

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 5767 ]  
January 26, 1966

Misuse of Check Forms By Drawers

*To All Banks in the Second  
Federal Reserve District:*

We urge your cooperation in assisting the banking system to reduce the check collection problems arising from the following practices of drawers:

*Use of "made-over" checks.* "Made-over" checks result from the practice of crossing out the name and address of the drawee bank printed on a check and substituting the name and address of another drawee bank, without effectively voiding the MICR transit-routing number of the original drawee bank or the account number of its depositor. When such a check is processed on high-speed equipment, the original magnetically inscribed transit-routing number is automatically read, with resultant misrouting of the item, delay in presentment, and possible loss or embarrassment. In addition, the check may inadvertently be charged to the account of the wrong drawer.

*Use of checks written on blank check forms.* Checks written on blank check forms generally do not bear the transit-routing numbers of the drawee banks either in the conventional or MICR form. Such checks cannot be processed on high-speed equipment, and when handled manually, must be removed from the normal work flow to determine and insert the proper transit-routing numbers of the drawee banks, thereby causing extra handlings and possible delays in processing and presentment. Moreover, when received by the drawee banks, they may require handling as "exception items" at extra cost by other than normal procedures.

We should very much appreciate any efforts you can make to discourage the use of "made-over" checks and blank check forms by your customers or others. If any "made-over" MICR check is deposited with you, we request that you effectively void the incorrect MICR transit-routing number and the depositor's account number before entering the item into check collection channels. This can be done by heavy overscoring of the original encoding with a magnetic ink pencil. Ordinary pen and ink or paste-on labels are ineffective for this purpose.

We are sure that banks generally will benefit from the efforts that each bank makes in helping to eliminate these very troublesome and costly types of items from the check collection system.

ALFRED HAYES,  
*President.*