

**National  
Item  
Processing**

National Item Processing, Inc.  
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October 16, 2003

Stephen M. Vajs  
Director  
Risk Management Division  
Financial Management Service  
US Department of the Treasury  
Room 423  
401 14<sup>th</sup> Street SW  
Washington DC 20227

Re: Comments on proposed amendments to 31 CFR Part 210

Dear Mr. Vajs;

National Item Processing, Inc. provides money order clearing and settlement services for 16 companies whose primary business is issuing money orders. Collectively, these companies issue approximately 60 million money orders annually to consumers located around the United States. We wish to comment on behalf of these 16 companies regarding the proposed amendments to 31 CFR Part 210.

We oppose the amendment that would permit government agencies to convert money orders to ACH debit entries for the following reasons:

- In the event of a disputed payment the common course of action for the money order purchaser is to request a copy of the paid item from the issuer. The conversion of money orders to ACH debits denies the money order purchaser readily available access to a copy of a paid item. This proof of payment is very important. Consider a payment to a government agency that is not applied properly and the purchaser has to provide the proof of payment.
- The USA Patriot Act places responsibility on issuers/payors and processors, payable through banks, of money orders to inspect for possible patterns of money laundering activity. A primary method for detecting money laundering is accomplished by inspecting endorsements on copy images of paid items. The conversion of money orders to ACH debits denies issuers/payors and processors their obligation to review these payments for money laundering activity.
- Unlike personal checking accounts, the individual who purchases a money order for the purpose of paying an agency obligation is not empowered to authorize the conversion of the payment to an ACH debit. The money order

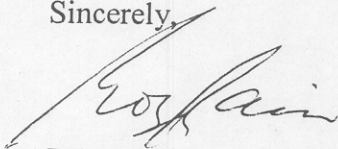
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company that issued the item is the only entity that can make the authorization to convert the payment.

- To establish that a money order has been altered, e.g., amount raised, forged endorsement, or forged payee it is necessary to view the original money order. Our money order companies incur significant expense embedding security features in the money order documents in order to protect themselves and the consumers that purchase their items. The value of the security features is diminished when replacement documents are produced.

We appreciate the opportunity to comment on the proposed amendments to 31 CFR Part 210.

Sincerely,

A handwritten signature in cursive script, appearing to read "Roger Raina".

Roger Raina  
President