

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. 3707 ]  
May 22, 1951

**PAYMENT OF SAVINGS BONDS WITHOUT OWNERS' SIGNATURES**

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

Effective June 1, 1951, qualified paying agents may make payment of savings bonds of any series to the owner or coowner named on the bonds without requiring him to sign the request for payment on the back of the bond. This new payment procedure is designed primarily to facilitate the payment of savings bonds held in safekeeping by qualified paying agents for known customers or held in connection with their trust activities. Under the new procedure, a qualified paying agent, after the owner has satisfactorily established his identity, need only endorse the bond before paying it; we will furnish special endorsement stamps for this purpose. However, the endorsement method *cannot* be used to effect a transfer of ownership or pledge of a bond. A qualifying paying agent may continue to use the current method of paying savings bonds, which is not changed, *but* under the new method the paying agent unconditionally guarantees the validity of each transaction.

Treasury Department Circular No. 888, dated May 15, 1951, a copy of which is enclosed, prescribes the terms and conditions governing the new procedure. Qualified paying agents must be specially authorized to pay savings bonds pursuant to the Treasury circular. Application for such authority should be made to this Bank on Form PD 2291, two copies of which are also enclosed.

Detailed procedural information and instructions regarding the new method of paying savings bonds are set forth on the following pages.

Additional copies of this circular and of Treasury Department Circular No. 888 will be furnished upon request.

ALLAN SPROUL,  
*President.*

## PROCEDURAL INFORMATION AND INSTRUCTIONS REGARDING PAYMENT OF SAVINGS BONDS WITHOUT OWNERS' SIGNATURES

### *Purpose of change*

The following is for the purpose of acquainting you with Treasury Department Circular No. 888, which is effective June 1, 1951. The circular sets forth a procedure whereby paying agents may, subject to the provisions and conditions of the circular, accept United States Savings Bonds that an owner or coowner (if named as such on the bonds) requests to have paid, without requiring the owner to sign the request for payment on the back of the bond. These bonds after being specially endorsed by the agent may then be paid by the agent, if the bonds are otherwise eligible for payment under Circular No. 750, Revised. If a bond is not eligible for payment by the paying agent it should be forwarded to the Federal Reserve Bank for payment.

Although the currently established methods for making payment of savings bonds are not changed by the new procedure there is a distinct difference as to an agent's responsibility for a loss that may result from the payment of any bond processed under Circular No. 888. That circular provides that a paying agent gives the United States an *unconditional guarantee* as to the validity of each transaction, including the identification of the owner and the disposition of the proceeds in accordance with the owner's instructions, and that if a loss is incurred by the United States as a result of such transaction the agent shall, upon request of the Treasury Department, make prompt reimbursement for the amount of the loss. The unconditional guarantee means that the agent is responsible whether or not the loss resulted from its fault or negligence.

### *Resolution necessary*

In order that a qualified paying agent of savings bonds may have the privilege of processing bonds under Circular No. 888, the governing board or committee must pass a resolution authorizing the institution to apply for authority to process the bonds under that circular. An official form, PD 2291, has been provided for this purpose. This form must be duly executed and returned to the Head Office of this Bank. When the form is in order and there is no reason for denying the institution the privilege, a form PD 2292 will be executed by this Bank and forwarded to the paying agent as notification that it is eligible to process bonds by special endorsement under Circular No. 888. Upon receipt of such notification, assuming that official endorsement stamps are available, the agent may begin processing bonds June 1, 1951, and thereafter under the circular. The form PD 2291 provides also for requisitioning official endorsement stamps or obtaining approval of designs for such stamps or dies that your institution may wish to obtain at its own expense. The requirements for such stamps are covered hereinafter.

### *Outline of procedure*

Presuming that a bond was eligible for processing under Circular No. 888 and your institution was willing to process it thereunder the following is, in brief, an outline of the procedure that would take place:

1. The appropriate employee of your institution, after the owner has established his identity, would ascertain that such owner has given adequate authorization to effect payment of the bond and instructions for disposition of the bond proceeds.
2. The bond would be endorsed.
3. The bond would be paid:
  - (a) by your institution if the bond would otherwise be eligible for payment under the provisions of Treasury Department Circular No. 750, Revised, and then forwarded, with other paid bonds, in the usual manner to this Bank, or

(b) if the bond was not eligible for payment (this would include all bonds of Series F and G and all bonds of Series A through E that may not be paid under the provisions of Circular No. 750, Revised) by a paying agent, it should be forwarded to this Bank for payment by means of a check drawn on the Treasurer of the United States.

4. The proceeds if received by your institution would be distributed by it. The checks drawn under 3(b) above would, of course, be mailed by the Federal Reserve Bank in accordance with the owner's instructions as transmitted by the institution endorsing the bond.

5. Your institution would take such steps as it deems necessary or desirable to maintain sufficient evidence of its authority to act in the transaction as well as evidence of its compliance therewith, including identification of the owner requesting payment and disposition of the proceeds in accordance with his instructions.

### ***Special endorsement stamps***

If your institution has decided to use the new procedure it should determine the number of special endorsement stamps it will require. This number should be included in the form, PD 2291, to be filed with this Bank. If additional stamps are required thereafter, they may be obtained by letter over the signature of an officer of your institution. An appropriate number of stamps will be supplied by this Bank.

Misuse of the stamps could result in losses to the agent. This suggests, and we cannot emphasize this too strongly, the desirability of carefully controlling the use and custody of the stamps. It follows, of course, that a minimum number of these stamps should be obtained. The stamps should be returned to this Bank if the institution discontinues as a paying agent or if otherwise requested by this Bank.

If a paying agent desires to obtain its own endorsement stamps it may do so after obtaining approval thereof from this Bank. A specimen impression showing the data to be included and any special design to be obtained should be supplied to this Bank when such approval is requested. There is no objection to the inclusion of a code or of space for initialing or signing, for the purpose of indicating the employee using the stamp or for showing a date the stamp was impressed. However, the stamps furnished by this Bank will not be specially prepared to cover these additions. The stamp must, of course, contain the data prescribed in Circular No. 888 and the impression when made, including any special design, must not exceed a space bounded by  $1\frac{3}{4}$  inches in the verticle dimension, by 3 inches horizontally.

All of the endorsement stamp impressions must be legibly made in a black or other dark-colored ink suitable for microfilming. These impressions should be placed in the area provided on the back of the bond for owners to sign requests for payment. There is no objection to recording symbols, initials or other notations on the back of the bond to aid the agent in identifying the employee responsible for the transaction or for reconstructing the transaction; provided, that the agent understands it has the primary responsibility for producing such evidence as may be required to support a transaction.

### ***Owner's request***

All series of savings bonds are eligible for processing under the procedure prescribed in Circular No. 888 but they may be so processed only if an *owner named as such on the bond* actually requests payment of the bond. The term "owner" as used in Circular No. 888 also includes a coowner and it is not confined to individuals. A bond may not be processed without a signature to the request for payment on the bond if a parent requests payment in behalf of a minor child who is named on the bond as its owner nor may a bond be so processed if the request is made by a beneficiary who has become solely entitled to the bond by reason of the death of the owner. Bonds registered in the name of an executor or other fiduciary, a corporation, or an unincorporated body, as owner, may be processed under the circular, pro-



vided documentary evidence of authority is not required under Treasury regulations governing savings bonds (Department Circular No. 530, Sixth Revision). In this connection agents are referred to Subparts O, P and Q of Treasury Circular No. 530.

With respect to bonds in coownership form that may be processed under Circular No. 888, agents are required to indicate which coowner requested payment. This may be done by encircling, in black or other dark-colored ink, the coowner's name as it appears in the inscription on the face of the bond. If coowners have jointly requested payment both names should be encircled.

It should be understood that Treasury regulations (Circular No. 530) provide that a surviving coowner becomes the sole and absolute owner of the bond if it has not been presented for payment during the life of the coowner. The same is true of beneficiaries that survive bond owners. Because of these rights, a paying agent should be aware of the risk of loss that it takes whenever it processes a bond on the basis of an authorization for payment that was not recently filed by the owner to whom payment will be made.

#### *Payment procedure*

The procedure for actually paying bonds has not been changed by the procedure for endorsing bonds. If the bond is eligible for endorsement under Circular No. 888 it may be paid by a paying agent if that bond is eligible also for payment under the provisions of Treasury Circular No. 750, Revised. The payment procedure prescribed under Circular No. 750 should be followed in its entirety for such bonds, including the affixation and completion of the data required by the agent's payment stamp. In other words both the special endorsement stamp (on the back of the bond) and the payment stamp (on the face of the bond) of the paying agent should appear on bonds paid by the agent.

If a bond is not eligible for payment by a paying agent under Treasury Circular No. 750, Revised, it must, as heretofore, be forwarded to this Bank for payment by a check drawn on the Treasurer of the United States. These would include Series F and G bonds and all Series A through E bonds not paid by paying agents. These bonds, assuming, of course, that they are eligible for endorsement, must bear the special endorsement on the back of the bond. Such bonds would not bear the agent's payment stamp. The mailing address for forwarding the check—which will be drawn to the order of the owner indicated by the agent—must be shown, otherwise the check will be forwarded to the paying agent submitting it to this Bank. Bonds submitted for payment by this Bank must be kept separate from bonds paid by paying agents.

The regulations provide that an agent obtain authority for the payment of bonds and instructions for disposition of the proceeds from an owner and retain such evidence together with necessary records evidencing compliance therewith. It is expected that paying agents will use this procedure only for customers that are fully known to them. Therefore they have the full responsibility for properly identifying the owners of bonds that they accept for endorsement. The Treasury Department will not prescribe any specific rules governing the form or type of such authorities, instructions and records that should be obtained. Inasmuch as owners of public debt obligations may at any time present their securities, or claims in the event of alleged loss or theft of the securities, the Treasury Department could not properly authorize the destruction of any records that an agent may obtain as evidence of the propriety of the payment of a savings bond. Accordingly, the Department will not specify the period of time that an agent's records should be retained and any destruction of such records must be undertaken by the agent on its own responsibility. There is no objection, of course, to microfilming the appropriate evidence and then destroying the original documents.

REGULATIONS GOVERNING THE PAYMENT OF UNITED STATES SAVINGS BONDS WITHOUT  
THE OWNERS' SIGNATURES TO THE REQUESTS FOR PAYMENT

1951  
Department Circular No. 888  
Fiscal Service  
Bureau of the Public Debt

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, May 15, 1951.

Pursuant to section 22 (a) of the Second Liberty Bond Act, as amended (31 U.S.C. 757c), the following additional regulations applicable to United States Savings Bonds are prescribed by the Secretary of the Treasury, effective June 1, 1951.

Sec. 330.1. *Purpose of regulations.*—These regulations prescribe a procedure whereby eligible qualified paying agents may specially endorse certain United States Savings Bonds in lieu of requiring the owner or coowner to sign the request for payment and to pay such bonds if they are otherwise subject to payment under the provisions of Treasury Department Circular 750, Revised, or to forward to the Federal Reserve Bank of the District for payment those bonds which are not subject to payment under said Circular 750. Although the procedure is designed for use primarily in connection with bonds held by paying agents in safekeeping or trust accounts for known customers, it is not limited to bonds held in such accounts. However, UNDER NO CIRCUMSTANCES shall the procedure be used to effect a transfer of ownership or a hypothecation or pledge of a bond. Violation of these prohibitions will be cause for the withdrawal of an agent's privilege to process bonds under this circular.

Sec. 330.2. *Agents eligible to process bonds.*—In order to establish its eligibility to process savings bonds under this circular, an institution qualified as a paying agent of savings bonds must certify on Treasury Department Form PD 2291, that by duly executed resolution of its governing board or committee, the institution has been authorized to apply for the privilege of processing bonds in accordance with the provisions and conditions of this circular, including all supplements, amendments and revisions thereof and any instructions issued in connection therewith. Such application and certification should be made to the Federal Reserve Bank of the District which will, when appropriate, issue, on Form PD 2292, notification of the acceptance of such application-certification. The Secretary of the Treasury reserves the right to withdraw such privilege from any institution at any time and such action may be taken either by the Treasury Department direct or through a Federal Reserve Bank, acting as fiscal agent of the United States.

Sec. 330.3. *Bonds eligible for processing.*—A United States Savings Bond of any series may be processed under these regulations provided that the registered owner (which term as now and hereafter used in this circular includes a coowner) named on the bond requests its payment. The term "owner" is defined to include individuals, incorporated and unincorporated bodies, executors, administrators, and other fiduciaries named on the bonds. The procedure does not apply, for example, to cases where a parent requests payment in behalf of a minor child who is named on the bond as its owner or to cases where requests for payment are made by surviving beneficiaries, or to any other cases requiring death certificates or other supporting evidence.

Sec. 330.4. *Guaranty given to the United States.*—Each paying agent by the act of paying a bond without the signature of the owner or presenting a bond to the Federal Reserve Bank of the District for payment without the owner's signature, under these regulations, shall be deemed thereby to have unconditionally guaranteed to the United States (a) the validity of the transaction, including the identification of the owner and the disposition of the proceeds in accordance with his instructions, and (b) that if a loss is incurred by the United States as a result of such transaction the agent shall upon request of the Treasury Department make prompt reimbursement for the amount of the loss.

Sec. 330.5. *Evidence of owner's authorization to agent.*—By the act of presenting a bond to the Federal Reserve Bank (either as a "paid" bond or for payment by the Federal Reserve Bank) without the owner's signature to the request for payment, the paying agent represents to the United States that it has obtained adequate instructions from the owner with respect to payment of the bond and disposition of its proceeds. To support this representation agents should maintain appropriate records evidencing the receipt of such instructions as well as records establishing compliance therewith.

(OVER)

Sec. 330.6. *Endorsement of bonds.*—Each bond processed under these regulations shall bear the following endorsement (see sec. 330.7 for additional instructions covering bonds inscribed in coownership form):

Absence of owner's signature, and validity of transaction,  
guaranteed in accordance with Treasury Department  
Circular No. 888.

.....  
(Name and location of agent)

This endorsement must be placed on the back of the bond *in the space provided for the owner to request payment*. The endorsement stamp must be *legibly* impressed in black or other dark-colored ink. The Federal Reserve Bank of the District will furnish rubber stamps for impressing the above endorsement or, in lieu thereof, will approve designs for suitable stamps to be obtained by paying agents. Requests for endorsement stamps to be furnished or approved by the Federal Reserve Bank shall be made in writing by an officer of the institution.

Sec. 330.7. *Bonds in coownership form.*—In addition to the endorsement prescribed in sec. 330.6 hereof, the paying agent shall in the case of bonds registered in coownership form indicate which coowner requested payment. This should be done by encircling in black or other dark-colored ink the name of such coowner (or both coowners if a joint request for payment is made) as it appears in the inscription on the face of the bond.

Sec. 330.8. *Payment of bonds.*—Bonds bearing the special endorsement prescribed in sec. 330.6 hereof, may be paid by paying agents if the bonds are otherwise eligible for payment under the provisions of Department Circular 750, Revised. (The same specific limitations of payment authority set forth in sec. 321.9 of Department Circular 750, Revised—except for absence of the owner's signature under these regulations—continue to apply.) These paid bonds should, of course, bear the agent's payment stamp and the data required thereby and the bonds should be forwarded to the Federal Reserve Bank of the District, with other paid bonds, in the usual manner. All other bonds bearing the special endorsement should be forwarded to the Federal Reserve Bank of the District for payment. These bonds should be separated from paid bonds and should be accompanied by appropriate instructions governing disposition of the check to be issued in payment of the bond proceeds. See sec. 330.3 hereof with respect to bonds eligible for special endorsement under these regulations.

Sec. 330.9. *Liability of paying agents under this circular.*—In accordance with the guarantee provisions of sec. 330.4 hereof, paying agents are absolutely and unconditionally liable for any losses incurred by the United States by reason of the processing of bonds under these regulations.

Sec. 330.10. *Functions of Federal Reserve Banks.*—The Federal Reserve Banks, as fiscal agents of the United States, are authorized and directed to perform such duties, and prepare and issue such instructions, as may be necessary to the fulfillment of the purpose and requirements of this circular. The Federal Reserve Banks may utilize any or all of their Branches in the performance of these duties.

Sec. 330.11. *Modification of other circulars.*—The provisions of these regulations shall be considered as amendatory of and supplementary to Department Circulars 530, 653, 654, 750, 751, and 885, and any revisions thereof, and those circulars are hereby modified where necessary to accord with the provisions hereof.

Sec. 330.12. *Other circulars generally applicable.*—Except as provided in these regulations the circulars referred to in the preceding section will continue to be generally applicable.

Sec. 330.13. *Supplements and amendments.*—The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of these regulations, or of any amendment or supplement thereto.

JOHN W. SNYDER,  
*Secretary of the Treasury.*



APPLICATION-AGREEMENT

For establishment of eligibility of paying agent of savings bonds for processing  
United States Savings Bonds under the provisions  
of Treasury Department Circular No. 888

Dated....., 19.....

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

In consideration for the privilege of processing United States Savings Bonds under Treasury Department Circular No. 888, the undersigned, a qualified paying agent of savings bonds, hereby certifies that by duly executed resolution of its governing board or committee, it has been authorized to comply with and be bound by the provisions of said circular, including all supplements, amendments and revisions thereof and any instructions issued thereunder.

For use in connection with processing bonds under Circular No. 888, the undersigned hereby applies for  
 approval of the attached design of the special endorsement stamp to be obtained by it.  
 ..... special endorsement stamps.

IN WITNESS WHEREOF, the undersigned has caused this Application-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 ....., 19.....

.....  
(Name of institution)

.....  
(Address)

[SEAL]

By.....  
(Signature of officer)

.....  
(Title of officer)

ACKNOWLEDGMENT

State of ..... }  
County of ..... } ss:

On this ..... day of ....., 19....., 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 institu-  
tion by authority of its governing board or committee, and said officer acknowledged said instrument to be the  
free act and deed of said institution.

.....  
Notary Public

[SEAL]

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.")

Form PD 2292  
(May 1951)

TREASURY DEPARTMENT  
Fiscal Service  
Bureau of the Public Debt

**NOTICE OF ELIGIBILITY OF QUALIFIED PAYING AGENT  
OF SAVINGS BONDS TO PROCESS UNITED STATES SAVINGS BONDS  
UNDER THE PROVISIONS OF TREASURY DEPARTMENT CIRCULAR NO. 888**

....., 19.....

To.....

.....

.....

GENTLEMEN :

Your Application-Agreement Form PD 2291, dated ....., has been accepted as of the above date. You are hereby notified that your institution is eligible to process United States Savings Bonds pursuant to the provisions and conditions of Treasury Department Circular No. 888, including all supplements, amendments and revisions thereof and any instructions issued thereunder.

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

By .....  
(Signature)

.....  
(Title)