

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 83-126

October 24, 1983

RETURN ITEM PILOT PROGRAM

RECLEARING OF AUTOMATED RETURNS

TO THE OPERATIONS OFFICER AT THE
DEPOSITORY INSTITUTION ADDRESSED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

On October 3, 1983, the Eleventh Federal Reserve District implemented Phase II of the return item pilot program as outlined in Circular No. 83-111 dated September 27, 1983.

During this phase of the pilot, automated equipment is used at the Dallas and Houston offices to process returns. Automation of return item processing requires encodable strips to be attached to the bottom of the checks or insertion of the items into transparent carrier documents. The unpaid items are encoded with the nine digit transit routing number of the institution of first deposit and the amount and then sorted to the endorsing institution.

It has come to our attention that some institutions are reclearing these unpaid items without removing the strips and carrier documents. This results in the items being sorted back to the institution of first deposit and not to the drawee institution. To insure the correct handling of automated returns that are recleared, please remove the strips and carrier documents prior to redepositing them in cash letters.

If you have any questions concerning these operational changes, please contact Charles R. Hunter, (214) 651-6160 at the Head Office; Martin E. Ramsey, (915) 544-4730 at the El Paso Branch; Louis R. Moore, (713) 659-4433 at the Houston Branch; or Rene' G. Gonzales, (512) 224-2141 at the San Antonio Branch.

Additional copies of this circular will be furnished upon request to the Public Affairs Department, Extension 6289.

Sincerely yours,



William H. Wallace
First Vice President