

755

Copy of reply made by the Federal Reserve Board to a letter received from a national banker in regard to Circular of July 22d, 1916, sent out by the "Conference of Bankers."

July 25, 1916.

Referring to your letter of the 25th instant addressed to Governor Hamlin, inclosing copy of a circular letter dated July 22d from the "Conference of Bankers", I beg to advise that the committee referred to was not justified in stating that a proposed suit to test the authority of the Board to put into effect the clearing system is regarded in an entirely friendly light by the Federal Reserve Board. On the contrary the Board is decidedly of the opinion that the establishment of a scientific clearing system should have the cooperation and support of all conservatively-managed banks. The defects of the many independent clearing systems heretofore in force are so well known that a discussion of them is unnecessary.

While the Secretary of the committee was informed that the courts were, of course, open to them, if they felt that the action of the Board worked any injustice, the suggestion was made that they might file a frank and full statement of their position with the Board and ask for some definite remedy.

The Board has acted in this matter only after due deliberation and is in no sense apprehensive as to the legality of its action. It, therefore, does not feel that any necessity exists for bringing a suit to test the question involved and any statement that the Board looks with favor upon litigation of this sort is unwarranted.

7/28/16