

**FEDERAL RESERVE BANK  
OF NEW YORK**

Circular No. 8418  
September 13, 1978

**Government Checks**

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

As announced in our Circular No. 8251, dated January 6, 1978, Federal Reserve Banks have implemented a new method for processing U.S. Treasury checks. Treasury checks are now truncated at one Federal Reserve Office in the District where they are deposited, and microfilm images and magnetic tape data are furnished to the Treasury Department in place of the actual checks. In this District, Treasury checks are truncated at the Head Office of this Bank.

In this connection, Appendix A, "Government Checks," to our Operating Circular No. 4 has been revised (a) to delete the reference, in paragraph 2, to the former practice of forwarding actual Government checks to the United States Treasury, and (b) to update the citation, in paragraph 1, of Treasury Department Circular No. 21.

Enclosed is a copy of the new Appendix A, Revised September 1978. It supersedes the existing Appendix A that is printed on page 12 of Operating Circular No. 4, and should be kept with your copy of that circular.

PAUL A. VOLCKER,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

**APPENDIX A  
TO OPERATING CIRCULAR NO. 4**

**GOVERNMENT CHECKS**

1. Government checks drawn on the United States Treasury will be handled by us as cash items in accordance with, and subject to, the provisions of Treasury Department Circular No. 21 (31 Code of Federal Regulations, Part 240). Copies of that circular will be furnished upon request. With respect to matters not covered by that circular, 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 Government checks.

2. We will give immediate credit, subject to payment in actually and finally collected funds, for Government checks as provided in our time schedules. Such checks, after handling by us as fiscal agent of the United States in accordance with requirements of the United States Treasury, shall be subject in all cases to examination and payment by the United States Treasury. Under Treasury Department Circular No. 21, the United States Treasury has reserved the right to examine and to refuse payment of all Government checks handled by the Federal Reserve Banks.

3. Section 210.12 of Regulation J, relating to the return of cash items by paying banks, is not applicable to Government checks. In the event that the United States Treasury refuses payment of any Government check upon first examination and such check, or photographic copy thereof, is returned to this Bank as outlined in Treasury Department Circular No. 21, the amount of such check will be charged back to the account of the sender and simultaneously credited to the account of the United States Treasury. This Bank shall have no responsibility to the sender of any Government check, or any other owner or holder thereof, with respect to the nonpayment of any such check and return by the United States Treasury of any such check or photographic copy thereof.

4. The attention of senders is directed to 31 U.S.C. §§ 122 and 129, to the effect that (a) claims on a Government check which appears on record to have been paid, must be made within six years after the date of issuance of the check and (b) an action to enforce liability upon a forged or unauthorized signature or endorsement or alteration of any Government check must be commenced within six years after the presentment of the check, or written notice of such a claim given within that period, provided that, if a claim is made upon an apparently paid check, the six-year period with respect to the commencement of an action or the giving of written notice will be extended an additional 180 days.