



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT
AND CHIEF OPERATING OFFICER

January 3, 1989

DALLAS, TEXAS 75222

Circular 89-1

TO: The Chief Operations Officer of
all financial institutions in the
Eleventh Federal Reserve District

SUBJECT

Revisions to Operating Bulletin 5 - Currency Coin And Food Coupons

DETAILS

The Federal Reserve Bank of Dallas has issued a revised Bulletin 5 to reflect various procedural changes in currency and coin operations. Listed below are some significant revisions made to this bulletin.

<u>Paragraph</u>	<u>Revision</u>
2.35	Financial institutions will conditionally be allowed to deposit unstrapped bundles of currency.
3.00	References to the ORDERRECORDER have been revised to reference the District Voice Response System.
3.05, 4.05	The phase-in of new currency bundling standards for financial institutions has been completed and is now a part of Bulletin 5.
4.05	Provides for the use of plastic bags in preparing currency shipments to the Reserve Bank and suggests the use of shrink wrap or cold seal bags on bundles before preparing shipments. Currency must be packaged using only one paper strap per 100 notes.
3.15, 4.10, 4.20	Assessment of a handling fee on registered mail shipments has been added.
4.15	Return of coin deposits improperly prepared or weighing out-of-tolerance.

For additional copies of any circular please contact the Public Affairs Department at (214) 651-6289. Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank (800) 442-7140 (intrastate) and (800) 527-9200 (interstate).

<u>Paragraph</u>	<u>Revision</u>
4.25, 7.10	Accounts are credited for the receipt of valuables subject to subsequent verification.
5.10	Requirements on gold coins and gold certificates have been revised.
7.05	In preparing packages of food coupons, only food coupons and no other material should be included. In selecting the method of shipping food coupons to the Reserve Bank, the food coupons should be handled as valuables.
7.10	The 2:00 p.m. cut-off time for food coupon receipts has been added.
8.00	A section has been added stating this Bank's right to amend this Bulletin.

ATTACHMENTS

The revised Bulletin 5 is attached and should be included in your Regulations Binders.

MORE INFORMATION

For more information, please contact Mary Louise Rosas (214) 651-6336 at the Dallas Office, Robert W. Schultz (915) 544-4730 at the El Paso Office, Luke E. Richards (713) 659-4433 at the Houston Office, or John A. Bullock (512) 224-2141 at the San Antonio Office.

Sincerely yours,



BULLETIN 5

**CURRENCY, COIN and
FOOD COUPONS**



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin sets forth the general terms and conditions with respect to the currency, coin and food coupon services provided by this Bank and the procedures that must be followed by depository institutions in their currency, coin and food coupon transactions with us.

TABLE OF CONTENTS

Section 1, DEFINITIONS AND REFERENCES

- 1.00 Reference to Bulletin 1
- 1.05 Federal Reserve Act
- 1.10 Department of the Treasury Circular No. 55

Section 2, GENERAL

- 2.00 Agreement to the terms of this Bulletin
- 2.05 Unnecessary shipments to and from this Bank
- 2.10 Receipt and distribution of currency and coin
- 2.15 Transportation policy
- 2.20 Money bags
- 2.25 Packaging material
- 2.30 Access policy
- 2.35 Currency verification policy

Section 3, SHIPMENTS FROM THIS BANK

- 3.00 Ordering currency and coin
- 3.05 Standard units
- 3.10 Closing hours and transportation schedules
- 3.15 Method of shipment
- 3.20 Advice of money shipment
- 3.25 Postal limitations
- 3.30 Verification of shipments
- 3.35 Entries to depository institution account

Section 4, SHIPMENTS TO THIS BANK

- 4.00 Control of shipments

- 4.05 Preparation of currency shipments
- 4.10 Method of shipping currency
- 4.15 Preparation of coin shipments
- 4.20 Method of shipping coin
- 4.25 Entries to depository institution account

Section 5, MISCELLANEOUS CURRENCY AND COIN

- 5.00 Counterfeit or altered
- 5.05 Foreign
- 5.10 Gold coin and gold certificates
- 5.15 Mutilated currency
- 5.20 Uncurrent coin

Section 6, RISK OF LOSS

- 6.00 Shipments from or to depository institutions by armored carrier
- 6.05 Shipments from or to depository institutions by registered mail
- 6.10 Exceptions
- 6.15 Differences
- 6.20 Payment of losses and subrogation of rights of recovery by depository institution

Section 7, FOOD COUPONS

- 7.00 General
- 7.05 Preparation of shipments
- 7.10 Entries to accounts
- 7.15 Liability
- 8.00 Right to Amend

Section 1, DEFINITIONS AND REFERENCES**1.00 Reference to Bulletin 1**

A number of terms used in this Bulletin are defined in Bulletin 1.

1.05 Federal Reserve Act

Federal Reserve notes are issued in accordance with Section 16 of the Federal Reserve Act.

**1.10 Department of the Treasury Circular
No. 55**

Regulations governing the exchange of coin and paper currency of the United States are set forth in this circular.

Section 2, GENERAL**2.00 Agreement to the terms of this Bulletin**

This Bulletin sets forth minimum standards and procedures which should be followed by this Bank (including its Branches) and its client institutions during currency, coin, and food coupon transactions. Any depository institution shipping or causing the shipment of currency, coin, or food coupons to, from, or for the account of this Bank, shall, by such action, be deemed to have agreed to the terms and conditions set forth in this Bulletin. It is assumed that in most cases such standards will be acceptable to all parties. However, if circumstances arise which make implementation of these procedures impracticable, this Bank will review, upon written request, the adoption of alternative arrangements.

**2.05 Unnecessary shipments to and from
this Bank**

Because of the high cost of maintaining cash services, the cooperation of depository institutions is requested to avoid unnecessary shipments. It is suggested that accumulations of currency or coin be obtained from other deposi-

tory institutions in the community if they are available. Depository institutions should anticipate their requirements and refrain from shipping to this Bank currency and coin fit for further circulation if money of the same denomination is likely to be needed in the near future. The interchange of currency and coin by local depository institutions and the exercise of care in anticipating requirements will reduce shipments to and from this Bank. This Bank will assist depository institutions in such coin and currency arrangements.

**2.10 Receipt and distribution of currency
and coin**

All United States currency and coin will be received for credit, redemption, exchange, or replacement, subject to the conditions stated herein and applicable Federal laws and regulations. This Bank will supply all available current denominations of currency and coin, in accordance with the rules of this Bank and regulations of the Treasury Department. The amount of new currency and coin shipped by this Bank will be governed by the amount of fit currency and circulated coin on hand.

2.15 Transportation policy

This Bank does not provide armored carrier service for deposits and withdrawals of currency and coin. All depository institutions in the Eleventh Federal Reserve District are required to make their own arrangements for armored carrier service for the shipment of currency and coin. This Bank will schedule regular delivery dates for the shipment of coin and currency to depository institutions located in the Eleventh District. Depository institutions are required to arrange their own armored carrier service to conform to this Bank's scheduling requirements. Depository institutions must notify this Bank by official correspondence of their authorized carrier.

2.20 Money bags

This Bank does not furnish money bags to depository institutions. Bags bearing the name of the Federal Reserve Bank, the United States Mint, or another institution may be used for money shipments to this Bank. Surplus empty bags of this Bank or other depository institutions should be returned to this Bank by armored carrier or fourth-class mail. The sender will be reimbursed for the expense. Empty bags bearing the name of a depository institution will be returned to that depository institution at the expense of this Bank.

2.25 Packaging material

All currency and coin packaging materials must be uniform and conform to existing ABA color standards and Federal Reserve packaging requirements. Information regarding such standards is available from this Bank.

2.30 Access policy

The Federal Reserve Board has clarified the Federal Reserve System's policy with regard to access to Federal Reserve cash services. The Reserve Bank should offer to make payments to and receive deposits from all offices of depository institutions on an equal and impartial basis, without charge, in accordance with the approved Uniform Cash Service Standards for Federal Reserve Banks and consistent with their capabilities to provide such service through maximum utilization of available physical facilities. The frequency of access will normally be once per week to each authorized depository institution or office. Less or more frequent access will be determined by volumes or by cost justifications but must be provided on an impartial basis to all similarly-situated depository institutions.

2.35 Currency verification policy

This Bank utilizes high-speed currency processing equipment to piece-count verify all currency

receipts. Denominations of \$1 and \$2 are processed in 1,000 note units. Should a discrepancy be detected within a 1,000 note unit, all 10 straps are returned to the depository institution because individual strap identity is not available. Denominations of \$5 and larger are processed in 100 note units, and each strap containing a discrepancy is returned to the depository institution. Financial institutions are permitted to deposit unstrapped currency in 1,000-piece bundles, provided a Reserve Bank's Letter of Acknowledgement agreement has been officially signed by the depositing institution and is on file with this Bank.

Section 3, SHIPMENTS FROM THIS BANK

3.00 Ordering currency and coin

Orders for currency and/or coin should be submitted by either the telephone or through the **RESPONSE** Network two business days prior to the delivery date. As orders are received, the message is **recorded**. The individual recorded submitting the order is required to give his name, name of depository institution, depository institution's ABA number, and denominations and amounts of currency and coin desired. The recorded message provides this Bank with the authority to charge the depository institution's account. Depository institutions ordering currency and coin that do not wish to have their account charged or credited for currency and coin transactions must request that a letter from their correspondent depository institution be forwarded to this Bank authorizing this Bank to charge or credit the correspondent depository institution's account for currency and coin transactions, including adjustments. A form for this purpose will be provided by this Bank upon request.

Depository institutions served by the Eleventh District where switching stations will carry a touch-tone telephone signal, are required to submit cash orders through the **RESPONSE** Net-

work or a voice-response system operated by this Bank. The Federal Reserve Bank Cash Department serving these institutions may be contacted for further information regarding the voice-response system.

3.05 Standard units

CURRENCY

Currency is strapped in standard 100-piece packages per denomination. Orders for currency must comply with one of the following guidelines:

- A. An institution (a corporate entity comprising the head office plus all branch offices) which orders currency in amounts exceeding an aggregate of \$50,000 per week may order only the standard currency units as follows:

Denomination	Dollar Amount
Ones	\$ 1,000
Twos	\$ 2,000
Fives	\$ 5,000
Tens	\$ 10,000
Twenties	\$ 20,000
Fifties	\$ 5,000
Hundreds	\$ 10,000

- B. An institution which orders currency weekly or less frequently in amounts not exceeding an aggregate of \$50,000 per week may order currency in the following standard units:

Denomination	Dollar Amount
Ones	\$ 1,000
Twos	\$ 200
Fives	\$ 500
Tens	\$ 1,000
Twenties	\$ 2,000
Fifties	\$ 5,000
Hundreds	\$ 10,000

- C. An office (an individual branch or main office of an institution) which orders currency

no more often than once each month may order less than the basic standard units regardless of the aggregate order of the institution as a whole. This Bank will establish its own minimum order size for each currency denomination, based on regional needs.

COIN

Coin is sacked in standard-sized bags by denomination. Orders for coin must comply with the following standard units or multiples thereof:

Denomination	Dollar Amount
Cents	\$ 50
Nickels	\$ 200
Dimes	\$ 1,000
Quarters	\$ 1,000
Halves	\$ 1,000
Dollars-Eisenhower	\$ 1,000
Dollars-Susan B. Anthony	\$ 2,000

3.10 Closing hours and transportation schedules

This Bank is closed on Saturdays, Sundays, and official bank holidays as set forth in Supplement A to Bulletin 1. Depository institutions are asked to keep this in mind, as well as armored carrier and registered mail delivery schedules, in anticipating their cash requirements. Orders for currency and coin must be received at this Bank no later than 2:00 p.m. two business days prior to the delivery date.

3.15 Method of shipment

Shipments of currency and/or coin from this Bank to depository institutions will be made by armored carrier in accordance with the transportation policy stated in Paragraph 2.15 of this Bulletin, by fourth-class insured mail, or by registered mail, whichever method is appropriate under the circumstances. The actual cost of postage and insurance to ship cash from this

Bank, plus a handling fee, will be charged to the receiving financial institution.

3.20 Advice of money shipment

A mail advice will be sent to depository institutions covering each shipment made by registered and/or insured mail, and, if the shipment is not received promptly, the Reserve Bank Office making the shipment should be notified immediately by telephone or telegraph. In addition, a daily statement will be sent to each depository institution listing money shipments, as well as all other transactions, with this Bank. This statement should be reconciled by depository institutions on a daily basis to insure that all shipments have been received and that their account has been charged correctly.

3.25 Postal limitations

The United States Postal Service has imposed certain limitations and restrictions on the shipment of money to certain towns. Depository institutions affected have been apprised of these limitations and restrictions and their cooperation in this respect is solicited in placing orders with this Bank. Depository institutions are also requested, as a practical measure, to place orders for currency and coin so that they can be dispatched for arrival and delivery on a business day. Postal authorities have ruled it unwise to permit the dispatch of money which would be held over at the receiving post office when the office is closed.

3.30 Verification of shipments

All currency received from this Bank should be verified as follows:

- A. Within three business days of receipt, by those depository institutions served directly for their own use more than once a week.
- B. Within five business days of receipt, by those depository institutions served directly

for their own use once a week or less frequently.

All coin received from this Bank should be verified within five business days of receipt.

The money shipment should be verified by two or more responsible employees in the presence and view of one another. Currency should be verified by piece count, whereas coin may be verified by piece count, weight, or by roll count. Until verified, the currency and coin should be held under dual control. If a discrepancy is found upon verification, this Bank should be informed as soon as possible. If the exception relates to currency, the package strap and a copy of the shipping advice should be returned to this Bank.

The procedure for reporting discrepancies located in new currency strapped or packaged by the Bureau of Engraving and Printing is as follows:

- A. The reporting depository institution submits to this Bank a written explanation, signed by an official of the reporting institution, describing the procedure used to verify the shipment in which the discrepancy was located.
- B. The reporting institution returns to this Bank, with the written report, the wrapping, label, and package strap involved with the claim, identification data including the denomination, series, and serial number(s), along with suffix letter(s) of the missing note(s) as well as the date the shipment was received and the date it was verified. (Claims for an entire 100 note package discrepancy in a brick of new currency will not be honored unless the entire brick is returned, intact, to this Bank.)
- C. This Bank will forward the information to the appropriate division of the Treasury Department and will make settlement once the Treasury response is received.

D. Settlement will not be made for a difference alleged by an individual (customer) or commercial entity doing business with a financial institution.

If the exception relates to coin, the attached tag(s) should be returned to this Bank. If an exception is found in a bag of Mint coin, the Mint bag should be returned to this Bank. Where disbursement of currency or coin is made without verification, this Bank will assume no liability. These guidelines all assume that the recipient depository institution (including its branches) verifies the deposit. Claims by client depository institutions other than the recipient depository institution or its branches will not be honored.

3.35 Entries to depository institution account

This Bank will charge the amount of currency and coin shipment orders to the account on the books of this Bank maintained or used by an ordering depository institution on the anticipated delivery date as determined by this Bank.

Should a shipment of cash from this Bank not be received, the shipment charge will not be adjusted.

For shipments debited after shipment by this Bank, the right is reserved by this Bank to adjust the time of debiting when it is deemed such adjustment is necessary, and this Bank will endeavor to give notice of such adjustment.

The foregoing provisions do not alter the risk of loss provisions in this Bulletin.

Section 4, SHIPMENTS TO THIS BANK

4.00 Control of shipments

All shipments will be prepared and verified by two or more responsible employees of the shipping depository institution and the sealed package should remain under the control of the same two employees until delivered to and receipted

for by the armored carrier, or until deposited and registered at the post office.

4.05 Preparation of currency shipments

All currency included in each shipment must be straightened, sorted, and packaged by denomination, face and top up, and be enclosed in standard ABA color-coded paper currency straps, each strap containing 100 notes, with the name and location of the sending depository institution, date of verification, amount, and identification of the employee counting the package appearing on each strap. **Each standard package of 100 notes should be contained in a single, paper currency strap.** As stated in Paragraph 2.35 of this Bulletin, financial institutions are permitted to deposit unstrapped currency in 1,000-piece bundles per denomination, provided this Bank's Letter of Acknowledgement agreement has been officially signed by the depositing financial institution and is on file with this Bank.

Currency shipments to this Bank must be bound in standard 100 piece packages per denomination. Shipments of currency must comply with one of the following:

A. An institution (a corporate entity comprising the head office plus all branch offices) depositing currency in amounts exceeding an aggregate of \$50,000 per week may deposit only the standard units or multiples thereof as follows:

Denomination	Number of Straps	Dollar Amount
Ones	10	\$ 1,000
Twos	10	\$ 2,000
Fives	10	\$ 5,000
Tens	10	\$ 10,000
Twenties	10	\$ 20,000
Fifties	1-10	\$ 5,000- 50,000
Hundreds	1-10	\$ 10,000- 100,000

B. An institution depositing currency weekly or less frequently in amounts not

exceeding an aggregate of \$50,000 per week may deposit currency in the following standard units or multiples thereof:

Denomination	Number of Straps	Dollar Amount
Ones	10	\$ 1,000
Twos	1	\$ 200
Fives	1	\$ 500
Tens	1	\$ 1,000
Twenties	1	\$ 2,000
Fifties	1	\$ 5,000
Hundreds	1	\$ 10,000

C. An office (an individual branch or main office of an institution) which deposits currency no more often than once each month may deposit less than the basic standard units, regardless of the aggregate deposit of the institution as a whole. This Bank will establish its own minimum deposit size for each denomination, based on regional volumes.

Currency that cannot be bundled as described in the preceding tables because of insufficient quantities of notes must be retained until enough currency of the appropriate denomination has been accumulated to complete standard strap and/or bundle units. Currency denominations cannot be mixed within a strap or bundle. Unusual circumstances should be referred to this Bank in writing for authorization and approval.

Under no circumstances should rubber bands, pins, or clips be substituted for paper straps. Each unit must be securely tied so as to avoid collapse while in transit. When shipments are made by mail, the weight of all units allowed in one bag and under one registry is determined by postal regulations. Shipping costs can be reduced by placing a number of units in each bag; however, the bag should not exceed the weight allowed.

On the date of shipment, if the currency is sent by registered mail, a notice must be mailed, un-

der separate cover, to the Cash Department of this Bank, giving the date, amount, and description of the shipment. All other copies of the advice, excluding the shipping depository institution's copy, must be enclosed with the shipment. If the currency is sent by armored carrier, the original copy of this notice must be handed to the armored carrier representative. With the exception of the shipping depository institution's copy and copy provided the carrier, all other advice copies should be enclosed with the shipment. A supply of forms for this purpose will be furnished upon request.

Torn notes should be carefully mended on the back with transparent cellophane tape in such a manner as to preserve the original design and visual identification of the face of the notes. Pins, clips, and other metallic substances, if not removed, could cause injury to the handlers and damage the machinery used in processing currency. Failure to comply with the foregoing impedes the process of handling and may delay final verification.

Depository financial institutions are encouraged to consider the use of innovative means to ship currency to this Bank, i.e., boxes, trays, trunks, etc; however, the use of such means must be approved by this Bank before being implemented. The contents of all shipments must be enclosed in cloth, canvas or plastic bags. Plastic bags should be of high quality, minimum thickness of .005 mil, preferably fractional melt and low density polyethylene. To reduce the risk of loss, this Bank strongly encourages depository financial institutions to place currency bundles in bags, i.e., shrink wrap or cold seal, before being placed in the final shipping bag. Should the depository financial institution elect not to use shrink wrap or cold seal internal preparation, this Bank strongly encourages the depository institution to secure the contents of the shipment in one bag and place this sealed bag in a second sealed bag before forwarding the shipment to this Bank. All bags must be well secured and sealed in a

manner acceptable to this Bank, the post office, or armored carrier at the place of mailing or dispatch. The seal on the bag should bear the identity of the shipping depository institution.

Upon initial receipt of shipment at this Bank, should there be any evidence of a torn, damaged bag or broken, altered, loose or improper seal, or any sign of tampering, the depositing institution will be contacted immediately for further handling instructions. This Bank reserves the right to refuse to accept a shipment that is improperly prepared.

Only unfit and excess fit currency should be shipped to this Bank. Depository institutions will not be allowed to ship fit currency to this Bank and then order the same denomination of currency within five business days. Deposits should be presorted by strap as to fit and unfit currency.

4.10 Method of shipping currency

Currency of all denominations shipped by depository institutions should be forwarded by armored carrier or by registered mail when armored carrier service is not available. Depository institutions must make their own transportation arrangements. Shipments by registered mail must only be made when armored carrier arrangements cannot be made. This Bank will charge a handling fee for all shipments received by registered mail.

4.15 Preparation of coin shipments

Coin must be shipped to this Bank, loose, in heavy canvas bags, each bag containing coin of only one denomination. A standard, ABA color-coded tag should be affixed to each bag showing the name of the shipping depository institution and denomination of coin. In addition, the bags of coin must be securely sealed, and the seal should bear the identity of the shipping depository institution. Coin shipped to this Bank must be sacked as follows:

Denomination	Dollar Amount
Cents	\$ 50
Nickels	\$ 200
Dimes	\$ 1,000
Quarters	\$ 1,000
Halves	\$ 1,000
Dollars-Eisenhower	\$ 1,000
Dollars-Susan B. Anthony	\$ 2,000

This Bank will return all bags of coin, at the sender's expense, which do not comply with the above-mentioned requirements and may, also at the sender's expense, return bags weighing out-of-tolerance. On the date of shipment, if the coin is sent by registered or insured mail, a notice must be mailed to the Cash Department of this Bank, giving the date, amount, and description of the shipment. If the coin is sent by armored carrier, this notice must be handed to the armored carrier representative. A supply of forms for this purpose will be furnished upon request.

4.20 Method of shipping coin

Coin of all denominations shipped by depository institutions should be forwarded by armored carrier if this service is available. If a depository institution is not on an armored route, shipments of coin should be made by registered and/or insured mail in accordance with existing postal regulations. This Bank will charge a handling fee for all shipments received by registered mail.

4.25 Entries to depository institution account

In general, this Bank will credit the account on its books, maintained or used by a depository institution on the day a shipment of currency and/or coin is received. However, for a depository institution which elects to utilize the Bank's alternative credit procedures, credit will be given on the day currency and coin is shipped to this Bank if notification is received in approved form before 2:00 p.m. that day. If notification is received late, this Bank will give credit on the next banking day. If notification is not

given, this Bank will give credit on the day the deposit is received. In most cases, credit, when notification is given, benefits only depository institutions which are exempt from reserve requirements, or whose vault cash exceeds its reserve requirements. Conditional credit is given for currency shipments, subject to subsequent verification.

If a depository institution arranges or contracts for transportation of a shipment to this Bank, including a shipment by mail, and the shipment is not received on the anticipated date of delivery as determined by this Bank, the credit will be reversed.

For shipments credited prior to receipt by this Bank, this Bank reserves the right to adjust the time of crediting when deemed such adjustment necessary, and will endeavor to give notice of such adjustment.

The foregoing provisions on credit, do not alter the risk of loss provisions in this Bulletin.

Section 5, MISCELLANEOUS CURRENCY AND COIN

5.00 Counterfeit or altered

In accordance with Treasury Department regulations, all counterfeit or altered currency and coin must be delivered to an agent of the United States Secret Service. Accordingly, all counterfeit currency and coin received by this Bank will be delivered to a Secret Service Agent whose receipt, fully describing the counterfeit currency or coin, will be mailed to the depositor.

5.05 Foreign

Foreign currency or coin will not be accepted for credit and, if received, will be returned to the shipping depository institution.

5.10 Gold coin and gold certificates

Gold coins having a recognized special value to collectors of rare or unusual coins, including all gold coins made prior to April 5, 1933, have been exempted from any surrender requirements and may be retained by the persons owning them. Gold certificates were withdrawn from circulation and surrendered to the United States Treasury under the provisions of the Gold Reserve Act approved January 30, 1934. While today gold certificates are not redeemable in gold, they are redeemable at face value in Federal Reserve Notes.

5.15 Mutilated currency

A mutilated bill will be received at its face amount if clearly more than one half of the original bill remains. Fragments that are not clearly more than one-half should be sent directly to the Treasury Department, Bureau of Engraving and Printing, OCRDS, BEPA Room 344, P.O. Box 37048, Washington, D.C. 20013, in accordance with Treasury Department Circular No. 55, copies of which will be furnished upon request. Such fragments will be exchanged at face value only if the Commissioner, Bureau of Government Financial Operations, Department of the Treasury, is satisfied that the missing portions have been totally destroyed, and his judgement is based on such evidence of total destruction as he deems necessary and is final.

5.20 Uncurrent coin

Uncurrent coins, defined in the Treasury Circular No. 55 as whole, United States coin which are merely worn or reduced in weight by natural abrasion yet are readily and clearly recognizable as to genuineness and denomination and which are machine countable, are accepted for face value at this Bank. For the redemption of coins

other than current coins or machine countable uncurrent coins, refer to Treasury Circular No. 55. Copies of this circular are available from this Bank upon request.

Section 6, RISK OF LOSS

6.00 Shipments from or to depository institutions by armored carrier

Except as specifically provided in paragraphs 6.10 and 6.15 A., below, the risk of loss for mysterious disappearances of currency or coin from deposits with this Bank by armored carrier is assumed as follows:

A. When this Bank receives for deposit a bag or other container that is damaged, bears a broken, altered, loose, or improper seal, or otherwise bears signs of tampering, and currency or coin has disappeared mysteriously from that bag, or container, the sending depository institution assumes the risk of loss for that mysterious disappearance and shall resolve the matter solely with the armored carrier or its agents. In order to preserve the sending depository institution's claim against the armored carrier, this Bank will note the condition of the bag or other container for special processing.

B. When this Bank receives a deposit from which currency or coin has disappeared mysteriously and all bags or other containers in that deposit have been received in a well-secured condition, bearing proper seals, the sending depository institution assumes the risk of loss for that mysterious disappearance and shall resolve the matter solely with the armored carrier or its agents, unless the Bank receives satisfactory evidence that the mysterious disappearance occurred after the Bank received the deposit, in which case this Bank assumes the risk of loss.

Except as specifically provided in paragraphs 6.10 and 6.15 B., below, the risk of loss for mysterious disappearances of currency or coin from shipments to depository institutions from this Bank by armored carrier is assumed as follows:

C. When a depository institution receives a shipment containing a bag or other container that is damaged, bears a broken, altered, loose, or improper seal, or otherwise bears signs of tampering, and currency or coin has disappeared mysteriously from that bag or container, the receiving depository institution assumes the risk of loss from that mysterious disappearance and shall resolve the matter solely with the armored carrier or its agents. The depository institution should note that, in order to preserve its right of action against the armored carrier, the depository institution should establish management procedures providing for notice to the armored carrier's management that would enable the parties to arrange for appropriate handling of any bag or other container that bears visible signs of tampering. Also, the depository institution shall notify this Bank as soon as possible upon discovery of a mysterious disappearance of currency or coin described in this subparagraph C.

D. When a depository institution receives a shipment containing a bag or other container from which currency or coin has disappeared mysteriously and all bags or other containers in that shipment have been received in a well secured condition, bearing proper seals, the receiving depository institution assumes the risk of loss for that mysterious disappearance and shall resolve the matter solely with the armored carrier. The depository institution shall notify this Bank as soon as possible upon discovery of any mysterious disappearance of currency or coin, regardless of whether the mysterious disappearance would cause a loss of the

type for which this Bank assumes the risk. In a case described in this subparagraph D, this Bank assumes no risk of loss unless this Bank receives satisfactory evidence that the mysterious disappearance occurred before the shipment was tendered to the armored carrier.

If a mysterious disappearance of currency or coin or other loss is litigated in a court of competent jurisdiction, and if the court finds that the loss shall be apportioned otherwise than in accordance with subparagraphs A through D, above, then the risk of loss shall be assumed in accordance with and in the same proportions as those stated in the court's opinion. In case of any such reapportionment of the risk of loss, the parties shall reimburse each other to the extent necessary to reflect the reapportionment. This Bank's decision as to the persuasiveness of evidence submitted to this Bank under this paragraph shall bind all parties, in the absence of or until findings as to apportionment of loss are issued by a court of competent jurisdiction.

6.05 Shipments from or to Depository institutions by registered mail

A. When a depository institution ships currency or coin to this Bank by registered mail, the institution shall insure the shipment for full face value. Proceeds of the insurance should be payable to the sender. This Bank assumes no risk of loss for shipments of currency or coin to this Bank by registered mail.

B. On shipments to depository institutions by registered mail, this Bank will assume the risk of loss of coin and currency from the time this Bank delivers the coin and currency to and receives a receipt from the United States Postal Service until the coin

and currency is delivered to the addressee or its agent or is returned to this Bank.

6.10 Exceptions

This Bank will not assume any risk of loss in any of the following circumstances:

A. Any loss in excess of \$10,000,000 on all shipments to this Bank by any one office of a depository institution on any one day.

B. Any loss caused by or resulting from:

1. hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack

a) by any government or sovereign power (de jure or de facto), or by an authority maintaining or using military, naval or air forces; or

b) by military, naval or air forces; or

c) by an agent of any such government, power, authority or forces;

2. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;

3. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, or confiscation by order of any government or public authority;

4. nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by risks assumed by this Bank.

C. Any loss caused by any dishonest, fraudulent or criminal act of an employee, agent, or contracted armored carrier service of any depository institution shipping, causing, ordering or receiving the shipment.

D. Any loss to the extent covered by any insurance, whether primary or excess, carried by the depository institution shipping, causing, ordering or receiving the shipment.

E. Any loss on any shipment by any depository institution not made in conformity with the provisions of this Bulletin.

F. Any loss on any shipment during any transportation not contracted for by this Bank.

6.15 Differences

A. This Bank will not be responsible for the amount by which a shipment of cash received by this Bank is less than the amount as stated by the shipping depository institution when the depository institution has not followed the preparation and shipment procedures in Section 4 of this Bulletin.

B. This Bank will not be responsible for the amount by which a shipment of cash received by a depository institution is less than the amount as stated by this Bank when the depository institution has not followed the verification procedures in Section 3 of this Bulletin.

6.20 Payment of losses and subrogation of rights of recovery by depository institution

The amount of any loss, the risk of which is assumed by this Bank under the terms of this Bulletin, will be paid promptly by this Bank upon receiving from the depository institution sustaining the loss, in a form satisfactory to this

Bank, a written proof of loss, receipt, and any other necessary documents, including, but not limited to, an assignment of its rights, title, and interest in the lost property. The depository institution receiving any such payment shall take all necessary measures in behalf, and at the risk and expense, of this Bank for the recovery, reissue, or replacement of such property, including the institution of legal proceedings in its own name, if deemed necessary by this Bank.

Section 7, FOOD COUPONS

7.00 General

This Bank will handle food coupons as cash items under an agreement between the Secretary of Agriculture, on behalf of the United States, and the Reserve Banks as depositories and fiscal agents of the United States pursuant to authorization of the Secretary of the Treasury. As to matters that agreement does not cover, Regulation J, this Bulletin, and this Bank's time schedules apply. This Bank receives food coupons only from (a) depository institutions that maintain accounts with this Bank and that are (i) insured by the Federal Deposit Insurance Corporation ("FDIC") or Federal Savings and Loan Insurance Corporation ("FSLIC") or (ii) insured under the Federal Credit Union Act and have retail stores or wholesale food concerns in their field of membership ("eligible credit unions"), and (b) FDIC- and FSLIC-insured depository institutions and eligible credit unions that do not maintain accounts with this Bank but that have made arrangements to send coupons to this Bank for crediting to the account of a depository institution maintaining an account with this Bank. Other depository institutions should forward food coupons through ordinary collection channels.

Depository institutions sending coupons should follow instructions of the United States Department of Agriculture for handling coupons (7 Code of Federal Regulations, Part 278.5). This

Bank will furnish additional information about the collection of food coupons on request.

7.05 Preparation of shipments

Depository institutions should send redeemed food coupons to the office of this Bank that maintains the account to which the proceeds are to be credited. The procedure in preparing food coupons for shipment to this Bank is as follows:

A. All coupons must be detached from booklet covers.

B. Any coupon accepted for redemption must show on its back either (i) the AUTHORIZATION NUMBER or (ii) the name of the authorized retail food store, meal service, or wholesale food concern, if any. Each coupon must be cancelled by the first depository institution that receives it by indelibly marking "PAID" or "CANCELED" and the depository institution's name or institutional identifier on the face of the coupon. No coupon should be endorsed by a depository institution.

C. Food coupons must be sorted by denomination, face and top up, and enclosed in a paper strap. Under no circumstances will rubber bands, pins, or clips be accepted as substitutes for paper straps. Each strap should contain only food coupons, i.e., no foreign material such as paper, adding machine tapes, etc.

D. The name and location of the shipping depository institution, the amount, the date, and identification of the employee who counted the coupons must be plainly marked on each strap.

E. Coupons must be separately sorted into standard straps of 100 coupons of the same denomination. Odd (less than 100) coupons must be retained until standard straps can be assembled and then included with a subsequent shipment.

F. After sorting and strapping as directed above, the coupons should be assembled 10 straps to a bundle, and secured to make a compact bundle. Do not mix denominations in a bundle. If the shipment of standard 10-strap bundles presents a hardship to the shipping depository institution, the Cash Department of the office of this Bank serving the shipping institution should be contacted so that other shipment arrangements may be made. Only under unusual conditions and after approval has been granted by the office of this Bank serving the shipping institution will a shipment of odd straps be accepted.

G. When submitting food coupons for credit, a Food Coupon Deposit Document, Form FNS-521, properly prepared according to the accompanying instructions, must accompany the coupons. A mailing label (available from this Bank) must be affixed to the outside of the envelope or container used for shipping coupons to this Bank, along with the name and address of the shipping depository institution. Do not include food coupons with any other matter sent to this Bank. Food coupons must be shipped in sealed packages or containers strong enough to ensure receipt at this Bank in a secure condition. A depository institution must verify the amount of the coupons being redeemed by recording its count on a Redemption Certificate (Form FNS-278) and must submit the completed Redemption Certificate with its deposit. All Redemption Certificates on hand at the time coupon shipments are prepared are to be machine listed, a copy of the listing attached to the front of the bundle, and forwarded along with the food coupons to this Bank. The total amount of the Redemption Certificates being forwarded is to be listed in the area provided on the Food Coupon Deposit Document, Form FNS-521.

H. Food Coupons should be forwarded as a separate deposit, handled as valuables, and should be directed to the attention of the Cash Department, Food Coupons Section. The Form FNS-521 accompanying a food coupon deposit should show the total number and amount of each denomination of coupons enclosed. No provision is made by this Bank for reimbursing depository institutions for the cost of shipping food coupons.

I. In accordance with the regulations of the United States Department of Agriculture [7 CFR 278.5(a)] a portion of a food coupon consisting of less than three-fifths of a whole coupon shall not be accepted for redemption.

7.10 Entries to accounts

Conditional credit is given for properly prepared, redeemed food coupons provided the deposit is received at this Bank office by 2:00 p.m.

subject to subsequent verification. Credit for food coupons will be made to the account of the shipping depository institution or to the account of the designated correspondent depository institution. Agreement forms will be provided by this Bank upon request for those depository institutions that wish to designate a correspondent through which credit will be received.

7.15 Liability

Neither this Bank nor the Department of Agriculture is liable for food coupons lost in transit to this Bank. Shipping depository institutions may wish to insure food coupon shipments and retain records to assist in substantiating insurance claims for coupons lost in transit.

8.00 Right to Amend

This Bank reserves the right to withdraw or amend any of the provisions of this Bulletin and its Appendices, if any, without notice, at any time.