

**CANCELLATION OF
DoD 7000.14-R, VOLUME 5, CHAPTER 17
“MILITARY PAYMENT CERTIFICATES”**

EXPLANATION OF CANCELLATION

Military payment certificates (MPCs) were available for use in overseas locations when use of United States currency was not permitted by a host country, or when the State Department determined that use of U. S. currency was not in the best interest of the U. S. Government.

Use of other alternatives to MPCs have eliminated the need to retain an MPC program with the Department of Defense. MPCs have not been issued since 1974 and no longer are authorized within the DoD. Policies and procedures in this chapter are hereby canceled.

This chapter is reserved for future use.

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CHAPTER 17

MILITARY PAYMENT CERTIFICATES

1701 INTRODUCTION

170101. Conditions for Use. Military payment certificates (MPC) are available for use in overseas areas when their use is requested by the host country and such use is deemed by the State Department to be in the best interest of the U.S. Government. In this case, and other specified below, MPC shall be used instead of U.S. currency for payment of pay and allowances to DoD military and civilian personnel and to conduct transactions on overseas facilities operated or controlled by U.S. Forces. MPC can be used only with the approval of the USD(C). MPC may be authorized for use in an overseas area when one or more of the following conditions exist.

A. U.S. forces are engaged in active military or occupation operations in a location where the use of U.S. dollars may result in sizable amounts falling into enemy hands.

B. A foreign government allied with the United States in an active military operation uses its sovereign right to prohibit the use of U.S. dollars, but will permit the use of MPC by U.S. Forces and agrees to police the prohibition of its citizens from holding such instruments.

C. U.S. Forces are present in a foreign country at the invitation of the host government whose foreign exchange regulations prohibit the use of U.S. dollars within its borders.

D. The introduction of sizable amounts of U.S. dollars into a foreign area having a weak unstable economy will cause devaluation of the local currency or black market activity in U.S. dollars.

E. The duration of active military or occupation operations is anticipated to last more than 180 days.

170102. Acquisition. The Director, DFAS, shall budget and fund for the design, printing, storage, transportation, and distribution of MPC; maintain at least two reserve MPC series in sufficient quantities and denominations to meet realistic contingency requirements as determined in coordination with respective unified commands; and, maintain contingency plans and procedures to implement the MPC system on short notice, if required.

170103. Responsibilities

A. USD(C). The USD(C), or designee, shall, in coordination with DoD Components, the cognizant combatant commander, and other U.S. Government agencies,

authorize the implementation, conversion or withdrawal of MPC from overseas areas and take final action on requests for exceptions to this policy.

B. Heads of DoD Components. The Heads of DoD Components with overseas responsibilities shall: maintain standby procedures that implement both the guidance contained herein and, for the MPC system, those procedures established by the Director, DFAS; ensure the coordination of any theater-specific plans and standby procedures with the proper unified commander and other affected DoD Components; and, direct Component commands to submit requests for establishment of an MPC area through the cognizant combatant commander.

C. Commanders of Overseas Unified Commands. The commanders-in-chief of the combatant commands shall: forward to the USD(C) all requests received through military or diplomatic channels, together with the unified command recommendation for implementation, conversion, or withdrawal of MPC in a country or other geographic or geopolitical area within respective theaters; and, monitor and coordinate the application of the provisions contained in this chapter within respective command areas.

D. Bureau of Engraving and Printing. The Bureau of Engraving and Printing, Department of the Treasury, shall design, engrave, and print (or contract for printing) all MPC as authorized by 31 U.S.C. 5114 (reference (e)).

1702 PROCEDURES

170201. Establishment of MPC Area. When implemented as legal tender, MPC shall be the only medium of exchange used by DoD Components in MPC areas for pay and allowances of personnel and to conduct transactions in U.S. operated or U.S. controlled facilities. When an MPC series is declared to be legal tender, all notes of that series, regardless of whether placed in circulation or held in bulk storage by DOs, shall be treated and accounted for as cash held at personal risk. DOs, MBFs, Defense credit unions, military postal units, and non-appropriated fund activities operating in MPC areas shall not exchange or engage in MPC transactions with unauthorized personnel. MPC may be exchanged by authorized personnel in MPC areas for local currency at designated foreign exchange facilities. Authorized personnel in MPC areas shall not accept, transfer, or exchange MPC with individuals not authorized to possess them. Combatant commanders may establish limits on conversions, when necessary to minimize black market activity in MPC.

170202. MPC Administration. The U.S. dollar equivalent of the face value of each MPC series declared legal tender shall be established by the Director, DFAS as a cash collection to the unique deposit fund account "Reserve for Redemption of MPC, Army," 21A8815 (by limitation). Conversely, the dollar equivalent of the face value of each MPC series withdrawn from use or destroyed under approved destruction procedures shall be removed from the respective deposit fund account. These actions shall ensure that there is dollar backing and accountability for all MPC in use as legal tender, thereby removing the possibility of MPC being considered as inconvertible and that MPC are not used to supplement appropriated funds. The Director, DFAS, or designee, shall inspect and test the effectiveness and integrity of the MPC system. Such inspections and tests are intended to prevent possible losses from fraud,

counterfeiting, or mismanagement. In addition to the MPC series in circulation as legal tender, a reserve series shall be held in each area in sufficient quantity to replace the series in use should a conversion become necessary. The MPC reserve series shall be maintained and secured as accountable public property.

170203. MPC Conversion Program

A. Program Initiation. Upon establishment of an MPC area, the Director, DFAS, or designee, shall monitor and evaluate local black market, economic, and foreign exchange conditions to determine if the MPC series in circulation should be replaced with an MPC reserve series. An MPC conversion program shall be initiated: when a majority of the notes in circulation becomes unserviceable; when a significant degree of counterfeiting activity is detected; or, from time to time to test the integrity of the MPC system and discourage unauthorized MPC holders from participating in MPC transactions.

B. Program Administration. MPC conversion programs shall: be administered with a minimum of disruption to normal operations, afford all authorized holders of MPC the opportunity to convert legally acquired holdings without loss of funds, and provide adequate safeguards to prevent unauthorized holders of MPC from participating in the conversion program.

C. Authorized Personnel. Authorized personnel who have MPC that were acquired legitimately may exchange those certificates for U.S. currency and coin or dollar instruments (including Treasury checks) under the following conditions: upon departure for the United States, when traveling under competent orders to areas where MPC are not designated, or when traveling under competent orders to MPC areas where DOs, agents, or exchange facilities are not readily available to the traveler. The provisions of this paragraph shall not be construed as authorizing DOs or their agents in areas outside of MPC areas to convert MPC for authorized personnel returning from MPC areas. Such exchange must be made prior to departure from the MPC area.

D. Suspected Certificates. MPC suspected of being acquired illegitimately shall not be converted for any holder under circumstances where there are reasonable grounds to believe that the holder was not an authorized person at the time of acquisition or that the certificates were acquired by the holder, or by another with the holder's knowledge, from a person not authorized to possess or use them. Amounts of certificates exceeding those which the holder normally would acquire or hold under applicable circumstances per local regulations shall not be approved for conversion unless the holder shows by a preponderance of evidence that they legitimately were acquired.. Where there are reasonable grounds to believe the MPC were not acquired legitimately, they shall be impounded and kept pending an administrative determination as to the source of acquisition. If it is determined that the individual concerned was not an authorized person at the time of acquisition, the certificates shall be confiscated and the dollar proceeds deposited to general fund (miscellaneous) receipt account "Fines, Penalties and Forfeitures Not Otherwise Classified," **R1099. If it is found that the individual concerned was an authorized person at the time of acquisition, or that the certificates belong to an authorized person, the certificates (or their dollar value) shall be returned to the owner. If it is determined

that the certificates were acquired from an unauthorized person, the certificates shall be confiscated and the dollar proceeds deposited to receipt account **R1099. Collection vouchers effecting these credits shall cite claimants' names and sufficient information to permit ready identification of the credits in order to facilitate the processing of any subsequent claims for amounts deposited.

170204. MPC Withdrawal. Periodically, but not before 1 year has elapsed since the date that a particular MPC series has been withdrawn from circulation, the unredeemed balance in the deposit fund account for that series, less an estimated amount to cover possible claims, shall be transferred to the account "Miscellaneous Receipts of the U.S. Treasury." The amount to cover estimated claims shall be transferred to a deposit fund account established for paying valid claims against withdrawn MPC series. If a legitimate claim originates after funds have been transferred to "Miscellaneous Receipts of the U.S. Treasury," and the claim is approved for payment by the Director, DFAS, or designee, the claim shall be honored from the deposit fund account with proper notation made as to the applicable MPC series.

1703 CLAIMS

Claims for conversion of MPC, as well as claims arising out of the refusal of the command to convert MPC, shall be referred to the Director, DFAS, or designee, for adjudication and final determination. The time limit for filing claims for invalidated MPC (all MPC issued prior to 1974) expired on 30 September 1980. A time limit for filing of claims for any MPC issued after 1974 shall be established by the Director, DFAS.

1704 COUNTERFEIT CERTIFICATES

Most counterfeit certificates shall be detected readily by their general appearance. More specifically, the ink may be off-color, lines present in genuine certificates may be missing, or there may be a lack of uniformity in color and width of lines. Counterfeits often can be detected by the appearance and feel of the paper. Genuine paper has a distinctive feature in the form of red and blue colored paper disks. Any certificates believed to be counterfeit shall be handled in accordance with the procedures used for counterfeit U.S. currency. In addition, a message report shall be made to the nearest U.S. military investigative service and the Director, DFAS, giving a brief description of the difference between the genuine and the counterfeit certificates and the amount of counterfeit MPC recovered.

1705 DESTRUCTION OF MILITARY PAYMENT CERTIFICATES

170501. Destruction Schedules

A. Preparation. When MPC are returned from area DOs and from authorized area banks, a designated central DO shall prepare a destruction schedule in five copies for each series of certificates to be destroyed. See figure 18-1 for an example certificate of destruction. Separate destruction schedules shall be prepared for circulated and uncirculated MPC. Citation to authority for destruction shall be shown on the schedule.

B. Submission to Destruction Committee. The original and three copies of the schedule shall be submitted with the certificates to be destroyed to the destruction committee.

170502. Authority for Destruction

A. Authority. The Director, DFAS, or designee, shall issue all instructions pertaining to the destruction of MPC.

B. Valid Series of MPC. The commander of each overseas command is delegated the authority to destroy mutilated and/or decomposed MPC of the series currently valid.

C. Invalidated MPC. Invalidated MPC withdrawn from circulation and received by the command accountable officer shall be destroyed only after reconciliation with the accountable officer and specific authorization by the Director, DFAS, or designee.

D. Reserve Series. Under emergency conditions, reserve series of MPC held by the command accountable officer shall be destroyed in the manner described below.

170503. Destruction Committee

A. Appointment. The authority to appoint a destruction committee to accomplish the destruction of certificates within the command area is delegated by the Director, DFAS to the commander of each major overseas command.

B. Personnel. The committee shall be composed of not less than five officers under the jurisdiction of the commander. Personnel of the disbursing office shall not be appointed to serve on the committee.

C. Jurisdiction. The committee shall act under the jurisdiction of the Director, DFAS, or designee, in all activities pertaining to the destruction of MPC.

170504. Verification of Certificates. The total of MPC presented for destruction as indicated on the destruction schedule shall be verified by the destruction committee. Should discrepancies occur between the number of pieces and/or the amount verified and the number of pieces and/or the amount shown on the destruction schedule, a new schedule containing the verified figures shall be submitted by the accountable officer. The original schedule must be destroyed.

170505. Methods of Destruction

A. Burning. The total amount of the MPC received for destruction shall be verified with the amount shown on the schedule. Immediately after verification, all certificates shall be destroyed by burning to ashes under the supervision of and in the presence of not less than three members of the committee. When all certificates have been completely destroyed,

each member witnessing the destruction shall sign the certification on each copy of the destruction schedule.

B. Alternate Methods for Destruction. Three alternate methods for destroying certificates (shredding, maceration, and heating in the presence of caustic soda) are approved when facilities for burning are not adequate or available. Not less than two members of the committee shall be present during the entire operation or until it can be determined that the certificates are completely unrecognizable as currency when any of the alternate methods are used. Upon completion of the operation, destruction schedules shall be certified as stipulated above.