

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 81-169
August 24, 1981

TO ALL ISSUING AGENTS OF SAVINGS BONDS
IN THE ELEVENTH FEDERAL RESERVE DISTRICT:

Enclosed is Fiscal Agency Operating Circular No. 1, which supersedes the one forwarded to you on November 21, 1975. This revised operating circular should be filed in Volume I of the Regulations Binders furnished by this Bank, and the circular dated November 21, 1975, should be removed from the binder and destroyed.

During the period of time since the last circular was forwarded to you, several major changes have been implemented in the Savings Bond Program, including the introduction of Series EE bonds, the accelerated remittance program for payroll agents, etc. Please provide this copy to the personnel in your office responsible for the handling and processing of Savings Bonds.

Also, due to changes in computer applications within our Federal Reserve District, redeemed bond transmittals should be forwarded to the respective Federal Reserve Branch office in whose territory you are located. This will enhance a more efficient operation on our part and expedite the credit to your Reserve Account.

Questions regarding the operating circular should be directed to Mrs. Jessie Phelps at (214) 651-6350 or Jesse Harris at (214) 651-6315. Additional copies of the operating circular will be furnished upon request to the Department of Communications, Financial and Community Affairs, Ext. 6289.

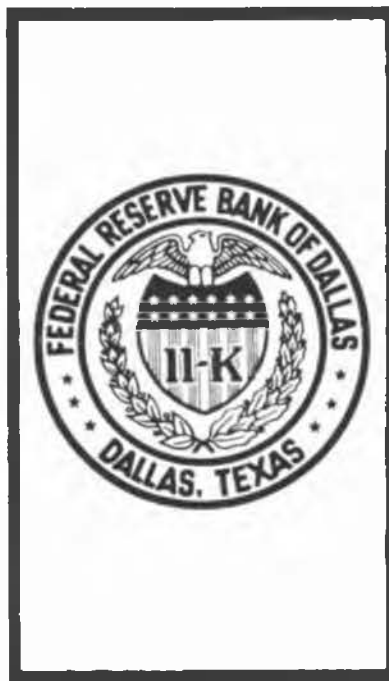
Sincerely yours,



William H. Wallace
First Vice President

Enclosure

**FISCAL AGENCY OPERATING
CIRCULAR NO. 1**



**FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT OF THE UNITED STATES**

SCOPE

The instructions contained in this circular are applicable, as indicated, to all issuing agents of United States Savings Bonds of Series EE which are accountable to this Bank for bond stock, including consignment agents, designated Finance Officers of the Armed Forces, and other United States Government officers or offices.

TABLE OF CONTENTS**Section 1, GENERAL**

- 1.00 Right to alter circular
- 1.05 References to this Bank
- 1.10 Authority
- 1.15 Series HH bond applications
- 1.20 References

Section 2, ISSUING AGENTS

- 2.00 Eligibility
- 2.05 Authority
- 2.10 Qualification
- 2.15 Equal employment opportunity
- 2.20 Governmental responsibility

Section 3, BLANK BONDS

- 3.00 Requisitions
- 3.05 Shipments
- 3.10 Care and protection of bond stock
- 3.15 Procedures for losses
- 3.20 Return of stock

Section 4, SALE OF BONDS

- 4.00 General restrictions
- 4.05 Minors
- 4.10 Others under legal disabilities
- 4.15 Investors other than individuals in their own right
- 4.20 Commercial banks
- 4.25 Forms of registration
- 4.30 Limitations on sale of bonds
- 4.35 Payment for bonds sold

Section 5, INSTRUCTIONS FOR ISSUANCES

- 5.00 Inscribing bonds
- 5.05 Erasures
- 5.10 Dating
- 5.15 Payroll deduction plans
- 5.20 Procedures for correction of errors in issue

Section 6, DELIVERY

- 6.00 Mailing permissible

- 6.05 Availability of penalty envelopes
- 6.10 Use of penalty envelopes
- 6.15 Undeliverable bonds

Section 7, UNCLAIMED CASH BALANCES

- 7.00 Remittance to Treasury Department
- 7.05 Accompanying statement
- 7.10 Form of remittance
- 7.15 Procedure to establish claims

Section 8, LOST BONDS

- 8.00 Before delivery to purchaser
- 8.05 After delivery to purchaser

Section 9, ACCOUNTING FOR BONDS

- 9.00 Separate deposit accounts
- 9.05 Reports of sales—over-the-counter
- 9.10 Reports of sales—payroll
- 9.15 Estimated payment procedure

**Section 10, FORM OF PAYMENT TO
FEDERAL RESERVE BANK**

- 10.00 Methods of payment

**Section 11, DISPOSITION OF STUBS AND
SPOILED BONDS**

- 11.00 Stubs
- 11.05 Spoiled bonds
- 11.10 Unfit bonds

Section 12, MISCELLANEOUS

- 12.00 Maintenance of records by agents
- 12.05 Forwarding original stubs, bonds, and remittances
- 12.10 Registry fee
- 12.15 Insurance
- 12.20 Reimbursement for postal expense
- 12.25 Monthly statements
- 12.30 Reconciliation of accounts
- 12.35 Mailing addresses

Section 1, GENERAL

1.00 Right to alter circular

The right is reserved to withdraw, add to, or amend, at any time, any of the provisions of this circular.

1.05 References to this Bank

Unless otherwise stated, all references to the Federal Reserve Bank of Dallas or "this Bank," include the Head Office and the El Paso, Houston, and San Antonio Branches.

1.10 Authority

The Secretary of the Treasury of the United States has provided that issuing agents qualified for the sale of United States Savings Bonds of Series EE will follow regulations and instructions issued directly by the Secretary of the Treasury or through the Federal Reserve Bank of the district as Fiscal Agent of the United States, covering the sale, issuance, inscription and validation of the bonds, and the disposition of registration stubs and spoiled and unissued bonds. In addition to the regulations issued by the Secretary of the Treasury in Department Circular No. 530 (current revision), these instructions are issued by this Bank as FISCAL AGENT OF THE UNITED STATES for the guidance of issuing agents in the Eleventh Federal Reserve District.

1.15 Series HH bond applications

Although only the Federal Reserve Banks and Branches and the Treasury Department are authorized to issue United States Savings Bonds of Series HH, any issuing agent may receive applications for the purchase of bonds of this series and forward the applications and related payments to this Bank or appropriate Branch in order that the bonds may be issued. Applicants for Series HH bonds must furnish taxpayer identifying numbers (social security account numbers or employer identification numbers) for inscription on the bonds. Application forms for the purchase of Series HH bonds will be furnished to issuing agents upon request.

1.20 References

Regulations relative to the authority of agents to issue Series EE savings bonds, and complete instructions concerning sales and issuance, are contained in the following Treasury Department circulars:

Treasury Department Circular No. 530, as revised and amended—"Regulations Governing United States Savings Bonds"

Treasury Department Circular No. 653, as revised and amended—"United States Savings Bonds-Series E"

Treasury Department Circular, Public Debt Series No. 1-80 covering the Offering of Series EE Bonds

Treasury Department Circular, Public Debt Series No. 3-80 covering the Offering of Series EE and HH Bonds

Section 2, ISSUING AGENTS

2.00 Eligibility

All banks, trust companies, and mutual savings banks incorporated by special law or organized under the general laws of the United States, the District of Columbia, or any state; Federal savings and loan associations and all other members of the Federal Home Loan Bank system; and all instrumentalities of the United States and other agencies which, by the laws of the United States, may be employed to act as fiscal or financial agents of the United States Government, may be designated for employment as issuing agents for the sale and issuance of United States Savings Bonds of Series EE pursuant to Treasury Department regulations. Any organization, any treasurer or other appropriate officer or office of any state of the United States or a county or municipality thereof, which operates a payroll savings plan for the purchase of bonds by their employees, and which would issue a sufficient number of bonds to such employees to warrant designation, may be designated for employment as an issuing agent.

2.05 Authority

Issuing agents are authorized to sell savings bonds of Series EE in accordance with and in the forms of registration set forth in section 4.25 of this operating circular. Employers qualified as issuing agents for the sale of Series EE bonds to employees participating in payroll allotment plans are also authorized to sell and issue bonds to persons not participating in payroll allotment plans.

2.10 Qualification

Eligible institutions intending to qualify as issuing agents on a consignment basis should submit Application-Trust Agreement Form PD-3827, completed and executed, to this Bank. Upon approval of the application, formal notice of qualification will be forwarded to the applicant. The qualification of an institution will permit any of its offices or branches to act under the qualification if specifically requested. In the event there is to be or has been a change in the name or corporate title of a qualified issuing agent, or a merger, the agent should apply for requalification in its changed name or corporate title.

2.15 Equal employment opportunity

Any issuing agent qualified on or after September 5, 1967, must in its Application-Trust Agreement agree to be bound by and comply with the provisions of Section 202 of Executive Order No. 11246, entitled "Equal Employment Opportunity" (3 C.F.R. 579, 1967 Revision). Any agent qualified prior to that date and having entered (after November 30, 1966) into a contract of deposit covered by Treasury Department Circulars 31 C.F.R. 203, 31 C.F.R. 214, or No. 176 (revised) need take no action since this contract of deposit with the Treasury, or the acceptance of deposits thereunder, constitutes the necessary agreement. All other agents must signify their intent in writing. Stock requisitions for savings bonds on or after December 1, 1967, or the submission of savings bonds or savings notes paid on or after December 1, 1967, for reimbursement, shall constitute such written notice of intent.

2.20 Governmental responsibility

Neither the Treasury Department nor the Federal Reserve Bank of Dallas assumes any responsibility to any person for payroll deductions made by the issuing agent or the application by the issuing agent of such deductions to the purchases of bonds.

Section 3, BLANK BONDS**3.00 Requisitions**

Issuing agents operating on a consignment or prepayment basis may obtain unissued Series EE bonds from this Bank by submitting a requisition for bond stock. Requisition forms are furnished by the Federal Reserve Bank.

Bonds of Series EE are available in several types of bond and stub assemblies. These types are described below in order that an agent may determine the type most suitable for its operations.

When ordering bond stock, agents should specify on each requisition the type of assembly desired.

Assembly Type	Makeup of Assembly
C	Security and detached registration stub, boxed separately.
C-1	Securities only.
D	Security and original registration stub collated in that order and joined by 1 inch binding strip on the left. Interleaved with one-time black carbon paper.
G	Securities and original registration stubs in a continuous form assembly of double card width with security on right side and related stub on left. Total length of this assembly is 15 7/8 inches. The assembly is folded in accordion fashion either single-fold or after every three securities and related stubs (three-fold).

- G-6 Securities only in a continuous form assembly of double card width with securities side-by-side. Total length of assembly is 15 7/8 inches. Three-fold only.

3.05 Shipments

Shipments of bond stock to agents will be made at the risk and expense of the Treasury Department. Ordinarily, shipments will be made to issuing agents on the business day following receipt of the requisition.

3.10 Care and Protection of bond stock

Issuing agents are accountable for savings bond stock furnished to them and should accord the same care and protection to blank bonds as they do to their own securities or documents. Whether they should insure or take other protective measures is within their discretion.

3.15 Procedures for losses

In the event of loss, theft, or destruction of unissued savings bonds of Series EE, a full report of the circumstances in the case should be forwarded immediately to the Federal Reserve Bank of Dallas. In the absence of negligence, and upon a reasonable showing of the facts concerning lost, stolen, or destroyed bonds, the Treasury Department will grant relief; however, pending notification that relief has been granted, the agent's stock account will remain charged with the bonds. A reasonable showing of the facts must include identification of the missing bonds by serial number and denomination. If this information is not furnished, the Treasury Department cannot extend credit for the lost stock since no caveat can be placed against the serial numbers of the bonds, thereby protecting the Treasury against loss in the event the bonds are subsequently presented for reissue, exchange, or redemption. An agent will be expected to remit the issue price of missing bonds to the Treasury in the absence of appropriate identification. It is important, therefore, that agents maintain an accurate record of bonds by serial numbers and denominations.

3.20 Return of stock

Each agent should limit the bond stock on hand to a reasonable amount necessary to meet normal sales demands. All stock returned should be submitted by one of the following methods:

(a) Quantities of less than 500 bonds must be spoiled by the issuing agent and submitted by first-class unregistered mail unless enclosed with sales stubs. If enclosed with sales stubs, they should be submitted by fourth-class registered mail. All spoiled bonds must be validated with the issuing agent's stamp. Sales and spoiled bond reports must be addressed to the Fiscal Agency Department.

(b) Quantities of 500 bonds or more should not be spoiled and must be submitted by first-class registered mail addressed to the Securities Department.

(c) In cases where the agent receives an incorrect assembly type of bonds, the shipment should be returned intact by first-class registered mail addressed to the Securities Department.

Section 4, SALE OF BONDS

4.00 General restrictions

Under the provisions of Treasury Department Circular No. 530, as revised and amended, the registration of savings bonds is restricted on original issue, but not on authorized reissue, to include only persons (whether natural persons or others) who are:

(a) Residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone;

(b) Citizens of the United States temporarily residing abroad; and

(c) Civilian employees of the United States or members of its Armed Forces, regardless of their residence or citizenship.

Natural persons not included above may be named as co-owners or beneficiaries by natural persons of any of the above classes.

Registration of savings bonds, whether on original issue or reissue, is not authorized in any form to include the name of any alien who is a resident of any area with respect to which the Treasury Department restricts or regulates the delivery of checks drawn against funds of the United States or any agency or instrumentality thereof.

If a foreign address is shown for an owner and if such owner meets the residential requirements as set forth above, a notation such as "residential qualifications sufficient" should be typed or stamped on the original registration stub.

4.05 Minors

A minor, whether or not under legal guardianship, may be named as owner or co-owner if the bonds are purchased as a gift to him, and a minor may name a co-owner or beneficiary on bonds purchased by him from his wages, earnings, or other money in his possession; but bonds purchased by a parent or guardian with funds already belonging to a minor should be registered in the minor's name alone without the addition of a co-owner or beneficiary.

4.10 Others under legal disabilities

If a person named in the registration of the bond is under legal disability and a guardian or similar representative of his estate has been appointed by a court or is otherwise legally qualified, the registration should indicate such facts. Bonds should be registered in the name of a person under disability for reasons other than minority unless a legal representative of his estate has been appointed.

4.15 Investors other than individuals in their own right

Only Federal Reserve Banks and Branches and the Treasury Department may issue bonds to investors other than natural persons in their own right; however, issuing agents may accept applications on Form PD 4882 from such investors and forward them to this Bank or appropriate Branch for issuance of the bonds. Series EE bonds purchased by these investors should be registered

in the investor's name alone without the addition of a co-owner or beneficiary as shown below:

(a) Minors or incompetents under legal guardianship (guardian appointed by a court and not a natural guardian), or minors or incompetents under legal custodianship by designation of the Veterans Administration, where the funds already belong to the ward;

(b) Executors, administrators, guardians, custodians, conservators, etc., when appointed by a court;

(c) Trustees, whether or not of a personal trust estate, including an adequate identifying reference to the trust instruments;

(d) Corporations, unincorporated associations, partnerships, churches, hospitals, homes, schools, etc.; and

(e) States and public bodies or officers.

Information regarding authorized forms of registration may be found in Treasury Department Circular No. 530 or may be obtained from this Bank and its Branches.

4.20 Commercial banks

Series EE bonds may not be registered in the name of a commercial bank, except as a fiduciary.

4.25 Forms of registration

Subject to the restrictions set forth in the preceding paragraphs, the following are examples of the only forms of registration authorized for Series EE bonds which may be issued by qualified issuing agents:

(a) One individual as sole owner:

John A. Jones 465-44-8247
212 East Main Street
Blankville, Texas 75211

(b) Two individuals as co-owners:

John A. Jones 465-44-8247
212 East Main Street
Blankville, Texas 75211
or
Mrs. Ellen S. Jones

(c) One individual as the registered owner and another individual as beneficiary:

John A. Jones 465-44-8247
212 East Main Street
Blankville, Texas 75211
P.O.D.
Miss Mary M. Jones

NOTE: In no instance may there be more than two co-owners or more than one beneficiary on one bond. The letters "P.O.D." may be used as an abbreviation of "Payable on Death."

4.30 Limitations on sale of bonds

The amount of Series EE bonds purchased during any one calendar year (January 1-December 31) that may be held by any one person at any one time is limited to \$15,000 (issue price). Additional holdings are permitted, however, in certain circumstances where bonds are registered in co-ownership form. In the case of Series EE bonds so registered, no excess exists if, in a particular group of co-owners, the holdings are such that the entire amount held can be allocated among the several co-owners without apportioning an aggregate amount in excess of \$15,000 (issue price) to any one person, including any amount chargeable to that person individually. For example, if a married man with two children has already purchased this year \$15,000 (issue price) of Series EE bonds registered in his own name, and his wife and children are not named as the registered owners or co-owners of any Series EE bonds issued this year, he may purchase an additional \$45,000 (issue price) of such bonds registered as follows: \$15,000 in his name with his wife as co-owner, \$15,000 in his name with one child as co-owner, and \$15,000 in his name with the other child as co-owner. In such circumstances, the man as sole owner of \$45,000 (issue price) of bonds would be entitled under the regulations to redeem all or part of such bonds without obtaining the signature of any of the co-owners. For the purpose of calculating limitations, it makes no difference which co-owner's name appears first in the inscription on the

bonds.

4.35 Payment for bonds sold

Bonds should be issued only upon receipt of payment in full. For the protection of issuing agents in cases where checks are tendered in payment, the Treasury suggests that agents establish a waiting period for clearance of the checks before delivery of the bonds. If a check is returned unpaid subsequent to delivery of the bond, a description of the bond and a statement of the facts should be furnished this Bank. The agent should also obtain payment from the bond purchaser or have the bond returned immediately. If payment is not received or the bond is not obtained after two requests, the agent's file or correspondence or a photographic copy of the correspondence, should be forwarded promptly to the Federal Reserve Bank of Dallas for further action. Although full cooperation will be given issuing agents, it is not legally possible for the Treasury to waive any rights it may have to demand reimbursement for loss resulting from bonds being issued and delivered by an agent against uncollectible funds.

Section 5, INSTRUCTIONS FOR ISSUANCE

5.00 Inscribing bonds

The following instructions should be observed by personnel issuing bonds:

(a) Whenever possible, a typewriter, addressing machine, or other mechanical device should be used to inscribe bonds.

(b) The name, social security number, and post office address (including postal ZIP CODE) of the registered owner should be inscribed in the space provided in the center of the bond and stub. If the bond is to be mailed in a window envelope, the name and address of the registered owner should be placed so that it will appear properly in the window.

(c) The issue date (month and year only) should be inscribed in the space provided in the upper right-hand portion of the bond. It is desirable, in the interest of legibility, that month of issue be spelled

out in full. It is particularly desirable to avoid less common abbreviations, such as "Mar." and "Jun.," because of the possibility that these abbreviations could be mistaken for certain other calendar months.

(d) The name of the issuing agent and the date on which the bond is inscribed should be imprinted in the space indicated on the bond and stub, using the stamp furnished or approved by this Bank for that purpose. At the beginning of each year, issuing agents should be careful to make appropriate change of the "year" date in their validating stamps. If a validating stamp becomes unusable or if it is worn to the extent that clear impressions cannot be obtained, replacement will be made by this Bank upon request. "Year" date slugs will be supplied upon request and are available each December for the next calendar year.

5.05 Erasures

Care should be exercised in inscribing bonds. Erasures or alterations on a bond are not permitted. If an error is made in the inscription, the bond and stub should be marked "Spoiled," the issuing agent's stamp impressed thereon, and a new bond issued. Spoiled bonds should be returned to this Bank using a separate Form PD-3252.

5.10 Dating

Bonds should bear as an issue date the month and year in which the full payment for the issue price of the bond was initially received by the issuing agent. If, for example, payment is received for a larger number of denomination of bonds than the agent has on hand on a given date and the necessary unissued bond stock is not received until the following month, the bonds, when inscribed, should be dated with the month in which the remittance was received.

5.15 Payroll deduction plans

In the case of bonds purchased under the payroll deduction plan of a qualified issuing agent, the month in which salary deductions accumulate to the full issue price of the bond to be issued would be the issue date. If a qualified issuing agent ac-

tually received on or before the last day of a given month a list of bonds to be issued accompanied by a check covering the issue price, and the bonds for any reason cannot be issued in that particular month, the bonds should be given the date of the month that payment was received. The issuing agent's dating stamp should show, in the space provided, the date the bonds are actually inscribed. A bond should never bear an issue date (month of issue) subsequent to the date the bond is inscribed.

5.20 Procedures for correction of errors in issue

If errors are made in issuing bonds through incorrect inscriptions, unauthorized forms of registration, wrong denominations, incorrect issue date, duplications, improper authentications, or otherwise, the following procedure should be followed:

(a) Either at the time of inscription or subsequently, while both the bond and original registration stub are in the possession of the issuing agent, the incorrect bond should be canceled and considered "spoiled in Process of Issue." A new bond may then be issued by the agent with the dating to which the purchaser is entitled.

(b) If the original registration stub is not in the possession of the issuing agent, the incorrect bond should in all cases be recalled and forwarded to this Bank, as all such bonds requiring reissue must be reissued by the Federal Reserve Bank or, in some instances, by the Treasury Department. ISSUING AGENTS SHOULD NOT UNDER ANY CIRCUMSTANCES REISSUE BONDS WHEN THE ORIGINAL REGISTRATION STUBS ARE NOT IN THEIR POSSESSION OR CONSIDER SUCH BONDS AS "SPOILED IN PROCESS OF ISSUE." Bonds forwarded to this Bank for reissue to correct an error made in the application by the purchaser should be accompanied by a Form PD-4000 executed by the registered owner; or, if the error was made by the issuing agent, a Form FA-14 executed by the issuing agent. If Form FA-14 is not available, a statement containing full information and bearing an authorized signature should ac-

company the bonds. Appropriate notations should be made on the records of the issuing agent. If refunds resulting from duplications or other erroneous issues are necessary, a statement by the issuing agent should accompany the surrendered bonds.

Section 6, DELIVERY

6.00 Mailing permissible

Where personal delivery of bonds issued by agents is not feasible, the bonds may be mailed to purchasers. The Postmaster General has authorized the dispatch of inscribed savings bonds to owners or their agents, by official issuing agencies, as ordinary first-class mail without payment of postage, if enclosed in special penalty envelopes with distinctive markings to indicate the nature of the contents.

6.05 Availability of penalty envelopes

Since penalty envelopes may be purchased only under contracts negotiated by the General Services Administration, the special envelopes required for the use of issuing agents will be purchased by the Treasury Department and will be furnished to issuing agents by this Bank or appropriate Branch on request. Envelopes bearing the penalty clause may not be procured in any other manner. Military issuing agents will obtain penalty envelopes through their regular supply channels.

6.10 Use of penalty envelopes

There are set forth below in brief form the principal requirements of the Treasury Department with regard to the use of these special penalty envelopes:

(a) The name and return address of the authorized issuing agent must be printed or stamped on the envelope in the space above the caption "Authorized Issuing Agent."

(b) Unless delivered in person, inscribed bonds shipped at the risk of the Treasury should be dispatched to the owners, or their agents, by first-class mail, in the special penalty envelopes with

distinctive markings, supplied for that purpose.

(c) The special envelopes must be used only for the purpose provided. They may not be used for the mailing of bonds for redemption, reissue, or other purposes. (Attention is directed to the penalty provided for the improper use of the franking privilege.) The envelope should not be used for other than the original delivery of bonds even though postage is paid, but there is no objection to enclosing as penalty matter a letter of transmittal describing the contents or containing information as to the condition of an employee's bond account under the payroll allotment plan. Firms' advertising material, even though relating largely to savings bond campaigns, should not be enclosed in penalty envelopes.

(d) Care must be used in enclosing bonds in envelopes and in affecting delivery of the bonds to the local post office. These envelopes should not be deposited in an ordinary mailbox.

(e) No reimbursement will be allowed for postage and registry fees in connection with the delivery of savings bonds to owners.

(f) The use of special penalty envelopes in mailing bonds to purchasers or owners residing in foreign countries is prohibited.

(g) Agents are requested to submit an envelope inventory report to this Bank periodically. A form for that purpose will be sent to agents at the appropriate time.

6.15 Undeliverable bonds

Issuing agents should forward to this Bank any bonds issued against payment in full which remain undelivered after three full months from the date of issue as shown by the issuing agent's validating stamp, or after all efforts to effect delivery have been exhausted (whichever is later), and which are in the possession of an authorized issuing agent; or an employer having a payroll savings plan who is not an authorized issuing agent; or any undeliverable bond, regardless of date of issue, in the possession of an authorized issuing agent whose qualification is

being terminated, provided diligent effort has been made and all available resources exhausted to effect delivery.

Undeliverable bonds may be forwarded to this Bank under the mailing instructions applicable to the return of spoiled bond stock. A letter giving a full explanation of the circumstances and action taken to effect delivery should be sent to this Bank.

Undeliverable bonds, following their receipt by this Bank from issuing agents, will be sent to, and held in safekeeping by the Treasury Department, Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101. That office will, upon receipt of a request from an issuing agent, an organization having a payroll savings plan, or a registered owner, release a previously undeliverable bond and forward it directly to the registered owner if satisfactory evidence is submitted establishing his right to such bond.

Section 7, UNCLAIMED CASH BALANCES

7.00 Remittance to Treasury Department

The Treasury Department is willing to receive upon the request of any employer any cash balances credited to employees' accounts under payroll allotment plans in cases where the balances are insufficient to purchase bonds and where refunds cannot be made because the employees' whereabouts are unknown. The funds should be sent to the Bureau of Government Financial Operations, Room 3132, Main Treasury, 15th and Pennsylvania N.W., Washington, D.C. 20226, with a brief letter of explanation.

7.05 Accompanying statement

The letter accompanying the funds transferred to the Treasury Department should indicate the names of employees entitled to such balances, their last known addresses, their trades or occupations, their Social Security numbers and badge numbers, if any, and the amount due each employee. In the event the list and accompanying remittance should include any funds represented by unpaid checks issued to refund the amount due

an employee, there should also be given the date of the check and the bank on which payment had been stopped. In this connection, in order to avoid duplicate payments, employers are cautioned not to include in their remittances any funds represented by unpaid checks drawn to the order of employees unless stop-payment orders have been placed against the outstanding checks.

7.10 Form of remittance

Employers should draw a check, draft, or money order payable to the Treasurer of the United States for the total amount of the unclaimed balances remitted to the Treasury for custody. The Treasury will acknowledge receipt of the remittances and will establish appropriate accounts for the employees covering the proceeds deposited with the Treasurer of the United States.

7.15 Procedure to establish claims

Any person entitled to make claim for and receive any of the money so deposited should submit a request for payment to the Bureau of Government Financial Operations at the address shown in paragraph 7.00 over his own signature, setting forth the following information: (a) name of the employer for whom the employee was working when the payroll deductions were made; (b) location of employment; (c) Social Security number; (d) badge number, if any; (e) present address; (f) address while employed by the subject company; (g) full name as carried on the payroll and trade or occupation while working for the subject company; (h) the period of employment with the company; (i) the amount due; and (j) any information which will be helpful in identifying the employee and in establishing his claim. If the claimant is holding a check issued by the employer on which the claim is based, it should be forwarded with the request for payment. Application by a legal representative will be recognized, but the legal representative must furnish evidence as to the capacity in which he is acting and as to his authority.

Section 8, LOST BONDS

8.00 Before delivery to purchaser

In the event of the loss, theft, or destruction of

unissued bond stock or of inscribed bonds which have not been delivered to the purchasers, or of inscribed bonds issued and mailed and not received by the registered owners or other persons to whom the bonds were to be delivered issuing agents should give immediate notice of the facts to this Bank, together with a complete description of the bonds, including serial numbers, inscriptions, issue dates, and dates issued and mailed. Upon receipt of this information, appropriate instructions and forms will be furnished by this Bank. If substitute bonds are to be issued in any such cases, they will be issued by this Bank, or by the Treasury Department.

8.05 After delivery to purchaser

In the event of the loss, theft, or destruction of bonds AFTER delivery to the owners, application for relief should be made by the registered owner or co-owners on Form PD-1048, executed to contain the complete description of the bonds including series, month and year of issue, serial numbers, and names and addresses of the registered owners, together with the circumstances surrounding the alleged loss. Forms PD-1048 may be obtained from this Bank or its Branches or from the Treasury Department and, after execution, should be forwarded to the Treasury Department, Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101.

Section 9, ACCOUNTING FOR BONDS

9.00 Separate deposit accounts

Each institution qualified as an issuing agent on a consignment basis will open and maintain, or continue for the account of the Federal Reserve Bank of Dallas as Fiscal Agent of the United States, separate deposit accounts for the proceeds of all sales of savings bonds, Series EE. Each issuing agent shall remit to this Bank the balance of such account in immediately available funds when rendering reports of transactions on the appropriate form. Proceeds from sales should not be entered in a Reserve Account or Open-ended Note Account until the date the funds are forwarded to

this Bank.

9.05 Reports of sales — over-the-counter

Over-the-counter sales include: (a) issues on the basis of individual purchase applications received over-the-counter or by mail; and (b) issues on bond-a-month plans. Each over-the-counter agent is classified as W (weekly) or M (monthly), and the classification is based on an agent's average monthly sales volume. This classification determines the remittance schedule to be followed by each agent. Agents with average monthly over-the-counter sales of \$5,000 (issue price) or more, are placed in class W and must remit the proceeds of such sales once each week. Sales proceeds and stubs must be transmitted no later than seven business days from the date the bonds are physically issued. This allows two business days in which to prepare the remittance. Proceeds of all over-the-counter sales must be remitted together with the bond stubs on Form PD-3252, marked with a green stripe and the letters "OC." Form PD-3252 must be completed in its entirety, including the date, issue date, number of stubs enclosed, total issue value, method of payment, total pieces, total maturity value and the reconciliation portion reflecting maturity value. For over-the-counter sales no advice of credit Form PD-4848 is necessary; submit only the bond stubs and the transmittal Form PD-3252. However, if your organization pays for the sales by check, be sure to enclose the payment.

9.10 Reports of sales — payroll

If your organization issues payroll sales for companies, the stubs must be submitted with Form PD-3252 marked with an orange stripe and the letters "PR." This form serves to credit the consignment account only, and the cash or payment function is handled by processing Form PD-4848. Payroll sales include (a) issues to individuals on the basis of deductions from the pay of employees of organizations that operate a payroll savings plan; and (b) issues to trustees of company-operated thrift, savings, vacation, or similar plans for the benefit of employee participants.

Proceeds from payroll sales must be remitted to the Federal Reserve Bank by issuing agents as follows: (a) if the month shown in the validation date on the bonds is the same as the month shown in the issue date, the proceeds must be remitted no later than the second business day after the validation date; (b) if the month shown in the validation date on the bonds is later than the month shown in the issue date, the proceeds must be remitted no later than the second business day of the month following the month shown in the issue date. The validation date is the date the bonds are inscribed, and the issue date is established by the date the agent receives the issue price. The proceeds from payroll sales must be remitted in accordance with the instructions indicated above, under cover of Form PD-4848, "advice of credit." The advice of credit must be completed in its entirety, including date, issue date (month and year), amount, and method of payment. Form PD-4848 must always reflect the issue value. Also, the issue date of bonds sold must reflect only one month. If necessary, more than one PD-4848 should be submitted in order to separate issue dates. If the advice of credit is not submitted timely in accordance with the schedule indicated above, the issuing agent may be assessed an interest charge.

9.15 Estimated payment procedure

Authorization to use this procedure may be requested in instances where an agent is unable to determine, within two business days after the end of the month, the exact price of bonds to be issued as of that month. The office of the Commissioner of the Public Debt must approve all requests of agents who wish to utilize this procedure. The estimated payment must be as close as possible to the actual price of the bonds to be issued. Agents are not expected to overestimate; however, anything less than 90 percent is considered unreasonable. Supplemental payments due to underestimates, together with a Form PD-4848, must be submitted by agents as soon as the actual amount of the payment is known. An authorized issuing agent must receive the pur-

chase price of bonds no later than the last day of the month of which the bonds are to be issued. If the employing organization cannot determine the exact amount within this time frame, an estimated payment may be made and still obtain proper issue-dating for the bonds. The estimated payment must be received by the issuing agent in the month of which the bonds are to be issued.

Section 10, FORM OF PAYMENT TO FEDERAL RESERVE BANK

10.0 Methods of payment

Issuing agents may pay for the sales by submitting a check, authorizing a charge to a member bank Reserve Account, or, if the agent is a Treasury Tax & Loan Note Option depository, a charge to this account. Other forms of payment include a bank draft, money order, or savings stamps.

Issuing agents may accept savings stamps presented in payment, in whole or in part, for Series EE savings bonds and may submit such stamps to this Bank for credit or cash settlement or, as an alternative, may apply them in payment of their sales reports. Agents may also accept stamps for cash redemption but are not required to do so. Savings stamps may also be cashed at local post offices. Savings stamps are, in effect, bearer obligations and should be treated as such. Accepted stamps may be affixed to an album and forwarded to this Bank at the risk and expense of the United States, provided that each stamp is canceled by a suitable rubber stamp or perforating equipment. The cancellation should be effected in such a manner as to avoid making the verification of any of the stamps difficult. A legible impression of the issuing agent's authentication stamp (payment stamp if the issuing agent is also a qualified paying agent) should also be imprinted on the face of each album. Issuing agents will be responsible for the examination of stamp albums to determine that they are properly completed and that the aggregate value of the stamps affixed is correct and is recorded on the face of the album. The owner's name and address should

also be recorded on the album.

Section 11, DISPOSITION OF STUBS AND SPOILED BONDS

11.00 Stubs

The original registration stubs from bonds issued should be forwarded to this Bank accompanied by Form PD-3252. The stubs should be batched in groups not exceeding 6,000 stubs in number or \$900,000 in amount (issue price), and a separate sales report prepared for each batch. All original registration stubs of bonds issued should be accounted for, and the number of pieces of each denomination enclosed should agree with the figures shown on the reports.

11.05 Spoiled bonds

Issuing agents should submit spoiled bonds on a separate Form PD-3252 at the time sales are submitted. When submitting spoiled bonds either an over-the-counter or payroll form may be utilized for this purpose. Submit only the bonds and the transmittal; the original stub should be retained for the agent's records. Each bond must bear the name and code number of the agent and must be marked "VOID" or "CANCELED." Spoiled bonds should not be intermingled with stubs representing sales, and care should be exercised to prevent the bonds from being folded, creased, perforated, or mutilated in any way. Also, the various denominations should not be separated by staples, paper clips, rubber bands, etc.

11.10 Unfit bonds

If an issuing agent finds that it has bonds which are in such a condition that they cannot be processed under regular procedures, the bonds should be classed as unfit for use. This would include bonds damaged in shipment, exposed to the elements, not properly assembled and prepared by the manufacturer, e.g., bonds incorrectly punched, containing lightly printed areas or upside down overprinting of the serial numbers, or having other manufacturing deficiencies. The stubs should not be detached from the bonds, and they should be returned to the Federal Reserve

Bank with a properly executed savings bond report, Form PD-3252. The word "UNFIT" should be printed on the face of the report.

Section 12, MISCELLANEOUS

12.00 Maintenance of records by agents

Agents are required to maintain for at least 30 days an adequate record of bonds issued. The record should show the series, denomination, serial number, issue date, validating date, and exact form of registration. Applications for the purchase of bonds (or microfilm copies of such applications) should be retained by agents for a period of at least two years from the date the bonds are inscribed.

12.05 Forwarding original stubs, bonds, and remittances

The provisions of the Government Losses in Shipment Act, as amended, apply to shipments of the following items made by issuing agents to this Bank: (a) spoiled and unissued bond stock, (b) registration stubs, (c) remittances for bonds sold, (d) canceled savings stamps, and (e) transmittal forms. The method of mailing one or more of these items is outlined below:

- (a) Sales stubs — fourth-class ordinary mail;
- (b) Spoiled bonds — first-class if sent in package alone; fourth-class if included with sales stubs;
- (c) Unissued and unfit stock — first-class registered mail.

Preadressed gummed labels, Form FA-121, are furnished by this Bank without charge to the issuing agent to be used when submitting sales stubs and spoiled bonds.

12.10 Registry fee

When unissued and unfit stock are returned, the issuing agent must pay the registry fee and first-class rate of postage. Reimbursement of the postage and fees may be obtained by following the procedure outlined in Section 12.20 of the operating circular.

12.15 Insurance

No insurance need be placed by issuing agents on

bonds forwarded to purchasers or on shipments of stubs, spoiled bonds, or unissued stock forwarded to this Bank, since the provisions of the Government Losses in Shipment Act are applicable to shipments prepared in accordance with these instructions. In order to comply with the Act, issuing agents should retain a record of the contents of each shipment and the mailing thereof so that the serial number of any bond lost, stolen, or destroyed may be determined. In connection with the mailing of bonds to purchasers or their agents, the Treasury Department has stated that the application or schedule for purchase of bonds showing the necessity for mailing, together with related bond information on the application, bond schedule, bond stubs, or other record and evidence of a uniform method of handling, would appear to be sufficient record in the absence of unusual or suspicious circumstances. Uniformity of procedure and exercise of due care in handling the bonds at time of enclosure into envelopes, sealing, and dispatch thereof, should be observed.

12.20 Reimbursement for postal expense

Issuing agents, other than United States Government bond issuing officers, may, if they desire, be reimbursed for postal expense incurred in forwarding their sales reports and enclosures, conditioned on full compliance with postal instructions as outlined in this operating circular. Reimbursement may be requested periodically, preferably on a quarterly basis, on Form FA-103, directed to this Bank.

12.25 Monthly statements

Shortly after the close of business each month, the Federal Reserve Bank will forward a consignment account statement to each agent, reflecting the beginning balance, the transactions processed during the month, the total number of pieces by denomination and the ending balance. The statement should be reconciled promptly and all exceptions reported to this Bank. Agents who issue payroll bonds will be furnished a monthly statement by the Treasury Department indicating the total issue value of all stubs received by

that office and the total funds submitted on Form PD-4848. The column entitled "Securities" represents the bond stubs, and the column entitled "Cash" represents the remittances on Form PD-4848. In the event the total of the securities is greater than the total of the cash, the Treasury Department will automatically generate an adjustment to the Federal Reserve, and the appropriate agent will be requested to pay the additional funds.

12.30 Reconciliation of accounts

If there have been no sales during an entire month, a report, for reconciliation purposes, should nevertheless be submitted showing the maturity value of bond stock on hand as of the date of the report. Military issuing agents and other designated government officers should report monthly, and at such time as an officer is relieved from duty. Reports may be submitted more frequently if desired.

12.35 Mailing addresses

Sales transmittals of issuing agents (Form PD-3252, original registration stubs, remittances, spoiled bonds, and unfit stock) should in all cases be addressed to:

Federal Reserve Bank of Dallas
Fiscal Agency Department
Issuing Agents Section
Station K
Dallas, Texas 75222

All unissued bonds totaling 500 pieces or more, except unfit stock and spoils, should be returned by first-class registered mail and addressed as follows:

Federal Reserve Bank of Dallas
Securities Department
Shipping Section
Station K
Dallas, Texas 75222