

REGULATIONS AND INSTRUCTIONS CONCERNING PAYMENT OF
UNITED STATES SAVINGS BONDS
OF SERIES A, B, C, D AND E

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FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

INSTRUCTIONS TO PAYING AGENTS

The regulations of the Treasury Department governing the payment of United States Savings Bonds, and the replacement of losses resulting from such payments, are printed on pages 3 through 11 of this circular. Following the regulations is a general memorandum prepared by the Treasury Department containing instructions and information with respect to the payment of bonds. The regulations and memorandum should be studied carefully by all paying agents.

The instructions contained on this page are particularly for the guidance of paying agents in the Second Federal Reserve District, and relate to certain matters which are not covered in detail by the regulations or memorandum of the Treasury Department.

Payment of bonds

A paying agent should be careful that the proceeds of savings bonds presented to it for payment are received by the persons entitled thereto. A paying agent is not required to complete the certification form following the request for payment nor to determine the authenticity of any certification which may appear on the bond when presented. Although a prior certification may assist the agent in identifying the holder as the owner, it will not relieve the agent of any responsibility in the event of an erroneous payment resulting from its fault or negligence.

The proper redemption value of each bond should be determined from the tables of redemption values supplied by the Federal Reserve Bank. Each table may be used *only* during the month indicated thereon. Tables for use in each calendar month will be mailed to reach paying agents not later than the twentieth day of the preceding month.

Each bond paid should bear a clear imprint of the agent's "paid" stamp and a legible notation of the amount paid.

Preparation of transmittal letter

The amount paid in respect of each bond, together with the serial number of such bond, should be listed on the transmittal letter form furnished by the Federal Reserve Bank. An agent is not required to list the serial numbers, however, if it retains a microfilm or other record from which it will be in a position to furnish the serial numbers and amounts paid in respect of all bonds included in each shipment in the event of loss or destruction. The amounts of paid bonds listed on the transmittal letter should be totaled, and the table appearing under the caption "Number of Pieces Forwarded Herewith" should be completed. The original of the transmittal letter should be forwarded in the same package with the paid bonds, and the duplicate retained by the agent as its record. *Bonds paid by an agent in different calendar months should not be listed on a single transmittal letter. All bonds paid in one month should be segregated from bonds paid in another month and listed on a separate transmittal letter.*

Shipment of paid bonds

All paid bonds on hand on the last business day of a month should be forwarded to the Federal Reserve Bank not later than the next business day.

Paid bonds should be shipped in the same or a substantially similar manner in which banks ship checks for cash collection. There is no authority, however, for the shipment of paid bonds by fourth class insured mail to be treated as registered mail, and paying agents which are also issuing agents should not, therefore, attach to packages of paid savings bonds the stickers furnished for use in shipping savings bond stubs and spoiled savings bonds.

No other matter should be included in the package containing the paid bonds and transmittal letter.

Paying agents qualified by the Buffalo Branch of the Federal Reserve Bank of New York should send paid bonds to the Buffalo Branch. All other paying agents in the Second Federal Reserve District should send paid bonds to New York.

Claims for reimbursement for services

Paying agents may claim reimbursement for their services in paying savings bonds forwarded to the Federal Reserve Bank in each calendar quarter (ending March 31, June 30, September 30 and December 31). The date on which the paid bonds are forwarded in proper form will govern the rate and amount of reimbursement. Accordingly, in stating the number of bonds paid, the paying agent should take into consideration the total number of bonds included in each transmittal letter bearing a date and mailed within the quarter, regardless of when the bonds may be received by the Federal Reserve Bank. Bonds returned for correction or adjustment should be deducted.

Each branch or facility at which bonds are paid may be regarded as a separate entity for the purpose of computing claims for reimbursement, provided the bonds paid by each are separately scheduled and accounted for.

Forms to be used in submitting claims for reimbursement will be furnished upon request.

REGULATIONS GOVERNING PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS
IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

1945
Department Circular No. 750
Revised
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, June 30, 1945.

Department Circular No. 750, dated September 5, 1944 (9 F.R. 10,846), is hereby amended, effective July 2, 1945, and issued to read as follows:

Pursuant to the authority of the Second Liberty Bond Act, as amended, the following regulations are hereby prescribed to govern payments by banks and other financial institutions in connection with the redemption of United States Savings Bonds.

Subpart A—AUTHORITY TO ACT

Sec. 321.1. *Financial institutions authorized to act.*—Commercial banks, trust companies, savings banks, savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks, and similar financial institutions which (a) are incorporated under Federal Law or under the laws of a State, Territory or possession of the United States, the District of Columbia, or the Commonwealth of the Philippine Islands; (b) in the usual course of business accept, subject to withdrawal, funds for deposit or the purchase of shares; (c) are under the supervision of the banking department or equivalent authority of the jurisdiction in which incorporated; (d) maintain regular offices for the transaction of their business; and (e) are open daily and observe regular business hours, are eligible to become paying agents and, upon qualification in accordance with Section 321.2 hereof, are hereby authorized to make payments in connection with the redemption of United States Savings Bonds, subject to the provisions of this circular and any instructions issued hereunder.

Sec. 321.2. *Application and qualification.*—Federal Reserve Banks, as Fiscal Agents of the United States, are authorized to qualify eligible institutions hereunder, and to terminate any such qualification as hereinafter provided. Any eligible institution possessing adequate authority under its charter which desires to qualify to make payments in connection with the redemption of United States Savings Bonds, should make application to the Federal Reserve Bank of the Federal Reserve District in which it is located¹ on Application-Agreement Form PD 1958, Revised (see appended Exhibit A), copies of which may be obtained from the appropriate Federal Reserve Bank. If the application is approved, the Federal Reserve Bank will forward to the applicant a Notice of Qualification Form PD 1959, Revised (see appended Exhibit B), establishing that it is qualified to make payments in connection with the redemption of the United States Savings Bonds hereinafter specified. If the application is not approved, the applicant will be so advised in writing by the Federal Reserve Bank of the District.

(a) *Continuation of existing qualifications.*—Any incorporated bank or trust company duly acting as a paying agent at the effective date of this revision may continue so to act under its present qualification, but subject to the terms and conditions of this circular.

Sec. 321.3. *Termination of an agent's qualification to pay bonds.*—The Secretary of the Treasury or under authority of the Secretary the appropriate Federal Reserve Bank, as Fiscal Agent of the United States, may, by written notice, at any time and without previous demand or notice, terminate the qualification of any paying agent hereunder. A duly qualified paying agent may discontinue making payments at any time upon written notice to the Federal Reserve Bank, and its qualification shall thereupon cease.

¹ For the purpose of this circular, eligible institutions in Puerto Rico, the Virgin Islands and the Canal Zone shall be considered as being within the Second Federal Reserve District and shall make application to the Federal Reserve Bank of New York, and eligible institutions in Alaska, Hawaii, Guam and the Philippine Islands shall be considered as being within the Twelfth Federal Reserve District and shall make application to the Federal Reserve Bank of San Francisco.

Subpart B—GENERAL

Sec. 321.4. *Meaning of terms in this circular.*—For the purpose of this circular, unless otherwise indicated specifically, or by context, the terms:

(a) "Paying agent(s)" or "agent(s)" shall mean any eligible financial institution duly qualified pursuant to the provisions of this circular to make payments in connection with the redemption of the United States Savings Bonds hereinafter specified, including such branches located within the United States (including its territories and possessions, and the Canal Zone) and the Commonwealth of the Philippine Islands, as it may wish to utilize. For the purpose of this circular the term "branches" shall include those bank facilities at army and navy installations and at defense plants which have been established for the duration of the War with the specific approval of the Treasury Department.

(b) "Bond(s)" shall include only United States Savings Bonds of Series A, B, C, D or E, including bonds of Series E designated "Defense Savings Bonds" or "War Savings Bonds." (SAVINGS BONDS OF SERIES F AND G ARE NOT INCLUDED.)

(c) "Owner(s)" shall mean an individual (natural person) whose name is *inscribed as an owner (or coowner)* in his own right on a bond which is registered in any of the following forms:

- (1) in the name of a single individual in his own right, e.g. "John A. Jones;"
- (2) in the names of two individuals as coowners, e.g. "John A. Jones or Mrs. Ella S. Jones" (each is considered as an "owner," and payment may be made to either without the consent of the other); or
- (3) in the name of one individual, payable on death to another, e.g. "John A. Jones, payable on death to Mrs. Ella S. Jones," or "John A. Jones, p.o.d. Mrs. Ella S. Jones." (In this example, John A. Jones is the "owner" and Mrs. Ella S. Jones is the beneficiary. Payment under this circular to a beneficiary is *not* authorized.)

(d) "Federal Reserve Bank" includes each Federal Reserve Bank and each Branch of a Federal Reserve Bank conducting any of the transactions in connection with which the term is used in this circular.

Sec. 321.5. *Reimbursement of agents' costs.*—(a) Each paying agent shall be entitled to receive, for its service in paying bonds hereunder, reimbursement for bonds paid and forwarded to the Federal Reserve Bank each calendar quarter according to the following scale, which shall be applicable separately to the agent and to each of its branches utilized in making payments hereunder, if the bonds paid by each are separately scheduled and accounted for:

15 cents each for the first 1,000 bonds
10 cents each for all over 1,000 bonds

The date such bonds are forwarded to the Federal Reserve Bank will govern the rate of reimbursement, and the payment of such amount as the agent is entitled to receive shall be made by the Federal Reserve Bank on behalf of the Treasury Department.

(b) Paying agents shall not make any charge whatever to owners of savings bonds in connection with payments hereunder.

Sec. 321.6. *Announcements, etc. of authority to pay bonds.*—Any announcement of or any reference to an agent's authority to pay savings bonds may be made only in a form or manner or contain such statements or substance as may be approved by the Secretary of the Treasury or, under authority of the Secretary, by the Federal Reserve Bank of the District, as Fiscal Agent of the United States. An eligible financial institution shall not make such announcements or references unless and until it is officially qualified to pay bonds.

Subpart C—SCOPE OF AUTHORITY OF PAYING AGENTS

Sec. 321.7. *General.*—In order to protect the interests of the owners and to insure receipt by the proper persons of the proceeds thereof, savings bonds are registered, are not transferable, and, in accordance with their terms, are payable only to the owner named on the bond (except as otherwise specifically provided in

the regulations governing the bonds); they may not be used as security for loans or advances in any form. This policy must be understood and effectuated by each agent, notwithstanding the authority granted herein to make payments of bonds, since it is of the utmost importance that payment of the appropriate redemption value of the bonds be made only to and received by the persons entitled and strictly under the terms and conditions of the bonds and applicable regulations.

Sec. 321.8. *Payments—to owner named on bond.*—Subject to the terms of the bonds and to the provisions of the regulations governing them (Treasury Department Circular No. 530, as currently in effect on the date of payment) and the provisions of this circular, an agent may make payment of any United States Savings Bond of Series A, B, C, D or E, to the individual (natural person) whose name is inscribed as the owner (or coowner) in his own right on the bond: *Provided*, That such individual presents the bond to the agent for payment and that the individual is known to the agent or establishes his identity to the complete satisfaction of the agent. This authority to make payments to the owner named on the bond will be held to include the following exceptional cases:

- (a) *Payments—owner's name changed by marriage.*—Where the name of the owner as inscribed on the bond has been changed by marriage and the agent knows or can establish to its complete satisfaction the identity of the owner whose name has been so changed. The signature to the request for payment should show both names, for example—“Miss Mary T. Jones, now by marriage Mrs. Mary J. Smith.” AN AGENT IS NOT AUTHORIZED TO PAY A BOND FOR AN OWNER WHOSE NAME AS INSCRIBED ON THE BOND HAS BEEN CHANGED IN ANY OTHER MANNER.
- (b) *Payments—to parent of a minor.*—Where the name of the owner inscribed on the bond is that of a minor child who is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of such act but upon whose behalf request for payment is made by a parent with whom the child resides: *Provided, however*, That the form of registration does not indicate a guardian or similar representative of the estate of the minor owner has been appointed or is otherwise legally qualified. The parent requesting payment on behalf of the minor child must be known or his or her identity established to the complete satisfaction of the agent, and the parent must sign the request for payment in the form—“John A. Jones, on behalf of John C. Jones” and affix an endorsement in substantially the following form, which may be typed on the back of the bond: “I certify that I am the (father or mother) of John C. Jones and the person with whom he resides. He is years of age and is not of sufficient competency and understanding to sign the request.” *Such a payment may not be made to any person other than a father or mother.*

Sec. 321.9. *Specific limitations of payment authority.*—An agent is not authorized to pay a bond:

- (a) If the bond is presented for payment prior to the expiration of 60 days from the issue date (the issue date should not be confused with the date appearing in the issuing agent's dating stamp). Any payment or advance to a bond owner before a bond is eligible for redemption is not authorized in any circumstance.
- (b) If the agent does not know or cannot establish to its complete satisfaction the identity of the person requesting payment as the owner of the bond (including the establishment of the identity of parents requesting payment on behalf of minor children, as set forth in Sec. 321.8 (b)).
- (c) If the owner requesting payment (form for which appears on the back of each bond) does not sign his name in ink as it is inscribed on the face of the bond and show his home or business address. (See also Secs. 321.8 (a) and (b) and 321.10 (d).)
- (d) If the bond appears to bear a material irregularity, for example, an altered, illegible, incomplete or unauthorized inscription, issue date or issuing agent's validating stamp impression; or if a bond appears to be altered, or is mutilated or defaced in such a manner as to create doubt or arouse suspicion with respect to the bond or any essential part thereof.
- (e) If the bond is marked “DUPLICATE.”

- (f) If Treasury Department regulations require the submission of documentary evidence to support the redemption of the bond, as in the case of deceased owners, incompetents or minors under legal guardianship or the change of an owner's name as inscribed on a bond if for any reason other than marriage.
- (g) If the owner named on the bond and requesting payment is a minor who, in the opinion of the agent, is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of such act. (Note the authority granted to agents to make payments of bonds to either parent on behalf of a minor child under the provisions of Sec. 321.8 (b).)
- (h) If it is known to the agent that the owner has been declared, in accordance with law, incompetent to manage his estate.
- (i) If partial redemption is requested.

Attention is directed to Sec. 321.17 hereof for handling bonds of the foregoing classes of cases which may not be paid by agents.

Subpart D—PAYMENT AND ACCOUNTING

Sec. 321.10. *Examination of bonds presented for payment.*—Before making payment of bonds presented hereunder the agent:

- (a) Shall determine that the person requesting payment as the "owner" (as defined in this circular is known or his identity is established to the satisfaction of the agent.
- (b) Shall examine the bond and determine that it is a bond which the agent is authorized to pay under the provisions of this circular.
- (c) If the request for payment on the back of the bond is already executed, shall determine that the request is properly signed by the registered owner presenting the bond and that his home or business address is shown.
- (d) If the request for payment on the back of the bond has not been executed or has been improperly executed by the owner presenting the bond, shall require such owner to properly sign the request and show his home or business address.

Sec. 321.11. *Certification of requests for payment.*—In view of the provisions of this circular governing payment of bonds and the requirements as to the data to be endorsed on each bond, under Sec. 321.12, an agent will not be required in the case of any bond paid by it to complete the certification form at the end of the request for payment, nor determine the authenticity of any certification which may appear on the bond at the time it is presented for payment: *Provided, however,* That each agent submitting paid bonds shall be understood by such submission to have represented and certified that the identity of the owner requesting payment has been duly established to the satisfaction of the agent by one of its officers or by an employee duly authorized by the agent.

Sec. 321.12. *Determination of redemption values and payment of bonds.*—The redemption value of a bond is determined from the period of time (years and full half-year) that it has been outstanding, and the table of redemption values on each bond. The Federal Reserve Bank of the District will furnish each agent monthly with a table of redemption values from which it will be possible, after determining the month and year of issue of any bond, to immediately establish its current value. After establishing such value, payment thereof to the owner requesting payment shall be made in cash. No objection will be made to an arrangement between the owner and the agent under which the owner accepts in lieu of cash, a credit to his checking, savings or share account with the agent, or a check or similar instrument payable to his order. Each agent shall place on the face of each bond paid by it the word "PAID," the amount and date of payment and the name, location and code number assigned to the agent by the Federal Reserve Bank. Other data pertinent to the payment procedure of an agent may be included if approved by the Federal Reserve Bank of the District. The Federal Reserve Bank will furnish rubber stamps for this purpose or, in lieu thereof, will approve suitable stamps prepared by an agent. The affixation of such data shall be construed by and between the agent and the Treasury Department to be a certification by the paying agent that the bond has been paid in accordance with the terms and requirements of this circular and that payment of the proceeds of the bond has been made to the owner.

Sec. 321.13. *Forwarding paid bonds to the Federal Reserve Bank.*—After payment, the bonds shall be forwarded to the Federal Reserve Bank of the District in accordance with instructions issued by such Federal Reserve Bank.

Sec. 321.14. *Redemption of paid bonds by Federal Reserve Banks.*—Upon receipt of the paid bonds the Federal Reserve Bank will make immediate settlement with the paying agent for the total amount of payments made on such bonds; however, such settlement shall be subject to adjustment if any discrepancies are discovered at a later date.

Sec. 321.15. *Losses resulting from payments.*—Section 22 of the Second Liberty Bond Act, as amended, provides:

“(i) Any losses resulting from payments made in connection with the redemption of savings bonds shall be replaced out of the fund established by the Government Losses in Shipment Act, as amended, under such regulations² as may be prescribed by the Secretary of the Treasury. The Treasurer of the United States, any Federal Reserve Bank, or any qualified paying agent authorized or permitted to make payments in connection with the redemption of such bonds, shall be relieved from liability to the United States for such losses, upon a determination by the Secretary of the Treasury that such losses resulted from no fault or negligence on the part of the Treasurer, the Federal Reserve Bank, or the qualified paying agent.***. The provisions of Section 3 of the Government Losses in Shipment Act, as amended,³ with respect to the finality of decisions by the Secretary of the Treasury shall apply to the determinations made pursuant to this subsection.***.”

(a) *Consideration of facts concerning loss.*—In any case in which a loss occurs, the paying agent shall be afforded ample opportunity to present all of the facts pertaining to the circumstances of the payment for consideration by the Secretary.

Sec. 321.16. *Preservation of rights.*—Nothing contained in these regulations shall be construed to limit or restrict any existing rights which holders of savings bonds may have acquired under the circulars offering such bonds for sale and the regulations prescribed thereunder.

Sec. 321.17. *Redemption of bonds not payable by agents.*—Any bonds which an agent is *not* authorized to pay pursuant to the provisions of this circular should be forwarded by the owner, or his agent, *after certification of the requests for payment*, to the Federal Reserve Bank or Branch of the District for redemption. If an agent should undertake to forward such unpaid bonds at the request and *in behalf of the person entitled to payment, such bonds must be sent separate and apart from bonds which the agent has paid.* Any documentary evidence required to support the redemption should accompany the bond or bonds when forwarded to the Federal Reserve Bank.

Sec. 321.18. *Functions of Federal Reserve Banks.*—The Federal Reserve Banks, as Fiscal Agents of the United States, are authorized to perform such duties, and prepare and issue such forms and instructions, as may be necessary to the fulfillment of the purpose and requirements of this circular. The Federal Reserve Banks, in their discretion, may utilize any or all of their Branches in the performance of these duties.

Sec. 321.19. *Supplements, Amendments, etc.*—The Secretary of the Treasury may at any time or from time to time revise, supplement, amend, or withdraw, in whole or in part, the provisions of this circular, or of any revisions, supplements, or amendments thereto, information as to which will be furnished promptly to the Federal Reserve Banks and to the agents qualified hereunder.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

² Regulations governing replacement of losses resulting from payments made in connection with the redemption of United States Bonds are set forth in Treasury Department Circular No. 751, Revised.

³ The provisions of Section 3 of the Government Losses in Shipment Act, as amended, with respect to the finality of decisions by the Secretary of the Treasury are—“Notwithstanding any provision of law to the contrary, the decision of the Secretary of the Treasury that such loss, destruction, or damage has occurred or that such shipment was made substantially in accordance with such regulations shall be final and conclusive and shall not be subject to review by any other officer of the United States.”

EXHIBIT "A"

Form PD 1958, Revised (July 2, 1945)

TREASURY DEPARTMENT Fiscal Service Bureau of the Public Debt

APPLICATION-AGREEMENT

Payments by banks and other financial institutions in connection with the redemption of United States Savings Bonds

Dated....., 194.....

TO THE FEDERAL RESERVE BANK OF..... Fiscal Agent of the United States

The hereinafter referred to as the undersigned, hereby applies for qualification to make payments in connection with the redemption of United States Savings Bonds, as provided in Treasury Department Circular No. 750, Revised. The undersigned hereby certifies that (a) it is incorporated under the laws of; (b) in the usual course of business it accepts, subject to withdrawal, funds for deposit or the purchase of shares; (c) it is under the supervision of the of; (d) it maintains a regular office for the transaction of its business at the address specified below; (e) it is open daily and observes regular business hours; and (f) it has adequate authority under its charter to enter into this agreement.

In consideration of being qualified as a paying agent, the undersigned hereby agrees:

- 1. To be bound by and to comply with the provisions of Treasury Department Circular No. 750, Revised, including all supplements and amendments thereof and instructions issued thereunder.
2. That the Secretary of the Treasury, or the Federal Reserve Bank of, by written notice, may, at any time, and without previous demand or notice, terminate the qualification of the undersigned; and that in the event of such termination the undersigned, after receipt of such notice or after the date of termination specified therein, will not thereafter pay any United States Savings Bonds.

It is understood that the undersigned may withdraw from this Agreement at any time upon written notice of such intention to the Federal Reserve Bank of

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed under seal by the officer below named, thereunto duly authorized by a resolution of its governing board or committee adopted on the day of, 194.....

(SEAL)

(Name)
(Address)
By.....
(Signature of Officer)
(Title of Officer)

ACKNOWLEDGMENT

State of }
County of } ss:

On this day of, 194....., before me appeared, to me personally known, who, being by me duly sworn, did say that he is the..... of the and that the seal affixed to the above instrument is the corporate seal of said institution, and that the above instrument was signed and sealed in behalf of said institution by authority of its governing board or committee, and said officer acknowledged said instrument to be the free act and deed of said institution.

(SEAL)

Notary Public
My commission expires.....

(In case the applicant has no corporate seal omit the words, "and that the seal affixed to the above instrument is the corporate seal of said institution", and add at the end of the affidavit "The institution has no corporate seal".)

EXHIBIT "B"

Form PD 1959, Revised
(July 2, 1945)

TREASURY DEPARTMENT
Fiscal Service
Bureau of the Public Debt

NOTICE OF QUALIFICATION OF A BANK OR OTHER FINANCIAL
INSTITUTION TO MAKE PAYMENTS IN CONNECTION WITH
THE REDEMPTION OF UNITED STATES SAVINGS BONDS

....., 194.....

To:

.....

.....

Gentlemen:

Your Application-Agreement Form PD 1958, Revised, dated, has been approved as of this date. You are hereby notified that you are qualified to make payments in connection with the redemption of United States Savings Bonds pursuant to the provision of Treasury Department Circular No. 750, Revised, and any supplements or amendments thereof and instructions issued pursuant thereto.

FEDERAL RESERVE BANK OF
Fiscal Agent of the United States

By.....

REGULATIONS GOVERNING REPLACEMENT OUT OF THE FUND ESTABLISHED BY THE
GOVERNMENT LOSSES IN SHIPMENT ACT, AS AMENDED, OF ANY LOSSES
RESULTING FROM PAYMENTS MADE IN CONNECTION WITH THE
REDEMPTION OF UNITED STATES SAVINGS BONDS

1945
Department Circular No. 751
Revised

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, June 30, 1945.

Department Circular No. 751, dated September 5, 1944, (9 F.R. 10,848) is hereby amended and issued to read as follows:

Subpart A—REGULATIONS PRESCRIBED

Sec. 322.1. *Application of regulations.*—Pursuant to the authority of the Second Liberty Bond Act, as amended, the following regulations are hereby prescribed for the replacement out of the fund established by the Government Losses in Shipment Act, as amended, of any losses to the United States resulting from payments made in connection with the redemption of United States Savings Bonds, and shall apply to losses resulting from payments made (1) by the Treasurer of the United States, (2) by any Federal Reserve Bank or Branch, as Fiscal Agent of the United States, and (3) by any bank or other financial institution qualified as a paying agent pursuant to Treasury Department Circular No. 750, Revised.

Subpart B—REPORTS OF LOSSES

Sec. 322.2. *Loss to the United States.*—A loss to the United States may result from an erroneous. (or unauthorized) payment in connection with the redemption of savings bonds.

Sec. 322.3. *Erroneous payments reported to or discovered by Federal Reserve Banks.*—If a financial institution, qualified to pay savings bonds, finds an erroneous payment to have been made, either before or after the bonds have been forwarded to the Federal Reserve Bank, immediate report thereof should be made to the Federal Reserve Bank. Any such erroneous payments so reported, and any other erroneous payments found by a Federal Reserve Bank of bonds received from a duly qualified paying agent shall, so far as possible, be adjusted between the Federal Reserve Bank and the paying agent concerned.

Sec. 322.4. *Report to Treasury of cases involving erroneous payments.*—Any such erroneous payments which cannot be adjusted by a Federal Reserve Bank and any other erroneous payments found after the account of the Treasurer of the United States has been charged shall immediately be reported by the Federal Reserve Bank to the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois.

Subpart C—FINAL DETERMINATION OF LOSSES

Sec. 322.5. *Reported erroneous payment, general action by Treasury.*—Following receipt of the report of an erroneous payment, the Treasury Department will appropriately advise the paying agent concerned, unless such action is unnecessary. The Department shall determine whether or not appropriate adjustment may be effected with the persons concerned in the erroneous payment and in this connection will expect the cooperation of the paying agent, if necessary.

(a) If it is determined that no loss to the United States will occur the paying agent will be so advised.

(b) If it is determined that a final loss to the United States has occurred, the paying agent will be given every opportunity to present the full facts relating to the payment for consideration of the Secretary of the Treasury. If the Secretary shall determine that the final loss resulted from no fault or negligence on the part of the paying agent, notice to that effect will be given the paying agent and he will be relieved from liability to the United States. If, however, the Secretary of the Treasury finds fault or negligence on the part of the paying agent, notice to that effect will be given such paying agent who will be expected to make prompt restitution.

Sec. 322.6. *Restitution by paying agents.*—In no case will the Treasurer of the United States, a Federal Reserve Bank (including any of its Branches) or the financial institution qualified as a paying agent under

Department Circular No. 750, Revised, whichever made the erroneous payment, be called upon to make restitution unless and until the Secretary has determined that a final loss has been incurred as a result of an erroneous payment due to the fault or negligence of the paying agent.

Subpart D—REPLACEMENT OF LOSSES OUT OF THE FUND

Sec. 322.7. *Replacement and recovery in connection with losses.*—When it is established to the satisfaction of the Secretary of the Treasury that a loss has resulted from a payment made in connection with the redemption of a United States Savings Bond, the loss shall be subject to immediate replacement out of the fund established by the Government Losses in Shipment Act, as amended. Any recovery or repayment on account of any such loss as to which replacement shall have been made out of the fund, shall be credited to the fund.

Subpart E—INVESTIGATION OF LOSSES

Sec. 322.8. *Use of United States Secret Service.*—The Treasury Department, and, in appropriate cases, Federal Reserve Banks, as Fiscal Agents of the United States, may request the Secret Service to investigate losses and assist in the recovery of improper payments. The Treasurer of the United States, the Federal Reserve Banks, and qualified paying agents should cooperate with the Secret Service to the fullest extent in facilitating investigations and making recoveries and they will be expected to take such actions as may be necessary on their part to complete such investigations and recoveries.

Subpart F—SUPPLEMENTS, AMENDMENTS, ETC.

Sec. 322.9. *Supplements, amendments, etc.*—The Secretary of the Treasury may at any time or from time to time supplement, amend, or withdraw, in whole or in part, the provisions of this circular, or of any amendments or supplements thereto, information as to which will be furnished promptly to the Federal Reserve Banks and to eligible financial institutions qualified to make payments of savings bonds under the provisions of Treasury Department Circular No. 750, Revised.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

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Important: This memorandum is *only* for use of banks and other financial institutions eligible to qualify as paying agents. It is not for general distribution.

**MEMORANDUM OF INSTRUCTIONS AND EXPLANATION ISSUED IN CONJUNCTION WITH
DEPARTMENT CIRCULAR NO. 750, REVISED, PRESCRIBING REGULATIONS GOVERNING
PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN CONNECTION
WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS.**

Fiscal Service
Bureau of the Public Debt

Revision of Memorandum
dated September 5, 1944

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, June 30, 1945.

1. This memorandum is presented for the guidance of eligible banks and other financial institutions considering the matter of qualifying to make payments of United States Savings Bonds under the provisions of Treasury Department Circular No. 750, Revised, and for the use of those institutions which have been or may hereafter be qualified. Its purpose is to explain in detail some of the provisions of the circular, and to clarify the transactions authorized thereunder. Other instructions may be issued from time to time either direct by the Treasury Department or by the Federal Reserve Banks, as Fiscal Agents of the United States, which will be made available to each qualified paying agent. The terms "Federal Reserve Bank(s)," "bond(s)," "owner(s)," "paying agent(s)" and "agent(s)" whenever used herein unless otherwise indicated specifically, or by context, shall have the same meaning as set forth in Sec. 321.4 of Circular No. 750, Revised.

I. QUALIFYING TO PAY BONDS

2. Sec. 321.1 of the circular outlines the different classes of incorporated financial institutions which are eligible to be qualified to make payments of savings bonds and the conditions precedent to qualification. In explanation of the condition under 321.1(e), the Treasury Department will require each of the otherwise eligible financial institutions to be open during regular hours on each of the business days observed in the community. Where the five day week is observed and the institution is open during regular hours each of these days, the condition will be considered to have been complied with. Sec. 321.2 provides that any eligible institution desiring so to qualify shall file an Application-Agreement Form PD 1958, Revised, with the Federal Reserve Bank of the District in which it is located or to which it is assigned. Copies of the Application-Agreement form will be furnished by the Federal Reserve Banks. Each eligible institution not presently qualified, but desiring to qualify to pay bonds, should, after the adoption of an appropriate resolution by its governing board or committee, have a duly authorized officer (a) complete and execute the Application-Agreement form on behalf of the institution (under its corporate seal if it has one), (b) have the form acknowledged before a notary public (who should affix his seal and indicate the date his commission expires), and (c) forward it to the Federal Reserve Bank of its District.

3. The appropriate Federal Reserve Bank will consider each application and advise the applicant whether or not its application is approved. The qualification of an institution automatically qualifies any of its branches (including facilities of banks as defined in the circular) to pay savings bonds, if they are located within the United States (including its territories and insular possessions and the Canal Zone) or the Philippine Islands. The Treasury will not object to continuance by a qualified paying agent of any subagency agreements with local well established and reputable financial institutions if such agreements are currently in effect on June 30, 1945. However, no subagency arrangements shall be effected or reestablished by any paying agent after that date. Any subagency agreement in effect on such date will terminate if the subagent qualifies as a paying agent under the revised circular. As heretofore provided, a subagent eligible to continue to act under the foregoing permission shall not be permitted any greater authority in the payment of bonds than is granted to the qualified agent. All bonds paid by a subagent and all transactions in connection therewith shall be handled by and through the agent establishing the subagent. Each qualified agent shall be fully responsible for the acts of its subagents and for losses resulting therefrom.

II. ANNOUNCEMENTS REGARDING AUTHORITY TO PAY BONDS

4. Sec. 321.6 of the circular provides that an agent shall not make any announcement or reference relating to its qualification or authority to pay savings bonds unless and until it is notified of its qualification by the Federal Reserve Bank. After the effective date of its notification of qualification an agent may make only such announcements or references as may be approved by the Secretary of the Treasury or by the Federal Reserve Bank of the District, as Fiscal Agent of the United States. The limitations covered in Sec. 321.6 refer to statements for publication or general distribution and should not be construed as prohibiting an agent from stating facts in reply to specific inquiries in the matter. It is expected, of course, that such statements will not be made in a manner or for the purpose of circumventing the prescribed limitations.

5. The announcement set forth below may be made in newspapers, magazines or other publications, or by a circular notice or envelope stuffer at such times and in such manner as may be deemed appropriate. No such notice or stuffer should be included in any mailing relating to the purchase or sale of savings bonds or other securities, goods or services, or in any mailing of such bonds, securities or goods. The title of the announcement may not be printed in type larger than 12 point and the text of the announcement may not be printed in type larger than 10 point.

“ANNOUNCEMENT TO OWNERS OF UNITED STATES SAVINGS BONDS OF SERIES A, B, C, D AND E”

“The (name of institution) is authorized by the United States Treasury Department to pay any Savings Bond of Series A, B, C, D or E, subject to that Department’s regulations, whenever any such bond is presented for that purpose by an individual (natural person) whose name appears on the bond as an owner or coowner and who furnishes proper identification.

“The Treasury Department and this institution sincerely request that you do not redeem any bond before its maturity date unless a real personal emergency requires such action. However, if circumstances require you to cash a bond, this institution will be pleased to serve you.”

6. A qualified paying agent may print as an adjunct to any of its regular advertisements, or it may display in its lobby or window, any of the following:

“(AN) AUTHORIZED AGENT FOR PAYMENT OF U. S. SAVINGS BONDS SERIES A, B, C, D AND E”

“AUTHORIZED TO PAY U. S. SAVINGS BONDS SERIES A, B, C, D AND E”

“THIS BANK (or other appropriate description of the agent institution) IS AUTHORIZED TO PAY U. S. SAVINGS BONDS SERIES A, B, C, D AND E.”

The agent’s name may be used with any of these statements. The use of these, or any other approved statements, in the newspapers or other form of printed matter should be in type not larger than 10 point. A lobby or window display of any approved statement must be kept to a conservative size. If a bank or trust company qualified as a paying agent has made any subagency agreements which are to be continued, its subagents may announce that they will pay U. S. Savings Bonds, Series A, B, C, D and E for the account of bank. Such announcements, of course, must conform in size and character to those used by the agents. No objection will be made to the display of a sign of a conservative character and size at the window or cage of the agent’s office at which the bonds are paid. The Treasury suggests these signs should not exceed 5 x 8 inches in size. They may read—“Series A to E U. S. Savings Bonds paid here” or “Savings Bonds paid here.” Requests for use of statements in lieu of the foregoing should be submitted to the Federal Reserve Bank of the District.

III. GENERAL POLICY CONCERNING PAYMENT OF BONDS

7. Particular attention is directed to the provisions of Sec. 321.7 of the circular, because it is of the utmost importance that payment of the appropriate redemption value of the bonds be made to and received by only the persons entitled thereto under the terms and conditions of the bonds and applicable regulations. Paying agents have both an opportunity and a responsibility to render a valuable public service by paying bonds only under

circumstances which will accomplish this objective. Paying agents *must not* (1) advance money on, make loans on, or discount the redemption value of savings bonds, either directly or indirectly, nor (2) make any payment of a savings bond before the expiration of sixty days from the issue date of such bond. VIOLATION OF THE DEPARTMENT'S POLICY IN ANY SUCH RESPECT WILL BE CAUSE FOR DISQUALIFICATION OF A PAYING AGENT.

IV. PAYMENTS AUTHORIZED

8. *General Authority.*—Sec. 321.8 provides in general that a qualified paying agent may pay a savings bond of Series A, B, C, D or E only upon the request of an individual (natural person) whose name actually is inscribed on the bond in the capacity of an owner or coowner: *Provided*, That the agent is completely satisfied that the bond is in order for payment, that the owner requesting payment is competent to act and that he is known to or has been identified to the complete satisfaction of the agent. Supplemental explanations, instructions and exceptions regarding these general statements are set forth hereinafter. UNDER NO CIRCUMSTANCES, HOWEVER, IS AN AGENT AUTHORIZED TO PAY ANY BOND OF SERIES F OR G, OR BONDS OF ANY SERIES IF INSCRIBED IN THE NAMES OF CORPORATIONS, ASSOCIATIONS, PARTNERSHIPS OR FIDUCIARIES. PAYMENT MAY NOT BE MADE BY AN AGENT TO A PERSON NAMED ON A BOND AS THE BENEFICIARY EVEN THOUGH THE OWNER IS DECEASED.

9. *Authority where owner's name is changed.*—Sec. 321.8 (a) provides that agents may pay bonds for owners where their names as inscribed on the bonds have been changed by marriage. The agent must be satisfied that the owner and the person requesting payment are one and the same before it makes payment. Further, the woman whose name as inscribed on the bond as owner has been changed by marriage should sign the request for payment in the form—"Miss Mary T. Jones, now by marriage Mrs. Mary J. Smith." AGENTS ARE NOT AUTHORIZED TO PAY BONDS FOR PERSONS WHOSE NAMES AS INSCRIBED ON THE BONDS HAVE BEEN CHANGED IN ANY OTHER MANNER.

10. *Authority to pay to parents of minor owners.*—Sec. 321.8 (b) provides that an agent may pay bonds to a parent (father or mother) but no other relative or person on behalf of a minor child if the child named on the bond as an owner is too young to request payment on his own behalf and comprehend the nature of his act. However, such authority is conditioned on the facts that (a) the child lives with the parent and (b) that the inscription on the bond does not indicate the appointment of some other person as a guardian or similar legal representative of the estate of the minor. The term "owner" as defined in Sec. 321.4 of the circular, is construed to include parents authorized to receive payment under Sec. 321.8 (b). However, before making payment in these cases, the agent must be completely satisfied as to the identity of the parent and reasonably certain of the facts to be certified to by the parent with respect to the minor child as set forth in this paragraph. Personal appearance of the child will not be necessary if the agent is reasonably satisfied as to the facts of the case. In an authorized case of a parent requesting payment on behalf of a minor owner, the parent should sign the request for payment in the form—"John A. Jones, on behalf of John C. Jones" and affix an endorsement in substantially the following form: "I certify that I am the (father or mother) of John C. Jones and the person with whom he resides. He is years of age and is not of sufficient competency and understanding to sign the request." This endorsement should be stamped, typed or written in ink (or indelible pencil) on the back of the bond.

V. SPECIFIC LIMITATIONS ON PAYMENT AUTHORITY AND EXECUTION OF REQUESTS

11. *Time limitation on payments of bonds before maturity.*—Sec. 321.9(a) provides that no bond may be paid if presented prior to the expiration of 60 days from its issue date. Meanwhile, no advance payment may be made to the owner, and, of course, because of the terms of the bonds, loans are precluded. The issue date is the first day of the month in which payment of the issue price is received by an authorized issuing agent, and it should not be confused with the actual date of imprinting the bond as shown in the issuing agent's validating stamp impression on the bond. The issue date appears in the lower center section of bonds of Series A and B, in the lower right section of bonds of Series C, and in the upper right section of bonds of Series D and E.

12. *Limitation on payments due to improper identification*

(a) *General requirements.*—

(1) Sec. 321.9 (b) provides that before a qualified paying agent makes payment of a bond it must know or identify to its complete satisfaction the person requesting payment as the owner of the bond (including the identification of a parent requesting payment on behalf of a minor and a person whose name is changed by marriage).

(2) The Treasury Department will not prescribe the requirements an agent should follow but will expect identifications to be made in a manner which will give assurance that the owner of the bond requesting payment receives the proceeds of the bond. Signatures of persons other than the bond owner or other memoranda notations may be placed on the back of the bonds for the purpose of preserving the manner in which identification of a bond owner is established. Such data will be of great value in subsequent criminal investigations resulting from forgery or other irregularity not discovered by the paying agent and should benefit the agent as well as the Treasury Department. Accordingly, paying agents are urged to adopt as part of their payment procedure, the recording on the back of each bond a brief but complete description of the identification accepted in the payment of the bonds, including serial numbers, if any, of cards or other documents offered.

(3) The Department will not object to an agent accepting bonds for payment by mail or otherwise from its *depositors*: Provided, that (a) *each such depositor is also the owner* requesting payment, (b) the agent is completely satisfied that *the signature to each request for payment is that of the "owner depositor,"* and (c) the agent is satisfied that *the owner desires the bond proceeds to be credited in his checking, savings or share account unless, of course, payment is made in cash, or by a check or similar instrument drawn to the order of the owner.*

(4) United States Savings Bonds are not transferable and agents are authorized to pay them *only* to the owner named thereon. Accordingly, agents should bear in mind that payments should not be made if they in any way effect or assist in effecting the sale, discount or hypothecation of a bond after its issue.

13. *Limitation on payments due to improperly completed requests for payment.*—Sec. 321.9 (c) provides that a bond may not be paid if the owner does not complete and sign the request for payment (form for which appears on the back of each bond) in the prescribed manner (see following paragraphs). An agent should require completion of the request for payment only after it is satisfied that the bond is in order for payment. If the form for requesting payment is completed before the bond is presented for payment, the agent should have the owner again sign the request, immediately above or below the first signature, unless the agent is fully satisfied that the signature already appearing is that of the owner requesting payment. If it is not practicable so to place the second signature, substantially the same wording of the REQUEST FOR PAYMENT Form may be typed or imprinted on any other available place on the back of the bond. The request then may be completed and signed by the owner in the prescribed manner.

14. *Form of signature—general.*—The request for payment should be completed and signed in ink (although the practice is not encouraged, indelible pencil may be accepted) to show (a) the full name (as inscribed on the bond) of the owner requesting payment and (b) his home or business address. It is important that the signature of such owner appear exactly as the name is inscribed on the bond. However, the Treasury Department is aware that slight errors and variations in the correct spelling of names of owners have been made inadvertently in inscribing bonds and that they have been undetected by the owner or, perhaps, considered by him to be of an insignificant nature. Although an agent is not required to pay bonds erroneously or improperly inscribed, it may wish to pay such bonds in some cases because of its knowledge of the facts or its reliance upon the integrity of the owner. Accordingly, if an agent is fully satisfied that the owner named on the bond and the person requesting payment are one and the same, no objection will be made to effecting payment of such bonds. In such cases, however, the request for payment should show the name of the owner as inscribed on the bond followed by the correct signature. Each of these cases will require careful and individual consideration; therefore, the Treasury Department must place upon the paying agent the responsibility for any such payment. The Department considers the current address to be of importance to it and the paying agent in the event of later discovery that a bond was improperly paid, and therefore requires that owners show their

current home or business address on the back of their bonds presented for payment. It is the duty of the owner presenting the bond to record such information thereon; however, where it is practicable and the agent desires to do so after being satisfied that the owner's current address is the same as shown on the face of the bond, the Treasury will not object to the agent writing or stamping in ink in the request for payment the words "Address same as inscribed on face of bond," or a similar notation.

15. *Signature by mark.*—If an owner signs his name to the request for payment by mark, the signature should be in the form—"John J. Jones (x) his mark" and must be witnessed by at least one person in addition to the agent's employee paying the bond. The witness should attest substantially in the form—"Witness to the signature by mark" and sign his name and show his address immediately thereafter, on the back of the bond.

16. *Other forms of signature.*—See paragraph 9 hereof for form of signature to be used by an owner whose name has been changed by marriage and paragraph 10 for form of signature to be used by a parent requesting payment on behalf of a minor owner.

17. *Limitation on payments due to material irregularities*
(Except mutilation or defacement)

(a) *General.*—Sec. 321.9 (d) provides that an altered, illegible, incomplete (in whole or in part) or unauthorized inscription, issue or maturity date or issuing agent's validating stamp impression ordinarily shall be considered a material irregularity which will render a bond ineligible for payment by a paying agent.

(b) *Exception to limitation on payments due to material irregularities in forms of registration.*—Bonds undoubtedly will be presented for payment bearing variations from the forms of registration authorized by the Treasury. (Examples of authorized forms of registration are set forth in Sec. 321.4 (c) of Circular No. 750, Revised. For a full coverage of authorized forms of registration, see Department Circular No. 530, as currently in effect at the time of payment.) Although agents are not required to pay bonds bearing such irregularities, no objection will be made to the payment of these bonds by an agent if it is fully satisfied that payment will be made in accordance with the ownership interest conferred by the comparable authorized form of registration. For example, a bond bearing the form of registration—"John A. Jones and Miss Alice R. Jones," which is unauthorized, may be paid to either owner according to the rights obtained by owners under the comparable authorized registration form of "John A. Jones or Miss Alice R. Jones." These cases will require careful and individual consideration; therefore, the Department must place upon the paying agent the responsibility for any such payment.

(1) Attention is called to one Treasury approved variation to the authorized forms of registration. The War and Navy Departments (including the Coast Guard and Marine Corps) have been authorized, in the case of bonds issued to persons in the Military and Naval Forces of the United States, to show the name of the owner and the coowner or beneficiary, if any, without indicating the address of either, followed by one or more spaces and then showing the name and address of the person to whom the bond is mailed. *In these cases the name appearing with an address in this manner may be either (a) a repetition of the name of the owner, coowner or beneficiary, or (b) the name of another person. In any event the person whose name appears with an address in this manner does not thereby obtain any right or additional rights in the bond.* An example of this form of registration is:

<i>Registration</i>	<i>Comment</i>
John A. Jones	(Coowner
or	
Miss Alice R. Jones	(Coowner
Mr. Frank J. Jones	(Person to whom bond is mailed.
312 Main Street	This person obtains no right in
Center Point	the bond by reason of his name
Maine	being printed thereon.)

(c) *Exceptions to limitation on payments due to material irregularities other than form of registration.*—It may be that bonds will be presented to agents for payment bearing material irregularities in the inscription, issue or maturity date or the issuing agent's validating stamp. For example, a bond may lack an issuing agent's

validating stamp. The current redemption value of a bond cannot be readily established by a Federal Reserve Bank if the issue date is incomplete. Therefore, a bond should not be paid by an agent if either the issue month or the issue year has not been recorded on the bond. The issuing agent's validating stamp, of course, is not always a reliable basis for establishing an issue month or year. (See also par. 14 hereof.) Although an agent is not required to pay bonds bearing irregularities, it may wish to pay such bonds in some cases because of its knowledge of the facts or its reliance upon the integrity of the owner. Accordingly, if the issue date of a bond is clearly established on the bond and the agent is fully satisfied that no fraud is involved in any apparent irregularities, no objection will be made to payment of such a bond by the agent. Each of these cases will require careful and individual consideration; therefore, the Department must place upon the paying agent the responsibility for any such payment.

18. *Limitations on payments due to mutilation or defacement of bonds.*—Sec. 321.9 (d) provides that if a bond or any essential part thereof appears to be altered or is mutilated or defaced in a manner creating doubt or arousing suspicion with respect to the authenticity or validity of the bond, it must not be paid by a paying agent. Where suspicions are aroused, it would be helpful, if practicable, for the agent to give a receipt for the bond and to obtain as much information as possible concerning the person presenting it. The bond and information should be forwarded promptly to the Federal Reserve Bank, which will take appropriate action in the matter.

19. *Limitations on payments due to "duplicate" bonds.*—In explanation of Sec. 321.9 (e) it may be stated that a substitute savings bond marked "DUPLICATE" is issued by the Department in cases where a validly issued bond has been determined by the Secretary of the Treasury to have been lost, stolen or destroyed or to have been mutilated so as to require replacement. In some instances the bond assumed to have been lost, stolen or destroyed will have been redeemed at the time the bond marked "DUPLICATE" is presented for payment. In order to determine the facts of the case and prevent a possible loss to the United States, the Department requires that all bonds marked "DUPLICATE" be cleared with it before payment. For that reason a paying agent is not authorized under any circumstances to pay any savings bond marked "DUPLICATE."

20. *Limitations on payments due to documentary evidence required to support redemption.*—As indicated in Sec. 321.9 (f), Treasury Department Regulations Governing United States Savings Bonds (Circular No. 530) require documentary evidence to support the redemption of a bond in certain circumstances. For example, where the owner is deceased and the beneficiary, if any, or some other party, requests payment of the bond; in most cases where an incompetent or minor is under legal guardianship; or where a request is made by a person whose name has been changed in any manner other than by marriage. As the Department desires to pass on the evidence submitted in these cases before payment is made, paying agents are not authorized to make payment in such cases.

21. *Limitations on payments due to minority.*—As stated in Sec. 321.9 (g), a minor owner of a bond is not eligible to request payment thereof if he is not of sufficient competency and understanding to comprehend the nature of his act. The determination of the minor's competency and understanding is a matter for individual consideration in each case. (See paragraph 10 hereof.)

22. *Limitations on payments due to incompetency.*—Sec. 321.9 (h), provides that a paying agent should not pay a bond for an owner who, to the knowledge of the agent, has been declared, according to law, to be incompetent to manage his estate.

23. *Limitations on payments due to requests for partial redemption of bonds.*—In explanation of Sec. 321.9 (i), it may be stated that Treasury Department regulations provide that savings bonds of any series and denomination other than the \$10 and \$25 denominations (maturity value) may be redeemed in part at the current redemption value, but only in amounts corresponding to authorized denominations. In these cases the words—"to the extent of \$ (maturity value)," are added to the first sentence of the request for payment. However, a partial redemption requires also the reissuance of other bonds bearing the same issue date as the bonds presented for partial redemption and thus necessitates special accounting; therefore, agents are not authorized to make any payments on bonds presented for partial redemption.

VI. DETERMINATION OF REDEMPTION VALUES AND PAYMENT OF BONDS

24. *Determination of redemption values.*—As stated in Sec. 321.12, the redemption value of a bond is determined from the period of years and full half-year the bond is outstanding and the table of redemption values on the bond. However, for the convenience of paying agents a special table of redemption values will be furnished *monthly* by the Federal Reserve Banks. From these tables the amount currently due on any bond of Series A, B, C, D and E of any denomination may be readily determined. The Federal Reserve Banks will advise agents of the date the tables should be expected each month and if they are not received by that time, the Federal Reserve Bank should be notified immediately. **EXTREME CARE SHOULD BE TAKEN TO USE ONLY THE TABLE ESPECIALLY PREPARED FOR THE MONTH DURING WHICH PAYMENTS ARE BEING MADE.**

25. Bonds increase in redemption value at the end of the first year from the issue date and at the end of each successive half-year period thereafter until maturity. In the event a bond is presented to an agent for payment just prior to a change in value of the bond, the owner should be reminded of this fact by the agent, if practicable, so that the owner may take advantage of the pending increase in value, if he so desires. In those cases, of course, payment will be postponed to the appropriate time.

26. *Payment of redemption value.*—As further stated in Sec. 321.12, the current redemption value of a bond shall be paid by the agent in cash. However, no objection will be made to any arrangement mutually agreeable to the owner requesting payment and the agent making payment whereby the owner accepts, in lieu of cash, a credit to his checking, savings or share account with the agent, or a check or similar instrument payable to his order.

VII. RECORDING PAYMENT DATA ON PAID BONDS

27. *General.*—In order to facilitate handling of and accounting and settlement for paid bonds as well as to safeguard against payment of the bonds a second time, it is considered important for all concerned that paid bonds be handled by paying agents in a manner which will accomplish these objectives at the time payment is made. With this in mind the Treasury Department has prescribed a hand stamp setting forth certain data to record the payment, for use by tellers or other employees of qualified paying agents.

28. *Payment stamps.*—The Federal Reserve Bank of the District will provide hand stamps (hereinafter referred to as “payment stamp(s)” or “stamp(s)”), and each bank or other financial institution seeking qualification should advise the Federal Reserve Bank as soon as possible of the data it desires recorded on the stamps it may use and the initial number of stamps to be required. The number of stamps requested should be kept to a minimum consistent with practical necessity. In the interest of uniformity it appears preferable that only the Federal Reserve Banks shall obtain the payment stamps. The data ordinarily to be included in the payment stamp will be as follows:

PAID \$	}	For recording amount paid
THE XYZ NATIONAL BANK		Name and location of agent and such code number as may be assigned by Federal
68-76 XYZ, VA. 68-76		To show actual date of payment
JULY 20, 1945		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.
BY		10

In order to minimize the possibility of subsequent alteration and to effect a distinct and permanent record on microfilm, the Department urges the use of a black or dark blue penetrating ink in imprinting the payment stamp and recording other data required thereby. Other colors of penetrating inks dark enough to microfilm satisfactorily may be used. However, it will be appreciated if agents can arrange eventually to use only the black or dark blue colors. In any event, extreme care should be taken not to smear or blur the data recorded on the bonds.

29. *Use of payment stamps*

(a) *Recording amount of payment.*—As soon as a bond is paid, the payment stamp should be imprinted on the bond. An unused space will be found in the upper right portion on the face of all bonds, immediately to the left of the panel or space used for stating the maturity date or period (in the case of bonds of Series A to D, inclusive), or the issue date (in the case of bonds of Series E). The payment stamp should be imprinted on the *face* of each paid bond in that space in a manner which will permit writing in an unused space the amount paid by the agent. Immediately after stamping the bond the amount of the bond payment should be written in, by use of a black or dark blue ink or other colored ink dark enough to microfilm satisfactorily in such space on the face of the bond. Although indelible pencil or a dark colored crayon will be accepted, the use thereof is not encouraged. If more than one bond is presented at the same time by the same owner, *each* bond must be stamped and the amount paid on each bond must be shown thereon. It is essential for facilitating the handling of the bonds that the amount of the bond payment be recorded in the same general area on all bonds. In any recording made on the face of a bond by an agent, extreme care should be exercised to prevent defacing the bond's serial number, the name and address of any of the owners or the beneficiary, if any, the issue or maturity dates, or the issuing agent's validating stamp.

(b) *Recording date, transaction and the name and location of agent.*—As provided in Sec. 321.12, each bond shall show in addition to the amount of payment (a) the date of the payment (month, day and year), (b) the name, location and code number assigned to the paying agent by the Federal Reserve Bank, and (c) the word "PAID". All of this data will be provided in the agent's payment stamp. Particular care should be taken to insure recording the correct date of payment of each bond. A number or other symbol may be included to indicate the person in the institution qualified as the paying agent who is responsible for the bond payment, and provision may be made for his signature or initials.

VIII. FORWARDING BONDS TO FEDERAL RESERVE BANKS

30. *Preparation.*—Sec. 321.13 provides that paying agents shall submit paid bonds to Federal Reserve Banks under instructions of such Banks. These instructions will not require any special sorting of bonds prior to shipment, except that bonds paid in one month must be segregated from bonds paid in another month.

(a) Paying agents will be expected to prepare and forward to the Federal Reserve Bank with each group of paid savings bonds a list which will:

- (1) Identify the agent
- (2) Show the month in which the bonds were paid
- (3) Show the date the bonds were mailed
- (4) Set forth, in the order in which the bonds are prepared for shipment, the amount paid on each bond in the shipment. Where the method used by the agent for recording bond serial numbers permits, no objection will be made to the agent grouping all bonds bearing the same paid amount and listing them in the following manner—

10 @ \$18.75.....	\$187.50
10 @ \$19.00.....	190.00
Etc.	

The bonds in this instance should be grouped according to the amount of payment stated on the bonds

- (5) Set forth the total amount paid on all bonds in the shipment
- (6) Set forth opposite each amount listed the appropriate serial number of the bond, unless a record of such information is maintained in some other form by the agent. In this connection any qualified paying agent is authorized to microfilm the face or reverse side of the bonds, or both, if it so desires. Such film records must be maintained as confidential. The agent may project such film records upon a screen but no prints, enlargements, or other reproductions thereof shall be made except with official permission which may be secured through the Federal Reserve Bank.
- (7) Show the actual total number of bonds submitted with each list. This is essential to the maintenance of records and the simplification of the computation and reconciliation of quarterly claims of paying agents for services rendered in the payment of bonds.

- (8) Indicate the manner in which settlement and possible adjustments for the bonds should be made by the Federal Reserve Bank.

The original of these lists, hereinafter referred to as "transmittal letters," must be included with the bonds when they are forwarded to the Federal Reserve Bank. A copy of the transmittal letter and a record of the bonds by serial number and amount paid must be retained by the paying agent. For the benefit of the paying agent in presenting the facts in connection with any claim for relief which may have to be presented on account of bonds lost, destroyed or damaged as a result of shipment, it is suggested that the employee or employees who listed and prepared the bonds for shipment and who dispatched them to the Federal Reserve Bank should initial the copy of the transmittal letter retained by the agent.

(b) These paid bonds will be subject to the provisions of the Government Losses in Shipment Act, as amended, while they are in shipment (see paragraph 32 hereof). It will be essential to any claim that may be made by a paying agent for relief under the provisions of that Act, in the event of the loss or destruction of or damage to the bonds during shipment, that the bonds be identified by serial numbers and amounts paid. If the Treasury Department is advised of the month of payment, and the serial number and the amount paid on each bond in the shipment, the Department will be able to identify the bonds included in the shipment and make settlement with the paying agent for the loss resulting from shipment. Relief may not be granted otherwise. A paying agent may establish a record of the bonds included in a shipment by (a) microfilm, (b) by recording the bond serial numbers on its transmittal letters directly opposite the respective bond redemption values set forth thereon, or (c) it may establish the necessary record in any other manner it deems desirable.

31. *Frequency of making shipments.*—A paying agent may forward bonds to the Federal Reserve Bank each business day, although where an agent pays only a small volume of bonds it will be advantageous if daily shipments can be avoided. IN ANY EVENT ALL 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.

32. *Manner of shipment and insurance.*—The shipment of paid bonds to a Federal Reserve Bank by a paying agent will be made at the risk of the United States. Accordingly, the shipments will be subject to the provisions of the Government Losses in Shipment Act, as amended,¹ and the regulations² prescribed pursuant thereto, except as may be modified hereunder. Bonds paid under the provisions of Treasury Department Circular No. 750, Revised, may be prepared for dispatch and may be shipped to the Federal Reserve Bank in the same or a substantially similar manner in which the agent would handle and ship checks. Assuming that (a) the basic record of shipment, as provided in paragraph 30 hereof, is maintained, (b) the bonds are properly stamped, as provided in paragraph 29 hereof, and (c) due care is used in handling and dispatching the paid bonds, an agent should have no difficulty in establishing its claim for and obtaining relief under the Act in the event a shipment is lost, destroyed or damaged. Pending establishment of such of these claims as may be presented by an agent, the Treasury will allow an immediate temporary settlement with the agent on the basis of the amount stated in its transmittal letter, if the agent submits the required description by bond serial numbers of each of the bonds involved in the claim.

33. A paying agent will not be required to mail to Federal Reserve Banks or the Treasury Department separate notices of each shipment made, nor will it have to make any accumulated report of shipments effected under the Government Losses in Shipment Act. In the event it comes to the knowledge of an agent that any shipment made by it has been lost, destroyed or damaged, or if it has been so alleged, immediate notice thereof should be given the Federal Reserve Bank. All provisions of Treasury Department regulations relating to the handling and shipment of valuables under the Government Losses in Shipment Act, as amended, which are inconsistent with the provisions of this memorandum are hereby modified with respect to the shipment of paid bonds by qualified paying agents.

IX. SETTLEMENT FOR PAID BONDS

34. As provided in Sec. 321.14, immediate settlement will be made by Federal Reserve Banks for the total amount of paid bonds submitted by a paying agent, subject to audit and verification. Settlement will be made according to the request of the paying agent, by credit in its reserve account if the agent is a bank which is a

¹ Act of July 8, 1937, C. 444, Sec. 1, 50 Stat. 479 as amended by the Act of August 10, 1939, C. 665, Sec. 1, 53 Stat. 1358; U.S.C., title 5, Sec. 134.

² Treasury Department Circulars Nos. 576 and 577.

member of the Federal Reserve System, or in its clearing account (if any) if the agent is a bank which is not a member of the System, or in the reserve or clearing account of a correspondent of an agent, or settlement will be made by a check issued by the Federal Reserve Bank drawn on the Treasurer of the United States. Although Federal Reserve Banks will examine paid bonds promptly, such examination and redemption of the bonds will not always be possible on a daily basis. In each instance settlement will be subject to later adjustment for incorrect or improper payment of bonds.

X. ADJUSTMENT OF BONDS ERRONEOUSLY PAID

35. *Error in amount of payment.*—In the event of over payment or under payment of the proper redemption value due on a bond, the Federal Reserve Bank will make the necessary correction on the bond and its records and will advise the paying agent of the discrepancy, furnishing all the details necessary for the agent to effect an adjustment with the owner.

36. *Material irregularity discovered by Federal Reserve Bank.*—Bonds bearing material irregularities of a nature which make it necessary to return them to the paying agent will be returned promptly after discovery of the irregularity by the Federal Reserve Bank. In those cases where the agent is not authorized to pay the returned bond the agent, upon effecting settlement with the owner presenting the bond, should cancel its payment stamp before releasing the bond to such owner. Whenever necessary payment stamps should be canceled by writing or stamping in a dark colored ink the word "canceled" and the date of cancellation followed by the signature and title of an officer of the paying agent. If a bond appears to have been materially altered or mutilated with intent to defraud, the original bond will be retained by the Federal Reserve Bank for investigation of the case and a photostatic copy of the bond forwarded to the agent. Thereafter, if and when the bond is acceptable for redemption, the Federal Reserve Bank of the District will give instructions to the agent with regard to disposition of the case. Adjustment for the amount of payment represented by the bond, if any, will be made in the manner set forth in paragraph 35 hereof. In any event paying agents are expected to respond promptly when so requested in connection with paid bonds presented by them.

37. *Errors or irregularities discovered by the Department.*—Where an erroneous payment of or an irregularity in a bond is discovered by or brought to the attention of the Treasury Department after receipt by it of the bond, prompt notice will be given to the paying agent and the case will be handled as the circumstances may require: *Provided, however,* that the agent which paid the bond will not be required to make restitution in connection with such bond unless and until it is determined by the Secretary of the Treasury that a loss has been sustained by the United States as a result of fault or negligence on the part of the agent.

XI. REIMBURSEMENT FOR SERVICES IN PAYING BONDS

38. Under the provisions of Sec. 321.5 of Circular No. 750, Revised, a qualified paying agent is entitled to receive reimbursement for its services in paying savings bonds. Forms will be supplied by the Federal Reserve Banks for presenting claims for such reimbursement. Each agent desiring reimbursement should present its claim *promptly* after the close of each calendar quarter (ending March, June, September, and December).

39. The form will provide for stating the number of bonds paid and the amount of reimbursement claimed. In stating the number of bonds paid during a quarter, there should be taken into consideration the total number of bonds included on each of the agent's transmittal letters bearing a date of shipment within the quarter regardless of when the bonds were received by the Federal Reserve Bank. This procedure, it is believed, will provide a uniform basis for stating and auditing claims. Each branch (including authorized bank facilities) of a qualified paying agent may be regarded as a separate entity in computing claims, provided separate transmittal letters support bonds paid by each. Such bonds may be shipped directly to the Federal Reserve Bank by the branch, or through the head office. In the event a Federal Reserve Bank returns an improperly paid bond (or a photostatic copy thereof) to an agent, the tally for the current quarter shall be reduced accordingly. If the bond may be corrected and resubmitted as new business the bond will be counted, for the purpose of computing reimbursement, under the date of the subsequent transmittal letter with which it is resubmitted.

40. Any inquiry in connection with this memorandum or other inquiry with respect to this subject should be communicated to the Federal Reserve Bank of the District in which the paying agent is located.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

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WITH TREASURY DEPARTMENT CIRCULAR NO. 750, REVISED**

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APPLICATION-AGREEMENT

Payments by banks and other financial institutions in connection with
the redemption of United States Savings Bonds

Dated....., 194.....

TO THE FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States

.....
Name of Institution

hereinafter referred to as the undersigned, hereby applies for qualification to make payments in connection with the redemption of United States Savings Bonds, as provided in Treasury Department Circular No. 750, Revised. The undersigned hereby certifies that (a) it is incorporated under the laws of.....; (b) in the usual course of business it accepts, subject to withdrawal, funds for deposit or the purchase of shares; (c) it is under the supervision of the

.....
Name of supervising Dept. or similar office

of; (d) it maintains a regular office for the transaction of its business at the address specified below; (e) it is open daily and observes regular business hours; and (f) it has adequate authority under its charter to enter into this agreement.

.....
State or other jurisdiction

In consideration of being qualified as a paying agent, the undersigned hereby agrees:

- 1. To be bound by and to comply with the provisions of Treasury Department Circular No. 750, Revised, including all supplements and amendments thereof and instructions issued thereunder.
- 2. That the Secretary of the Treasury, or the Federal Reserve Bank of New York, by written notice, may, at any time, and without previous demand or notice, terminate the qualification of the undersigned; and that in the event of such termination the undersigned, after receipt of such notice or after the date of termination specified therein, will not thereafter pay any United States Savings Bonds.

It is understood that the undersigned may withdraw from this Agreement at any time upon written notice of such intention to the Federal Reserve Bank of New York.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed under seal by the officer below named, thereunto duly authorized by a resolution of its governing board or committee adopted on the day of, 194.....

(SEAL)

.....
(Name)

.....
(Address)

By
(Signature of Officer)

.....
(Title of Officer)

ACKNOWLEDGMENT

State of }
County of } ss:

On this day of, 194....., before me appeared, to me personally known, who, being by me duly sworn, did say that he is the..... of the
(Title of officer)

.....
(Name of institution)

and that the seal affixed to the above instrument is the corporate seal of said institution, and that the above instrument was signed and sealed in behalf of said institution by authority of its governing board or committee, and said officer acknowledged said instrument to be the free act and deed of said institution.

(SEAL)

.....
Notary Public

My commission expires.....

(In case the applicant has no corporate seal omit the words, "and that the seal affixed to the above instrument is the corporate seal of said institution", and add at the end of the affidavit "The institution has no corporate seal".)

**NOTICE OF QUALIFICATION OF A BANK OR OTHER FINANCIAL
INSTITUTION TO MAKE PAYMENTS IN CONNECTION WITH
THE REDEMPTION OF UNITED STATES SAVINGS BONDS**

....., 194.....

To:

.....

.....

Gentlemen:

Your Application-Agreement Form PD 1958, Revised, dated, has been approved as of this date. You are hereby notified that you are qualified to make payments in connection with the redemption of United States Savings Bonds pursuant to the provision of Treasury Department Circular No. 750, Revised, and any supplements or amendments thereof and instructions issued pursuant thereto.

FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States

By.....