

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. 6104 ]  
January 31, 1968 ]

**Handling of Food Stamp Coupons by Commercial Banks**

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

The U. S. Department of Agriculture has revised its circular entitled "Procedures for Commercial Banks in Handling Food Coupons Under the Food Stamp Program" to provide for the deposit of food stamp coupons by a nonmember bank with a Federal Reserve Bank for credit to the account of a member bank on its books. The revised circular, a copy of which is attached, supersedes the one sent to you with our Circular No. 5760, dated January 18, 1966.

Appendix C, entitled "Food Stamp Coupons," to our Operating Circular No. 4, sets forth the terms and conditions under which this Bank will accept deposits of food stamp coupons.

ALFRED HAYES,  
*President.*

## Commercial Banks

### Procedures for Commercial Banks in Handling Food Coupons Under The Food Stamp Program

#### I BACKGROUND INFORMATION

The Food Stamp Program is operated by the United States Department of Agriculture under the Food Stamp Act of 1964. Under this program, eligible households will exchange an amount of money representing their normal expenditures for food for an allotment of food coupons of higher monetary value. The coupons will be used to purchase commercial brand food at retail food stores which have been approved to accept coupons by the Consumer and Marketing Service (C&MS), U. S. Department of Agriculture.

Approved retailers accepting the coupons will be able to redeem them at face value, for account or payment in cash, through the facilities of commercial banks, including both members and non-members of the Federal Reserve System. Approved retailers may also redeem coupons through approved food wholesalers. These wholesalers will subsequently redeem the coupons through the facilities of commercial banks.

Coupons are engraved documents about the size of U. S. currency and are printed by the Bureau of Engraving and Printing, U. S. Department of the Treasury. Coupons are printed in two denominations: fifty-cent coupons (orange) and two-dollar coupons (blue). Coupons are an obligation of the United States within the meaning of 18 U. S. C. 8. The provisions of Title 18 of U. S. Code "Crimes and Criminal Procedure" relative to counterfeiting and alteration of obligations of the United States and the uttering, dealing in, etc., of counterfeit obligations of the United States are applicable to these coupons. Also, the provisions of Section 14 C, The Food Stamp Act of 1964, relating to the making of false claims against the United States are applicable to transactions involving these coupons.

#### II PROCEDURES

The procedures embodied herein are divided into four sections. Section "A" covers the steps to be taken by authorized retail food stores and wholesale food concerns in the preparation of food coupons for redemption. Section "B" covers the procedures of commercial banks in accepting and handling these coupons. Section "C" covers the procedures to be followed

(II)

by commercial banks in obtaining payment for food coupons. Section "D" covers the procedures to be followed by commercial banks in cases where coupons are lost or damaged in transit, and where the counterfeiting of coupons is suspected.

A Preparation by authorized retail food stores and wholesale food concerns of food coupons presented for redemption:

1 Authorized retail food stores and wholesale food concerns may present food coupons for redemption to commercial banks for account or for cash.

2 Retail food stores, when submitting coupons for redemption, must:

a Submit with the coupons a properly executed and signed Form C&MS-253, "Retail Merchant's Food Stamp Program Redemption Certificate" (Exhibit A shows a properly completed sample of this Form).

b Stamp or otherwise mark the back of each coupon with the name or Food Stamp Program Authorization Number of the store. Retailers may use an ordinary deposit endorsement stamp if the stamp includes the name or Food Stamp Program Authorization Number of the store.

3 Wholesale food concerns, when submitting food coupons for redemption, must:

a Submit with the coupons a properly executed and signed Form C&MS-253-1, "Wholesalers' Food Stamp Program Redemption Certificate" (Exhibit A shows a properly completed sample of this Form).

b Attach thereto (Form C&MS-253-1) the properly signed and executed Form C&MS-253 for each retail food store whose food coupons are included.

c Stamp or otherwise mark the back of each coupon with the name or Food Stamp Program Authorization Number of the wholesaler. Wholesalers may use an ordinary deposit endorsement stamp if the stamp includes the name or Food Stamp Program Authorization Number of the wholesaler.

d List on the reverse of C&MS-253-1 (Exhibit A) the name or Authorization Number of each retailer and the value of coupons represented by each retailer's certificate.

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B Procedures of commercial banks in accepting and handling food coupons presented for redemption:

1 Banks shall not knowingly accept coupons for redemption from unauthorized retail food stores, wholesale food concerns, or any other unauthorized persons, partnerships, corporations, or other legal entities. Banks may require persons presenting coupons for redemption to exhibit their C&MS Food Stamp Program Authorization, Form C&MS-254 (Exhibit A). Any unauthorized person attempting to redeem coupons should be referred to the nearest Consumer Food Programs (CFP) field office of C&MS. The bank should report any such attempt to the same office.

2 Coupons accepted for redemption must be accompanied by a properly executed and signed "Redemption Certificate," Form C&MS-253 (Exhibit A), from retail merchants and Form C&MS-253-1 (Exhibit A) from wholesalers. The receiving bank shall place its stamp, in the space provided, on each Redemption Certificate at the time the coupons are accepted.

3 Coupons accepted for redemption must be cancelled by the first bank receiving the coupons by indelibly marking "paid" or "cancelled" together with the name of the bank or its ABA transit number on the face of the coupons by means of an appropriate stamp. The coupons should not be endorsed by any bank.

4 A portion of a coupon consisting of not less than three-fifths (3/5) of a whole coupon may be accepted for redemption at face value. A portion of a coupon of less than three-fifths (3/5) of a whole coupon will not be accepted for redemption.

C Procedures to be followed by commercial banks in obtaining payment for food coupons:

1 Federal Reserve Banks acting as fiscal agents of the United States are authorized to receive coupons directly from:

a Member banks of the Federal Reserve System.

b Non-member clearing banks.

c Non-member banks which have arranged with a Federal Reserve Bank to deposit coupons for credit to an account of a member bank on the books of the Federal Reserve Bank.

2 Banks in any of the above categories may forward cancelled coupons directly to Federal Reserve Banks for payment in accor-

dance with applicable regulations of the Board of Governors of the Federal Reserve System and instructions of the Federal Reserve Banks. Other banks may forward cancelled coupons through ordinary collection channels.

3 Disposition of Redemption Certificates by the receiving banks. Each bank shall:

a Hold the Food Stamp Program Redemption Certificates received from their depositors until payment is received from the Federal Reserve Bank.

b Forward the Redemption Certificates, after payment is received from the Federal Reserve Bank, to the local Consumer Food Programs (CFP) field office of C&MS. The certificate should not be held for more than one week after payment is received.

The address of the local CFP field office serving your area is:

4 Banks may forward cancelled coupons via fourth-class mail (parcel post), provided that 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. Under postal regulations, any handwritten entry on any part of a mailed item subjects the entire package to the first-class mail rate. Shipments under fourth-class mail may be expedited through the Special Handling procedure of the U. S. Post Office.

D Procedures to be followed by commercial banks in cases where coupons are lost, damaged in transit or suspected to be counterfeit:

(II D)

1 While in the course of shipment, cancelled coupons shall be considered to be at the risk of the U. S. Department of Agriculture, if the bank transmitting such coupons has exercised due diligence and taken ordinary care in making the shipment. Reports of loss, destruction or damage shall be given promptly on discovery to all of the following: The local field office of the Consumer and Marketing Service (see address under # II C 3 b); the nearest Secret Service Office; the Post Office or other carrier; and the Secretary of the Treasury, Bureau of Accounts.

2 Claims made by banks for loss of or damage to coupons while in transit must be supported by the following:

a Statement of facts concerning the loss and the bank's procedures for handling and shipping the cancelled coupons.

b Original Redemption Certificates with which the lost or damaged coupons were received by the bank.

c Copies of required notices to the agencies specified in Item 1 above.

d Copy of Cash Letter transmitting the coupons.

e Statement from Federal Reserve Bank or other receiving bank that coupons were not received or were damaged.

3 Instances of suspected counterfeit coupons should be promptly reported to the nearest office of the U. S. Secret Service.

### III OPTIONAL PROCEDURES FOR COMMERCIAL BANKS IN ACCEPTING AND HANDLING FOOD COUPONS PRESENTED FOR REDEMPTION

Banks and their customers can develop specific deposit procedures that best meet their mutual needs. For example: Banks may arrange with customers to sort coupons by denomination and into bundles containing a specific number of coupons before making a deposit.

In addition, banks may arrange to have their customers pre-cancel the coupons. Under such an arrangement, the retailer or wholesaler, in lieu of marking or stamping the back of each coupon, would cancel the face of each coupon using a stamp that contains:

A The Food Stamp Program Authorization Number or the name of the retail store or wholesaler.

B The word "Paid" in letters approximately three-fourths (3/4) of an inch high.

C The ABA transit number of the bank.

The lettering on the stamp should be in outline or open, not solid type. The face of the stamp should not be larger than 1 1/2 inches by 2 inches.

The above examples illustrate procedures that banks and their customers can develop to reduce the sorting and handling of coupons presented for redemption.

FORM CFP-253  
Actual Size: 8" x 3-1/4"

**INSTRUCTIONS TO RETAIL MERCHANTS:**  
(1) In presenting coupons to banks, separate coupons by denomination. (2) BLOCK A: Show the name and address of the bank or wholesaler redeeming the coupons. (3) BLOCK B: Show the store's name, address, and authorization number and the date. (4) BLOCK C: Show the value of coupons being redeemed. (5) BLOCK D: Be sure the certification is signed by the store's representative and that his title is given.

(A) NAME AND ADDRESS OF BANK OR WHOLESALER  
**HOMETOWN SAVINGS**  
(NAME)  
**85 MAIN STREET**  
(STREET AND NO.)  
**HOMETOWN, HT.**  
(CITY AND STATE)

(B) Name of store **HOMETOWN MARKET** Authorization No. **HT-2-143**  
Address **123 MAIN STREET, W.** Date **11-1-67**

(C) TOTAL VALUE OF COUPONS REDEEMED → **\$265.50** 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 retail food store in exchange for eligible foods. It is further certified that none of said coupons were knowingly accepted from any person who had no right to transfer, exchange, or negotiate such coupons under the regulations.

By John Doe (SIGNATURE OF FIRM'S REPRESENTATIVE) Title **OWNER**

FORM CFP-253 (3-1-65) **RETAIL MERCHANT'S FOOD STAMP PROGRAM REDEMPTION CERTIFICATE** U.S. DEPARTMENT OF AGRICULTURE CONSUMER AND MARKETING SERVICE  
U.S. GOVERNMENT PRINTING OFFICE: 1965 O-758-383

FORM CFP-253-1  
Actual Size: 8" x 3-1/4"

**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 CFP-253) for all coupons redeemed from your retail outlet.

(A) NAME AND ADDRESS OF BANK  
**HOMETOWN SAVINGS**  
(NAME)  
**85 MAIN STREET**  
(STREET AND NO.)  
**HOMETOWN, HT.**  
(CITY AND STATE)

(B) Firm **ATLAS WHOLESALERS** Authorization No. **HT-2-34-W**  
Address **23 VINE STREET** Date **11-1-67**

(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 **TREASURER**

FORM CFP-253-1 (3-1-65) **WHOLESALER'S FOOD STAMP PROGRAM REDEMPTION CERTIFICATE** U.S. DEPARTMENT OF AGRICULTURE CONSUMER AND MARKETING SERVICE

FORM CFP-253-1 (REVERSE)

FORM CFP-253-1 (REVERSE) (E) NAME OR AUTHORIZATION NO. OF RETAILER	TOTAL VALUE OF STAMPS
JOHN'S GROCERY	8.00
HOMETOWN MARKET	16.50
FAMILY SHOP. CENTER	3.50
WALSH MARKET	14.00
HT-2-87	6.00
HT-2-237	7.50
HT-2-64	12.50
HT-2-123	4.50
<b>TOTAL*</b>	<b>72.50</b>

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

GPO: 1965 O-758-384

FORM CFP-254  
Actual Size: 6" x 4"

FORM CFP-254 (9-30-66) U.S. DEPARTMENT OF AGRICULTURE CONSUMER AND MARKETING SERVICE

**USDA**

**FOOD STAMP PROGRAM AUTHORIZATION**

THIS CERTIFIES that **HOMETOWN MARKET**  
**123 MAIN STREET WEST, HOMETOWN, HT.**  
is granted authorization to accept and redeem food coupons on condition that the acceptance and redemption of all coupons shall be in accordance with the rules and regulations governing the Food Stamp Program and such revisions and amendments as may be made. A change in ownership voids this authorization.

AUTHORIZATION NO. **HT-2-143**

John Doe  
DISTRICT REPRESENTATIVE, C&MS, USDA  
**11-1-67**  
DATE OF APPROVAL