

UNITED STATES GOVERNMENTEXECUTIVE OFFICERS

President	- Calvin Coolidge (re-elected Nov. 1924, inaugurated March 4, 1925)
Secretary of Treasury	- Andrew W. Mellon (appointed March 4, 1921, served until Feb. 12, 1932)
Comptroller of Currency	- Henry M. Dawes (date of appointment May 1, 1923, resigned Dec. 17, 1924)
	- J. W. McIntosh (date of appointment Dec. 20, 1924, resigned Nov. 20, 1928)
Secretary of State	- Charles E. Hughes
Secretary of War	- John W. Weeks
Secretary of Navy	- Edwin Denby
Secretary of Interior	- Hubert Work
Secretary of Agriculture	- Henry C. Wallace , Howard M. Gore
Secretary of Commerce	- Herbert C. Hoover
Secretary of Labor	- James J. Davis
Postmaster General	- Harry S. New
Attorney General	- Harry M. Daugherty, Harlan F. Stone

1924
December

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

S E N A T E

Banking and Currency Committee

68th Congress

Republicans

McLEAN, George P.
WELLER, O. E.
NORBECK, Peter
SHORTRIDGE, Samuel M.
EDGE, Walter E.
PEPPER, George Wharton
PHIPPS, Lawrence C.
GREENE, Frank L.

Connecticut
Maryland
South Dakota
California
New Jersey
Pennsylvania
Colorado
Vermont

Democrats

OWEN, Robert L.
FLETCHER, Duncan U.
KENDRICK, John B.
GLASS, Carter
EDWARDS, Edward I.
STEPHENS, Hubert D.

Oklahoma
Florida
Wyoming
Virginia
New Jersey
Mississippi

1924
December

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

HOUSE OF REPRESENTATIVES

Banking and Currency Committee

68th Congress

Republicans

McFADDEN, Louis T.
KING, Edward J.
STRONG, James G.
LUCE, Robert
MacGREGOR, Clarence
FENN, E. Hart
CAMPBELL, Guy E.
LEATHERWOOD, Elmer O.
BEEDY, Carroll L.
WILLIAMSON, William
HULL, Morton D.
WILLIAMS, Arthur B.

Pennsylvania
Illinois
Kansas
Massachusetts
New York
Connecticut
Pennsylvania
Utah
Maine
South Dakota
Illinois
Michigan

Democrats

WINGO, Otis
STEAGALL, Henry B.
BRAND, Charles H.
STEVENSON, William F.
BLACK, Eugene
GOLDSBOROUGH, T. Alan
MOONEY, Charles A.
PRALL, Anning S.
CANFIELD, Harry C.

Arkansas
Alabama
Georgia
South Carolina
Texas
Maryland
Ohio
New York
Indiana

Ex Officio Members

A. W. Mellon

Secretary of the Treasury,
Chairman

Henry M. Dawes, (res. 12/17/24)

Comptroller of the Currency

J. W. McIntosh (appointed 12/20/24)

D. R. Crissinger, Governor

Edmund Platt, ViceGovernor

Adolph C. Miller

Charles S. Hamlin

George R. James

Edward H. Cunningham

Secretary's Office

Walter L. Eddy, Secretary

J. C. Noell, Asst. Secretary

Counsel's Office

Walter Wyatt, General Counsel

Fiscal Agent

W. M. Imlay, Fiscal Agent

Division of Research and Statistics

Walter W. Stewart, Director

M. Jacobson, Statistician

E. A. Goldenweiser, Associate
StatisticianDivision of Examination

J. F. Herson, Chief,

and Chief Federal

Reserve Examiner

Division of Bank Operations

E. L. Smead, Chief

1924

FEDERAL RESERVE SYSTEM
FEDERAL ADVISORY COUNCIL

District No. 1 (Boston)

Alfred L. Aiken (res. in June)
Chas. A. Morss (elected in June)

District No. 2 (New York)

Paul M. Warburg, President

District No. 3 (Philadelphia)

L. L. Rue

District No. 4 (Cleveland)

C. E. Sullivan

District No. 5 (Richmond)

John M. Miller, Jr.

District No. 6 (Atlanta)

Oscar Wells

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, Vice President

District No. 11 (Dallas)

W. M. McGregor

District No. 12 (San Francisco)

D. W. Twohy

C. B. Georgen, Secretary

FEDERAL RESERVE SYSTEM

OPEN MARKET INVESTMENT COMMITTEE

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

Federal Reserve Bank of Boston (Dist. 1)

OFFICERS

Governor	-	W. P. G. Harding
Deputy Governor	-	W. W. Paddock
Chairman and Federal Reserve Agent	-	Frederic H. Curtiss
Deputy Chairman	-	Allen Hollis

1924

Federal Reserve Bank of Boston (Dist. 1)

DIRECTORS

<u>Class A</u>	<u>Term Expires Dec. 31</u>
KENNARD, Edward S. (Runford, Me.)	1924
CHAMBERLAIN, Frederick S. (New Britain, Conn.)	1925
RIPLEY, Alfred L. (Boston, Mass.)	1926 (elected)
<u>Class B</u>	
WASHBURN, Charles G. (Worcester, Mass.)	1924
MORSE, E. R. (Proctor, Vt.)	1925
ALLEN, Philip R. (East Walpole, Mass.)	1926 (re-elected)
<u>Class C</u>	
HOLLIS, Allen (Concord, N.H.) Deputy Chairman	1924
METCALF, Jesse H. (Providence, R.I.)	1925
CURTISS, Frederic H. (Boston, Mass.) Chairman and FR Agent	1926 (re-appointed)

1924

Federal Reserve Bank of New York (Dist. 2)

OFFICERS

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

1924

Federal Reserve Bank of NEW YORK

(Dist. 2)

DIRECTORSCLASS ATerm BeganDec. 31
Term Ended

SMITH, Charles (Oneonta)

1/1/22

1924

McGARRAH, Gates W. (New York)

1/1/23

1925

TREMAN, Robert H. (Ithaca)

1/1/24

1926 (reelected)

CLASS B

STEVENS, Frank L. (North Hoosick)

1/1/22

1924

YOUNG, Owen D. (New York)

1/1/23

1925

WHITMARSH, Theodore F. (New York)

1/1/24

1926

CLASS C

WOOLLEY, Clarence M. (Greenwich)

1/1/22

1924

JAY, Pierre (New York)

1/1/23

1925 (Chairman)

SAUNDERS, William L. (Plainfield)

1/1/24

1926 (reappointed)
(Deputy Chairman)

Federal Reserve Bank of Philadelphia (Dist. 3)

OFFICERS

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

Federal Reserve Bank of Philadelphia (Dist. 3)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
DOUGLAS, Francis (Wilkes-Barre, Pa.)	1924
COSGROVE, John C. (Johnstown, Pa.)	1925
WAYNE, (Jr.) Jos. (Philadelphia, Pa.)	1926 (re-elected)
<u>Class B</u>	
HADDON, Charles K. (Camden, N. J.)	1924
JOHNSON, Alba B. (Philadelphia, Pa.)	1925
STUART, Edwin S. (Philadelphia, Pa.)	1926 (re-elected)
<u>Class C</u>	
HARRISON, Chas.C. (Philadelphia Pa.)	1924
THOMPSON, H. B. (Wilmington, Del.) Deputy Chairman	1925
AUSTIN, R. L. (Philadelphia, Pa.) Chairman and FR Agent	1926 (re-appointed)

Federal Reserve Bank of Cleveland (Dist. 4)

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)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
SAMS, O. N. (Hillsboro, Ohio)	1924
LAMBERTON, Chess (Franklin, Pa.)	1925
WARDROP, Robert (Pittsburgh, Pa.)	1926 (re-elected)
<u>Class B</u>	
STAMBAUGH, John (Youngstown, Ohio)	1924
WRIGHT, R. P. (Erie, Pa.)	1925
CRABBS, Geo. D. (Cincinnati, Ohio)	1926 (elected)
<u>Class C</u>	
KNIGHT, W. W. (Toledo, Ohio)	1924
WILLIAMS, L. B. (Cleveland, Ohio) Deputy Chairman	1925
WILLS, D. C. (Cleveland, Ohio) Chairman and FR Agent	1926 (re-appointed)

Federal Reserve Bank of Richmond (Dist. 5)

OFFICERS

Governor - George J. Seay

Deputy Governors - C. A. Peple
R. H. Broadus

Chairman and Federal
Reserve Agent - W. W. Hoxton

Deputy Chairman - Frederic A. Delano

Federal Reserve Bank of Richmond (Dist. 5)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
RIEMAN, Charles E. (Baltimore, Md.)	1924
BRUTON, John F. (Wilson, N.C.)	1925
JOHNSON, L. E. (Alderson, W.Va.)	1926 (re-elected)
<u>Class B</u>	
STRUDWICK, Edmund (Richmond, Va.)	1924
GRAHAM, Edwin C. (Washington, D.C.)	1925
COKER, D.R. (Hartsville, S.C.)	1926 (re-elected)
<u>Class C</u>	
DELANO, Frederic A. (Washington, D.C.) Deputy Chairman	1924
LASSITER, Robert (Charlotte, N.C.)	1925
HOXTON, W. W. (Richmond, Va.) Chairman and FR Agent	1926 (appointed)

Federal Reserve Bank of Atlanta (Dist. 6)

OFFICERS

Governor	-	W. B. Wellborn
Deputy Governors	-	J. L. Campbell Creed Taylor
Chairman and Federal Reserve Agent	-	Joseph A. McCord
Deputy Chairman	-	W. H. Kettig

Federal Reserve Bank of Atlanta (Dist. 6)

DIRECTORSClass ATerm Expires
Dec. 31

OTTLEY, John K. (Atlanta, Ga.)

1924

NEWTON, Oscar (Jackson, Miss.)

1925

KITTLES. P. R. (Sylvania, Ga.)

1926 (re-elected)

Class B

McCRRARY, J. A. (Decatur, Ga.)

1924

HARTFORD, W. H. (Nashville, Tenn.)

1925

SIMON, Leon C. (New Orleans, La.)

1926 (re-elected)

Class C

HOPKINS, Lindsey (Atlanta, Ga.)

1924

KETTIG, W. H. (Birmingham, Ala.) Deputy Chairman

1925

* McCORD, Joseph A. (Atlanta, Ga.) Chairman and FR Agent

1926 (re-appointed)

* Mr. Mc Cord resigned in December 31, 1924 to be succeeded
by Oscar Newton, starting a one year term in January 1, 1925.

OFFICERS

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

1924

Federal Reserve Bank of Chicago (Dist. 7)

DIRECTORSClass ATerm Expires
Dec. 31

REYNOLDS, George M. (Chicago, Ill.)

1924

McNIDER, Charles H. (Mason City, Iowa)

1925

JOHNSON, E. L. (Waterloo, Iowa)

1926 (re-elected)

Class B

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

1924

CRAPO, S. T. (Detroit, Mich.)

1925

MUELLER, Robert (Decatur, Ill.)

1926 ^{re-}(elected)Class C

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

1924

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

1925

SIMPSON, James (Chicago, Ill.) Deputy Chairman

1926 (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)

DIRECTORSClass A

	Term Expires <u>Dec. 31</u>
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UTTERBACK, J. C. (Paducah, Ky.)	1924
MARTIN, John C. (Salem, Ill.)	1925
LONSDALE, John G. (St. Louis, Mo.)	1926 (re-elected)

Class B

WELLS, Rolla (St. Louis, Mo.)	1924
PLUNKETT, W. B. (Little Rock, Ark.)	1925
PERCY, Le Roy (Greenville, Miss.)	1926 (re-elected)

Class C

McC. MARTIN, Wm. (St. Louis, Mo.) Chairman and FR Agent	1924
MOONEY, C. P. J. (Memphis, Tenn.)	1925
BOEHNE, John W. (Evansville, Ind.) Deputy Chairman	1926 (re-appointed)

Federal Reserve Bank of Minneapolis (Dist. 9)

OFFICERS

Governor	-	R. A. Young
Deputy Governors	-	W. B. Geery B. V. Moore
Assistant to Governor	-	Harry Yaeger
Chairman and Federal Reserve Agent	-	John H. Rich (died May 21) John R. Mitchell (succeeded Rich)
Deputy Chairman	-	Homer P. Clark

1924

Federal Reserve Bank of Minneapolis (Dist. 9)

DIRECTORSTerm Expires
Dec. 31Class A

McDOWELL, Wesley C. (Marion, N. Dak.)
 WOLD, Theodore (Minneapolis, Minn.)
 BASSETT, J. C. (Aberdeen, S. Dak.)

1924
 1925
 1926 (re-elected)

Class B

HIKON, F. P. (La Crosse, Wis.)
 BIGELOW, F. R. (St. Paul, Minn.)
 HOLTER, N. B. (Helena, Mont.)

1924
 1925
 1926 (re-elected)

Class C

CLARK, Homer P. (St. Paul, Minn.) Deputy Chairman
 McCORMICK, Geo. W. (Memoninee, Mich.)
 *RICH, John H. (Minneapolis, Minn.) Chairman and FR Agent
 *MITCHELL, John R. (St. Paul, Minn.) Chairman and FR Agent

1924
 1925
 1926 (re-appointed, died
 May 21)
 1926 (appointed to
 succeed Rich)

OFFICERS

Governor	-	W. J. Bailey
Deputy Governor	-	C. A. Worthington
Chairman and Federal Reserve Agent	-	M. L. Mc Clure
Deputy Chairman	-	Heber Hord

Federal Reserve Bank of Kansas City (Dist. 10)

DIRECTORSClass ATerm Expires
Dec. 31

MITCHELL, J. C. (Denver, Colo.)
 SPONABLE, Frank W. (Paola, Kans.)
 MULLANEY, E. E. (Hill City, Kans.)

1924
 1925
 1926 (re-elected)

Class B

BYRNE, T. C. (Omaha, Nebr.)
 BERNARDIN, J. M. (Kansas City, Mo.)
 GIBSON, Harry W. (Muskogee, Okla.)

1924
 1925
 1926 (re-elected)

Class C

HORD, Heber (Central City, Nebr.) Deputy Chairman
 ROOF, Fred O. (Denver, Colo.)
 McCLURE, M. L. (Kansas City, Mo.) Chairman and FR Agent

1924
 1925
 1926 (appointed)

Federal Reserve Bank of Dallas (Dist. 11)

OFFICERS

Governor - B. A. Mc Kinney

Deputy Governors - R. R. Gilbert
Val J. Grund

Chairman and Federal
Reserve Agent - L. P. Talley

Deputy Chairman - W. B. Newsome

Federal Reserve Bank of Dallas (Dist. 11)

DIRECTORSClass ATerm Expires
Dec. 31

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

1924
 1925
 1926 (re-elected)

Class B

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

1924
 1925
 1926 (re-elected)

Class C

NEWSOME, W. B. (Dallas Tex.) Deputy Chairman
 TALLEY, L. P. (Dallas, Tex.) Chairman and FR Agent
 LINZ, Clarence E. (Dallas, Tex.)

1924
 1925)appointed)
 1926 (re-appointed)

Federal Reserve Bank of San Francisco (Dist. 12)

OFFICERS

Governor	-	J. U. Calkins
Deputy Governors	-	William A. Day
Assistants 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

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

1924

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

1925

MACDONNELL, J. S. (Pasadena, Calif.)

1926 (elected)

Class B

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

1924

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

1925

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

1926 (re-elected)

Class C

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

1924

SPOULE, Wm. (San Francisco, Calif.)

1925

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

1926 (re-appointed)

1924

Apr. 9, 15, 16, 18

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

Hgs. prelim. to McFadden Act, '26

Consolidation of national banking associations, etc.

HEARINGS ... on H.R. 6855, 68th cong., 1st sess., a bill to amend an act entitled "An act to provide for the consolidation of national banking associations." ... Apr. 9, 15, 16, 18, 1924. Wash. Govt. ptg. off., 1924.

253p.

Testimony: Crissinger, D.R. (Gov.F. R. Bd.) Apr. 18, p. 231-243.

Platt, Edmund (Vice-Gov.F.R.Bd.) Apr. 18, p. 205-230.

Cunningham, E.H. (Mbr.F.R.Bd.) Apr. 18, p. 243-244.

Comment: Senate hgs., no F.R.Bd. of F.R.Bk representatives. H.P. Willis appeared.

HEARINGS

2557

.A6

(1924)

1924
January 31

LEGISLATION

[PUBLIC RESOLUTION—No. 3—68TH CONGRESS]

[H. J. Res. 151]

Joint Resolution Extending the time for the final report of the joint congressional committee created by the Agricultural Credits Act of 1923.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 506 of the Agricultural Credits Act of 1923 is amended by striking out "January 31" and inserting in lieu thereof "June 30."

Approved, January 31, 1924.

1924

FEDERAL RESERVE SYSTEM

POLICY ACTION

November 1924 to March 1925

(See also 1923 - Dec. 1923 to Oct. 1924)

Apparent Intent - Restrictive

- | | | |
|---------------------------|---|--|
| Open Market Operations | - | Sold \$260 million of Government securities.
Buying rate on bankers' acceptances raised. |
| Discount Rate | - | Raised from 3 to 3 1/2 percent at New York (February 1925). |
| Moral Suasion | - | |
| Surrounding Circumstances | - | Business at high level; prices rising; some speculation
in stocks and real estate; rapid expansion in credit. |

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

13.540. Regulation J, Series of 1920, Held Not to Authorize.

—A check drawn to the order of the plaintiffs was received by the Federal Reserve Bank of Richmond for collection, and forwarded by the latter to the drawee bank for payment. On the same day the drawee transmitted to the Reserve bank its draft on a State bank. This draft was dishonored for lack of sufficient funds and the Federal Reserve bank charged the amount of the check to the bank from which it had been received for collection and the latter bank in turn charged the amount to its immediate correspondent and so on until it was finally charged back to plaintiffs. Plaintiffs thereupon brought suit against the Federal Reserve Bank of Richmond and recovered judgment in the Federal District Court (281 Fed. 997) which was affirmed by the Court of Appeals (291 Fed. 763). On appeal to the Supreme Court of the United States, the defendant Federal Reserve bank contended that the method of collection pursued by it, by which an exchange draft was accepted from the drawee bank in payment of the check, was authorized by regulation of the Federal Reserve Board and that such method was justified by a custom binding upon the plaintiffs. It was held that the Board's Regulation J, Series of 1920, while it contemplated the sending of checks for collection direct to the drawee bank, did not expressly permit the acceptance of payment other than in money; that payment by draft was not impliedly authorized by the regulation; and that the general rule forbidding a collecting agent to accept anything but money in payment applied in this case inasmuch as there was no evidence of any definite and uniform custom as to methods of collection contrary to the general rule which were binding upon the plaintiffs. Accordingly, the judgment of the Circuit Court of Appeals was affirmed. *Federal Reserve Bank of Richmond v. Malloy*, 264 U.S. 160 (1924).

LITIGATION

NOTE.—Likewise holding that Regulation J, Series of 1920, conferred no authority upon a Federal Reserve bank to accept drafts in payment of checks, see *First National Bank of Denver v. Federal Reserve Bank of Kansas City*, 5 Fed. (2d) 339 (C.C.A. 8th, 1925), reversing 283 Fed. 700 (D. C. Colo. 1922).

13.581. **Variation of "New York rule" by statute.**—In a suit by the owner of an uncollected check against a Federal Reserve bank for damages resulting from alleged negligence in collection, the defendant Federal Reserve bank contended that there was no privity of contract between the plaintiff and defendant and that the action could not be maintained. It was held that, while the so-called "New York rule" had been adopted by the Supreme Court, such rule might be varied by contract, express or implied; that in the present case the relations of the drawee bank to the initial bank of deposit were controlled by the Florida statute which had the effect of importing the "Massachusetts rule" into the contract, with the result that the initial bank had implied authority to entrust the collection of the check to a subagent and that subagent, in turn, to another; and that therefore the action was properly brought against the Federal Reserve bank. *Federal Reserve Bank of Richmond v. Malloy*, 264 U. S. 160 (1924).

NOTE.—For statement of facts in this case and decision on another point, see 13.540.

13.583. Unrestricted indorsement by original depositor as precluding right to sue.—Plaintiff deposited a check in a national bank for collection and the bank forwarded the check to a branch of the Federal Reserve Bank of Dallas which, in turn, sent the check to the drawee bank for payment. The draft remitted by the drawee bank was dishonored; and the plaintiff sued the Federal Reserve bank, alleging negligence on the defendant's part in sending the check to the drawee bank instead of to some other agency for collection. Defendant contended that plaintiff was not entitled to bring the action. It was held that, since the check in question had been indorsed by the depositor without restriction, it became the property of the bank in which it was deposited and such bank therefore did not become the agent of the depositor in making the collection. In the opinion of the court, a statement in the pass book that all out-of-town items were credited "subject to final payment" did not suffice to alter the situation. Accordingly, it was held that the suit could not be maintained. *City of Douglas v. Federal Reserve Bank of Dallas*, 271 U.S. 489 (1926) affirming 2 Fed. (2d) 818 (C.C.A. 5th, 1924).

NOTE.—For opinion in Circuit Court of Appeals, see 1925 BULLETIN 30. To the same effect was the holding in *Whittingham v. Federal Reserve Bank of Kansas City*, Nebraska State Dist. Ct., 1926 (unreported), where the facts were substantially similar.

13.600. Drawee bank held agent for collection.—Certain checks were presented for payment by a Federal Reserve bank to a nonmember State bank pursuant to a standing arrangement that all checks drawn on the latter bank should be sent to it by the Reserve bank and that the State bank, when the checks were received, would present or cause them to be presented to itself, and would immediately remit the amount thereof by means of currency or draft upon some other bank. The draft remitted in payment was dishonored because the drawee, in the meantime, had closed its doors. The Reserve bank thereupon brought suit against the receiver of the drawee bank claiming a preferred claim upon the assets of the bank for the amount of such checks. It was held that, by virtue of the agreement, the drawee bank became the special agent of the Reserve bank to collect and remit immediately the proceeds of checks presented to it for payment; that the commingling of the proceeds of the checks with the funds of the drawee bank did not bring about the relation of debtor and creditor; that the draft of the drawee constituted an equitable assignment of funds to the Federal Reserve bank; and that therefore the claim of the Federal Reserve bank should be sustained. *Federal Reserve Bank of Richmond v. Peters*, 139 Va. 45, 123 S.E. 379 (1924).

NOTE.—For substantially similar cases holding to the same effect, see *Federal Reserve Bank of St. Louis v. Quigley*, 284 S. W. 164 (Mo. App., 1926); *Rainwater v. Federal Reserve Bank of St. Louis*, 172 Ark. 631, 290 S. W. 69 (1927); *Federal Reserve Bank of St. Louis v. Millspaugh*, 314 Mo. 1, 282 S. W. 706 (1926); *Federal Reserve Bank of San Francisco v. Bank of Phoenix*, Super. Ct. of Maricopa County, Arizona, 1925 (unreported). For cases holding to the contrary, see 13.640 and note.

11.600. **Decision of United States Supreme Court.**—Section 11(k) of the Federal Reserve Act was amended by an act approved Septem-

ber 26, 1918 (40 Stat. 967) to provide that whenever the laws of a State authorize or permit the exercise of any of the trust powers enumerated in that section by State institutions which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State law within the meaning of the Federal Reserve Act. Notwithstanding this provision, the Supreme Court of Missouri held that since, of banking institutions, only trust companies were permitted to act as executors under the law of Missouri, a national bank was not authorized to act in such capacity. (302 Mo. 130, 257 S. W. 784.) The Supreme Court of the United States, however, reversed this decision and held that section 11(k) authorizes a national bank to act as executor if trust companies competing with it have that power by the law of the State in which located, regardless of the fact that the exercise of such power by the national bank is contrary to State law. *State ex rel. Burnes National Bank v. Duncan*, 265 U. S. 17 (1924). 1924 BULLETIN 418.

NOTE.—See also 11.601.

11.614.—The Attorney General of Rhode Island brought quo warranto proceedings against the Aquidneck National Bank for the purpose of excluding and ousting that bank from the further exercise of fiduciary powers. Under State law, only trust companies were authorized to exercise fiduciary powers, and the State court had previously held (See 11.613) that the exercise by national banks of fiduciary powers would be in contravention of State law. In the meantime, however, the Supreme Court of the United States had upheld the constitutionality of the 1918 amendment to section 11(k) of the Federal Reserve Act in *State ex rel Burnes National Bank v. Duncan*, 265 U. S. 17 (See 11.600); and on the authority of that case the Supreme Court of Rhode Island felt itself constrained to hold that a national bank in Rhode Island was authorized to act as executor in view of the right of competing trust companies in that State to act in the same capacity. Judgment was therefore entered for the defendant. *Carpenter v. Aquidneck National Bank*, 46 R. I. 152, 125 Atl. 358 (1924). 1924 BULLETIN 639.

11.640. Succession to fiduciary powers prior to 1927 amendment.

—A State trust company which had been designated as executor under a will was subsequently converted into a national bank under section 5154 of the United States Revised Statutes and thereafter consolidated with another national bank under the Act of Congress of November 7, 1918. The consolidated national bank, having permission to act as executor under section 11(k) of the Federal Reserve Act, upon the death of the testator petitioned the court for letters testamentary under the will. The Supreme Judicial Court of Massachusetts denied the petition on the ground that the consolidated national bank was not the executor named in the will within the meaning of the Massachusetts statute. *Petition of Commonwealth-Atlantic National Bank*, 249 Mass. 440, 144 N.E. 443 (1924), *cert. den.*, 266 U. S. 617 (1924). 1924 BULLETIN 641.

NOTE.—By an act of Congress approved February 25, 1927 (44 Stat. 1224), relating to the consolidation of a State bank with a national bank under the charter of the latter, it was expressly provided that the consolidated national bank should hold and enjoy the right of succession in fiduciary capacities held or enjoyed by the consolidating State bank. See 11.642.