

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 8242 ]  
[ December 22, 1977 ]

**Disputed (Late) Returns of Unpaid Cash Items**

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

In our Circular No. 7801, dated January 22, 1976, you were advised, among other matters, of the Federal Reserve System's new procedure for handling disputed (late) returns of unpaid cash items. The new procedure was implemented to handle dishonored checks and other cash items that a paying bank allegedly has not returned or on which it has not otherwise taken proper action within the time limits prescribed by Regulation J of the Board of Governors of the Federal Reserve System.

As part of the new procedure, it was requested that, when a sending bank requests credit for an alleged late return item, the facts of the case be outlined in a written statement (accompanying the unpaid item), which should be submitted to this Bank in duplicate. A sample form for this purpose was distributed with our Circular No. 7801. When a paying bank, on the other hand, asserts that the return of the item in question was timely, the procedure calls for the paying bank to return the item accompanied by a statement of the details of its timely handling so that the paying bank may be recredited.

Recently, it has been brought to our attention that paying banks are not always thoroughly documenting their handling of items allegedly returned late. In order to assure that sufficient information is gathered from both parties, two forms, one for the sending bank alleging late return and one for the paying bank asserting timely return, have been developed. *We ask that you use these forms from now on.*

Samples of the forms to be used are enclosed with this circular. When used, the appropriate form should be submitted to this Bank *in duplicate*. Please note that the sample form for the sending bank has been slightly revised from the one previously distributed.

If you have any questions regarding this matter, you may contact any of the following:

*Head Office*

Jerome P. Perlongo, Manager, Check Adjustment and Return Items Department  
(Tel. No. 212-791-5292)

*Buffalo Branch*

Robert J. McDonnell, Operations Officer (Tel. No. 716-849-5022)

*Cranford Office*

Fred A. Denesevich, Manager (Tel. No. 201-272-9000, Ext. 213)

*Jericho Office*

Leonard I. Bennetts, Manager (Tel. No. 516-997-4569)

*Utica Office*

Robert C. Thoman, Vice President (Tel. No. 315-736-8321)

PAUL A. VOLCKER,  
*President.*

ALLEGATION OF LATE RETURN  
(Sending Bank)

To: FEDERAL RESERVE BANK OF \_\_\_\_\_

The dishonored check described below and attached is being resent to you because of LATE RETURN:

AMOUNT \$ \_\_\_\_\_ DATE \_\_\_\_\_ CHECK NO. \_\_\_\_\_

DRAWN BY (MAKER) \_\_\_\_\_ PAYABLE TO (PAYEE) \_\_\_\_\_

Deposited by our bank as a cash item with \_\_\_\_\_ in cash letter dated \_\_\_\_\_ totaling \$ \_\_\_\_\_, tape total \$ \_\_\_\_\_, listed between items for \$ \_\_\_\_\_ and \$ \_\_\_\_\_, I.D. No. \_\_\_\_\_

CLAIM:

We claim that this item, according to our records and the endorsements and stamps on the item, was returned by the paying bank after its midnight deadline, and we certify that, as to notice of dishonor of the item, we received

CHECK  wire notice on (date) \_\_\_\_\_  
ONE  no notice other than the returned item.

We further claim that we received the unpaid item on (date) \_\_\_\_\_ from your bank in return item letter dated \_\_\_\_\_, totaling \$ \_\_\_\_\_, tape total \$ \_\_\_\_\_, listed between items for \$ \_\_\_\_\_ and \$ \_\_\_\_\_.

We certify that such delay in return caused us to incur a financial loss, in that

PLEASE CREDIT OUR ACCOUNT PROVISIONALLY AND ADVISE.

\_\_\_\_\_  
Sending Bank BY \_\_\_\_\_  
Official Signature

[TO BE PREPARED AND SUBMITTED IN DUPLICATE BY SENDING BANK ON ITS LETTERHEAD]

DISCLAIMER OF LATE RETURN  
(Paying Bank)

TO: FEDERAL RESERVE BANK OF \_\_\_\_\_

Your advice of debit dated \_\_\_\_\_ indicated that a return item in the amount of \$ \_\_\_\_\_, forwarded to you in our return item letter dated \_\_\_\_\_, in the amount of \$ \_\_\_\_\_, tape total \$ \_\_\_\_\_, listed between items for \$ \_\_\_\_\_ and \$ \_\_\_\_\_, has been provisionally charged back to us because the sending bank alleges "Late Return".

Our records indicate that the item was received as a cash item in your cash letter dated \_\_\_\_\_, in the amount of \$ \_\_\_\_\_, tape total \$ \_\_\_\_\_, listed between items for \$ \_\_\_\_\_ and \$ \_\_\_\_\_. Wire notice of return was given on this item (date) \_\_\_\_\_\*.

\_\_\_\_\_  
Paying Bank

\_\_\_\_\_  
Official Signature

\*Enter "none" if no wire notice was given or "phone and date" if notice was given by telephone.

[TO BE PREPARED AND SUBMITTED IN DUPLICATE BY PAYING BANK ON ITS LETTERHEAD]

[Enc. Cir. No. 8242]