

1939

UNITED STATES GOVERNMENT

EXECUTIVE OFFICERS

President	-	Franklin D. Roosevelt (re-elected Nov. 1936, inaugurated Jan. 20, 1937)
Secretary of Treasury	-	Henry Morgenthau, Jr. (appointed Jan. 1, 1934, served until July 23, 1943)
Comptroller of Currency	-	Preston Delano (date of appointment October 24, 1938)
Secretary of State	-	Cordell Hull
Secretary of War	-	Harry H. Woodring
Secretary of Navy	-	Claude A. Swanson
Secretary of Interior	-	Harold L. Ickes
Secretary of Agriculture	-	Henry A. Wallace
Secretary of Commerce	-	Daniel C. Roper, Harry L. Hopkins
Secretary of Labor	-	Frances Perkins
Postmaster General	-	James A. Farley
Attorney General	-	Homer S. Cummings, Frank Murphy

1939
April

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

S E N A T E

Banking and Currency Committee

76th Congress

Dem.
Republicans

Rep.
Democrats

WAGNER, Robert F.
GLASS, Carter
BARKLEY, Alben W.
BYRNES, James F.
BANKHEAD, 2d, John H.
ADAMS, Alva B.
MALONEY, Francis T.
RADCLIFFE, George L.
BROWN, Prentiss M.
HUGHES, James H.
HERRING, Clyde L.
SMATHERS, William H.
MILLER, John E.
CLARK, D. Worth
DOWNEY, Sheridan

New York
Virginia
Kentucky
South Carolina
Alabama
Colorado
Connecticut
Maryland
Michigan
Delaware
Iowa
New Jersey
Arkansas
Idaho
California

TOWNSEND jr. John G.
FRAZIER, Lynn J.
TOBEY, Charles W.
DANAHER, John A.
TAFT, Robert A.

Delaware
North Dakota
New Hampshire
Connecticut
Ohio

1939
April

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

HOUSE OF REPRESENTATIVES

Banking and Currency Committee

76th Congress

Democrats

STEAGALL, Henry B.
GOLDSBOROUGH, T. Alan
WILLIAMS, Clyde
SPENCE, Brent
FORD, Thomas F.
BROWN, Paul
PATMAN, Wright
EVANS, Marcellus H.
BARRY, William B.
SACKS, Leon
GORE, Albert
MILLS, Wilbur D.
MARTIN, John C.
FOLGER, Alonzo D.
HULL, Merlin

Alabama
Maryland
Missouri
Kentucky
California
Georgia
Texas
New York
New York
Pennsylvania
Tennessee
Arkansas
Illinois
North Carolina
Wisconsin

Republicans

WOLCOTT, Jesse P.
GIFFORD, Charles L.
LUCE, Robert
CRAWFORD, Fred L.
GAMBLE, Ralph A.
SIMPSON, Richard M.
JOHNSON, Noble J.
KEAN, Robert W.
SUMNER, Jessie
MILLER, William J.

Michigan
Massachusetts
Massachusetts
Michigan
New York
Pennsylvania
Indiana
New Jersey
Illinois
Connecticut

1939

FEDERAL RESERVE SYSTEM
FEDERAL ADVISORY COUNCIL

District No. 1 (Boston)	Thomas M. Steele
District No. 2 (New York)	Leon Fraser
District No. 3 (Philadelphia)	Howard A. Loeb, Vice President
District No. 4 (Cleveland)	T. J. Davis
District No. 5 (Richmond)	Robert M. Hanes
District No. 6 (Atlanta)	Edward Ball
District No. 7 (Chicago)	Edward E. Brown
District No. 8 (St. Louis)	Walter W. Smith, President
District No. 9 (Minneapolis)	John Crosby
District No. 10 (Kansas City)	John Evans
District No. 11 (Dallas)	R. E. Harding
District No. 12 (San Francisco)	Paul S. Dick

Walter Lichtenstein, Secretary

1939

FEDERAL RESERVE SYSTEM
FEDERAL OPEN MARKET COMMITTEE

Marriner S. Eccles, Chairman
George L. Harrison, Vice Chairman

Chester C. Davis
Ernest G. Draper

M. J. Fleming
George H. Hamilton
M. S. Szymczak

Hugh Leach
Wm. McC. Martin

John K. McKee
Ronald Ransom

Chester Morrill, Secretary

S. R. Carpenter, Assistant Secretary

Walter Wyatt, General Counsel

J. P. Dreibelbis, Assistant General Counsel

E. A. Goldenweiser, Economist

John H. Williams, Associate Economist

Allan Sproul, Manager of System Open Market Account

1939

Federal Reserve Bank of Boston (Dist. 1)

OFFICERS

President	-	Roy A. Young
First Vice President	-	William W. Paddock
Vice President	-	William Willet
Federal Reserve Agent- and Chairman		Frederic H. Curtiss
Deputy Chairman	-	Henry S. Denison

Federal Reserve Bank of Boston (Dist. 1)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
FORBES, Allan (Boston, Mass.)	1939
REED, Lewis S. (Waterbury, Conn.)	1940
DODGE, Leon A. (Damariscotta, Me.)	1941 (re-elected)
 <u>Class B</u>	
ALLEN, Philip R. (E. Walpole, Mass.)	1941 (re-elected)
FRENCH, Edward S. (Springfield, Vermont)	1940
FROST, Edward J. (Boston, Mass.)	1939
 <u>Class C</u>	
CURTISS, Frederic H. (Boston, Mass.) Chairman and FR Agent	1941 (re-appointed)
DENNISON, Henry S. (Framingham, Mass.) Deputy Chairman	1939
HARRIMAN, Henry I. (Boston, Mass.)	1940

Federal Reserve Bank of New York (Dist. 2)

OFFICERS

President - - George L. Harrison

First Vice President - Allan Sproul

Vice PresidentsRay M. Gidney
L. Werner Knoke
John H. WilliamsWalter S. Logan
Leslie R. Rounds
Robert G. RouseChairman and
Federal Reserve Agent

Owen D. Young

Deputy Chairman

Beardsley Ruml

1939

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

<u>CLASS A</u>	<u>Term Began</u>	<u>Dec. 31 Term Ended</u>
PLOCH, William F. (Long Beach)	1/1/37	1939
POTTER, William C. (Old Westbury)	1/1/38	1940
THOMPSON, Otis A. (Norwich)	1/1/39	1941 (reelected)
<u>CLASS B</u>		
STEVENS, Robert T. (Plainfield)	1/1/37	1939
WATSON, Thomas J. (Lebanon, N. J.)	1/1/38	1940
TEAGLE, Walter C. (Port Chester)	1/1/39	1941 (reelected)
<u>CLASS C</u>		
DAY, Edmund E. (Ithaca)	1/19/38	1939
YOUNG, Owen D. (Van Hornesville)	1/1/38	1940 (Chairman)
RUML, Beardsley (New York)	1/1/39	1941 (reappointed) (Deputy Chairman)

Federal Reserve Bank of Philadelphia (Dist. 3)

OFFICERS

President - John S. Sinclair
First Vice President - Frank J. Drinnen

Vice Presidents

W. J. Davis Ernest C. Hill
C. A. Mc Ilhenny

Chairman and Federal
Reserve Agent - Thomas B. McCabe

Deputy Chairman -

Federal Reserve Bank of Philadelphia (Dist. 3)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
REILY, George W. (Harrisburg, Pa.)	1939
HENNING, J. B. (Tunkhannock, Pa.)	1940
WAYNE, Joseph (Jr.) (Philadelphia, Pa.)	1941 (re-elected)
 <u>Class B</u>	
DeLaCOUR, J. Carl (Camden, New Jersey)	1939
STOUT, C. Frederick C. (Camden, New Jersey)	1940
CANNON, Harry L. (Bridgeville, Delaware)	1941 (elected)
 <u>Class C</u>	
McCABE, Thomas B. (Chester, Pa.) Chairman and FR Agent	1939
WILLIAMS, Alfred H. (Philadelphia, Pa.)	1941 (appointed Mar.2)
WHITTIER, Warren (Douglasville, Pa.)	1940 (appointed)

Federal Reserve Bank of Cleveland (Dist. 4)

OFFICERS

President - M. J. Fleming

First Vice President F. J. Zurlinden

Vice Presidents

W. H. Fletcher

G. H. Wagner

W. F. Taylor

Chairman and
Federal Reserve Agent

G. C. Brainard

Deputy Chairman

R. E. Klages

Federal Reserve Bank of Cleveland (Dist. 4)

DIRECTORS

	<u>Term Expires</u> <u>Dec. 31</u>
<u>Class A</u>	
CONNER, B. R. (Ada, Ohio)	1939
McDOWELL, H. B. (Sharon, Pa.)	1940
BROOKS, F.F. (Pittsburgh, Pa.)	1941 (re-elected)
<u>Class B</u>	
GALVIN, J. E. (Lima, Ohio)	1939
WRIGHT, R. P. (Erie, Pa.)	1940
CRABBS, G. D. (Cincinnati, Ohio)	1941 (re-elected)
<u>Class C</u>	
KLAGES, R. E. (Columbus, Ohio) Deputy Chairman	1939
BRAINARD, G. C. (Youngstown, Ohio) Chairman and FR Agent	1940
STONE, J. C. (Lexington, Kent.)	1941 (appointed)

Federal Reserve Bank of Richmond (Dist. 5)

OFFICERS

President - Hugh Leach

First Vice President - J. S. Walden, Jr.

Vice Presidents

J. G. Fry

George H. Keesee

Chairman and
Federal Reserve Agent

Robert Lassiter

Deputy Chairman

W. G. Wysor

Federal Reserve Bank of Richmond (Dist. 5)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
RIEMAN, Chas. E. (Baltimore, Md.)	1939
BRASWELL, James C. (Rocky Mount, N. Carolina.)	1940
JOHNSON, L. E. (Alderson, W. Va.)	1941 (re-elected)
 <u>Class B</u>	
REED, Chas. C. (Richmond, Va.)	1939
HANNA, John H. (Washington, D.C.)	1940
MALLOY, Edwin (Cheraw, South Carolina)	1941 (re-elected)
 <u>Class C</u>	
WYSOR, W. G. (Richmond, Va.) Deputy Chairman	1939
LASSITER, Robert (Charlotte, N. Carolina) Chairman and FR Agt.	1940
MC CORMICK, Charles P. (Baltimore, Md.)	1941 (appointed, 8/21)

Federal Reserve Bank of Atlanta (Dist. 6)

OFFICERS

President	-	Oscar Newton (died Feb. 13) Robert S. Parker (eff. Feb. 20)
First Vice President	-	William S. McLarin, Jr. (Eff. Oct. 13)

Vice Presidents

Malcolm H. Bryan	H. F. Conniff
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Chairman and Federal
Reserve Agent

Frank H. Neely

Deputy Chairman

J. F. Porter

Federal Reserve Bank of Atlanta (Dist. 6)

DIRECTORS

<u>Class A</u>	Term Expires <u>Dec. 31</u>
WHITE, George J. (Mount Dora, Fla.)	1941 (re-elected)
CLAY, R. G. (Atlanta Ga.)	1939
COOK, W. D. (Meridian, Miss.)	1940
 <u>Class B</u>	
McCRARY, J. A. (Decatur, Ga.)	1939
HALL, Fitzgerald (Nashville, Tenn.)	1940
GEORGE, Ernest T. (New Orleans, La.)	1941 (re-elected)
 <u>Class C</u>	
PORTER, J. F. (Williamsport, Tenn.) Deputy Chairman	1939
HARRIS, Dr. Rufus C. (New Orleans, Louisiana)	1940
NEELY, Frank H. (Atlanta, Ga.) Chairman and FR Agent	1941 (re-appointed)

1939

Federal Reserve Bank of Chicago (Dist. 7)

OFFICERS

President - George J. Schaller

First Vice President - H. P. Preston

Vice Presidents

J. H. Dillard

C.S. Young

W. H. Snyder

Chairman and
Federal Reserve Agent

Robert E. Wood

Deputy Chairman

Frank J. Lewis

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
CUMMINGS, Walter J. (Chicago, Ill.)	1939
ESTBERG, E. R. (Waukesha, Wis.)	1940
WILLIAMS, Frank D. (Iowa City, Iowa)	1941 (re-elected)
<u>Class B</u>	
BABB, Max W. (Milwaukee, Wis.)	1939
VAN DUSEN, Charles (Detroit, Michigan)	1940
NOYES, Nicholas H. (Indianapolis, Indiana)	1941 (re-elected)
<u>Class C</u>	
Vacancy	
LEWIS, Frank J. (Chicago, Illinois) Deputy Chairman	1940
WOOD, Robert E. (Chicago, Illinois) Chairman and FR Agent	1941 (re-appointed)

1939

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

OFFICERS

President William Mc C. Martin

First Vice President - F. Guy Hitt

Vice Presidents

Olin M. Attebery

Clarency M. Stewart

Chairman and Federal
Reserve Agent

William T. Nardin

Deputy Chairman

Oscar G. Johnston

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

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
NAHM, Max B. (Bowling Green, Kent.)	1939
CORLIS, G. R. (Anna, Illinois)	1940
MAESTRE, Sidney (St. Louis, Missouri)	1941 (elected)
 <u>Class B</u>	
HARRIS, J.W.(St. Louis, Mo.)	1939
COUCH, Harvey C. (Pine Bluff, Arkansas)	1940
STANLEY, John R.(Evansville, Indiana)	1941(elected)
 <u>Class C</u>	
NARDIN, William T. (St. Louis, Mo.) Chairman and FR Agent	1939
JOHNSTON, Oscar G. (Scott, Miss.) Deputy Chairman	1940
Vacancy	

1939

Federal Reserve Bank of Minneapolis (Dist. 9)

OFFICERS

President J. N. Peyton

First Vice President O. S. Powell

Vice Presidents

H. I. Ziemer

E. W. Swanson

Deputy Chairman - Walter C. Coffey

Federal Reserve Bank of Minneapolis (Dist. 9)

DIRECTORS

<u>Class A</u>	Term Expires <u>Dec. 31</u>
HANSEN, H. C. (Churchs Ferry, N.D.)	1939
GRANGAARD, M. O. (Minneapolis, Minnesota)	1940
McKNIGHT, J. R. (Pierre, South Dakota)	1941 (elected)
<u>Class B</u>	
FUNK, Albert P. (La Crosse, Wisconsin)	1939
WASHBURN, W. O. (St. Paul, Minnesota)	1940
O'CONNELL, J. E. (Helena, Montana)	1941 (re-elected)
<u>Class C</u>	
COFFEY, Walter C. (St. Paul, Minnesota) Deputy Chairman	1939
COCHRAN, W. D. (Iron Mountain, Michigan)	1940
SHEPARD, Roger B. (St. Paul, Minnesota)	1941 (appointed)

1939

Federal Reserve Bank of Kansas City (Dist. 10)

OFFICERS

President

George H. Hamilton

First Vice President -

C. A. Worthington

Vice Presidents

J. W. Helm

H. G. Leedy

Chairman and

Federal Reserve Agent - R. B. Caldwell

Deputy Agent

- J. J. Thomas

Federal Reserve Bank of Kansas City (Dist. 10)

DIRECTORSClass ATerm Expires
Dec. 31

SPONABLE, Frank W. (Paola, Kansas)
 MULLANEY, Hill City, Kansas)
 DINES, T. A. (Denver, Colorado)

1940
 1941 (re-elected)
 1939

Class B

HOSFORD, Willard D. (Omaha, Neb.)
 BERNARDIN, J. M. (Kansas City, Mo.)
 PHILLIPS, L. E. (Bartlesville, Okla.)

1939
 1940
 1941 (re-elected)

Class C

BROWN, E. P. (Davey, Nebr.)
 CALDWELL, R. B. (Kansas City, Mo.) Chairman and FR Agent
 THOMAS, J. J. (Seward, Neb.) Deputy Chairman

1939
 1940
 1941 (re-appointed)

Federal Reserve Bank of Dallas (Dist. 11)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
WINTON, Ed. H. (Fort Worth, Tex.)	1939
HOOKS, Pat E. (Itasca, Tex.)	1940
SEALE, Ford (denison, Tex.)	1941 (elected)
 <u>Class B</u>	
MILAM, J. R. (Waco, Texas)	1939
WEST, J. M. (Houston, Tex.)	1940 (elected)
MIDDLETON, John D. (Greenville, Tex.)	1941 (re-elected)
 <u>Class C</u>	
TAYLOR, Jay (Amarillo, Tex.) Deputy Chairman	1939
COZZO, J.B. (Dallas, Texas)	1940 (appointed, Jun.26)
MERRITT, J. H. (Mc Kinney, Tex.) Chairman and FR Agent	1941 (re-appointed)

Federal Reserve Bank of San Francisco (Dist. 12)

OFFICERS

President - - Wm. A. Day

First Vice President - Ira Clerk

Vice Presidents

W. M. Hale

R. B. West

Cecil E. Earhart

Chairman and Federal
Reserve Agent

vacancy

Deputy Chairman

St. George Holden

Federal Reserve Bank of San Francisco (Dist. 12)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
POWELL, Keith (Salem, Oregon)	1939
McINTOSH, C. K. (San Francisco, Calif.)	1940
ODLIN, Reno (Tacoma, Wash.)	1941 (elected)
 <u>Class B</u>	
TAYLOR, Reese H. (Los Angeles, Calif.)	1939
COX, Elmer H. (San Francisco, Calif.)	1940
VOLKMANN, William G. (San Francisco, California)	1941 (re-elected)
 <u>Class C</u>	
THORPE, Carlyle (Los Angeles, Calif.)	1939
HOLDEN, St. George (San Francisco, Calif.) Deputy Chairman	1940
Vacancy	

1939-40

Apr. 19,20,24,27

HEARINGS

U.S.Congress. Senate. Banking and currency
committee.

HG

301

.A21

To repeal the Silver purchase act of 1934:

HEARINGS...76th cong., 1st sess. on S.785, a

1939-40

bill to repeal the silver purchase act of 1934,
to provide for the sale of silver, and for other
purposes. April 19, 20, 24, and 27, 1939.

Wash. Govt.ptb.off., 1939.

1 150 p.

---Part 2 - March 19, 1940 (76th cong., 3d sess.)

252 p.

Testimony: Eccles, M.S., (ChmnBd) (Pat. 1) pp. 63-87
no other Fed. Res. testimony, Pt. 1)

F.R.Bd.L.

a

1939
May 31-June 29

U.S.Congress. Senate. Banking and currency committee
HG
1595
To provide for the insurance of loans to business: HEARINGS...76th cong., 1st sess. on S.1482, a bill to provide for the insurance by the RFC of loans made by banks to business enterprises... and S.2343, a bill to provide for the insurance of loans to business... May 31, June 21, 5, 13, 15, 20-22, 29, 1939. Wash., Govt.ptg.off., 1939

477 p.

Testimony:	Eccles, M.S. (ChmnBd)	June 5	pp. 87-113
	statement		pp. 113-115
	Draper, E.G. (Bd.mbr)	June 2	pp. 78-85
	Brown, E.E.(Fed.Adv.Council)	6/13	pp. 117-129

F.R.Bd.L.

a

1939

June 20 Membership in Federal Reserve System of insured banks.

LEGISLATION

Section 12B(y)(1) of Federal Reserve Act was repealed. The effect of this amendment was to remove the requirement that all State banks having average deposits of \$1,000,000 or more during the calendar year 1941 or any succeeding calendar year must be members of the Federal Reserve System in order to have their deposits insured by the Federal Deposit Insurance Corporation. (53 Stat. _____)

Loans to executive officers.

Section 22(g) of Federal Reserve Act was amended by extending for five years from June 16, 1939, the period within which loans made to executive officers of member banks prior to June 16, 1933, may be renewed or extended subject to the other conditions named in the law. (53 Stat. _____)

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

1939

June 30

Obligations of the United States as collateral for
Federal Reserve notes.

LEGISLATION

Section 16 was amended so as to extend until June 30, 1941, the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes. (53 Stat. _____)

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

1939
June 30

LEGISLATION

[PUBLIC—No. 162—76TH CONGRESS]

[CHAPTER 256—1ST SESSION]

[S. 2618]

AN ACT

To extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second paragraph of section 16 of the Federal Reserve Act, as amended, is hereby amended by striking therefrom the words "until June 30, 1939" and by inserting in lieu thereof the words "until June 30, 1941".

Approved, June 30, 1939.

1939
July 20

LEGISLATION

[PUBLIC—No. 201—76TH CONGRESS]

[CHAPTER 336—1ST SESSION]

[H. R. 5748]

AN ACT

To amend the Second Liberty Bond Act, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 21 of the Second Liberty Bond Act (49 Stat. 21, as amended; U. S. C., Supp. IV, title 31, sec. 757b), is amended by striking out the following proviso: "*Provided, That the face amount of bonds issued under the authority of this Act shall not exceed in the aggregate \$30,000,000,000 outstanding at any one time.*"

Approved, July 20, 1939.

1939
September 1939

FEDERAL RESERVE SYSTEM

POLICY ACTION

Apparent Intent - For other purposes

- Open Market Operations - Bought \$470 million of Treasury bonds and notes but allowed \$90 million bills to mature without replacement.
- Discount Rate - Reduced from 11/2 to 1 percent at Boston*.
- Reserve Requirements -
- Selective Regulations -
- Surrounding Circumstances - Outbreak of war; Government bond prices declined sharply; action taken to prevent development of disorderly conditions or unreasonably abrupt decline in prices of Government securities. System announced that Reserve Banks would lend to member and nonmember banks on Government securities at par at the discount rate. System Treasury bill holdings allowed to run off in view of heavy demand for short-term securities.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 221.

1939

FEDERAL RESERVE SYSTEM

POLICY ACTION

October 1939 to January 1940

- Apparent Intent - Restrictive

- Open Market Operations - Sold \$84 million of Treasury bonds and notes (November-January), and allowed \$240 million Treasury bills to run off.
- Discount Rate -
- Reserve Requirements -
- Selective Regulations -
- Surrounding Circumstances - Strong market demand, which resulted in rapid advances in Government security prices late in 1939, partly met by System sales; gold inflow, business active, prices rising, money easy, credit expanding.

Source: Joint Committee on the Economic Report
 Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
 Page 221.

7.206. State Taxation of Salary of Officer of Federal Reserve Bank.—The Governor of the Federal Reserve Bank sought to recover State income tax paid under protest on his salary. The Supreme Court of Minnesota held that the question depended on whether or not the functions and purposes served by the Federal Reserve Bank are of such a character that the Governor of the Bank might be said to be employed as a necessary and proper means of executing the sovereign power of the United States. The court reviewed at length the purposes for which the Federal Reserve Banks were established. It alluded to the exemption from taxation given by the Federal Reserve Act, and said that this was a declaration that the functions of the bank are regarded by Congress as an exercise of sovereign power. After an extensive review of the legal questions, the court concluded that the salary was not subject to the State income tax. Geery v. Minnesota Tax Commission, 202 Minn. 366; 278 N. W. 594 (1938).

The Tax Commission appealed again, and the Supreme Court of Minnesota reaffirmed its decision. 204 Minn. 107; 282 N. W. 673. The Commission petitioned the Supreme Court of the United States for a writ of certiorari. Thereafter, the petition was dismissed on the motion of the Commission, 307 U. S. 648, and the Supreme Court of Minnesota vacated its prior judgment on the basis of a stipulation of the parties that Geery should recover one-half of the taxes paid, the reason being that, since the decision of the Supreme Court of Minnesota, the Supreme Court of the United States had overruled its decisions relied on by the Minnesota courts in their earlier decisions. 204 Minn. 622; 285 N. W. 614 (1939). (The reason for stipulating that Geery should recover one-half of the taxes paid by him was that the decisions of the United States Supreme Court should not be given a retroactive effect, but that his salary should be taxable thereafter.) Geery v. Minnesota Tax Commission, 204 Minn. 107; 282 N. W. 673.

1939

7.208. State Tax on Mortgages Held by Reserve Bank.--The Federal Reserve Bank made an industrial loan (under section 13b of the Federal Reserve Act) secured by a mortgage. The Register of Deeds refused to record the mortgage without payment of the State tax on mortgages. The statute provided that no tax was imposed upon "any mortgage made and running to the reconstruction finance corporation or to any other United States governmental corporation or agency or trustee for the benefit of such governmental corporation or agency, to secure a loan from such governmental corporation or agency."

The Supreme Court of Michigan held "The Federal Reserve Bank is an operating agency of the Federal government. Its creation was to supply a need of the national government." Consequently, the court held the tax was not imposed on a mortgage securing a loan made by the Reserve Bank. Federal Reserve Bank of Minneapolis v. Register of Deeds, 288 Mich. 120; 284 N. W. 667 (1939).

11.1202. Right to Possess Gold.--The corporation sued the Reserve Bank for damages for conversion of gold bullion. The court held that the refusal of the bank to turn the bullion over to the plaintiff could not be a conversion because if the defendant had turned the bullion over, the plaintiff would have been bound to hand it back at once (in view of the statute authorizing the President to prohibit the exporting, hoarding, etc. of gold, and the executive order and the regulations of the Treasury issued pursuant thereto). British-American Tobacco Co. Ltd. v. Federal Reserve Bank of New York, 105 F. 2d 935, affirming and correcting, 104 F. 2d 652, cert. den. 308 U. S. 600 (1939).

11.1203. Reserve Bank Not Liable for Conversion of Gold Certificate.--Plaintiff found a \$10,000 gold certificate, which had previously been redeemed by the Treasury, canceled, and subsequently stolen from the General Accounting Office. He presented it to the Reserve Bank for collection, but the latter returned it to the General Accounting Office. Plaintiff sued the Reserve Bank for conversion of the certificate, but the court decided against him, saying the Reserve Bank could not be liable for conversion, since it had returned the certificate to its actual owner. Gross v. Federal Reserve Bank of Cleveland, 29 F. Supp. 1005 (1939).

13.710. Liability of Reserve Bank on Its Indorsement.--The life insurance company agent forged the name of the payees on checks issued by the company to policy holders. The checks were cleared through the Cincinnati Branch of the Federal Reserve Bank and presented to the banks upon which they were drawn. This suit was brought against the Federal Reserve Bank upon its endorsement of the checks. The court held that the failure of the insurance company to compare the signatures on the checks with the genuine signatures in its possession made it solely and wholly responsible for the loss because where one of two innocent persons must suffer, the one who commits the first oversight must bear the loss, and further because the delay of over two years in notifying the defendant of the forgeries discharges the defendant. Royal Indemnity v. Federal Reserve Bank of Cleveland, 38 F. Supp. 621 (1939); aff'd. without opinion 119 F. 2d 778.

13.711. Same-- The plaintiff, the drawer-drawee of checks presented to it by the Federal Reserve Bank of N. Y. for payment, commenced suit against the F. R. Bank more than six years after payment, on the ground that prior endorsements, necessary to the transfer of title to the checks, had been forged, that a New York statute (Sec. 350-c of the Negotiable Instruments Law) created a liability on the part of the F. R. Bank to indemnify the plaintiff against loss, and that the loss had occurred within 6 years of the commencement of the action. The court dismissed the complaint on the ground that the loss had occurred when the checks were paid, and not when the plaintiff settled a claim made by persons entitled to the proceeds of the checks; and that the six-year statute of limitations had run. The court of first instance said, obiter, that the fact that Regulation J limits the F. R. Bank's liability, in the circumstances, to its guaranty of prior endorsements, does not prevent the Bank, under a State statute, from having responsibility if its endorsement is in such form as to constitute an indemnity agreement. Mount

(Sup. Ct., Westchester Col), aff'd. without opinion 293 N. Y. 654 (1944).

13.2743. Failed Payee Bank as Agent of Reserve Bank for Collection.--
The Atlantic City National Bank made a loan and discounted the resulting note with the Federal Reserve Bank. The maker paid the note to the national bank before maturity. The bank failed. The Federal Reserve Bank, which still held the note, sued the maker. The trial court submitted the case to the jury, and the jury decided for the defendant. The Court of Appeals affirmed on the basis of the evidence introduced by the defendant that the plaintiff had constituted the national bank its agent to receive payment, and on that ground distinguished Federal Reserve Bank of Richmond v. Kalin (see par. 13.2741). Federal Reserve Bank of Philadelphia v. Algar, 100 F. 2d 941; cert. den. 307 U. S. 631 (1939).