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STATEMENT FOR THE PRESS.

The attention of the Federal Reserve Board has been called to the fact that a circular dated July 22, 1916, and signed by T. H. Dickson, as Secretary of the conference of bankers held at St. Louis, contains the following paragraph:

"The administrative committee has decided to bring suit seeking to set aside the Federal Reserve Board's order of May 1st on the general grounds herein outlined. The committee understands upon good authority that the proposed suit is regarded by the Federal Reserve Board in an entirely friendly light".

The order referred to is manifestly Circular No. 1, Series of 1916, which relates to the collection and clearance of checks.

The Board recognizes the right of any member bank to resort to the courts to test the constitutionality of any provision of the Federal Reserve Act; to procure the court's interpretation of any part of the Act; or to question the legality of any regulation of the Board. Where such a course is necessary to remove any doubt that may exist the Counsel for the Board will cooperate as far as possible in expediting a hearing in order that the banks and the Board may have the benefit of a judicial determination of the question involved.

The statement contained in the circular above referred to that the proposed suit is regarded by the Federal Reserve Board in an entirely friendly light might lead to the conclusion that the Board is in doubt as to its power to promulgate the regulation in question and, therefore, welcomes litigation designed to settle the question. The fact that such an impression may be created by the circular is evidenced by inquiries received from some of the banks as to the attitude of the Board. This statement is, therefore, misleading. The regulation in question was adopted after deliberate consideration and is intended to carry out one of the important purposes of the Act, namely, the substitution of one compact clearing system for the many independent collection organizations heretofore in force.

The Board has not been informed of the character or form of procedure it is proposed to adopt in order to set aside the regulation of May 1st. If any of the member banks feel aggrieved at this regulation and desire to resort to the courts there is, of course, no disposition on the part of the Board to interpose any objection to any action they may deem it proper to take. It desires, however, to correct any impression that may have been created that the proposed litigation is a "friendly suit" in the sense that this language is ordinarily used, namely, a suit to determine some question about which the parties involved are mutually in doubt.

July 29, 1916.