

## FEDERAL RESERVE BOARD

## STATEMENT FOR THE PRESS.

For immediate release.

X-3125

The Supreme Court has rendered a decision in the case of the Georgia country banks against the Federal Reserve Bank of Atlanta upholding the Federal Reserve Bank's contention that the District Court of the United States has jurisdiction of the case, but denying the Federal Reserve Bank's motion to dismiss the plaintiffs' complaint. The suit was brought by a group of nonmember country banks to enjoin the Federal Reserve Bank from collecting checks drawn on the country banks, the complaint alleging that the Federal Reserve Bank intended to undertake the collection of such checks by presentation and demand of payment in cash for the purpose of injuring the banks on which the checks were drawn. As the issue before the Supreme Court was merely whether, as a matter of pleading, the plaintiffs' bill of complaint stated a cause of action, the decision of the Supreme Court is not a final determination of the litigation and the case will now be sent back to the District Court of the United States for the Northern District of Georgia for trial upon the merits. The opinion of the Supreme Court does not deny the legal authority of the Federal Reserve Bank to collect checks on nonmember banks by making presentation thereof at the counter, but holds merely that nonmember banks may be entitled to relief if they can prove that the Federal

-2-

X-3125

Reserve Bank malevolently intends to accumulate checks and present them in an oppressive manner for the sole purpose of injuring the banks upon which the checks are drawn.

As to the scope of the Supreme Court's decision, the court said:

"The Question at this stage is not what the plaintiffs may be able to prove or what may be the reasonable interpretation of the defendants acts but whether the plaintiffs have shown a ground for relief if they can prove what they alleged."

The Supreme Court's decision will not interfere with the present check clearing functions of the Federal Reserve Banks and those banks will continue, as heretofore, to collect checks drawn upon those banks which are listed upon the par lists.

Washington, D. C.

May 16, 1921.