

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-6645

June 27, 1930.

SUBJECT: Proposed amendments to Regulation  
J recommended by Conference of  
Counsel:

Dear Sir:

A Conference of Counsel of all Federal reserve banks, at which one or more legal representatives of each Federal reserve bank and four members of the Standing Committee on Collections were present, was held in Washington on June 9 and 10, 1930, for the purpose of considering the effect of the decision of the Supreme Court of the United States in the case of Thomas A. Early, Receiver, v. Federal Reserve Bank of Richmond, what amendments to Regulation J, if any, should be adopted in the light of this decision and what other steps, if any, should be taken to diminish the chances of litigation and to protect the Federal reserve banks against the assumption of unwarranted liabilities as a result of the Supreme Court's decision in that case.

With the representative of only one bank dissenting, the Conference of Counsel recommended certain amendments to Regulation J, and these recommendations have been concurred in by the Board's General Counsel and by Hon. Newton D. Baker, who was retained by the Board in order that he might give the Board the benefit of his views on the important questions raised by these recommendations. Hon. Newton D. Baker and the Board's General Counsel both recommend that these amendments be adopted at the earliest possible date. Before adopting the amendments, however, the Board desires to have the views of the Chairmen and Governors of the Federal reserve banks with reference thereto.

There are enclosed for your information:

- (1) A copy of the opinion of the Supreme Court of the United States in the case of Thomas A. Early, Receiver, v. Federal Reserve Bank of Richmond;
- (2) A copy of a memorandum addressed to the Board by its General Counsel under date of May 2, 1930, pointing out the dangers of this decision and recommending that a Conference of Counsel be called to consider it;
- (3) A copy of the Record of the Proceedings of the Conference of Counsel, recommending the adoption of certain amendments to Regulation J;

(4) A copy of a memorandum addressed to the Board under date of June 27 by the Board's General Counsel explaining the purpose and effect of each of these proposed amendments and recommending that they be adopted with certain changes in phraseology;

(5) A letter addressed to the Board by Hon. Newton D. Baker under date of June 25, 1930, concurring in the recommendations made by the Board's General Counsel and pointing out the importance of adopting these amendments to Regulation J as soon as possible; and

(6) A print showing the exact changes in the text of Regulation J, which would be made by the proposed amendments.

The representatives of your bank who attended the Conference of Counsel can give you any further information on this subject which you may desire, and it is suggested that you confer with them.

You are requested to forward to the Board at your earliest convenience a letter containing any comments or suggestions which you desire to submit with reference to these proposed amendments, in order that the Board may take final action thereon at the earliest possible date.

By Order of the Federal Reserve Board.

Very truly yours,

E. M. McClelland,  
Assistant Secretary.

Enclosures.

TO Chairmen and Governors of all  
Federal Reserve Banks.