a depository makes payment for Savings Bonds by credit in its War Loan Deposit Account, it should prepare a separate Form K, Public Moneys, FA-78, for each month of issue, and that form should accompany the report Form F. A. 82.

SAVINGS BOND STOCK

Shipments of Savings Bonds, Series E, will be made on consignment to qualified issuing agents upon their requisition on Form FA-72, within the limitation, in each case, of the amount of the qualification. (Refer to previous caption "Qualification of Issuing Agents".)

Requisitions for additional stock should be submitted when needed. However, when submitting a requisition between regular report dates, if the amount so requisitioned plus stock previously consigned and not accounted for exceeds the amount to which such issuing agent is entitled within the limitation of its qualification, a special report on Form FA-82, accompanied by settlement, should be submitted covering the difference.

In cases where an agent's qualification or collateral is not sufficient to cover a requisition for bonds needed to fill a large sale, the agent may submit a requisition on Form FA-72, together with funds in the amount of the issue price of the bonds. In which cases the funds will be held in a special collateral account, and the bonds shipped to the agent. The original stubs detached from these bonds should be returned on a separate report Form FA-82, with the request that the special collateral be used in payment.

In the event of loss, theft or destruction of blank bonds while in the hands of issuing agents, the Federal Reserve bank should be promptly informed as to denominations and serial numbers of the bonds so lost, stolen or destroyed. The Federal Reserve bank will transmit this information at once to the Division of Loans and Currency, Treasury Department, Washington, D. C., with instructions to place these bonds on the caveat (stop payment) list. Steps will then be taken to establish the proper credit between the issuing agent and the Federal Reserve bank.

If care is exercised in keeping proper records of unissued bonds and promptly notifying the Federal Reserve bank of loss, theft or destruction, there should be no occasion for the issuing agent incurring any loss in cases of this kind. Treasury Department regulations, however, require that issuing agents accord the same care and protection to these blank bonds as they do to securities or valuable documents of their own.

FORWARDING ORIGINAL STUBS, BONDS AND REPORTS

Each report Form FA-82 and remittance together with the related original registration stubs detached from bonds issued, spoiled or canceled bonds, and unissued or excess stock should be forwarded by registered mail to the Federal Reserve Bank of Dallas.

Shipments weighing 8 ounces or less should be dispatched by registered mail at the first-class rate of postage, in addition to the registry fee of 15 cents.

Shipments weighing more than 8 ounces, but not more than 70 pounds, should be dispatched as insured mail, to be treated as registered mail, at the fourth-class (parcel post) rate of postage, in addition to the insurance fee of 15 cents provided:

- 1. The package does not contain securities and matter other than listed above, and the agent's copy of Form FA-82 describing the contents is retained by the agent.**
- 2. The package is securely wrapped and sealed by two responsible employees.**
- 3. Each package weighs more than 8 ounces but not more than 70 pounds.**
- 4. Each package bears the following notation:**

"This article is put up and mailed by authority of the Post Office Department upon repayment of postage at fourth-class (parcel post) rate and insurance fee. It must be recorded and handled as a registered article by postal employees.

**Ramsay S. Black
Third Assistant Postmaster General."**

Gummed address labels Form FA-121 containing the prescribed notation have been prepared and will be supplied upon request.

Remittance in the form of cash or Postal Savings Stamps must be forwarded by registered mail, declared at face value, in order to be covered by Government insurance. **Postal Savings Stamps may be cashed at the local post office in order to save the expense of postage and surcharges.** Stamp albums forwarded for credit must bear an imprint of the agent's dating stamp.

INSURANCE

Shipments of unissued stock, spoiled unissued stock, bonds transmitted for correction of error, original registration stubs, and remittances from proceeds of sales of bonds including cash and Postal Savings Stamps will be covered under Government Losses in Shipment Act, and should not be insured by the agent if prepared in accordance with the regulations.

Issuing agents are cautioned to use due care in preparing shipments and to keep an inventory of the contents of each shipment.

REFUND OF POSTAGE AND REGISTRY FEES

Provision has been made to reimburse issuing agents for postal charges on shipments to the Federal Reserve banks of stubs from United States Savings Bonds of Series E, spoiled or canceled bonds, and unissued or excess stock conditioned on full compliance with instructions as outlined under paragraph "Forwarding Original Stubs, Bonds and Reports."

Reimbursement will be made to the agent for the expense of postage and registry fees incurred in mailing bonds to purchasers on original issue, where it is necessary to ship the bonds. An agent mailing bonds to purchasers should note the following:

- 1. The minimum valuation of \$5.00 should be observed for registration.**
- 2. The shipment will be covered by Government Losses in Shipment Act.**
- 3. The agent should use due care, and should keep an inventory of the contents of all shipments. The shipments should be prepared and sealed by two responsible employees.**

Until further notice bonds may not be forwarded by registered mail at the expense and risk of the United States to addresses outside of the States of the United States and the District of Columbia.

Form FA-103-Rev should be used by the agent to obtain reimbursement of postage and registry fees.

Your cooperation in observing these instructions will materially assist us in handling the large volume of savings bond transactions.

FEDERAL RESERVE BANK OF DALLAS
Fiscal Agent of the United States