

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 2902]
February 12, 1945]

PAYMENT AT MATURITY OF UNITED STATES SAVINGS BONDS OF SERIES A
Exchange for War Savings Bonds of Series E

*To each Incorporated Bank and Trust Company
in the Second Federal Reserve District:*

We have been requested by the Secretary of the Treasury to bring to your attention his public statement concerning the payment at maturity of United States Savings Bonds of Series A, beginning on March 1, 1945. A copy of the statement is printed on the reverse side of this circular.

Individuals (natural persons) owning maturing bonds have the option of receiving payment of the maturity value in cash, or of exchanging their bonds for Series E War Savings Bonds. Any individual owner or coowner who desires to exchange his maturing bonds for Series E bonds, registered in his own name in any authorized form of registration, may do so at any time during the month in which the particular bonds mature. For example, Series A bonds maturing in March will be exchangeable at any time during the month of March but may not be exchanged after March 31, bonds maturing in April may not be exchanged after April 30, and so on.

In order that an individual owner of Series A bonds may obtain Series E bonds in exchange as easily as he may obtain payment in cash, the Secretary wishes each bank, which is qualified both to pay and to issue savings bonds, to receive maturing Series A bonds and to issue Series E bonds in exchange therefor when so requested by the individual owner or coowner. Series E bonds may be issued in any authorized denominations, the issue price of which is fully covered by the proceeds of the maturing bonds presented, or such lesser amount as the owner or coowner may direct. Any remaining balance should, of course, be paid to such owner or coowner. Any Series E bonds issued in exchange for Series A bonds will not be subject to the limitation on holdings prescribed for Series E bonds on original issue.

It is expected that special instructions concerning the exchange of savings bonds will be furnished to you shortly, although it appears that no substantial change will be made in the established accounting procedure now in effect with respect to the payment and issue of savings bonds. The only change contemplated at present is a physical segregation of the original registration stubs of Series E bonds, paid for with the proceeds of Series A bonds, from the stubs of bonds which may be issued against cash payment. It will probably also be necessary to make some notation on the stubs of bonds issued in exchange in order that accurate records of the exchanges may be maintained.

Registered owners of Series A bonds other than individuals are not eligible to purchase Series E bonds and therefore may not exchange their maturing bonds as provided above. Such owners are invited to invest the proceeds of maturing bonds in other issues of United States Government securities which they are eligible to purchase. Qualified banks and trust companies are authorized to pay only those savings bonds registered in the names of individuals. If such a bank or trust company receives a bond not registered in the name of an individual, the bond should be forwarded to us for redemption.

If you have appointed any subagents to pay savings bonds, please bring this circular to their attention. Additional copies will be furnished upon request.

ALLAN SPROUL,
President.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, February 12, 1945.

Press Service
No. 45-11

Secretary of the Treasury Morgenthau today reminded bond buyers that Series A Savings bonds—those sold in 1935, when they were known popularly as “baby” bonds—will begin maturing on March 1. The Secretary said that as the bonds mature, the Treasury will pay them off in cash at the rate of \$4 for every \$3 originally invested. However, if individuals desire they may reinvest any part of the proceeds of their Series A bonds, up to such denominational amount as the proceeds will fully cover, in Series E war bonds.

Individuals who are the registered owners or coowners of maturing Series A bonds may present them for payment to any incorporated bank or trust company that has qualified as a paying agent. This includes practically all banks and trust companies throughout the country. Payment will be immediate, provided the owners or coowners have satisfactory identification.

Individuals also may make their reinvestment in Series E bonds at practically all banks and trust companies, through the established payment and issue procedure. This must be accomplished concurrently with surrender of the Series A bonds, and only during the month in which the latter mature.

Series E bonds so purchased with the proceeds of maturing Series A bonds will be exempt from the limitation on holdings prescribed for Series E bonds on original issue.

Holders of Series A bonds other than individuals are not eligible to buy Series E bonds, and will not be permitted to reinvest the proceeds of their A bonds in E bonds.

The formal procedure established by the Secretary with respect to reinvestment of the proceeds of Series A bonds follows:

TREASURY DEPARTMENT,
WASHINGTON, D. C.,
February 8, 1945.

PROCEDURE TO BE FOLLOWED WITH RESPECT TO MATURING
UNITED STATES SAVINGS BONDS OF SERIES A

United States Savings Bonds of Series A are due for payment this year, beginning March 1. They will be paid at their face or denominational value, following presentation in accordance with applicable regulations. If any individual, owning bonds of Series A as owner or coowner, desires, instead of receiving cash payment, to exchange his maturing bonds for bonds of Series E, he may do so at any time during the month in which they mature. The most convenient procedure for him to follow is to present his Series A bonds to any incorporated bank or trust company which is qualified both as a paying agent for savings bonds and as an issuing agent for Series E bonds, and, under the established payment and issue procedures, consummate the exchange.

Another way of effecting the exchange, which must be followed in all cases where the bank or trust company is not authorized to pay the bonds, is for the individual owner to forward the maturing bonds to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, Washington, bearing requests for payment signed by owners and duly certified in accordance with applicable regulations, and accompanied by instructions given by the owner who has signed the request for payment for the issue and delivery of bonds of Series E.

Holders of Series A bonds other than individuals are not eligible under current regulations to purchase Series E savings bonds, and such holders therefore will not be permitted to exchange their maturing Series A bonds for Series E bonds. They are, however, invited to invest the proceeds of their maturing bonds in other issues of United States Government securities which they are eligible to purchase.

Series E bonds issued in exchange for Series A bonds will be registered in the name of the owner or coowner surrendering the bonds in any form of registration authorized for bonds of Series E which he may select. Bonds of Series E will be issued up to such face or denominational amount as the proceeds of the maturing bonds presented will fully cover, or such lesser amount as the owner may direct, any remaining balance to be paid to the owner of the bonds presented. The bonds issued will be dated as of the first day of the month in which the bonds presented matured.

Any bonds of Series E issued in exchange for bonds of Series A will not be subject to the limitation on holdings prescribed for bonds of Series E on original issue.

H. MORGENTHAU, JR.
Secretary of the Treasury