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DECISION



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

FILE: B-186348

DATE: December 15, 1981

MATTER OF: Transactions and losses involving Vietnam piaster currency

- DIGEST:**
1. Loss of approximately \$1,070,000 of piaster currency abandoned in Vietnam may be charged to Gains and Deficiencies Account, 31 U.S.C. § 492b, since piasters were acquired and held for exchange transaction operations and became worthless when South Vietnamese Government fell. To extent inconsistent, 56 Comp. Gen. 791 (1977) is overruled.
 2. Checks issued by United States Disbursing Officer before April 1975 evacuation of South Vietnam should be charged against State's fiscal year 1975 appropriations since the accounting records that would have shown the agency appropriations against which the checks would have been charged were lost.

This responds to a State Department request for reconsideration of that part of our decision at 56 Comp. Gen. 791 (1977), which held that piaster currency left in Vietnam should be considered a physical loss of funds under 31 U.S.C. § 82a-1 and should be charged against the State Department's then current appropriations available for the expenses of the various accountable officers. The State Department also asks whether checks issued prior to April 1975 in the total amount of \$3,781,237.47 (\$3,178,757.47 in dollars and \$602,480 dollar equivalent in piasters) but not identified to chargeable appropriations are proper charges against fiscal year 1975 appropriations of the agencies using the United States Disbursing Officer services.

For the reasons given below, we now find that the loss of approximately \$1,070,000 of piaster currency left in Vietnam may be charged to the Gains and Deficiencies account, pursuant to 31 U.S.C. § 492b. To the extent our decision at 56 Comp. Gen. 791 is inconsistent, it is overruled. We also conclude that the checks written prior to April 1975 should be charged against State's fiscal year 1975 appropriations rather than against fiscal year 1975 appropriations of the agencies that were using the United States Disbursing Officer's services.

The questions raised by the State Department, both in this case and in 56 Comp. Gen. 791, were provoked by the circumstances surrounding the American evacuation from South Vietnam in late April 1975. During that evacuation, quantities of dollars were burned and Vietnamese piasters belonging to the United States were both abandoned

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and left in accounts with the Treasury of Vietnam and the National Bank of Vietnam. In our earlier decision we held that the piasters left on account should be charged to the Gains and Deficiencies account created under 31 U.S.C. § 492b (56 Comp. Gen. 798-99), but that the dollars and abandoned piasters should be treated as physical losses under 31 U.S.C. § 82a-1 (56 Comp. Gen. 796-98).

In addition to the losses considered in our first opinion, the State Department now indicates that some \$3,781,237.47 in checks issued prior to April 1975 cannot be identified to chargeable appropriations presumably because the supporting records have been lost. State estimates that the total loss in the Disbursing Officer's account, including the checks which cannot be charged to a particular appropriation, amounted to \$7,891,365.61. State further indicates that it sought a supplemental appropriation to cover the loss but that Congress denied its request.

1. Piasters Left in Vietnam

The piasters left in Vietnam were obtained from Americans, and from local and third-country nationals to provide the Disbursing Officer with currency needed for final payments of leases, contracts and other piaster liabilities. Further, the Disbursing Officer accepted piasters in exchange to allow authorized personnel to obtain a limited amount of dollars prior to departure from Vietnam. The piasters initially were purchased with dollar currency. Subsequently, Treasury checks were used for the purchases, and during the last few days in Saigon, due to the volume of transactions being conducted, receipts were given for piasters for which checks were later issued. State estimates that approximately 807,000,000 piasters were abandoned when the Disbursing Officer departed from Vietnam. At the rate of exchange in use before the fall of the South Vietnamese Government in April 1975--755 piasters to the dollar--this would amount to about \$1,070,000.

Although at the time of our earlier decision State did not dispute the Treasury Department's conclusion that piasters abandoned in Vietnam should be treated as a physical loss under 31 U.S.C. § 82a-1, it now asks that we find that the loss "* * * be regarded as having resulted from exchange transaction operations * * * and should be charged to the Gains and Deficiencies account, pursuant to 31 U.S.C. 492b." State says that the difference in treatment is important since losses under section 82a-1 must be charged to the current appropriation available for the expense of the accountable officer function.

In support of its request for reconsideration, State asserts that at the time of the evacuation, all South Vietnamese piasters had already become valueless because of the fall of the Saigon Government, and that this event "which caused the currency on deposit to lose its value also caused the loss of value to the piasters on hand." State maintains that this was the reason the piasters were not destroyed as were the dollars. Accordingly, State concludes there occurred a physical abandonment of worthless paper rather than a physical loss of valuable currency.

The Gains and Deficiencies account was established, under the authority of 31 U.S.C. § 492b, to handle gains and losses resulting from authorized exchange transactions. The operations covered by 31 U.S.C. §§ 492a through 492c are exchanges of currency for official or accommodation purposes. Section 492b allows the Treasury to charge the general fund for losses resulting from operations permitted by those sections. In the event of a net deficiency in a fiscal year, Treasury requests an appropriation in the amount of the deficiency to adjust the accounts of the United States Disbursing Officer.

The facts show that the piasters that were later abandoned were obtained through exchanges of dollars, Treasury checks and receipts for which checks were later issued. One of the main purposes of the exchanges was to provide the United States Disbursing Officer with currency necessary for final payments of leases, contracts and other piaster liabilities. Accordingly, we find that the piasters were acquired in exchange transactions pursuant to 31 U.S.C. § 492a.

Although we assumed this finding in our earlier opinion, we agreed with Treasury that the abandoned piasters should be treated as a physical loss because the loss did not result from exchange operations but rather from the abandonment of the currency. On the other hand, we held that the piasters in bank accounts could be charged to the Gains and Deficiencies account because their loss (1) could be regarded as having resulted from exchange transaction operations since the piasters were held for the purpose of these transactions; and (2) could not be treated as a physical loss since the actual piasters remained in the accounts where they were deposited despite their loss of value.

Upon reconsideration, we conclude that the abandoned piasters should be treated in the same manner as the piasters on account. The facts show that the abandoned piasters, like those on deposit, were acquired in exchange transactions and were held for exchange transaction operations, *i.e.*, for making final payments on leases, contracts and other piaster liabilities. Moreover, like the piaster

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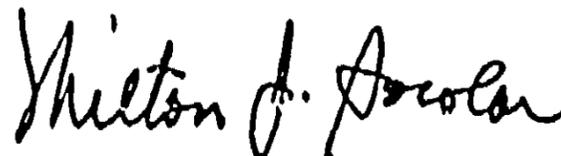
bank deposits, the abandoned piasters became valueless when the South Vietnamese Government fell, prior to the final American evacuation.

Therefore, the loss was caused by the total devaluation of the piasters rather than by their abandonment. This " * * * 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." B-197708, April 8, 1980. Accordingly, we conclude that the \$1,070,000 loss of the abandoned piasters may be charged to the Gains and Deficiencies account pursuant to 31 U.S.C. § 492b.

2. Accounting Loss

The State Department's second question concerns the proper accounts to be charged for certain checks issued by the United States Disbursing Officer in Saigon before the evacuation in April 1975 and paid from Treasury monies. State has informed us that as a result of the evacuation, the accounting records that would have shown the appropriations against which the checks should have been charged were lost. The total amount of checks that cannot be identified to chargeable appropriations is \$3,781,237.47 - \$3,178,757.47 in checks made out in dollars and 454,872,488 in piasters (\$602,480 dollar equivalent). State notes that since most of the checks issued by the Disbursing Officer have been paid, Treasury does not anticipate that these figures will change significantly. State also suggests that the checks should be charged against the fiscal year 1975 appropriations of the agencies that were using the United States Disbursing Officer's services.

We find that the checks written prior to the evacuation in April 1975 should be charged against State's fiscal year 1975 appropriations rather than against fiscal year 1975 appropriations of the agencies that were using the United States Disbursing Officer's services. We do so on the basis that the records were lost and that the checks cannot be related to particular agencies. See 37 Comp. Gen. 224, 226 (1957). However, should the balance in the pertinent M account be insufficient to cover the charge, the charge could be satisfied from restorations from unobligated appropriation balances in the merged surplus to the extent such balances are available. See 31 U.S.C. § 701(a)(2).

for 
Comptroller General
of the United States