PRECISION TRADE MARK MICROSTAT REG. U. S. PAT. OFF. MICROFILM ROLL NO.

12"

DIARY

Book 860

June 30, 1945

June 30, 1945
10:46 A.M.

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HMJr: Hello.

Miss Hanna: Yes, sir.

HMJr: Look, Miss Hanna, I've got a message from your office there is something coming over here about some trucks for Poland, see?

H: That's right.

HMJr: Now it isn't here - I've got to read the cable.

H: I know. That is what is holding it up.

HMJr: And I may not be able to get to it. After all, the State Department expect me to do things in the time you never do them yourself.

H: That's right. Well, Mr. Clayton was the one that was holding the cable and when I told him....

HMJr: Pardon?

H: Had two copies and he had to send it out...

HMJr: Well, I mean you are expecting me to do things that never happen in the State Department.

H: When he left, Mr. Morgenthau, I told him that that was the case, that I had just had a call from Mr. Fitzgerald, and this cable was holding up everything so he knows the story on it.

HMJr: Well, if you -- I always like to cooperate. Why don't you get the thing over to Mr. Vinson first?

H: All right. We've had a call in for Mr. Vinson for the last 30 minutes and he still hasn't come back from his office.

HMJr: Is this so urgent? Is it that you want it out today?

H: Well, Mr. Clayton seemed to think it should be out.

HMJr: Yeah.

H: But we just can't do the impossible.

HMJr: Well, I'll try to do the impossible, but I can't do it unless I can read the cable on which Mr. Clayton is acting.

H: I know, sir, and I'm going to do my very best to get it over to you in the next 30 minutes.

HMJr: Right.

H: And I'll tell Mr. Clayton that you are trying to co-operate.

HMJr: Right.

H: Thank you, sir.

HMJr: Thank you.

H: Goodbye.

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June 30, 1945
10:45 a.m.

TRUCKS TO POLAND
VISIT WITH SENATOR FULBRIGHT ON
BRETTON WOODS

Present: Mr. D. W. Bell
Mr. Luxford
Mr. Bernstein
Mr. White
Mr. O'Connell
Mrs. Klotz

(The Secretary holds a telephone conversation with Miss Hanna, Mr. Clayton's Secretary, as follows:)

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H.M.JR: They want me to sign a memo on a thousand trucks for the new Polish Government, and I said, "Let me see the five-page cable that Harriman sent over that makes this thing so urgent." And now they are trying to get the cable. I said, "I want to see why this is so urgent." I thought I might learn something.

MR. BELL: You have already approved it.

H.M.JR: I approved it, but now he wants me to sign it.

MR. BELL: Oh.

H.M.JR: When I sign something I get very legalistic.

Senator Murdock came in to see me and I said, "Look, Senator, I am not very good at horse trading, and I want to talk to you very frankly."

Bernstein, you better stay here.

MR. BERNSTEIN: I got an emergency call from Mr. Acheson, emergency in big capitals. May I go out?

H.M.JR: Sure, but they do things to us, trying to get them over there. Go ahead. It's all right.

(Mr. Bernstein leaves the conference.)

H.M.JR: Then I said to Senator Murdock, "Now, I am prepared to talk about silver with you, but I am a little afraid about doing so on silver, because it was interpreted as inflationary, and all the conservative press would jump on me. But I am used to that and I am willing to do this with this understanding, if I do it, is there something else you people have got in mind? Let's understand each other." He said, "No, absolutely nothing." After I made my little speech he said, "The people just flocked into my office to congratulate me on what I had done." So I said, "Well, now, you understand if I go along with you on this, there won't be something else you will ask for," and he said, "No. We have nothing else in mind."

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MR. BELL: Did he say "we?"

H.M.JR: Yes, yes! That's what I got--the impression I got. "So, all I want is your word that you will do it," he said, not what some of you people said that he wanted a statement. He said, "All I want is your word," and I said, "The best thing I can do is just to begin to act." He said, "Just tell me when you will do it, and that's all I want." So then I said, "Now, there is nobody I am more fond of than Bob Wagner, but after all, like all of us, he is getting old." I said, "Very confidentially, I went over the list with the President as to whom I could count on, and he put his finger on your name and said, 'There's a man you can count on to get this through.' That's just between us."

MR. LUXFORD: I agree with you. You told us that before, but it's still good stuff.

H.M.JR: No. That means it is BS.

MR. WHITE: That's a flat statement.

MR. O'CONNELL: This signal.

MR. WHITE: He means a flat statement. You wouldn't have said it unless he said so.

H.M.JR: And this means it's--

MR. WHITE: It isn't appropriate.

H.M.JR: It's ruled out.

MR. LUXFORD: Reported out.

MR. WHITE: Along with others, but that particular statement was not in that category.

H.M.JR: But anyway, for a silver Senator he was the most reasonable fellow I ever talked to.

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So, then, I told him about this business of Burgess saying, "Can't I have just one amendment?" And I said, "I am against all Goddamned New York bankers! I have no use for any of them!" He said, "Well, neither have I." So I said, "Why should Burgess have one amendment?" He said, "The trouble with Bob is he is very sentimental, and if Burgess would ask him that, he is apt to give in to him," and I said, "I spoke to Bob and I don't think he is going to." He said, "He shouldn't," and he spoke about this one amendment he wanted that White can describe and I said it was too technical for me.

MR. WHITE: Do you want me to mention it now?

H.M.JR: Yes.

MR. WHITE: He felt that the requirement that the President select--the Congress select an alternate from a list submitted by one of the Executive Directors would be regarded in Congress as some restriction on the Presidential powers, and he would like to include an amendment which would eliminate that phase in the House.

MR. LUXFORD: He can't do it.

MR. WHITE: Well, I replied that if it had been done in the House, I think that that could have been done, but since it is in there to include an amendment would open the way for other amendments and create trouble.

MR. LUXFORD: We couldn't do it.

MR. WHITE: Mr. Bernstein pointed out it was an attempt to reconcile the provision of the articles of agreement which require that the Executive Director appoint the alternate.

MR. BELL: To choose his own alternate.

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MR. LUXFORD: The House Legislative Counsel--

MR. WHITE: I don't know that I would agree with you that that couldn't be done.

MR. LUXFORD: Harry, you don't have to argue with me. The House Legislative Counsel was going to get up and make a fight before the House Committee. He said this thing--you can't say you are living up to the obligations of the Fund even. What we were doing was wrong.

MR. WHITE: You explain that to him. I think he will get off that.

MR. BELL: He didn't seem too strong for that.

H.M.JR: This is the statement handed me. (Indicates Attachment A.) He took a copy of it, and I asked Mr. Bell, "Would you begin to issue certificates against free silver at once?" And somebody--I don't know who, White or Bernstein, who was it--said we should issue a statement.

MR. BELL: I asked whether you should issue a public statement in view of the fact you had issued one when you started the silver policy.

H.M.JR: And I said no, I was opposed to issuing a statement unless the Senator wanted one. He said emphatically he didn't, and I said that I thought it looked too much like a deal and he agreed. (Laughter)

I said there would be time enough to issue a statement when I was questioned, and Mr. Bell said it wouldn't become apparent for at least another two weeks. I said I hoped by that time the bill would have passed, and he hoped so, too, and then something that Mr. Bell needs is some more silver certificates in connection with troop movements, and that gives us an excuse.

But he didn't want any statement.

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Then, I also told him about my troubles with the Senator from Arkansas, Fulbright, and what he wanted, and I told him that that was nothing but Winthrop Aldrich and Professor Williams, his mouthpiece, and that I had Will Clayton working on Fulbright and I thought he could get him in line, and then he said, just as he was leaving, he was afraid Fulbright wasn't ready. I think Fulbright's whole trouble is that somebody has sold him a bill of goods that this is the time to do something for England. So he said as far as he is concerned--Senator Murdock said--he was unalterably opposed to any rider on this bill to England, absolutely opposed, and he said Fulbright can't get to first base on it. I told him he had interested Radcliffe in this and was also trying to interest Senator Walter George. So he said he would get nowhere. So, I think that covers the situation now.

MR. O'CONNELL: On the matter of amendments on this bill, McCormack announced yesterday the House would get action on all the things they had to worry about during the coming week, and he hoped that the House would then take a vacation for as long as two months, which means if you get Bretton Woods legislation out of the Senate with an amendment--they won't be technically in recess, but they won't have a quorum in the House--they can't even get a conference report agreed to unless with unanimous consent. I am only using that to illustrate the tremendous importance of having it lined up in the Senate not to permit any amendments.

MR. BELL: Joe, does that mean when they are in recess that way they are not actually in recess, and that the bill couldn't be signed by the Vice President?

MR. O'CONNELL: There is no legal recess.

H.M.JR: Unless you people have something else, I would like to do my mail. But, is there anything else other than dealing with Senator Murdock, Luxford, or O'Connell, that you want me to do on this?

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MR. WHITE: I think you have it in as good shape as you can. I don't know whether you want to at some time within the next couple of weeks talk to Hannegan. You did before it went to the House, but that's the only untouched spot that I can see.

H.M.JR: It will have to be earlier than that. Clayton is going to report to me about his meeting with Fulbright, and I'll let you know.

Now, this other thing--the unfinished business about the monetary--is that pressing?

MR. WHITE: Well, the French thing, I think, is pressing.

H.M.JR: I will do my mail and then I will be here until a quarter to twelve, and then I will get to you a little later, Harry.

MR. WHITE: All right.

MR. O'CONNELL: I will probably be seeing Hannegan once or twice today. Would it be appropriate for me to ask him if there is anything we can do to give this thing a push and getting it out of the Committee? Would it be all right? I don't know whether he will do anything.

H.M.JR: Yes.

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12"

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June 30, 1945

TO THE SECRETARY:

As security for outstanding silver certificates the Treasury held the following silver on June 27th:

	Ounces	At $1.29 per ounce
Bullion - - - - - - - - - - - -	1,176,000,000	$1,520,000,000
Silver dollar - - - - - - - -	284,000,000	367,000,000
Total - - - - - -	1,460,000,000	$1,887,000,000

The Defense Plant Corporation, etc., is using 400,000,000 ounces of the above silver bullion for non-consuming war uses in defense plants, and is obligated to return a like amount of silver after the war.

The Treasury is also carrying 703,000,000 ounces of silver in the general fund at a cost of $328,000,000, or an all-over average of about 46-2/3 cents per ounce. This silver supply is used for the following purposes:

Coinage
Lend-Lease to foreign governments
Green Act sales to industry
Lease to Defense Plant Corporation, etc.

Defense Plant Corporation is also using 477,000,000 ounces, out of the 703,000,000 ounces carried at cost, in non-consuming operations in war plants.

By a bookkeeping entry in the Treasury's books we can substitute silver bullion held as security for silver certificates in place of

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the silver carried at cost value presently held by Defense Plant Corporation, so that the entire 703,000,000 ounces of silver at cost can be made free for other uses.

	Ounces
Silver available at cost - - - - - - - - - - - -	703,000,000
Estimated use next fiscal year:	
Coinage (mean between average requirements for 1940 to 1944 fiscal years (52,000,000 oz.) and 1944 fiscal year requirements (69,000,000 oz.)- - - -	60,000,000
Lend-Lease:	
Arrangements pending - - - - - - - - - - -	75,000,000
All other (estimate)- - - - - - - - - - - -	75,000,000
Green Act sales to industry: This has been running at about 5,000,000 oz. per month and is expected to increase - - - - - - - - - -	100,000,000
	310,000,000

It is difficult to make an estimate of our total silver needs for the next year, but the above estimate of 300,000,000 ounces for next year compares favorably with the approximate over-all amount used in each of the past two years, as shown below:

Fiscal year 1944 - - - - - - 294,000,000 ounces

Fiscal year 1945 - - - - - - 257,000,000 "

If we accept the 300,000,000 ounce estimate for next year and allow 100,000,000 ounces to be held as a reserve for contingencies, there is 300,000,000 available to be monetized at $1.29 per ounce, resulting in a money value of $387,000,000, which includes a profit on monetization of approximately $247,000,000.

WTH:mlb

June 30, 1945 12
11:04 A.M.

HMJr: Hello.

Senator Wagner: Hello.

HMJr: Bob, I wouldn't bother you if it wasn't good news, see?

W: What is that?

HMJr: I had a very satisfactory interview with Murdock.

W: Yes.

HMJr: And we are in a complete understanding about silver.

W: Yes.

HMJr: And what he has asked me to do about issuing silver certificates against our free silver, we can do it. He doesn't want any statement, he just wanted my word.

W: Yes.

HMJr: And he is completely satisfied.

W: Well, that is fine.

HMJr: And I thought you would like to know that.

W: Thank you very much, Henry, I'll talk to you later on.

HMJr: Yes.

W: All right.

HMJr: Thank you, bye.

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June 30, 1945
11:25 a.m.

FRENCH GIFT TO AMERICAN SOLDIERS

Present: Mr. White
Mr. Glasser
Mr. Coe
Mr. Aarons
Mrs. Klotz

H.M.JR: Can you boys do this in five minutes?

MR. WHITE: I think so. We can leave out one thing. It doesn't involve a lot of money, but it might be one of these troublesome things in which your reaction will obviously have to be decisive, and that is the terms under which the French are going to give eight hundred and fifty francs to these soldiers--fifteen dollars a month to each soldier going through. There are two points at issue.

On the one hand they want a receipt signed by the soldier saying this is a gift of the French Government.

(Mrs. Klotz enters the conference.)

MR. WHITE: And on the other hand, they want to issue a public release of a letter which Harold just got over the phone from Paris.

MR. GLASSER: (Quoting from Attachment A.)

"Dear Mr. Ball: In the course of conversations which I had in Washington with Mr. Morgenthau, Secretary of the Treasury of the United States, I expressed--"

H.M.JR: Who is it from?

MR. GLASSER: It is from Pleven.

MR. WHITE: This would be released in Paris.

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to be phrased that this money is given to the soldiers as a reflection or expression of French gratitude and hospitality. That's what I was wondering, whether in the future you will have to--we have this difficulty--say you are objecting to the rate and getting something more for the soldiers. We are getting--

H.M.JR: Is anybody going to say what you have done is permitted the soldier to get a gift?

MR. AARONS: Where that came in specifically, in the proposed receipt the soldier was to sign it said, "I hereby acknowledge receipt of eight hundred and fifty francs as a gift for personal benefits from the French Government."

MR. WHITE: I thought Bell's suggestion was good on that.

MR. AARONS: We stopped that. We sent a cable saying they should stop printing those receipts until we had a chance to take it up with the Secretary.

MR. WHITE: If we could get them to say, "Under arrangements made between French and American Governments," not a gift, that would take care of it.

H.M.JR: They say, "...from the French hospitality or of acquiring souvenirs for their families."

MR. WHITE: Acquiring souvenirs is all right, but that doesn't imply the French Government is giving something to the soldier and the soldier is under obligation in any sense to the French Government.

H.M.JR: Look, gentlemen, that thing has been hanging fire for three or four months. I have got something disagreeable that happened outside that I have to take care of.

MR. WHITE: I see. Suppose we try redrafting that letter in a way that meets with your approval.

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H.M.JR: I have no objections. If they want to do a letter to me, it's all right. There is no implication. I mean, if this thought could be carried out, they appreciate we won the war. Now, they don't say that we liberated France.

MR. GLASSER: They never said that.

H.M.JR: Well, they should.

MR. WHITE: They are getting so they don't believe it.

H.M.JR: Well--

MR. WHITE: We can try our hand at drafting something else.

H.M.JR: Why shouldn't they say it?

MR. GLASSER: The French Resistance Movement is under the impression they liberated France. DeGaulle is pushing that.

H.M.JR: To use one of Mr. White's favorite expressions, "Nuts."

MR. WHITE: Sometimes used. (Laughter)

H.M.JR: Is the War Department willing to have this?

MR. GLASSER: The War Department wants to get the five and one-half billion francs. They will see to it that the procedures are legal, and outside of that they don't care.

MR. WHITE: I think it's a matter which concerns you more than them.

H.M.JR: The letter is to me.

MR. WHITE: The gift is to you and the letter is to you, and we can arrange that part of the letter. We can draft a nice letter. The guide you can give us is whether you have an objection to the word "gift" appearing in the receipt.

H.M.JR: Definitely.

MR. WHITE: We can have your backing on that?

H.M.JR: Definitely.

MR. WHITE: Secondly, do you mind the statement in there by implication that it is a gift, or would you rather skirt around that?

H.M.JR: I would much rather have it say kind of the very thing they have, that this thing is for a sort of tourist franc.

MR. WHITE: You mean as a means of facilitating the acquisition of souvenirs so they can remember France, something like that?

H.M.JR: Yes.

MR. WHITE: In other words, skirt around the notion it is a gift.

H.M.JR: Very much so.

MR. AARONS: There is one more thing along that line, and the War Department is proposing to work this out technically under the second War Powers Act which authorizes the Secretary of the Treasury to accept conditional gifts. Now, we have tried to get them to adopt a different theory.

H.M.JR: Boys, I can't concentrate on this thing. You will have to work on it. I am perfectly willing to see you tomorrow, in the late afternoon, at my house.

MR. GLASSER: I think we ought to wait until we get these documents by air courier.

H.M.JR: This translation is absolutely wrong.

MR. WHITE: When will you get it?

MR. GLASSER: It should be here this afternoon. We will see you Monday.

H.M.JR: If you people want to see me late tomorrow afternoon, I am available around five o'clock.

MR. GLASSER: Monday would be all right.

MR. WHITE: Monday would be all right. (Laughter)

H.M.JR: All right, but the translation is faulty. But if you are with me, I hate to see it as a gift. Isn't it rather unusual that Pleven should do this in the form of a letter to me?

MR. WHITE: He wants to make it public. He wants to explain to the people of France what a wonderful thing they are doing for the American soldier. We don't want to treat it as a gift, but he wants to get as much publicity as possible that the French are very generous, and he probably wants some defense for giving away fifteen dollars to each soldier.

P. 20

COPY

Teletype Conference - 30 June 1945

This is for Major General George J. Richards, Budget Officer for the War Department, from Colonel Pforzheimer

1. There has been sent you by air courier the following:

a. On 27 June - Regular recap bringing story of French negotiations to date plus memorandum for record relative to change of initial cash issuance date from 30 June to 31 July.

b. On 28 June - Sealed envelope from Mr. Ball, US Treasury, to Assistant Secretary of the Treasury White, relative to French Treasury proposals on Mendes-France agreement and revision. Also draft of proposed joint US/French press release for coordination with Treasury, Washington, prior to submission to French.

c. On 30 June - Copies of final draft of letter of French to USTreasury regarding commitment of 5.5 billion francs for benefit U. S. military personnel, plus copy of staff study, this headquarters, referred to in my E-61265. Also memorandum by Treasury official here regarding accounting for receipts for cash issuance, concerning which have made no further representations to French since receipt of your War-21952.

Reference my E-60967 and WAR-24212 only arrangements completed. No printing nor distribution of receipts accomplished.

2. There is transmitted herewith translation, coordinated with Embassy here, of French treasury letter referred to in 1 c. above relative to 5.5 billions, in order to allow for more time for its consideration. Letter follows:

TRANSLATION

Ministry of Finance
Fiscal Administration
5th Division

Paris, 30 June 1945

No. Draft
(Letter to Senior U. S. Treasury Representative in France from the French Minister of Finance)

Dear Mr. Ball,

In the course of conversations which I had in Washington with Mr. Morgenthau, Secretary of the Treasury of the United States, I expressed to him that, at the time that American military personnel who have fought in Europe will again pass through our country either to fight again in the Far East or return to the United States, the French Government is anxious to afford these troops the opportunity of knowing France better. Mr. Morgenthau expressed to me his pleasure at this cooperative proposal. We have together explored the methods that seemed

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best to implement this desire. As a result of these conversations I take pleasure in stating the following measures which we, on the French side, are prepared to put into effect.

1. American military personnel, in transit through France preparatory to embarkation for the Far East or for the United States, will each receive a letter of credit of 850 francs from the French hospitality or of acquiring souvenirs for their families.

A letter of credit in the same amount will be given to military personnel, regularly stationed outside of France, who will be granted leave in France. A letter of credit in the same amount will also be given each month to military personnel regularly stationed in France until the time of their embarkation.

Without intervening in too great detail as to the methods of distribution of these benefits, and at same time replying upon the American authorities to accomplish the distribution in the most orderly and equitable manner, my only request is that the goal to be attained allow for a greater benefit per day to American military personnel enjoying either a short leave or a short stay in an assembly area than the daily benefit to military personnel stationed permanently in France.

2. For the next 12 months period the number of letters of credit to be distributed shall be limited to a maximum of 6,500,000.

3. It shall be clearly indicated to each American military personnel receiving a letter of credit that it is distributed to him as a token of welcome and appreciation from the people of France.

4. The American authorities shall have the responsibility of distributing the letters of credit, and their counter value shall be disbursed to each beneficiary through the medium of finance officers of the American Army. Each American soldier receiving a letter of credit will sign a receipt to remain in the hands of disbursing officers. The receipts thus accumulated will be centralized by the American Army and will be presented periodically (for example, every three months) to proper authority as designated by the French Government. The total amount of these receipts, as confirmed by the French and American authorities, shall be reimbursed by the French Treasury by means of an equivalent reduction in the contingent credit claimed by the French Treasury by reason of the francs it advanced to cover the requirements for pay and allowances for American military personnel in France.

5. To the expenses which result from the above program there will be added the other outlays which the French Treasury will make in order to improve the purchasing power of American troops in France (tax abatements and various subsidies to those organizations which devote themselves to the welfare of American military personnel).

I should be obliged if you would confirm your agreement on points one through four above.

Please believe, dear Mr. Ball, the expression of my best regards.

Mr. Ball, Representative of the American Treasury, United States Embassy, 2, Avenue Gabriel, Paris.

ASSISTANT SECRETARY OF STATE
WASHINGTON

June 30, 1945

PERSONAL

Dear Henry:

I enclose memorandum signed by Joe Grew relating to the 1,000 surplus trucks for Poland about which I spoke to you on the telephone yesterday.

I also enclose a copy of Harriman's cable.

We are attending to the Red Cross and UNRRA suggestions but nothing can be done on Export-Import Bank until repeal of the Johnson Act or until the Export-Import Bank Bill now in Congress is passed.

I think you will see from Harriman's cable that this is a highly important matter and that we should act with dispatch. I hope, therefore, you can see your way clear to sign the memorandum and hand it to the messenger so that he can take it over to Fred Vinson.

Sincerely yours,

Will

W. L. Clayton

Enclosures

The Honorable
Henry Morgenthau, Jr.
Secretary of the Treasury
Washington, D. C.

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June 29, 1945.

SURPLUS TRUCKS FOR POLAND

In view of the political desirability of making trucks available to Poland as quickly as possible to take care of the urgent transportation requirements in that country, the War Department should be requested to declare 1000 trucks surplus, and the OANLC should then be requested to offer these trucks to Poland on dollar credit terms.

Joseph C. Grew
Acting Secretary of State

HMorgenthau Jr.
Secretary of the Treasury

Director of Office of War
Mobilization and Conversion

WXC

PARAPHRASE OF TELEGRAM FROM MOSCOW, DATED JUNE 26, 1945

SECRET

At a lunch on June 23 with Morawski, Osubka and Bierut, I made reference to a previous conversation with the latter two at which they had placed emphasis on their hope for economic assistance from the United States and I suggested it might be helpful to discuss informally what they had in mind in this connection which I could report to my Government. I went on to explain that relief and rehabilitation would be dealt with by UNRRA and to some extent by the American Red Cross in the medical field. When the subject of reconstruction came up, I said that this must be dealt with on a business basis.

This principle was readily recognized by Bierut, who said that the new Polish Government would want to make a commercial treaty with the United States so that trade in both directions could be reestablished. He realized that only through exports would Poland be able to repay the United States for goods bought on credit. They outlined their requirements in general for equipment and stressed particularly the serious shortage of transportation, both railway equipment and, especially, motor vehicles and trucks. They said they desired to get back from Germany the 40 to 60 thousand trucks which had been taken from Poland and in other direction evinced a strong desire to obtain from Germany restitution and reparations at the earliest moment. On the other hand, they hoped that some equipment could be obtained from the United States as quickly as possible.

Besides transportation requirements, Poland urgently needs port equipment and machinery from the reestablishment of their industry, both within the boundaries of old Poland and in the new territory which they counted on obtaining in the west at the expense of Germany.

I pointed out the present legal limitations on the Export and Import Bank to extend credits and the prior call on our industry for certain types of equipment for the war in the Pacific. I encouraged them, on the other hand, in the thought that immediate analysis of their needs would be helpful in order to be prepared for prompt action if and when equipment was available and credits could be extended. I also pointed out that in view of the size

of

size of any credit it would be necessary to analyze the Polish Government's plans for exports and especially to the United States, so that we might be satisfied as to the ability of Poland to repay any credits which might be granted. I also referred to the possibility of obtaining a credit from the world bank when and if it was established.

The Poles are very anxious to obtain a credit from the United States as soon as possible after the new government of national unity is established and recognized by the United States. Apart from the humanitarian aspects and the value in connection with developing future markets for American equipment, I believe that from a political standpoint it is of inestimable importance to start negotiations immediately with a view of granting promptly a small credit, at least to allow purchases and shipment to Poland of equipment most urgently required for reconstruction. This might be increased at a later date when the Export-Import Bank obtains additional appropriations from Congress. There can be no doubt that promptness in supplying urgently required American equipment will have a far-reaching and permanent effect on the influence of the United States in the political situation in Poland and especially on our influence in connection with the carrying out of the final step in the Crimea decision, that is, the holding of genuinely free elections. I cannot urge too strongly that Ambassador Lane be authorized before his departure from Washington to begin negotiations for a credit to buy American equipment and that the new government be encouraged to send representatives to Washington to work out the details. The most effective gesture that we could make to show our interest in helping Poland would be to send several hundred used trucks from our army on the continent. This gesture, I am sure, would substantially contribute to bolstering the position and prestige of the new government members.

If we put off taking any concrete action for a protracted time, on the other hand, the hopes of help from the United States which all Poles have, including the Lublin group, will be dampened and our influence cannot fail to be affected adversely. In other words, I believe that a small gesture quickly made will be of even greater political as well as practical use than substantially larger transactions made at a later date. I also hope that our representative on the UNRRA Board

will

will encourage UNRRA to promptly increase shipments as much as possible using the port of Danzig; also that the UNRRA mission be dispatched without delay to Warsaw. I hope further that the American Red Cross may find it possible to increase its million dollar appropriation for medical supplies. From reports of Amcross representatives who have been in Poland recently there is no doubt that Poland is desperately short of medical supplies of all kinds and I know of no country in Europe where aid given can be more useful from standpoint of human values.

I would personally greatly appreciate the Department's reaction to the above recommendations, even though I shall be dropping out of my direct relations with Poland on Ambassador Lane's arrival in Warsaw.

I discussed specifically with Bierut the points raised in the Department's telegram of June 22. He was greatly interested in obtaining American technical aid in Polish reconstruction problems. At the proper time he is anxious to send Polish engineers to America in order to study particular problems and said that American engineers would be welcome in Poland to assist them. He hoped that we will attach to our Embassy competent experts in agriculture and industry who could not only analyze Poland's needs from the United States but advise informally the Polish Government ministries involved. Bierut stated that our representatives would be given every opportunity to travel in Poland and see what they wished.

I stressed the importance of rapid communications between our Embassy in Warsaw and Washington. Bierut stated the Government was working on this and was anxious to establish direct radio communication with America. I told him that we have now regular trans-Atlantic air service to England, France, Stockholm and Frankfort and that we would want to establish an American connecting service with one of these points and Warsaw. Bierut understood the importance of air communications with America and that after our Ambassador's arrival, these arrangements could be worked out. Bierut stated that the port of Danzig would be open by July 1 and suggested that UNRRA and other shipments from U.S. be delivered to that port. He agreed to the sending of naval officers from the military mission here to Gdynia and Danzig to inspect present condition of facilities and he is anxious for these officers to discuss the requirements of those two ports with Polish authorities.

I made

I referred to the value of the establishment of American consular offices in Poland and Polish consulates in the United States and made the suggestion that the details could be worked out upon the arrival of our Ambassador in Warsaw. To this Bierut agreed.

On a previous occasion I had raised the question of American correspondents in Poland with Gomulka, and he had assured me that the Polish Government desired American correspondents in Poland upon the establishment of diplomatic relations.

HARRIMAN

THE SECRETARY OF THE TREASURY
WASHINGTON 25

June 30, 1945

I have been deeply gratified by the attention that the newspapers of the country have given to news relating to the Treasury's drive against tax evaders.

This letter is to thank you for this attention, and to urge a continuing interest.

If law enforcement efforts are to be effective, there should be a clear connection between the crime and its punishment. Income tax cases, by their very nature, take much time to develop. An attempted evasion of income tax in any year cannot be discovered until after returns have been filed in the next year. And in developing a case for prosecution, it is necessary to trace income substantially in excess of that reported. This requires painstaking work and much time, especially if operations are in currency.

I mention this because some editors may think an income tax case brought this year, based upon evasions during the early years of the war, is "stale" news. In the normal course of events, the average income tax case, when it is brought to trial, deals with evasions two or three years previously. In some of the more important cases, several years have been required to assemble evidence.

The situation which now confronts the Treasury, moreover, is far from normal. During the course of a few years there have been radical increases in the national income and in the amount of money in circulation, and even greater increases in tax rates and coverage. Before the war there were 4,000,000 individual taxpayers and collections of $5 billion. Now there are more than 50,000,000 individual taxpayers and collections of $45 billion.

The great majority of American citizens recognize the necessity for heavier taxes to meet war costs, make honest returns and pay their tax bills without protest.

War conditions, however, have been accepted by too many persons as representing an opportunity to conceal income. This is especially true as to black market operators, whose dealings are conducted largely in currency, and as to other racketeers and war profiteers. The honest taxpayer inevitably pays, directly or indirectly, the tax which the crook dodges.

Since it is obviously impossible to police tax collections adequately with forces of pre-war size, I have undertaken to recruit 5,000 additional investigators, plus another 5,000 to 6,000 persons to do the office work connected with our expanded tax collecting program. President Truman has given his vigorous approval to the program and has added the helpful proposal that we pay particular attention to recruiting from among discharged service men those who are qualified by experience and training for our stepped-up enforcement program.

The Treasury always has had authority to examine all books and records pertinent to an income tax case and has for many years required information as to salary payments and other data to facilitate the collection efforts. Because the use of currency is so frequently a factor, especially in "black market" cases, we are now requiring monthly reports from banks and other financial institutions of currency transactions which, in the judgment of these institutions, are of unusual nature.

The Treasury welcomes information from any source that can help stamp out tax evasion. Our primary purpose, however, is not to put people in jail, but to collect the taxes. No taxpayer who has made an honest mistake has anything to fear. Moreover, the long established policy of the Bureau of Internal Revenue has been against undertaking criminal prosecution in any case in which the taxpayer corrects false or erroneous returns and settles his bill with the government before investigation has begun.

Newspapers can help substantially in publicizing our recruiting efforts, in reporting adequately all phases of our intensified enforcement drive, and in making plain its primary purpose — to prevent tax evasion. The more widespread the publicity, the greater will be its deterrent effect.

I shall welcome any questions, suggestions or criticisms from you or your staff either as to our general policy or as to more specific matters, providing always, of course, that the questions are such that I can lawfully answer them.

Yours sincerely,

Henry Morgenthau Jr.

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June 30, 1945

Dear Mr. Kelley:

It is with pleasure that I send you the enclosed $25 War Bond, which is the third award in the competition for the selection of a quotation from the public addresses of President Roosevelt. I am glad to transmit the prize and to express my congratulations upon your winning it.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Thomas V. Kelley,
906 Garland Avenue,
Takoma Park, Maryland.

Enclosure.

GEF/dbs

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REGULATIONS GOVERNING PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

1945
Department Circular No. 750
Revised

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, June 30, 1945.

Fiscal Service
Bureau of the Public Debt

Department Circular No. 750, dated September 5, 1944 (9 F.R. 10,846), is hereby amended, effective July 2, 1945, and issued to read as follows:

Pursuant to the authority of the Second Liberty Bond Act, as amended, the following regulations are hereby prescribed to govern payments by banks and other financial institutions in connection with the redemption of United States Savings Bonds.

Subpart A - AUTHORITY TO ACT

Sec. 321.1. Financial institutions authorized to act. - Commercial banks, trust companies, savings banks, savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks, and similar financial institutions which (a) are incorporated under Federal law or under the laws of a State, Territory or possession of the United States, the District of Columbia, or the Commonwealth of the Philippine Islands; (b) in the usual course of business accept, subject to withdrawal, funds for deposit or the purchase of shares; (c) are under the supervision of the banking department or equivalent authority of the jurisdiction in which incorporated; (d) maintain regular offices for the transaction of their business; and (e) are open daily and observe regular business hours, are eligible to become paying agents and, upon qualification in accordance with Section 321.2 hereof, are hereby authorized to make payments in connection with the redemption of United States Savings Bonds, subject to the provisions of this circular and any instructions issued hereunder.

Sec. 321.2. Application and qualification. - Federal Reserve Banks, as Fiscal Agents of the United States, are authorized to qualify eligible institutions hereunder, and to terminate any such qualification as hereinafter provided. Any eligible institution possessing adequate authority under its charter which desires to qualify to make payments in connection with the redemption of United States Savings Bonds, should make application to the Federal Reserve Bank of the Federal Reserve District in which it is located[1] on

[1] For the purpose of this circular, eligible institutions in Puerto Rico, the Virgin Islands and the Canal Zone shall be considered as being within the Second Federal Reserve District and shall make application to the Federal Reserve Bank of New York, and eligible institutions in Alaska, Hawaii, Guam and the Philippine Islands shall be considered as being within the Twelfth Federal Reserve District and shall make application to the Federal Reserve Bank of San Francisco.

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Application-Agreement Form PD 1958, Revised (see appended Exhibit A), copies of which may be obtained from the appropriate Federal Reserve Bank. If the application is approved, the Federal Reserve Bank will forward to the applicant a Notice of Qualification Form PD 1959, Revised (see appended Exhibit B), establishing that it is qualified to make payments in connection with the redemption of the United States Savings Bonds hereinafter specified. If the application is not approved, the applicant will be so advised in writing by the Federal Reserve Bank of the District.

(a) Continuation of existing qualifications. - Any incorporated bank or trust company duly acting as a paying agent at the effective date of this revision may continue so to act under its present qualifications but subject to the terms and conditions of this circular.

Sec. 321.3. Termination of an agent's qualification to pay bonds. - The Secretary of the Treasury or under authority of the Secretary the appropriate Federal Reserve Bank, as Fiscal Agent of the United States, may, by written notice, at any time and without previous demand or notice, terminate the qualification of any paying agent hereunder. A duly qualified paying agent may discontinue making payments at any time upon written notice to the Federal Reserve Bank, and its qualification shall thereupon cease.

Subpart B - GENERAL

Sec. 321.4. Meaning of terms in this circular. - For the purpose of this circular, unless otherwise indicated specifically, or by context, the terms:

(a) "Paying agent(s)" or "agent(s)" shall mean any eligible financial institution duly qualified pursuant to the provisions of this circular to make payments in connection with the redemption of the United States Savings Bonds hereinafter specified, including such branches located within the United States (including its territories and possessions and the Canal Zone) and the Commonwealth of the Philippine Islands, as it may wish to utilize. For the purpose of this circular the term "branches" shall include those bank facilities at army and navy installations and at defense plants which have been established for the duration of the War with the specific approval of the Treasury Department.

(b) "Bond(s)" shall include only United States Savings Bonds of Series A, B, C, D or E, including bonds of Series E designated "Defense Savings Bonds" or "War Savings Bonds." (SAVINGS BONDS OF SERIES F AND G ARE NOT INCLUDED.)

(c) "Owner(s)" shall mean an individual (natural person) whose name is inscribed as an owner (or coowner) in his own right on a bond which is registered in any of the following forms:

(1) in the name of a single individual in his own right, e.g. "John A. Jones;"

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(2) in the names of two individuals as coowners, e.g. "John A. Jones or Mrs. Ella S. Jones" (each is considered as an "owner," and payment may be made to either without the consent of the other); or

(3) in the name of one individual, payable on death to another, e.g. "John A. Jones, payable on death to Mrs. Ella S. Jones," or "John A. Jones, p.o.d. Mrs. Ella S. Jones." (In this example, John A. Jones is the "owner" and Mrs. Ella S. Jones is the beneficiary. Payment under this circular to a beneficiary is not authorized.)

(d) "Federal Reserve Bank" includes each Federal Reserve Bank and each Branch of a Federal Reserve Bank conducting any of the transactions in connection with which the term is used in this circular.

Sec. 321.5. Reimbursement of agents' costs. - (a) Each paying agent shall be entitled to receive, for its service in paying bonds hereunder, reimbursement for bonds paid and forwarded to the Federal Reserve Bank each calendar quarter according to the following scale, which shall be applicable separately to the agent and to each of its branches utilized in making payments hereunder, if the bonds paid by each are separately scheduled and accounted for:

15 cents each for the first 1,000 bonds
10 cents each for all over 1,000 bonds

The date such bonds are forwarded to the Federal Reserve Bank will govern the rate of reimbursement, and the payment of such amount as the agent is entitled to receive shall be made by the Federal Reserve Bank on behalf of the Treasury Department.

(b) Paying agents shall not make any charge whatever to owners of savings bonds in connection with payments hereunder.

Sec. 321.6. Announcements, etc. of authority to pay bonds. - Any announcement of or any reference to an agent's authority to pay savings bonds may be made only in a form or manner or contain such statements or substance as may be approved by the Secretary of the Treasury or, under authority of the Secretary, by the Federal Reserve Bank of the District, as Fiscal Agent of the United States. An eligible financial institution shall not make such announcements or references unless and until it is officially qualified to pay bonds.

Subpart C - SCOPE OF AUTHORITY OF PAYING AGENTS

Sec. 321.7. General. - In order to protect the interests of the owners and to insure receipt by the proper persons of the proceeds thereof, savings bonds are registered, are not transferable, and, in accordance with their terms, are payable only to the owner named on the bond (except as otherwise specifically provided in the regulations governing the bonds); <u>they may not be used as security for loans or advances in any form</u>. This policy must be understood and effectuated by each agent, notwithstanding the authority granted herein to make payments of bonds, since it is of the utmost importance that payment of the appropriate redemption value of the bonds be made only to and received by the persons entitled and strictly under the terms and conditions of the bonds and applicable regulations.

Sec. 321.8. <u>Payments-to owner named on bond</u>. - Subject to the terms of the bonds and to the provisions of the regulations governing them (Treasury Department Circular No. 530, as currently in effect on the date of payment) and the provisions of this circular, an agent may make payment of any United States Savings Bond of Series A, B, C, D or E, to the individual (natural person) whose name is inscribed as the owner (or coowner) in his own right on the bond: <u>Provided</u>, That such individual presents the bond to the agent for payment and that the individual is known to the agent or establishes his identity to the complete satisfaction of the agent. This authority to make payments to the owner named on the bond will be held to include the following exceptional cases:

(a) <u>Payments - owner's name changed by marriage</u>. - Where the name of the owner as inscribed on the bond has been changed by marriage and the agent knows or can establish to its complete satisfaction the identity of the owner whose name has been so changed. The signature to the request for payment should show both names, for example - "Miss Mary T. Jones, now by marriage Mrs. Mary J. Smith." AN AGENT IS NOT AUTHORIZED TO PAY A BOND FOR AN OWNER WHOSE NAME AS INSCRIBED ON THE BOND HAS BEEN CHANGED IN ANY OTHER MANNER.

(b) <u>Payments - to parent of a minor</u>. - Where the name of the owner inscribed on the bond is that of a minor child who is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of such act but upon whose behalf request for payment is made by a parent with whom the child resides: <u>Provided, however</u>, That the form of registration does not indicate a guardian or similar representative of the estate of the minor owner has been appointed or is otherwise legally qualified. The parent requesting payment on behalf of the minor child must be known or his or her identity established to the complete satisfaction of the agent, and the parent must sign the request for payment in the form - "John A. Jones, on behalf of John C. Jones" and affix an endorsement in substantially the following form, which may be typed on the back of the

bond: "I certify that I am the ______________________ (father or mother) of John C. Jones and the person with whom he resides. He is ________ years of age and is not of sufficient competency and understanding to sign the request." <u>Such a payment may not be made to any person other than a father or mother</u>.

Sec. 321.9. <u>Specific limitations of payment authority</u>. - An agent is not authorized to pay a bond:

(a) If the bond is presented for payment prior to the expiration of 60 days from the issue date (the issue date should not be confused with the date appearing in the issuing agent's dating stamp.) Any payment or advance to a bond owner before a bond is eligible for redemption is not authorized in any circumstance.

(b) If the agent does not know or cannot establish to its complete satisfaction the identity of the person requesting payment as the owner of the bond (including the establishment of the identity of parents requesting payment on behalf of minor children, as set forth in Sec. 321.8(b)).

(c) If the owner requesting payment (form for which appears on the back of each bond) does not sign his name in ink as it is inscribed on the face of the bond and show his home or business address. (See also Secs. 321.8 (a) and (b) and 321.10 (d).)

(d) If the bond appears to bear a material irregularity, for example, an altered, illegible, incomplete or unauthorized inscription, issue date or issuing agent's validating stamp impression; or if a bond appears to be altered, or is mutilated or defaced in such a manner as to create doubt or arouse suspicion with respect to the bond or any essential part thereof.

(e) If the bond is marked "DUPLICATE."

(f) If Treasury Department regulations require the submission of documentary evidence to support the redemption of the bond, as in the case of deceased owners, incompetents or minors under legal guardianship or the change of an owner's name as inscribed on a bond if for any reason other than marriage.

(g) If the owner named on the bond and requesting payment is a minor who, in the opinion of the agent, is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of such act. (Note the authority granted to agents to make payments of bonds to either parent on behalf of a minor child under the provisions of Sec. 321.8 (b).)

(h) If it is known to the agent that the owner has been declared, in accordance with law, incompetent to manage his estate.

(i) If partial redemption is requested.

Attention is directed to Sec. 321.17 hereof for handling bonds of the foregoing classes of cases which may not be paid by agents.

Subpart D - PAYMENT AND ACCOUNTING

Sec. 321.10. Examination of bonds presented for payment. - Before making payment of bonds presented hereunder the agent:

(a) Shall determine that the person requesting payment as the "owner" (as defined in this circular) is known or his identity is established to the satisfaction of the agent.

(b) Shall examine the bond and determine that it is a bond which the agent is authorized to pay under the provisions of this circular.

(c) If the request for payment on the back of the bond is already executed, shall determine that the request is properly signed by the registered owner presenting the bond and that his home or business address is shown.

(d) If the request for payment on the back of the bond has not been executed or has been improperly executed by the owner presenting the bond, shall require such owner to properly sign the request and show his home or business address.

Sec. 321.11. Certification of requests for payment. - In view of the provisions of this circular governing payment of bonds and the requirements as to the data to be endorsed on each bond, under Sec. 321.12, an agent will not be required in the case of any bond paid by it to complete the certification form at the end of the request for payment, nor determine the authenticity of any certification which may appear on the bond at the time it is presented for payment: Provided, however, That each agent submitting paid bonds shall be understood by such submission to have represented and certified that the identity of the owner requesting payment has been duly established to the satisfaction of the agent by one of its officers or by an employee duly authorized by the agent.

Sec. 321.12. Determination of redemption values and payment of bonds. - The redemption value of a bond is determined from the period of time (years and full half-year) that it has been outstanding, and the table of redemption values on each bond. The Federal Reserve Bank of the District will furnish each agent monthly with a table of redemption values from which it will be possible, after determining the month and year of issue of any bond, to immediately establish its current value. After establishing such value, payment thereof to the owner requesting payment shall be made in cash. No objection will be made to an arrangement between the owner and the agent under which the owner accepts in lieu of cash, a credit to his checking, savings or share account with

the agent, or a check or similar instrument payable to his order. Each agent shall place on the face of each bond paid by it the word "PAID," the amount and date of payment and the name, location and code number assigned to the agent by the Federal Reserve Bank. Other data pertinent to the payment procedure of an agent may be included if approved by the Federal Reserve Bank of the District. The Federal Reserve Bank will furnish rubber stamps for this purpose or, in lieu thereof, will approve suitable stamps prepared by an agent. The affixation of such data shall be construed by and between the agent and the Treasury Department to be a certification by the paying agent that the bond has been paid in accordance with the terms and requirements of this circular and that payment of the proceeds of the bond has been made to the owner.

Sec. 321.13. Forwarding paid bonds to the Federal Reserve Bank. - After payment, the bonds shall be forwarded to the Federal Reserve Bank of the District in accordance with instructions issued by such Federal Reserve Bank.

Sec. 321.14. Redemption of paid bonds by Federal Reserve Banks. - Upon receipt of the paid bonds the Federal Reserve Bank will make immediate settlement with the paying agent for the total amount of payments made on such bonds; however, such settlement shall be subject to adjustment if any discrepancies are discovered at a later date.

Sec. 321.15. Losses resulting from payments. - Section 22 of the Second Liberty Bond Act, as amended, provides:

"(i) Any losses resulting from payments made in connection with the redemption of savings bonds shall be replaced out of the fund established by the Government Losses in Shipment Act, as amended, under such regulations2/ as may be prescribed by the Secretary of the Treasury. The Treasurer of the United States, any Federal Reserve Bank, or any qualified paying agent authorized or permitted to make payments in connection with the redemption of such bonds, shall be relieved from liability to the United States for such losses, upon a determination by the Secretary of the Treasury that such losses resulted from no fault or negligence on the part of the Treasurer, the Federal Reserve Bank, or the qualified paying agent.***. The provisions of Section 3 of the Government Losses in Shipment Act, as amended,3/ with respect to the finality of decisions by the Secretary of the Treasury shall apply to the determinations made pursuant to this subsection.***"

2/ Regulations governing replacement of losses resulting from payments made in connection with the redemption of United States Savings Bonds are set forth in Treasury Department Circular No. 751, Revised.

3/ The provisions of Section 3 of the Government Losses in Shipment Act, as amended, with respect to the finality of decisions by the Secretary of the Treasury are - "Notwithstanding any provision of law to the contrary, the decision of the Secretary of the Treasury that such loss, destruction, or damage has occurred or that such shipment was made substantially in accordance with such regulations shall be final and conclusive and shall not be subject to review by any other officer of the United States."

(a) Consideration of facts concerning loss. - In any case in which a loss occurs, the paying agent shall be afforded ample opportunity to present all of the facts pertaining to the circumstances of the payment for consideration by the Secretary.

Sec. 321.16. Preservation of rights. - Nothing contained in these regulations shall be construed to limit or restrict any existing rights which holders of savings bonds may have acquired under the circulars offering such bonds for sale and the regulations prescribed thereunder.

Sec. 321.17. Redemption of bonds not payable by agents. - Any bonds which an agent is not authorized to pay pursuant to the provisions of this circular should be forwarded by the owner, or his agent, after certification of the requests for payment, to the Federal Reserve Bank or Branch of the District for redemption. If an agent should undertake to forward such unpaid bonds at the request and in behalf of the person entitled to payment, such bonds must be sent separate and apart from bonds which the agent has paid. Any documentary evidence required to support the redemption should accompany the bond or bonds when forwarded to the Federal Reserve Bank.

Sec. 321.18. Functions of Federal Reserve Banks. - The Federal Reserve Banks, as Fiscal Agents of the United States, are authorized to perform such duties, and prepare and issue such forms and instructions, as may be necessary to the fulfillment of the purpose and requirements of this circular. The Federal Reserve Banks, in their discretion, may utilize any or all of their Branches in the performance of these duties.

Sec. 321.19. Supplements, Amendments, etc. - The Secretary of the Treasury may at any time or from time to time revise, supplement, amend, or withdraw, in whole or in part, the provisions of this circular, or of any revisions, supplements, or amendments thereto, information as to which will be furnished promptly to the Federal Reserve Banks and to the agents qualified hereunder.

(Signed) H. Morgenthau, Jr.

HENRY MORGENTHAU, JR.
Secretary of the Treasury.

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EXHIBIT "A"

Form PD 1958, Revised
(July 2, 1945)

Treasury Department
Fiscal Service
Bureau of the Public Debt

APPLICATION-AGREEMENT

Payments by banks and other financial institutions in connection with the redemption of United States Savings Bonds

Dated ...., 194...

TO THE FEDERAL RESERVE BANK OF ....
Fiscal Agent of the United States

The ____________________ hereinafter referred to as the undersigned,
Name of institution
hereby applies for qualification to make payments in connection with the redemption of United States Savings Bonds, as provided in Treasury Department Circular No. 750, Revised. The undersigned hereby certifies that (a) it is incorporated under the laws of ____________________; (b) in the usual course of business it accepts, subject to withdrawal, funds for deposit or the purchase of shares; (c) it is under the supervision of the ____________________ of ____________________;
Name of supervising Dept. or similar office State or other jurisdiction
(d) it maintains a regular office for the transaction of its business at the address specified below; (e) it is open daily and observes regular business hours; and (f) it has adequate authority under its charter to enter into this agreement.

In consideration of being qualified as a paying agent, the undersigned hereby agrees:

1. To be bound by and to comply with the provisions of Treasury Department Circular No. 750, Revised, including all supplements and amendments thereof and instructions issued thereunder.

2. That the Secretary of the Treasury, or the Federal Reserve Bank of ...., by written notice, may, at any time, and without previous demand or notice, terminate the qualification of the undersigned; and that in the event of such termination the undersigned, after receipt of such notice or after the date of termination specified therein, will not thereafter pay any United States Savings Bonds.

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It is understood that the undersigned may withdraw from this Agreement at any time upon written notice of such intention to the Federal Reserve Bank of ....

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed under seal by the officer below named, thereunto duly authorized by a resolution of its governing board or committee adopted on the .... day of ...., 194.....

....
(Name)

....
(Address)

(SEAL)

By ....
(Signature of Officer)

....
(Title of Officer)

ACKNOWLEDGMENT

State of }
County of } ss:

On this .... day of ...., 194...., before me appeared ...., to me personally known, who, being by me duly sworn, did say that he is the .... of the
(Title of Officer)
.... and that the seal affixed to the above
(Name of Institution)
instrument is the corporate seal of said institution, and that the above instrument was signed and sealed in behalf of said institution by authority of its governing board or committee, and said officer acknowledged said instrument to be the free act and deed of said institution.

....
Notary Public

(SEAL)

My commission expires........

(In case the applicant has no corporate seal omit the words, "and that the seal affixed to the above instrument is the corporate seal of said institution", and add at the end of the affidavit "The institution has no corporate seal".)

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EXHIBIT "B"

Form PD 1959, Revised
(July 2,1945)

Treasury Department
Fiscal Service
Bureau of the Public Debt

NOTICE OF QUALIFICATION OF A BANK OR OTHER FINANCIAL INSTITUTION TO MAKE PAYMENTS IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

........................, 194.....

To: ....
....
....

Gentlemen:

Your Application-Agreement Form PD 1958, Revised, dated ...., has been approved as of this date. You are hereby notified that you are qualified to make payments in connection with the redemption of United States Savings Bonds pursuant to the provisions of Treasury Department Circular No. 750, Revised, and any supplements or amendments thereof and instructions issued pursuant thereto.

FEDERAL RESERVE BANK OF ....

Fiscal Agent of the United States

By ....

IMPORTANT: This memorandum is <u>only</u> for use of banks and other financial institutions. It is not for general distribution.

MEMORANDUM OF INSTRUCTIONS AND EXPLANATION ISSUED IN CONNECTION WITH DEPARTMENT CIRCULAR NO. 750, REVISED, PRESCRIBING REGULATIONS GOVERNING PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

TABLE OF CONTENTS FOR MEMORANDUM OF INSTRUCTIONS AND EXPLANATION ISSUED IN CONJUNCTION WITH TREASURY DEPARTMENT CIRCULAR NO. 750, REVISED

IMPORTANT: This memorandum is only for use of banks and other financial institutions eligible to qualify as paying agents. It is not for general distribution.

MEMORANDUM OF INSTRUCTIONS AND EXPLANATION ISSUED IN CONJUNCTION WITH DEPARTMENT CIRCULAR NO. 750, REVISED, PRESCRIBING REGULATIONS GOVERNING PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS.

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, June 30, 1945.

Revision of Memorandum
dated September 5, 1944

1. This memorandum is presented for the guidance of eligible banks and other financial institutions considering the matter of qualifying to make payments of United States Savings Bonds under the provisions of Treasury Department Circular No. 750, Revised, and for the use of those institutions which have been or may hereafter be qualified. Its purpose is to explain in detail some of the provisions of the circular, and to clarify the transactions authorized thereunder. Other instructions may be issued from time to time either direct by the Treasury Department or by the Federal Reserve Banks, as Fiscal Agents of the United States, which will be made available to each qualified paying agent. The terms "Federal Reserve Bank(s)," "bond(s)," "owner(s)," "paying agent(s)" and "agent(s)" whenever used herein unless otherwise indicated specifically, or by context, shall have the same meaning as set forth in Sec. 321.4 of Circular No. 750, Revised.

I. QUALIFYING TO PAY BONDS

2. Sec. 321.1 of the circular outlines the different classes of incorporated financial institutions which are eligible to be qualified to make payments of savings bonds and the conditions precedent to qualification. In explanation of the condition under 321.1(e), the Treasury Department will require each of the otherwise eligible financial institutions to be open during regular hours on each of the business days observed in the community. Where the five day week is observed and the institution is open during regular hours each of these days, the condition will be considered to have been complied with. Sec. 321.2 provides that any eligible institution desiring so to qualify shall file an Application-Agreement Form PD 1958, Revised, with the Federal Reserve Bank of the District in which it is located or to which it is assigned. Copies of the Application-Agreement form will be furnished by the Federal Reserve Banks. Each eligible institution not presently qualified, but desiring to qualify to pay bonds, should, after the adoption of an appropriate resolution by its governing board or committee, have a duly authorized officer

(a) complete and execute the Application-Agreement form on behalf of the institution (under its corporate seal if it has one), (b) have the form acknowledged before a notary public (who should affix his seal and indicate the date his commission expires), and (c) forward it to the Federal Reserve Bank of its District.

3. The appropriate Federal Reserve Bank will consider each application and advise the applicant whether or not its application is approved. The qualification of an institution automatically qualifies any of its branches (including facilities of banks as defined in the circular) to pay savings bonds, if they are located within the United States (including its territories and insular possessions and the Canal Zone) or the Philippine Islands. The Treasury will not object to continuance by a qualified paying agent of any subagency agreements with local well established and reputable financial institutions if such agreements are currently in effect on June 30, 1945. However, no subagency arrangements shall be effected or reestablished by any paying agent after that date. Any subagency agreement in effect on such date will terminate if the subagent qualifies as a paying agent under the revised circular. As heretofore provided, a subagent eligible to continue to act under the foregoing permission shall not be permitted any greater authority in the payment of bonds than is granted to the qualified agent. All bonds paid by a subagent and all transactions in connection therewith shall be handled by and through the agent establishing the subagent. Each qualified agent shall be fully responsible for the acts of its subagents and for losses resulting therefrom.

II. ANNOUNCEMENTS REGARDING AUTHORITY TO PAY BONDS

4. Sec. 321.8 of the circular provides that an agent shall not make any announcement or reference relating to its qualification or authority to pay savings bonds unless and until it is notified of its qualification by the Federal Reserve Bank. After the effective date of its notification of qualification an agent may make only such announcements or references as may be approved by the Secretary of the Treasury or by the Federal Reserve Bank of the District, as Fiscal Agent of the United States. The limitations covered in Sec. 321.8 refer to statements for publication or general distribution and should not be construed as prohibiting an agent from stating facts in reply to specific inquiries in the matter. It is expected, of course, that such statements will not be made in a manner or for the purpose of circumventing the prescribed limitations.

5. The announcement set forth below may be made in newspapers, magazines or other publications, or by a circular notice or envelope stuffer at such times and in such manner as may be deemed appropriate. No such notice or stuffer should be included in any mailing relating to the purchase or sale of savings bonds or other securities, goods or services,

or in any mailing of such bonds, securities or goods. The title of the announcement may not be printed in type larger than 12 point and the text of the announcement may not be printed in type larger than 10 point.

"ANNOUNCEMENT TO OWNERS OF UNITED STATES
SAVINGS BONDS OF SERIES A, B, C, D AND E"

"The (name of institution) is authorized by the United States Treasury Department to pay any Savings Bond of Series A, B, C, D or E, subject to that Department's regulations, whenever any such bond is presented for that purpose by an individual (natural person) whose name appears on the bond as an owner or coowner and who furnishes proper identification.

"The Treasury Department and this institution sincerely request that you do not redeem any bond before its maturity date unless a real personal emergency requires such action. However, if circumstances require you to cash a bond, this institution will be pleased to serve you."

6. A qualified paying agent may print as an adjunct to any of its regular advertisements, or it may display in its lobby or window, any of the following:

"(AN) AUTHORIZED AGENT FOR PAYMENT OF U. S. SAVINGS BONDS SERIES A, B, C, D AND E"

"AUTHORIZED TO PAY U. S. SAVINGS BONDS SERIES A, B, C, D AND E"

"THIS BANK (or other appropriate description of the agent institution) IS AUTHORIZED TO PAY U. S. SAVINGS BONDS SERIES A, B, C, D AND E."

The agent's name may be used with any of these statements. The use of these, or any other approved statements, in the newspapers or other form of printed matter should be in type not larger than 10 point. A lobby or window display of any approved statement must be kept to a conservative size. If a bank or trust company qualified as a paying agent has made any subagency agreements which are to be continued, its subagents may announce that they will pay U. S. Savings Bonds, Series A, B, C, D and E for the account of .... bank. Such announcements, of course, must conform in size and character to those used by the agents. No objection will be made to the display of a sign of a conservative character and size at the window or cage of the agent's office at which the bonds are paid. The Treasury suggests these signs should not exceed 5 x 8 inches in size. They may read - "Series A to E U. S. Savings Bonds paid here" or "Savings Bonds paid here." Requests for use of statements in lieu of the foregoing should be submitted to the Federal Reserve Bank of the District.

III. GENERAL POLICY CONCERNING PAYMENT OF BONDS

7. Particular attention is directed to the provisions of Sec. 321.7 of the circular, because it is of the utmost importance that payment of the appropriate redemption value of the bonds be made to and received by only the persons entitled thereto under the terms and conditions of the bonds and applicable regulations. Paying agents have both an opportunity and a responsibility to render a valuable public service by paying bonds only under circumstances which will accomplish this objective. Paying agents <u>must not</u> (1) advance money on, make loans on, or discount the redemption value of savings bonds, either directly or indirectly, nor (2) make any payment of a savings bond before the expiration of sixty days from the issue date of such bond. VIOLATION OF THE DEPARTMENT'S POLICY IN ANY SUCH RESPECT WILL BE CAUSE FOR DISQUALIFICATION OF A PAYING AGENT.

IV. PAYMENTS AUTHORIZED

8. <u>General Authority</u>. - Sec. 321.8 provides in general that a qualified paying agent may pay a savings bond of Series A, B, C, D or E only upon the request of an individual (natural person) whose name actually is inscribed on the bond in the capacity of an owner or coowner: <u>Provided</u>, That the agent is completely satisfied that the bond is in order for payment, that the owner requesting payment is competent to act and that he is known to or has been identified to the complete satisfaction of the agent. Supplemental explanations, instructions and exceptions regarding these general statements are set forth hereinafter. UNDER NO CIRCUMSTANCES, HOWEVER, IS AN AGENT AUTHORIZED TO PAY ANY BOND OF SERIES F OR G, OR BONDS OF ANY SERIES IF INSCRIBED IN THE NAMES OF CORPORATIONS, ASSOCIATIONS, PARTNERSHIPS OR FIDUCIARIES. PAYMENT MAY NOT BE MADE BY AN AGENT TO A PERSON NAMED ON A BOND AS THE BENEFICIARY EVEN THOUGH THE OWNER IS DECEASED.

9. <u>Authority where owner's name is changed</u>. - Sec. 321.8 (a) provides that agents may pay bonds for owners where their names as inscribed on the bonds have been changed by marriage. The agent must be satisfied that the owner and the person requesting payment are one and the same before it makes payment. Further, the woman whose name as inscribed on the bond as owner has been changed by marriage should sign the request for payment in the form - "Miss Mary T. Jones, now by marriage Mrs. Mary J. Smith." AGENTS ARE NOT AUTHORIZED TO PAY BONDS FOR PERSONS WHOSE NAMES AS INSCRIBED ON THE BONDS HAVE BEEN CHANGED IN ANY OTHER MANNER.

10. <u>Authority to pay to parents of minor owners</u>. - Sec. 321.8 (b) provides that an agent may pay bonds to a parent (father or mother) but no other relative or person on behalf of a minor child if the child named on the bond as an owner is too young to request payment on his own behalf and comprehend the nature of his act. However, such authority is conditioned on the facts that (a) the child lives with the parent and (b) that the inscription on the bond does not indicate the appointment of some other

person as a guardian or similar legal representative of the estate of the minor. The term "owner" as defined in Sec. 321.4 of the circular, is construed to include parents authorized to receive payment under Sec. 321.8 (b). However, before making payment in these cases, the agent must be completely satisfied as to the identity of the parent and reasonably certain of the facts to be certified to by the parent with respect to the minor child as set forth in this paragraph. Personal appearance of the child will not be necessary if the agent is reasonably satisfied as to the facts of the case. In an authorized case of a parent requesting payment on behalf of a minor owner, the parent should sign the request for payment in the form - "John A. Jones, on behalf of John C. Jones" and affix an endorsement in substantially the following form: "I certify that I am the .... (father or mother) of John C. Jones and the person with whom he resides. He is .... years of age and is not of sufficient competency and understanding to sign the request." This endorsement should be stamped, typed or written in ink (or indelible pencil) on the back of the bond.

V. SPECIFIC LIMITATIONS ON PAYMENT AUTHORITY AND EXECUTION OF REQUESTS

11. <u>Time limitation on payments of bonds before maturity</u>.- Sec. 321.9(a) provides that no bond may be paid if presented prior to the expiration of 60 days from its issue date. Meanwhile, no advance payment may be made to the owner, and, of course, because of the terms of the bonds, loans are precluded. The issue date is the first day of the month in which payment of the issue price is received by an authorized issuing agent, and it should not be confused with the actual date of imprinting the bond as shown in the issuing agent's validating stamp impression on the bond. The issue date appears in the lower center section of bonds of Series A and B, in the lower right section of bonds of Series C, and in the upper right section of bonds of Series D and E.

12. <u>Limitation on payments due to improper identification</u>

(a) <u>General requirements</u>. -

(1) Sec. 321.9 (b) provides that before a qualified paying agent makes payment of a bond it must know or identify to its complete satisfaction the person requesting payment as the owner of the bond (including the identification of a parent requesting payment on behalf of a minor and a person whose name is changed by marriage).

(2) The Treasury Department will not prescribe the requirements an agent should follow but will expect identifications to be made in a manner which will give assurance that the owner of the bond requesting payment receives the proceeds of the bond. Signatures of persons other than the bond owner or other memoranda notations may be placed on the back of the bonds for the purpose of preserving the manner in which identification of a bond owner is established. Such data will be of great value in subsequent criminal investigations resulting from forgery or other irregularity not discovered by the paying agent and should benefit the agent as well as the Treasury Department. Accordingly, paying agents are urged to adopt as part of their payment procedure, the recording on the back of each bond a brief but complete description of the identification accepted in the payment of the bonds, including serial numbers, if any, of cards or other documents offered.

(3) The Department will not object to an agent accepting bonds for payment by mail or otherwise from its <u>depositors</u>: Provided, that (a) <u>each such depositor is also the owner</u> requesting payment, (b) the agent is completely satisfied that <u>the signature to each request for payment is that of the "owner depositor,"</u> and (c) the agent is satisfied that <u>the owner desires the bond proceeds to be credited in his checking, savings or share account unless</u>, of course, <u>payment is made in cash, or by a check or similar instrument drawn to the order of the owner</u>.

(4) United States Savings Bonds are not transferable and agents are authorized to pay them <u>only</u> to the owner named thereon. Accordingly, agents should bear in mind that payments should not be made if they in any way effect or assist in effecting the sale, discount or hypothecation of a bond after its issue.

13. <u>Limitation on payments due to improperly completed requests for payment</u>. - Sec. 321.9 (c) provides that a bond may not be paid if the owner does not complete and sign the request for payment (form for which appears on the back of each bond) in the prescribed manner (see following paragraphs). An agent should require completion of the request for payment only after it is satisfied that the bond is in order for payment. If the form for requesting payment is completed before the bond is presented for payment, the agent should have the owner again sign the request, immediately above or below the first signature, unless the agent is fully satisfied that the signature

already appearing is that of the owner requesting payment. If it is not practicable so to place the second signature, substantially the same wording of the REQUEST FOR PAYMENT Form may be typed or imprinted on any other available place on the back of the bond. The request then may be completed and signed by the owner in the prescribed manner.

14. <u>Form of signature - general.</u> - The request for payment should be completed and signed in ink (although the practice is not encouraged, indelible pencil may be accepted) to show (a) the full name (as inscribed on the bond) of the owner requesting payment and (b) his home or business address. It is important that the signature of such owner appear exactly as the name is inscribed on the bond. However, the Treasury Department is aware that slight errors and variations in the correct spelling of names of owners have been made inadvertently in inscribing bonds and that they have been undetected by the owner or, perhaps, considered by him to be of an insignificant nature. Although an agent is not required to pay bonds erroneously or improperly inscribed, it may wish to pay such bonds in some cases because of its knowledge of the facts or its reliance upon the integrity of the owner. Accordingly, if an agent is fully satisfied that the owner named on the bond and the person requesting payment are one and the same, no objection will be made to effecting payment of such bonds. In such cases, however, the request for payment should show the name of the owner as inscribed on the bond followed by the correct signature. Each of these cases will require careful and individual consideration; therefore, the Treasury Department must place upon the paying agent the responsibility for any such payment. The Department considers the current address to be of importance to it and the paying agent in the event of later discovery that a bond was improperly paid, and therefore requires that owners show their current home or business address on the back of their bonds presented for payment. It is the duty of the owner presenting the bond to record such information thereon; however, where it is practicable and the agent desires to do so after being satisfied that the owner's current address is the same as shown on the face of the bond, the Treasury will not object to the agent writing or stamping in ink in the request for payment the words "Address same as inscribed on face of bond," or a similar notation.

15. <u>Signature by mark.</u> - If an owner signs his name to the request for payment by mark, the signature should be in the form - "John J. Jones (x) his mark" and must be witnessed by at least one person in addition to the agent's employee paying the bond. The witness should attest substantially in the form - "Witness to the signature by mark" and sign his name and show his address immediately thereafter, on the back of the bond.

16. <u>Other forms of signature.</u> - See paragraph 9 hereof for form of signature to be used by an owner whose name has been changed by marriage and paragraph 10 for form of signature to be used by a parent requesting payment on behalf of a minor owner.

17. Limitation on payments due to material irregularities (Except mutilation or defacement)

(a) General. - Sec. 321.9 (d) provides that an altered, illegible, incomplete (in whole or in part) or unauthorized inscription, issue or maturity date or issuing agent's validating stamp impression ordinarily shall be considered a material irregularity which will render a bond ineligible for payment by a paying agent.

(b) Exception to limitation on payments due to material irregularities in forms of registration. - Bonds undoubtedly will be presented for payment bearing variations from the forms of registration authorized by the Treasury. (Examples of authorized forms of registration are set forth in Sec. 321.4 (c) of Circular No. 750, Revised. For a full coverage of authorized forms of registration, see Department Circular No. 530, as currently in effect at the time of payment.) Although agents are not required to pay bonds bearing such irregularities, no objection will be made to the payment of these bonds by an agent if it is fully satisfied that payment will be made in accordance with the ownership interest conferred by the comparable authorized form of registration. For example, a bond bearing the form of registration - "John A. Jones and Miss Alice R. Jones," which is unauthorized, may be paid to either owner according to the rights obtained by owners under the comparable authorized registration form of "John A. Jones or Miss Alice R. Jones." These cases will require careful and individual consideration; therefore, the Department must place upon the paying agent the responsibility for any such payment.

(1) Attention is called to one Treasury approved variation to the authorized forms of registration. The War and Navy Departments (including the Coast Guard and Marine Corps) have been authorized, in the case of bonds issued to persons in the Military and Naval Forces of the United States, to show the name of the owner and the coowner or beneficiary, if any, without indicating the address of either, followed by one or more spaces and then showing the name and address of the person to whom the bond is mailed. In these cases the name appearing with an address in this manner may be either (a) a repetition of the name of the owner, coowner or beneficiary, or (b) the name of another person. In any event the person whose name appears with an address in this manner does not thereby obtain any right or additional rights in the bond. An example of this form of registration is:

Registration	Comment
John A. Jones	(Coowner
or Miss Alice R. Jones	(Coowner

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Mr. Frank J. Jones 512 Main Street Center Point Maine	(Person to whom bond is mailed. This person obtains no right in the bond by reason of his name being printed thereon.)

(c) Exceptions to limitation on payments due to material irregularities other than form of registration. - It may be that bonds will be presented to agents for payment bearing material irregularities in the inscription, issue or maturity date or the issuing agent's validating stamp. For example, a bond may lack an issuing agent's validating stamp. The current redemption value of a bond cannot be readily established by a Federal Reserve Bank if the issue date is incomplete. Therefore, a bond should not be paid by an agent if either the issue month or the issue year has not been recorded on the bond. The issuing agent's validating stamp, of course, is not always a reliable basis for establishing an issue month or year. (See also par. 14 hereof.) Although an agent is not required to pay bonds bearing irregularities, it may wish to pay such bonds in some cases because of its knowledge of the facts or its reliance upon the integrity of the owner. Accordingly, if the issue date of a bond is clearly established on the bond and the agent is fully satisfied that no fraud is involved in any apparent irregularities, no objection will be made to payment of such a bond by the agent. Each of these cases will require careful and individual consideration; therefore, the Department must place upon the paying agent the responsibility for any such payment.

18. Limitations on payments due to mutilation or defacement of bonds. - Sec. 321.9 (d) provides that if a bond or any essential part thereof appears to be altered or is mutilated or defaced in a manner creating doubt or arousing suspicion with respect to the authenticity or validity of the bond, it must not be paid by a paying agent. Where suspicions are aroused, it would be helpful, if practicable, for the agent to give a receipt for the bond and to obtain as much information as possible concerning the person presenting it. The bond and information should be forwarded promptly to the Federal Reserve Bank, which will take appropriate action in the matter.

19. Limitations on payments due to "duplicate" bonds. - In explanation of Sec. 321.9 (e) it may be stated that a substitute savings bond marked "DUPLICATE" is issued by the Department in cases where a validly issued bond has been determined by the Secretary of the Treasury to have been lost, stolen or destroyed or to have been mutilated so as to require replacement. In some instances the bond assumed to have been lost, stolen or destroyed will have been redeemed at the time the bond marked "DUPLICATE" is presented for payment. In order to determine the facts of the case and prevent a possible loss to the United States, the Department requires that all bonds marked "DUPLICATE" be cleared with it before payment. For that reason a paying agent is not authorized under any circumstances to pay any savings bond marked "DUPLICATE."

20. <u>Limitations on payments due to documentary evidence required to support redemption</u>. - As indicated in Sec. 321.9 (f), Treasury Department Regulations Governing United States Savings Bonds (Circular No. 530) require documentary evidence to support the redemption of a bond in certain circumstances. For example, where the owner is deceased and the beneficiary, if any, or some other party, requests payment of the bond; in most cases where an incompetent or minor is under legal guardianship; or where a request is made by a person whose name has been changed in any manner other than by marriage. As the Department desires to pass on the evidence submitted in these cases before payment is made, paying agents are not authorized to make payment in such cases.

21. <u>Limitations on payments due to minority</u>. - As stated in Sec. 321.9 (g), a minor owner of a bond is not eligible to request payment thereof if he is not of sufficient competency and understanding to comprehend the nature of his act. The determination of the minor's competency and understanding is a matter for individual consideration in each case. (See paragraph 10 hereof.)

22. <u>Limitations on payments due to incompetency</u>. - Sec. 321.9 (h), provides that a paying agent should not pay a bond for an owner who, to the knowledge of the agent, has been declared, according to law, to be incompetent to manage his estate.

23. <u>Limitations on payments due to requests for partial redemption of bonds</u>. - In explanation of Sec. 321.9 (i), it may be stated that Treasury Department regulations provide that savings bonds of any series and denomination other than the $10 and $25 denominations (maturity value) may be redeemed in part at the current redemption value, but only in amounts corresponding to authorized denominations. In these cases the words - "to the extent of $ (maturity value)," are added to the first sentence of the request for payment. However, a partial redemption requires also the reissuance of other bonds bearing the same issue date as the bonds presented for partial redemption and thus necessitates special accounting; therefore, agents are not authorized to make any payments on bonds presented for partial redemption.

VI. <u>DETERMINATION OF REDEMPTION VALUES AND PAYMENT OF BONDS</u>

24. <u>Determination of redemption values</u>. - As stated in Sec. 321.12, the redemption value of a bond is determined from the period of years and full half-year the bond is outstanding and the table of redemption values on the bond. However, for the convenience of paying agents a special table of redemption values will be furnished <u>monthly</u> by the Federal Reserve Banks. From these tables the amount currently due on any bond of Series A, B, C, D and E of any denomination may be readily determined.

The Federal Reserve Banks will advise agents of the date the tables should be expected each month and if they are not received by that time, the Federal Reserve Bank should be notified immediately. EXTREME CARE SHOULD BE TAKEN TO USE ONLY THE TABLE ESPECIALLY PREPARED FOR THE MONTH DURING WHICH PAYMENTS ARE BEING MADE.

25. Bonds increase in redemption value at the end of the first year from the issue date and at the end of each successive half-year period thereafter until maturity. In the event a bond is presented to an agent for payment just prior to a change in value of the bond, the owner should be reminded of this fact by the agent, if practicable, so that the owner may take advantage of the pending increase in value, if he so desires. In those cases, of course, payment will be postponed to the appropriate time.

26. <u>Payment of redemption value</u>. - As further stated in Sec. 321.12, the current redemption value of a bond shall be paid by the agent in cash. However, no objection will be made to any arrangement mutually agreeable to the owner requesting payment and the agent making payment whereby the owner accepts, in lieu of cash, a credit to his checking, savings or share account with the agent, or a check or similar instrument payable to his order.

VII. <u>RECORDING PAYMENT DATA ON PAID BONDS</u>

27. <u>General</u>. - In order to facilitate handling of and accounting and settlement for paid bonds as well as to safeguard against payment of the bonds a second time, it is considered important for all concerned that paid bonds be handled by paying agents in a manner which will accomplish these objectives at the time payment is made. With this in mind the Treasury Department has prescribed a hand stamp setting forth certain data to record the payment, for use by tellers or other employees of qualified paying agents.

28. <u>Payment stamps</u>. - The Federal Reserve Bank of the District will provide hand stamps (hereinafter referred to as "payment stamp(s)" or "stamp(s)"), and each bank or other financial institution seeking qualification should advise the Federal Reserve Bank as soon as possible of the data it desires recorded on the stamps it may use and the initial number of stamps to be required. The number of stamps requested should be kept to a minimum consistent with practical necessity. In the interest of uniformity it appears preferable that only the Federal Reserve Banks shall obtain the payment stamps. The data ordinarily to be included in the payment stamp will be as follows:

PAID $	For recording amount paid
THE XYZ NATIONAL BANK 68-76 XYZ, VA. 68-76	Name and location of agent and such code number as may be assigned by Federal
JULY 20, 1945	To show actual date of payment
BY.................10	An agent may elect, either (1) show a code number or symbol representing the person making payment or (2) provide space for the written initial or signature of such person, or (3) both.

In order to minimize the possibility of subsequent alteration and to effect a distinct and permanent record on microfilm, the Department urges the use of a black or dark blue penetrating ink in imprinting the payment stamp and recording other data required thereby. Other colors of penetrating inks dark enough to microfilm satisfactorily may be used. However, it will be appreciated if agents can arrange eventually to use only the black or dark blue colors. In any event, extreme care should be taken not to smear or blur the data recorded on the bonds.

29. Use of payment stamps

(a) Recording amount of payment. - As soon as a bond is paid, the payment stamp should be imprinted on the bond. An unused space will be found in the upper right portion on the face of all bonds, immediately to the left of the panel or space used for stating the maturity date or period (in the case of bonds of Series A to D, inclusive), or the issue date (in the case of bonds of Series E). The payment stamp should be imprinted on the face of each paid bond in that space in a manner which will permit writing in an unused space the amount paid by the agent. Immediately after stamping the bond the amount of the bond payment should be written in, by use of a black or dark blue ink or other colored ink dark enough to microfilm satisfactorily in such space on the face of the bond. Although indelible pencil or a dark colored crayon will be accepted, the use thereof is not encouraged. If more than one bond is presented at the same time by the same owner, each bond must be stamped and the amount paid on each bond must be shown thereon. It is essential for facilitating the handling of the bonds that the amount of the bond payment be recorded in the same general area on all bonds. In any recording made on the face of a bond by an agent, extreme care should be exercised to prevent defacing the bond's serial number, the name and address of any of the owners or the beneficiary, if any, the issue or maturity dates, or the issuing agent's validating stamp.

(b) Recording date, transaction and the name and location of agent. - As provided in Sec. 321.12, each bond shall show in addition to the amount of payment (a) the date of the payment (month, day and year), (b) the name,

location and code number assigned to the paying agent by the Federal Reserve Bank, and (c) the word "PAID." All of this data will be provided in the agent's payment stamp. Particular care should be taken to insure recording the correct date of payment of each bond. A number or other symbol may be included to indicate the person in the institution qualified as the paying agent who is responsible for the bond payment, and provision may be made for his signature or initials.

VIII. FORWARDING BONDS TO FEDERAL RESERVE BANKS

30. Preparation. - Sec. 321.13 provides that paying agents shall submit paid bonds to Federal Reserve Banks under instructions of such Banks. These instructions will not require any special sorting of bonds prior to shipment, except that bonds paid in one month must be segregated from bonds paid in another month.

(a) Paying agents will be expected to prepare and forward to the Federal Reserve Bank with each group of paid savings bonds a list which will:

(1) Identify the agent

(2) Show the month in which the bonds were paid

(3) Show the date the bonds were mailed

(4) Set forth, in the order in which the bonds are prepared for shipment, the amount paid on each bond in the shipment. Where the method used by the agent for recording bond serial numbers permits, no objection will be made to the agent grouping all bonds bearing the same paid amount and listing them in the following manner -

10 @ $18.75 ...... $187.50
10 @ $19.00 ...... 190.00
Etc.

The bonds in this instance should be grouped according to the amount of payment stated on the bonds

(5) Set forth the total amount paid on all bonds in the shipment

(6) Set forth opposite each amount listed the appropriate serial number of the bond, unless a record of such information is maintained in some other form by the agent. In this connection any qualified paying agent is authorized to microfilm the face or reverse side of the bonds, or both, if it so desires. Such film records must be maintained as confidential. The agent may project such film records upon a screen but no prints, enlargements, or other reproductions thereof shall be made except with official permission which may be secured through the Federal Reserve Bank.

(7) Show the actual total number of bonds submitted with each list. This is essential to the maintenance of records and the simplification of the computation and reconcilement of quarterly claims of paying agents for services rendered in the payment of bonds.

(8) Indicate the manner in which settlement and possible adjustments for the bonds should be made by the Federal Reserve Bank.

The original of these lists, hereinafter referred to as "transmittal letters," must be included with the bonds when they are forwarded to the Federal Reserve Bank. A copy of the transmittal letter and a record of the bonds by serial number and amount paid must be retained by the paying agent. For the benefit of the paying agent in presenting the facts in connection with any claim for relief which may have to be presented on account of bonds lost, destroyed or damaged as a result of shipment, it is suggested that the employee or employees who listed and prepared the bonds for shipment and who dispatched them to the Federal Reserve Bank should initial the copy of the transmittal letter retained by the agent.

(b) These paid bonds will be subject to the provisions of the Government Losses in Shipment Act, as amended, while they are in shipment (see paragraph 32 hereof). It will be essential to any claim that may be made by a paying agent for relief under the provisions of that Act, in the event of the loss or destruction of or damage to the bonds during shipment, that the bonds be identified by serial numbers and amounts paid. If the Treasury Department is advised of the month of payment, and the serial number and the amount paid on each bond in the shipment, the Department will be able to identify the bonds included in the shipment and make settlement with the paying agent for the loss resulting from shipment. Relief may not be granted otherwise. A paying agent may establish a record of the bonds included in a shipment by (a) microfilm, (b) by recording the bond serial numbers on its transmittal letters directly opposite the respective bond redemption values set forth thereon, or (c) it may establish the necessary record in any other manner it deems desirable.

31. Frequency of making shipments. - A paying agent may forward bonds to the Federal Reserve Bank each business day, although where an agent pays only a small volume of bonds it will be advantageous if daily shipments can be avoided. IN ANY EVENT 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.

32. Manner of shipment and insurance. - The shipment of paid bonds to a Federal Reserve Bank by a paying agent will be made at the risk of the United States. Accordingly, the shipments will be subject to the provisions of the Government Losses in Shipment Act, as amended,1/ and the regulations2/

1/ Act of July 8, 1937, C. 444, Sec. 1, 50 Stat. 479 as amended by the Act of August 10, 1939, C. 665, Sec. 1, 53 Stat. 1358; U.S.C., title 5, Sec. 134.

2/ Treasury Department Circulars Nos. 576 and 577.

prescribed pursuant thereto, except as may be modified hereunder. Bonds paid under the provisions of Treasury Department Circular No. 750, Revised, may be prepared for dispatch and may be shipped to the Federal Reserve Bank in the same or a substantially similar manner in which the agent would handle and ship checks. Assuming that (a) the basic record of shipment, as provided in paragraph 30 hereof, is maintained, (b) the bonds are properly stamped, as provided in paragraph 29 hereof, and (c) due care is used in handling and dispatching the paid bonds, an agent should have no difficulty in establishing its claim for and obtaining relief under the Act in the event a shipment is lost, destroyed or damaged. Pending establishment of such of these claims as may be presented by an agent, the Treasury will allow an immediate temporary settlement with the agent on the basis of the amount stated in its transmittal letter, if the agent submits the required description by bond serial numbers of each of the bonds involved in the claim.

33. A paying agent will not be required to mail to Federal Reserve Banks or the Treasury Department separate notices of each shipment made, nor will it have to make any accumulated report of shipments effected under the Government Losses in Shipment Act. In the event it comes to the knowledge of an agent that any shipment made by it has been lost, destroyed or damaged, or if it has been so alleged, immediate notice thereof should be given the Federal Reserve Bank. All provisions of Treasury Department regulations relating to the handling and shipment of valuables under the Government Losses in Shipment Act, as amended, which are inconsistent with the provisions of this memorandum are hereby modified with respect to the shipment of paid bonds by qualified paying agents.

IX. SETTLEMENT FOR PAID BONDS

34. As provided in Sec. 321.14, immediate settlement will be made by Federal Reserve Banks for the total amount of paid bonds submitted by a paying agent, subject to audit and verification. Settlement will be made according to the request of the paying agent, by credit in its reserve account if the agent is a bank which is a member of the Federal Reserve System, or in its clearing account (if any) if the agent is a bank which is not a member of the System, or in the reserve or clearing account of a correspondent of an agent, or settlement will be made by a check issued by the Federal Reserve Bank drawn on the Treasurer of the United States. Although Federal Reserve Banks will examine paid bonds promptly, such examination and redemption of the bonds will not always be possible on a daily basis. In each instance settlement will be subject to later adjustment for incorrect or improper payment of bonds.

X. ADJUSTMENT OF BONDS ERRONEOUSLY PAID

35. Error in amount of payment. - In the event of over payment or under payment of the proper redemption value due on a bond, the Federal Reserve Bank will make the necessary correction on the bond and

its records and will advise the paying agent of the discrepancy, furnishing all the details necessary for the agent to effect an adjustment with the owner.

36. Material irregularity discovered by Federal Reserve Bank. - Bonds bearing material irregularities of a nature which make it necessary to return them to the paying agent will be returned promptly after discovery of the irregularity by the Federal Reserve Bank. In those cases where the agent is not authorized to pay the returned bond the agent, upon effecting settlement with the owner presenting the bond, should cancel its payment stamp before releasing the bond to such owner. Whenever necessary payment stamps should be canceled by writing or stamping in a dark colored ink the word "canceled" and the date of cancellation followed by the signature and title of an officer of the paying agent. If a bond appears to have been materially altered or mutilated with intent to defraud, the original bond will be retained by the Federal Reserve Bank for investigation of the case and a photostatic copy of the bond forwarded to the agent. Thereafter, if and when the bond is acceptable for redemption, the Federal Reserve Bank of the District will give instructions to the agent with regard to disposition of the case. Adjustment for the amount of payment represented by the bond, if any, will be made in the manner set forth in paragraph 35 hereof. In any event paying agents are expected to respond promptly when so requested in connection with paid bonds presented by them.

37. Errors or irregularities discovered by the Department. - Where an erroneous payment of or an irregularity in a bond is discovered by or brought to the attention of the Treasury Department after receipt by it of the bond, prompt notice will be given to the paying agent and the case will be handled as the circumstances may require: Provided, however, That the agent which paid the bond will not be required to make restitution in connection with such bond unless and until it is determined by the Secretary of the Treasury that a loss has been sustained by the United States as a result of fault or negligence on the part of the agent.

XI. REIMBURSEMENT FOR SERVICES IN PAYING BONDS

38. Under the provisions of Sec. 321.5 of Circular No. 750, Revised, a qualified paying agent is entitled to receive reimbursement for its services in paying savings bonds. Forms will be supplied by the Federal Reserve Banks for presenting claims for such reimbursement. Each agent desiring reimbursement should present its claim promptly after the close of each calendar quarter (ending March, June, September, and December).

39. The form will provide for stating the number of bonds paid and the amount of reimbursement claimed. In stating the number of bonds paid during a quarter, there should be taken into consideration the total number of bonds included on each of the agent's transmittal letters bearing a date of shipment within the quarter regardless of when the

bonds were received by the Federal Reserve Bank. This procedure, it is believed, will provide a uniform basis for stating and auditing claims. Each branch (including authorized bank facilities) of a qualified paying agent may be regarded as a separate entity in computing claims, provided separate transmittal letters support bonds paid by each. Such bonds may be shipped directly to the Federal Reserve Bank by the branch, or through the head office. In the event a Federal Reserve Bank returns an improperly paid bond (or a photostatic copy thereof) to an agent, the tally for the current quarter shall be reduced accordingly. If the bond may be corrected and resubmitted as new business the bond will be counted, for the purpose of computing reimbursement, under the date of the subsequent transmittal letter with which it is resubmitted.

40. Any inquiry in connection with this memorandum or other inquiry with respect to this subject should be communicated to the Federal Reserve Bank of the District in which the paying agent is located.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

PRECISION TRADE MARK MICROSTAT REG. U. S. PAT. OFF. MICROFILM ROLL NO.

12"

INDEX

REGULATIONS GOVERNING REPLACEMENT OUT OF THE FUND ESTABLISHED BY THE GOVERNMENT LOSSES IN SHIPMENT ACT, AS AMENDED, OF ANY LOSSES RESULTING FROM PAYMENTS MADE IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

1945
Department Circular No. 751
Revised

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, June 30, 1945.

Fiscal Service
Bureau of the Public Debt

Department Circular No. 751, dated September 5, 1944, (9 F.R. 10,848) is hereby amended and issued to read as follows:

Subpart A - REGULATIONS PRESCRIBED

Sec. 322.1. Application of regulations. - Pursuant to the authority of the Second Liberty Bond Act, as amended, the following regulations are hereby prescribed for the replacement out of the fund established by the Government Losses in Shipment Act, as amended, of any losses to the United States resulting from payments made in connection with the redemption of United States Savings Bonds, and shall apply to losses resulting from payments made (1) by the Treasurer of the United States, (2) by any Federal Reserve Bank or Branch, as Fiscal Agent of the United States, and (3) by any bank or other financial institution qualified as a paying agent pursuant to Treasury Department Circular No. 750, Revised.

Subpart B - REPORTS OF LOSSES

Sec. 322.2. Loss to the United States. - A loss to the United States may result from an erroneous (or unauthorized) payment in connection with the redemption of savings bonds.

Sec. 322.3. Erroneous payments reported to or discovered by Federal Reserve Banks. - If a financial institution, qualified to pay savings bonds, finds an erroneous payment to have been made, either before or after the bonds have been forwarded to the Federal Reserve Bank, immediate report thereof should be made to the Federal Reserve Bank. Any such erroneous payments so reported, and any other erroneous payments found by a Federal Reserve Bank of bonds received from a duly qualified paying agent shall, so far as possible, be adjusted between the Federal Reserve Bank and the paying agent concerned.

Sec. 322.4. Report to Treasury of cases involving erroneous payments. - Any such erroneous payments which cannot be adjusted by a Federal Reserve Bank and any other erroneous payments found after the account of the Treasurer of the United States has been charged shall immediately be reported by the Federal Reserve Bank to the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois.

Subpart C - FINAL DETERMINATION OF LOSSES

Sec. 322.5. Reported erroneous payment, general action by Treasury. - Following receipt of the report of an erroneous payment, the Treasury Department will appropriately advise the paying agent concerned, unless such action is unnecessary. The Department shall determine whether or not appropriate adjustment may be effected with the persons concerned in the erroneous payment and in this connection will expect the cooperation of the paying agent, if necessary.

(a) If it is determined that no loss to the United States will occur the paying agent will be so advised.

(b) If it is determined that a final loss to the United States has occurred, the paying agent will be given every opportunity to present the full facts relating to the payment for consideration of the Secretary of the Treasury. If the Secretary shall determine that the final loss resulted from no fault or negligence on the part of the paying agent, notice to that effect will be given the paying agent and he will be relieved from liability to the United States. If, however, the Secretary of the Treasury finds fault or negligence on the part of the paying agent, notice to that effect will be given such paying agent who will be expected to make prompt restitution.

Sec. 322.6. Restitution by paying agents. - In no case will the Treasurer of the United States, a Federal Reserve Bank (including any of its Branches) or the financial institution qualified as a paying agent under Department Circular No. 750, Revised, whichever made the erroneous payment, be called upon to make restitution unless and until the Secretary has determined that a final loss has been incurred as a result of an erroneous payment due to the fault or negligence of the paying agent.

Subpart D - REPLACEMENT OF LOSSES OUT OF THE FUND

Sec. 322.7. Replacement and recovery in connection with losses. - When it is established to the satisfaction of the Secretary of the Treasury that a loss has resulted from a payment made in connection with the redemption of a United States Savings Bond, the loss shall be subject to immediate replacement out of the fund established by the Government Losses in Shipment Act, as amended. Any recovery or repayment on account of any such loss as to which replacement shall have been made out of the fund, shall be credited to the fund.

Subpart E - INVESTIGATION OF LOSSES

Sec. 322.8. Use of United States Secret Service. - The Treasury Department, and, in appropriate cases, Federal Reserve Banks, as Fiscal Agents of the United States, may request the Secret Service to investigate losses and assist in the recovery of improper payments. The Treasurer of the United States, the Federal Reserve Banks, and qualified paying agents should cooperate with the Secret Service to the fullest extent in facilitating investigations and making recoveries and they will be expected to take such actions as may be necessary on their part to complete such investigations and recoveries.

Subpart F - SUPPLEMENTS, AMENDMENTS, ETC.

Sec. 322.9. <u>Supplements, amendments, etc.</u> - The Secretary of the Treasury may at any time or from time to time supplement, amend, or withdraw, in whole or in part, the provisions of this circular, or of any amendments or supplements thereto, information as to which will be furnished promptly to the Federal Reserve Banks and to eligible financial institutions qualified to make payments of savings bonds under the provisions of Treasury Department Circular No. 750, Revised.

(Signed) Henry Morgenthau, Jr.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

June 27, 1945.

Memorandum of Major Changes in Circulars 750 and 751 Revised and the Memorandum of Instructions Issued in Conjunction with Circular No. 750, Revised.

For your information the major changes made in the above are set forth briefly, hereinafter.

<u>Circular 750, Revised</u>

Sec. 321.1 - This section is changed to add the new classes of institutions eligible for qualification and to set forth the conditions precedent to qualification.

Sec. 321.2(a) - This subsection has been added for the purpose of continuing qualifications in effect at the date of the circular revision for those agents which meet the conditions of Section 22(h) of the Second Liberty Bond Act, as amended.

by elimination of the rate of 12 cents a bond for the second thousand bonds paid in a quarter. The purpose of Sec. 321.5(b) is to emphasize that paying agents shall not make any charge to owners in connection with the payment of savings bonds under the circular. This is not a new provision, but is for the purpose of emphasis.

Sec. 321.7 - There was added to the first sentence of the section: "they are not eligible as security for loans or advances in any form." This addition is intended to make it plain to agents that they are not to indulge in the practice.

Sec. 321.9(a), for obvious reasons has had the following sentence added: "Any payment or advance to a bond owner before a bond is eligible for redemption is not authorized in any circumstance."

Exhibit A - Application-Agreement Form PD 1958, Revised, and Exhibit B - Form PD 1959, Revised, Notice of Qualification. These forms have been revised to effect the changes necessitated by the Public Debt Act of 1945 and the conditions precedent to qualification.

<u>MEMORANDUM OF INSTRUCTIONS AND EXPLANATION ISSUED IN CONJUNCTION WITH DEPARTMENT CIRCULAR NO. 750, REVISED</u>

(The paragraph number first referred to in each of the following paragraphs, except the first, is the paragraph number in the revision of the Memorandum.)

Paragraph #3 of the original Memorandum is to be eliminated. That paragraph authorized temporary qualifications of banks as paying agents. Although the provision for establishment of temporary qualifications has been eliminated from this memorandum, the Revision of F.R.B. Memo. No. 517 will give authority to the Federal Reserve Banks to effect a temporary qualification in any exceptional case which appears to justify the action.

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should cooperate with the Secret Service to the fullest extent in facilitating investigations and making recoveries and they will be expected to take such actions as may be necessary on their part to complete such investigations and recoveries.

Subpart F - SUPPLEMENTS, AMENDMENTS, ETC.

...-, amendments, etc. - The Secretary of ... time supplement, amend, ... circular, or

financial ...
under the provisions of ...

(Signed) H. Morgenthau, Jr.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

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June 27, 1945.

Memorandum of Major Changes in Circulars 750 and 751 Revised and the Memorandum of Instructions Issued in Conjunction with Circular No. 750, Revised.

For your information the major changes made in the above are set forth briefly, hereinafter.

<u>Circular 750, Revised</u>

Sec. 321.1 - This section is changed to add the new classes of institutions eligible for qualification and to set forth the conditions precedent to qualification.

~~Sec. 321.2(a) - This section has been added to provide for the continuation of existing qualifications without the requirement for requalification.~~

Sec. 321.5 - This section has been divided into subsections (a) and (b). Sec. 321.5(a) changes the scale of payments allowed to paying agents by elimination of the rate of 12 cents a bond for the second thousand bonds paid in a quarter. The purpose of Sec. 321.5(b) is to emphasize that paying agents shall not make any charge to owners in connection with the payment of savings bonds under the circular. This is not a new provision, but is for the purpose of emphasis.

Sec. 321.7 - There was added to the first sentence of the section: "they are not eligible as security for loans or advances in any form." This addition is intended to make it plain to agents that they are not to indulge in the practice.

Sec. 321.9(a), for obvious reasons has had the following sentence added: "Any payment or advance to a bond owner before a bond is eligible for redemption is not authorized in any circumstance."

Exhibit A - Application-Agreement Form PD 1958, Revised, and Exhibit B - Form PD 1959, Revised, Notice of Qualification. These forms have been revised to effect the changes necessitated by the Public Debt Act of 1945 and the conditions precedent to qualification.

<u>MEMORANDUM OF INSTRUCTIONS AND EXPLANATION ISSUED IN CONJUNCTION WITH DEPARTMENT CIRCULAR NO. 750, REVISED</u>

(The paragraph number first referred to in each of the following paragraphs, except the first, is the paragraph number in the revision of the Memorandum.)

Paragraph #3 of the original Memorandum is to be eliminated. That paragraph authorized temporary qualifications of banks as paying agents. Although the provision for establishment of temporary qualifications has been eliminated from this memorandum, the Revision of F.R.B. Memo. No. 517 will give authority to the Federal Reserve Banks to effect a temporary qualification in any exceptional case which appears to justify the action.

Paragraph #3 of the revision (Paragraph 4 of original Memorandum) terminates the Treasury's approval for establishment of subagents by qualified paying agents. It provides, however, that any existing subagent arrangement may continue, unless and until the subagent qualifies as a direct paying agent.

Paragraph #5 (Paragraph 6 of original Memorandum) has been changed only slightly as to the form of announcement authorized to be used by qualified paying agents.

Paragraph #6 (Paragraph 7 of original Memorandum) has had added to it authority to use signs, not exceeding 5" x 8", at windows or cages in an agent's lobby where the bonds are paid, for the purpose of directing the public to the appropriate window or cage. This authority is already in effect by reason of telegraphic communication to the Federals.

Paragraph #7 (Paragraph 8 of original Memorandum.) Beginning with the third sentence, new material has been added. Its purpose is to emphasize that paying agents are not authorized to make loans or advances on savings bonds. It warns paying agents that a violation of that provision will be cause for disqualification.

Paragraph #9 (Paragraph 10 of original Memorandum) relates to the authority of paying agents to pay bonds where the owner's name as inscribed on the bond has been changed. Paragraphs 13(c) and 18 of the original Memorandum, regarding, respectively, identification and signature requirements of persons whose names are changed by marriage, have been combined and included in the new Paragraph 9.

Paragraph #10 (Paragraph 11 of original Memorandum) relates to a paying agent's authority to make payments to parents of minor owners who are not competent to request payment on their own behalf. Paragraphs 13(b) and 17 of the original Memorandum, regarding, respectively, identification and signature requirements in this type of case, have been combined and included in the revised Paragraph 10.

Paragraph #11 has been restated. (Paragraph 12 of original Memorandum)

Paragraph #12(a)(2) (paragraph 13(a)(2) of original Memorandum) has been enlarged in order to encourage agents to place notations on the back of bonds for the purpose of preserving the manner used by the agent to identify the owner. Secret Service considers this very important.

Paragraph #14 (Paragraph 15 of original Memorandum) has had added to it, permission for paying agents to write or stamp on the back of the bonds the words: "Address same as inscribed on face of bond," in lieu of requiring the owner to write his address on each bond. Several banks have represented that frequently bond owners present a number of bonds for payment, where the address as inscribed on the face of the bond is the same as the owner's current address. They have stated that writing the address in such cases consumes an unnecessary amount of time and have requested they be allowed to inscribe data on the back of the bonds such as that above quoted. Such authority was granted these inquiring banks and it is believed that the same privilege might be made available to all other paying agents.

Paragraph #17(c) (Paragraph 19(c) of original Memorandum.) The current paragraph 19(c) indicated that a paying agent might pay a bond even though the issue date was entirely missing. This has been changed to provide that a paying agent should not pay any savings bonds where the month or year of the issue date is missing.

Paragraph #23 (Paragraph 25 of original Memorandum.) This paragraph provides that paying agents may not make payment on bonds where partial redemption is requested. In order to avoid any confusion, a statement has been added to the effect that the use of any part of the funds of matured bonds for the purchase of Series E bonds with current dating, is not to be construed as a partial redemption.

Paragraph #30(a) (Paragraph 32(a) of original Memorandum) has been completely revised, and sets forth in more detail the actual data that should be included in the paying agents' transmittal letters submitting paid bonds to Federal Reserve Banks.

Paragraph #32 (Paragraph 34 of original Memorandum.) There has been added to the paragraph a statement to the effect that if a paying agent submits the required description of allegedly lost or destroyed bonds, immediate temporary settlement will be allowed the agent, pending final determination of the case.

<u>Circular 751, Revised</u>

No major changes in this revision.

PRECISION TRADE MARK MICROSTAT REG. U. S. PAT. OFF. MICROFILM ROLL NO.

90

June 30, 1945

Ted Gamble

Secretary Morgenthau

I would like you to join me on the air on the night of July 10th when we make our final report to the nation on the Seventh War Loan. When you get back will you talk to me about how you think the thing should be handled? Fib

71

June 30, 1945

Ted Gamble

Secretary Morgenthau

Those two aircooling machines which you first were kind enough to arrange to get for us, one of them now is in Mrs. Morgenthau's bedroom and if it is possible, I would like to have the other one moved in there Saturday.

I don't know whether the machines are controlled by the same people but there were two white men who handled the ones which went into my room, those were the second lot of machines which we received, and they were much nicer and much more efficient than the men who came and handled the first lot of machines. If possible, I would like to have this done today. Done

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, July 2, 1945.

Press Service

Secretary Morgenthau today released the new Treasury Department regulations governing the simplified plan for the redemption of Savings Bonds of Series A through E. The Public Debt Act of 1945 authorized the Secretary, under certain conditions, to utilize savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks and similar financial institutions to make payments in connection with the redemption of these bonds. Up to this time such payments have been made only by the Treasury Department, the Federal Reserve Banks and their Branches, and incorporated banks and trust companies which have qualified for that purpose.

Before any of these institutions will be permitted to make any such payments they must apply to and be qualified by the Federal Reserve Bank of the District in which they are located. Under the Act and the regulations, an institution must meet the following tests in order to be considered eligible to qualify to pay the bonds. It must (a) be incorporated under Federal law or under the laws of a state, territory, possession, the District of Columbia, or the Commonwealth of the Philippine Islands; (b) in the usual course of business accept, subject to withdrawal, funds for deposit or the purchase of shares; (c) be under the supervision of the banking department or equivalent authority of the jurisdiction in which it is incorporated; (d) maintain a regular office for the transaction of its business; and (e) be open daily and observe regular business hours. Full details with respect to qualification, the scope of authority of paying agents and the details of payment and accounting will be found in Department Circular No. 750, Revised.

The experience of incorporated banks and trust companies in paying these bonds during the last nine months warrants a slight reduction in the scale of reimbursement to paying agents for the bonds which they pay and forward to the Federal Reserve Bank which qualifies them. Effective as to bonds paid on and after July 2, therefore, the reimbursement which agents now qualified, as well as the new agents which will qualify under the revised regulations, will be entitled to claim will be 15 cents each for the first 1,000 bonds paid in any one calendar quarter and 10 cents each for all over 1,000 bonds paid in the quarter.

The text of the official circular follows:

PRECISION TRADE MARK MICROSTAT REG. U.S. PAT. OFF. MICROFILM ROLL NO.

12"

73

25

June 30, 1945

Dear Henry:

I was deeply moved by your letter of June 28. It was most generous of you to bestow the citation upon me at the end of my service as Postmaster General. You have always been very good to me and I shall always cherish your friendship.

With best wishes,

Sincerely yours,

Frank

Honorable Henry Morgenthau, Jr.

Secretary of the Treasury.

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THE ATTORNEY GENERAL
WASHINGTON

June 30, 1945

Dear Henry:

I appreciate very much your writing me in connection with my resignation.

I hope that we shall often see each other again.

With personal regards.

Sincerely yours,

Francis Biddle

Honorable Henry Morgenthau, Jr.,
The Secretary of the Treasury
Washington, D. C.

75
H

June 30, 1945

Dear Henry:

It was so nice to have your letter of June 29 and I do appreciate more than I can say the kind things you say about me. Thank you for writing.

Sincerely,

Harry S Truman

The Honorable
The Secretary of the Treasury

7th War Loan News Desk
War Finance Division
Treasury Department
Washington 25, D. C.

#102

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RELEASE AFTER 11 p.m. FRIDAY, JUNE 29 FOR SATURDAY AMs JUNE 30

WASHINGTON, D.C., June 29 -- "Every single man, woman and child is a partner in the most tremendous undertaking of our American history."

That sentence, from a radio talk to the nation on December 9, 1941, by President Franklin Delano Roosevelt, was selected by Associate Justice Owen J. Roberts of the Supreme Court to be printed on a special $200 E-Bond to be issued during the Eighth War Loan in honor of the late President.

The quotation was suggested by Daniel M. Kidney, Washington correspondent for four newspapers, in a contest arranged by Secretary of the Treasury Henry Morgenthau, Jr., who personally offered a prize of a $100 war bond to the Washington radio or newspaper man who chose the quotation selected by Mr. Justice Roberts as the most fitting to go on the $200 Roosevelt memorial bond. Secretary Morgenthau announced the winning quotation and awarded the prize to Mr. Kidney on an NBC network program, tonight (10:45 to 11 p.m. EWT).

The largest radio audience in the history of American broadcasting heard President Roosevelt speak the words to be inscribed on the bond, the narrator on tonight's broadcast recalled. It was two days after the disastrous sneak attack on Pearl Harbor and a stunned nation heard the President begin a 6½ minute message with:

"My fellow Americans: The sudden criminal attacks perpetrated by the Japanese in the Pacific provide the climax of a decade of international immorality. We are going to win the war and we are going to win the peace that follows. We must share together the bad news and the good news, the defeats and the victories -- the changing fortunes of war. We are all in it -- all the way. Every single man, woman and child is a partner in the most tremendous undertaking of our American history."

Daniel M. Kidney, who lives at 1013 13th Street, N.W., in Washington, with his wife, two daughters and a son, served two years in the Army in World War I, a year of it with the AEF in France. Born in Illinois, he worked on Illinois and Wisconsin newspapers before joining the Scripps-Howard Newspapers in 1926. He is Washington correspondent now for four of these: the Birmingham (Ala.) Post, the Evansville (Ind.) Press, the Indianapolis Times and the Memphis Press-Scimitar and his daily column of comment on the national scene is carried on the editorial pages of many others. He is a specialist on agricultural and civil liberties questions.

Following the award, Mr. Kidney interviewed Secretary Morgenthau on the air on the success of the Mighty Seventh War Loan and preparations already under way for the Eighth, later in the year.

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PRECISION TRADE MARK MICROSTAT REG. U. S. PAT. OFF. MICROFILM ROLL NO.

12"

77

June 30, 1945

Dear Mr. Brooks:

It is with pleasure that I send you the enclosed $50 War Bond, representing the second award in the competition to select a quotation from the addresses of President Roosevelt for use on the bond to be issued in his memory. I congratulate you upon winning this award and was pleased to recognize the quotation you submitted as one included in a War Loan address.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Ned Brooks,
4614 Langdrum Lane,
Chevy Chase, Maryland.

Enclosure. L139 J77 $32E dated 6/27/45

FROM: Newspaper Section
War Finance Division
Treasury Department
Washington 25, D. C.

Release date 78

A. M. ______ P. M. ______

Release No. ______

NEWS THE MIGHTY 7 WAR LOAN DESK

Room 746, Washington Building, Washington 25, D. C.

Frank D. Tripp, Chairman, Allied Newspaper Council, Gannett Newspapers, Director

S. George Little, Special Consultant, Treasury
Burton Davis, War Finance Division, Editor
Angelo Cohn, Minneapolis Star-Journal
Robert Taylor, Scripps-Howard Newspapers
Erwin D. Sias, International News Service
Moss Kendrix, Negro Newspaper Publishers Association
David Sentner, Hearst Newspapers
L. Louis London, Labor Editor
Francis J. McCaffrey, Financial Writer
Max Hall, Associated Press
Paul Harrison, United Press

Office of War Information cooperating

ADVANCE RELEASE AMs SATURDAY, JUNE 30 #100

WASHINGTON, D.C., June 29 — With sales to individuals mounting above the $7,000,000,000 quota, the Mighty Seventh War Loan has broken another record, Secretary of the Treasury Henry Morgenthau, Jr., announced tonight. Total sales to individuals reported through today were $7,060,000,000, with six accounting days left in the war loan drive.

The previous record sale to individuals was set in the Fifth War Loan, a year ago, with a total of $6,351,000,000 against a $6 billion quota. In the Sixth War Loan, with a quota of $5 billion for individuals, sales to individuals were $5,882,000,000. The previous record will be broken this time by more than a billion dollars, Secretary Morgenthau predicted.

"That," the Secretary said, "can be a source of pride to every American and especially to the volunteer workers. We have already swept past every objective except the E-Bond quota of $4 billions. Now our task is to reach this mark and make our success complete." The E-Bond total tonight was $3,126,000,000 or 78 percent of the goal.

Yesterday Secretary Morgenthau announced that the overall sales of the Seventh War Loan had set a record for all war loans. The total to date is $22,210,000,000. The previous record set in the Sixth War Loan, was $21,621,000,000.

"When we can send the word to our fighting forces around the world that the Seventh War Loan has broken all records, it will be great news to them, indeed," Mr. Morgenthau continued. "Nothing could give them more positive proof that the nation is solidly behind them, in an unfaltering determination to get this war won and build a sound and enduring peace."

Sales to corporations in the Seventh War Loan today totalled $15,150,000,000 and were within striking distance of the record of $15,739,000,000 set in the Sixth War Loan. That record will fall, too, when all reports of corporate sales are in early next week, the War Finance Division predicted. Sales to corporations in this drive are limited to the period from June 18 through June 30. The goal of $7 billion had already been more than doubled.

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ROBT. L. DOUGHTON
9TH DIST. NORTH CAROLINA

[illegible] to Mr. O'Connell

CHAIRMAN, COMMITTEE ON
WAYS AND MEANS

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Congress of the United States
House of Representatives
Washington, D. C.

June 30, 1945

Dear Henry:

Your letter of June 26, enclosing copy of Senator Willis' letter and your reply, has been received.

I think you are handling the matter in the best manner possible. This has been and is quite an embarrassment to me, but I am sure that the Treasury and the Bureau will leave no proper efforts unemployed to deal with the situation strictly on its merits.

We will all be watched by our enemies for something out of which to make capital, but I am hoping and trusting that the situation will be cleared up so that no blame can attach to us.

With my best wishes, I am,

Very sincerely yours,

R. L. Doughton

R. L. Doughton

Hon. Henry Morgenthau
Secretary of the Treasury
Washington, D. C.

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date JUN 30 1945

TO Secretary Morgenthau

FROM Mr. O'Connell

The House yesterday debated and passed the Presidential succession bill after eliminating the provision calling for a special election in the event of the vacancy or incapacity of both the President and Vice President before the mid-term Congressional elections.

During the debate, Representative Hoffman (R. Michigan) defending himself against charges of being anti-Semitic, expressed the hope that the people will not say that "some Members of the House conceived * (the bill) * to prevent a Jew, in this particular case Mr. Morgenthau, from becoming President of the United States". In another place he expressed the hope that "those ardent advocates of FEPC" will not charge "that the bill is aimed at keeping Mr. Morgenthau out of the Executive Mansion". After reiterating these sentiments in similar words he concluded--

> "May we support this bill without being charged with being anti-Semitic, even though in the unfortunate event of the President's death it would prevent a Jew becoming President."

Representative Michener (R. Michigan), after referring to the fact that in the present situation the Secretary of the Treasury would succeed to the Presidency in the event of the President's death stated:

> "Possibly Mr. Morgenthau might make a good President. Nevertheless, even though he is an expert in financial matters, he naturally would not possess the qualifications of a Speaker, who is always a man who has on numerous occasions been elected by the people, a man with legislative as well as executive experience, a man in a position to cooperate with the Congress, a very essential factor in the picture of Government at all times."

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There were also several references to the fact that if the President should die today the Secretary of the Treasury would succeed to the office. These were made without further comment.

Joseph J. O'Connell Jr.

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Secretary asked Fussell for this memorandum on E Bonds

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 30,1945

TO Secretary Morgenthau

FROM E. B. Fussell

Mr. Coyne says E bond figure tonight probably will pass the $3,187,000,000 mark of the Fourth Drive. However, he advises strongly against emphasizing this fact, because the Fourth was a 2 months drive and this one covers 3 months. Coyne says the E bond sales in this drive must reach $3,867,000,000 before we would be justified in claiming it as a record breaker in every category.

(They use a factor of about $600 million as normal monthly sales of E bonds.)

Coyne plans to give out the new total tonight for a Sunday story. It will be about $22.7 billion. He will also give out a breakdown covering the leading states in E bonds and some other supplemental material.

Attached is the release for which you inquired. Mr. Little had quite a long wait to clear it with Mr. Bell and when I left him with Mr. Bell was extremely nervous for fear the newsmen would not be waiting at his office in War Finance for the release he had promised them.

E. B. Fussell

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FROM: Newspaper Section
War Finance Division
Treasury Department
Washington 25, D. C.

Release date ____
A. M. ____ P. M. ____
Release No. ____

NEWS DESK

Room 746, Washington Building, Washington 25, D. C.

#100

ADVANCE RELEASE AMs SATURDAY, JUNE 30

WASHINGTON, D.C., June 29 — With sales to individuals mounting above the $7,000,000,000 quota, the Mighty Seventh War Loan has broken another record, Secretary of the Treasury Henry Morgenthau, Jr., announced tonight. Total sales to individuals reported through today were $7,060,000,000, with six accounting days left in the war loan drive.

The previous record sale to individuals was set in the Fifth War Loan, a year ago, with a total of $6,351,000,000 against a $6 billion quota. In the Sixth War Loan, with a quota of $5 billion for individuals, sales to individuals were $5,882,000,000. The previous record will be broken this time by more than a billion dollars, Secretary Morgenthau predicted.

"That," the Secretary said, "can be a source of pride to every American and especially to the volunteer workers. We have already swept past every objective except the E-Bond quota of $4 billions. Now our task is to reach this mark and make our success complete." The E-Bond total tonight was $3,126,000,000 or 78 percent of the goal.

Yesterday Secretary Morgenthau announced that the overall sales of the Seventh War Loan had set a record for all war loans. The total to date is $22,210,000,000. The previous record set in the Sixth War Loan, was $21,621,000,000.

"When we can send the word to our fighting forces around the world that the Seventh War Loan has broken all records, it will be great news to them, indeed," Mr. Morgenthau continued. "Nothing could give them more positive proof that the nation is solidly behind them, in an unfaltering determination to get this war won and build a sound and enduring peace."

Sales to corporations in the Seventh War Loan today totalled $15,150,000,000 and were within striking distance of the record of $15,739,000,000 set in the Sixth War Loan. That record will fall, too, when all reports of corporate sales are in early next week, the War Finance Division predicted. Sales to corporations in this drive are limited to the period from June 18 through June 30. The goal of $7 billion had already been more than doubled.

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FISCAL ASSISTANT SECRETARY

TREASURY DEPARTMENT
FISCAL SERVICE
Washington

June 30, 1945

TO THE SECRETARY:

In response to your oral request, I am sending you herewith the weekly report relating to payments to veterans.

VETERANS PAYMENTS
UNDER
G. I. BILL OF RIGHTS

		Week ended June 22, 1945		Cumulative	
		Number of Recipients	Amount	Number	Amount
Unemployment benefits ..	a/	30,326	$704,494	853,985	$17,183,622
Self-employed	b/	3,246	319,634	29,361	3,051,383
Students' subsistence allowances	c/	604	52,802	12,453	763,061
Tuition and fees for students ...	d/	1,046	154,099	4,956	572,888
Total		35,222	$1,231,029	900,755	$21,570,954

a/ $20 a week; four weeks' allowance for each month of active service, not to exceed 52 weeks.
b/ Difference between monthly earnings and $100.
c/ $50 a month without dependents; $75 with dependents.
d/ Limited to $500 per annum.

D. W. Bartelt