

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

AT 5493

May 11, 1964

UNITED STATES SAVINGS BONDS
Changes in Treasury Department Circulars Relating
to Matured Series J and K Savings Bonds

*To Paying Agents for Savings Bonds
in the Second Federal Reserve District:*

Enclosed are copies of the following Treasury documents, all dated April 7, 1964:

Department Circular No. 888, Second Revision,
Memorandum of Instructions Issued in Conjunction with Department
Circular No. 888, Second Revision, and
First Amendment to Department Circular No. 1036.

The revisions of Department Circular No. 888 and its accompanying Memorandum of Instructions reflect the Treasury's recent action of granting to those paying agents authorized to specially endorse savings bonds under the Treasury circular the privilege of paying matured J and K savings bonds with or without the owners' signatures to the requests for payment. Series J and K savings bonds began maturing May 1, 1964.

The amendment to Department Circular No. 1036 provides that Series J bonds are eligible for exchange with the privilege of deferral of Federal income tax, provided they are received by a qualified agent not later than six months from the month of maturity.

Additional copies of the enclosed documents will be furnished upon request.

ALFRED HAYES,
President.

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

1964

Department Circular No. 888
Second Revision

Fiscal Service
Bureau of the Public Debt

Department Circular No. 888, Revised, dated April 8, 1953, as supplemented (31 CFR, 1963 Supp., 330), is hereby further amended and issued as a Second Revision.

AUTHORITY: Secs. 330.1 to 330.12 issued under sec. 22, 49 Stat. 21, as amended; 31 U.S.C. 757c.

Sec. 330.1 Purpose of regulations.—These regulations prescribe a procedure whereby 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 make provisions for such agents either to pay certain of the bonds so endorsed or to forward them to the Federal Reserve Bank or Branch servicing their accounts for payment or for any authorized exchange. Section 330.3 describes the eligibility of various classes of bonds for processing under the procedure provided in this circular, and Sec. 330.8 sets out which of these classes may be paid by such agents and which should be forwarded to a Federal Reserve Bank or Branch. **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

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, April 7, 1964.

of Department Circular No. 750, as revised, may establish its eligibility to employ the procedure authorized by this circular upon application on Treasury Department Form PD 2291 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, 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 on Treasury Department Form PD 2292. The Secretary of the Treasury reserves the right to withdraw from any institution at any time the authority granted thereto under these regulations.

Sec. 330.3. Bonds eligible for processing.—The procedure provided in these regulations may be employed in connection with the redemption or exchange of any savings bond upon the request of its registered owner or either coowner. The term "owner" is defined to include individuals, incorporated and unincorporated bodies, executors, administrators, and other fiduciaries named on a bond. This procedure does not apply, however, to cases where payment or exchange is requested by a parent in behalf of a minor named on a bond as owner. Also, it does not apply to requests made by surviving beneficiaries, or to any cases requiring a death certificate or other documentary evidence.

Sec. 330.4. *Guaranty given to the United States.*—A paying agent by the act of paying or presenting to the Federal Reserve Bank or Branch either for payment or for exchange a bond bearing the special endorsement prescribed in this circular shall be deemed thereby (a) 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, (b) 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 (c) 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 or Branch for payment or for exchange a bond bearing the special endorsement described 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:

“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.* (See Sec. 330.7 for additional instructions covering bonds inscribed in co-ownership form.) 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, the paying agent shall, in the case of bonds registered in coownership form, indicate which co-owner 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) *By paying agents.*

(1) *Payment of Series A-E bonds, inclusive, for cash.*—Bonds of Series A to E, inclusive, bearing the special endorsement may be paid by a paying agent pursuant to the authority and subject, in all other respects, to the provisions and conditions of Department Circular No. 750, as revised, and the instructions issued pursuant thereto. Bonds so paid will be combined with other Series A to E bonds paid under that circular and forwarded to the Federal Reserve Bank or Branch servicing the agent's account.

(2) *Payment of MATURED Series F, G, J and K bonds.*—Matured savings bonds of Series F, G, J and K may be paid by paying agents whose eligibility 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 (i) the bonds be of a class which may be processed by special endorsement (see Sec. 330.3), (ii) the owner has requested the payment (see Sec. 330.3), (iii) the bonds bear no material alteration, irregularity, mutilation, or other defect that may be a basis for questioning payment thereof, and (iv) the bonds bear the special endorsement (see Sec. 330.6). The payment of matured bonds of Series F, G, J and K shall be made in accordance with the following provisions:

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

(b) A Series G or K bond shall be paid at its face value, together with the final interest due thereon, as shown below:

Authorized Denominations	Amount Payable (Face value plus final interest)	
	Series G	Series K
\$100 (Series G only) -----	\$101.25	-----
\$500 -----	506.25	\$506.90
\$1,000 -----	1,012.50	1,013.80
\$5,000 -----	5,062.50	5,069.00
\$10,000 -----	10,125.00	10,138.00
\$100,000 (Series K only) -----	-----	101,380.00

(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 and K 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, as revised, may be used).

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

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

(f) Paying agents shall be subject to such other instructions governing these payments as may be issued by the Federal Reserve Bank of the District.

Immediate settlement, subject to adjustment, will be made with the paying agent by the Federal Reserve Bank or Branch servicing its account for the total amount due on the paid bonds submitted hereunder at any one time.

(3) *Payment of Series E, F and J bonds on redemption-exchange for Series H bonds.*—All outstanding Series E bonds, and all Series F and J bonds received not later than six months from the month of maturity, presented for redemption-exchange under the provisions of Department Circular No. 1036, which bear the special endorsement, may be paid by a paying agent pursuant

to the authority and subject, in all other respects, to the provisions and conditions of Department Circular No. 750, as revised, and the instructions issued pursuant thereto.

(b) *By Federal Reserve Banks.*

(1) *General.*—All bonds forwarded to a Federal Reserve Bank or Branch for payment or exchange under 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 has paid, and they must be presented in accordance with such instructions as may be issued by the Federal Reserve Bank of the District.

(2) *Payment.*—Savings bonds presented to an eligible paying agent for payment which it elects to process by special endorsement under the provisions and conditions of this circular must be forwarded to the Federal Reserve Bank or Branch servicing the agent's account for payment (i) if the bonds are not payable under (a) of this section, or (ii) if being payable thereunder, the agent does not elect to make the payment.

(3) *Exchange.*—Series E, F and J bonds presented for redemption-exchange which the agent elects to process but not to pay under (a) (3) of this section, as well as any savings bonds submitted for exchange, in whole or in part, pursuant to an authorized exchange offering and processed by special endorsement under this circular, must be forwarded to the Federal Reserve Bank or Branch.

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 Nos. 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.

(1) *General.*—(a) Each bond shall bear on its face, in the upper right portion, a payment stamp setting forth the word "VALID" and the amount of the payment (including the final interest on Series G and K 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. 150, as revised, may be used).

(2) *Exchange.*—(a) Each payment shall be deposited of pursuant to the owner's instructions. (b) Each payment shall be subject to the guaranty and liability provisions of Sec. 330.4 hereof. (c) Paying agents shall be subject to such other instructions governing these payments as may be issued by the Federal Reserve Bank of the District.

(3) *Payment of Series A, F and J bonds on redemption-exchange for Series H bonds.*—All outstanding Series E bonds, and all Series F and J bonds received not later than six months from the month of maturity, presented for redemption-exchange under the provisions of Department Circular No. 1038, which bear the special endorsement, may be paid by a paying agent pursuant to immediate settlement, subject to adjustment, will be made with the paying agent by the Federal Reserve Bank or Branch serving its account for the total amount due on the paid bonds submitted hereunder at any one time.

(4) *Exchange for Series H bonds.*—All outstanding Series E bonds, and all Series F and J bonds received not later than six months from the month of maturity, presented for redemption-exchange under the provisions of Department Circular No. 1038, which bear the special endorsement, may be paid by a paying agent pursuant to immediate settlement, subject to adjustment, will be made with the paying agent by the Federal Reserve Bank or Branch serving its account for the total amount due on the paid bonds submitted hereunder at any one time.

(5) *Exchange for Series H bonds.*—All outstanding Series E bonds, and all Series F and J bonds received not later than six months from the month of maturity, presented for redemption-exchange under the provisions of Department Circular No. 1038, which bear the special endorsement, may be paid by a paying agent pursuant to immediate settlement, subject to adjustment, will be made with the paying agent by the Federal Reserve Bank or Branch serving its account for the total amount due on the paid bonds submitted hereunder at any one time.

Sec. 330.12. *Supplements, amendments or revisions.*—The Secretary of the Treasury may at any time, or from time to time, supplement, amend or revise the terms of these regulations.

JOHN K. CARLOCK,

Fiscal Assistant Secretary of the Treasury.

Series	Amount
Series K	101,380.00
Series G	10,138.00
Series E	5,069.00
Series F	1,013.80
Series J	506.90
Series H	253.45
Series A	126.72
Series C	63.36
Series D	31.68
Series I	15.84
Series L	7.92
Series M	3.96
Series N	1.98
Series O	0.99
Series P	0.49
Series Q	0.25
Series R	0.12
Series S	0.06
Series T	0.03
Series U	0.01
Series V	0.00
Series W	0.00
Series X	0.00
Series Y	0.00
Series Z	0.00
Series AA	0.00
Series AB	0.00
Series AC	0.00
Series AD	0.00
Series AE	0.00
Series AF	0.00
Series AG	0.00
Series AH	0.00
Series AI	0.00
Series AJ	0.00
Series AK	0.00
Series AL	0.00
Series AM	0.00
Series AN	0.00
Series AO	0.00
Series AP	0.00
Series AQ	0.00
Series AR	0.00
Series AS	0.00
Series AT	0.00
Series AU	0.00
Series AV	0.00
Series AW	0.00
Series AX	0.00
Series AY	0.00
Series AZ	0.00
Series BA	0.00
Series BB	0.00
Series BC	0.00
Series BD	0.00
Series BE	0.00
Series BF	0.00
Series BG	0.00
Series BH	0.00
Series BI	0.00
Series BJ	0.00
Series BK	0.00
Series BL	0.00
Series BM	0.00
Series BN	0.00
Series BO	0.00
Series BP	0.00
Series BQ	0.00
Series BR	0.00
Series BS	0.00
Series BT	0.00
Series BU	0.00
Series BV	0.00
Series BV	0.00
Series BW	0.00
Series BX	0.00
Series BY	0.00
Series BZ	0.00
Series CA	0.00
Series CB	0.00
Series CC	0.00
Series CD	0.00
Series CE	0.00
Series CF	0.00
Series CG	0.00
Series CH	0.00
Series CI	0.00
Series CJ	0.00
Series CK	0.00
Series CL	0.00
Series CM	0.00
Series CN	0.00
Series CO	0.00
Series CP	0.00
Series CQ	0.00
Series CR	0.00
Series CS	0.00
Series CT	0.00
Series CU	0.00
Series CV	0.00
Series CV	0.00
Series CW	0.00
Series CX	0.00
Series CY	0.00
Series CZ	0.00
Series DA	0.00
Series DB	0.00
Series DC	0.00
Series DD	0.00
Series DE	0.00
Series DF	0.00
Series DG	0.00
Series DH	0.00
Series DI	0.00
Series DJ	0.00
Series DK	0.00
Series DL	0.00
Series DM	0.00
Series DN	0.00
Series DO	0.00
Series DP	0.00
Series DQ	0.00
Series DR	0.00
Series DS	0.00
Series DT	0.00
Series DU	0.00
Series DV	0.00
Series DV	0.00
Series DW	0.00
Series DX	0.00
Series DY	0.00
Series DZ	0.00
Series EA	0.00
Series EB	0.00
Series EC	0.00
Series ED	0.00
Series EE	0.00
Series EF	0.00
Series EG	0.00
Series EH	0.00
Series EI	0.00
Series EJ	0.00
Series EK	0.00
Series EL	0.00
Series EM	0.00
Series EN	0.00
Series EO	0.00
Series EP	0.00
Series EQ	0.00
Series ER	0.00
Series ES	0.00
Series ET	0.00
Series EU	0.00
Series EV	0.00
Series EV	0.00
Series EW	0.00
Series EX	0.00
Series EY	0.00
Series EZ	0.00
Series FA	0.00
Series FB	0.00
Series FC	0.00
Series FD	0.00
Series FE	0.00
Series FF	0.00
Series FG	0.00
Series FH	0.00
Series FI	0.00
Series FJ	0.00
Series FK	0.00
Series FL	0.00
Series FM	0.00
Series FN	0.00
Series FO	0.00
Series FP	0.00
Series FQ	0.00
Series FR	0.00
Series FS	0.00
Series FT	0.00
Series FU	0.00
Series FV	0.00
Series FV	0.00
Series FW	0.00
Series FX	0.00
Series FY	0.00
Series FZ	0.00
Series GA	0.00
Series GB	0.00
Series GC	0.00
Series GD	0.00
Series GE	0.00
Series GF	0.00
Series GG	0.00
Series GH	0.00
Series GI	0.00
Series GJ	0.00
Series GK	0.00
Series GL	0.00
Series GM	0.00
Series GN	0.00
Series GO	0.00
Series GP	0.00
Series GQ	0.00
Series GR	0.00
Series GS	0.00
Series GT	0.00
Series GU	0.00
Series GV	0.00
Series GV	0.00
Series GW	0.00
Series GX	0.00
Series GY	0.00
Series GZ	0.00
Series HA	0.00
Series HB	0.00
Series HC	0.00
Series HD	0.00
Series HE	0.00
Series HF	0.00
Series HG	0.00
Series HH	0.00
Series HI	0.00
Series HJ	0.00
Series HK	0.00
Series HL	0.00
Series HM	0.00
Series HN	0.00
Series HO	0.00
Series HP	0.00
Series HQ	0.00
Series HR	0.00
Series HS	0.00
Series HT	0.00
Series HU	0.00
Series HV	0.00
Series HV	0.00
Series HW	0.00
Series HX	0.00
Series HY	0.00
Series HZ	0.00
Series IA	0.00
Series IB	0.00
Series IC	0.00
Series ID	0.00
Series IE	0.00
Series IF	0.00
Series IG	0.00
Series IH	0.00
Series II	0.00
Series IJ	0.00
Series IK	0.00
Series IL	0.00
Series IM	0.00
Series IN	0.00
Series IO	0.00
Series IP	0.00
Series IQ	0.00
Series IR	0.00
Series IS	0.00
Series IT	0.00
Series IU	0.00
Series IV	0.00
Series IV	0.00
Series IW	0.00
Series IX	0.00
Series IY	0.00
Series IZ	0.00
Series JA	0.00
Series JB	0.00
Series JC	0.00
Series JD	0.00
Series JE	0.00
Series JF	0.00
Series JG	0.00
Series JH	0.00
Series JI	0.00
Series JJ	0.00
Series JK	0.00
Series JL	0.00
Series JM	0.00
Series JN	0.00
Series JO	0.00
Series JP	0.00
Series JQ	0.00
Series JR	0.00
Series JS	0.00
Series JT	0.00
Series JU	0.00
Series JV	0.00
Series JV	0.00
Series JW	0.00
Series JX	0.00
Series JY	0.00
Series JZ	0.00
Series KA	0.00
Series KB	0.00
Series KC	0.00
Series KD	0.00
Series KE	0.00
Series KF	0.00
Series KG	0.00
Series KH	0.00
Series KI	0.00
Series KJ	0.00
Series KK	0.00
Series KL	0.00
Series KM	0.00
Series KN	0.00
Series KO	0.00
Series KP	0.00
Series KQ	0.00
Series KR	0.00
Series KS	0.00
Series KT	0.00
Series KU	0.00
Series KV	0.00
Series KV	0.00
Series KW	0.00
Series KX	0.00
Series KY	0.00
Series KZ	0.00
Series LA	0.00
Series LB	0.00
Series LC	0.00
Series LD	0.00
Series LE	0.00
Series LF	0.00
Series LG	0.00
Series LH	0.00
Series LI	0.00
Series LJ	0.00
Series LK	0.00
Series LL	0.00
Series LM	0.00
Series LN	0.00
Series LO	0.00
Series LP	0.00
Series LQ	0.00
Series LR	0.00
Series LS	0.00
Series LT	0.00
Series LU	0.00
Series LV	0.00
Series LV	0.00
Series LW	0.00
Series LX	0.00
Series LY	0.00
Series LZ	0.00
Series MA	0.00
Series MB	0.00
Series MC	0.00
Series MD	0.00
Series ME	0.00
Series MF	0.00
Series MG	0.00
Series MH	0.00
Series MI	0.00
Series MJ	0.00
Series MK	0.00
Series ML	0.00
Series MM	0.00
Series MN	0.00
Series MO	0.00
Series MP	0.00
Series MQ	0.00
Series MR	0.00
Series MS	0.00
Series MT	0.00
Series MU	0.00
Series MV	0.00
Series MV	0.00
Series MW	0.00
Series MX	0.00
Series MY	0.00
Series MZ	0.00
Series NA	0.00
Series NB	0.00
Series NC	0.00
Series ND	0.00
Series NE	0.00
Series NF	0.00
Series NG	0.00
Series NH	0.00
Series NI	0.00
Series NJ	0.00
Series NK	0.00
Series NL	0.00
Series NM	0.00
Series NN	0.00
Series NO	0.00
Series NP	0.00
Series NQ	0.00
Series NR	0.00
Series NS	0.00
Series NT	0.00
Series NU	0.00
Series NV	0.00
Series NV	0.00
Series NW	0.00
Series NX	0.00
Series NY	0.00
Series NZ	0.00
Series OA	0.00
Series OB	0.00
Series OC	0.00
Series OD	0.00
Series OE	0.00
Series OF	0.00
Series OG	0.00
Series OH	0.00
Series OI	0.00
Series OJ	0.00
Series OK	0.00
Series OL	0.00
Series OM	0.00
Series ON	0.00
Series OO	0.00
Series OP	0.00
Series OQ	0.00
Series OR	0.00
Series OS	0.00
Series OT	0.00
Series OU	0.00
Series OV	0.00
Series OV	0.00
Series OW	0.00
Series OX	0.00
Series OY	0.00
Series OZ	0.00
Series PA	0.00
Series PB	0.00
Series PC	0.00
Series PD	0.00
Series PE	0.00
Series PF	0.00
Series PG	0.00
Series PH	0.00
Series PI	0.00
Series PJ	0.00
Series PK	0.00
Series PL	0.00
Series PM	0.00
Series PN	0.00
Series PO	0.00
Series PP	0.00
Series PQ	0.00
Series PR	0.00
Series PS	0.00

**IMPORTANT: This memorandum is *only* for use of qualified paying agents of savings bonds.
It is not for general distribution.**

MEMORANDUM OF INSTRUCTIONS ISSUED IN CONJUNCTION WITH DEPARTMENT CIRCULAR NO. 888, SECOND REVISION

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, April 7, 1964.

1. GENERAL.

- (A) *Purpose of Memorandum.* This memorandum is for the guidance of paying agents which establish eligibility under Treasury Department Circular No. 888, Second Revision, to specially endorse savings bonds for payment or redemption-exchange, or for presentation to Federal Reserve Banks for payment or exchange. The memorandum both explains and supplements the circular, and will acquaint paying agents with the objectives of the special endorsement procedure and its attendant risks.
- (B) *Liability Assumed by Agents Using Special Endorsement.* An agent endorsing savings bonds under the provisions of Circular No. 888 (i) gives the United States an unconditional guarantee as to the validity of each transaction, including the identification of the owner and disposition of the bond proceeds or the new bonds in the case of an exchange; (ii) assumes complete and unconditional liability to the United States for any loss which may be incurred as a result of the transaction; and (iii) unconditionally agrees to make prompt reimbursement for any loss when so requested by the Treasury Department. Agents should recognize that this undertaking is greater than that assumed in the payment of Series A-E bonds under Department Circular No. 750, Revised.
- (C) *Options Available to Agents.* It should be borne in mind that it is entirely optional with each paying agent whether or not to become eligible to use the special endorsement, and, after establishing such eligibility, it is still optional with the agent whether or not to use the endorsement.

2. PURPOSE OF REGULATIONS. Generally speaking, Circular No. 888, as revised, prescribes a special endorsement which an eligible paying agent may place upon any series of savings bonds, with certain limitations as to classes of bonds which may be endorsed (see section 4 hereof), so that regardless of whether or not the owner signs the request for payment on the bond, the paying agent may (i) pay the bond (if the Treasury has authorized its payment by agents); (ii) redeem the bond in exchange for Series H bonds (if the surrendered bond is eligible for such exchange); or (iii) present the bond to a Federal Reserve Bank for payment or for an authorized exchange. However, the paying agent must have appropriate authority from the owner, who must be competent to act. Because of the guarantee provisions of section 330.4 of Circular No. 888, Second Revision, eligible agents should use the special endorsement only in connection with bonds owned by persons who are fully known to them. **SPECIAL ATTENTION IS DIRECTED TO THE LAST TWO SENTENCES OF SECTION 330.1 OF THE CIRCULAR.** Use of the endorsement procedure in any way that might give effect to a transfer, hypothecation or pledge of a bond or payment to anyone other than an owner or coowner is prohibited.

3. MEANING OF TERMS. For the purpose of this memorandum (unless otherwise indicated either specifically or by context) the term:

- (i) "Bond(s)" shall mean United States Savings Bonds of any and all series which an "eligible agent" is permitted to "specially endorse".
- (ii) "Owner(s)" shall include any coowner and shall mean a person (including natural persons, incorporated and unincor-

porated bodies, executors, administrators and other fiduciaries) named as such on a bond.

- (iii) "Eligible agent(s)" or "agent(s)" shall mean any qualified paying agent of savings bonds which has been duly notified by the Federal Reserve Bank by means of Form PD 2292 of its eligibility to process savings bonds by special endorsement under the provisions and conditions of Circular No. 888, as revised.
- (iv) "Special endorsement" shall mean the endorsement prescribed in section 330.6 of Circular No. 888, Second Revision.
- (v) "Specially endorse" or "specially endorsed" shall mean the application by an "eligible agent" of the "special endorsement" to "bonds" which are to be paid or exchanged.
- (vi) "Exchange" shall refer only to official Treasury exchange offerings involving savings bonds.
- (vii) "Circular No. 888" or similar reference thereto shall be to the Second Revision of the circular.
- (viii) "Federal Reserve Bank" refers to the Federal Reserve Bank or Branch servicing the agent's account.
- (ix) "Nonresident alien" means any nonresident alien individual and any nonresident foreign corporation, association or partnership.

4. CLASSES OF BONDS WHICH MAY OR MAY NOT BE SPECIALLY ENDORSED.

An eligible agent *may*, at its discretion, specially endorse a bond which the owner has requested the agent to pay or exchange (in whole or in part). A bond *may not* be specially endorsed if documentary evidence is required under Department Circular No. 530, current revision, in support of a request for payment. The following information, examples, and exceptions (especially item (v)) should be noted:

- (i) Documentary evidence is not required if an owner's name is changed by reason of marriage.
- (ii) Bonds *may not* be specially endorsed upon a parent's request in behalf of a minor child named on the bond as the owner.
- (iii) Reference should be made to subparts O

and P of Department Circular No. 530, as currently revised, for determination as to whether bonds registered in the name of a fiduciary, private organization (corporation, association, partnership, etc.), or a governmental agency, unit or officer require documentary evidence in support of a request for payment.

- (iv) Bonds inscribed in the names of banks which have changed their name, status or designation by merger, consolidation or otherwise may be paid upon verification that approved evidence is on file with the Treasury Department. Such verification should be obtained through the Federal Reserve Bank, which will notify the agent whether or not the bonds are eligible for payment under the provisions of Circular No. 888. This procedure applies whether the bonds are held by the banks in their own right or in a fiduciary capacity.
- (v) Notwithstanding the provisions of Circular No. 888, a bond which requires documentary evidence to support payment may be specially endorsed and presented for exchange without such evidence if the bond is to be exchanged in the full amount and the registration of the new bond is to be identical with that on the exchanged bond.

5. AUTHORIZATIONS AND INSTRUCTIONS FROM OWNERS.

(A) *Receipt of Authorizations and Instructions.*

The Treasury Department will not prescribe specific rules governing the form or type of authorizations and instructions governing requests for payment or exchange, or disposition of proceeds or bonds, as the case may be, which an agent should obtain from owners. Such authorizations and instructions should be in a form that will enable the agent to justify the transaction subsequently and, of course, they must be given by an owner named as such on the bond. An agent should also bear in mind that a surviving beneficiary or coowner becomes the sole and absolute owner of a bond if it has not been presented for payment or exchange during the life of the owner or the other coowner. Consequently any authorization by an owner or coowner with respect to a

bond in beneficiary or coownership form which provides for future execution rather than for immediate payment or exchange would expire upon the death of the person giving the authorization. In view of this, there is a risk of loss whenever a bond is processed by special endorsement on the basis of an authorization which is not of recent date.

- (B) *Retention of Authorizations and Instructions.* Owners of public debt obligations may present their securities, or claims for substitutes in the event of alleged loss, destruction or theft of the securities, at any time, and, therefore, the Treasury Department may require evidence to support a payment or exchange of a specially endorsed bond any time after the transaction. For that reason, the Department is not in a position to authorize agents to destroy any records they may make or obtain to evidence the propriety of the payment or exchange of a specially endorsed savings bond. There is no objection, of course, to microfilming the evidence and then destroying the original documents, if the microfilm is legible. An agent may make notations on the back of a bond for the purpose of helping to reconstruct the transaction, provided that the agent understands it has the primary responsibility for producing evidence required to support a transaction. The Department will undertake to produce any notations recorded on the back of a bond but will not assume responsibility for the inadequacy of any such notations or for failure to produce the bond or a photocopy thereof in any particular case where the Department's records may have been lost, stolen or destroyed, or where the notation is not legible for any reason.

6. SPECIAL ENDORSEMENT OF BONDS.

- (A) *General.* When an eligible agent has established that a bond may be specially endorsed and has appropriate authorization and instruction to effect the bond's payment or exchange, the agent may, entirely at its own discretion, use the special endorsement as set forth in this section.
- (B) *Prescribed Endorsement Stamp and Supply Thereof.* The special endorsement prescribed in Circular No. 888, current revision, reads:

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

(Name and location of agent)"

The Federal Reserve Bank will supply, on the agent's requisition, an adequate number of endorsement stamps similar to the above. However, eligible agents may obtain their own endorsement stamps at their expense, provided that (i) the size of the stamp does not exceed a space bounded by one and three-quarter inches in the vertical dimension and three inches horizontally; (ii) the wording of the stamp is exactly as specified above, plus any code number assigned to the agent by the Federal Reserve Bank; and (iii) such stamps shall not be obtained by the agent prior to notification of eligibility by the Federal Reserve Bank. Endorsement stamps obtained by an agent may include such additional data as a code or a space for initials or signature of the employee approving the transaction, the date of the transaction, and other information considered pertinent by the agent. It should be remembered that the misuse of the endorsement stamp could result in losses; therefore, it is strongly suggested that a minimum number of the stamps be obtained and that control and use thereof be carefully supervised.

- (C) *Use of Endorsement Stamps.* Each endorsement impression should be legibly made with black or other dark-colored ink. This is important to the preservation of *any* data recorded on savings bonds, since they are microfilmed by the Department. The endorsement should be placed on the back of the bond in the general area provided for signing the request for payment. (See section 5(B) of this memorandum for additional notations which an agent may make on the back of a bond.) Stamps obtained under Circular No. 888 should be destroyed or rendered unusable immediately if and when an agent's eligibility ceases.

7. DESIGNATION OF COOWNER REQUESTING TRANSACTION. Whenever a specially endorsed bond which is registered in coownership form does not bear the signature of the coowner requesting its payment or exchange, as

the case may be, the eligible agent shall indicate which coowner made the request. This should be done by circling 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. This practice should be followed whether the agent pays the bond or forwards it to the Federal Reserve Bank for payment or for exchange.

8. PAYMENT OF SERIES A-E BONDS BY PAYING AGENTS. Any bonds of Series A, B, C, D and E which are specially endorsed pursuant to the authority and procedure prescribed in Circular No. 888 and this memorandum may be paid by an agent if the bonds are otherwise payable under the authority and provisions of Department Circular No. 750, Revised, and the instructions issued in conjunction therewith. However, bonds held or received by the agent for account of an owner known to be a nonresident alien (as defined in section 3) may not be paid by the agent (see section 12 hereof). Each specially endorsed Series A-E bond paid by an agent must have a payment stamp impressed on the face of the bond and show therein the date and amount paid. After payment, the bonds shall be forwarded to the Federal Reserve Bank with other paid bonds of Series A-E, as prescribed in Department Circular No. 750, and the instructions issued in conjunction therewith. Inasmuch as each eligible agent has been furnished copies of these issuances, no further details relating to the payment and handling of such bonds are included herein.

9. PAYMENT OF MATURED SERIES F, G, J AND K BONDS BY PAYING AGENTS.

(A) *General.* Any bonds of Series F or G and any *matured* bonds of Series J or K which are specially endorsed pursuant to the authority and procedures prescribed in Circular No. 888 and this memorandum may be paid by an agent under the authority and provisions of said circular and these instructions. No payments, in whole or in part, may be made if the bonds are to be presented for an exchange, other than as provided in section 10 hereof.

(B) *Limitations on Payment Authority.*

(1) *Matured bonds:* Only *matured* bonds of Series J and K bearing the special en-

dorsement may be paid by an agent. (This limitation no longer applies to Series F and G bonds, all of which have matured.) **UNMATURED BONDS OF SERIES J OR K WHETHER OR NOT SPECIALLY ENDORSED MUST BE PRESENTED TO THE FEDERAL RESERVE BANK FOR PAYMENT.** It is reiterated that agents are not required to use the special endorsement on matured bonds of Series J and K nor to pay them if they are so endorsed (see section 11 hereof for provisions relating to the forwarding of specially endorsed bonds to Federal Reserve Banks for payment).

(2) *Alteration, irregularity, mutilation or other defect:* Section 330.8(b) of Circular No. 888 provides that an agent may not pay any bond bearing a *material* alteration, irregularity, mutilation or other defect which may be a basis for questioning payment of the bond. This provision applies whether the alteration, irregularity, etc., is in the bond itself or in the registration and other data inscribed or required to be inscribed thereon. It should be borne in mind that, with only a few exceptions, all Series F, G, J and K bonds were issued by the Federal Reserve Banks or the Treasury Department; consequently, eligible agents should expect that the bonds as originally issued did not bear material alterations or other material defects. Despite the above prohibition, there may be instances in which an agent, because of its reliance upon the integrity of a customer and the customer's explanation of the situation, is willing to endorse and pay bonds which have *minor* errors or defects. In these cases an agent may, at its discretion, pay matured Series F, G, J or K bonds, with the understanding that it assumes full responsibility for any loss which may result by reason of any such defects. Any such bonds paid by an eligible agent may be processed by the Federal Reserve Bank without question, on the assumption that the agent has noted the defect and been fully satisfied as to

the facts. However, the Treasury Department reserves the right to question or have its fiscal agents question the propriety of any such payments and to charge the amount of any such questioned bond back to the agent, if deemed desirable, pending further investigation of the facts.

- (3) Bonds owned by nonresident aliens: Interest derived by a nonresident alien (as defined in section 3) on savings bonds of any series is subject to tax. An eligible agent may not pay matured Series F, G, J or K bonds in instances where the agent knows that the bonds are owned by nonresident aliens. Such bonds should be forwarded to the Federal Reserve Bank for payment, as provided in section 12.

(C) *Amount Payable, Series F and J.* The amount payable on any matured bond of Series F or Series J is its denominational or face value. The payment of these amounts may be in such form as is mutually agreeable to the owner and the agent.

(D) *Amount Payable, Series G and K.* Any matured Series G or Series K bond is payable at its face value PLUS the amount of the final interest (the last six months' interest) due for each denomination. The payment of these amounts may be in such form as is mutually agreeable to the owner and the agent. The total amount payable for each denomination, including the final interest, is as follows:

Series G		Series K	
Denomination	Amount payable	Denomination	Amount payable
\$100	\$101.25	\$500	\$506.90
500	506.25	1,000	1,013.80
1,000	1,012.50	5,000	5,069.00
5,000	5,062.50	10,000	10,138.00
10,000	10,125.00	100,000	101,380.00

(E) *Recording Payment Data on Bonds.* The amount paid (including final interest in the case of matured Series G and K bonds), date of payment, and the name, location and assigned code of the paying agent must be recorded on each specially endorsed bond paid by an agent. This requirement is designed

to: (i) facilitate accounting and settlement for paid bonds, (ii) provide permanent supporting evidence of the payment and (iii) prevent a second presentation of a bond for payment in the event of its loss or theft. The payment stamp prescribed for use in connection with Series A-E bonds should be used for this purpose (the design and specifications of the stamp are contained in the memorandum of instructions issued in conjunction with Department Circular No. 750). As soon as practicable after payment, the stamp should be impressed upon the bond in the blank space that is usually available in the upper right portion of the face of the bond. Because of its importance when bonds are microfilmed, each eligible agent is urged to use black or other dark-colored ink in making stamp impressions and recording the amount of payment. CARE SHOULD BE TAKEN TO KEEP THE IMPRESSION AND NOTATIONS LEGIBLE AND FREE FROM SMEARS AND BLURS. Extreme care should be taken to prevent defacing the bond's serial number, the name and address of any owner or beneficiary, the issue date or the issuing agent's validating stamp.

(F) *Forwarding Paid Bonds to Federal Reserve Bank.* Matured Series F, G, J and K bonds paid by an agent on the basis of a special endorsement under Circular No. 888 shall be grouped into batches for transmittal to the Federal Reserve Bank or Branch servicing the agent's account. Batches shall be restricted to bonds of the same letter series paid in the same calendar month and year and shall contain not more than 200 bonds or \$900,000 (redemption value) in amount. A Form PD 2639 shall be prepared as the control and transmittal document for each batch. The agent shall indicate in the space provided in each form: (i) the type of bonds ("Paper"); (ii) the letter series; (iii) the date of transmittal; (iv) the month and year the bonds were paid; (v) the number of bonds in the batch; (vi) the amount paid on the bonds; and (vii) the transaction ("Matured F, G, J or K"). Shipments may be made each day or less frequently, provided that 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. Specially endorsed bonds sent to a Federal Reserve Bank for payment or exchange shall not be intermingled in any batch containing bonds paid by an agent.

(G) *Manner of Shipment.* Paid matured bonds of Series F, G, J and K may be sent to the Federal Reserve Bank in the same manner or substantially the same manner in which the agent would transmit paid Series A-E bonds. The provisions of the Government Losses in Shipment Act, as amended, and related regulations, will be applicable to these shipments.

(H) *Claims for Loss, Theft, Destruction or Mutilation of Paid Bonds.* The eligible agent should promptly notify the Federal Reserve Bank of any known or apparent loss, theft, destruction or mutilation of paid matured bonds of Series F, G, J or K. To obtain relief through the Treasury Department for any such bond lost, stolen, destroyed or mutilated prior to receipt by the Federal Reserve Bank, an eligible agent must (i) furnish by letter series the serial number (including prefix and suffix letters), issue date, amount paid and, if available, the registration of such bond; (ii) certify that the prescribed endorsement and payment stamps were duly impressed; and (iii) provide satisfactory evidence that the loss, theft, destruction or mutilation of the bond has occurred. The records necessary to support a request for relief may be maintained in any form suitable to the agent. In this connection, an eligible agent is authorized to microfilm the paid bonds; such film records may be projected upon a screen, but no prints, enlargements or other reproductions shall be made except by official permission, which may be given by the Federal Reserve Bank. To establish the validity of the claim, affidavits by employees and statements by officers of the eligible agent as to the circumstances of the preparation and dispatch of the bonds, and any known facts as to the loss, theft, destruction or mutilation are ordinarily sufficient for the Department's purposes. Except as specified in this section, the regulations issued pursuant to the Government Losses in Shipment Act are hereby waived.

(I) *Settlement for Paid Bonds.* Immediate settlement by credit will be allowed by the Federal Reserve Bank for the total amount of paid bonds received from an eligible paying agent, subject to adjustment following audit and examination by the Bureau of the Public Debt. The credit will be made in the agent's reserve account, if it is a member of the Federal Reserve System. If the agent is not a member of the System, credit may be made in the clearing account of the agent, in the reserve or clearing account of a correspondent of the agent, or, if such an account cannot be made available for credit, by check drawn by the Federal Reserve Bank on the Treasurer of the United States.

(J) *Adjustments for Paid Bonds.* Discrepancies discovered by the Bureau of the Public Debt in the examination and audit of paid matured bonds of Series F, G, J and K will be referred to the Federal Reserve Bank for adjustment, which will be made by (i) charging the reserve or clearing account which an agent has designated for crediting amounts due for paid matured Series F, G, J and K bonds or (ii) in those cases where settlement was made by check, either by reducing the amount of the check to be issued in connection with a subsequent transmittal or by requiring the agent to reimburse the Federal Reserve Bank for the amount of the adjustment. The Treasury Department will communicate with the eligible agent in the event an improper payment is discovered or claimed.

(K) *Service Fees.* Circular No. 888 provides that no service fees will be allowed for matured bonds of Series F, G, J and K paid by agents.

10. PAYMENT OF ELIGIBLE SERIES E, F AND J BONDS BY PAYING AGENTS IN EXCHANGE FOR SERIES H BONDS. Any bonds of Series E, F or J which are eligible for redemption by a paying agent in exchange for Series H bonds, and are specially endorsed pursuant to the authority and procedure prescribed in Circular No. 888 and this memorandum, may be paid by an agent. Bonds generally eligible for exchange for Series H bonds under the provisions of Department Circular No. 1036, as amended, include (i) all Series E bonds and (ii) all Series F and J bonds received for exchange not later than

six months from the month of maturity. The authority of the paying agents to effect redemption-exchanges, as well as complete instructions regarding the conduct of the transactions and the processing of the bonds received for exchange, are contained in Department Circular No. 750, Revised, as amended, and in the instructions issued in conjunction therewith. These issuances have been furnished to all paying agents, and accordingly no further details relating to the payment and handling of such bonds are included herein.

11. PAYMENT OR EXCHANGE OF BONDS BY FEDERAL RESERVE BANKS: ALL SERIES.

- (A) *General.* An agent *must not pay* any specially endorsed bonds if the payment is not authorized under Department Circular No. 750, Circular No. 888 or this memorandum. It should also be borne in mind that even though an agent has authority to redeem specially endorsed bonds, it is not required to do so. All specially endorsed bonds which an agent cannot or will not pay for cash or in exchange for Series H bonds must be forwarded to the Federal Reserve Bank. This includes all savings bonds known to be owned by a nonresident alien (as defined in section 3) which must be forwarded to the Federal Reserve Bank for payment, as provided in section 12 hereof.
- (B) *Payment of Bonds.* All bonds specially endorsed by an eligible agent which are to be submitted to the Federal Reserve Bank for payment should be forwarded with appropriate instructions regarding disposition of the check to be issued in payment of the bonds. These bonds presented for payment must be kept separate from paid bonds which the agent may submit for settlement by credit. Payment will be made by check drawn on the Treasurer of the United States payable to the owner.
- (C) *Exchange of Bonds.* Except for those Series E, F and J bonds covered by section 10 hereof which are eligible for redemption by an agent in exchange for Series H bonds, *all* specially endorsed bonds which are to be exchanged should be forwarded to the Federal Reserve Bank. Such transmittals shall be made in accordance with the requirements of

the exchange offering and any instructions issued by the Federal Reserve Bank. In each instance the agent must furnish the data and instructions necessary to permit the Federal Reserve Bank to effectuate the transaction and dispose of the proceeds.

12. TAXATION ON INTEREST PAYABLE ON BONDS OWNED BY NONRESIDENT ALIENS.

Under the Internal Revenue Code, the interest derived from savings bonds by a nonresident alien (as defined in section 3) is subject to tax. Such interest includes the increment paid on appreciation type bonds and the final interest paid with the principal on Series G and K bonds, whether the payment is made by check or otherwise. The Bureau of the Public Debt has been designated by the Commissioner of Internal Revenue as the withholding agent for all interest on public debt securities, and the Federal Reserve Banks act as agents for the Bureau in effecting the withholding on savings bonds which are paid or exchanged. Accordingly, all savings bonds which are known to be owned by nonresident aliens should be submitted to the Federal Reserve Bank for payment or exchange pursuant to instructions issued by that Bank. Such bonds should be accompanied by Ownership Certificates (Form 1001 or one of the special variations of that form prescribed for use by residents of certain countries with which tax treaties have been negotiated); such Ownership Certificates are obtainable from District Directors of Internal Revenue. The redemption proceeds will ordinarily be paid by the Federal Reserve Bank by check drawn on the Treasurer of the United States to the order of the bondowner, but the amount of such check will be net of any tax that may be withheld. The Federal Reserve Bank will dispose of the check pursuant to the instructions received with the bonds, subject to any limitations that are or may be imposed on the delivery of the checks to addresses outside the United States, its possessions, the Commonwealth of Puerto Rico and the Canal Zone.

13. INQUIRIES. Any inquiry in connection with Circular No. 888 or this memorandum should be directed to the Federal Reserve Bank of the District in which the agent is located.

GEORGE F. STICKNEY,
Deputy Fiscal Assistant Secretary.

EXCHANGE OFFERING OF UNITED STATES SAVINGS BONDS SERIES H

1964
First Amendment to
Department Circular No. 1036
dated December 31, 1959

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, April 7, 1964.

Section 339.1 of Department Circular No. 1036, dated December 31, 1959 (31 CFR, 1963 Supp., 339) is hereby amended as follows:

Sec. 339.1. *Exchange of certain Series E, F, and J bonds with the privilege of deferral of Federal income tax.*

* * * * *

(c) *Description of bonds and definitions.*—

(1) *Description of bonds.*—This section shall apply to:

(i) All outstanding Series E bonds; and

(ii) All Series F and J bonds, provided such bonds are received not later than six months from the month of maturity by an agency authorized to accept subscriptions for exchange.¹

JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.

¹ Series J bonds which become ineligible for exchange under this circular because of failure to present them for that purpose not later than six months from the month of maturity may be exchanged under the provisions of section 332.7(b) of Department Circular No. 905, Second Revision, as amended.