

CHAPTER 4

CHECK CASHING SERVICE (ACCOMMODATION EXCHANGE)0401 EXCHANGE OF CASH FOR NEGOTIABLE INSTRUMENTS040101. Policy

A. General. In accordance with Title 31, United States Code (U.S.C), section 3342 (reference (e)), disbursing officers (DOs) are authorized to provide check cashing and accommodation exchange service to military and civilian personnel of the United States (U.S.) Government, veterans hospitalized or domiciled in Department of Veterans Affairs facilities or other U.S. Government institutions, contractors engaged in U.S. Government projects (including contractor personnel) and personnel of authorized nongovernmental agencies operating with agencies of the United States. It is Department of Defense (DoD) policy that these services shall be offered only when satisfactory banking facilities are not available and only when checks presented for cashing are from payees who are U.S. citizens.

B. United States (U.S). If on-base commercial banks, other financial institutions, or exchanges are not available to provide check cashing service, then the commander may request the Director for Accounting, Defense Finance & Accounting Service (DFAS), to authorize the DO to cash the negotiable instruments listed in paragraph 040102, below. Such requests, with complete justification, shall be submitted through the Disbursing Policy and Procedures Section, Financial Services and Disbursing, Defense Finance and Accounting Service Kansas City (DFAS-DADA/KC), 1500 E. 95th Street, Kansas City, MO 64197-0030, via the supporting DFAS site. If approved, then the provisions of section 0402, below, shall apply. Only the individuals listed in paragraph 040104, below, are eligible to receive check cashing service.

C. Overseas Areas and Ships Afloat. If military banking facilities, other financial institutions, or exchanges are not available or adequate to provide check cashing services, then the commander may authorize the DO to cash those negotiable instruments listed in paragraph 040102, below. Only the individuals listed in paragraph 040104, below, are eligible to receive check cashing service given that:

1. The commander's check cashing policy is in writing and is approved by the theater commander or designee. The policy specifically shall identify the scope of the services to be offered and the personnel eligible to receive this service.

2. Adequate resources are available to provide these services without impacting on levels of other financial management services (e.g., primary disbursing and related functions).

3. The DO has the right to deny check cashing privileges to anyone based on the nonavailability of cash or personnel resources. The commander's written authorization shall emphasize this right.

040102. Negotiable Instruments. The negotiable instruments that a DO is authorized to cash are: U.S. Treasury checks; U.S. postal money orders; travelers' checks; bank money orders; certified and cashier's checks drawn on U.S. banks; checks from reputable companies; and other checks and instruments, including personal checks, drawn on U.S. banks or credit unions in U.S. currency, and payable in United States currency. The DO also may cash foreign currency checks drawn by accountable officers of the United States on official checking accounts for the accommodation of authorized personnel.

040103. Eligibility. Eligibility for check cashing services normally shall extend to all personnel permanently assigned to units in the area served by the DO. Units desiring personal check cashing privileges from DOs of another activity or Component shall designate a point of contact (POC) to work with the DO. The DO may require the POC to furnish a list of personnel on temporary duty/temporary activity duty (TDY/TAD) when approved by the DO's commander. TDY/TAD personnel shall give the DO a copy of the TDY/TAD orders in addition to any other items of identification required by the DO. An authorized agent, usually a dependent, who is authorized, pursuant to a properly executed power of attorney, may receive check cashing privileges for personal checks drawn on the account of the member, personal checks drawn on joint accounts to which the member is a party, and any other check which is drawn in favor of the member. The agent shall present valid identification in the course of all transactions. All restrictions which apply to benefiting members shall apply to agents of members under the terms of the executed DD Form 2761 ("Personal Check Cashing Agreement"), which serves as a power of attorney. This form may be obtained from the supporting DFAS site for local reproduction.

040104. Eligible Individuals. Individuals who may be authorized to receive check cashing services are:

- A. Members of the U.S. Armed Forces.
- B. Civilian employees of the U.S. Government who are U.S. citizens.
- C. U.S. military retirees. This authorization is contingent upon the requirement that the theater commander or designee determines that provision of this service is not prohibited by the Status of Forces Agreement (SOFA) of the country involved and that other check cashing facilities (e.g., banks or exchanges) are not available or adequate.
- D. Hospitalized veterans of the U.S. Armed Forces.
- E. Contractors and their employees engaged in U.S. Government projects given that the contractor is a U.S. firm and the employee is a U.S. citizen.

F. U.S. citizens who are employees of authorized nongovernment agencies such as the American Red Cross operating with U.S. Government agencies.

G. Dependents of all the above ordered to safehaven posts due to emergency evacuation. See Chapter 12 of this volume for accommodation restrictions.

H. Dependents of the personnel named in subparagraphs 040104.A through 040104.C, above, holding powers of attorney and possessing valid DoD identification cards.

I. Dependents of the personnel named in subparagraphs 040104.D through 040104.F, above, holding proper identification and powers of attorney.

J. Third-country nationals employed as civilian employees or under contract to the U.S. Government, or contractors or subcontractors that are U.S. firms engaged in U.S. Government projects in foreign countries, given the checks presented by the third-country nationals are U.S. Treasury checks or U.S. dollar checks issued by the contractors to third-country nationals who present those checks to be cashed.

K. U.S. citizen employees of federal credit unions operating on United States military installations in foreign countries, but only in those countries that do not permit contractor-operated DoD military banking facilities to operate on such installations.

040105. Internal Controls. Commanders and other individuals in the chain of command shall ensure that internal controls are adequate to preclude the fraudulent issuance and cashing of negotiable instruments. At a minimum, the following procedures shall be followed:

A. All instruments are endorsed, "Pay to the order of the Disbursing Officer, (name of ship, station, activity, unit, or the DFAS site)."

B. The payee(s) shall sign or endorse each instrument in the presence of the DO, a deputy DO, the DO's duly authorized agent, or a cashier.

C. The identity of the deputy DO, the DO's agent, or a cashier who provides the cash clearly shall be identifiable on the negotiated instrument. In the event that the instrument has been altered or forged, the deputy, agent, or cashier that cashed the instrument may be held liable. If the instrument becomes nonnegotiable and the identity of the deputy, agent, or cashier cashing the instrument is not apparent on the instrument, then the DO may be held accountable.

D. The deputy DO, the DO's agent, or a cashier who cashes the negotiable instrument shall properly verify the identity of the person(s) presenting the negotiable instrument for payment.

E. Adequate identification of the payee(s) or endorser(s) is recorded on the negotiable instrument in order that recovery can be made in the event that the instrument is dishonored (e.g., legible name, social security number (SSN), duty station/organization, duty phone, and identification (I.D.) card number).

0402 CASHING PERSONAL CHECKS

040201. Procedures for Cashing Personal Checks Overseas, Aboard Ships and, by Exception, Within the United States

A. General. If military banking facilities, other financial institutions, or exchanges are not available or adequate to provide check cashing services, then the commander may authorize the DO to cash personal checks overseas or afloat. These DOs often do not receive notification of dishonored checks prior to the individuals moving from the deployed location. In order to expedite collection on dishonored checks, standard overseas and afloat check cashing procedures applicable to appropriated fund civilians and military personnel throughout overseas and afloat DoD Components are prescribed in this chapter. Overseas and afloat disbursing offices, all appropriated civilian payroll offices, and, when individually approved by the DFAS, all DOs within the United States that provide accommodation exchange check cashing services shall implement these procedures subject to the following:

1. A commander may authorize the DO to cash personal checks for certain authorized individuals, as prescribed in section 0401, above.

★ 2. The term “commander”, as used in these procedures, refers to a theater commander, base or installation commander, commanding officer or officer-in-charge, director of the supporting DFAS site, or equivalent civilian head in the chain of command of the DO.

3. The commanders and other individuals in the chain of command shall ensure that internal controls are adequate to preclude the fraudulent cashing of negotiable instruments.

B. Exceptions. DOs of Navy vessels may cash personal checks for crew members when the vessel is in a U.S. port and check cashing facilities are not available for nonresidents of the area. A nontactical disbursing activity in the United States may provide check cashing service when a unit, squadron, or detachment, without a DO or disbursing capability, is performing temporary duty away from its permanent station or homeport in an area where check cashing facilities are not available for nonresidents of the area. This authority also applies when units, squadrons, or detachments are engaged in training or exercises which preclude use of available check cashing facilities. For any situations not described above, the commander may request authority to provide check cashing service from the Director for Accounting, DFAS. The request, with complete justification, shall be submitted as prescribed in subparagraph 040101.B, above.

C. Limitations. Commanders shall establish maximum amounts for personal checks that may be cashed by authorized personnel and/or their agents. In overseas areas in which the personnel of two or more Military Services are operating, the senior commander shall ensure a uniform policy. Although check cashing privileges are required for authorized personnel and/or their authorized agents in many overseas areas, that service shall be supplied within sound financial management practices. Command policy and applicable limits, based on the dictates of the local economy and cost-of-living, shall be published in writing. Deviations from established command maximum limits shall be published by the supporting DO, in writing, for each exception. Disbursing officers shall provide a copy of the authorization to exceed the established limit when requesting removal of deficiencies involving uncollectible insufficient fund checks and any insufficient fund charges that may be assessed by financial institutions for personal checks they have cashed. See section 0404, below. Checks shall be made payable in multiples of \$5 unless local conditions make that increment impractical. U.S. Treasury checks or checks issued by insurance companies, banks or credit unions, or other institutions of similar financial standing may be cashed without regard to dollar amount. All checks shall be drawn on U.S. financial institutions, overseas branches of U.S. banks or credit unions, or overseas military banking facilities operated under U.S. Government contract; shall be payable through U.S. banks or credit unions; and shall be denominated and payable in U.S. currency. The DO shall establish the days and hours during which the service will be offered and shall make appropriate notification of any changes. Suspension of check cashing privileges for writers of dishonored checks shall be governed by this section.

★ D. Check Cashing Procedures

1. All authorized military and appropriated fund civilian personnel who request check cashing privileges shall consent, in writing, to immediate collection against their pay for the total of any dishonored check. With this procedure, dishonored checks are not considered to be delinquent debts. Therefore, there is no authority to assess a service charge (penalty). Regardless, recover any insufficient fund charges assessed on the DO by financial institutions. Depending on the circumstances, this practice gives the DO two options:

a. Option 1. The DD Form 2761

(1) If the individual's payroll office is not known or if the DO or his or her deputies, agents, or cashiers are cashing a check for a civilian employee or an authorized agent of a civilian employee or military member, then the DO shall use the DD Form 2761.

(2) The term "authorized agent", as used on the DD Form 2761, pertains to an individual, usually a dependent, who is authorized pursuant to a power of attorney to cash personal checks on behalf of a member or civilian employee as prescribed in this chapter.

(3) With the proper use of this form, a separate power of attorney on behalf of the individual requesting check cashing service is not required. The member or employee shall appoint an agent by providing a name(s) in the block titled "Authorized Agent" of the DD Form 2761. The form shall be signed by the member or employee. The agent's signature shall be verified against a valid form of identification at the time the check is presented.

b. Option 2. An authorized statement, which is stamped on the front of the personal check, may be used only for military members and civilian appropriated fund employees, but not for the members' authorized agents or other classes of individuals authorized check cashing privileges.

(1) If the individual's payroll office is known, then the DO can order a rubber stamp in small type to be placed on the front of the check along the top margin or above the bank's name and address as shown in figure 4-1.

(2) The stamp shall include the following statement:

"I consent to immediate collection from my pay the amount of this check plus bank charges, if this check is dishonored _____."

(3) The DO or his or her deputies, authorized agents, or cashiers shall place this statement on the front of the check in the presence of the individual and shall ensure the individual's initials are present at the end of the statement to validate immediate collection from the individual's pay account for dishonored personal checks.

(4) If the stamp is used, then adequate identification of the payee shall be recorded on the negotiable instrument in order that recovery can be made in the event that the instrument is dishonored (e.g., full legible name, DoD Component, SSN, duty station/organization, duty phone, and I.D. number). This information shall be verified against a valid DoD identification card.

2. The following are the responsibilities of DOs and their deputies, authorized agents, or cashiers when pay account collection for dishonored personal checks becomes necessary.

a. When a military member is in the same Component and the DO maintains the member's account:

(1) Immediate deduction from the pay account is authorized for the face value of the dishonored check(s), plus any charges assessed against the DO by a financial institution for processing dishonored checks.

(2) As a part of the DFAS consolidation effort, partial or casual payments are limited to emergency situations. Therefore, DOs shall not use partial or casual payments as a means of resolving a dishonored check.

b. When a military member is from a different Military Service, or from the same Component, but subparagraph 040201.D.2.a, above, does not apply (e.g., retirees; members on PCS orders, on TDY, or in any other transitory status), apply the following procedures:

(1) When the DD Form 2761 is used, the DO shall make copies of the form (front and back), certify on the reverse side of the form that the individual consented to voluntary collection, and send it to the appropriate payroll office, as listed in subparagraph 040201.E, below, to effect the pay account deduction and make restitution to the negotiating DO. The payroll office shall annotate the reverse side of the DD Form 2761 specifying the action taken for each dishonored check listed.

(2) When the stamp is used on the face of a check, the DO shall prepare a DD Form 139 ("Pay Adjustment Authorization"), by Component as follows:

(a) Attach a listing showing each military member's name, DoD Component, SSN, unit or duty station, and check amount(s), along with copies of the checks (front and back). In cases where the depository adds a fee to the amount of the dishonored check, a copy of the SF Form 5515 ("Debit Voucher"), shall be included to substantiate its inclusion in the total amount of the deduction. Send all required documents to the appropriate payroll office, at the mailing address given in subparagraph 040201.E, below, for execution of a pay account deduction.

(b) Certify that the military members consented to voluntary collection by typing the following certification statement on the DD Form 139 in the block titled "Explanation and/or Reason for Adjustment."

"I certify that these collections are the result of dishonored personal checks cashed by the cited individuals for the amounts stated. Each individual has consented, in writing, that in consideration for cashing the individual's personal check(s), the amount of any check returned unpaid, plus any charges assessed against the DO by a financial institution, for any reason may be collected from the individual's pay."

★ c. Dishonored personal checks for authorized appropriated fund civilian employees whose payroll office is known shall be processed as follows:

(1) Immediate pay account deductions are authorized for the face value of dishonored checks plus any charges assessed against the DO by financial institutions.

★ (2) The DO shall make copies of the DD Forms 2761 (front and back), certify on the reverse side of each form that the individual consented to voluntary collection, and attach front and back copies (if applicable) of the checks. In cases where the depository adds a fee to the amount of the dishonored check, attach a copy of the

SF Form 5515 to substantiate its inclusion in the amount of the pay account deduction. Send all documents to the appropriate payroll office listed in subparagraph 040201.E, below, for pay account deduction(s).

★ d. Dishonored personal checks for authorized appropriated fund civilian employees whose payroll office is unknown:

★ (1) If the DO or his or her deputies, authorized agents, or cashiers cannot locate the individual's payroll office, then a copy of the DD Form 2761 (front and back) shall be sent to one of the civilian payroll offices listed in subparagraph 040201.E, below.

★ (2) When the payroll office receives a copy of the DD Form 2761 (front and back) requesting assistance in locating the individual's payroll office, that payroll office shall be responsible for the following.

(a) If known, give the DO the name, address, and phone number of the individual's payroll office.

(b) If the payroll office is unknown, determine the correct payroll office.

(c) Once the correct payroll office has been determined, the DO shall follow the procedures prescribed in subparagraph 040201.D.2.c.(2), above.

3. When collection action becomes necessary and the payroll office receives the DD Form 139 or DD Form 2761 from the DO, the payroll office shall be responsible for the following:

a. Processing the pay account deduction following normal payroll procedures.

b. When possible, the payroll office shall include a statement similar to the following in the remarks column of the leave and earnings statement (LES): "Consensual collection action for a dishonored check."

c. The applicable payroll office shall annotate the DD Form 139 or DD Form 2761 with the action taken for the dishonored check(s) and return the document to the submitting DO to support the SF 1219 ("Statement of Accountability").

d. The DoD Component payroll office shall enter the collections and centrally issue checks, after the debt has been collected, payable to the DO holding the dishonored check(s) for the amount(s) that has been collected each pay period until the total debt is satisfied.

NOTE: The DoD activity that receives the check shall ensure that the check is made payable and forwarded to the DO holding the dishonored check(s). The payment shall be made in full. A check is necessary to remove the dishonored check(s) from the DO's SF 1219 for the situations described in this chapter.

4. When a military member or DoD civilian employee is separated or cannot be located to make restitution (e.g., when a military member or DoD civilian employee separates or resigns), the DO shall process dishonored checks following the procedures otherwise prescribed in this chapter.

5. The writing of checks in advance of the availability of funds (floating a check) cannot be condoned or tolerated. Therefore, individuals who abuse their check cashing privilege by writing checks against insufficient funds shall be denied future check cashing privileges.

★ 6. Retention of Documents

a. For all personal checks that are honored, the DO cashing those checks shall retain the original signed DD Form 2761 until 6 months after the individual transfers to a new duty station/installation or separates.

★ b. For all dishonored checks, the original DD Form 2761 shall remain with the dishonored check file until resolved. If the consent statement is stamped on the front of the check and the check is dishonored, then the DO, or his or her deputies, agents, or cashiers shall make a copy of the front and back (if applicable) of the check and shall retain the dishonored check file until the matter is resolved.

E. DoD Component Payroll Office Addresses. The DoD Component payroll office addresses listed below are included to expedite collection on dishonored checks. These addresses shall be used when mailing DD Forms 139 and the DD Forms 2761 when used as a pay adjustment authorization. The DO shall use the addresses in Table 4-1 when mailing these forms to another DoD Component payroll office and the DO shall ensure that the office codes given are included in the address.