

**Ex. 4 – Chart and Compilation of Documents re:
Reasons Class Representatives’ Banks Returned
Disbursements of PPP Funds to Prestamos**

BANK RETURN OF FUNDS CHART

Plaintiff	ACH Return Code¹	ACH Return Code Official Title²	Return of Funds Detail
Bradley Smith, Sharon	R03	No Account/Unable to Locate Account	Borrower's financial institution (Shell Federal Credit Union) did not identify specific reasons PPP loan disbursement was returned. ³
Henderson, Kristina	R03	No Account/Unable to Locate Account	Borrower's financial institution refused to accept any PPP loan disbursements into personal accounts. ⁴
Horne, Jahbrael	R03	No Account/Unable to Locate Account	Borrower's financial institution (Bank of America) did not identify specific reasons PPP loan disbursement was returned. ⁵
Johnson, Alyshia	R16	Account Frozen	Borrower's financial institution (Republic Bank & Trust) was "not designed for business use." ⁶
Jones, Jamie	R23	Credit Entry Refused by Receiver	Borrower's financial institution (BMO Harris Bank NA) did not identify specific reasons PPP loan disbursement was returned.
Lloyd, Gregory	N/A	N/A	
Marshall, Alicia	R23	Credit Entry Refused by Receiver	Borrower's financial institution (Dave) is only "for personal, family, or household purposes and . . . may not be . . . use for business purposes." ⁸
Martin, John	R17	File Record Edit Criteria	Borrower's financial institution (America First Credit Union) did not accept PPP loans because Borrower did not have a business account. ⁹

Marvel, Lametria	R23	Credit Entry Refused by Receiver	Borrower's financial institution (Dave) is only "for personal, family, or household purposes and . . . may not be . . . use for business purposes." ¹⁰
Townsend, Paris	R23	Credit Entry Refused by Receiver	[REDACTED] ¹⁴
Ahmadou, Kolawole ¹⁵	R23	Credit Entry Refused by Receiver	[REDACTED] ¹⁶ [REDACTED] ¹⁷ [REDACTED] ¹⁸ [REDACTED] ¹⁹

¹ Documentation identifying the ACH return code associated with each class representative is found at Ex. 3.

² Additional information concerning ACH return codes, including the official title of each, can be found at Page Nos. 1-16 of the accompanying compilation of source documentation (the "Accompanying Compilation.") (EVOLVE-00000073).

³ Accompanying Compilation at 17-18 (S. Smith Bradley Dep.) at 84:14-25 ("Q: And what did the bank tell you? A: They didn't receive a wire into my account for \$12,500.").

⁴ *Id.* at 19-20 (K. Henderson Dep.) 86:10-13 ("Q: So you had a phone call with your bank and they told you that they rejected all PPP loan funds on any personal account; is that accurate? A: That is accurate."); *Id.* at 21 (PSCU-00000125).

⁵ *Id.* at 22-24 (J. Horne Dep.) at 140:15-141:3.

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- ⁶ *Id.* at 25-26 (A. Johnson Dep. Ex. 8 Excerpts) at 5 (“The Card and Virtual Account are not designed for business use, and we may close your Card Account if we determine that it is being used for business purposes. We may refuse to process any transaction that we believe may violate the terms of this Agreement or applicable law.”).
- ⁷ *Id.* at 27-30 (G. Lloyd Dep. Ex. 2 Excerpts) at ’94-96; *Id.* at 31-32 (G. Lloyd Dep.) at 36:9-37:22.
- ⁸ *Id.* at 33 (Dave Spending Account Deposit Agreement and Disclosures) § I.B.
- ⁹ *Id.* at 34-35 (J. Martin Dep.) at 56:2-14 (“[T]he letter from the bank was basically saying that . . . we can’t receive business loans on a personal account, so we have to return the funds.”).
- ¹⁰ *Id.* at 33 (Dave Spending Account Deposit Agreement and Disclosures) § I.B.
- ¹¹ *Id.* at 36 (P. Townsend Dep. Ex. 14).
- ¹² *Id.* at 37 (P. Townsend Dep. Ex. 15).
- ¹³ *Id.* at 38 (P. Townsend Dep. Ex. 17).
- ¹⁴ *Id.* at 39 (P. Townsend Dep. Ex. 16).
- ¹⁵ Although Plaintiffs voluntarily dismissed Ahmadou as a class representative, he was dismissed after his deposition was taken and his situation is emblematic of the diverse circumstances under which putative class members’ banks returned Prestamos’s disbursements of PPP funds.
- ¹⁶ *Id.* at 40 (K. Ahmadou Dep. Ex. 11).
- ¹⁷ *Id.*
- ¹⁸ *Id.* at 41 (K. Ahmadou Dep. Ex. 12).
- ¹⁹ *Id.* at 40 (K. Ahmadou Dep. Ex. 11).



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD

ACH RETURN ENTRIES

FUNDS AVAILABLE

REASON FOR RETURN	RETURN CODE	DESCRIPTION	ENTRY TYPE	RDFI DEADLINE
Insufficient Funds	R01	Available balance is not sufficient to cover the dollar value of the debit entry.	ALL	24 Hrs
Uncollected Funds	R09	Sufficient book/ledger balance exists, but value of uncollected items brings available balance below amount of debit entry.	ALL	24 Hrs
Account Frozen/Entry Returned Per OFAC Instruction	R16	Funds unavailable due to action by the RDFI or by legal action; or OFAC has instructed the RDFI or Gateway to return the entry.	ALL	24 Hrs

ADMINISTRATIVE OR ACCOUNT INFO RELATED

REASON FOR RETURN	RETURN CODE	DESCRIPTION	ENTRY TYPE	RDFI DEADLINE
Account Closed	R02	Previously active account has been closed.	ALL	24 Hrs
No Account/Unable to Locate Account	R03	Account number structure is valid, but doesn't match individual identified in entry or is not an open account. (May not be used to return ARC, BOC or POP entries simply because they do not contain an individual name.)	ALL Except ARC, BOC, POP	24 Hrs
Invalid Account Number	R04	Account number structure not valid. Edit of check digit or number of account digits failed.	ALL	24 Hrs

AUTHORIZATION

REASON FOR RETURN	RETURN CODE	DESCRIPTION	ENTRY TYPE	RDFI DEADLINE
Unauthorized Debit To Consumer Account Using Corporate SEC Code	R05	A CCD/CTX debit entry that was transmitted to a consumer account of the Receiver was not authorized by the Receiver. Written Statement is required.	CCD, CTX (consumer only)	60 Days
Authorization Revoked by Customer	R07	Consumer who previously authorized entries has revoked authorization with the Originator. Written Statement is required.	ALL Consumer Except ARC, BOC, POP, RCK	60 Days
Customer Advises Originator is Not Known to Receiver and/or Originator is Not Authorized by Receiver to Debit Receiver's Account	R10	Receiver advises that an entry is not authorized. Written Statement is required.	All Except CCD, CTX	60 Days
Customer Advises Entry Not in Accordance with Terms of the Authorization	R11	Authorization obtained, but error in payment (e.g. wrong amount; debit date before authorized; incomplete transaction; improper source document or exceeds reinitiation attempts). Written Statement is required.	All Except CCD, CTX	60 Days
Corporate Customer Advises Not Authorized	R29	Receiver has notified RDFI that corporate debit entry transmitted to a corporate account is not authorized.	CCD, CTX	24 Hrs
Item for RCK is ineligible/improper	R51	Receiver has notified RDFI that item relating to RCK is ineligible, improper, or RCK entry is unauthorized.	RCK	60 Days

STOP PAYMENT

REASON FOR RETURN	RETURN CODE	DESCRIPTION	ENTRY TYPE	RDFI DEADLINE
Payment Stopped	R08	Receiver placed a stop payment order on a debit entry.	ALL	24 Hrs
Stop Payment on Source Document	R38	Stop payment order has been placed on source document relating to ARC, BOC, or POP.	ARC, BOC, POP Only	24 Hrs
Stop Payment on Item Relating to RCK Entry	R52	Stop payment order has been placed on the source to which RCK entry relates.	RCK Only	60 Days



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD

ACH RETURN ENTRIES

DEATH OF...

REASON FOR RETURN	RETURN CODE	DESCRIPTION	ENTRY TYPE	RDFI DEADLINE
Representative Payee Deceased	R14	Representative Payee is deceased or unable to continue in that capacity; cease future payments. (Beneficiary may be entitled to future deposits through another account.) <i>Used primarily for the return of federal government benefits.</i>	Consumer Only	24 Hrs
Beneficiary or Account Holder Deceased	R15	The beneficiary entitled to benefits or account holder (other than Representative Payee) is deceased; cease future payments. <i>Used primarily for the return of federal government benefits.</i>	Consumer Only	24 Hrs

SPECIAL CONCERN & ERRONEOUS ENTRIES

REASON FOR RETURN	RETURN CODE	DESCRIPTION	ENTRY TYPE	RDFI DEADLINE
File Record Edit Criteria/Entry with Invalid Account Number Initiated Under Questionable Circumstances/Return of Improperly-Initiated Reversal	R17	If fields edited by the RDFI cannot be processed, the field causing the error should be identified in the Addenda Information field of the Addenda Record. If RDFI believes the transaction was initiated under questionable circumstances, 'QUESTIONABLE' should be identified in the Addenda Information field. The RDFI or Receiver has identified a reversing entry as one that was improperly initiated by the Originator or the ODFI. <i>*Under the IRS Refund Return Opt-In Program, RDFIs can return suspicious or questionable tax refund credits using R17. If an RDFI participates in this program, it can return a tax refund credit for 60 days after the Settlement Date of the income tax refund.</i>	ALL	24 Hrs*
Invalid Company Identification	R21	Number used in the Company ID field is incorrect.	CIE	24 Hrs
Invalid Individual Identification Number	R22	The ID number used to identify the account is not correct.	CIE, MTE	24 Hrs
Credit Entry Declined by Receiver	R23	Receiver declines transaction because amount is inaccurate, results in overpayment, account is in litigation or Originator is not known to the Receiver.	ALL CREDIT ENTRIES	24 Hrs (after Receiver notifies RDFI)
Duplicate Entry	R24	RDFI appears to have received a duplicate entry, such as the trace number, dollar amount, or other data matches another transaction.	ALL	24 Hrs

PERMISSION BASED - SPECIAL CONCERN

REASON FOR RETURN	RETURN CODE	DESCRIPTION	ENTRY TYPE	RDFI DEADLINE
Returned per ODFI's Request	R06	ODFI has requested RDFI to return an entry.	ALL	Negotiated
Permissible CCD/CTX Return Entry	R31	ODFI agrees to accept a return beyond the 24-hour deadline of a CCD/CTX corporate entry reported unauthorized.	CCD, CTX Only	Negotiated

DOs AND DON'Ts OF ACH RETURNS

- Do return ACH entries timely to meet required deadlines. For "24-hour" return reason codes, the ODFI must receive the return by opening of business on the second banking day after the Settlement Date of the original entry. Returns sent electronically on either the Settlement Date or the day after the Settlement Date may meet this deadline. For "60-day" returns, the ODFI must receive the return by the opening of business on the banking day following the sixtieth calendar day after the Settlement Date of the original entry.
- Do contact an ODFI if an ACH entry was returned with the wrong return reason code or to ask if the ODFI will allow for the return of the original entry using return reason code "R06 – Returned per ODFI's Request."
- Do obtain a letter of indemnification if an ODFI requested an entry be returned "R06 - Returned per ODFI's Request."
- Do know that debit entries returned as "R01 - Insufficient Funds" or "R09 - Uncollected Funds" must be reinitiated within 180 days of the Settlement Date of the original entry.
- Don't return a debit because a Receiver is not pleased with the goods or services. Subsection 2.4.3 states the ODFI does not warrant the goods or services related to Entries. Any dispute over goods and services must be handled outside the ACH Network.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD

DISHONORED ACH ENTRIES**WHAT IS A DISHONORED RETURN ENTRY?**

An ODFI has the right to dishonor a return entry received from the RDFI if the entry was found to be returned outside of the established return timeframes, or if the information in the return entry was incomplete or incorrect. Dishonored return entries must

be transmitted within **5 banking days** after the Settlement Date of the return entry and are identified through the use of Dishonored Return Reason Codes, which are listed below.

DISHONORED RETURN CODE (ODFI)	DISHONORED RETURN CODE DEFINITION	RDFI RESPONSE	SPECIAL CONSIDERATION
R61	Misrouted Return—Return was received by wrong financial institution due to incorrect routing number.	Return Original Entry Using Correct RTN	Obtain correct routing number from original entry detail. Since return may now be untimely, ODFI contact is suggested.
R62	Return of Erroneous or Reversing Debit—The use of the reversal process resulted in, or failed to correct, an unintended credit to the Receiver.	Contest as R77 or Accept	Verify whether both the erroneous entry and the related reversing entry were returned; or the funds related to the entry in error were not recoverable from the Receiver.
R67	Duplicate Return—More than one return entry has been sent for the same entry.	Contest as R75 or Accept	Verify whether return was a duplicate. If not, then contest as indicated. If a duplicate, accept the Dishonored Return.
R68	Untimely Return—Return entry did not meet return deadline.	Contest as R73 or Accept	Verify timeliness of return. If return was timely, contest as indicated. If return was untimely, accept the Dishonored Return.
R69	Field Errors—Return contained one or more input errors. Addenda Record indicates field(s) in error: 01—Account Number 02—Trace Number 03—Amount 04—Individual ID 05—Transaction Code 06—Company ID 07—Effective Entry Date	Correct and Return as R74 or Contest as R76	Verify source of error(s) from original entry detail. Enter correct information in appropriate fields of Contested Dishonored Return and contest as R74. If no errors were found, contest as R76.
R70	Permissible Return Not Accepted/Return Not Requested—RDFI initiated a return as “R31—Permissible Return Entry” without ODFI permission or as “R06—Returned per ODFI’s Request” when the ODFI did not request such a return.	Contact ODFI Regarding Discrepancies	Use of R31 and R06 must be negotiated with the ODFI. Contact your Payments Association for clarification.

DOs AND DON'Ts OF DISHONORED RETURNS

- Do verify timeliness of Dishonored Returns. The ODFI must initiate a Dishonored Return within 5 banking days from the Settlement Date of the return. Contested Dishonored Returns must be initiated by the RDFI no later than 2 banking days from the Settlement Date of the Dishonored Return.
- Do verify returns being dishonored were originated from your financial institution. Misrouted Dishonored Returns should be contested with Return Code “R71—Misrouted Dishonored Return.”
- Do obtain correct information for Contested Dishonored Returns from original entry detail report when using “R74—Corrected Return.”
- Don’t initiate a new return when it was dishonored as duplicate. Contest the Dishonored Return with “R75—Original Return Not A Duplicate.”
- Don’t use the Original Entry Trace Number reported in the Dishonored Return when an “R69 – Field Errors” is received. The addenda reports the trace number as entered in the “incorrect” return.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD CONTESTED DISHONORED ACH ENTRIES

WHAT IS A CONTESTED DISHONORED RETURN ENTRY?

An RDFI may dispute a Dishonored Return entry received from the ODFI. Contested Dishonored Return entries must be transmitted within **2 banking days** after the Settlement Date of the Dishonored Return entry and are identified by Contested Dishonored

Return Reason Codes (listed below). An ODFI may not contest a Contested Dishonored Return through the ACH Network. Any further action concerning the entry must be pursued outside of the ACH Network.

WHAT IS A CORRECTED RETURN ENTRY?

An RDFI receiving a Dishonored Return entry indicating the return entry contained incorrect information may transmit a

Corrected Return entry. This must be done within **2 banking days** of the Settlement Date of the Dishonored Return entry.

CONTESTED DISHONORED RETURN CODE (RDFI)	DEFINITION
R71	Misrouted Dishonored Return—ODFI misrouted the Dishonored Return to the wrong RDFI (incorrect routing number).
R72	Untimely Dishonored Return—ODFI has not sent Dishonored Return Entry by return deadline.
R73	Timely Original Return—RDFI claims the original return was sent within the timeframe designated in the <i>ACH Rules</i> .
R74	Corrected Return—RDFI is correcting a return which was dishonored as “R69—Field Errors” because it contained incomplete or incorrect information.
R75	Original Return Not a Duplicate—RDFI claims original return entry is not a duplicate of an entry previously returned by the RDFI, used to dishonor return reason code “R67—Duplicate Return.”
R76	No Errors Found—RDFI claims the original return entry did not contain the errors indicated by the ODFI in the Dishonored Return entry “R69—Field Errors.”
R77	Non-Acceptance of R62 Dishonored Return—RDFI returned both the erroneous entry and related reversing entry; or RDFI was unable to recover the funds related to the entry in error from the Receiver.

COMMON QUESTIONS AND ANSWERS ABOUT DISHONORED RETURNS

Q: I received an R69. How can I determine what is wrong?

A: Look in the Addenda Record to see the code(s) that indicates the specific error(s).

Q: Should the ODFI continue to send Dishonored Returns for the same item?

A: No. Under the *ACH Rules*, the RDFI has the last right of return. Once an RDFI initiates a Contested Dishonored Return, the ODFI may only respond outside the ACH processing system. Call your Payments Association for assistance.

Q: I'm not sure I have the right to contest a Dishonored Return. Who can help me figure this out?

A: The ACH Operator can help you identify processing dates (and data) of the original return and Payments Associations can help you interpret your financial institution's rights under the *ACH Rules*.

Q: I've incurred a loss as a result of a Dishonored Return. Do I have any further recourse?

A: Yes. In some cases, the RDFI may charge the item against the customer's account. Consult your legal counsel.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD

ACH OPERATOR EXCEPTIONS**WHAT IS AN ACH OPERATOR REJECT?**

When an ACH Operator receives an entry or entry data that does not meet the acceptance criteria of ACH record formatting specifications, it will either return the entry or reject the entire batch or file containing the entry. Fields are subject to edit by the

ACH Operator and contain data critical for posting of an ACH entry. Rejected entries are identified through the use of ACH Operator Return Reason Codes, which are listed below.

OPERATOR REJECT CODES	DESCRIPTION	REASON(S) FOR USE OF THE REJECT CODE
R13	Invalid ACH Routing Number	Entry contains an RDFI or Gateway Identification that is not a valid ACH Routing Number.
R18	Improper Effective Entry Date	Effective Entry Date of a credit entry is beyond the 2 banking day processing window. Effective date of a debit entry is beyond the 1 banking day processing window.
R19	Amount Field Error	Amount field is non-numeric; is not zero in non-valued entry (i.e., prenote, DNE, ENR, NOC, Refused NOC or zero dollar entry); is zero in a valued ACH transaction format; or is greater than \$25,000 for ARC, BOC and POP entries.
R25*	Addenda Error	An error(s) exists in the Addenda Record in regard to the application of codes, incorrect values, addenda content or required formatting standards (i.e., ANSI or NACHA-endorsed banking convention).
R26*	Mandatory Field Error	An error exists in a field that is mandatory for ACH processing.
R27*	Trace Number Error	Original Entry Trace Number is not present in the Addenda Record of an automated return or the trace number disagrees with the previous entry.
R28	Routing Number Check Digit Error	The check digit for a routing number is invalid.
R30	RDFI Not Participant in Check Truncation Program	A check truncation entry is being directed to a non-participating RDFI. Routing number is incorrect for a check truncation entry.
R32	RDFI Non-Settlement	RDFI is unable to settle the entry.
R34	Limited Participation DFI	RDFI's participation has been limited by a federal or state supervisor.
R35	Return of Improper Debit Entry	A debit entry was originated that is not permitted for a Customer-Initiated Entry (CIE) or a loan transaction.
R36	Return of Improper Credit Entry	A credit entry was originated that is not permitted for ARC, BOC, POP, RCK, TEL or XCK.

*Refer to Appendix 4 of the *ACH Rules* for a detailed listing of error conditions or contact your ACH Operator for specific details.

Rejected entries have not been delivered to the intended financial institution or Receiver. Original entries or returns must be reinitiated with the correct information. Deadlines are not extended for rejected entries.

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FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD WEB & TEL ENTRIES

INTERNET-INITIATED/MOBILE ENTRIES (WEB)

WEB entries can be single or recurring ACH **debit** entries to consumer accounts based on authorization obtained from the Receiver via the Internet or a wireless network, excluding oral authorizations.

In addition, WEB must be used if the Receiver's instructions for initiation of the **debit** are communicated via a wireless network (other than oral) and authorization has been given in some other manner. Examples include payment instruction provided using a mobile Internet connection, text messaging (SMS) or using a bill payment 'application' on a smart phone.

A WEB entry may also be a **credit** that is initiated on behalf of a person to pay another person (i.e. person-to-person payment or P2P) or to transfer monies from a consumer's account at one financial institution to his/her account at another institution. The payment instructions may be communicated via the Internet, wireless network or in-person at a financial institution.

WEB AUTHORIZATION REQUIREMENTS

Debit: Originator must have authorization in writing that can be signed or similarly authenticated by the Receiver via the Internet or a Wireless Network. Similarly authenticated permits signed, written authorizations to be provided electronically; examples of similarly authenticated include PIN, password, pass code, or a digital signature. To satisfy Regulation E and the *ACH Rules*, the authentication method must evidence both the consumer's identity and assent to the authorization. The authorization must also be readily identifiable as an ACH debit authorization, have clear and readily understandable

terms and provide that the Receiver may revoke the authorization. The consumer must be prompted to print the authorization or provided a hard copy upon request. A WEB debit entry may also be authorized by a consumer orally using a voice-related technology (e.g., a virtual assistant, FaceTime, etc.).

Credit: Authorization is not required to be communicated via the Internet or Wireless Network. WEB Credits are transmitted from one natural person to another.

TELEPHONE-INITIATED ENTRIES (TEL)

TEL entries provide Originators the opportunity to initiate a single or recurring ACH debit to a consumer account for the purchase of goods or services pursuant to an oral authorization over the telephone.

A TEL entry may be transmitted only in circumstances in which:

- there is an existing relationship between the Originator and consumer; or
- there is not an existing relationship between the Originator and consumer, but the consumer has initiated the telephone call to the Originator.

TEL AUTHORIZATION REQUIREMENTS

Originator must record the authorization and must clearly state during the telephone conversation that the consumer is authorizing an ACH debit entry to his/her account, and express the terms in a clear manner. The original recording or a copy must be retained for 2 years from the date of the authorization.

If the Originator does not record the oral authorization of a single-entry TEL, they must disclose to the consumer during the telephone conversation that a written notice will be provided and the method by which the notice will be provided. The written notice must:

- confirm the consumer's oral authorization,
- include the date on which or after the debit will occur, amount of the transaction, Receiver's name, telephone number for inquiries, date of oral authorization, and statement that the Receiver's authorization will be used to originate the debit entry, and
- be provided prior to the settlement of the entry.

For recurring TEL entries, the Originator is required to provide the written notice (described above) in addition to recording the authorization.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD WEB & TEL ENTRIES

STANDING AUTHORIZATIONS

A standing authorization is an advance authorization of future entries to a Receiver's account that requires further affirmative action (or instructions) by the consumer to initiate those future entries (i.e., subsequent entries). An Originator may obtain authorization from the Receiver to debit his/her account in writing, orally over the phone or via the Internet; however, the debit to the Receiver's account is only processed upon receiving instructions from the consumer to do so. The Originator will convey within the standing authorization how the consumer's instructions, or affirmative action, is to be provided (e.g., text message, phone call, etc.).

An Originator may identify a subsequent entry using the SEC code appropriate to (1) the manner in which the standing authorization was obtained, or (2) the manner in which the Receiver's instruction to initiate the entry was communicated. However, a standing authorization obtained via the Internet, Wireless Network or orally over the phone cannot be a PPD debit.

STANDING AUTHORIZATION RECEIVED VIA:	ORIGINATOR RECEIVES SUBSEQUENT ENTRIES INSTRUCTIONS VIA:	SEC CODE OF SUBSEQUENT ENTRY
In Writing	Internet or Wireless Network	PPD or WEB
	Orally Over the Phone	PPD or TEL
Internet or Wireless Network	Internet or Wireless Network	WEB
	Orally Over the Phone	TEL or WEB
Orally Over the Phone	Internet or Wireless Network	WEB or TEL
	Orally Over the Phone	TEL



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD E-CHECK ENTRIES

ACCOUNTS RECEIVABLE ENTRIES (ARC)

ARC entries allow Originators (billers) to convert checks received through the U.S. mail, at a drop box location or at a manned bill payment location for the payment of goods or services to single-entry ACH debits.

BACK OFFICE CONVERSION ENTRIES (BOC)

BOC entries allow Originators (merchants, retailers, etc.) to initiate single-entry ACH debits when appropriate notice is provided in person by the Originator to the Receiver (check writer) for a purchase made at the point-of-sale or at a manned bill payment location, by using the check as a source document.

RE-PRESENTED CHECK ENTRIES (RCK)

RCK entries allow Originators (merchants, retailers, etc.) to transmit an ACH debit entry in place of a consumer-drawn paper check that has been returned for insufficient or uncollected funds.

POINT-OF-PURCHASE ENTRIES (POP)

POP entries allow Originators (merchants, retailers, etc.) to initiate single-entry ACH debits for purchases of goods or services made in-person at the point-of-sale or a manned bill payment location, by using the check as a source document.

DESTROYED CHECK ENTRIES (XCK)

XCK entries are used by collecting financial institutions whenever paper checks have been destroyed/lost, damaged too much that images cannot be made, or check images are unprocessable. Copy of converted item must be kept for 6 years.

UNIQUE RETURN REASONS FOR ARC, BOC, POP AND RCK ENTRIES

REASON FOR RETURN	RETURN CODE	DESCRIPTION	ENTRY TYPE	DEADLINE
Return of XCK Entry	R33	RDFI determines at its discretion to return a Destroyed Check Entry.	XCK	60 Days
Source Document Presented for Payment	R37	The source document to which the ARC, BOC or POP entry relates has been presented for payment. Written Statement is required.	ARC, BOC and POP	60 Days
Stop Payment on Source Document	R38	A stop payment order has been placed on the source document to which the ARC or BOC entry relates.	ARC and BOC Only	60 Days
Improper Source Document/Source Document Presented for Payment	R39	The RDFI determines the source document used for the ARC, BOC or POP entry is not an eligible check, or the source document was also presented for payment. No Written Statement is required.	ARC, BOC and POP	24 Hrs
State Law Affecting RCK Acceptance	R50	The RDFI is located in a state that has not adopted Revised Article 4 of the UCC (1990 official text) or the RDFI is located within a state that requires canceled checks to be returned to the Receiver.	RCK	Transmitted to the RDFI's ACH Operator by midnight of the second banking day following the banking day of receipt of the presentment notice
RCK Item Is Ineligible, Notice Not Provided, Signature Not Genuine, Item Altered or Amount Not Accurately Obtained	R51	The item to which the RCK entry relates was not eligible, Originator did not provide notice of the RCK policy, signature on the item was not genuine, the item has been altered or amount was not accurately obtained from item. Written Statement is required.	RCK	60 Days
Stop Payment on RCK Item	R52	A stop payment has been placed on the item to which the RCK entry relates. Stop Payment form recommended.	RCK	60 Days
RCK Item and ACH Entry Presented for Payment	R53	Both the item to which the RCK entry relates and the RCK entry have been presented for payment. Written Statement is required.	RCK	60 Days

DOs AND DON'Ts OF ARC, BOC, POP AND RCK RETURNS

- Do use "R10 – Customer Advises Unauthorized" to return an ARC, BOC or POP entry when it is unauthorized.
- Do use "R11 – Customer Advises Entry Not in Accordance with Terms of the Authorization" to return an ARC, BOC or POP entry when the amount was not accurately obtained or source document (check) is ineligible for conversion.
- Do know that checks/sharedrafts containing an Auxiliary On-Us field in the MICR line or written for more than \$25,000 are ineligible for ARC, BOC and POP entries.
- Do return RCK entries timely to meet required deadlines. This return timeframe is different from the typical ACH return timeframe in order to be consistent with the Uniform Commercial Code (UCC).
- Don't use "R07 – Authorization Revoked" to return ARC, BOC, POP or RCK entries.
- Don't use "R10 – Customer Advises Unauthorized" to return an RCK entry.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD

CHECK CONVERSION COMPARISON

	ACCOUNTS RECEIVABLE ENTRIES (ARC)	BACK OFFICE CONVERSION ENTRIES (BOC)	POINT-OF-PURCHASE ENTRIES (POP)	RE-PRESENTED CHECK ENTRIES (RCK)
Authorization/Notification Requirement	Notice required with each billing statement.	Notice required at point-of-sale or manned bill payment location.	Notice required at point-of-sale or manned bill payment location, voided check handed back to the Receiver and Receiver's written authorization.	Notice required.
Eligible Source Documents/Eligible Items	- Contain a pre-printed serial number - Completed and signed by the Receiver - Not contain Auxiliary On-Us field - Written for \$25,000 or less - Not be an obligation of a financial institution	- Contain a pre-printed serial number - Completed and signed by the Receiver - Not contain Auxiliary On-Us field - Written for \$25,000 or less - Not be an obligation of a financial institution	- Contain a pre-printed serial number - Has not been previously negotiated, voided, or provided for use in any prior POP entry - Not contain Auxiliary On-Us field - Written for \$25,000 or less - Not be an obligation of a financial institution	- Contain a printed serial number - Written for less than \$2,500 - Drawn on a consumer account - Returned for insufficient or uncollected funds - Previously presented (a) no more than twice in paper form, if initial RCK, or (b) no more than once in paper form and no more than once as an RCK, if a reinitiated RCK
Receipt Requirements	Not applicable.	Notice language must be provided to the Receiver via a written copy (i.e. receipt).	Notice language must be provided to the Receiver along with a receipt containing: - Merchant name - Merchant phone number - Date of transaction - Transaction amount - Check serial number - Merchant number - Terminal city - Terminal state.	Not applicable.
Collection Fees	Initiated as PPD debit if notice of collection fees provided at time of transaction. If not, initiate as a separate entry using the appropriate SEC code and follow the rules governing the specific SEC code.	Initiated as PPD debit if notice of collection fees provided at time of transaction. If not, initiate as a separate entry using the appropriate SEC code and follow the rules governing the specific SEC code.	Initiated as PPD debit if notice of collection fees provided at time of transaction. If not, initiate as a separate entry using the appropriate SEC code and follow the rules governing the specific SEC code.	Initiated as PPD debit if notice of collection fees provided at time of transaction. If not, initiate as a separate entry using the appropriate SEC code and follow the rules governing the specific SEC code.
Retention Requirements	Entries must be retained as a legible image or copy of the front of the Receiver's source document for a period of 2 years from the Settlement Date.	Entries must be retained as a legible image or copy of the front of the Receiver's source document for a period of 2 years from the Settlement Date.	Written authorization retained for a period of 2 years from the Settlement Date.	Retain a copy of the front and back of the item to which the RCK entry relates for 7 years from the Settlement Date.
Periodic Statement Requirements	The check serial number is required in addition to all other periodic statement requirements.	The check serial number is required in addition to all other periodic statement requirements.	The check serial number is required in addition to all other periodic statement requirements.	The check serial number is required in addition to all other periodic statement requirements.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD NOTIFICATIONS OF CHANGE

WHAT IS A NOTIFICATION OF CHANGE (NOC)?

An RDFI may send an NOC to an ODFI for the purpose of identifying incorrect information contained in an ACH entry and providing correct data for use in future entries. Correct data is contained in the change field(s) of the NOC and is sent using the Standard Entry Class (SEC) code COR. In transmitting an

NOC, the RDFI's warranty supersedes and renders inoperative any similar warranty of the ODFI. NOCs must be transmitted within **2 banking days** of the Settlement Date of the entry to which the NOC relates and are identified through the use of NOC codes, which are listed below.

FIELDS CONTAINING INCORRECT INFORMATION	NOC CODE	DESCRIPTION OF ERROR	CHANGE FIELD ENTRY PROCEDURE
Account Number	C01	Account number is incorrect or is formatted incorrectly.	Enter correct account number in Change Field 1.
Routing Number	C02	Due to merger or consolidation, a once valid routing number must be changed.	Enter correct routing number in Change Field 1.
Routing Number and Account Number	C03	Due to a merger or consolidation, the routing number must be changed and account number structure is no longer valid.	Enter correct routing number in Change Field 1, and enter correct account number in Change Field 2.
Transaction Code	C05	Transaction Code is incorrect and is causing entry to be routed to the wrong type of account (checking, savings, general ledger, or loan).	Enter correct Transaction Code* in Change Field 1.
Account Number and Transaction Code	C06	Account number is incorrect and transaction is being routed to the wrong type of account (checking, savings, general ledger, or loan).	Enter correct account number in Change Field 1 and correct Transaction Code* in Change Field 2.
Routing Number, Account Number and Transaction Code	C07	Due to a merger or consolidation, a routing number must be changed, account number structure is no longer valid and the transaction should be routed to another type of account.	Enter correct routing number in Change Field 1, enter correct account number in Change Field 2, and enter correct Transaction Code* in Change Field 3.
Incorrect Receiving DFI Identification	C08	Receiving DFI ID in an IAT is incorrect.	Enter correct Receiving DFI ID in first 34 positions of the Corrected Data Field.
Incorrect Individual ID Number or Incorrect Receiver ID Number	C09	Individual ID number is incorrect.	Change Fields are left blank. Verify Standard Entry Class Code; use for CIE, IAT, MTE, POS and SHR entries only
Addenda Format Error	C13	Entry Detail Record was correct, but information in the Addenda Record was unclear/formatted incorrectly (i.e., addenda information is not formatted in ANSI or NACHA-endorsed banking conventions).	Change Fields are left blank. (Correction to addenda devised by Originator and ODFI.)
Incorrect SEC Code for Outbound International Payment	C14	Used by Gateway to let ODFI know that future entries should be identified as IAT.	IAT in the first three positions of the Corrected Data Field identifies the payment as international. Further payments must use the IAT format.

*Refer to Appendix 3 of the ACH Rules for a list of Transaction Codes.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD NOTIFICATIONS OF CHANGE

REFUSED NOTIFICATIONS OF CHANGE

NOCs containing incorrect or incomplete information may account for delays or inability of the Originator to make the requested changes. In this case, the ODFI/Originator may submit a Refused Notification of Change within **15 calendar days** of receipt of the NOC or corrected NOC to define the reason for not processing the NOC.

A Refused NOC may appear on the RDFI's Entry Detail Register or other exception report. The reasons for refusal are defined by the Change Codes listed below. An RDFI may, within **5 banking days** from Settlement Date of the Refused NOC, submit a corrected NOC using regular NOC procedures.

ODFI CHANGE CODES FOR REFUSED NOCs

CODE	DESCRIPTION OF ERROR
C61	Misrouted Notification of Change
C62	Incorrect Trace Number
C63	Incorrect Company Identification Number
C64	Incorrect Individual Identification Number
C65	Incorrectly Formatted Corrected Data
C66	Incorrect Discretionary Data
C67	Routing Number Not From Original Entry Detail Record
C68	DFI Account Number Not From Original Entry Detail Record
C69	Incorrect Transaction Code

DOs AND DON'Ts OF NOTIFICATIONS OF CHANGE

- Do use the Standard Entry Class code of COR when sending Notifications of Change.
- Do send Notifications of Change within 2 banking days of Settlement Date of the original entry.
- Do contact ODFIs and Originators regarding mass changes to determine the most efficient method of updating account information, especially Originators of large payment volumes (e.g., Social Security). Mass changes due to merger, acquisition or similar event are exempt from the regular NOC deadline.
- Do contact your Payments Association if assistance is needed to identify an ODFI. The first eight digits of the entry trace number are the first eight digits of the ODFI routing number. You can also visit www.frbsservices.org to access the E-Payments Routing Directory.
- Do complete transaction information as it was received so the Originator can identify the original entry being referenced. Enter the correct information in the Change Field of the Addenda Record.
- Do expect Originators to make the requested changes for recurring payments, but know it is at the Originator's discretion to make requested changes for one-time payments.
- Don't initiate NOCs to transfer ACH entries from a closed account to another account held by the Receiver without the direct authorization of the Receiver.
- Do know that the RDFI warrants the validity of information provided through the NOC process.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD GOVERNMENT ACH EXCEPTIONS

FEDERAL GOVERNMENT RETURN ENTRIES

All ACH payments must be returned in accordance with the *ACH Rules*. An ACH payment may be returned if:

- An enrollment has been terminated and a new enrollment for the same recipient has not been executed,
- The financial institution has actual or constructive knowledge of the death or legal incapacity of a recipient or representative payee,
- The financial institution is honoring a DNE or other notification of death from a federal agency,
- The account has been closed,
- There is no current account for the recipient, or
- For any other reason the financial institution is unable to credit the payment to the account.

RETURN CODES RECOMMENDED BY THE FEDERAL GOVERNMENT

RETURN CODE	DESCRIPTION
R02	Account Closed
R03	No Account/Unable to Locate Account
R04	Invalid Account Number
R06	Returned per ODFI's Request
R14	Representative Payee Deceased or Unable to Continue in that Capacity
R15	Beneficiary or Account Holder Deceased
R16	Account Frozen
R17	File Record Edit Criteria/Entry with Invalid Account Number Initiated Under Questionable Circumstances/Return of Improperly-Initiated Reversal.

FEDERAL GOVERNMENT NOTIFICATION OF CHANGE ENTRIES

Notification of Change (NOC) is a method used by financial institutions to notify a federal agency to correct or change account information in an entry processed by that agency. NOCs are used for federal government (civilian and military) payments that are made on a recurring basis. NOCs are not to be used to change title/ownership of account, interest of the recipient or beneficiary in the account, from one financial institution to another, account information for one-time payments (IRS refunds), or name of recipient (e.g., following marriage). The recipient must complete a new enrollment form to correct these, and in the case of a name change due to marriage, the recipient should contact the federal agency directly.

NOTIFICATION OF CHANGE CODES ACCEPTED BY THE FEDERAL GOVERNMENT

NOC CODE	DESCRIPTION
C01	Incorrect Account Number
C02	Incorrect Routing Number
C03	Incorrect Routing Number and Incorrect Account Number
C05	Incorrect Transaction Code
C06	Incorrect Account Number and Incorrect Transaction Code
C07	Incorrect Routing Number, Incorrect Account Number and Incorrect Transaction Code

DOs AND DON'Ts OF FEDERAL GOVERNMENT PAYMENTS

- Do know that the RDFI may rely solely on the account number for purposes of posting a federal government payment.
- Do use "R17 – File Record Edit Criteria" to return questionable IRS tax refunds if participating in the IRS Returns Opt-In Program. Program details can be found at www.nacha.org.
- Don't send NOCs to change information on an IRS tax refund. If the refund is unpostable and is returned to the IRS, the taxpayer will receive a check in place of Direct Deposit.
- Do know that NOCs may take 2 payment cycles to be processed.
- Do contact EFTPS for questions regarding the electronic transmission of federal tax payments at www.eftps.gov.
- Don't hold federal government payments for any reason. If the payment cannot be posted, then return it. RDFIs should never open an account for posting purposes.
- Do know if a customer stops receiving their federal government payment, the government may need an updated customer address. Refer the customer to the appropriate federal agency to determine why payments have ceased.
- Do use the *Green Book* as a resource for processing federal government payments. The *Green Book* can be found at www.fiscal.treasury.gov and contains the customer assistance phone number of the Payment Management Call Center along with contact information for major paying agencies.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD GOVERNMENT ACH EXCEPTIONS

FEDERAL GOVERNMENT RECLAMATIONS

The federal government has the right to recover, or reclaim, benefit payments made through the ACH Network to a beneficiary who died before the date of the payment or a representative payee who died or became legally incapacitated.

An RDFI is liable for ALL post-death benefit payments received after it knows of the death or legal incapacity of a benefit recipient. RDFIs must

notify a paying federal agency if the RDFI learns of the death from a source (i.e. family member, obituary, executor, funeral home, etc.) other than the agency. This is done through the use of Return Reason Codes "R14—Representative Payee Deceased" and "R15—Beneficiary or Account Holder Deceased." Reclamations from non-federal government agencies should be handled according to Article 3 in the *ACH Rules*.

DEATH NOTIFICATION ENTRIES (DNE)

Death Notification Entries (DNE) allow federal agencies to notify financial institutions of a benefit recipient's death. Upon receipt of a

DNE, the financial institution should "flag" the deceased recipient's account to prevent accepting further post-death federal benefit payments.

NOTICE OF RECLAMATION

Federal agencies initiating a Notice of Reclamation must do so within 120 calendar days after the date the agency is notified of the death. Upon receipt of the Notice of Reclamation, an RDFI must determine the account balance and prevent further withdrawals of post-death federal benefit payments from the account. An RDFI

has up to 60 days from the issue date of the reclamation to provide a complete and accurate response via the Automated Reclamation Processing System (ARPS) via Pay.gov. Failure to respond timely may result in a debit to the RDFI's Federal Reserve account or its correspondent's account for the total amount of the reclamation.

LIMITING LIABILITY

An RDFI may limit its liability if it:

- had no actual or constructive knowledge of the death at the time post-death benefit payments were posted;
- returns all post-death benefit payments received after learning of the death; and

- responds to the Notice of Reclamation within 60 days of the issue date of the reclamation.

To understand the reclamation process and the associated liabilities, see Chapter 5 of the *Green Book*.

GARNISHMENTS

Garnishment is a legal process that provides a creditor with a court order to remove funds from an account to satisfy a debt that an account holder has not paid. An account holder cannot use the money in his/her account that is owed to the creditor.

Federal government benefit payments are 'protected' from garnishment orders.

Treasury will place an "XX" in positions 54-55 of the Company Entry Description fields and a "2" in the Originator Status Code field of the Company/Batch Header Record to help RDFIs identify federal government benefit payments exempt from garnishment.

Reference Chapter 2 of the *Green Book* for more information on garnishments.

DOs AND DON'Ts OF FEDERAL GOVERNMENT PAYMENTS

- Do know that federal government payments not subject to reclamation include federal salary, allotments and travel payments, U.S. savings bond payments, vendor payments and IRS tax refunds.
- Do verify a benefit recipient is truly deceased before returning any payments (i.e., via a family member, funeral home, executor, etc.). If a payment is returned as deceased and the recipient is alive, the recipient must contact the federal agency directly to re-enroll in Direct Deposit.
- Do return post-death benefit payments when the RDFI has knowledge of the death or legal incapacity of a recipient or representative payee.
- Do know the RDFI is not liable for any benefit payment dated the same day as the date of death.
- Do know that a DNE from one federal agency constitutes notification by all other agencies. For example, if a deceased beneficiary received recurring benefit payments from both Social Security and the Veteran's Administration (VA), a DNE from Social Security would represent notification by the VA too. In this instance, ensure payments from both agencies received after the beneficiary's death are returned promptly.
- Do respond to reclamation requests accurately and timely. The return of complete and timely reclamations may allow the RDFI to limit its liability.



FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD

IAT ENTRIES

INTERNATIONAL ACH ENTRIES (IAT)

IAT entries are credit or debit ACH entries that are part of a payment transaction involving a financial institution not located in the territorial jurisdiction of the United States. RDFIs must accept all Standard Entry Class (SEC) codes, including

International ACH Entries (IAT). Just like other SEC codes, IAT entries are delivered to an RDFI in the same manner—either by the ACH Operator or a Third-Party Service Provider (e.g., processor, correspondent bank or corporate credit union).

OFAC SCREENING OF IAT ENTRIES

RDFIs are responsible for screening each inbound IAT entry received for OFAC compliance; specifically, the entry is to be screened against the most current Specially Designated Nationals and Blocked Persons (SDN) List. An RDFI is not only responsible for screening its account holder, but all parties involved in the

transaction (i.e., “Travel Rule” information found in the 7 mandatory Addenda Records). Additionally, an RDFI must screen the remittance data and any foreign correspondent banks that have been identified.

An RDFI's OFAC compliance policy and procedures should be followed for blocking and reporting suspect transactions.

OFAC SCREENING INDICATORS

OFAC Screening Indicators can be found within the Entry Detail Record of an IAT and consist of two single-character fields. These fields are used to convey the results of OFAC screening on inbound IAT entries by a Gateway (i.e., FRB or DFI acting in that capacity) or a Third-Party Service Provider. The Gateway uses the first field to transmit its findings while a Third-Party Service Provider uses the second field to convey screening results. OFAC Screening Indicator values and associated results are shown:

SCREENING INDICATOR VALUE	RESULT
0	No Potential Blocked Party
1	Potential Presence of a Blocked Party
Space filled	No Screening Conducted

OFAC COMPLIANCE OBLIGATIONS

- An RDFI must have a written OFAC compliance policy and procedures manual.
- An RDFI is responsible for OFAC compliance. It may use a Third-Party Service Provider, such as a processor, correspondent bank or corporate credit union, to perform its OFAC review; however, be aware an RDFI may not contract away its liability.
- OFAC Screening Indicators should be used as a reference in assisting an RDFI with its compliance obligations. However, results should not be relied upon solely; the RDFI is ultimately liable for ensuring OFAC compliance.
- OFAC screening should occur prior to posting an IAT entry.

VISIT THE IAT SOLUTIONS CENTER AT WWW.NACHA.ORG FOR HELPFUL RESOURCES, INCLUDING AN OFAC DOCUMENT ON CREDITING BENEFICIARY'S ACCOUNTS PRIOR TO OFAC SCREENING.

PROVISION UNDER ARTICLE ONE

Due to issues involving OFAC investigations, an RDFI may encounter situations when it is unable to:

- Post an IAT entry on the Settlement Date,
- Return an IAT entry within the prescribed timeframes, or
- Recredit a Receiver's account for an unauthorized IAT entry.

A provision to the *ACH Rules* excuses an RDFI from its obligations under the *ACH Rules* to credit or debit an account or transfer funds when such action is in conflict with U.S. law such as a possible OFAC violation.

OFAC handling of IAT transactions does not change your current OFAC requirements related to domestic ACH transactions. To learn more about an RDFI's OFAC responsibilities, visit www.treas.gov or call 800.540.OFAC.

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FINANCIAL INSTITUTION ACH QUICK REFERENCE CARD

IAT ENTRIES

REASON FOR PAYMENT

Each inbound IAT entry contains the reason for the payment, located in the Transaction Type Code field of the first Addenda Record. The reason for payment is identified with a 3-digit predefined code, found in the *ACH Rules*; inbound IAT debit

CODE VALUE	REASON FOR PAYMENT
ANN	Annuity
BUS	Business
DEP	Deposit
LOA	Loan
MIS	Miscellaneous
MOR	Mortgage
PEN	Pension
REM	Worker Remittance
RLS	Rent/Lease
SAL	Salary/Payroll
TAX	Tax

entries may carry a secondary SEC code in the Transaction Type Code field, which reflects how the Receiver's authorization was obtained. Predefined code values and acceptable SEC codes are shown below:

SEC CODE	DESCRIPTION
ARC	Accounts Receivable Entry
BOC	Back Office Conversion
MTE	Machine Transfer Entry
POP	Point-of-Purchase Entry
POS	Point-of-Sale Entry
RCK	Re-presented Check Entry
SHR	Shared Network Transaction
TEL	Telephone-Initiated Entry
WEB	Internet-Initiated Entry

NOTIFICATIONS OF CHANGE

An RDFI may send a Notification of Change (NOC) related to an IAT entry. NOCs must be transmitted within **2 banking days** of the Settlement Date of the IAT entry to which the NOC relates. The following NOC Codes may be used:

NOC CODE	DESCRIPTION
C01	Incorrect Account Number
C02	Incorrect Routing Number
C05	Incorrect Transaction Code
C08	Incorrect Foreign Receiving DFI ID
C09	Incorrect Individual ID Number
C13	Addenda Format Error

RETURNING IAT ENTRIES

Inbound IAT Entries may be returned for any valid reason (refer to "ACH Return Entries" Quick Reference Card for specific return reason codes) and within the established domestic return timeframes prescribed in the *ACH Rules*. An IAT return entry must include the 7 mandatory Addenda Records transmitted with the original IAT entry.

RETURN PROCESSING 'BEST PRACTICE'

Updates to the SDN List are made frequently and due to time delays between posting and returning an IAT entry, one or more parties to the IAT transaction could have been added to the SDN List. An RDFI may want to re-screen the 7 mandatory Addenda Records for OFAC compliance prior to returning an IAT entry.

DISHONORED AND CONTESTED DISHONORED RETURNS

Dishonored and Contested Dishonored Returns are not permitted for use with IAT entries. These domestic exception processes do not have counterparts with foreign payments systems, and therefore,

must be handled outside of the ACH Network (e.g., RDFI contact U.S. Gateway to resolve).

DOs AND DON'Ts OF IAT RETURNS

- Do use "R16 – Account Frozen/Returned per OFAC Instruction" to return inbound IAT debit or credit entries when OFAC has instructed your financial institution to do so.
- Do know you may return inbound IAT debit or credit entries as "R17 – File Record Edit Criteria/Entry with Invalid Account Number Initiated Under Questionable Circumstances" when your financial institution does not have enough information to perform a comprehensive OFAC scan or believes the entry was initiated under questionable or suspicious circumstances.
- Don't return a "suspect" IAT transaction before completing your investigation, which could include contacting OFAC.

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