



FEDERAL RESERVE BANK
OF DALLAS

Circular No. 10
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February 11, 1921

TO THE MEMBER BANK ADDRESSED:

The General Assembly of the State of North Carolina has recently enacted a law entitled, "An Act to Protect the Solvency of State Banks." This law provides that no officer in the State of North Carolina shall protest for non-payment any check or checks drawn on any bank or trust company chartered by the State of North Carolina, when payment is refused by the drawee bank solely on account of failure or refusal of the holder or owner thereof to pay a service fee (commonly called exchange).

This legislation also provides that there shall be no right of action either in law or equity against any bank or trust company chartered by the State of North Carolina for refusal to pay any such check, when such action is based alone on the ground of refusal to pay exchange or collection charges.

The Federal Reserve Bank of Richmond has advised us that it will continue to receive, if sent it for collection, all checks upon non-member State banks listed upon its par list and will present such checks as soon as practicable, and if any non-member State banks refuse to remit at par for checks sent them by the Federal Reserve Bank of Richmond, they cannot be responsible for delays occasioned by their inability to procure agents to make presentation at the counters of drawee banks within the usual time, nor can they be responsible for the failure to procure formal protest of such checks if payment in cash is refused.

Accordingly, all checks which we receive drawn on banks in North Carolina will be forwarded by us to the Federal Reserve Bank of Richmond subject to the conditions outlined herein, and acting in the capacity of collecting agent only, we will not be responsible for failure to procure protest for non-payment thereof nor will we be responsible for delays in making presentation of the checks at the counters of drawee banks within the usual time.

Respectfully,

R. L. Van Zandt
Governor.