13363

O.C.M.

DECISION

THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D.C. 20548

[Accounting for and Destroying of]

FILE: B-197708

DATE: April 8, 1980

MATTER OF: Disposition of Valueless Foreign Currencies

DIGEST: 1. Treasury may properly charge Gain and Loss account for $914.66, representing value for accountability purposes of Vietnamese piasters and Cambodian riels which are and will remain valueless as medium of exchange. Currency was originally held by United States Disbursing Officers for exchange transaction purposes as authorized by 31 U.S.C. § 492a. Loss of value of currency held for such purposes may, under 31 U.S.C. § 492b, be charged against gains from operations for the same purposes.

2. Valueless foreign currencies may be destroyed as surplus personal property, in accordance with regulations implementing 40 U.S.C. § 483(h) if not carried in U.S. dollar accountability (either because the loss of value has been charged to Gain and Loss account or because they were valueless when accepted).

This decision is in response to the request of the Commissioner, Bureau of Government Financial Operations, Department of the Treasury, for our opinion concerning: (1) the proper procedures to be followed in accounting for Vietnamese piasters and Cambodian riels which are currently valueless and will remain valueless as a medium of exchange, and (2) the propriety of destroying these currencies as surplus property under the provisions of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. §§ 471 et seq. (1976).

The Treasury Department reports that it currently holds in storage a number of Vietnamese piasters and Cambodian riels obtained as a result of the evacuation of the American Embassies in Vietnam and Cambodia. One quantity of piasters and riels was acquired from the United States Disbursing Officers (USDO) at

~~009579~~

112010

the Embassies and is now in the possession of the Chief Disbursing Officer. Although currently valueless, for accountability purposes these notes are carried by Treasury at a value of $914.66, based upon the rate of exchange in effect at the time of the evacuations.

Two additional quantities of piasters were deposited with Treasury for safekeeping purposes by the Agency for International Development (AID) and the Navy. The AID piasters were originally accepted from Vietnamese nationals (former AID employees) in the United States in exchange for Treasury checks for the dollar equivalent. The piasters were valueless when received by Treasury, and the Treasury checks were charged to an AID appropriation under the authority of section 413(c) of the International Security Assistance and Arms Control Act of 1976 (Pub. L. No. 94-329, 90 Stat. 761). The language of section 413(c), permitting foreign assistance funds to be used for necessary expenses of terminating Indochina assistance, including "settlement of claims and associated personnel costs," was intended to permit these piasters to be exchanged for dollars (up to a maximum of $2000) after the evacuation of Vietnam and the fall of its government, for the benefit of refugees who had brought the piasters to the United States in reliance on representations by United States officials that the exchange could be consummated here. 122 Cong. Rec. 5223 (1976). The Navy piasters were found on a Navy vessel following evacuation and are of unknown origin. Neither the AID nor the Navy piasters have been assigned a dollar value for accountability purposes since both were valueless when received and, according to Treasury, will remain valueless.

Section 492b of Title 31, United States Code (1976) provides that the losses resulting from exchange transactions permitted by sections 492a through 492c of Title 31 may be offset against gains from such operations. Treasury has indicated that those currencies turned over by the USDOs were originally held for purposes authorized under 31 U.S.C. § 492a. That provision states, in pertinent part:

> "* * *disbursing officers of the United States are authorized, for official purposes, or for the accommodation of members of the Armed Forces and civilian personnel of the United States Government * * * to cash and negotiate checks, drafts, bills of exchange, and other instruments payable in United States and foreign currencies, and to conduct exchange transactions involving United States and foreign currency and coin, checks, drafts, bills of exchange and other instruments* * *."

We agree that the decline in value of currency held for purposes of exchange transactions under 31 U.S.C. § 492a is the kind of loss covered by 31 U.S.C. § 492b. We therefore concur that the $914.66 loss in value may properly be charged to the Gain and Loss account as is the practice with losses covered by 31 U.S.C. 492b.

This conclusion applies only with respect to the piasters and riels obtained from the USDOs since these were assigned a dollar value for accountability purposes. The piasters deposited with Treasury by AID and the Navy for safekeeping, on the other hand, were worthless when received and thus were carried by Treasury at no value. This currency has not lost value and, certainly in the case of the Navy and arguably in the case of AID, was not acquired through exchange transactions under 31 U.S.C. § 492a. No charge to the Gain and Loss account is authorized.

Destruction of the valueless currencies as surplus personal property is, as Treasury points out, governed by the Federal Property Management and Administrative Services Act of 1949, as amended, 40 U.S.C. 471 et seq. (1976). The Act provides that:

> "The Administrator [of General Services] may authorize the abandonment, destruction, or donation to public parties of property which has no commercial value or of which the estimated cost of continued care and handling would exceed the estimated proceeds from its sale." 40 U.S.C. § 483(h).

Implementing regulations are found in subpart 101.45 of Title 41 Code of Federal Regulations (CFR).

Foreign currency which becomes and will remain valueless as a medium of exchange constitutes personal rather than real property and, therefore, may become surplus within the meaning of the Property Act, supra and the applicable regulations. We agree that the currencies held by Treasury may be destroyed in accordance with the applicable law and regulations, and with Treasury procedures for destruction of United States currency.

Milton J. Socolar

For the Comptroller General
of the United States