

To the Honorable Judge of the Eighteenth Judicial District Court,
in and for the Parish of Acadia, State of Louisiana.

The petition of James Pousson, Bertrand Pousson, Jessie N. Reed,
Jean Gay, Jerazime Pousson, Maxila Pousson, Edgar LeJeune, Honore Pousson,
and Dr. L. A. Clark, residents of the Parish of Acadia, Louisiana, with
respect represents:-

-Paragraph 1-

That the Bank of Iota, a banking corporation, organized under the
laws of the State of Louisiana and domiciled in the Parish of Acadia,
Louisiana, having been found in an insolvent condition by the State Bank
Commissioner, was closed on the 7th, day of July 1924, and that it is now
being liquidated under Act 300 of 1910, under the management of and control
of the ^{said} State Bank Commissioner.

-Paragraph 2-

That your petitioners were depositors and creditors of the said
Bank of Iota, at the time same was closed by the said State Bank Commissioner,
in the following amounts, to-wit:

James Pousson -----	\$219.00	more or less
Bertrand Pousson -----	821.96	" " "
Jessie N. Reed -----	1193.32	" " "
Jean Gay -----	5166.76	" " "
Jerazime Pousson -----	12288.17	" " "
Maxila Pousson -----	1642.61	" " "
Edgar LeJeune -----	151.35	" " "
Honore Pousson -----	2534.73	" " "
Dr. L. A. Clark -----	7.77	" " "

and that they appear herein not only in their own behalf, but in behalf of all the depositors and unsecured creditors of the said Bank of Iota.

-Paragraph 3-

Your petitioners further represent that in the Spring of 1923, the Bank of Iota was totally insolvent; that it was a member of the Federal Reserve System, and that the New Orleans Branch of the Federal Reserve Bank of Atlanta, domiciled in Orleans Parish, La. had full knowledge thereof; that the State Bank Commissioner or his representative came to the Parish of Acadis for the purpose of closing the said bank on account of said insolvency at that time and that the said New Orleans Branch of the Federal Reserve Bank of Atlanta having full knowledge of the insolvency of said bank agreed to advance and did advance the said Bank of Iota during the year a large sum of money for the purpose of keeping said bank open.

That in accordance with some agreement, either verbal or written, the said New Orleans Branch of the Federal Reserve Bank of Atlanta (hereinafter referred to as the Federal Reserve Bank) on learning of said insolvency in the Spring of 1923, practically took charge of the said Bank of Iota, placing a large sum of money in said bank, dictating to the Board of Directors of the said Iota Bank in what manner the affairs of the bank should be conducted, naming Mr. Joseph A. Sabatier to look after its interest in handling and passing on all loans of said Bank of Iota and that the Board of Directors of the said Bank of Iota thereupon by reason of the insistence of the Federal Reserve Bank, appointed Mr. Joseph A. Sabatier, on March 19th, 1923 Manager of the said Bank of Iota, giving him full control over the bank's affairs with full power to pass on all loans or advances made by the bank and full power to

administer all the affairs of the Bank, and that this resolution of the Board of Directors was passed in order to comply with the demands of the Federal Reserve Bank as shown in a letter of date March 18th, 1923.

-Paragraph 4-

That in accordance therewith the said Federal Reserve Bank advanced to the Bank of Iota a large sum of money for the purpose of caring for and taking off the crop of 1923, and placing it in an apparently solvent condition, the said Joseph A. Sabatier being in practical charge and control of the said bank under the said resolution of the board and as a direct representative and agent of the Federal Reserve Bank.

Upon the completion of this transaction as above stated, the said Federal Reserve Bank practically controlled, operated and became responsible to all of the creditors and especially the depositors of the Bank of Iota by reason of the fact that it held itself out to the world as the governing authority and owner of said bank, putting in its money and getting possession of practically all of the assets of said bank by reason of said advances.

That the said Federal Reserve Bank placed at least Fifty or Sixty Thousand Dollars in the said Bank of Iota, during the year 1923, having been informed and having full knowledge of its utter insolvency, but in the Spring of 1924, all of the money so advanced during the year 1923 was paid, leaving the Bank of Iota in practically the same condition as it was in the year 1923, although as a matter of fact its old indebtedness due the Federal Reserve Bank, arising from the slump in prices of rice, and other farm products in the fall of 1920, had been somewhat reduced and the said old indebtedness put in better shape.

-Paragraph 5-

Your petitioners further represent that in the Spring of 1924, the said Joseph A. Sabatier, being engaged in other business, was unable to continue as Manager of the said Bank of Iota, and that the said bank, through its directors, then selected L. J. V. Bresux as its cashier, who was recommended as Manager by the said Sabatier to the Federal Reserve Bank and which bank accepted the said Bresux as its Manager and agent in lieu of the said Sabatier.

That the said Federal Reserve Bank in the Spring of 1924, agreed to place the necessary money at the disposal of the Bank of Iota for the purpose of enabling the farmers and business interests to plant, cultivate and harvest their crops for the year 1924, and that it did advance and furnish money to the Bank of Iota up to approximately the 1st, day of July, 1924.

That at this time the crops were still immature, and that the said Federal Reserve Bank without considering the needs of the farmers or the business people of Iota, or the needs of the bank, although it was the practical owner of the Bank of Iota, refused to put up any more money and in the meantime had secured practically all the assets of the Bank of Iota in the shape of notes and other negotiable securities and the said Bank of Iota, being thus left without any funds and being insolvent was closed by the State Bank Commissioner to the great damage and injury of your petitioners, depositors therein, and all those dependent upon said bank for credit and money.

- Paragraph 6 -

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Your petitioners further represent that the said Bank of Iota was doing all of its business with the Federal Reserve Bank by reason of the agreements heretofore recited and it was currently reported and universally believed as the Federal Reserve Bank was in control of and backing said Bank of Iota, that all those doing business with the said Bank of Iota and particularly the depositors thereof would be protected and absolutely secured by reason of the fact that the said Federal Reserve Bank had taken charge of the said Bank of Iota as above recited and that your petitioners acting on this belief and relying upon the fact that the Federal Reserve Bank was thoroughly solvent continued to do their business with the said Bank of Iota during the years 1923 and 1924 and that at the time of the failure of the said Bank of Iota, they had to their credit in the said bank the amounts hereinbefore stated.

- Paragraph 7 -

Your petitioners further represent that the Federal Reserve Bank was created by Congress for the purpose of aiding the people of the country and the farmers generally and not for the purpose of making an inordinate profit, and that the Federal Reserve Bank everywhere, realizing the crisis arising from the slump of agricultural products in the fall of 1920, brought about and caused, your petitioners believe, by the deflation caused by the action of the Governing Authorities of the Federal Reserve Bank itself, came to the aid of practically all of the banks in the United States and did everything in their power to prevent them from becoming insolvent and thus causing more financial distress.

That not only was this policy pursued by the Federal Reserve Bank generally, but the New Orleans Branch of the Federal Reserve Bank of Atlanta

in pursuance of this policy did extend aid to many of the banks in the State of Louisiana and your petitioners having been reliably informed and so believing ever that in several instances, it permitted the debtor banks to withdraw and select from the collateral notes held by the Federal Reserve Bank a sufficient amount thereof to protect the depositors, and your petitioners having been informed and so believing ever that this course was pursued with the First National Bank of Crowley, Louisiana, and that the said Federal Reserve Bank permitted the said First National Bank of Crowley, Louisiana, or its depositors to select a sufficient amount of its collateral to fully protect the depositors.

That, no doubt, the said Federal Reserve Bank did the same in many other instances, but although the Bank of Iota was a member of the said Federal Reserve System, being merely a State Bank and not a National one, the said Federal Reserve Bank refused to permit the directors or depositors of the said Bank of Iota to withdraw any of the collateral held by it to protect the depositors, thus showing gross partiality and favor to one set of banks over the other in refusing to extend the same aid to the said Bank of Iota.

That the apparent indebtedness of the said Bank of Iota to the said Federal Reserve Bank at the date of its closing, amounted to \$237,702.61 and that the said Federal Reserve Bank held collateral and other paper to the amount of \$274,604.16, as shown by the statement on file in the suit of the State Bank Commissioner vs. The Bank of Iota, No. 6741, on the Civil Docket of the District Court of Acadia Parish, being practically the only creditor holding collateral and other paper with the exception of one other.

That the failure of said bank was caused by and due entirely to the

action of the Federal Reserve Bank and the effect thereof was that the Federal Reserve Bank held practically all of the assets of the Bank of Iota, while the depositors and other creditors of the said Bank of Iota were left without recourse or any chance of recovering their money placed in said Bank of Iota upon the faith of the Federal Reserve Bank taking charge thereof, the remaining assets of the Bank of Iota being of comparatively little value; that the said Federal Reserve Bank by its acts and conduct induced the Board of Directors of the Bank of Iota to continue to operate said bank after same was insolvent in violation of the State of Louisiana, and thereby induced your petitioners and others similarly situated to deposit their money in said bank and to continue doing business with it while same was in failing circumstances in contravention of the laws of said State. That the said Federal Reserve Bank is the direct cause of the loss occasioned petitioners and others of their money thus deposited and should be held liable to petitioners for such losses.

- Paragraph 8 -

That acting thru its agents and managers, the said Federal Reserve Bank preferred itself as a creditor by appropriating to the payment of its claims and as collateral therefor practically all the assets of the Bank of Iota, which should have been treated as a common pledge for all the creditors of said bank and especially of the depositors therein.

- Paragraph 9 -

Your petitioners further represent that by reason of the acts of the said Federal Reserve Bank aforesaid, the said Federal Reserve Bank held itself out to the public as the owner of said Bank of Iota, being in complete control thereof and that thereby it became responsible to your

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petitioners and other depositors and creditors for any loss that may have been incurred by them in the place and stead of the Bank of Iota.

- Paragraph 10 -

That the Federal Reserve Bank held most of the assets of the Bank of Iota at the time of its liquidation; that it protected itself at the expense of all the depositors, who continued to place their money in said bank on the faith of the control of the said Bank of Iota by the Federal Reserve Bank and that the said Federal Reserve Bank being in complete control of the said Bank of Iota cannot take advantage of the situation to pay itself its own indebtedness claimed to be due it by the Bank of Iota at the expense of all the other creditors and depositors of the Bank of Iota.

- Paragraph 11 *

Petitioners further aver that the Bank of Iota acting thru its Directors and the Federal Reserve Bank of New Orleans acting through its officers or officer, unlawfully conspired and agreed to keep the Bank of Iota open, and by the subsequent delivery of the assets of said Bank of Iota to the Federal Reserve Bank as security for its claims and in payment thereof are jointly, severally, and in solido liable to petitioners and other similarly situated and said Federal Reserve Bank should be compelled to restore the said assets thus unlawfully appropriated by it for the benefit of petitioners and others similarly situated as above set forth.

- Paragraph 12 -

Your petitioners further represent that the said Federal Reserve Bank has a large number of notes and collateral held by it, obtained from the Bank of Iota to secure it for the presumed advances made by it to the Bank

of Iota, and by reason of all the facts recited above, all the said assets should be declared the assets of the said Bank of Iota and when collected should be distributed pro rata among all the depositors of the said Bank of Iota.

That all the said assets now in the hands of the Federal Reserve Bank should be judicially sequestered, brought into court and there held until the final termination of this suit and be finally decreed to be the property of the Bank of Iota and subject to its indebtedness, and particularly that of your petitioners and other depositors.

- Paragraph 13 -

Your petitioners further represent that the said Federal Reserve Bank has collected large sums of money, the exact amount of which is unknown from notes held by it and unlawfully obtained from the Bank of Iota as aforesaid and that it should be compelled to account to the Bank of Iota, through the State Bank Commissioner for said sums, and be ordered to pay over same to the said State Bank Commissioner for distribution among the depositors of said Bank of Iota, free from any claim of the Federal Reserve Bank and it is also proceeding to collect other notes held by it to the great damage and prejudice of your petitioners and will convert the proceeds thereof to its own use and benefit.

Your petitioners further represent that a large number of these notes and other assets held by the Federal Reserve Bank and obtained by it from the Bank of Iota are now in the hands of Mr. George T. Rives, an employee and representative of said Federal Reserve Bank and W. J. Carmouche, an attorney for said Federal Reserve Bank, both residents of Acadia Parish, Louisiana, and same should be judicially sequestered in the hands of said parties.

They further represent that the New Orleans Branch of the Federal Reserve Bank of Atlanta has likewise in its possession and under its control a large number of notes and collateral obtained by it from the Bank of Iowa and that these notes and credits should also be judicially sequestered.

Wherefore, they pray that writs of judicial sequestration issue herein, directed to the Sheriff of Acadia Parish and the Civil Sheriff of the Parish of Orleans, commending them or either of them to judicially sequester and in their possession safely keep until the further orders of this Honorable Court all the notes and other evidences of indebtedness held by the said New Orleans Branch of the Federal Reserve Bank of Atlanta, its agents, attorneys, and employees, and obtained from the Bank of Iowa by the said Federal Reserve Bank, whether the said notes be located in Acadia, Orleans or other parishes of the State of Louisiana; that the said Bank of Iowa, thru its proper officers, the State Bank Commissioner, J. S. Brock, as liquidator of said Bank of Iowa and the New Orleans Branch of the Federal Reserve Bank of Atlanta, through its proper officers, be duly cited to appear and answer this demand, and served with a certified copy hereof and that after due and legal proceedings had, your petitioners do have judgment for themselves and all other similarly situated, against the Bank of Iowa, J. S. Brock, State Bank Commissioner, and the New Orleans Branch of the Federal Reserve Bank of Atlanta, decreeing that the said Federal Reserve Bank was in complete control of the Bank of Iowa; that it held itself responsible for all the debts of said bank; that all the assets obtained by the Federal Reserve Bank from the Bank of Iowa be decreed to be the property of the

Bank of Iota, free from all pretended liens, privileges or claims against them by the New Orleans Branch of the Federal Reserve Bank of Atlanta, and that the said assets be decreed subject to the claims of petitioners and others of like interest, and that the same be ordered restored to the Bank of Iota, thru the State Bank Commissioner and be collected by him and distributed pro rata according to law among all the depositors of said bank; that there be further judgment decreeing that the Directors of the said Bank of Iota and the Federal Reserve Bank were guilty of an unlawful conspiracy in keeping said Bank of Iota open contrary to law; that the said Federal Reserve Bank be ordered to restore to the Bank of Iota all moneys collected by it since the closing thereof, from notes unlawfully obtained by it from the said Bank of Iota; that the pledging or discounting of said notes and securities to the Federal Reserve Bank by the Bank of Iota be declared illegal, null and void, and directing that the said securities thus unlawfully pledged or discounted to said Federal Reserve Bank be restored to the custody of said Bank of Iota and delivered to it thru the State Bank Commissioner for collection by said officer and that the proceeds of said securities when collected be distributed pro rata among your petitioners and other creditors having a like interest according to law.

They further pray that the writs of judicial sequestration herein issued be maintained and perpetuated and they further pray for all orders necessary and all general and equitable relief.

By their attorney,

(Sgd.) J. Matt Buett.

Jesse N. Reed sworn says:-

That he has read the foregoing petition; that he is one of the petitioners therein; that all the allegations of fact therein contained are true and

correct, except as to those allegations expressly made on information and belief and that as to these the affiant believes them to be true.

(Sgd.) Jesse N. Reed,

Sworn to and subscribed, before me, at Crowley, La. this 18th, day of October, 1924.

(Sgd.) C. W. Breux
Notary Public.

O R D E R.

Considering the foregoing petition, affidavit and the law, let writs of judicial sequestration issue herein as prayed for, directed to the Sheriff of Acadie Parish and the Civil Sheriff of Orleans Parish, commending them or either of them to seize, sequester and in their possession safely keep until the further orders of this court all of the notes, credits and other assets held by the New Orleans Branch of the Federal Reserve Bank of Atlanta, whether in the hands of George T. Rives or W. J. Carmouche of Acadie Parish or by the New Orleans Branch of the Federal Reserve Bank of Atlanta personally.

Done and granted, at Chambers, at Lafayette, Louisiana, this 18th day of October, 1924.

(Sgd.) Wm. Campbell,

Judge Eighteenth Judicial
District of Louisiana.

Filed 10/20/1924.

F. M. Fontenot,
Dy. Clk.