

and a meter licensee, the representative is subject to the provision of Domestic Mail Manual part P030 and Code of Federal Regulations part 501. As a licensee, the representative assumes all licensee responsibilities under USPS meter regulations and must ensure that loaner meters are available for examination by the Postal Service on demand and are examined in accordance with Postal Service policy. Any losses incurred by the Postal Service as a result of fraudulent use of the loaner meter by the customer are the responsibility of the meter licensee, the customer, and the manufacturer.

(8) When the customer returns the meter, the dealer or branch representative must record and verify the accuracy of the ascending and descending register readings and inspect the meter. Any discrepancies or indication of tampering or fraudulent use must be reported immediately to the meter manufacturer, who will then notify Postage Technology Management. In such circumstance, the meter must not be used and must be returned to the manufacturer's QAR department via Registered Mail.

(9) Loaner meters must be reported electronically to the USPS meter tracking system when withdrawn from service. The dealer or branch representative must prepare Form 3601-C, Postage Meter Activity Report, for each loaner meter withdrawn.

[60 FR 30726, June 9, 1995, as amended at 66 FR 20745, Apr. 25, 2001. Redesignated at 66 FR 55097, Nov. 1, 2001, and amended at 67 FR 69138, Nov. 15, 2002; 69 FR 55506, Sept. 15, 2004; 70 FR 705, Jan. 5, 2005]

§ 501.24 Administrative sanction.

(a) *Meter* for purposes of this section means any postage meter manufactured by an authorized postage meter manufacturer under § 501.1 that is not owned or leased by the Postal Service.

(b) An authorized manufacturer that, without just cause, fails to conduct or perform adequately any of the controls in § 501.22, to follow standardized lost and stolen meter incident reporting in § 501.26, or to conduct any of the inspections required by § 501.25 in a timely fashion is subject to an administrative sanction based on the investigative and administrative costs and documented

revenue losses (net of any amount collected by the Postal Service from the licensee or meter user) with interest per occurrence measured from the date on which the cost and/or loss occurred, as determined by the Postal Service. Sanctions shall be based on the costs and revenue losses that result from the manufacturer's failure to comply with these requirements.

(c) The Postal Service may impose an administrative sanction under this section by issuing a written notice to the manufacturer setting forth the facts and reasons on which the determination to impose the sanction is based. The Postal Service shall determine all costs and losses. The notice shall advise the manufacturer of the date that the action shall take effect if a written defense is not presented within 30 calendar days of receipt of the notice.

(d) The manufacturer may present to the Postal Service a written defense to the proposed action within 30 calendar days of receipt of the notice. The defense must include all supporting evidence and state with specificity the reasons for which the sanction should not be imposed.

(e) After receipt and consideration of the written defense, the Postal Service shall advise the manufacturer of the decision and the facts and reasons for it. The decision shall be effective on receipt unless it provides otherwise.

(f) The manufacturer may submit a written appeal of the decision within 30 calendar days of receiving the decision, addressed to the manager of Retail and Customer Service, Postal Service Headquarters. The appeal must include all supporting evidence and state with specificity the reasons that the manufacturer believes that the administrative sanction was erroneously imposed. The submission of an appeal stays the effectiveness of the sanction.

(g) The imposition of an administrative sanction under this section does not preclude any other criminal or civil statutory, common law, or administrative remedy that is available by law to the Postal Service, the United States, or any other person or concern.

[60 FR 30726, June 9, 1995. Redesignated at 66 FR 55097, Nov. 1, 2001]