

(2) There is a surviving spouse and a child or children of the decedent, or descendants of deceased children: one-half to the surviving spouse and one-half to the child or children of the decedent, and the descendants of deceased children, by representation, or by agreement of all persons entitled in this class;

(3) There is no surviving spouse and there is a surviving child or descendant of deceased children: to the child or children of the decedent, and the descendants of deceased children, by representation.

(4) There are no surviving spouse, no surviving child, and no surviving descendants of deceased children: to the parents of the decedent, one-half to each, or in full to the survivor.

(5) There are no surviving spouse, no surviving child or surviving descendants of deceased children, and no surviving parents: to the brothers and sisters and descendants of deceased brothers and sisters by representation.

(6) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, and no brothers or sisters or descendants of deceased brothers and sisters: to other next of kin, as determined by the laws of the decedent's domicile at the time of death.

(7) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, and no next of kin, as determined by the laws of the decedent's domicile at the time of death: to persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last decedent where the spouse predeceased that registrant.

(8) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, no next of kin, as determined by the laws of the decedent's domicile at the time of death, and no persons related to the decedent by marriage: to the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent that the person has not been reimbursed.

(9) Escheat according to the applicable state law.

(g) When we make payments according to paragraph (f) of this section, we will make the payments by the ACH method to either a person individually, or individually and on behalf of all other persons entitled. We will require ACH instructions for payment. A person who receives payment of certificate of indebtedness proceeds individually and on behalf of others agrees to make distribution of the proceeds to the other persons entitled by the law of the decedent's domicile. The provisions of this section are for our convenience and do not determine ownership of the securities or their proceeds. We may rely on information provided by the person who requests payment, and are not liable for any action taken in reliance on the information furnished.

§ 363.147 Does Public Debt reserve the right to require that any transaction in a certificate of indebtedness be conducted offline?

We reserve the right to require any transaction to be conducted offline using an approved form. Signatures on offline transactions must be certified or guaranteed as provided in instructions in § 363.43.

§ 363.148 What are the rules for judicial and administrative actions involving a certificate of indebtedness?

(a) We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving a certificate of indebtedness.

(b) Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a certificate of indebtedness.

(c) We will pay the redemption proceeds of a certificate of indebtedness pursuant to a divorce decree that either disposes of the certificate of indebtedness or ratifies a property settlement agreement disposing of the certificate of indebtedness of either of the parties. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

(d) We will recognize a final order entered by a court that affects ownership

rights in a certificate of indebtedness only to the extent that the order is consistent with the provisions of this part. The owner of the certificate of indebtedness must be a party to the proceedings. We will require a certified copy of the court order.

(e) We will pay the redemption proceeds of a certificate of indebtedness pursuant to a valid levy to satisfy a money judgment against the owner of the certificate of indebtedness. Payment will be made only to the extent necessary to satisfy the money judgment.

(f) We will honor an IRS administrative levy under section 6331 of the Internal Revenue Code with respect to the owner.

(g) We will pay the redemption proceeds of a certificate of indebtedness to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner. Payment will be made electronically through the ACH method to a U.S. depository financial institution account designated by the receiver or a similar court official.

§ 363.149 What evidence is required to establish the validity of judicial proceedings?

(a) We require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A request for payment by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate) must be supported by a copy of an order that authorizes the redemption of the certificate of indebtedness.

§ 363.150 May a certificate of indebtedness be pledged or used as collateral?

A certificate of indebtedness may not be pledged or used as collateral for the performance of an obligation.

§ 363.151 Can Treasury suspend transactions in my certificate of indebtedness?

We reserve the right to suspend transactions in your certificate of indebtedness if we deem it to be in the best interests of the United States.

§ 363.152 Does Public Debt make any reservations as to issue of certificates of indebtedness?

We may reject any application for the purchase of a certificate of indebtedness, in whole or in part. We may refuse to issue a certificate of indebtedness in any case or class of cases, if we deem the action to be in the public interest. Our action in any such respect is final.

Subpart E—Conversion of a Definitive Savings Bond

SOURCE: 70 FR 14943, Mar. 23, 2005, unless otherwise noted.

§ 363.160 What subparts govern the conversion of definitive savings bonds?

(a) This subpart governs:

(1) The process of converting definitive savings bonds of all eligible series and types of registration to book-entry bonds in New Treasury Direct;

(2) Converted savings bonds of all series registered in the coowner form of registration, unless the non-converting coowner consents to a change in the registration of the bonds after conversion;

(3) Converted savings bonds of Series E registered in the owner with beneficiary form of registration, unless the beneficiary consents to a change in the registration of the bonds after conversion; and

(4) Converted savings bonds of all series that are held in the as a gift bond by the person who converted the bonds.

(b) Subpart C governs:

(1) Converted savings bonds of any series registered in the single owner form of registration;

(2) Converted Series EE and Series I savings bonds registered in the owner with beneficiary form of registration;

(3) Converted Series E savings bonds registered in the owner with beneficiary form of registration, where the