

COPY

OF RICHMOND

June 28, 1929.

Federal Reserve Board,  
Washington, D. C.

Attention: Mr. Walter Wyatt, General Counsel

Dear Mr. Wyatt:

I am enclosing you No. 4 of Volume 148 of the South Eastern Reporter and calling your attention to the case of Morris v. National Bank of New Bern, N. C., on Page 253.

The Federal Reserve Bank of Richmond was originally a party defendant to this action, but judgment in its favor was rendered by the lower court and no appeal was taken. You will see that the case arose out of the same transaction as that involved in Cleve v. Craven Chemical Company, 18 (2nd) 711, The Supreme Court of North Carolina, however, differs with Circuit Court of Appeals and holds that the acceptance of an exchange draft under the North Carolina statute releases the drawer. In other words, the Circuit Court of Appeals held that the drawer had assented to the acceptance of the exchange draft and remained liable if the exchange draft was not paid. The state court holds that the drawer has provided that his check may be paid by an exchange draft if presented by a Federal Reserve bank, but that if the payee or holder elects to make presentation in this way, the payee or holder assumes the risk involved in accepting the exchange draft.

Both courts hold that the Federal Reserve bank is guilty of no negligence in taking the exchange draft.

It occurred to me that you might wish to see a copy of this decision and I am sending you the advance sheets rather than having a typewritten copy made.

Very truly yours,

(S) M. G. Wallace,  
Counsel.

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