

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 68-48
February 23, 1968

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

The discounting of United States Savings Bonds in the vicinity of an Armed Forces Installation in this District has been called to our attention by the Treasury Department. According to the Department's report, those bonds discounted for the registered owners by pawnbrokers which are not redeemed by the owners are subsequently redeemed through paying agents either nearby or in other communities in the District.

The practice of redeeming savings bonds for other than a registered owner or coowner is in violation of Section 315.15 of Department Circular No. 530, the regulations governing savings bonds. The practice also is in violation of Sections 321.7, 321.8 and 321.9(b) of Department Circular No. 750, which limits the authority of paying agents in their payments of savings bonds.

The Treasury Department points out that a paying agent will be liable for any losses that may result from these unauthorized redemptions. Regardless of whether or not losses occur, however, any such redemption is cause for immediate disqualification of the paying agent. Therefore, should the Treasury Department learn that a paying agent is redeeming bonds other than as authorized by the regulations, the agent may be immediately disqualified.

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