

§ 11.125

the absence of affirmative evidence to the contrary, to have been valid when originally filed. The determination of the correctness of this assumption shall be made by the Manager, Veterans Benefits Office, Washington, DC, or his designee.

[19 FR 5087, Aug. 12, 1954]

APPLICATION FOR PAYMENT OF ADJUSTED SERVICE CERTIFICATE UNDER THE WORLD WAR ADJUSTED COMPENSATION ACT, AS AMENDED (PUB. L. 120, 68TH CONG.)

SOURCE: 19 FR 5087, Aug. 12, 1954, unless otherwise noted.

§ 11.125 Settlement of matured adjusted service certificates.

Where an application for final settlement of an adjusted service certificate is received in the Department of Veterans Affairs subsequent to the date of maturity of the certificate, payment will be made under the terms of the World War Adjusted Compensation Act, as amended. This Act provides for payment of the face value of the certificate less any outstanding indebtedness for loans obtained on the certificate; however, interest accrued on the loans subsequent to September 30, 1931, and unpaid will be canceled insofar as the veteran is concerned.

§ 11.126 Form of application.

Either demand for payment (Form 1748) of application (Form 1701) may be used by the veteran or his legal representative in applying for final settlement of a matured certificate.

§ 11.127 Identification.

Before payment may be made on the adjusted service certificate, the person applying therefor will be identified as the person entitled to payment for which application is made. Such identification will be accepted if made by an authorized person as stated in § 11.114; also, fingerprint impressions shall be placed in the space provided on the application in accordance with § 11.114(a).

38 CFR Ch. I (7-1-25 Edition)

§ 11.128 Veteran dies without having filed application for final settlement.

If the veteran dies without having filed application for final settlement under the Adjusted Compensation Payment Act, 1936, and the certificate has not matured, payment will be made to the last designated beneficiary or, if no beneficiary, to his estate. If the certificate has matured, payment will be made to the veteran's estate regardless of any beneficiary designation. Payment of the amount due on a deceased veteran's certificate will be made only on an approved award based upon receipt in the Department of Veterans Affairs of an application properly executed by the person or persons entitled.

§ 11.129 Form of application for payment of deceased veteran's certificate.

Demand for payment (VA Form 8-582) is the proper form for use in applying for payment of the amount due on a deceased veteran's certificate.

§ 11.130 Where to file applications.

Application for payment of a matured certificate or a deceased veteran's certificate, accompanied by the adjusted service certificate, unless it is held in the Department of Veterans Affairs as collateral for a loan, must be forwarded to the Manager, Veterans Benefits Office, Washington, DC, 20421.

PART 12—DISPOSITION OF VETERAN'S PERSONAL FUNDS AND EFFECTS

DISPOSITION OF VETERAN'S PERSONAL FUNDS AND EFFECTS ON FACILITY UPON DEATH, OR DISCHARGE, OR UNAUTHORIZED ABSENCE, AND OF FUNDS AND EFFECTS FOUND ON FACILITY

Sec.

- 12.0 Definitions.
- 12.1 Designee cases; competent veterans.
- 12.2 Designee cases; incompetent veterans.
- 12.3 Deceased veteran's cases.
- 12.4 Disposition of effects and funds to designee; exceptions.
- 12.5 Nondesignee cases.
- 12.6 Cases of living veterans.
- 12.7 Cases not applicable to provisions of §§ 12.0 to 12.6.
- 12.8 Unclaimed effects of veterans.

Department of Veterans Affairs

§ 12.1

- 12.9 Rights of designate; sales instruction; transportation charges.
- 12.10 Proceeds of sale.
- 12.12 Miscellaneous provisions.
- 12.13 Posting of notice of the provisions of Pub. L. No. 734, 75th Congress (38 U.S.C. 16-16j).

DISPOSITION OF PERSONAL FUNDS AND EFFECTS LEFT UPON PREMISES OF THE DEPARTMENT OF VETERANS AFFAIRS BY NON-VETERAN PATIENTS, EMPLOYEES AND OTHER PERSONS, KNOWN OR UNKNOWN

- 12.15 Inventory of property.
- 12.16 Action on inventory and funds.
- 12.17 Unclaimed effects to be sold.
- 12.18 Disposition of funds and effects left by officers and enlisted men on the active list of the Army, Navy or Marine Corps of the United States.

UNDER PUB. L. 382, 77TH CONGRESS, DECEMBER 26, 1941, AMENDING THE ACT OF JUNE 25, 1910 (24 U.S.C. 136)

- 12.19 Provisions of Pub. L. 382 (38 U.S.C. 17-17j).
- 12.20 Posting of notice provisions of Pub. L. 382.
- 12.21 Action upon death of veteran.
- 12.22 Disposition of personal property.
- 12.23 Recognition of valid claim against the General Post Fund.

OPERATION OF LOST AND FOUND SERVICE

- 12.24 Operation of lost and found service.

AUTHORITY: 38 U.S.C. 501, 8501-8528.

DISPOSITION OF VETERAN'S PERSONAL FUNDS AND EFFECTS ON FACILITY UPON DEATH, OR DISCHARGE, OR UNAUTHORIZED ABSENCE, AND OF FUNDS AND EFFECTS FOUND ON FACILITY

§ 12.0 Definitions.

(a) As used in respect to the disposition of property of veterans dying at Department of Veterans Affairs medical centers or other field facilities, or who are discharged or who elope, or are absent without leave therefrom, and in respect to property found thereat, the term *funds* means all types of United States currency and coin, checks payable to the decedent except checks drawn on the Treasurer of the United States which have never been negotiated, and includes deposits to the credit of the veteran in the account "Personal Funds of Patients," and each competent veteran will be so advised. The term *effects* means and embraces all other property of every de-

scription, including insurance policies, certificates of stock, bonds and notes the obligation of the United States or of others, and all other papers of every character except checks drawn on the Treasurer of the United States, as well as clothing, jewelry and other forms of property, or evidences of interest therein. Checks drawn on the Treasurer of the United States which have never been negotiated will be returned to the issuing office for disposition.

(b) *Field facilities* as used in §§ 12.1 to 12.13 includes hospitals, centers, domiciliary activities, supply depots, and other offices over which the Department of Veterans Affairs has direct and exclusive administrative jurisdiction, and excludes State, county, city, private, and contract hospitals and hospitals or other institutions operated by the United States through agencies other than the Department of Veterans Affairs. At institutions other than field facilities as herein defined funds or effects as defined in paragraph (a) of this section, except for funds derived from VA benefits and deposited by the Department of Veterans Affairs in the account Personal Funds of Patients for incompetent veterans, will be disposed of under the laws governing such institutions. In any case where the veteran died intestate without heirs or next of kin his or her personal property vests in the United States. Disposition of the property will be made in accordance with the provisions of §§ 12.19 to 12.23.

[13 FR 7127, Nov. 27, 1948, as amended at 25 FR 1612, Feb. 25, 1960; 79 FR 68129, Nov. 14, 2014]

§ 12.1 Designee cases; competent veterans.

(a) *Designees—general.* (1) Upon admission to a VA field facility, VA will request and encourage a competent veteran to designate in writing, on the relevant VA form, an individual to whom VA will deliver the veteran's funds and effects in the event of the veteran's death in such VA field facility. The individual named by the veteran is referred to in this part as the designee.

(2) The veteran may change or revoke a designation in writing, on the relevant VA form, at any time.

§ 12.2

38 CFR Ch. I (7–1–25 Edition)

(3) If the veteran does not name a designee or if a designee is unable or unwilling to accept delivery of funds or effects, §12.5 Nondesignee cases, applies.

(4) The designee may not be a VA employee unless such employee is a member of the veteran's family. For purposes of this section, a family member includes the spouse, parent, child, step family member, extended family member or an individual who lives with the veteran but is not a member of the veteran's family.

(5) To be effective, a completed form must be received by the facility head or facility designee prior to the veteran's death.

(b) *Delivery of funds and effects.* The delivery of the veteran's funds or effects to the designee is only a delivery of possession. Such delivery of possession does not affect in any manner:

(1) The title to such funds or effects; or

(2) The person legally entitled to ownership of such funds or effects.

(c) *Veteran becomes incompetent.* If a veteran is determined to be incompetent pursuant to an order of a state court or is determined to be unable to manage monetary VA benefits by a VA clinician after the veteran is admitted to a VA field facility, the VA field facility staff will contact the Veterans Benefits Administration for the application of 38 CFR 3.353, regarding an incompetency rating as to whether the veteran is able to manage monetary VA benefits, and, if appropriate, 38 CFR 13.55, regarding VA fiduciary appointments. If the Veterans Benefits Administration determines that a veteran is incompetent to manage monetary VA benefits, any designation by the veteran under paragraph (a) of this section will cease with respect to VA benefits that are deposited by VA into the Personal Funds of Patients. The veteran's designation will not change with respect to disposition of funds and personal effects derived from non-VA sources, unless a court-appointed guardian or conservator changes or revokes the existing designation.

(d) *Retention of funds and effects by a veteran.* Upon admission to a VA field facility, VA will encourage a competent veteran to:

(1) Place articles of little or no use to the veteran during the period of care in the custody of a family member or friend; and

(2) Retain only such funds and effects that are actually required and necessary for the veteran's immediate convenience.

(The information collection is pending Office of Management and Budget approval.)

(Authority: 38 U.S.C. 8502)

(The Office of Management and Budget has approved the information collection requirement in this section under control number 2900-0817

[79 FR 68129, Nov. 14, 2014]

§ 12.2 Designee cases; incompetent veterans.

(a) An incompetent veteran will not be informed concerning the designation of a person to receive funds or effects; but if he or she has a guardian the guardian will be requested to make such designation of himself or herself or another person to receive possession of the funds and effects (other than funds deposited by VA in Personal Funds of Patients that were derived from VA benefits) upon the incompetent's death. The guardian will sign the letter designating himself or herself or another person with the veteran's name "By _____, guardian of his or her estate".

(b) No effort will be made to obtain a designation by or on behalf of an incompetent veteran who has no guardian.

[13 FR 7128, Nov. 27, 1948, as amended at 25 FR 1613, Feb. 25, 1960; 79 FR 68129, Nov. 14, 2014]

§ 12.3 Deceased veteran's cases.

(a) Immediately upon the death or the absence without leave of any beneficiary at a field facility, as defined in §12.0(b), a survey and inventory of the funds and effects of such beneficiary will be taken in the following manner:

(1) If the death or absence without leave occurred during hospitalization, a complete inventory (VA Form 10-2687, Inventory of Funds and Effects)

will be made of all personal effects (including those in the custody of the hospital, jewelry being worn by the deceased person, or jewelry and other effects in pockets of clothing he or she may have been wearing) and all funds found and moneys on deposit in Personal Funds of Patients. In the case of death of incompetent veterans after November 30, 1959, the inventory will be completed to show separately those funds deposited by VA in Personal Funds of Patients that were derived from VA benefits. For purpose of determining the source of funds, expenditures from the account will be considered as having been made from VA benefits, not to exceed the extent of deposits of such benefits. In the event death occurred during other than official working hours, the officer of the day and/or a representative of Nursing Service will collect and inventory all funds and personal effects on the person of the deceased beneficiary and on the ward, will carefully safeguard such property and, upon completion of the tour of duty, will turn the funds and effects over to the properly designated employees.

(2) If the death or absence without leave occurred while the beneficiary was assigned to a domiciliary section, or while receiving hospitalization and at time of death or absence without leave any effects are in the section, a like inventory will be made by representatives of the Chief, Domiciliary Operations and/or Medical Administration Division.

(3) The inventory report will be executed in triplicate, original and two copies. All will be signed by the employee making the inventory, and disposed of as provided for in pertinent procedural instructions.

(4) Personally owned clothing or other effects (such as tooth brushes, false teeth not containing gold, etc.), which are unserviceable by reason of wear or tear or insanitary condition, and clothing that had been supplied by the Government, will not be included in this inventory; instead, the unserviceable personally owned articles will be listed on a separate list, with their condition briefly described, and their disposition recommended in a separate report to the facility head. The facility

head, if approving this recommendation, will order destruction or utilization in occupational therapy, or as wipe rags, etc., of such unserviceable articles and, when they are so destroyed or utilized, will have entered on the papers the date and nature of the disposition. The completed papers will then be placed in the correspondence file of the beneficiary. Clothing that had been supplied by the Government will be reconditioned if possible and returned to stock for issue to other eligible beneficiaries. When Government-owned clothing cannot be reconditioned it will be disposed of.

(5) When the nearest relative requests that the deceased beneficiary be clad for burial in clothing he or she personally owned, instead of burial clothing to be supplied under the contract for mortuary services, such request will be honored. A receipt in such cases will be obtained from the undertaker, specifying the articles of clothing so used. Adjustment of the undertaker's bill in the case will correspondingly be made.

(6) In accomplishing such inventories, detailed description will be given of items of material value or importance, for example:

Watch—Yellow metal (make, movement, and case number, if available without damage to watch).
 Ring—Yellow metal (probably gold-plated or stamped 14-K., setting if any).
 Discharge certificate.
 Adjusted service certificate (number).
 Bonds or stocks (name of company, registered or nonregistered, identifying number, recited par value, if any).
 Bank books or other asset evidence (name of bank or other obligor, apparent value, identifying numbers, etc.).
 Clothing (brief description and statement of condition). Etc.

(b) Upon completion of the survey and inventory, the effects will be turned over to the designated employee for safekeeping. Any funds found in excess of \$100 which apparently were the property of the deceased will be turned over to the details clerk and delivered immediately to the agent cashier, who shall deposit same in the account "Personal Funds of Patients". Unendorsed checks other than Treasury checks and funds not in excess of \$100 will be considered personal effects

§ 12.4

38 CFR Ch. I (7-1-25 Edition)

and not funds and will be handled accordingly.

[13 FR 7128, Nov. 27, 1948, as amended at 25 FR 1613, Feb. 25, 1960; 29 FR 17904, Dec. 17, 1964; 36 FR 5911, Mar. 31, 1971; 79 FR 68129, Nov. 14, 2014]

§ 12.4 Disposition of effects and funds to designee; exceptions.

(a) Upon authorization by the facility head or his or her designated representative, all funds, as defined in § 12.0 (except funds deposited by VA in Personal Funds of Patients that were derived from VA benefits where the veteran was incompetent at time of death), and effects will be delivered or sent to the designee of the deceased veteran if request therefor be made after death and within 90 days following the mailing of notice to such designee (see § 12.9(a)), unless:

(1) The executor or administrator of the estate of the deceased veteran shall have notified the facility head or his or her designated representative of his or her desire and readiness to receive such funds or effects, in which event the facility head or his or her designated representative will authorize delivery of all funds and effects to such executor or administrator upon receipt of appropriate documentary evidence of his or her qualifications and in exchange for appropriate receipts, or

(2) An heir capable of inheriting the personal property of the veteran makes claim for the funds and effects prior to delivery to the designee.

(3) Subsequent to the naming of a designee the veteran became incompetent and his or her guardian revoked such designation, in which event the facility head or his or her designated representative will deliver all funds and effects to his guardian in exchange for appropriate receipts subject to the limitation contained in paragraph (d) of this section, or

(4) Designee was the wife (or husband) of the veteran at the time of designation, and information at the disposal of the field facility indicates that she (or he) was thereafter divorced and the veteran was incompetent at or subsequent to the time of divorce, or

(5) Notwithstanding there is a designee, it is probable that title would pass to the United States under the

provisions of §§ 12.19 to 12.23 issued pursuant to 38 U.S.C. 5502(e) and 38 U.S.C. 8520(a), or

(6) The facility head or his or her designated representative determines that there is reasonable ground to believe that the transfer of such possession to the designee probably would be contrary to the interests of the person legally entitled to the personal property, or there are any other special circumstances raising a serious doubt as to the propriety of such delivery to the designee.

In any case in which the facility head does not deliver the funds and effects, because of the provisions of paragraphs (a)(3), (4), and (5) of this section, he or she will develop all facts and refer the matter to the Chief Attorney of the regional office having jurisdiction over the area where the hospital is located, for advice as to the disposition which legally should be made of such funds and effects.

(b) When authorized by the facility head or his or her designated representative, the effects will be delivered or shipped to the designee. If shipped at Government expense, the shipment shall be made in the most economical manner but in no case at a cost in excess of \$25. If such expenses will exceed \$25, the excess amount shall be paid by the consignee to the facility head in advance. There will be no obligation on the Government, initially or otherwise, to pay such expenses in excess of \$25.

(c) When possession of funds or effects is transferred to a designee, the attention of the designee will again be directed to the fact that possession only has been transferred to him or her and that such transfer does not of itself affect title thereto and that such designee will be accountable to the owner of said funds and effects under applicable laws.

(d) Upon receipt from the proper Chief Attorney of an appropriate certification that the guardianship was in full force and effect at the time of the veteran's death and that the guardian's bond is adequate, funds (other than funds deposited by VA in Personal Funds of Patients that were derived

from VA benefits) and effects of an incompetent veteran may be immediately delivered or sent to such guardian, inasmuch as the guardian had a right to possession, and he or she will be accountable therefor to the party entitled to receive the decedent's estate. If, however, it appears probable that decedent died without a valid will and left no person surviving entitled to inherit, the funds will not be paid to the former guardian but will be disposed of as provided in §12.19(a). The effects will be sold, used, or destroyed, at the discretion of the facility head or his designated representative.

[25 FR 1613, Feb. 25, 1960, as amended at 29 FR 17904, Dec. 17, 1964; 79 FR 68129, Nov. 14, 2014]

§ 12.5 Nondesignee cases.

(a) If there exists no designee at the time of death at a hospital, domiciliary, or regional office of a veteran admitted as competent, or the designee fails or refuses to claim the funds and effects as defined in §12.0(a) within 90 days following the mailing of notice to such designee, the facility head will take appropriate action to dispose of the effects to the person or persons legally entitled thereto, *i.e.*, the executor or administrator of the decedent, or, if no notice of such an appointment has been received, to the decedent's widow, child, grandchild, mother, father, grandmother, grandfather, brother, or sister, in the order named. Subject to the applicable provisions of §§12.3 and 12.4, such delivery may be made at any time before the sale contemplated by §12.9 to the designee or other person entitled under the facts of the case. Delivery will be made to the person entitled to priority as prescribed in this paragraph, unless such person waives right to possession, in which event delivery will be to the person, if any, in whose favor such prior entitled person waives right to possession. If the waiver is not in favor of a particular person or class, delivery will be to the person or persons next in order of priority under this paragraph. If in any case there be more than one person in the class entitled to priority, initially or by reason of waiver, delivery will be made only to their joint designated agent (who may, but need not, be one

of the class), or to one of such class in his or her own behalf upon written waiver of all others of the class entitled thereto. The guardian of a minor or incompetent may waive his or her ward's prior right to possession.

(b) Except where delivery is made to a designee, executor, or administrator, funds of veterans who were competent at time of death will be released to the person or persons who would ultimately be entitled to distribution under the laws of the State of the decedent's domicile. The person or persons entitled may waive in writing his or her right to the funds in favor of another heir or next of kin.

(c) Funds of veterans who were incompetent at time of death occurring after November 30, 1959, if derived from sources other than funds deposited by VA in Personal Funds of Patients that were derived from VA benefits, will be disposed of in the same manner as for competent veterans.

(d) Funds deposited by the Department of Veterans Affairs in Personal Funds of Patients, at any office, for veterans who were incompetent at time of death occurring after November 30, 1959 and which were derived from VA benefits, will be paid upon receipt of proper application to the following persons living at the time of settlement, and in the order named: the surviving spouse, the children (without regard to age or marital status) in equal parts, and the dependent parents of such veteran, in equal parts. Any funds derived from VA benefits not disposed of in accordance with this paragraph shall be deposited to the credit of the applicable current appropriation; except that there may be paid only so much of such funds as may be necessary to reimburse a person (other than a political subdivision of the United States) who bore the expenses of last sickness or burial of the veteran for such expenses.

(e) No payment shall be made under paragraph (d) of this section unless claim therefor is filed with the Department of Veterans Affairs within 5 years after the death of the veteran, except that, if any person so entitled under such regulation is under legal disability at the time of death of the veteran, such 5-year period of limitation

§ 12.6

shall run from the termination or removal of the legal disability.

[18 FR 1854, Apr. 3, 1953 and 25 FR 1614, Feb. 25, 1960, as amended at 29 FR 17904, Dec. 17, 1964; 79 FR 68129, Nov. 14, 2014]

§ 12.6 Cases of living veterans.

(a) Except as provided in § 12.8, effects of veterans absent without leave or who have been discharged or have eloped (and who are not to be returned to the field facility) will be disposed of as follows:

(1) To the owner if competent, or if deceased to his or her administrator or executor or as directed in writing by such owner, or his or her executor or administrator.

(2) To the guardian of the owner if the latter be incompetent, or if deceased to his or her administrator or executor, or as directed in writing by such guardian, executor or administrator.

(3) To the incompetent owner if he or she has no guardian; delivery, however, to the incompetent owner may be withheld and may be made to the person who is caring for such incompetent if, in the judgment of the facility head or his or her designated representative, such delivery is to the incompetent's best interest.

NOTE: The Government will not pay expense of transportation of effects of competent or incompetent veterans discharged, on trail visit, absent without leave, or who have eloped, except that personal effects of a beneficiary discharged or on trail visit, or of a beneficiary being transferred to another facility at Government expense, which are not available at time of discharge, beginning of trail visit, or transfer of the beneficiary, due to the articles being in custody of the Government, may be shipped at Government expense.

(b) Funds of veterans absent without leave or who have been discharged or have eloped (and who are not to be returned to the station) will be disposed of in accordance with the provisions of current Department of Veterans Affairs procedures.

[13 FR 7129, Nov. 27, 1948, as amended at 17 FR 1687, Feb. 26, 1952; 19 FR 9330, Dec. 30, 1954; 29 FR 17904, Dec. 17, 1964]

38 CFR Ch. I (7-1-25 Edition)

§ 12.7 Cases not applicable to provisions of §§ 12.0 to 12.6.

The provisions of §§ 12.0 to 12.6 shall be inapplicable to property known to be that of any person dying in or discharged or absent without leave from a Department of Veterans Affairs field facility other than a veteran admitted as such to such field facility.

[13 FR 7129, Nov. 27, 1948]

§ 12.8 Unclaimed effects of veterans.

(a) In the case of any property of a veteran who was in receipt of hospital or domiciliary care, heretofore or hereafter left at a Department of Veterans Affairs field facility, the owner of which is discharged or absent without leave or who has eloped and is not to be returned to a Department of Veterans Affairs field facility, or has died after departure therefrom, or in case the whereabouts or identity of any owner of any property thereat be unknown, such property, unless it shall be disposed of under the provisions of §§ 12.4 and 12.6 shall be sold, used, destroyed or otherwise disposed of as the manager or his or her designated representative shall determine the circumstances in the case may warrant. Any sale of such property shall be conditioned upon the 90-day notice provided in section 6 of the Act of June 25, 1938 (38 U.S.C. 5-16e).

(b) If the circumstances are such that retention of any property as is mentioned in paragraph (a) of this section, or of any property of unknown ownership found on the premises would endanger the health or life of patients or others on the premises (by reason of contagion, infection, or otherwise) such property shall be forthwith destroyed on order of the manager or his or her designated representative, and proper record of the action taken will be made.

(c) If there be no known claimant of any such property and if it may be used at the field facility for the benefit of the members or patients for such purposes as the General Post Fund is intended to serve, and if the value is inconsequential, the manager or his or her designated representative may authorize the retention and use of such property at the field facility.

(d) Any such property which is not destroyed or used as provided in paragraphs (b) and (c) of this section shall be sold in the manner provided in §§ 12.9 and 12.10, after notice as therein provided unless, prior to sale, claim be made for any such property by someone legally entitled thereto.

[13 FR 7129, Nov. 27, 1948]

§ 12.9 Rights of designate; sales instruction; transportation charges.

(a) Upon death of a veteran admitted as such to a field facility, the Manager or his or her designated representative will cause notice (parts I and V of VA Form 10-1171) to be sent to the designate: *Provided, however,* That if the Manager or his or her designated representative has information of the death of the primary designate, notice shall be sent to the alternate designate and all of the provisions of the regulations in this part respecting the designate will be deemed to apply to the alternate. If the designate is a minor or a person known to be incompetent, delivery of the funds or effects will be made only to the designate's guardian or custodian upon qualification. The right of the designate to receive possession ceases when he or she refuses to accept delivery or if he or she fails to respond within 90 days after VA Form 10-1171 was mailed. When the right of a designate ceases, VA Form 10-1171 will be forwarded immediately to the alternate designate, whose rights then become identical with those forfeited by the first designate, and the rights of the alternate designate shall terminate at the expiration of 90 days after VA Form 10-1171 was mailed to him or her. Delivery will not be made to a designate until he or she submits a signed statement to the effect that he or she understands that the delivery of such funds and effects constitutes a delivery of possession only and that such delivery is not intended to affect in any manner the title thereto. Such notice shall fully identify the decedent and state the fact that he or she designated the addressee to receive possession of such property; that the right to receive possession thereof does not affect the ownership but that the designate will be responsible for the ultimate disposition thereof to those who, under appli-

cable law, are entitled to the decedent's property; and will request prompt advice as to whether the designate will accept such property and that, if he or she will, he or she furnish shipping instructions, upon receipt of which the property will be shipped at the expense of the Government. However, prior to dispatching such notice, it will be definitely determined that the shipping expense will not exceed \$25. If such expense will exceed \$25, the excess cost will be ascertained, and the notice will include a statement of the amount of such excess shipping cost with request that the amount thereof be remitted at the time shipping instructions are furnished. In estimating the shipping expense, it will be assumed that shipment to the designate will be to the same address as that to which the notice is sent. Each notice, however, shall contain a statement that in no event will the Government pay shipping expense in excess of \$25. The notice will include a copy of the inventory of the property which it is proposed to deliver to the designate.

(b) Upon receipt of appropriate shipping instructions the property will be shipped, transportation charges prepaid, by mail, express, or freight as may be appropriate under the circumstances and most economical to the Government. The expense of such shipment, chargeable to the Government, in no case to exceed \$25.00, is payable the same as other administrative expenses of the Department of Veterans Affairs.

(c) The living owner of any property left or found at a field facility will be promptly notified thereof. Except as provided in § 12.6(a), transportation charges on property shipped to a living veteran will not be paid by the Government. In such cases, shipment shall be made as requested by the owner of the property (or his or her guardian) upon receipt of necessary transportation charges, which will be prepaid, unless the owner requests shipment with charges collect and the carrier will accept such shipment without liability for such charges, contingent or otherwise, upon the Government.

(d) If the designate refuses or, upon the lapse of 90 days, has failed to take

§ 12.10

38 CFR Ch. I (7-1-25 Edition)

possession or request shipment of decedent's property (paragraph (a) of this section), or if 90 days have elapsed after the finding of any property and the owner (known or unknown) has failed to request same, the manager or his or her designated representative will authorize destruction, use or sale.

(e) If sale of the property is authorized the manager will take necessary action to ascertain the names and addresses, of the owners; or, in the event of the owner's decease, of his or her executor or administrator, widow, child, grandchild, mother, father, grandmother, grandfather, brother, or sister.

(f) When in possession of the necessary information the manager will cause proper notice of sale (Form 4-1171) to be mailed. Such notice in all cases shall disclose the identity, if known, of the decedent whose property is to be sold and contain a copy of the inventory of such property. A copy of such notice (Form 4-1171), after parts I, IV, and V thereof are completed, shall be mailed to the owner, if known, or if deceased to the decedent's executor or administrator, if known, and also to the widow (or widower), child, grandchild, mother, father, grandmother, grandfather, brother and sister, if known. If more than one relative of the degree named is known, copy will be mailed to each. If the owner is living, parts IV and V only of Form 4-1171 will be completed.

(g) Copy of such notice (Form 4-1171, parts IV and V) will also be posted by a responsible employee more than 21 years of age at:

(1) The field facility where the death occurred or property shall have been found,

(2) The place where property is situated at the time such notice is posted, and

(3) The place where probate notices are posted in the county wherein the sale is to be had.

(h) In addition to showing the name of the owner, if known (alive or deceased), and the inventory of the property to be sold, such notice shall state the hour and day when and the precise place where the sale will occur and that the same will be at public auction for cash upon delivery without warranty, express or implied, and that

such sale is pursuant to the act of June 25, 1938 (38 U.S.C. 16-16j); and shall also state that any person legally entitled to said property may claim the same at any time prior to sale thereof and in the event of such claim by a proper person the property will not be sold but will be delivered to the person lawfully entitled thereto. Said notice shall also contain a statement substantially to the effect that if sold the net proceeds of sale may be claimed by the person who is legally entitled at any time within 5 years after the date of notice; or in case of property the ownership of which was not originally known, within 5 years after its finding; otherwise such proceeds will be retained in the General Post Fund, subject to disbursement for the purposes of such fund.

(i) The person (or persons) posting said notice of sale (Form 4-1171) shall make appropriate affidavit on a copy thereof as to his or her action in that respect and the manager or his or her designated representative will also certify on the same copy as to the persons to whom copies of such notice were mailed and the mailing dates. The copy on which appear the affidavit and certificate as to service of the notice will be retained in the facility file pertaining to the disposition of such property.

[13 FR 7129, Nov. 27, 1948, as amended at 15 FR 663, Feb. 7, 1950; 23 FR 5, Jan. 1, 1958]

§ 12.10 Proceeds of sale.

After proper notice as prescribed, sale of any such property which it is proper to sell, will be made by public auction by the manager (or any employee designated by him or her) at the time and place stated in the notice of sale. The property will be sold to the highest bidder (no employee except member employees of the Department of Veterans Affairs shall purchase any of this property) and forthwith delivered and the amount of the bid collected and deposited to the credit of "General Post Fund, Department of Veterans Affairs." Care will be taken to segregate the property of each owner and separate account will be maintained as to the proceeds of sale thereof. Property not disposed of by public auction will be included in the next sale or will be used or destroyed

Department of Veterans Affairs

§ 12.17

as the value thereof warrants at the discretion of the manager.

[13 FR 7130, Nov. 27, 1948]

§ 12.12 Miscellaneous provisions.

If it is shown that some person other than the veteran has title to property in a veteran's possession at the time of death, nothing contained in §§12.0 to 12.12 shall be construed as prohibiting delivery of such property to the owner. A life insurance policy may be delivered to the beneficiary therein named if the insured is deceased, notwithstanding the veteran has designated a person to whom possession of his or her property at the field facility is to be transferred. In no case will funds or effects be delivered to a minor, or to an incompetent person other than as provided in §12.9 (a) and (c), but where any such person is entitled to title or possession delivery may be made to his or her guardian.

[13 FR 7130, Nov. 27, 1948]

§ 12.13 Posting of notice of the provisions of Pub. L. No. 734, 75th Congress (38 U.S.C. 16-16j).

In order that all persons who bring property on premises of the Department of Veterans Affairs may be advised of the existence of the act of June 25, 1938 (38 U.S.C. 16-16j), and that it affects such property, notice thereof (Form 4-1182), shall be permanently posted in at least one prominent place on the premises of each field facility where persons are likely to see such notice.

[13 FR 7130, Nov. 27, 1948]

DISPOSITION OF PERSONAL FUNDS AND EFFECTS LEFT UPON PREMISES OF THE DEPARTMENT OF VETERANS AFFAIRS BY NON-VETERAN PATIENTS, EMPLOYEES AND OTHER PERSONS, KNOWN OR UNKNOWN

§ 12.15 Inventory of property.

Immediately upon the death at a Department of Veterans Affairs field facility of a person who was not admitted as a veteran, or immediately after it is ascertained that any such person has absented himself or herself from such field facility, a survey and inventory of the personal funds and effects of such

deceased or absent person will be made in the manner prescribed in §12.3(a).

[13 FR 7130, Nov. 27, 1948]

§ 12.16 Action on inventory and funds.

(a) The manager will dispose of the personal funds and effects as promptly as possible. No expense will be incurred by the Government for shipment of the effects.

(b) In making disposition of funds and effects the manager will release the funds to the owner if living and will release the effects to him or her or as directed by him or her, provided that if he or she is incompetent and has a guardian the funds and effects will be released to such guardian. If the owner is deceased, and left a last will and testament probated under the laws of the place of his or her last legal domicile or under the laws of the State, territory, insular possession, or dependency, within which the field facility may be, the personal property of such decedent situated upon such premises will be released to the executor. If such person left on said premises funds or effects not disposed of by a will probated in accordance with the provisions of this paragraph, such property shall be released to the administrator, if one has been appointed.

(c) In those cases where there is neither an administrator nor an executor the funds and effects will be released to the person entitled to inherit the personal property of the decedent under the intestacy laws of the State where the decedent was last domiciled.

(d) Where disposition of the funds and effects cannot be accomplished under the provisions of paragraphs (b) and (c) of this section, the funds, at the expiration of 90 days will be deposited to the General Post Fund and the effects will be disposed of in accordance with the provisions of §§12.8, 12.9, and 12.10.

[13 FR 7131, Nov. 27, 1948, as amended at 14 FR 4726, July 28, 1949]

§ 12.17 Unclaimed effects to be sold.

(a) Personal effects of persons referred to in §12.15 which remain unclaimed for 90 days after the death or departure of the owner shall be sold in the manner provided by §12.8. The

§ 12.18

38 CFR Ch. I (7-1-25 Edition)

owner, his or her personal representative, or next of kin may reclaim any such property upon request therefor at any time prior to the sale.

(b) Any unclaimed funds and the proceeds of any effects sold as unclaimed will be deposited to the General Post Fund subject to be reclaimed within five years after notice of sale, by or on behalf of any person or persons who, if known, would have been entitled to the property prior to the sale.

[13 FR 7131, Nov. 27, 1948, as amended at 14 FR 4726, July 28, 1949]

§ 12.18 Disposition of funds and effects left by officers and enlisted men on the active list of the Army, Navy or Marine Corps of the United States.

(a) The manager will notify the commanding officer of the death or absence of such patient and will deliver to the commanding officer, without expense to the Department of Veterans Affairs, the funds and effects of the deceased or absent officer, or enlisted man procuring a receipt therefor.

(b) If the funds and effects are not delivered to the commanding officer within seven days after the death or absence without leave of an officer, or enlisted man, the funds will be deposited in the Personal Funds of Patients. If not disposed of at the expiration of 90 days after the date of death or absence, the funds will be transferred to the General Post Fund and the effects will be handled in accordance with regulations governing the disposition of unclaimed effects left by veterans. The funds and the proceeds derived from the sale of the personal effects will be paid to the person lawfully entitled thereto, providing claim is made within five years from the date of notice of sale, or in the case of legal disability within five years after termination of legal disability.

[13 FR 7131, Nov. 27, 1948, as amended at 14 FR 4726, July 28, 1949]

UNDER PUB. L. 382, 77TH CONGRESS, DECEMBER 26, 1941, AMENDING THE ACT OF JUNE 25, 1910 (24 U.S.C. 136)

§ 12.19 Provisions of Pub. L. 382 (38 U.S.C. 17-17j).

(a) Whenever any veteran (admitted as a veteran) shall die in any Depart-

ment of Veterans Affairs hospital, center, or domiciliary activity or in any Federal, State, or private hospital or other institution, while being furnished care or treatment therein by the Department of Veterans Affairs, without leaving a will and without leaving any spouse, heirs, or next of kin entitled to his or her personal property, all such property, except funds on deposit in Personal Funds of Patients to the credit of an incompetent beneficiary, derived from payments of compensation, automatic or term insurance, emergency officers' retirement pay or pension, shall immediately vest in and become the property of the United States as trustee for the sole use and benefit of the General Post Fund, subject to claim as elsewhere provided. Funds to the credit of an incompetent beneficiary derived from payments of compensation, automatic or term insurance, emergency officers' retirement pay or pension will be deposited to the credit of the current appropriations provided for the payment of compensation, insurance or pension.

(b) *Personal property* as used in this section shall include cash, funds on deposit in Personal Funds of Patients, bank accounts, certificates of stock, bonds, and notes, the obligation of the United States or of others, money orders, checks, insurance policies the proceeds of which are payable to the veteran or his or her estate, postal savings certificates, money and choses in action, and all other papers of every character; also clothing, jewelry, and all other forms of personalty, or evidences of interest therein.

[19 FR 9330, Dec. 30, 1954]

§ 12.20 Posting of notice provisions of Pub. L. 382.

(a) VA Form 10-P-10, Application for Hospital Treatment or Domiciliary Care, includes notice to the applicant that the acceptance of care or treatment by any veteran shall constitute acceptance of the provisions of the act. Similar notice shall be given to each veteran receiving care as of March 26, 1942, by posting notice in a prominent place in each building wherein patients or members are housed. Such notices shall be posted immediately and kept posted.

Department of Veterans Affairs

§ 12.23

(b) Since the provisions of the law are applicable to all veterans receiving care at the expense of the Department of Veterans Affairs (whether in contract, Federal, State or private hospital) it shall be the responsibility of the Department of Veterans Affairs officer authorizing admission of a veteran to other than a Department of Veterans Affairs hospital, center or home, to cause the chief officer of such institution to post in a conspicuous place, in all buildings where veterans are housed, the provisions of §12.19(a), or if he or she declines to post such provisions, notify the patients individually and supply a statement from each acknowledging notice. Such provisions supersede in part the provisions of Form 10-P-10, executed prior to March 26, 1942.

[13 FR 7131, Nov. 27, 1948, as amended at 14 FR 243, Jan. 18, 1949]

§ 12.21 Action upon death of veteran.

Upon the death of a veteran at a Department of Veterans Affairs hospital, center or domiciliary activity while receiving care or treatment therein, and who it is believed leaves no will or heirs or next of kin entitled to his or her personal property, regardless of whether VA Form 10-P-10, executed by the veteran, names a designee, an inventory of the funds and effects, VA Form 10-2687, will be promptly prepared and supplemented by all information or evidence available as to personal property owned by the veteran in addition to that left at the place of death; similar action will be taken when the death of such a veteran hospitalized by the Department of Veterans Affairs occurs at a contract hospital, Army, Navy, Marine or other hospital. Such inventories and information together with any bank books, stocks, bonds, or other valuable paper as enumerated in §12.19(b), left in the effects of the veteran, will be delivered to the manager of the Department of Veterans Affairs hospital, center, or domiciliary activity having jurisdiction, for disposition in accordance with existing regulations.

[14 FR 243, Jan. 18, 1949]

§ 12.22 Disposition of personal property.

Any assets heretofore or hereafter accruing to the benefit of the General Post Fund, including stocks, bonds, checks, bank deposits, savings certificates, money orders, and similar assets, will be sold or otherwise converted into cash, except that articles of personal adornment which are obviously of sentimental value shall, if unclaimed, be retained for 5 years from the date of death of the veteran, unless for sanitary or other reasons their retention is deemed unsafe. Possession of effects other than those located on the premises of the Department of Veterans Affairs will be obtained, except that if transportation, storage, etc., is involved, determination will be made as to whether expenditure therefor is warranted. Proceeds from the conversion or sale will be deposited to the credit of the General Post Fund. Funds on deposit in Personal Funds of Patients will be transferred to the General Post Fund. Any claims against the estate of the deceased veteran will be adjudicated and paid, if valid.

[33 FR 1073, Jan. 27, 1968]

§ 12.23 Recognition of valid claim against the General Post Fund.

Effective December 26, 1941, the assets of the estate of a veteran theretofore or thereafter deposited to the General Post Fund are subject to the valid claims of creditors presented to the Department of Veterans Affairs within 1 year from the date of death or otherwise as provided by any applicable law. Any heir, next of kin, legatee, or other person found to be legally entitled to the personal property of the veteran may claim same within 5 years from the date of the veteran's death. If claimant is under any legal disability (as a minor, incompetent, etc.) at the date of the veteran's death, the 5-year period begins upon the termination of removal of legal disability. Such claims are for settlement by the field facility which had originally made the deposit. In the event of doubt as to entitlement or the necessity of legal proceedings to obtain assets for the benefit of the General Post Fund, the case will be referred to the Chief Attorney

§ 12.24

of jurisdiction for advice and/or appropriate action. Any necessary court costs or expenses will be paid from the appropriation, General Operating Expenses, Department of Veterans Affairs.

[33 FR 1073, Jan. 27, 1968]

OPERATION OF LOST AND FOUND SERVICE

§ 12.24 Operation of lost and found service.

Unless maintained by the Public Buildings Service, the lost and found service will be maintained by an employee designated by the Manager to be known as the lost and found custodian. VA Form 3771, Record of Lost or Found Article, will be used for recording articles of any personal property lost or found. Every effort will be made to determine rightful ownership of found articles and to recover items which have been reported lost. Currency, including readily negotiable instruments, found and delivered to the lost and found custodian will not be retained beyond the official closing hour. The currency or negotiable instruments will be delivered to the agent cashier before the close of business. Individuals claiming found articles will furnish complete identification and satisfy the facility authority of rightful ownership. Where more than one individual claims ownership the matter will be referred to the Manager for decision. All articles of personal property remaining unclaimed for 90 days or more will be disposed of in accordance with § 12.8.

[21 FR 3875, June 6, 1956]

PART 13—FIDUCIARY ACTIVITIES

Sec.

- 13.10 Purpose and applicability of other regulations.
- 13.20 Definitions.
- 13.30 Beneficiary rights.
- 13.40 Representation of beneficiaries in the fiduciary program.
- 13.50 Suspension of benefits.
- 13.100 Fiduciary appointments.
- 13.110 Supervised direct payment.
- 13.120 Field examinations.
- 13.130 Bars to serving as a fiduciary.
- 13.140 Responsibilities of fiduciaries.
- 13.200 Fiduciary accounts.
- 13.210 Fiduciary investments.
- 13.220 Fiduciary fees.

38 CFR Ch. I (7–1–25 Edition)

- 13.230 Protection of beneficiary funds.
- 13.240 Funds of beneficiaries less than the age of majority.
- 13.250 Funds of deceased beneficiaries.
- 13.260 Personal funds of patients.
- 13.270 Creditors' claims.
- 13.280 Accountings.
- 13.300 Onsite reviews.
- 13.400 Misuse of benefits.
- 13.410 Reissuance and recoupment of misused benefits.
- 13.500 Removal of fiduciaries.
- 13.510 Fiduciary withdrawals.
- 13.600 Appeals.

AUTHORITY: 38 U.S.C. 501, 5502, 5506–5510, 6101, 6106–6108, and as noted in specific sections.

SOURCE: 83 FR 32738, July 13, 2018, unless otherwise noted.

§ 13.10 Purpose and applicability of other regulations.

(a) *Purpose.* The regulations in this part implement the Department of Veterans Affairs' (VA) fiduciary program, which is authorized by 38 U.S.C. chapters 55 and 61. The purpose of the fiduciary program is to protect certain VA beneficiaries who, as a result of injury, disease, or infirmities of advanced age, or by reason of being less than the age of majority, cannot manage their VA benefits. Under this program, VA oversees these vulnerable beneficiaries to ensure their well-being, and appoints and oversees fiduciaries who manage these beneficiaries' benefits.

(b) *Applicability of other regulations.* Fiduciary matters arise after VA has determined that a beneficiary is entitled to benefits, and decisions on fiduciary matters are not decisions on claims for VA monetary benefits. Accordingly, VA's regulations governing the adjudication of claims for benefits, *see* 38 CFR part 3, do not apply to fiduciary matters unless VA has prescribed applicability in this part.

(Authority: 38 U.S.C. 501)

§ 13.20 Definitions.

The following definitions apply to this part:

Dependent means a beneficiary's spouse as defined by this section, a beneficiary's child as defined by § 3.57 of this chapter, or a beneficiary's parent as defined by § 3.59 of this chapter, who does not have an income sufficient for reasonable maintenance and who