

TO ELIMINATE UNNECESSARY EXPENSE IN THE ADMINISTRATION OF THE ESTATES OF DECEASED AND INCOMPETENT VETERANS AND FOR OTHER PURPOSES

JUNE 15 (calendar day, JUNE 18), 1936.—Ordered to be printed

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

REPORT

[To accompany S. 4785]

The Committee on Finance, to whom was referred the bill (S. 4785) to eliminate unnecessary expense in the administration of the estates of deceased and incompetent veterans and for other purposes, having had the same under consideration, report it without amendment and recommend that the bill do pass.

PURPOSE AND NECESSITY OF THE BILL

The purpose of this amendment to the Adjusted Compensation Payment Act, 1936, is to eliminate unnecessary hardship and expense to the veterans or their heirs in the case of veterans who have died or become incompetent after making application for payment of adjusted-service certificates, but before delivery to them of the bonds and checks to which they are entitled in payment of such certificates. Many such cases now exist. Out of approximately 3,150,000 veterans who have filed applications for payment, it is estimated that about 10,000 have died before receiving delivery of their bonds and checks. It is expected that as time goes on many of those veterans, numbering about 350,000, who have not yet filed applications, will do so. Since on an average, 73 veterans die every day, there will accordingly be many other cases arising in the future in which veterans will die after applying for payment of their certificates but before receiving such payment.

The Comptroller General of the United States has held that in case a veteran has died before receiving payment of his certificate for which he has made application, the delivery of bonds and check to anyone other than a legal representative of the deceased veteran is not authorized under the Adjusted Compensation Payment Act,

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Under that ruling the heirs of any such veteran would have to undergo the expense and delay of obtaining the appointment of a legal representative of his estate as a prerequisite to obtaining possession of the bonds and check.

The purpose of the present amendment to the act is to obviate the necessity of any such action in cases when a legal representative would not otherwise be appointed. By reason of the financial circumstances of many veterans, there will be numerous cases in which no legal representative of the deceased or incompetent veterans' estate would in the normal course be appointed. Many such estates will involve a comparatively small amount of money, and in a great number of cases the assets in such estates will consist to a large extent, if not entirely, of the sum due and payable on an adjusted-service certificate. To subject such estates to the costs incident to their administration through judicial proceedings would cause undue hardship and unnecessary expense.

Under the proposed amendment the Secretary of the Treasury would be authorized to determine the person or persons lawfully entitled, in the case of a deceased or incompetent veteran, to payment of the amount certified, and payment of the bonds issued, under the Adjusted Compensation Payment Act, without the necessity of the appointment of a legal representative of the estate of a veteran or of any other person, and without the necessity of compliance with the requirements of State law in respect of the administration of estates.

Ample precedent exists for the action contemplated by the proposed amendment. In the case of the usual type of Government obligations the Treasury Department has for a considerable period of time been recognizing assignments of registered bonds, without administration, by the persons entitled to the bonds under the laws of the State where the deceased registered owner was domiciled, in cases where the value of the estate of the deceased registered owner does not exceed \$500, or the laws of that State do not require administration of his estate. Such cases are provided for by Treasury Department Circular No. 300, dated July 31, 1923. Treasury Department Circular No. 560, dated June 6, 1936, containing regulations issued under the authority of section 4 of the Act to govern adjusted-service bonds, makes provision for the payment of such bonds, without requiring administration of the estate of a deceased veteran or the appointment of a legal guardian of an incompetent veteran. Provisions similar to those in the proposed amendment are also contained in section 205 of the Social Security Act (title 42, U. S. C., sec. 405) and section 3 (f) of the World War Adjusted Compensation Act, as amended, (title 38, U. S. C. sec. 618e).

EXPLANATION OF THE BILL

Under the Adjusted Compensation Payment Act, the amount found to be due on an adjusted service certificate is certified to the Secretary of the Treasury and is paid by the issuance of bonds and a check for the odd amount under \$50. It is provided that payment shall be made to the veteran or his estate, and the bonds shall be redeemable at the option of the veteran or his estate and upon redemption shall, in case of death or incompetence of the veteran, be paid to the representative of his estate. The bill provides that as to

both types of payment, the Secretary of the Treasury may determine the person or persons lawfully entitled thereto without the necessity of compliance with State law relating to administration of estates. Thus payment could be made without subjecting the heirs to the expense and hardship of obtaining the judicial appointment of a legal representative either of the veteran's estate, or of the estate of another person who, by reason of the death of the veteran, succeeded to his interest in the bonds.

Some checks have already been drawn by disbursing officers in the names of deceased veterans and in order that such checks may readily be cashed by the person determined by the Secretary to be entitled to receive payment of the check, it is provided that endorsement of such check may be made on behalf of the Secretary in the name of the veteran. Thus the treatment to be accorded the heirs and dependents of the veteran in connection with the issuance of bonds and check, the cashing of the check, and the payment of the bonds on redemption, would be uniform and expeditious. The bill would also preclude any review of the determination by the Secretary of the Treasury of the persons lawfully entitled to any payment, either by any other officer or employee of the United States or, except in the case of prior judicial determination, as for example, where a legal representative of the estate had already been appointed, by any State or Federal court.

