Federal Reserve Bank of Minneapolis

C-6 CHECK DEPARTMENT 8-76

Methods

Produced for Banks of the Ninth Federal Reserve District

HANDLING FOOD COUPONS

The Food Coupon Program of the United States Department of Agriculture attempts to increase food purchasing capacity of low income families of America. Qualifying families are allowed to buy, at discount, coupons that carry stipulated dollar values when exchanged for food. The volume of coupons that may be purchased depends upon family size and income. Moreover, price paid for coupons depends upon family income, with lower income households paying less for monthly coupon supplies than higher income households.

Holders of food coupons can exchange them at face value for eligible foods at retail stores that have been approved to redeem coupons by the U.S. Department of Agriculture. Coupons are engraved, 2½ x 5½ inches in size, and come in denominations of one dollar (brown), five dollars (purple) and ten dollars (blue-green).

Retailers may redeem coupons accepted from customers by depositing them in commercial banks or by transmitting them to approved food wholesalers. In both cases they receive face value credit for the coupons.

This issue of *METHODS* reviews procedures banks should follow when they receive food coupon deposits from food retailers and wholesalers and, in turn, deposit coupons with the Fed for credit.

REDEMPTION CERTIFICATES MUST ACCOMPANY DEPOSITS AT YOUR BANK

Food retailers or wholesalers depositing coupons at your bank must demonstrate that they are an authorized redemption center by submitting with each deposit of coupons a signed and executed "Food Stamp Redemption Certificate" (forms FNS-278A and FNS-253-1, respectively).

Stores must mark the back of each coupon with their authorization number or their name.

When you receive a deposit of coupons and certificate(s), your bank identification should be stamped in the space provided on each certificate.

HOLD CERTIFICATES UNTIL YOU HAVE RECEIVED PAYMENTS FOR COUPONS

You are advised to hold redemption certificates until you have received payment from us or your correspondent bank for your deposit. This insures your ability to provide information if coupons are lost in transit. *Redemption Certificates should not be mailed to the Federal Reserve Bank.* After you have received payment, forward certificates to:

ADP Field Office
Food Stamp Control Unit
Food & Nutrition Service, USDA
3930 West 65th Street
Minneapolis, Mn 55435

REDEMPTION BY MEMBER AND NONMEMBER BANKS

Ninth District banks that are members of the Federal Reserve System can deposit food coupons with us for credit to your reserve account or to the Ninth District correspondent bank of your choice.

Nonmember banks may send deposits to a correspondent bank that is a member of the Federal Reserve System or you may send them directly to the Fed for credit to the Ninth District correspondent bank of your choice. If you choose to send directly, we will provide you with appropriate agreement forms to be signed by your correspondent. We will then inform you of the effective date when you may begin sending deposits directly to us.

Montana nonmember banks should use Montana correspondent banks only.

PREPARATION OF YOUR DEPOSITS

You should indelibly mark the *face* of each food coupon you receive with "paid" or "canceled," and your ABA number or

FORM FNS-278A (9-75)

U.S. DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE

FOOD STAMP REDEMPTION CERTIFICATE

(A) VALUE OF COUPONS — DOLLARS: 4 3 9 — CENTS: 0 0

FOR USDA USE ONLY — AUTH. NO. (15-21)

USE A #2 PENCIL ONLY

INSTRUCTIONS TO FIRM

1. Separate coupons by denomination.
2. Item (A), show value of coupons being redeemed.
3. In the red area, place a single vertical line within boxes which match numbers shown in item (A). If you make a mistake, erase completely and start over.
4. Item (C), enter name and address of bank or wholesaler redeeming coupons

DO NOT BORROW, LEND OR MAKE DUPLICATES OF REDEMPTION CERTIFICATES.

BANK STAMP

(B) FIRM
JOHN DOE MARKET
123 MAIN STREET
WASHINGTON, D.C. 20016
FIRM'S AUTH. NO. → 9999999

(C) BANK OR WHOLESALER
NAME: No Name Bank
ST. & NO.: 400 Oak Street
CITY, STATE, & ZIP CODE: Washington DC 20017

SAMPLE

(D) CERTIFICATION OF FIRM'S REPRESENTATIVE *(Must be completed by Firm's Representative)*
SIGNATURE: John Doe — TITLE: Owner — DATE: 10-1-71

This is to certify that the food coupons submitted herewith for redemption were accepted in accordance with the Food Stamp Program Regulations.

DO NOT FOLD, STAPLE OR MUTILATE

INSTRUCTIONS TO WHOLESALERS:
(1) In presenting coupons to banks, separate coupons by denomination. (2) BLOCK A: Show name and address of bank redeeming or crediting coupons. (3) BLOCK B: Show firm's name, address, and authorization number and the date. (4) BLOCK C: Show value of coupons being redeemed. (5) BLOCK D: Be sure the certification is signed by the firm's representative and that his title is given. (6) BLOCK E: *(On reverse)* Furnish names or authorization numbers of retailers and value of coupons redeemed by each. (7) Attach certificates received from retailers. (8) If you also engage in retail business, prepare a separate Retail Merchant's Food Stamp Program Redemption Certificate (Form FNS-253) for all coupons redeemed from your retail outlet.

(A) NAME AND ADDRESS OF BANK
Hometown SAVINGS (NAME)
100 Main Street (STREET AND NO.)
Hometown, HT 10000 (CITY AND STATE)

(B)
Firm Atlas Wholesalers — Authorization No. HT-1-23 W
Address 1 Vine St., Hometown, HT 10000 — Date 6-1-74

(C) TOTAL VALUE OF COUPONS REDEEMED → $ 72.50

BANK'S STAMP

(D) CERTIFICATION
This is to certify that the food coupons submitted herewith for redemption were, in accordance with the regulations governing the Food Stamp Program, received by the above-named authorized wholesale food concern from authorized retail food stores accompanied by the attached Food Stamp Program Redemption Certificates signed by the food retailers. It is further certified that none of said coupons were knowingly accepted from any person who had no right to transfer, exchange, or negotiate said coupons under the regulations.

By John Doe (SIGNATURE OF FIRM'S REPRESENTATIVE) — Title Cashier

FORM FNS-253-1 (10-70) — WHOLESALER'S FOOD STAMP PROGRAM REDEMPTION CERTIFICATE — U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE

FORM FNS-253-1 (REVERSE)

(E) NAME OR AUTHORIZATION NO. OF RETAILER	TOTAL VALUE OF STAMPS
Hometown Market	17.00
John's Grocery	10.00
000320-6	40.00
000311-5	5.50
TOTAL*	72.50

*NOTE: This total must agree with the total value of stamps shown in block "C."

GPO : 1970 O - 407-982

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bank name (USDA requirements). If you receive coupons from another bank you *still* need to mark your ABA number or your bank name on each coupon. This permits us to determine the bank that ultimately deposited the coupons with us — which we are obligated to do by regulation.

Depositing banks should sort coupons by denomination and use paper straps to package groups of coupons — both full packages (100 coupons) and odd packages (less than 100 coupons). Each strap should clearly indicate the depositing bank's name or ABA number, the number of coupons in the package, and the cash letter date. If you wish, you may include other identifying information on the straps (depositing store, etc.).

Banks depositing with the Minneapolis Fed who deposit 300 coupons or more per week are to deposit coupons *only* in packages of 100 coupons. Those banks are not to deposit odd packages. Banks who deposit less than 300 coupons per week are permitted to deposit odd packages provided that the deposit is sent to us on Tuesday.

Banks depositing with the Helena Branch who choose to deposit on a daily basis are to deposit coupons *only* in packages of 100 coupons. Those banks are not to deposit odd packages. If Montana banks prefer, they may send odd packages to the Helena Branch, but those banks are limited to sending one deposit per week — to be mailed any day they prefer.

CASH LETTER PREPARATION

Food Coupon deposits sent to the Minneapolis Fed should be accompanied by a deposit form T-536 ''Immediate Credit'' Food Coupons Cash Letter. We will send a supply of these forms to you. The original of this form should accompany each deposit and the second copy should be retained for your files.

To assist you in preparing coupons for shipment to the Minneapolis Fed, a supply of colored, gummed, pre-addressed mailing labels will also be sent to you. One of these labels should be affixed to each package *and should only be used on deposits of Food Coupons.* This will enable us to quickly identify your deposits and promptly route them to the processing unit.

Food Coupon deposits sent to the Helena Branch should be accompanied by the first two copies of deposit form FS-3-H, Food Coupon Cash Letter; the third copy is retained for your records. The cash letter should be placed in the small envelope attached to the shipping envelope or bag.

The Food Coupon Cash Letters and special shipping envelopes will be supplied upon request from the Helena Branch, and should be used only for shipment of food coupons.

CREDIT

Immediate credit is given for food coupon deposits received in Minneapolis up to 12:30 p.m. Monday through Friday, or in Helena up to 1:00 p.m. Monday through Friday.

ADJUSTMENTS

Adjustments on deposits received from a member bank will be credited or debited to your reserve account. An advice of the transaction will be mailed to your bank.

Adjustments on deposits received from a nonmember bank will be credited or debited to the correspondent bank designated by the nonmember bank. An advice of the transaction will be mailed to the correspondent bank and to the depositing bank.

Straps from packages containing differences will be returned to the depositing bank along with the advice of the transaction.

MUTILATED COUPONS

Mutilated coupons will be accepted at face value if fragments describe not less than three-fifths (3/5) of the original coupon. Coupon portions less than three-fifths (3/5) of the original whole coupon cannot be accepted for redemption.

SHIPMENTS

Fourth Class Mail (Parcel Post) may be used to forward coupons

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FS-3-H **FOOD COUPON CASH LETTER** 4-0-04

FROM:

TO:

FSC Division
Federal Reserve Bank, Helena Branch
Helena, Montana 59601

Date ____________________

________ @ $ 1.00=$________

________ @ $ 5.00=$________

________ @ $ 10.00=$________

TOTAL $________

Food coupon deposit received and credited subject to piece count verification.

Assemble each denomination in bundles of 100 coupons, with one odd numbered bundle of coupons for each denomination.

1

Retain this copy for your records. 3

T –536

TO: Federal Reserve Bank of Minneapolis ____________________ Date

FROM:

________ @$ 1.00 ________

________ @$ 5.00 ________

________ @$10.00 ________

GRAND TOTAL ________

IMMEDIATE CREDIT

FOOD COUPONS

Immediate credit is subject to piece count verification.

to the Fed or to your correspondent bank if the Food Stamp Program Authorization Number or the name of the retail food store or wholesale food concern is stamped on the coupon rather than handwritten.

Shipment to the Minneapolis Fed by Courier is acceptable if you have such service.

Courier service *cannot* be used for shipments to the Helena Branch. Deposits sent to the Helena Branch should be addressed to: P.O. Box 1171.

LOST OR DAMAGED SHIPMENTS

While in transit, cancelled coupons are considered to be the risk of the United States Department of Agriculture provided that:

(a) The transmitting bank used due diligence and care in making the shipment, and

(b) The bank is unable to recover the loss from the carrier, and

(c) In the event of a partial loss, there is evidence that such loss was due to the package being damaged or tampered with in transit.

If a shipment is lost or damaged, it is necessary for the addressee (the Federal Reserve Bank or correspondent bank) to send a written statement to the Food and Nutrition Service Field Office stating that the shipment was not received. Thus, if you do not receive credit when expected, notify us. When we confirm that the shipment was not received, we will also inform you of procedures to follow to support your claim for reimbursement from USDA.

FOR MORE INFORMATION:

Federal Reserve Operating Letter No. 5 (including Supplement 1) governs the handling of food coupons. Refer to it or contact:

In Minneapolis — Check Department

WATS 800-552-7225
(Minnesota Bankers)
Extensions: 2452, 2277

WATS 800-328-7164 (North and South Dakota, Wisconsin and Michigan Bankers)
Extensions: 2452, 2277

In Helena — Money Department

WATS 800-332-3404