

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, August 11, 1947

PAYMENT OF ARMED FORCES LEAVE BONDS

**To All Qualified Paying Agents in the
Eleventh Federal Reserve District:**

The Treasury Department has requested this bank to forward to all paying agents in this district the following information and instructions pertaining to the payment of Armed Forces Leave Bonds:

Circular No. 811

Memorandum of Instructions issued in
conjunction with Circular No. 811

Circular No. 751, Second Revision

Circular No. 793, First Revision

A letter from the Acting Secretary of
the Treasury

In order that paying agents may become thoroughly familiar with the procedure to be followed in making payment of these bonds, it is suggested that the enclosures be read carefully. Particular attention is directed to Section VI, paragraph 10(a) of the Memorandum of Instructions issued in conjunction with Circular No. 811, which emphasizes that agents must not make any payment which in any way effects or assists in effecting the sale, discount, transfer or hypothecation of a bond, and that payment in any form or manner before September 2, 1947, is not authorized under any circumstance. Paying agents have an opportunity to render a public service by paying these bonds as authorized and also a responsibility to see that payment is made only to the veteran whose name is inscribed on the bond.

The act of paying an Armed Forces Leave Bond by an institution qualified as a paying agent for savings bonds will automatically qualify it to act as a paying agent for the Leave Bonds and any paying agent which intends to become a paying agent for Armed Forces Leave Bonds is authorized to announce that fact at any time if it so desires, provided such announcement is in accordance with the provisions of Section II, paragraph 4, of the Memorandum of Instructions.

The procedure for submitting paid Armed Forces Leave Bonds to this bank and a supply of the appropriate transmittal letter will be forwarded to all paying agents prior to September 2. Charts for determining the redemption value of the bonds will also be furnished at that time.

Inasmuch as the payment stamps used in connection with savings bonds are also to be used for Armed Forces Leave Bonds, it is suggested that each agent examine its payment stamps immediately and requisition new stamps, if needed.

Yours very truly,

R. R. GILBERT

President

Regulations and Instructions Governing Payment

of

ARMED FORCES LEAVE BONDS

by

Banks and Other Financial Institutions



FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT OF THE UNITED STATES

August 1, 1947

REGULATIONS GOVERNING PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN CONNECTION WITH THE REDEMPTION OF ARMED FORCES LEAVE BONDS

1947
Department Circular No. 811

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Office of the Secretary
Washington, August 1, 1947

Pursuant to the authority of the Second Liberty Bond Act, as amended, the following regulations are hereby prescribed to govern payments by banks and other financial institutions in connection with the redemption of Armed Forces Leave Bonds.

Subpart A—AUTHORITY TO ACT

Sec. 325.1. **Financial institutions authorized to act.**—Commercial banks, trust companies, savings banks, savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks, and similar financial institutions which (a) are incorporated under Federal Law or under the laws of a State, Territory or Possession of the United States or the District of Columbia; (b) in the usual course of business accept, subject to withdrawal, funds for deposit or the purchase of shares; (c) are under the supervision of the banking department or equivalent authority of the jurisdiction in which incorporated; (d) maintain regular offices for the transaction of their business; and (e) are open daily and observe regular business hours, are eligible to become paying agents of Armed Forces Leave Bonds and, upon qualification in accordance with Section 325.2 hereof, are hereby authorized to make payments in connection with the redemption of Armed Forces Leave Bonds (hereinafter referred to as bonds), subject to the provisions of this circular and any instructions issued hereunder.

Sec. 325.2. **Application and qualification.**—Federal Reserve Banks, as Fiscal Agents of the United States, are authorized to qualify eligible institutions hereunder, and to terminate any such qualification as hereinafter provided. Any financial institution qualified as a paying agent of United States Savings Bonds is authorized hereunder to act as a paying agent of Armed Forces Leave Bonds. The institution will not be required to effect a new formal Application-Agreement for the purpose. The act of payment of an Armed Forces Leave Bond by a qualified paying agent of savings bonds will qualify it as a paying agent of Armed Forces Leave Bonds and will render it subject to the terms and conditions applicable to the payment of such bonds and subject to the same terms and conditions as are set forth in the Application-Agreement entered into by it as a paying agent of savings bonds. Any other eligible institution not now qualified to pay savings bonds but possessing adequate authority under its charter that desires to qualify to make payments in connection with the redemption of the bonds should make application to the Federal Reserve Bank of the Federal Reserve District in which it is located¹ on Application-Agreement Form PD 2125 (see appended Exhibit A), copies of which may be obtained from the appropriate Federal Reserve Bank. If the application is approved, the Federal Reserve Bank will forward to the applicant a Notice of Qualification Form PD 2126 (see appended Exhibit B), establishing that it is qualified to make payments in connection with the redemption of the bonds. If the application is not approved, the applicant will be so advised in writing by the Federal Reserve Bank of the District.

Sec. 325.3. **Termination of an agent's qualification to pay bonds.**—The Secretary of the Treasury or under authority of the Secretary the appropriate Federal Reserve Bank, as Fiscal Agent of the United States, may, by written notice, at any time and without previous demand or notice, terminate the qualification of any paying agent hereunder. A duly qualified paying agent may discontinue making payments at any time upon written notice to the Federal Reserve Bank, and its qualification shall thereupon cease.

Subpart B—GENERAL

Sec. 325.4. **Meaning of terms in this circular.**—For the purpose of this circular, unless otherwise indicated specifically, or by context, the terms:

(a) "Paying agent(s)" or "agent(s)" shall mean any eligible financial institution duly qualified pursuant to the provisions of this circular to make payments in connection with the redemption of

¹For the purpose of this circular, eligible institutions in Puerto Rico, the Virgin Islands and the Canal Zone shall be considered as being within the Second Federal Reserve District and shall make application to the Federal Reserve Bank of New York, and eligible institutions in Alaska, Hawaii and Guam shall be considered as being within the Twelfth Federal Reserve District and shall make application to the Federal Reserve Bank of San Francisco.

Armed Forces Leave Bonds including such branches located within the United States (including its territories and possessions and the Canal Zone) and the Republic of the Philippines, as it may wish to utilize. For the purpose of this circular the term "branches" shall include any bank facilities which may be established with the specific approval of the Treasury Department at army and navy installations and other places.

(b) "Bond(s)" shall include only Armed Forces Leave Bonds unless otherwise indicated specifically or by context.

(c) "Owner(s)" shall mean the living member or former member of the armed forces whose name is inscribed in his or her own right on a bond.

(d) "Federal Reserve Bank" includes each Federal Reserve Bank and any Branch thereof authorized by the parent Federal Reserve Bank to conduct any of the transactions in connection with which the term is used in this circular.

Sec. 325.5. **Reimbursement of agents' costs.**—(a) Each paying agent shall be entitled to receive reimbursement for its service for all bonds paid and accounted for by it during the period from September 1, 1947 through December 31, 1947 at the rate of

15 cents each for the first 1,000 bonds

10 cents each for all over 1,000 bonds

Thereafter the number of Armed Forces Leave Bonds paid will be combined with the number of savings bonds paid in computing reimbursement. In other words, paying agents will be entitled to receive 15 cents each for the first 1,000 Armed Forces Leave Bonds and savings bonds combined paid and accounted for in each calendar quarter, and 10 cents each for all over 1,000 bonds of either kind paid and accounted for in that quarter. Each Federal Reserve Bank is authorized to establish a definite and regular closing time for determining those paid bonds to be considered as **accounted for in a reimbursable period**. Such closing time may be based upon a time that the paid bonds are forwarded to, or received by, the Federal Reserve Bank and shall be uniformly applied throughout the district of such bank. The scale of rates shall be applicable separately to the agent and to each of its branches utilized in making payments under this circular, if the bonds paid by each are separately scheduled and accounted for. The payment of such amount as the agent is entitled to receive shall be made by the Federal Reserve Bank on behalf of the Treasury Department.

(b) Paying agents shall not make any charge whatever to the owners of the bonds in connection with payments hereunder.

Sec. 325.6. **Announcements, etc., of authority to pay bonds.**—Any announcement of or any reference to an agent's authority to pay bonds may be made only in a form or manner or contain such statements or substance as may be approved by the Secretary of the Treasury or, under authority of the Secretary, by the Federal Reserve Bank of the District, as Fiscal Agent of the United States.

Subpart C—SCOPE OF AUTHORITY OF PAYING AGENTS

Sec. 325.7. **General.**—Only one Armed Forces Leave Bond has been or will be issued to any one living member or former member of the armed forces discharged under honorable conditions and otherwise entitled to receive a payment in such form (except for a very few instances where adjustments have been necessary after payment was made). That bond will be inscribed **only** in such member's name. The lowest denomination bond authorized for issuance is \$50 (except for \$25 adjustment bonds) and higher denomination bonds are issued only in multiples of \$25. The bonds are issued pursuant and subject to the terms of Treasury Department Circular No. 793. The bonds are not transferable by sale, exchange, assignment, pledge, hypothecation or otherwise except as they may be assigned to the Administrator of Veterans' Affairs pursuant to the Armed Forces Leave Act of 1946, as amended, and regulations prescribed by that Administrator pursuant thereto. No claims by attempted transferees or by persons loaning money on the security of the bonds will be recognized. By the terms of the Armed Forces Leave Act of 1946, as amended, the bonds are exempt from claims of creditors, including any claim of the United States, and shall not be subject to attachment, levy, or seizure by or under any legal or equitable process whatever. Accordingly, no claims of creditors, assignees for the benefit of creditors, trustees or receivers in bankruptcy or equity will be recognized, and no payment of the bonds to any such persons will be made, either during the lifetime of the person whose name is inscribed on the bond or after his death. Upon the death of an owner of a bond the bond becomes payable only to his survivors as defined in the Armed Forces Leave Act. It is of the utmost importance that payment of the appropriate redemption value of the bonds be made only to and received by the persons entitled and strictly under the terms and conditions of the bonds and applicable regulations.

Sec. 325.8. Payments—to owner named on bond.—Subject to the terms of the bonds and to the provisions of the regulations governing them and the provisions of this circular, an agent may make payment of a bond only to the individual whose name is inscribed as the owner in his own right on the bond: Provided, That such individual presents the bond to the agent for payment and that the individual is known to the agent or establishes his identity to the complete satisfaction of the agent. This authority shall be held to include the payment of bonds to a person whose name as inscribed on the bond has been changed by marriage (but not otherwise). Both names must be shown, for example—“(Miss) Mary T. Jones, now by marriage Mrs. Mary J. Smith.”

Sec. 325.9. Specific limitations of payment authority.—An agent is not authorized to pay a bond:

- (a) If the bond is presented for payment prior to September 2, 1947. Payment in any form or manner to a bond owner before that date is not authorized in any circumstance.
- (b) If the agent does not know or cannot establish to its complete satisfaction the identity of the person requesting payment as the owner of the bond.
- (c) If the owner requesting payment (form for which appears on the back of each bond) does not sign his name in ink exactly as it is inscribed on the face of the bond and show his home or business address. (See also Sec. 325.10 (d).)
- (d) If the bond appears to bear a material irregularity, for example, an altered, illegible, incomplete or unauthorized inscription or issue date; or if a bond appears to be altered, or is mutilated or defaced in such a manner as to create doubt or arouse suspicion with respect to the bond or any essential part thereof.
- (e) If the bond is marked “DUPLICATE.” (An owner of a bond marked “Duplicate” must submit it to the Treasury Department, Division of Loans and Currency, Washington 25, D. C., after completing the request for payment and having it duly certified by an authorized certifying officer.)
- (f) If the owner is deceased, incompetent or under legal guardianship or the owner's name as inscribed on a bond is changed for any reason other than marriage, or if it is known to the agent that the owner has been declared, in accordance with law, incompetent to manage his estate.
- (g) If partial redemption is requested. (Only payment of the entire amount of principal and interest due may be made and under no circumstances will an exchange be permitted for bonds of a lower denomination.)

Attention is directed to Sec. 325.17 hereof for handling bonds of the foregoing classes of cases which may not be paid by agents.

Subpart D—PAYMENT AND ACCOUNTING

Sec. 325.10. Examination of bonds presented for payment.—Before making payment of bonds presented hereunder the agent:

- (a) Shall determine that the person requesting payment as the “owner” (as defined in this circular) is known or his identity is established to the satisfaction of the agent.
- (b) Shall examine the bond and determine that it is a bond which the agent is authorized to pay under the provisions of this circular.
- (c) If the request for payment on the back of the bond is already executed, shall determine that the request is properly signed by the registered owner presenting the bond and that his home or business address is shown.
- (d) If the request for payment on the back of the bond has not been executed or has been improperly executed by the owner presenting the bond, shall require such owner to properly sign the request and show his home or business address.

Sec. 325.11. Certification of requests for payment.—In view of the provisions of this circular governing the payment of the bonds and the requirements as to the data to be endorsed on each bond, under Sec. 325.12, an agent will not be required in the case of any bond paid by it to complete the certification form at the end of the request for payment, nor determine the authenticity of any certification which may appear on the bond at the time it is presented for payment: Provided, however, That each agent submitting paid bonds shall be understood by such submission to have represented and certified that the identity of the owner requesting payment has been duly established by one of its officers or by an employee duly authorized by the agent.

Sec. 325.12. Determination of redemption values and payment of bonds.—The redemption value of a bond is determined according to the number of months that it has been outstanding. The Federal

Reserve Bank of the District will furnish each agent monthly with a table of redemption values from which it will be possible, after determining the month and year of issue of any bond, to establish its current value. After establishing such value, payment thereof to the owner requesting payment shall be made in cash. No objection will be made to an arrangement between the owner and the agent under which the owner accepts in lieu of cash, a credit to his checking, savings or share account with the agent, or a check or similar instrument payable to his order. Each agent shall place in the upper left-hand portion on the face of each bond paid by it the word "PAID," the amount and date of payment and the name, location and code number assigned to the agent by the Federal Reserve Bank. Other data pertinent to the payment procedure of an agent may be included if approved by the Federal Reserve Bank of the District. Each paying agent of savings bonds acting also as a paying agent of Armed Forces Leave Bonds should use the same payment stamp for both activities. The Federal Reserve Bank will furnish any additional rubber stamps necessary for this purpose, or, in lieu thereof, will approve suitable stamps in the possession of or prepared by an agent. The affixation of such data shall be construed by and between the agent and the Treasury Department to be a certification by the paying agent that the bond has been paid in accordance with the terms and requirements of this circular and the Armed Forces Leave Act of 1946, as amended, and regulations issued pursuant thereto, and that payment of the proceeds of the bond has been made to the owner.

Sec. 325.13. Forwarding paid bonds to the Federal Reserve Bank.—After payment, the bonds shall be forwarded to the Federal Reserve Bank of the District in accordance with instructions issued by such Federal Reserve Bank.

Sec. 325.14. Redemption of paid bonds by Federal Reserve Banks.—Upon receipt of the paid bonds the Federal Reserve Bank will make immediate settlement with the paying agent for the total amount of payments made on such bonds; however, such settlement shall be subject to adjustment if any discrepancies are discovered at a later date.

Sec. 325.15. Losses resulting from payments.—The amendment to the Armed Forces Leave Act of 1946, Public No. 254, Enacted July 26, 1947, provides in Sec. 4 thereof that the provisions of subsection (i) of Section 22 of the Second Liberty Bond Act, as amended, shall apply with equal force to payments of Armed Forces Leave Bonds. The said subsection provides:

"(i) Any losses resulting from payments made in connection with the redemption of savings bonds shall be replaced out of the fund established by the Government Losses in Shipment Act, as amended, under such regulations² as may be prescribed by the Secretary of the Treasury. The Treasurer of the United States, any Federal Reserve Bank, or any qualified paying agent authorized or permitted to make payments in connection with the redemption of such bonds, shall be relieved from liability to the United States for such losses, upon a determination by the Secretary of the Treasury that such losses resulted from no fault or negligence on the part of the Treasurer, the Federal Reserve Bank, or the qualified paying agent. * * * The provisions of Section 3 of the Government Losses in Shipment Act, as amended,³ with respect to the finality of decisions by the Secretary of the Treasury shall apply to the determinations made pursuant to this subsection. * * *"

(a) **Consideration of facts concerning loss.**—In any case in which a loss occurs, the paying agent shall be afforded ample opportunity to present all of the facts pertaining to the circumstances of the payment for consideration by the Secretary.

Sec. 325.16. Preservation of rights.—Nothing contained in these regulations shall be construed to limit or restrict any existing rights which holders of bonds may have acquired under the Armed Forces Leave Act or the regulations prescribed thereunder.

Sec. 325.17. Redemption of bonds not payable by agents.—Any bonds which an agent is not authorized to pay pursuant to the provisions of this circular should be forwarded by the owner, or his agent, after certification of the requests for payment, to the Federal Reserve Bank or Branch of the District for redemption except that in the case of bonds marked "Duplicate" the bonds should be sent to the Treasury Department, Division of Loans and Currency, Washington 25, D. C. If an agent should undertake to forward such unpaid bonds at the request and in behalf of the person entitled to payment, such bonds must be sent separate and apart from bonds which the agent has paid.

²Regulations governing replacement of losses resulting from payments made in connection with the redemption of Armed Forces Leave Bonds are set forth in Treasury Department Circular No. 751, Second Revision.

³The provisions of Section 3 of the Government Losses in Shipment Act, as amended, with respect to the finality of decisions by the Secretary of the Treasury are—"Notwithstanding any provision of law to the contrary, the decision of the Secretary of the Treasury that such loss, destruction, or damage has occurred or that such shipment was made substantially in accordance with such regulations shall be final and conclusive and shall not be subject to review by any other officer of the United States."

Sec. 325.18. Functions of Federal Reserve Banks.—The Federal Reserve Banks, as Fiscal Agents of the United States, are authorized to perform such duties, and prepare and issue such forms and instructions, as may be necessary to the fulfillment of the purpose and requirements of this circular. The Federal Reserve Banks, when authorized by the Treasury Department, may utilize any or all of their Branches in the performance of these duties.

Sec. 325.19. Supplements, Amendments, etc.—The Secretary of the Treasury may at any time or from time to time revise, supplement, amend, or withdraw, in whole or in part, the provisions of this circular, or any revisions, supplements or amendments thereto, information as to which will be furnished promptly to the Federal Reserve Banks and to the agents qualified hereunder.

Compliance with the notice, public rule making procedure and effective date requirements of the Administrative Procedure Act (Pub. Law 404, 79th Cong. ; 60 Stat. 237) with respect to this circular is found to be contrary to the public interest because Armed Forces Leave Bonds are redeemable at any time after September 1, 1947, at the option of the owners, and a substantial amount of time is essential in order to establish the procedure necessary for the payment of the bonds after the date set by the Congress.

The regulations set forth in this circular will become effective immediately, the requirements of Sec. 4 (c) of the Administrative Procedure Act being dispensed with to facilitate the redemption of Armed Forces Leave Bonds by the owners thereof after September 1, 1947, in accordance with Public Law 254, 80th Congress.

A. L. M. WIGGINS,
Acting Secretary of the Treasury.

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EXPLANATION ISSUED IN CONJUNCTION WITH TREASURY
DEPARTMENT CIRCULAR NO. 811**

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Important: This memorandum is **only** for use of banks and other financial institutions eligible to qualify as paying agents of Armed Forces Leave Bonds. It is not for general distribution.

**MEMORANDUM OF INSTRUCTIONS AND EXPLANATION ISSUED IN
CONJUNCTION WITH DEPARTMENT CIRCULAR NO. 811, PRESCRIBING
REGULATIONS GOVERNING PAYMENTS BY BANKS AND OTHER
FINANCIAL INSTITUTIONS IN CONNECTION WITH THE
REDEMPTION OF ARMED FORCES LEAVE BONDS.**

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Office of the Secretary
Washington, August 1, 1947

1. This memorandum is presented for the guidance of agents which may qualify to make payments of Armed Forces Leave Bonds under the provisions of Treasury Department Circular No. 811. Its purpose is to explain in detail some of the provisions of the circular, and to clarify the transactions authorized thereunder. Other instructions may be issued from time to time either direct by the Treasury Department or by the Federal Reserve Banks, as Fiscal Agents of the United States, which will be made available to each qualified paying agent. The terms "Federal Reserve Bank(s)," "bond(s)," "owner(s)," "paying agent(s)" and "agent(s)" whenever used herein unless otherwise indicated specifically, or by context, shall have the same meaning as set forth in Sec. 325.4 of Circular No. 811.

I. QUALIFYING TO PAY BONDS

2. Sec. 325.1 of the circular outlines the different classes of incorporated financial institutions which are eligible to be qualified to make payments of bonds and the conditions precedent to qualification. In explanation of the condition under 325.1 (e), the Treasury Department will require each of the otherwise eligible financial institutions to be open during regular hours on each of the business days observed in the community. Where the five day week is observed and the institution is open during regular hours each of these days, the condition will be considered to have been complied with. Under Sec. 325.2 any qualified paying agent of savings bonds is authorized to act as a paying agent for Armed Forces Leave Bonds without filing a new Application-Agreement. The Treasury will construe the payment of an Armed Forces Leave Bond as evidence of the institution's desire to be a paying agent of such bonds and the act of payment will automatically qualify the institution as such an agent. Any other eligible institution not qualified as a paying agent of savings bonds that desires to qualify to pay Armed Forces Leave Bonds shall file an Application-Agreement Form PD 2125, with the Federal Reserve Bank of the District in which it is located or to which it is assigned. Upon request of any institution copies of the Application-Agreement form will be furnished by the Federal Reserve Bank of the District. Each such eligible institution presenting Form PD 2125 for the purpose of qualifying to pay bonds, should, after the adoption of an appropriate resolution by its governing board or committee, have a duly authorized officer (a) complete and execute the Application-Agreement form on behalf of the institution (under its corporate seal if it has one), (b) have the form acknowledged before a notary public (who should affix his seal and indicate the date his commission expires), and (c) forward it to the Federal Reserve Bank of its District.

3. The appropriate Federal Reserve Bank will consider each application filed and advise the applicant whether or not its application is approved. The qualification of an institution automatically qualifies any of its branches (including facilities of banks as defined in the circular) to pay the bonds, if the branches are located within the United States (including its territories and insular possessions and the Canal Zone) or the Republic of the Philippines. The Treasury Department will interpose no objection to the payment of Armed Forces Leave Bonds by those subagents that were established at June 30, 1945, for the payment of savings bonds and which have continued in that capacity since that time. This exception shall not be construed to permit the establishment of additional new subagents either directly or indirectly. The provisions of the Revised Memorandum of Instructions issued in conjunction with Department Circular No. 750, Revised, concerning the authority and limitations of subagents in their savings bond payment activities shall be considered to be applicable with equal force and effect in any Armed Forces Leave Bond activities of such subagents.

II. ANNOUNCEMENTS REGARDING AUTHORITY TO PAY BONDS

4. Any institution qualified as a paying agent for savings bonds which intends to become a paying agent for Armed Forces Leave Bonds may announce that fact prior to September 1, 1947,

must be either January, April, July or October. The earliest possible issue date on any bond is April 1, 1943 and the last possible issue date is October 1, 1946. The bonds mature five years from the issue date.

For the information of paying agents it should be stated that in a very few instances as a result of reenlistments and adjustment of errors some persons received more than one bond and some \$25 denomination bonds were issued.

V. PAYMENTS AUTHORIZED

9. **General Authority.**—Sec. 325.8 provides in general that a qualified paying agent may pay a bond only upon the request of the individual whose name actually is inscribed on the bond as the owner: **Provided**, That the agent is completely satisfied that the bond is in order for payment, that the owner requesting payment is competent to act and that he is known to or has been identified to the complete satisfaction of the agent. Supplemental explanations, instructions and exceptions regarding these general statements are set forth hereinafter. Under this section an agent may pay a bond for an owner where her name as inscribed on a bond has been changed by marriage. The agent must be satisfied that the owner and the person requesting payment are one and the same before it makes payment. Further, the woman whose name as inscribed on the bond as owner has been changed by marriage should sign the request for payment in the form—“(Miss) Mary T. Jones, now by marriage Mrs. Mary J. Smith.” **AGENTS ARE NOT AUTHORIZED TO PAY BONDS FOR PERSONS WHOSE NAMES AS INSCRIBED ON THE BONDS HAVE BEEN CHANGED IN ANY OTHER MANNER THAN BY MARRIAGE.**

VI. SPECIFIC LIMITATIONS ON PAYMENT AUTHORITY AND EXECUTION OF REQUESTS

10. Limitation on payments due to improper identification.—

(a) **General.**—Sec. 325.9 (b) provides that before a qualified paying agent makes payment of a bond it must know or identify to its complete satisfaction the person requesting payment as the owner of the bond (including the identification of a person whose name is changed by marriage). If the agent does not know the person requesting payment as the owner, identification must be made by the agent in a manner which will give assurance that the proceeds are received by the owner of the bond. The Treasury will not prescribe the requirements an agent should follow in accomplishing this objective. Generally, paying agents should require persons submitting Armed Forces Leave Bonds for redemption to present their original separation or discharge papers; in exceptional cases, where the original papers are not available, paying agents will be expected to exercise extra care and diligence to insure that the person presenting the bond is in fact the owner. Paying agents are urged to adopt as part of their payment procedure the recording on each bond (preferably the back) of a brief but sufficient description of the manner in which identity of persons is established, including serial numbers or other pertinent data. In any event it should be understood that under the law the bonds are not transferable and agents are authorized to pay them only to the owner named thereon. Agents must not make any payments if they in any way effect or assist in effecting the sale, discount, transfer, or hypothecation of a bond after its issue.

(b) **Separation documents of Army, Navy, Marine Corps and Coast Guard acceptable, of themselves, for establishing identity.**—The majority of the enlisted personnel separated from the different services after January 1943, were issued either a single separation document or two documents in combination, which set forth a physical description and witnessed signature of the recipient. In the absence of circumstances requiring additional evidence these documents should be acceptable of themselves for establishing a person's identity. Although photostatic copies of these documents will be considered to be acceptable for identification purposes, paying agents are urged to have the former members of the services present the originals of such documents, if practical, at the time such members request payment of their bonds. In any event such document or documents should be examined and it should be ascertained that (1) the service serial number compares with that on the bond, (2) the physical description fits the person presenting the bond for payment, and (3) the signature is reasonably similar to the signature placed on the bond by such person (paying agents are cautioned to be certain that the printed form itself provides for the recipient to sign such document before accepting any signature thereon as having been written in the presence of a witnessing officer). In addition, close observation should be made to detect any possible alterations. If such documents are presented and duly verified as above and **their form numbers and date and place of issue are recorded on the bond** (preferably on the back), then in the absence of any unfavorable facts or circumstances being developed as a result of the Department's investigation of an erroneous payment, the paying agent will be considered as having established that any loss which may occur from such payment resulted from no fault or negligence on its part. Under the statute, of course, absence of fault or negligence must be established in order to permit the Secretary to relieve the paying agent of liability to the United States for a loss.

(c) **Separation documents of Army, Navy, Marine Corps, and Coast Guard not acceptable, of themselves, for establishing identity.**—There are some original separation documents (issued principally in connection with officers) which do not contain a physical description or signature or may contain only one of these items. In other instances the original documents have been lost and the owner may have only a certificate issued in lieu of the original. Such certificates do not contain witnessed signatures. If any of the documents referred to in this subparagraph are accepted by a paying agent they should be supported by suitable supplementary identification of a dependable nature. The Department as indicated in paragraph 10(a) will not prescribe the types of supplementary documents or evidence which may be considered acceptable identification. Nevertheless it will be understood that documents which are easily obtained by anyone without having to establish his identity, such as social security cards, are not, of themselves, considered acceptable. The recording of notations on the bonds, or otherwise, of accepted documents or evidence is recommended for the reason stated above in 10(b) as well as for the purpose of apprehending forgers.

(d) **Personal identification.**—Personal identification, that is, identification of a stranger by a customer of or by someone well and favorably known to the paying agent if judiciously used is one of the best methods of identification and has the approval of the Treasury. But, of course, personal identification will not be considered good identification by the Treasury Department when a paying agent accepts the mere statement of the identifier that he knows the person presenting the bond for payment by the name inscribed on the bond. The personal integrity and reliability of the identifier are not sufficient. It is the reliability of the source and duration of the identifier's knowledge of the person presenting the bond for payment that are important. The paying agent, therefore, should inquire as to the source and the duration of the identifier's knowledge of the person presenting the bond and should be satisfied that they are sound.

(e) **Depositors.**—The Department will not object to an agent accepting bonds for payment by mail or otherwise from its **depositors**: Provided, that (i) the agent has good reason to believe that the depositor did not establish the account for the purpose of cashing these or other instruments belonging to another person, (ii) **each depositor is also the owner** requesting payment, (iii) the agent is completely satisfied that **the signature to each request for payment is that of the "owner depositor,"** and (iv) the agent is satisfied that **the owner desires the bond proceeds to be credited in his checking, savings or share account unless, of course, payment is made in cash, or by check or similar instrument drawn to the order of the owner.**

11. **Limitation on payments due to improperly completed requests for payment.**—Sec. 325.9 (c) provides that a bond may not be paid if the owner does not sign the request for payment (form for which appears on the back of each bond) in the prescribed manner (see following paragraphs). An agent should require completion of the request for payment only after it is satisfied that the bond is in order for payment. If the form for requesting payment is completed before the bond is presented to the agent, the agent should have the owner again sign the request (after being satisfied the bond is in order for payment), immediately above or below the first signature (except, of course, as permitted under 10(e) hereof) for purposes of comparison to an authentic signature on an acceptable type of identification document. In those unusual instances where it is not practicable to so place the second signature, substantially the same wording in the REQUEST FOR PAYMENT may be typed or imprinted on any other available place on the back of the bond. The request then may be completed and signed by the owner in the prescribed manner.

12. **Form of signature and address—general.**—The request for payment should be completed and signed in ink (although the practice is not encouraged, indelible pencil may be accepted) to show (a) the full name (as inscribed on the bond) of the owner requesting payment and (b) his home or business address. Agents are authorized to pay bonds only if the signature of the owner is exactly as the name is inscribed on the bond. However, the Treasury Department is aware that slight errors and variations in the correct spelling of names of owners have been made inadvertently in inscribing bonds and that they have been undetected by the owner or, perhaps, considered by him to be of an insignificant nature. Although an agent is not required to pay bonds erroneously or improperly inscribed, it may wish to pay such bonds in some cases because of its knowledge of the facts or its reliance upon the integrity of the owner. Accordingly, if an agent is fully satisfied that the owner named on the bond and the person requesting payment are one and the same, no objection will be made to effecting payment of such bonds. In such cases, however, the request for payment should show the name of the owner as inscribed on the bond followed by the correct signature. Each of these cases will require careful and individual consideration; therefore, the Treasury Department must place upon the paying agent the responsibility for any such payment. The Department considers the current address to be of importance to it and the paying agent in the event of later discovery that a bond was improperly cashed, and therefore requires the owner to show his current home or business address on the back of the bond presented for payment. Where the address has been recorded on the face of the bond and the owner is still at the same address no objection will be made to the owner

or the paying agent showing the word "same" (or a similar notation) in the appropriate space on the back of the bond. It is the duty, of course, of the owner presenting the bond to record the address information on the bond.

13. **Signature by mark.**—If an owner signs his name to the request for payment by mark, the signature should be in the form—"John J. Jones (x) his mark" and must be witnessed by at least one person in addition to the agent's employee paying the bond. The witness should attest substantially in the form—"Witness to the signature by mark" and sign his name and show his address immediately thereafter, on the back of the bond.

14. **Other forms of signature.**—See paragraph 9 hereof for form of signature to be used by an owner whose name has been changed by marriage.

15. **Limitation on payments due to material irregularities (except mutilation or defacement).**—

(a) **General.**—Sec. 325.9 (d) provides that an altered, illegible, incomplete (in whole or in part) or unauthorized inscription, issue date, denominational amount or service serial number shall be considered a material irregularity which will render a bond ineligible for payment by a paying agent.

(b) **Exceptions to limitation on payments due to material irregularities.**—It may be that bonds will be presented to agents for payment bearing material irregularities in the inscription, denominational amount, issue date or service serial number. In no case, of course, can the current redemption value of a bond be readily established if the issue date or denominational value is indistinct or incomplete. Therefore, under no circumstances should a bond be paid by an agent if the issue month, the issue year or denominational value is not clear or has not been recorded on the bond. However, in other instances even though an agent is not authorized to pay bonds bearing irregularities, it may wish to pay such bonds in some cases because of its knowledge of the facts or its reliance upon the integrity of the owner. (See also, paragraph 12 hereof.) Accordingly, if the agent is fully satisfied that no fraud is involved in any apparent irregularities, no objection will be made to payment of such a bond by the agent. Each of these cases will require careful and individual consideration; therefore, the Department must place upon the paying agent the responsibility for any such payment.

16. **Limitations on payments due to mutilation or defacement of bonds.**—Sec. 325.9 (d) provides that if a bond or any essential part thereof appears to be altered or is mutilated or defaced in a manner creating doubt or arousing suspicion with respect to the authenticity or validity of the bond, **it must not be paid** by a paying agent. Where suspicions are aroused, it would be helpful, if practicable, for the agent to give a receipt for the bond and to obtain as much information as possible concerning the person presenting it. The bond and information should be forwarded promptly to the Federal Reserve Bank, which will take appropriate action in the matter.

17. **Limitations on payments due to "duplicate" bonds.**—In explanation of Sec. 325.9 (e) it may be stated that a substitute Armed Forces Leave Bond marked "DUPLICATE" is issued by the Department in a case where a validly issued bond has been determined by the Secretary of the Treasury to have been lost, stolen or destroyed or to have been mutilated so as to require replacement. In some instances the bond claimed to have been lost, stolen or destroyed will have been redeemed at the time the bond marked "DUPLICATE" is presented for payment. In order to determine the facts of the case and prevent a possible loss to the United States, the Department requires that all bonds marked "DUPLICATE" be cleared with it before payment. For that reason a paying agent is not authorized under any circumstances to pay any bond marked "DUPLICATE."

18. **Limitations on payments due to death, incompetency, etc.**—As indicated in Sec. 325.9 (f), paying agents are not to pay bonds where owners are deceased, incompetent or under legal guardianship. As evidence must be obtained and examined before payment is made in these cases, paying agents should refer the cases to the Federal Reserve Bank or the Treasury Department, Division of Loans and Currency, Washington 25, D. C.

19. **Limitations on payments due to requests for partial redemption of bonds.**—In explanation of Sec. 325.9 (g), it may be stated that Treasury Department regulations do not permit any denominational exchanges, consequently no partial payment and reissue of the remainder will be permitted.

VII. DETERMINATION OF REDEMPTION VALUES AND PAYMENT OF BONDS

20. **Determination of redemption values.**—As stated in Sec. 325.12, the redemption value of a bond is determined from the denomination and the period of months the bond is outstanding. For the convenience of paying agents a special table of redemption values will be furnished **monthly** by the Federal Reserve Banks. The tables will show the current amount due for all denominations from \$25 to \$1,000 inclusive. The amount currently due on any bond of any denomination listed may be read directly from these tables. For bonds of denominations in excess of those listed the agent should add the correct value for the denominations needed to equal the denomination of the bond presented.

For example, the value of a bond of \$1,500 denomination would be computed by adding together the current redemption value of the \$500 and \$1,000 bonds. In explanation it may be stated that to date only about 17,000 bonds of denominations higher than \$1,000 have been issued. The Federal Reserve Banks will advise agents of the date the tables should be expected each month and if they are not received by that time, the Federal Reserve Bank should be notified immediately. **EXTREME CARE SHOULD BE TAKEN TO USE ONLY THE TABLE ESPECIALLY PREPARED FOR THE MONTH DURING WHICH PAYMENTS ARE BEING MADE.**

21. **Payment of redemption value.**—As further stated in Sec. 325.12, the current redemption value of a bond shall be paid by the agent in cash. However, no objection will be made to any arrangement mutually agreeable to the owner requesting payment and the agent making payment whereby the owner accepts, in lieu of cash, a credit to his checking, savings or share account with the agent, or a check or similar instrument payable to his order.

VIII. RECORDING PAYMENT DATA ON PAID BONDS

22. **General.**—In order to facilitate handling of and accounting and settlement for paid bonds as well as to safeguard against payment of the bonds a second time, it is important for all concerned that paid bonds be handled by paying agents in a manner which will accomplish these objectives at the time payment is made. With this in mind the Treasury Department has prescribed a hand stamp setting forth certain data to record the payment, for use by tellers or other employees of qualified paying agents. **Qualified paying agents of United States savings bonds** will use the same payment stamp furnished to them by the Federal Reserve Bank for stamping savings bonds. It is extremely important to the economical processing of the bonds by the Treasury that the bonds not be spindled, folded, pinned, or clipped together or otherwise bent, torn or mutilated. Accordingly the full cooperation of paying agents in processing and mailing the bonds in avoiding such mutilation will be sincerely appreciated.

23. **Payment stamps.**—Financial institutions not now qualified as paying agents of savings bonds will be furnished hand stamps (hereinafter referred to as “payment stamp(s)” or “stamp(s)”), by the Federal Reserve Bank of the District. Each such bank or other financial institution seeking qualification should advise the Federal Reserve Bank as soon as possible of the data it desires recorded on the stamps it may use and the initial number of stamps to be required. Paying agents of savings bonds will use the payment stamps provided in connection therewith. When payment stamps are requested the number should be kept to a minimum consistent with practical necessity. In the interest of uniformity it is preferable that only the Federal Reserve Banks shall obtain the payment stamps. The data ordinarily to be included in the payment stamp will be as follows:

PAID \$For recording amount paid
D 366	
THE XYZ NATIONAL BANKName and location of agent and such code number as may be assigned by Federal Reserve Bank
68-76	
SEPT. 20, 1947To show actual date of payment
BLANK, TEXAS	
ByAn agent may elect, either to (1) show a code number or symbol representing the person making payment, (2) provide space for the written initial or signature of such person, or (3) both.
.....10	

In order to minimize the possibility of subsequent alteration and to effect a distinct and permanent record on microfilm, the Department urges the use of a black or dark blue penetrating ink in imprinting the payment stamp and recording other data required thereby. Other colors of penetrating inks dark enough to microfilm satisfactorily may be used. However, it will be appreciated if agents can arrange eventually to use only the black or dark blue colors. **In any event, extreme care should be taken not to smear or blur the data recorded on the bonds.**

24. Use of payment stamps.—

(a) **Recording amount of payment.**—AN IMPORTANT CHANGE COMPARED TO SAVINGS BOND PROCEDURE IS SET FORTH IN THIS PARAGRAPH. As with savings bonds, Armed Forces Leave Bonds should have the payment stamp imprinted thereon as soon as they are paid. Also as in the case of savings bonds the payment stamp should be imprinted on the face of the bond. **HOWEVER, THE IMPRINT SHOULD BE RECORDED IN THE UPPER LEFT HAND CORNER OF THE BONDS IN A MANNER WHICH WILL PERMIT RECORDING THE AMOUNT PAID IMMEDIATELY ABOVE THE PORTRAIT AND UNDER THE BORDER EMBELLISHMENTS.** (See appended exhibit No. 1, showing an outline of a bond with a specimen stamp appearing in proper position.) Although the Department regrets the necessity for this variation from the savings bond procedure for recording the payment data, it will be appreciated if paying agents will give special attention thereto. Full compliance will allow the Treasury to realize the maximum economy possible in functioning the bonds through the mechanical processes possible with this punched card bond.

Immediately after stamping the bond the amount of the bond payment should be written in such space on the face of the bond by use of a black or dark blue ink or other colored ink dark enough to microfilm satisfactorily. Although indelible pencil or a dark colored crayon will be accepted, the use thereof is not encouraged. In any recording made on the face of a bond by an agent, extreme care should be exercised to prevent defacing the bond's serial number, the name, service serial number and address, if any, of the owner, or the issue date.

(b) **Recording date, transaction and the name and location of agent.**—As provided in Sec. 325.12, each bond shall show in addition to the amount of payment (a) the date of the payment (month, day and year), (b) the name, location and code number assigned to the paying agent by the Federal Reserve Bank, and (c) the word "Paid". All of this data will be provided in the agent's payment stamp. Particular care should be taken to insure recording the correct date of payment of each bond. A number or other symbol may be included to indicate the person in the institution qualified as the paying agent who is responsible for the bond payment, and provision may be made for his signature or initials.

IX. FORWARDING BONDS TO FEDERAL RESERVE BANKS

25. **Preparation.**—Sec. 325.13 provides that paying agents shall submit paid bonds to Federal Reserve Banks under instructions of such Banks. These instructions will not require any special sorting of bonds prior to shipment, except that bonds paid in one month must be segregated from bonds paid in another month, and Armed Forces Leave Bonds must not be intermingled with savings bonds. The latter requirement does not prohibit the dispatch of Armed Forces Leave Bonds and savings bonds in the same envelope or wrapper but care should be taken to maintain the segregation required, including separate transmittal letters, and to adequately protect the Armed Forces Leave Bonds against tearing, bending, or other mutilation.

(a) **Transmittal lists.**—Paying agents will be expected to prepare and forward to the Federal Reserve Bank with each group of paid bonds a list which will:

- (1) Identify the agent.
- (2) Show the month in which the bonds were paid.
- (3) Show the date the bonds were forwarded.
- (4) Set forth, **in the order in which the bonds are prepared for shipment**, the amount paid on each bond in the shipment. Where the method used by the agent for recording bond serial numbers permits, no objection will be made to the agent grouping all bonds bearing the same paid amount and listing them in the following manner—

10 @ \$53.85.....	\$538.50
10 @ \$54.16.....	541.60
Etc.	

The bonds in this instance should be grouped according to the amount of payment stated on the bonds.

- (5) Set forth the total amount paid on all bonds in the shipment.
- (6) Set forth opposite each amount listed the appropriate serial number of the bond, unless a record of such information is maintained in some other form by the agent. In this connection any qualified paying agent is authorized to microfilm the face or reverse side of the bonds, or both, if it so desires. Such film records must be maintained as confidential. The agent may project such film records upon a screen but no prints, enlargements, or other reproductions thereof shall be made except with official permission which may be secured through the Federal Reserve Bank.
- (7) Show the actual total number of bonds submitted with each list. This is essential to the maintenance of records and the simplification of the computation and reconciliation of claims of paying agents for services rendered in the payment of bonds.
- (8) Indicate the manner in which settlement and possible adjustments for the bonds should be made by the Federal Reserve Bank.

The original of these lists, hereinafter referred to as "transmittal letters," must be included with the bonds when they are forwarded to the Federal Reserve Bank. A copy of the transmittal letter and a record of the bonds by serial number and amount paid must be retained by the paying agent. For the benefit of the paying agent in presenting the facts in connection with any claim for relief which may have to be presented on account of bonds lost, destroyed or damaged as a result of shipment, it is suggested that the employee or employees who listed and prepared the bonds for shipment and who dispatched them to the Federal Reserve Bank should initial the copy of the transmittal letter retained by the agent.

(b) These paid bonds will be subject to the provisions of the Government Losses in Shipment Act, as amended, while they are in shipment (see paragraph 27 hereof). It will be essential to any claim that may be made by a paying agent for relief under the provisions of that Act, in the event of the loss or destruction of or damage to the bonds during shipment, that the bonds be identified by serial numbers and amounts paid. It will be the responsibility of the paying agent to produce such information. If the Treasury Department is advised of the month of payment, and the serial number and the amount paid on each bond in the shipment, the Department will be able to identify the bonds included in the shipment and make settlement with the paying agent for the loss resulting from shipment. Relief may not be granted otherwise. A paying agent may establish a record of the bonds included in a shipment (i) by microfilm, (ii) by recording the bond serial numbers on its transmittal letters directly opposite the respective bond redemption values set forth thereon, or (iii) it may establish the necessary record in any other manner it deems desirable. If a paying agent does not maintain such record, it will be considered as prima facie evidence that it does not desire to avail itself of the protection afforded under the Government Losses in Shipment Act.

26. Frequency of making shipments.—A paying agent may forward bonds to the Federal Reserve Bank each business day, although where an agent pays only a small volume of bonds it will be advantageous if daily shipments can be avoided. **IN ANY EVENT ALL PAID BONDS ON HAND ON THE LAST BUSINESS DAY OF A MONTH MUST BE FORWARDED TO THE FEDERAL RESERVE BANK NOT LATER THAN THE FOLLOWING BUSINESS DAY.**

27. Manner of shipment and insurance.—The shipment of paid bonds to a Federal Reserve Bank by a paying agent will be made at the risk of the United States. Accordingly, the shipments will be subject to the provisions of the Government Losses in Shipment Act, as amended,¹ and the regulations² prescribed pursuant thereto, except as may be modified hereunder. It is essential to obtaining relief under the Act that there be a compliance with the prescribed regulations. Bonds paid under the provisions of Treasury Department Circular No. 811 may be prepared for dispatch and may be sent to the Federal Reserve Bank in the same or a substantially similar manner in which the agent would handle and ship paid savings bonds or checks. Paid savings bonds and Armed Forces Leave Bonds may be included in the same envelope or wrapper (see paragraph 25). Assuming that (i) the basic record of shipment, as provided in paragraph 25 hereof, is maintained, (ii) the bonds are properly stamped, as provided in paragraph 24 hereof, and (iii) due care is used in handling and dispatching the paid bonds, an agent should have no difficulty in establishing its claim for and obtaining relief under the Act in the event a shipment is lost, destroyed or damaged. Pending establishment of such of these claims as may be presented by an agent, the Treasury will allow an immediate temporary settlement with the agent on the basis of the amount stated in its transmittal letter, if the agent submits the required description by bond serial numbers of each of the bonds involved in the claim.

28. Records and reports of shipments.—A paying agent will not be required to mail or send separate notices of each shipment made either to the Federal Reserve Bank of the District or to the Treasury Department, nor will the agent have to make any accumulated report of shipments effected under the Government Losses in Shipment Act. In the event it comes to the knowledge of an agent that any shipment made by it has been lost, destroyed or damaged, or if it has been so alleged, immediate notice thereof should be given to the Federal Reserve Bank. All provisions of Treasury Department regulations relating to the handling and shipment of valuables under the Government Losses in Shipment Act, as amended, which are inconsistent with the provisions of this memorandum are hereby modified with respect to the shipment of paid bonds by qualified paying agents.

X. SETTLEMENT FOR PAID BONDS

29. As provided in Sec. 325.14, immediate settlement will be made by Federal Reserve Banks for the total amount of paid bonds submitted by a paying agent, subject to audit and verification. Settlement will be made according to the request of the paying agent, by credit in its reserve account if the agent is a bank which is a member of the Federal Reserve System, or in its clearing account (if any) if the agent is a bank which is not a member of the System, or in the reserve or clearing account of a correspondent of an agent, or settlement will be made by check issued by the Federal Reserve Bank drawn on the Treasurer of the United States. Although Federal Reserve Banks will examine paid bonds promptly, such examination and redemption of the bonds will not always be possible on a daily basis. In each instance settlement will be subject to later adjustment for incorrect or improper payment of bonds.

XI. ADJUSTMENT OF BONDS ERRONEOUSLY PAID

30. Error in amount of payment.—In the event of over payment or under payment of the proper redemption value due on a bond, the Federal Reserve Bank will make the necessary correction

¹Act of July 3, 1947, C. 444, Sec. 1, 50 Stat. 479 as amended by the Act of August 10, 1939, C. 665, Sec. 1, 52 Stat. 1358; U.S.C., title 5, Sec. 134.

²Treasury Department Circulars Nos. 576 and 577.

on the bond and its records and will advise the paying agent of the discrepancy, furnishing all the details necessary for the agent to effect an adjustment with the owner. When a paying agent is advised by the Federal Reserve Bank that an under payment has been made, the Treasury will expect the paying agent to see that the owner receives the full amount of the under payment.

31. **Material irregularity discovered by Federal Reserve Bank.**—Bonds bearing material irregularities of a nature which make it necessary to return them to the paying agent will be returned promptly after discovery of the irregularity by the Federal Reserve Bank. In those cases where the agent is not authorized to pay the returned bond the agent, upon effecting settlement with the person presenting the bond, should cancel its payment stamp before releasing the bond to such owner. Whenever necessary payment stamps should be canceled by writing or stamping in a dark colored ink the word "canceled" and the date of cancellation followed by the signature and title of an officer of the paying agent. If a bond appears to have been materially altered or mutilated with intent to defraud, the original bond will be retained by the Federal Reserve Bank for investigation of the case and a photostatic copy of the bond forwarded to the agent. Thereafter, if and when the bond is acceptable for redemption, the Federal Reserve Bank of the District will give instructions to the agent with regard to disposition of the case. Adjustment for the amount of payment represented by the bond, if any, will be made in the manner set forth in paragraph 30 hereof. In any event paying agents are expected to respond promptly when so requested in connection with paid bonds presented by them.

32. **Errors or irregularities discovered by the Department.**—Where an erroneous payment of or an irregularity in a bond is discovered by or brought to the attention of the Treasury Department after receipt by it of the bond, prompt notice will be given to the paying agent and the case will be handled as the circumstances may require: **Provided, however,** that the agent which paid the bond will not be required to make restitution in connection with such bond unless and until the Secretary of the Treasury has determined that a final loss has occurred and he is unable to find that such loss resulted from no fault or negligence on the part of the agent.

XII. REIMBURSEMENT FOR SERVICES IN PAYING BONDS

33. Under the provisions of Sec. 325.5 of Circular No. 811, a qualified paying agent is entitled to receive reimbursement for its services in paying the bonds. Forms will be supplied by the Federal Reserve Banks for presenting claims for such reimbursement. Each agent desiring reimbursement should present its claim promptly after the close of each calendar quarter (ending March, June September, and December); **Provided, however,** that the first four months (September to December 1947, inclusive) will be treated as the first quarter for reimbursement purposes. Thereafter the usual calendar quarter periods will be observed.

34. The form (which will be the same as that used in connection with reimbursement for savings bond payments) will provide for stating the number of bonds paid and the amount of reimbursement claimed. In stating the number of bonds paid during a reimbursable period, there should be taken into consideration the total number of bonds included on each of the agent's transmittal letters bearing a date of shipment within the period or received during the period, according to the basis prescribed by the Federal Reserve Bank of the District. Beginning with January 1, 1948. Armed Forces Leave Bonds and savings bonds will be combined for the computation of reimbursement but for that purpose only. Each branch (including authorized bank facilities) of a qualified paying agent may be regarded as a separate entity in computing claims, provided separate transmittal letters support bonds paid by each. Such bonds may be shipped directly to the Federal Reserve Bank by the branch, or through the head office. In the event a Federal Reserve Bank returns an improperly paid bond (or a photostatic copy thereof) to an agent, the tally for the current quarter shall be reduced accordingly. If the bond may be corrected and resubmitted as new business the bond will be counted, for the purpose of computing reimbursement, when it is resubmitted.

XIII. MISCELLANEOUS

35. **Destruction of records.**—Records accumulated in connection with the payment of Armed Forces Leave Bonds may be disposed of in accordance with the Bank's desires in the matter with one exception. Any records pertaining to a claim made or to be made to the Treasury on account of loss, theft or destruction of any paid bonds, should be retained until such claim is finally adjudicated by the Department. It is presumed in this paragraph that transmittal letters for paid bonds sent to a Federal Reserve Bank or other records pertaining thereto, would not be destroyed by a bank until the bank was reasonably certain that the bonds and transmittal letters had been received by the appropriate Federal Reserve Bank or Branch.

36. Any inquiry in connection with this memorandum or other inquiry with respect to this subject should be communicated to the Federal Reserve Bank of the District in which the paying agent is located.

A. L. M. WIGGINS,
Acting Secretary of the Treasury.

EXHIBIT "A"

Fiscal Service
Bureau of the Public Debt

APPLICATION-AGREEMENT

Payments by banks and other financial institutions in connection with the redemption of
Armed Forces Leave Bonds

Dated _____, 194_____

TO THE FEDERAL RESERVE BANK OF _____

Fiscal Agent of the United States:

The _____, hereinafter referred to as the undersigned,
(Name of Institution)

hereby applies for qualification to make payments in connection with the redemption of Armed
Forces Leave Bonds, as provided in Treasury Department Circular No. 811. The undersigned hereby
certifies that (a) it is incorporated under the laws of _____;
(b) in the usual course of business it accepts, subject to withdrawal, funds for deposit or the pur-
chase of shares; (c) it is under the supervision of the _____

(Name of Supervising Dept. or Similar Office)
of _____; (d) it maintains a regular office for the transaction of its

(State or Other Jurisdiction)
business at the address specified below; (e) it is open daily and observes regular business hours; and
(f) it has adequate authority under its charter to enter into this agreement.

In consideration of being qualified as a paying agent, the undersigned hereby agrees:

1. To be bound by and to comply with the provisions of Treasury Department Circular No. 811,
including all supplements and amendments thereof and instructions issued thereunder.
2. That the Secretary of the Treasury, or the Federal Reserve Bank of _____,
by written notice, may, at any time, and without previous demand or notice, terminate the
qualification of the undersigned; and that in the event of such termination the undersigned,
after receipt of such notice or after the date of termination specified therein, will not there-
after pay any Armed Forces Leave Bonds.

It is understood that the undersigned may withdraw from this Agreement at any time upon
written notice of such intention to the Federal Reserve Bank of _____.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed under
seal by the officer below named, thereunto duly authorized by a resolution of its governing board
or committee adopted on the _____ day of _____, 194_____.

(Name)

(Address)

(SEAL)

By _____
(Signature of Officer)

(Title of Officer)

ACKNOWLEDGMENT

State of _____ }
County of _____ } ss:

On this _____ day of _____, 194_____, before me appeared _____
_____, to me personally known, who, being by me duly sworn, did say that he
is the _____ of the _____
(Title of Officer) (Name of Institution)

and that the seal affixed to the above instrument is the corporate seal of said institution, and that
the above instrument was signed and sealed in behalf of said institution by authority of its govern-
ing board or committee, and said officer acknowledged said instrument to be the free act and deed
of said institution.

Notary Public

(SEAL)

My commission expires _____

(In case the applicant has no corporate seal omit the words, "and that the seal affixed to the
above instrument is the corporate seal of said institution," and add at the end of the affidavit "The
institution has no corporate seal.")

EXHIBIT "B"

Form PD 2126
TREASURY DEPARTMENT

Fiscal Service
Bureau of the Public Debt

**NOTICE OF QUALIFICATION OF A BANK OR OTHER FINANCIAL INSTITUTION TO MAKE
PAYMENTS IN CONNECTION WITH THE REDEMPTION OF ARMED FORCES
LEAVE BONDS**

....., 194.....

To:.....
.....
.....

Gentlemen:

Your Application-Agreement Form PD 2125, dated....., has been approved as of this date. You are hereby notified that you are qualified to make payments in connection with the redemption of Armed Forces Leave Bonds pursuant to the provisions of Treasury Department Circular No. 811, and any supplements or amendments thereof and instructions issued pursuant thereto.

FEDERAL RESERVE BANK OF.....
Fiscal Agent of the United States.

By.....

EXHIBIT NO. I

**Outline of an Armed Forces Leave Bond
with a specimen payment stamp appearing in proper position**

I N D E X

	Paragraph Numbers
ANNOUNCEMENTS OF AUTHORITY TO PAY BONDS	
Approved announcements	5, 6
Lobby and window display signs	6
Prior to September 2, 1947	4
Prohibition against making	4
Publication of	5, 6
Radio	5
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REGULATIONS GOVERNING REPLACEMENT OUT OF THE FUND ESTABLISHED BY THE GOVERNMENT LOSSES IN SHIPMENT ACT, AS AMENDED, OF ANY LOSSES RESULTING FROM PAYMENTS MADE IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS AND ARMED FORCES LEAVE BONDS

1947
Department Circular No. 751
Second Revision
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY
Washington, August 1, 1947

Department Circular No. 751, Revised, dated June 30, 1945, (31 C.F.R. 1945 Supp. 322) is hereby amended in order to include Armed Forces Leave Bonds. That circular is issued as a Second Revision to read as follows:

Subpart A—REGULATIONS PRESCRIBED

Sec. 322.1. Application of regulations.—Pursuant to the authority of Section 22(i) of the Second Liberty Bond Act, as amended, (59 Stat. 47, 31 U.S.C. and Supp. 757c(i)) and the Armed Forces Leave Act of 1946, as amended by Pub. Law No. 254, 80th Cong., the following regulations are hereby prescribed for the replacement out of the fund established by the Government Losses in Shipment Act, as amended, of any losses to the United States resulting from payments made in connection with the redemption of United States Savings Bonds and Armed Forces Leave Bonds, and shall apply to losses resulting from payments made (1) by the Treasurer of the United States, (2) by any Federal Reserve Bank or Branch, as Fiscal Agent of the United States, and (3) by any bank or other financial institution duly qualified as a paying agent pursuant to Treasury Department Circulars No. 750, Revised, or No. 811.

Subpart B—REPORTS OF LOSSES

Sec. 322.2. Loss to the United States.—A loss to the United States may result from an erroneous (or unauthorized) payment in connection with the redemption of the bonds.

Sec. 322.3. Erroneous payments reported to or discovered by Federal Reserve Banks.—If a financial institution, qualified to pay savings bonds or Armed Forces Leave Bonds, finds an erroneous payment to have been made, either before or after the bonds have been forwarded to the Federal Reserve Bank, immediate report thereof should be made to the Federal Reserve Bank. Any such erroneous payments so reported, and any other erroneous payments found by a Federal Reserve Bank of bonds received from a duly qualified paying agent shall, so far as possible, be adjusted between the Federal Reserve Bank and the paying agent concerned.

Sec. 322.4. Report to Treasury of cases involving erroneous payments.—Any such erroneous payments which cannot be adjusted by a Federal Reserve Bank and any other erroneous payments found after the account of the Treasurer of the United States has been charged shall immediately be reported by the Federal Reserve Bank to the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois, in the case of Savings Bonds or, in the case of Armed Forces Leave Bonds, to the Division of Loans and Currency, Washington 25, D. C.

Subpart C—FINAL DETERMINATION OF LOSSES

Sec. 322.5. Reported erroneous payment, general action by Treasury.—Following receipt of the report of an erroneous payment, the Treasury Department will appropriately advise the paying agent concerned, unless such action is unnecessary. The Department shall determine whether or not appropriate adjustment may be effected with the persons concerned in the erroneous payment and in this connection will expect the cooperation of the paying agent, if necessary.

(a) If it is determined that no loss to the United States will occur the paying agent will be so advised.

(b) If it is determined that a final loss to the United States has occurred, the paying agent will be given every opportunity to present the full facts relating to the payment for consideration of the Secretary of the Treasury. If the Secretary shall determine that the final loss resulted from no fault or negligence on the part of the paying agent, notice to that effect will be given the paying agent and he will be relieved from liability to the United States. If, however, the Secretary of the Treasury is unable to find that the loss resulted from no fault or negligence on the part of the paying agent, notice to that effect will be given such paying agent, who will be expected to make prompt restitution.

Sec. 322.6. Restitution by paying agents.—In no case will the Treasurer of the United States, a Federal Reserve Bank (including any of its Branches) or the financial institution qualified as a paying agent, whichever made the erroneous payment, be called upon to make restitution unless and until the Secretary has determined that a final loss has occurred as a result of an erroneous payment, and is unable to find that such loss resulted from no fault or negligence on the part of the paying agent.

Subpart D—REPLACEMENT OF LOSSES OUT OF FUND

Sec. 322.7. **Replacement and recovery in connection with losses.**—When it is established to the satisfaction of the Secretary of the Treasury that a loss has resulted from a payment made in connection with the redemption of a United States Savings Bond or an Armed Forces Leave Bond, the loss shall be subject to immediate replacement out of the fund established by the Government Losses in Shipment Act, as amended. Any recovery or repayment on account of any such loss as to which replacement shall have been made out of the fund, shall be credited to the fund.

Subpart E—INVESTIGATION OF LOSSES

Sec. 322.8. **Use of United States Secret Service.**—The Treasury Department, and, in appropriate cases, Federal Reserve Banks, as Fiscal Agents of the United States, may request the Secret Service to investigate losses and assist in the recovery of improper payments. The Treasurer of the United States, the Federal Reserve Banks, and qualified paying agents should cooperate with the Secret Service to the fullest extent in facilitating investigations and making recoveries and they will be expected to take such actions as may be necessary on their part to complete such investigations and recoveries.

Subpart F—SUPPLEMENTS, AMENDMENTS, ETC.

Sec. 322.9. **Supplements, amendments, etc.**—The Secretary of the Treasury may at any time or from time to time supplement, amend, or withdraw, in whole or in part, the provisions of this circular, or of any amendments or supplements thereto, information as to which will be furnished promptly to the Federal Reserve Banks and to eligible financial institutions qualified to make payments of Savings Bonds or Armed Forces Leave Bonds under the provisions of Treasury Department Circulars No. 750, Revised, and No. 811, respectively.

Compliance with the notice, public rule making procedure and effective date requirements of the Administrative Procedure Act (Pub. Law 404, 79th Cong.; 60 Stat. 237) is found to be unnecessary with respect to this revision for the reason that it is issued merely to conform the provisions of Department Circular No. 751, Revised, to Pub. Law 254, 80th Cong., amending the Armed Forces Leave Act of 1946.

This revision will become effective on September 2, 1947.

A. L. M. WIGGINS
Acting Secretary of the Treasury

REGULATIONS GOVERNING ARMED FORCES LEAVE BONDS¹

1947
Department Circular No. 793
Dated
November 12, 1946
Revised

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY
Washington, August 1, 1947

Fiscal Service
Bureau of the Public Debt

To Members and Former Members of the Armed Forces of the United States and Others Concerned:

Armed Forces Leave Bonds are issued pursuant to the Armed Forces Leave Act of 1946 as amended,² (hereinafter referred to as the Act) to living members and living former members of the Armed Forces of the United States in settlement and compensation of accumulated leave under the conditions set forth in the Act. In accordance with the terms of the Act these bonds are issued under authority and subject to the provisions of the Second Liberty Bond Act, as amended. Pursuant to authority contained in said Acts, Department Circular No. 793, dated November 12, 1946, (31 C.F.R. 1946 Supp., 324), which contains the regulations governing Armed Forces Leave Bonds, is hereby amended and issued as a First Revision to read as follows:

I. SUBSTANTIVE REGULATIONS

324.1. *Designation.*—The bonds issued for the above purpose are designated “Armed Forces Leave Bonds.”

324.2. *Issue and inscription.*—Armed Forces Leave Bonds are issued by the Secretary of the Treasury (hereinafter referred to as the Secretary) acting through the Army, Navy, Marine Corps, and Coast Guard, which are designated as issuing agents. They are inscribed only in the names of living members or living former members of the armed forces. In each case a single bond in the highest appropriate multiple of \$25 is issued where the amount due is \$50 or more.³ The name and serial or service number of the owner will be inscribed on the bond and at the option of the issuing agent the address may also be inscribed. No exchange will be permitted for bonds of lower denomination, for example, if a bond for \$275 is issued to a particular owner he may not exchange that bond for a bond in the amount of \$200 and a bond in the amount of \$75.

324.3. *Date and maturity of bond, and interest.*—The issue date of a bond will be the first day of the quarter-year period (January 1, April 1, July 1, or October 1) next following the date of discharge from the armed forces of the former member whose name is to be inscribed thereon, provided he was discharged on or after January 1, 1943, and prior to September 1, 1946, or in case a member of the armed forces was still on active duty on September 1, 1946, his bond will be dated October 1, 1946. Each bond will mature five years from its issue date, but shall be redeemable in cash at any time after September 1, 1947, at the option of the owner, at full face value plus accrued interest. Interest will accrue at the rate of 2½% per annum from the issue date to the date of maturity or to the last day of the month in which payment is made, whichever may be earlier. Interest will be paid only with the principal sum.

324.4. *Transfer and pledge.*—The bonds are nontransferable by sale, exchange, assignment, pledge, hypothecation or otherwise, except that they may be assigned by the owner to the Administrator of Veterans' Affairs for redemption by such Administrator, for the purpose of paying premiums or the difference in reserve in case of conversion to insurance on another plan or a policy loan made prior to July 31, 1946, on a United States Government life insurance policy or a national service life insurance policy under such regulations as may be prescribed by the Administrator of Veterans' Affairs. No claims by attempted transferees or by persons loaning money on the security of the bonds will be recognized.

324.5. *Claims of creditors.*—By the terms of the Act the bonds are exempt from claims of creditors, including any claim of the United States, and shall not be subject to attachment, levy, or seizure by or under any legal or equitable process whatever. Accordingly, no claims of creditors, assignees for the benefit of creditors, trustees or receivers in bankruptcy or equity will be recognized, and no payment of the bonds to any such persons will be made, either during the lifetime of the person whose name is inscribed on the bonds or after his death.

324.6. *Assignment to the Administrator of Veterans' Affairs.*—Any registered owner of an Armed Forces Leave Bond who desires to use his bond in payment of premiums or other payments in connection with United States Government life insurance or national service life insurance policies should mail or deliver his bond to the Office of the Veterans' Administration to which he pays his premiums. The bond should be accompanied by a completed VA Form 9-1625, “Directions for use of Proceeds of Armed Forces Leave Bonds,” obtainable at any Veterans' Administration Office. Before submitting the bond to the Veterans' Administration the assignment form printed on the bottom of the back of the bond should be

¹Section 324.13 hereof relates to payment of Armed Forces Leave checks to survivors.

²Pub. Law 704, 79th Cong. Amending Act is Pub. Law 254, 80th Cong.

³Except that upon request settlement and compensation will be made entirely in cash to any applicant who has not made application for settlement and compensation and who makes application to the Secretary after July 26, 1947, the date of enactment of the amendatory Act. The term “Secretary” as used in this footnote means in the case of personnel of the Army, the Secretary of War; in the case of personnel of the Navy and Marine Corps, the Secretary of the Navy; and in the case of personnel of the Coast Guard, the Secretary of the Treasury, and the designated representatives of each such Secretary.

signed by the owner exactly as his name appears on the face of the bond. No certification or witness to the signature of the owner on such assignment form will be required.

324.7. *General payment and redemption provisions.*—Armed Forces Leave Bonds may be redeemed before, at, or after maturity, in accordance with the terms of this Circular at face value plus accrued interest to the date of maturity or to the last day of the month in which payment is made, whichever may be earlier. Only payment of the entire amount will be permitted. No partial payment and no reissue of the bond in part may be made. No power of attorney to request payment in behalf of the registered owner will be recognized.

324.8. *Payment to registered owner (general).*—At any time after September 1, 1947, an owner whose name is inscribed on the face of an Armed Forces Leave Bond may at his option redeem such bond at full face value plus accrued interest upon (1) presentation of the bond (Unless marked "DUPLICATE") to any incorporated bank or trust company or other organization qualified as a paying agent under the provisions of Department Circular No. 811 or any amendment thereto, (2) establishing his identity, (preferably through use of original separation papers bearing his description and witnessed signature) to the satisfaction of the paying agent, and (3) signing the request for payment exactly as his name is inscribed on the face of the bond and adding his home or business address. Even though the request for payment has been signed or signed and certified prior to the presentation of the bond, nevertheless, the paying agent is required to establish to its satisfaction the identity of the owner requesting payment and such paying agent may require the owner to sign again the request for payment. No charge will be made to the owner.

324.9. *Payment to registered owner (other cases).*—Registered owners to whom qualified paying agents are not readily accessible and those who have bonds marked "DUPLICATE" should sign the request for payment of their bonds in the presence of and have their signatures thereto duly certified by an authorized certifying officer and should present and surrender their bonds to the appropriate Federal Reserve Bank⁴ or to the Treasurer of the United States, Washington 25, D. C., except that bonds marked "DUPLICATE" should be forwarded to the Division of Loans and Currency, at the same address.

(a) *Certification of request.*—After the request for payment has been signed the certifying officer should complete and sign the certificate appearing at the end of the form for request for payment.

(b) *Certifying officers.*—The following officers are authorized to certify requests for payment of Armed Forces Leave Bonds:

- (1) *Designated officers.*—Certain designated officers in the Treasury Department in Washington;
- (2) *Banks, trust companies and branches.*—Any officer of any bank or trust company incorporated in the United States or its organized territories, or domestic or foreign branch of such bank or trust company, including those doing business in the organized territories or insular possessions of the United States under Federal charter or organized under Federal law, Federal Reserve Banks, Federal Land Banks, and Federal Home Loan Banks; any employee of any such bank or trust company expressly authorized by the corporation for that purpose, who should sign over the title "Designated Employee"; and Federal Reserve Agents and Assistant Federal Reserve Agents, located in the several Federal Reserve Banks;
- (3) *Veterans' home or hospital or other facility.*—The officer in charge of any home, hospital, or other facility of the Veterans' Administration (only for patients and members of such facilities);
- (4) *Foreign countries.*—United States diplomatic and consular representatives; notaries public, if their official character and jurisdiction are certified by a United States diplomatic or consular officer over an impression of his rubber stamp, or by his certificate over his seal which should be transmitted with but should not be impressed on the bond itself. (See also (5) hereof);
- (5) *Armed Forces.*—Commissioned officers of the Army, Navy, Marine Corps, and Coast Guard of the United States for members of their establishments or civilian employees (and the families of such members or employees) under their jurisdiction, persons in countries in which there are no United States diplomatic or consular representatives and persons who are in areas remote from such representatives;
- (6) *Issuing agents for savings bonds of Series E.*—Any officer of a corporation which is a duly qualified issuing agent for savings bonds of Series E may certify a request for payment of an Armed Forces Leave Bond. All certifications by such officers must be authenticated by a legible imprint of the issuing agent's dating stamp;
- (7) *Special provisions.*—The Commissioner and Associate Commissioner of the Public Debt, the Chief of the Division of Loans and Currency, or a Federal Reserve Bank is authorized

⁴The Federal Reserve Banks are located at Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.

to make special provision for certification in any particular case in which none of the officers authorized to certify requests for payment of Armed Forces Leave Bonds is readily accessible.

(c) *Instructions to certifying officers.*—Certifying officers should require positive identification of the person signing a request for payment.

324.10. *Right to payment on death of owner.*—Upon the death of an owner of an Armed Forces Leave Bond the bond becomes payable only to his survivors in the following order:

(a) Surviving wife or husband and children, if any, in equal shares;

(b) If such owner leaves no surviving spouse or children, then in equal shares to such owner's surviving parents, if any. If there are no such survivors the bond will be retired and the amount covered into the general fund of the Treasury. Accordingly, payment will not be made to an executor or administrator of the estate of a deceased registered owner, and if a bond should come into the possession of such an executor or administrator, or other person not a survivor, following the death of the owner it should be immediately delivered to one of the survivors, if any; otherwise forwarded to the Division of Loans and Currency, Washington 25, D. C., with a signed statement that there are no known survivors.

324.11. *Payment to survivors.*—Survivors of a deceased registered owner in the order provided in the preceding section are entitled to receive payment of an Armed Forces Leave Bond at their option and upon application to the Secretary of the Treasury at any time following the death of such registered owner, whether before, upon or after maturity of the bond. Application for such payment should be made on Form PD 2066, copies of which may be obtained from any Federal Reserve Bank. See section 324.15 for instructions as to filing the application.

(a) *Definition of survivors.*—Survivors are defined in the Act as follows:

(1) "Spouse" means a lawful wife or husband;

(2) "Children" include

(a) a legitimate child;

(b) a child legally adopted;

(c) a stepchild, if, at the time of death of the member or former member of the armed forces, such stepchild is a member of the deceased's household;

(d) an illegitimate child, but in the case of a male member or former male member of the armed forces only if he has been judicially ordered or decreed to contribute to such child's support; has been judicially decreed to be the putative father of such child; or has acknowledged under oath in writing that he is the father of such child; and

(e) a person to whom the member or former member of the armed forces at the time of death stands in loco parentis and so stood for not less than twelve months prior to the date of death;

(3) "Parent" includes father and mother, grandfather and grandmother, stepfather and stepmother, father and mother through adoption, and persons who, for a period of not less than one year prior to the death of the member or former member of the armed forces, stood in loco parentis to such member or former member: *Provided*, That not more than two parents may receive the benefits provided under this Act and preference shall be given to the parent or parents, not exceeding two, who actually exercised parental relationship at the time of or most nearly prior to the date of the death of such member or former member of the armed forces.

(b) *Payment only.*—Only payment of the entire amount of the bond will be permitted. No partial payment and no reissue of the bond in part may be made. Payment in all cases will be made by separate checks drawn in the proper amounts to the individual survivors, except that in the case of a survivor under 17 years of age or under mental disability, the check will be drawn either to the guardian of such survivor, if the Secretary has received notice of the appointment of such guardian, or in the absence of such notice, to a proper person selected by the Secretary, for the use and benefit of such survivor, without the necessity of resorting to judicial proceedings for the appointment of a legal representative.

(c) *All survivors must join.*—Since no partial payment or reissue may be made, all survivors of the class entitled to receive payment must unite in the application, except that in the case of survivors under 17 years of age or under mental disability, legally qualified guardians, if any, may sign in their behalf, and in the absence of such legal guardians, such proper persons as the Secretary may select to act on behalf of such survivors.

(d) *Time of vesting of survivors' rights.*—A survivor's right to receive payment becomes fixed upon the date of the death of the owner. If a survivor dies before receiving payment the right to receive payment of his or her share of the bond passes to the estate of such survivor. For example, if the registered owner dies and leaves a widow and two children and the widow dies prior to receipt of payment, her share passes to her estate and payment of the bond will be made one-third to the widow's representative and one-third to each of the surviving children. If no executor or administrator is appointed for the estate of a deceased survivor, settlement may be made in the same manner as provided for the settlement without administration of estates of deceased owners of United States registered bonds.

324.12. *Loss, theft, destruction, mutilation, or defacement of bonds.*—If an Armed Forces Leave Bond is lost, stolen, destroyed, mutilated or defaced, relief may be granted before maturity by the issue of a substitute bond to be marked “DUPLICATE”, or at or after maturity by payment of the bond in accordance with the provisions of Section 8 of the Government Losses in Shipment Act (U. S. C. 1940 Ed., title 31, sec. 738a). Relief in such cases will be governed by the regulations contained in Department Circular 300, as amended. In any such case immediate notice of the facts, together with a complete description of the bond (including name and address of owner, bond serial number, amount, and issue date), should be given to the Treasury Department, Division of Loans and Currency, Washington 25, D. C., which will forward appropriate forms for requesting relief, together with full instructions. Usually such relief will be granted without requiring a bond of indemnity.

324.13. *Checks.*—

(a) Payment to survivors of checks issued to the registered owner (1) in full settlement of leave, (2) in payment of bonds, or (3) in payment of the odd amount due the member or former member of the armed forces over and above the bond issued in settlement of leave, will be made to the persons entitled as provided in the above regulations relating to bonds. Accordingly, such checks received by executors or administrators of deceased registered owners should not be deposited for collection but should be turned over to the survivors or returned to the issuing office with a statement of the facts.

(b) In the case of a survivor entitled to payment who dies before receiving and collecting the check issued in the name of the survivor, payment will be made to his estate.

II. PROCEDURE

324.14. *Presentation and surrender of bonds.*—Presentation and surrender of an Armed Forces Leave Bond should be made in accordance with the applicable provisions of this Circular. The use of registered mail is suggested if the owner does not present and surrender the bond in person. Bonds marked “DUPLICATE” issued in lieu of lost, stolen, destroyed, mutilated, or defaced bonds should be submitted to the Treasury Department, Division of Loans and Currency, Washington 25, D. C.

324.15. *Payment to survivors.*—Survivors applying for payment under section 324.11 hereof should forward the bonds, accompanied by the applications on Form PD 2066, to the appropriate Federal Reserve Bank or to the Treasury Department, Division of Loans and Currency, Washington 25, D. C. Usually payment will be expedited by the use of the Federal Reserve Banks. The form must be accompanied in each case by (1) a death certificate for the registered owner, (2) an explanation of any discrepancy between the name as given on the face of the bond and the name as given in the death certificate, and (3) in case of an application by parents other than the actual father and mother still living together, a signed and sworn statement giving the basis for the claim of parental relationship as defined in the Act (see 324.11 hereof). The right is reserved to require other and further evidence in cases where such action appears desirable. Federal Reserve Banks as fiscal agents of the United States are authorized to make payment to survivors upon applications in accordance with these regulations, but may submit any doubtful or unusual cases to the Treasury Department, Division of Loans and Currency, for final decision.

324.16. *Designation of agents to make determination.*—The various Federal Reserve Banks as fiscal agents of the United States, the Fiscal Assistant Secretary of the Treasury, the Assistant to the Fiscal Assistant Secretary, the Commissioner and Associate Commissioner of the Public Debt, and the Chief of the Division of Loans and Currency are designated to make determinations on behalf of the Secretary as provided in the Act.

III. GENERAL

324.17. *Taxation.*—Under the Act all amounts paid or payable under Section 6 in cash, bonds or both (except interest in the case of bonds) shall be exempt from taxation.

324.18. *Address for communications.*—All inquiries after issue in connection with the payment of or transactions in Armed Forces Leave Bonds should be addressed to the Federal Reserve Bank of the District in which the owner resides, or to the Treasury Department, Division of Loans and Currency, Washington 25, D. C., except that any inquiries regarding the use of such bonds in connection with Government life insurance or national service life insurance payments should be addressed to the Office of the Veterans' Administration to which the assured has been paying premiums, or to the Director of Insurance Accounts Service, Veterans' Administration, Washington 25, D. C.

324.19. *Additional regulations.*—The Secretary of the Treasury may at any time, or from time to time, prescribe additional, supplemental, amendatory or revised rules and regulations governing Armed Forces Leave Bonds.

Compliance with the notice, public procedure, and effective date requirements of the Administrative Procedure Act (Pub. Law 404, 79th Cong.; 60 Stat. 237) is found to be unnecessary with respect to this revision for the reason that it is issued merely to conform the regulations governing Armed Forces Leave Bonds to the Act (Pub. Law 254, 80th Cong.) amending the Armed Forces Leave Act of 1946 under which amendatory Act Armed Forces Leave Bonds are made redeemable at the option of the owners at any time after September 1, 1947.

This revision will become effective on September 2, 1947.

A. L. M. WIGGINS
Acting Secretary of the Treasury

TREASURY DEPARTMENT

Office of the Secretary

WASHINGTON

August 1, 1947

To the Savings Bond Paying Agent Addressed:

With this letter you will receive copies of the official Treasury Department Circulars and instructions governing the payment of Armed Forces Leave Bonds. You will observe that the procedure and instructions are very similar to those governing the payment of savings bonds. Inasmuch as your institution is a qualified paying agent for savings bonds, qualification as a paying agent for the leave bonds is possible automatically by the act of paying such a bond after September 1, 1947. Such a payment will render your institution subject to the terms and conditions applicable to the payment of such bonds and subject to the same terms and conditions as are set forth in your Application-Agreement for the payment of savings bonds.

The Treasury has the responsibility of fulfilling that part of the recently enacted law which makes the proceeds of the bonds available to owners thereof on their demand after September 1, 1947. The splendid organization available for the payment of savings bonds, it seems to me, is ideally suited to carrying out this responsibility. I am certain too that your institution will want to assist the veterans.

Your institution is especially well suited also to counsel the veterans concerning the desirability of holding their bonds if they do not need the cash at this time. On this point particular attention is invited to the President's comment when he signed the bill. You will recall he said, in part, "If, on the other hand, veterans choose the wise course, hold their bonds and continue to draw 2½ percent interest, their dollars will buy more when they cash their bonds after inflationary conditions have eased. I urge veterans not to cash their bonds unless they are in urgent need of the money now."

I believe that if such information is passed on to the veterans and if they understand that they can get their funds at any future time on their demand, many of them who do not need the cash now will hold them to maturity when, of course, interest ceases.

I think you will concur with me that the veteran, and the nation, will benefit most by not cashing his bond at this time, unless, of course, circumstances require such cashing.

One more thing I should like to stress and that is the matter of identification of owners. We want to be as certain as we possibly can that the rightful owner receives the full value due him at the time he cashes his bond. Accordingly, I strongly urge that you require each veteran, at least those who are not fully known to your institution, to present the original separation papers furnished to him, if he is a discharged veteran, and to use extra care and diligence where these papers are not available.

Your cooperation will be very much appreciated.

Very truly yours,

A. L. M. WIGGINS,
Acting Secretary of the Treasury.