

BOARD POLICY LETTER  
17 FEBRUARY 1971-1R  
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CANCELS

HCO POLICY LETTER OF 17 FEBRUARY 1971  
SAME TITLE

Remimeo  
FBOs  
Dept 7  
Dept 8  
A/GFs

Finance Series 3-1R

HANDLING OF BOUNCED CHECKS AND REFUNDS

(Modifies BPL 17 Feb 71R Finance Series 3R  
in that bounced checks must be minus invoiced  
by orgs and debited to the customer's account  
so that service is not delivered against them  
until re-collected.)

This Policy Letter outlines the exact handling of bounced checks including FBO actions as would be required in connection with HCO PL 29 Jan 1971 "Finance Banking Officers" and BPL 17 Feb 1971R "Basic FBO Duties".

It is a duty of the FBO to safeguard incoming monies and to ensure that all income is properly and legibly invoiced by the org and that the exact same amount is collected and receipted and banked by himself each day.

FBO records must therefore agree with and verify those of Div 3 always.

All daily income collections are thoroughly checked by the FBO before issue of any invoice of receipt.

He carefully checks the tape total of the day's income against org invoices. He checks the invoices for admin correctness and legibility. He ensures that all copies of any voided invoices are stapled to the in-series copy.

He then tape-totals the checks and counts the cash against invoice totals.

These must equal the same amount exactly.

He inspects checks for correctness of date and endorsement and quickly obtains any needed corrections.

The FBO then issues his invoice to Dept 7, made to "Dir Income" or "Cashier" in the exact currency of receipt.

He ensures that his deposit slips equal the same amount as org invoice total and the amount of his receipt for the money.

All org income is then deposited to the Finance Office Account No. 1.

BOUNCED CHECKS

Thus, any bounced checks are returned from the bank to the FBO.

The FBO receiving a bounced check from the bank deposits it to the Org with a MINUS INVOICE of the same number series on which he issues his invoices of daily collections from the org.

The org Dir Income or Cashier then at once writes his own MINUS INVOICE debiting the account of the person who presented the check. A copy is provided the FBO.

This protects the org from delivering services which have not in fact been paid for. One org had on its books in excess of \$20,000 which had bounced and remained uncollected but which still showed in the customers' files as credits!

#### COLLECTION

The bounced check is now subject to immediate re-collection action by the FBO, who reports the drawer for FALSE REPORT and personally contacts him to obtain a new check or OK to redeposit.

The FBO makes notes of all collection actions on a single sheet to which all other related papers are attached.

When the FBO has secured collection on the check, he writes an invoice crediting the org, attaching a copy to his collection notes to indicate collection complete. These are then filed.

The org Dir Income or Cashier then at once writes his own CREDIT invoice showing "BOUNCED CHECK COLLECTED" and crediting the person's org account.

The re-collected check is banked by the FBO.

#### WEEKLY INCOME TOTAL

Gross Income as reported on OIC is the total of monies collected by the org and is unaffected by bounced checks or bounced check collections.

Minus invoices for bounced checks are NOT deducted from the weekly income total and recollected bounced checks having already counted as income once are not again counted.

#### PACKET INVOICES

Div 3 weekly invoice tape total excludes any invoices for bounced checks or bounced checks collected.

The FBO's weekly invoice tape total excludes any such invoices but a separate tape is made by the FBO for any bounced checks and a third for any such collected that week.

FBO deposit slips for checks being re-deposited are made out separately and are so marked by the FBO to distinguish them from org income being banked.

ADVANCE COLLECTIONS AND BOUNCED CHECKS

Advance collections obtained from persons in the org on behalf of others were discovered in one org to be at the root of large numbers of bounced checks.

Services are often sold to family groups with one member paying for some or all of them.

This is not uncommon and is perfectly legitimate.

But beyond that, org personnel may not solicit payments from staff or public on behalf of others.

Orgs may not arrange for checks to be issued temporarily on behalf of another between public persons or with staff to obtain collections.

Occasionally a student or PC in the org offers payment for a friend. That's fine.

But orgs may not solicit or suggest it. Not ever.

Advance collections are obtained by industrious collection from "Hot Prospects" and other potential customers.

The essence of it is selling the service, collecting the money from the customer and getting the service delivered. (Unused Pre-Payments are subject to refund.)

REFUNDS AND REPAYMENTS OF PPS

Refunds and repayments of Pre-Payments are not minus invoices but are paid by Dept 8.

A voucher copy debiting the customer's account is placed in his accounts file.

Any monies required for such by the org must be obtained from the CVB Reserve Payment Account before payment from the Org's Main Account.

Refunds and repayments are handled per BPL 14 Nov 74 "Refund Repayment Claims".

Flag Finance Mission 835

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