

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 3312]
February 27, 1948

CASH LETTERS

Changes in Instructions Regarding Protest and
Advice of Nonpayment of Cash Items

*To all Banks and Trust Companies in the Second Federal Reserve District to which
Cash Letters of Federal Reserve Bank of New York, or its Buffalo Branch, are Addressed:*

During 1947, the Bank Management Commission of the American Bankers Association submitted for the consideration of the members of the Association a proposal that general transit instructions be changed to provide for protesting dishonored items of \$500.01 or over (instead of \$100.01 or over) and for telegraphing advice of nonpayment of all items of \$1,000 or over, except those not paid because of missing, irregular or unsatisfactory endorsement and those bearing on their face "DO NOT WIRE NONPAYMENT" with the A.B.A. transit number of a bank endorser (instead of telegraphing advice of nonpayment of all items of \$1,000 or over).

The American Bankers Association has now informed the Federal Reserve banks that a large majority of the banks of the country are in favor of these changes, and has requested that the Federal Reserve banks amend, effective March 1, 1948, the uniform instructions regarding protest and advice of nonpayment subject to which the Federal Reserve banks receive, handle and forward cash items. All Federal Reserve banks are taking action in conformity with such request.*

We have on hand a substantial supply of our present cash letter forms and, in order not to waste this supply, we wish to continue to use our present forms until the supply on hand has been exhausted.

This is to notify you, therefore, that while we will continue to use our present supply of cash letter forms containing transit instructions which were in effect prior to that date, it is understood that all items listed on such cash letter forms and forwarded to your bank for collection on and after March 1, 1948, will be presented for payment subject to the following instructions regarding protest and advice of nonpayment:

DO NOT PROTEST items of \$500 or less. DO NOT PROTEST items endorsed by the Treasurer of the United States, Collectors of Internal Revenue and Customs, or other items that are in payment of an obligation to the United States.

PROTEST dishonored items of \$500.01 or over, except those bearing on their face the A.B.A. no protest symbol of a Federal Reserve bank or of a preceding bank endorser.

WIRE DIRECT to this bank, advice of nonpayment of all items of \$1,000 or over, giving name of our endorser and giving reason for nonpayment, except items not paid because of missing, irregular or unsatisfactory endorsement and items bearing on their face "DO NOT WIRE NONPAYMENT" with the A.B.A. transit number of a Federal Reserve bank or of a preceding bank endorser.

ALLAN SPROUL,
President.

* On this subject, the First Supplement to our Operating Circular No. 4 was issued on February 16, 1948, to our member and nonmember clearing banks.