

FEDERAL RESERVE BANK
OF DALLAS
FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS

January 31, 1955

TREASURY CAUTIONS PUBLIC ABOUT SAVINGS BONDS LOTTERIES
AND GAMES OF CHANCE

To all Banking Institutions and Others Concerned
in the Eleventh Federal Reserve District:

There is quoted below for your information a statement released a few days ago by the Savings Bonds Division of the Treasury Department:

"The Treasury's National Savings Bonds Director, Earl O. Shreve, cautioned Americans today about becoming involved in chain letter or similar schemes to get rich quick with savings bonds.

"He stated that the Treasury Department disapproves of the use of savings bonds and savings stamps as prizes or awards in lotteries or games of chance involving the element of personal profit. 'This has been a policy of long standing,' he pointed out. The Treasury has no objection, however, to the use of savings bonds and stamps in contests of knowledge or skill, such as quiz programs and athletic events.

"What prompted the Treasury's words of caution were newspaper articles, particularly in the South and East, reporting a get-rich-quick scheme reminiscent of the chain letter craze of a few years ago. Instead of money, savings bonds are used, and instead of sending the bonds through the mail they are being delivered in person. Wherever the plan has been started in a town, banks have reported a quick depletion of the \$50 savings bond being used. Letters and telephone calls from interested persons who have been contacted to participate in the scheme have been deluging the Savings Bonds Division.

"Mr. Shreve pointed out that the Treasury's objection is based upon consideration of public policy and in no way involves the legality or illegality of this or any device or method employed.

"The purchase and distribution of savings bonds through the so-called "chain-letter" arrangement, which has been brought to my attention by newspaper articles and personal inquiries to the

Treasury Department, is contrary to the policy of the Treasury's intended purpose for which such savings bonds are sold by the Government. United States savings bonds are issued by the Treasury to permit our citizens to invest in securities of the Government and through their savings put aside regularly something for future use and benefit. It is my understanding that this present scheme serves no such purpose.'

"Mr. Shreve would still like to see heavy savings bonds purchases by millions of Americans in every bank, but he wants them to be purchases for themselves and their loved ones as 'gifts today for a brighter tomorrow'."

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