



Comptroller General  
of the United States  
Washington, D.C. 20548

Timmerman  
144234

## Decision

**Matter of:** Physical Loss of Private Funds

**File:** B-239955

**Date:** June 18, 1991

### DIGEST

1. Department of Treasury may pay claim arising from loss of currency in Treasury mailroom out of funds available for the operation of the mailroom where the loss occurred.
2. Currency delivered to Department of Treasury mailroom is loss for which mailroom personnel are accountable.

### DECISION

Mr. W. E. Douglas, Commissioner, Financial Management Service (FMS), Department of Treasury, requests an advance decision regarding the payment of a claim arising out of the loss of mutilated currency mailed to the Treasury. We conclude that Treasury may pay the claim from the appropriation currently available for the operation of the mailroom.

### BACKGROUND

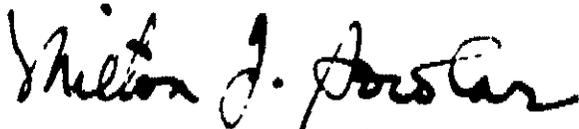
Pursuant to 31 U.S.C. § 5120(b)(1), the Department of Treasury is authorized to receive obsolete, mutilated and worn United States currency for redemption. Treasury regulations, 31 C.F.R. § 100.9, require that such currency be sent to FMS for replacement even though that function is now the responsibility of the Bureau of Engraving and Printing.<sup>1/</sup> The First National Bank of Gilmer, Texas is requesting that the Department of Treasury pay the Bank \$1,018.00, the value of mutilated currency the Bank sent by registered mail to FMS. Although Treasury's records indicate that FMS received the registered mail from the Bank, there is no record that the mail was logged out of the FMS mailroom or sent to the Bureau of Engraving and Printing in accordance with unwritten FMS mailroom procedures. An investigation by Treasury's Inspector General revealed no evidence of theft by mailroom employees. Treasury does not dispute the Bank's claim.

<sup>1/</sup> In fact, the regulations still require that the currency be sent to the Bureau of Government Financial Operations, the former title of FMS.

## DISCUSSION

We agree with Treasury that the Bank's claim is valid. Pursuant to 31 U.S.C. § 3702, the Comptroller General has the authority to settle all claims of or against the United States Government. To substantiate the validity of a claim, a claimant must furnish clear and satisfactory evidence. See 67 Comp Gen. 52, 55 (1987); B-238239, Mar. 19, 1991. Here, we think the available evidence (the Inspector General's report, FMS mailroom records and the Bank's registered mail receipt indicating that the parcel had been insured for \$1,018.00 and delivered to Treasury on July 14, 1987) meets that standard and adequately substantiates that FMS lost the Bank's currency.

FMS should consider this loss a necessary expense of operating the FMS mailroom, chargeable to the appropriation account supporting the administration of the mailroom. Our Office considers private funds held by the United States to be funds for which the United States is accountable. See, e.g., 68 Comp. Gen. 600, 602 (1989); B-200108, B-198538, Jan. 23, 1981. Even though the United States has no beneficial interest in such funds, the United States, by accepting custody of them, assumes a trust responsibility for their care and safekeeping. If a trustee commits a breach of trust, the trustee is chargeable with any loss resulting from that breach. See generally United States v. Mitchell, 463 U.S. 206, 226 (1983). In this regard, we have held that the covering of a loss of private funds entrusted to the government is a necessary expense of performing the custodial function, and is chargeable to the appropriation enacted to carry out that function. For example, we permitted the Veterans Administration to charge the loss of patients' money, which the VA held in trust, as a necessary expense of the administration of patient trust accounts. See 68 Comp. Gen. at 603. And, we instructed the Bureau of Indian Affairs to use its Operation of Indian Programs appropriation to cover losses sustained in managing Indian trust funds. 67 Comp. Gen. 342 (1988); 65 Comp. Gen. 533, 540-41 (1986). Hence, the loss by FMS of the Bank's mutilated currency should be charged to the mailroom's appropriation account.



Acting  
Comptroller General  
of the United States