

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 5040]
May 25, 1961]

Handling of Food Stamp Coupons by Commercial Banks

*To All Commercial Banks in the
Second Federal Reserve District:*

Enclosed is a statement dated May 12, 1961, which the U. S. Department of Agriculture has requested the Federal Reserve Banks to send to all commercial banks in their Districts, entitled "Procedures for Commercial Banks in Handling Food Stamp Coupons under the Pilot Food Stamp Project." It is understood that the projects are being placed in operation on or about June 1, 1961 in eight designated areas throughout the country.

Food stamp coupons (in denominations of 25 cents and one dollar) deposited with and cancelled by commercial banks as indicated in the enclosure may be forwarded to Federal Reserve Banks and Branches for payment by credit to the reserve account of a member bank or the clearing account of a nonmember clearing bank. Because none of the project areas is located within the Second Federal Reserve District, it is not expected that under ordinary circumstances banks in this District will receive food stamp coupons. Nevertheless, this Bank, as fiscal agent of the United States, will receive for payment at its Head Office and Buffalo Branch any such coupons forwarded to it by Second District member and nonmember clearing banks.

Banks receiving food stamp coupons should handle such coupons in accordance with the Department of Agriculture's regulations governing the Pilot Food Stamp Projects, which are summarized in the enclosure. In particular, we should like to call to your attention the requirement that the first bank of deposit cancel each coupon by indelibly marking "paid" or "cancelled" together with the name of the bank on the *face* of the coupon by means of an appropriate stamp. The endorsement stamp of a bank used on checks should not be used. In addition, the following instructions should be observed:

(a) Food stamp coupons should be separately sorted according to denomination and should not be included in deposits of checks and other cash items. They should be forwarded by the means ordinarily used in forwarding checks and other items and, if sent to the Head Office of this Bank, should be directed to the attention of the Government Check Division, Collection Department. Questions regarding any phase of the collection procedure should be referred to that Division.

(b) In forwarding food stamp coupons for payment, banks are requested to show, on deposit slips accompanying the coupons, only the total number and aggregate dollar amount of each denomination of coupons forwarded for collection.

(c) Nonmember banks that do not maintain clearing accounts with this Bank should, and member and nonmember clearing banks may, send food stamp coupons to a correspondent bank for presentation to this Bank for payment. Correspondent banks should consolidate their daily deposits into one sending to this Bank.

(d) Immediate credit will be given for food stamp coupons when received at our Head Office or Buffalo Branch prior to 1:30 p.m. Necessary adjustments for overages or shortages will be made under appropriate advice to the sending bank.

(e) Depositing banks should retain customers' deposit slips and any other pertinent records that would assist in substantiating reimbursement claims against the Department of Agriculture for items lost in transit.

The right is reserved to withdraw, add to, or amend at any time any of the provisions of this circular.

Additional copies of this circular and of the enclosure will be furnished upon request.

ALFRED HAYES,
President.

May 12, 1961

All Commercial Banks

Procedures for Commercial Banks in Handling Food Stamp Coupons
under the Pilot Food Stamp Project

The Secretary of Agriculture today issued regulations governing the use and handling of Food Stamp Coupons under the pilot Food Stamp projects authorized by the President in his Economic Message to the Congress. Pilot Food Stamp projects will be operated in the following project areas; Franklin County, Illinois; Floyd County, Kentucky; City of Detroit, Michigan; Virginia-Hibbing-Nashwauk area, Minnesota; Silver Bow County, Montana; San Miguel County, New Mexico; Fayette County, Pennsylvania; and McDowell County, West Virginia.

Under the pilot Food Stamp projects, eligible families will exchange an amount of money representing their normal expenditures for food for an allotment of Food Stamp coupons of higher monetary value. The coupon will be used to purchase commercial brand foods at regular retail food stores. Retailers accepting the coupons will be able to redeem them at face value through the facilities of commercial banks, including both members and nonmembers of the Federal Reserve System. It is expected that a small number of retailers will use the coupons to pay food wholesalers for purchases and the wholesalers will subsequently redeem the coupons.

Coupons are an obligation of the United States within the meaning of 18 U.S.C.8. The provisions of Title 18 of U. S. Code "Crimes and Criminal Procedure" relative to counterfeiting and alteration of obligations of the United States and the uttering, dealing in, etc., of counterfeit obligations of the United States are applicable to these coupons. Also, the provisions of 31 U.S.C. 231 relating to the making of false claims against the United States are applicable to transactions involving these coupons.

Under the regulations:

1. Authorized retail food stores and wholesale food concerns may deposit food coupons for redemption with commercial banks.
2. Coupons submitted to banks for redemption must be accompanied by a properly executed Form No. AMS-253, Food Stamp Program Redemption Certificate. (See Exhibit A on Page 4.) The coupons must reflect on the back, either (1) the Food Stamp Program Authorization No., or (2) the name of the food store and, if involved, the wholesale food concern. No bank shall knowingly accept coupons for redemption from unauthorized retail food stores, wholesale food concerns, or any other unauthorized persons, partnerships, corporations, or other legal entities. Banks may require persons presenting coupons for redemption to exhibit their Agricultural Marketing Service Food Stamp Program Authorization, Form No. AMS-254. (See Exhibit A on Page 4.)

- a. Coupons accepted for redemption must be cancelled by the first bank receiving the coupons by indelibly marking "paid" or "cancelled" together with the name of the bank on the face of the coupons by means of an appropriate stamp. The coupons should not be endorsed by any bank.
 - b. A portion of a coupon consisting of not less than three-fifths ($3/5$) of a whole coupon may be accepted for redemption at face value. A portion of a coupon of less than three-fifths ($3/5$) of a whole coupon will not be accepted for redemption.
3. The Food Stamp Program Redemption Certificates shall be held by the receiving bank until the coupons have been paid by the Federal Reserve Bank, after which the certificates shall be forwarded weekly by the receiving bank to the Agricultural Marketing Service at the address indicated in the last paragraph of these instructions.
 4. Banks which are members of the Federal Reserve System and nonmembers clearing banks may forward cancelled coupons directly to Federal Reserve Banks for payment in accordance with applicable regulations or instructions of the Federal Reserve Banks. Other banks may forward cancelled coupons through ordinary collection channels.
 5. Federal Reserve Banks, acting as fiscal agents of the United States, are authorized to receive cancelled coupons from member banks of the Federal Reserve System and nonmember clearing banks sent in accordance with instructions to be issued by the Federal Reserve Banks and to pay such coupons.
 6. While in the course of shipment cancelled coupons shall be considered to be at the risk of the Agriculture Department, if the bank transmitting such coupons has exercised due diligence and taken ordinary care in making the shipment. Reports of loss, destruction or damage shall be given promptly on discovery to all of the following: Agricultural Marketing Service; the nearest Secret Service Office; the Post Office or other carrier; and the Secretary of the Treasury, Bureau of Accounts.


The offices to which Food Stamp Program Redemption Certificates should be sent are as follows:

1. For the project area of Franklin County, Illinois: Food Distribution Division, Agricultural Marketing Service, U. S. Department of Agriculture, Civil Courts Building, 8th Floor, St. Louis 1, Missouri.
2. For the project area of the City of Detroit, Michigan: Food Distribution Division, Agricultural Marketing Service, U. S. Department of Agriculture, Room 1027, Federal Building, Detroit 26, Michigan.

3. For the project area of Virginia-Hibbing-Nashwauk, Minnesota: Food Distribution Division, Agricultural Marketing Service, U. S. Department of Agriculture, Room 302, City Hall, Hibbing, Montana.
4. For the project area of Silver Bow County, Montana: Food Distribution Division, Agricultural Marketing Service, U. S. Department of Agriculture, Prudential Tower Building, Room 45, 7 East Broadway, Butte, Montana
5. For the project area of San Miguel County, New Mexico: Food Distribution Division, Agricultural Marketing Service, U. S. Department of Agriculture, Post Office Building, Room 202, Las Vegas, New Mexico.
6. For the project area of Fayette County, Pennsylvania: Food Distribution Division, Agricultural Marketing Service, U. S. Department of Agriculture, Gallatin National Bank Building, Rooms 620-621, Uniontown, Pennsylvania.
7. For the project area of McDowell County, West Virginia: Food Distribution Division, Agricultural Marketing Service, U. S. Department of Agriculture, Swope Building, Room 1, Welch, West Virginia.
8. For the project area of Floyd County, Kentucky: Food Distribution Division, Agricultural Marketing Service, U. S. Department of Agriculture, Meade-Allen Building, Court Street & Lake Drive, Prestonsburg, Kentucky.

FORM AMS-253 (5-8-61)	FOOD STAMP PROGRAM REDEMPTION CERTIFICATE	FORM APPROVED - BUD. BUR. NO. 40-R3189 U. S. DEPARTMENT OF AGRICULTURE AGRICULTURAL MARKETING SERVICE													
INSTRUCTIONS: GENERAL: In presenting coupons to banks, separate coupons by denomination. RETAIL MERCHANTS: (1) Show the name and address of the bank redeeming or the wholesaler crediting coupons in block "A." (2) Complete block "B" to reflect number and value of coupons being redeemed. (3) Complete block "C." WHOLESALEERS: (1) Show name and address of the bank redeeming or crediting coupons in block "A." (2) Complete block "B" to reflect the number and value of coupons received from retailers. (3) Complete block "C." (4) Attach certificates received from retailers. Wholesalers engaging in retail business must prepare a separate redemption certificate for coupons received from retail customers.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">(B) NO. OF STAMPS</th> <th style="width: 30%;">VALUE OF STAMPS</th> <th style="width: 10%;">TOTAL</th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">\$0.25</td> <td style="text-align: center;">\$</td> <td rowspan="3" style="vertical-align: middle; text-align: center;">BANK'S STAMP</td> </tr> <tr> <td></td> <td style="text-align: center;">1.00</td> <td></td> </tr> <tr> <td colspan="2" style="text-align: right;">Total</td> <td style="text-align: center;">\$</td> </tr> </tbody> </table>	(B) NO. OF STAMPS	VALUE OF STAMPS	TOTAL			\$0.25	\$	BANK'S STAMP		1.00		Total		\$
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(A) _____ _____ _____ _____	(C) CERTIFICATION This is to certify that the Food Stamp coupons submitted herewith for redemption were, in accordance with the regulations governing Pilot Food Stamp Projects, either received by the undersigned as an authorized retail food store in exchange for eligible foods, or received by the undersigned as an authorized wholesale food concern from authorized retail food stores accompanied by the attached Food Stamp Redemption Certificates signed by the food retailer. The undersigned further certifies that none of said coupons was knowingly accepted by him or his employees from any person or persons who had no right to transfer, exchange or negotiate said coupons under the regulations.														
	Firm _____ Authorization No. _____ Address _____ Date _____ _____ By _____ Title _____														

Actual size: 8" x 3-1/4"

FORM AMS-254 (5-8-61)	U. S. DEPARTMENT OF AGRICULTURE AGRICULTURAL MARKETING SERVICE
	FOOD STAMP PROGRAM AUTHORIZATION
This certifies that _____ _____ is authorized to receive Food Stamp Coupons in accordance with the rules and regulations governing the Pilot Food Stamp Projects.	
No.	_____ <i>Area Representative, AMS, USDA</i>

Actual size: 6" x 4"