

Avenue, NW, 3rd Floor, Washington, DC.

Regulatory Flexibility Act and Executive Order 12866

Because the importation of goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by forced labor is prohibited, Customs anticipates that there will not be a substantial number of small entities that would become involved in a prohibited importation. The rule applies to products subject to a "finding" that the class of merchandise was produced with forced or indentured child labor, a more formal Customs action with a higher burden of proof than simple Customs detention of merchandise based on reasonable suspicion. Also the range of countries and products which are likely to be implicated in forced or indentured child labor findings is likely to be fairly narrow. Accordingly, it is certified, in accordance with the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) that, if adopted, the proposed rule will not have a significant economic impact on a substantial number of small entities. Nor does the document meet the criteria for a "significant regulatory action" as specified in E.O. 12866.

List of Subjects in 19 CFR Part 12

Customs duties and inspection, Entry of merchandise, Imports, Prohibited merchandise, Restricted merchandise, Seizure and forfeiture.

Proposed Amendments to the Regulations

It is proposed to amend part 12, Customs Regulations (19 CFR part 12), as set forth below.

PART 12—SPECIAL CLASSES OF MERCHANDISE

1. The general authority citation for part 12 would continue to read as follows, and the relevant specific sectional authority would be revised to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States (HTSUS)), 1624;

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Sections 12.42 through 12.44 also issued under 19 U.S.C. 1307 and Pub. L. 105-61 (111 Stat. 1272);

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2. It is proposed to amend § 12.42 by revising the first sentence of paragraph (a) to read as follows:

§ 12.42 Findings of Commissioner of Customs.

(a) If any port director or other principal Customs officer has reason to believe that any class of merchandise which is being, or is likely to be, imported into the United States is being produced, whether by mining, manufacture, or other means, in any foreign locality with the use of convict labor, forced labor, or indentured labor under penal sanctions, including forced or indentured child labor, so as to come within the purview of section 307, Tariff Act of 1930, he shall communicate his belief to the Commissioner of Customs.

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3. It is proposed to revise § 12.44 to read as follows:

§ 12.44 Disposition.

(a) *Seizure and summary forfeiture.* In the case of merchandise covered by a finding under § 12.42(f), if the Commissioner of Customs advises the port director that the proof furnished under § 12.43 does not establish the admissibility of the merchandise, or if no proof has been furnished, the port director shall seize the merchandise for violation of 19 U.S.C. 1307 and commence forfeiture proceedings pursuant to part 162, subpart E, of this chapter.

(b) *Prison-labor goods.* Nothing in this chapter precludes Customs from seizing for forfeiture merchandise imported in violation of 18 U.S.C. 1761 and 1762 concerning prison-labor goods.

Approved: August 12, 1999.

Raymond W. Kelly,
Commissioner of Customs.

John P. Simpson,
Deputy Assistant Secretary of the Treasury.
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DEPARTMENT OF THE TREASURY

Customs Service

19 CFR Part 24

RIN 1515-AC48

Endorsement of Checks Deposited by the U.S. Customs Service

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document proposes to amend the Customs Regulations to reflect that Customs employees authorized to accept certain monetary instruments (such as checks) in

payment of Customs duties, taxes, and other charges are no longer required to place their names and badge numbers on the instrument and that certain other information must be placed on the face (front) side of the instrument, rather than the reverse side of the instrument. The proposed changes are designed to avoid a conflict with Federal Reserve System regulations that govern the endorsement of checks by banks.

DATES: Comments must be received on or before January 18, 2000.

ADDRESSES: Written comments (preferably in triplicate), regarding both the substantive aspects of the proposed rule and how it may be made easier to understand, may be submitted to and inspected at the Regulations Branch, Office of Regulations and Rulings, U.S. Customs Service, 1300 Pennsylvania Avenue, NW, 3rd Floor, Washington, DC 20229.

FOR FURTHER INFORMATION CONTACT: Ms. Jo Cohen, Acting Director, Financial Management Division, Office of Finance (202-927-6140).

SUPPLEMENTARY INFORMATION:

Background

Under § 24.1 of the Customs Regulations (19 CFR 24.1), procedures for the collection of Customs duties, taxes, and other charges and fees are set forth. Currently, under § 24.1(b), applicable to noncommercial importations at piers, terminals, bridges, airports, and other similar places, Customs employees authorized to collect payments may accept a personal check and shall ensure that certain information is recorded on the check. Under § 24.1(b)(1), with respect to personal checks received under § 24.1(b) and certain other checks and money orders received under § 24.1(a), Customs employees shall show their name, badge number, and the serial or other identification number from the collection voucher on the reverse side of the check.

Requirements applicable to banks endorsing checks are set forth under regulations of the Federal Reserve System (12 CFR 229.35). Appendix D to Part 229 of the Federal Reserve System regulations (Title 12, Chapter II) (entitled "Indorsement Standards") pertains to the endorsements of depository, collecting, and returning banks. It sets forth the specific information that shall or may be provided and requires that such information shall be recorded on the reverse side of checks. The Appendix also provides that the readability, identifiability, and legibility of the depository bank's endorsement must be

protected. It cautions the depository bank not to interfere with the readability of the endorsement, and it carefully sets forth specific requirements for collecting and returning banks to follow for the purpose of protecting that endorsement.

The requirement under the Customs Regulations that Customs employees must place information on the reverse side of monetary instruments conflicts with the requirements of 12 CFR 229.35 and App. D of Part 229 of Title 12 CFR regarding the protection of bank endorsements. In order to ensure that the practice of Customs employees in accepting checks and other monetary instruments does not interfere with the readability, identifiability, and legibility of endorsements of depository and other banks, Customs proposes to amend § 24.1(b) and § 24.1(b)(1).

Section 24.1(b)(1) is proposed to be amended to reflect that authorized Customs employees are no longer required to place their name and badge number on the instrument and that the collection voucher number (or other identifier) should now be placed on the face (front) side of the instrument, rather than the reverse side of the instrument. Section 24.1(b) is proposed to be amended to reflect that certain other information that is required on the instrument also should be placed on the face of the check. This information includes the payor's home and business phone numbers and either a social security number, current passport number, or current driver's license number (showing the issuing state).

Comments

Before adopting this proposal as a final rule, consideration will be given to any written comments timely submitted to Customs. Comments submitted will be available for public inspection in accordance with the Freedom of Information Act (5 U.S.C. 552), § 1.4 of the Treasury Department Regulations (31 CFR 1.4), and § 103.11(b) of the Customs Regulations (19 CFR 103.11(b)), on regular business days between the hours of 9 a.m. and 4:30 p.m. at the Regulations Branch, Office of Regulations and Rulings, U.S. Customs Service, 1300 Pennsylvania Avenue, NW, 3rd Floor, Washington, DC

Executive Order 12866

This document does not meet the criteria for a "significant regulatory action" as specified in E.O. 12866.

Regulatory Flexibility Act

Pursuant to the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), it is certified that the proposed

amendments to the Customs Regulations, if adopted, will not have a significant economic impact on a substantial number of small entities. Adoption of the proposed amendments regarding the endorsement of checks and other instruments will improve the process for accepting and depositing these instruments, without any additional burden on businesses or individuals. Accordingly, the proposed amendments are not subject to the regulatory analysis or other requirements of 5 U.S.C. 603 and 604.

Drafting Information

The principal author of this document was Bill Conrad, Office of Regulations and Rulings, U.S. Customs Service. However, personnel from other offices contributed in its development.

List of Subjects in 19 CFR Part 24

Accounting, Claims, Customs duties and inspection, Fees, Financial and accounting procedures, Imports, Taxes.

Proposed Amendments to the Regulations

For the reasons stated in the preamble, part 24 of the Customs Regulations (19 CFR part 24) is proposed to be amended as follows:

PART 24—CUSTOMS FINANCIAL AND ACCOUNTING PROCEDURE

1. The general authority citation for part 24 and the relevant specific authority citation continue to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 58a–58c, 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1450, 1624; 31 U.S.C. 9701.

Section 24.1 also issued under 19 U.S.C. 197, 198, 1648;

* * * * *

2. In § 24.1, the second and third sentences of introductory paragraph (b) and all of paragraph (b)(1) are revised to read as follows:

§ 24.1 Collection of Customs duties, taxes, and other charges.

* * * * *

(b) * * * Where the amount of the check is over \$25, the Customs cashier or other employee authorized to receive Customs collections will ensure that the payor's name, home and business telephone number (including area code), and date of birth are recorded on the face (front) side of the monetary instrument. In addition, one of the following will be recorded on the face side of the instrument: preferably, the payor's social security number or, alternatively, a current passport number

or current driver's license number (including issuing state). * * *

(1) Where the amount is less than \$100 and the identification requirements of paragraph (a)(4) of this section have been met, the Customs employee accepting the check or money order will place his name and badge number on the collection voucher and place the serial number or other form of voucher identification on the face side of the check or money order so that the check or money order can be easily associated with the voucher.

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Approved: September 15, 1999.

Raymond W. Kelly,
Commissioner of Customs.

John P. Simpson,
Deputy Assistant Secretary of the Treasury.
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DEPARTMENT OF THE TREASURY

Internal Revenue Service

31 CFR Part 1

Privacy Act; Proposed Implementation

AGENCY: Internal Revenue Service, Treasury.

ACTION: Proposed Rule.

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, 5 U.S.C. 552a, as amended, the Department of the Treasury, Internal Revenue Service (IRS) gives notice of a proposed rule to exempt a new system of records entitled "IRS Audit Trail and Security Records System—Treasury/IRS 34.037," from certain provisions of the Privacy Act. The exemptions are intended to comply with the legal prohibitions against the disclosure of certain kinds of information and to protect certain information, about individuals, maintained in this system of records.

DATES: Comments must be received no later than December 17, 1999.

ADDRESSES: Please submit comments to Office of Governmental Liaison and Disclosure, Internal Revenue Service, 1111 Constitution Ave., NW, Washington, DC 20224. Persons wishing to review the comments should call 202–622–6200 to make an appointment with the Office of Governmental Liaison and Disclosure.

FOR FURTHER INFORMATION CONTACT: David Silverman, Tax Law Specialist, 6103/Privacy Operations, Governmental Liaison and Disclosure, Internal Revenue Service at 202–622–6200.