

| <p style="text-align: center;"><b>SUMMARY OF MAJOR CHANGES TO<br/>DoD 7000.14-R, VOLUME 5, CHAPTER 8<br/>“CHECK DISTRIBUTION, DISPOSITION, AND CANCELLATION”</b></p> <p style="text-align: center;">All changes are denoted by blue font</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section,<br/>paragraph, table or figure that includes the revision</p> <p style="text-align: center;">Hyperlinks are denoted by <u><i>underlined, bold, italic, blue font</i></u></p> |   |         |
|--|---|---------|
| PARAGRAPH  | EXPLANATION OF CHANGE/REVISION  | PURPOSE |
| Multiple   | Revised the entire chapter to include administrative updates and reference hyperlinks (chapters and forms).   | Update  |
| 080603   | Added to advise disbursing officers they should instruct financial institutions to contact the Federal Reserve Bank in matters regarding lost negotiated U.S. Treasury. | Add     |

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**CHAPTER 8**

**CHECK DISTRIBUTION, DISPOSITION, AND CANCELLATION**

0801 PROMPT DELIVERY OF CHECKS

080101. General. Once prepared, deliver checks promptly to payees. The Department of Defense (DoD) has mandated participation in the direct deposit program for all newly enlisted, reenlisted, appointed, or retired military personnel and all newly hired civilian personnel. For DoD contractors, DoD strongly encourages participation in the direct deposit program within the conditions of the contract terms.

080102. Delivery of Checks

A. Properly safeguard checks, and handle them as few times and by as few people as practical.

B. Ensure proper custody, signing, and delivery of checks. If checks are handed to the payees, require that payees identify themselves.

C. Promptly return checks not delivered within the time specified by the disbursing officer (DO) to the DO.

D. Keep checks in a safe, vault, or locked fireproof cabinet, pending distribution or return to the DO.

E. Designate personnel engaged in pay delivery activities in writing and adequately supervise them to help prevent any unauthorized, fraudulent, or other irregular activities.

080103. Delivery by Mail. The normal method of check delivery is by mail through the United States Postal Service (USPS). Delivery is to a payee's residential mailing address or post office box. At overseas activities, where payees receive personal mail through organizational address, that address is the payee's residential mailing address. In all other cases, an organizational address is not a valid mailing address. When check delivery by mail is not practical, commanders or their designees may provide specific locations where payees may receive their checks. If checks are mailed to specific locations for delivery, the DO appoints, in writing, a person at each location to deliver the checks as a designated third party. See paragraph 080105 of this chapter.

080104. Outside the United States

A. Restrictions. Per [\*Title 31, Code of Federal Regulations \(CFR\), Part 211\*](#), the Secretary of the Treasury has directed that agencies not issue checks intended for

delivery in the Republic of Cuba (except checks sent to the Naval Base, Guantanamo Bay) and the Democratic People's Republic of Korea (North Korea). Rather, the DoD Component withholds payment and establishes the liability on its books. See the Department of the Treasury's (Treasury's) Office of Foreign Assets Control website, <http://www.treas.gov/ofac> for a complete listing of specifically designated nationals and blocked persons.

B. Exceptions. The restrictions in subparagraph 080104.A of this chapter do not apply to checks payable to foreign governments, to checks issued in payment of salaries or wages, or to checks for goods or services purchased by the U.S. Government.

C. Claims for the Release of Withheld Checks or Proceeds. The administrative agency originally responsible for authorizing issuance of proceeds, processes claims for the release of checks withheld from delivery, or their proceeds. If an agency that has withheld payment on its books receives a valid claim, then that agency issues a check and decreases the associated liability. If the proceeds of withheld checks were on deposit with the Department of the Treasury's Financial Management Service (Treasury FMS) before April 1976, and are still on deposit with Treasury FMS in deposit fund account 20X6048 "Proceeds of Withheld Foreign Checks", submit requests for payment, with an appropriate recommendation, to the Credit Accounting Branch, Financial Management Service, Department of the Treasury, PGMC II – Room 622D, 3700 East West Highway, Hyattsville, MD 20782. The telephone number is (202) 874-8740. The Treasury FMS' Credit Accounting Branch keeps a ledger that details the balances for all federal agencies that have submitted deposits to the 20X6048 account.

080105. Delivery of Checks by Designated Third Parties. Personal delivery of multiple checks may be impractical for the DO, or it may not be expedient to mail them to addresses of record. Under such circumstances, and with the guidance for delivery of checks noted in paragraph 080102 of this chapter, the DO may deliver or mail checks to a designated third party for distribution. A third party is any individual authorized to distribute a quantity or bulk shipment of checks to payees. A person who maintains pay accounts or prepares checks is not authorized to distribute checks.

A. Appointment/Termination of Designated Third Parties. The DO appoints in writing individuals to serve as designated third parties for bulk check delivery. Appointments include:

1. The name and title of the appointee,
2. The name and location of the DO,
3. The applicable disbursing station symbol number(s),
4. The date of the appointment, and
5. A description of the types of checks to be delivered.

One or more alternates may be appointed to prevent distribution delays in the absence of the

principal designee. Alternates may also assist in check distribution when conditions warrant. The DO ensures revocation of appointments upon appointee transfer, when bulk delivery is no longer needed, or as other circumstances warrant.

B. Transporting Checks to Designated Third Parties. Package bulk shipments of prepared checks separately from correspondence and send them by registered mail. Send bulk shipments for a unit or group of units to a third party for distribution or delivery to payees, or reship them to another third party for delivery where the military unit is located. Include only the checks, transmittal letter, and documentation needed for the specific payments. The Government Losses in Shipment Act does not apply to these shipments.

C. Release of Checks to Other than Payee. Designated third parties may not release checks to anyone other than designated payees. When the payees are absent at the time of delivery see subparagraph 080105.E of this chapter for handling checks.

D. Judge Advocate or Investigative Agent Third Parties. In cases where advance payments are issued for witnesses subpoenaed for trial, a representative from a DoD Component investigative agency or a judge advocate charged with serving the subpoena delivers the checks. when the payees are absent at the time of delivery

E. Third Party Disposition of Undelivered Checks. Unless otherwise directed, return checks for payees not present at the time a third party attempts delivery to the DO before the close of business that day. Inform payees who were absent, or who for other reasons did not get their checks, to call at the disbursing office or other stated place to pick up their checks. If locked fireproof file cabinets or safes are available, the DO may authorize the designated third party to hold undelivered checks for a specified, short period. When payees are on extended periods of leave or absences, return their checks to the DO for disposition. Return checks found to be in error to the DO. The DO issues a new check to the payee after appropriate corrective action.

0802 SPOILED AND VOIDED CHECKS

080201. Spoiled Checks

A. General. When a check is spoiled during the check issue process, the handling method and the replacement method depends on whether or not the check has been reported to the Treasury as issued with a dollar value greater than zero and the payee's entitlement to payment.

1. If a check is spoiled in the check issue process and has not been reported as issued, void the check and follow paragraph 080202 of this chapter.

2. If a spoiled check has been reported as issued with a dollar value greater than zero and the payee is not entitled to the check, or the check is returned, it cannot be voided. Cancel the check using the check cancellation procedures in either sections 0803 or

0804 of this chapter.

B. Processing. For available spoiled checks, the DO stamps the check, “Not Negotiable-For Deposit Only; Credit of Agency Location Code XXXX.” The DO deposits the check using a Standard Form (SF) 215 (Deposit Ticket), and processes an SF 1098 (Schedule of Canceled or Undelivered Checks) to credit the proceeds of the deposited check to the appropriation from which it was issued as described in section 0804 of this chapter. For mutilated checks that are not acceptable for deposit, the DO follows procedures for unavailable check cancellations, processing an SF 1184 (Unavailable Check Cancellation (UCC)) using stop code “A” or “D” (at the discretion of the DO based on the facts available), and issuing a recertified payment in accordance with the recertification provisions applicable to the stop code used on the SF 1184; see section 0804 of this chapter. If the check was spoiled during the check production process and has not been released or mailed to the payee, the payee need not complete a DD Form 2660 (Statement of Claimant Requesting Recertified Check) as prescribed in paragraph 080404 of this chapter, but the recertified payment voucher does require certification by a duly appointed certifying official. The SF 1184 is automated; Treasury FMS no longer accepts manually-prepared SFs 1184.

C. Exchange-for-Cash Checks. An exchange-for-cash check does not have an appropriation associated with it. Therefore, if the spoiled check is an exchange-for-cash check, the DO processes an SF 1184 using a stop code “D,” and upon receipt, transfers the budget clearing account \*\*F3880 (Unavailable Check Cancellations and Overpayments (Suspense)) credit to the Treasury’s \*\*X6501 (Small Escrow Amounts) deposit fund account. Since the credit in the \*\*X6501 account is basis for issuing a recertified payment for the exchange-for-cash check, the credit must be transferred before the check can be replaced. Once the credit is established in the \*\*X6501 account, prepare an SF 1081 (Voucher and Schedule of Withdrawals and Credits) to issue a new check charging \*\*X6501 for the disbursement. The recertified payment voucher requires certification by a duly appointed certifying officer. Since these vouchers do not originate from an entitlement area, a certifying officer should be appointed to certify these types of payments. Although the DO may not appoint the certifying officer, an individual under the DO’s direct supervision may be appointed as a certifying officer only in those limited situations set forth in Chapter 33 of this volume.

D. Record of Spoiled Checks. DOs maintain a record of all spoiled checks. This record may be electronic or manual, and must be part of the Record of Checks Issued required by Chapter 7 of this volume. This record must include the original spoiled check number and date; the original voucher number; the replacement check number and date; the voucher number of SF 1098 or recertified payment, whichever is applicable; the payee; and the amount of payment. Keep this record as a permanent part of the DO’s retained records subject to the retention and disposition policies for check issue records as prescribed in Chapter 21 of this volume. As this record does not satisfy the requirement to maintain the recertified payment data on the DD Form 2662 (Recertified Payment Register), record spoiled checks that are replaced with recertified payments on the DO’s DD Form 2662, per paragraph 080403 of this chapter.

E. Disposition. At least once each quarter, the DO destroys spoiled checks

locally by shredding or burning. If the spoiled checks are destroyed by shredding, the fragments must be no larger than 1 inch in width and 1/4 inch in length. If the spoiled checks are destroyed by burning, then the checks must be completely burned. Prepare a certificate of destruction to document the destruction of the spoiled checks as prescribed in the following subparagraphs.

1. Prepare a Certificate of Destruction. Prepare the certificate in an original and one copy and include the complete mailing address of the disbursing station; date and method of destruction; disbursing station symbol number (DSSN); serial number of each check; typed name, title, grade or rank, and signature of the witness(es); and typed name, title, grade or rank, and signature of the DO. List each check in numerical sequence, except that when destroying blocks of checks, show the beginning and ending serial numbers. See Figure 8-1 for an example of a Certificate of Destruction.

2. Verification. The DO and at least one witness examine the checks to verify they are the actual checks to be destroyed, verify the check numbers and DSSN with information on the certificate of destruction, and sign the certificate of destruction only after witnessing the actual destruction of the checks.

3. Distribution of the Certificate of Destruction. Include the original certificate with the monthly disbursing financial reports, and keep a copy in the DO's blank check inventory control records.

F. Certification of Payroll Officer. If a civilian payroll check payee requests issuance of a recertified payment in a name other than the name printed on the original check, the DO obtains a signed statement authorizing the name change from the payroll officer who certified the original payroll before issuing the recertified payment. The DO attaches the statement to the retained copy of the payroll.

080202. Voided Checks

A. General. Void a check that is misprinted or mutilated during the issue process or is determined not to be a proper payment, and has not been reported as a check issue with a dollar amount greater than zero. Report destroyed unused blank checks as voids. Report lost or stolen blank checks as voids. Render checks voided by the DO nonnegotiable by typing or stamping the words "Void - Not Negotiable: No Check Issued Under This Number," or "Void - Not Negotiable: Replacement Check Issued Under Check Number XX,XXX,XXX" as appropriate. A check reported to the Treasury under check issue reporting procedures in a dollar amount greater than zero, it may not be voided under any circumstances. Process the check shall be processed as either an available or unavailable check cancellation, as appropriate to the circumstances in each case as described in paragraph 080201.B of this chapter. If the payment associated with the voided check is otherwise proper, replace it with the next available check in the series and in the same format used for the original voided check. Annotate the original voucher, the copies of the voucher, and the check issue log to indicate the original check was voided and the number of the replacement check used for the payment.

B. Reporting Voided Check Issues

1. Report voided checks to the Treasury as zero dollar value (\$0.00) check issues. If a DO reports the check issue detail to the Treasury by sending the check issue information to another disbursing office for conversion to data files and/or upload to the Defense Check Reconciliation Module (DCRM), the DO ensures that the voided checks are reported and clearly marked. Stamp or mark the hardcopy check issue listing to indicate that a check is voided and the dollar amount is zero. Do not obliterate the serial number of the voided check from the check listing. If diskettes are used for the check issue information, the DO ensures that the diskette contains the serial number and date of the voided checks. If a voided check has not been dated, report a date for the check to facilitate the check issue reporting. DOs submitting their own check issue data to the Treasury ensure inclusion of the serial number and date of the voided checks in the transmission with zero dollar values.

2. If the DO erroneously reports a voided check with a dollar value greater than zero to the Treasury, and the check is under 1 year old, the DO initiates the corrective action as soon as the error is discovered and does not wait to receive FMS Form 5206 (Advice of Check Issue Discrepancy). The DO makes a written request to the Treasury for an adjustment to the check issue detail in the Treasury Check Information System (TCIS); see [Chapter 9](#) of this volume.

3. If the issue date of the erroneously reported check is over 1 year old, the voided check cannot be adjusted in the TCIS. Treasury will issue a limited payability credit for the voided check. Upon receipt of the credit in the \*\*F3880 account, the DO reports the voided check as a check issue on the monthly [SF 1219](#) (Statement of Accountability) and debits the \*\*F3880 account to clear the limited payability credit; see [Chapter 9](#) of this volume for more detailed procedures covering voided checks over 1 year old.

C. Disposition of Voided Checks. Store voided checks in the vault or safe segregated from all other checks until destroyed. The DO destroy the voided checks locally at least once each quarter by either burning or shredding. If destroyed by burning, the checks must be burned completely. If destroyed by shredding, the fragments may be no larger than 1 inch in width and 1/4 inch in length. In either event, prepare a certificate of destruction (see Figure 8-1), signed by the DO and at least one witness, listing the serial numbers and method of destruction. The procedures for preparing and distributing the certificate of destruction for voided checks are the same as the spoiled check procedures prescribed in the subparagraph 080201 of this chapter. For unnumbered checks, which are controlled by a preprinted Inventory Control Number (ICN), list the voided check by the ICN on the certificate of destruction.

0803 AVAILABLE CHECK CANCELLATIONS

080301. General. [Public Law 100-86](#), the Competitive Equality Banking Act of 1987 (CEBA), which took effect on October 1, 1989, amended Title [31, United States Code \(U.S.C.\), section 3328](#) and created a new [section 3334](#) to establish time limits on the payability

(negotiability) of U.S. Treasury checks. It affects the time period permitted for the negotiation of U.S. Treasury checks, initiating and processing claims on those checks, recovering monies from financial institutions, and the replacement of those checks. It does not affect the underlying obligation of the United States for which a U.S. Treasury check was issued. It also does not affect Electronic Funds Transfer (EFT) limited depositary checking account payments. CEBA requires that U.S. Treasury checks be negotiated within 1 year from their issue dates. DOs may cancel checks within this 1-year period when the check is drawn under the DO's own DSSN, under the account of a predecessor DO of the same activity and DSSN, or under an account being settled by the DO. If check is over one year old, a DO may not cancel it using the procedures in this section. Checks may be canceled when the disbursing account is closed or current, or the proceeds of the check are for repayment to an appropriation or fund account which is current or expired. DOs cancel U.S. Treasury checks in their possession within 3 workdays of receipt in the disbursing office.

080302. Exceptions

A. Stamp original checks recovered by or returned to the DO subsequent to being processed with an SF 1184 “Not Negotiable, Previously Treated as Canceled-SF 1184 UCC dated \_\_\_\_\_.” The DO retains the checks in his/her safe or vault for 90 days and then shreds them. Note the date of destruction on DD Form 2662 and supporting documentation. A DO receiving a returned check for an activity or DSSN that is no longer in operation stamps the check “Not-Negotiable” and sends it to the successor or settlement DO.

B. For checks involving holder-in-due course claims, see section 0806 of this chapter.

C. For mutilated checks when substantial portions are missing, see the Treasury Financial Manual, Volume I, chapter 5, section 5030 ([ITFM 5-5030](#)).

D. U. S. Treasury checks that are 1 year old or older from the date of issue (stale dated): see Section 0805 of this chapter.

080303. Undeliverable Checks. The DO keeps a record of undeliverable checks using [DD Form 2658](#) (Returned and Undeliverable Check/Bond Record), indicating the date the check is returned, check number, check date, amount, payee, voucher number, disposition, and date of disposition. An electronic system is acceptable to record undeliverable checks provided it includes all of the information required on the DD Form 2658 and it is accessible for a 6-year 3-month period. See Figure 8-2 for an example of a DD Form 2658. The DO provides the information or a copy of DD Form 2658 to agents, cashiers, and appropriate entitlement offices for their use. Do not remove undelivered checks from the safe or vault, or allow deputies, agents, or cashiers to hold them, except for immediate delivery to payees, or for cancellation and deposit.

A. Safekeeping of Checks. DOs keep undeliverable checks in a safe or vault, filing them in an order best suited for ready identification when claimed or for mailing upon

obtaining a proper address. At a minimum they:

1. Open, extract and deface returned U. S. Treasury checks in the presence of two people,
2. Limit access to the returned U. S. Treasury checks processing area to those individuals responsible for processing the checks, and
3. Secure the checks in a locked container if there is a delay between the time the checks are received and when they are defaced.

B. Time Limit for Holding Undeliverable Checks. DOs attempt to deliver checks to the proper payees. If delivery is not accomplished within 3 workdays of receipt, dispose of them as under the following subparagraphs.

1. Cancel undelivered checks held by the issuing DSSN and credit them to the issuing appropriation or to a suspense account, and deposit them following paragraph 080305 of this chapter.

2. Except as provided in subparagraph 080105.E of this chapter, a DO other than the one that issued the original undeliverable checks returns them to the issuing DO by registered mail or by another method of delivery with the ability to track the shipment. Mail the checks within 3 workdays along with a reason for non-delivery. If the address of the issuing DSSN is unknown, contact the DSSN Management Section, Disbursing/Debt Management Policy (DFAS-NPD/IN), 8899 E. 56th Street, Indianapolis, IN 46249-0050, or send an email to [dssnmanagement@dfas.mil](mailto:dssnmanagement@dfas.mil) for assistance.

C. Undeliverable Due to Death of Payee

1. Deceased Military Members. The issuing DSSN cancels checks payable to deceased military members promptly and credits the value to the individual's pay account pending payment to a properly designated beneficiary.

2. Deceased Civilian Employee Checks. For special instructions on the handling of checks drawn to deceased civilian employees, see [Volume 8](#) of this Regulation.

3. Other Payees. Deposit checks drawn to other deceased individuals as undeliverable checks. Obtain an [SF 1055](#) (Claim against the United States for Amounts Due in the Case of a Deceased Creditor) and process it as prescribed in Volumes 8 and 10 of this Regulation. See paragraph 080306 of this chapter for the accounting data chargeable and references required on the voucher.

D. Checks Undelivered at Time of Relief. When a DO is relieved by another DO, or the DSSN is deactivated and disbursing for that activity is assumed by another activity due to consolidation, transfer of function, or other reason, the relieving DO or gaining activity

assumes custody of the undelivered checks for processing as prescribed in this section. If the DO is transferred from disbursing duty without a relief or the disbursing function is not assumed by another activity, process the undelivered checks as collections on an SF 1098 and deposit them whether or not the 3-workday holding period has elapsed. Provide the DD Form 2658 to the office designated to settle the DO's accounts.

E. Special Actions on Canceled Checks Held by the Disbursing Office

1. Military Payrolls. When a check issued in payment of military pay and allowances is canceled, the DO follows Volume 7A of this Regulation and processes the appropriate adjustment to the Master Military Pay Account.

2. Civilian Payrolls. When a check in payment of a civilian payroll is canceled, the DO notifies the payroll preparing office to make the appropriate payroll adjustment.

080304. SF 1098 (Schedule of Canceled or Undelivered Checks)

A. General. Credit a check that is undelivered within 3 workdays of receipt in the disbursing office to the appropriation originally charged using an SF 1098 prepared in triplicate. In the body of the form show for each check the month and year of issue, check serial number (and DSSN if other than DSSN shown in heading of the form), name of payee, applicable voucher number, amount of check, and accounting data credited. See Figure 8-3.

B. Lack of Accounting Data. If the proper appropriation to be credited cannot be determined immediately, collect the amount of the check into budget clearing suspense account \*\*F3875. Include on the SF 1098 all information available as to the identity and location of the payee of the check. Keep a copy of the documentation in a separate file to support every item in the suspense account. The DO acts aggressively to identify the proper appropriation and removes the item from the suspense account as soon as possible. Process an SF 1081 to transfer the funds to Treasury's miscellaneous receipt account \*\*R1060 (Forfeitures of Unclaimed Money and Property) after 60 days even if the proper appropriation has not been determined.

080305. Disposition of Canceled Available Checks

A. General. Process canceled check transactions authorized by this section in a manner similar to that for collections. Upon receipt of a check to be canceled, prepare an SF 1098 as the collection voucher and credit the appropriation originally charged for the payment. Note: Show all lines of accounting data charged and credited on the original disbursement voucher on the SF 1098. Assign a collection voucher number to the SF 1098 and print this number and the date of collection on the reverse of the canceled check. Deposit the canceled checks for credit to the DSSN used by the DO canceling the checks. No payee endorsement on the reverse of the check is necessary; only the DO's endorsement stamp is required.

B. Defacing Returned Checks. Stamp the face of each U.S. Treasury check to be canceled, “Not Negotiable.” Ensure that the stamp is in a color other than black (preferably red) and is of prominent enough size to remove all possibility of negotiation.

C. Deposit Ticket. Deposit canceled checks on an SF 215 separate from other negotiable instruments. Those DOs with Paper Check Over the Counter capabilities may deposit their canceled checks through this system. The same processed used for accommodation checks shall be used with canceled U.S. Treasury checks.

D. Frequency of Deposits. Checks received for cancellation need not be deposited daily, but may be held in the DO's safe or vault pending preparation of a consolidated SF 215. Send deposits to the Federal Reserve Bank (FRB) not later than the 25th of the month of receipt. Process checks received for cancellation during the remainder of the month as collections but, if desired, retain and deposit them in the following month. All Continental United States (CONUS) DOs deposit all canceled U.S. Treasury checks with the nearest FRB. DOs in Alaska, Hawaii, and foreign countries deposit them with the general depository normally used for making deposits for credit to the Treasury’s General Account. See [Chapter 5](#) of this volume for deposit reconciliation requirements.

080306. Claims for the Proceeds of Canceled Available Checks. When a claim is received for the proceeds of canceled available checks and it is determined that all or a portion of the amounts are due the claimants, the disbursing office that collected and deposited the original undeliverable checks pays these claims on payroll or other vouchers prepared, processed, and certified in the same manner as a current payment. This does not preclude an undeliverable military paycheck from being canceled by the issuing DO so that the member may be paid at a new duty station. Make these disbursements using an [SF 1034](#) (Public Voucher for Purchases and Service other than Personal) and charge them to the accounting data credited on the SF 1098, referencing the original undeliverable check by serial number, amount, DSSN, the month and year, and account in which the undeliverable check was collected. Pay claims received for items transferred to the \*\*R1060 (Forfeitures of Unclaimed Money and Property) account from the 20X1807 (Refund of Moneys Erroneously Received and Covered) account. Record the claim and its disposition on the DD Form 2658.

0804 UNAVAILABLE CHECK CANCELLATIONS

080401. General. For checks less than 12 months old, cancel unavailable U.S. Treasury checks reported to the DO as lost, stolen, mutilated, or not received by the payee using the procedures in this section. These procedures also apply when the payee is not entitled to a check’s proceeds. Such situations include death of the payee before the check issue date, non-receipt of a recertified payment by the payee when the original check has been received and cashed, receipt of a cash payment and a check payment for the same entitlement, and loss of the check after the payroll is prepared and the payee is a military member already transferred. Payees have one year from the date of issue of the check to file a claim of nonreceipt with the issuing disbursing office which, in turn, submits an SF 1184 to the Treasury within 13 months of

the issue date. The Treasury has 18 months from the date a check is paid to reclaim monies from the financial institution if the payee files a claim of forgery or unauthorized endorsement. Checks which are unavailable to the payee and/or the DO and for which entitlement to the payment exists may be replaced by a new check called a recertified payment check. Such a payment bears a new check serial number and is vouchered, certified, and recorded as a new disbursement using the procedures in this section. Control, cross-reference, and track original and recertified payments indefinitely or until both have been paid, recovered and destroyed, or canceled.

080402. DD Form 2662 (Recertified Payment Register). To assure the necessary cross-reference and control over unavailable check cancellations, maintain DD Form 2662. An electronic log is acceptable provided it contains the required information and is accessible for a 6-year 3-month period. As shown in Figure 8-4, the DD Form 2662 requires information to identify the original check serial number, date, amount, payee, and status of the check as provided by the Treasury, identifying information regarding the recertified payment, payee's claims, and collection information.

080403. SF 1184 (Unavailable Check Cancellation (UCC)). The SF 1184 is required for all cancellations covered by this section. The servicing DFAS site reports each individual unavailable check to be canceled to Treasury using an SF 1184. Bulk losses of original checks require the preparation of an SF 1184 for each check. Use SFs 1184 to stop payment, obtain photocopies, or check the payment status of unavailable U.S. Treasury checks. Input stop reason codes to designate the desired action. Although an SF 1184 allegedly stops payment on a check, there is no true stop payment action. The payee may still negotiate the check, and the DO is responsible to recoup the money. If the check is presented for payment after Treasury has given the DO a credit to the \*\*F3880 account, Treasury will reverse the cancellation credit and provide the DO the documentation, including a photocopy of the paid check. The DO must then research and take the appropriate corrective action, including collection efforts where a dual negotiation has occurred. See paragraph 080404 of this chapter for guidance on preparing and submitting an SF 1184, and paragraph 080411 of this chapter for procedures on handling the credits and reversals of credit in the \*\*F3880 account.

080404. Processing an SF 1184. Process SFs 1184 daily using the Defense Check Reconciliation Module (DCRM) Unavailable Check Cancellation (UCC) subsystem. The SFs 1184 are file transferred biweekly to the Treasury. See the *User Instructions for Disbursing Offices* for procedures for accessing the DCRM reporting system to add, change, inquire, or delete an SF 1184 request; contact the appropriate DFAS site for a copy of this manual or for questions on the SF 1184.

Defense Finance and Accounting Service Cleveland  
DFAS-JAFBBA/CL  
North Point  
1240 E. Ninth Street  
Cleveland, OH 44199-2056  
or via email to: ccl-mb-check-issue@dfas.mil

Defense Finance and Accounting Service Columbus  
DFAS-JDBA/CO  
3990 East Broad Street, Building 21  
Columbus, OH 43213

Defense Finance and Accounting Service Indianapolis  
DFAS-ADRPT/IN  
8899 East 56th Street  
Indianapolis, IN 46249-8673  
or via email to: dcrmindy@dfas.mil

080405. Claims of Nonreceipt, Destruction, Loss, or Theft. The Department of the Treasury will deny a claim of nonreceipt, destruction, loss, or theft of a U.S. Treasury check issued on or after October 1, 1989 unless it is presented by the payee to the issuing disbursing office within one year from the date of issue. The disbursing office will document the claim on an SF 1184 and process it through the supporting DFAS so the Treasury receives it within 13 months of the check-issue date. If Treasury denies a cancellation credit, it issues a Daily Advice of Status (DAS) with one of the status codes in Table 8-2. The DO advises the payee of the check status. If the check has been negotiated and the payee wishes to continue the claim process, he or she initiates FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check) and the FMS Form 3858 (Claims Document). The DO sends these two forms, the photocopy of the check, and any other supporting documentation for the claim to Treasury for processing. If the payee files a FMS Form 1133 to claim forgery or unauthorized endorsement against the check, a recertified payment is not authorized before receipt of a FMS Form 3859 (Claims Disposition Notice) from the Treasury. See paragraph 080413 of this chapter.

080406. DD Form 2660 (Statement of Claimant Requesting Recertified Check)

A. Payee Request. When a payee reports the loss, theft, mutilation, or nonreceipt of a U.S. Treasury check, the DO obtains a written statement from the payee. The statement is mandatory to substantiate the payee's entitlement to a recertified payment, and must include the payee's name, Social Security Number (SSN), and address; member's name and SSN if different from the payee; type of payment entitlement; whether the check was received and if so, whether it was lost, stolen, destroyed, or mutilated; whether the check was endorsed by the payee or had a limited endorsement such as "for deposit only"; circumstances surrounding the loss, theft, destruction, or mutilation if the check was received; and the signed statement of certification of the payee. The DD Form 2660 is the preferred form for the required statement, but a DO may accept a signed letter from the payee in lieu of that form provided that the letter contains the required information and the certification statement found on the DD Form 2660. It is very important that the letter contain the signed certification statement as it reads above block 10 on the DD Form 2660. See Figure 8-5 for an example of the DD Form 2660. Failure to obtain the payee's certified statement could hinder collection efforts if a dual negotiation occurs. Also, if the payee is the one that negotiated both checks, then the statement could also be used to establish fraudulent intent.

B. Disbursing Officer Action. Upon receipt of the signed statement, the issuing DO, or the settlement officer assigned to settle accounts for the issuing DO, completes the information required to identify the check (issue date, check number, amount, voucher number, etc.). Before processing an SF 1184, the DO must verify that the check has not been returned as undeliverable by verifying that the check is not listed on the DD Form 2658. If the check is listed and the disposition indicates that the check was re-mailed at a later date, then the DO notifies the payee of the later mailing date and allows enough mail delivery time before processing the claim of nonreceipt. If the check has not been returned and enough time has passed to allow for mail delivery, the DO uses the information on the DD Form 2660 to process an SF 1184 to cancel the unavailable check. Do not submit an SF 1184 involving non-receipt of future dated checks, such as those issued for pay and allowance entitlements, before the date of payment. Do not process an SF 1184 involving nonreceipt until the third working day after the check payment date. For each claim received, establish an individual case file containing the written request for a recertified payment (DD Form 2660); documentation pertaining to the SF 1184; the daily advice of status (DAS); copies of vouchers done for the transfer of the \*\*F3880 credit; the issuance of the recertified and original payments, if obtained; and all other applicable correspondence concerning the case. The DO sends a copy of the claimant's DD Form 2660, or other written statement, and a copy of the SF 1184 documentation to the appropriate entitlement area, which must certify that the entitlement for payment still exists before the DO may issue a recertified payment.

080407. Daily Advice of Status (DAS). With the exception of the transmittal documents, the Treasury will return a DAS on every SF 1184 received. An essential control technique is for DOs to keep a complete file of SFs 1184 submitted. Periodic review of the file will show, either by copy of the DAS or by copy of the agency receipt copy of batch transmittals that the Treasury received and processed all submissions. Follow up incomplete file items within 30 days through the supporting DFAS site by telephone and, if necessary, by submitting a second SF 1184. See Table 8-2 for the status codes the Treasury uses on the DAS. Once Treasury has issued a DAS with a status of "Outstanding check canceled, agency credited," future requests to cancel or obtain photocopies of the canceled check will receive a response status code "11," indicating the canceled check has been paid. A photocopy of the check will not be available until the check is presented for payment through the banking system. Therefore, once a disbursing office has received a DAS with a status code of outstanding, no additional SFs 1184 may be submitted for that check number. If the original check is ever presented through the banking system for payment, the DO will receive notification that the Treasury has reversed the credit to Unavailable Check Cancellations and Overpayments, Suspense, \*\*F3880. Treasury will then provide a photocopy of the original check, a claims document, and a claim form (FMS Forms 3858 and 1133).

080408. Payments Accounting Claims Enhancements Reconciliation (PACER) On-Line System. Treasury's PACER On-Line (POL) system is available to obtain digital check images and view check status on-line. This system only contains information and images for checks issued since October 1997. Digital images are available only if the check has been paid. The time for receiving a digital image depends on how the image is requested (either on-line or

batch), how long the image has been on the FRB archive, and whether or not the image has ever been requested before. Images that are under 6 months old or have been previously requested within the past 30 days are available for immediate viewing. Images that have been archived by the Federal Reserve System in the preceding 6 months will normally be available within a few hours of the request; images that have been archived for more than 6 months will usually be available within 24 hours. If the check is not immediately available, the IMAGE AVAIL field on the SELECT AVAILABLE IMAGES/ DOCUMENTS panel will have a "N" (for NO). An image can be requested by typing "X" in the SEL IMAGE AVAIL field and pressing F9=IMAGE. A paper copy of the check may be requested by typing "X" in the SEL field and pressing ENTER. When requesting a digital image, if the message NO IMAGES AVAILABLE FOR CHK/TRACE NUMBER appears, the check may be outstanding and/or unreconciled. The Inquiries on Payments and Claims option allows inquiries on the status of a single payment or multiple payments at the same time. The POL system is available for use Monday through Friday from 6 a.m. to 12 midnight Eastern Time. There is no software purchase required to access the POL system. See [www.fms.treas.gov/pacer](http://www.fms.treas.gov/pacer) under Equipment Requirements for system requirements. To request access to the POL system, contact the Department of the Treasury, Check Resolution Division, Office of the Director at (202) 874-7620.

080409. Authorization to Issue Recertified Payments

A. General. As stipulated in [31 CFR, parts 245 and 248](#), Treasury has delegated to the DoD authority to issue checks to replace those originally issued by DoD DOs. That authority includes replacement of checks lost, stolen, or destroyed both in transit and after receipt by applicable payees. Treasury has authorized the DoD to issue a recertified payment at the same time the SF 1184 is prepared if, based on the facts available, the payee receives immediate replacement and the risk of loss from overpayment to the payee is low. Subject to the restrictions in the following paragraphs, DOs may issue recertified payments as replacements for original checks at any time commencing with the submission of the SF 1184. The circumstances associated with each unavailable check govern the timing of issuance of a replacement check.

B. Limitations. Do not issue a recertified payment check if:

1. The payee of the original check is not entitled to the proceeds of the check,
2. The payee died before the original check issue date,
3. Sufficient mail time has not lapsed from the date the original check was mailed or re-mailed to allow for delivery and possible return of the original check (see [Chapter 7](#) of this volume),
4. The payee has an outstanding obligation against which the payment can be offset, and/or
5. The original check is more than 12 months old.

Situations that involve high-dollar-value unavailable checks, payees involved in adverse actions that could result in early discharge or termination, or nonpermanent employees with no vested retirement benefits or sustained work history require thoughtful consideration before issuance of a recertified payment. Also consider the ability of the payee to make restitution in cases of a double negotiation and the possibility of offsetting a double negotiation against money, other than salary, due the payee. For deactivated and closed disbursing offices, the designated settlement office is normally responsible for issuing recertified payments. In some situations, such as consolidation, the DO supporting the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office may issue a recertified payment on behalf of the deactivated or closed office. Except as prescribed in subparagraph 080201.C of this chapter, issue recertified payments only as a disbursement from the appropriation charged on issuance of the original check or if that appropriation is no longer available, then a current appropriation available for the same general purpose subject to limitations on its use.

C. Issue Before Receipt of Treasury Status. Delays in issuing checks may affect military and civilian employees' personal financial affairs, DoD relations with private business, and other intangible benefits. For these reasons, immediate issuance of replacement checks may be appropriate. DOs may use stop code "A" on the SF 1184 to support immediate check issuance to replace undelivered, lost, stolen, mutilated, or destroyed original checks issued under their DSSN if less than 31 days have elapsed since the check issue date. This service is limited to:

1. Military and civilian personnel for payment of pay and allowances;
2. Banks, credit unions, and other financial institutions unless the DO decides that obtaining the Treasury status is in the government's interest before issuing a recertified payment;
3. Agencies of the U.S. Government;
4. Foreign governments. (Where doubt exists as to the status of a foreign payee, treat the payment as a foreign business transaction and issue a recertified payment

only after receipt of the Treasury status as prescribed in subparagraph 080410.D of this chapter.); and

5. Any composite/consolidated check regardless of amount.

D. Issue After Receipt of Check Status. Submit unavailable check cancellations using stop code “D” or “G” and issue a recertified payment only after the Treasury reports the check status as outstanding for:

1. Foreign businesses and contractors where check payment is made to addresses or financial institutions outside the United States,
2. Payees who have previously negotiated both the original check and the replacement check issued to replace it,
3. Payees who have received more than 3 replacement check payments in the past 6 months or more than 4 replacement check payments in a 12-month period,
4. Payees who report nonreceipt of a recertified payment,
5. Payees requesting replacement of an original check more than 30 days old, and
6. Payees other than a deputy, agent, or cashier requesting replacement of an exchange-for-cash check.

E. Issue When the Check Status Is Paid. Except as prescribed in paragraph 080414 of this chapter, do not issue a recertified payment check when the DAS from the Treasury indicates the check status is paid.

080410. Accounting for Recertified Payments

A. General. The Treasury provides all credits for canceled unavailable checks and charges resulting from negotiation of a previously canceled unavailable checks through budget clearing account \*\*F3880 (Unavailable Check Cancellations and Overpayments (Suspense)). This account is restricted to unavailable check transactions and may not be used for any other purpose. It is available to hold credit or chargeback amounts only pending identification of the appropriation or fund charged for the original check issuance. Do not charge the \*\*F3880 appropriation directly for any payment, but transfer amounts in this account to the original appropriation as expeditiously as possible. Do not allow transactions in this account to become stale or unidentifiable, as an unidentifiable balance may result in a DO loss of funds and an associated pecuniary liability. NOTE: As indicated in [Chapter 7](#) of this volume, exchange-for-cash checks generally are for advances to deputies, agents, or cashiers; or as an accommodation service for a payee’s benefit. Exchange-for-cash transactions are not charged to an appropriation on fund. If a deputy, agent, or cashier loses such a check, treat the loss will be

treated as a physical loss of funds under [Chapter 6](#) of this volume. If the Treasury determines the check to be outstanding, apply the unavailable check credit to offset the loss of funds. If the unavailable check is negotiated later and the Treasury reverses the credit, reestablish the physical loss of funds. If a payee who received an exchange-for-cash check as an accommodation service loses the check, apply the unavailable check credit to reimburse the payee for the loss. Transfer the \*\*F3880 amount to the \*\*X6501 (Small Escrow Amounts Deposit Fund) account and charge the latter account for the disbursement. Issue the recertified payment check only after receipt of the \*\*F3880 credit. Do not disburse from \*\*X6501 account before the \*\*F3880 credit is received and transferred. Use discretion when authorizing recertified payments to individuals for lost exchange-for-cash checks issued as accommodation exchange transactions based on the risk associated with recovery of the funds if dual negotiation occurs. If the exchange-for-cash check was for the sole benefit of the payee and risk of loss is high, the DO should consider waiting until the check has been cancelled by limited payability.

1. Credits Resulting from Submission of SFs 1184. If an unavailable check is outstanding, Treasury will issue a DAS indicating that the check is outstanding and that it will credit the agency with the proceeds. The Treasury will cancel the check and credit the funds derived from the cancellation to the \*\*F3880 account. The DFAS-Cleveland and DFAS-Indianapolis will receive the cancellation credits from the Treasury electronically daily as needed. A hardcopy of the SF 1081 follows the electronic submission. The proceeds of these canceled checks are forwarded to the DFAS-Cleveland and DFAS-Indianapolis through the Government On-line Accounting Link System II/Intra-Governmental Payment and Collection system (GOALS II/IPAC), and will reflect any identifying information provided in the original check issue data submission as detail in the credit transmission.

2. Reversals of Cancellation Credits. If a canceled unavailable check is negotiated by a financial institution after cancellation by Treasury, Treasury will reverse the cancellation credit and provide a DAS indicating the check has been negotiated and the credit reversed. The Treasury Receivable Accounting and Collection System (TRACS) will generate an SF 1081 and other documents to report reversals of cancellation credits to DFAS-Cleveland and DFAS-Indianapolis. These documents indicate the total dollar amount of the credit or charge entered into the DO's F3880 account. The SF 1081 is the DO's documentary evidence that the Treasury FMS has entered the credit or charge to the F3880 account. Credits and charges are listed separately and are not commingled on the same SF 1081. DO's record the amounts as increases or decreases to the F3880 account.

B. Agency Reporting of Treasury FMS Transfers to the \*\*F3880 Account. TRACS accomplishes transfers to the \*\*F3880 account via IPAC, and monthly IPAC transaction detail documents them. After receiving an SF 1081 and recording the credit or charge to the \*\*F3880 account, the DO prepares an [Optional Form \(OF\) 1017-G](#) (Journal Voucher) to clear the credit or charge from the that account, returning the funds to the appropriation charged or like fund that has been identified. At the end of each month, the DO reports the journal voucher transactions on line 2.39 (line 2.8 for electronic versions) of the SF 1219; see [Chapter 19](#) of this volume. The accounting cutoff date for credits and charges transferred to the \*\*F3880 account from TRACS is the second-to-last business day of each month. Account for transactions

processed after that date in the next accounting month.

C. Distribution. [Title 31, U.S.C. 3334\(a\)\(2\)](#) requires the return of proceeds from canceled checks to the appropriation(s) charged when the check(s) were issued originally, and to treat the canceled check(s) as account(s) payable. Within 15 days of receipt, the DFAS-Indianapolis and DFAS-Cleveland should forward the check cancellation and credit detail information to the disbursing office (except as noted in subparagraphs 080411.C.1 and 080411.C.2 of this chapter) that issued the check(s), and to the disbursing office's supporting accounting office. Any reversal of previous cancellation credits issued by Treasury should also be forwarded in the same manner to the applicable disbursing and accounting offices.

1. DFAS-Cleveland and DFAS-Indianapolis forward the check credit information (including the detail information) applicable to the disbursing accounts that DFAS Columbus manages to DFAS-Columbus. DFAS-Cleveland processes or distributes cancellation credit information for Marine Corps disbursing offices.

2. DFAS-Cleveland posts monthly, upon receipt, the current \*\*F3880 reports for ALC 1700 on the website <https://mzd-2.mech.disa.mil/cashwork>, Recert Detail and Payability Detail, for use by DOs and accounting offices it supports. As the \*\*F3880 reports are cumulative, only the latest reports are accessible.

D. Accounting Office. When canceled check credits are received, the accounting office transfers promptly the individual check credits from \*\*F3880 to the original appropriations charged when the payments were issued, and establishes accounts payable. If a DO replaces an unavailable check before receipt of credit from Treasury, the accounting office establishes an account receivable in the appropriation or fund charged for the original check issued, and removes the receivable upon receipt of the credit. Also, promptly transfer the reversal of a previous credit from \*\*F3880 to the original appropriation.

E. Review of \*\*F3880 Balances. The DO reviews the \*\*F3880 account monthly to ensure all necessary actions are taken to clear these transactions. Also, each time the DO's account is transferred, the incoming DO validates balances in this account, as prescribed in [Chapter 2](#), of this volume. If the departing DO cannot provide the incumbent DO with documentation supporting the \*\*F3880 items, the departing DO processes the unsupported items as losses of funds as prescribed in [Chapter 6](#) of this volume.

F. Research. Upon receipt of a DAS indicating cancellation credit or reversal information from the supporting DFAS site, the DO initiates research on the check issue data submitted to Treasury to ensure the detailed information provided is accurate. That is, the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal must agree with the original check issue data reported to Treasury. Research any discrepancy in this data to determine its cause, and appropriate action taken to correct it. In the case of a reversal, the DO determines if a dual negotiation occurred by verifying the status of the replacement check. The DO submits an SF 1184 on the replacement check using Stop Reason Code "F" for non-entitlement. If the check for the recertified payment is outstanding, the DO

receives a credit to offset the charge for the reversal previously received. If the check has been paid, the DO receives a photocopy of the paid check, a claim form, and a claims document. If both the original and recertified payment checks have been negotiated, the DO begins collection action as outlined in paragraph 080414 of this chapter.

1. The disbursing office also must notify the appropriate entitlement or subject matter area (e.g., military pay, civilian pay, travel pay, or commercial accounts payable) that Treasury has returned a credit to the activity because the check was not negotiated or has reversed a credit previously received and provided a copy of the DAS.

2. The DO notifies the accounting department to request that they re-obligate funds to cover the issuance of a recertified payment. Once assured that funds are re-obligated and available, the DO may issue a recertified payment check citing the original appropriation. If the original appropriation is closed, use a current year appropriation for the same or similar purpose.

3. When Treasury provides a reclamation credit, the DO contacts the accounting department to request re-obligation of funds to cover the issuance of a recertified payment.

G. Entitlement to Payment. When notified that an unavailable check has been canceled, the credit has been received, and a recertified payment has been requested, the appropriate entitlement or subject matter area determines whether the liability for payment of the underlying obligation is valid before preparing a recertified payment, which may not be made if the entitlement to payment no longer exists.

H. Recertified Payments. All recertified payments (including immediate replacements under stop code "A") must be vouchered, certified by a certifying official, and charged to the appropriation or fund charged for the original payment. Recertified payments may be issued at the same time that the disbursing office submits the SF 1184, or at any subsequent point in the claims cycle that is:

1. Before the status of the original check is known, when less than 31 days have elapsed from the date of the original check (See subparagraph 080409 of this chapter.);

2. After the disbursing office has been advised by the DAS code that the original is outstanding and credit will be provided; or

3. After the credit has been received from Treasury.

Making a recertified payment under the first two provisions listed in this paragraph requires the establishment of an account receivable, supported by a copy of the SF 1184 and/or DAS, in the appropriation or fund for the amount due on cancellation of the original check.

080411. Preparation and Disposition of Replacement Checks

A. General. Prepare and distribute replacement checks in the same manner as regular checks as described in Chapter 7 of this volume. If a payee claims nonreceipt, loss, or destruction of a replacement check, the unavailable check cancellation procedures in this section also apply to the replacement check.

B. Undeliverable Replacement Checks. Process an undeliverable replacement check in the same manner as any other undeliverable check immediately after it is found to be undeliverable. The 3-workday limit for holding undelivered checks does not apply to undeliverable replacement checks. Cancel the check on an SF 1098 with credit to the appropriation charged when it was issued in accordance with paragraph 080410 of this chapter and deposit it with the nearest FRB or branch on an SF 215 as prescribed in section 0803 of this chapter.

C. Returned and Recovered Replacement Checks. When a replacement check is returned by the payee after the original check which it replaced has been found and negotiated by the payee, cancel the replacement check on an SF 1098 and credited the proceeds to the appropriation charged when it was issued. Deposit it with the nearest FRB or branch on an SF 215 as prescribed in section 0803 of this chapter. Transfer the chargeback to the \*\*F3880 account from Treasury for the negotiated original check to the appropriation charged when the original check was issued.

080412. Check Forgery Insurance Fund (CFIF). The CFIF is a revolving fund established to settle payee/claimant claims of non-receipt where an original check has been fraudulently negotiated. Only the Treasury FMS' Check Claims Branch is authorized to adjudicate claims of forgery against U.S. Treasury checks. As explained in section 0805 of this chapter, a claim against the CFIF is governed by the 1-year statute of limitations provided in the CEBA, since a claim against the CFIF constitutes a claim on account of a U.S. Treasury check. Therefore, a claim of forgery must be presented within 1 year from the date the check was issued, otherwise the claim on the check is barred and the payee is not entitled to payment out of the CFIF. Also, the DO must submit an SF 1184 on the check within 13 months from the check issue date. The statutory 1-year limit on the claim against the CFIF does not affect the underlying obligation of the government for the payment. If the Treasury determines a check endorsement was forged and the payee's claim meets the statutory requirements, Treasury will institute reclamation procedures to recover the proceeds of the forged check through the banking system. The CEBA also sets an 18-month statutory time limit from the date a check is negotiated to accomplish bank reclamation. If the statutory requirements for the claim are met and the proceeds of the check cannot be recovered from the banking system through bank reclamation procedures, Treasury issues the settlement check and charges the payment to the CFIF.

080413. Processing Forgery Claims

A. General. When Treasury determines that an original check

was negotiated and paid by the Treasury FMS on a forged or unauthorized endorsement, a payee may have a valid claim against the CFIF; see paragraph 080412 of this chapter. The Treasury FMS' Check Claims Branch (CCB) is the approval authority for settlement checks issued to replace checks paid over forged endorsements. The address for the CCB is: Check Claims Branch, Financial Processing Division, Financial Operations, Financial Management Service, Department of the Treasury, 3700 East-West Highway, Room 800D, Hyattsville, MD 20787. Treasury FMS issues settlement checks out of the CFIF if it determines that the payee or special endorsee has established that:

1. The payee or special endorsee presented a timely claim of non-receipt, i.e., filed a claim within one year after the date of check issue;
2. The original check was lost or stolen due to no fault of the payee or special endorsee;
3. The original check was negotiated and paid by Treasury FMS on a forged or unauthorized endorsement of the payee's or special endorsee's name; and
4. The payee or special endorsee has not participated in any part of the proceeds of the negotiation or payment of the original check.

Treasury FMS does not charge the CFIF for losses resulting from negotiation of checks issued to deceased payees or to payees who were not entitled to the payment.

B. DO's Action. When a payee reports the loss, theft, or nonreceipt of a U. S. Treasury check, he or she follows paragraph 080406 of this chapter. If the DO's research determines that the check was negotiated, the DO requests a digital image of the check. For checks issued on or after October 1, 1997, see paragraph 080408 of this chapter for instructions on how to obtain a digital check image using the PACER On-line System. For checks issued prior to October 1, 1997, DOs use the SF 1184 process to determine the check status (see paragraph 080403 of this chapter). When follow-up action with Treasury FMS is required, DO's prepare and submit an FMS Form 3864; see Table 8-3.

C. Payee/Claimant's Action. When the check status is "Paid," the Treasury provides a photocopy of the original check, FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check), and FMS Form 3858 (Claims Document). If, after examining the check copy, the payee/claimant denies having negotiated the check, he or she completes and signs the FMS Form 1133 and returns it along with the check copy to Treasury FMS. FMS Forms 1133 and 3858 are combined four-page form sets. FMS Form 1133 is for the payee's declarations and information concerning the unavailable check. FMS Form 3858 is the claim reference document that contains the necessary information for U.S. Treasury Check Claims Operations to identify the check. Attach a copy of the FMS Form 3858 to any correspondence with Treasury concerning the unavailable check.

D. Treasury FMS Action. Upon receipt of the FMS Form 1133, the CCB

reviews the claim form. If the FMS Form 1133 is not complete, the CCB returns it to the payee/claimant with a letter advising of the corrections needed. If the payee/claimant admits negotiating the check or does not return the FMS Form 1133, no further action is taken. An FMS Form 1133 is considered complete when all questions are answered and all required signatures are present. If a payee/claimant signs by mark, the mark must be witnessed in the space provided. If the FMS Form 1133 is complete, the CCB advises the DO of the status of the claim using a Claims Disposition Notice (CDN) and begins the adjudication process. If the payee/claimant is determined not to have been involved in the negotiation of the check and did not participate in the proceeds from the check, the CCB settles the claim by initiating a request to issue a check to the payee/claimant or transfer the funds to the DO as provided in the following subparagraphs.

1. Stop Reason Code A. If the criteria for settlement from the CFIF are met, the CCB charges the CFIF and transfers credit to the DO via IPAC. The CCB sends a CDN to the DO with the message “Forgery Established – Treasury is Crediting Your Account”. The DO transfers the credit to the correct appropriation and reissues the payment, using the CDN as supporting documentation.

2. Stop Reason Code D. If the criteria for settlement from the CFIF are met, the CCB issues a settlement check to the payee/claimant charging the CFIF and sends a CDN to the DO with the message “Forgery Established – A Settlement Check Is Being Sent to the Payee”.

3. Stop Reason Code E. For checks greater than \$25, Treasury FMS credits the DO for deceased payee checks once it receives the reclamation credit from the financial institution. For checks \$25 or less, the CCB issues a CDN with the message “Paid-The Issue Amount is \$25.00 or Less. No further Action Will Be Taken.”

4. Stop Reason Code F or G. If forgery is substantiated, the CCB requests reclamation action against the financial institution, refers the case to the Secret Service, and sends a CDN to the DO with the message “Forgery Established. Claim Valid But Settlement Not Appropriate Based On Your Non-entitlement Code. Treasury will Credit Your Account When The Funds Are Collected”.

E. Appeal Process. If the CCB denies a claim, a payee/claimant may appeal in writing to the CCB. The appeal must be postmarked no later than 60 days after the date of the denial letter. The appeal must include a copy of the denial letter, a signed statement, and any additional information or documentation for further investigation. The appeal must also include the check and symbol number identified in the denial letter.

080414. Collections of Double Negotiations

A. General. A double negotiation occurs when an original check and its replacement check have both been reported as paid by Treasury. The loss actually occurs on negotiation of the replacement check. The order in which the checks are cashed is irrelevant. A

double negotiation is an illegal or improper payment for purposes of pecuniary liability. The DO initiates collection action to recover illegal or improper payments made by his/her office. In the event that the payee separates from government service, the DO is still responsible for pursuing collection action. Normally, collections for illegal or improper payments are one-time cash refunds or lump-sum collections by salary offset, and do not warrant installment liquidation. Limit installment repayments to cases of extreme personal hardship.

B. Procedures

1. Collection Action

a. When Treasury notifies a DO that it has reversed a previous credit to the \*\*F3880 account from the cancellation of the original check, the DO immediately researches the situation to determine if a double negotiation has occurred by determining the payment status of the replacement check. Once a Treasury response confirms a double negotiation, the DO immediately begins collection action. Afford the payee due process rights of collection specified in [Chapter 29](#) in each case. Normally, the most effective means of achieving expeditious recovery is to present the payee a photocopy of the paid original and replacement checks, and a copy of the claimant's signed statement acknowledging he/she was not entitled to both the original and recertified payments, and to enforce the agreement contained therein. Due process rights of collection include the opportunity for the payee to contest the validity of the debt. In cases of double negotiation, the payee's right to complete the FMS Form 1133 provides this opportunity.

b. If, when presented with copies of the negotiated checks, the payee asserts that one of the checks was negotiated over a forged endorsement, do not begin collection until Treasury's CCB adjudicates the payee's claim of forgery. If Treasury determines the check was forged, the payee does not owe the debt. If Treasury denies the payee's claim of forgery (i.e., Treasury determines the check was not forged), the full amount of the check is due and subject to immediate collection. If the payee fails to provide the properly completed FMS Form 1133 within the time frame allowed to present documentation as to why the debt is not owed, he/she is deemed to have acknowledged the debt and the DO takes immediate collection action. In either situation, complete collection action within 90 days of the receipt of the DAS from Treasury indicating the canceled unavailable original check has been paid, or within 90 days of receipt of the FMS Form 3859 from Treasury indicating the payee's claim of forgery is denied, as applicable to the circumstances of each individual case.

c. The DO documents all attempts to collect illegal or improper payments. If all reasonable steps have been taken to collect and the illegal or improper payment becomes locally uncollectible within the 90-day time limit, the DO transfers the debt to the appropriate office designated to pursue collection of locally uncollectible debts. See [Chapters 29](#) through [32](#) of this volume for debt collection processes. If the dual negotiation involves a check issued to a contractor or vendor, see [Volume 10](#) of this regulation for debt collection procedures applicable for these types of payments. Although the debt is transferred to another office for further collection action, the DO remains pecuniarily liable for the illegal or

improper payment until the debt has been collected or relief has been granted; see paragraph 080414.A of this chapter.

2. Determination of Fraud. Double negotiations could indicate misrepresentation or fraudulent intent. If the DO suspects that the negotiation of the original check is the result of fraudulent activity, he/she follows [Chapter 6](#) of this volume to report the event, and for possible resultant investigative and/or disciplinary action. Pursue collection action as specified in this volume.

080415. Relief of Liability for Uncollectible Illegal or Improper Payments. The DO may request relief of liability for illegal or improper payments following the procedures in [Chapter 6](#) of this volume, based on [31 U.S.C. 3527](#).

080416. Separation of Duties. The payment recertification process is subject to the same management controls as other routine disbursements. The same individual may not authorize, process, and review recertified payment transactions. The minimum acceptable separation of duties consists of preparation of the SF 1184 by one individual, review and approval of the DD Form 2660 and SF 1184 by a deputy or the DO, preparation of a disbursement voucher by one individual in the appropriate entitlement area, review and approval of the voucher and supporting documentation by a first line supervisor other than the deputy or DO authorizing the transaction, and authorization of the disbursement by the DO or a deputy. At locations where the disbursement voucher is prepared in disbursing because of limitations imposed by automated disbursing system processes or the combination of entitlement and disbursing functions into one unit (as is the case at small activities and most tactical units), the DO ensures that the duties of preparing the SF 1184, preparing the disbursement voucher, reviewing the transaction and supporting documents, and preparing the check are performed by different individuals.

#### 0805 U.S. TREASURY CHECKS CANCELED UNDER LIMITED PAYABILITY

080501. General. Treasury automatically cancels checks issued on or after October 1, 1989 which have not been negotiated by a financial institution within 12 months of the date of issue. This cancellation occurs in the 14th month after the date of the check.

A. Pre-CEBA. Before CEBA's effective date, [31 U.S.C. 3328\(a\)](#) allowed a U.S. Treasury check to be paid (negotiated) any time and [31 U.S.C. 3328\(c\)](#) provided that the limitation on claims against the Government in [31 U.S.C. 3702](#) (Barring Act) did not apply to an unpaid (not negotiated) U.S. Treasury check. Under the Barring Act, the administrative statute of limitation limits jurisdiction to consider claims to those that are filed within 6 years after they arise. The following hypothetical examples illustrate these principles.

1. In December 1978, an individual submitted a \$1,000 claim for lump sum leave to DFAS. In January 1979, DFAS issued a U.S. Treasury check to the claimant, who did not negotiate the check until 1986. In this example the underlying obligation is \$1,000 or the amount due to satisfy the claim for lump sum leave. Since the claim for payment was

submitted in 1978, the provisions of the Barring Act were suspended (or tolled), meaning a claim was filed within the required 6-year period. Once the U.S. Treasury check was issued (1979), the individual also became entitled to a separate claim on that check, which, in 1979, was payable in perpetuity ([31 U.S.C. 3328\(a\)](#) (1982)). Thus, before CEBA, the individual's right to obtain a replacement check based on the claim to the original un-negotiated U.S. Treasury check masked the effect of the Barring Act on the underlying obligation.

2. Modifying the example above shows the effect of the Barring Act on the underlying obligation. In addition to the earlier facts, assume further that the individual discovered that he had failed to claim all that was due in December 1978 and that the agency in fact owed him another \$250. He may obtain payment for the additional amount of the underlying obligation only if he submits a new claim for the additional amount to the agency within the 6-year period following the accrual of the original claim, December 1978. If, in 1986, however, the individual—in addition to negotiating the check—submitted a claim for the additional \$250, the claim for the additional amount would have been barred since more than 6 years had lapsed from the accrual of the original claim.

## B. CEBA

1. The CEBA established a 1-year time limit in which to negotiate a Treasury check. This negotiation period does not affect the obligation underlying the check. The CEBA left the two causes of action separate; that is, one on the underlying obligation and one on the U.S. Treasury check. It imposed a statutory limitation on the period during which a U.S. Treasury check may be paid and on any claim on account of a U.S. Treasury check. It requires the negotiation of a U.S. Treasury check within 1 year of its issuance date and states that any claim on account of that check is barred unless the agency which issued the check receives a claim within 1 year of the issuance date. After this 1-year period, a request for payment based on the check is forever barred. The payee may still be entitled to payment based on the underlying obligation subject to the 6-year statute of limitations in the Barring Act (31 U.S.C. 3702(b)). Accordingly, after the 6-year period following the accrual of the claim, a check may be issued only if the claimant has tolled the Barring Act by making a timely claim on the underlying obligation. To make CEBA applicable to the example in subparagraph 080502.A of this chapter, consider the following: If the individual submitted the claim in December 1989 and the check was issued January 1, 1990, then a claim on the check expired 1 year after the date of issue, December 31, 1990. Thus, the individual had to complete his claim on the U.S. Treasury check before the 1-year period expired in order to obtain a replacement check.

2. The fact that a replacement check is no longer available does not affect a claim on the underlying obligation. In this example, because a claim for payment was submitted timely (December 1989), the period of limitation as prescribed in the Barring Act was tolled, and a check may be issued even if more than 6 years has passed. Conversely, if a timely claim on the underlying obligation had not been received, then the claim on the underlying obligation is barred and an agency may not issue a check. Therefore, if a claimant has submitted a valid claim to toll the statute of limitations on the underlying obligation, he/she may obtain a replacement check even if more than 6 years have passed since the claim accrued or the check

was issued. Tolling the Barring Act on the underlying obligation does not permit payment in perpetuity. Entitlement to payment is not unlimited; any appropriate defense remains available to the government. If a claimant waits an inordinate period of time to request payment on the underlying obligation of a U.S. Treasury check under CEBA, then Doctrine of Laches (a legal term that is based upon neglect or omission to do what one should, thus warranting presumption that one has abandoned right or claim. That is, if a payee neglects or fails to file a timely request, the payer can presume that the payee has abandoned the claim.) may apply. Furthermore, Treasury records show only that a check has not been presented to it for payment, and not whether it was presented to and paid by an intermediary bank.

080502. U.S. Treasury Check Payability. Treasury has canceled all U.S. Treasury checks issued before October 1, 1989. Those issued on or after October 1, 1989 bear the legend "Void After One Year." Treasury will decline payment of all checks not negotiated to a financial institution within 1 year from their issue dates. Financial institutions will advise a payee to contact the check-issuing agency because the check is no longer negotiable. Stamp checks returned to the disbursing office as no longer payable (negotiable) "VOID - NOT NEGOTIABLE" and shred them after confirming receipt of the limited payability cancellation credit. U.S. Treasury checks issued before October 1, 1989 have already been mass canceled; shred them without confirmation of receipt of a Limited Payability cancellation credit.

080503. U.S. Treasury Check Claimability. Any claim on account of a U.S. Treasury check is barred unless it is presented to the agency that issued the check within 1 year after its issue date. Since CEBA established a 1-year statute of limitations for claims against a U.S. Treasury check, DOs may not process any claim for replacement of a check which is over 12 months old from its issue date. Therefore, under CEBA provisions, DOs must reject all claims against U.S. Treasury checks as time barred (e.g., claims for replacement of U.S. Treasury checks) that are not received before the expiration of the 12-month period of negotiability (from the date of issue) of the check. DOs should notify the claimant that a claim of nonpayment of the underlying obligation of the government must be filed with the appropriate entitlement office (contracting officer for vendors or commercial payees, military pay office, civilian pay office, travel office, etc.).

080504. Limited Payability Check Cancellation Process. During the 14th month after the date of issue, Treasury will identify and cancel all checks that have not been negotiated within 12 months from their issue dates. When check issues are not reported timely and are submitted after the limited payability processing period (14 months), Treasury will cancel those that are outstanding at the end of the month in which the check issued data is submitted. When check issue data is submitted after the limited payability period, Treasury will cancel those that are outstanding at the end of the month in which the check issue data is submitted. Treasury will credit funds derived from the cancellation of checks dated on or after October 1, 1989 to the Unavailable Check Cancellations and Overpayments (Suspense) Account, \*\*F3880. DFAS-Cleveland and DFAS Indianapolis will receive limited payability cancellation credits monthly from Treasury with an SF 1081 and a listing of checks canceled; the listing will include identifying information for the checks canceled. Where possible, Treasury will send the proceeds of these canceled checks through the GOALS II/IPAC system; the transmission will

include any detailed identifying information provided in the original check issue data submission. DFAS-Cleveland and DFAS-Indianapolis will forward check credit information (including the detail information) applicable to DFAS Columbus disbursing accounts to DFAS Columbus. DFAS Cleveland will process or distribute applicable cancellation credit information for Marine Corps disbursing offices. NOTE: All checks issued before October 1, 1989 which were not negotiated by October 1, 1990 also were canceled by Treasury (referred to as "mass cancellation"). The proceeds of these canceled checks were not returned to the check issuing agency but were applied to Treasury's uncollectible accounts receivable.

080505. Reversals of Limited Payability Cancellations Credits. In some cases, checks will be negotiated to financial institutions within 1 year from the date of issue, but processing in the Federal Reserve System or in Treasury's Reconciliation Branch will prevent the payment from being applied to the TCIS before limited payability cancellation has occurred. In these instances it will be necessary for Treasury to reverse the cancellation credit and provide a copy of the paid check. Reversal transactions will be separate from the monthly cancellation credits.

080506. Accounting for Limited Payability Cancellation Credits or Reversals

A. DFAS Indianapolis, DFAS Cleveland and DFAS Columbus. Title [31, U.S.C. 3334\(a\)\(2\)](#) requires that the proceeds from canceled checks be returned to the appropriation from which the checks were issued originally and to treat the canceled checks as accounts payable. Within 15 days of receipt, the check cancellation and credit detail information must be forwarded to both the disbursing office that issued the check and the accounting office that supports the disbursing office. Any Treasury reversal of previous cancellation credits also should be forwarded to the applicable disbursing and accounting offices.

B. Accounting Adjustments. Transfer limited payability credits or reversals of credit promptly from the \*\*F3880 account to the appropriation charged when the check was issued. In the case of exchange-for-cash checks, post the credits or reversals to Treasury's deposit fund account 20X6133 (Payment of Unclaimed Moneys). The accounting office should establish either an account payable for each credit or an account receivable for each reversal, as applicable. Account for returned canceled check credits as current liabilities, as the amounts are subject to payment on request upon establishment of a valid claim to the funds. Base entries to these new accounts on the transactions recording the return of canceled check credits to an appropriations account, and reductions for replacement payments to the payee or transfers to miscellaneous receipts upon expiration of the statute of limitations.

C. Research. Upon receipt of the detailed limited payability cancellation credit or reversal information from DFAS-Indianapolis, DFAS-Cleveland, and DFAS-Columbus, the DO initiates research on the check issue data submitted to Treasury to ensure that the detailed information provided is accurate, i.e., the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal must agree with the original check issue data reported to Treasury when the check was issued. Research any discrepancy in this data to determine its cause and appropriate action taken to correct it. In addition, DO researches

disbursing records to determine if a claim of loss, theft, nonreceipt, etc., has been filed on the limited payability canceled check. This includes a determination of whether the check was previously replaced by a control check, recertified payment, or other type of replacement check. The disbursing office also should notify the appropriate entitlement or subject matter area (e.g. military pay, civilian pay, travel pay, or commercial accounts payable) that Treasury has returned credit to the activity because the check was not negotiated within the prescribed period. Upon the request of an entitlement area, DOs should accomplish the verifications described in subparagraphs 080305.A through 080305.D of this chapter, and advise the entitlement area whether the original U.S. Treasury check was canceled, negotiated, or previously replaced.

080507. Claims of Nonpayment of the Underlying Obligation. Whether a U.S. Treasury check may be replaced after limited payability cancellation depends on whether a timely claim on the underlying obligation has been submitted to toll the applicable statute of limitation, [31 U.S.C. 3702 \(a\)](#) which grants authority to settle claims, and the Barring Act. As explained in the following subparagraphs, where documentary evidence of a timely claim on the underlying obligation exists or other appropriate evidence that a timely claim was received, an agency may issue a new check. A claim against the government must include the signature and address of the claimant or an authorized representative, and must be received by the official responsible for settling the claim or by the agency that conducts the activity from which the claim arises within 6 years after the claim accrues. Paragraph 080503 of this chapter requires that when a DO receives a U.S. Treasury check claim or replacement request more than 1 year after the check issuance, the DO or the appropriate entitlement area should notify the claimant that a claim on account of the U.S. Treasury check is barred, and that any claims on underlying obligations should be filed by the payee or authorized agent with the appropriate entitlement area or agency controlling the underlying obligation. In all cases, the appropriate entitlement area must determine entitlement to payment on these claims. For approved claims, the source of funding for the recertified payment must be the appropriation charged when the original check was issued, or if that appropriation is no longer available, a current appropriation available for the same general purpose subject to limitations on its use. For checks issued on or after October 1, 1989 which were canceled under limited payability, proceeds were provided as described in the previous paragraph, should have been transferred to the original appropriation charged when the check was issued, and an account payable established. For checks issued before October 1, 1989 which were mass canceled and for which the proceeds were not returned to the issuing agency, the source of funding for approved claims is the appropriation charged when the original payment was made. If that appropriation is no longer available, charge a current appropriation available for the same general purpose as the original appropriation subject to limitations on its use. After determination of a payee's entitlement to a recertified payment, the entitlement area prepares and certifies the payment voucher and sends it and supporting documentation to the DO for payment. This section does not apply to a claim in excess of \$25,000.

A. Claim of Individual Payees

1. Uniformed Service Members. Submit claims of nonpayment of uniformed service members' pay (to include active duty, reserve, retired, and annuitant), allowances, travel, transportation, payments for unused leave, retired pay, survivor benefits; and

claims submitted by transportation carriers involving amounts collected from them for loss or damage incurred to property incident to shipment at government expense to the appropriate payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. NOTE: U.S. Treasury checks issued in payment of obligations relating to uniformed service members' pay and allowance entitlements ordinarily are not issued in response to claims. Consequently, the payee will not normally present a claim before issuance of the original check, thereby tolling the Barring Act. It may, however, be necessary for the entitlement area to consider the extent to which the Barring Act was tolled during periods of active duty performed by the claimant. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, send the claim through the appropriate Component's Assistant Secretary for Financial Management to the General Counsel, Office of the Secretary of Defense requesting a waiver of the statute of limitations on the claim. If the General Counsel determines that the claimant is entitled to payment of a claim and if a payment voucher is prepared and sent with supporting documentation to the disbursing office, the DO determines if a replacement check should be issued based on the criteria in paragraph 080508 of this chapter. Include in the package the original check or facsimile and the original documentation from the claimant. When the claim of a member of the armed forces accrues during war or within 5 years before war begins, the claim must be received within 5 years after peace is established or within 6 years after the claim accrues.

2. Civilian Pay. Claims of nonpayment of Federal civilian employees' compensation, wages and leave earned by civilian employees of the U.S. Government must be submitted to the appropriate civilian payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. NOTE: U.S. Treasury checks issued in payment of obligations relating to Federal civilian employees pay entitlements ordinarily are not issued in response to claims. Consequently, the payee will not normally present a claim before issuance of the original check, thereby tolling the Baring Act. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the entitlement office certifies the claim and sends it to the appropriate disbursing office for payment. See paragraph 080508 of this chapter.

3. Civilian Travel Pay. Claims of nonpayment of Federal civilian employees' expenses incurred for official travel and transportation, and for relocation expenses incident to transfers of official duty station must be submitted to the appropriate travel office for determination of entitlement and that a timely claim on the underlying obligation was submitted. NOTE: U.S. Treasury checks issued in payment of obligations relating to travel pay entitlements ordinarily are issued in response to claims presented in the form of travel vouchers submitted by a claimant. Unlike military and civilian pay cases, the Barring Act's limitation in travel payment cases usually will have been tolled before issuance of the original check when the claimant submitted the travel voucher. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the entitlement office certifies the claim and sends it to the appropriate disbursing office for payment. See paragraph 080508 of this chapter.

4. Residual Claim Categories. U.S. Treasury checks also are issued to individuals in satisfaction of miscellaneous government obligations. For example, legal

claims under the Federal Tort Claims Act ([28 U.S.C. sections 1346\(b\)](#) and [2671-2680](#)), should be asserted by claimant-payees before the entitlement area within the Military Department with tort claim settlement authority over the claim. Similarly, claims of losses incurred incident to government service may be cognizable under the Military Personnel and Civilian Employees' Claims Act ([31 U.S.C. 3721](#)), and should be asserted by claimants before entitlement areas with claim settlement authority, such as the Military Department's judge advocate general. Note: U.S. Treasury checks for payment of these types of obligations are issued in response to claims asserted by the claimants. Unlike military and civilian pay cases, the Barring Act's statute of limitation in residual claim cases usually will have been tolled before issuance of the original check when the claimant submitted the claim. If it is determined that the payee has submitted a timely claim and has not been paid, the entitlement office certifies the claim and sends it to the appropriate disbursing office for payment. See paragraph 080508 of this chapter.

B. Claims of Commercial Payees. As used herein, the term "commercial payees" includes vendors, contractors, and any individual under contract for miscellaneous services. Claimants of nonpayment from commercial payees or their authorized agents submit their claims to the contracting officer. Once the contracting officer determines the claimant's entitlement to payment, he or she sends the claim with supporting documentation to the disbursing office for payment. See paragraph 080508 of this chapter.

080508. Claim Processing Procedures. Upon receipt of a claim approved by the designated settlement authority, a certified payment voucher from the appropriate entitlement area, and the proper supporting documentation, the issuing DO, or the settlement officer assigned to settle accounts for the issuing DO:

A. Verifies that the original check was either mass canceled or canceled under limited payability;

B. Verifies that credit for the check was received from Treasury and transferred by the accounting office to the original appropriation charged when the check was issued. (If receipt of the credit cannot be verified or no information is available locally, the DO prepares and submits an SF 1184 for each check using Stop Reason Code "K" (photocopy), "L" (certified photocopy), or "M" (status), and cites the "Limited Payability Cancellation Replacement Request" in the "For Agency Use" block. This action is also required to ensure that the check was canceled under mass cancellation before making any recertified payment for an obligation represented by a check dated before October 1, 1989. See Tables 8-1 and 8-2 for stop reason codes, status codes, and message responses.);

C. Verifies that the original check was not spoiled or voided and reissued using a check bearing another serial number;

D. Verifies that the original check was not previously replaced by a recertified payment check (e.g., was not previously the subject of a claim of nonreceipt, loss or theft); and

E. Issues a replacement check upon receipt of an approved claim and certified payment voucher from the entitlement area, provided that the verifications under paragraphs 080508.C and 080508.D of this chapter confirm that the original check was not replaced previously. If the original check was replaced previously, the DO reproduces a copy of the payment voucher on which the replacement was issued and obtains a photocopy of the replacement check from Treasury as prescribed in section 0804 of this chapter. Send the copy of the voucher and replacement check to the entitlement area and notify the claimant that the claim was settled previously. To assure the necessary cross-reference and control over the issue of replacement checks, DOs maintain a DD Form 2662 as prescribed in subsection 080403 of this chapter. For deactivated and closed disbursing offices, the designated settlement office is normally responsible for issuing a recertified payment for an underlying obligation represented by a check canceled under limited payability. When circumstances warrant (e.g., consolidation), the DO supporting the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office is authorized to issue a recertified payment on behalf of the deactivated or closed office. Do not issue a recertified payment for claims citing a direct charge to the \*\*F3880 account. Recertified payments for the underlying obligations represented by a check canceled under limited payability may be made only from the original appropriation or, if it is no longer available, from a current appropriation available for the same general purpose as the original appropriation, subject to the limitations on its use.

#### 0806 HOLDER-IN-DUE-COURSE

080601. General. A holder-in-due-course claim occurs when a non-banking institution negotiates a U.S. Treasury check and the check is lost or stolen before being presented for cash or deposit at a financial institution. Submit holder-in-due course claims in writing to the Treasury FMS CCB for processing.

080602. Processing Holder-In-Due-Course Claims. Upon receipt of a holder-in-due-course claim, the CCB determines the status of the check. If the check has been negotiated, the CCB returns the claim with a copy of the check advising the holder that the check has been paid and that no further action will occur. If the check has not been negotiated, the CCB provides the holder with an affidavit and indemnity agreement (see Figure 8-6). The holder completes the affidavit and returns it to the CCB. If the check is still outstanding, the CCB issues a settlement check to the holder.

★ 080603. Lost-in-Transit Check Procedure. Lost-in-transit items are U.S. Treasury checks that have been negotiated and subsequently lost by a financial institution, lost or stolen between the financial institutions, and/or the financial institutions and the FRB.

A. The nearest FRB Government Check Adjustment Department handles these items, providing that the U.S. Treasury checks are less than 1 year old.

B. If the DO receives a request to reissue the check, and the check has not been canceled, and is not older than 1 year, than the DO should return the requests with advice for the financial institutions to submit them to their nearest FRB Government Check Adjustment

Department.

| STOP CODE | TYPE                          | DESCRIPTION   |
|-----------|-------------------------------|---|
| A         | RECERTIFIED                   | The payee is entitled to the proceeds of the check. The payee reported nonreceipt, loss, theft, destruction or mutilation of the check. The check was not endorsed prior to being reported lost or stolen. The agency has decided that a recertified payment will be authorized before the status of the original check is known. If the agency is not immediately recertifying, stop reason code D is appropriate. |
| D         | ENTITLEMENT                   | The same conditions apply as for Code A except the agency prefers to recertify the payment after it has been advised of the status of the original payment, or after receiving credit from the Department of the Treasury on the outstanding check. A recertified payment is not issued until the status of the original check has been determined.   |
| E         | DECEASED                      | The payee died before the check was issued and the payee's estate is not entitled to the proceeds of the check. The check should not be negotiated. The representative of the payee's estate shall be advised to return the check to the agency or disbursing office for disposition.   |
| F         | NONENTITLEMENT                | Payee is not entitled to all or any part of the proceeds of the check. The check should not be negotiated. The check must be returned to agency or disbursing office for disposition. A check (non-entitlement) that has pieces missing that are large enough to be negotiated or that could constitute a claim for replacement must be canceled by an SF 1184.   |
| G         | LOST/STOLEN AFTER ENDORSEMENT | The payee is entitled to the proceeds of the check. The payee reported the check was endorsed and then lost or stolen. The agency will recertify any second payment after the status of the original payment is determined.   |
| K         | PHOTOCOPY                     | Photocopy needed for administrative purposes. No indications of nonreceipt, loss, theft or that a claim will be involved.   |
| L         | CERTIFIED PHOTOCOPY           | A photocopy of the check that will satisfy legal requirements.  |
| M         | STATUS – NO PHOTOCOPY         | Used to determine payment status only when a photocopy is not required for administrative purposes. No indication that a claim for the check will be involved.  |

**Table 8-1. Unavailable Check Cancellation Stop Reason Codes**

| TCIS CODES FOR REJECTED SF 1184 ITEMS |  |    |  |
|---------------------------------------|--|----|--|
| 1A                                    | Rejected – symbol missing.   | 4C | Rejected – invalid agency location code.   |
| 1B                                    | Rejected – check serial number missing.  | 4D | Rejected - UCC/CSI code unauthorized for ALC   |
| 1C                                    | Rejected – check amount missing.   | 4E | Rejected - invalid agency output indicator.  |
| 1D                                    | Rejected – original check date missing.  | 5A | Rejected - check symbol field numeric only.  |
| 1E                                    | Rejected – UCC/CSI reason code missing.  | 5B | Rejected - check serial no. field numeric only.  |
| 1F                                    | Rejected – payee ID number missing.  | 5C | Rejected - amount field numeric only.  |
| 1H                                    | Rejected – payee name missing.   | 5D | Rejected - reclaimed amount field numeric only.  |
| 1I                                    | Rejected – address missing.  | 5E | Rejected - ALC field numeric only.   |
| 1J                                    | Rejected – decedent name missing.  | 6A | Rejected - invalid check date field.   |
| 1K                                    | Rejected - date of death missing.  | 6B | Rejected - invalid date of death field.  |
| 1L                                    | Rejected – agency location code missing.   | 7A | Rejected - no record of check symbol/serial no. (check issue report not submitted, recorded, or rejected).   |
| 1N                                    | Rejected – amount to be reclaimed missing.   | 8A | Rejected - check canceled/agency credited.   |
| 2A                                    | Rejected – check description error; resubmit corrected stop.   | 8B | Rejected - void check-DO never issued check.   |
| 3A                                    | Rejected - date of death after check date.   | 9A | Rejected - amount not equal to issue amount.   |
| 3C                                    | Rejected – decedent payee wrong/payee.   |    |  |
| 4A                                    | Rejected – invalid UCC/CSI   |    |  |
| TCIS/DAS CODES FOR PAID ITEMS         |  |    |  |
| 11                                    | Paid – photocopy and claim to follow.  | 15 | Paid - certified photocopy to follow.  |
| 13                                    | Paid - CCB reclamation; no photocopy to agency.  | 16 | Paid - status. The check has been presented for payment or canceled and only status was requested.   |
| 14                                    | Paid – photocopy to follow. Subsequently the DO will receive FMS Form 3858 with one of the following messages:<br>1. Check paid - copy enclosed.<br>2. Check previously canceled by SF 1184 and proceeds made available to agency.<br>3. Check previously canceled by available check cancellation.<br>4. Check canceled pursuant to limited payability. The proceeds were made available to the agency 14 months after the issuance of the check. | 17 | Paid - endorsement may prohibit claims action; photocopy and claim to follow.  |
|                                       |  | 18 | Paid - statute of limitations expired; no photocopy available. The statute of limitations for making an unavailable check cancellation claim has expired.                          |
|                                       |  | 20 | Paid - declined check; photo/claim to follow.  |
|                                       |  | 21 | Paid – ACC credit by DO - no photo available.  |
| TCIS/DAS CODES FOR OUTSTANDING ITEMS  |  |    |  |
| 32                                    | Outstanding – check canceled, agency credited.   | 34 | Outstanding - status.  |
| 33                                    | Outstanding – no photocopy.  |    |  |
| TCIS REJECTION OF SUBSEQUENT STOPS    |  |    |  |
| 53                                    | Rejected – duplicate stop.   | 54 | Check has been previously canceled.  |
| DAS PAYMENTS-OVER-CANCELLATION ITEMS  |  |    |  |
| 61                                    | Payment-over-cancellation-reversal of previous DO credit on <u>(date)</u> by SF 1081 ( <u>voucher #</u> ). FMS Form 3858 Claims Package attached.  | 63 | Payment-over-cancellation-reversal of previous DO credit on <u>(date)</u> by SF 1081 ( <u>voucher #</u> ). FMS Form 3858 package attached; endorsement may prohibit claims action. |
| 62                                    | Payment-over-cancellation-reversal of previous DO credit on <u>(date)</u> by SF 1081 ( <u>voucher #</u> ). Check image used for reclamation on deceased stop.  |    |  |
| DAS OF PAYMENT EXCEPTION              |  |    |  |
| 90                                    | Payment exception – DO should contact the Check Claims Branch for status.  |    |  |

Table 8-2. Daily Advice of Status Codes and Messages

| Reason for Follow-up  | Condition   | Time Frame  | Remarks   |
|---|---|---|---|
| 1. Duplicate stop message received on DAS from second stop; furnish status on first stop request.   | The following sequence of events must have occurred prior to initiating a follow-up.<br>a. An SF 1184 must have been submitted to the Treasury FMS.<br>b. The SF 1184 did not generate a DAS within 21 days, or there is no record of receiving a DAS.  | Submit follow-up no earlier than 21 days from submission of the SF 1184.  |   |
| 2. Status of Exception processing requested.  | The disbursing office received DAS showing an item in the exception category. Contact the CCB for assistance.   |   |   |
| 3. Items to be provided, based on status code message have not been received.   | Disbursing office received DAS showing that the Treasury FMS paid the check but documentation has not been received.  | Submit follow-up no earlier than 30 days from receipt of the DAS.   | Used for status codes 11 through 15, 17 and 61 through 63.  |
| 4. Claims document received (a) without check copy (b) without claim form (when applicable) (c) and with wrong check copy.                        | Disbursing office received DAS showing that check has been paid and later a claims document is received:<br>a. Without the check copy and a claim form.<br>b. Without a claim form (when claim form applies).<br>c. Without a check copy (unless copy cannot be obtained).<br>d. With an incorrect photocopy.   | Submit follow-up immediately upon receipt of the claims document without necessary attachments or when condition four exists. | Complete follow-up form as follows based on corresponding condition:<br>a. Check items 4, 4a, and 4b.<br>b. Check items 4 and 4b.<br>c. Check items 4 and 4a.<br>d. Check items 4 and 4c.                                   |
| 5. Claims document indicating overpayment received (a) without check copy (b) without claim form (when applicable) (c) and with wrong check copy. | FMS 1081 or IPAC bill (paper or electronic) payment over cancellation (POC) charge was received with a claims document from the Treasury FMS.<br>a. Without the check copy (unless indicated the copy cannot not be obtained).<br>b. Without a claim form (not applicable for Stop Code E or when check copy cannot be obtained).<br>c. Without a check copy (and claim form (when applicable)).<br>d. With an incorrect photocopy. | Submit follow-up Immediately upon receipt of charge document.   | Complete follow-up form as follows based on corresponding condition:<br>a. Check items 5 and 5a.<br>b. Check items 5 and 5b.<br>c. Check items 5, 5a, and 5b.<br>d. Check items 5 and 5c. Return the wrong check photocopy. |

Table 8-3. Reasons and Time Frames for Submitting FMS Form 3864

| <b>Reason for Follow-up</b>   | <b>Condition</b>   | <b>Time Frame</b>   | <b>Remarks</b>   |
|---|--|---|--|
| 6. Completed claim form submitted (date)____; Claims Disposition Notice (CDN) not received. | Completed claim form was submitted to the CCB and a response has not been received. Response needed.   | Submit follow-up no earlier than 30 days from the date the claim form was forwarded to the CCB.   | Check item 6.  |
| 7. Final Claims Disposition Notice (CDN) not received. Copy of previous CDN attached.       | Previous CDN received from the CCB indicating the need for investigation or refund from the financial institution before authorizing settlement but final CDN not received.  | Submit follow-up no earlier than 120 days from the date of last CDN indicating settlement not recommended pending investigation.<br>Submit follow-up no earlier than 60 days from the date of last CDN indicating settlement not recommended pending refund from financial institution. | Check item 7.  |
| 8. Cancellation credit for outstanding check not received.                                  | DAS shows that an outstanding check was canceled, but the DO has no record of receiving credit.  | Submit follow-up no earlier than 21 days from receipt of DAS.   | Check item 8.  |
| 9. Reclamation credit not received; Claims Disposition Notice dated _____.                  | CDN advised the DO's account was being credited, but the reclamation credit was not received.<br>Reclamation credit not received for a deceased payee case where the Treasury FMS requested a refund from a financial institution. | Submit follow-up no earlier than 60 days from receipt of the CDN.<br>Submit follow-up no earlier than 60 days from receipt of DAS.  | Check item 9. Cross out "Claims Disposition Notice" and write in "Deceased Payee". |

**Table 8-3. Reasons and Time Frames for Submitting FMS Form 3864 (Continued)**

**(USE APPROPRIATE LETTERHEAD)**

May 12, 20XX

**MEMORANDUM FOR RECORD**

This memorandum certifies that on May 12, 20XX, one hundred and one (101) spoiled U.S. Treasury checks bearing disbursing station symbol number 7834 and serially numbered from 70,006,499 through 70,006,599 (both numbers inclusive) were completely destroyed by shredding.

J.A. HANCOCK  
LT, SC, USN  
Disbursing Officer

We, the undersigned, certify by signature hereon that the checks listed above were physically verified by us and that all were completely destroyed by shredding in our presence on May 12, 20XX.

G.C. GARLAND, LT, USN

WILLIAM B. ELLIS, ENS, SC, USNR

**Figure 8-1. Sample Certificate of Destruction**



| <small>STANDARD FORM 1098<br/>Revised July 1980<br/>Department of The Treasury<br/>1 TFRM 4-7000<br/>1098-110</small> |              |       |                                       |                                      |  |
|---|--------------|-------|---------------------------------------|--------------------------------------|--|
| <b>SCHEDULE OF CANCELED OR UNDELIVERED CHECKS</b>   |              |       |                                       |                                      |  |
| CANCELED <input checked="" type="checkbox"/>  |              |       |                                       | UNDELIVERED <input type="checkbox"/> |  |
| DEPARTMENT OR ESTABLISHMENT<br>Department of the Army   |              |       | SCHEDULE NUMBER<br>123                |                                      |  |
| BUREAU OR OFFICE<br>Disbursing Office   |              |       | SHEET NUMBER<br>1 of 1                |                                      |  |
| LOCATION<br>Fort Finance, IN 46216  |              |       | D.O. SYMBOL NO.<br>0001               |                                      |  |
| ACCOUNTING PERIOD   |              |       | AGENCY LOCATION CODE (ALC)            |                                      |  |
| DATE OF ISSUE   | CHECK NUMBER | PAYEE | VOUCHER NUMBER APPLICABLE             | AMOUNT                               | SYMBOL OF APPROPRIATION OR FUND TO BE CREDITED |
| TOTAL   |              |       |                                       |                                      |  |
| The amount of the above check(s) was deposited for credit in the account of the U.S. Treasury, on deposit ticket no.  |              |       | DATE OF DEPOSIT TICKET<br>30 Jun 20XX |                                      | FORWARDED (Date)                               |
| DISBURSING OR ACCOUNTABLE OFFICER<br><br>C. D. JEFFREY, LTC, FC   |              |       | DATE<br>30 Jun 20XX                   |                                      | BY (Name)                                      |
|   |              |       |                                       |                                      | TITLE  |
| <small>NSN 7540-00-634-4287</small>   |              |       |                                       |                                      | <small>PREVIOUS EDITION NOT USABLE</small>     |

Figure 8-3. Sample SF 1098 (Schedule of Canceled or Undelivered Checks)



|  |                  |   |   |                           |
|--|------------------|---|---|---------------------------|
| <b>STATEMENT OF CLAIMANT REQUESTING RECERTIFIED CHECK</b>  |                  | OMB No. 0730-0002<br>OMB approval expires<br>Dec 31, 2010 |   |                           |
| <p>The public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Executive Services Directorate (0730-0002). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p> <p><b>PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO THE ADDRESS OF THE AGENCY WHO PROVIDED THIS FORM.</b></p>  |                  |   |   |                           |
| <b>PRIVACY ACT STATEMENT</b>   |                  |   |   |                           |
| <p><b>AUTHORITY:</b> Executive Order 9397; 31 CFR Sections 245 and 248; and DoDFMR 7000.14-R, Vol. 5, Chapter 8.</p> <p><b>PRINCIPAL PURPOSE(S):</b> To be used by active and retired military members, and current and former civilian employees, to request a recertified check for a lost, stolen, destroyed or mutilated check. Disbursing Offices will use the information to make the determination to reissue a recertified check, based on the information provided, and for canceling the original check. The information will also verify a proper mailing address for the claimant.</p> <p><b>ROUTINE USE(S):</b> In addition to those disclosures generally permitted under 5 U.S.C. Section 552a of the Privacy Act (PA), as amended, this information may be disclosed to the Department of Justice or U.S. Treasury for law enforcement purposes. It may also be disclosed for any of the blanket routine uses as published in the Federal Register at the beginning of the DoD compilation of PA system notices.</p> <p><b>DISCLOSURE:</b> Disclosure is voluntary; however, failure to disclose the requested data may prevent issuance of a recertified check.</p> |                  |   |   |                           |
| <b>WARNING:</b> Title 18, Sec 287, US Code: "Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be imprisoned not more than five years and shall be subject to a fine in the amount provided in this title."   |                  |   |   |                           |
| 1. PAYEE (Show business name or financial organization, if applicable)   |                  | 2. SSN (or employee identification number)                |   |                           |
| Ida M. Jones   |                  | 000-00-0000   |   |                           |
| 3. CO-PAYEE OR PAYEE TO BE CREDITED IF ITEM 1 IS A FINANCIAL ORGANIZATION  |                  |   |   |                           |
| 4. ADDRESS TO WHICH CHECK WAS MAILED (Include 9-digit ZIP Code)  |                  |   | 5. CORRECT MAILING ADDRESS (if different from Item 4) |                           |
| 123 Apple Tree Lane<br>New City, FL 12345-0000   |                  |   |   |                           |
| 6. PURPOSE FOR WHICH CHECK WAS ISSUED (X as applicable)  |                  |   |   | 7. DATE DUE (Approximate) |
| <input checked="" type="checkbox"/>  | a. REGULAR PAY   | <input type="checkbox"/>                                  | b. TRAVEL PAY   | <input type="checkbox"/>  |
| <input type="checkbox"/>   | c. VENDOR PAY    | <input type="checkbox"/>                                  | d. OTHER (Specify)                                    |                           |
| 8. CHECK WAS: (X as applicable)  |                  |   |   |                           |
| <input checked="" type="checkbox"/>  | a. NOT RECEIVED  | <input type="checkbox"/>                                  | B. RECEIVED, BUT WAS:                                 |                           |
| <input type="checkbox"/>   | (1) LOST         | <input type="checkbox"/>                                  | (2) STOLEN  | <input type="checkbox"/>  |
| <input type="checkbox"/>   | (3) DESTROYED    | <input type="checkbox"/>                                  | (4) MUTILATED   |                           |
| 9. WAS CHECK ENDORSED? (x one)   |                  |   |   |                           |
| <input type="checkbox"/>   | a. YES           | <input checked="" type="checkbox"/>                       | b. NO   |                           |
| <b>CERTIFICATION</b>   |                  |   |   |                           |
| <p>I certify that I (we) have in no way benefited from the proceeds of the above check, and do hereby request a recertified check be issued to me. I further certify that if I recover the original check, I will not negotiate it but will immediately return it to the Disbursing Office. I fully understand that negotiation of both the original and recertified check constitutes a fraudulent act against the United States Government and as such is subject to punishment as provided by law. I further consent to immediate recoupment from future pay and allowances due me if I negotiate both the original and recertified checks, including interest and administrative costs.</p>  |                  |   |   |                           |
| 10. SIGNATURE OF PAYEE (Or payee representative)   |                  | 11. DATE  | 12. SIGNATURE OF CO-PAYEE/THIRD PARTY                 |                           |
|  |                  | 10/15/XX  |   |                           |
| <b>FOR DISBURSING OFFICE USE</b>   |                  |   |   |                           |
| 14. CHECK DATA   |                  |   |   |                           |
| a. CHECK NUMBER  | b. DATE OF CHECK | c. CHECK AMOUNT   | d. ISSUING DSSN                                       | e. VOUCHER NUMBER         |
| 60990341   | 9/20/XX          | 789.00  | 5098  | 399656                    |
| 17. DO REMARKS   |                  |   |   |                           |

DD Form 2660, DEC 2007

PREVIOUS EDITION IS OBSOLETE.

Figure 8-5. Sample DD Form 2660 (Statement of Claimant Requesting Recertified Check)

**AFFIDAVIT AND INDEMNITY AGREEMENT FOR LOST U.S. TREASURY CHECK**

I, \_\_\_\_\_, [hereinafter (“indemnitor”)] the undersigned, being of sound mind and over the age of 21, capable of making this affidavit and indemnity agreement, duly sworn, state that the indemnitor is the lawful owner of the U.S. Treasury Check Number \_\_\_\_\_, Symbol \_\_\_\_\_, Payable to \_\_\_\_\_, issued by the U.S. Department of the Treasury for the sum of \$\_\_\_\_\_. Indemnitor further states that:

1. it/he/she is not in possession of the check now;
2. it/he/she was entitled to enforce the check when the loss of possession occurred;
3. the loss of possession was not the result of a transfer by it/him/her;
4. the loss of possession was not the result of a lawful seizure; and
5. it/he/she cannot reasonably obtain possession of the check because the check was destroyed, the check’s whereabouts cannot be determined, or the check is in the wrongful possession of an unknown person or person that cannot be found or is not amenable to service of process.

NOW, THEREFORE, in consideration of payment of said check to indemnitor of the sum of \$\_\_\_\_\_, indemnitor promises to indemnify, defend, and protect the U.S. Treasury from any loss or harm occasioned or sustained by the U.S. Treasury of account of payment of the above described check to indemnitor. THIS AGREEMENT SHALL BE INTERPRETED ACCORDING TO FEDERAL COMMON LAW, INCLUDING APPLICABLE U.S. TREASURY REGULATIONS.

**INDEMNITOR**

Entity: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

State of \_\_\_\_\_

County of \_\_\_\_\_

Before me, the undersigned Notary Public for the State of \_\_\_\_\_, appeared (name) \_\_\_\_\_, (title of company) \_\_\_\_\_, who after being duly sworn, did acknowledge and sign the foregoing AFFIDAVIT AND INDEMNITY AGREEMENT FOR LOST U.S. TREASURY CHECK.

SWORN AND SUBSCRIBED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_

Notary Public, State of \_\_\_\_\_

My Commission expires \_\_\_\_\_

**Figure 8-6. Sample Affidavit and Indemnity Agreement for Lost U.S. Treasury Check**