

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, April 24, 1953

## REVISION OF PROCEDURE PERMITTING QUALIFIED AGENTS TO PAY BONDS WITHOUT OWNERS' SIGNATURES

To All Qualified Paying Agents of Savings Bonds  
in the Eleventh Federal Reserve District:

Enclosed are Treasury Department Circular No. 888, Revised, effective May 1, 1953 and the related Memorandum of Instructions, containing the revised regulations governing the procedure whereby paying agents may make payment of certain United States Savings Bonds, including matured bonds of Series F and G, or forward them to this bank for payment without the owners' signatures to the requests for payment.

This procedure in no way affects the qualification of or the procedure to be followed by paying agents authorized to make payment of savings bonds of Series A through E, that has in general been effective since 1944. Therefore, paying agents may under their present qualification continue to make payment of savings bonds of Series A through E upon signed requests by owners or coowners in accordance with Treasury Department Circular No. 750, Revised June 30, 1945.

To make payment of savings bonds of Series A through E and matured savings bonds of Series F and G without the owner's signature to the request for payment, a paying agent must give to the United States an **unconditional guarantee** as to the validity of each transaction, including the identification of the owner and the disposition of the proceeds in accordance with the owner's instructions and that if a loss is incurred by the United States as a result of such transaction the agent shall, upon request of the Treasury Department, make prompt reimbursement for the amount of the loss. The unconditional guarantee means that the agent is responsible whether or not the loss resulted from its fault or negligence. Under the special endorsement-unconditional guarantee procedure, an agent so qualified is permitted to make payment of matured—but not unmatured—Series F and G bonds to the owner or coowner whose name is inscribed on each bond; however, no fees will be paid to agents for making these payments.

If a qualified paying agent of savings bonds is to be authorized to process bonds under Department Circular No. 888, Revised, its Governing Board or authorized Committee should pass a resolution authorizing the institution to apply for authority to process savings bonds under that circular. An official form, PD 2291, Revised, copies of which are also enclosed, has been provided for this purpose. The form should be duly executed and returned to this bank. The information requested on Form PD 2291, Revised, as to whether the applicant will obtain special endorsement stamps locally or desires to obtain a supply from the Federal Reserve Bank is pertinent and should not be overlooked.

When eligibility is established, a Form PD 2292, Revised, will be executed by this bank and forwarded to the paying agent as notification that it is eligible to process bonds by special endorsement under Circular No. 888, Revised; also, at that time, appropriate instructions will be furnished concerning the processing and forwarding of matured Series F and G bonds. Upon receipt of such notification and instructions, assuming that official endorsement stamps are available, the agent may begin processing bonds May 1, 1953, and thereafter under the circular.

Authority of paying agents now qualified to make or request payment of savings bonds without the owners' signatures under Treasury Department Circular No. 888, dated May 15, 1951, will terminate at the close of business April 30, 1953 and the special endorsement stamps heretofore furnished should no longer be used.

Additional information or copies of the circular concerning the revised procedure will be furnished upon request.

Yours very truly,

R. R. GILBERT

President

### APPLICATION-AGREEMENT

TO ESTABLISH THE ELIGIBILITY OF A QUALIFIED PAYING AGENT TO HANDLE  
UNITED STATES SAVINGS BONDS UNDER THE PROVISIONS OF  
TREASURY DEPARTMENT CIRCULAR NO. 888, REVISED

**IMPORTANT — Before signing this application please read  
the instructions.**

Date.....

To: THE FEDERAL RESERVE BANK OF DALLAS  
Fiscal Agent of the United States

WHEREAS, the ..... is a qualified agent for the  
(Name of Institution)

payment of savings bonds under Treasury Department Circular No. 750, Revised, and desires to establish its eligibility to handle savings bonds in accordance with the provisions and conditions of Treasury Department Circular No. 888, Revised; and

WHEREAS, it has been authorized by duly executed resolution of its governing board or authorized committee thereof to apply for the aforesaid privilege and to agree to comply with and be bound by the provisions and conditions of Circular No. 888, Revised (including all supplements, amendments and revisions thereof and any instructions issued thereunder) with respect to the special endorsement and payment of savings bonds or their presentation to the Federal Reserve Bank for payment or exchange.

NOW THEREFORE, the ..... does hereby make  
(Name of Institution)  
application for such privilege and in consideration for the granting thereof does hereby bind itself to such agreement and compliance with the aforementioned provisions and conditions.

In WITNESS WHEREOF, it has caused this instrument to be executed in its behalf by the officer below named, thereunto duly authorized by a resolution of its governing board or committee thereof adopted on the ..... day of ....., 19....., and its corporate seal to be hereunto attached, attested by its Secretary (or other officer having custody of its records), this ..... day of ....., 19.....

(IMPRESS SEAL HERE)

Attest:

.....  
Name of Institution

.....  
Address

.....  
Signature of Officer

By.....  
Signature of Officer

.....  
Title of Officer

.....  
Title of Officer

### INSTRUCTIONS—READ CAREFULLY

1. In case the institution has no corporate seal, strike out the words "its corporate seal to be hereunto attached" and insert opposite the word "Attest" the words "The institution has no corporate seal."

2. For use in connection with processing bonds under Circular No. 888, Revised, indicate below whether the applicant will obtain special endorsement stamps locally or desires to obtain a supply from the Federal Reserve Bank:

Special endorsement stamps will be obtained locally.

Supply ..... special endorsement stamps.  
(number)

**REGULATIONS GOVERNING THE SPECIAL ENDORSEMENT OF UNITED STATES SAVINGS BONDS OF ANY SERIES AND THE PAYMENT OF MATURED SERIES F AND G BONDS BY ELIGIBLE PAYING AGENTS**

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1953  
Department Circular No. 888  
Revised  
Fiscal Service  
Bureau of the Public Debt

TREASURY DEPARTMENT  
Office of the Secretary  
Washington, April 8, 1953

Pursuant to Section 22 of the Second Liberty Bond Act, as amended (49 Stat. 21, as amended; 31 U.S.C. 757c), Department Circular No. 888, dated May 15, 1951 (31 CFR 1951 SUPP. 330), is hereby revised effective May 1, 1953, to read as follows:

**Sec. 330.1. Purpose of regulations.**—These regulations (1) prescribe a procedure whereby eligible qualified paying agents may specially endorse United States Savings Bonds of certain classes, with or without the owners' signatures to the requests for payment, and (2) make provisions for such agents to pay certain bonds so endorsed or forward them to the Federal Reserve Bank of the District for payment or for any authorized exchange. See Sec. 330.3 hereof for classes of bonds which such paying agents may endorse and Sec. 330.8 hereof for those which they may pay or present to the Federal Reserve Bank of the District for payment or exchange. Although the provisions of this circular are designed primarily to permit payment without the signatures of the owners to the requests for payment on bonds held by paying agents in safekeeping or trust accounts for known customers, application thereof is not so limited. For example, an eligible paying agent may process a matured bond of Series F or G by special endorsement under the provisions and conditions of this circular for the owner, whether or not he signs the request for payment, and whether or not the bond is held in a safekeeping or trust account. **UNDER NO CIRCUMSTANCES SHALL THE PROVISIONS OF THIS CIRCULAR BE USED TO GIVE EFFECT TO A TRANSFER, HYPOTHECATION, OR PLEDGE OF A BOND OR TO PERMIT PAYMENT TO ANY PERSON OTHER THAN THE OWNER OR COOWNER. VIOLATION OF THESE PROHIBITIONS WILL BE CAUSE FOR THE WITHDRAWAL OF AN AGENT'S PRIVILEGE TO PROCESS ANY BONDS UNDER THIS CIRCULAR.**

**Sec. 330.2. Agents eligible to process bonds.**—Any institution qualified as a paying agent of United States Savings Bonds under the provisions of Department Circular No. 750, Revised, upon establishing its eligibility in accordance with this section, is hereby authorized to process savings bonds and to pay matured savings bonds of Series F and G, subject to the provisions and conditions of this circular and any instructions issued hereunder. In order to establish such eligibility, the institution should apply on Treasury Department Form PD 2291, Revised, to the Federal Reserve Bank of the District in which it is located. This form provides a certification that by duly-executed resolution of its governing board or committee the institution has been authorized to apply for the privilege of processing and paying bonds in accordance with the provisions and conditions of Department Circular No. 888, Revised, including all supplements, amendments, and revisions thereof, and any instructions issued in connection therewith. If the application is approved, the Federal Reserve Bank will so notify the institution by means of Treasury Department Form PD 2292, Revised. The authority given in this circular to pay matured savings bonds of Series F and G and to otherwise process savings bonds will become effective upon the receipt of such duly-executed Form PD 2292, Revised, but not before May 1, 1953. The Secretary of the Treasury reserves the right to withdraw such privilege from any institution at any time and such action may be taken either by the Treasury Department direct or through a Federal Reserve Bank, acting as fiscal agent of the United States. The eligibility established by any institution to process savings bonds under Department Circular No. 888, dated May 15, 1951, is hereby withdrawn, effective at the close of business April 30, 1953.

**Sec. 330.3. Bonds eligible for processing.**—A United States Savings Bond of any series may be processed under these regulations upon the request of the registered owner (which term as now and hereafter used in this circular includes a coowner) named on the bond. The term "owner" is defined to include individuals, incorporated and unincorporated bodies, executors, administrators, and other fiduciaries named on the bonds. The procedure does not apply, for example, to cases where a parent requests payment or exchange in behalf of a minor child who is named on the bond as its owner or to cases where requests for payment or exchange are made by surviving beneficiaries, or to any other cases **requiring death certificates or other supporting evidence.**

**Sec. 330.4. Guaranty given to the United States.**—Each paying agent by the act of paying or presenting to the Federal Reserve Bank of the District either for payment or for exchange a bond bearing the special endorsement prescribed in Sec. 330.6 shall be deemed thereby (1) to have unconditionally guaranteed to the United States the validity of the transaction, including the identification of the owner and the disposition of the proceeds or the new bonds, as the case may be, in accordance with his instructions, (2) to have assumed complete and unconditional liability to the United States for any loss which may be incurred by the United States as a result of the transaction, and (3) to have unconditionally agreed to make prompt reimbursement for the amount of the loss upon request of the Treasury Department.

**Sec. 330.5. Evidence of owner's authorization to agent.**—By the act of paying or presenting to the Federal Reserve Bank of the District for payment or for exchange a bond bearing the special endorsement prescribed in Sec. 330.6, the paying agent represents to the United States that it has obtained adequate instructions from the owner with respect to payment or exchange of the bond and disposition of its proceeds or the new bond, as the case may be. To support this representation agents should maintain such records as may be necessary to establish the receipt of such instructions as well as records establishing compliance therewith.

**Sec. 330.6. Endorsement of bonds.**—Each bond processed under these regulations shall bear the following endorsement (see Sec. 330.7 for additional instructions covering bonds inscribed in coownership form) :

“Request by owner and validity of  
transaction guaranteed in accord-  
ance with T. D. Circular No. 888,  
Revised.

(Name and location of agent)”

This endorsement must be placed on the back of the bond in the space provided for the owner to request payment. The endorsement stamp must be legibly impressed in black or other dark-colored ink. The Federal Reserve Bank of the District will furnish rubber stamps for impressing the above endorsement or, in lieu thereof, will approve designs for suitable stamps to be obtained by paying agents. Requests for endorsement stamps to be furnished or approved by the Federal Reserve Bank shall be made in writing by an officer of the institution. The use of endorsement stamps which have been approved or furnished by Federal Reserve Banks pursuant to Department Circular No. 888, dated May 15, 1951, shall be discontinued at the close of business April 30, 1953.

**Sec. 330.7. Bonds in coownership form.**—In addition to the endorsement prescribed in Sec. 330.6, the paying agent shall, in the case of bonds registered in coownership form, indicate which coowner requested payment or exchange. This should be done by encircling in black or other dark-colored ink the name of such coowner (or both coowners if a joint request for payment or exchange is made) as it appears in the inscription on the face of the bond.

**Sec. 330.8. Payment or exchange of bonds.**—

(A) **Payment of Series A to E, inclusive, by paying agents.**—Bonds of Series A to E, inclusive, bearing the special endorsement (see Sec. 330.3 and Sec. 330.6) may be paid by a paying agent pursuant to the authority and subject to the provisions and conditions of Department Circular No. 750, Revised, and the instructions issued pursuant thereto, except, of course, that the owner's signature to the request for payment of the bond will not be required, and except also that each such endorsed bond carries with it a guarantee to the United States against loss (see Sec. 330.4). Series A to E bonds, inclusive, which bear the special endorsement and which are thereafter paid by the paying agent under Department Circular No. 750, Revised, will be combined with other Series A to E bonds paid under that circular and forwarded to the Federal Reserve Bank of the District.

(B) **Payment of MATURED BONDS—SERIES F AND G—by paying agents.**—Matured savings bonds of Series F and G other than those marked “DUPLICATE,” bearing the special endorsement (see Sec. 330.3 and Sec. 330.6), may be paid by qualified paying agents whose eligibility to pay matured Series F and G bonds has been duly established pursuant to sec. 330.2. No fees will be paid to the agents for making these payments. Such matured bonds may be paid only under the provisions and conditions of this subsection and such instructions as may be issued pursuant thereto. It will be required that (1) the bonds be of a class which may be processed by special endorsement (see Sec. 330.3), (2) the owner (as defined in Sec. 330.3) has requested the payment, (3) the bonds bear no material alteration, irregularity, mutilation, or other defect that may be a basis for questioning payment thereof, and (4) the bonds bear the special endorsement (see Sec. 330.6). The payment of matured bonds of Series F and G shall be made in accordance with the following provisions:

(a) A Series F bond shall be paid at its face value.

(b) A Series G bond shall be paid at its face value together with the final interest due thereon at the rate of \$1.25 for each \$100 of face value. The total amount payable at maturity for each authorized denomination, including the final interest due, is as follows:

Series G Bond Authorized Denominations	Amount Payable (Face value plus final interest)
\$ 100.....	\$ 101.25
500.....	506.25
1,000.....	1,012.50
5,000.....	5,062.50
10,000.....	10,125.00

(c) Each bond shall bear on its face, in the upper right portion, a payment stamp setting forth the word "PAID" and the amount of the payment (including the final interest on Series G bonds), the date of payment (month, day, year), and the name and location of the paying agent including the ABA transit number or other identifying code approved or assigned by the Federal Reserve Bank of the District (the payment stamp prescribed for use under Department Circular No. 750, Revised, may be used).

(d) The proceeds of each bond shall be disposed of pursuant to the owner's instructions.

(e) Paid bonds shall be forwarded to the Federal Reserve Bank of the District at such time or times pursuant to such instructions as may be prescribed by such Bank, as fiscal agent of the United States.

(f) Each payment shall be subject to the guaranty and liability provisions of Sec. 330.4 hereof.

(g) Paying agents shall be subject to such other instructions governing these payments as may be issued by the Federal Reserve Bank of the District, as fiscal agent of the United States.

The Federal Reserve Bank of the District will make immediate settlement, subject to adjustment, with the paying agent for the total amount due on the paid bonds forwarded hereunder by the agent at any one time.

**(C) Payment or exchange of bonds by Federal Reserve Banks—All series.—**

(1) **General.**—All bonds forwarded to a Federal Reserve Bank for payment or exchange under the provisions and conditions of this circular must be accompanied by appropriate instructions governing the transaction and the disposition of the redemption checks or the new bonds, as the case may be. The bonds must be kept separate from any bonds the agent may pay and they must be presented in accordance with such instructions as may be issued by the Federal Reserve Bank of the District, as fiscal agent of the United States.

(2) **Payment.**—Savings bonds presented to an eligible paying agent for payment which the agent elects to process by special endorsement under the provisions and conditions of this circular (see Sec. 330.3 for bonds eligible to be so processed) must be forwarded to the Federal Reserve Bank of the District for payment (i) if the bonds are not payable under subsections (A) or (B) of this section or (ii) if being payable under said subsections, the agent does not elect to make the payment.

(3) **Exchange.**—Savings bonds which are to be exchanged, in whole or in part, pursuant to an authorized exchange may be processed by an eligible paying agent by special endorsement under the provisions and conditions of this circular (see Sec. 330.3 for bonds eligible to be so processed); **Provided**, That each such specially endorsed bond must be forwarded to the Federal Reserve Bank of the District which, as fiscal agent of the United States, is authorized to effect the exchange.

**Sec. 330.9. Functions of Federal Reserve Banks.**—The Federal Reserve Banks, as fiscal agents of the United States, are authorized and directed to perform such duties, and prepare and issue such instructions, as may be necessary to the fulfillment of the purpose and requirements of this circular. The Federal Reserve Banks may utilize any or all of their Branches in the performance of these duties.

**Sec. 330.10. Modification of other circulars.**—The provisions of these regulations shall be considered as amendatory of and supplementary to Department Circulars 530, 653, 654, 750, 751, 885, 905, and 906 and any revisions thereof, and those circulars are hereby modified where necessary to accord with the provisions hereof.

**Sec. 330.11. Other circulars generally applicable.**—Except as provided in these regulations the circulars referred to in the preceding section will continue to be generally applicable.

**Sec. 330.12. Supplements and amendments.**—The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of these regulations, or of any amendment or supplement thereto.

G. M. HUMPHREY  
Secretary of the Treasury

**IMPORTANT:** This Memorandum is **only** for use of qualified paying agents of savings bonds. It is not for general distribution.

## MEMORANDUM OF INSTRUCTIONS ISSUED IN CONJUNCTION WITH DEPARTMENT CIRCULAR NO. 888, REVISED

Fiscal Service  
Bureau of the Public Debt

TREASURY DEPARTMENT  
Office of the Secretary  
Washington, April 15, 1953

**General.**—This memorandum is for the guidance of paying agents which establish eligibility under Treasury Department Circular No. 888, Revised, effective May 1, 1953, to specially endorse savings bonds for payment by them, when authorized, or for presentation to Federal Reserve Banks for payment or exchange. It is both explanatory of and supplementary to said circular. The memorandum also will acquaint paying agents with the objectives of the special endorsement procedure and the risks attendant therewith and in this connection will assist agents in determining whether or not to become eligible to use the endorsement procedure in those instances where its use might be warranted.

The original circular was issued in response to requests by banks holding bonds in trust and safe-keeping accounts for known customers. It was claimed that an agent would obtain certain advantages and savings through simplification of the procedure in the payment of bonds so held and that a better service would result to customers if the agent were permitted to substitute its endorsement on the bonds for the signature of the owner.

In recognition of the Department's view that the signature to the request for payment on the bond is an essential to establishing the propriety of the payment of registered public debt obligations, these banks accompanied their request for the use of the endorsement with an offer to guarantee the United States against loss resulting from these transactions. It was on this background that the original circular was promulgated.

These banks now request authority to pay maturing bonds of Series F and G. Request was made also for permission to use the endorsement procedure whether or not the bonds are held in trust or safe-keeping accounts and whether or not the customer may have signed his bond when he presents it for payment. In addition, some requests have been made for use of the endorsement procedure on bonds which are to be presented for an authorized exchange.

In view of the character of Series F and G bonds and the large holdings of numerous owners, the Department concluded that it should permit the payment of maturing bonds of Series F and G before release of registration only under the provisions and conditions of the special endorsement procedure and guarantee provided in Circular No. 888. The revision of Circular No. 888 is intended to accomplish all of the objectives cited above and becomes effective May 1, 1953. It should be borne in mind that it is entirely optional with each paying agent whether or not to become eligible to use the endorsement and after establishing such eligibility it is still optional with the agent whether or not to use the endorsement.

Perhaps one thing should be stressed at this point. It is the liability for losses which may result from use of the special endorsement procedure. The agent gives the United States an **unconditional guarantee** as to the validity of each transaction, including the identification of the owner and disposition of the bond proceeds or the new bond in the case of an exchange; assumes complete and unconditional liability to the United States for any loss which may be incurred as a result of the transaction; and unconditionally agrees to make prompt reimbursement for any loss when so requested by the Treasury Department. Agents should recognize that this undertaking is greater than that assumed in the payment of Series A-E bonds under Treasury Department Circular No. 750, Revised.

1. **Purpose of regulations.**—Generally speaking, Circular No. 888, Revised, prescribes a special endorsement which an eligible paying agent may place upon any series of savings bonds, with certain limitations as to classes of bonds which may be endorsed (see Section 3 hereof), so that the agent may pay the bond (if the Treasury has authorized its payment by agents) or present it to the Federal Reserve Bank for payment or for an authorized exchange whether or not the owner signs the request for payment on the bond. In any event, the paying agent must have appropriate authority from the owner who must be competent to act. The Department will not attempt to define the term "customer" but in view of the primary intent as indicated in Section 330.1 and also because of the guarantee provisions of Section 330.4 of Circular No. 888, Revised, eligible agents should use the special endorsement only in connection

with bonds owned by persons who are fully known to them. SPECIAL ATTENTION IS DIRECTED TO THE LAST TWO SENTENCES OF SECTION 330.1 OF THE CIRCULAR. Use of the endorsement procedure in any way that might give effect to a transfer, hypothecation or pledge of a bond or payment to anyone other than an owner or coowner is prohibited.

2. **Meaning of terms.**—For the purpose of this memorandum (unless otherwise indicated either specifically or by context) the term:

(a) “Bond(s)” shall mean United States savings bonds of any and all series which an “eligible agent” is permitted to “specially endorse”;

(b) “owner(s)” shall include any coowner and shall mean a person (including natural persons, incorporated and unincorporated bodies, executors, administrators, and other fiduciaries) **named as such** on a bond;

(c) “eligible agent(s)” or “agent(s)” shall mean any qualified paying agent of savings bonds which has been duly notified by the Federal Reserve Bank by means of Form PD 2292, Revised, of its eligibility to process savings bonds by special endorsement under the provisions and conditions of Circular No. 888, Revised;

(d) “special endorsement” shall mean the endorsement prescribed in Section 330.6 of Circular No. 888, Revised;

(e) “specially endorse” or “specially endorsed” shall mean the application by an “eligible agent” of the “special endorsement” to “bonds” which are to be paid or exchanged;

(f) “exchange” shall refer only to official Treasury exchange offerings involving savings bonds;

(g) “Circular No. 888” or similar reference thereto shall be to the revised circular.

3. **Classes of bonds which may or may not be specially endorsed.**—An eligible agent **may**, at its discretion, specially endorse a bond **if the owner** requests the agent to effect its payment or its exchange (in whole or in part). A bond **may not** be specially endorsed if documentary evidence is required under Department Circular No. 530, current revision, in support of a request for payment. The following information, examples, and exceptions (especially item (d)) should be noted:

(a) Documentary evidence is not required if an owner’s name is changed by reason of marriage;

(b) bonds **may not** be specially endorsed upon a parent’s request in behalf of a minor child named on the bond as the owner;

(c) reference should be made to subparts O, P and Q of Department Circular No. 530, as currently revised, for determination as to whether bonds registered in the name of a fiduciary, private organization (corporation, association, partnership, etc.), or a state, public corporation, or school board, commission or officer require documentary evidence in support of a request for payment;

(d) notwithstanding the provisions of Circular No. 888, a bond which requires documentary evidence to support payment may be specially endorsed and presented for exchange without such evidence if the bond is to be exchanged in the full amount and the registration of the new bond is to be identical to that on the exchanged bond.

4. **Receipt and retention of authorizations and instructions from owners.**—

(A) **Receipt of authorizations and instructions.**—The Treasury Department will not prescribe specific rules governing the form or type of authorizations and instructions governing requests for payment or exchange, or disposition of proceeds or bonds, as the case may be, which an agent should obtain from owners. They should be such as will enable the agent to subsequently justify the transaction and, of course, they must be given by an owner named as such on the bond. An agent should also bear in mind that a surviving beneficiary or coowner becomes the sole and absolute owner of a bond if it has not been presented for payment or exchange during the life of the owner or the other coowner. Consequently any authorization by an owner or coowner with respect to a bond in beneficiary or coownership



form would expire upon the death of the person giving the authorization. In view of this there is a risk of loss whenever a bond is processed by special endorsement on the basis of an authorization which is not of recent date.

(B) **Retention of authorizations and instructions.**—Owners of public debt obligations may present their securities, or claims for substitutes in the event of alleged loss, destruction, or theft of the securities, at any time, and therefore the Treasury Department may require evidence to support a payment or exchange of a specially endorsed bond any time after the transaction. For that reason, the Department is not in a position to authorize agents to destroy any records they may obtain or make to evidence the propriety of the payment or exchange of a specially endorsed savings bond. There is no objection, of course, to microfilming the evidence and then destroying the original documents, if the microfilm is legible. An agent may make notations on the back of a bond for the purpose of helping to reconstruct the transaction; provided, that the agent understands it has the primary responsibility for producing such evidence as may be required to support a transaction. The Department will undertake to produce any notations recorded on the back of a bond but will not assume responsibility for the inadequacy of any such notations or for failure to produce the bond in any particular case where the Department's records may have been lost, stolen, or destroyed, or where the notation is not legible for any reason.

#### 5. Special endorsement of bonds.—

(A) **General.**—When an eligible agent has established that a bond may be specially endorsed and has appropriate authorization and instruction to effect the bond's payment or exchange, it may, entirely at its own discretion, use the special endorsement as set forth in this section.

(B) **Prescribed endorsement stamp and supply thereof.**—The special endorsement prescribed in Circular No. 888, Revised, for use on and after May 1, 1953, reads:

“Request by owner and validity of  
transaction guaranteed in accord-  
ance with T. D. Circular No. 888,  
Revised.

(Name and location of agent)”

The Federal Reserve Bank of the District will supply, on the agent's requisition, an adequate number of endorsement stamps similar to the above. However, eligible agents may obtain their own endorsement stamps at their expense, provided that (i) the size of the stamp does not exceed a space bounded by one and three-quarters inches in the vertical dimension and three inches horizontally; (ii) the wording of the stamp is exactly as specified above, plus any code number designating the name and location of the agent that may be specified by the Federal Reserve Bank; and (iii) **such stamps shall not be obtained by the agent prior to notification of eligibility by the Federal Reserve Bank of the District.** Endorsement stamps obtained by an agent may include such additional data as (1) a code or a space for initials or signature of the employee approving the transaction, (2) the date of the transaction, and (3) other data considered pertinent by the agent. It should be remembered that the misuse of the endorsement stamp could result in losses; therefore, it is strongly suggested that a minimum number of the stamps be obtained and that control and use thereof be carefully supervised.

(C) **Use of endorsement stamps.**—Each endorsement impression should be legibly made with black or other dark-colored ink. This is important to preservation of any data recorded on savings bonds since they are microfilmed by the Department. The endorsement should be placed on the back of the bond in the general area provided for signing the request for payment. (See Section 4(B) of this memorandum for additional notations which an agent may make on the back of a bond.) **AGENTS WHOSE ELIGIBILITY WAS ESTABLISHED UNDER CIRCULAR NO. 888 AS ORIGINALLY ISSUED SHOULD DESTROY OR RENDER UNUSABLE ALL STAMPS OBTAINED UNDER THAT CIRCULAR AS PROMPTLY AS POSSIBLE AFTER THE CLOSE OF BUSINESS APRIL 30, 1953.** Similar action should be taken by an agent regarding stamps obtained under Circular No. 888, Revised, if and when an agent's eligibility ceases.

6. **Coowner requesting transaction, designation of.**—Whenever a specially endorsed bond which is registered in coownership form does not bear the signature of the coowner requesting its payment or exchange, as the case may be, the eligible agent shall indicate which coowner made the request. This should be done by encircling in black or other dark-colored ink the name of such coowner (or both coowners if a joint request for payment or exchange is made) as it appears in the inscription on the face

of the bond. This applies whether the agent pays the bond or forwards it to the Federal Reserve Bank of the District for payment or for exchange, as the case may be.

**7. Payment by paying agents of Series A-E bonds bearing the special endorsement.**—A bond of Series A to E, inclusive, which is specially endorsed by an eligible agent pursuant to the authority and procedure prescribed in Department Circular No. 888 and this memorandum, may be paid by the agent if the bond is otherwise payable under the authority and provisions of Department Circular No. 750, Revised, and the instructions issued in conjunction therewith: Provided, however, that if the bond is held or received by the agent for account of an owner known to be a nonresident alien the bond may not be paid by the agent (see Section 10 hereof). This restriction applies, of course, to bonds presented over the counter for payment but in such instances it may be presumed, in the absence of knowledge to the contrary, that an owner presenting a bond in person is a resident of the United States. Each specially endorsed A to E bond paid by an agent must have a payment stamp impressed on the face of the bond and show therein the date and amount of payment after which the bond shall be forwarded with other paid bonds of Series A to E, all as prescribed in said Circular No. 750, and the instructions issued pursuant thereto. Inasmuch as each eligible agent has been furnished Department Circular No. 750, Revised, and the instructions issued in conjunction therewith, no further details relating to the payment and handling of such bonds will be included herein.

**8. Payment by paying agents of MATURED SERIES F AND G BONDS bearing the special endorsement.**—

(A) **General.**—A matured bond of Series F or G which is specially endorsed by an eligible agent pursuant to the authority and procedure prescribed in Department Circular No. 888 and this memorandum may be paid by the agent under the authority and provisions of said circular and these instructions. No payments, in whole or in part, may be made if the bond is to be presented for an exchange.

(B) **Limitations on payment authority.**—

(i) **Matured bonds.**—Only matured bonds of Series F and G bearing the agent's special endorsement may be paid by that agent. UNMATURED BONDS OF SERIES F OR G WHETHER OR NOT SPECIALLY ENDORSED MUST BE PRESENTED TO THE FEDERAL RESERVE BANK FOR PAYMENT. It is reiterated that agents are not required to use the special endorsement on matured bonds of Series F or G nor are they required to pay them if they are so endorsed (see Section 9 hereof for provisions relating to the forwarding of specially endorsed bonds to Federal Reserve Banks for payment).

(ii) **DUPLICATE BONDS.**—A matured bond of Series F or G marked "DUPLICATE" is not payable by an eligible agent but must be submitted to the Federal Reserve Bank for payment.

(iii) **Material alteration, irregularity, mutilation, or other defect.**—Section 330.8(B) of Circular No. 888 provides that the subject bonds may not be paid if they bear a material alteration, irregularity, mutilation, or other defect which may be a basis for questioning payment of the bond. This prohibition applies whether the alteration, irregularity, etc., is in the bond itself or in the registration and other data inscribed or required to be inscribed thereon. It should be borne in mind that all Series F and G bonds, with only minor exceptions, were issued by the Federal Reserve Banks or the Treasury Department; consequently, eligible agents should expect that the bonds as originally issued did not bear material alterations or other material defects. Although an agent is not required to endorse or pay bonds that may have been erroneously inscribed or contain any defects, it may wish to pay such bonds because of its reliance upon the integrity of the customer and the customer's explanation of the situation. Accordingly, an agent may exercise its discretion and pay bonds in these instances with the understanding that it assumes full responsibility for any loss which results by reason of any such defects. Any such matured bonds of Series F and G paid by an eligible agent may be processed by the Federal Reserve Bank without question upon the assumption that the agent has noted the defect and been fully satisfied as to the facts. However, the Treasury Department reserves the right to question or have its fiscal agents question the propriety of any such payments and to charge the amount of any such questioned bond back to the agent, if deemed desirable, pending further investigation of the facts.

(iv) **Bonds owned by nonresident aliens.**—Interest derived by a nonresident alien individual, or by a nonresident foreign corporation, partnership, or association on savings bonds of any series is subject to tax. This matter is covered in Section 10 hereof. Federal Reserve Banks are designated as withholding agents for taxes due on the interest paid by them on savings bonds so owned.

Accordingly, an eligible agent should not pay matured F or G bonds in instances where the agent knows that the bonds are owned by nonresident aliens but should forward the bonds to the Federal Reserve Bank for payment. The Federal Reserve Bank will issue any special instructions which may be necessary in connection with forwarding such bonds.

(C) **Amount payable, Series F.**—The amount payable on a matured bond of Series F is its denominational or face value. The payment of these amounts may be in such form as is mutually agreeable to the owner and the agent.

(D) **Amount payable, Series G.**—A matured Series G bond is payable at its face value PLUS the amount of the final interest (last six months' interest) due for each denomination. The payment of these amounts may be in such form as is mutually agreeable to the owner and the agent. The total amount payable for each denomination, including the final interest, is as follows:

Denomination	Amount Payable
\$ 100 .....	\$ 101.25
500 .....	506.25
1,000 .....	1,012.50
5,000 .....	5,062.50
10,000 .....	10,125.00

(E) **Recording payment data on bonds.**—The amount (including final interest in the case of matured Series G bonds), date of payment, name, location and assigned code of each eligible agent must be recorded on each paid bond. This requirement is designated to meet several purposes: (i) facilitate accounting and settlement for paid bonds, (ii) provide permanent supporting evidence of the payment, and (iii) prevent a second presentation of a bond for payment in the event of its loss or theft. Consequently, a standardized payment stamp is prescribed for use by all agents (see Subsection (F) immediately following). The stamp should be impressed upon the bond as promptly as practicable after payment in the blank space that is usually available in the upper right portion of the face of the bond. Because of its importance when bonds are microfilmed, each eligible agent is urged to use black or other dark-colored ink in making stamp impressions and recording the amount of payment. CARE SHOULD BE TAKEN TO KEEP THE IMPRESSION AND NOTATIONS LEGIBLE AND FREE FROM SMEARS AND BLURS. Although an indelible pencil or a dark-colored crayon will be accepted, it is preferred that agents use dark-colored ink. Extreme care should be taken to prevent defacing the bond's serial number, the name and address of any owner or beneficiary, the issue date or the issuing agent's validating stamp.

(F) **Payment stamp prescribed.**—The payment stamp shall contain the following data in the manner indicated, unless otherwise approved by the Federal Reserve Bank:

PAID \$ D 366 THE XYZ NATIONAL BANK 68-76 BLANK, TEXAS May 1, 1953 By..... 10	— Record total amount paid — Code number to be supplied by Federal Reserve Bank — Name of paying bank — ABA transit number of paying bank — Location of paying bank — Actual date bond paid — An agent may elect, either (1) show a code number or symbol representing the person making payment or (2) provide space for the written initial or signature of such person, or (3) both.
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The above stamp is the same as that prescribed for use in the payment of Series A-E bonds. Accordingly, unless otherwise instructed by the Federal Reserve Bank, such stamps may be used in the payment of matured bonds of Series F and G. Matters pertaining to the procurement of payment stamps should be referred to the Federal Reserve Bank.

(G) **Forwarding paid matured F and G bonds to Federal Reserve Bank.**— Section 330.8(B) of Circular No. 888 provides that the subject paid bonds shall be forwarded to the Federal Reserve Bank of the District pursuant to instructions issued by such Bank. Appropriate transmittal letters will be required for submitting such bonds. Paid matured bonds of Series F or G will not be permitted to be listed on transmittal letters used for forwarding paid Series A-E bonds or any other specially endorsed bonds which are sent to the Federal Reserve Bank.

If an eligible agent desires to obtain relief through the Treasury Department for the value paid on matured Series F and G bonds which may be lost, stolen, destroyed, or mutilated prior to receipt by the

Federal Reserve Bank, it must furnish by letter series (i) the serial number (including prefix and suffix letters), (ii) the issue date, (iii) the amount paid, and (iv) if available, the registration of each bond, and must certify that the prescribed endorsement and payment stamps were duly impressed on the bonds. Such record may be established by listing the information on the transmittal letters opposite the amount of each bond payment, or it may be maintained in any other form suitable to the agent. In this connection, an eligible agent is authorized to microfilm these bonds. Such film records may be projected upon a screen but no prints, enlargements, or other reproductions shall be made except by official permission, which may be given by the Federal Reserve Bank. If an agent maintains the necessary descriptive data in its records or if it takes some other means of protecting itself against such loss, it may consolidate its bond payments by series by denominations on transmittal letters in the following manner:

Series F			
10	@	\$ 25	\$ 250
100	@	1,000	100,000
		etc.	
Total			\$
(No. of pieces)			(Amount)

(H) **Frequency of making shipments.**—Shipments of paid matured F and G bonds may be made daily but it will be helpful if less frequent shipments are made when the volume is small. In any event, all such 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.

(I) **Manner of shipment and protection against loss, destruction, etc., of bonds.**—Paid matured bonds of Series F and G may be sent to the Federal Reserve Bank in the same manner or substantially the same manner in which the agent would handle or ship paid Series A-E bonds. The provisions of the Government Losses in Shipment Act, as amended, and regulations, will be applicable to these shipments. However, in order to obtain relief under the Act an eligible agent must certify that the prescribed endorsement and payment stamps were duly impressed and it must furnish the series, issue date, bond serial number (including the prefix and suffix letters), and amount paid on each lost, stolen, or destroyed bond, and provide satisfactory evidence that a loss, theft, or destruction of the bond has occurred. In connection with evidence of a loss, etc., affidavits by employees and statements by officers of the eligible agent as to the circumstances of preparation and dispatch of the bonds and any known facts as to loss, theft, or destruction ordinarily are sufficient for the Department's purpose. The eligible agent should promptly notify the Federal Reserve Bank of any apparent or known loss, theft, or destruction of these bonds. All other provisions of the regulations issued pursuant to the Government Losses in Shipment Act except as specified herein and in Subsections (G) and (H) are hereby waived.

(J) **Settlement for paid matured bonds, Series F and G.**—Immediate settlement by credit will be allowed by the Federal Reserve Bank of the District for the total amount of these paid bonds received from an eligible paying agent, subject to adjustment on audit and examination. Subject to approval of the Federal Reserve Bank, the credit will be made in the agent's reserve account, if it is a member of the Federal Reserve System, or in its clearing account if it is not a member of the System, or in the reserve or clearing account of a correspondent of the agent. However, if such an account cannot be made available for credit, then a check drawn by the Federal Reserve Bank on the Treasurer of the United States will be issued in settlement.

(K) **Adjustments for paid matured bonds of Series F and G.**—All adjustments found to be necessary by a Federal Reserve Bank upon examination and audit of paid matured bonds of Series F and G will be made by reduction of the credit claimed in the transmittal letter, if time permits, or by charging the reserve or clearing account which an agent has designated for crediting amounts due for paid matured F and G bonds. In those cases where payment is to be made by check either the amount of the check to be issued in connection with the subject transmittal letter or any subsequent letter will be reduced by the amount of necessary adjustments or the agent will be required to reimburse the Federal Reserve Bank for the amount of the adjustment. The Treasury Department will communicate with the eligible agent in the event an improper payment is discovered or claimed.

(L) **No fees payable for services in paying matured bonds of Series F and G.**—Treasury Department Circular No. 888, Revised, does not provide for the payment of service fees for the payment of matured bonds of Series F and G.

**9. Payment or exchange of bonds by Federal Reserve Banks: All series.—**

(A) **General.**—It should be borne in mind that even though an agent has authority to make payment of a specially endorsed bond, it is not required to make the payment. An agent **must not pay** any specially endorsed bond if it is not so authorized under Circular No. 750 or Circular No. 888, or this memorandum. Accordingly, in each case where the bonds are not or cannot be paid, they must be forwarded to the Federal Reserve Bank of the District for payment. All bonds bearing special endorsements which are to be presented for exchange must be forwarded to the Federal Reserve Bank. In each instance the eligible agent must furnish the data and instructions required by the Federal Reserve Bank to effectuate the transaction and dispose of the proceeds. All series of savings bonds which are known to be owned by a nonresident alien individual, foreign corporation, partnership, or association must be forwarded to the Federal Reserve Bank of the District (see Section 10 hereof).

(B) **Payment of bonds.**—All bonds specially endorsed by an eligible agent which are to be submitted to the Federal Reserve Bank of the District for payment should be forwarded with appropriate instructions regarding disposition of the check to be issued in payment of the bonds. These bonds presented for payment must be kept separate from paid bonds which the agent may submit for settlement by credit. Payment will be made by check drawn on the Treasurer of the United States payable to the owner.

(C) **Exchange of bonds.**—All bonds specially endorsed by an eligible agent which are to be exchanged should be forwarded to the Federal Reserve Bank of the District in accordance with the requirements of the exchange offering and such instructions as may be issued by the Federal Reserve Bank.

**10. Taxation on interest payable on bonds owned by nonresident aliens.**—Under the Internal Revenue Code interest (including the increment payable at the time of payment on savings bonds purchased on a discount basis) derived by a nonresident alien individual, a nonresident foreign corporation, partnership, or association (hereinafter referred to as a nonresident alien) from savings bonds is subject to tax. The Federal Reserve Banks are designated by the Commissioner of Internal Revenue as withholding agents for all interest on savings bonds paid by such Banks whether the payment is made by check or otherwise. It is also required under the Internal Revenue Regulations that Ownership Certificates, Form 1001 (green form) shall be filed in the case of interest paid on United States savings bonds owned by nonresident aliens. These certificates are obtainable from Directors of Internal Revenue. Accordingly, all bonds which are known to be owned by nonresident aliens should be submitted to the Federal Reserve Bank of the District for payment pursuant to instructions issued by that Bank. The bonds will be paid by the Federal Reserve Banks by checks drawn on the Treasurer of the United States to the order of the bondowner but the amount of such check will be net of the tax that may be due. These checks will be disposed of pursuant to the instructions received by the Federal Reserve Bank subject to any limitations that are or may be imposed on the delivery of the checks to addresses outside the United States, its Territories, and possessions.

**11.** Any inquiry in connection with Circular No. 888 or this memorandum should be directed to the Federal Reserve Bank of the District in which the agent is located.

E. F. BARTELT  
Fiscal Assistant Secretary