

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, March 4, 1958

**To the Member and Par Remitting Nonmember Banks
of the Eleventh Federal Reserve District:**

The printed instructions on our cash letter form, Tr. 1, have been omitted on new supplies recently obtained. Our Dallas and El Paso offices have begun using the new forms, and our offices at Houston and San Antonio will begin using them as soon as their supplies of the older forms are exhausted. The removal of these instructions does not change in any way the application of Bulletin No. 8 with respect to the handling of items received in our cash letters.

We believe, however, that it would be helpful to officers and employees handling our cash letters to have for convenient reference an instruction card highlighting certain pertinent provisions of the bulletin. With this thought in mind, we have prepared the enclosed card which is arranged for hanging or mounting in a suitable place or for placing in a three-ring binder that will be easily accessible to such personnel.

In requesting additional copies of the card please specify "Bulletin No. 8 Instruction Card, dated March 4, 1958."

Yours very truly,

Watrous H. Irons
President

THE FOLLOWING SUMMARY OF INSTRUCTIONS, BASED ON PARAGRAPHS 22 TO 28 AND OTHER PROVISIONS OF OUR BULLETIN NO. 8, IS FOR CONVENIENT REFERENCE IN THE HANDLING OF ITEMS RECEIVED IN CASH LETTERS FROM THE FEDERAL RESERVE BANK OF DALLAS AND ITS BRANCHES

Remitting for cash letters

- (a) Remit for cash letters on day of receipt at par in immediately available or acceptable funds.
- (b) Return white copy of cash letter with remittance and retain yellow copy for your records.
- (c) In case of error in listing or item missing, correct total of cash letter and tape list; explain correction and give position on tape list where difference found.

Return of unpaid checks

- (a) We will receive for credit or refund cash items which are returned to us by collecting and remitting banks in accordance with paragraph (4) of Section 5 of Regulation J, set forth below:

"(4) Any check which a Federal Reserve bank or an agent thereof presents to the drawee bank for payment or sends to the drawee bank for collection, and for which remittance or settlement is made by the drawee bank on the day on which it receives³ such check, may be returned for credit or refund at any time prior to midnight of the drawee's next business day following such day of receipt or prior to the time provided by applicable clearing house rule or special collection agreement, whichever is earlier, except that this paragraph shall not apply to checks presented over the counter.

³"A check received by a drawee bank on a day other than its business day, or received on a business day after its regular business hours or during afternoon or evening periods when it has reopened (or remained open) for limited functions, shall be deemed to have been received on its next succeeding business day."

Such provision of Regulation J does not mean, however, that any bank is required to follow the practice of delaying the return of unpaid cash items; and any collecting or remitting bank may continue to return unpaid cash items with its remittance on the day of receipt.

- (b) If unpaid items are returned on the day of receipt, they should be deducted from and returned with the remittance for the cash letter in which the items were received. Those items for which remittance has been made on the day of receipt and on which payment is revoked in accordance with paragraph (4) of Section 5 of Regulation J may be returned the following business day and may be deducted from the remittance for the cash letter received on such following business day; however, if no cash letter is received on such following business day, the items should not be held but should be returned to us separately for credit or refund. The transmittal letter returning such unpaid items should be clearly marked RETURN ITEM LETTER and should not include other items.
- (c) A bank may return to us without entry an unpaid item which it has failed to return in time, with a request that we ask our sending bank to make refund.
- (d) Each item returned unpaid should bear a notation clearly indicating the reason for return.
- (e) Complete description should be maintained on all return items, including amount, maker, payee, date of cash letter in which received, and transit number or name of our immediately preceding endorser. It is not necessary to send description along with items returned but complete record (by microfilm or other suitable means) should be kept by returning bank. Such records are essential in tracing lost items.

Uniform instructions regarding protest and wire advice of nonpayment

- (1) DO NOT PROTEST items of \$500 or less.
- (2) PROTEST dishonored items of \$500.01 or over, except those bearing on their face the A.B.A. no protest symbol of a Federal Reserve bank or of a preceding bank endorser.
- (3) DO NOT WIRE ADVICE of nonpayment of items of less than \$1,000.
- (4) WIRE ADVICE of nonpayment of all items of \$1,000 or over, except those not paid because of missing, irregular or unsatisfactory endorsement and those bearing on their face "DO NOT WIRE NONPAYMENT" with the A.B.A. transit number of a Federal Reserve bank or of a preceding bank endorser. Include in the wire advice of nonpayment the A.B.A. transit numbers or the names of the two endorsers immediately preceding the Federal Reserve bank.
- (5) DO NOT PROTEST AND DO NOT WIRE ADVICE of nonpayment of any check, regardless of amount, endorsed by the Treasurer of the United States, or endorsed for credit to the Treasurer of the United States, or bearing on its face or in an endorsement the legend "This check is in payment of an obligation to the United States and must be paid at par. N.P. Do not wire nonpayment" or words of similar import.

Preparation of wire advices of nonpayment

In furnishing wire advices of nonpayment, please prepare wires in the following specimen form:

"Returning \$1,513.24 insufficient funds yours 18th endorsed (A.B.A. numbers or names of our two preceding endorsers)"

A wire prepared in this form gives all essential information.

FOR DETAILED INSTRUCTIONS REFER TO PARAGRAPHS 22 TO 28 OF BULLETIN NO. 8 AS WELL AS OTHER APPLICABLE PROVISIONS, AS REFERRED TO IN FOOTNOTE 1, PAGE 1 OF BULLETIN NO. 8.