

## § 240.8

## 31 CFR Ch. II (7–1–14 Edition)

was not forged or was otherwise authorized in accordance with the requirements of §§ 240.13 through 240.17.

(5) *Prior presentment.* The presenting bank may offer evidence that the check or a paper or electronic representation thereof has not already been presented to, and paid by, Treasury.

(6) *Adequacy of substitute check or electronic check.* The presenting bank may offer an original check or a copy of the check that is sufficient to support a determination that the check does not contain a material defect or alteration.

(c) *Procedures for filing a protest.* A declination protest must be in writing, and must be sent to: Department of the Treasury, Bureau of the Fiscal Service, Branch Manager, Financial Processing Division, Check Reconciliation Branch, Room 700–A, 3700 East-West Highway, Hyattsville, MD 20782, or to such other address as Treasury may publish in the Treasury Financial Manual, which can be found at <http://www.fiscal.treasury.gov>. Treasury will not consider any protest unless it is received within 90 days from the declination date.

(d) *Review of a declination protest.* The responsible Fiscal Service Director, or an authorized designee, will make every effort to decide any protest properly submitted under this section within 60 days, and will notify the presenting bank of Treasury's decision. In those cases where it is not possible to render a decision within 60 days, the responsible Fiscal Service Director, or an authorized designee, will notify the presenting bank of the delay. Neither the responsible Fiscal Service Director, nor an authorized designee, will have any involvement in the decision to deny payment of a check under § 240.6 of this part.

(1) If, based on the evidence provided, the responsible Fiscal Service Director, or an authorized designee, finds that the presenting bank has met, by a preponderance of the evidence, the criteria in paragraph (b) of this section, Treasury will reverse its decision to decline payment on the check by directing a Federal Reserve Bank to provide credit in the amount of the check to the presenting bank.

(2) If, based on the evidence provided, the responsible Fiscal Service Director, or an authorized designee, finds that the presenting bank has failed to meet, by a preponderance of the evidence, the criteria in paragraph (b) of this section, the declination will not be reversed.

[69 FR 61568, Oct. 19, 2004, as amended at 76 FR 57909, Sept. 19, 2011]

### § 240.8 Reclamation of amounts of paid checks.

(a) If, after making final payment in accordance with § 240.6, Treasury determines that any guarantor has breached a presentment guarantee listed in § 240.4, the guarantor shall be liable to Treasury for the full amount of the check payment. Treasury may reclaim the amount of the check payment from any such guarantor prior to:

(1) The end of the 1-year period beginning on the date that a check is processed for payment by a Federal Reserve Processing Center; or

(2) The expiration of the 180-day period beginning on the close of the period described in paragraph (a)(1) of this section if a timely claim under 31 U.S.C. 3702 is presented to the certifying agency.

(b) Treasury will not reclaim on a check that bears a forged or unauthorized drawer's signature unless it has evidence that the reclamation debtor had knowledge of the forged or unauthorized drawer's signature.

(c) Treasury will not reclaim on a counterfeit check unless the reclamation debtor has failed to make all reasonable efforts to ensure that a check is an authentic check and not a counterfeit check. Guidance on the key security features found on U.S. Treasury checks is available on the Fiscal Service website at: [http://www.fiscal.treasury.gov/checkclaims/check\\_security\\_new.pdf](http://www.fiscal.treasury.gov/checkclaims/check_security_new.pdf). Institutions may contact the Fiscal Service Questioned Documents Branch at (202) 874-7640 for additional information about these security features or to request training.

(d) Reclamation debts are due to be paid upon receipt of the reclamation by

the reclamation debtor. Interest, penalties, and administrative costs associated with unpaid balances will accrue as follows:

(1) *Interest.* Treasury will assess interest on the unpaid principal of the reclamation debt beginning on the 61st day following the reclamation date, and will calculate interest based on the rate published annually by Treasury in accordance with 31 U.S.C. 3717. Interest will continue to accrue until the full amount of the reclamation is paid or Treasury determines that payment is not required.

(2) *Penalties.* Treasury will assess a penalty beginning on the 91st day following the reclamation date. The penalty will be assessed in accordance with 31 U.S.C. 3717 on the unpaid principal of the reclamation debt, and will continue to accrue until the full amount of the reclamation debt is paid or Treasury determines that payment is not required.

(3) *Administrative costs.* Treasury will assess administrative costs associated with the unpaid reclamation debt beginning on the 61st day following the reclamation date. Administrative costs will continue to accrue until the full amount of the reclamation debt is paid or Treasury determines that payment is not required.

(e) If Treasury is unable to fully collect a reclamation debt from a reclamation debtor, after pursuing all appropriate means of collection (including, but not limited to, administrative offset in accordance with §240.10 and Treasury Check Offset in accordance with §240.11), Treasury will discharge the unpaid reclamation debt. See 31 CFR 903.5 (Discharge of indebtedness; reporting requirements). Treasury or the certifying agency will report the amount of the unpaid reclamation debt to the Internal Revenue Service in accordance with the requirements of 26 U.S.C. 6050P and 26 CFR 1.6050P-1.

**§240.9 Reclamation procedures; reclamation protests.**

(a) *Reclamation procedures.* (1) Treasury will send a “NOTICE OF DIRECT DEBIT (RECLAMATION)” to the reclamation debtor in accordance with §240.8(a). This notice will advise the reclamation debtor of the amount de-

manded and the reason for the demand. Treasury will provide notice to the reclamation debtor that:

(i) If the reclamation debt is not paid within 30 days after the reclamation date, Treasury intends to collect the amount outstanding by instructing the appropriate Federal Reserve Bank to debit on the 31st day the Master Account used by the reclamation debtor. The Federal Reserve Bank will provide advice of the debit to the reclamation debtor;

(ii) The reclamation debtor has an opportunity to inspect and copy Treasury’s records with respect to the reclamation debt;

(iii) The reclamation debtor may, by filing a protest in accordance with §240.9(b), request Treasury to review its decision that the reclamation debtor is liable for the reclamation debt. If such a protest is filed within 30 days after the reclamation date, Treasury will not instruct the appropriate Federal Reserve Bank to debit the Master Account used by the reclamation debtor while the protest is still pending; and

(iv) The reclamation debtor has an opportunity to enter into a written agreement with Treasury for the repayment of the reclamation debt. A request for a repayment agreement must be accompanied by documentary proof that satisfies Treasury that the reclamation debtor is unable to repay the entire amount owed when due.

(2) Requests by a reclamation debtor for an appointment to inspect and copy Treasury’s records with respect to a reclamation debt and requests to enter into repayment agreements must be sent in writing to the address provided on the Check Claims Web site at <http://www.fiscal.treasury.gov/checkclaims> or to such other address as Treasury may publish in the Goldbook: The Check Reclamation Guide, which can be found at <http://www.fiscal.treasury.gov>.

(3) If Treasury determines a reclamation debt is due and the Federal Reserve Bank is unable to debit the financial institution’s Master Account, Fiscal Service will assess interest, penalties, and administrative costs in accordance with §240.8. Additionally, Treasury will proceed to collect the