

FEDERAL RESERVE BANK  
OF NEW YORK

Circular No. 8339  
May 8, 1978

FOOD COUPONS  
Handling of Redemption Certificates by Receiving Banks

To All Banks, and Others Concerned,  
in the Second Federal Reserve District:

The Food and Nutrition Service, U.S. Department of Agriculture, has issued the following ruling regarding the handling of food stamp redemption certificates;

[3410-30]

SUBCHAPTER C—FOOD STAMP PROGRAM

[Amdt. No. 130]

PART 272—PARTICIPATION OF  
RETAIL FOOD STORES, WHOLESALE  
FOOD CONCERNS, MEAL SERVICES  
AND BANKS

Redemption Certificates by Receiving  
Banks

AGENCY: Food and Nutrition Service,  
USDA.

ACTION: Final rule.

SUMMARY: This rule eliminates the use of food stamp redemption certificates as part of the documentation that commercial banks submit to substantiate claims for coupons lost in transit and establishes a time frame for the disposition of redemption certificates by receiving banks. The amendment is necessary because the values shown on the redemption certificates seldom equal the amount of a lost in transit claim. Also, this rule strengthens the remaining documentation that commercial banks submit by requiring an affidavit by the claimant.

EFFECTIVE DATE: March 10, 1978.

FOR FURTHER INFORMATION  
CONTACT:

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Cost and Analysis Branch, Food  
Stamp Division, Food and Nutrition  
Service, U.S. Department of Agriculture,  
Washington, D.C. 20250, 202-  
447-8266.

SUPPLEMENTARY INFORMATION:  
In recent years, the Federal Reserve

Banks have established a procedure which requires depositing banks to submit redeemed coupons in bundles of 100 of each denomination for payment. Banks, in accumulating coupons for these bundles, usually include coupons received from more than one retailer.

Current regulations instruct the receiving banks to hold redemption certificates until payment is received from the Federal Reserve. If a lost in transit claim needs to be submitted, the redemption certificates associated with the loss are to be presented as substantiation of the claim. However, due to the bundling requirements the value of the redemption certificates seldom agrees with the amount of the claim. Thus, the redemption certificates are of questionable use in determining the validity and amount of the claim.

The proposed rule change was published in the FEDERAL REGISTER of November 4, 1977. Comments requested by the proposed rulemaking have been considered and incorporated into the final rule.

Accordingly, § 272.5 of Chapter II, Title 7, Code of Federal Regulation, is amended as follows:

In § 272.5, the sixth sentence of paragraph (a) is amended; paragraph (c)(3)(ii) is amended; paragraph (c)(3)(iv) is deleted and paragraph (c)(3)(v) is revised and redesignated paragraph (c)(3)(iv). The amended provisions read as follows:

§ 272.5 Participation of banks.

(a) \* \* \* Redemption certificates accepted by receiving banks shall be forwarded daily, or upon reasonable accu-

mulation, but not less frequently than weekly to the following address:

Minneapolis ADP Field Center, Food and  
Nutrition Service, USDA, 3930 West 65th  
Street, Minneapolis, Minn. 55435.

(c) \* \* \*  
(3) \* \* \*

(ii) An affidavit of facts concerning the loss and the banks' procedures for making the shipment. This affidavit shall specify that either all or part of the loss cannot be recovered from the carrier. If a partial recovery has been or will be made, the amount shall be stated. In the event of a partial loss, this affidavit shall specify the condition of the package upon receipt and state whether it appeared to have been tampered with or damaged in transit.

(iv) FNS will obtain copies of the redemption certificates corresponding to claims.

(78 Stat. 703, as amended; (7 U.S.C. 2011-2026).)

NOTE.—The Food and Nutrition Service has determined that this document does not contain a major proposal requiring the preparation of an Economic Impact Statement under Executive Order 11821 and OMB Circular A-107.

(Catalog of Federal Domestic Assistance Programs No. 10.551, Food Stamps)

Dated: March 2, 1978.

CAROL TUCKER FOREMAN,  
Assistant Secretary.

[FR Doc. 78-6372 Filed 3-9-78; 8:45 am]

If you have any questions concerning this matter, please call, at our Head Office, John C. Houhoulis, Manager, Collection Department (Telephone No. 212-791-5079), or Charles J. Mineer, Chief, Collection Division (Telephone No. 212-791-5081), or at our Buffalo Branch, Harry A. Curth, Jr., Operations Officer (Telephone No. 716-849-5018).

PAUL A. VOLCKER,  
President.