

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

[Circular No. ~~3969~~
April 20, 1953]

PAYMENT OF SAVINGS BONDS WITHOUT OWNERS' SIGNATURES

Revision of Treasury Department Circular No. 888

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

The Treasury Department has revised its Circular No. 888, effective May 1, 1953, a copy of which is enclosed. The circular as revised sets forth regulations governing the special endorsement of Savings bonds of any series, and provides for the payment of matured Series F and G bonds by eligible paying agents.

The revision incorporates two major changes. The first is that the eligibility established by a paying agent to process Savings bonds under the "old" circular is withdrawn at the close of business April 30, 1953. Paying agents must apply anew under the revised circular for authority to endorse specially and make payment of Savings bonds without requiring the owner to sign the requests for payment on the backs of the bonds. Under the new authority agents may also forward specially endorsed bonds to the Federal Reserve Bank for authorized exchanges or, if they desire, for payment. The authority granted under the revised circular will not become effective until May 1, 1953. The endorsement stamps to be used in processing bonds under the revised circular are different from those now in use.

The second major change is that the revised circular provides for the payment of matured Series F and G Savings bonds, and agents establishing eligibility under the revised circular will be permitted to specially endorse and *pay* those bonds, if they are in order for payment, instead of forwarding them to the Federal Reserve Bank for payment. The details of this provision are found in section 330.8 (B). No fees will be paid to agents in connection with their payment of matured F and G bonds.

Agents desiring to qualify under Department Circular No. 888, Revised, should make application to this Bank on Form PD 2291, two copies of which are enclosed. The form provides spaces on which to indicate whether the applying agent desires to obtain its own endorsement stamps locally or whether it wants this Bank to furnish them. Agents that qualify will be notified by us on Form PD 2292.

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

ALLAN SPROUL,
President.

**REGULATIONS GOVERNING THE SPECIAL ENDORSEMENT OF UNITED STATES SAVINGS
BONDS OF ANY SERIES AND THE PAYMENT OF MATURED SERIES F AND G
BONDS BY ELIGIBLE PAYING AGENTS**

1953
Department Circular No. 888
Revised
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, April 8, 1953.

Pursuant to Section 22 of the Second Liberty Bond Act, as amended, (49 Stat. 21, as amended; 31 U.S.C. 757c) Department Circular No. 888, dated May 15, 1951 (31 CFR 1951 SUPP. 330), is hereby revised effective May 1, 1953, to read as follows:

Sec. 330.1. *Purpose of regulations.*—These regulations (1) prescribe a procedure whereby eligible qualified paying agents may specially endorse United States Savings Bonds of certain classes, with or without the owners' signatures to the requests for payment, and (2) make provisions for such agents to pay certain bonds so endorsed or forward them to the Federal Reserve Bank of the District for payment or for any authorized exchange. See sec. 330.3 hereof for classes of bonds which such paying agents may endorse and sec. 330.8 hereof for those which they may pay or present to the Federal Reserve Bank of the District for payment or exchange. Although the provisions of this circular are designed primarily to permit payment without the signatures of the owners to the requests for payment on bonds held by paying agents in safekeeping or trust accounts for known customers, application thereof is not so limited. For example, an eligible paying agent may process a matured bond of Series F or G by special endorsement under the provisions and conditions of this circular for the owner, whether or not he signs the request for payment, and whether or not the bond is held in a safekeeping or trust account. UNDER NO CIRCUMSTANCES SHALL THE PROVISIONS OF THIS CIRCULAR BE USED TO GIVE EFFECT TO A TRANSFER, HYPOTHECATION, OR PLEDGE OF A BOND OR TO PERMIT PAYMENT TO ANY PERSON OTHER THAN THE OWNER OR COOWNER. VIOLATION OF THESE PROHIBITIONS WILL BE CAUSE FOR THE WITHDRAWAL OF AN AGENT'S PRIVILEGE TO PROCESS ANY BONDS UNDER THIS CIRCULAR.

Sec. 330.2. *Agents eligible to process bonds.*—Any institution qualified as a paying agent of United States Savings Bonds under the provisions of Department Circular No. 750, Revised, upon establishing its eligibility in accordance with this section, is hereby authorized to process savings bonds and to pay matured savings bonds of Series F and G, subject to the provisions and conditions of this circular and any instructions issued hereunder. In order to establish such eligibility, the institution should apply on Treasury Department Form PD 2291, Revised, to the Federal Reserve Bank of the District in which it is located. This form provides a certification that by duly-executed resolution of its governing board or committee the institution has been authorized to apply for the privilege of processing and paying bonds in accordance with the provisions and conditions of Department Circular No. 888, Revised, including all supplements, amendments, and revisions thereof, and any instructions issued in connection therewith. If the application is approved, the Federal Reserve Bank will so notify the institution by means of Treasury Department Form PD 2292, Revised. The authority given in this circular to pay matured savings bonds of Series F and G and to otherwise process savings bonds will become effective upon the receipt of such duly-executed Form PD 2292, Revised, but not before May 1, 1953. 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. The eligibility established by any institution to process savings bonds under Department Circular No. 888, dated May 15, 1951, is hereby withdrawn, effective at the close of business April 30, 1953.

Sec. 330.3. *Bonds eligible for processing.*—A United States Savings Bond of any series may be processed under these regulations upon the request of the registered owner (which term as now and here-

after used in this circular includes a coowner) named on the bond. 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 or exchange in behalf of a minor child who is named on the bond as its owner or to cases where requests for payment or exchange 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 or presenting to the Federal Reserve Bank of the District either for payment or for exchange a bond bearing the special endorsement prescribed in sec. 330.6 shall be deemed thereby (1) to have unconditionally guaranteed to the United States the validity of the transaction, including the identification of the owner and the disposition of the proceeds or the new bonds, as the case may be, in accordance with his instructions, (2) to have assumed complete and unconditional liability to the United States for any loss which may be incurred by the United States as a result of the transaction, and (3) to have unconditionally agreed to make prompt reimbursement for the amount of the loss upon request of the Treasury Department.

Sec. 330.5. *Evidence of owner's authorization to agent.*—By the act of paying or presenting to the Federal Reserve Bank of the District for payment or for exchange a bond bearing the special endorsement prescribed in sec. 330.6, the paying agent represents to the United States that it has obtained adequate instructions from the owner with respect to payment or exchange of the bond and disposition of its proceeds or the new bond, as the case may be. To support this representation agents should maintain such records as may be necessary to establish the receipt of such instructions as well as records establishing compliance therewith.

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):

Request by owner and validity of transaction
guaranteed in accordance with T. D. Circular
No. 888, Revised.

(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. The use of endorsement stamps which have been approved or furnished by Federal Reserve Banks pursuant to Department Circular No. 888, dated May 15, 1951, shall be discontinued at the close of business April 30, 1953.

Sec. 330.7. *Bonds in coownership form.*—In addition to the endorsement prescribed in sec. 330.6, the paying agent shall, in the case of bonds registered in coownership form, indicate which coowner requested payment or exchange. 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 or exchange is made) as it appears in the inscription on the face of the bond.

Sec. 330.8. *Payment or exchange of bonds.*—

(A) *Payment of Series A to E, inclusive, by paying agents.*—Bonds of Series A to E, inclusive, bearing the special endorsement (see sec. 330.3 and sec. 330.6) may be paid by a paying agent pursuant to the authority and subject to the provisions and conditions of Department Circular No. 750, Revised, and the instructions issued pursuant thereto, except, of course, that the owner's signature to the request for

payment of the bond will not be required, and except also that each such endorsed bond carries with it a guarantee to the United States against loss (see sec. 330.4). Series A to E bonds, inclusive, which bear the special endorsement and which are thereafter paid by the paying agent under Department Circular No. 750, Revised, will be combined with other Series A to E bonds paid under that circular and forwarded to the Federal Reserve Bank of the District.

(B) *Payment of MATURED BONDS—SERIES F AND G—by paying agents.*—Matured savings bonds of Series F and G other than those marked “DUPLICATE”, bearing the special endorsement (see sec. 330.3 and sec. 330.6), may be paid by qualified paying agents whose eligibility to pay matured Series F and G bonds has been duly established pursuant to sec. 330.2. No fees will be paid to the agents for making these payments. Such matured bonds may be paid only under the provisions and conditions of this subsection and such instructions as may be issued pursuant thereto. It will be required that (1) the bonds be of a class which may be processed by special endorsement (see sec. 330.3), (2) the owner (as defined in sec. 330.3) has requested the payment, (3) the bonds bear no material alteration, irregularity, mutilation, or other defect that may be a basis for questioning payment thereof, and (4) the bonds bear the special endorsement (see sec. 330.6). The payment of matured bonds of Series F and G shall be made in accordance with the following provisions:

(a) A Series F bond shall be paid at its face value.

(b) A Series G bond shall be paid at its face value together with the final interest due thereon at the rate of \$1.25 for each \$100 of face value. The total amount payable at maturity for each authorized denomination, including the final interest due, is as follows:

Series G Bond authorized denominations	Amount payable (Face value plus final interest)
\$ 100	\$ 101.25
500	506.25
1,000	1,012.50
5,000	5,062.50
10,000	10,125.00

(c) Each bond shall bear on its face, in the upper right portion, a payment stamp setting forth the word “PAID” and the amount of the payment (including the final interest on Series G bonds), the date of payment (month, day, year), and the name and location of the paying agent including the ABA transit number or other identifying code approved or assigned by the Federal Reserve Bank of the District (the payment stamp prescribed for use under Department Circular No. 750, Revised, may be used).

(d) The proceeds of each bond shall be disposed of pursuant to the owner’s instructions.

(e) Paid bonds shall be forwarded to the Federal Reserve Bank of the District at such time or times pursuant to such instructions as may be prescribed by such Bank, as fiscal agent of the United States.

(f) Each payment shall be subject to the guaranty and liability provisions of sec. 330.4 hereof.

(g) Paying agents shall be subject to such other instructions governing these payments as may be issued by the Federal Reserve Bank of the District, as fiscal agent of the United States.

The Federal Reserve Bank of the District will make immediate settlement, subject to adjustment, with the paying agent for the total amount due on the paid bonds forwarded hereunder by the agent at any one time.

(C) *Payment or exchange of bonds by Federal Reserve Banks—All series.*—

(1) *General.*—All bonds forwarded to a Federal Reserve Bank for payment or exchange under the provisions and conditions of this circular must be accompanied by appropriate instructions governing the

transaction and the disposition of the redemption checks or the new bonds, as the case may be. The bonds must be kept separate from any bonds the agent may pay and they must be presented in accordance with such instructions as may be issued by the Federal Reserve Bank of the District, as fiscal agent of the United States.

(2) *Payment.*—Savings bonds presented to an eligible paying agent for payment which the agent elects to process by special endorsement under the provisions and conditions of this circular (see sec. 330.3 for bonds eligible to be so processed) must be forwarded to the Federal Reserve Bank of the District for payment (i) if the bonds are not payable under subsections (A) or (B) of this section or (ii) if being payable under said subsections, the agent does not elect to make the payment.

(3) *Exchange.*—Savings bonds which are to be exchanged, in whole or in part, pursuant to an authorized exchange may be processed by an eligible paying agent by special endorsement under the provisions and conditions of this circular (see sec. 330.3 for bonds eligible to be so processed): *Provided*, That each such specially endorsed bond must be forwarded to the Federal Reserve Bank of the District which, as fiscal agent of the United States, is authorized to effect the exchange.

Sec. 330.9. *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. 330.10. *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, 885, 905, and 906 and any revisions thereof, and those circulars are hereby modified where necessary to accord with the provisions hereof.

Sec. 330.11. *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. 330.12. *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.

G. M. HUMPHREY,
Secretary of the Treasury.

APPLICATION-AGREEMENT

To establish the eligibility of a qualified paying agent to handle
United States Savings Bonds under the provisions
of Treasury Department Circular No. 888, Revised

**IMPORTANT—Before signing this application
please read the instructions appearing below.**

_____, 19_____

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

WHEREAS, the _____ is a qualified agent for the payment
(Name of institution)
of savings bonds under Treasury Department Circular No. 750, Revised, and desires to establish its
eligibility to handle savings bonds in accordance with the provisions and conditions of Treasury Department
Circular No. 888, Revised ; and

WHEREAS, it has been authorized by duly executed resolution of its governing board or authorized
committee thereof to apply for the aforesaid privilege and to agree to comply with and be bound by the
provisions and conditions of Circular No. 888, Revised (including all supplements, amendments and
revisions thereof and any instructions issued thereunder) with respect to the special endorsement and
payment of savings bonds or their presentation to the Federal Reserve Bank for payment or exchange.

Now THEREFORE, the _____ does hereby make application for
(Name of institution)
such privilege and in consideration for the granting thereof does hereby bind itself to such agreement and
compliance with the aforementioned provisions and conditions.

IN WITNESS WHEREOF, it has caused this instrument to be executed in its behalf by the officer below
named, thereunto duly authorized by a resolution of its governing board or committee thereof adopted on the
_____ day of _____, 19_____, and its corporate seal to be hereunto attached, attested by
its Secretary (or other officer having custody of its records), this _____ day of _____, 19_____.

[SEAL]

(Name of institution)

Attest:

(Address)

(Signature of officer)

By _____
(Signature of officer)

(Title of officer)

(Title of officer)

INSTRUCTIONS — READ CAREFULLY

1. In case the institution has no corporate seal, strike out the words "its corporate seal to be hereunto attached" and insert opposite the word "Attest" the words "The institution has no corporate seal."
2. For use in connection with processing bonds under Circular No. 888, Revised, indicate below whether the applicant will obtain special endorsement stamps locally or desires to obtain a supply from the Federal Reserve Bank:
 - Special endorsement stamps will be obtained locally.
 - Supply special endorsement stamps.
(number)