

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-4792

February 17, 1927

Dear Sir:

My attention has just been called to an opinion rendered on December 18, 1924, by the Circuit Court of Appeals for the Seventh Circuit in the case of *Hiatt v. United States*, 4 Fed. (2nd) 374; petition for writ of certiorari denied by the Supreme Court, 268 U. S. 704, which involves several rulings of importance to the entire Federal Reserve System.

The head-notes in this case are as follows:

1. "Under Burns' Ann. St. Ind. 1914, Section 4953, authorizing trust companies to invest in 'personal securities,' such a company held to have power to purchase stock of a Federal Reserve Bank."
2. "The action of a trust company in becoming a member of the Federal Reserve System, though it might have been questioned by the state of its incorporation, was not such an ultra vires act as made the transaction void, so that it can be questioned collaterally, and its affiliation was validated by a legislative act expressly extending the power to such companies".
3. "A federal court will take judicial notice of the existence, due incorporation, and functions of a Federal Reserve Bank".
4. "Under Rev. St. Section 5209, as amended September 26, 1918 (Comp. St. Ann. Supp. 1919, Section 9772), the making of a false entry by an officer of a member bank in a report to the Federal Reserve Bank, with intent to deceive any officer of the latter, is an offense".
5. "The provision of Federal Reserve Act, Section 9 (Comp. St. Section 9792), permitting state banks to become members of the Federal Reserve System, is within the powers of Congress and constitutional".
6. "Federal Reserve Act, Section 9(4), being Comp. St. Section 9792, making member banks of the Federal Reserve System and their officers, agents, and employees subject to the provisions of Rev. St. Section 5209 (Comp. St. Section 9772), as applied to state banks, deals only with their relations to the Federal Reserve System, and is not unconstitutional as affecting the powers of the states over such banks".

Very truly yours,

Walter Wyatt,
General Counsel.