

COPY

228
X-5038

January 26, 1928.

Federal Reserve Board,
Washington, D. C.

Attention: Mr. Walter Wyatt, General Counsel

My dear Mr. Wyatt:

I enclose a confirmation of my wire of today. You are, of course, familiar with the plan under which Federal Reserve exchange drafts are issued. Although in form they are drawn upon a particular Federal Reserve bank, they contain the statement that they are immediately available for credit at any Federal Reserve bank. Occasionally one of these drafts is issued and lost before it is presented to the Federal Reserve bank upon which it is drawn. I would like to have the opinion of the counsel for the other banks as to whether or not the Federal Reserve bank which is the drawee is under any liability to the holder of such a draft; or whether or not, as in the case of ordinary drafts, the holder has no right of action against the drawee.

You will readily see that if the Federal Reserve bank is liable to the holder of such a draft before it is presented then the Federal Reserve bank may not with safety accept and act upon notices to stop payment upon such drafts which are said to be lost.

February 9th will suit me very well for the conference, and I look forward with pleasure to seeing you on that day.

Very truly yours,

(S) M. G. Wallace,
Counsel.

Wyatt
Federal Reserve Board
Washington, D. C.

January 26, 1928

Your wire January twenty-sixth Suggest the following topic for discussion at conference Liability of Federal Reserve banks on Federal Reserve Exchange draft before such draft is presented and accepted

Wallace