

REGULATION OF DELIVERY OF CERTAIN CHECKS TO FOREIGN COUNTRIES

SEPTEMBER 25 (legislative day, SEPTEMBER 18), 1940.—Ordered to be printed.

Mr. GEORGE, from the Committee on Finance, submitted the following

R E P O R T

[To accompany S. 4353]

The Committee on Finance, to whom was referred the bill (S. 4353) to restrict or regulate the delivery of checks drawn against funds of the United States, or any agency or instrumentality thereof, to addresses outside the United States, its Territories, and possessions, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments proposed by your committee are as follows:

Page 3, lines 9 and 10, strike out the phrase, “, exclusive of amounts due under contracts of insurance,”.

This change is considered advisable to insure application of the \$1,000 limitation with respect to veterans' benefits to the aggregate of all such benefits. This amendment, however, does not alter the provision which exempts all insurance payments from transfer to miscellaneous receipts.

At the end of the bill, add the following new section:

Sec. 6. Nothing contained in this Act shall be construed as affecting or applying to checks or warrants issued in payment of salaries or wages or for goods purchased by the Government of the United States, in foreign countries.

This amendment is self-explanatory.

The purpose of this bill is to provide a uniform method of handling checks drawn to payees residing in foreign countries, where, in the opinion of the Secretary of the Treasury, there is not reasonable assurance of actual delivery of such checks to the payees and the ability of the payees to negotiate the checks for full value. The bill would authorize the deposit of the proceeds of such checks in an account in the Treasury subject to claim by the payees upon the establishment of ownership and a showing that checks in the payment of such claims could actually be delivered to the payees and negotiated by them for full value.

In the case of checks representing payments under laws administered by the Veterans' Administration, when the amount transferred to such account on behalf of any individual payee equals \$1,000 the amount of any further checks, except checks under contracts of insurance, is to be covered into the Treasury as miscellaneous receipts. The deposit in such account or the covering into the Treasury as miscellaneous receipts of the amount of any such check is to be considered for all purposes as payment to the person entitled thereto. The bill provides for the manner of devolution in the case of the death of the payee of any check issued under laws administered by the Veterans' Administration while the amount thereof remains in the deposit account.

The Division of Disbursement, Treasury Department, which with certain exceptions disburses for all activities of the Government, is holding a large number of checks which must be withheld from delivery to the payees under Executive Order No. 8389, dated April 10, 1940, as amended, issued pursuant to section 5 (b) of the act of October 6, 1917, as amended by Public Resolution No. 69, approved May 7, 1940. Executive Order No. 8389, as amended, prohibits the delivery of checks to nationals of Norway, Denmark, Belgium, Luxemburg, The Netherlands and possessions, France, Latvia, Estonia, and Lithuania. At the end of July over 4,700 checks aggregating some \$158,000 were being held in the Division of Disbursement pursuant to this Executive order, as amended. In addition to these checks, the Division of Disbursement, as a result of advice from payees and Foreign Service officers, is holding approximately 20,000 checks amounting to over \$764,000 drawn in favor of payees in certain European countries where the delivery or cashing of Government checks has become practically impossible. The proposed legislation would ratify such withholding, and relieve the Division of Disbursement of the responsibility of maintaining supervision over this steadily mounting accumulation of checks.

In view of the foreign situation, and the many problems which are arising with respect to foreign check payments, your committee conclude that the need for the proposed legislation has been firmly established and strongly recommend that the bill be enacted into law.

The proposed legislation has the approval of the Bureau of the Budget, the Treasury Department, the State Department, and the Veterans' Administration.

