

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 6918 ]  
March 24, 1972

COLLECTION OF CASH AND NONCASH ITEMS

— Elimination of Charges for Communications on Cash Items  
— Technical Changes in Our Operating Circulars  
Nos. 4, 6, and 8

To the Member and Nonmember Banks  
of the Second Federal Reserve District, and Others Concerned:

Enclosed are copies of the following documents, all effective April 1, 1972:

- (a) First Supplement to Operating Circular No. 4 (Collection of Cash Items), Revised effective September 2, 1969;
- (b) First Supplement to Operating Circular No. 6 (Instructions to Collecting Banks and Paying Banks), dated September 1, 1967;
- (c) Second Supplement to Operating Circular No. 8 (Collection of Noncash Items), Revised effective September 1, 1967;
- (d) Revisions of Appendixes B and C to Operating Circular No. 4, Revised effective September 2, 1969. Appendix B contains provisions governing the collection of postal money orders, and Appendix C, of food coupons.

The enclosures reflect the following uniform changes in the collection circulars of the Federal Reserve Banks:

Paragraph 23 of Operating Circular No. 4 has been amended to permit *all* communications between this Bank and its member banks and nonmember clearing banks regarding the collection of cash items to be made without charge to such banks.

Footnote 3 of Operating Circular No. 4, and footnote 1 of Operating Circulars Nos. 6 and 8, have been amended to designate American Samoa as being in or of the Twelfth Federal Reserve District for the purposes of those circulars, in accordance with an October 26, 1971 amendment to Regulation J of the Board of Governors of the Federal Reserve System.

Operating Circulars Nos. 4 and 8, and Appendix C to Operating Circular No. 4, have been amended to reflect changes in agreements between the U.S. Department of Agriculture and the Reserve Banks. In accordance with these changes, "food stamp coupons" are now referred to as "food coupons" and food certificates, as well as food coupons, will be handled by the Reserve Banks as cash items. Appendix C has also been amended to conform to technical changes in Department of Agriculture regulations.

Appendix B to Operating Circular No. 4 has been revised to reflect the redesignation of the Post Office Department as the United States Postal Service, in conformity with the Postal Reorganization Act of 1971.

Additional copies of this circular and its enclosures will be furnished upon request.

ALFRED HAYES,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

**First Supplement to  
Operating Circular No. 4  
(Revised effective September 2, 1969)  
April 1, 1972**

**COLLECTION OF CASH ITEMS**

*To the Member Banks and Nonmember Clearing Banks  
of the Second Federal Reserve District, and Others Concerned:*

Operating Circular No. 4, Revised effective September 2, 1969, is amended as follows:

(1) Paragraph 3(b) is amended to read as follows:

(b) Government checks, postal money orders, food coupons, and food certificates.<sup>2</sup>

(2) Footnote 3 is amended to read as follows:

<sup>3</sup>For the purposes of this operating circular, the Virgin Islands and Puerto Rico shall be deemed to be in or of the Second Federal Reserve District; and Guam and American Samoa shall be deemed to be in or of the Twelfth Federal Reserve District. See Regulation J, note 1.

(3) Paragraph 14 is amended to read as follows:

14. We reserve the right to require such separate sorts of cash items as we may deem appropriate; and we reserve the right to require both separate sorts and deposits in separate cash letters of Government checks, postal money orders, food coupons, and food certificates. Other instructions relative to sorting and listing of cash items are set forth in our time schedules.

(4) The material in parentheses in paragraph 21 is amended to read as follows:

(other than a Government check, postal money order, food coupon, or food certificate)

(5) Paragraph 23 and its heading are amended to read as follows:

**Communications concerning cash items**

23. All communications between this Bank and its member banks and nonmember clearing banks pertaining to payment, nonpayment or tracing of cash items or in connection with receiving or transmitting pertinent information or instructions with respect to cash items, will be sent over the Federal Reserve communications system or over commercial telegraphic wires or cables without charge to such member banks and nonmember clearing banks. A Federal Reserve Bank may, in its discretion, use the telephone in lieu of commercial wire or cable for any purpose indicated by this paragraph.

**ALFRED HAYES,  
President.**

**FEDERAL RESERVE BANK  
OF NEW YORK**

**Second Supplement to  
Operating Circular No. 8  
(Revised effective September 1, 1967)  
April 1, 1972**

**COLLECTION OF NONCASH ITEMS**

*To the Member Banks and Nonmember Clearing Banks  
of the Second Federal Reserve District, and Others Concerned:*

Operating Circular No. 8, Revised effective September 1, 1967, is amended as follows:

(1) Footnote 1 is amended to read as follows:

<sup>1</sup>For the purposes of this operating circular, the Virgin Islands and Puerto Rico shall be deemed to be in or of the Second Federal Reserve District; and Guam and American Samoa shall be deemed to be in or of the Twelfth Federal Reserve District. See Regulation J, note 1.

(2) Subparagraph (c) of paragraph 5 is amended to read as follows:

(c) The item is a Government check, postal money order (United States postal money order, United States international postal money order, domestic-international postal money order), food coupon, or food certificate; or

**ALFRED HAYES,**  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

**First Supplement to  
Operating Circular No. 6  
(September 1, 1967)**

**April 1, 1972**

**INSTRUCTIONS TO COLLECTING BANKS  
AND PAYING BANKS**

*To the Member and Nonmember Banks  
of the Second Federal Reserve District, and Others Concerned:*

Footnote 1 of Operating Circular No. 6, dated September 1, 1967,  
is amended to read as follows:

<sup>1</sup>For the purposes of this operating circular as well as for the purposes of Regulation J, the Virgin Islands and Puerto Rico shall be deemed to be in or of the Second Federal Reserve District; and Guam and American Samoa shall be deemed to be in or of the Twelfth Federal Reserve District. See Regulation J, note 1.

**ALFRED HAYES,**  
*President.*

## APPENDIX B

Revised April 1, 1972

(To Operating Circular No. 4)

### POSTAL MONEY ORDERS

1. Postal money orders (United States postal money orders; United States international postal money orders; domestic-international postal money orders) will be handled by us as cash items in accordance with an agreement made by the Postmaster General, in behalf of the United States, and by the Federal Reserve Banks as depositaries and fiscal agents of the United States pursuant to authorization of the Secretary of the Treasury. With respect to matters not covered by that agreement, the terms and conditions of Regulation J applicable to cash items, of this operating circular, and of our time schedules shall be applicable to all such postal money orders.

2. We will give immediate credit for postal money orders received from a sender maintaining or using an account with us as provided in our time schedules. Simultaneously with such credit, we will debit the amount of such money orders against the general account of the Treasurer of the United States under such symbol numbers as may be assigned by the Treasurer of the United States; and such credit to the account of the sender shall then become final as between us and the sender.

3. The agreement between the Postmaster General and the Federal Reserve Banks provides, in effect, that no claim for refund or otherwise with respect to any postal money order debited against the general account of the Treasurer of the United States and delivered to the representative of the United States Postal Service as provided in said agreement (other than a claim based upon the negligence of a Federal Reserve Bank) shall be made against or through any Federal Reserve Bank; that, if the United States Postal Service makes any such claim with respect to any such money order, such money order will not be returned or sent to a Federal Reserve Bank, but the United States Postal Service will deal directly with the bank or the party against which such claim is made; and that the Federal Reserve Banks will assist the United States Postal Service in asserting such claim, including making their records and any relevant evidence in their possession available to the United States Postal Service. Section 210.12 of Regulation J, relating to the return of cash items by the paying banks, is not applicable to postal money orders.

## APPENDIX C

Revised April 1, 1972

(To Operating Circular No. 4)

### FOOD COUPONS AND CERTIFICATES

#### Food coupons

1. Food coupons will be handled by us as cash items in accordance with an agreement made by the Secretary of Agriculture, in behalf of the United States, and by the Federal Reserve Banks as depositories and fiscal agents of the United States pursuant to authorization of the Secretary of the Treasury. With respect to matters not covered by such agreement, the terms and conditions of Regulation J applicable to cash items, of this operating circular, and of our time schedules shall be applicable to such coupons. We will receive food coupons only from member banks, nonmember clearing banks which maintain accounts with us, and nonmember banks which have arranged with us to send coupons to us for collection for credit to the account of a member bank on our books. All such banks sending coupons to us should follow the instructions set forth in an outline of procedures for commercial banks in handling such coupons under the current Food Stamp Program, prepared by the United States Department of Agriculture.

2. We will accept food coupons received by us in accordance with the following terms and conditions:

(a) Redeemed food coupons should be forwarded to the office of this Bank maintaining the reserve account or nonmember clearing account to which the proceeds of the coupons are to be credited. We will give immediate credit for deposits of redeemed food coupons as provided in our time schedules. Such credit will not be final and will be subject to reclamation and adjustment.

(b) Food coupons should be separately sorted by denomination and should be deposited in a separate cash letter. The sending bank's transmittal letter should be clearly stamped or marked "FOOD COUPONS." The transmittal letter should show the total number of, and the total amount of, each denomination of coupons enclosed. Food coupons should be forwarded to us by the means ordinarily used by the sender for checks and other cash items; such shipments will be at the risk of the Department of Agriculture, only to the extent and under the conditions stated in 7 Code of Federal Regulations, Chapter II, Section 272.5(e). Sending banks should retain customers' deposit slips and any other pertinent records which would assist in substantiating reimbursement claims against the Department of Agriculture for coupons lost in transit.

(c) In accordance with the regulations of the United States Department of Agriculture (7 Code of Federal Regulations, Chapter II), a portion of a food coupon consisting of less than three fifths of a whole coupon shall not be accepted for redemption. Any coupon accepted for

redemption shall show on its back either (i) the AUTHORIZATION NUMBER or (ii) the name of the authorized retail food store and, if involved, the authorized wholesale food concern. Each coupon shall also be cancelled by the first bank which receives it by indelibly marking "PAID" or "CANCELLED," together with the name of the bank or its A.B.A. transit number, on the face of the coupon by means of an appropriate stamp. No coupon should be endorsed by any bank.

(d) Additional information concerning the collection of food coupons will be furnished by us upon request.

3. Nonmember banks which do not maintain accounts with this Bank and which have not arranged with us to deposit food coupons for collection for credit to an account of a member bank on our books should forward redeemed food coupons through ordinary collection channels.

### **Food certificates**

Food certificates will be handled by us on the same basis as food coupons. Senders should consult 7 Code of Federal Regulations, Chapter II, Section 265.11(b) for information regarding the extent to which, and the conditions under which, the Department of Agriculture assumes the risk of loss of certificates while in the course of shipment.