

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 7117
March 29, 1973

POSTAL MONEY ORDERS

Technical Revision of Appendix B to Operating Circular No. 4

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

As described in my letter, dated March 15, 1973, to the chief executive officers of all banks in this District, the United States Postal Service will soon begin issuing paper postal money orders to replace the punch-card postal money orders now used. As a result, a new agreement, governing the handling of postal money orders as cash items, will be executed, effective April 2, 1973, by the Federal Reserve Banks and the United States Postal Service.

Enclosed is a copy of Appendix B, "Postal Money Orders," Revised effective April 2, 1973, to our Operating Circular No. 4. The Appendix has been revised to reflect the fact that the United States Postal Service, rather than the Postmaster General, is a party to the new agreement. In all other respects, the substance of the April 1, 1972 edition of the Appendix remains unchanged.

Additional copies of the enclosure will be furnished upon request.

Alfred Hayes,
President.

FEDERAL RESERVE BANK
OF NEW YORK

Appendix B to
Operating Circular No. 4
Revised effective April 2, 1973

POSTAL MONEY ORDERS

1. Postal money orders (United States postal money orders, United States international postal money orders, and domestic-international postal money orders) will be handled by us as cash items in accordance with an agreement between the United States Postal Service and 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 United States Postal Service 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.

4. This Appendix supersedes Appendix B, Revised April 1, 1972, to Operating Circular No. 4.

ALFRED HAYES,
President.