

# MARITIME LAW ASSOCIATION OF THE UNITED STATES

January 9, 1928.

The usual mid-winter meeting of the Association will be held on Friday, January 27th, at 8 P. M. at the House of the Association of the Bar, 42 West 44th Street, New York City.

The following matters will be considered:

Report of the Committee on Interest on Admiralty Decrees.

Report by Mr. Woodruff of the Bureau of Law of the United States Shipping Board on the present position of the Merchant Marine Code, particularly in relation to the United States Code. The bills embodying the Merchant Marine Code are in the hands of Representative Wallace White, Chairman of the Committee on Merchant Marine and Fisheries, and Senator Wesley L. Jones of Washington. They will probably have been introduced into Congress and referred to the Committees on Merchant Marine during the first part of January. Mr. Woodruff will ask the full support of the Association in pressing these bills before the Committees and before Congress.

The report of the committee in the matter of Ralph M. J. Bullowa, rendered June 3, 1924, will be up for further consideration.

The Arbitration Committee will probably have a report.

T. Catesby Jones, Esq., the delegate to the meeting of the International Maritime Committee at Amsterdam in August, 1927, will present his report, which has already been printed and sent to the members.

Charles S. Haight, Esq., Chairman of the Bill of Lading Committee, will report on the meeting of the International Chamber of Commerce at Stockholm in July, 1927.

The American Branch of the International Law Association has prepared a short account of the meetings of the International Chamber of Commerce at Stockholm and of the International Maritime Committee at Amsterdam 1927. Copies may be had upon application to the Secretary, Oscar R. Houston, Esq., 64 Wall Street, New York City.

AUGUSTUS N. HAND,  
*President.*

**REPORT OF COMMITTEE ON INTEREST ON  
ADMIRALTY DECREES.**

Chicago

November 28th, 1927.

Mr. Harold S. Deming,  
27 William St.,  
New York, N. Y.

Dear Sir:

I am enclosing herewith the report of the Committee on Interest on Admiralty Decrees. I have not had the report signed by the members of the committee, because it would take too long a time to do so, and this might result in the report not being ready for the next meeting of the Association.

I also enclose copies of letters from Chief Justice Taft, which explain themselves and indicate that the court favors the amendment of the rule.

This, however, does not include any expression of opinion on the question of a uniform rate of interest. More than a majority of the committee favor the uniform rate of interest and I believe that if the Association recommends such a rate the court will amend the rule to include that with the matter of interest on decrees in admiralty.

I have had letters from a number of the committee to each member of which I have sent a copy of the report and requested approval of the report or any suggestions that the member might have as to amending the report, or changing it in any way. As to this, I have not heard from every member of the committee and I have assumed that silence gives consent, in the absence of a letter criticising it, or making objections to it.

Will you be kind enough to present this report to the meeting of the Association, and also let me know what the result of the action of the Association is in regard to the amendment?

As the matter stands, I am not writing the Chief Justice for I shall assume that, until I hear to the contrary, the action of the Association will be favorable and this information will be promptly sent on to Chief Justice Taft for further action.

Very truly yours,

C. E. KREMER.

November 22nd, 1927.

To the Maritime Law Association:

IN THE MATTER OF THE AMENDMENT OF THE  
RULE OF THE SUPREME COURT RELATING TO  
INTEREST ON DECREES IN ADMIRALTY.

A committee was appointed pursuant to a resolution of the Association to consider the question of an amendment of the rule of the Supreme Court relating to the allowance of interest on money decrees in admiralty.

There is a provision of Section 966 of the Revised Statutes of the United States, being the Act of Congress of 1842, in which interest was allowed on judgments in the federal courts according to the rate that prevailed in the particular state in which the judgment was obtained.

In the case of the New York, 108 Fed. 102, 109, it was held that this section did not apply to decrees in admiralty. The Rules of the Supreme Court, 1911, provide under rule 23, section 3: "The same rule shall apply to decrees for the payment of money in cases in equity, unless otherwise ordered by this court." And section 4: "In cases of admiralty, damages and interest may be allowed if specially directed by the court."

The work of this committee was carried on by correspondence and the members were asked to state first, whether they were in favor of an amendment to the rule; second, whether they were in favor of an amendment of section 3 of rule 23, so that after the word "equity" and before the word "unless" there should be inserted the two words "and admiralty", so that section 3 would read as follows: "The same rule shall be applied to decrees for the payment of money in cases in equity *and admiralty*, unless otherwise ordered by this court." Third, they were asked to state any other form of rule that would be preferred to the above amendment to section 3.

More than a majority of the members expressed themselves with being satisfied with the amendment of section 3 as above suggested, and I shall take the liberty to report that section 3 of

rule 23 of the complete rules of the Supreme Court should be amended so as to read:

“The same rule shall be applied to decrees for the payment of money in cases in equity and admiralty, unless otherwise ordered by this court.”

The question of a uniform rate of interest in all of the nine circuits was submitted to the members of the committee and they were asked to state the rate of interest, if any, they favored as such uniform rate. In the brief submitted with the foregoing question, attention was called to the fact that admiralty rules 11 and 51 made provision for the giving of stipulations which were to contain a clause for the payment of interest at 6%. In order that the Association may have before it the legal rates of interest prevailing in the different states of the United States, including also the rates in the territories of Alaska, Hawaii and Porto Rico, there has been added a statement of these as a part of this report. The summary of this statement is that thirty-one states provide a rate of 6%; six states a rate of 7%; four states a rate of 8% and three states a rate of 5%. The rates prevailing in Idaho, Wyoming and Colorado were not ascertained.

I have had notice from more than a majority of the members of the committee and these members are unanimous in favor of a 6% rate of interest as a uniform rate in all admiralty cases. If a uniform rate of interest in admiralty cases is to be adopted by an amendment to the rules, it will be necessary to entirely eliminate section 4 of rule 23, and in place of it provide as follows:

“Section 4. In cases in admiralty the same rule as to damages for delay shall apply. Decrees in admiralty for the payment of money shall draw interest at the rate of 6% per annum, unless otherwise ordered by this court.”

If the above section 4 is introduced as an amendment to the rules, it will not be necessary to amend section 3 by inserting the words “and admiralty”, because section 4 would, if these two words were inserted, be in conflict with section 3. Under section 3 as it now stands, interest is allowed on decrees in equity

at the same rate that interest is allowed on judgments under the revised statutes, and therefore, that would conflict with the uniform rate, altho in some states where the legal rate is 6% there would be no conflict.

There is this to be said in favor of a uniform rate, that cases in admiralty, no matter where the cause of action may have arisen, whether within some state of the United States or upon the high seas or the Great Lakes, and the other navigable rivers of the United States, the actual litigation may be brought in some district where neither the cause of action arose nor either of the parties are resident. In this respect the admiralty cases are *sui generis* and it is therefore unfair in numerous cases to have the rate of interest, governed by the law of the state in which the decree in admiralty is entered. The legal rate in states bordering upon navigable waters range from 5% to 8%. A uniform rate would, therefore, be a fairer rate than the rates now provided by the different states whose legal rates are either more or less than 6%. The 6% rate, being the legal rate in 31 states and having already been adopted in the present admiralty rules, would seem to be a fair uniform rate for all of the federal courts sitting in admiralty.

I take the liberty, therefore, of reporting and recommending that more than a majority of the members of the committee are in favor of amending rule 23 of the Supreme Court by striking out section 4 and substituting therefor the following:

“Section 4. In cases in admiralty the same rule as to damages for delay shall apply. Decrees in admiralty for the payment of money shall draw interest at the rate of 6% per annum, unless otherwise ordered by this court.”

Respectfully submitted,

(Sgd.) C. E. KREMER,  
Chairman.

Members of the Committee:

JUDGE THOMAS W. SWAN  
MR. OSCAR R. HOUSTON  
MR. JOSEPH W. HENDERSON  
MR. FARNHAM P. GRIFFITHS  
MR. CHARLES F. DUTCH  
MR. HOWARD H. YOCUM  
MR. JOSEPH L. RAULT  
MR. HARVEY D. GOULDER

RATES OF INTEREST IN THE DIFFERENT STATES  
OF THE UNITED STATES.

<i>Circuit</i>	<i>State</i>	<i>Rate</i>
1st	Maine	6%
	N. Hampshire	6
	Massachusetts	6
2nd	Rhode Island	6
	New York	6
	Vermont	6
	Connecticut	6
3rd	Pennsylvania	6-7
	New Jersey	6
	Delaware	6
4th	Maryland	6
	District of Columbia	6-8
	Virginia	6
	North Carolina	6
	South Carolina	7-8
5th	W. Virginia	6
	Georgia	7-8
	Florida	8-10
	Alabama	8
	Mississippi	6-8
	Louisiana	5-8
	Texas	6-10
6th	Ohio	6-8
	Michigan	5-7
	Kentucky	6
	Tennessee	6
7th	Wisconsin	6-10
	Illinois	5-7
	Indiana	6-8
8th	Minnesota	6-8
	Iowa	6-8
	Missouri	6-8
	Arkansas	6-10
	Oklahoma	6-10
	Kansas	6-10
	Nebraska	7-10
	North Dakota	6-9
	South Dakota	7-10
	Utah	8-12
	New Mexico	6-10
	9th	Montana
Washington		6-12
Oregon		6-10
Nevada		7-12
California		7-12
Alaska		8-12
Hawaii		8-12
Arizona	6-10	

Canada—5%

Porto Rico—6-12

SUPREME COURT OF THE UNITED STATES  
WASHINGTON, D. C.

October 31, 1927.

My dear Mr. Kremer:

I submitted the matter of which you wrote me on May 9th last, in respect to amending the rules of the Supreme Court so that money decrees in admiralty shall bear interest as do decrees in chancery, to the Conference of our Court on Saturday. The members were all interested and were quite favorably inclined to amending the rule so that the admiralty decrees shall bear interest, but they thought that before doing so they would like to hear from you as to what the Maritime Law Association has done with reference to your suggested amendment.

With best wishes,

Sincerely yours,

WM. H. TAFT.

C. E. Kremer, Esq.,  
Insurance Exchange Building,  
Chicago, Ills.

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SUPREME COURT OF THE UNITED STATES  
WASHINGTON, D. C.

November 12, 1927.

My dear Mr. Kremer:

I have yours of November 10th and shall await with interest the result of your report to the Maritime Law Association. Without being certain I think you can count on the amendment of our Rules.

Sincerely yours,

WM. H. TAFT.

Charles E. Kremer, Esq.,  
Insurance Exchange Building,  
Chicago, Ills.