

DEPARTMENT OF THE TREASURY**Fiscal Service****31 CFR Part 353**

[Department of the Treasury Circular, Public Debt Series No. 3-80]

Regulations Governing United States Savings Bonds, Series EE and HH

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: This rule amends regulations governing Series EE and HH Savings Bonds to provide explicitly for the recognition of Federal asset forfeiture laws and providing for payment of United States Savings Bonds pursuant to Federal judicial or administrative forfeiture.

EFFECTIVE DATE: October 15, 1996.

FOR FURTHER INFORMATION CONTACT: Ed Gronseth, Deputy Chief Counsel, or Bob Riffle, Attorney-Adviser, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-5192.

SUPPLEMENTARY INFORMATION:**I. Background**

The Secretary of the Treasury is authorized under 31 U.S.C. 3105 to prescribe the terms and conditions of savings bonds including, specifically, restrictions on transfer. The Department of the Treasury has promulgated regulations in 31 CFR, Subtitle B, that set the terms and conditions of savings bonds.

Savings bonds are Federal contracts, the terms of which are contained in laws, offering circulars, and other applicable regulations.

In recent years a number of Federal laws have been enacted providing for forfeiture of property in certain specified situations. This rule amends the regulations governing United States Savings Bonds, Series EE and HH, by providing explicitly for the recognition of Federal judicial forfeitures and Federal administrative forfeitures made pursuant to Federal forfeiture laws.

This rule does not provide for recognition of judicial or administrative forfeiture orders issued by State or local authorities.

Series E savings bonds were first issued in 1941; their sale was terminated in 1979. Series H bonds were first issued in 1952; their sale was terminated in 1979. Series EE and HH bonds were first issued beginning in 1980. Series E savings bonds were offered for sale under 31 CFR Part 316; Series EE bonds are offered under 31

CFR Part 351. Series H savings bonds were offered for sale under 31 CFR Part 332; Series HH bonds are offered under 31 CFR Part 352. All bonds are governed by additional regulations, at 31 CFR Part 315 or 353, expressly made part of the terms of the offerings.

Since Series E and H savings bonds and savings notes are no longer being issued they are not being addressed by this rule.

II. Summary of Amendment

Section 353.15 of the regulations provides that "savings bonds are not transferable and are payable only to the owners named on the bonds, except as specifically provided in these regulations and then only in the manner and to the extent so provided." Section 353.5(a) of the regulations states that the registration of the bonds is conclusive of ownership. Almost all savings bonds are issued in either coownership or beneficiary form. Section 353.7 provides that a bond in coownership form is registered "A or B" and that a bond in beneficiary form is registered "A payable on death to B" or "A POD B." Section 353.35 provides, in part, that "[p]ayment of a savings bond will be made to the person or persons entitled under the provisions of these regulations * * *." Subpart E of Part 353 sets forth rules for recognition of judicial determinations involving savings bonds.

This rule makes payment of Series EE and HH savings bonds pursuant to a Federal judicial forfeiture or Federal administrative forfeiture an explicit part of the terms and conditions of the contract with savings bond investors. This rule amends Subpart E of the regulations by providing explicitly for the recognition of changes in ownership through Federal forfeiture proceedings.

III. Procedural Requirements

This final rule does not meet the criteria for a "significant regulatory action", pursuant to Executive Order 12866. The regulatory review procedures, therefore, do not apply. Because this rule relates to matters of public contract, as well as the borrowing power and fiscal authority of the United States, the notice, public comment, and delayed effective date provisions of the Administrative Procedure Act are inapplicable pursuant to 5 U.S.C. 553(a)(2). As no notice of proposed rulemaking is required, the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, do not apply. There are no collections of information required by this final rule, and, therefore, the Paperwork Reduction Act does not apply.

List of Subjects in 31 CFR Part 353
Bonds, Government securities.

Dated: October 8, 1996.

Gerald Murphy,
Fiscal Assistant Secretary.

For the reasons set forth in the preamble, Title 31, Subtitle B, Chapter II, Part 353 of the Code of Federal Regulations is amended as follows:

PART 353—REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS, SERIES EE AND HH

1. The authority citation for Part 353 continues to read as follows:

Authority: 31 U.S.C. 3105 and 5 U.S.C. 301.

2. In Subpart E a new section, § 353.24, is added to read as follows:

§ 353.24 Payment pursuant to judicial or administrative forfeiture.

(a) *Definitions.* As used in this part:

(1) *Contact point* means the individual designated to receive referrals from the Bureau of the Public Debt, as provided for in this section, by the Federal investigative agency, United States Attorney's Office, or forfeiting agency specified in Public Debt Form 1522.

(2) *Forfeiting agency* means the federal law enforcement agency responsible for the forfeiture.

(3) *Forfeiture.*

(i) *Administrative forfeiture* means the process by which property may be forfeited by a Federal agency rather than through judicial proceedings.

(ii) *Judicial forfeiture* means either a civil or a criminal proceeding in a United States District Court that may result in a final judgment and order of forfeiture.

(4) *Public Debt Form 1522* means the written notification of the forfeiture provided by the forfeiting agency to the Bureau of the Public Debt on a Public Debt Form 1522 SPECIAL FORM OF REQUEST FOR PAYMENT OF UNITED STATES SAVINGS AND RETIREMENT SECURITIES WHERE USE OF A DETACHED REQUEST IS AUTHORIZED. Public Debt Form 1522 must specify: the contact point; the issue date of each bond; the serial number for each bond; the date of forfeiture; the forfeiting fund to which payment is to be made; and be signed by an individual authorized by the forfeiting agency. The forfeited bonds and the completed Public Debt Form 1522 are to be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(b) *Forfeiture of bond.* (1) Upon receipt and review of the Public Debt

Form 1522, as described in (a)(4) above, the Bureau of the Public Debt will make payment to the forfeiture fund specified on the form.

(2) The Bureau of the Public Debt will record the forfeiture, the forfeiture fund into which the proceeds were paid, the contact point, and any related information.

(3) The Bureau of the Public Debt will rely exclusively upon the information provided by the Federal agency in the Public Debt Form 1522 and will not make any independent evaluation of the validity of the forfeiture order, the

request for payment, or the authority of the individual signing the request for payment.

(4) The amount paid is limited to the redemption value of the savings bonds as of the date of forfeiture specified in the Public Debt Form 1522.

(c) *Inquiry from previous owner.* (1) Upon payment made pursuant to (b), all inquiries from the previous owner, including requests for payment, reissue, or applications for relief, related to forfeited savings bonds will be referred by the Bureau of the Public Debt to the

contact point named in the Public Debt Form 1522.

(2) The Bureau of the Public Debt will notify the submitter of the inquiry of the referral to the contact point.

(3) The Bureau of the Public Debt will not investigate the inquiry and will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate. Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

[FR Doc. 96-26375 Filed 10-11-96; 8:45 am]

BILLING CODE 4810-39-P