

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 2836]
[September 8, 1944]

ENDORSEMENT OF CERTAIN GOVERNMENT CHECKS PAYABLE TO
MEMBERS OF THE ARMED SERVICES NOW SERVING OVERSEAS

*To all Banking Institutions
in the Second Federal Reserve District:*

Reference is made to our circular No. 2823 dated July 29, 1944, on this subject, in which we conveyed, at the request of the Treasury Department, the following information with respect to the endorsement of checks on the Treasurer of the United States to the order of members of the armed services now serving overseas drawn in payment of salary or refund of overpayment of income taxes:

“It is the general policy of the Treasury to require the endorsement by the payee or for him by power of attorney. However, where hardships might result from the inability of a wife or other dependent to obtain the proceeds of a check which a serviceman overseas intended to be used for his wife or other dependent, exceptions to the regulations will be made and the check may be endorsed by the bank for credit to the serviceman’s account without his personal endorsement.

“The endorsing bank should furnish the Treasurer of the United States a full description of the check involved, together with the serviceman’s identification number and organization and the name and address of the dependent for whose benefit the check is negotiated. Upon receipt of this information the Treasurer will communicate direct with the dependent and request that a power of attorney in favor of the endorsing bank be obtained from the serviceman as soon as possible and forwarded to the Treasurer.”

In view of the number of inquiries that have been received from banks, the Treasury Department has requested us to inform all banks in the Second Federal Reserve District that the foregoing exception to the Treasury Department’s general policy (that checks drawn on the Treasurer must be endorsed either by the payee or by a third person and accompanied by an appropriate power of attorney executed by the payee authorizing such third person to endorse the check) is intended to apply only in case the bank is satisfied (either because the depositor has a general power of attorney from the serviceman or for some other reason) that the depositor has authority from the serviceman to deposit the check in the serviceman’s account and to withdraw the proceeds therefrom, but where the serviceman has not executed a power of attorney, in a form acceptable to the Treasurer, authorizing the bank or the dependent to endorse the check in question.

In such cases the Treasurer will pay the check on the bank’s endorsement “for credit to account of within named payee — absence of endorsement guaranteed” or similar endorsement provided the bank supplies the Treasurer with the information requested

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above. The Treasurer will then endeavor to obtain a satisfactory power of attorney from the serviceman covering the bank's authority so to endorse the check. This procedure requires that the check be credited to an account in the name of the serviceman or a joint account in the name of the serviceman and the dependent. In either case the bank should be satisfied that the dependent has authority to deposit the check in, and withdraw the proceeds from, such account.

If it should subsequently develop that the dependent was not in fact authorized to receive the proceeds of the check, and if the Treasury Department does not obtain an appropriate power of attorney from the serviceman, the bank would, of course, have the same responsibility to the Treasury Department on its endorsement that it would have to another bank if it had placed a similar endorsement on a check drawn on such other bank under the mistaken belief that it had authority from the payee of such check to do so.

Information concerning certain other, similar exceptions to the Treasury Department's general policy referred to above is contained in our circular No. 2504 dated September 17, 1942, entitled "Endorsement of Certain Checks drawn on the Treasurer of the United States", our circular No. 2577 dated January 22, 1943, entitled "United States Savings Bonds transmitted by Banking Institutions for Redemption" and our circular No. 2777 dated March 10, 1944, entitled "Endorsement of Government Checks representing Refunds of Balances in Soldiers' War Bond Accounts".

This circular supersedes our circular No. 2823 dated July 29, 1944.

ALLAN SPROUL,
President.