

**The United States Department of the Treasury
Financial Management Service**

October 4, 2005

**Operational Bulletin
Processing of Contaminated Treasury Checks by Depository Institutions
Impacted by Hurricane Katrina**

Purpose:

The Federal Reserve issued guidelines on September 19, 2005,¹ regarding processing of contaminated checks by financial institutions impacted by Hurricane Katrina. This Bulletin provides specific operational guidance regarding the processing of contaminated Treasury checks. This Bulletin is effective from the date of release thru October 31, 2005. Treasury reserves the right to extend the effective date.

Check Presentment Alternatives:

To eliminate or minimize the handling of any contaminated Treasury checks that may be submitted through the collection stream, depository financial institutions may process contaminated Treasury checks for collection using any of the following methods:

1. Check 21 method. Create a substitute Treasury check as permitted under the Check 21 Act or an electronic image of the Treasury check as permitted under 31 C.F.R. § 240.3.
2. ACH method. Originate a Destroyed Check Entry (XCK) entry to electronically collect the contaminated Treasury check through the Automated Clearing House (the proper format for contaminated Treasury checks is attached). If you need assistance with this method, please contact the Federal Reserve FedACH customer support at 1-888-883-2180.
3. Photocopy method. Use a correctly prepared photocopy in lieu of the original Treasury check, in accordance with section 22.4(d) of the Federal Reserve's Operating Circular 3.

Treasury's preference is that depository financial institutions forward either Check 21 images or use the ACH entry XCK.

Disposition of the Original Treasury Check:

The depository financial institution may destroy the contaminated original Treasury check as follows:

- If using the "Check 21" method or the "Photocopy" method, the original of the contaminated Treasury check may be destroyed after creating the substitute check or the

¹ Available at www.frbervices.org, "Contaminated Check Procedures for Depository Financial Institutions (DFI's) Impacted by Hurricane Katrina."

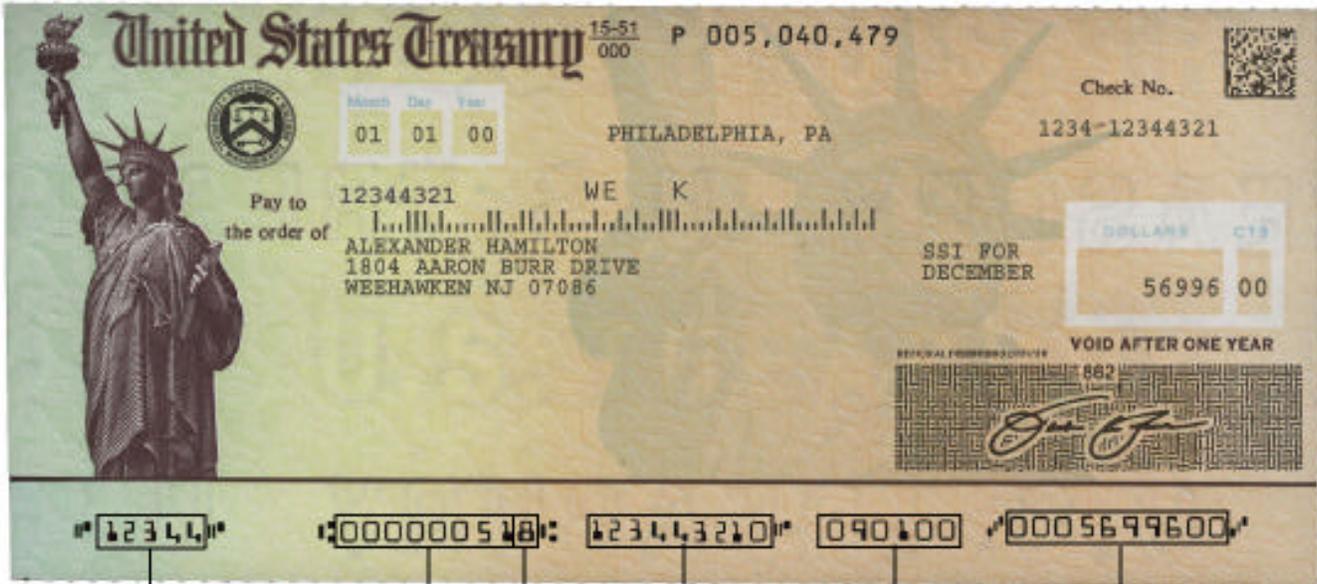
electronic image as specified in number 1 above or the photocopy as specified in number 3 above.

- If using the “ACH” method, the original of the contaminated Treasury check may be destroyed after making the film copy or photocopy of the check and originating the XCK entry, as specified in number 2 above. All such copies must be retained by the financial institution for a minimum of 6 years and must be made available to Treasury upon request.

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ACH Method
Convert the check to an ACH XCK entry



Check Field

ACH Field (6 Record-Entry Detail Record)

1	Auxiliary On-Us Field/Symbol Field (leftmost field) 5 characters	Field 7 Check Serial Number - Alphameric 15 characters; Left Justify
2	Routing Transit Number (00000051) - 8 characters	Field 3 Receiving DFI Identification - 8 characters
3	Routing Transit Number check digit (8) - 1 character	Field 4 Check Digit - 1 character
4	Account Field/Check Serial Number - 9 characters	Field 5 DFI Account Number - Alphameric 17 characters; Left Justify
5	Transaction Code/PC Field - 6 characters	Field 8 Process Control Field - Alphameric 6 characters
6	Amount - 10 characters	Field 6 Amount - 10 characters
		Field 10 Discretionary Data - 2 characters. Insert 'HK'

If you need assistance with the ACH method, please contact the Federal Reserve FedACH customer support line at 1-888-883-2180.