

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2793]
April 26, 1944]

PROCEDURE OF THE GENERAL ACCOUNTING OFFICE OF THE UNITED STATES
WITH RESPECT TO INSTRUMENTS OF ASSIGNMENT PURSUANT TO
THE ASSIGNMENT OF CLAIMS ACT OF 1940

*To All Banks, Trust Companies, Other Financing Institutions,
and Others Concerned, in the Second Federal Reserve District:*

For your information in connection with the assignment as security for loans (including loans made or guaranteed pursuant to Executive Order No. 9112 and Regulation V of the Board of Governors of the Federal Reserve System) of moneys due or to become due from the United States or from any agency or department thereof, we quote below from a letter to the Board of Governors of the Federal Reserve System from Mr. E. W. Bell, Chief, Audit Division, General Accounting Office, dated April 12, 1944:

"Numerous instruments of assignments have been received from various banks, financial institutions and Federal lending agencies in the United States with respect to assignments of moneys due or to become due under Government contracts, pursuant to the Assignment of Claims Act of 1940, 54 Stat. 1029, many of which are not executed in accordance with the requirements of this office.

"This office requires that assignments submitted by corporate assignors be signed by an executive officer and attested to by the secretary, with the corporation seal impressed thereon, or in the alternative that there be furnished a verified resolution of the board of directors authorizing the person who executed the assignment to do so. See 22 Comp. Gen. 161."

The Decision of the Comptroller General of the United States referred to (22 Comp. Gen. 161) is a letter from the Comptroller General to the Board of Governors of the Federal Reserve System of August 27, 1942, in which it was stated:

"* * * this office shall henceforth acknowledge receipt of the notices of assignment and assignment instruments immediately upon receipt thereof without prior examination—leaving any question as to the validity or regularity of the assignment for consideration in connection with the audit of payments made under the contract involved.

"Knowledge that such a preliminary examination heretofore has been made may have resulted in various administrative agencies relying, to some extent at least, on the acknowledgment by this office of the receipt of the notice and copy of the assignment as constituting prima facie evidence of the validity of the assignment. Therefore, it should be clearly understood that henceforth the process of acknowledging such notice of assignment will be purely ministerial in nature and in no sense an indication that the assignment has been examined in this office and found to be regular and valid.

"Furthermore, for audit purposes in the case of corporate assignors, this office will accept—in the absence of special facts or circumstances in a particular case warranting a request for additional supporting data—as prima facie evidence of the fact that an assignment has been executed by proper authority of the corporation, the signature of an executive officer, attested to by the secretary, with the corporation seal impressed thereon, or, in the alternative, a verified resolution of the board of directors authorizing the person who executed the assignment to do so."

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.