

## **STATE TREASURER'S OFFICE CASH MANAGEMENT DIVISION**

### **I. Validity and Verification of Registered Warrants**

The State Treasurer's Office (STO) will provide a courtesy validation in the event that Registered Warrants (RWs) are issued. However, the following requirements must be implemented by the State Controller's Office (SCO), STO and any presenting bank to ensure the efficient implementation of this process.

For banks that wish to participate in the courtesy bank validation process, each banking entity (STO cannot accept enrollment from individual branches of the same bank) must email the Cash Management, Financial Services Section at [Finserv@treasurer.ca.gov](mailto:Finserv@treasurer.ca.gov) to enroll in the STO's courtesy validation process and request a three digit bank identification number. This number will serve as the number to identify their bank in our system for the duration of the process and also as their UserID to logon to the Treasurer's FTP site once they are ready to submit files. The bank should provide the Treasurer's Office with an email address that our office can use if we need to communicate with the bank outside of the FTP process. Once the bank has sent this email, Financial Services' Staff (FSS) will send them a response email indicating their assigned three digit number.

To submit a file for validation, the bank will logon to the Treasurer's FTP website at: <ftp://ftp.treasurer.ca.gov> (for example: <ftp://ftp.treasurer.ca.gov>). The Registered Warrants file submitted for validation by the banks would be retrieved by the Treasurer's staff and compared against the SCO's RW Issued file as well as the Stop Payments file. An exception file will be generated (see meaning of exception codes on page 3) and uploaded onto the Treasurer's FTP site. If there are no exceptions, the file will still be generated and uploaded but will be empty.

Any validation file received by 10:00 am Pacific Time will be put through our validation process and the exception file or the "empty" file indicating no exceptions will be uploaded for banks to access that same day by 3:00 pm Pacific Time. Any files received after 10:00 am Pacific Time will be processed and uploaded the next business day. Please note the following:

- The file will be transmitted to STO electronically on an as needed basis, but not more than once per day.
- Format is to be an ASCII Text File. Technical information and specifications pertaining to the file format are listed below.
- The file should be uploaded to the Treasurer's website at:  
<ftp://ftp.treasurer.ca.gov>

### **Daily verification process by state**

- The SCO will provide STO with a Registered Warrant Issued (RWI) file via an FTP process. Updates will be sent to STO as new RWs are issued.
- The SCO will provide STO with a Stop Payment File via an FTP process. This is the same file currently received by the Item Processing Section within the STO. Updates will be sent to STO as new Stop Payments are determined.
- The STO will create a subsystem to the Registered Warrant Redemption system with the following features:
  - A RWI table
  - An RW Stop Payment table (derived by comparing the Stop Pay file with the RWI table)
  - Input facility or screen(s) to facilitate importing the member banks' electronic presentments
  - Validation of electronic presentments from member banks against the above referenced tables
  - Provide output files and reports to the presenting banks
  - Processing will be done only 1 time per day per banking entity (individual branches cannot be accommodated)
  - Exception items (items not passing all validation criteria) and the reason for the exception will be reported to the presenting bank in a file uploaded to the Treasurer's FTP site. If no exceptions are identified, a file indicating that will be uploaded to the site as well.
  - Authorized Cash Management Division staff will, daily, at 8:00 A.M Pacific Time, check the following web address: <ftp://ftp@treasurer.ca.gov> for any validation files submitted by the banks.
  - Access the Courtesy Bank Validation Screen and import a single file from a single source.
  - Perform the required validation; generate an output text file to an FSS shared network drive; generate output screen display, and optionally print a report after processing.
  - This process is repeated until all validation files have been processed.
  - Authorized FSS staff will forward the output results to each presenting bank via the Treasurer's FTP site.

Please note that some of the banks wanted to be able to send a cumulative file that would capture all RWs held by the bank to date. We will not be able to accept cumulative files. Please note that as the volume of issued warrants increases, the size of the file increases accordingly, which combined with the number of banks projected to be submitting files would significantly slow down the process of validation and could eventually lead to a system crash.

The reason code/s for accepted and/or returned items could include any of the following:

**Item Passes all Validation Processes** If all items pass the validation process, a file will still be generated; it will simply be empty.

**STOP Payment Condition** This error will indicate that a stop payment was found on the STO RW Stop Table. This error means that the SCO has forwarded a stop payment request for that warrant. It is highly likely that the item in question will be stopped when presented to STO for payment. However, STO will not state that it is a valid stop payment. STO must be in possession of the physical item, or a facsimile, in order to verify any final stop payment disposition. Banks receiving this error message may fax a copy of the warrant - front and back - to the Item Processing Section within the State Treasurer's Office at: (916) 654-5906.

**Dollar Amount Mismatch** This error will indicate that although the item was found on the Issues File, it had a different dollar amount shown in the file than what was presented by the bank.

**Item not on Issues File** This will occur when an item is presented to STO that is not on the issues file. This applies to all items presented. The STO will not perform any validation to determine whether an item IS NOT a State Warrant. The STO will only report back that the item is not on the Issues File.

**Duplicate Validation Item.** This error indicates that a warrant has already been validated by the STO. Once an item has been presented for validation, STO will flag that item as validated. A second item, with the same serial number, that is presented to the STO will return as a duplicate validation. The duplicate validation can occur if the same bank or a different bank presents the same item.

#### **Meaning Of Exception Codes:**

- 02:** A Stop Payment has been placed on the item.
  - 03:** The item was issued by SCO, but the amount does not match our information.
  - 04:** The item is not a Registered Warrant issued by SCO.
  - 05:** The item has already been validated (duplicate item) by STO either by your bank or another bank.
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**REGISTERED WARRANT COURTESY BANK VALIDATION FILE LAYOUT SPECIFICATIONS  
FOR FILES SENT TO THE STATE TREASURER'S OFFICE**

**General File Guidelines:**

- **No cumulative files can be accepted.**
- The file should be in ASCII (text) format.
- Each record must be terminated with 0D0A carriage return/line feed starting in position 72.
- The file will contain only State issued Registered Warrants.
- The name of the file should be in the following format: bank number (to be assigned to you by STO), file date (YYYYMMDD), and your bank name (without special characters).

**FILE HEADER RECORD**

<b>Field Name</b>	<b>Length</b>		<b>Description</b>
Bank Number	3	9(03)	To be assigned by STO.
File Date	8	9(08)	Format: YYYYMMDD.
Bank Name(Same as in file name)	50	X(50)	Left justified and right space filled.
Filler	10	X(10)	Value spaces.
Total Record Length	71		

**DETAIL RECORD**

<b>Field Name</b>	<b>Length</b>		<b>Description</b>
Warrant Number	10	9(10)	Right justified and left zero filled.
Warrant Amount	14	9(12)V99	The last two bytes are the cents (assumed decimal). Right justified and left zero filled.
RW ABA Number (121145077)	9	9(09)	
Internal Sequence Number	30	X(30)	Left justified and right space filled.
Date Processed By Bank	8	X(08)	Format: YYYYMMDD.
Total Record Length	71		

**FILE TRAILER RECORD**

<b>Field Name</b>	<b>Length</b>		<b>Description</b>
Trailer Indicator	9	X(09)	VALUE 'ZZZZZZZZZ'.
File Record Count	11	9(11)	Right justified and left zero filled.
File Total Warrant Amount	18	9(16)V99	The last two bytes are the cents (assumed decimal). Right justified and left zero filled.
Filler	33	X(33)	Value spaces.
Total Record Length	71		

**REGISTERED WARRANT COURTESY BANK VALIDATION FILE LAYOUT SPECIFICATIONS  
FOR EXCEPTION FILES SENT FROM TO THE STATE TREASURER'S OFFICE**

**General File Guidelines:**

- The file will be in ASCII (text) format.
- The file will contain only the exception items found.
- The name of the file will contain the prefix of TOBANK, and then the Header Record information from your incoming file (bank number (assigned to you by STO), file date (YYYYMMDD), and your bank name).

**FILE HEADER RECORD**

<b>Field Name</b>	<b>Length</b>		<b>Description</b>
Bank Number	3	9(03)	To be assigned by STO.
Bank File Date	8	9(08)	Format: YYYYMMDD.
Bank Name	50	X(50)	Left justified and right space filled.
Filler	12	X(12)	Value spaces.
Total Record Length	73		

**DETAIL RECORD**

<b>Field Name</b>	<b>Length</b>		<b>Description</b>
Exception Code	2	9(02)	
Warrant Number	10	9(10)	Right justified and left zero filled.
Warrant Amount	14	9(12)V99	The last two bytes are the cents (assumed decimal). Right justified and left zero filled.
RW ABA Number (121145077)	9	9(09)	
Internal Sequence Number	30	X(30)	Left justified and right space filled.
Date Processed By Bank	8	X(08)	Format: YYYYMMDD.
Total Record Length	73		

**FILE TRAILER RECORD**

<b>Field Name</b>	<b>Length</b>		<b>Description</b>
Trailer Indicator	9	X(09)	VALUE 'ZZZZZZZZZ'.
Bank File Record Count	11	9(11)	Right justified and left zero filled.
Bank File Total Warrant Amount	18	9(16)V99	The last two bytes are the cents (assumed decimal). Right justified and left zero filled.
File Record Count	11	9(11)	Right justified and left zero filled.
File Total Warrant Amount	18	9(16)V99	The last two bytes are the cents (assumed decimal). Right justified and left zero filled.
Filler	6	X(06)	Value spaces.
Total Record Length	73		

## II. Redemption Process

Once the RWs are called, the banks will have two options under which they can redeem the registered warrants. The two options are: 1) Direct presentment by the banks to the Item Processing Section within the STO. 2) By mail to the following address:

State Treasurer's Office  
915 Capitol Mall  
Sacramento, CA 95814  
Item Processing Section

The banks can make direct presentment to the State Treasurer's Office, Cash Management Division - Item Processing Section during normal business days – Monday-Friday, between 8:00 A.M. and 3:00 P.M. Pacific Time. To receive same day payment, the warrants must be presented before 2:00 P.M. Registered Warrants delivered after 2:00 P.M. will be processed and paid the next business day. Payments to banks with pre-established relationship with the State Treasurer will be made by 11:00 A.M. via wire transfer of funds pursuant to the wiring instructions provided by the presenting bank.

Payments to all other banks will be made by check drawn on the Treasurer's Demand Account with one of the 7 depository banks – most likely Bank of America. The check can be picked in person or mailed to an address provided by the presenting bank.

Please note that if a bank chooses to present the registered warrants through the Federal Reserve prior to their stated maturity they will be returned by the Treasurer's Office to the presenting bank. If a bank chooses to present the redeemable/maturing warrants through the Federal Reserve, the latter will credit to the bank's account only the face value of the warrants. If you wish to receive interest on the registered warrants, you should hold them until they are redeemable and present them directly to the State Treasurer's Office at the address listed above.

Processing items that are mailed to the STO will vary depending on the volume presented and the nature of the presenter. Large volumes mailed by a bank will be processed by the Item Processing Section and payment will be made via wire transfer of funds, or by a check drawn on the Treasurer's Demand Account that will be mailed to the presenting bank in accordance with the instructions provided.

The daily verification and validation process should help mitigate some of the adverse consequences. Nonetheless, the banks may choose to place a hold on RWs and request a validation of the warrants by the STO prior to cashing the RWs for their clients. Alternatively, a bank may choose to request a validation from the STO subsequent to accepting the RW from a client. Should the status of

a RW that was deemed valid at the time of certification by the STO change by the time it is called, the bank should ensure that it has recourse against the payee. To assist the banks in mitigating such a potentiality, the STO would continue to provide validation, as requested by the banks, until the RWs are called so that the banks can be aware of any change in the status of a validated warrant as soon as it takes place.

All redeemable warrants must be presented to the Treasurer in exchange for payment.

THE TRESURER OF THE STATE WILL PAY OUT OF THE  
 IDENTIFICATION NO. 141992 FUND NO. 0250 FUND NAME GENERAL FUND  
 WARRANT NUMBER 93-000043  
 00-450771211  
 THIS REGISTERED WARRANT will be honored on or after 10/01/2009  
 ISSUE DATE 93000043  
 MO: DAY: YR: 06: 25: 2009  
 DOLLARS AND CENTS \$ 2456.46  
 TO: 000043  
 CURTIS H. CABLE  
 883 CASTRO STREET  
 P.M.B. 654  
 SAN FRANCISCO CA 94114  
 JOHN CHIANG  
 CALIFORNIA STATE CONTROLLER

15 1 2 1 1 4 5 0 7 7 1 9 3 0 0 0 0 4 3 8 1 0

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**State of California** WARRANT NUMBER **93-000043**

THE TRESURER OF THE STATE WILL PAY OUT OF THE IDENTIFICATION NO. 141992 FUND NO. 0250 FUND NAME GENERAL FUND

THIS REGISTERED WARRANT will be honored on or after 10/01/2009

ISSUE DATE 93000043  
 MO: DAY: YR: 06: 25: 2009  
 DOLLARS AND CENTS \$ 2456.46

TO: 000043  
 CURTIS H. CABLE  
 883 CASTRO STREET  
 P.M.B. 654  
 SAN FRANCISCO CA 94114

**VOID**

JOHN CHIANG  
 CALIFORNIA STATE CONTROLLER

15 1 2 1 1 4 5 0 7 7 1 9 3 0 0 0 0 4 3 8 1 0

**VOID**

THIS WARRANT IS VALID UNTIL THE DATE OF THE NEXT REGULAR PAYROLL CHECK IS ISSUED TO THE PAYEE. IF THE WARRANT IS NOT PAID BY THE NEXT REGULAR PAYROLL CHECK, THE PAYEE MUST CONTACT THE STATE CONTROLLER'S OFFICE AT (916) 227-3135 FOR ASSISTANCE.