

# **BAD CHECK DIVERSION PROGRAM**

A joint effort of  
**Financial Crimes Technology Services**  
PO Box 94  
Red Wing, MN 55066-0094  
1-800-880-5420  
and  
**Edina Police Department**  
4801 W. 50<sup>th</sup> St.  
Edina, MN 55424  
(952) 826-1610



Dear Edina Merchants and Residents:

We all pay higher prices because of the losses associated with worthless checks, and law enforcement, including our Department, spends significant resources investigating and prosecuting the people who issue those checks. The numbers of worthless check cases increase every year.

In response to this situation, the Edina Police Department and Financial Crimes Technology Services (FCTS) have implemented a worthless check diversion program. The main goals of the program are:

- Restitution for victims
- Increase accountability of people who issue worthless checks
- Educate and assist merchants and residents in effective check acceptance procedures
- Reduce repeat worthless check activity and costs associated with investigating and prosecuting worthless check cases

This program is solely funded by people who issue the worthless checks, not area merchants or residents.

If you have any questions after reviewing this information, please contact the Financial Crimes Technology Services (FCTS) check diversion program at 1-800-880-5420.

Lt. Dave Nelson  
Edina Police Department

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### Program Summary

In the restitution program process, worthless checks are first entered into the FCTS system, then the check writers are contacted by FCTS. Three scenarios are possible:

- Check writer pays the Check Diversion Program - 100% of the face value of the check is returned to the merchant (plus bank fees, if paid).
- Offender completes a financial counseling program offered by the Check Diversion Program.
- Check writer fails to pay – the check is sent for prosecution review and proceedings, or is red-flagged (according to prosecutable limits) and reviewed again later if more checks are added to that name.

### Checks ELIGIBLE for the Program

- NSF, Account Closed, Refer to Maker, Stop Payment, and Electronic Checks received within Edina city limits that do not exceed \$1500.00. **If your check exceeds \$1500 contact Edina Police Department.**
- Worthless checks LESS THAN 120 DAYS from the date issued by the check writer.  
(exception: first time program users can send checks up to 2 years old)

### Checks NOT ELIGIBLE for the Program

- Promissory notes and/or arrangement to hold the check for deposit or credit extensions
- Second party checks
- Payroll Checks
- Checks currently in collections by a collection agency or attorney; checks can be forwarded to FCTS after agency has sent them back

## Filing a Complaint Form

Two documents below **must be completed** before any checks can be processed.

1. **“Memorandum of Understanding”** (pg. 6) Send this (*one time only*) with your first checks.
2. **“Preliminary Worthless Check Report”** (pg.7) Send *with each batch* of check(s) submitted. **You must submit the original check(s) stamped by the bank with the reason it was returned.**
3. Mail checks to:                      Edina Bad Check Program  
   P.O. Box 94  
   Red Wing, MN 55066-0094

## As Your Checks Go through the Program

1. **For information** on checks sent in, call **1-800-880-5420** or visit <http://financialcrimes.net/>
2. **Restitution** recovered will be handled as follows:
  - Paid in full restitution will be deposited into a trust account and paid back monthly.
  - Payment plans will be deposited into a trust account and paid back after final payment is received.
  - At the end of each month you will receive a report with payment or a report on all checks submitted to the program during the month reported.
  - If you have Internet access all reports will be available on line and only payments will be mailed. (there will be no reports sent out on a no activity account – you must sign on for online reporting to review activity)

## When to Contact the Police

Call the police to report:

- Counterfeit check(s)
- Altered checks
- Forged checks of any amount
- Checking account opened using fraudulent information
- Stolen checks

If you are an Edina resident or business and have been a victim of any of the above crimes, **call Edina Police Department at 952-826-1600** to file a police report. A police officer will take an initial report. **You must report these crimes immediately.**

Edina Police Department  
4801 W. 50<sup>th</sup> St.  
Edina, MN 55424

## SIGNAGE

The following signage is **required by Minnesota law** to allow merchants to enforce collection of service charges and civil penalties. This must be **posted where your customers can see the service charge at the time the check is accepted** by the merchant. Copy as needed.

**IT'S AGAINST THE LAW TO WRITE A BAD  
CHECK IN MINNESOTA**

**Checks returned to us for nonpayment  
are subject to a service charge of**

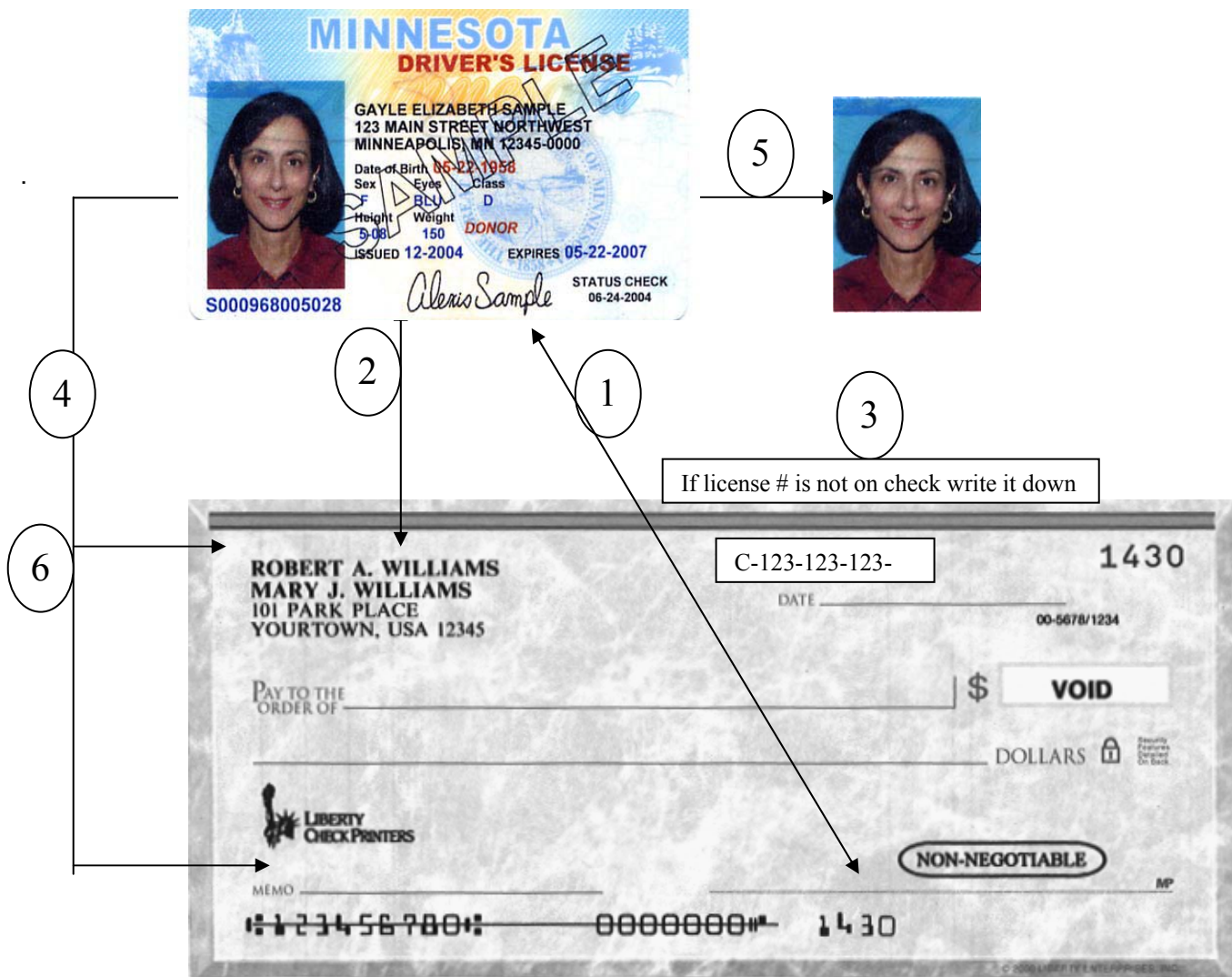
**\$30**

**Additional civil penalty may be imposed  
on checks returned for nonpayment after 30 days.**

MN Statute 604.113

Minnesota Retail Merchants Association

# CHECK ACCEPTANCE PROCEDURES



1. Check the signatures on the identification card and match this signature to the signature on the check (endorsement line). If these signatures do not match, acceptance should be declined  
(New drivers Licenses printed after 12/15/2004 will have new DL number – make sure you copy DL number off of drivers license not check – old checks will have old DL)
2. Make sure the identification card matches name and address on the check  
If time permits write down good address as indicated by customer
3. Record or circle the identification number (DL # D-123-123-123-123)
4. Record date of birth (i.e. DOB 1/29/72)
5. Make sure photo on identification card matches customer
6. Have employee initial upper left corner

## MEMORANDUM OF UNDERSTANDING

**To:** Financial Crimes Technology Services  
Check Diversion Program  
P.O. Box 94  
Red Wing, MN 55066-0094

It is my intention to submit worthless checks to the Financial Crimes Technology Services (FCTS) Check Diversion Program. This is an acknowledgement to cooperate with all aspects of this program including:

To appear as witness, or have my staff appear as witnesses, as required for any prosecution of a worthless check submitted in this program.

I further agree that once a check has been submitted, I will NOT ACCEPT restitution from anyone, except from the FCTS Check Diversion Program. If restitution is accepted from anyone other than the FCTS Check Diversion Program, I could be liable for services performed and could be excluded from future service of this program for at least one year.

If I accept payment directly from the bad check writer I will report payment to FCTS within 24 hours. I understand that if payments directly to my business seem excessive I may be assessed \$30 for each check for which I accept payment.

By this acknowledgement, when I forward a check to the FCTS Check Diversion Program, I am foregoing my right to personally recover any service charges or civil penalties. These service charges or penalties, if any, will be collected through the FCTS Check Diversion Program. I also understand that I am gifting the \$30.00 NSF fee allowed by state statute to the FCTS Check Diversion Program.

I am aware, and fully understand that this program was established by the Edina Police as a public service, and the City of Edina is held harmless and has no liability for the inability to make recovery of any check(s).

I also understand that the Edina Police, City Attorney and County Attorney's offices may pursue any and all legal criminal remedies for recovery of check(s) available to their offices.

I agree that in the event of a disputed check, a process for arbitration will be used to resolve the claims. I also agree to accept and abide by the decision of the mediator's judgment and make settlement of any fees, if found liable as a due course of arbitration. FCTS may mediate my claims in good faith and be held harmless for any activities taken on my behalf.

I have received the copies of the restitution forms and guidelines for submitting checks to this program that I must complete. I recognize that a request for complaint form must be completed for each batch of checks being submitted.

As a merchant, I will ensure that I communicate to all my employees the proper check cashing/acceptance procedures, and display our check cashing policy and Minnesota state law regarding check penalties as required by this program.

I understand that with out Proper photo identification such as a Minnesota driver's license or state identification card recorded or verified during the transaction. There may be limitations in pursuing the worthless check writer.

\_\_\_\_\_  
Signature of Company Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Please type or print the following information

Business Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone number \_\_\_\_\_

Email Address: \_\_\_\_\_

