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TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

67 fy

Atlanta 1110a Sept. 24,

Wyatt

Washington

Referring your suggestion as to interpleader in central national bank and trust co matter do not think we could file bill with Reservation of right to appear for any purpose which might influence decision of court. Do not think either side will make any attempt to give regulation J an interpretation at variance with its clear intendment. as stated in former correspondence think case will turn entirely upon proposition of whether remittance draft should be regarded as having been paid as of the time when it reached the Jacksonville branch

Parker

1250 p

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C O P Y

X-6976-a

September 24, 1931.

Mr. Robert S. Parker,
Suite 1607, William-Oliver Building,
Atlanta, Georgia.

Dear Bob:

Please accept my thanks for your letter of September 18, 1931, with further reference to your proposed bill of interpleader in the case of Federal Reserve Bank of Atlanta v. Anderson, Receiver of the Central National Bank and Trust Company of St. Petersburg, Florida.

I note with interest that you have discussed this subject with counsel who will represent respectively the receiver and a large percentage of the other claimants to the fund and that they seem to be agreed that the Early Case will in no way be involved in this case, because of the changes which have been made in Regulation J. I note, however, that you anticipate that counsel for some of your endorsers may contend that the remittance draft operated as an assignment pro tanto of the reserve balance.

Even though the decision of the Supreme Court in the Early Case is not relied upon by counsel for the owners of the checks, I hardly see how it will be possible for the court to avoid the necessity of construing Regulation J as amended; and, even if the court should avoid all reference to Regulation J, I believe the question whether a draft on the reserve balance operates as an assignment pro tanto of that balance is a question of almost equal importance to the Federal reserve banks. If the court should hold that such a draft operates as an equitable assignment pro tanto of the reserve balance, the practical result would be substantially the same as if the Federal reserve bank were required to charge checks to the reserve balance after the insolvency of the remitting bank. I cannot help feeling, therefore, that this case will involve questions of great interest to the Federal Reserve System and that every possible precaution should be taken to see that the views of the Federal reserve banks as to the proper interpretation and application of Regulation J are properly presented to the court.

In this connection, one of my associates here suggested yesterday that it might be possible for you to amend your bill of

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interpleader so as to say that, while the Federal reserve bank has no interest in the fund involved, it is vitally interested in the questions of law involved, and especially in the interpretation of its check collection circular and of the applicable provisions of Regulation J, and that the Federal reserve bank, therefore, requests the privilege of presenting its views on these questions to the court, either as amicus curiae or in some other capacity. This seems to me to be a good idea and to be a more accurate statement of the Federal reserve bank's true position than the statement that the Federal reserve bank has no interest in the controversy. I, therefore, sent you a telegram yesterday submitting this suggestion for your consideration.

At the Conference of Counsel of all Federal reserve banks held in Washington, June 9 and 10, 1930, at which the revision of Regulation J was prepared, we reached an informal understanding that Counsel for all Federal reserve banks should confer as to the best method of protecting the interests of all Federal reserve banks in the first case arising under the amended regulation. The case of Skinner and Company v. Federal Reserve Bank of Richmond having been disposed of as a result of the reorganization of the bank on which the check involved in that case was drawn, this appears to be the first case in which the courts will have an opportunity to pass upon the amended regulation. After obtaining your permission, therefore, I am sending counsel for all of the Federal reserve banks copies of our correspondence and of your proposed bill of interpleader and inviting their suggestions as to how the interests of the Federal reserve banks may best be protected in this matter. In view of your fine spirit of cooperation, I am sure that you will be glad to have any suggestions which they may care to submit.

Assuring you of my deep appreciation of your courtesy in conferring with me about this case, and with warmest personal regards, I am

Cordially yours,

Walter Wyatt,
General Counsel.

WW-sad

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C O P Y

X-6976-b

COLQUITT, PARKER, TROUTMAN & ARKWRIGHT
ATTORNEYS AT LAW
SUITE 1607 WILLIAM-OLIVER BLDG.
ATLANTA, GA.

September 18, 1931.

Mr. Walter Wyatt, General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Walter:

Re: Central Nat'l Bank & Trust Co.,
St. Petersburg, Fla.

I thank you very much for your letter of September 16th, written with reference to the proposed bill of interpleader to be filed in the above matter.

I was in St. Petersburg and Tampa this week and, while there, submitted the proposed bill to counsel who will represent, respectively, the Receiver and a large percentage of the other claimants to the fund.

Counsel seem to be agreed that the Early case will in no way be involved in this case, because of the changes which have been made in Regulation J.

I think that counsel will concede that the controlling question in the case is whether or not the remittance draft should be regarded as having been paid as of the time when it was received through the mails by the Jacksonville Branch of the Reserve Bank, although counsel for some of our endorsers may make the contention that the draft operated as an assignment pro tanto of the fund on which it was drawn. No contention will be made that the Federal Reserve Bank had the right or rested under any duty to "pay" the draft after receiving notice of the insolvency of the Central National Bank.

If the respective contentions of the parties are made as I now anticipate, there would seem to be no danger of the development in the case of any question which might embarrass the Federal Reserve Banks. I shall, however, keep a close watch on the situation.

So far as jurisdiction is concerned, I think there is no doubt about the fact that the court at Tampa would have

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CONTINUATION SHEET

Mr. Walter Wyatt, - #2. 9-18-31.

jurisdiction inasmuch as the Central National Bank and Trust Company of St. Petersburg had its office in the Southern District of Florida, Tampa Division, and the Receiver is one of the parties defendant. I do not think that any defendants, citizens or residents of States other than Florida, could be made defendants without their consent. Within the next few days, however, the Federal Reserve Bank of Atlanta will write all of its endorsers, stating its intention to file the bill of interpleader and suggesting the advisability of making voluntary appearances. As I wrote you a day or so since, I anticipate that all, or substantially all, of the claimants to the fund will be before the Court when the case is heard.

With personal regards, I am

Sincerely yours,

(Signed) Robt. S. Parker.

Robt.S. Parker.

RSP/w.

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