

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 - J. W. McIntosh (date of appointment Dec. 20, 1924, resigned Nov. 20, 1928)
- Secretary of State - Charles E. Hughes, Frank B. Kellogg
- Secretary of War - John W. Weeks, Dwight F. Davis
- Secretary of Navy - Curtis D. Wilbur
- Secretary of Interior - Hubert Work
- Secretary of Agriculture - Howard M. Gore, William M. Jardine
- Secretary of Commerce - Herbert C. Hoover, William F. Whiting
- Secretary of Labor - James J. Davis
- Post master General - Harry S. New
- Attorney General - Harlan F. Stone, John D. Sargent

1925
January

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.	Connecticut
WELLER, O. E.	Maryland
NORBECK, Peter	South Dakota
EDGE, Walter E.	New Jersey
PEPPER, George Wharton	Pennsylvania
PHIPPS, Lawrence C.	Colorado
SHORTRIDGE, Samuel M.	California
GREENE, Frank L.	Vermont

Democrats

FLETCHER, Duncan U.	Florida
GLASS, Carter	Virginia
EDWARDS, Edward I.	New Jersey
STEPHENS, Hubert D.	Mississippi
OWEN, Robert L.	Oklahoma
KENDRICK, John B.	Wyoming
GEORGE, Walter F.	Georgia

1925
January

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

D. R. Crissinger, Governor
Edmund Platt, Vice Governor

Adolph C. Miller
Charles S. Hamlin
George R. James
Edward, H. Cunningham

A. W. Mellon,
Secretary of the Treasury,
Chairman
J. W. McIntosh,
Comptroller of the Currency

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
E. A. Goldenweiser,
Statistician

Division of Examination and Federal Reserve Examiner

J. F. Herson, Chief

Division of Bank Operations

E. L. Smead, Chief

1925

FEDERAL RESERVE SYSTEM
FEDERAL ADVISORY COUNCIL

District No. 1 (Boston)	Chas. A. Morss.
District No. 2 (New York)	Paul M. Warburg, President
District No. 3 (Philadelphia)	L. L. Rue
District No. 4. (Cleveland)	George A. Coulton
District No. 5 (Richmond)	John M. Miller, Jr.
District No. 6 (Atlanta)	Oscar Wells
District No. 7 (Chicago)	Frank O. Wetmore
District No. 8 (St. Louis)	Breckinridge Jones
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)	Henry S. McKee

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

OFFICERS

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

Federal Reserve Bank of Boston (Dist. 1)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
CHAMBERLAIN, Frederick S. (New Britain, Conn.)	1925
RIPLEY, Alfred L. (Boston, Mass.)	1926
KENNARD, Edward S. (Rumford, Me.)	1927 (re-elected)
 <u>Class B</u>	
MORSE, E. R. (Proctor, Vt.)	1925
ALLEN, Philip R. (East Walpole, Mass.)	1926
WASHBURN, Charles G. (Worcester, Mass.)	1927 (re-elected)
 <u>Class C</u>	
MANCHESTER, Chas. H. (Providence, R. I.)	1925 (appointed)
CURTISS, Frederic H. (Boston, Mass.) Chairman and FR Agent	1926
HOLLIS, Allen (Concord, N.H.) Deputy Chairman	1927 (re-appointed)

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

1925

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

<u>CLASS A</u>	<u>Term Began</u>	<u>Dec. 31 Term Ended</u>
McGARRAH, Gates W. (New York)	1/1/23	1925
TREMAN, Robert H. (Ithaca)	1/1/24	1926
RUNKLE, Delmer (Hoosick Falls)	1/1/25	1927
<u>CLASS B</u>		
YOUNG, Owen D. (New York)	1/1/23	1925
WHITMARSH, Theodore F. (New York)	1/1/24	1926
REYBURN, Samuel W. (New York)	1/1/25	1927
<u>CLASS C</u>		
JAY, Pierre (New York)	1/1/23	1925 (Chairman)
SAUNDERS, William L. (Plainfield)	1/1/24	1926 (Deputy Chairman)
WOOLLEY, Clarence M. (Greenwich)	1/1/25	1927 (reappointed)

Federal Reserve Bank of Philadelphia (Dist. 3)

OFFICERS

Governor	-	George W. Norris
Deputy Governor	-	William H. Hutt
Chairman and Federal Reserve Agent	-	Richard L. Austin
Deputy Chairman	-	Chas. C. Harrison

Federal Reserve Bank of Philadelphia (Dist. 3)

DIRECTORSClass ATerm Expires
Dec. 31

COSGROVE, John C. (Johnstown, Pa.)	1925
WAYNE, Jos. (Jr.) (Philadelphia, Pa.)	1926
DOUGLAS, Francis, (Wilkes-Barre, Pa.)	1927 (re-elected)

Class B

JOHNSON, Alba B. (Philadelphia, Pa.)	1925
STUART, Edwin S. (Philadelphia, Pa.)	1926
HADDON, Charles K. (Philadelphia, Pa.)	1927 (re-elected)

Class C

CANNON, H. L. (Bridgeville, Del.)	1925 (appointed)
AUSTIN, R. L. (Philadelphia, Pa.) Chairman and FR Agent	1926
HARRISON, Chas. C. (Philadelphia, Pa.) Deputy Chairman	1927 (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 (died October 22)
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>
LAMBERTON, Chess (Franklin, Pa.)	1925
WARDROP, Robert (Pittsburgh, Pa.)	1926
SAMS, O. N. (Hillsboro, Ohio)	1927 (re-elected)
 <u>Class B</u>	
WRIGHT, R. P. (Erie, Pa.)	1925
CRABBS, Geo D. (Cincinnati, Ohio)	1926
STAMBAUGH, John (Youngstown, Ohio)	1927 (re-elected)
 <u>Class C</u>	
WILLIAMS, L. B. (Cleveland, Ohio) Deputy Chairman	1925
WILLS, D. C. (Cleveland, Ohio) Chairman and FR Agent	1926 (died Oct. 22)
KNIGHT, W. W. (Toledo, Ohio)	1927 (re-appointed)

OFFICERS

Governor	-	George J. Seay
Deputy Governors	-	C. A. Peple R. H. Broaddus
Chairman and Federal Reserve Agt.	-	William 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>
BRUTON, John F. (Wilson, N.C.)	1925
JOHNSON, L. E. (Alderson, W.Va.)	1926
RIEMAN, Charles, E. (Baltimore, Md.)	1927 (re-elected)
 <u>Class B</u>	
GRAHAM, Edwin C. (Washington, D. C.)	1925
COKER, D. R. (Hartsville, S. C.)	1926
STRUDWICK, Edmund (Richmond, Va.)	1927 (re-elected)
 <u>Class C</u>	
LASSITER, Robert (Charlotte, N.C.)	1925
HOXTON, Wm. W. (Richmond, Va.) Chairman and FR Agent	1926
DELANO, Frederic A. (Washington, D. C.) Deputy Chairman	1927 (re-appointed)

Federal Reserve Bank of Atlanta (Dist. 6)

OFFICERS

Governor	-	M. B. Wellborn
Deputy Governors	-	J. L. Campbell Creed Taylor
Chairman and Federal Reserve Agent	-	Oscar Newton
Deputy Chairman	-	W. H. Kettig

Federal Reserve Bank of Atlanta (Dist. 6)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
KITTLES, P. R. (Sylvania, Ga.)	1926
BLACK, Eugene R. (Atlanta, Ga.)	1927 (elected)
 <u>Class B</u>	
HARTWORLD, W. H. (Nashville, Tenn)	1925
SIMON, Leon C. (New Orleans, La.)	1926
McCRRARY, J. A. (Decatur, Ga.)	1927 (re-elected)
 <u>Class C</u>	
KETTIG, W. H. (Birmingham, Ala) Deputy Chairman	1925
NEWTON, Oscar (Atlanta, Ga.) Chairman and FR Agent	1926 (appointed)
HOPKINS, Lindsey (Atlanta, Ga.)	1927 (re-appointed)

Federal Reserve Bank of Chicago (Dist.7)

OFFICERS

Governor - J. B. Mc Dougal

Deputy Governors - C. R. Mc Kay
John H. Blair

Chairman and
Federal Reserve
Agent - William A. Heath

Deputy Chairman - James Simpson

Federal Reserve Bank of Chicago (Dist. 7)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
McNIDER, Charles H. (Mason City, Iowa)	1925
JOHNSON, E. L. (Waterloo, Iowa)	1926
REYNOLDS, George M. (Chicago, Ill.)	1927 (re-elected)
 <u>Class B</u>	
CRAPO, S. T. (Detroit, Mich.)	1925
MUELLER, Robert (Decatur, Ill.)	1926
VOGEL, A. H. (Milwaukee, Wis.)	1927 (re-elected)
 <u>Class C</u>	
BALL, F.C. (Muncie, Ind.)	1925
SIMPSON, James (Chicago, Ill.) Deputy Chairman	1926
HEATH, Wm. A. (Chicago, Ill.) Chairman and FR Agent	1927 (re-appointed)

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

OFFICERS

Governor	-	D. C. Biggs
Deputy Governors	-	O. M. Attebery
Chairman and Federal Reserve Agent	-	William Mc. C. 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>
MARTIN, John C. (Salem, Ill)	1925
LONSDALE, John G. (St. Louis, Mo.)	1926
UTTERBACK, J.C. (Paducah, Ky.)	1927 (re-elected)
 <u>Class B</u>	
PLUNKETT, W. B. (Little Rock, Ark.)	1925
PERCY, LeRoy (Greenville, Miss.)	1926
WELLS, Rolla (St. Louis, Mo.)	1927 (re-elected)
 <u>Class C</u>	
MOONEY, C. P. J. (Memphis, Tenn.)	1925
BOEHNE, John W. (Evansville, Ind.) Deputy Chairman	1926
Mc.C. MARTIN, William (St. Louis, Mo.) Chairman and FR Agent	1927 (re-elected)

Federal Reserve Bank of Minneapolis (Dist. 9)

OFFICERS

Governor	-	R. A. Young
Deputy Governors	-	W. B. Geery B. V. Moore
Assistant Deputy Gov.	-	Harry Yaeger
Chairman and Federal Reserve Agent	-	John R. Mitchell
Deputy Chairman	-	Homer Clark

Federal Reserve Bank of Minneapolis (Dist. 9)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
WOLD, Theodore (Minneapolis, Minn.)	1925
RASSETT, J.C. (Aberdeen, S.Dak.)	1926
McDOWELL, Wesley C. (Marion, N. Dak.)	1927 (re-elected)
 <u>Class B</u>	
BIGELOW, F. R. (St. Paul, Minnesota)	1925
HOLTER, N. B. (Helena, Mont.)	1926
HIXON, F. P. (La Crosse, Wis.)	1927 (re-elected)
 <u>Class C</u>	
McCORMICK, George W. (Minominee, Mich.)	1925
MITCHELL, John R. (Minneapolis, Minn.) Chairman and FR Agent	1926
CLARK, Homer P. (St. Paul, Minn.) Deputy Chairman	1927 (re-appointed)

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)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
SPONABLE, Frank W. (Paola, Kans.)	1925
MULLANEY, E. E. (Hill City, Kans.)	1926
MITCHELL, J. C. (Denver, Colo.)	1927 (re-elected)
 <u>Class B</u>	
BERNARDIN, J. M. (Kansas City, Mo.)	1925
GIBSON, Harry W. (Muskogee, Okla.)	1926
BRYNE, Thomas C. (Omaha, Nebr.)	1927 (re-elected)
 <u>Class C</u>	
ROOF, Fred O. (Denver, Colo.)	1925
McCLURE, M. L. (Kansas City, Mo.) Chairman and FR Agent	1926
HORD, Heber (Central City, Nebr.) Deputy Agent	1927 (re-appointed)

Federal Reserve Bank of Dallas (Dist. 11)

OFFICERS

Governor	-	B. A. Mc Kinney (resigned May 15) Lynn P. Talley (succeeded Mc Kinney)
Deputy Governors	-	R. R. Gilbert R. B. Coleman
Chairman and Federal Reserve Agent	-	Lynn P. Talley (until May) C. C. Walsh (succeeded Talley)
Deputy Chairman	-	Clarence E. Linz

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
PATRICK, W. H. (Clarendon, Tex.)	1925
SMITH, Howell E. (Mc Kinney, Tex.)	1926
FROST, J. H. (San Antonio, Tex.)	1927
 <u>Class B</u>	
SANSOM, Marion (Fort Worth, Tex.)	1925
CULBERTSON, J. J. (Paris, Tex.)	1926
KELL, Frank (Wichita Falls, Tex.)	1927 (re-elected)
 <u>Class C</u>	
*TALLEY, Lynn P. (Dallas, Tex.) Chairman, and FR Agent	1925 (resigned May 15)
LINZ, Clarence E. (Dallas, Tex.) Deputy Chairman	1926
PERKINS, S. B. (Dallas, Tex.)	1927 (appointed)
*WALSH, C. C. (Dallas, Tex.) Chairman and FR Agent	1925 (succeeded Talley)

Federal Reserve Bank of San Francisco (Dist. 12)

OFFICERS

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

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

1925

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

1926

WHIPPLE, Howard (Turlock, Calif.)

1927 (elected)

Class B

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

1925

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

1926

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

1927 (re-elected)

Class C

SPOULE, Wm. (San Francisco, Calif.)

1925

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

1926

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

1927 (re-appointed)

1925

FEDERAL RESERVE SYSTEM

POLICY ACTION

November 1925 to January 1926

(See also 1924 - Nov.1924 to Mar.1925)

Apparent Intent - Restrictive

- Open Market Operations - Buying rate on bankers' acceptances raised.
- Discount Rate - Raised from 3 1/2 to 4 percent at 5 Banks* making level 4 percent at all Banks.
- Moral Suasion -
- Surrounding Circumstances - Business activity expanded rapidly in late 1925; member bank borrowing up sharply throughout 1925; food prices up; renewed growth in credit, especially security loans.

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

*Boston, New York, Philadelphia, Cleveland, and San Francisco.

4.202. **Power to purchase real estate.**—While the Federal Reserve Act does not give to the Federal Reserve banks express power to acquire real property, a Federal Reserve bank has authority to purchase and own real estate for the purpose of supplying suitable banking quarters, such authority being implied from the power conferred by section 4 of the Federal Reserve Act upon Federal Reserve banks to exercise such incidental powers as shall be necessary to carry on the business of banking within the limitations of the Act. 34 *Op. Atty. Gen.* 527 (1925).

9.100. **Constitutionality of provision authorizing State banks and trust companies to become members.**—An officer of a State member trust company, convicted for making false entries in the books of the bank in violation of section 5209 of the Revised Statutes, contended, among other things, that the provision of section 9 of the Federal Reserve Act authorizing any bank or trust company of the State to become a member bank of the Federal Reserve System was beyond the constitutional powers of Congress. Holding to the contrary, the court declared that if, in the wisdom of Congress, it seemed that the inclusion of State banks and trust companies would contribute to the legitimate purposes of the Federal Reserve System, including the control and prevention of sudden and violent crises in financial affairs, the right to so include such State banks and trust companies was not open to question. To this end, the court pointed out that the Government may make use of concerns incorporated under State charters and that the provision for membership of State banks in the Federal Reserve System is in no sense compulsory. *Hiatt v. United States*, 4 Fed. (2d) 374 (C.C.A. 7th, 1924), *cert. den.*, 268 U. S. 704 (1925).

NOTE.—See also 9.801.

10.201. Lease of banking quarters for branch in building constructed on premises leased by Federal Reserve bank.—A transaction by which the Federal Reserve Bank of Cleveland leased certain real property belonging to it in Cincinnati to the Chamber of Commerce with an agreement that the Chamber of Commerce would erect a building thereon, space in which would be leased to the Federal Reserve Bank of Cleveland as banking quarters for the Cincinnati branch of the Federal Reserve bank was not a transaction in violation of the limitations of section 10 of the Federal Reserve Act. 34 *Op. Atty. Gen.* 527 (1925).

13.521. State statute authorizing direct presentment to drawee.

—A check drawn by the plaintiff on an Alabama bank came into the hands of the Federal Reserve Bank of Atlanta for collection and was forwarded by the latter direct to the drawee bank for payment. The drawee charged the check to plaintiff's account and remitted its draft on the Reserve bank in payment. Though there were funds to the credit of the drawee bank with the Federal Reserve bank sufficient to pay the draft, it was not paid and the proceeds were not remitted. On the following day the drawee bank was put into the hands of a receiver. Plaintiff sued the Reserve bank, alleging negligence on the part of the defendant, knowing the weak condition of the drawee, in having delayed collecting the check and in having sent it direct to the drawee for payment. It was held that the relationship between plaintiff and the collecting bank was controlled by the law and the contract at the place of deposit; that under Alabama and Georgia law, checks drawn on a bank in another city within or without the State might be sent for payment by a collecting bank direct to the drawee bank without incurring liability, provided due diligence is used in other respects in connection with the collection of the instrument; and that the mere sending of the check direct to the drawee bank for payment was not negligence. It was held, however, that the collecting defendant bank might be liable for negligence if it knew that the drawee bank was in a failing condition, but that this question was one to be determined by a jury. Accordingly, the answer of the defendant was sustained in certain respects and overruled in others. *Capital Grain and Feed Co. v. Federal Reserve Bank of Atlanta*, 3 Fed. (2d) 614 (D.C. Ga., 1925).

NOTE.—For case involving substantially similar facts and holding to same effect, see *Hicks Co. v. Federal Reserve Bank of St. Louis*, 174 Ark. 587, 296 S. W. 46 (1927).

13.582. Variation of "New York rule" by contract.—Where a check drawn on an Alabama bank is forwarded to a New York bank for collection, the "New York rule," by which the collecting bank undertakes to make ultimate collection, furnishing the necessary agencies therefor, would ordinarily apply in the Federal courts. In such case, the drawer would not be entitled to sue a correspondent bank to whom the check was sent by the New York bank. However, where the New York bank specifically agrees that it acts only as collecting agent and assumes no liability on account of delay or loss while the item is in transit or until it receives final payment from its correspondents, such agreement abrogates the presumption of law contained in the "New York rule" and the drawer of the check may properly sue a correspondent bank to which the check is sent by the New York bank for collection to recover for damages resulting from the negligence of such correspondent bank. In such a case, each correspondent is the agent of the plaintiff and is answerable

York rule" was applicable and that therefore there was no privity of contract between the plaintiff and the defendant Reserve bank. On this theory, the court sustained the defendant's general demurrer and ordered the suit dismissed. *Denning v. Federal Reserve Bank of San Francisco*, Idaho State Dist. Ct., Jan. 14, 1936 (unreported).

13.601. **Lien on cash in vaults of closed bank.**—A Federal Reserve bank received checks drawn on a nonmember State bank and presented them to the latter bank for payment. The nonmember bank remitted a draft on a national bank, but in the meantime the nonmember bank was closed and the draft was therefore dishonored. In a suit by the Federal Reserve bank against the receiver of the closed bank, it was held that that bank was bound by its agreement to remit for checks upon it forwarded by the Federal Reserve bank; that the drawing of the draft on the national bank did not operate as a waiver of the Federal Reserve bank's lien on cash in the vaults of the nonmember bank; and that therefore the Federal Reserve bank should recover. *Federal Reserve Bank of Richmond v. Bohannon*, 141 Va. 285, 127 S.E. 161 (1925).

13.2780. Failure to present note at bank where payable. — In a suit by a Federal Reserve bank against the maker of a promissory note which had been indorsed by a national bank and transferred to the Federal Reserve bank as collateral security for an indebtedness owing by the national bank to the Reserve bank, it was contended by the defendant that the Reserve bank, as holder of the note, had failed to present it for payment at the indorser's bank where it was payable and where the maker had funds on deposit sufficient to pay it. The note sued on contained a provision to the effect that the maker waived protest, notice, and diligence in collecting. It was held, therefore, that the maker was bound by his waiver and that the circumstance that the Federal Reserve bank had knowledge of a deposit of the maker with the payee bank sufficient to meet the note at maturity did not impose a duty on the Reserve bank to present the note for payment. It was further held that the Reserve bank might enforce the note without waiting until it could be determined whether other collateral held by the Reserve bank was sufficient to pay the indebtedness of the national bank. *Sowell v. Federal Reserve Bank of Dallas*, 268 U.S. 449 (1925).

NOTE.—As to jurisdiction of the Federal court in the above case, see 4.300.

18.105. **Federal Reserve bank notes as legal tender.**—Federal Reserve bank notes and other notes constituting part of the common currency of the country are recognized as good tender for money unless specially objected to, and where such notes are tendered in payment of taxes, interest and penalties, and the tender is refused not because of the nature of the currency tendered but on some other ground, the defense of want of legal tender is without merit. *MacLeod v. Hoover*, 159 La. 244, 105 So. 305 (1925).

NOTE.—As to what is now legal tender, see section 43(b)(1) of the Act of May 12, 1933, as amended (U.S. Code, title 31, sec. 821).