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[Request for Relief From Liability of Army Finance Officer and Cashier Specialist for Improper Payment]

Number: B-216726

Date: 1985-01-09

B-216726, JAN 9, 1985

ACCOUNTABLE OFFICERS - RELIEF - ILLEGAL OR ERRONEOUS PAYMENTS - WITHOUT FAULT OR NEGLIGENCE DIGEST: RELIEF GRANTED FOR IMPROPER PAYMENT SOLICITED FROM FRAUDULENT ENDORSEMENT BASED ON AGENCY FINDINGS THAT FINANCE AND ACCOUNTING OFFICER HAD ESTABLISHED ADEQUATE CONTROLS AND PROCEDURES TO SAFEGUARD FUNDS FOR WHICH ACCOUNTABLE, AND THAT CASHIER HAD FOLLOWED PRESCRIBED PROCEDURES IN CASHING CHECKS. ALTHOUGH THE RECORD DID NOT INCLUDE A COPY OF THE OFFICE PROCEDURE IN EFFECT AT THE TIME OF THE LOSS OR INDICATE THAT IDENTIFICATION OF THE ENDORSER WAS REQUIRED WHEN THE CHECK WAS PRESENTED BY THE FORGER, SINCE SOME 2 1/2 YEARS ELAPSED BETWEEN THE TIME OF THE LOSS AND COMMENCEMENT OF THE INVESTIGATION IT IS QUITE POSSIBLE THAT RECORDS WERE DESTROYED THAT COULD HAVE SHOWN THE EFFECTIVE OPERATING PROCEDURE, AND AS CHECK CASHING IS A ROUTINE ACTIVITY IT WOULD BE UNLIKELY THAT ANYONE WOULD HAVE REMEMBERED THE PARTICULAR CHECK CASHED BY THE FORGER.

MR. CLYDE E. JEFFCOAT: PRINCIPAL DEPUTY COMMANDER U.S. ARMY FINANCE AND ACCOUNTING CENTER INDIANAPOLIS, INDIANA 46249

DEAR MR. JEFFCOAT:

YOU HAVE REQUESTED RELIEF UNDER SECTION 3527(C) OF TITLE 31 OF THE U.S.C. FOR FINANCE AND ACCOUNTING OFFICER CAPTAIN NANCY J. JEMPSON AND CASHIER SPECIALIST FOUR JOSEPH SAPIEN FOR AN IMPROPER PAYMENT OF $376.51. THE REQUESTED RELIEF IS GRANTED.

THE IMPROPER PAYMENT RESULTED FROM A CHECK BEING CASHED WITH A FRAUDULENT ENDORSEMENT AT THE 21ST FINANCE SECTION, CAMP HUMPHREY, KOREA, IN MAY 1980. THE $376.51 CHECK REPRESENTED A TAX REFUND OF JOHN F. DAVIS, WHO MAINTAINED THAT HE DID NOT ENDORSE THE CHECK. THE CHECK WAS CASHED BY MR. SAPIEN WHILE MS. JEMPSON WAS THE FINANCE OFFICER.

THE LOSS WAS NOT DISCOVERED UNTIL EARLY 1982, WHEN FINANCE OFFICER CAPTAIN D. A. WARD RECEIVED A TREASURY FISCAL SERVICE FORM 6536 (REQUEST FOR REFUND) FROM THE UNITED STATES TREASURY. THIS FORM IS ROUTINELY USED BY THE TREASURY TO ALERT A DEPOSITING FACILITY THAT A CHECK HAS BEEN FOUND TO HAVE BEEN CASHED WITH A FRAUDULENT ENDORSEMENT. UPON RECEIPT OF THE FORM, A $376.51 LOSS IN MR. WARD'S STATEMENT OF ACCOUNTABILITY FOR APRIL 1982 WAS RECORDED AND AN INVESTIGATION WAS BEGUN. YOU STATE THAT COLLECTION ACTION CANNOT BE TAKEN SINCE THE PERSON WHO CASHED THE CHECK CANNOT BE IDENTIFIED.

ON THE BASIS OF YOUR INVESTIGATION, YOU HAVE DETERMINED THAT THE IMPROPER

PAYMENT WAS NOT THE RESULT OF BAD FAITH OR LACK OF DUE CARE OF MS. JEMPSON OR MR. SAPIEN. BASED ON MS. JEMPSON'S STATEMENT, YOU CONCLUDE THAT SHE HAD ESTABLISHED ADEQUATE CONTROLS AND PROCEDURES TO SAFEGUARD THE FUNDS FOR WHICH SHE WAS ACCOUNTABLE. SPECIFICALLY, MS. JEMPSON STATED THAT DURING HER TENURE, CASHIERS WERE REQUIRED TO CHECK THE SIGNATURES AND SOCIAL SECURITY NUMBERS, VERIFIED BY AN IDENTIFICATION CARD, OF INDIVIDUALS PRESENTING CHECKS FOR PAYMENT. DURING WEEKLY SESSIONS CASHIERS WERE GIVEN REGULAR TRAINING ABOUT THE PROPER METHODS AND PROCEDURES TO BE FOLLOWED WHEN MAKING PAYMENTS. SHE STATED THAT THIS COULD NOT BE SUBSTANTIATED, HOWEVER, BECAUSE THE TRAINING SCHEDULES AND RECORDS WERE DESTROYED SOMETIME DURING THE 4 YEARS SINCE THE INCIDENT OCCURRED.

YOU ALSO RELY ON MR. SAPIEN'S STATEMENT THAT HE FOLLOWED ALL PRESCRIBED PROCEDURES IN CASHING CHECKS. IN THIS REGARD, MR. SAPIEN STATED THAT HIS OFFICE HAD THE FOLLOWING STANDARD OPERATING PROCEDURE FOR CHECK CASHING: (1) EACH CASHIER WAS REQUIRED TO INITIAL EVERY CHECK THAT WAS CASHED; (2) WHEN A CHECK WAS PRESENTED FOR PAYMENT, THE ONLY ACCEPTABLE IDENTIFICATION CARD WAS A VALID MILITARY I.D. CARD; (3) THE SERVICE MEMBER WOULD SIGN THE CHECK IN MR. SAPIEN'S PRESENCE, MR. SAPIEN WOULD CONFIRM THE SIGNATURE AGAINST THE CARD TO SEE THAT THEY MATCHED AND THEN WOULD CHECK TO SEE THAT THE NAME AND THE SOCIAL SECURITY NUMBER WERE CORRECT AND THE CARD HAD NOT EXPIRED; (4) MR. SAPIEN STATED HE ALSO WAS REQUIRED TO LOOK AT THE SERVICE MEMBER TO SEE THAT THE FACE MATCHED THE PICTURE ON THE I.D. CARD. THE RECORD INCLUDES A NUMBER OF COMMENDATIONS MR. SAPIEN RECEIVED FOR HIS FINANCE OFFICE WORK.

NOTWITHSTANDING THESE STATEMENTS, YOU HAVE NOT BEEN ABLE TO LOCATE A COPY OF THE OFFICE PROCEDURES IN EFFECT AT THE TIME OF THE LOSS, OR ASCERTAINED THAT IDENTIFICATION OF THE ENDORSER WAS REQUIRED WHEN THE CHECK WAS PRESENTED BY THE FORGER. NEVERTHELESS, SINCE SOME 2 1/2 YEARS ELAPSED BETWEEN THE TIME OF THE LOSS AND COMMENCEMENT OF THE INVESTIGATION, IT IS QUITE POSSIBLE THAT RECORDS WERE DESTROYED THAT COULD HAVE SHOWN THE EFFECTIVE OPERATING PROCEDURES. FURTHERMORE, AS CHECK CASHING IS A ROUTINE ACTIVITY, IT WOULD BE UNLIKELY THAT ANYONE WOULD HAVE REMEMBERED THE PARTICULAR CHECK CASHED BY THE FORGER. AS SOME 4 YEARS ELAPSED BEFORE MS. JEMPSON AND MR. SAPIEN MADE STATEMENTS, THIS PARTICULARLY TRUE OF THEIR OBSERVATIONS. UNDER THESE CIRCUMSTANCES WE THINK SUFFICIENT YOUR RELIANCE ON THE SUBSTANTIALLY MUTUALLY CORROBORATING STATEMENTS OF MS. JEMPSON AND MR. SAPIEN. ACCORDINGLY, WE AGREE THAT MS. JEMPSON AND MR. SAPIEN WERE EXERCISING DUE CARE WHEN THE LOSS OCCURRED, AND GRANT RELIEF TO BOTH FOR THE $376.51 LOSS.