



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 76-11
January 23, 1976

NEW PROCEDURE FOR HANDLING LATE RETURNS

TO ALL BANKS IN THE ELEVENTH FEDERAL RESERVE DISTRICT:

Effective February 2, 1976, the Federal Reserve System will adopt a new procedure for handling "late returns" -- dishonored checks that the paying bank allegedly has not returned or provided notice of dishonor for, before the time prescribed by Bulletins 8 and 11 of this Bank. The new procedure, which is designed to alleviate many of the problems now encountered by depositing banks, is stated in substance below:

1. If a sending bank asserts that it has incurred a financial loss due to the late return of an item, its local Federal Reserve office, without examining the circumstances of the case, will, upon receipt of the unpaid item with a letter or other written statement describing the circumstances of late return and resulting damages, revoke the credit granted the payor bank and provisionally credit the sending bank's account.
2. If (within 15 business days after advice that credit has been revoked) the payor bank asserts that the return of the questioned item was timely and returns the item accompanied with a statement of the details of its timely handling, the local Federal Reserve office, again without examining the circumstances of the case, will give credit to the payor bank and restore the charge to the sender's account.
3. If the banks involved wish to dispute the representations made in the statements described above, they are expected to correspond directly with each other to resolve the dispute.

Depositing or sending banks claiming credit for late return items under this procedure, in certifying the facts of case, may follow the enclosed example.

We hope that banks, in making use of this new practice, will make appropriate allowances for reasonable time lapses usually occurring in the check collection cycle and will limit claims for adjustment to obvious cases of delayed returns.

Revisions to Bulletins 8 and 11 will be forwarded to your bank in the near future.

If any questions or comments arise with respect to these policies, please contact J. A. Clymer, Assistant Vice President, at (214) 651-6337, or the appropriate officer at our El Paso, Houston, or San Antonio Branch.

Sincerely yours,

T. W. Plant

First Vice President

Enclosure

To: FEDERAL RESERVE BANK OF _____

The dishonored check described below and attached is being sent back to you because of LATE RETURN:

1. Amount _____
2. Dated _____
3. Drawn by (Maker) _____
4. Payable to (Payee) _____
5. Check No. _____
6. Handled by our bank (sending bank) as a cash item and sent to _____ in cash letter dated _____ totaling _____, tape total _____, listed between items for _____ and _____.
7. Handled by the drawee or paying bank as a cash item on (date) _____
8. Received on (date) _____ from your bank in return item letter dated _____, totaling _____, tape total _____, listed between items for _____ and _____

We claim that this item, according to our records and the endorsements and stamps on the item, was returned by the paying bank after its midnight deadline, and we certify that, as to notice of dishonor of the item, we received:

wire notice on (date) _____

no notice other than the returned item. (CHECK ONE)

We further certify that such delay in return caused us to incur a financial loss, in that

PLEASE CREDIT OUR ACCOUNT PROVISIONALLY AND ADVISE.

Sending Bank

By _____
Authorized Signature