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Proposal: 1409 ver. 2 (RIN 7100-AD68) - Reg CC - Availability of Funds and Collection of Checks
Subject: Regulation CC

Comments:

Public Comments on Availability of Funds and Collection of Checks

Title: Availability of Funds and Collection of Checks

FR Document Number: 2013-30024

RIN: 7100-AD68

Publish Date: 2/4/2014 12:00:00 AM

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Comment: It would seem prudent to retain the First Alternative in the proposed rule. The stated purpose of this rule is to promote and encourage the banking industry with a transition to an electronic-based checking and banking infrastructure. With this rule, it would seem more efficient for the requirement of notice of nonpayment of the check to be applicable only in the case where the paying bank sends the returned check in paper form. This boundary would put in place an incentive for banks to refrain from sending returned checks in paper form, thus not only helping to serve the purpose of this proposed rule, but additionally cutting total expenses in dealing with such matters. The alternative 2 proposition, without the elimination of the expeditious-return requirement, would not serve to go as far as the Alternative 1 proposition in incentivizing the banking industry to cease the sending of returned check in paper form, given that this expeditious-return requirement doesn't seem to directly affect the banks' incentives on whether or not to send out returned checks in paper form. The expeditious-return requirement out dated, having been adopted during a period where electronic returns were not feasible nor widely used. The update that is due would be most beneficial with this requirement's elimination.