



FEDERAL RESERVE BANK
OF DALLAS

Circular No. 30

Series of 1920

Dallas, Texas,

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TO THE MEMBER BANK ADDRESSED:

The General Assembly of the State of Louisiana has recently enacted certain legislation which prohibits any officer in the State of Louisiana from protesting for non-payment checks, drafts, bills, etc., (commonly known as "Cash Items"), when such non-payment is solely on account of the failure or refusal of any Collection Agency to pay a service fee (commonly called "Exchange").

This legislation also provides that there shall be no right of action, either at law or in equity against any bank in the State of Louisiana for a refusal to pay any checks, drafts, bills, etc., (commonly known as "Cash Items"), when such refusal is based alone on the ground of the non-payment of a service fee (commonly called "Exchange").

Very few of the banks in the Eleventh Federal Reserve District located in the State of Louisiana have signified an intention to take advantage of this legislation, and we will continue to handle checks, drafts, bills, etc., (commonly known as "Cash Items") drawn upon banks in the State of Louisiana, but with the distinct understanding that we will not be responsible for failure to procure protest for non-payment of any cash items forwarded to any bank in the State of Louisiana for collection.

Respectfully,

R. L. Van Zandt
Governor.