

## Returned Checks (NSF)

### Resources:

- For specific CORIS instruction, see District [DCJUST Document](#)
- [Court Learning Management System](#) (LMS)
- [UCA 7-15-1](#)
- [Legal Opinions](#)
- [Sample of Returned check letter](#)
- [Section 03 Daily Balancing](#) and [Section 04-01.00 Office of State Debt Collection](#)

**Note - Also referred to as:** Bounced check, Non-sufficient fund check (NSF), bad check

### Policy:

1. The local courts are responsible to account for and collect any checks not honored by banks.
2. Per the State Court bank contract, checks returned on the Revenue Account are automatically presented for payment a second time before they are returned to the AOC. If a local court does not want local Trust Account returned checks presented a second time automatically, a written request to that effect from the Court Executive should be filed with the AOC Finance Manager and appropriate arrangements will be made with the bank.
3. Scanned copies of the check returned through the trust account will be returned directly to the court. Checks returned through the revenue account will be returned to the AOC Finance Department. The AOC Finance Department will distribute returned revenue checks to the courts with the bank charge notice. (Determine whether the check was returned through the revenue or trust account by reviewing the bank account number on the bank charge notice.)
4. Retain the image copy of the front and back of all NSF checks returned as per Section 01-01 Record Retention.
5. A \$20 SERVICE fee (RC) is charged for each returned check. If the returned check was applied to multiple cases, apply the \$20 service fee to one case only. The fee should be satisfied prior to other fees/fines. The fee may be waived by applying a CREDIT/SUSPEND if:
  - a. the bank provides a letter stating that the returned check was due to a bank error (the letter will be retained with the accounting records on the day the credit was issued.) or
  - b. by written authorization of the Judge or Judicial Order, Court Executive or appointee.

- c. the payment was from a 3<sup>rd</sup> party and the 30 day collection period has passed.
- 6. An additional \$35 COLLECTION COST (CO) will be charged to the issuer if payment is not received within fifteen (15) calendar days of mailing the NSF check notice. The fee should be satisfied prior to other fees/fines. This cost may also be waived by applying a CREDIT/SUSPEND if:
  - a. The payment was mailed by the issuer before the 15 day period as evidence by the mail log date.
  - b. The check or the entire case has been forwarded to the Office of State Debt Collection.
  - c. By written authorization of the Judge or Judicial Order, Court Executive or appointee.
  - d. The payment was from a 3<sup>rd</sup> party and the 30 day collection period has passed.
- 7. For returned checks issued from a person ***not named as a party on the case (3<sup>rd</sup> Party)***, the court will pursue collection of the amount of the check plus associated fees for 30 days. If not satisfied, the court shall adjust the added fees out of the receivable, as the original party is no longer responsible. (The court is no longer forwarding 3<sup>rd</sup> party checks to OSDC to avoid duplicate collection of amounts due.)
- 8. All divisions will mail the written NSF check notice to the payer within five (5) calendar days of receiving the NSF check. If the NSF check was applied to multiple cases, send one NSF check notice to the payer for the total amount of the NSF check plus any fees due. CARE has not been programmed to allow multiple case numbers to print on the NSF check notice. Additional case numbers associated with an NSF check applied to multiple cases must be hand-written on the notice. Update the note field on all cases to document receipt of the NSF check.
- 9. Collection efforts on District Court civil and miscellaneous fees may continue for an additional 30 days from the mailing of the NSF notice and should be manually sent to OSDC if further collection efforts are required. A link providing the form to include when manually sending items to OSDC is located in Section 04-01.00. Criminal cases becoming 90 days delinquent, shall be sent electronically to OSDC for collections. All fees and charges accrued to date should be included with the primary balance forwarded unless the person tendering payment was a 3<sup>rd</sup> party.
- 10. OSDC will not pursue collection on NSF checks that are older than three years.
- 11. Collection efforts on Juvenile Court cases may continue for an additional 90 days. At the end of this collection period, check and related fees and charges only (not the entire case) should be forwarded to OSDC for further collection efforts.
- 12. Once a check has been returned by a payer, further payments on that case by the same payer should be made with cash, cashier's check, money order, or credit card. In the Juvenile court, CARE will not allow another check be

- receipted to the case. The clerk of court must notify the court's help desk if they desire to remove the block.
13. Check writing privileges may be reinstated at the discretion of the TCE.
  14. Local management may choose to publish a list of NSF payers and refuse to accept checks from those listed. Procedures should be written to support these practices.
  15. Contract court sites may retain amounts collected related to the Service Fee and Collection Cost assessed on cases with an NSF check (See "Returned Checks" Legal Opinion). The Service Fee and Collection Cost must be assessed and recorded in CORIS. A manual adjust must be made on the Revenue Distribution Summary for any amounts listed related to the Returned Check Fee (RC) or Collections Cost (CO) when calculating the amount of the check to be submitted to AOC Finance each month.

## **Procedures:**

### **Responsible Action**

#### **Appellate Court Clerk/Accountant**

1. Do an NSF reversal in the case for the amount of the returned check.
2. Reversal of check for payment of REVENUE: The NSF reversal will cause the deposit for that day to total more than the Revenue Distribution Report.
3. AIS will automatically establish an account receivable for the \$20 returned check fee.
4. Advise the Clerk of the Court that the check was returned so that procedures for collecting the original revenue, plus the returned check fee can be pursued.
5. Retain the image copy of the front and back of all NSF checks returned per Section 01-01 Record Retention.
6. Within 5 calendar days of receipt of the NSF check, notice shall be mailed to the issuer of the bad check informing them of the \$20 NSF SERVICE FEE, as well as alerting them to additional fines that may be applied as per UCA 7-15-1(4).
7. If the debt is not satisfied within 15 calendar days from the mailing date of said notice, additional COLLECTION COSTS in the amount of \$35 shall be applied to the total amount due (using the accounts receivable code "CO").
8. Upon failure to satisfy this debt, one of the following procedures shall be followed depending on the type of case or reason for original payment:
  - a. If the NSF occurred on a CRIMINAL case, and the entire receivable on the case is 90 days delinquent and deemed eligible to be sent to State Debt Collection, the fine plus additional costs assessed shall be sent to the Office of State Debt Collection to pursue.
  - b. If the NSF occurred on a CIVIL case and payment was not rendered within 30 days from the original notice, further collection efforts may be pursued by the Office of State Debt Collection.

- c. If the NSF was a result of MISCELLANEOUS fees paid, Discs, etc., and not satisfied within 30 days from the original notice, further collection efforts may be pursued by the Office of State Debt Collection.
- d. If the NSF occurred because payment was made by a PERSON NOT NAMED A PARTY ON THE CASE (3<sup>rd</sup> Party check where payment is made in behalf of the defendant) and the CASE is now 30 days delinquent both the \$20 SERVICE FEE and the \$35 COLLECTION COST incurred are no longer due and shall be adjusted. The court is no longer forwarding 3<sup>rd</sup> party checks to OSDC to avoid duplicate collection of amounts due.

**District/Juvenile Court  
Clerk/Accountant**

- 1. Ensure the correct reversal reason (bank account) is selected when the reversal is performed.
- 2. Only in the District Court if the wrong bank account was selected or when a split check is reversed would the deposit need to be adjusted.
- 3. If the check was deposited into Revenue, the court must reflect the NSF check at the time the weekly revenue report is prepared. ([See 03-06 Revenue Reporting](#))
- 4. If the check was deposited into Trust, the reversal will offset the bank statement if done within the same month. ([See 06-04 Trust Reconciliation](#))
- 5. CORIS/CARE will automatically establish an account receivable for the \$20 SERVICE fee.
- 6. Retain the image copy of the front and back of all NSF checks returned per Section 01-01 Record Retention.
- 7. Within 5 calendar days of receipt of the NSF check, notice shall be mailed to the issuer of the bad check informing them of the \$20 NSF SERVICE FEE, as well as alerting them to additional fines that may be applied as per UCA 7-15-1.
- 8. If the original check amount plus the \$20 SERVICE FEE is not satisfied within 15 calendar days from the mailing date of said notice, an additional \$35 COLLECTION COST shall be applied (automatically done in CARE) to the total amount due by manually creating a new account receivable in CORIS using the accounts receivable code "CO ".
- 9. In the Juvenile court, CARE blocks future payments by check. To remove the block, contact the clerk of court.
- 10. Upon failure to satisfy this debt, one of the following procedures shall be followed depending on the type of case or reason for original payment:
  - a. If the NSF occurred on a CRIMINAL case, and the ENTIRE receivable on the case is 90 days delinquent, the fine plus additional costs assessed shall be sent to the Office of State Debt Collection to pursue. (See Sending Cases to State Debt Collection)

- b. If the NSF check was a fine forfeiture payment on a traffic citation (bail forfeiture), a plea of "guilty" must be entered on the case; creating the needed "judgment" OSDC requires.
- c. If the NSF occurred on a CIVIL case and payment was not rendered within 30 days from the original notice, further collection efforts may be pursued by the Office of State Debt Collection. The scanned image of the check must be forwarded to OSDC, noting additional fees assessed, if the case is not sent electronically in CORIS.
- d. If the NSF was a result of MISCELLANEOUS fees paid, tapes, etc., and not satisfied within 30 days from the original notice, further collection efforts may be requested by the Office of State Debt Collection. Forward a copy of the bank scanned check attached to the manual referral form depicting all applicable distribution codes. (See Section 04 Collections, [04-01.00](#) Office of State Debt Collection).
- e. If the NSF occurred because payment was made by a PERSON NOT NAMED A PARTY ON THE CASE (3<sup>rd</sup> Party check where payment is made in behalf of the defendant) and the CASE is now 30 days delinquent both the \$20 SERVICE FEE and the \$35 COLLECTION COST incurred are no longer due and shall be adjusted. The court is no longer forwarding 3<sup>rd</sup> party checks to OSDC to avoid duplicate collection of amounts due.

### **Administrative Office/Law Library**

- 1. The AOC Finance Department will return checks unpaid through the revenue account to the responsible department.
- 2. The Finance clerk will enter a negative deposit in the AOC revenue deposit summary program. The FINET coding block will be the same as the original check entry. If the money is ultimately collected, the clerk shall split the new deposit appropriately between the SERVICE FEE account and the collecting department.
- 3. The specific department is responsible for collection of the check amount and fees. An image copy of the front and back of all NSF checks as well as notification letters should be retained as per Section 01-01 Record Retention.
- 4. Within 5 calendar days of receipt of the NSF check, notice shall be mailed by the department clerk to the issuer of the bad check informing them of the \$20 NSF SERVICE FEE, as well as alerting them to additional fines that may be applied as per UCA 7-15-1.
- 5. If the debt is not satisfied within 15 calendar days from the mailing date of said notice, COLLECTION COST in the amount of \$35 shall be applied to the total amount due and a second notice sent to the party on the check informing them of the new total.
- 6. Upon failure to satisfy this debt, further collection efforts may be requested by the Office of State Debt Collection.