

Fiscal Service, Treasury

§ 240.10

referred in accordance with this paragraph is unable to effect offset in whole or in part, Treasury may then refer the debt to any other agency and request offset in accordance with this paragraph. Treasury designates each agency acting under this paragraph as its designee for the sole purpose of effecting offset. No such designee shall be liable to any party for any loss resulting from its action under this paragraph.

(c) If Treasury is unable to collect an amount owed by use of the offset described in paragraph (a) of this section, Treasury shall take such action against the presenting bank as may be necessary to protect the interests of the United States, including Treasury Check Offset in accordance with § 240.9 or referral to the Department of Justice.

(d) If Treasury effects offset under this section and it is later determined that the presenting bank paid the amount of the reclamation and accrued interest thereon, or that a presenting bank which had timely filed a protest was not liable for the amount of the reclamation, Treasury shall promptly refund to the presenting bank the amount of its payment.

[54 FR 35642, Aug. 29, 1989, as amended at 67 FR 36518, May 24, 2002]

§ 240.9 Treasury Check Offset.

(a) If Treasury is unable to effect collection pursuant to § 240.7 or § 240.8 of this part, it will collect the principal amount of the reclamation, accrued interest, penalty, and administrative costs through Treasury Check Offset. Treasury Check Offset occurs when, at the direction of Treasury, a Federal Reserve Bank withholds, that is, offsets, credit from a presenting bank (e.g., a financial institution presenting a Treasury check for ultimate charge to the account of the United States Treasury). The amount of credit offset is applied to the principal amount of the reclamation, accrued interest, penalties, and administrative costs owed by the presenting bank. As provided by the provisions of 31 U.S.C. 3712(e), by presenting Treasury checks for payment, the presenting bank is deemed to authorize Treasury Check Offset.

(b) If Treasury effects offset under this section and it is later determined that the presenting bank paid the principal amount of the reclamation and accrued interest, penalties, and administrative costs thereon, or that a presenting bank was not liable for the amount of the reclamation, Treasury will promptly refund to the presenting bank the amount of its payment. Treasury may refund the amount either by applying the amount to another reclamation debt in accordance with this Part or other applicable law, or by returning the amount to the presenting bank.

(c) Treasury Check Offset is used for the purpose of collecting debt owed by a presenting bank to the Federal Government. As a consequence, presenting banks shall not be able to use the fact that Treasury checks presented for payment have not been paid as the basis for a claim against Treasury, a Federal Reserve Bank, or other persons or entities, including payees or other indorsers of checks, for the amount of the credit offset pursuant to 31 U.S.C. 3712(e) and this section.

(d) This section does not apply to a claim based upon a reclamation that has been outstanding for more than 10 years from the date of delinquency.

[67 FR 36518, May 24, 2002]

§ 240.10 Processing of checks.

(a) *Federal Reserve Banks.* (1) Federal Reserve Banks shall cash checks for Government disbursing officers when such checks are drawn by the disbursing officers to their own order. Payment of such checks shall not be refused except for alteration or counterfeiting of the check, or forged signature of the drawer.

(2) Federal Reserve Banks shall not be expected to cash Government checks presented directly to them by the general public.

(3) As a depository of public funds, each Federal Reserve Bank shall:

(i) Receive checks from its member banks, nonmember clearing banks, or other depositors, when indorsed by such banks or depositors who guarantee all prior indorsements thereon;

(ii) Give immediate credit therefore in accordance with their current Time Schedules and charge the amount of