

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, February 24, 1954

PRINTING OF \$25 DENOMINATION SAVINGS BONDS BY THE OFFSET METHOD

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

There is reproduced on the reverse hereof a press statement regarding a change in the method of printing \$25 denomination United States Savings Bonds.

This statement is furnished to you particularly because so much publicity has been given the proposal to change to the offset method for printing savings bonds. The Treasury would like you to know that before this decision was made all aspects of the problem were considered, and not merely the savings involved. This consideration resulted in a conclusion that no real counterfeiting problem should occur by reason of the use of offset printing. It is fundamental that a paying agent should not pay a savings bond recognized as or suspected of being a counterfeit, regardless of the method of printing.

The Treasury requests that we remind each paying agent of this responsibility and at the same time assure you that a paying agent will not be held liable for the payment of any counterfeit savings bond, if by chance the counterfeit should be produced and completed so cleverly as to prevent detection, payment is made to the owner named on the bond, and the agent observes the established instructions governing the payment of savings bonds. These instructions are contained in Treasury Circular No. 750, Revised, the memorandum of instructions issued in conjunction therewith, and the identification instructions issued under date of December 19, 1947. The identification instructions referred to, consisting of a letter from the Secretary of the Treasury and a statement by the Treasury Department, are enclosed for your ready reference.

Additional copies of this circular and enclosures will be furnished upon request.

Yours very truly,

WATROUS H. IRONS

President

**TREASURY DEPARTMENT
WASHINGTON**

Saturday, February 13, 1954.

The Treasury Department announced today a permanent changeover to offset printing in the production of Series E savings bonds of the \$25 denomination, at an estimated yearly saving in excess of \$400,000.

Engraved printing of higher denomination E bonds and all Series H, J and K bonds, as well as all marketable bonds, will be continued.

Application of the offset printing method to savings bonds production was tested at the Bureau of Engraving and Printing in January, and the results carefully analyzed. It was found that it would permit maximum production of about 480,000 bonds per press per 8-hour day, compared with about 28,000 for the engraving process. This program will require a reduction in plate printers and other employees, totaling about 40 persons.

The United States Secret Service concluded that no counterfeiting problem would be involved in adoption of the offset plan in view of the conditions under which savings bonds are issued and redeemed. Savings bonds are not transferable, and the Treasury records detailed information concerning each bond sold, such as the name and address of the buyer, serial number, date of issue, and name of the issuing agent. Holders of savings bonds must submit them to qualified paying agents for redemption. The holders are required to identify themselves to these agents.

In the unlikely event that counterfeit savings bonds are presented to a paying agent and escape detection and payment is made to the owners named on the bonds, the agent will not be held liable for the erroneous payments provided the regular, required payment procedure has been observed.

The Bureau will fill future vacancies in plate printer positions by reinstating, in the order of their seniority as apprentices, members of the Bureau's former apprentice training program before hiring plate printers from the outside. The training program was ended last July because engineering improvements in the Bureau made it unlikely that there would be work for the 70 apprentices participating in it. Other positions in the Bureau were offered to the 70 apprentices and all accepted. The policy of reinstating them as apprentice plate printers will apply to all former apprentices still in the Bureau's employ.



TREASURY DEPARTMENT

WASHINGTON

December 19, 1947.

To the Savings Bond Paying Agent Addressed:

Let me take advantage of this opportunity to express my appreciation for your cooperation in acting as a paying agent of savings bonds and for the fact that the number and amount of losses from erroneous payments thus far have been small in relation to the number of bonds paid. The Treasury wishes to emphasize as strongly as it can that the payment of savings bonds is a public service and that, therefore, each paying agent should make its facilities available not only to customers, but to non-customers and persons not known to the agent, when they are adequately identified.

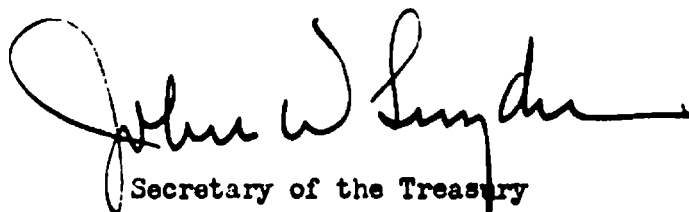
In order to give paying agents concrete guides and safeguards to follow so that the public service intended may be discharged properly, there is attached a confidential statement. It sets forth types of acceptable identification and a method by which paying agents may establish that an acceptable practice was followed with regard to the payment of savings bonds to non-customers and persons not known to the agent.

The making of notations will dispense with the necessity on the part of paying agents for reliance merely on memory, which fades with the passage of time and the handling of so many transactions. It will also give the Treasury Department reasonably tangible evidence pursuant to which it can better administer the law governing losses incurred in connection with payments of savings bonds.

The Treasury is fully aware of the many problems confronting paying agents in this program and you may rest assured that full consideration will be given thereto within the provisions of the law. Although the paying agent has the responsibility for presentation of evidence tending affirmatively to show that due care was exercised, the Treasury Department will continue to use the facilities at its command to develop the facts in connection with the erroneous payment of savings bonds. Each case will be fully developed. Then the facts and circumstances will be considered, and a recommendation made by the Chicago Office of the Bureau of the Public Debt. In order that borderline cases will have the benefit of special

consideration, each will be reviewed by a group of responsible Treasury employees specially designated for the purpose. Thereafter each case will be submitted to Washington where final determination will be made. This, I believe, together with the foregoing outline of policy and procedure and the statement attached hereto, should do much to facilitate the handling of these cases.

The Treasury recommends that paying agents provide copies of the attached confidential statement to all employees who cash savings bonds. It also recommends that such employees be urged to reread the regulations and instructions governing the cashing of savings bonds.



Secretary of the Treasury

CONFIDENTIAL—FOR USE OF PAYING AGENTS ONLY

**STATEMENT BY THE TREASURY DEPARTMENT CONCERNING IDENTIFICATION OF
PERSONS PRESENTING UNITED STATES SAVINGS BONDS FOR PAYMENT AND
THE LIABILITY OF PAYING AGENTS FOR LOSSES RESULTING FROM THE
ERRONEOUS PAYMENT OF SUCH BONDS**

1. On and after January 1, 1948, paying agents are expected to make adequate notations on the bonds or on a separate record at the time of payment showing exactly how identification was established, except that paying agents will doubtless feel that notations are unnecessary in the case of known customers. In the absence of such notation as to a payment on and after such date (which subsequently proves to have been an erroneous payment) a statement by the paying agent that it has no reason to believe its usual identification procedure was not followed will not be considered in itself as a sufficient basis for a determination by the Secretary that the agent was free from fault or negligence in making the payment, even though its procedure as described by the agent would appear to be adequate if followed.

However, very careful consideration will be given to a statement by a paying agent that it has no reason to believe its usual identification procedure (which as described by the agent appears adequate) was not followed in an erroneous payment made before January 1, 1948, where the agent's statement is the only evidence obtainable. This, of course, will not apply to erroneous payments with respect to which reimbursement has already been made by agents or to cases in which the Department has heretofore formally determined an agent's liability and has requested it to make reimbursement.

2. Subject to other provisions of this statement a paying agent will be relieved of liability when it has noted on the bonds (or on a separate record) at the time of payment the facts of identification if: (1) an identification practice acceptable under the circumstances is shown to have been followed; and (2) the Department's investigation and the circumstances of the case disclose no factors tending affirmatively to show that due care was not exercised. For handwriting as a factor see paragraph 3.

3. Acceptable identification includes, but is not limited to, the following:

- (1) personal identification as explained in paragraph 4;
- (2) a pass issued by an employer (whose existence is known to the paying agent), bearing the photograph of the employee or an adequate identifying description, and his signature countersigned by some person purporting to be authorized by the employer, or bearing some other evidence of validation of the employee's signature, as, for example, a facsimile signature of a representative of the employer;
- (3) an insurance policy having attached a photographic copy of the application therefor showing the insured's signature, and adequate identifying description;
- (4) separation documents of Army, Navy, Marine Corps, and Coast Guard, that is, either a single separation document or two documents in combination, which set forth a physical description and witnessed signature of the recipient, or photographs of such documents under practically the same circumstances as prescribed in the case of Armed Forces Leave Bonds (see paragraph 10 of the instructions to paying agents governing Armed Forces Leave Bonds, copies of which may be obtained from the Federal Reserve bank of the District);
- (5) original (not duplicate) draft registration cards, that is, those cards bearing the registrant's physical description, signed by the registrant in the presence* of the registrar, and signed also by the registrar;

*This does not mean that paying agents are expected to ascertain that the registrant actually signed his name in the presence of the registrar. It is inserted merely to distinguish a draft registration card from a selective service classification card which comes within the unacceptable class set forth in paragraph 5 and does not have to be signed by the addressee in anyone's presence and does not have to be validated by a countersignature.

- (6) a customer of the paying agent, if known to or duly identified by the employee as being a customer whose account has been established for six months or longer or a customer whose identity was required to be established beyond any reasonable doubt at the time the account was opened;** and
- (7) motor vehicle operators' licenses or permits; greater care should be exercised in accepting this type of identification, since in many states a person can easily obtain a driver's license or permit without having to establish his identity to the agency issuing the license or permit. In any case of doubt other acceptable documents should be required for corroborative purposes.

It should be ascertained that any physical description or photograph on an identification document fits the person presenting the bond, and while paying agents' employees are not expected to be handwriting experts, that there is a reasonable similarity between the signature known to have been placed on the bond by such person and that appearing on the identification document and that any such documents do not bear signs of alteration. A recently issued document should be a cause for the exercise of additional care.

4. Personal identification, that is, identification of a stranger by a customer of or by someone well and favorably known to the paying agent, if carefully used, is one of the best methods of identification and has the approval of the Treasury. But, of course, personal identification is not considered good identification by the Treasury Department when a paying agent accepts the bare 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. The reliability of the source and duration of the identifier's acquaintance with the person presenting the bond for payment are just as important. The paying agent, therefore, should ask for the source and duration of the identifier's acquaintance with the person presenting the bond and should be satisfied that they are sound. At the time of payment a paying agent should require the identifier to sign his name and show his address on the bonds, or on a separate record, or should so record such data itself. A paying agent may imprint on the back of a bond for the signature of the identifier any form of guarantee which the agent may wish to use for its own protection. In the event of a loss the identifier will be expected to be in a position to present a reasonable basis for making the identification. In the absence of such reasonable basis the paying agent will be considered to have been at fault in making the payment. Consequently, the agent will have to sustain the loss unless he can obtain reimbursement from the identifier.

5. Unacceptable identification includes, but is not limited to, social security cards, ration books, selective service classification cards (that is, those notifying a person of his classification for draft purposes), and, in general, any kind of card or alleged identification which does not contain a witnessed, or otherwise validated, signature or which is easily obtainable without the person in whose name it is issued having to establish his identity. Generally, these cards will not be considered acceptable by themselves or in combinations thereof.

6. Paying agents will not be relieved of liability for losses resulting from erroneous payments in cases which involve a violation of the governing regulations and instructions. Particular attention should be given to detect alterations on bonds, and differences and errors in names and initials or lack of appropriate prefix and suffix between those in the bond inscription and those in the request for payment. Agents may be adjudged fully responsible for any losses resulting from any deficiencies in these respects.

**This deals with payment to a customer. See paragraph 4 for the identification of someone else by a customer.