

COPYFEDERAL RESERVE BANK
OF DALLAS

X-3621

January 13, 1923.

Federal Reserve Board,
Washington, D. C.Gentlemen: Attention Mr. Walter Wyatt, Counsel

I have your letter of January 10 enclosing copy of X letters 3613. I note that in the letter addressed to you by Mr. Wallace of date December 29, Mr. Wallace expresses the opinion that the Dallas Court erred in the case which I called to your attention, because "the right of the original depositor to sue a remote agent should be determined not by the law of the state in which the remote agent is located, but by the law of the state in which the original deposit was made." I also observe from your letter of January 9 addressed to Mr. Wallace that you are inclined to agree with this view.

This very point was raised by the opposing Counsel of the Dallas case and we argued the matter at some length. I think the proposition made by Mr. Wallace is sound, providing the law of the State in which the original deposit was made is a positive or statutory law, unless, of course, this would be effected by the terms of the Federal Reserve Act. If there is no statutory law, and it is a question of general commercial law, or the common law; that is, if the Court is free to apply either the so-called Massachusetts rule or the so-called New York rule, then I am of the opinion that each Court will hold that there is but one common law, and that its interpretation of that common law is the correct interpretation. In other words, it is my understanding that Courts will follow the Courts of sister States where those Courts are interpreting the positive of statutory law of the sister State, but when arriving at the common law each Court will assume that its interpretation of the common law is the correct interpretation, the interpretation of Courts of sister States to the contrary notwithstanding. In this connection I call your attention to the following list of authorities:

St. Nicholas Bank vs State National Bank,
13 L. R. A., 241.
Faulkner vs Hart, 82 N. Y., 413.

Swift vs Tyson, 10 Law Ed., 865
Oats vs National Bank, 25 Law Ed., 580.
Third National Bank vs National Bank of
Commerce, 139 S. W., 665.
Liverpool Steamship Co. vs Phenix Insurance
Company, 129 U. S., 397.

As I have previously advised you, we have a suit pending in the District Court of the United States at El Paso, in which we have raised this question, and I will advise you of the outcome of this case, and will also furnish you with any briefs that may be filed.

Very truly yours,

(Signed) E. B. Stroud, Jr.

Office Counsel.