

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

Circular No. 8461  
November 20, 1978

UNITED STATES SAVINGS BONDS, SERIES E  
Instructions to Issuing Agents

*To All Issuing Agents in the Second Federal Reserve District  
Qualified for Sale of United States Savings Bonds, Series E:*

Enclosed is a copy of Operating Circular No. 20, Revised Effective November 1, 1978, entitled "United States Savings Bonds, Series E — Instructions to Issuing Agents".

Several new paragraphs (34, 35, 36, and 37) have been added to the operating circular to provide certain details of the Treasury Tax and Loan Investment Program with regard to the paying of fees by the Bureau of the Public Debt to issuing agents, other than Federal agencies, that issue United States Savings Bonds (Series E). In addition, a number of other changes have been made in the operating circular to reflect various changes in form numbers and to indicate the new mailing address for the Bureau of the Public Debt. The revised circular also reflects the deletion of all references to United States Savings Notes, which were discontinued by the Treasury in June 1970, and also contains a number of other technical changes in procedures.

Additional copies of the enclosure will be furnished upon request.

PAUL A. VOLCKER,  
*President.*

**FEDERAL RESERVE BANK  
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Operating Circular No. 20  
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**Instructions to Issuing Agents**

*To All Issuing Agents in the Second Federal Reserve District  
Qualified for Sale of United States Savings Bonds, Series E:*

The Secretary of the Treasury has provided that issuing agents qualified for sale of United States Savings Bonds, Series E, must follow all regulations and instructions issued by the Secretary of the Treasury directly or through the Federal Reserve Bank of the District in which they are located, as fiscal agent of the United States, covering the sale, issue, inscription, and validation of the bonds and the disposition of registration stubs. The pertinent regulations of the Secretary are set forth in the current revisions of Treasury Department Circulars Nos. 530 and 653; this circular contains additional instructions. Questions that do not appear to be covered by the Treasury's circulars or by this circular should be referred to our Savings Bond Department before action is taken.

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## **Requalification of issuing agents**

1. If any organization qualified as an issuing agent changes its name or corporate title, such issuing agent should apply for requalification in its changed name or corporate title. If any organization *not* qualified as an issuing agent absorbs or becomes the successor of an organization that is so qualified, the absorbing or successor organization does not thereby qualify as an issuing agent; if it desires to qualify, it should duly apply for such qualification.

## **Executive Order No. 11246, Equal Employment Opportunity**

2. Any organization that qualifies, on and after September 5, 1967, as an issuing agent must, in its application-agreement, agree to be bound by and comply with the provisions of section 202 of Executive Order No. 11246, entitled "Equal Employment Opportunity" (3 CFR 167, 1965 Supplement). Any issuing agent that qualified prior to that date and that, on or after November 30, 1966, entered into a contract of deposit with the Treasury Department in accordance with Treasury Department Circular No. 92 (Revised) or No. 176 (Revised), need take no action with respect to its qualification as issuing agent.\* Any other issuing agent that qualified prior to September 5, 1967, must signify its intent in writing to be bound by and comply with the provisions of section 202 of that Order; the requisitioning of stocks of savings bonds on or after December 1, 1967, and the submission of savings bonds paid on or after December 1, 1967, for reimbursement, constitute such written notice of intent.

## **Authority of issuing agents**

3. All organizations qualified as issuing agents are authorized to sell and issue Series E bonds to individuals (natural persons) only. The bonds may be inscribed only in the authorized forms of registration specified in Treasury Department Circular No. 530. Employers qualified as issuing agents for sale of Series E bonds to employees participating in a payroll savings plan are also authorized to sell and issue bonds to individuals not participating in the plan.

4. Only the Federal Reserve Banks and Branches and the Treasury Department are authorized to issue Series E bonds registered in names other than those of individuals. Issuing agents are authorized to receive applications for the purchase of bonds from other than individuals and to forward the applications and payments to us; special application forms for this purpose will be furnished to issuing agents by this Bank upon request.

## **Sale of bonds—receipt of checks tendered in payment**

5. Issuing agents should accept cash and savings stamps in payment of Series E bonds, and may accept checks. However, an issuing agent who accepts a check does so at its own risk and subject to the limitations specified in paragraph 6 on checks drawn payable to the order of the Treasurer of the United States or of this Bank. The following instructions should be observed by issuing agents when checks are tendered in payment for bonds:

- (a) The bond should not be released for delivery until sufficient time has elapsed after deposit for the check to be returned to the agent in the event it is uncollectible.

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\*The contract of deposit with the Treasury, or the acceptance of deposits thereunder, constitutes an agreement to be bound by and comply with the provisions of section 202 of that Order.

(b) If the bond is delivered and the check is subsequently returned unpaid, the agent will be expected to obtain payment or have the bond returned immediately for cancellation.

(c) If the agent fails to obtain prompt payment for or the return of the bond after two requests therefor, the agent's file or photograph copy thereof should be forwarded promptly to this Bank for further action.

(d) If the recovery of the bond or the amount due is not effected, the agent will be required to make payment of the issue price. If the agent so desires, we will cause the entry of an appropriate notation against the bond, and, if and when the bond is presented for redemption, the agent will be advised.

6. Any issuing agent that is a banking institution qualified as a Special Depository pursuant to Treasury Department Circular No. 92 (Revised), as amended, is authorized to endorse any check drawn on itself and payable to the order of the Treasurer of the United States or of this Bank in payment of savings bonds received by such institution, as follows:

For credit to Treasury Tax and Loan Account  
Federal Reserve Bank of New York  
Fiscal Agent of the United States  
in payment for U. S. Government securities  
*(Name of Bank)*

and credit the proceeds of the check to its Treasury Tax and Loan Account. An issuing agent qualified as a Special Depository may handle in the same manner checks drawn on itself and made payable to the order of substantially similar payees, such as "Secretary of the Treasury," "United States Treasury," "Treasury Department," or "Federal Reserve Bank." Except as herein expressly authorized, no issuing agent is authorized to endorse checks drawn payable to the order of the Treasurer of the United States or of this Bank, and delivered to such issuing agent in payment for bonds; and in no case will we receive, in remittance for Series E bond stock, any check delivered to any issuing agent in payment for bonds. Accordingly, if any issuing agent receives, in payment for a Series E bond, any check drawn payable to the order of the Treasurer of the United States, or of this Bank, that it is not authorized to endorse as herein provided, the bond should not be issued by the agent; but the application and check should be forwarded to us, in order that the check may be cleared and the bond issued.

### **Custody of bond stock**

7. Issuing agents are expected to have adequate facilities to safeguard bond stock in their possession. Agents are responsible for bond stock furnished to them, and whether or not they procure insurance or take other protective measures to guard against the loss of bond stock is a matter for their decision. In the absence of negligence, however, and upon proof of the facts pertaining to a loss, the Treasury Department may grant relief to an issuing agent for lost, stolen, or destroyed bond stock.

### **Forms**

8. Each of the forms referred to below for requisitioning Series E bonds, remitting for the bonds, and returning stubs and spoiled undelivered bonds

should be executed by a duly authorized officer or employee of the issuing agent. Supplies of such forms may be obtained upon request addressed to our Savings Bond Department; with each shipment of such forms, a reorder form is enclosed for obtaining additional supplies.

### Requisition for bonds

9. Issuing agents may obtain unissued Series E bonds from this Bank by submitting a requisition for bond stock on Form SB 64. An agent should limit its inventory of bond stock to three times its average monthly sales. Payment in full of the issue price of the bonds desired must accompany requisitions submitted by agents that have agreed to pay in advance for bond stock.

### Inscribing bonds

10. Care should be exercised in inscribing bonds. For complete information refer to Form PD 4182. *Erasures or alterations on a bond are not permitted.* Bonds should be inscribed as follows:

(a) A computer, typewriter, word processor, or addressing machine should be used to insure the legibility of the inscriptions, not only on the bonds but also on the stubs. (Stubs of inscribed bonds are microfilmed by the Treasury Department for its permanent record, and it is essential that all entries on them be easily readable.)

(b) The Social Security number, name and post office address (including Zip Code) of the registered owner should be inscribed in the space provided in the center of the bond and stub, to the right of the punched area. If the bond is to be mailed in a window envelope, the name and address of the registered owner should be placed so that it will appear properly in the window.

(c) The issue date (month and year only) should be inscribed in the space provided in the upper right portion of the bond. *Each bond should be dated as of the first day of the month in which full payment of the issue price is received by the issuing agent.*

(d) The name of the issuing agent and the date on which the bond is inscribed should be imprinted in the space indicated by the circle on the bond and stub, using the stamp furnished by us for this purpose or imprinting the name and address of the issuing agent and date of issuance by use of a plate on an addressing machine.

### Spoiled bonds and return of unissued bonds

11. Whenever an error has been made in inscribing a bond and the error has been detected before the bond has been delivered, the incorrect bond and original stub should be marked "Spoiled," *the issuing agent's stamp impressed thereon*, and the new bond issued. Spoiled bonds should be returned to this Bank, addressed as indicated in paragraph 19, with Form PD 3252, but the stubs should be retained for a period of four months from the date of issue. After four months they should be destroyed.

12. If an error made in inscribing a bond is not detected until after the stub has been sent to us, *the issuing agent must not issue a new bond to make the correction.* The incorrectly inscribed bond should be obtained from the owner and sent to us with an application executed by the issuing agent on Form 15 (which may be obtained from this Bank), requesting reissue of the incorrectly issued bond. A new bond with the correct inscription will be

issued by us and delivered in accordance with the instructions of the issuing agent.

### **Registration stubs**

13. Before sending original registration stubs to this Bank with Form PD 3252, reports of sales, the stubs should be examined to see that they carry a legible inscription of the form of registration, the issue date, and the date of actual issue.

14. If a citizen of the United States temporarily residing abroad is named as owner, and his foreign address is given in the registration, the issuing agent should certify on the lower portion of the original registration stub (so as not to interfere with the registration) that the owner is a citizen of the United States temporarily residing abroad.

15. The original registration stubs are specially prepared and punched so that they may be counted, sorted, and listed by the use of electronic equipment. Stubs that have been damaged as the result of folding, tearing, or perforating cannot be handled electronically, and issuing agents are requested, therefore, *to see that stubs are not folded, pinned, stapled, taped, clipped, or mutilated in any manner.*

### **Report of sales and remittance for bonds sold**

16. Issuing agents should submit to this Bank on Form PD 3252 reports of sales of Series E bonds at least once each calendar month, whether or not there are any sales to report. Reports should be made more frequently if warranted by the volume of sales. The reports of agents who do not pay in advance for bond stock should always be accompanied by remittances for the bonds reported sold. Reports from all agents should be accompanied by the original stubs from the bonds reported sold. Stubs of bonds should be assembled in one or more groups, with no group containing more than 6,000 stubs or stubs of bonds exceeding \$900,000 (issue price). A separate report should accompany each group.

17. All issuing agents who do not pay in advance for bond stock should credit the proceeds of sales of bonds in a separate account on their books to be known as "Series E Bond Account." Whenever a report of sales is made, as required by paragraph 16, the issuing agent should remit so much of the balance in the Series E Bond Account as represents the proceeds of the sales reported. When a payment is to be made by credit to a Treasury Tax and Loan Account, that method of payment should be indicated in the space provided on Form PD 3252.

18. United States Savings Stamps received by issuing agents may be sent to us in payment for bonds. To avoid unnecessary duplication in the later handling of the stamps, issuing agents are asked to send the stamps to this Bank. The stamps should be accounted for on the report of sales, Form PD 3252, and should be included in the package containing the report and the original bond stubs. The stamps should be canceled, either by perforation or by a cancelling stamp with nonwashable black ink, but the cancellation must be made in a manner that will not make verification difficult. On each paid album, the outside front cover (or back cover, if necessary) should show the total dollar amount of stamps in the album, legibly recorded in ink, and the impression of the issuing agent's dating stamp. The dollar amount should also be listed on Form PD 2639, clearly marked "stamps."

19. All remittances and shipments of stubs or spoiled bonds should be addressed as follows:

Federal Reserve Bank of New York  
Savings Bond Department  
Federal Reserve P. O. Station  
New York, N. Y. 10045

### **Delivery of bonds by mail**

20. If bonds are to be delivered by mail, they may be sent by ordinary first-class mail, without payment of postage, in special penalty envelopes with distinctive markings to indicate the character of the contents. Such envelopes will be furnished to issuing agents (except Federal departments and agencies) by this Bank upon written request officially signed. *Such envelopes may not be obtained in any other manner.*

21. The following instructions for the use of special penalty envelopes must be carefully observed by all agents:

(a) Deliveries of bonds by mail in special penalty envelopes must be restricted to those cases where personal delivery either is not practicable or is inadvisable.

(b) The name and return address of the issuing agent must be printed or stamped in the blank space in the upper left corner on the face of the envelopes over the words "Official business."

(c) The special penalty envelopes may be used only for the purpose provided. Attention is directed to the fact that a fine may be imposed for improper use of special penalty envelopes. The Post Office Department has ruled that the envelopes may not be used to mail matter other than bonds even though postage is paid, but that there is no objection to enclosing a letter of transmittal describing the contents or containing information as to the condition of an employee's bond account under a payroll savings plan. *Firm advertising material even though relating largely to savings bond campaigns should not be enclosed in special penalty envelopes.*

(d) The utmost care should be used in enclosing bonds in envelopes and in effecting delivery of the bonds *to the local post office*. They should not be deposited in an ordinary mail box, since this would not insure special handling of the envelopes by the post office upon receipt. Agents are not required to obtain receipts evidencing delivery to the post office.

(e) The Government Losses in Shipment Act, as amended, is applicable to shipments of inscribed bonds in special penalty envelopes, and claims for relief in the event of losses in shipment may be made as provided in the Act and the regulations issued thereunder. No reports of shipments will be required from issuing agents, nor will it be necessary to mail to the addressees separate notices of the shipment of bonds. However, agents will be expected to maintain appropriate records of all shipments, so that it will be possible to prove the exact extent of loss in the event claim is made for replacement of bonds or for payment pursuant to the Government Losses in Shipment Act. The Treasury Department has stated that, in the absence of suspicious or unusual circumstances, proof sufficient to establish the exact extent of loss would consist of (1) the application for bonds or a schedule of purchases showing the requirement or necessity of mailing a bond or bonds, (2) the related bond information recorded either on the application, bond stub, or elsewhere in the records usually maintained by an agent, and (3) evidence of a uniform method

of handling such items requiring mailing. Evidence of uniformity of procedure and exercise of due care in handling the bonds at the time of enclosure in envelopes, sealing thereof, and disposal of the items thereafter are the important factors. If a bond mailed by an issuing agent is not received by the owner, we should be promptly notified of the serial number of the bond and name and address of the registered owner; we will furnish instructions and forms to be used in applying for the issuance of a substitute bond.

(f) Bonds may be delivered by mail at the risk and expense of the United States within the United States, its possessions, Puerto Rico, and the Canal Zone. Special penalty envelopes should not, therefore, be used to mail bonds to purchasers at addresses outside the specified areas.

22. All Government departments and agencies are required to reimburse the Post Office Department for all articles mailed under the penalty indicia. Accordingly, all issuing agents must furnish this Bank with quarterly reports as of the last day of each quarter on their use of special penalty envelopes; the reports should contain the following information concerning the penalty envelopes:

- (a) Number on hand at the end of the preceding quarter.
- (b) Number received during the quarter reported on.
- (c) Number spoiled and destroyed during the period reported on (including penalty envelopes used in delivering savings bonds by means other than mail).
- (d) Number used to mail savings bonds during the quarter reported on.
- (e) Number on hand at the end of the quarter reported on.

*The Treasury has requested issuing agents to use care in compiling data relating to the number of penalty envelopes used in each quarter.*

### **Undeliverable bonds**

23. Every issuing agent should make diligent effort and exhaust all available means to make delivery of bonds to the registered owners. When, however, the bonds have been issued by an issuing agent at the request of a person or organization other than the registered owner, the issuing agent should request that other person or organization to make the necessary effort to deliver the bonds.

24. As used in these instructions, the term "undeliverable bond" includes any bond issued against payment in full that remains undelivered after a diligent effort has been made and all available means have been exhausted to make delivery, and that—

- (a) remains undelivered in the possession of an authorized issuing agent, or in the possession of an employer who operates a payroll savings plan but is not an authorized issuing agent, after three full months from the date on which the bond was issued, as shown by the issuing agent's dating stamp; or
- (b) remains undelivered, regardless of the date of issue, in the possession of an authorized issuing agent, whose qualification is being terminated.

25. The agent who issued the undeliverable bond should send it to this Bank accompanied by a statement setting forth the name of the owner (for this purpose the term "owner" means the first person named on the bond), the



name of the owner's employer, the Social Security number of the owner, and an outline of the efforts made to effect delivery to the owner. Where more than one undeliverable bond are held for account of the same owner (whether or not the same or different coowners or beneficiaries are named on the bonds), all may be included in the same statement.

26. In cases where undeliverable bonds have been issued by the agent at the request of a person or organization other than the owner, and that other person or organization has actually endeavored to deliver the bonds, the statement (referred to in paragraph 25) may be prepared by that person or organization on behalf of the issuing agent. In all such cases, the issuing agent should forward the bonds to us and should retain a copy of the statement.

27. Undeliverable bonds sent to us *should not be canceled or endorsed in any manner*. Bonds sent by an issuing agent, in the manner provided in paragraph 29 for the sending to us of the stubs of bonds sold, spoiled bonds, and unissued or excess stock, will be covered by the Government Losses in Shipment Act, as amended. The issuing agent will be reimbursed in the amount of postage fees expended in accordance with the procedure set forth in paragraph 30.

28. A request from an issuing agent, organization operating a payroll savings plan, or registered owner for the release and delivery of a bond that was previously undeliverable should be addressed to the *Bureau of the Public Debt, 200 Third St., Parkersburg, W. Va. 26101*. The bond will be released by the Treasury and forwarded to the registered owner if satisfactory evidence is submitted establishing his right to the bond. *The request should not be addressed to this Bank.*

#### **Reimbursement for postage fees expended by issuing agents**

29. Reimbursement will be made for postage expended by issuing agents in sending to us reports of sales, remittances, stubs of bonds sold, spoiled bonds, unissued or excess bond stock, and any other matter incident to the issuance of Series E bonds, provided the following instructions are complied with:

(a) Packages weighing under 16 ounces should be sent by first-class mail, unregistered, except that those containing unissued, unspoiled bonds, cash, or remittances of a comparable nature should be registered.

(b) Packages weighing 16 ounces or more, but not exceeding the weight and size limitations prescribed by postal authorities, should be sent by fourth-class mail, registered.

30. Reimbursement of postage expended by an issuing agent in accordance with the foregoing provisions will be made by payment of a draft drawn upon this Bank on Form SAVB 223 by the agent claiming reimbursement. The period covered by the drafts should be for one or more full calendar months. The drafts should be deposited and collected in the same manner as checks.

#### **Loss, theft, or destruction of bond stock or inscribed bonds**

31. In the event of loss, theft, or destruction of unissued bond stock or of inscribed bonds that have not been delivered to the purchasers or registered owners thereof, this Bank should be notified immediately. Upon receipt of

such notice, the appropriate Treasury Department claim form will be furnished by this Bank.

32. In the event of the loss, theft, destruction, mutilation, or defacement of a bond after delivery to the purchaser or registered owner, relief either by the issue of a duplicate bond or by payment may be had under the provisions of the Government Losses in Shipment Act, as amended, upon filing a claim and furnishing proof of loss satisfactory to the Treasury Department. In any such case, immediate notice of the facts, together with a complete description of the bond, should be given by the registered owner to the *Bureau of the Public Debt, 200 Third St., Parkersburg, W. Va. 26101*. This description should include the series, month and year of issue, serial number, and name and address of the registered owner, as well as the name of any coowner or beneficiary appearing on the bond.

#### **Agents' records of bonds issued**

33. Applications, including payroll authorization records, for which bonds have been issued are original records and should be retained by issuing agents for four months from the date bonds covered thereby were issued, unless microfilm records of those documents are maintained. Issuing agents should maintain an adequate record of all bonds issued by them showing for each bond the series, denomination, serial number, date of issuance, date actually issued, and the form of registration.

#### **Payment of fees to issuing agents (*Treasury Tax and Loan Investment Program*)**

34. Pursuant to Treasury Department Circular No. 4-67, as amended, the Bureau of the Public Debt will pay fees to issuing agents, other than Federal agencies, that are qualified by Federal Reserve Banks and that issue United States Savings Bonds, Series E.

35. Series E savings bond issues eligible for fees include:

(a) Bonds issued for sale over-the-counter, on Bond-a-Month Plans, or in connection with payroll savings plans.

(b) Bonds issued on reissue to participants in company-operated employee thrift, savings, vacation, and other similar plans, when such reissues are made to distribute to individual owners bonds held, either in book-entry or definitive form, in the name of a trustee.

36. Financial institutions accepting fees from the Treasury for issuing savings bonds shall not make any charge to customers for the same service.

37. Fees will be paid according to the following schedule for Series E savings bond issues, which are accounted for to the Bureau of the Public Debt:

(a) *Financial institutions.* For the purpose of computing and paying fees, financial institutions will be deemed to include commercial banks, savings banks, thrift institutions, savings and loan associations, and credit unions. For each Series E savings bond issued, such financial institutions will be paid according to the following scale:

- (i) Issues sold on the basis of purchase applications received over-the-counter or by mail, or on the basis of Bond-a-Month Plans ..... 70¢
- (ii) Issues sold on the basis of deductions under a payroll savings plan operated by a financial institution or a customer thereof:
  - If the bond is inscribed by computer ..... 10¢
  - If the bond is inscribed by any other means, such as addressograph, punch cards, typewriter, word processor, etc. . . 30¢
- (iii) Issues on reissue to effect distribution to participants in thrift, savings, vacation, or similar plans ..... 5¢

(b) *Non-financial institutions.* For the purpose of computing and paying fees, non-financial institutions will be deemed to include companies, state and local governments, and other eligible organizations that issue bonds only for their employees. For each Series E savings bond issued, non-financial institutions will be paid according to the following scale:

- (i) Issues sold on the basis of deductions under a payroll plan operated by the agent ..... 10¢
- (ii) Issues on reissue to effect distribution to participants in thrift, savings, vacation, or similar plans ..... 5¢

**Revision of this circular**

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

**Effect of this circular on previous circular**

39. This circular supersedes our Operating Circular No. 20, Revised September 20, 1968.

PAUL A. VOLCKER,  
*President.*