

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, April 30, 1965

“CHANGED” CHECKS

**To All Banks in the
Eleventh Federal Reserve District:**

If changed checks are deposited in your bank for collection, it would be of material assistance in the subsequent handling of such items if you will invalidate the magnetic ink encoding in the transit number field by punching out the three small marks (start symbol) at the right of the MICR transit number.

It will be helpful too, if you will inform your customers of the dangers inherent in the practice of using changed checks and suggest that they carry a supply of their own checks for use when the need arises.

A letter similar to this was circulated in November 1963, but the use of changed checks continues to be a serious problem. As you are aware, changed checks are those on which the maker crosses out the printed name of the drawee bank and writes in the name of another drawee bank. Usually, the maker does nothing to nullify the magnetic ink imprinting in the transit number field (an attempt to do so by ordinary means is not effective), and when the check is processed electronically it is routed to the bank originally imprinted. This misrouting causes a delay in presentation of the checks to the intended drawee bank and a corresponding delay in the return of unpaid checks to endorsers.

Where checks are being processed electronically by drawee banks, there is also the danger of the changed checks being charged to the wrong accounts, which would not become evident until the customers reconciled their bank statements.

Your help in eliminating changed checks from check collection channels will be appreciated.

Yours very truly,

Watrous H. Irons
President