

§761.7

of the Reserve Bank to order the withdrawal thereof from the Reserve Bank.

§761.7 Registered bonds and notes.

No formal assignment shall be required for the conversion to book-entry Postal Service securities of registered Postal Service securities held by a Reserve Bank (in either its individual capacity or as fiscal agent of the United States) on the effective date of this part for any purpose specified in §761.3(a). Registered Postal Service securities deposited thereafter with a Reserve Bank for any purpose specified in §761.3 shall be assigned for conversion to book-entry Postal Service securities. The assignment, which shall be executed in accordance with the provisions of part 760 of this subchapter and subpart F of 31 CFR part 306, so far as applicable, shall be to “Federal Reserve Bank of _____ as fiscal agent of the United States acting on behalf of the Postal Service for conversion to book-entry Postal Service securities.”

§761.8 Servicing book-entry Postal Service securities; payment of interest, payment at maturity or upon call.

Interest becoming due on book-entry Postal Service securities shall be charged in the Postal Service Fund on the interest due date and remitted or credited in accordance with the depositor’s instructions. Such securities shall be redeemed and charged in the Postal Service Fund on the date of maturity, call or advance refunding, and the redemption proceeds, principal and interest, shall be disposed of in accordance with the depositor’s instructions.

PART 762—DISBURSEMENT POSTAL MONEY ORDERS

Subpart A—General, Definitions, Issuance

Sec.

- 762.11 General.
- 762.12 Definitions.
- 762.13 Issuance.
- 762.14 Amounts for which disbursement postal money orders may be issued.

39 CFR Ch. I (7–1–16 Edition)

- 762.15 Postal Service payments not made by disbursement postal money order.

Subpart B—Endorsements, Payment, Guaranties, Warranties and Processing of Disbursement Postal Money Orders

- 762.21 Scope.
- 762.22 Definitions.
- 762.23 General rules.
- 762.24 Guaranty of endorsements.
- 762.25 Reclamation of amounts of paid disbursement postal money orders.
- 762.26 Postal facilities not to cash disbursement postal money orders.
- 762.27 Processing of disbursement postal money orders by Federal Reserve Banks.
- 762.28 Release of original disbursement postal money orders.
- 762.29 Endorsement of disbursement postal money orders by payees.
- 762.30 Disbursement postal money orders issued to incompetent payees.
- 762.31 Disbursement postal money orders issued to deceased payees.

Subpart C—Issuance of Substitutes for Lost, Destroyed, Mutilated, and Defaced Disbursement Postal Money Orders

- 762.41 Advice of non-receipt or loss, destruction, or mutilation.
- 762.42 Request for substitute disbursement postal money orders; requirements for undertaking of indemnity.
- 762.43 Issuance of substitute disbursement postal money order.
- 762.44 Receipt or recovery of original disbursement postal money order.
- 762.45 Removal of stoppage of payment.

AUTHORITY: 39 U.S.C. 401(2), 401(3), 401(4), 401(10), and 404(6).

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Subpart A—General, Definitions, Issuance

§762.11 General.

The Postal Service, at its discretion, issues a specialized postal money order, designated a Disbursement Postal Money Order in payment of Postal Service obligations. Disbursement Postal Money Orders are distinguishable on their face from other postal money orders in the following ways:

- (a) Disbursement Postal Money Orders have words of negotiability—“Pay to the order of”—printed on their face, while other postal money orders simply bear the words “Pay to” on their face;

United States Postal Service

§ 762.24

(b) Disbursement Postal Money Orders, unlike other postal money orders, bear on their face the phrase, “This special money order is drawn by the Postal Service to pay one of its own obligations.”; and

(c) The amounts of Disbursement Postal Money Orders are printed in words as well as numbers, while the amounts of postal money orders available at post offices are printed in numbers only.

§ 762.12 Definitions.

As used in part 762 of this chapter, the term:

(a) *Disbursement Postal Money Order* means a money order (described in Part 762) issued by the Postal Service to pay one of its own obligations.

(b) *Federal Reserve Bank* means a Federal Reserve Bank or branch thereof.

(c) *Financial organization* means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union.

(d) *Person or persons* means an individual or individuals, or an organization or organizations, whether incorporated or not, including all forms of banking institutions.

(e) *Presenting Bank* means a bank or other depositor of a Federal Reserve Bank which presents Disbursement Postal Money Orders to and receives credit therefor from a Federal Reserve Bank.

(f) *Reclamation* means the action taken by the Postal Service to obtain refund of the amounts of paid Disbursement Postal Money Orders.

(g) *Postal Service* means the U.S. Postal Service.

§ 762.13 Issuance.

Disbursement Postal Money Orders are issued solely by Postal Data Centers and solely for the purpose of paying Postal Service obligations. Accordingly, Disbursement Postal Money Orders may be issued in lieu of U.S. Treasury checks.

§ 762.14 Amounts for which disbursement postal money orders may be issued.

Disbursement Postal Money Orders may be issued for any amount appro-

priate to pay Postal Service Obligations. There is no maximum amount above which a Disbursement Postal Money Order may not be issued.

§ 762.15 Postal Service payments not made by disbursement postal money order.

Postal Service payments not made by Disbursement Postal Money Order are made by cash, U.S. Treasury Check, or by regular postal money order, and may be made by electronic funds transfer.

Subpart B—Endorsements, Payment, Guaranties, Warranties and Processing of Disbursement Postal Money Orders

§ 762.21 Scope.

The regulations in this subpart prescribe the requirements for endorsement and the conditions for payment of Disbursement Postal Money Orders drawn by the Postal Service.

§ 762.22 Definitions.

For definitions applicable to this subpart see § 762.12 of this chapter.

§ 762.23 General rules.

All Disbursement Postal Money Orders drawn by the Postal Service are payable without limitation of time. The Postal Service shall have the usual right of a drawee to examine Disbursement Postal Money Orders presented for payment and refuse payment of any Disbursement Postal Money Orders, and shall have a reasonable time to make such examination. Disbursement Postal Money Orders shall be deemed to be paid by the Postal Service only after first examination has been fully completed. If the Postal Service is on notice of a doubtful question of law or fact when a Disbursement Postal Money Order is presented for payment, payment will be deferred pending settlement by the Postal Service.

§ 762.24 Guaranty of endorsements.

The presenting bank and the endorsers of a Disbursement Postal Money Order presented to the Postal Service for payment shall be deemed to guarantee to the Postal Service that all

§ 762.25

prior endorsements are genuine, whether or not an express guaranty is placed on the Disbursement Postal Money Order. When the first endorsement has been made by one other than the payee personally, the presenting bank and the endorser shall be deemed to guarantee to the Postal Service, in addition to other warranties, that the person who so endorsed had unqualified capacity and authority to endorse the Disbursement Postal Money Order on behalf of the payee.

§ 762.25 Reclamation of amounts of paid disbursement postal money orders.

The Postal Service shall have the right to demand refund from the presenting bank of the amount of a paid Disbursement Postal Money Order if after payment the Disbursement Postal Money Order is found to bear a forged or unauthorized endorsement, or an endorsement by another for a deceased payee where the right to the proceeds of such Disbursement Postal Money Orders terminated upon the death of the payee, or to contain any other material defect or alteration which was not discovered upon first examination. If refund is not made, the Postal Service shall take such action against the proper parties as may be necessary to protect its interests.

§ 762.26 Postal facilities not to cash disbursement postal money orders.

Post offices and other postal facilities shall not be expected to cash Disbursement Postal Money Orders or to return cash for endorsed Disbursement Postal Money Orders offered in payment for postal service in amounts less than the value of a Disbursement Postal Money Order. However, properly endorsed Disbursement Postal Money Orders may be accepted as total or partial payment for postal services.

§ 762.27 Processing of disbursement postal money orders by Federal Reserve Banks.

In accordance with an agreement between the Postal Service and the Federal Reserve Banks as depositaries and fiscal agents of the United States, Federal Reserve Banks will handle Dis-

39 CFR Ch. I (7-1-16 Edition)

bursement Postal Money Orders as follows:

(a) Federal Reserve Banks shall not be expected to cash Disbursement Postal Money Orders presented directly to them for payment; and

(b) Each Federal Reserve Bank shall:

(1) Receive Disbursement Postal Money Orders from its member banks, and its other depositors which guarantee all prior endorsements thereon;

(2) Give immediate credit therefor in accordance with its current Time Schedules and charge the amount thereof to the general account of the U.S. Treasury, subject to examination and payment by the Postal Service; and

(3) Forward the Disbursement Postal Money Orders to the Postal Service.

§ 762.28 Release of original disbursement postal money orders.

An original Disbursement Postal Money Order may be released to a responsible endorser only upon receipt of a properly authorized request showing the reason it is required.

§ 762.29 Endorsement of disbursement postal money orders by payees.

(a) *General requirements.* Disbursement Postal Money Orders shall be endorsed by the payee or the payees named, or by another on behalf of such payee or payees as set forth in this subpart B. The forms of endorsement shall conform to those recognized by general principles of law and commercial usage for the negotiation, transfer, or collection of negotiable instruments.

(b) *Endorsement of disbursement postal money orders by a financial organization under the payee's authorization.* When a Disbursement Postal Money Order is credited by a financial organization to the payee's account under his authorization, the financial organization may use an endorsement substantially as follows:

Credit to the account of the within-named payee in accordance with payee's or payees' instructions. Absence of endorsement guaranteed.

A financial organization using this form of endorsement shall be deemed to guarantee to all subsequent endorser and to the Postal Service that it is

United States Postal Service

§ 762.42

acting as an attorney in fact for the payee or payees, under his or their authorization.

(c) *Endorsement of disbursement postal money orders drawn in favor of financial organizations.* All Disbursement Postal Money Orders drawn in favor of financial organizations, for credit to the accounts of persons designating payment so to be made, shall be endorsed in the name of the financial organization as payee in the usual manner.

§ 762.30 Disbursement postal money orders issued to incompetent payees.

(a) If the Disbursement Postal Money Order is endorsed by a legal guardian or other fiduciary and presented for payment by a bank it will be paid by the Postal Service without submission to the Postal Service of documentary proof of authority of the guardian or other fiduciary.

(b) If a guardian has not been or will not be appointed, the Disbursement Postal Money Order shall be forwarded to the Money Order Division, Postal Data Center, P.O. Box 14963, St. Louis, MO 63182, with a full explanation of the circumstances.

§ 762.31 Disbursement postal money orders issued to deceased payees.

(a) If the Disbursement Postal Money Order is endorsed by an Executor or Administrator and presented for payment by a bank it will be paid by the Postal Service without submission to the Postal Service of documentary proof of the authority of the Executor or Administrator.

(b) If an Executor or Administrator has not been appointed or if there is doubt as to whether the proceeds of the Disbursement Postal Money Order pass to the estate of the deceased payee, the instrument should be returned to the Money Order Division, Postal Data Center, P.O. Box 14963, St. Louis, MO 63182, for determination whether, under applicable laws, payment is due, and for reissuance to the appropriate payee.

Subpart C—Issuance of Substitutes for Lost, Destroyed, Mutilated, and Defaced Disbursement Postal Money Orders

§ 762.41 Advice of non-receipt or loss, destruction, or mutilation.

(a) In the event of the non-receipt, loss, or destruction of a Disbursement Postal Money Order, or the mutilation or defacement of a Disbursement Postal Money Order to an extent which renders it non-negotiable, the owner should immediately contact the Money Order Division, Postal Data Center, P.O. Box 14963, St. Louis, MO 63182, describing the Disbursement Postal Money Order, stating the purpose for which it was issued, giving, if possible, its date, number, and amount, and requesting that payment be stopped. In cases involving mutilated or defaced Disbursement Postal Money Orders the owner should enclose the mutilated or defaced item with his communication.

(b) If the Disbursement Postal Money Order, which is the basis of the owner's claim, is determined to be outstanding, the Money Order Division shall furnish the claimant an appropriate application form for obtaining a substitute Disbursement Postal Money Order. However, the execution of an application shall not be required in the event the original written statement submitted by the claimant substantially meets the requirements of the prescribed application form.

§ 762.42 Request for substitute disbursement postal money orders; requirements for undertaking of indemnity.

In the case of a request for a substitute Disbursement Postal Money Order:

(a) An undertaking of indemnity in penal sum equal to the amount of the Disbursement Postal Money Order shall, unless otherwise provided in this section, be executed by the claimant, as may be required by the Postal Service, and submitted to the Money Order Division.

(b) Unless the Postal Service determines that an undertaking of indemnity is essential in the public interest, no undertaking of indemnity shall be

§ 762.43

required in the following classes of cases:

(1) If the Postal Service is satisfied that the loss, theft, destruction, mutilation or defacement occurred without fault of the owner or holder, and while the Disbursement Postal Money Order was in the custody or control of the Postal Service;

(2) If substantially the entire Disbursement Postal Money Order is presented and surrendered by the owner or holder and the Postal Service is satisfied as to the identity of the Disbursement Postal Money Order presented and that any missing portions are not sufficient to form the basis of a valid claim against the Postal Service;

(3) If the Postal Service is satisfied that the original Disbursement Postal Money Order is not negotiable and cannot be made the basis of a valid claim against the Postal Service; or

(4) If the amount of the Disbursement Postal Money Order is not more than \$200.

§ 762.43 Issuance of substitute disbursement postal money order.

Upon approval of the undertaking of indemnity, application, or statement of claim, the Money Order Division shall issue to the claimant a substitute Disbursement Postal Money Order show-

39 CFR Ch. I (7-1-16 Edition)

ing such information as may be necessary to identify the original instrument.

§ 762.44 Receipt or recovery of original disbursement postal money order.

(a) If the original Disbursement Postal Money Order is received or recovered by the owner after he has requested the Postal Service to stop payment on the original but before a substitute has been received, he should immediately advise the Money Order Division and hold such original Disbursement Postal Money Order until receipt of instructions with respect to its negotiability.

(b) If the original Disbursement Postal Money Order is received by the owner after a substitute has been received by him, the original shall not be cashed, but shall be immediately forwarded to the Money Order Division. Under no circumstances shall both the original and substitute be cashed.

§ 762.45 Removal of stoppage of payment.

Requests for removal of stoppage of payment shall be addressed to the Money Order Division. No request for removal of stoppage of payment shall be accepted after issuance of a substitute Disbursement Postal Money Order has been approved.