C O P Y X-4853

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Law Office of
Locke, Locke, Stroud & Randolph,
American Exchange Building
Dallas, Texas.

May 10, 1927.

Federal Reserve Board,
Washington, D. C.

Gentlemen: Attention Walter Wyatt, General Counsel.

We are enclosing herewith twelve copies of the answer we are filing in the case of Speer Hardware Company v. Federal Reserve Bank of Dallas. This is the answer, a tentative draft of which was discussed with you on the occasion of Mr. Stroud's last visit to Washington.

In view of the number of suits being brought against the various federal reserve banks involving the liability of such banks in the handling of checks for collection under the terms of Regulation J, series of 1924, and current circulars of federal reserve banks, it has occurred to us that it might be desirable for the federal reserve banks to adopt a somewhat uniform answer to be filed in connection with this character of litigation. By adopting such a course, it is believed that the uniform and concerted effort may result in establishing constructive rules of law and obtaining favorable precedents in all the districts.

It is our opinion that the courts need to be more fully advised as to the changes which have occurred in this country in connection with the handling of checks for collection, and to this end we have made our answer rather long, hoping thereby to make admissible testimony showing the change which has taken place, and acquainting the court with the fact that the rules of law heretofore applied are not applicable at the present time. We have sought to make these historical allegations proper by alleging that they were known to the plaintiff.

If you think well of the idea, we would suggest that a copy of this answer be sent to the attorneys for the other federal reserve banks, inviting their suggestions and criticisms, to the end that by joint effort we may be able to arrive at some form of answer which, with small variation, may be used in practically all of this character of litigation.

Very truly yours,

(s) Locke, Locke, Stroud & Randolph.

Enclosures.

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Federal Reserve Bank of St. Louis