RULE G8

PROCEDURES / CRITERIA PERTAINING TO THE ENCASHMENT OF GOVERNMENT OF CANADA PAYMENT ITEMS FOR NON-CUSTOMERS

2018 CANADIAN PAYMENTS ASSOCIATION

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RULE G8 – PROCEDURES / CRITERIA PERTAINING TO THE ENCASHMENT OF GOVERNMENT OF CANADA PAYMENT ITEMS FOR NON-CUSTOMERS

IMPLEMENTED

November 1, 1994

AMENDMENTS PRE-NOVEMBER 2003


AMENDMENTS POST-NOVEMBER 2003

1. Section 5; 6; 8(a),(b), Appendix I; and Appendix II, approved by the Board June 29, 2004, effective September 20, 2004.
2. Section 8(c), approved by the Board June 29, 2004, effective January 5, 2005.
3. Amendment to contact information in section 8, approved by the President February 1, 2010.
4. Amendment to replace references to “General Manager” with “President”, consequential to amendments to the Canadian Payments Act (Bill C-37) that came into effect on March 1, 2010.
Introduction

1. This Rule outlines procedures pertaining to the encashment of Government of Canada payment items for recipients who are not established account holders (non-customers). When these procedures are followed, Members shall be indemnified by the Federal Government against fraud losses arising from the encashment of Government of Canada payment items for no more than $1,500.00.

Definitions

2. In this Rule,
   a. “Member” means any of those persons who are members of the Association pursuant to section 4 of the Canadian Payments Act;
   b. “Non-customer” means an individual who does not have an account with any branch of the encashing financial institution or does not hold a credit card issued by it;
   c. “Receiver General Warrant” means an authorization for the payment of money drawn on or by the Government of Canada and payable by the Government of Canada. (Note: In this Rule, the term “Receiver General Warrant” encompasses both Receiver General Warrants and Human Resources Development Canada Benefit Warrants.); and
   d. “Returned Item Carrier Envelope” means a translucent window envelope in which a returned item is enclosed for processing through the clearing.

Items to be Accepted

3. a. Items to be accepted under these procedures include all Receiver General Warrants, which carry the institution number 117 in the MICR encoding band, and Departmental Bank Account cheques which contain the usual Government of Canada Logo but are cleared through another financial institution rather than directly to the Government.

   b. Items which have been altered shall not qualify for reimbursement.

   c. With appropriate notice, the Government reserves the right to restrict items included.

Amount Limitation

4. The indemnification shall not apply in respect of items in excess of $1,500.00, however, where Government of Canada payment items over $1,500.00 are accepted by a Member, compensation and fraud-loss reimbursement shall be paid to a maximum value of $1,500.00.
Identification Requirements

5. At the time the item is presented for encashment, one of the following identification requirements shall be met:
   
a. One piece of identification from among those set out in Appendix I, if:
   
   i. that piece of identification bears the signature and photograph of the individual; or
   
   ii. the identity of the individual is also confirmed by a client in good standing with the Member or by an individual in good standing in the community where the Member is situated.

   For a personal reference, the Payee shall endorse the item, and the Member shall record the following details on the back of the item:

   - The word “sponsored”;
   - The initials of the branch employee who verified the person who vouched for the Payee, followed by the Member name; and
   - The date, either stamped or written.

   or

b. At least two pieces of identification from among those set out in Appendix I. If the name shown on one of the pieces of identification presented differs from the name shown on any other identification presented by the individual, the individual shall provide a certificate evidencing the change of name that has occurred or a certified copy of the certificate.

   Also, at the time of presentation of the item for encashment, particulars of all identification presented by the Payee shall be recorded on the reverse side of the item by the employee of the Member encashing the item.

   The pieces of identification required to be presented by an individual shall be original, valid and not substantially defaced.

Endorsements

6. Government of Canada payment items should be cashed only for the Payee when endorsed by the Payee in the teller’s presence. Items bearing second endorsements shall not qualify for reimbursement. Also, the Payee shall be an individual, not a business enterprise (either incorporated or unincorporated).

Stale Dated Items

7. Government of Canada items are not subject to the “Stale Dated” provision in Rule A4. Items dated six (6) months or more prior to the date of presentation may be verified with
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or sent for collection to the Cheque Redemption Control Directorate (CRCD) of Public Works and Government Services Canada in accordance with Rule G7.

Reimbursement for Fraudulently Endorsed Items

8. When the CRCD returns a fraudulently endorsed item with the usual payee affidavit, the negotiating branch is responsible for trying to recover the funds. In the case of counterfeit items only, a photocopy of the respective item shall be returned to the negotiating branch for purposes of attempting to recover the funds.

Where funds are not recovered within a reasonable time, the following procedures apply:

a. The negotiating branch shall forward the original of the fraudulently endorsed item or photocopy of the counterfeit item along with a note confirming that attempts were made to recover the funds (see Reimbursement for Fraudulently Endorsed Items - Claims, attached as Appendix II)

b. For an item that was encashed on the basis of a personal reference, pursuant to subsection 5(a), the “Reimbursement of Fraudulent Endorsed Items - Claims” form shall be signed by an authorized bank employee other than the branch employee who initiated the back of the item for encashment.

c. A photocopy of the fraudulently endorsed item shall be retained for a period of one year in the event that further investigation at the branch level is required.

d. The documentation described in subsection 8 (a) should be inserted in a Returned Item Carrier Envelope (refer to Rule A4). The properly completed Returned Item Carrier Envelope (encoded with institution number 117 - Receiver General for Canada) and relevant documentation should then be forwarded to the CRCD along with other negotiated government items by a Bank of Canada/CRCD courier to Bank of Canada Banking Services Ottawa in accordance with the procedures outlined in Rule G3. The reason for the return on the Returned Item Carrier Envelope should read “Reimbursement for Fraudulently Endorsed Item.” The Government of Canada shall reimburse the negotiating institution to a maximum value of $1,500.00 provided the identification requirements set out in section 5 have been met.

e. Where local authorities request the original of the fraudulently endorsed item, they should be advised to discuss the matter directly with Public Works and Government Services Canada. Such request should be directed to the:

Manager, Receiver General Operations Division
Cheque Redemption Control Directorate
C.P. 1000
Matane (Québec)
G4W 4N3
Téléphone: 418-566-7234
APPENDIX I - IDENTIFICATION REQUIREMENTS

1. A driver’s license issued in Canada, as permitted to be used for identification purposes under provincial law.
2. A Canadian passport
3. A Certificate of Canadian Citizenship or a Certificate of Naturalization, in the form of a paper document or card but not a commemorative issue.
4. A Permanent Resident card or Citizenship and immigration Canada Form IMM 1000 or IMM 1442
5. A birth certificate issued in Canada
6. A Social Insurance Number card issued by the Government of Canada
7. An Old Age Security card issued by the Government of Canada
8. A Certificate of Indian Status issued by the Government of Canada
9. A provincial health insurance card, as permitted to be used for identification purposes under provincial law
10. A document or card, bearing the individual’s photograph and signature, issued by any of the following authorities or their successors:
   a. Insurance Corporation of British Columbia
   b. Alberta Registries
   c. Saskatchewan Government Insurance
   d. Department of Service Nova Scotia and Municipal Relations
   e. Department of Transportation and Public Works of the Province of Prince Edward Island
   f. Service New Brunswick
   g. Department of Government Services and Lands of the Province of Newfoundland and Labrador
   h. Department of Transportation of the Northwest Territories
   i. Department of Community Government and Transportation of the Territory of Nunavut
11. An employee identity card, issued by an employer that is well known in the community, bearing the individual’s photograph
12. A bank or automated banking machine card, issued by a Member in the name of, or bearing the name of, the individual and bearing the individual’s signature

13. A credit card, issued by a Member in the name of, or bearing the name of, the individual and bearing the individual’s signature

14. A Canadian National Institute for the Blind (CNIB) client card bearing the individual’s photograph and signature

15. A foreign passport
REIMBURSEMENT FOR FRAUDULENTLY ENDORSED ITEMS - CLAIMS

Date ______________________

Institution Name ______________________  Branch ______________________

Details of Returned Item:

Payee Name ____________________________________________________________

Cheque Number ________________  Amount ______________________________

( ) Check (x), if the sponsorship provisions of CPA Rule G8 were applied.

Negotiating Institution Statement:

In regards to this claim for reimbursement, we have been unsuccessful in our endeavours to recover the funds. This claim is being made under CPA Rule G8. Enclosed is the original fraudulently endorsed item.

__________________________________________
Signature of Branch Official

NOTE: The above-captioned form should fit the Returned Item Carrier Envelope without being forced.