

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



February 8, 2006

CSS LETTER: 06-07

ALL IV-D DIRECTORS
 ALL COUNTY ADMINISTRATIVE OFFICERS
 ALL BOARDS OF SUPERVISORS
 ALL COUNTY AUDITOR CONTROLLERS

SUBJECT: REPLACEMENT FUNDS PROCESS FOR NON-SUFFICIENT
 FUNDS CHECKS

The purpose of this letter is to inform you of the change in responsibilities in obtaining replacement funds for non-sufficient funds (NSFs) occurrences.

When a check is returned to the State Disbursement Unit (SDU) due to insufficient funds, Department of Child Support Services (DCSS) Operations staff will be responsible for contacting check writers and requesting replacement funds. Check writers are legally obligated to make good the funds, and California Civil Code establishes legal liability. Civil Code section 1719(a)(1) states in part, "Notwithstanding any penal sanctions that may apply, any person who passes a check on insufficient funds shall be liable to the payee for the amount of the check and a service charge payable to the payee."

DCSS Operations staff will notify the local child support agency (LCSA) when an NSF occurs. Operations staff will contact by phone the person that each LCSA designates as the NSF liaison. LCSA workers shall not attempt to obtain the replacement funds or post adjustments to ARS/CASES that impact case balances or create receivables. The LCSA shall record the NSF details in the EVX screen in CASES or the CCR screen in ARS. This information will be made available if the check writers have questions. The notices sent to the check writer will direct questions back to DCSS. If the LCSA receives any questions concerning an NSF, all inquiries should be directed to Glen Kamena (916) 845-6991 or Chris Feliciano (916) 845-7220 at the DCSS Operations Division. The LCSA shall not instruct the check writer in regards to replacing the NSF or stopping payment on a check.

DCSS Operations staff will send NSF notices to Custodial Parties, and in employer NSF check situations, to Non-Custodial Parents informing them that there has been an NSF and that DCSS will attempt to obtain replacement funds. To obtain replacement funds, DCSS will send up to three demand letters to NSF check writers. If replacement funds are recovered, DCSS will forward check information to the appropriate LCSAs. The LCSA will then update ARS/CASES with the replacement information.

Reason for this Transmittal

- State Law or Regulation Change
- Federal Law or Regulation Change
- Court Order or Settlement Change
- Clarification requested by One or More Counties
- Initiated by DCSS

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In the event that replacement funds are not recovered within 90 days, DCSS will notify the LCSA and submit the original NSF check to the SDU for processing. The SDU will send NSF information to SWS/ARS/CASES, which will adjust case balances and create receivables as appropriate.

If you have any questions or concerns regarding the replacement funds process, please contact John Brooding, DCSS Operations Division, at (916) 845-5201 or, via e-mail at john.brooding@dcss.ca.gov.

Sincerely,

o/s RON DOTTA

Ron Dotta
Acting Deputy Director
DCSS Operations Division