

Fiscal Service, Treasury

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currency, shall cause to be issued a settlement check in the appropriate currency to the payee or special indorsee.

[40 FR 6785, Feb. 14, 1975, as amended at 49 FR 47001, 47002, Nov. 30, 1984; 54 FR 35642, Aug. 29, 1989]

§ 235.4 Check Forgery Insurance Fund.

The Check Forgery Insurance Fund, established pursuant to 31 U.S.C. 3343, shall be available for use by the Commissioner, Financial Management Service, and accountable officers of the United States for the purpose of providing funding for settlements made to a payee or special indorsee pursuant to these regulations.

[40 FR 6785, Feb. 14, 1975, as amended at 49 FR 47001, 47002, Nov. 30, 1984]

§ 235.5 Reclamation amounts.

Amounts received by way of reclamation on forged checks shall be deposited to the credit of the Check Forgery Insurance Fund or to the appropriate foreign currency fund or other account charged for the settlement payment.

§ 235.6 Implementing instructions.

Procedural instructions implementing these regulations will be issued by the Commissioner of the Financial Management Service in volume I, part 4 of the Treasury Financial Manual.

[54 FR 35642, Aug. 29, 1989]

PART 240—INDORSEMENT AND PAYMENT OF CHECKS DRAWN ON THE UNITED STATES TREASURY

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APPENDIX A TO PART 240—STANDARD FORMS FOR POWER OF ATTORNEY AND THEIR APPLICATION

AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3328, 3331, 3343, 3711, 3712, 3716, 3717; 332 U.S. 234 (1947); 318 U.S. 363 (1943).

SOURCE: 54 FR 35642, Aug. 29, 1989, unless otherwise noted.

GENERAL PROVISIONS

§ 240.1 Scope of regulations.

The regulations in this part prescribe the requirements for indorsement and the conditions for payment of checks drawn on the United States Treasury. These regulations also establish procedures for collection of amounts due the United States Treasury because of payments on checks bearing forged or other unauthorized indorsements or other material defects or alterations.

§ 240.2 Definitions.

(a) *Certifying agency* means an agency for whom a Treasury disbursing officer or a non-Treasury disbursing officer makes payment in accordance with 31 U.S.C. 3325. The responsibilities of a certifying official are set forth at 31 U.S.C. 3528.

(b) *Check* or *Checks* means a check or checks drawn on the United States Treasury.

(c) *Check payment* means the amount paid to a presenting bank in accordance with § 240.9(a)(3) of this part.

(d) *Commissioner* means the Commissioner of the Financial Management Service, Department of the Treasury, 401 14th Street SW., Washington, DC 20227.

(e) *Days* means calendar days.

(f) *Financial institution* means any bank, savings bank, savings and loan association, Federal or State chartered credit union, or similar institution.

(g) *Item* means a reference in a monthly interest billing statement to a check for the amount of which Treasury has demanded refund from a presenting bank.

(h) *Monthly interest billing statement* means a statement prepared by Treasury and sent to a presenting bank

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which includes the following information regarding each outstanding demand for refund:

- (1) The reclamation date;
- (2) The reclamation number;
- (3) Check identifying information; and
- (4) The balance due, including interest.

(i) *Person* or *persons* means an individual or individuals, or an institution or institutions including all forms of financial institutions.

(j) *Presenting bank* means:

(1) A financial institution which, either directly or through a correspondent banking relationship, presents checks to and receives provisional credit from a Federal Reserve Bank; or

(2) A depository which is authorized to charge checks directly to the General Account of the United States Treasury and present them to Treasury for payment through a designated Federal Reserve Bank.

(k) *Protest* means a presenting bank's written statement and any supporting documentation tending to prove that it is not liable for refund of the reclamation balance.

(l) *Reclamation* means a demand by Treasury for refund of the amount of a check payment.

(m) *Reclamation date* means the date on which a demand for refund was prepared. Normally, demands are sent to presenting banks within two working days of the reclamation date.

(n) *Treasury* means the United States Treasury.

(o) *U.S. securities* means securities of the United States and securities of Federal agencies and wholly or partially government-owned corporations for which the Treasury acts as the transfer agent.

(p) *Unauthorized indorsement* means:

(1) An indorsement made by a person other than the payee, except as authorized by and in accordance with § 204.5 and §§ 240.11 through 240.15;

(2) An indorsement by a financial institution under circumstances in which the financial institution breaches the guaranty required of it by 31 CFR 209.9(a) (*See*, 31 CFR 209.8); or

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(3) A missing indorsement where the depository bank had no authority to supply the indorsement.

§ 240.3 Limitations on payment.

(a) As a general rule,

(1) The Commissioner shall not be required to pay a Treasury check issued on or after October 1, 1989 unless it is negotiated to a financial institution within 12 months after the date on which the check was issued; and

(2) The Commissioner shall not be required to pay a Treasury check issued before October 1, 1989 unless it is negotiated to a financial institution no later than October 1, 1990.

(b) All checks drawn on the United States Treasury and issued on or after October 1, 1989 shall bear a legend, stating "Void After One Year." The legend is notice to payees and indorsers of a general limitation on the payment of Treasury checks. The legend, or the inadvertent lack thereof, does not limit, or otherwise affect, the rights of the Commissioner under the law.

(c) The Treasury shall have the usual right of a drawee to examine checks presented for payment and refuse payment of any checks. The Treasury shall have a reasonable time to make such examination.

(d) Checks shall be deemed to be paid by the United States Treasury only after first examination has been fully completed.

(e) If the Treasury is on notice of a question of law or fact about whether a Treasury check is properly payable when the check is presented for payment, the Commissioner may defer payment until the Comptroller General settles the question.

§ 240.4 Cancellation and distribution of proceeds of checks.

(a) *Checks issued on or after October 1, 1989.* (1) Any check issued on or after October 1, 1989 that has not been paid and remains outstanding for more than 12 months shall be cancelled by the Commissioner.

(2) The proceeds from checks cancelled pursuant to paragraph (a) of this section shall be returned to the agency which authorized the issuance of the