

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 78-129
September 7, 1978

PROVISIONS OF 31 CFR 103
REGARDING CHECKS WRITTEN ON RED PAPER

TO ALL BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Reference is made to our Circular No. 78-65 dated May 23, 1978, concerning checks written on red paper and the related possibility of violation of 31 CFR 103.

The regulation requires each drawee bank to maintain either the original or a copy of all checks written for more than \$100. Some banks have inquired to Federal Reserve Banks whether the regulation requires that a copy of a check be legible if a copy is kept by the bank in lieu of the original in order to comply with the regulation.

The Department of the Treasury recently provided the Board of Governors of the Federal Reserve System with an interpretation of the Treasury regulation contained in 31 CFR 103 as it applies to microfilm copies of checks that are illegible because the checks were written on red paper. The interpretation states that "the word 'copy' implies duplication of an original and as close a resemblance to it as possible." Therefore, a violation of the regulation would occur if a drawee bank keeps only the required records of checks on microfilm and such records are not legible because the checks were written on red paper.

If you have any questions concerning this matter, please contact Larry J. Reck, Assistant Vice President at this Bank, at Ext. 6337.

Sincerely yours,

Robert H. Boykin

First Vice President

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-492-4403 (intrastate) and 1-800-527-4970 (interstate). For calls placed locally, please use 651 plus the extension referred to above.