

UNITED STATES GOVERNMENTEXECUTIVE OFFICERS

President

- Warren G. Harding (elected Nov. 1920, inaugurated March 4, 1921, date of death Aug. 2, 1923)

Calvin Coolidge (succeeded W. G. Harding on Aug 2, 1923, inaugurated 1923)

Secretary of Treasury

- Andrew W. Mellon (appointed March 4, 1921, served until Feb. 12, 1932)

Comptroller of Currency

- D. R. Crissinger (date of appointment March 17, 1921, resigned April 30, 1923)
- Henry M. Dawes (date of appointment May 1, 1923, resigned Dec. 17, 1924)

Secretary of State - Charles E. Hughes

Secretary of War - John W. Weeks

Secretary of Navy - Edwin Denby

Secretary of Interior - Hubert Work, Mar. 5-

Albert B. Fall, to Mar. 4

Secretary of Agriculture - Henry C. Wallace

Attorney General- Harry M. Daugherty

Secretary of Commerce - Herbert C. Hoover

Secretary of Labor - James J. Davis

Postmaster General - Hubert Work, to Mar. 4, Harry S. New

1923  
January

U. S. G O V E R N M E N T

S E N A T E

Banking and Currency Committee

67th Congress

Republicans

McLEAN, George P.  
PAGE, Carroll S.  
CALDER, William M.  
WELLER, O. E.  
NORBECK, Peter  
SHORTRIDGE, Samuel M.  
EDGE, Walter E.  
PEPPER, George Wharton  
COUZENS, James

Connecticut  
Vermont  
New York  
Maryland  
South Dakota  
California  
New Jersey  
Pennsylvania  
Michigan

Democrats

OWEN, Robert L.  
HITCHCOCK, Gilbert M.  
POMERENE, Atlee  
FLETCHER, Duncan U.  
KENDRICK, John B.  
GLASS, Carter

Oklahoma  
Nebraska  
Ohio  
Florida  
Wyoming  
Virginia

1923  
January

U. S. G O V E R N M E N T

HOUSE OF REPRESENTATIVES

Banking and Currency Committee

67th Congress

Republicans

McFADDEN, Louis T.  
DALE, Porter H.  
KING, Edward J.  
SCOTT, Frank D.  
NELSON, Adolphus P.  
STRONG, James G.  
ECHOLS, Leonard S.  
BROOKS, Edward S.  
LUCE, Robert  
MacGREGOR, Clarence  
DUNBAR, James W.  
VOLK, Lester D.  
APPLEBY, T. Frank  
LAWRENCE, Henry F.  
FENN, E. Hart

Pennsylvania  
Vermont  
Illinois  
Michigan  
Wisconsin  
Kansas  
West Virginia  
Pennsylvania  
Massachusetts  
New York  
Indiana  
New York  
New Jersey  
Missouri  
Connecticut

Democrats

WINGO, Otis  
STEAGALL, Henry B.  
BRAND, Charles H.  
STEVENSON, William F.  
BLACK, Eugene  
GOLDSBOROUGH, T. Alan

Arkansas  
Alabama  
Georgia  
South Carolina  
Texas  
Maryland

FEDERAL RESERVE BOARDEx Officio Members

A. W. Mellon

Secretary of the Treasury,  
Chairman

D. R. Crissinger, (resigned 4/30/23)

Comptroller of the Currency

Henry M. Dawes, (succeeded Crissinger)

Comptroller of the Currency

D. R. Crissinger, Governor (effective  
May 1, )

Edmund Platt, Vice Governor

Adolph C. Miller

Charles S. Hamlin

John R. Mitchell (effective May 14)

Milo D. Campbell (effective Mar. 13)  
(died March 22)Edward H. Cunningham (succeeded Campbell)  
(May 5)Secretary's Office

W. W. Hoxton, Secretary (resigned in Sept.)

W. L. Eddy, Secretary (effective October 4)

W. L. Eddy, Asst. Sec. (before Oct. 4)

J. C. Noell, Asst. Sec. (succeeded Eddy)

Fiscal Agent

W. M. Imlay, Fiscal Agent

Division of Examination

J. F. Herson, Chief, and Chief Examiner

Counsel's Office

Walter Wyatt, General Counsel

Division of Analysis and Research

Walter W. Stewart, Director

M. Jacobson, Statistician

E. A. Goldenwiser, Assoc. Stat.

Division of Bank Operations

E. L. Smead, Chief

FEDERAL RESERVE SYSTEM  
FEDERAL ADVISORY COUNCIL

District No. 1 (Boston)	Alfred L. Aiken
District No. 2 (New York)	Paul M. Warburg, Vice President
District No. 3 (Philadelphia)	L. L. Rue, President
District No. 4 (Cleveland)	C. E. Sullivan
District No. 5 (Richmond)	John M. Miller, Jr.
District No. 6 (Atlanta)	Edward W. Lane
District No. 7 (Chicago)	John J. Mitchell
District No. 8 (St. Louis)	Festus J. Wade
District No. 9 (Minneapolis)	G. H. Prince
District No. 10 (Kansas City)	E. F. Swinney
District No. 11 (Dallas)	R. L. Ball
District No. 12 (San Francisco)	D. W. Twohy

Harry L. Hilyard, Secretary

1923

FEDERAL RESERVE SYSTEM

\* OPEN MARKET INVESTMENT COMMITTEE (April 1, 1923- )

Composed of five Governors of Federal Reserve Banks:

Boston - W. P. G. Harding

New York - Benjamin Strong

Philadelphia - George W. Norris

Cleveland - E. R. Fancher

Chicago - J. B. McDougal

\* Up to April 1, 1923 the committee was named: "Committee of Governors on  
Centralized Execution of Purchases and Sales of Government Securities."

## Federal Reserve Bank of Boston (Dist. 1)

OFFICERS

Governor	-	W. P. G. Harding (Effective January 15)
Deputy Governors	-	C. C. Bullen W. W. Paddock
Chairman and Federal Reserve Agent	-	Frederic H. Curtiss
Deputy Chairman	-	Allen Hollis

## Federal Reserve Bank of Boston (Dist. 1)

DIRECTORSClass A

Term Expires  
Dec. 31

BEAL, Thomas P. (Boston, Mass.)	1923
KENNARD, Edward S. (Rumford, Me.)	1924
CHAMBERLAIN, Frederick S. (New Britain, Conn.)	1925 (re-elected)

Class B

ALLEN, Philip R. (East Walpole, Mass.)	1923
WASHBURN, Charles G. (Worcester, Mass.)	1924
MORSE, E. R. (Proctor, Vt.)	1925 (re-elected)

Class C

CURTISS, Frederic H. (Boston, Mass.) Chairman and FR Agent	1923
HOLLIS, Allen (Concord, N.H.) Deputy Chairman	1924
METCALF, Jesse H. (Providence, R. I.)	1925 (re-appointed)



OFFICERS

Governor	-	Benjamin Strong
Deputy Governors	-	J. H. Case L. F. Sailer G. L. Harrison E. R. Kenzel
Chairman and Federal Reserve Agent	-	Pierre Jay
Deputy Chairman	-	William L. Saunders

1923

Federal Reserve Bank of NEW YORK (Dist. 2)DIRECTORS

<u>CLASS A</u>	<u>Term Began</u>	<u>Dec. 31</u> <u>Term Ended</u>
TREMAN, Robert H. (Ithaca)	1/1/21	1923
SMITH, Charles (Oneonta)	1/1/22	1924
McGARRAH, Gates W. (New York)	1/1/23	1925 (elected)
<u>CLASS B</u>		
WILLIAMS, Richard H. (Madison)	1/1/21	1923
STEVENS, Frank L. (North Hoosick)	1/1/22	1924
YOUNG, Owen D. (New York)	1/1/23	1925 (elected)
<u>CLASS C</u>		
SAUNDERS, William L. (Plainfield)	1/1/21	1923 (Deputy Chairman)
WOOLLEY, Clarence M. (Greenwich)	1/1/22	1924
JAY, Pierre (New York)	1/1/23	1925 (reappointed) (Chairman)

OFFICERS

Governor	-	George W. Norris
Deputy Governor	-	William H. Hutt
Chairman and Federal Reserve Agent	-	R. L. Austin
Deputy Chairman	-	H. B. Thompson

DIRECTORS

<u>Class A</u>	<u>Term Expires Dec. 31</u>
WAYNE, Jos. (Jr.) ( Philadelphia, Pa.)	1923
DOUGLAS, Francis (Wilkes-Barre, Pa.)	1924
COSGROVE, John C. (Johnstown, Pa.)	1925 (elected)
 <u>Class B</u>	
STUART, Edwin S. (Philadelphia Pa.)	1923
HADDON, Charles K. (Camden, N.J.)	1924
JOHNSON, Alba B. (Philadelphia, Pa.)	1925 (re-elected)
 <u>Class C</u>	
AUSTIN, R. L. (Philadelphia, Pa.) Chairman and FR Agent	1923
HARRISON, Chas. C. (Philadelphia)	1924
THOMPSON, H. B. (Wilmington, Del.) Deputy Chairman	1925 (re-appointed)

OFFICERS

Governor - E. R. Fancher

Deputy Governors - M. J. Fleming  
Frank J. Zurlinden

Chairman and Federal  
Reserve Agent - D. C. Wills

Deputy Chairman - L. B. Williams

## Federal Reserve Bank of Cleveland (Dist. 4)

DIRECTORSClass ATerm Expires  
Dec. 31

WARDROP, Robert (Pittsburgh, Pa.)  
 SAMS, O. N. (Hillsboro, Ohio)  
 LAMBERTON, Chess (Franklin, Pa.)

1923  
 1924  
 1925 (re-elected)

Class B

COMBS, Thomas A. (Lexington, Ky.)  
 STAMBAUGH, John (Youngstown, Ohio)  
 WRIGHT, R. P. (Erie, Pa.)

1923  
 1924  
 1925 (re-elected)

Class C

WILLS, D. C. (Cleveland, Ohio) Chairman and FR Agent  
 KNIGHT, W. W. (Toledo, Ohio)  
 WILLIAMS, L. B. (Cleveland, Ohio) Deputy Chairman

1923  
 1924  
 1925 (re-appointed)

## Federal Reserve Bank of Richmond (Dist. 5)

OFFICERS

Governor	-	George J. Seay
Deputy Governors	-	C. A. Peple R. H. Broadus
Assistants to Governor-		A. S. Johnstone John S. Walden
Chairman and Federal Reserve Agent	-	Caldwell Hardy (died August 26) W. W. Hoxton (succeed Hardy, 9/15)
Deputy Chairman	-	Frederic A. Delano

## Federal Reserve Bank of Richmond (Dist. 5)

DIRECTORS

Term Expires  
Dec. 31

Class A

JOHNSON, L. E. (Alderson, W. Va.)	1923
RIEMAN, Charles E. (Baltimore, Md.)	1924
BRUTON, John F. (Wilson, N.C.)	1925 (re-elected)

Class B

COKER, D. R. (Hartsville, S.C.)	1923
STRUDWICK, Edmund (Richmond, Va.)	1924
GRAHAM, Edwin C. (Washington, D. C.)	1925 (re-elected)

Class C

*HARDY, Caldwell (Richmond, Va.) Chairman and FR Agent	1923 (died Aug. 26)
DELANO, Frederic A. (Washington, D. C.) Deputy Chairman	1924
LASSITER, Robert (Charlotte, N.C.)	1925 (appointed)
*HOXTON, W. W. (Richmond, Va.) Chairman and FR Agent	1923 (succeed Hardy Sept. 15)



## Federal Reserve Bank of Atlanta (Dist. 6)

OFFICERS

Governor	-	M. B. Wellborn
Deputy Governors	-	L. C. Adelson J. L. Campbell
Chairman and Federal Reserve Agent	-	Joseph A. Mc Cord
Deputy Chairman	-	W. H. Kettig

DIRECTORSClass ATerm Expires  
Dec. 31

KITTLES, P. R. (Sylvania, Ga.)  
OTTLEY, John K. (Atlanta, Ga.)  
NEWTON, Oscar (Jackson, Miss.)

1923  
1924  
1925 (re-elected)

Class B

SIMON, Leon C. (New Orleans, La.)  
McCARY, J. A. (Decatur, Ga.)  
HARTFORD, W. H. (Nashville, Tenn.)

1923  
1924  
1925 (re-elected)

Class C

McCORD, Joseph A. (Atlanta, Ga.) Chairman and FR Agent  
HOPKINS, Lindsey (Atlanta, Ga.)  
KETTIG, W. H. (Birmingham, Ala.) Deputy Chairman

1923  
1924  
1925 (re-appointed)

## Federal Reserve Bank of Chicago (Dist. 7)

OFFICERS

Governor	-	J. B. McDougal
Deputy Governors	-	C. R. McKay John H. Blair
Chairman and Federal Reserve Agent	-	William A. Heath
Deputy Chairman	-	James Simpson

## Federal Reserve Bank of Chicago (Dist. 7)

DIRECTORSClass ATerm Expires  
Dec. 31

JOHNSON, E. L. (Waterloo, Iowa)

1923

REYNOLDS, George M. (Chicago, Ill.)

1924

McNider, Charles H. (Mason City, Iowa)

1925 (re-elected)

Class B

MUELLER, Robert (Decatur, Ill.)

1923 (elected in Mar.)

CRAPO, S. T. (Detroit Mich.)

1925 (elected)

VOGEL, A. H. (Milwaukee, Wis.)

1924

Class C

SIMPSON, James (Chicago, Ill.) Deputy Chairman

1923

HEATH, Wm. A. (Chicago, Ill.) Chairman and FR Agent

1924

BALL, F. C. (Muncie, Ind.)

1925 (re-appointed)

## Federal Reserve Bank of St. Louis (Dist. 8)

OFFICERS

Governor	-	D. C. Biggs
Deputy Governor	-	O. M. Attebery
Chairman and Federal Reserve Agent	-	William McC. Martin
Deputy Chairman	-	John W. Boehne

## Federal Reserve Bank of St. Louis (Dist. 8)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
LONSDALE, John G. (St. Louis, Mo.)	1923
UTTERBACK, J. C. (Paducah, Ky.)	1924
MARTIN, John C. (Salem, Ill.)	1925 (elected)
<u>Class B</u>	
PERCY, Le Roy, (Greenville, Miss.)	1923
WELLS, Rolla (St. Louis, Mo.)	1924
PLUNKETT, W. B. (Little Rock, Ark.)	1925 (re-elected)
<u>Class C</u>	
BOEHNE, John W. (Evansville, Ind.) Deputy Chairman	1923
McC. MARTIN, Wm. (St. Louis, Mo.) Chairman and FR Agent	1924
MOONEY, C.P.J. (Memphis, Tenn.)	1925 (re-elected)

## Federal Reserve Bank of Minneapolis (Dist. 9)

OFFICERS

Governor - R. A. Young

Deputy Governors - W. B. Geery  
S. S. Cook  
Frank C. Dunlop

Chairman and Federal  
Reserve Agent - John H. Rich

Deputy Chairman - Homer P. Clark

## Federal Reserve Bank of Minneapolis (Dist. 9)

DIRECTORSClass A

Term Expires

Dec. 31

BASSETT, J. C. (Aberdeen, S. Dak.)

1923

McDOWELL, Wesley C. (Marion, N. Dak.)

1924

WOLD, Theodore (Minneapolis, Minn.)

1925 (re-elected)

Class B

HOLTER, N. B. (Helena, Mont.)

1923

HIXON, F. P. (La Crosse, Wis.)

1924

BIGELOW, F. R. (St. Paul, Minn.)

1925 (re-elected)

Class C

RICH, John H. (Minneapolis, Minn.) Chairman and FR Agent

1923

CLARK, Homer P. (St. Paul, Minn.) Deputy Chairman

1924

McCORMICK, Geo. W. (Menominee, Mich.)

1925 (appointed)



1923

Federal Reserve Bank of Kansas City (Dist. 10)

OFFICERS

Governor - W. J. Bailey

Deputy Governor - C. A. Worthington

Chairman and Federal  
Reserve Agent

- Asa E. Ramsay (resigned May 1)  
M. L. Mc Clure (succeeded Ramsay)

Deputy Chairman

- Heber Hord

## Federal Reserve Bank of Kansas City (Dist. 10)

DIRECTORSClass ATerm Expires  
Dec. 31

MULLANEY, E. E. (Hill City, Kans.)

1923

MITCHELL, J. C. (Denver, Colo.)

1924

SPONABLE, Frank W. (Paola, Kans.)

1925 (elected)

Class B

GIBSON, Harry W. (Muskogee, Okla.)

1923

BRYNE, T. C. (Omaha, Nebr.)

1924

McCLURE, M. L. (Kansas City, Mo.) (Chairman and FR Agent\*)

1925 (re-elected)

Class C

RAMSAY, Asa E. (Kansas City, Mo.) Chairman and FR Agent

1923 (resigned May 1)

HORD, Heber, (Central City, Nebr.) Deputy Chairman

1924

ROOF, Fred O, (Denver, Colo.)

1925

\* M. L. McClure was appointed Chairman and FR Agent after  
Mr. Ramsay resigned.

1923

Federal Reserve Bank of Dallas (Dist.11)

OFFICERS

Governor	-	B. A. Mc Kinney
Deputy Governor	-	R. G. Emerson
Chairman and Federal Reserve Agent	-	W. B. Newsome (until March) Lynn P. Talley (after March)
Deputy Chairman	-	

## Federal Reserve Bank of Dallas (Dist. 11)

DIRECTORSClass A

Term Expires  
Dec. 31

SMITH, Howell E. (Mc Kinney, Tex.)  
SCOTT, John T. (Houston, Tex.)  
PATRICK, W. H. (Clarendon, Tex.)

1923  
1924  
1925 (elected)

Class B

CULBERTSON, J. J. (Paris, Tex.)  
KELL, Frank (Wichita Falls, Tex.)  
SANSOM, Marion (Fort Worth, Tex.)

1923  
1924  
1925 (re-elected)

Class C

LINZ, Clarence E. (Dallas, Tex.)  
NEWSOME, W. B. (Dallas, Tex.) Chairman and FR Agent\*  
TALLEY, Lynn P. (Dallas, Tex.) Chairman and FR Agent\*

1923 (appointed)  
1924  
1925 (appointed in March)

\* Mr. Talley was also appointed Chairman and Federal Reserve Agent  
in March, therefore Mr. Newsome was relieved of that position after  
March.

1923

Federal Reserve Bank of San Francisco (Dist. 12)

OFFICERS

Governor	-	J. U. Calkins
Deputy Governors	-	William A. Day
Asst. to Governor	-	Ira Clerk L. C. Pontious
Chairman and Federal Reserve Agent	-	John Perrin
Deputy Chairman	-	Walton N. Moore

## Federal Reserve Bank of San Francisco (Dist. 12)

DIRECTORSClass ATerm Expires  
Dec. 31

BAER, John W. (Pasadena, Calif.)

1923

BUCHAN, M.A. (Palo Alto, Calif.)

1924

McINTOSH, C. K. (San Francisco, Calif. )

1925 (re-elected)

Class B

DOHRMANN, A. B. C. (San Francisco, Calif.)

1923

SESNON, Wm. T. (San Francisco, Calif.)

1924

COX, E. H. (Madera, Calif.)

1925 (re-elected)

Class C

PERRIN, John (San Francisco, Calif.) Chairman and FR Agent

1923

MOORE, Walton N. (San Francisco, Calif.) Deputy Chairman

1924

SPOULE, Wm. (San Francisco, Calif.)

1925 (reappointed)

1923

April 12-20

May 19,22,25

HEARINGS

U.S.Congress. House. Banking and Currency comm.

HG

Rural credits: HEARINGS...67th,4th sess. on  
the bills S.4280 (H.R.13033) to provide for the  
incorporation and supervision of corporations  
formed for the purpose of making agricultural and  
live-stock loans; to amend the Federal Reserve Act;  
to amend the Federal Farm Loan Act; to extend and  
stabilize the market for U.S.bonds and other securi-  
ties; to provide fiscal agents of the U.S.; and  
for other purposes. Apr.12-20, May 19,22,25, 1922;  
Feb. 2-19, 1923. Wash.,Govt.ptg.off.,1923.

2051

.U5A2

1923

351 p.(2.pts.)

Testi- Cunningham,E.H.(IowaF.BuFed.)Feb.16,'23,p.271-6  
mony: Meyer,Eugene Jan31'23 Pt.I,pp.1-102

F.R.Bd.L. Moehlenpah,H.A.(exBd.mbr.) Pt.2,pp.147-153 a  
Platt,E.(Bd.mbr.) Jan.31 Pp.102-107

U.S. Congress-

Senate. Gold and Silvery Inquiry Commission.

Hearings before a Subcommittee, 67th Congress,  
4th session, pursuant to Sen. Res. 469 creating the  
Commission of Gold and Silver Inquiry. 1923



1923

Sept. 4,5

HEARINGS

U.S.Congress. Senate. Commission of gold and silver inquiry.

HG

261

.U5A1  
(1923)

\* Silver producers' convention. Report of hearings before the commission ... and proceedings of the Pan-American silver producers' convention at Reno, Nevada, Sept. 4 & 5, 1923, pursuant to S.res.469, 67th cong., 4th sess. Wash., Govt.ptg.off. 1923.

64 p. (Serial 4) (Also p.251-266, Serial 1-Pt.7,  
F.R.Bd. stmts and letters.)

(this vol. contains numerous reports & statistics;  
includes interrogation of Tres. and Mint officials  
but no oral testimony by Fed. Res. representatives)

F.R.Bd.L

a

1923

HEARINGS

March 4  
Oct. 2-5, 9-11, 12

U.S. Congress. Joint committee on banking and currency.

HG  
2562

Inquiry on membership in Federal reserve system: joint hearings before the committees ... 68th congress pursuant to public act no. 503 ... approved Mar. 4, 1923. Oct. 2, 3, 4, 5, 9, 10, 11 and 12, 1923. Wash., Govt. ptg. off., 1926.

.M5U1  
(1923)

1 pt.

[Note: No further parts to these hearings and no report ever printed.]

Testi- Collins, C.W. (Dep. Compt. Curr.) Oct. 2-12, '23, p. 154  
mony: Dawes, H.M. (Compt. Curr.) Oct. 3, '23, pp. 131-174

Delano, F.A. (form. Bd. memb.) Oct. 10, '23, pp. 364-380

Hamlin, C.S. (mbr. F.R. Bd.) Oct. 2, '23, pp. 174-187

F.R. Bd. L. Meyer, Eugene, Jr. Oct. 4 pp. 189-223

a

Platt, E. (Bd. mbr.) Oct. 2 pp. 118-130

over

Crissinger, D. R. (Gov.) Oct. 2 pp. 2-41

Wyatt, W. (Gen. Coun. Bd.) " " " 41-47

Warburg, P.M. (Fed. Adv. Coun.) Oct. 5 pp. 252-274

Twelve letters from Governors (one Deputy Gov.) of Federal Reserve Banks pp. 47-72

Other persons and organizations were heard, especially financial and agricultural

organizations.

1923

March 4 "Agricultural Credits Act of 1923"

LEGISLATION

This Act provided for the establishment of agricultural credit corporations under the jurisdiction of the Office of the Comptroller of the Currency, and provides other credit facilities to agriculture. It also amends the Federal Reserve Act with regard to:

Capital requirements of member banks.

Discount of factors' paper.

Sight and demand bills of exchange.

Maturity of acceptances.

Six months' agricultural acceptances.

Nine months' agricultural paper.

Discounts for Federal intermediate credit banks.

Purchase and sale of debentures issued by Federal intermediate credit banks and national agricultural credit corporations.

Paper of cooperative marketing associations.

Limitation of amount of paper which Federal Reserve banks may discount.

Open-market dealings in acceptances of Federal intermediate credit banks and national agricultural credit corporations.

Federal Reserve banks as depositories and fiscal agents.

Repeal of progressive discount rate.

Debt limitation.

Joint committee to investigate membership, etc.

For summary see

Source: Supplement to statement on Evolution of Banking Legislation by  
Walter Wyatt, October 26, 1939. Exhibit G.

1923

FEDERAL RESERVE SYSTEM

POLICY ACTION

December 1923 to October 1924

(See also 1922

June 1922-July 1923)

Apparent Intent - Expansionary  
- For other purposes

- |                           |   |
|---------------------------|---|
| Open Market Operations    | - Bought \$510 million of Government securities (December 1923-September 1924).<br>Buying rates on bankers' acceptances reduced (April-August 1924).  |
| Discount Rate             | - Reduced from 4 1/2 percent to range of 3-4 percent at all Banks (May-October 1924).   |
| Moral Suasion             | - .....   |
| Surrounding Circumstances | - Business and prices receded; attitude of business community hesitant; European countries undertaking to stabilize currencies and considering return to gold standard; easy money here a check on the inflow of foreign capital and gold and a factor encouraging American foreign investment. |

Source: Joint Committee on the Economic Report  
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,  
Page 216.

13.440. Right to present checks "over the counter."—Certain non-member banks in Georgia petitioned a State court for the purpose of restraining the Federal Reserve Bank of Atlanta from presenting checks drawn against such nonmember banks over the counter for payment. The case was removed to the United States District Court for the Northern District of Georgia and that court dismissed the petition for want of equity, and also refused to grant a motion to remand to the State court on the ground that the Federal court was without jurisdiction. (1920 BULLETIN 496). This decision was affirmed by the Circuit Court of Appeals for the Fifth Circuit (269 Fed. 4; 1920 BULLETIN 1303) and an appeal was taken to the Supreme Court of the United States. The Supreme Court held that the Federal Reserve banks were organized under Federal law and that the suit was, therefore, one arising under a law of the United States; but reversed the decision of the Circuit Court of Appeals on the ground that the right to present checks to the drawee banks for payment is not unqualified and that the plaintiffs had presented a ground for relief if they could prove that the Federal Reserve bank was making an improper and coercive use of this right. (256 U. S. 350; 1921 BULLETIN 700.)

See over

case. Accordingly, judgment for the plaintiff was reversed: *First State Bank of Hugo v. Federal Reserve Bank of Minneapolis*, 174 Minn. 535, 219 N.W. 908 (1928). 1928 BULLETIN 517.

13.442.—A nonmember State bank sought to restrain the Federal Reserve Bank of Cleveland from presenting checks over its counter for cash payment on the ground that the purpose was to coerce the State bank into clearing its checks at par. The Federal District Court for the Eastern District of Kentucky held that while a Federal Reserve bank has the legal right to present a check over the counter for payment, it cannot accumulate such checks and make demand for payment in an unusual manner for the purpose of coercing the State bank into changing its method of doing business by agreeing to clear its checks at par. It was found that the evidence was sufficient to show unlawful coercion upon the part of the agents of the Federal Reserve bank and accordingly the court granted a preliminary injunction restraining the Federal Reserve bank from continuing to make collections against the plaintiff bank in such manner. *Farmers' and Merchants' Bank v. Federal Reserve Bank of Cleveland*, 286 Fed. 610 (D.C. Ky., 1922). 1922 BULLETIN 1409.

13.443. **State statute designed to prevent par collection.**—Text of statute of State of Mississippi enacted for the express purpose of preventing the Federal Reserve System from forcing banks in that State to collect drafts, checks, bills, etc. at par. 1920 BULLETIN 387.

13.444. **Validity of State statute authorizing banks to remit by draft.**—A North Carolina statute authorized State banks to charge exchange and to make payment in exchange drafts on their reserve deposits for checks presented to them over the counter by a Federal Reserve bank unless the drawer of the check should expressly designate to the contrary. Pursuant to this statute, certain nonmember banks paid checks presented over the counter by the Federal Reserve Bank of Richmond in exchange drafts and the Federal Reserve bank later returned such checks as dishonored when payment in money was refused. The State banks sought to restrain the Federal Reserve bank from returning such checks and to compel the Federal Reserve bank to accept such drafts in payment. The Supreme Court of North Carolina held that the State law was unconstitutional since it attempted to authorize the

See over

payment of checks in other than legal tender money and since it conflicted with the provisions of the Federal Reserve Act prohibiting the making of exchange charges against the Federal Reserve banks. (112 S.E. 252; 1922 BULLETIN 701). Subsequently the North Carolina Supreme Court denied a petition for a rehearing (1923 BULLETIN 20) and an appeal was taken to the Supreme Court of the United States.

The Supreme Court of the United States held that the North Carolina statute was not an attempt to make anything except gold and silver coin tender in payment of debts, but merely provided that unless the depositor specified to the contrary he should be deemed to have assented to payment by exchange drafts; and that the statute did not violate the due process clause or the equal protection clause of the Federal Constitution. The court further held that no duty to establish a universal par clearance system was imposed by law upon the Federal Reserve Board and that the North Carolina statute was not an interference with such alleged duty; that unaffiliated nonmember banks have an unrestricted right to charge for exchange notwithstanding the fact that no such charge may be made against a Federal Reserve bank; and that the statute was not in conflict with the provisions of the Federal Reserve Act and was not unconstitutional. The decision of the Supreme Court of North Carolina was reversed. *Farmers' and Merchants' Bank v. Federal Reserve Bank of Richmond*, 262 U.S. 649 (1923). 1923 BULLETIN 789.



11.612. **Pennsylvania.**—The application of a national bank in Pennsylvania to be appointed guardian of infants interested in an estate was denied by the lower court, but this decree was reversed by the Superior Court and an appeal was taken to the State Supreme Court. It was contended that to permit a national bank to act in a fiduciary capacity in Pennsylvania under the provisions of section 11(k) of the Federal Reserve Act would amount to a violation of the laws of Pennsylvania relating to the exercise of trust powers by banking institutions. It was held, however, that in so far as the State law was inconsistent with the Federal statute, the former must yield to the latter even though the result might be to place upon national banks a benefit or burden not received or assumed by State banks and trust companies; and, further, that if the rules and regulations of the Federal Reserve Board conflicted with State regulations on the subject, the latter must yield to the former. Accordingly the decree of the Superior Court granting the application was affirmed. *In re Turner's Estate*, 277 Penn. 110, 120 Atl. 701 (1923). 1923 BULLETIN 560.

NOTE.—For opinion of the lower court, see 1923 BULLETIN 20.

13.708. **Right to charge back check returned for forgery.**—Where a check drawn on the Treasurer of the United States was presented by a member bank to a Federal Reserve bank for collection and a year later the check was returned unpaid by the Treasurer of the United States because of forgery, it was held that the Federal Reserve bank might properly charge back to the member bank the amount of such check, particularly in view of the fact that this right was specifically reserved to the Federal Reserve bank by the Federal Reserve bank's collection circular according to the terms of which collections were made. *Closter National Bank v. Federal Reserve Bank of New York*, 285 Fed. 138 (C.C.A. 2d, 1922), *cert. den.*, 261 U.S. 613 (1923). 1923 BULLETIN 22.

**13.2762. Set-off of defendant's deposit in discounting bank.—**

A depositor in a State bank, after its insolvency, brought action against the State Supervisor of Banks and the Federal Reserve Bank of San Francisco to obtain an off-set of the amount of his deposit in the failed bank against his note made to that bank and subsequently purchased for value by the Federal Reserve bank. The action was predicated upon the theory of the marshaling of assets. It was alleged that the Federal Reserve bank held a large amount of collateral in excess of the total indebtedness to it of the failed bank. It was held, however, that after the sale and delivery of the note to the Federal Reserve bank, the failed bank no longer had any interest in it as owner and that therefore the deposit liability of the failed bank to the plaintiff could not be set off against such note in the hands of the Federal Reserve bank. Accordingly, the judgment of the trial court against the plaintiff was affirmed. *Williams v. Duke*, 125 Wash. 250, 215 Pac. 372 (1923).

NOTE.—As to marshaling of assets, see also 13.2764.

13.2790. Note given to accommodate bank official. —At the request of the president of a member bank, the defendant gave to the president his note of \$6,000 in order to aid the president in averting the consequences of an over-loan by the bank to the president's own business. The defendant gave the note not for the purpose of deceiving the bank examiner but with the intention that it should be regarded as a real asset of the bank until the president of the bank should be able to take it up. In such circumstances, the note was supported by good consideration, and the defendant was estopped to deny liability thereon in a suit by the Federal Reserve Bank of Richmond with which the note had been discounted by the member bank. *Federal Reserve Bank of Richmond v. Crothers*, 289 Fed. 777 (C.C.A. 4th, 1923).