

66<sup>TH</sup> CONGRESS : : : 2<sup>D</sup> SESSION

DECEMBER 1, 1919-JUNE 5, 1920

# SENATE DOCUMENTS

VOL. 6

WASHINGTON : : GOVERNMENT PRINTING OFFICE : : 1920



**THE NATIONAL-BANK ACT**  
**AS AMENDED**

**THE FEDERAL RESERVE ACT**

AND

**OTHER LAWS RELATING TO  
NATIONAL BANKS**

---

Compiled under the direction of the Comptroller of the Currency

---

**FEBRUARY, 1920**



**WASHINGTON**  
**GOVERNMENT PRINTING OFFICE**  
**1920**

SENATE RESOLUTION 298.

Reported by Mr. Moscs.

---

IN THE SENATE OF THE UNITED STATES,

*February 6, 1920.*

*Resolved*, That there be printed one thousand five hundred copies of the national banking act as amended to date for the use of the Senate document room.

Attest:

GEORGE A. SANDERSON,  
*Secretary.*

## CONTENTS.

	Page.
Dates of acts relating to National Banks.....	5
National-bank act and acts amendatory thereof and supplementary thereto	
Bureau of Comptroller of the Currency.....	11
Organization and powers.....	19
Obtaining and issuing circulating notes.....	49
Regulation of banking business.....	69
Dissolution and receivership.....	99
Federal reserve act.....	117
Acts of a general nature and sections of the Revised Statutes not included in national-bank act affecting national banks.....	181
Special acts relating to national banks.....	207
Opinions of Attorney General on guaranty laws of Oklahoma and Kansas and on the insurance of bank deposits.....	215
Index to national-bank act and general and special acts.....	221
Index to Federal reserve act.....	273
Index to sections of Revised Statutes.....	302



# DATES OF ACTS RELATING TO NATIONAL BANKS.

## THE NATIONAL BANK ACT AND ACTS AMENDATORY THEREOF AND SUPPLEMENTARY THERE TO.

	Page.
Feb. 25, 1863. An act to provide a national currency secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof.....	181
June 3, 1864. Act of February 25, 1863, repealed and reenacted with certain amendments.....	11-113, 131, 181, 182
Mar. 3, 1865. State banks converted may retain and keep in operation branches .....	43
Mar. 3, 1865. Issue of circulating notes. See note under section 5171.....	59
Feb. 5, 1867. Penalty for imitating bank circulation.....	66, 178
Mar. 2, 1867. Refunding excess tax.....	94
Feb. 10, 1868. Taxation of shares of national-bank stock.....	95
Feb. 19, 1869. Prohibiting loans on United States or national-bank notes, or withholding such notes from use.....	85
Mar. 3, 1869. Reports of condition, and earnings and dividends.....	90, 91, 92
Mar. 3, 1869. False certification of checks.....	86
Apr. 6, 1869. Penalty for embezzlement, abstraction, etc.....	87
July 8, 1870. Penalty for embezzlement, abstraction, etc.....	87
July 12, 1870. Issue of circulation redeemable in gold.....	65, 80
July 14, 1870. Liquidating banks to retire circulation.....	100
Mar. 1, 1872. Leavenworth struck out as reserve city.....	72
June 8, 1872. Certificates of deposit for United States notes (repealed Mar. 14, 1900).....	80
Feb. 19, 1873. Reports of State banks.....	13
Mar. 3, 1873. Examination of plates and dies.....	62
Mar. 3, 1873. Assessment for impairment of capital.....	83
Mar. 3, 1873. Use of the word "national".....	113
June 20, 1874. Fixing the amount of United States notes, providing for a redistribution of national-bank currency.....	20, 61, 77, 102
June 23, 1874. Maceration of United States and national-bank notes.....	64
June 23, 1874. Stamps on bank checks. Repealed March 3, 1883.	
Jan. 14, 1875. Aggregate amount of circulation not limited.....	63
Jan. 19, 1875. Circulating notes of national gold banks.....	64
Feb. 18, 1875. Correcting errors and omissions in the Revised Statutes.....	13,
	14, 63, 81, 101, 103
Feb. 19, 1875. Appointment and compensation of bank examiners.....	112
Mar. 3, 1875. Salary of Comptroller.....	11
Mar. 3, 1875. Distinctive paper for printing notes.....	61
Mar. 3, 1875. Clerical force for redemption of circulating notes.....	78
June 30, 1876. Assessment for failure to pay up capital stock or for impairment of capital; receivers, appointment of.....	83, 107-110
Feb. 27, 1877. Examination of plates and dies.....	62
Feb. 27, 1877. Reports to Comptroller.....	91
Feb. 27, 1877. Destruction of redeemed notes.....	102
Mar. 1, 1879. Semiannual duty, abatement of.....	94
Feb. 14, 1880. Conversion of gold banks.....	65
Feb. 26, 1881. Verification of returns of national banks.....	91
July 12, 1882. Corporate existence, extension of.....	28-31
July 12, 1882. Issue of gold certificates.....	85
July 12, 1882. Punishment for falsely certifying check.....	86
July 12, 1882. Retirement of circulating notes.....	55, 56
Mar. 3, 1883. Capital and deposits, repealing tax on.....	91, 176, 178
Mar. 29, 1886. Insolvent banks, protection of assets by use of trust funds .....	110, 111

	Page.
May 1, 1886. Increase of capital stock, change of name or location	27, 28, 34
Mar. 3, 1887. Courts, jurisdiction of	28
Mar. 3, 1887. Reserve and central reserve cities, providing for additional, etc.	70-73
Aug. 13, 1888. Courts, jurisdiction of	28
July 14, 1890. Disposition of redemption account	79
July 28, 1892. Stolen or lost national-bank notes, redemption of	79
Aug. 3, 1892. Agent of shareholders of national bank, appointment of; amends act of June 30, 1876	108
Jan. 12, 1895. Annual Report of Comptroller of the Currency, printing of	15
Mar. 2, 1897. Appointment and qualification of shareholders' agent; amends acts June 30, 1876, and August 3, 1892	108
Mar. 14, 1900. Authorizing banks with minimum capital \$25,000; bonds, circulation, taxation, etc.	32, 60, 92
Mar. 3, 1901. National-bank depositories	42
Apr. 12, 1902. Authorization of reextension of charter	32
Apr. 28, 1902. Annual Report of Comptroller to contain information regarding failed banks, list of employees, etc.	14
Mar. 3, 1903. Additional reserve cities; minimum population, 25,000	72
Feb. 28, 1905. Qualification of directors, banks with capital of \$25,000	35
Dec. 21, 1905. Taxation of circulation based on Panama Canal bonds	51
June 22, 1906. Amendment section 5200, loan limitation	81
Jan. 26, 1907. Political contributions prohibited	87
Mar. 4, 1907. Additional copies of Report of Comptroller	15
Mar. 4, 1917. Public depositories	42
Gold certificates and United States notes, issue of	192
Limitation on withdrawal of circulation; consent of Comptroller of Currency and the Secretary of the Treasury necessary	56
May 22, 1908. Additional Deputy Comptroller	12
May 30, 1908. Authorizing National Currency Associations, the issue of additional bank circulation, and creating a National Monetary Commission. Expired June 30, 1915.	
Mar. 4, 1909. Codification of criminal laws	66, 179, 182, 185, 186, 187, 188
Mar. 4, 1909. Additional Deputy Comptroller	12
Oct. 15, 1914. Interlocking directorates	35-39
May 15, 1916. Amending act of October 15, 1914, relating to interlocking directorates	36
May 15, 1916. Authorizing the deposit of funds of insolvent banks in any regular Government depository	105
Sept. 7, 1916. Amending laws in reference to real estate loans, reserves, acceptances, and foreign branches, and authorizing bank to act as insurance agent and as agent in procuring loans on real estate	21, 23, 24, 25
Apr. 24, 1917. No reserve required to be held against United States deposits	77, 190
Oct. 5, 1917. Limit of issue of notes under \$5	62
Apr. 5, 1918. Liabilities incurred under war finance act, excepted from restrictions of section 5202	85
May 22, 1918. Authorizes contributions to Red Cross during period of the war	198
Sept. 24, 1918. Amend section 5200, Revised Statutes. Limitation of liabilities that may be incurred by any one person	81
Sept. 26, 1918. Trust company powers of national banks. Reserve requirements. Amends section 5208, penalty for falsely certifying checks. Amends section 5209, penalty for embezzlement, abstraction, willful misapplication, false entries, etc. Amends section 22, Federal reserve act	24, 75, 86, 87
Nov. 7, 1918. Consolidation of national banks	100
Mar. 3, 1919. Amends section 5172, printing denomination and forms of circulating notes	61
Oct. 22, 1919. Amending sections 5200 and 5202, U. S. R. S.	81, 87
Jan. 13, 1920. Amending section 5182, U. S. R. S.	63



THE FEDERAL RESERVE ACT.

	Page.
Dec. 23, 1913. Providing for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes—	11, 21, 22, 23, 25, 34, 41, 42, 43, 50, 56-58, 74-76, 83, 87, 88, 89, 112, 117-177, 189
Aug. 4, 1914. Amending section 27 of the Federal reserve act and section 9 of the act of May 30, 1908, relative to issuance of additional circulation—	175, 176
Aug. 15, 1914. Amending section 19 of the Federal reserve act in reference to reserve requirements—	75, 76, 159, 160
Mar. 3, 1915. Amended paragraphs 3, 4, and 5 of section 13 of Federal reserve act superseded by act of September 7, 1916—	22, 145
Sept. 7, 1916. Amends sections 11, 13, 14, 16, 24, and 25 of the Federal reserve act and section 5202, United States Revised Statutes—	21, 22, 23, 25, 143, 144, 145, 146, 147, 149, 165
June 21, 1917. Amends sections 3, 4, 9, 13, 14, 16, 17, 19, and 22 of the Federal reserve act—	22, 50, 74-76, 87, 88, 89, 90, 123, 128, 132-135, 143, 145, 148, 149, 150, 151, 152, 155, 156, 159, 160
Sept. 26, 1918. Amends section 22, Federal reserve act—	24, 75, 85, 86, 87, 88, 90, 127, 140, 153, 159, 162, 163, 164
Mar. 3, 1919. Amends sections 7, 10, and 11, Federal reserve act—	131, 136, 142
Sept. 17, 1919. Amending section 25, Federal reserve act—	25, 165
Dec. 24, 1919. Amending section 25, Federal reserve act—	167

ACTS OF A GENERAL NATURE AFFECTING NATIONAL BANKS.

Feb. 21, 1857. Foreign coins—	186
July 7, 1838. Issuing circulation of expired association—	194
June 30, 1864. Taxation of State banks—	183, 184
Mar. 3, 1865. Taxation of State banks—	182, 184
July 13, 1866. Taxation of State banks—	182, 183, 184
Mar. 26, 1867. Taxation of State banks—	183
June 6, 1872. Taxation of State banks—	183
Dec. 24, 1872. Taxation of State banks—	183, 184
Feb. 8, 1875. Taxation of State banks—	183
Feb. 18, 1875. Taxation of State banks—	184
Mar. 1, 1879. Taxation of State banks—	185
Feb. 25, 1862. Taxation of notes and certificates of United States circulating as currency—	185
Mar. 3, 1863. Taxation of national-bank notes and notes and certificates of United States circulating as currency—	185
Mar. 3, 1864. Taxation of national-bank notes and notes and certificates of United States circulating as currency—	185
June 30, 1864. Taxation of national-bank notes and notes and certificates of United States circulating as currency—	185
Jan. 28, 1865. Taxation of national-bank notes and notes and certificates of United States circulating as currency—	185
Mar. 3, 1865. Taxation of national-bank notes and notes and certificates of United States circulating as currency—	185
July 14, 1870. Taxation of national-bank notes and notes and certificates of United States circulating as currency—	185
Aug. 13, 1894. Taxation of national-bank notes and notes and certificates of United States circulating as currency—	185
July 17, 1862. Restriction on notes less than one dollar—	185
Feb. 21, 1857. Foreign coins not legal tender—	180
July 17, 1861. Demand Treasury notes legal tender same as United States notes—	187
Feb. 12, 1862. Demand Treasury notes legal tender same as United States notes—	186, 187
Feb. 25, 1862. Demand Treasury notes legal tender same as United States notes—	186, 187
Feb. 25, 1862. United States notes legal tender except for duties on imports and interest on public debt—	187
Mar. 17, 1862. Demand Treasury notes legal tender same as United States notes—	187

	Page.
July 11, 1862. United States notes legal tender except for duties on im- ports and interest on public debt.....	186
Jan. 17, 1863. United States notes legal tender except for duties on im- ports and interest on public debt.....	187
Mar. 3, 1863. United States notes legal tender except for duties on im- ports and interest on public debt.....	187
Mar. 3, 1863. Interest-bearing notes legal tender to same extent as United States notes.....	187
June 30, 1864. Interest-bearing notes legal tender to same extent as United States notes.....	187
Feb. 12, 1873. Gold coins of United States legal tender.....	186
Feb. 12, 1873. Minor coins of United States legal tender to amount of twenty-five cents.....	186
Feb. 28, 1878. Standard silver dollar legal tender.....	186
Feb. 28, 1878. Silver certificates.....	199
June 9, 1879. Subsidiary silver coins legal tender to amount not exceed- ing ten dollars.....	186
Mar. 3, 1887. Silver certificates.....	199
July 12, 1882. Gold certificates, for what receivable.....	187
July 1, 1902. Philippine coinage.....	186
Mar. 2, 1903. Philippine coinage.....	186
Mar. 14, 1900. Currency act.....	195-201
Mar. 4, 1907. Amending national-bank act.....	198, 201
June 14, 1866. Government depositories.....	188, 191
June 8, 1872. Government depositories.....	188
Mar. 3, 1873. Government depositories.....	188
Feb. 27, 1877. Government depositories.....	188
Feb. 3, 1879. Government depositories.....	191
Mar. 2, 1907. Government depositories.....	188
May 27, 1908. Government depositories.....	188
Mar. 4, 1909. Misappropriating postal funds.....	189
Mar. 4, 1909. Government depositories.....	191
Feb. 25, 1863. Counterfeiting national-bank notes.....	192
June 3, 1864. Counterfeiting national-bank notes.....	192
June 30, 1864. Forging or counterfeiting United States securities.....	192
June 30, 1864. Using plates to print without authority.....	192
Feb. 5, 1867. Penalty for taking unauthorized impression of tools having such impression or dealing in counterfeit circulation.....	194
Mar. 4, 1909. Counterfeiting national-bank notes.....	192, 193, 194
June 30, 1876. Fraudulent notes to be so marked by United States officers and officers of national banks.....	195
Aug. 5, 1909. Panama Canal bonds, issue of, authorized at 3 per cent....	201
Mar. 2, 1911. Panama Canal bonds under act of August 5, 1909, not avail- able as security for circulation.....	203
Mar. 2, 1911. Issue of gold certificates on deposit of foreign coin or bullion.....	198
Mar. 2, 1911. Certified checks drawn on national and State banks receiv- able for duties on imports and internal taxes.....	198, 203
Mar. 3, 1911. Jurisdiction of United States district courts.....	181
Mar. 3, 1913. Certified checks on national and State banks and trust companies receivable in payment for duties on imports, internal taxes, and all public dues.....	204
June 12, 1916. Issue of gold certificates.....	198
July 17, 1916. Government deposits in Federal land banks.....	190
Apr. 24, 1917. Deposit of proceeds arising from sale of bonds. No reserve required to be held against United States deposits.....	190
May 22, 1918. National banks authorized to subscribe to American Red Cross during the war.....	204
Dec. 24, 1919. Gold certificates made legal tender.....	187
SPECIAL ACTS RELATING TO NATIONAL BANKS.	
Apr. 12, 1900. National banking laws extended to Porto Rico.....	207
Apr. 30, 1900. National banking laws extended to Hawaii.....	207
Feb. 26, 1913. Granting Fifth-Third National Bank of Cincinnati charter No. 20.....	208
Fifty-seven acts changing the location or name, or both, of various na- tional banks.....	208-211

---

---

**BUREAU OF THE COMPTROLLER OF THE  
CURRENCY.**

---

---



# THE NATIONAL-BANK ACT AND ACTS AMENDATORY THEREOF AND SUPPLEMENTARY THERETO.

## CHAPTER I.

### BUREAU OF THE COMPTROLLER OF THE CURRENCY.

- |   |  |
|---|--|
| 100. 324. Bureau of the Comptroller of the Currency.                    | District of Columbia. (See sec. 714, Code District of Columbia.)   |
| 101. 325. Comptroller of the Currency.                                  | 110. 333. Report of Comptroller.   |
| 102. 326. Qualification of Comptroller of the Currency. Amount of bond. | 111. Act April 28, 1902. Report of Comptroller to give complete list of all employees of the office, information about failed banks, employees under receivers, etc. |
| 103. 327. Deputy Comptroller of the Currency.                           | 112. Act January 12, 1895. Number of copies of report to be printed.   |
| 104. Additional Deputy Comptroller of the Currency.                     | 113. Joint resolution March 4, 1907. Three thousand additional copies authorized to be printed.  |
| 105. 328. Clerks.   |  |
| 106. 329. Interest in national banks prohibited.                        |  |
| 107. 330. Seal of Comptroller of the Currency.                          |  |
| 108. 331. Rooms, vaults, and furniture for Currency Bureau.             |  |
| 109. 332. Banks other than national in                                  |  |

### BUREAU OF THE COMPTROLLER OF THE CURRENCY.

**100. Sec. 324.**—There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of a national currency secured by United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

### COMPTROLLER OF THE CURRENCY.

**101. Sec. 325.**—The Comptroller of the Currency shall be appointed by the President, on the recommendation of the Secretary of the Treasury, by and with the advice and consent of the Senate, and shall hold his office for the term of five years unless sooner removed by the President, upon reasons to be communicated by him to the Senate; and he shall be entitled to a salary of five thousand dollars a year.

**NOTE.**—Section 10 of the Federal reserve act provides that the Comptroller of the Currency shall be an ex officio member of the Federal Reserve Board and shall, in addition to his salary as Comptroller, receive the sum of \$7,000 annually for his service on said board.

### QUALIFICATION OF COMPTROLLER OF THE CURRENCY. AMOUNT OF BOND.

Act June 3,  
1864, c. 106,  
sec. 1; 13 Stat.  
L., 99. **102. Sec. 326.**—The Comptroller of the Currency shall, within fifteen days from the time of notice of his appointment, take and subscribe the oath of office; and he shall give to the United States a bond in the penalty of one hundred thousand dollars, with not less than two responsible sureties, to be approved by the Secretary of the Treasury, conditioned for the faithful discharge of the duties of his office.

### DEPUTY COMPTROLLER OF THE CURRENCY.

Act June 3,  
1864, c. 106,  
sec. 1; 13 Stat.  
L., 99. **103. Sec. 327.**—There shall be in the Bureau of the Comptroller of the Currency a Deputy Comptroller of the Currency, to be appointed by the Secretary, who shall be entitled to a salary of two thousand five hundred dollars a year, and who shall possess the power and perform the duties attached by law to the office of Comptroller during a vacancy in the office or during the absence or inability of the Comptroller. The Deputy Comptroller shall also take the oath of office prescribed by the Constitution and laws of the United States, and shall give a like bond in the penalty of fifty thousand dollars.

NOTE.—The salary of the Deputy Comptroller has been fixed at various amounts by different appropriation bills, as follows: Act March 3, 1875 (sundry civil bill), 18 Stat. L., 398, \$3,000; act March 3, 1901, 31 Stat. L., 978, \$2,800; act March 18, 1904, 33 Stat. L., 103, \$3,000; act February 3, 1905, 33 Stat. L., 649, and all subsequent acts, \$3,500.

### ADDITIONAL DEPUTY COMPTROLLER OF THE CURRENCY.

Act May 22,  
1908, 35 Stat.  
L., 203.  
Act Mar. 4,  
1909, 35 Stat.  
L., 867. **104.** Deputy Comptroller, \$3,500; Deputy Comptroller, \$3,000, who shall be appointed by the Secretary of the Treasury, and shall possess the power and perform the duties attached by law to the office of Comptroller during a vacancy in the office of Comptroller and Deputy Comptroller or during the absence or inability of the Comptroller and the Deputy Comptroller, and said assistant Deputy Comptroller shall give a like bond in the penalty of fifty thousand dollars.

NOTE.—The additional Deputy Comptroller was first provided for in the act of May 22, 1908.

### CLERKS.

Act June 3,  
1864, c. 106,  
sec. 1; 13 Stat.  
L., 100. **105. Sec. 328.**—The Comptroller of the Currency shall employ, from time to time, the necessary clerks, to be appointed and classified by the Secretary of the Treasury, to discharge such duties as the Comptroller shall direct.

**INTEREST IN NATIONAL BANKS PROHIBITED.**

**106. Sec. 329.**—It shall not be lawful for the Comptroller or the Deputy Comptroller of the Currency, either directly or indirectly, to be interested in any association issuing national currency under the laws of the United States. Act June 3, 1864, c. 106, sec. 1; 13 Stat. L., 100.

**NOTE.**—Section 10 of the Federal reserve act provides in part that no member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank, nor hold stock in any bank, banking institution, or trust company. As the Comptroller of the Currency is a member of the board, he is thus prohibited from being connected as an officer or shareholder with any bank, banking institution, or trust company, whether State or national. It would appear that under section 329 a Deputy Comptroller of the Currency would be prohibited from being interested not only in any national bank but in any State bank that should become a member bank and a shareholder in one of the Federal reserve banks.

**SEAL OF COMPTROLLER OF THE CURRENCY.**

**107. Sec. 330 [as amended 1875].**—The seal devised by the Comptroller of the Currency for his office, and approved by the Secretary of the Treasury, shall continue to be the seal of office of the Comptroller, and may be renewed when necessary. A description of the seal, with an impression thereof, and a certificate of approval by the Secretary of the Treasury, shall be filed in the office of the Secretary of State. Act June 3, 1864, c. 106, sec. 2; 13 Stat. L., 100.  
Act, Feb. 18, 1875, c. 80; 18 Stat. L., 317.

**ROOMS, VAULTS, AND FURNITURE FOR CURRENCY BUREAU.**

**108. Sec. 331.**—There shall be assigned, from time to time, to the Comptroller of the Currency, by the Secretary of the Treasury, suitable rooms in the Treasury building for conducting the business of the Currency Bureau, containing safe and secure fireproof vaults, in which the Comptroller shall deposit and safely keep all the plates not necessarily in the possession of engravers or printers, and other valuable things belonging to his department; and the Comptroller shall from time to time furnish the necessary furniture, stationery, fuel, lights, and other proper conveniences for the transaction of the business of his office. Act June 3, 1864, c. 106, sec. 3; 13 Stat. L., 100.

**109. Sec. 332.**—

Refers entirely to banks other than national in the District of Columbia and is incorporated in section 714 of the Code of the District of Columbia and has been repeatedly amended.

**REPORT OF COMPTROLLER.**

**110. Sec. 333 [as amended 1875].**—The Comptroller of the Currency shall make an annual report to Congress, at the commencement of its session, exhibiting—

First. A summary of the state and condition of every association from which reports have been received the preceding year, at the several dates to which such reports Act June 3, 1864, sec. 61; 13 Stat. L., 117.

Act. Feb. 19, refer, with an abstract of the whole amount of banking  
 1873, sec. 1; capital returned by them, of the whole amount of their  
 17 Stat. L., debts and liabilities, the amount of circulating notes out-  
 466. standing, and the total amount of means and resources,  
 Act. Feb. 18, specifying the amount of lawful money held by them at  
 1875, c. 80: 18 the times of their several returns, and such other informa-  
 Stat. L., 317. tion in relation to such associations as, in his judgment,  
 may be useful.

Second. A statement of the associations whose business has been closed during the year, with the amount of their circulation redeemed and the amount outstanding.

Third. Any amendment to the laws relative to banking by which the system may be improved, and the security of the holders of its notes and other creditors may be increased.

Fourth. A statement exhibiting under appropriate heads the resources and liabilities and condition of the banks, banking companies, and savings banks organized under the laws of the several States and Territories; such information to be obtained by the Comptroller from the reports made by such banks, banking companies, and savings banks to the legislatures or officers of the different States and Territories, and, where such reports can not be obtained, the deficiency to be supplied from such other authentic sources as may be available.

Fifth. The names and compensation of the clerks employed by him, and the whole amount of the expenses of the banking department during the year.

**COMPTROLLER TO GIVE COMPLETE LIST OF ALL EMPLOYEES OF THE OFFICE, INFORMATION ABOUT FAILED BANKS, EMPLOYEES, UNDER RECEIVERS, ETC. ACT APRIL 28, 1902.**

Act April 28, 111. *Provided*, That for the fiscal year of nineteen hun-  
 1902, legisla- dred and two and thereafter, a full and complete list of  
 tive, executive, all officers, agents, clerks, and other employees of the  
 and judicial ap- office of the Comptroller of the Currency, including bank  
 propriation act; 32 Stat. examiners, receivers and attorneys for receivers, and  
 L., 138. clerks employed by such examiners and receivers, or any  
 other person connected with the work of said office in  
 Washington or elsewhere, whose salary or compensation  
 is paid from the Treasury of the United States or as-  
 sessed against or collected from existing or failed banks  
 under their supervision or control, shall be transmitted to  
 the Secretary of the Interior in accordance with the pro-  
 visions of an Act of Congress approved January twelfth,  
 eighteen hundred and eighty-five, relating to the Official  
 Register: *And provided further*, That the Comptroller of  
 the Currency is hereby directed to include in his annual  
 report to the Speaker of the House of Representatives,  
 expenses incurred during each year, in liquidation of each  
 failed national bank separately.



**NUMBER OF COPIES OF REPORT TO BE PRINTED. ACT  
OF JANUARY 12, 1895.**

**112. Sec. 73.**—This section provides in part that there shall be printed “Of the annual report of the Comptroller of the Currency, ten thousand copies; one thousand for the Senate, two thousand for the House, and seven thousand for distribution by the Comptroller of the Currency.” Act Jan. 12,  
1895, sec. 73;  
28 Stat. L., 616.

**THREE THOUSAND ADDITIONAL COPIES AUTHORIZED TO  
BE PRINTED. PUBLIC RESOLUTION NO. 25, MARCH 4,  
1907.**

**113.** That section 73 of an act “Providing for the public printing and binding, and the distribution of public documents,” approved January 12, 1895, be, and the same is hereby, so amended as to authorize the printing annually hereafter of ten thousand copies of the annual report of the Comptroller of the Currency, for distribution by the Comptroller of the Currency, instead of seven thousand copies as heretofore. Pub. Res. 25,  
Mar. 4, 1907;  
34 Stat. L.,  
1425.



---

---

## **ORGANIZATION AND POWERS.**

---

---



## CHAPTER II.

### ORGANIZATION AND POWERS.

200. Act June 20, 1874. The national-bank act.
201. 5133. Formation of national banking associations.
202. 5134. Requisites of organization certificate.
203. 5135. How certificate shall be acknowledged and filed.
204. 5136. Corporate powers of associations.
205. Acts December 23, 1913, and September 7, 1916. Loans on improved real estate.
206. Act December 23, 1913, as amended. When national bank as a member of Federal reserve system may accept drafts or bills of exchange.
207. Act September 7, 1916. Acceptance of drafts or bills of exchange drawn upon national banks by banks or bankers in foreign countries or dependencies of the United States.
208. Act December 23, 1913, as amended. Trust company powers of national banks.
209. Act September 7, 1916. Power of national bank to act as insurance agent or as broker or agent in making or procuring loans on real estate.
210. Act December 23, 1913, as amended. Foreign branches.
211. Act May 1, 1886. Change of name and location.
212. Act May 1, 1886. Debts not affected by change.
213. Act May 1, 1886. No release from liabilities.
214. Act August 13, 1888. National banks deemed citizens of State in which located.
215. Act July 12, 1882. Extension of corporate existence.
216. Act July 12, 1882. Consent of two-thirds necessary.
217. Act July 12, 1882. Special examination of bank and issue of certificate of approval by Comptroller.
218. Act July 12, 1882. Status not changed by extension. Jurisdiction of suits by or against national banks.
219. Act July 12, 1882. Dissenting shareholders may withdraw.
220. Act July 12, 1882. Redemption of circulating notes issued prior to extension.
221. Act July 12, 1882. Dissolution of banks not extending period of succession.
222. Act April 12, 1902. Reextension of corporate existence.
223. 5137. Power to hold real property.
224. 5138. Requisite amount of capital.
225. 5139. Shares of stock and transfers.
226. 5140. How payment of capital stock must be made and certified.
227. 5141. Proceedings if shareholder fails to pay installments.
228. 5142. National banks may increase capital stock.
229. Act May 1, 1886. Increase of capital stock.
230. 5143. Reduction of capital stock.
231. 5144. Right of shareholders to vote. Proxies authorized.
232. 5145. Election of directors.
233. 5146. Requisite qualification of directors.
234. Acts of October 15, 1914, and May 15, 1916. Interlocking directorates—when forbidden.
235. Act October 15, 1914. Enforcement of act in reference to interlocking directorates.
236. 5147. Oath required from directors.
237. 5148. Filling vacancies.
238. 5149. Proceedings where no election is held on the proper day.
239. 5150. Election of president of the board.
240. 5151. Individual liability of shareholders.
241. Act December 23, 1913. Individual liability of shareholders. Liability of shareholders who have transferred their shares.
242. 5152. Executors, trustees, etc., not personally liable.
243. 5153. National banking associations to be depositaries of public moneys.
244. Act December 23, 1913. Government deposits in Federal reserve banks.
245. 5154. Conversion of State banks into national banking associations.
246. 5155. State banks having branches.
247. 5156. Reservation of rights of associations organized under act of 1863.

**THE NATIONAL BANK ACT. ACT JUNE 20, 1874.**

Act June 20,  
1874, c. 343,  
sec. 1; 18 Stat.  
L., 123. **200. Sec. 1.**—An act entitled “An act to provide a national currency secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof,” approved June 3, 1864, shall hereafter be known as “the national-bank act.”

**FORMATION OF NATIONAL BANKING ASSOCIATIONS.**

Act June 3,  
1864, c. 106,  
sec. 5; 13 Stat.  
L., 100. **201. Sec. 5133.**—Associations for carrying on the business of banking under this Title may be formed by any number of natural persons, not less in any case than five. They shall enter into articles of association, which shall specify in general terms the object for which the association is formed, and may contain any other provisions, not inconsistent with law, which the association may see fit to adopt for the regulation of its business and the conduct of its affairs. These articles shall be signed by the persons uniting to form the association, and a copy of them shall be forwarded to the Comptroller of the Currency, to be filed and preserved in his office.

**REQUISITES OF ORGANIZATION CERTIFICATE.**

Act June 3,  
1864, c. 106,  
sec. 6; 13 Stat.  
L., 101. **202. Sec. 5134.**—The persons uniting to form such an association shall, under their hands, make an organization certificate, which shall specifically state:

First. The name assumed by such association; which name shall be subject to the approval of the Comptroller of the Currency.

Second. The place where its operations of discount and deposit are to be carried on, designating the State, Territory, or district, and the particular county and city, town, or village.

Third. The amount of capital stock and the number of shares into which the same is to be divided.

Fourth. The names and places of residence of the shareholders and the number of shares held by each of them.

Fifth. The fact that the certificate is made to enable such persons to avail themselves of the advantages of this Title.

**NOTE.**—For authority to change names or locations see act May 1, 1886, post, paragraph 211.

**HOW CERTIFICATES SHALL BE ACKNOWLEDGED AND FILED.**

Act June 3,  
1864, c. 106,  
sec. 6; 13 Stat.  
L., 101. **203. Sec. 5135.**—The organization certificate shall be acknowledged before a judge of some court of record, or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall record and carefully preserve the same in his office.

# **CORPORATE POWERS OF ASSOCIATION.**

**204. Sec. 5136.**—Upon duly making and filing articles of association and an organization certificate, the association shall become, as from the date of the execution of its organization certificate, a body corporate, and as such, and in the name designated in the organization certificate, it shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for the period of twenty years from its organization, unless it is sooner dissolved according to the provisions of its articles or association, or by the act of its shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law and equity, as fully as natural persons.

Fifth. To elect or appoint directors, and by its board of directors to appoint a president, vice president, cashier, and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places.

Sixth. To prescribe, by its board of directors, by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this Title.

But no association shall transact any business except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the Comptroller of the Currency to commence the business of banking.

**NOTE.**—See sections 5169 and 5170, paragraphs 320 and 321, post, relating to issuing and publishing of certificate authorizing association to begin business.

# **LOANS ON IMPROVED REAL ESTATE.**

**205. Sec. 24.**—Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land situated within its Federal reserve district or within a radius of

Act June 3,  
1864, c. 106,  
sec. 8; 13 Stat.  
L., 101.

Act Dec. 23,  
1913, sec. 24;  
38 Stat. L.,  
273.  
Act. Sept. 7,  
1916; 39 Stat.  
L., 754.

one hundred miles of the place in which such bank is located, irrespective of district lines, and may also make loans secured by improved and unencumbered real estate located within one hundred miles of the place in which such bank is located, irrespective of district lines; but no loan made upon the security of such farm land shall be made for a longer time than five years, and no loan made upon the security of such real estate as distinguished from farm land shall be made for a longer time than one year nor shall the amount of any such loan, whether upon such farm land or upon such real estate, exceed fifty per centum of the actual value of the property offered as security. Any such bank may make such loans, whether secured by such farm land or such real estate, in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

**WHEN NATIONAL BANK AS A MEMBER BANK OF FEDERAL RESERVE SYSTEM MAY ACCEPT DRAFTS OR BILLS OF EXCHANGE.**

Act Dec. 23, 1913, sec 13; 38 Stat. L., 263.  
Act Mar. 3, 1915; 38 Stat. L., 958.  
Act Sept. 7, 1916; 39 Stat. L., 752.  
Act June 21, 1917, sec. 5. **206.** Any member bank may accept drafts or bills of exchange drawn upon it having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. No member bank shall accept, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus: *Provided, however,* That the Federal Reserve Board, under such general regulations as it may prescribe, which shall apply to all banks alike regardless of the amount of capital stock and surplus, may authorize any member bank to accept such bills to an amount not exceeding at any time



in the aggregate one hundred per centum of its paid-up and unimpaired capital stock and surplus: *Provided, further*, That the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty per centum of such capital stock and surplus.

**207. Acceptance of drafts or bills of exchange drawn upon national banks by banks or bankers in foreign countries or dependencies of the United States.**

Act Sept. 7,  
1916, 39 Stat.  
L., amending  
sec. 13 of Fed.  
Res. Act.

Any member bank may accept drafts or bills of exchange drawn upon it having not more than three months' sight to run, exclusive of days of grace, drawn under regulations to be prescribed by the Federal Reserve Board by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions. Such drafts or bills may be acquired by Federal reserve banks in such amounts and subject to such regulations, restrictions, and limitations as may be prescribed by the Federal Reserve Board: *Provided, however*, That no member bank shall accept such drafts or bills of exchange referred to in this paragraph for any one bank to an amount exceeding in the aggregate ten per centum of the paid-up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security: *Provided further*, That no member bank shall accept such drafts or bills in an amount exceeding at any time the aggregate of one-half of its paid-up and unimpaired capital and surplus.

#### TRUST COMPANY POWERS OF NATIONAL BANKS.

**208.** The Federal Reserve Board is authorized by section 11, paragraph k, of the Federal reserve act "to grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

Act Dec. 23,  
1913, sec. 11, k,  
38 Stat.L., 281.

"Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State or local law within the meaning of this act.

"National banks exercising any or all of the powers enumerated in this subsection shall segregate all assets held in any fiduciary capacity from the general assets of

the bank and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this subsection. Such books and records shall be open to inspection by the State authorities to the same extent as the books and records of corporations organized under State law which exercise fiduciary powers, but nothing in this act shall be construed as authorizing the State authorities to examine the books, records, and assets of the national bank which are not held in trust under authority of this subsection.

Act Sept. 26,  
1918.

“No national bank shall receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes. Funds deposited or held in trust by the bank awaiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Federal Reserve Board.

“In the event of the failure of such bank the owners of the funds held in trust for investment shall have a lien on the bonds or other securities so set apart in addition to their claim against the estate of the bank.

“Whenever the laws of a State require corporations acting in a fiduciary capacity to deposit securities with the State authorities for the protection of private or court trusts, national banks so acting shall be required to make similar deposits and securities so deposited shall be held for the protection of private or court trusts, as provided by the State law.

“National banks in such cases shall not be required to execute the bond usually required of individuals if State corporations under similar circumstances are exempt from this requirement.

“National banks shall have power to execute such bond when so required by the laws of the State.

“In any case in which the laws of a State require that a corporation acting as trustee, executor, administrator, or in any capacity specified in this section, shall take an oath or make an affidavit, the president, vice president, cashier, or trust officer of such national bank may take the necessary oath or execute the necessary affidavit.

“It shall be unlawful for any national banking association to lend any officer, director, or employee any funds held in trust under the powers conferred by this section. Any officer, director, or employee making such loan, or to whom such loan is made, may be fined not more than \$5,000, or imprisoned not more than five years, or may be both fined and imprisoned, in the discretion of the court.

“In passing upon applications for permission to exercise the powers enumerated in this subsection, the Federal Reserve Board may take into consideration the

amount of capital and surplus of the applying bank, whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, and any other facts and circumstances that seem to it proper, and may grant or refuse the application accordingly: *Provided*, That no permit shall be issued to any national banking association having a capital and surplus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers."

**209. Power of national bank to act as insurance agent or as broker or agent in making or procuring loans on real estate.**

Act Sept. 7,  
1916, 39 Stat.  
L. 752, amend-  
ing sec. 13 of  
Fed. Res. Act.

That in addition to the powers now vested by law in national banking associations organized under the laws of the United States any such association located and doing business in any place the population of which does not exceed five thousand inhabitants, as shown by the last preceding decennial census, may, under such rules and regulations as may be prescribed by the Comptroller of the Currency, act as the agent for any fire, life, or other insurance company authorized by the authorities of the State in which said bank is located to do business in said State, by soliciting and selling insurance and collecting premiums on policies issued by such company; and may receive for services so rendered such fees or commissions as may be agreed upon between the said association and the insurance company for which it may act as agent; and may also act as the broker or agent for others in making or procuring loans on real estate located within one hundred miles of the place in which said bank may be located, receiving for such services a reasonable fee or commission: *Provided, however*, That no such bank shall in any case guarantee either the principal or interest of any such loans or assume or guarantee the payment of any premium on insurance policies issued through its agency by its principal: *And provided further*, That the bank shall not guarantee the truth of any statement made by an assured in filing his application for insurance.

#### FOREIGN BRANCHES [as amended 1919].

**210. Sec. 25.**—Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Federal Reserve Board for permission to exercise, upon such conditions and under such regulations as may be prescribed by the said board, either or both of the following powers:

Act Dec. 23,  
1913, sec. 25;  
38 Stat. L.,  
273.  
Act Sept. 7,  
1916, 39 Stat.  
L., 755.  
Act Sept. 17,  
1919.

First. To establish branches in foreign countries or dependencies or insular possessions of the United States for the furtherance of the foreign commerce of the United States, and to act if required to do so as fiscal agents of the United States.

Second. To invest an amount not exceeding in the aggregate ten per centum of its paid-in capital stock and surplus in the stock of one or more banks or corporations chartered or incorporated under the laws of the United States or of any State thereof, and principally engaged in international or foreign banking, or banking in a dependency or insular possession of the United States either directly or through the agency, ownership, or control of local institutions in foreign countries, or in such dependencies or insular possessions. Until January 1, 1921, any national banking association, without regard to the amount of its capital and surplus, may file application with the Federal Reserve Board for permission, upon such conditions and under such regulations as may be prescribed by said board, to invest an amount not exceeding in the aggregate 5 per centum of its paid-in capital and surplus in the stock of one or more corporations chartered or incorporated under the laws of the United States or of any State thereof and, regardless of its location, principally engaged in such phases of international or foreign financial operations as may be necessary to facilitate the export of goods, wares, or merchandise from the United States or any of its dependencies or insular possessions to any foreign country: *Provided, however,* That in no event shall the total investments authorized by this section by any one national bank exceed 10 per centum of its capital and surplus.

Such application shall specify the name and capital of the banking association filing it, the powers applied for, and the place or places where the banking or financial operations proposed are to be carried on. The Federal Reserve Board shall have power to approve or to reject such application in whole or in part if for any reason the granting of such application is deemed inexpedient, and shall also have power from time to time to increase or decrease the number of places where such banking operations may be carried on.

Every national banking association operating foreign branches shall be required to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and every member bank investing in the capital stock of banks or corporations described above shall be required to furnish information concerning the condition of such banks or corporations to the Federal Reserve Board upon demand, and the Federal Reserve Board may order special examinations of the said branches, banks, or corporations at such time or times as it may deem best.

Before any national bank shall be permitted to purchase stock in any such corporation the said corporation shall enter into an agreement or undertaking with the Federal Reserve Board to restrict its operations or conduct its business in such manner or under such limita-

tions and restrictions as the said board may prescribe for the place or places wherein such business is to be conducted. If at any time the Federal Reserve Board shall ascertain that the regulations prescribed by it are not being complied with, said board is hereby authorized and empowered to institute an investigation of the matter and to send for persons and papers, subpoena witnesses, and administer oaths in order to satisfy itself as to the actual nature of the transactions referred to. Should such investigation result in establishing the failure of the corporation in question, or of the national bank or banks which may be stockholders therein, to comply with the regulations laid down by the said Federal Reserve Board, such national banks may be required to dispose of stock holdings in the said corporation upon reasonable notice.

Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accrued at each branch as a separate item.

Any director or other officer, agent, or employee of any member bank may, with the approval of the Federal Reserve Board, be a director or other officer, agent, or employee of any such bank or corporation above mentioned in the capital stock of which such member bank shall have invested as hereinbefore provided, without being subject to the provisions of section eight of the Act approved October fifteenth, nineteen hundred and fourteen, entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes."

#### CHANGE OF NAME AND LOCATION OF BANK. ACT MAY 1, 1886.

**211. Sec. 2.**—That any national banking association may change its name or the place where its operations of dis-<sup>Act May 1, 1886, c. 73; sec. 2; 24 Stat. L., 18.</sup>count and deposit are to be carried on, to any other place within the same State, not more than thirty miles distant, with the approval of the Comptroller of the Currency, by the vote of shareholders owning two-thirds of the stock of such association. A duly authenticated notice of the vote and of the new name or location selected shall be sent to the office of the Comptroller of the Currency; but no change of name or location shall be valid until the Comptroller shall have issued his certificate of approval of the same.

#### DEBTS NOT AFFECTED BY CHANGE. ACT MAY 1, 1886.

**212. Sec. 3.**—That all debts, liabilities, rights, provisions, and powers of the association under its old name shall devolve upon and inure to the association under<sup>Act May 1, 1886, c. 73, sec. 3; 24 Stat. L., 19.</sup>its new name.

**NO RELEASE FROM LIABILITIES. ACT MAY 1, 1886.**

**213. Sec. 4.**—That nothing in this act contained shall be so construed as in any manner to release any national banking association under its old name or at its old location from any liability, or affect any action or proceeding in law in which said association may be or become a party or interested.

**NOTE.**—Section 1 of this act relates to increase of capital stock and is inserted after Section 5142, United States Revised Statutes.

**NATIONAL BANKS DEEMED CITIZENS OF STATES IN WHICH LOCATED. ACT AUGUST 13, 1888.**

**214. Sec. 4.**—That all national banking associations established under the laws of the United States shall, for the purposes of all actions by or against them, real, personal, or mixed, and all suits in equity, be deemed citizens of the States in which they are respectively located; and in such cases the circuit and district courts shall not have jurisdiction other than such as they would have in cases between individual citizens of the same State. The provisions of this section shall not be held to affect the jurisdiction of the courts of the United States in cases commenced by the United States or by direction of any officer thereof, or cases for winding up the affairs of any such bank.

**NOTE.**—See act March 3, 1911, section 24, 36 Stat. L., 1092, paragraph 701, post, as to jurisdiction of United States courts in national banking cases.

**EXTENSION OF CORPORATE EXISTENCE. ACT JULY 12, 1882.**

**215. Sec. 1.**—That any national banking association organized under the acts of February twenty-fifth, eighteen hundred and sixty-three, June third, eighteen hundred and sixty-four, and February fourteenth, eighteen hundred and eighty, or under sections fifty-one hundred and thirty-three, fifty-one hundred and thirty-four, fifty-one hundred and thirty-five, fifty-one hundred and thirty-six, and fifty-one hundred and fifty-four of the Revised Statutes of the United States, may, at any time within the two years next previous to the date of the expiration of its corporate existence under present law, and with the approval of the Comptroller of the Currency, to be granted, as hereinafter provided, extend its period of succession by amending its articles of association for a term of not more than twenty years from the expiration of the period of succession named in said articles of association, and shall have succession for such extended period, unless sooner dissolved by the act of shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law, or unless hereafter modified or repealed.

**NOTE.**—Act of February 14, 1880, relates to the conversion of gold banks into currency banks, and is inserted after Revised Statutes 5186.

**CONSENT OF TWO-THIRDS NECESSARY. ACT JULY 12, 1882.**

**216. Sec. 2.**—That such amendment of said articles of association shall be authorized by the consent in writing of shareholders owning not less than two-thirds of the capital stock of the association; and the board of directors shall cause such consent to be certified under the seal of the association, by its president or cashier, to the Comptroller of the Currency, accompanied by an application made by the president or cashier for the approval of the amended articles of association by the Comptroller; and such amended articles of association shall not be valid until the Comptroller shall give to such association a certificate under his hand and seal that the association has complied with all the provisions required to be complied with, and is authorized to have succession for the extended period named in the amended articles of association.

Act July 12,  
1882, c. 290,  
sec. 2; 22 Stat.  
L., 162.

**SPECIAL EXAMINATION OF BANK AND ISSUE OF CERTIFICATE OF APPROVAL BY COMPTROLLER. ACT JULY 12, 1882.**

**217. Sec. 3.**—That upon the receipt of the application and certificate of the association provided for in the preceding section, the Comptroller of the Currency shall cause a special examination to be made, at the expense of the association, to determine its condition; and if after such examination or otherwise it appears to him that said association is in a satisfactory condition, he shall grant his certificate of approval provided for in the preceding section, or if it appears that the condition of said association is not satisfactory, he shall withhold such certificate of approval.

Act July 12,  
1882, c. 290,  
sec. 3; 22 Stat.  
L., 163.

**STATUS NOT CHANGED BY EXTENSION. JURISDICTION OF SUITS BY OR AGAINST NATIONAL BANKS. ACT JULY 12, 1882.**

**218. Sec. 4.**—That any association so extending the period of its succession shall continue to enjoy all the rights and privileges and immunities granted and shall continue to be subject to all the duties, liabilities, and restrictions imposed by the Revised Statutes of the United States and other acts having reference to national banking associations, and it shall continue to be in all respects the identical association it was before the extension of its period of succession: *Provided, however,* That the jurisdiction for suits hereafter brought by or against any association established under any law providing for national banking associations, except suits between them and the United States, or its officers and agents, shall be the same as, and not other than, the jurisdiction for suits by or against banks not organized under any law of the United States which do or might do banking business where such national banking associations may be doing business when such suits may be begun: And all laws

Act July 12,  
1882, c. 290,  
sec. 4; 22 Stat.  
L., 163.

and parts of laws of the United States inconsistent with this proviso be, and the same are hereby, repealed.

NOTE.—See also act of August 13, 1888, relating to citizenship of national banks and jurisdiction of the circuit and district courts, paragraph 214, ante, and act of Mar. 3, 1911, sec. 24, 36 Stat. L., 1092, paragraph 701, post, as to jurisdiction of United States courts in national banking cases.

**DISSENTING SHAREHOLDERS MAY WITHDRAW. ACT JULY 12, 1882.**

Act July 12,  
1882, c. 290,  
sec. 5; 22 Stat.  
L., 163.

**219. Sec. 5.**—That when any national banking association has amended its articles of association as provided in this act, and the Comptroller has granted his certificate of approval, any shareholder not assenting to such amendment may give notice in writing to the directors, within thirty days from the date of the certificate of approval, of his desire to withdraw from said association, in which case he shall be entitled to receive from said banking association the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by such shareholder, one by the directors, and the third by the first two; and in case the value so fixed shall not be satisfactory to any such shareholder, he may appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and if said reappraisal shall exceed the value fixed by said committee, the bank shall pay the expenses of said reappraisal, and otherwise the appellant shall pay said expenses; and the value so ascertained and determined shall be deemed to be a debt due, and be forthwith paid, to said shareholder from said bank; and the shares so surrendered and appraised shall, after due notice, be sold at public sale, within thirty days after the final appraisal provided in this section: *Provided*, That in the organization of any banking association intended to replace any existing banking association, and retaining the name thereof, the holders of stock in the expiring association shall be entitled to preference in the allotment of the shares of the new association in proportion to the number of shares held by them respectively in the expiring association.

**REDEMPTION OF CIRCULATING NOTES ISSUED PRIOR TO EXTENSION. ACT JULY 12, 1882.**

Act July 12,  
1882, c. 290,  
sec. 6; 22 Stat.  
L., 163.

**220. Sec. 6.**—That the circulating notes of any association so extending the period of its succession which shall have been issued to it prior to such extension shall be redeemed at the Treasury of the United States, as provided in section three of the act of June twentieth, eighteen hundred and seventy-four, entitled "An act fixing the amount of United States notes, providing for redistribution of national bank currency, and for other purposes," and such notes when redeemed shall be forwarded to the Comptroller of the Currency, and destroyed as now provided by law; and at the end of three years from the date



of the extension of the corporate existence of each bank the association so extended shall deposit lawful money with the Treasurer of the United States sufficient to redeem the remainder of the circulation which was outstanding at the date of its extension, as provided in sections fifty-two hundred and twenty-two, fifty-two hundred and twenty-four, and fifty-two hundred and twenty-five of the Revised Statutes; and any gain that may arise from the failure to present such circulating notes for redemption shall inure to the benefit of the United States; and from time to time, as such notes are redeemed or lawful money deposited therefor as provided herein, new circulating notes shall be issued as provided by this act, bearing such devices, to be approved by the Secretary of the Treasury, as shall make them readily distinguishable from the circulating notes heretofore issued: *Provided, however,* That each banking association which shall obtain the benefit of this act shall reimburse to the Treasury the cost of preparing the plate or plates for such new circulating notes as shall be issued to it.

NOTE.—For act of June 20, 1874, section 3, mentioned above, see paragraph 414, post. The destruction of bank notes by burning, as provided in sections 5184, 5225, Revised Statutes, is superseded by act of June 23, 1874, paragraph 340, post, which requires bank notes to be macerated.

**DISSOLUTION OF BANKS NOT EXTENDING PERIOD OF SUCCESSION. ACT JULY 12, 1882.**

**221. Sec. 7.**—That national banking associations whose corporate existence has expired or shall hereafter expire and which do not avail themselves of the provisions of this act, shall be required to comply with the provisions of sections fifty-two hundred and twenty-one and fifty-two hundred and twenty-two of the Revised Statutes in same manner as if the shareholders had voted to go into liquidation, as provided in section fifty-two hundred and twenty of the Revised Statutes; and the provisions of sections fifty-two hundred and twenty-four and fifty-two hundred and twenty-five of the Revised Statutes shall also be applicable to such associations, except as modified by this act; and the franchise of such associations is hereby extended for the sole purpose of liquidating their affairs until such affairs are finally closed.

NOTE.—Other sections of act of July 12, 1882.

SEC. 8. [Relates to bond deposits and circulating notes.] Follows Revised Statutes, section 5167.

SEC. 9.—[Relates to withdrawal of circulating notes.] Follows Revised Statutes, section 5167.

SEC. 10.—Repealed sections 5171 and 5176, Revised Statutes, and was superseded by act of March 14, 1900. (See section 5171, Revised Statutes.)

SEC. 11.—Authorizes the exchange of three per cent bonds for outstanding three and one-half per cent bonds.

SEC. 12.—Authorizes the issue of gold certificates upon the deposit of gold coin. Inserted after section 5207.

SEC. 13.—[Relates to false certification of checks.] Superseded by act of Sept. 26, 1918.

Act July 12,  
1882, c. 290,  
sec. 7; 22 Stat.  
L., 164.

**REEXTENSION OF CORPORATE EXISTENCE. ACT OF APRIL 12, 1902.**

Act April 12, 1902, c. 503; 32 Stat. L., 102. **222.** That the Comptroller of the Currency is hereby authorized, in the manner provided by, and under the conditions and limitations of, the act of July 12, 1882, to extend for a further period of twenty years the charter of any national banking association extended under said act which shall desire to continue its existence after the expiration of its charter.

**POWER TO HOLD REAL PROPERTY.**

Act June 3, 1864, c. 106, sec. 28; 13 Stat. L., 107. **223. Sec. 5137.**—A national banking association may purchase, hold, and convey real estate for the following purposes, and for no others:

First. Such as shall be necessary for its immediate accommodation in the transaction of its business.

Second. Such as shall be mortgaged to it in good faith by way of security for debts previously contracted.

Third. Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Fourth. Such as it shall purchase at sales under judgments, decrees, or mortgages held by the association, or shall purchase to secure debts due to it.

But no such association shall hold the possession of any real estate under mortgage, or the title and possession of any real estate purchased to secure any debts due to it, for a longer period than five years.

NOTE.—For power to loan on real estate see paragraph 205, ante.

**REQUISITE AMOUNT OF CAPITAL.**

Act June 3, 1864, c. 106, sec. 7; 13 Stat. L., 101. Act Mar. 14, 1900, c. 41, sec. 10; 31 Stat. L., 48. **224. Sec. 5138 [as amended 1900].**—No association shall be organized with a less capital than one hundred thousand dollars, except that banks with a capital of not less than fifty thousand dollars may, with the approval of the Secretary of the Treasury, be organized in any place the population of which does not exceed six thousand inhabitants, and except that banks with a capital of not less than twenty-five thousand dollars may, with the sanction of the Secretary of the Treasury, be organized in any place the population of which does not exceed three thousand inhabitants. No association shall be organized in a city the population of which exceeds fifty thousand persons with a capital of less than two hundred thousand dollars.

**SHARES OF STOCK AND TRANSFERS.**

Act June 3, 1864, c. 106, sec. 12; 13 Stat. L., 102. **225. Sec. 5139.**—The capital stock of each association shall be divided into shares of one hundred dollars each, and be deemed personal property, and transferable on the books of the association in such manner as may be pre-

scribed in the by-laws or articles of association. Every person becoming a shareholder by such transfer shall, in proportion to his shares, succeed to all rights and liabilities of the prior holder of such shares; and no change shall be made in the articles of association by which the rights, remedies, or security of the existing creditors of the association shall be impaired.

NOTE.—See also section 23, Federal reserve act, following section 5151, United States Revised Statutes.

#### HOW PAYMENT OF THE CAPITAL STOCK MUST BE MADE AND CERTIFIED.

**226. Sec. 5140.**—At least fifty per centum of the capital stock of every association shall be paid in before it shall be authorized to commence business; and the remainder of the capital stock of such association shall be paid in installments of at least ten per centum each, on the whole amount of the capital, as frequently as one installment at the end of each succeeding month from the time it shall be authorized by the Comptroller of the Currency to commence business; and the payment of each installment shall be certified to the Comptroller, under oath, by the president or cashier of the association.

Act June 3,  
1864, c. 106;  
sec. 14; 13  
Stat. L., 103.

#### PROCEEDINGS IF SHAREHOLDER FAILS TO PAY INSTALLMENTS.

**227. Sec. 5141.**—Whenever any shareholder, or his assignee, fails to pay any installment on the stock when the same is required by the preceding section to be paid, the directors of such association may sell the stock of such delinquent shareholder at public auction, having given three weeks' previous notice thereof in a newspaper published and of general circulation in the city or county where the association is located, or if no newspaper is published in said city or county, then in a newspaper published nearest thereto, to any person who will pay the highest price therefor, to be not less than the amount then due thereon, with the expenses of advertisement and sale; and the excess, if any, shall be paid to the delinquent shareholder. If no bidder can be found who will pay for such stock the amount due thereon to the association, and the cost of advertisement and sale, the amount previously paid shall be forfeited to the association, and such stock shall be sold as the directors may order, within six months from the time of such forfeiture, and if not sold it shall be canceled and deducted from the capital stock of the association. If any such cancellation and reduction shall reduce the capital of the association below the minimum of capital required by law, the capital stock shall, within thirty days from the date of such cancellation, be increased to the required amount; in default of which a receiver may be appointed, according to the provisions

Act June 3,  
1864, c. 106;  
sec. 15; 13  
Stat. L., 103.

of section fifty-two hundred and thirty-four, to close up the business of the association.

#### NATIONAL BANKS MAY INCREASE CAPITAL STOCK.

Act June 3, 1864, c. 106, sec. 13; Stat. L., 103. **228. Sec. 5142.**—Any association formed under this title may, by its articles of association, provide for an increase of its capital from time to time, as may be deemed expedient, subject to the limitations of this title. But the maximum of such increase to be provided in the articles of association shall be determined by the Comptroller of the Currency; and no increase of capital shall be valid until the whole amount of such increase is paid in, and notice thereof has been transmitted to the Comptroller of the Currency, and his certificate obtained specifying the amount of such increase of capital stock, with his approval thereof, and that it has been duly paid in as part of the capital of such association.

#### INCREASE OF CAPITAL STOCK. ACT MAY 1, 1886.

Act May 1, 1886, c. 73, sec. 1; 24 Stat. L., 18. **229. Sec. 1.**—That any national banking association may, with the approval of the Comptroller of the Currency, by the vote of shareholders owning two-thirds of the stock of such association, increase its capital stock, in accordance with existing laws, to any sum approved by the said Comptroller, notwithstanding the limit fixed in its original articles of association and determined by said Comptroller; and no increase of the capital stock of any national banking association either within or beyond the limit fixed in its original articles of association shall be made except in the manner herein provided.

NOTE.—For other sections of this act see paragraphs 211, 212, and 213, ante.

#### REDUCTION OF CAPITAL STOCK.

Act June 3, 1864, c. 106, sec. 13; Stat. L., 103. **230. Sec. 5143.**—Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal Reserve Board, or by the organization committee pending the organization of the Federal Reserve Board.

Act Dec. 23, 1913: sec. 28; 38 Stat. L., 274.

#### RIGHT OF SHAREHOLDERS TO VOTE; PROXIES AUTHORIZED.

Act June 3, 1864, c. 106, sec. 11; Stat. L., 102. **231. Sec. 5144.**—In all elections of directors, and in deciding all questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of

stock held by him. Shareholders may vote by proxies duly authorized in writing; but no officer, clerk, teller, or bookkeeper of such association shall act as proxy; and no shareholder whose liability is past due and unpaid shall be allowed to vote.

NOTE.—The Circuit Court of the United States, in *United States v. Barry* (36 F. R., 246), held that the words "liability past due and unpaid" referred only to unpaid subscriptions for stock.

### ELECTION OF DIRECTORS.

**232. Sec. 5145.**—The affairs of each association shall be managed by not less than five directors, who shall be elected by the shareholders at a meeting to be held at any time before the association is authorized by the Comptroller of the Currency to commence the business of banking; and afterward at meetings to be held on such day in January of each year as is specified therefor in the articles of association. The directors shall hold office for one year, and until their successors are elected and have qualified. Act June 3, 1864, c. 106, secs. 9, 10; 13 Stat. L., 102.

### REQUISITE QUALIFICATION OF DIRECTORS.

**233. Sec. 5146 [amended 1905].**—Every director must, during his whole term of service, be a citizen of the United States, and at least three-fourths of the directors must have resided in the State, Territory, or District in which the association is located for at least one year immediately preceding their election and must be residents therein during their continuance in office. Every director must own in his own right at least ten shares of the capital stock of the association of which he is a director, unless the capital of the bank shall not exceed twenty-five thousand dollars, in which case he must own in his own right at least five shares of such capital stock. Any director who ceases to be the owner of the required number of shares of the stock, or who becomes in any other manner disqualified, shall thereby vacate his place. Act June 3, 1864, c. 106, secs. 9, 10; 13 Stat. L., 102.  
Act Feb. 28, 1905, c. 1163, 33 Stat. L., 818.

### INTERLOCKING DIRECTORATES—WHEN FORBIDDEN.

**234. Sec. 8.**—That from and after two years from the date of the approval of this act no person shall at the same time be a director or other officer or employee of more than one bank, banking association, or trust company, organized or operating under the laws of the United States, either of which has deposits, capital, surplus, and undivided profits aggregating more than \$5,000,000; and no private banker or person who is a director in any bank or trust company, organized and operating under the laws of a State, having deposits, capital, surplus, and undivided profits aggregating more than \$5,000,000, shall be eligible to be a director in any bank or banking associa- Act Oct. 15, 1914, sec. 8; 38 Stat. L., 732.

tion organized or operating under the laws of the United States. The eligibility of a director, officer, or employee under the foregoing provisions shall be determined by the average amount of deposits, capital, surplus, and undivided profits as shown in the official statements of such bank, banking association, or trust company filed as provided by law during the fiscal year next preceding the date set for the annual election of directors, and when a director, officer, or employee has been elected or selected in accordance with the provisions of this Act it shall be lawful for him to continue as such for one year thereafter under said election or employment.

No bank, banking association, or trust company, organized or operating under the laws of the United States, in any city or incorporated town or village of more than two hundred thousand inhabitants, as shown by the last preceding decennial census of the United States, shall have as a director or other officer or employee any private banker or any director or other officer or employee of any other bank, banking association, or trust company located in the same place: *Provided*, That nothing in this section shall apply to mutual savings banks not having a capital stock represented by shares: *Provided further*, That a director or other officer or employee of such bank, banking association, or trust company may be a director or other officer or employee of not more than one other bank or trust company organized under the laws of the United States or any State where the entire capital stock of one is owned by stockholders in the other: *And provided further*, That nothing contained in this section shall forbid a director of class A of a Federal reserve bank, as defined in the Federal reserve act, from being an officer or director or both an officer and director in one member bank: *And provided further*, That nothing in this act shall prohibit any officer, director, or employee of any member bank or class A director of a Federal reserve bank, who shall first procure the consent of the Federal Reserve Board, which board is hereby authorized, at its discretion, to grant, withhold, or revoke such consent, from being an officer, director, or employee of not more than two other banks, banking associations, or trust companies, whether organized under the laws of the United States or any State, if such other bank, banking association, or trust company is not in substantial competition with such member bank.

The consent of the Federal Reserve Board may be procured before the person applying therefor has been elected as a class A director of a Federal reserve bank or as a director of any member bank.

That from and after two years from the date of the approval of this act no person at the same time shall be a director in any two or more corporations, any one of which has capital, surplus, and undivided profits aggre-

Act May 15,  
1916; 39 Stat.  
L., 121.

gating more than \$1,000,000, engaged in whole or in part in commerce, other than banks, banking associations, trust companies and common carriers subject to the act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, if such corporations are or shall have been theretofore, by virtue of their business and location of operation, competitors, so that the elimination of competition by agreement between them would constitute a violation of any of the provisions of any of the antitrust laws. The eligibility of a director under the foregoing provision shall be determined by the aggregate amount of the capital, surplus, and undivided profits, exclusive of dividends declared but not paid to stockholders, at the end of the fiscal year of said corporation next preceding the election of directors, and when a director has been elected in accordance with the provisions of this act it shall be lawful for him to continue as such for one year thereafter.

When any person elected or chosen as a director or officer or selected as an employee of any bank or other corporation subject to the provisions of this act is eligible at the time of his election or selection to act for such bank or other corporation in such capacity his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to any of the provisions hereof by reason of any change in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

NOTE.—See Sec. 25, Federal reserve act, page 165, post, in reference to directors of foreign branches.

#### ENFORCEMENT OF ACT IN REFERENCE TO INTERLOCKING DIRECTORATES.

**235. Sec. 11.**—That authority to enforce compliance with sections two, three, seven and eight of this act by the persons respectively subject thereto is hereby vested: <sup>Act Oct. 15, 1914, sec. 11; 38 Stat. L., 734.</sup> in the Interstate Commerce Commission where applicable to common carriers, in the Federal Reserve Board where applicable to banks, banking associations and trust companies, and in the Federal Trade Commission where applicable to all other character of commerce, to be exercised as follows:

Whenever the commission or board vested with jurisdiction thereof shall have reason to believe that any person is violating or has violated any of the provisions of sections two, three, seven, and eight of this act, it shall issue and serve upon such person a complaint stating its charges in that respect, and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The

person so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the commission or board requiring such person to cease and desist from the violation of the law so charged in said complaint. Any person may make application, and upon good cause shown may be allowed by the commission or board, to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the commission or board. If upon such hearing the commission or board, as the case may be, shall be of the opinion that any of the provisions of said sections have been or are being violated, it shall make a report in writing in which it shall state its findings as to the facts, and shall issue and cause to be served on such person an order requiring such person to cease and desist from such violations, and divest itself of the stock held or rid itself of the directors chosen contrary to the provisions of sections seven and eight of this act, if any there be, in the manner and within the time fixed by said order. Until a transcript of the record in such hearing shall have been filed in a circuit court of appeals of the United States, as hereinafter provided, the commission or board may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section.

If such person fails or neglects to obey such order of the commission or board while the same is in effect, the commission or board may apply to the circuit court of appeals of the United States, within any circuit where the violation complained of was or is being committed or where such person resides or carries on business, for the enforcement of its order, and shall certify and file with its application a transcript of the entire record in the proceeding, including all the testimony taken and the report and order of the commission or board. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon such person and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the commission or board. The findings of the commission or board as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the commission or board, the court may order such additional evidence to be taken before the commission or



board and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The commission or board may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by testimony, shall be conclusive, and its recommendations, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the commission or board to cease and desist from a violation charged may obtain a review of such order in said circuit court of appeals by filing in the court a written petition praying that the order of the commission or board be set aside. A copy of such petition shall be forthwith served upon the commission or board, and thereupon the commission or board forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the commission or board as in the case of an application by the commission or board for the enforcement of its order, and the findings of the commission or board as to the facts, if supported by testimony, shall in like manner be conclusive.

The jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the commission or board shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the commission or board or the judgment of the court to enforce the same shall in any wise relieve or absolve any person from any liability under the antitrust acts.

Complaints, orders, and other processes of the commission or board under this section may be served by anyone duly authorized by the commission or board, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person; or (c) by registering and mailing a copy thereof addressed to such person at his principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post-office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

**OATH REQUIRED FROM DIRECTORS.**

Act June 3,  
1864, c. 106,  
sec. 9; 13 Stat.  
L., 102. **236. Sec. 5147.**—Each director, when appointed or elected, shall take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this title, and that he is the owner in good faith, and in his own right, of the number of shares of stock required by this title, subscribed by him, or standing in his name on the books of the association, and that the same is not hypothecated, or in any way pledged, as security for any loan or debt. Such oath, subscribed by the director making it, and certified by the officer before whom it is taken, shall be immediately transmitted to the Comptroller of the Currency, and shall be filed and preserved in his Office.

**FILLING VACANCIES.**

Act June 3,  
1864, c. 106,  
sec. 10; 13  
Stat. L., 102. **237. Sec. 5148.**—Any vacancy in the board shall be filled by appointment by the remaining directors, and any director so appointed shall hold his place until the next election.

**PROCEEDINGS WHERE NO ELECTION IS HELD ON THE PROPER DAY.**

Act June 3,  
1864, c. 106,  
sec. 10; 13  
Stat. L., 102. **238. Sec. 5149.**—If, from any cause, an election of directors is not made at the time appointed, the association shall not for that cause be dissolved, but an election may be held on any subsequent day, thirty days' notice thereof in all cases having been given in a newspaper published in the city, town, or county in which the association is located; and if no newspaper is published in such city, town, or county, such notice shall be published in a newspaper published nearest thereto. If the articles of association do not fix the day on which the election shall be held, or if no election is held on the day fixed, the day for the election shall be designated by the board of directors in their by-laws, or otherwise; or if the directors fail to fix the day, shareholders representing two-thirds of the shares may do so.

**ELECTION OF PRESIDENT OF THE BOARD.**

Act June 3,  
1864, c. 106,  
sec. 9; 13 Stat.  
L., 102. **239. Sec. 5150.**—One of the directors, to be chosen by the board, shall be the president of the board.

**INDIVIDUAL LIABILITY OF SHAREHOLDERS.**

Act June 3,  
1864, c. 106,  
sec. 12; 13  
Stat. L., 102. **240. Sec. 5151.**—The shareholders of every national banking association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in

such shares; except that shareholders of any banking association now existing under State laws, having not less than five millions of dollars of capital actually paid in, and a surplus of twenty per centum on hand, both to be determined by the Comptroller of the Currency, shall be liable only to the amount invested in their shares; and such surplus of twenty per centum shall be kept undiminished, and be in addition to the surplus provided for in this title; and if at any time there is a deficiency in such surplus of twenty per centum, such association shall not pay any dividends to its shareholders until the deficiency is made good; and in case of such deficiency, the Comptroller of the Currency may compel the association to close its business and wind up its affairs under the provisions of chapter four<sup>1</sup> of this title.

NOTE.—See act of June 30, 1876, paragraph 521, post, for enforcement of liability prescribed by this section in cases of voluntary liquidation.

#### INDIVIDUAL LIABILITY OF SHAREHOLDERS—LIABILITY OF SHAREHOLDERS WHO HAVE TRANSFERRED THEIR SHARES.

241. Sec 23.—The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

Act Dec. 23,  
1863, sec. 23;  
38 Stat. L.,  
273.

#### EXECUTORS, TRUSTEES, ETC., NOT PERSONALLY LIABLE.

242. Sec. 5152.—Persons holding stock as executors, administrators, guardians, or trustees, shall not be personally subject to any liabilities as stockholders; but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in such trust-funds would be, if living and competent to act and hold the stock in his own name.

Act June 3,  
1864, c. 106,  
sec. 63; 13  
Stat. L., 118.

---

<sup>1</sup> Chapter 5 of this compilation.

### NATIONAL BANKING ASSOCIATIONS TO BE DEPOSITARIES OF PUBLIC MONEYS.

**243. Sec. 5153 [as amended 1907].**—All national banking associations, designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the Government, as may be required of them. The Secretary of the Treasury shall require the associations thus designated to give satisfactory security, by the deposit of United States bonds and otherwise, for the safe-keeping and prompt payment of the public money deposited with them, and for the faithful performance of their duties as financial agents of the Government: *Provided*, That the Secretary shall, on or before the first of January of each year, make a public statement of the securities required during that year for such deposits. And every association so designated as receiver or depositary of the public money shall take and receive at par all of the national currency bills, by whatever association issued, which have been paid into the Government for internal revenue, or for loans or stocks: *Provided*, That the Secretary of the Treasury shall distribute the deposits herein provided for, as far as practicable, equitably between the different States and sections.

**NOTE.**—For other provisions relating to duties and liabilities of depositaries see following sections of the Revised Statutes of the United States:

Sec. 3640. Transfer of moneys from depositaries to Treasury authorized.

Sec. 3641. Transfer of postal deposits.

Sec. 3642. Accounts of postal deposits.

Sec. 3643. Entry of each deposit, transfer, and payment.

Sec. 3644. Public moneys in Treasury and depositaries subject to draft of Treasurer.

Sec. 3645. Regulations for presentment of drafts.

Sec. 3646. Duplicates for lost or stolen checks authorized.

Sec. 3647 and amendments. Duplicate check when officer who issued is dead.

Sec. 3648 and amendments. Advances of public money prohibited.

Sec. 3649. Examination of depositaries.

See also Government Depositaries, paragraphs 730-738, post.

### GOVERNMENT DEPOSITS IN FEDERAL RESERVE BANKS.

**244. Sec. 15.**—The moneys held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national-bank notes and the funds provided in this act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks,

which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this act: *Provided, however,* That nothing in this act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

NOTE.—Section 7 of the act approved April 24, 1917, known as "An act to authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes," authorizes the Secretary to deposit proceeds of sale of such bonds in nonmember banks under certain circumstances. For full text of section 7 see page 184, post.

#### CONVERSION OF STATE BANKS INTO NATIONAL BANKING ASSOCIATIONS.

**245. Sec. 5154.**—Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency: *Provided, however,* That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the Comptroller has given to such bank or banking association a certificate that the provisions of this Act have

Act June 3,  
1864, c. 106,  
sec. 44; 13  
Stat. L., 112.  
Act Dec. 23,  
1913, sec. 8;  
38 Stat. L.,  
258.

been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal Reserve Act and by the national banking Act for associations originally organized as national banking associations.

**NOTE.**—The act of 1864 authorized any State bank which was a stockholder in any other bank, by authority of State laws, to continue to hold its stock, although either bank or both might have become converted into national banks. This provision was incorporated in section 5154, United States Revised Statutes, but was stricken out in the revision of this section by the act of December 23, 1913.

### STATE BANKS HAVING BRANCHES.

Act Mar. 3,  
1865, c. 78, sec.  
7; 13 Stat. L.,  
484.

**246. Sec. 5155.**—It shall be lawful for any bank or banking association organized under State laws, and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions, to become a national banking association in conformity with existing laws, and to retain and keep in operation its branches, or such one or more of them as it may elect to retain; the amount of the circulation redeemable at the mother bank, and each branch, to be regulated by the amount of capital assigned to and used by each.

### RESERVATION OF RIGHTS OF ASSOCIATIONS ORGANIZED UNDER ACT OF 1863.

Act June 3,  
1864, c. 106,  
sec. 62; 13  
Stat. L., 118.

**247. Sec. 5156.**—Nothing in this title shall effect any appointments made, acts done, or proceedings had or commenced prior to the third day of June, eighteen hundred and sixty-four, in or toward the organization of any national banking association under the act of February twenty-five, eighteen hundred and sixty-three; but all associations which, on the third day of June, eighteen hundred and sixty-four, were organized or commenced to be organized under that act, shall enjoy all the rights and privileges granted, and be subject to all the duties, liabilities, and restrictions imposed by this title, notwithstanding all the steps prescribed by this title for the organization of associations were not pursued, if such associations were duly organized under that act.







---

---

## **OBTAINING AND ISSUING CIRCULATING NOTES.**

---

---



## CHAPTER III.

### OBTAINING AND ISSUING CIRCULATING NOTES.

300. 5157. What associations are governed by provisions of chapters two, three, and four.
301. 5158. Registered bonds intended by the term "United States bonds."
302. Act December 23, 1913, as amended. Deposit of bonds not required before issuance of certificate authorizing the commencement of business.
303. Act December 21, 1905. Two per cent Panama Canal bonds have all rights and privileges accorded to other two per cent bonds of the United States.
304. 5160. Increase or reduction of deposit to correspond with capital.
305. 5161. Exchange of coupon for registered bonds.
306. 5162. Manner of making transfers of bonds.
307. 5163. Registry of transfers.
308. 5164. Notice of transfer to be given to association interested.
300. 5165. Examination of registry and bonds.
310. 5166. Annual examination of bonds by association.
311. 5167. General provisions respecting bonds.
312. Act June 20, 1874. Withdrawal of circulating notes on deposit of lawful money and withdrawal of bonds.
313. Act July 12, 1882. Amount of bonds required to be on deposit; reduction of amount or retirement in full of circulating notes.
314. Act July 12, 1882, and act March 4, 1907. Limitation on withdrawal of bonds; consent of Comptroller of Currency and Secretary of the Treasury necessary.
315. Act December 23, 1913. Refunding of bonds under Federal reserve act; retirement of circulating notes.
316. Act December 23, 1913. Purchase of United States bonds by Federal reserve banks.
317. Act December 23, 1913. Issue of circulating notes to Federal reserve banks on security of United States bonds; circulating notes so issued obligations of Federal reserve bank.
318. Act December 23, 1913. Issue of Treasury gold notes of the United States in exchange for certain United States bonds.
319. 5168. Comptroller to determine if association can commence business.
320. 5169. Certificate of authority to commence banking to be issued.
321. 5170. Publication of certificate.
322. 5171. Repealed by act July 12, 1882.
323. Act March 14, 1900, as amended. Delivery of circulating notes.
324. 5172. Printing denominations and form of the circulating notes.
325. Act June 20, 1874. Charter number to be printed on notes.
326. Act March 3, 1875. Distinctive paper for printing notes.
327. 5173. Plates and dies to be under control of the Comptroller; expenses of Currency Bureau to be paid out of proceeds of taxes, or duties, assessed and collected on the circulation of national banking associations.
328. 5174. Examination of plates and dies.
329. Act October 5, 1917. Limit to issue of notes under five dollars.

- |  |   |
|--|---|
| <p>330. 5176. Repealed by act July 12, 1882.</p> <p>331. 5177. Repealed by act January 14, 1875.</p> <p>332. Act of January 14, 1875. Aggregate amount of circulating notes not limited.</p> <p>333. 5178. Repealed by act January 14, 1875.</p> <p>334. 5179. Repealed by act January 14, 1875.</p> <p>335. 5180. Repealed by act January 14, 1875.</p> <p>336. 5181. Repealed by act January 14, 1875.</p> <p>337. 5182. For what demands national-bank notes may be received.</p> <p>338. 5183. Issue of post notes, etc., prohibited.</p> <p>339. 5184. Destroying and replacing worn-out and mutilated notes.</p> | <p>340. Act June 23, 1874. Maceration of national-bank notes.</p> <p>341. 5185. Organization of associations to issue gold notes.</p> <p>342. 5186. Reserve requirements for gold banks.</p> <p>343. Act of February 14, 1880. Conversion of national gold banks into currency banks.</p> <p>344. 5187. Penalty for issuing circulating notes to unauthorized associations.</p> <p>345. Act March 4, 1909, section 175, formerly section 5188, Revised Statutes. Penalty for imitating bank circulation. Use of same for advertising purposes.</p> <p>346. Act March 4, 1909, section 176, formerly section 5189, Revised Statutes. Penalty for mutilating circulation.</p> |
|--|---|

### WHAT ASSOCIATIONS ARE GOVERNED BY PROVISIONS OF CHAPTERS TWO, THREE, AND FOUR.

Sec. 5157, R. S. **300. Sec. 5157.**—The provisions of chapters two, three, and four<sup>1</sup> of this title, which are expressed without restrictive words, as applying to “national banking associations,” or to “associations,” apply to all associations organized to carry on the business of banking under any act of Congress.

NOTE.—Federal reserve banks are not governed by this act, but by the Federal reserve act.

### REGISTERED BONDS INTENDED BY THE TERM “UNITED STATES BONDS.”

Act June 3, 1864, c. 106, sec. 4; 13 Stat. L., 100. **301. Sec. 5158.**—The term “United States bonds,” as used throughout this chapter, shall be construed to mean registered bonds of the United States.

### DEPOSIT OF BONDS NOT REQUIRED BEFORE ISSUANCE OF CERTIFICATE AUTHORIZING THE COMMENCEMENT OF BUSINESS.

Act Dec. 23, 1913, sec. 17; 38 Stat. L., 208. **302. Sec. 17.**—So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds, and so much of those provisions or of

<sup>1</sup> Chapters three, four, and five of this compilation.

any other provisions of existing statutes as require any national banking association now or hereafter organized to maintain a minimum deposit of such bonds with the Treasurer is hereby repealed.

**NOTE.**—Section 5159 referred to above is as follows: "Every association, after having complied with the provisions of this title, preliminary to the commencement of the banking business, and before it shall be authorized to commence banking business under this title, shall transfer and deliver to the Treasurer of the United States any United States registered bonds, bearing interest, to an amount not less than thirty thousand dollars and not less than one-third of the capital stock paid in. Such bonds shall be received by the Treasurer upon deposit, and shall be by him safely kept in his office, until they shall be otherwise disposed of, in pursuance of the provisions of this title." (See also note under section 5160.)

**TWO PER CENT PANAMA CANAL BONDS HAVE ALL RIGHTS AND PRIVILEGES ACCORDED TO OTHER TWO PER CENT BONDS OF THE UNITED STATES. ACT DECEMBER 21, 1905.**

**303. Sec. 1.**—That the two per cent bonds of the United States authorized by section eight of the act entitled "An act to provide for the construction of a canal connecting the waters of the Atlantic and Pacific oceans," approved June twenty-eight, nineteen hundred and two, shall have all the rights and privileges accorded by law to other two per cent bonds of the United States, and every national banking association having on deposit, as provided by law, such bonds issued under the provisions of said section eight of said act approved June twenty-eight, nineteen hundred and two, to secure its circulating notes, shall pay to the Treasurer of the United States, in the months of January and July, a tax of one-fourth of one per cent each half year upon the average amount of such of its notes in circulation as are based upon the deposit of said two per cent bonds; and such taxes shall be in lieu of existing taxes on its notes in circulation imposed by section fifty-two hundred and fourteen of the Revised Statutes.

Act Dec. 21,  
1905; sec. 1,  
34 Stat. L., 5.

**NOTE.**—Only bonds available as security for national bank circulation are the consols of 1930 2 per cent Panama Canal bonds, and 4 per cent bonds of 1925.

**INCREASE OR REDUCTION OF DEPOSIT TO CORRESPOND WITH CAPITAL.**

**304. Sec. 5160.**—[*The deposit of bonds made by each association shall be increased as its capital may be paid up or increased, so that every association shall at all times have on deposit with the Treasurer registered United States bonds to the amount of at least one-third of its capital stock actually paid in*]. And any association that may desire to reduce its capital or close up its business and dissolve its organization, may take up its bonds upon returning to the Comptroller its circulating notes in the proportion hereinafter required, or may take up

Act June 3,  
1864, c. 106,  
sec. 16; 13  
Stat. L., 104.

any excess of bonds beyond [*one-third of its capital stock*], and upon which no circulating notes have been delivered.

**NOTE.**—All provisions of law requiring national banking associations to maintain a minimum deposit of bonds were repealed by the act of June 21, 1917. See paragraph 302 ante. Prior to the passage of that act provisions of sections 5159 and 5160 requiring national banks organized prior to December 23, 1913, to deposit bonds to an amount not less than \$30,000 and not less than one-third of the capital stock paid in were held to be modified by the acts of June 20, 1874, and July 12, 1882. Section 4 of the act of June 20, 1874, which follows section 5167, provided in part that the amount of bonds on deposit for circulation should not be reduced below \$50,000. That fixed the amount of bonds required to be deposited by national banks organized prior to December 23, 1913, and having a capital of over \$150,000. National banks having a capital of \$150,000 or less were not required to keep on deposit bonds in excess of one-fourth of their capital stock as security for their circulating notes by act of July 12, 1882, chapter 290, section 8. This act follows section 5167, Revised Statutes. All national banks having a capital of \$150,000 or less and organized prior to December 23, 1913, were required to keep on deposit bonds equal to one-fourth of their capital stock, and if any bank of such capitalization organized since December 23, 1913, desired to take out circulation it was required to deposit bonds in like amount as under the old law. Similarly all banks organized prior to December 23, 1913, with capital stock of over \$150,000 were required to keep on deposit bonds equal to \$50,000, and any bank of such capitalization organized since December 23, 1913, if it desired to take out circulation, was required to deposit bonds in that amount.

Section 18 of the Federal Reserve act provides that after December 23, 1915, which is 2 years from the passage of that act, and at any time during a period of 20 years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired. This section further provides that the Federal Reserve Board, may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made: *Provided*, That Federal reserve banks shall not be permitted to purchase an amount to exceed \$25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section 4 of that act by the Federal reserve bank.

#### EXCHANGE OF COUPON FOR REGISTERED BONDS.

**305. Sec. 5161.**—To facilitate a compliance with the two preceding sections, the Secretary of the Treasury is authorized to receive from any association, and cancel, any United States coupon bonds, and to issue in lieu thereof registered bonds of like amount, bearing a like rate of interest, and having the same time to run.

#### MANNER OF MAKING TRANSFERS OF BONDS.

**306. Sec. 5162.**—All transfers of United States bonds, made by any association under the provisions of this title, shall be made to the Treasurer of the United States in trust for the association, with a memorandum written or printed on each bond, and signed by the

Act June 3,  
1864, c. 106,  
sec. 16; 13  
Stat. L., 104.

Act June 3,  
1864, c. 106,  
sec. 19; 13  
Stat. L., 105.

cashier, or some other officer of the association making the deposit. A receipt shall be given to the association, by the Comptroller of the Currency, or by a clerk appointed by him for that purpose, stating that the bond is held in trust for the association on whose behalf the transfer is made, and as security for the redemption and payment of any circulating notes that have been or may be delivered to such association. No assignment or transfer of any such bond by the Treasurer shall be deemed valid unless countersigned by the Comptroller of the Currency.

#### REGISTRY OF TRANSFERS.

**307. Sec. 5163.**—The Comptroller of the Currency shall keep in his office a book in which he shall cause to be entered, immediately upon countersigning it, every transfer or assignment by the Treasurer of any bonds belonging to a national banking association, presented for his signature. He shall state in such entry the name of the association from whose accounts the transfer is made, the name of the party to whom it is made, and the par value of the bonds transferred. Act June 3, 1864, c. 106, secs. 19-20; 13 Stat. L., 105.

#### NOTICE OF TRANSFER TO BE GIVEN TO ASSOCIATION INTERESTED.

**308. Sec. 5164.**—The Comptroller of the Currency shall, immediately upon countersigning and entering any transfer or assignment by the Treasurer, of any bonds belonging to a national banking association, advise by mail the association from whose accounts the transfer is made, of the kind and numerical designation of the bonds, and the amount thereof so transferred. Act June 3, 1864, c. 106, sec. 19; 13 Stat. L., 105.

#### EXAMINATION OF REGISTRY AND BONDS.

**309. Sec. 5165.**—The Comptroller of the Currency shall have at all times, during office hours, access to the books of the Treasurer of the United States for the purpose of ascertaining the correctness of any transfer or assignment of the bonds deposited by an association, presented to the Comptroller to countersign; and the Treasurer shall have the like access to the book mentioned in section fifty-one hundred and sixty-three, during office hours, to ascertain the correctness of the entries in the same; and the Comptroller shall also at all times have access to the bonds on deposit with the Treasurer, to ascertain their amount and condition. Act June 3, 1864, c. 106, sec. 20; 13 Stat. L., 105.

#### ANNUAL EXAMINATION OF BONDS BY ASSOCIATION.

**310. Sec. 5166.**—Every association having bonds deposited in the office of the Treasurer of the United States shall, once or oftener in each fiscal year, examine and compare the bonds pledged by the association with the books of the Comptroller of the Currency and with the Act June 3, 1864, c. 106, sec. 25; 13 Stat. L., 106.

accounts of the association, and, if they are found correct, to execute to the Treasurer a certificate setting forth the different kinds and the amounts thereof, and that the same are in the possession and custody of the Treasurer at the date of the certificate. Such examination shall be made at such time or times, during the ordinary business hours, as the Treasurer and the Comptroller, respectively, may select, and may be made by an officer or agent of such association, duly appointed in writing for that purpose; and his certificate before mentioned shall be of like force and validity as if executed by the president or cashier. A duplicate of such certificate, signed by the Treasurer, shall be retained by the association.

#### GENERAL PROVISIONS RESPECTING BONDS.

Act June 3, 1864, c. 106, sec. 26; 13 Stat. L., 107. **311. Sec. 5167.**—The bonds transferred to and deposited with the Treasurer of the United States, by any association, for the security of its circulating notes, shall be held exclusively for that purpose, until such notes are redeemed, except as provided in this title. The Comptroller of the Currency shall give to any such association powers of attorney to receive and appropriate to its own use the interest on the bonds which it has so transferred to the Treasurer; but such powers shall become inoperative whenever such association fails to redeem its circulating notes. Whenever the market or cash value of any bonds thus deposited with the Treasurer is reduced below the amount of the circulation issued for the same, the Comptroller may demand and receive the amount of such depreciation in other United States bonds at cash value, or in money, from the association, to be deposited with the Treasurer as long as such depreciation continues. And the Comptroller, upon the terms prescribed by the Secretary of the Treasury, may permit an exchange to be made of any of the bonds deposited with the Treasurer by any association, for other bonds of the United States authorized to be received as security for circulating notes, if he is of opinion that such an exchange can be made without prejudice to the United States; and he may direct the return of any bonds to the association which transferred the same, in sums of not less than one thousand dollars, upon the surrender to him and the cancellation of a proportionate amount of such circulating notes: *Provided*, That the remaining bonds which shall have been transferred by the association offering to surrender circulating notes are equal to the amount required for the circulating notes not surrendered by such association, and that the amount of bonds in the hands of the Treasurer is not diminished below the amount required to be kept on deposit with him, and that there has been no failure by the association to redeem its circulating notes, nor any other violation by it of the provisions of this title, and



that the market or cash value of the remaining bonds is not below the amount required for the circulation issued for the same.

NOTE.—All provisions of law requiring national banking associations to maintain a minimum deposit of bonds were repealed by the act of June 21, 1917. See paragraph 302, ante.

**WITHDRAWAL OF CIRCULATING NOTES ON DEPOSIT OF LAWFUL MONEY AND WITHDRAWAL OF BONDS. ACT JUNE 20, 1874.**

**312. Sec. 4.**—That any association organized under this act, or any of the acts of which this is an amendment, desiring to withdraw its circulating notes, in whole or in part, may, upon the deposit of lawful money with the Treasurer of the United States in sums of not less than nine thousand dollars, take up the bonds which said association has on deposit with the Treasurer for the security of such circulating notes; which bonds shall be assigned to the bank in the manner specified in the nineteenth section of the national-bank act; and the outstanding notes of said association, to an amount equal to the legal-tender notes deposited, shall be redeemed at the Treasury of the United States, and destroyed as now provided by law: *Provided*, That the amount of the bonds on deposit for circulation shall not be reduced below fifty thousand dollars.

Act June 20,  
1874, c. 343,  
sec. 4; 18 Stat.  
L., 124.

NOTE.—Other sections of this act referred to under paragraphs 401 and 402, post. Section 19 of the national-bank act is incorporated in Revised Statutes, sections 5162-5164. See also note under section 5160, paragraph 304, ante.

**AMOUNT OF BONDS REQUIRED TO BE ON DEPOSIT; REDUCTION OF AMOUNT OR RETIREMENT IN FULL OF CIRCULATING NOTES. ACT JULY 12, 1882.**

**313. Sec. 8.**—That national banks now organized (*or hereafter organized*), having a capital of one hundred and fifty thousand dollars, or less, shall not be required to keep on deposit or deposit with the Treasurer of the United States United States bonds in excess of one-fourth of their capital stock as security for their circulating notes; but such banks shall keep on deposit or deposit with the Treasurer of the United States the amount of bonds as herein required. And such of those banks having on deposit bonds in excess of that amount are authorized to reduce their circulation by the deposit of lawful money as provided by law; [*provided That the amount of such circulating notes shall not in any case exceed ninety per centum of the par value of the bonds deposited as herein provided:*] *Provided further*, That the national banks which shall hereafter make deposits of lawful money for the retirement in full of their circulation shall at the time of their deposit be assessed for the cost of transporting and redeeming their notes then outstanding, a sum equal to the average cost of the re-

Act July 12,  
1882, c. 290,  
sec. 8; 22 Stat.  
L., 164.

demption of national-bank notes during the preceding year, and shall thereupon pay such assessment. And all national banks which have heretofore made or shall hereafter make deposits of lawful money for the reduction of their circulation shall be assessed and shall pay an assessment in the manner specified in section three of the act approved June 20, 1874, for the cost of transporting and redeeming their notes redeemed from such deposits subsequently to June 30, 1881.

**NOTE.**—The limitation of the circulation not to exceed ninety per cent of the bonds deposited is superseded by act March 14, 1900, which follows Revised Statutes 5171. For act June 20, 1874, section 3, mentioned in this section, see paragraph 414, post.

All provisions of law requiring national banking associations to maintain a minimum deposit of bonds were repealed by the act of June 21, 1917, paragraph 302, ante.

#### **LIMITATION ON WITHDRAWAL OF BONDS—CONSENT OF COMPTROLLER OF CURRENCY AND SECRETARY OF THE TREASURY NECESSARY.**

Act July 12, 1882, c. 290, sec. 9; 22 Stat. L., 164. **314. Sec. 9.**—That any national banking association now organized, or hereafter organized, desiring to withdraw its circulating notes, upon a deposit of lawful money with the Treasurer of the United States, as provided in section four of the act of June twentieth, eighteen hundred and seventy-four, or as provided in this act, is authorized to deposit lawful money and, with the consent of the Comptroller of the Currency and the approval of the Secretary of the Treasury, withdraw a proportionate amount of the bonds held as security for its circulating notes in the order of such deposits: *Provided*, That not more than nine millions of dollars of lawful money shall be deposited during any calendar month for this purpose: *And provided further*, That the provisions of this section shall not apply to bonds called for redemption by the Secretary of the Treasury, nor to withdrawal of circulating notes in consequence thereof.

Act Mar. 4, 1907; sec. 4; 34 Stat. L., 1290.

#### **REFUNDING OF BONDS UNDER THE FEDERAL RESERVE ACT; RETIREMENT OF CIRCULATING NOTES.**

Act Dec. 23, 1913, sec. 18; 38 Stat. L., 268. **315. Sec. 18.**—After two years from the passage of this act, and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

#### **PURCHASE OF UNITED STATES BONDS BY FEDERAL RESERVE BANKS.**

Act Dec. 23, 1913, sec. 18; 38 Stat. L., 268. **316.** The Treasurer shall, at the end of each quarterly period, furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve Board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have

been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made: *Provided*, That Federal reserve banks shall not be permitted to purchase an amount to exceed \$25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section four of this act by the Federal reserve bank.

*Provided further*, That the Federal Reserve Board shall allot to each Federal reserve bank such proportion of such bonds as the capital and surplus of such bank shall bear to the aggregate capital and surplus of all the Federal reserve banks.

Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall, thereupon, deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member banks selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

**ISSUE OF CIRCULATING NOTES TO FEDERAL RESERVE BANKS ON SECURITY OF UNITED STATES BONDS; CIRCULATING NOTES SO ISSUED OBLIGATIONS OF FEDERAL RESERVE BANK.**

**317.** The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds. Act Dec. 23,  
1913, sec. 18;  
38 Stat. L.,  
269.

Upon the deposit with the Treasurer of the United States of bonds so purchased, or any bonds with the circulating privilege acquired under section four of this act, any Federal reserve bank making such deposit in the manner provided by existing law, shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national bank notes, except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.

**ISSUE OF TREASURY GOLD NOTES OF THE UNITED STATES IN EXCHANGE FOR CERTAIN UNITED STATES BONDS.**

**318.** Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary of the Treasury may issue, in exchange for United States Act Dec. 23,  
1913, sec. 18;  
38 Stat. L.,  
269.

two per centum gold bonds bearing the circulation privilege, but against which no circulation is outstanding, one-year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the two per centum bonds so tendered for exchange, and thirty-year three per centum gold bonds without the circulation privilege for the remainder of the two per centum bonds so tendered: *Provided*, That at the time of such exchange the Federal reserve bank obtaining such one-year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such one-year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of one-year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of one-year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the two per centum United States gold bonds; said obligation to purchase at maturity such notes shall continue in force for a period not to exceed thirty years.

For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may prescribe in denominations of one hundred dollars, or any multiple thereof, bearing interest at the rate of three per centum per annum, payable quarterly, such Treasury notes to be payable not more than one year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this act, as well as from taxes in any form by or under State, municipal, or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing three per centum interest payable thirty years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States three per centum bonds without the circulation privilege now issued and outstanding.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary may issue at par such three per centum bonds in exchange for the one-year gold notes herein provided for.

Act June 3,  
1864, c. 106,  
sec. 17; 13  
Stat. L., 104.

#### COMPTROLLER TO DETERMINE IF ASSOCIATION CAN COMMENCE BUSINESS.

319. Sec. 5168.—Whenever a certificate is transmitted to the Comptroller of the Currency, as provided in this title, and the association transmitting the same notifies the Comptroller that at least fifty per centum of its capi-

tal stock has been duly paid in, and that such association has complied with all the provisions of this title required to be complied with before an association shall be authorized to commence the business of banking, the Comptroller shall examine into the condition of such association, ascertain especially the amount of money paid in on account of its capital, the name and place of residence of each of its directors, and the amount of the capital stock of which each is the owner in good faith, and generally whether such association has complied with all the provisions of this title required to entitle it to engage in the business of banking; and shall cause to be made and attested by the oaths of a majority of the directors, and by the president or cashier of the association, a statement of all the facts necessary to enable the Comptroller to determine whether the association is lawfully entitled to commence the business of banking.

#### **CERTIFICATE OF AUTHORITY TO COMMENCE BANKING TO BE ISSUED.**

**320. Sec. 5169.**—If, upon a careful examination of the facts so reported, and of any other facts which may come to the knowledge of the Comptroller, whether by means of a special commission appointed by him for the purpose of inquiring into the condition of such association, or otherwise, it appears that such association is lawfully entitled to commence the business of banking, the Comptroller shall give to such association a certificate, under his hand and official seal, that such association has complied with all the provisions required to be complied with before commencing the business of banking, and that such association is authorized to commence such business. But the Comptroller may withhold from an association his certificate authorizing the commencement of business, whenever he has reason to suppose that the shareholders have formed the same for any other than the legitimate objects contemplated by this title.

Act June 3,  
1864, c. 106,  
secs. 12, 18; 13  
Stat. L., 102,  
104.

#### **PUBLICATION OF CERTIFICATE.**

**321. Sec. 5170.**—The association shall cause the certificate issued under the preceding section to be published in some newspaper printed in the city or county where the association is located, for at least sixty days next after the issuing thereof; or, if no newspaper is published in such city or county, then in the newspaper published nearest thereto.

Act June 3,  
1864, c. 106,  
sec. 18; 13  
Stat. L., 104.

#### **322. Sec. 5171.**—

This section was originally section 21 of the act of June 3, 1864. It was amended by the act of March 3, 1865, and was later incorporated in the Revised Statutes as section 5171. This section

was repealed by the act of July 12, 1882, and the repealing section was superseded by section 12 of the act of March 14, 1900, which follows:

**DELIVERY OF CIRCULATING NOTES. ACT OF MARCH 14, 1900. AS AMENDED OCTOBER 5, 1917.**

Act Mar. 14, 1900, c. 41, sec. 12; 31 Stat. L., 49; act Oct. 5, 1917. **323. Sec. 12.**—That upon the deposit with the Treasurer of the United States, by any national banking association, of any bonds of the United States in the manner provided be existing law, such association shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited; and any national banking associations now having bonds on deposit for the security of circulating notes, and upon which an amount of circulating notes has been issued less than the par value of the bonds, shall be entitled, upon due application to the Comptroller of the Currency, to receive additional circulating notes in blank to an amount which will increase the circulating notes held by such association to the par value of the bonds deposited, such additional notes to be held and treated in the same way as circulating notes of national banking associations heretofore issued, and subject to all the provisions of law affecting such notes: *Provided*, That nothing herein contained shall be construed to modify or repeal the provision of section fifty-one hundred and sixty-seven of the Revised Statutes of the United States, authorizing the Comptroller of the Currency to require additional deposits of bonds or of lawful money in case the market value of the bonds held to secure the circulating notes shall fall below the par value of the circulating notes outstanding for which such bonds may be deposited as security: *And provided further*, That the circulating notes furnished to national banking associations under the provisions of this act shall be of the denominations prescribed by law: *And provided further*, That the total amount of such notes issued to any such association may equal at any time but shall not exceed the amount at such time of its capital stock actually paid in: *And provided further*, That under regulations to be prescribed by the Secretary of the Treasury any national banking association may substitute the two per centum bonds issued under the provisions of this act for any of the bonds deposited with the Treasurer to secure circulation or to secure deposits of public money; and so much of an act entitled "An act to enable national banking associations to extend their corporate existence, and for other purposes," approved July twelfth, eighteen hundred and eighty-two, as prohibits any national bank which makes any deposit of lawful money in order to withdraw its circulating notes from receiving any increase of its circulation for the period of six months from the time it made such deposit of lawful money for

the purpose aforesaid, is hereby repealed, and all other acts or parts of acts inconsistent with the provisions of this section are hereby repealed.

### PRINTING DENOMINATIONS AND FORM OF THE CIRCULATING NOTES.

**324. Sec. 5172.**—That in order to furnish suitable notes for circulation, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved, in the best manner to guard against counterfeiting and fraudulent alterations, and shall have printed therefrom and numbered such quantity of circulating notes in blank, or bearing engraved signatures of officers as herein provided, of the denominations of \$1, \$2, \$5, \$10, \$20, \$50, \$100, \$500, and \$1,000, as may be required to supply the associations entitled to receive the same. Such notes shall express upon their face that they are secured by United States bonds deposited with the Treasurer of the United States, by the written or engraved signatures of the Treasurer and Register, and by the imprint of the seal of the Treasury; and shall also express upon their face the promise of the association receiving the same to pay on demand, attested by the written or engraved signatures of the president or vice president and cashier; and shall bear such devices and such other statements and shall be in such form as the Secretary of the Treasury shall, by regulation, direct.

Act June 3,  
1864, c. 106,  
sec. 22; 13  
Stat. L., 105.  
Act Mar. 3,  
1919.

### CHARTER NUMBER TO BE PRINTED ON NOTES. ACT JUNE 20, 1874.

**325. Sec. 5.**—That the Comptroller of the Currency shall, under such rules and regulations as the Secretary of the Treasury may prescribe, cause the charter numbers of the association to be printed upon all national-bank notes which may be hereafter issued by him.

Act June 20,  
1874, c. 343,  
sec. 5; 18 Stat.  
L., 124.

NOTE.—Other sections of this act will be found in note under paragraphs 401 and 402, post.

### DISTINCTIVE PAPER FOR PRINTING NOTES. ACT MARCH 3, 1875.

**326. Sec. 1.**—\* \* \* That the national-bank notes shall be printed under the direction of the Secretary of the Treasury, and upon the distinctive or special paper which has been, or may hereafter be, adopted by him for printing United States notes.

Act Mar. 3,  
1875, c. 130,  
sec. 1; 18 Stat.  
L., 372; sun-  
dry civil bill.

### PLATES AND DIES TO BE UNDER THE CONTROL OF THE COMPTROLLER. EXPENSES OF CURRENCY BUREAU TO BE PAID OUT OF PROCEEDS OF TAXES, OR DUTIES, ASSESSED AND COLLECTED ON THE CIRCULATION OF NATIONAL BANKING ASSOCIATIONS.

**327. Sec. 5173.**—The plates and special dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his con-

Act June 3,  
1864, c. 106,  
sec. 41; 13  
Stat. L., 111.

trol and direction, and the expenses necessarily incurred in executing the laws respecting the procuring of such notes, and all other expenses of the Bureau of the Currency, shall be paid out of the proceeds of the taxes or duties assessed and collected on the circulation of national banking associations under this title.

NOTE.—See act June 20, 1874, paragraph 414, post, and act July 12, 1882, paragraph 220, ante, requiring banks to pay cost of their plates. On April 30, 1914, at the request of the Comptroller of the Currency, the Secretary of the Treasury designated the Director of Bureau of Engraving and Printing as custodian of the dies, rolls, and plates, etc., used for the printing of circulating notes of the Federal reserve and national banks.

### EXAMINATION OF PLATES AND DIES.

Act Mar. 3, 1873, c. 269, sec. 4; 17 Stat. L., 603.  
Act Feb. 27, 1877, c. 69; 19 Stat. L., 252.

**328. Sec. 5174 [as amended 1877].**—The Comptroller of the Currency shall cause to be examined, each year, the plates, dies, bed pieces, and other material from which the national-bank circulation is printed, in whole or in part, and file in his office annually a correct list of the same. Such material as shall have been used in the printing of the notes of associations which are in liquidation, or have closed business, shall be destroyed, under such regulations as shall be prescribed by the Comptroller of the Currency and approved by the Secretary of the Treasury. The expenses of any such examination or destruction shall be paid out of any appropriation made by Congress for the special examination of national banks and bank-note plates.

### LIMIT TO ISSUE OF NOTES UNDER FIVE DOLLARS.

Act Oct. 5, 1917.

**329. Sec. 3.** That from and after the passage of this Act any national banking association, upon compliance with the provisions of law applicable thereto, shall be entitled to receive from the Comptroller of the Currency, or to issue or reissue, or place in circulation notes in denominations of \$1, \$2, \$5, \$10, \$20, \$50, and \$100 in such proportion as to each of said denominations as the bank may elect: *Provided, however,* That no bank shall receive or have in circulation at any one time more than \$25,000 in notes of the denominations of \$1 and \$2.

NOTE.—Section 5175, Revised Statutes, providing that not more than one-sixth part of the notes furnished to any association should be of a less denomination than \$5 was repealed by section 2 of the act of October 5, 1917. Section 5172, Revised Statutes, as amended March 3, 1919, authorizes the issuance of notes of the denomination of \$500 and \$1,000.

### 330. Sec. 5176.—

Repealed by act July 12, 1882, which in turn was superseded by act March 14, 1900. (See section 5171.)

### 331. Sec. 5177.—

Repealed by act January 14, 1875.



**AGGREGATE AMOUNT OF CIRCULATING NOTES NOT LIMITED. ACT JANUARY 14, 1875.**

**332. Sec. 3.**—That section 5177 of the Revised Statutes of the United States, limiting the aggregate amount of circulating notes of national banking associations, be and is hereby, repealed; and each existing banking association may increase its circulating notes in accordance with existing law without respect to said aggregate limit; and new banking associations may be organized in accordance with existing law without respect to said aggregate limit; and the provisions of law for the withdrawal and redistribution of national bank currency among the several States and Territories are hereby repealed. Act Jan. 14, 1875, c. 15, sec. 3; 18 Stat. L., 296.

**333. Sec. 5178.**—

Repealed by act January 14, 1875.

**334. Sec. 5179.**—

Repealed by act January 14, 1875.

**335. Sec. 5180.**—

Repealed by act January 14, 1875.

**336. Sec. 5181.**—

Repealed by act January 14, 1875.

**FOR WHAT DEMANDS NATIONAL-BANK NOTES MAY BE RECEIVED.**

**337. Sec. 5182 [as amended 1919].**—Any association receiving circulating notes under this title may, if its promise to pay such notes on demand is expressed thereon attested by the written or engraved signatures of the president or vice president and the cashier thereof in such manner as to make them obligatory promissory notes payable on demand at its place of business, issue, and circulate the same as money. Such written or engraved signatures of the president or vice president and the cashier of such association may be attached to such notes either before or after the receipt of such notes by such association. And such notes shall be received at par in all parts of the United States in payment of taxes, excises, public lands, and all other dues to the United States, except duties on imports; and also for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations within the United States, except interest on the public debt, and in redemption of the national currency. Act Jan. 13, 1920

**ISSUE OF POST NOTES, ETC., PROHIBITED.**

**338. Sec. 5183 [as amended 1875].**—No national banking association shall issue post notes or any other notes to circulate as money than such as are authorized by the provisions of this Title. Act June 3, 1864, c. 106, sec. 23; 13 Stat. L., 106.  
Act Feb. 18, 1875, c. 80; 18 Stat. L., 320.

**DESTROYING AND REPLACING WORN-OUT AND MUTILATED NOTES.**

Act June 3,  
1864, c. 106,  
sec. 24; 13  
Stat. L., 106.

**339. Sec. 5184.**—It shall be the duty of the Comptroller of the Currency to receive worn-out or mutilated circulating notes issued by any banking association, and also, on due proof of the destruction of any such circulating notes, to deliver in place thereof to the association other blank circulating notes to an equal amount. Such worn-out or mutilated notes, after a memorandum has been entered in the proper books, in accordance with such regulations as may be established by the Comptroller, as well as all circulating notes which shall have been paid or surrendered to be canceled [*shall be burned to ashes*] in presence of four persons, one to be appointed by the Secretary of the Treasury, one by the Comptroller of the Currency, one by the Treasurer of the United States, and one by the association, under such regulations as the Secretary of the Treasury may prescribe. A certificate of [*such burning*] signed by the parties so appointed, shall be made in the books of the Comptroller, and a duplicate thereof forwarded to the association whose notes are thus canceled.

NOTE.—Act June 23, 1874, provides for maceration in place of burning.

**MACERATION OF NATIONAL-BANK NOTES. ACT JUNE 23, 1874.**

Provision in  
sundry civil ap-  
propriation act  
June 23, 1874;  
c. 455, sec. 1;  
18 Stat. L., 206.

**340. \* \* \*** For the maceration of national bank notes \* \* \* ; and that all such issues hereafter destroyed may be destroyed by maceration instead of burning to ashes, as now provided by law; and that so much of sections twenty-four and forty-three of the national currency act as requires national bank notes to be burned to ashes is hereby repealed; that the pulp from such macerated issue shall be disposed of only under the direction of the Secretary of the Treasury.

**ORGANIZATION OF ASSOCIATIONS TO ISSUE GOLD NOTES.**

Act July 12,  
1870, c. 282,  
sec. 3; 16 Stat.  
L., 252.

Act Jan. 19,  
1875, c. 19;  
18 Stat. L.,  
302.

**341. Sec. 5185 [as amended 1875].**—Associations may be organized in the manner prescribed by this Title for the purpose of issuing notes payable in gold; and upon the deposit of any United States bonds bearing interest payable in gold with the Treasurer of the United States, in the manner prescribed for other associations, it shall be lawful for the Comptroller of the Currency to issue to the association making the deposit circulating notes of different denominations, but none of them less than five dollars, and not exceeding in amount eighty per centum of the par value of the bonds deposited, which shall express the promise of the association to pay them, upon presentation at the office at which they are issued, in gold coin of the United States, and shall be so redeemable.

*(But no such association shall have a circulation of more than one million of dollars.)*

NOTE.—The limitation of circulation of banking associations issuing notes payable in gold was repealed by the act of January 19, 1875.

### RESERVE REQUIREMENTS FOR GOLD BANKS.

**342. Sec. 5186.**—Every association organized under the preceding section shall at all times keep on hand not less than twenty-five per centum of its outstanding circulation, in gold or silver coin of the United States; and shall receive at par in the payment of debts the gold notes of every other such association which at the time of such payment is redeeming its circulating notes in gold coin of the United States, and shall be subject to all the provisions of this Title: *Provided, That*, in applying the same to associations organized for issuing gold notes, the terms “lawful money” and “lawful money of the United States” shall be construed to mean gold or silver coin of the United States; and the circulation of such association shall not be within the limitation of circulation mentioned in this Title.

Act July 12,  
1870, c. 282,  
secs. 3-5; 16  
Stat. L., 252,  
253.

### CONVERSION OF NATIONAL GOLD BANKS INTO CURRENCY BANKS. ACT FEBRUARY 14, 1880.

**343.** That any national gold bank organized under the provisions of the laws of the United States, may, in the manner and subject to the provisions prescribed by section fifty-one hundred and fifty-four of the Revised Statutes of the United States, for the conversion of banks incorporated under the laws of any State, cease to be a gold bank, and become such an association as is authorized by section fifty-one hundred and thirty-three, for carrying on the business of banking, and shall have the same powers and privileges, and shall be subject to the same duties, responsibilities, and rules, in all respects, as are by law prescribed for such associations: *Provided, That* all certificates of organization which shall be issued under this act shall bear the date of the original organization of each bank respectively as a gold bank.

Act Feb. 14,  
1880, c. 25; 21  
Stat. L., 66.

### PENALTY FOR ISSUING CIRCULATING NOTES TO UNAUTHORIZED ASSOCIATIONS.

**344. Sec. 5187.**—No officer acting under the provisions of this title shall countersign or deliver to any association, or to any other company or person, any circulating notes contemplated by this title, except in accordance with the true intent and meaning of its provisions. Every officer who violates this section shall be deemed guilty of a high misdemeanor, and shall be fined not more than double the amount so countersigned and delivered, and imprisoned not less than one year and not more than fifteen years.

Act June 3,  
1864, c. 106,  
sec. 27; 13  
Stat. L., 107.

**PENALTY FOR IMITATING BANK CIRCULATION. USE OF  
SAME FOR ADVERTISING PURPOSES.**

Act Mar. 4, 1909, c. 321, sec. 175; 35 Stat. L., 1122. **345. Sec. 5188.**—Superseded by section 175 of the act of March 4, 1909.

This section originally enacted Feb. 5, 1867. **SECTION 175.** It shall not be lawful to design, engrave, print, or in any manner make or execute, or to utter, issue, distribute, circulate, or use any business or professional card, notice, placard, circular, hand-bill, or advertisement in the likeness or similitude of any circulating note or other obligation or security of any banking association organized or acting under the laws of the United States which has been or may be issued under any act of Congress, or to write, print, or otherwise impress upon any such note, obligation, or security, any business or professional card, notice or advertisement, or any notice or advertisement of any matter or thing whatever. Whoever shall violate any provision of this section shall be fined not more than one hundred dollars, or imprisoned not more than six months, or both.

**PENALTY FOR MUTILATING CIRCULATION.**

Act Mar. 4, 1909, c. 321, sec. 176; 35 Stat. L., 1122. **346. Sec. 5189.**—Superseded by section 176 of the act of March 4, 1909.

This section was originally enacted June 3, 1864. **SECTION 176.** Whoever shall mutilate, cut, deface, disfigure, or perforate with holes, or unite or cement together, or do any other thing to any bank bill, draft, note, or other evidence of debt, issued by any national banking association, or shall cause or procure the same to be done, with intent to render such bank bill, draft, note, or other evidence of debt unfit to be reissued by said association, shall be fined not more than one hundred dollars, or imprisoned not more than six months, or both.

---

---

## **REGULATION OF THE BANKING BUSINESS.**

---

---



## CHAPTER IV.

### REGULATION OF THE BANKING BUSINESS.

400. 5190. Place of business.
401. Central reserve cities.—Explanatory note.
402. Reserve cities.—Explanatory note.
403. Act Dec. 23, 1913, as amended. Demand and time deposits defined.
404. Act Dec. 23, 1913, as amended. Reserve requirements—when effective.
405. Act Dec. 23, 1913, as amended. Reserve requirements for banks not in reserve cities.
406. Act Dec. 23, 1913, as amended. Reserve requirements for banks in reserve cities.
407. Act Dec. 23, 1913, as amended. Reserve requirements for banks in central reserve cities.
408. Act Dec. 23, 1913, as amended. Member bank forbidden to keep on deposit with nonmember bank a sum in excess of 10 per cent of its own capital and surplus or to secure discounts for nonmember bank.
409. Act Dec. 23, 1913, as amended. Withdrawal of reserve by member bank.
410. Act Dec. 23, 1913, as amended. Reserve requirements—how estimated.
411. Act Dec. 23, 1913, as amended. Reserve requirements for national banks located in Alaska or outside the continental United States.
412. Act December 23, 1913. Redemption fund not counted as reserve.
413. No reserve required to be held against United States deposits.
414. Act June 20, 1874. Provisions for redeeming circulation. Five per cent redemption fund.
415. Act March 3, 1875. Clerical force for redemption of circulating notes.
416. Act July 14, 1890. Disposition of redemption account.
417. Act July 28, 1892. Redemption of lost or stolen notes and of notes not properly signed.
418. 5193. Repealed by act March 14, 1900.
419. 5194. Superseded by repeal of section 5193.
420. 5195. Place for redemption of circulating notes to be designated.
421. 5196. National banks to take notes of other national banks at par.
422. 5197. Limitation upon rate of interest which may be taken.
423. 5198. Penalty for taking unlawful interest. Jurisdiction of suits by or against national banks.
424. 5199. Dividends.
425. 5200. Limitation of liabilities which may be incurred by any one person, company, etc.
426. 5201. Associations must not loan on or purchase their own stock.
427. 5202. Restriction on bank's indebtedness.
428. 5203. Restriction upon use of circulating notes.
429. 5204. Prohibition upon withdrawal of capital. Unearned dividends prohibited.
430. 5205. Assessment for failure to pay up capital stock or for impairment of capital.
431. 5206. Prohibition against uncurrent notes.
432. 5207. United States notes not to be held as collateral.
433. Act July 12, 1882. Issue of gold certificates.
434. 5208. Penalty for falsely certifying checks.
435. Act July 12, 1882. Punishment for falsely certifying checks.
436. 5209. Penalty for embezzlement, abstraction, willful misapplication, false entries, etc.
437. Act January 26, 1907. National banks not permitted to make contributions in connection with election to political office.

- |   |   |
|---|---|
| <p>438a. Member bank can not make loan or grant a gratuity to any national bank examiner.</p> <p>438b. National bank examiner can not perform any services for compensation for any bank or officer. Examiner can not disclose the names of borrowers or collateral without first obtaining written consent of Comptroller.</p> <p>438c. Penalty for officer, director, or employee of member bank who receives any commission or gift in connection with any loan.</p> <p>438d. Purchase of securities or property from one of its directors, or sales to a director by a member bank.</p> <p>438e. Rate of interest paid directors, officers, or employees not to exceed that paid to other depositors.</p> | <p>438f. Penalty for violation of any of the provisions of section 22 of the Federal reserve act.</p> <p>439. 5210. List of shareholders.</p> <p>440. 5211. Reports to Comptroller of Currency.</p> <p>441. Act February 26, 1881. Verification of reports.</p> <p>442. 5212. Report of dividends.</p> <p>443. 5213. Penalty for failure to make reports.</p> <p>444-445. 5214 and act March 14, 1900. Taxes on circulation payable to the United States.</p> <p>446. 5215. Half-yearly return of circulation.</p> <p>447. 5216. Penalty for failure to make return.</p> <p>448. 5217. Enforcing tax on circulation.</p> <p>449. 5218. Refunding excess tax.</p> <p>450. Act March 1, 1879. No tax to be paid by insolvent banks.</p> <p>451. 5219. State taxation.</p> |
|---|---|

#### PLACE OF BUSINESS.

**400. Sec. 5190.**—The usual business of each national banking association shall be transacted at an office or banking house located in the place specified in its organization certificate.

Act June 3, 1864, c. 106, sec. 8; 13 Stat. L., 101.

NOTE.—See act May 1, 1886, paragraph 211, ante, in reference to change in place of business. For authority of national bank to establish branches in foreign countries or dependencies of the United States, see section 25, Federal reserve act.

#### CENTRAL RESERVE CITIES—EXPLANATORY NOTE.

**401.** [Each association organized in any of the cities named in section 5191, United States Revised Statutes, was authorized by section 5195, United States Revised Statutes, to select, subject to the approval of the Comptroller of the Currency, an association in the city of New York where it might keep one-half of its lawful money reserve. This section originally provided for the redemption of circulating notes at such selected bank in that city, but all provisions other than that authorizing the keeping of a portion of the reserve with such bank were repealed by the act of June 20, 1874. Since the passage of the act of June 21, 1917, however, a member bank can not count any balances as reserve except those due from the Federal reserve bank of its district.]

Explanatory note.

Under the provisions of section 2 of the act of March 3, 1887, whenever three-fourths in number of the national banks located in any city of the United States having a population of 200,000 shall have made application to the Comptroller of the Currency, asking that such



city be made a central reserve city, like the city of New York, the Comptroller of the Currency, with the approval of the Secretary of the Treasury, was authorized to grant such request, and under the provisions of this section the cities of St. Louis and Chicago were designated as additional central reserve cities on March 18 and May 2, 1887, respectively.

The Federal reserve act confers authority upon the Federal Reserve Board to add to the number of cities classified as central reserve cities, to reclassify existing reserve and central reserve cities, or to terminate their designation as such. (See section 11, paragraph E, Federal reserve act.)

NOTE.—Section 5195 and section 2 of the act of March 3, 1887, heretofore referred to, are as follows:

"SEC. 5195. Each association organized in any of the cities named in section fifty-one hundred and ninety-one shall select, subject to the approval of the Comptroller of the Currency, an association in the city of New York, at which it will redeem its circulating notes at par, and may keep one-half of its lawful money reserve in cash deposits in the city of New York. But the foregoing provision shall not apply to associations organized and located in the city of San Francisco for the purpose of issuing notes payable in gold. Each association not organized within the cities named shall select, subject to the approval of the Comptroller, an association in either of the cities named, at which it will redeem its circulating notes at par. The Comptroller shall give public notice of the names of the associations selected, at which redemptions are to be made by the respective associations, and of any change that may be made of the association at which the notes of any association are redeemed. Whenever any association fails either to make the selection or to redeem its notes as aforesaid, the Comptroller of the Currency may, upon receiving satisfactory evidence thereof, appoint a receiver, in the manner provided for in section fifty-two hundred and thirty-four, to wind up its affairs. But this section shall not relieve any association from its liability to redeem its circulating notes at its own counter, at par, in lawful money on demand."

Section 3 of the act of June 20, 1874, amending section 5195, Revised Statutes, provides—

"That so much of section thirty-two (section 5195, Revised Statutes) of said national-bank act requiring or permitting the redemption of its circulating notes elsewhere than at its own counter, except as provided for in this section, is hereby repealed."

Section 2, act of March 3, 1887, provides:

"That whenever three-fourths in number of the national banks located in any city of the United States having a population of two hundred thousand people shall make application to the Comptroller of the Currency, in writing, asking that such city may be a central reserve city, like the city of New York, in which one-half of the lawful-money reserve of the national banks located in other reserve cities may be deposited, as provided in section fifty-one hundred and ninety-five of the Revised Statutes, the Comptroller shall have authority, with the approval of the Secretary of the Treasury, to grant such request, and every bank located in such city shall at all times thereafter have on hand, in lawful money of the United States, twenty-five per centum of its deposits, as provided in section fifty-one hundred and ninety-one of the Revised Statutes."

**RESERVE CITIES—EXPLANATORY NOTE.**

Explanatory  
note.

**402.** [Section 5191, United States Revised Statutes, names certain cities in which national banks located therein were required to have on hand in lawful money an amount equal to at least twenty-five per cent of the aggregate amount of their deposits, and provided that every other association should have on hand in lawful money an amount equal to fifteen per cent of the aggregate amount of its deposits. Section 5191 further provided that the Comptroller of the Currency, with the concurrence of the Secretary of the Treasury, might appoint a receiver for any association for failure to make good any deficiency in its reserve within thirty days after the date when the Comptroller of the Currency has notified the association to make good the deficiency. Section 5192, United States Revised Statutes, provided that three-fifths of the reserve of fifteen per cent required to be kept by country banks might consist of balances due to such associations from associations approved by the Comptroller of the Currency in one of the reserve cities mentioned in said section. Since the passage of the act of June 21, 1917, however, a member bank can not count any balances as reserve except those due from the Federal Reserve Bank of its district.

The following are the reserve cities designated in sections 5191 and 5192:

Albany, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Detroit, Louisville, Milwaukee, New Orleans, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, and Washington.

In addition to the cities listed in the preceding paragraph, the city of Leavenworth, Kansas, was named in sections 5191 and 5192, but this designation was repealed by special act of date March 1, 1872. The cities of Charleston and Richmond were also named as reserve cities in section 5192, but were not included in the list of reserve cities enumerated in section 5191. The Comptroller of the Currency, therefore, did not approve any banks in those cities as reserve agents. On April 27, 1914, however, three-fourths of the banks in Richmond having requested that that city be designated as a reserve city, it was so designated under authority of the act of March 3, 1887.

The Comptroller of the Currency was authorized under the act of March 3, 1887, to designate additional reserve cities whenever three-fourths in number of national banks located in any city of the United States having a population of 50,000 requested that the city in question be so designated. This limit of population was reduced to 25,000 by the act of March 3, 1903.

The city of New York listed as a reserve city in sections 5191 and 5192 was designated as a central reserve city by section 5195, and the cities of St. Louis and Chicago

named as reserve cities under sections 5191 and 5192 were designated, on March 18 and May 2, 1887, respectively, as central reserve cities by the Comptroller of the Currency with the concurrence of the Secretary of the Treasury, under the authority granted by the act of March 3, 1887.

In conformity with the provisions of the acts of March 3, 1887, and March 3, 1903, the following cities have been designated by the Comptroller as additional reserve cities: Atlanta, Brooklyn, Cedar Rapids, Columbus, Dallas, Denver, Des Moines, Dubuque, Fort Worth, Galveston, Houston, Indianapolis, Kansas City (Kans.), Kansas City (Mo.), Lincoln, Los Angeles, Minneapolis, Muskegoe, Oklahoma City, Omaha, Portland, Pueblo, Richmond, Salt Lake City, San Antonio, Savannah, Seattle, Sioux City, South Omaha, Spokane, St. Joseph, St. Paul, Tacoma, Topeka, Waco, Wichita. On June 26, 1915, South Omaha was consolidated with Omaha.

The Federal reserve act confers authority upon the Federal Reserve Board to add to the number of cities classified as reserve cities, to reclassify existing reserve and central reserve cities, or to terminate their designation as such. (See sec. 11, paragraph E, Federal reserve act.)

Acting under the authority of this section the Federal Reserve Board has designated the following additional reserve cities: Birmingham, Ala.; Charleston, S. C.; Chattanooga and Nashville, Tenn.; Tulsa, Okla.; and Ogden, Utah.】

**NOTE.**—Sections 5191 and 5192 have not been repealed, but the provisions with respect to specific reserve requirements for banks in the continental United States are superseded by section 19 of the Federal reserve act as amended June 21, 1917, these sections, however, remaining in full force and effect for national banks located in Alaska or in a dependency or insular possession or any part of the United States outside the continental United States, provided said national banks remain nonmember banks. The sections in question are as follows, the italicized portion being superseded, as far as banks in the continental United States are concerned, by later legislation, the remaining portions of these sections being still in force.

**Sec. 5191.** *Every national banking association in either of the following cities: Albany, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Detroit, Louisville, Milwaukee, New Orleans, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, and Washington, shall at all times have on hand, in lawful money of the United States, an amount equal to at least twenty-five per centum of the aggregate amount of its notes in circulation and its deposits; and every other association shall at all times have on hand, in lawful money of the United States, an amount equal to at least fifteen per centum of the aggregate amount of its notes in circulation, and of its deposits.*

Whenever the lawful money of any association in any of the cities named shall be below the amount of *twenty-five per centum* of its *circulation and deposits* and whenever the lawful money of any other association shall be (below fifteen per centum of its *circulation and deposits*), such associations shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividends of its profits until the required propor-

tion, between the aggregate amount of its *outstanding notes of circulation and deposits* and its lawful money of the United States, has been restored. And the Comptroller of the Currency may notify any association, whose lawful money reserve shall be below the amount above required to be kept on hand, to make good such reserve; and if such association shall fail for thirty days thereafter so to make good its reserve of lawful money, the Comptroller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up the business of the association, as provided in section fifty-two hundred and thirty-four.

SEC. 5192. *Three-fifths of the reserve of fifteen per centum required by the preceding section to be kept, may consist of balances due to an association, available for the redemption of its circulating notes, from associations approved by the Comptroller of the Currency, organized under the act of June three, eighteen hundred and sixty-four, or under this title, and doing business in the cities of Albany, Baltimore, Boston, Charleston, Chicago, Cincinnati, Cleveland, Detroit, Louisville, Milwaukee, New Orleans, New York, Philadelphia, Pittsburgh, Richmond, St. Louis, San Francisco, and Washington. Clearing-house certificates, representing specie or lawful money specially deposited for the purpose, of any clearing-house association, shall also be deemed to be lawful money in the possession of any association belonging to such clearing house, holding and owning such certificate, within the preceding section.*

*The provisions in section 5191 requiring reserve to be held against circulation were repealed by section 2, act of June 20, 1874, which provides "that section 31 of the National Bank act (sections 5191 and 5192 R. S.) be so amended that the several associations therein provided for shall not hereafter be required to keep on hand any amount of money whatever, by reason of the amount of their respective circulations; but the moneys required by said section to be kept at all times on hand shall be determined by the amount of deposits in all respects, as provided for in the said section.*

*Additional reserve cities (act of March 3, 1903, amending act of March 3, 1887).—Sec. 1. That whenever three-fourths in number of the national banks located in any city of the United States having a population of twenty-five thousand people shall make application to the Comptroller of the Currency, in writing, asking that the name of the city in which such banks are located shall be added to the cities named in sections fifty-one hundred and ninety-one and fifty-one hundred and ninety-two of the Revised Statutes, the Comptroller shall have authority to grant such request, and every bank located in such city shall at all times thereafter have on hand, in lawful money of the United States, an amount equal to at least twenty-five per centum of its deposits, as provided in sections fifty-one hundred and ninety-one and fifty-one hundred and ninety-five of the Revised Statutes.*

#### BANK RESERVES.

#### DEMAND AND TIME DEPOSITS DEFINED.

Act Dec. 23, 1913, sec. 19;  
38 Stat. L.,  
270.  
Act June 21,  
1917, sec. 10.

**403. Sec. 19.**—Demand deposits within the meaning of this act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all postal savings deposits.

**RESERVE REQUIREMENTS.**

**404.** Every bank, banking association, or trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain reserve balances with its Federal reserve bank as follows:

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
270.  
Act June 21,  
1917, sec. 10.

**RESERVE REQUIREMENTS FOR BANKS NOT IN RESERVE CITIES.**

**405. (a)** If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than seven per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
270.  
Act June 21,  
1917, sec. 10.

**RESERVE REQUIREMENTS FOR BANKS IN RESERVE CITIES.**

**406. (b)** If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however,* That if located in the outlying districts of a reserve city or in territory added to such a city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold, and maintain the reserve balances specified in paragraph (a) hereof.

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
270.  
Act Aug. 15,  
1914; 38 Stat.  
L., 691.  
Act June 21,  
1917, sec. 10.  
Act Sept. 26,  
1918.

**RESERVE REQUIREMENTS FOR BANKS IN CENTRAL RESERVE CITIES.**

**407. (c)** If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however,* That if located in the outlying districts of a central reserve city or in territory added to such city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraphs (a) or (b) thereof.

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
270.  
Act Aug. 15,  
1914; 38 Stat.  
L., 691.  
Act June 21,  
1917, sec. 10.  
Act Sept. 26,  
1918.

**MEMBER BANK FORBIDDEN TO KEEP ON DEPOSIT WITH NONMEMBER BANK A SUM IN EXCESS OF TEN PER CENT OF ITS OWN CAPITAL AND SURPLUS OR TO SECURE DISCOUNTS FOR NONMEMBER BANK.**

**408.** No member bank shall keep on deposit with any State bank or trust company which is not a member bank a sum in excess of ten per centum of its own paid-up

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
271.

Act Aug. 15, capital and surplus. No member bank shall act as the  
 1914; 38 Stat. medium or agent of a nonmember bank in applying for or  
 L., 691. receiving discounts from a Federal reserve bank under the  
 Act June 21, provisions of this act, except by permission of the Fed-  
 1917, sec. 10. eral Reserve Board.

#### WITHDRAWAL OF RESERVE BY MEMBER BANK.

Act Dec. 23, 409. The required balance carried by a member bank  
 1913, sec. 19; with a Federal reserve bank may, under the regulations  
 38 Stat. L., and subject to such penalties as may be prescribed by the  
 271. Federal Reserve Board, be checked against and with-  
 Act Aug. 15, drawn by such member bank for the purpose of meeting  
 1914; 38 Stat. existing liabilities: *Provided, however,* That no bank  
 L., 691. shall at any time make new loans or shall pay any divi-  
 Act June 21, dends unless and until the total balance required by law  
 1917, sec. 10. is fully restored.

#### RESERVE REQUIREMENTS—HOW ESTIMATED.

Act Dec. 23, 410. In estimating the balances required by this act  
 1913, sec. 19; the net difference of amounts due to and from other banks  
 38 Stat. L., shall be taken as the basis for ascertaining the deposits  
 271. against which required balances with Federal reserve  
 Act Aug. 15, banks shall be determined.  
 1914; 38 Stat. L., 692.  
 Act June 21, 1917, sec. 10.

#### RESERVE REQUIREMENTS FOR NATIONAL BANKS LO- CATED IN ALASKA OR OUTSIDE THE CONTINENTAL UNITED STATES.

Act Dec. 23, 411. National banks, or banks organized under local  
 1913, sec. 19; laws, located in Alaska or in a dependency or insular pos-  
 38 Stat. L., session or any part of the United States outside the con-  
 271. tinental United States may remain nonmember banks,  
 Act Aug. 15, and shall in that event maintain reserves and comply with  
 1914; 38 Stat. all the conditions now provided by law regulating them;  
 L., 692. or said banks may, with the consent of the Reserve Board,  
 Act June 21, become member banks of any one of the reserve districts,  
 1917, sec. 10. and shall in that event take stock, maintain reserves, and  
 be subject to all the other provisions of this act.

#### REDEMPTION FUND NOT COUNTED AS RESERVE.

Act Dec. 23, 412. Sec. 20.—So much of sections two and three of the  
 1913, sec. 20; act of June twentieth, eighteen hundred and seventy-  
 38 Stat. L., four, entitled "An act fixing the amount of United States  
 271. notes, providing for a redistribution of the national-bank  
 currency, and for other purposes," as provides that the  
 fund deposited by any national banking association with  
 the Treasurer of the United States for the redemption of  
 its notes shall be counted as a part of its lawful reserve as  
 provided in the act aforesaid, is hereby repealed. And  
 from and after the passage of this act such fund of five  
 per centum shall in no case be counted by any national  
 banking association as a part of its lawful reserve.

**NO RESERVE REQUIRED TO BE HELD AGAINST UNITED STATES DEPOSITS.**

**413. Sec. 7.**—\* \* \* That the provisions of section fifty-one hundred and ninety-one of the Revised Statutes, as amended by the Federal reserve act and the amendments thereof, with reference to the reserves required to be kept by national banking associations and other member banks of the Federal Reserve System, shall not apply to deposits of public moneys by the United States in designated depositories. Act Apr. 24,  
1917, sec. 7.

**PROVISIONS FOR REDEEMING CIRCULATION. FIVE PER CENT REDEMPTION FUND. ACT JUNE 20, 1874.**

**414. Sec. 3.**—That every association organized, or to be organized, under the provisions of the said act, and of the several acts amendatory thereof, shall at all times keep and have on deposit in the Treasury of the United States, in lawful money of the United States, a sum equal to five per centum of its circulation, to be held and used for the redemption of such circulation; [*which sum shall be counted as a part of its lawful reserve, as provided in section two of this act;*] and when the circulating notes of any such associations, assorted or unassorted, shall be presented for redemption, in sums of one thousand dollars, or any multiple thereof, to the Treasurer of the United States, the same shall be redeemed in United States notes. All notes so redeemed shall be charged by the Treasurer of the United States to the respective associations issuing the same, and he shall notify them severally, on the first day of each month, or oftener, at his discretion, of the amount of such redemptions; and whenever such redemptions for any association shall amount to the sum of five hundred dollars, such association so notified shall forthwith deposit with the Treasurer of the United States a sum in United States notes equal to the amount of its circulating notes so redeemed. And all notes of national banks worn, defaced, mutilated, or otherwise unfit for circulation shall, when received by any assistant treasurer, or at any designated depository of the United States, be forwarded to the Treasurer of the United States for redemption as provided herein. And when such redemptions have been so reimbursed, the circulating notes so redeemed shall be forwarded to the respective associations by which they were issued; but if any of such notes are worn, mutilated, defaced, or rendered otherwise unfit for use, they shall be forwarded to the Comptroller of the Currency and destroyed and replaced as now provided by law: *Provided*, That each of said associations shall reimburse to the Treasury the charges for transportation, and the costs for assorting such notes; and the associations hereafter organized shall Act June 20,  
1874, c. 343,  
sec. 3; 18 Stat.  
L., 123.

also severally reimburse to the Treasury the cost of engraving such plates as shall be ordered by each association, respectively; and the amount assessed upon each association shall be in proportion to the circulation redeemed, and be charged to the fund on deposit with the Treasurer: *And provided further*, That so much of section thirty-two of said national-bank act requiring or permitting the redemption of its circulating notes elsewhere than at its own counter except as provided for in this section, is hereby repealed.

NOTE.—Under section 4 of the act of June 20, 1874, chapter 343, a national banking association, desiring to withdraw its circulating notes and take up the bonds deposited with the United States Treasurer as security therefor, may do so by depositing with the Treasurer the required amount in lawful money, whether this consists of coin or of legal-tender notes. The Treasury, while privileged under sections 3 and 4 of that act to redeem such circulation in United States notes, has also the right to redeem the same circulation in coin. (Opinion Attorney General. vol. 17, 121.)

Section 32 of national-bank act is section 5195, Revised Statutes. The provision permitting the redemption fund to be counted as part of the lawful reserve was repealed by section 20 of the Federal reserve act.

*Other sections of act of June 20, 1874.*

Section 1 precedes Revised Statutes, 5133.

Section 2. See note under paragraph 402, ante.

Section 4 follows Revised Statutes, 5167.

Section 5 follows Revised Statutes, 5172.

Section 6 relates to United States notes only.

Sections 7-9 superseded by act of January 14, 1875, which follows, Revised Statutes, 5177.

**CLERICAL FORCE FOR REDEMPTION OF CIRCULATING NOTES. ACT MARCH 3, 1875.**

Act Mar. 3,  
1875: 18 Stat.  
L., 399; part  
of the sundry  
civil appro-  
priation act.

415. That to carry into effect the provisions of section three of the act entitled "An act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes," approved June twentieth, eighteen hundred and seventy-four, the Secretary of the Treasury is authorized to appoint the following force, to be employed under his direction, namely: In the Office of the Treasurer: \* \* \* In the Office of the Comptroller of the Currency \* \* \* And at the end of each month, the Secretary of the Treasury shall reimburse the Treasury to the full amount paid out under the provisions of this section by transfer of said amount from the deposit of the national banking associations with the Treasury of the United States; and at the end of each fiscal year he shall transfer from said deposit to the Treasury of the United States such sum as may have been actually expended under his direction for stationery, rent, fuel, light, and other necessary incidental expenses which have been incurred in carrying



into effect the provisions of the said section of the above-named act.

NOTE.—The appropriation bill for each year fixes the number and compensation of the clerks employed in the offices of the Treasurer of the United States and Comptroller of the Currency in connection with the redemption of circulating notes.

**DISPOSITION OF REDEMPTION ACCOUNT. ACT JULY 14, 1890.**

**416. Sec. 6.**—That upon the passage of this act the balances standing with the Treasurer of the United States to the respective credits of national banks for deposits made to redeem the circulating notes of such banks, and all deposits thereafter received for like purpose, shall be covered into the Treasury as a miscellaneous receipt, and the Treasury of the United States shall redeem from the general cash in the Treasury the circulating notes of said banks which may come into his possession subject to redemption; and upon the certificate of the Comptroller of the Currency that such notes have been received by him and that they have been destroyed and that no new notes will be issued in their place, reimbursement of their amount shall be made to the Treasurer, under such regulations as the Secretary of the Treasury may prescribe, from an appropriation hereby created, to be known as “national-bank notes; Redemption account,” but the provisions of this act shall not apply to the deposits received under section three of the act of June twentieth, eighteen hundred and seventy-four, requiring every national bank to keep in lawful money with the Treasurer of the United States a sum equal to five per centum of its circulation, to be held and used for the redemption of its circulating notes; and the balance remaining of the deposits so covered shall, at the close of each month, be reported on the monthly public debt statement as debt of the United States bearing no interest.

Act July 14,  
1890, c. 708,  
sec. 6; 26 Stat.  
L., 289.

NOTE.—The other sections of this act relate to the purchase of silver bullion and issue of Treasury notes.

**REDEMPTION OF LOST OR STOLEN NOTES, AND OF NOTES NOT PROPERLY SIGNED. ACT JULY 28, 1892.**

**417.** That the provisions of the Revised Statutes of the United States, providing for the redemption of national bank notes, shall apply to all national bank notes that have been or may be issued to, or received by, any national bank, notwithstanding such notes may have been lost by or stolen from the bank and put in circulation without the signature or upon the forged signature of the president or vice president and cashier.

Act July 28,  
1892, 27 Stat.  
L., 322.

**418. Sec. 5193.—**

Repealed by act March 14, 1900.

NOTE.—This section as enacted June 8, 1872 (17 Stat. L., 337), authorized the Secretary of the Treasury to receive on deposit from national banking associations United States notes in sums of not less than ten thousand dollars and to issue certificates therefor payable on demand in denominations of not less than five thousand dollars. This was repealed by act March 14, 1900, section 6, paragraph 752, post, which provides for issue of gold certificates payable to order in denominations of ten thousand dollars.

**419. Sec. 5194.—**

Dependent on 5193 and superseded by its repeal.

**PLACE FOR REDEMPTION OF CIRCULATING NOTES TO BE DESIGNATED.****420. Sec. 5195.—**

See note under paragraph 401, ante.

**NATIONAL BANKS TO TAKE NOTES OF OTHER NATIONAL BANKS AT PAR.**

**421. Sec. 5196.**—Every national banking association formed or existing under this Title, shall take and receive at par, for any debt or liability to it, any and all notes or bills issued by any lawfully organized national banking association. But this provision shall not apply to any association organized for the purpose of issuing notes payable in gold.

Act June 3,  
1864, c. 106,  
sec. 32; 13  
Stat. L., 109.  
Act July 12,  
1870, c. 282,  
sec. 5; 16 Stat.  
L., 253.

**LIMITATION UPON RATE OF INTEREST WHICH MAY BE TAKEN.**

**422. Sec. 5197.**—Any association may take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidences of debt, interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, and no more, except that where by the laws of any State a different rate is limited for banks of issue organized under State laws, the rate so limited shall be allowed for associations organized or existing in any such State under this Title. When no rate is fixed by the laws of the State, or Territory, or District, the bank may take, receive, reserve, or charge a rate not exceeding seven per centum, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run. And the purchase, discount, or sale of a bona fide bill of exchange, payable at another place than the place of such purchase, discount, or sale, at not more than the current rate of exchange for sight drafts in addition to the interest, shall not be considered as taking or receiving a greater rate of interest.

Act June 3,  
1864, c. 106,  
sec. 30; 13  
Stat. L., 108.

**PENALTY FOR TAKING UNLAWFUL INTEREST. JURISDICTION OF SUITS BY OR AGAINST NATIONAL BANKS.**

Act June 3,  
1864, c. 106,  
sec. 30; 13  
Stat. L., 108.  
Act. Feb. 18,  
1875, c. 80; 18  
Stat. L., 320.

**423. Sec. 5198 [as amended 1875].**—The taking, receiving, reserving, or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representative, may recover back, in an action in the nature of an action of debt, twice the amount of the interest thus paid from the association taking or receiving the same; provided such action is commenced within two years from the time the usurious transaction occurred. That suits, actions, and proceedings against any association under this Title may be had in any circuit, district, or territorial court of the United States held within the district in which such association may be established, or in any State, county, or municipal court in the county or city in which said association is located having jurisdiction in similar cases.

**NOTE.**—Additional provisions relating to jurisdiction of actions by and against national banks are contained in act July 12, 1882, paragraph 218, ante, and act of August 13, 1888, paragraph 214, ante. See also section 24, judiciary act passed March 3, 1911, paragraph 701, post, and section 736, Revised Statutes of the United States, paragraph 702, post, as to jurisdiction of district courts to enjoin Comptroller under section 5237, Revised Statutes, United States.

**DIVIDENDS.**

**424. Sec. 5199.**—The directors of any association may semiannually, declare a dividend of so much of the net profits of the association as they shall judge expedient; but each association shall, before the declaration of a dividend, carry one-tenth part of its net profits of the preceding half year to its surplus fund until the same shall amount to twenty per centum of its capital stock.

Act June 3,  
1864, c. 106,  
sec. 33; 13  
Stat. L., 109.

**LIMITATION OF LIABILITIES WHICH MAY BE INCURRED BY ANY ONE PERSON, COMPANY, ETC.**

**425. Sec. 5200 [as amended 1919].**—The total liabilities to any association of any person or of any company, corporation, or firm for money borrowed, including in the liabilities of a company or firm the liabilities of the sev-

Act Oct. 22,  
1919.

eral members thereof, shall at no time exceed 10 per centum of the amount of the capital stock of such association, actually paid in and unimpaired, and 10 per centum of its unimpaired surplus fund: *Provided, however,* That (1) the discount of bills of exchange drawn in good faith against actually existing values, including drafts and bills of exchange secured by shipping documents conveying or securing title to goods shipped, and including demand obligations when secured by documents covering commodities in actual process of shipment, and also including bankers' acceptances of the kinds described in section 13 of the Federal reserve act, (2) the discount of commercial or business paper actually owned by the person, company, corporation, or firm negotiating the same, (3) the discount of notes secured by shipping documents, warehouse receipts, or other such documents conveying or securing title covering readily marketable nonperishable staples, including live stock, when the actual market value of the property securing the obligation is not at any time less than 115 per centum of the face amount of the notes secured by such documents and when such property is fully covered by insurance, and (4) the discount of any note or notes secured by not less than a like face amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States, shall not be considered as money borrowed within the meaning of this section. The total liabilities to any association, of any person or of any corporation, or firm, or company, or the several members thereof upon any note or notes purchased or discounted by such association and secured by bonds, notes, or certificates of indebtedness as described in (4) hereof shall not exceed (except to the extent permitted by rules and regulations prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury) 10 per centum of such capital stock and surplus fund of such association and the total liabilities to any association of any person or of any corporation, or firm, or company, or the several members thereof for money borrowed, including the liabilities upon notes secured in the manner described under (3) hereof, except transactions (1), (2), and (4), shall not at any time exceed 25 per centum of the amount of the association's paid-in and unimpaired capital stock and surplus. The exception made under (3) hereof shall not apply to the notes of any one person, corporation or firm or company,

or the several members thereof for more than six months in any consecutive twelve months.

NOTE.—See Act March 3, 1919. "Victory Liberty Loan Act," section 1, which provides that the word "bonds," where it appears in section 5200 of the Revised Statutes, as amended, shall be deemed to include notes issued under the "Victory Liberty Loan Act."

### ASSOCIATIONS MUST NOT LOAN ON OR PURCHASE THEIR OWN STOCK.

**426. Sec. 5201.**—No association shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall, within six months from the time of its purchase, be sold or disposed of at public or private sale; or, in default thereof, a receiver may be appointed to close up the business of the association, according to section fifty-two hundred and thirty-four. Act June 3, 1864, c. 106, sec. 35; Stat. L., 110.

### RESTRICTION ON BANK'S INDEBTEDNESS.

**427. Sec. 5202 [as amended 1919].**—No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following: Act June 3, 1864, c. 106, sec. 36; 13 Stat. L., 110.  
Act Dec. 23, 1913, sec. 13, 38 Stat. L., 264.  
Act Apr. 5, 1918.  
Act Oct. 22, 1919.

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

Sixth. Liabilities incurred under the provisions of the War Finance Corporation Act.

Seventh. Liabilities created by the indorsement of accepted bills of exchange payable abroad actually owned by the indorsing bank and discounted at home or abroad.

**RESTRICTION UPON USE OF CIRCULATING NOTES.**

Act June 3, 1864, c. 106, sec. 37; 13 Stat. L., 110. **428. Sec. 5203.**—No association shall, either directly or indirectly, pledge or hypothecate any of its notes or circulation, for the purpose of procuring money to be paid in on its capital stock, or to be used in its banking operations, or otherwise; nor shall any association use its circulating notes, or any part thereof, in any manner or form, to create or increase its capital stock.

**PROHIBITION UPON WITHDRAWAL OF CAPITAL. UNEARNED DIVIDENDS PROHIBITED.**

Act June 3, 1864, c. 106, sec. 38; 13 Stat. L., 110. **429. Sec. 5204.**—No association, or any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital. If losses have at any time been sustained by any such association, equal to or exceeding its undivided profits then on hand, no dividend shall be made; and no dividend shall ever be made by any association, while it continues its banking operations, to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts. All debts due to any association, on which interest is past due and unpaid for a period of six months, unless the same are well secured, and in process of collection, shall be considered bad debts within the meaning of this section. But nothing in this section shall prevent the reduction of the capital stock of the association under section fifty-one hundred and forty-three.

**ASSESSMENT FOR FAILURE TO PAY UP CAPITAL STOCK OR FOR IMPAIRMENT OF CAPITAL.**

Act Mar. 3, 1873, c. 269, sec. 1; 17 Stat. L., 603. Act June 30, 1876, c. 156, sec. 4; 19 Stat. L., 64. **430. Sec. 5205 [as amended 1876].**—Every association which shall have failed to pay up its capital stock, as required by law, and every association whose capital stock shall have become impaired by losses or otherwise, shall, within three months after receiving notice thereof from the Comptroller of the Currency, pay the deficiency in the capital stock, by assessment upon the shareholders pro rata for the amount of capital stock held by each; and the Treasurer of the United States shall withhold the interest upon all bonds held by him in trust for any such association, upon notification from the Comptroller of the Currency, until otherwise notified by him. If any such association shall fail to pay up its capital stock, and shall refuse to go into liquidation, as provided by law, for three months after receiving notice from the Comptroller, a receiver may be appointed to close up the business of the association, according to the provisions of section fifty-two hundred and thirty-four: *And provided*, That if any shareholder or shareholders of such bank shall neglect or refuse, after three months' notice, to

pay the assessment, as provided in this section, it shall be the duty of the board of directors to cause a sufficient amount of the capital stock of such shareholder or shareholders to be sold at public auction (after thirty days' notice shall be given by posting such notice of sale in the office of the bank, and by publishing such notice in a newspaper of the city or town in which the bank is located, or in a newspaper published nearest thereto), to make good the deficiency, and the balance, if any, shall be returned to such delinquent shareholder or shareholders.

#### PROHIBITION AGAINST UNCURRENT NOTES.

**431. Sec. 5206.**—No association shall at any time pay out on loans or discounts, or in purchasing drafts or bills of exchange, or in payment of deposits, or in any other mode pay or put in circulation, the notes of any bank or banking association which are not, at any such time, receivable, at par, on deposit, and in payment of debts by the association so paying out or circulating such notes; nor shall any association knowingly pay out or put in circulation any notes issued by any bank or banking association which at the time of such paying out or putting in circulation is not redeeming its circulating notes in lawful money of the United States. Act June 3, 1864, c. 106, sec. 39: 13 Stat. L., 111.

#### UNITED STATES NOTES NOT TO BE HELD AS COLLATERAL.

**432. Sec. 5207.**—No association shall hereafter offer or receive United States notes or national-bank notes as security or as collateral security for any loan of money, or for a consideration agree to withhold the same from use, or offer or receive the custody or promise of custody of such notes as security, or as collateral security, or consideration for any loan of money. Any association offending against the provisions of this section shall be deemed guilty of a misdemeanor, and shall be fined not more than one thousand dollars and a further sum equal to one-third of the money so loaned. The officer or officers of any association who shall make any such loan shall be liable for a further sum equal to one-quarter of the money loaned; and any fine or penalty incurred by a violation of this section shall be recoverable for the benefit of the party bringing such suit. Act Feb. 19, 1869, c. 32: 15 Stat. L., 270.

#### ISSUE OF GOLD CERTIFICATES. ACT JULY 12, 1882.

**433. Sec. 12.**—That the Secretary of the Treasury is authorized and directed to receive deposits of gold coin \* \* \* and issue certificates therefor \* \* \*. Such certificates \* \* \* when held by any national banking association, shall be counted as part of its lawful reserve; and no national banking association shall be a Act July 12, 1882, sec. 12: 22 Stat. L., 165.

member of any clearing house in which such certificates shall not be receivable in the settlement of clearing-house balances: \* \* \* And the provisions of section fifty-two hundred and seven of the Revised Statutes shall be applicable to the certificates herein authorized and directed to be issued.

NOTE.—This section given in full, paragraph 729, post. See also currency act of March 14, 1900, as amended March 4, 1907, March 2, 1911, and June 12, 1916, paragraph 754, post, relating to gold certificates, and making ten dollars lowest denomination.

#### PENALTY FOR FALSELY CERTIFYING CHECKS.

Act Mar. 3,  
1869, c. 135; 15  
Stat. L., 335.  
Act Sept. 26,  
1918.

**434. Sec. 5208.**—It shall be unlawful for any officer, director, agent, or employee of any Federal reserve bank, or of any member bank as defined in the act of December twenty-third, nineteen hundred and thirteen, known as the Federal reserve act, to certify any check drawn upon such Federal reserve bank or member bank unless the person, firm, or corporation drawing the check has on deposit with such Federal reserve bank or member bank, at the times such check is certified, an amount of money not less than the amount specified in such check. Any check so certified by a duly authorized officer, director, agent, or employee shall be a good and valid obligation against such Federal reserve bank or member bank; but the act of any officer, director, agent, or employee of any such Federal reserve bank or member bank in violation of this section shall, in the discretion of the Federal Reserve Board, subject such Federal reserve bank to the penalties imposed by section eleven, subsection (h), of the Federal reserve act, and shall subject such member bank if a national bank to the liabilities and proceedings on the part of the Comptroller of the Currency provided for in section fifty-two hundred and thirty-four, Revised Statutes, and shall, in the discretion of the Federal Reserve Board, subject any other member bank to the penalties imposed by section nine of said Federal reserve act for the violation of any of the provisions of said act. Any officer, director, agent, or employee of any Federal reserve bank or member bank who shall willfully violate the provisions of this section, or who shall resort to any device, or receive any fictitious obligation, directly or collaterally, in order to evade the provisions thereof, or who shall certify a check before the amount thereof shall have been regularly entered to the credit of the drawer upon the books of the bank, shall be deemed guilty of a misdemeanor and shall, on conviction thereof in any district court of the United States, be fined not more than \$5,000, or shall be imprisoned for not more than five years, or both, in the discretion of the court.



**PUNISHMENT FOR FALSELY CERTIFYING CHECKS. ACT  
JULY 12, 1882.****435. Sec. 13.—**

Superseded by act of Sept. 26, 1918.

**PENALTY FOR EMBEZZLEMENT, ABSTRACTION, WILLFUL  
MISAPPLICATION, FALSE ENTRIES, ETC.**

**436. Sec. 5209.**—Any officer, director, agent, or employee of any Federal reserve bank, or of any member bank as defined in the act of December twenty-third, nineteen hundred and thirteen, known as the Federal reserve act, who embezzles, abstracts, or willfully misapplies any of the moneys, funds, or credits of such Federal reserve bank or member bank, or who, without authority from the directors of such Federal reserve bank or member bank, issues or puts in circulation any of the notes of such Federal reserve bank or member bank, or who, without such authority, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree, or who makes any false entry in any book, report, or statement of such Federal reserve bank or member bank, with intent in any case to injure or defraud such Federal reserve bank or member bank, or any other company, body politic or corporate, or any individual person, or to deceive any officer of such Federal reserve bank or member bank, or the Comptroller of the Currency, or any agent or examiner appointed to examine the affairs of such Federal reserve bank or member bank, or the Federal Reserve Board; and every receiver of a national banking association who, with like intent to defraud or injure, embezzles, abstracts, purloins, or willfully misapplies any of the moneys, funds, or assets of his trust, and every person who, with like intent, aids or abets any officer, director, agent, employee, or receiver in any violation of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof in any district court of the United States shall be fined not more than \$5,000 or shall be imprisoned for not more than five years, or both, in the discretion of the court.

Act June 3,  
1864, c. 106,  
sec. 55; 13  
Stat. L., 116.  
Act Apr. 3,  
1869, c. 11; 16  
Stat. L., 7.  
Act July 8,  
1870, c. 226;  
16 Stat. L.,  
195.  
Act Sept. 26,  
1918.

Any Federal reserve agent, or any agent or employee of such Federal reserve agent, or of the Federal Reserve Board, who embezzles, abstracts, or willfully misapplies any moneys, funds, or securities intrusted to his care, or without complying with or in violation of the provisions of the Federal reserve act, issues or put in circulation any Federal reserve notes shall be guilty of a misdemeanor and upon conviction in any district court of the United States shall be fined not more than \$5,000 or imprisoned for not more than five years, or both, in the discretion of the court.

**NATIONAL BANKS NOT PERMITTED TO MAKE CONTRIBUTIONS IN CONNECTION WITH ELECTION TO POLITICAL OFFICE. ACT JANUARY 26, 1907.**

Act Jan. 26,  
1907; 34 Stat.  
L., 864.

**437.** That it shall be unlawful for any national bank, or any corporation organized by authority of any laws of Congress, to make a money contribution in connection with any election to any political office. It shall also be unlawful for any corporation whatever to make a money contribution in connection with any election at which Presidential and Vice-Presidential electors or a Representative in Congress is to be voted for or any election by any State legislature of a United States Senator. Every corporation which shall make any contribution in violation of the foregoing provisions shall be subject to a fine not exceeding five thousand dollars, and every officer or director of any corporation who shall consent to any contribution by the corporation in violation of the foregoing provisions shall upon conviction be punished by a fine of not exceeding one thousand and not less than two hundred and fifty dollars, or by imprisonment for a term of not more than one year, or both such fine and imprisonment in the discretion of the court.

**MEMBER BANK CAN NOT MAKE LOAN OR GRANT A GRATUITY TO ANY NATIONAL BANK EXAMINER.**

Act Dec. 23,  
1913, sec. 22;  
38 Stat. L.,  
272.  
Act June 21,  
1917, sec. 11.  
Act Sept. 26,  
1918.

**438a.** No member bank and no officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given.

Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned one year or fined not more than \$5,000, or both, and may be fined a further sum equal to the money so loaned or gratuity given, and shall forever thereafter be disqualified from holding office as a national bank examiner.

**NATIONAL BANK EXAMINER CAN NOT PERFORM ANY SERVICE FOR COMPENSATION FOR ANY BANK OR OFFICER. EXAMINER CAN NOT DISCLOSE THE NAMES OF BORROWERS OR COLLATERAL WITHOUT FIRST OBTAINING WRITTEN CONSENT OF COMPTROLLER.**

Act Dec. 23,  
1913, sec. 22;  
38 Stat. L.,  
272.  
Act June 21,  
1917, sec. 11.  
Act Sept. 26,  
1918.

**438b.** No national bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank

without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress, or of either House duly authorized. Any bank examiner violating the provisions of this subsection shall be imprisoned not more than one year or fined not more than \$5,000, or both.

**PENALTY FOR OFFICER, DIRECTOR, OR EMPLOYEE OF MEMBER BANK WHO RECEIVES ANY COMMISSION OR GIFT IN CONNECTION WITH ANY LOAN.**

**438c.** Except as herein provided, any officer, director, employee, or attorney of a member bank who stipulates for or receives or consents or agrees to receive any fee, commission, gift, or thing of value from any person, firm, or corporation, for procuring or endeavoring to procure for such person, firm, or corporation, or for any other person, firm, or corporation, any loan from or the purchase or discount of any paper, note, draft, check, or bill of exchange by such member bank shall be deemed guilty of a misdemeanor and shall be imprisoned not more than one year or fined not more than \$5,000, or both.

Act Dec. 23,  
1913, sec. 22;  
38 Stat. L.,  
272.  
Act June 21,  
1917, sec. 11.  
Act Sept. 26,  
1918.

**PURCHASE OF SECURITIES OR PROPERTY FROM ONE OF ITS DIRECTORS, OR SALES TO A DIRECTOR BY A MEMBER BANK.**

**438d.** Any member bank may contract for, or purchase from, any of its directors or from any firm of which any of its directors is a member, any securities or other property, when (and not otherwise) such purchase is made in the regular course of business upon terms not less favorable to the bank than those offered to others, or when such purchase is authorized by a majority of the board of directors not interested in the sale of such securities or property, such authority to be evidenced by the affirmative vote or written assent of such directors: *Provided, however,* That when any director, or firm of which any director is a member, acting for or on behalf of others, sells securities or other property to a member bank, the Federal Reserve Board by regulation may, in any or all cases, require a full disclosure to be made, on forms to be prescribed by it, of all commissions or other considerations received, and whenever such director or firm, acting in his or its own behalf, sells securities or other property to the bank the Federal Reserve Board, by regulation, may require a full disclosure of all profit realized from such sale.

Act Dec. 23,  
1913, sec. 22;  
38 Stat. L.,  
272.  
Act June 21,  
1917, sec. 11.  
Act Sept. 26,  
1918.

Any member bank may sell securities or other property to any of its directors, or to a firm of which any of

its directors is a member, in the regular course of business on terms not more favorable to such director or firm than those offered to others, or when such sale is authorized by a majority of the board of directors of a member bank to be evidenced by their affirmative vote or written assent: *Provided, however,* That nothing in this subsection contained shall be construed as authorizing member banks to purchase or sell securities or other property which such banks are not otherwise authorized by law to purchase or sell.

**RATE OF INTEREST PAID DIRECTORS, OFFICERS, OR EMPLOYEES NOT TO EXCEED THAT PAID TO OTHER DEPOSITORS.**

Act Dec. 23, 1913, sec. 22; 38 Stat. L., 272. **438e.** No member bank shall pay to any director, officer, attorney, or employee a greater rate of interest on the deposits of such director, officer, attorney, or employee than that paid to other depositors on similar deposits with such member bank.

**PENALTY FOR VIOLATION OF ANY OF THE PROVISIONS OF SECTION 22 OF THE FEDERAL RESERVE ACT.**

Act Dec. 23, 1913, sec. 22; 38 Stat. L., 272. **438f.** If the directors or officers of any member bank shall knowingly violate or permit any of the agents, officers, or directors of any member bank to violate any of the provisions of this section or regulations of the board made under authority thereof, every director and officer participating in or assenting to such violation shall be held liable in his personal and individual capacity for all damages which the member bank, its shareholders, or any other persons shall have sustained in consequence of such violation.

**LIST OF SHAREHOLDERS.**

Act June 3, 1864, c. 106, sec. 40; 13 Stat. L., 111. **439. Sec. 5210.**—The president and cashier of every national banking association shall cause to be kept at all times a full and correct list of the names and residences of all the shareholders in the association, and the number of shares held by each, in the office where its business is transacted. Such list shall be subject to the inspection of all the shareholders and creditors of the association, and the officers authorized to assess taxes under State authority, during business hours of each day in which business may be legally transacted. A copy of such list, on the first Monday of July of each year, verified by the oath of such president or cashier, shall be transmitted to the Comptroller of the Currency.

**REPORTS TO COMPTROLLER OF THE CURRENCY.**

Act June 3, 1864, c. 106, sec. 34; 13 Stat. L., 109. **440. Sec. 5211 [as amended 1877].**—Every association shall make to the Comptroller of the Currency not less than five reports during each year, according to the form

which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, and attested by the signature of at least three of the directors. Each such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the association at the close of business on any past day by him specified; and shall be transmitted to the Comptroller within five days after the receipt of a request or requisition therefor from him, and in the same form in which it is made to the Comptroller shall be published in a newspaper published in the place where such association is established, or if there is no newspaper in the place, then in the one published nearest thereto in the same county, at the expense of the association; and such proof of publication shall be furnished as may be required by the Comptroller. The Comptroller shall also have power to call for special reports from any particular association whenever in his judgment the same are necessary in order to a full and complete knowledge of its condition.

Act Mar. 3,  
1869, c. 130,  
sec. 1; 15 Stat.  
L., 326.  
Act Feb. 27,  
1877, c. 69; 19  
Stat. L., 252.

NOTE.—Section 713 of the Code of Laws of the District of Columbia provides: "That all publications authorized or required by said section fifty-two hundred and eleven of the Revised Statutes, and all other publications authorized or required by existing law to be made in the District of Columbia, shall be printed in two or more daily newspapers of general circulation, published in the City of Washington, one of which shall be a morning newspaper."

The Federal Reserve Board is authorized by section 11 of the Federal reserve act to examine at its discretion the accounts, books, and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary.

#### VERIFICATION OF REPORTS. ACT FEBRUARY 26, 1881.

441. That the oath or affirmation required by section fifty-two hundred and eleven of the Revised Statutes, verifying the returns made by national banks to the Comptroller of the Currency, when taken before a notary public properly authorized and commissioned by the State in which such notary resides and the bank is located, or any other officer having an official seal, authorized in such State to administer oaths, shall be a sufficient verification as contemplated by said section fifty-two hundred and eleven: *Provided*, That the officer administering the oath is not an officer of the bank.

Act Feb. 26,  
1881, c. 82; 21  
Stat. L., 352.

#### REPORT OF DIVIDENDS.

442. Sec. 5212.—In addition to the reports required by the preceding section, each association shall report to the Comptroller of the Currency, within ten days after declaring any dividend, the amount of such dividend, and the amount of net earnings in excess of such dividend. Such reports shall be attested by the oath of the president or cashier of the association.

Act Mar. 3,  
1869, c. 130,  
sec. 2; 15 Stat.  
L., 327.

## PENALTY FOR FAILURE TO MAKE REPORTS.

**443. Sec. 5213.**—Every association which fails to make and transmit any report required under either of the two preceding sections shall be subject to a penalty of one hundred dollars for each day after the periods, respectively, therein mentioned, that it delays to make and transmit its report. Whenever any association delays or refuses to pay the penalty herein imposed, after it has been assessed by the Comptroller of the Currency, the amount thereof may be retained by the Treasurer of the United States, upon the order of the Comptroller of the Currency, out of the interest, as it may become due to the association, on the bonds deposited with him to secure circulation. All sums of money collected for penalties under this section shall be paid into the Treasury of the United States.

## TAXES PAYABLE TO THE UNITED STATES.

**444. Sec. 5214.**—In lieu of all existing taxes, every association shall pay to the Treasurer of the United States, in the months of January and July, a duty of one-half of one per centum each half year upon the average amount of its notes in circulation, [*and a duty of one-quarter of one per centum each half year upon the average amount of its deposits, and a duty of one-quarter of one per centum each half year on the average amount of its capital stock, beyond the amount invested in United States bonds*].

**445. Sec. 13.**—That every national banking association having on deposit, as provided by law, bonds of the United States bearing interest at the rate of two per centum per annum, issued under the provisions of this Act, to secure its circulating notes, shall pay to the Treasurer of the United States, in the months of January and July, a tax of one-fourth of one per centum each half year upon the average amount of such of its notes in circulation as are based upon the deposit of said two per centum bonds; and such taxes shall be in lieu of existing taxes on its notes in circulation imposed by section fifty-two hundred and fourteen of the Revised Statutes.

**NOTE.**—The provisions of section 5214, covering taxes on the average amount of deposits and capital, were repealed by the act of March 3, 1883. The 2 per cent Panama Canal bonds were given all rights and privileges accorded to other 2 per cent bonds of the United States by the act of December 21, 1905.

On May 30, 1908, section 5214 was reenacted so as to cover the provisions of the original section as modified by the acts of March 3, 1883, March 14, 1900, and December 21, 1905, and in addition thereto there was added provisions for the taxation of the additional circulation issued under the act. The act of May 30, 1908, however, expired on June 30, 1914, and while it was extended by section 27 of the act of December 23, 1913, to June 30, 1915, it was expressly provided in the latter act that on the

expiration of the act of May 30, 1908, section 5214 should be re-enacted to read as such section read prior to May 30, 1908. The acts of December 23, 1913, and August 4, 1914, amended the provisions in this section of the act of May 30, 1908, relative to the taxation of emergency currency. All the provisions for the emergency currency expired on June 30, 1915.

The following is section 5214 as it stood prior to the expiration of the Emergency Currency Act on June 30, 1915, with all amendments:

"SEC. 5214. National banking associations having on deposit bonds of the United States, bearing interest at the rate of two per centum per annum, including the bonds issued for the construction of the Panama Canal, under the provisions of section eight of 'An Act to provide for the construction of a canal connecting the waters of the Atlantic and Pacific oceans,' approved June twenty-eighth, nineteen hundred and two, to secure its circulating notes, shall pay to the Treasury of the United States, in the months of January and July, a tax of one-fourth of one per centum each half year upon the average amount of such of its notes in circulation as are based upon the deposit of such bonds; and such associations having on deposit bonds of the United States bearing interest at a rate higher than two per centum per annum shall pay a tax of one-half of one per centum each half year upon the average amount of such of its notes in circulation as are based upon the deposit of such bonds.

"National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes. Every national banking association having outstanding circulating notes secured by a deposit of other securities than United States bonds shall make monthly returns, under oath of its president or cashier, to the Treasurer of the United States, in such form as the Treasurer may prescribe, of the average monthly amount of its notes so secured in circulation; and it shall be the duty of the Comptroller of the Currency to cause such reports of notes in circulation to be verified by examination of the bank's records. The taxes received on circulating notes secured otherwise than by bonds of the United States shall be paid into the Division of Redemption of the Treasury and credited and added to the reserve fund held for the redemption of United States and other notes."

#### HALF-YEARLY RETURN OF CIRCULATION [*deposits and capital stock*].

446. Sec. 5215.—In order to enable the Treasurer to assess the duties imposed by the preceding section, each association shall, within ten days from the first days of January and July of each year, make a return, under the oath of its president or cashier, to the Treasurer of the United States, in such form as the Treasurer may prescribe, of the average amount of its notes in circulation, [*and of the average amount of its deposits, and of the average amount of its capital stock, beyond the amount invested in United States bonds*], for the six months next preceding the most recent first day of January or July. Every association which fails so to make such return shall be liable to a penalty of two hundred dollars, to be

Act June 3,  
1864, c. 106,  
sec. 41; 13  
Stat. L., 111.

collected either out of the interest as it may become due such association on the bonds deposited with the Treasurer, or, at his option, in the manner in which penalties are to be collected of other corporations under the laws of the United States.

NOTE.—The taxes on the average amount of deposits and capital stock were repealed by the act of March 3, 1883.

#### PENALTY FOR FAILURE TO MAKE RETURN.

Act June 3, 1864, c. 106, sec. 41; 13 Stat. L., 111. **447. Sec. 5216.**—Whenever any association fails to make the half-yearly return required by the preceding section, the duties to be paid by such association shall be assessed upon the amount of notes delivered to such association by the Comptroller of the Currency, [*and upon the highest amount of its deposits and capital stock, to be ascertained in such manner as the Treasurer may deem best.*]

NOTE.—See note under section 5215 stating that tax on deposits and capital stock had been repealed.

#### ENFORCING TAX ON CIRCULATION.

Act June 3, 1864, c. 106, sec. 41; 13 Stat. L., 111. **448. Sec. 5217.**—Whenever an association fails to pay the duties imposed by the three preceding sections, the sums due may be collected in the manner provided for the collection of United States taxes from other corporations; or the Treasurer may reserve the amount out of the interest, as it may become due, on the bonds deposited with him by such defaulting association.

#### REFUNDING EXCESS TAX.

Resolution Mar. 2, 1867, No. 49; 14 Stat. L., 572, as amended in R. S. 5218. **449. Sec. 5218.**—In all cases where an association has paid or may pay in excess of what may be or has been found due from it, on account of the duty required to be paid to the Treasurer of the United States, the association may state an account therefor, which, on being certified by the Treasurer of the United States, and found correct by the First Comptroller of the Treasury, shall be refunded in the ordinary manner by warrant on the Treasury.

#### NO TAX TO BE PAID BY INSOLVENT BANKS. ACT MARCH 1, 1879.

Internal-revenue act Mar. 1, 1879, sec. 22; 20 Stat. L., 351. **450. Sec. 22.**—That whenever and after any bank has ceased to do business by reason of insolvency or bankruptcy, no tax shall be assessed or collected, or paid into the Treasury of the United States, on account of such bank, which shall diminish the assets thereof necessary for the full payment of all its depositors; and such tax shall be abated from such national banks as are found by the Comptroller of the Currency to be insolvent; \* \* \*.



## STATE TAXATION.

**451. Sec. 5219.**—Nothing herein shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the association is located; but the legislature of each State may determine and direct the manner and place of taxing all the shares of national banking associations located within the State, subject only to the two restrictions, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any national banking association owned by nonresidents of any State shall be taxed in the city or town where the bank is located, and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county, or municipal taxes, to the same extent, according to its value, as other real property is taxed.

Act June 3,  
1864, c. 106,  
sec. 41; 13  
Stat. L., 111.  
Act. Feb. 10,  
1868, c. 7; 15  
Stat. L., 34.



---

## **DISSOLUTION AND RECEIVERSHIP.**

---



## CHAPTER V.

### DISSOLUTION AND RECEIVERSHIP.

- |  |   |
|--|---|
| <p>500. 5220. Two-thirds vote required for liquidation.</p> <p>501. 5221. Notice of voluntary liquidation.</p> <p>502. 5222. Deposit of lawful money to redeem circulation.</p> <p>503. 5223. No deposit required for consolidation.</p> <p>503a. Act November 7, 1918. Consolidation of national banks.</p> <p>504. 5224. Reassignment of bonds and redemption of notes of liquidating banks.</p> <p>505. Act June 20, 1874. Duty of Treasurer, Assistant Treasurer, etc., to return notes of failed or liquidating banks to Treasury for redemption.</p> <p>506. 5225. Destruction of redeemed notes.</p> <p>507. 5226. Protest of bank circulation.</p> <p>508. 5227. Bonds forfeited if circulation is dishonored. Examination by special agent.</p> <p>509. 5228. Suspension of business after default.</p> <p>510. 5229. Notice to present circulation for redemption. Cancellation of bonds.</p> <p>511. 5230. Sale of bonds at auction. First lien for redeeming circulation.</p> <p>512. 5231. Bonds may be sold at private sale.</p> <p>513. 5232. Disposal of redeemed notes. Regulations for redemption records.</p> | <p>514. 5233. Redeemed notes to be canceled.</p> <p>515. 5234. Appointment and duties of receivers.</p> <p>516. 5235. Notice to creditors of insolvent banks to present claims.</p> <p>517. 5236. Dividends. Distribution of assets of insolvent banks.</p> <p>518. 5237. When bank may enjoin further proceedings.</p> <p>519. 5238. Fees and expenses.</p> <p>520. Act June 30, 1876. When receiver may be appointed.</p> <p>521. Act June 30, 1876. Creditor's bill against shareholders.</p> <p>522. Act June 30, 1876, as amended 1892 1897. Appointment, qualification, and duties of shareholders' agent.</p> <p>523. Act March 29, 1886. Receiver may purchase property to protect his trust.</p> <p>524. Act March 29, 1886. Approval of request.</p> <p>525. Act March 29, 1886. Payment.</p> <p>526. 5239. Penalty for violation of this title. Forfeiture of charter. Individual liability of directors.</p> <p>527. 5240. Appointment of examiners. Compensation.</p> <p>528. 5241. Limitation of visitorial powers.</p> <p>529. 5242. Transfers, when void. Illegal preference of creditors.</p> <p>530. 5243. Use of the title "National."</p> |
|--|---|

### TWO-THIRDS VOTE REQUIRED FOR LIQUIDATION.

**500. Sec. 5220.**—Any association may go into liquidation and be closed by the vote of its shareholders owning two-thirds of its stock. Act June 3, 1864, c. 106, sec. 42; 13 Stat. L., 112.

**NOTE.**—For enforcement of shareholders' liability when bank is in liquidation see act of June 30, 1876, following Revised Statutes, 5238.

### NOTICE OF VOLUNTARY LIQUIDATION.

**501. Sec. 5221.**—Whenever a vote is taken to go into liquidation it shall be the duty of the board of directors to cause notice of this fact to be certified, under the seal Act June 3, 1864, c. 106, sec. 42; 13 Stat. L., 112

of the association, by its president or cashier, to the Comptroller of the Currency, and publication thereof to be made for a period of two months in a newspaper published in the city of New York, and also in a newspaper published in the city or town in which the association is located, or if no newspaper is there published, then in the newspaper published nearest thereto, that the association is closing up its affairs, and notifying the holders of its notes and other creditors to present the notes and other claims against the association for payment.

#### DEPOSIT OF LAWFUL MONEY TO REDEEM CIRCULATION.

**502. Sec. 5222.**—Within six months from the date of the vote to go into liquidation, the association shall deposit with the Treasurer of the United States, lawful money of the United States sufficient to redeem all its outstanding circulation. The Treasurer shall execute duplicate receipts for money thus desposited and deliver one to the association and the other to the Comptroller of the Currency, stating the amount received by him, and the purpose for which it has been received; and the money shall be paid into the Treasury of the United States, and placed to the credit of such association upon redemption account.

Act June 3, 1864, c. 106,  
secs. 42, 43;  
13 Stat. L.,  
112.  
Act July 14, 1870, c. 257;  
16 Stat. L.,  
274.

#### NO DEPOSIT REQUIRED FOR CONSOLIDATION.

**503. Sec. 5223.**—An association which is in good faith winding up its business for the purpose of consolidating with another association shall not be required to deposit lawful money for its outstanding circulation; but its assets and liabilities shall be reported by the association with which it is in process of consolidation.

Act July 14, 1870, c. 257;  
16 Stat. L.,  
274.

#### CONSOLIDATION OF NATIONAL BANKS.

**503a.**—That any two or more national banking associations located within the same county, city, town, or village may, with the approval of the Comptroller of the Currency, consolidate into one association under the charter of either existing banks, on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each association proposing to consolidate, and be ratified and confirmed by the affirmative vote of the shareholders of each such association owning at least two-thirds of its capital stock outstanding, at a meeting to be held on the call of the directors after publishing notice of the time, place, and object of the meeting for four consecutive weeks in some newspaper published in the place where the said association is located, and if no newspaper is published in the place, then in a paper published nearest thereto, and after sending such notice to each shareholder of record by registered mail at least ten days prior to said meeting: *Provided*, That the capital stock of such consolidated association shall not be less

Act Nov. 7, 1918.

than that required under existing law for the organization of a national bank in the place in which it is located: *And provided further*, That when such consolidation shall have been effected and approved by the comptroller any shareholder of either of the associations so consolidated who has not voted for such consolidation may give notice to the directors of the association in which he is interested within twenty days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors, and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to the shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and if said reappraisal shall exceed the value fixed by said committee, the bank shall pay the expenses of the reappraisal; otherwise the appellant shall pay said expenses, and the value so ascertained and determined shall be deemed to be a debt due and be forthwith paid to said shareholder from said bank, and the share so paid shall be surrendered and after due notice sold at public auction within thirty days after the final appraisement provided for in this Act.

SEC. 2. That associations consolidating with another association under the provisions of this Act shall not be required to deposit lawful money for their outstanding circulation, but their assets and liabilities shall be reported by the association with which they have consolidated. And all the rights, franchises, and interests of the said national bank so consolidated in and to every species of property, personal and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national bank into which it is consolidated without any deed or other transfer, and the said consolidated national bank shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by the national bank so consolidated therewith.

#### REASSIGNMENT OF BONDS AND REDEMPTION OF NOTES OF LIQUIDATING BANKS.

504. Sec. 5224 [as amended 1875].—Whenever a sufficient deposit of lawful money to redeem the outstanding circulation of an association proposing to close its business has been made, the bonds deposited by the association to secure payment of its notes shall be reassigned to it, in the manner prescribed by section fifty-one hundred and sixty-two. And thereafter the association and its

Act June 3,  
1864, c. 106,  
sec. 42; 13  
Stat. L., 112.  
Act, Feb. 18,  
1875, c. 80;  
18 Stat. L.,  
320.

shareholders shall stand discharged from all liabilities upon the circulating notes, and those notes shall be redeemed at the Treasury of the United States. And if any such bank shall fail to make the deposit and take up its bonds for thirty days after the expiration of the time specified, the Comptroller of the Currency shall have power to sell the bonds pledged for the circulation of said bank, at public auction in New York City, and, after providing for the redemption and cancellation of said circulation and the necessary expenses of the sale, to pay over any balance remaining to the bank or its legal representatives.

**DUTY OF TREASURER, ASSISTANT TREASURERS, ETC., TO RETURN NOTES OF FAILED OR LIQUIDATING BANKS TO TREASURY FOR REDEMPTION. ACT JUNE 20, 1874.**

Act June 20,  
1874, c. 343,  
sec. 8; 18 Stat.  
L., 125.

**505. Sec. 8.**—\* \* \* And it shall be the duty of the Treasurer, assistant treasurers, designated depositaries, and national bank depositaries of the United States \* \* \* to assort and return to the Treasury for redemption the notes of such national banks as have failed, or gone into voluntary liquidation for the purpose of winding up their affairs, and of such as shall hereafter so fail or go into liquidation.

**DESTRUCTION OF REDEEMED NOTES.**

Act June 3,  
1864, c. 106,  
sec. 43; 13  
Stat. L., 112.  
Act. Feb. 27,  
1877, c. 69; 19  
Stat. L., 252.

**506. Sec. 5225 [as amended 1877].**—Whenever the Treasurer has redeemed any of the notes of an association which has commenced to close its affairs under the five preceding sections, he shall cause the notes to be mutilated and charged to the redemption account of the association; and all notes so redeemed by the Treasurer shall, every three months, be certified to and [*burned*] in the manner prescribed in section fifty-one hundred and eighty-four.

NOTE.—See act of June 23, 1874, following Revised Statutes, section 5184, directing that bank notes be macerated and not burned.

**PROTEST OF BANK CIRCULATION.**

Act June 3,  
1864, c. 106,  
sec. 46; 13  
Stat. L., 113.

**507. Sec. 5226.**—Whenever any national banking association fails to redeem in the lawful money of the United States any of its circulating notes, upon demand of payment duly made during the usual hours of business, at the office of such association, or at its designated place of redemption, the holder may cause the same to be protested, in one package, by a notary public, unless the president or cashier of the association whose notes are presented for payment, [*or the president or cashier of the association at the place at which they are redeemable*] offers to waive demand and notice of the protest, and, in pursuance of



such offer, makes, signs, and delivers to the party making such demand an admission, in writing, stating the time of the demand, the amount demanded, and the fact of the nonpayment thereof. The notary public, on making such protest, or upon receiving such admission, shall forthwith forward such admission or notice of protest to the Comptroller of the Currency, retaining a copy thereof. If, however, satisfactory proof is produced to the notary public that the payment of the notes demanded is restrained by order of any court of competent jurisdiction, he shall not protest the same. When the holder of any notes causes more than one note or package to be protested on the same day, he shall not receive pay for more than one protest.

NOTE.—Circulation redeemable only at Treasury or over own counter. Designated places of redemption have not existed since act June 20, 1874. (See note under paragraph 401, ante.)

#### **BONDS FORFEITED IF CIRCULATION IS DISHONORED. EXAMINATION BY SPECIAL AGENT.**

**508. Sec. 5227.**—On receiving notice that any national banking association has failed to redeem any of its circulating notes, as specified in the preceding section, the Comptroller of the Currency, with the concurrence of the Secretary of the Treasury, may appoint a special agent, of whose appointment immediate notice shall be given to such association, who shall immediately proceed to ascertain whether it has refused to pay its circulating notes in the lawful money of the United States, when demanded, and shall report to the Comptroller the fact so ascertained. If, from such protest, and the report so made, the Comptroller is satisfied that such association has refused to pay its circulating notes and is in default, he shall, within thirty days after he has received notice of such failure, declare the bonds deposited by such association forfeited to the United States, and they shall thereupon be so forfeited.

Act June 3,  
1864, c. 106,  
sec. 47; 13  
Stat. L., 114.

#### **SUSPENSION OF BUSINESS AFTER DEFAULT.**

**509. Sec. 5228 [as amended 1875].**—After a default on the part of an association to pay any of its circulating notes has been ascertained by the Comptroller, and notice thereof has been given by him to the association, it shall not be lawful for the association suffering the same to pay out any of its notes, discount any notes or bills, or otherwise prosecute the business of banking, except to receive and safely keep money belonging to it, and to deliver special deposits.

Act June 3,  
1864, c. 106,  
sec. 46; 13  
Stat. L., 113;  
act Feb. 18,  
1875, c. 80; 18  
Stat. L., 320.

**NOTICE TO PRESENT CIRCULATION FOR REDEMPTION.  
CANCELLATION OF BONDS.**

Act June 3,  
1864, c. 106,  
secs. 47; 13  
Stat. L., 114. **510. Sec. 5229.**—Immediately upon declaring the bonds of an association forfeited for nonpayment of its notes, the Comptroller shall give notice, in such manner as the Secretary of the Treasury shall, by general rules or otherwise, direct, to the holders of the circulating notes of such association, to present them for payment at the Treasury of the United States; and the same shall be paid as presented in lawful money of the United States, whereupon the Comptroller may, in his discretion, cancel an amount of bonds pledged by such association equal at current market rates, not exceeding par, to the notes paid.

**SALE OF BONDS AT AUCTION. FIRST LIEN FOR REDEM-  
ING CIRCULATION.**

Act June 3,  
1864, c. 106,  
secs. 47, 48;  
13 Stat. L.,  
114. **511. Sec. 5230.**—Whenever the Comptroller has become satisfied, by the protest or the waiver and admission specified in section fifty-two hundred and twenty-six, or by the report provided for in section fifty-two hundred and twenty-seven, that any association has refused to pay its circulating notes, he may, instead of canceling its bonds, cause so much of them as may be necessary to redeem its outstanding notes to be sold at public auction in the city of New York, after giving thirty days' notice of such sale to the association. For any deficiency in the proceeds of all the bonds of an association, when thus sold, to reimburse to the United States the amount expended in paying the circulating notes of the association, the United States shall have a paramount lien upon all its assets; and such deficiency shall be made good out of such assets in preference to any and all other claims whatsoever, except the necessary costs and expenses of administering the same.

**BONDS MAY BE SOLD AT PRIVATE SALE.**

Act June 3,  
1864, c. 106,  
secs. 49; 13  
Stat. L., 114. **512. Sec. 5231.**—The Comptroller may, if he deems it for the interest of the United States, sell at private sale any of the bonds of an association shown to have made default in paying its notes, and receive therefor either money or the circulating notes of the association. But no such bonds shall be sold by private sale for less than par, nor for less than the market value thereof at the time of sale; and no sales of any such bonds, either public or private, shall be complete until the transfer of the bonds shall have been made with the formalities prescribed by sections fifty-one hundred and sixty-two, fifty-one hundred and sixty-three, and fifty-one hundred and sixty-four.

**DISPOSAL OF REDEEMED NOTES; REGULATIONS FOR REDEMPTION RECORDS.**

**513. Sec. 5232.**—The Secretary of the Treasury may, from time to time, make such regulations respecting the disposition to be made of circulating notes after presentation at the Treasury of the United States for payment, and respecting the perpetuation of the evidence of the payment thereof, as may seem to him proper.

Act June 3,  
1864, c. 106,  
sec. 47; 13  
Stat. L., 114.

**REDEEMED NOTES TO BE CANCELED.**

**514. Sec. 5233.**—All notes of national banking associations presented at the Treasury of the United States for payment shall, on being paid, be canceled.

Act June 3,  
1864, c. 106,  
sec. 47; 13  
Stat. L., 114.

**APPOINTMENT AND DUTIES OF RECEIVERS.**

**515. Sec. 5234.**—On becoming satisfied, as specified in sections fifty-two hundred and twenty-six and fifty-two hundred and twenty-seven, that any association has refused to pay its circulating notes as therein mentioned, and is in default, the Comptroller of the Currency may forthwith appoint a receiver, and require of him such bond and security as he deems proper. Such receiver, under the direction of the Comptroller, shall take possession of the books, records, and assets of every description of such association, collect all debts, dues, and claims belonging to it, and, upon the order of a court of record of competent jurisdiction, may sell or compound all bad or doubtful debts, and, on a like order, may sell all the real and personal property of such association, on such terms as the court shall direct; and may, if necessary to pay the debts of such association, enforce the individual liability of the stockholders. Such receiver shall pay over all money so made to the Treasurer of the United States, subject to the order of the Comptroller, and also make report to the Comptroller of all his acts and proceedings. *Provided*, That the Comptroller may, if he deems proper, deposit any of the money so made in any regular Government depository, or in any State or national bank either of the city or town in which the insolvent bank was located, or of a city or town as adjacent thereto as practicable; if such deposit is made he shall require the depository to deposit United States bonds or other satisfactory securities with the Treasurer of the United States for the safe-keeping and prompt payment of the money so deposited. Such depository shall pay upon such money interest at such rate as the Comptroller may prescribe, not less, however, than two per centum per annum upon the average monthly amount of such deposits.

Act June 3,  
1864, c. 106,  
sec. 50; 13  
Stat. L., 114.

Act May 15,  
1916; 39 Stat.  
L., 122.

NOTE.—Other provisions authorizing the appointment of receivers of national banks and relating to powers and duties of receivers and agents will be found in the act of June 30, 1876, as

amended August 3, 1892, and March 2, 1897, and the act of March 29, 1886. Both these acts are set forth following section 5238, Revised Statutes.

A receiver may also be appointed, under the provisions of section 5234 of the Revised Statutes of the United States, for the following violations of law:

Where the capital stock of a national bank has not been fully paid in and it is thus reduced below the legal minimum and remains so for thirty days. (Sec. 5141, R. S.)

For failure to make good the lawful money reserve within thirty days after notice. (Sec. 5191, R. S.)

Where a bank purchases or acquires its own stock to prevent loss upon a debt previously contracted in good faith, and the same is not sold or disposed of within six months from the time of its purchase. (Sec. 5201, R. S.)

For failure to make good any impairment in its capital stock and refusing to go into liquidation within three months after receiving notice. (Sec. 5205, R. S.)

For false certification of checks by any officer, clerk, or agent. (Sec. 5208, R. S.)

#### NOTICE TO CREDITORS OF INSOLVENT BANKS TO PRESENT CLAIMS.

Act June 3, 1864, c. 106, sec. 50; 13 Stat. L., 114. **516. Sec. 5235.**—The Comptroller shall, upon appointing a receiver, cause notice to be given, by advertisement in such newspapers as he may direct, for three consecutive months, calling on all persons who may have claims against such association to present the same, and to make legal proof thereof.

#### DIVIDENDS; DISTRIBUTION OF ASSETS OF INSOLVENT BANKS.

Act June 3, 1864, c. 106, sec. 50; 13 Stat. L., 114. **517. Sec. 5236.**—From time to time, after full provision has been first made for refunding to the United States any deficiency in redeeming the notes of such association, the Comptroller shall make a ratable dividend of the money so paid over to him by such receiver on all such claims as may have been proved to his satisfaction or adjudicated in a court of competent jurisdiction, and, as the proceeds of the assets of such association are paid over to him, shall make further dividends on all claims previously proved or adjudicated; and the remainder of the proceeds, if any, shall be paid over to the shareholders of such association or their legal representatives, in proportion to the stock by them respectively held.

#### WHEN BANK MAY ENJOIN FURTHER PROCEEDINGS.

Act June 3, 1864, c. 106, sec. 50; 13 Stat. L., 114. **518. Sec. 5237.**—Whenever an association against which proceedings have been instituted, on account of any alleged refusal to redeem its circulating notes as aforesaid, denies having failed to do so, it may, at any time within ten days after it has been notified of the appointment of an agent, as provided in section fifty-two hundred and twenty-seven, apply to the nearest circuit, or district, or Territorial court of the United States to enjoin further proceedings in the premises; and such court, after citing

the Comptroller of the Currency to show cause why further proceedings should not be enjoined, and after the decision of the court or finding of a jury that such association has not refused to redeem its circulating notes, when legally presented, in the lawful money of the United States, shall make an order enjoining the Comptroller, and any receiver acting under his direction, from all further proceedings on account of such alleged refusal.

NOTE.—See also sections 24, judiciary act passed March 31, 1911, and 736, Revised Statutes, paragraphs 701 and 702, post.

### FEES AND EXPENSES.

**519. Sec. 5238.**—All fees for protesting the notes issued by any national banking association shall be paid by the person procuring the protest to be made, and such association shall be liable therefor; but no part of the bonds deposited by such association shall be applied to the payment of such fees. All expenses of any preliminary or other examinations into the condition of any association shall be paid by such association. All expenses of any receivership shall be paid out of the assets of such association before distribution of the proceeds thereof.

Act June 3,  
1864, c. 106,  
sec. 51; 13  
Stat. L., 115.

### WHEN RECEIVER MAY BE APPOINTED. ACT JUNE 30, 1876.

**520. Section 1.**—That whenever any national banking association shall be dissolved, and its rights, privileges, and franchises declared forfeited, as prescribed in section fifty-two hundred and thirty-nine of the Revised Statutes of the United States, or whenever any creditor of any national banking association shall have obtained a judgment against it in any court of record, and made application, accompanied by a certificate from the clerk of the court stating that such judgment has been rendered and has remained unpaid for the space of thirty days, or whenever the Comptroller shall become satisfied of the insolvency of a national banking association, he may, after due examination of its affairs, in either case, appoint a receiver, who shall proceed to close up such association, and enforce the personal liability of the shareholders, as provided in section fifty-two hundred and thirty-four of said statutes.

Act June 30,  
1876, c. 156,  
sec. 1; 19 Stat.  
L., 63.

### CREDITOR'S BILL AGAINST SHAREHOLDERS. ACT JUNE 30, 1876.

**521. Sec. 2.**—That when any national banking association shall have gone into liquidation under the provisions of section five thousand two hundred and twenty of said statutes, the individual liability of the shareholders provided for by section fifty-one hundred and fifty-one of said statutes may be enforced by any creditor of such association, by bill in equity, in the nature of a creditor's

Act June 30,  
1876, c. 156,  
sec. 2; 19 Stat.  
L., 63.

bill, brought by such creditor on behalf of himself and of all other creditors of the association, against the shareholders thereof, in any court of the United States having original jurisdiction in equity for the district in which such association may have been located or established.

**APPOINTMENT, QUALIFICATION, AND DUTIES OF SHAREHOLDERS' AGENT. ACT JUNE 30, 1876, AS AMENDED 1892, 1897.**

Act June 30,  
1876, c. 156,  
sec. 3; 19 Stat.  
L., 63, as  
amended Aug.  
3, 1892, 27  
Stat. L., 345,  
and Mar. 2,  
1897, 29 Stat.  
L., 600.

**522. Sec. 3.**—That whenever any association shall have been or shall be placed in the hands of a receiver, as provided in section fifty-two hundred and thirty-four and other sections of the Revised Statutes of the United States, and when, as provided in section fifty-two hundred and thirty-six thereof, the Comptroller of the Currency shall have paid to each and every creditor of such association, not including shareholders who are creditors of such association, whose claim or claims as such creditor shall have been proved or allowed as therein prescribed, the full amount of such claims, and all expenses of the receivership and the redemption of the circulating notes of such association shall have been provided for by depositing lawful money of the United States with the Treasurer of the United States, the Comptroller of the Currency shall call a meeting of the shareholders of such association by giving notice thereof for thirty days in a newspaper published in the town, city, or county where the business of such association was carried on, or if no newspaper is there published, in the newspaper published nearest thereto. At such meeting the shareholders shall determine whether the receiver shall be continued and shall wind up the affairs of such association, or whether an agent shall be elected for that purpose, and in so determining the said shareholders shall vote by ballot, in person or by proxy, each share of stock entitling the holder to one vote, and the majority of the stock in value and number of shares shall be necessary to determine whether the said receiver shall be continued, or whether an agent shall be elected. In case such majority shall determine that the said receiver shall be continued, the said receiver shall thereupon proceed with the execution of his trust, and shall sell, dispose of, or otherwise collect the assets of the said association, and shall possess all the powers and authority, and be subject to all the duties and liabilities originally conferred or imposed upon him by his appointment as such receiver, so far as the same remain applicable. In case the said meeting shall, by the vote of a majority of the stock in value and number of shares, determine that an agent shall be elected, the said meeting shall thereupon proceed to elect an agent, voting by ballot, in person or by proxy, each share of stock entitling the holder to one vote, and the person who shall receive votes representing at least a majority of stock in value

and number shall be declared the agent for the purposes hereinafter provided; and whenever any of the shareholders of the association shall, after the election of such agent, have executed and filed a bond to the satisfaction of the Comptroller of the Currency, conditioned for the payment and discharge in full of each and every claim that may thereafter be proved and allowed by and before a competent court, and for the faithful performance of all and singular the duties of such trust, the Comptroller and the receiver shall thereupon transfer and deliver to such agent all the undivided or uncollected or other assets of such association then remaining in the hands or subject to the order and control of said Comptroller and said receiver, or either of them; and for this purpose said Comptroller and said receiver are hereby severally empowered and directed to execute any deed, assignment, transfer, or other instrument in writing that may be necessary and proper; and upon the execution and delivery of such instrument to the said agent the said Comptroller and the said receiver shall by virtue of this act be discharged from any and all liabilities to such association and to each and all the creditors and shareholders thereof.

Upon receiving such deed, assignment, transfer, or other instrument the person elected such agent shall hold, control, and dispose of the assets and property of such association which he may receive under the terms hereof for the benefit of the shareholders of such association, and he may, in his own name, or in the name of such association, sue and be sued and do all other lawful acts and things necessary to finally settle and distribute the assets and property in his hands, and may sell, compromise, or compound the debts due to such association, with the consent and approval of the circuit or district court of the United States for the district where the business of such association was carried on, and shall at the conclusion of his trust render to such district or circuit court a full account of all his proceedings, receipts, and expenditures as such agent, which court shall, upon due notice, settle and adjust such accounts and discharge said agent and the sureties upon said bond. And in case any such agent so elected shall refuse to serve, or die, resign, or be removed, any shareholder may call a meeting of the shareholders of such association in the town, city, or village where the business of the said association was carried on, by giving notice thereof for thirty days in a newspaper published in said town, city, or village, or if no newspaper is there published, in the newspaper published nearest thereto, at which meeting the shareholders shall elect an agent, voting by ballot, in person or by proxy, each share of stock entitling the holder to one vote, and when such agent shall have received votes representing at least a majority of the stock in value and number of shares, and shall have executed a bond to the

shareholders conditioned for the faithful performance of his duties, in the penalty fixed by the shareholders at said meeting, with two sureties, to be approved by a judge of a court of record, and file said bond in the office of the clerk of a court of record in the county where the business of said association was carried on, he shall have all the rights, powers, and duties of the agent first elected as hereinbefore provided. At any meeting held as hereinbefore provided administrators or executors of deceased shareholders may act and sign as the decedent might have done if living, and guardians of minors and trustees of other persons may so act and sign for their ward or wards or cestui que trust. The proceeds of the assets or property of any such association which may be undistributed at the time of such meeting or may be subsequently received shall be distributed as follows:

First. To pay the expenses of the execution of the trust to the date of such payment.

Second. To repay any amount or amounts which have been paid in by any shareholder or shareholders of such association upon and by reason of any and all assessments made upon the stock of such association by the order of the Comptroller of the Currency in accordance with the provisions of the statutes of the United States; and

Third. The balance ratably among such stockholders, in proportion to the number of shares held and owned by each. Such distribution shall be made from time to time as the proceeds shall be received and as shall be deemed advisable by the said Comptroller or said agent.

NOTE.—Other sections of act June 30, 1876:

Section 4 amends Revised Statutes, 5205.

Section 5 relates to counterfeit notes.

Section 6 relates to savings banks and trust companies, organized under act of Congress.

### RECEIVER MAY PURCHASE PROPERTY TO PROTECT HIS TRUST. ACT MARCH 29, 1886.

Act. Mar. 29,  
1886, c. 28, sec.  
1; 24 Stat. L.,  
8.

**523. Sec. 1.**—That whenever the receiver of any national bank duly appointed by the Comptroller of the Currency, and who shall have duly qualified and entered upon the discharge of his trust, shall find it in his opinion necessary, in order to fully protect and benefit his said trust, to the extent of any and all equities that such trust may have in any property, real or personal, by reason of any bond, mortgage, assignment, or other proper legal claim attaching thereto, and which said property is to be sold under any execution, decree of foreclosure, or proper order of any court of jurisdiction, he may certify the facts in the case, together with his opinion as to the value of the property to be sold, and the value of the equity his said trust may have in the same, to the Comptroller of the Currency, together with a request for the right and



authority to use and employ so much of the money of said trust as may be necessary to purchase such property at such sale.

**APPROVAL OF REQUEST. ACT MARCH 29, 1886.**

**524. Sec. 2.**—That such request, if approved by the Comptroller of the Currency, shall be, together with the certificate of facts in the case, and his recommendation as to the amount of money which, in his judgment, should be so used and employed, submitted to the Secretary of the Treasury, and if the same shall likewise be approved by him, the request shall be by the Comptroller of the Currency allowed, and notice thereof, with copies of the request, certificate of facts, and indorsement of approvals, shall be filed with the Treasurer of the United States. Act. Mar. 29, 1886, c. 28, sec. 2; 24 Stat. L., 8.

**PAYMENT. ACT MARCH 29, 1886.**

**525. Sec. 3.**—That whenever any such request shall be allowed as hereinbefore provided, the said Comptroller of the Currency shall be, and is, empowered to draw upon and from such funds of any such trust as may be deposited with the Treasurer of the United States for the benefit of the bank in interest, to the amount as may be recommended and allowed and for the purpose for which such allowance was made: *Provided, however,* That all payments to be made for or on account of the purchase of any such property and under any such allowance shall be made by the Comptroller of the Currency direct, with the approval of the Secretary of the Treasury, for such purpose only and in such manner as he may determine and order. Act. Mar. 29, 1886, c. 28, sec. 3; 24 Stat. L., 8.

**PENALTY FOR VIOLATION OF THIS TITLE; FORFEITURE OF CHARTER; INDIVIDUAL LIABILITY OF DIRECTORS.**

**526. Sec. 5239.**—If the directors of any national banking association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate any of the provisions of this title, all the rights, privileges, and franchises of the association shall be thereby forfeited. Such violation shall, however, be determined and adjudged by a proper circuit, district, or Territorial court of the United States, in a suit brought for that purpose by the Comptroller of the Currency, in his own name, before the association shall be declared dissolved. And in cases of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person, shall have sustained in consequence of such violation. Act. June 3, 1864, c. 106, sec. 53; 13 Stat. L., 116.

## APPOINTMENT OF EXAMINERS, COMPENSATION.

Act June 3, 1864, c. 106, sec. 54; 13 Stat. L., 116.  
 Act Feb. 19, 1875, c. 89; 18 Stat. L., 329.  
 Act Dec. 23, 1913, sec. 21; 38 Stat. L., 271.

**527. Sec. 5240 [as amended 1913].**—The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners, who shall examine every member bank at least twice in each calendar year and oftener if considered necessary: *Provided, however,* That the Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank, and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

The Federal Reserve Board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal Reserve Board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank.

**LIMITATION OF VISITORIAL POWERS.**

**528. Sec. 5241.**—No association shall be subject to any visitorial powers other than such as are authorized by this Title, or are vested in the courts of justice. Act June 3, 1864, c. 106, sec. 54; 13 Stat. L., 116.

NOTE.—See also the fourth paragraph in section 5240, immediately preceding.

**TRANSFERS, WHEN VOID; ILLEGAL PREFERENCE OF CREDITORS.**

**529. Sec. 5242.**—All transfers of the notes, bonds, bills of exchange, or other evidences of debt owing to any national banking association, or of deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, made with a view to prevent the application of its assets in the manner prescribed by this chapter, or with a view to the preference of one creditor to another, except in payment of its circulating notes, shall be utterly null and void; and no attachment, injunction or execution, shall be issued against such association or its property before final judgment in any suit, action, or proceeding, in any State, county, or municipal court. Act June 3, 1864, c. 106, sec. 52; 13 Stat. L., 115.

**USE OF THE TITLE "NATIONAL."**

**530. Sec. 5243.**—All banks not organized and transacting business under the national currency laws, or under this Title, and all persons or corporations doing the business of bankers, brokers, or savings institutions, except savings banks authorized by Congress to use the word "national" as a part of their corporate name, are prohibited from using the word "national" as a portion of the name or title of such bank, corporation, firm, or partnership; and any violation of this prohibition committed after the third day of September, eighteen hundred and seventy-three, shall subject the party chargeable therewith to a penalty of fifty dollars for each day during which it is committed or repeated. Act Mar. 3, 1873, c. 269, sec. 3; 17 Stat. L., 603.



---

---

**FEDERAL RESERVE ACT.**

---

---



## CHAPTER VI.

### THE FEDERAL RESERVE ACT.

As amended by the acts approved August 4 and August 15, 1914, March 3, 1915, September 7, 1916, June 21, 1917, and March 3, 1919.

- |  |  |
|--|--|
| <p>600. Title of act.<br/>601. Definition of terms.<br/>602. Federal reserve districts—organization committee.<br/>602a. Authority of committee.<br/>602b. Acceptance of terms of act.<br/>602c. Subscriptions to capital stock.<br/>602d. Responsibility of shareholders.<br/>602e. Failure of national banks to accept terms of act—penalty.<br/>602f. Failure of national banks to become member banks—penalty.<br/>602g. Public subscriptions—when accepted.<br/>602h. Limit to stock held by any individual copartnership or corporation other than a member bank. Public stock, how transferable.<br/>602i. Allotment of stock to United States.<br/>602j. Voting power.<br/>602k. Transfer of stock.<br/>602l. Minimum capital of Federal reserve bank.<br/>602m. Reserve cities, status of.<br/>602n. Authority of organization committee to employ assistants.<br/>603. Branches of Federal reserve banks.<br/>604. Organization of Federal reserve banks. Application for stock by national banks.<br/>604a. Organization certificate.<br/>604b. Powers of Federal reserve banks.<br/>604c. Directors of Federal reserve banks.<br/>604d. Classification of directors.<br/>604e. Election of class A and class B directors.<br/>604f. Appointment of class C directors. Federal reserve agent, duties of.<br/>604g. Compensation of directors.<br/>604h. Organization of Federal reserve banks. Authority of organization committee.</p> | <p>604i. First meeting of directors. Designation of terms of office.<br/>605. Increase and decrease of capital stock.<br/>605a. Stock not transferable.<br/>605b. Increase of capital stock.<br/>605c. Applications for capital stock.<br/>605d. Certificate of increase in stock of Federal reserve bank.<br/>605e. Reduction of capital stock.<br/>606. Insolvency of member bank.<br/>607. Division of earnings.<br/>607a. Tax exemptions.<br/>608. Conversion of State banks into national banks.<br/>609. State banks may subscribe.<br/>609a. Applications for membership.<br/>609b. Regulations and restrictions.<br/>609c. Member banks required to make reports to Federal Reserve Board and subject to examination by examiners appointed by the board and such banks' officers, agents, and employees subject to penalties of section 5209.<br/>609d. Failure to comply with regulations—penalty.<br/>609e. Withdrawal from membership in Federal reserve bank by State bank or trust company.<br/>609f. Amount of capital required to enable State bank to become member bank.<br/>609g. Rights, powers, and liabilities of State banks which become member banks.<br/>610. Appointment, compensation, and qualification of members of Federal Reserve Board.<br/>610a. Governor and vice governor; officers; qualification of members.<br/>610b. Provision for expenses.<br/>610c. First meeting of board; Secretary of Treasury chairman of board.</p> |
|--|--|

- 610d. Member of Federal Reserve Board not to be officer, director, or stockholder in any banking institution or trust company.
- 610e. Vacancies on board—how filled.
- 610f. Powers of Secretary of Treasury.
- 610g. Federal Reserve Board to make annual report to Speaker of the House of Representatives.
- 610h. Comptroller of the Currency.
- 611. Powers of Federal Reserve Board.
- 611a. Examination of books of Federal reserve banks and member banks. Board may require reports.
- 611b. Rediscounts.
- 611c. Suspension of reserve requirements.
- 611d. Issue and retirement of Federal reserve notes.
- 611e. Reserve cities.
- 611f. Suspension or removal of officer or director of a Federal reserve bank.
- 611g. Writing off doubtful or worthless assets.
- 611h. Suspension of operations of Federal reserve bank.
- 611i. Requirement of bonds from Federal reserve agents and authority to make necessary regulations under this act.
- 611j. General supervision.
- 611k. Permit to national banks to act as trustee, executor, administrator, or registrar of stocks and bonds.
- 611l. Employment of attorneys, clerks, etc., and provisions for payment of salaries.
- 611m. Discount by Federal reserve bank of paper secured by United States bonds issued since April 24, 1917.
- 612. Federal advisory council.
- 612a. Powers of Federal advisory council.
- 613. Powers of Federal reserve banks.
- 613a. Rediscounts—notes, drafts, and bills of exchange.
- 613b. Acceptances and limitations thereof.
- 613c. Exceptions as to limit of indebtedness. Power to act as insurance agent, as real-estate loan broker, and to accept drafts, etc.
- 614. Open-market operations.
- 615. Government deposits.
- 616. Federal reserve notes authorized.
- 616a. Applications for Federal reserve notes.—Collateral security.
- 616b. Reserve requirements for Federal reserve banks.
- 616c. Issue and redemption of Federal reserve notes. No Federal reserve bank permitted to pay out notes issued through another Federal reserve bank.
- 616d. Deposits of gold with Treasurer for redemption of Federal reserve notes.
- 616e. Federal Reserve Board may grant or reject application of Federal reserve bank for Federal reserve notes. Federal reserve notes first lien on all the assets of the bank.
- 616f. Reduction of note issues.
- 616g. Substitution of collateral.
- 616h. Preparation of Federal reserve notes. Plates and dies to be under control of Comptroller of Currency. Where notes are to be deposited.
- 616i. Appropriation for expense of printing national bank notes may be used for printing Federal reserve notes.
- 616j. When Federal reserve bank shall receive checks and drafts on deposit at par.
- 616k. Charges for collection and for sale of exchange.
- 616l. Federal Reserve Board may exercise functions of a clearing house and may require Federal reserve banks to exercise such functions.
- 616m. Secretary of the Treasury to receive deposits of gold coin or gold certificates with the Treasurer or Assistant Treasurer of the United States when tendered by any Federal reserve bank or Federal reserve agent for credit to its or his account with the Federal Reserve Board.
- 617. National banks not required to make deposit of United States bonds prior to commencement of business.
- 618. Refunding bonds. Retirement of circulating notes.
- 618a. Purchase of United States bonds by Federal reserve banks.
- 618b. Issue of circulating notes to Federal reserve banks on security of United States bonds. Circulating notes so issued obligations of Federal reserve bank.
- 618c. Issue of one-year gold notes and 3 per cent bonds of the United States in exchange for 2 per cent United States bonds.



- 618d. Exchange of 3 per cent bonds for one-year gold notes.
619. Bank reserves. Demand and time deposits defined. Reserve requirements, when effective.
- 619a. Reserve requirements for banks not in reserve cities.
- 619b. Reserve requirements for banks in reserve cities.
- 619c. Reserve requirements for banks in central reserve cities.
- 619d. Member bank forbidden to keep on deposit with nonmember bank a sum in excess of 10 per cent of its own capital and surplus or to secure discounts for nonmember bank.
- 619e. Withdrawal of reserve by member bank.
- 619f. Reserve requirement, how estimated.
- 619g. Reserve requirements for national banks located in Alaska or outside the continental United States.
620. Redemption fund with Treasurer not to be counted as reserve.
621. Bank examinations. Appointment and powers of examiners. Acceptance of reports of examinations by State authority.
- 621a. Salaries of bank examiners.
- 621b. Examinations by Federal reserve bank.
- 621c. Examinations of Federal reserve banks.
- 622a. Member bank can not make loan or grant a gratuity to any national bank examiner.
- 622b. National bank examiner can not perform any service for compensation for any bank or officer. Examiner can not disclose the names of borrowers or collateral without first obtaining written consent of Comptroller.
- 622c. Penalty for officer, director, or employee of member bank who receives any commission or gift in connection with any loan.
- 622d. Purchase of securities or property from one of its directors, or sales to a director by a member bank.
- 622e. Rate of interest paid directors, officers, or employees not to exceed that paid to other depositors.
- 622f. Penalty for violation of any of the provisions of section 22 of the Federal reserve act.
623. Liability of stockholders of national banks.
624. Loans on real estate.
625. Foreign branches.
626. Repeal of provisions of law inconsistent with the provisions of the Federal reserve act.
627. Act of May 30, 1908, extended to June 30, 1915. Reenactment of certain sections of Revised Statutes.
- 627a. Rate of taxation on circulating notes secured otherwise than by bonds of the United States. When Secretary of Treasury authorized to suspend limitations of act of May 30, 1908.
628. Reduction of capital of national banks.
629. Invalidation of clause, etc., in act not to invalidate remainder of act.
630. Reservation of right to amend or repeal.

### TITLE OF ACT.

600. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the short title of this Act shall be the "Federal Reserve Act." Act Dec. 23, 1913, sec. 1; Stat. L., 251.

### DEFINITION OF TERMS.

601. Wherever the word "bank" is used in this Act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to. Act Dec. 23, 1913, sec. 1; Stat. L., 251.

The terms "national bank" and "national banking association" used in this Act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this Act. The term "board" shall be held to mean Federal Reserve Board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

#### FEDERAL RESERVE DISTRICTS—ORGANIZATION COMMITTEE.

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
251. **602. Sec. 2.**—As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "The Reserve Bank Organization Committee," shall designate not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

#### AUTHORITY OF COMMITTEE.

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
252. **602a.** Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

#### ACCEPTANCE OF TERMS OF ACT.

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
252. **602b.** Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required, and every eligible bank in the United States and every trust company

within the District of Columbia, is hereby authorized to signify in writing, within sixty days after the passage of this act, its acceptance of the terms and provisions hereof.

#### SUBSCRIPTIONS TO CAPITAL STOCK.

**602c.** When the organization committee shall have designated the cities in which Federal reserve banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required within thirty days after notice from the organization committee, to subscribe to the capital stock of such Federal reserve bank in a sum equal to six per centum of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board, said payments to be in gold or gold certificates.

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
252.

#### RESPONSIBILITY OF SHAREHOLDERS.

**602d.** The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this Act.

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
252.

#### FAILURE OF NATIONAL BANKS TO ACCEPT TERMS OF ACT—PENALTY.

**602e.** Any national bank failing to signify its acceptance of the terms of this Act within the sixty days aforesaid, shall cease to act as a reserve agent, upon thirty days' notice, to be given within the discretion of the said organization committee or of the Federal Reserve Board.

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
252.

#### FAILURE OF NATIONAL BANKS TO BECOME MEMBER BANKS—PENALTY.

**602f.** Should any national banking association in the United States now organized fail within one year after the passage of this Act to become a member bank or fail to comply with any of the provisions of this Act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank Act, or under the provisions of this Act, shall be thereby

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
252.

forfeited. Any noncompliance with or violation of this Act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal Reserve Board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this Act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

#### **PUBLIC SUBSCRIPTIONS—WHEN ACCEPTED.**

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
253. **602g.** Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

#### **LIMIT TO STOCK HELD BY ANY INDIVIDUAL, COPARTNERSHIP, OR CORPORATION OTHER THAN A MEMBER BANK. PUBLIC STOCK, HOW TRANSFERABLE.**

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
253. **602h.** No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than \$25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

#### **ALLOTMENT OF STOCK TO UNITED STATES.**

Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
253. **602i.** Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall de-

termine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

#### VOTING POWER.

**602j.** Stock not held by member banks shall not be entitled to voting power. Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
253.

#### TRANSFER OF STOCK.

**602k.** The Federal Reserve Board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock. Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
253.

#### MINIMUM CAPITAL OF FEDERAL RESERVE BANK.

**602l.** No Federal reserve bank shall commence business with a subscribed capital less than \$4,000,000. Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
253.

#### RESERVE CITIES, STATUS OF.

**602m.** The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this Act changes the amount of reserves that may be carried with approved reserve agents located therein. Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
253.

#### AUTHORITY OF ORGANIZATION COMMITTEE TO EMPLOY ASSISTANTS.

**602n.** The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses. Act Dec. 23,  
1913, sec. 2;  
38 Stat. L.,  
253.

#### BRANCH OFFICES.

#### BRANCHES OF FEDERAL RESERVE BANKS.

**603. Sec. 3.**—The Federal Reserve Board may permit or require any Federal reserve bank to establish branch banks within the Federal reserve district in which it is located or within the district of any Federal reserve bank which may have been suspended. Such branches, sub- Act Dec. 23,  
1913, sec. 3;  
38 Stat. L.,  
253.  
Act June 21,  
1917, sec. 1;  
40 Stat. L.,  
232, chap. 32.

ject to such rules and regulations as the Federal Reserve Board may prescribe, shall be operated under the supervision of a board of directors to consist of not more than seven nor less than three directors, of whom a majority of one shall be appointed by the Federal reserve bank of the district, and the remaining directors by the Federal Reserve Board. Directors of branch banks shall hold office during the pleasure of the Federal Reserve Board.

#### FEDERAL RESERVE BANKS.

#### ORGANIZATION OF FEDERAL RESERVE BANKS. APPLICATION FOR STOCK BY NATIONAL BANKS.

Act Dec. 23,  
1913, sec. 4;  
38 Stat. L.,  
254. **604. Sec. 4.**—When the organization committee shall have established Federal reserve districts as provided in section two of this Act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this Act.

#### ORGANIZATION CERTIFICATE.

Act Dec. 23,  
1913, sec. 4;  
38 Stat. L.,  
254. **604a.** When the minimum amount of capital stock prescribed by this Act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this Act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgement thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record and carefully preserve the same in his office.

#### POWERS OF FEDERAL RESERVE BANKS.

**604b.** Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate, and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors such officers and employees as are not otherwise provided for in this act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

Sixth. To prescribe by its board of directors, by-laws, not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this act.

Eighth.<sup>1</sup> Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve bank.

<sup>1</sup> See section 18. Also section 5 of act approved Apr. 23, 1918, authorizing issuance of Federal Reserve Bank notes in any denominations (including \$1 and \$2) against security of United States certificates of indebtedness.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this act.

#### DIRECTORS OF FEDERAL RESERVE BANKS.

Act Dec. 23, 1913, sec. 4; 38 Stat. L. 255. **604c.** Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

#### CLASSIFICATION OF DIRECTORS.

Act Dec. 23, 1913, sec. 4; 38 Stat. L. 255. **604d.** Such board of directors shall be selected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district in commerce, agriculture or some other industrial pursuit.

Class C shall consist of three members who shall be designated by the Federal Reserve Board. When the necessary subscriptions to the capital stock have been obtained for the organization of any Federal reserve bank, the Federal Reserve Board shall appoint the class C directors and shall designate one of such directors as chairman of the board to be selected. Pending the designation of such chairman, the organization committee shall exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

No Senator or Representative in Congress shall be a member of the Federal Reserve Board or an officer or a director of a Federal reserve bank.

No director of class B shall be an officer, director, or employee of any bank.

No director of class C shall be an officer, director, employee, or stockholder of any bank.



**ELECTION OF CLASS A AND CLASS B DIRECTORS.**

**604e.** Directors of class A and class B shall be chosen in the following manner: Act Dec. 23,  
1913, sec. 4;  
38 Stat. L.,  
256.

The Federal Reserve Board shall classify the member banks of the district into three general groups or divisions, designating each group by number. Each group shall consist as nearly as may be of banks of similar capitalization. Each member bank shall be permitted to nominate to the chairman of the board of directors of the Federal reserve bank of the district one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each member bank. Each member bank by a resolution of the board or by an amendment to its by-laws shall authorize its president, cashier, or some other officer to cast the vote of the member bank in the elections of class A and class B directors. Act Sept. 26,  
1918.

Within fifteen days after receipt of the list of candidates the duly authorized officer of a member bank shall certify to the chairman his first, second, and other choices for director of class A and class B, respectively, upon a preferential ballot upon a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each such officer shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate. No officer or director of a member bank shall be eligible to serve as a class A director unless nominated and elected by banks which are members of the same group as the member bank of which he is an officer or director.

Any person who is an officer or director of more than one member bank shall not be eligible for nomination as a class A director except by banks in the same group as the bank having the largest aggregate resources of any of those of which such person is an officer or director.

Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having

the highest number of votes shall be declared elected. An immediate report of election shall be declared.

#### APPOINTMENT OF CLASS C DIRECTORS. FEDERAL RESERVE AGENTS, DUTIES OF.

Act Dec. 23,  
1913, sec. 4;  
38 Stat. L.,  
256.

**604f.** Class C directors shall be appointed by the Federal Reserve Board. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as 'Federal reserve agent.' He shall be a person of tested banking experience, and in addition to his duties as chairman of the board of directors of the Federal reserve bank he shall be required to maintain, under regulations to be established by the Federal Reserve Board, a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal Reserve Board and shall act as its official representative for the performance of the functions conferred upon it by this act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated. One of the directors of class C shall be appointed by the Federal Reserve Board as deputy chairman to exercise the powers of the chairman of the board when necessary. In case of the absence of the chairman and deputy chairman, the third-class C director shall preside at meetings of the board.

Act June 21,  
1917, sec. 2.

Subject to the approval of the Federal Reserve Board, the Federal reserve agent shall appoint one or more, assistants. Such assistants, who shall be persons of tested banking experience, shall assist the Federal reserve agent in the performance of his duties and shall also have power to act in his name and stead during his absence or disability. The Federal Reserve Board shall require such bonds of the assistant Federal reserve agents as it may deem necessary for the protection of the United States. Assistants to the Federal reserve agent shall receive an annual compensation, to be fixed and paid in the same manner as that of the Federal reserve agent.

#### COMPENSATION OF DIRECTORS.

Act Dec. 23,  
1913, sec. 4;  
38 Stat. L.,  
257.

**604g.** Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers or employees shall be subject to the approval of the Federal Reserve Board.

**ORGANIZATION OF FEDERAL RESERVE BANKS. AUTHORITY OF ORGANIZATION COMMITTEE.**

**604h.** The Reserve Bank Organization Committee may, in organizing Federal reserve banks, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this Act, and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

Act Dec. 23,  
1913, sec. 4;  
38 Stat. L.,  
257.

**FIRST MEETING OF DIRECTORS. DESIGNATION OF TERMS OF OFFICE.**

**604i.** At the first meeting of the full board of directors of each Federal reserve bank, it shall be the duty of the directors of classes A, B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest the date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

Act Dec. 23,  
1913, sec. 4;  
38 Stat. L.,  
257.

**STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL.****INCREASE AND DECREASE OF CAPITAL STOCK.**

**605. Sec. 5.**—The capital stock of each Federal reserve bank shall be divided into shares of \$100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members.

Act Dec. 23,  
1913, sec. 5;  
38 Stat. L.,  
257.

**STOCK NOT TRANSFERABLE.**

**605a.** Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated.

Act Dec. 23,  
1913, sec. 5;  
38 Stat. L.,  
257.

**INCREASE OF CAPITAL STOCK.**

**605b.** When a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to six per centum of the said increase, one-half of said subscription to be paid in the manner hereinbefore provided for original subscription, and one-half subject to call of the Federal Reserve Board.

Act Dec. 23,  
1913, sec. 5;  
38 Stat. L.,  
257.

**APPLICATIONS FOR CAPITAL STOCK.**

Act Dec. 23, 1913, sec. 5; 38 Stat. L., 257. **605c.** A bank applying for stock in a Federal reserve bank at any time after the organization thereof must subscribe for an amount of the capital stock of the Federal reserve bank equal to six per centum of the paid-up capital stock and surplus of said applicant bank, paying therefor its par value plus one-half of one per centum a month from the period of the last dividend.

**CERTIFICATE OF INCREASE IN STOCK OF FEDERAL RESERVE BANK.**

Act Dec. 23, 1913, sec. 5; 38 Stat. L., 257. **605d.** When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid.

**REDUCTION OF CAPITAL STOCK.**

Act Dec. 23, 1913, sec. 5; 38 Stat. L., 257. **605e.** When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and when a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.

**INSOLVENCY OF MEMBER BANK.**

Act Dec. 23, 1913, sec. 6; 38 Stat. L., 258. **606. Sec. 6.**—If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of one per centum per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

**DIVISION OF EARNINGS.**

**607. Sec. 7.**—After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. Act Dec. 23,  
1913, sec. 7;  
38 Stat. L.,  
258.

After the aforesaid dividend claims have been fully met, the net earnings shall be paid to the United States as a franchise tax except that the whole of such net earnings, including those for the year ending December thirty-first, nineteen hundred and eighteen, shall be paid into a surplus fund until it shall amount to one hundred per centum of the subscribed capital stock of such bank, and that thereafter ten per centum of such earnings shall be paid into the surplus. Act Mar. 3,  
1919.

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

**TAX EXEMPTIONS.**

**607a.** Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate. Act Dec. 23,  
1913, sec. 7;  
38 Stat. L.,  
258.

**CONVERSION OF STATE BANKS INTO NATIONAL BANKS.**

**608. Sec. 8.**—Section fifty-one hundred and fifty-four, United States Revised Statutes, is hereby amended to read as follows: Act June 3,  
1864, c. 106,  
sec. 44; 13  
Stat. L., 112.  
Act Dec. 23,  
1913, sec. 8;  
38 Stat. L.,  
258.

Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency: *Provided, however, That*

said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be the directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the Comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal Reserve Act and by the national banking Act for associations originally organized as national banking associations.

#### STATE BANKS AS MEMBERS.

#### STATE BANKS MAY SUBSCRIBE.

Act Dec. 23, 1913, sec. 9; 38 Stat. L., 259. 609. Sec. 9.—Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, desiring to become a member of the Federal Reserve System, may make application to the Federal Reserve Board, under such rules and regulations as it may prescribe, for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board, subject to such conditions as it may prescribe, may permit the applying bank to become a stockholder of such Federal reserve bank.

#### APPLICATIONS FOR MEMBERSHIP.

Act Dec. 23, 1913, sec. 9; 38 Stat. L., 259. 609a. In acting upon such applications the Federal Reserve Board shall consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this act.

Whenever the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Federal Reserve Board, and stock issued to it shall be held subject to the provisions of this act.

#### REGULATIONS AND RESTRICTIONS.

**609b.** All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relates to the payment of unearned dividends. Act Dec. 23,  
1913, sec. 9; 38  
Stat. L., 259.  
  
Act June 21,  
1917, sec. 3.

#### MEMBER BANKS REQUIRED TO MAKE REPORTS TO FEDERAL RESERVE BOARD AND SUBJECT TO EXAMINATION BY EXAMINERS APPOINTED BY THE BOARD AND SUCH BANKS' OFFICERS, AGENTS, AND EMPLOYEES SUBJECT TO PENALTIES OF SECTION 5209.

**609c.** Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by section fifty-two hundred and nine of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal reserve bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal reserve bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within ten days after the date they are called for shall subject the offending bank to a penalty of \$100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal reserve bank by suit or otherwise. Act Dec. 23,  
1913, sec. 9;  
38 Stat. L.,  
260.  
  
Act June 21,  
1917, sec. 3.

As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: *Provided, however,* That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of the report. The expenses of all examinations, other than those made by State authorities, shall be assessed against and paid by the banks examined.

**FAILURE TO COMPLY WITH REGULATIONS—PENALTY.**

Act Dec. 23, 1913, sec. 9;  
38 Stat. L., 260. **609d.** If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board made pursuant thereto, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

Act June 21, 1917, sec. 3. **609e.** Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than twenty-five per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

**WITHDRAWAL FROM MEMBERSHIP IN FEDERAL RESERVE BANK BY STATE BANK OR TRUST COMPANY.**

Act June 21, 1917, sec. 3. **609e.** Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than twenty-five per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

**AMOUNT OF CAPITAL REQUIRED TO ENABLE STATE BANK TO BECOME MEMBER BANK.**

Act Dec. 23, 1913, sec. 9;  
38 Stat. L., 259. **609f.** No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up, unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the national-bank act.

Act June 21, 1917, sec. 3.



**RIGHTS, POWERS, AND LIABILITIES OF STATE BANKS WHICH BECOME MEMBER BANKS.**

**609g.** Banks becoming members of the Federal Reserve System under authority of this section shall be subject to the provisions of this section and to those of this act which relate specifically to member banks, but shall not be subject to examination under the provisions of the first two paragraphs of section fifty-two hundred and forty of the Revised Statutes as amended by section twenty-one of this act.<sup>1</sup> Subject to the provisions of this act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal Reserve System shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all privileges of member banks: *Provided, however,* That no Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than ten per centum of the capital and surplus of such State bank or trust company, but the discount of bills of exchange drawn against actually existing value and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as borrowed money within the meaning of this section. The Federal reserve bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guaranty to the effect that the borrower is not liable to such bank in excess of the amount provided by this section, and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this section may subject such bank to a forfeiture of its membership in the Federal Reserve System upon hearing by the Federal Reserve Board.

---

<sup>1</sup> Amending section 21 of this act.

## FEDERAL RESERVE BOARD.

**APPOINTMENT, COMPENSATION, AND QUALIFICATION OF MEMBERS OF FEDERAL RESERVE BOARD.**

**Act Dec. 23, 1913, sec. 10; 38 Stat. L., 260.** **610. Sec. 10.**—A Federal Reserve Board is hereby created which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the five appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country. The five members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of \$12,000, payable monthly together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of \$7,000 annually for his services as a member of said board.

**Act Mar. 3, 1919.** The Secretary of the Treasury and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank. The appointive members of the Federal Reserve Board shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. Of the five members thus appointed by the President at least two shall be persons experienced in banking or finance. One shall be designated by the President to serve for two, one for four, one for six, one for eight, and one for ten years, and thereafter each member so appointed shall serve for a term of ten years unless sooner removed for cause by the President.

**GOVERNOR AND VICE GOVERNOR; OFFICERS; QUALIFICATION OF MEMBERS.**

**Act Dec. 23, 1913, sec. 10; 38 Stat. L., 260.** **610a.** Of the five persons thus appointed, one shall be designated by the President as governor and one as vice governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be the active executive officer. The Secretary of

<sup>1</sup> See section 5209, Revised Statutes, as amended by act of Sept. 26, 1918 (p. 88 ante), for penalty for false certification of checks by officers of Federal reserve banks and national banks.

the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal Reserve Board shall within fifteen days after notice of appointment make and subscribe to the oath of office.

#### PROVISION FOR EXPENSES.

**610b.** The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year. Act Dec. 23,  
1913, sec. 10;  
38 Stat. L.,  
261.

#### FIRST MEETING OF BOARD. SECRETARY OF TREASURY CHAIRMAN OF BOARD.

**610c.** The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this act, at a date to be fixed by the Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. Act Dec. 23,  
1913, sec. 10;  
38 Stat. L.,  
261.

#### MEMBER OF FEDERAL RESERVE BOARD NOT TO BE OFFICER, DIRECTOR, OR STOCKHOLDER IN ANY BANKING INSTITUTION OR TRUST COMPANY.

**610d.** No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Act Dec. 23,  
1913, sec. 10;  
38 Stat. L.,  
261.

#### VACANCIES ON BOARD—HOW FILLED.

**610e.** Whenever a vacancy shall occur, other than by expiration of term, among the five members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill. Act Dec. 23,  
1913, sec. 10;  
38 Stat. L.,  
261.

The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate, by granting commissions which shall expire thirty days after the next session of the Senate convenes.

#### POWERS OF SECRETARY OF TREASURY.

**610f.** Nothing in this Act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the super- Act Dec. 23,  
1913, sec. 10;  
38 Stat. L.,  
261.

vision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this Act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

**FEDERAL RESERVE BOARD TO MAKE ANNUAL REPORT  
TO SPEAKER OF THE HOUSE OF REPRESENTATIVES.**

Act Dec. 23, 1913, sec. 10; 38 Stat. L., 261. **610g.** The Federal Reserve Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

**COMPTROLLER OF THE CURRENCY.**

Act Dec. 23, 1913, sec. 10; 38 Stat. L., 261. **610h.** Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

**POWERS OF FEDERAL RESERVE BOARD.**

Act Dec. 23, 1913, sec. 11; 38 Stat. L., 261. **611. Sec. 11.**—The Federal Reserve Board shall be authorized and empowered:

**EXAMINATION OF BOOKS OF FEDERAL RESERVE BANKS  
AND MEMBER BANKS BY FEDERAL RESERVE BOARD.  
BOARD MAY REQUIRE REPORTS.**

Act Dec. 23, 1913, sec. 11; 38 Stat. L., 261. **611a. (a)** To examine at its discretion the accounts, books and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money held as reserve and the amount, nature and maturities of the paper and other investments owned or held by Federal reserve banks.

**REDISCOUNTS.**

**611b. (b)** To permit, or, on the affirmative vote of at least five members of the Reserve Board to require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal Reserve Board.

Act Dec. 23,  
1913, sec. 11;  
38 Stat. L.,  
262.

**SUSPENSION OF RESERVE REQUIREMENTS.**

**611c. (c)** To suspend for a period not exceeding thirty days, and from time to time to renew such suspension for periods not exceeding fifteen days, any reserve requirement specified in this act: *Provided*, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this Act may be permitted to fall below the level hereinafter specified: *And provided further*, That when the gold reserve held against Federal reserve notes falls below forty per centum, the Federal Reserve Board shall establish a graduated tax of not more than one per centum per annum upon such deficiency until the reserves fall to thirty-two and one-half per centum, and when said reserve falls below thirty-two and one-half per centum, a tax at the rate increasingly of not less than one and one-half per centum per annum upon each two and one-half per centum or fraction thereof that such reserve falls below thirty-two and one-half per centum. The tax shall be paid by the reserve bank, but the reserve bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Federal Reserve Board.

Act Dec. 23,  
1913, sec. 11;  
38 Stat. L.,  
262.

**ISSUE AND RETIREMENT OF FEDERAL RESERVE NOTES.**

**611d. (d)** To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the Comptroller to the Federal reserve agents applying therefor.

Act Dec. 23,  
1913, sec. 11;  
38 Stat. L.,  
262.

**RESERVE CITIES.**

**611e. (e)** To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty of this act; or to reclassify existing reserve and central reserve cities or to terminate their designation as such.

Act Dec. 23,  
1913, sec. 11;  
38 Stat. L.,  
262.

**SUSPENSION OR REMOVAL OF OFFICER OR DIRECTOR OF A FEDERAL RESERVE BANK.**

**611f. (f)** To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.

Act Dec. 23,  
1913, sec. 11;  
38 Stat. L.,  
262.

**WRITING OFF DOUBTFUL OR WORTHLESS ASSETS.**

Act Dec. 23, 1913, sec. 11; 38 Stat. L., 262. **611g. (g)** To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

**SUSPENSION OF OPERATIONS OF FEDERAL RESERVE BANK.**

Act Dec. 23, 1913, sec. 11; 38 Stat. L., 262. **611h. (h)** To suspend, for the violation of any of the provisions of this Act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

**REQUIREMENT OF BONDS FROM FEDERAL RESERVE AGENTS AND AUTHORITY TO MAKE NECESSARY REGULATIONS UNDER THIS ACT.**

Act Dec. 23, 1913, sec. 11; 38 Stat. L., 262. **611i. (i)** To require bonds of Federal reserve agents, to make regulations for the safeguarding of all collateral, bonds, Federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions, or services specified in this Act, and make all rules and regulations necessary to enable said board effectively to perform the same.

**GENERAL SUPERVISION.**

Act Dec. 23, 1913, sec. 11; 38 Stat. L., 262. **611j. (j)** To exercise general supervision over said Federal reserve banks.

**PERMIT TO NATIONAL BANKS TO ACT AS TRUSTEE, EXECUTOR, ADMINISTRATOR, OR REGISTRAR OF STOCKS AND BONDS.**

Act Dec. 23, 1913, sec. 11; 38 Stat. L., 262. **611k. (k)** To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State or local law within the meaning of this Act.

National banks exercising any or all of the powers enumerated in this subsection shall segregate all assets

held in any fiduciary capacity from the general assets of the bank and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this subsection. Such books and records shall be open to inspection by the State authorities to the same extent as the books and records of corporations organized under State law which exercise fiduciary powers, but nothing in this Act shall be construed as authorizing the State authorities to examine the books, records, and assets of the national bank which are not held in trust under authority of this subsection.

No national bank shall receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes. Funds deposited or held in trust by the bank awaiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Federal Reserve Board.

In the event of the failure of such bank the owners of the funds held in trust for investment shall have a lien on the bonds or other securities so set apart in addition to their claim against the estate of the bank.

Whenever the laws of a State require corporations acting in a fiduciary capacity, to deposit securities with the State authorities for the protection of private or court trusts, national banks so acting shall be required to make similar deposits and securities so deposited shall be held for the protection of private or court trusts, as provided by the State law.

National banks in such cases shall not be required to execute the bond usually required of individuals if State corporations under similar circumstances are exempt from this requirement.

National banks shall have power to execute such bond when so required by the laws of the State.

In any case in which the laws of a State require that a corporation acting as trustee, executor, administrator, or in any capacity specified in this section, shall take an oath or make an affidavit, the president, vice president, cashier, or trust officer of such national bank may take the necessary oath or execute the necessary affidavit.

It shall be unlawful for any national banking association to lend any officer, director, or employee any funds held in trust under the powers conferred by this section. Any officer, director, or employee making such loan, or to whom such loan is made, may be fined not more than \$5,000, or imprisoned not more than five years, or may be both fined and imprisoned, in the discretion of the court.

In passing upon applications for permission to exercise the powers enumerated in this subsection, the Federal

Reserve Board may take into consideration the amount of capital and surplus of the applying bank, whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, and any other facts and circumstances that seem to it proper, and may grant or refuse the application accordingly: *Provided*, That no permit shall be issued to any national banking association having a capital and surplus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers.

**EMPLOYMENT OF ATTORNEYS, CLERKS, ETC., AND PROVISION FOR PAYMENT OF SALARIES.**

Act Dec. 23,  
1913, sec. 11;  
38 Stat. L.  
262. 611-l. (l) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees shall be appointed without regard to the provisions of the act of January sixteenth, eighteen hundred and eighty-three (volume twenty-two, United States Statutes at Large, page four hundred and three), and amendments thereto, or any rule or regulation made in pursuance thereof: *Provided*, That nothing herein shall prevent the President from placing said employees in the classified service.

**DISCOUNT BY FEDERAL RESERVE BANK OF PAPER SECURED BY UNITED STATES BONDS ISSUED SINCE APRIL 24, 1917.**

Act Mar. 3,  
1919. 611m. (m) Upon the affirmative vote of not less than five of its members, the Federal Reserve Board shall have power to permit Federal reserve banks to discount for any member bank notes, drafts, or bills, of exchange bearing the signature or endorsement of any one borrower in excess of the amount permitted by section nine and section thirteen of this act, but in no case to exceed twenty per centum of the member bank's capital and surplus: *Provided, however*, That all such notes, drafts, or bills of exchange discounted for any member bank in excess of the amount permitted under such sections shall be secured by not less than a like face amount of bonds or notes of the United States issued since April twenty-fourth, nineteen hundred and seventeen, or certificates of indebtedness of the United States: *Provided further*, That the provisions of this subsection (m) shall not be operative after December thirty-first, nineteen hundred and twenty.



**FEDERAL ADVISORY COUNCIL.**

**612. Sec. 12.**—There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal Reserve Board. The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may in addition to the meetings above provided for hold such other meetings in Washington, District of Columbia, or elsewhere, as it may deem necessary, may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies, shall serve for the unexpired term.

Act Dec. 23,  
1913, sec. 12;  
38 Stat. L.,  
263.

**POWERS OF FEDERAL ADVISORY COUNCIL.**

**612a.** The Federal Advisory Council shall have power, by itself or through its officers, (1) to confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

Act Dec. 23,  
1913, sec. 12;  
38 Stat. L.,  
263.

**POWERS OF FEDERAL RESERVE BANKS.**

**613. Sec. 13.**—Any Federal reserve bank may receive from any of its member banks, and from the United States,<sup>1</sup> deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks, and drafts, payable upon presentation, and also, for collection, maturing notes and bills; or, solely for purposes of exchange or of collection, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks upon other Federal reserve banks, and checks and drafts, payable upon presentation within its district; and maturing notes and bills payable within its district; or, solely for

Act Dec. 23,  
1913, sec. 13;  
38 Stat. L.,  
263.  
Act Sept. 7,  
1916; 39 Stat.  
L., 752.  
Act June 21,  
1917, sec. 4.

<sup>1</sup> Under authority of war finance act, approved Apr. 5, 1918, as amended by act of Mar. 3, 1919, may receive deposits from War Finance Corporation.

the purposes of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national-bank notes, Federal reserve notes, checks and drafts payable upon presentation, or maturing notes and bills: *Provided*, Such nonmember bank or trust company maintains with the Federal reserve bank of its district a balance sufficient to offset the items in transit held for its account by the Federal reserve bank: *Provided, further*, That nothing in this or any other section of this act shall be construed as prohibiting a member or nonmember bank from making reasonable charges, to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise; but no such charges shall be made against the Federal reserve banks.

#### REDISCOUNTS—NOTES, DRAFTS, AND BILLS OF EXCHANGE.

Act Dec. 23,  
1913, sec. 13;  
38 Stat. L.,  
263.

Act Sept. 7,  
1916; 39 Stat.  
L., 752.

**613a.** Upon the indorsement of any of its member banks, which shall be deemed a waiver of demand, notice and protest by such bank as to its own indorsement exclusively, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act. Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.<sup>1</sup> Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days, exclusive of days of grace: *Provided*, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months, exclusive of days of grace, may be discounted in an amount to be limited to a percentage of the assets of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board.

<sup>1</sup> Or bonds of the War Finance Corporation. See act approved Apr. 5, 1918.

The aggregate of such notes, drafts, and bills bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation, rediscounted for any one bank shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

#### ACCEPTANCES AND LIMITATIONS THEREOF.

**613b.** Any Federal reserve bank may discount acceptances of the kinds hereinafter described, which have a maturity at the time of discount of not more than three months' sight, exclusive of days of grace, and which are indorsed by at least one member bank.

Act Dec. 23,  
1913, sec. 13;  
38 Stat. L.,  
264.  
Act Mar. 3,  
1915; 38 Stat.  
L., 958.  
Act Sept. 7,  
1916; 39 Stat.  
L., 752.  
Act June 21,  
1917, sec. 5.

Any member bank may accept drafts or bills of exchange drawn upon it having not more than six months sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. No member bank shall accept, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus: *Provided*, however, That the Federal Reserve Board, under such general regulations as it may prescribe, which shall apply to all banks alike regardless of the amount of capital stock and surplus, may authorize any member bank to accept such bills to an amount not exceeding at any time in the aggregate one hundred per centum of its paid-up and unimpaired capital stock and surplus: *Provided further*, That the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty per centum of such capital stock and surplus.

Any Federal reserve bank may make advances to its member banks on their promissory notes for a period not exceeding fifteen days at rates to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for

rediscount or for purchase by Federal reserve banks under the provisions of this Act, or by the deposit or pledge of bonds or notes of the United States.<sup>1</sup>

**EXCEPTIONS AS TO LIMIT OF INDEBTEDNESS. POWER TO ACT AS INSURANCE AGENT, AS REAL ESTATE LOAN BROKER, AND TO ACCEPT DRAFTS, ETC.**

Act Dec. 23,  
1913, sec. 13;  
38 Stat. L.,  
264.

**613c.** Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of the Federal reserve Act.<sup>2</sup>

Act Sept. 7,  
1916; 39 Stat.  
L., 753.

The discount and rediscount and the purchase and sale by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this Act, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal Reserve Board.

That in addition to the powers now vested by law in national banking associations organized under the laws of the United States any such association located and doing business in any place the population of which does not exceed five thousand inhabitants, as shown by the last preceding decennial census, may, under such rules and regulations as may be prescribed by the Comptroller of the Currency, act as the agent for any fire, life, or other insurance company authorized by the authorities of the State in which said bank is located to do business in said State, by soliciting and selling insurance and collecting premiums on policies issued by such company; and may receive for services so rendered such fees or commissions as may be agreed upon between the said association and the insurance company for which it may act as agent; and may also act as the broker or agent for others in making or procuring loans on real estate located within

<sup>1</sup>Or by bonds and notes of War Finance Corporation. See section 13, War Finance Corporation Act, approved Apr. 5, 1918.

<sup>2</sup>Also liabilities incurred under the provisions of the War Finance Corporation Act. See section 20, War Finance Corporation Act, approved Apr. 5, 1918.

one hundred miles of the place in which said bank may be located, receiving for such services a reasonable fee or commission: *Provided, however,* That no such bank shall in any case guarantee either the principal or interest of any such loans or assume or guarantee the payment of any premium on insurance policies issued through its agency by its principal: *And provided further,* That the bank shall not guarantee the truth of any statement made by an assured in filing his application for insurance.

Any member bank may accept drafts or bills of exchange drawn upon it having not more than three months' sight to run, exclusive of days of grace, drawn under regulations to be prescribed by the Federal Reserve Board by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions. Such drafts or bills may be acquired by Federal reserve banks in such amounts and subject to such regulations, restrictions, and limitations as may be prescribed by the Federal Reserve Board: *Provided, however,* That no member bank shall accept such drafts or bills of exchange referred to this paragraph for any one bank to an amount exceeding in the aggregate ten per centum of the paid-up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security: *Provided further,* That no member bank shall accept such drafts or bills in an amount exceeding at any time the aggregate of one-half of its paid-up and unimpaired capital and surplus.

#### OPEN MARKET OPERATIONS.

**614. Sec. 14.**—Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, with or without the indorsement of a member bank.

Act Dec. 23,  
1913, sec. 14;  
38 Stat. L.,  
264.  
Act Sept. 7,  
1916; 39 Stat.  
L., 754.

Every Federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined;

(d) To establish from time to time, subject to review, and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business;

Act June 21,  
1917, sec. 6.

(e) To establish accounts with other Federal reserve banks for exchange purposes and, with the consent or upon the order and direction of the Federal Reserve Board and under regulations to be prescribed by said board, to open and maintain accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may be deemed best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell, with or without its indorsement, through such correspondents or agencies, bills of exchange (or acceptances) arising out of actual commercial transactions which have not more than ninety days to run, exclusive of days of grace, and which bear the signature of two or more responsible parties, and, with the consent of the Federal Reserve Board, to open and maintain banking accounts for such foreign correspondents or agencies. Whenever any such account has been opened or agency or correspondent has been appointed by a Federal reserve bank, with the consent of or under the order and direction of the Federal Reserve Board, any other Federal reserve bank may, with the consent and approval of the Federal Reserve Board, be permitted to carry on or conduct, through the Federal reserve bank or through such account or appointing such agency or correspondent, any transaction authorized by this section under rules and regulations to be prescribed by the board

#### GOVERNMENT DEPOSITS.

Act Dec. 23,  
1913, sec. 15;  
38 Stat. 265.

**615. Sec. 15.**—The moneys held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national bank notes and the funds provided in this act for the redemption of Federal reserve notes may, upon the direction of the Secretary of

the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States;<sup>1</sup> and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this act:<sup>2</sup> *Provided, however,* That nothing in this act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

## NOTE ISSUES.

## FEDERAL RESERVE NOTES AUTHORIZED.

616. Sec. 16.—Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
265.

## COLLATERAL SECURITY.

## APPLICATIONS FOR FEDERAL RESERVE NOTES.

616a. Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section thirteen of this act, or bills of exchange indorsed by a member bank of any Federal reserve dis-

Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
265.

Act Sept. 7,  
1916; 39 Stat.  
L., 754.  
Act June 21,  
1917, sec. 7.

<sup>1</sup> Under War Finance Corporation act approved Apr. 5, 1918, as amended by act of Mar. 3, 1919, Federal reserve banks may also act as fiscal agents of the War Finance Corporation.

<sup>2</sup> Under section 7 of the act approved Apr. 24, 1917, section 8 of the act approved Sept. 24, 1917, and section 8 of the act approved Apr. 4, 1918, the proceeds of sale of Liberty bonds of the first, second, and third issues may be deposited in nonmember banks. The act of May 18, 1916, amending the postal savings act, authorizes the deposit of postal savings funds in nonmember banks.

strict and purchased under the provisions of section fourteen of this act, or bankers' acceptances purchased under the provisions of said section fourteen, or gold or gold certificates; but in no event shall such collateral security, whether gold, gold certificates, or eligible paper, be less than the amount of Federal reserve notes applied for.<sup>1</sup> The Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

#### RESERVE REQUIREMENTS FOR FEDERAL RESERVE BANKS.

Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
266.  
Act June 21,  
1917, sec. 7. **616b.** Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes in actual circulation: *Provided, however,* That when the Federal reserve agent holds gold or gold certificates as collateral for Federal reserve notes issued to the bank such gold or gold certificates shall be counted as part of the gold reserve which such bank is required to maintain against its Federal reserve notes in actual circulation.

#### ISSUE AND REDEMPTION OF FEDERAL RESERVE NOTES. NO FEDERAL RESERVE BANK PERMITTED TO PAY OUT NOTES ISSUED THROUGH ANOTHER FEDERAL RESERVE BANK.

Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
266.  
Act June 21,  
1917, sec. 7. **616c.** Notes so paid out shall bear upon their faces a distinctive letter and serial number which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank, they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued or, upon direction of such Federal reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal re-

<sup>1</sup> Under section 13 of War Finance Corporation act approved Apr. 5, 1918, notes secured by War Finance Corporation bonds may be used to same extent as collateral, as notes secured by United States bonds.



serve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal reserve notes have been redeemed by the Treasurer in gold or gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates. and such Federal reserve bank shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasurer otherwise than for redemption may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

#### **DEPOSITS OF GOLD WITH TREASURER FOR REDEMPTION OF FEDERAL RESERVE NOTES.**

**616d.** The Federal Reserve Board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than five per centum of the total amount of notes issued less the amount of gold or gold certificates held by the Federal reserve agent as collateral security; but such deposit of gold shall be counted and included as part of the forty per centum reserve hereinbefore required. Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
266.  
Act June 21,  
1917, sec. 7.

#### **FEDERAL RESERVE BOARD MAY GRANT OR REJECT APPLICATION OF FEDERAL RESERVE BANK FOR FEDERAL RESERVE NOTES. FEDERAL RESERVE NOTES FIRST LIEN ON ALL THE ASSETS OF THE BANK.**

**616e.** The board shall have the right, acting through the Federal reserve agent, to grant in whole or in part, or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, supply Federal reserve notes to the banks so applying, and such bank shall be charged with the amount of notes issued to it and shall pay such rate of interest as may be established by the Federal Reserve Board on only that amount of such notes which equals the total amount of its outstanding Federal reserve notes less the amount of gold or gold certificates held by the Federal reserve agent as collateral security. Federal reserve notes issued to any Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
266.  
Act June 21,  
1917, sec. 7.

such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section eighteen of this act upon security of United States two per centum Government bonds, become a first and paramount lien on all the assets of such bank.

#### REDUCTION OF NOTE ISSUES.

Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
267.  
Act June 21,  
1917, sec. 7. **616f.** Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by depositing with the Federal reserve agent its Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit to the Treasurer of the United States so much of the gold held by him as collateral security for Federal reserve notes as may be required for the exclusive purpose of the redemption of such Federal reserve notes, but such gold when deposited with the Treasurer shall be counted and considered as if collateral security on deposit with the Federal reserve agent.

#### SUBSTITUTION OF COLLATERAL.

Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
267.  
Act June 21,  
1917, sec. 7. **616g.** Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes issued to it and shall at the same time substitute therefor other collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board. Any Federal reserve bank may retire any of its Federal reserve notes by depositing them with the Federal reserve agent or with the Treasurer of the United States, and such Federal reserve bank shall thereupon be entitled to receive back the collateral deposited with the Federal reserve agent for the security of such notes. Federal reserve banks shall not be required to maintain the reserve or the redemption fund heretofore provided for against Federal reserve notes which have been retired. Federal reserve notes so deposited shall not be reissued except upon compliance with the conditions of an original issue.

All Federal reserve notes and all gold, gold certificates, and lawful money issued to or deposited with any Federal reserve agent under the provisions of the Federal reserve act shall hereafter be held for such agent, under

such rules and regulations as the Federal Reserve Board may prescribe, in the joint custody of himself and the Federal reserve bank to which he is accredited. Such agent and such Federal reserve bank shall be jointly liable for the safe-keeping of such Federal reserve notes, gold, gold certificates, and lawful money. Nothing herein contained, however, shall be construed to prohibit a Federal reserve agent from depositing gold or gold certificates with the Federal Reserve Board, to be held by such board subject to his order, or with the Treasurer of the United States for the purposes authorized by law.

**PREPARATION OF FEDERAL RESERVE NOTES. PLATES AND DIES TO BE UNDER CONTROL OF COMPTROLLER OF CURRENCY. WHERE NOTES ARE TO BE DEPOSITED.**

**616h.** In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, \$5,000, \$10,000, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

Act Dec. 23,  
1913, sec. 16;  
38 Stat. L.,  
267.  
Act Sept. 26,  
1918, sec. 3.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this Act.

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Federal Reserve Board shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

The examination of plates, dies, and pieces, and so forth, and regulations relating to such examination of plates, dies, and so forth, of national-bank notes provided for in section fifty-one hundred and seventy-four Revised Statutes, is hereby extended to include notes herein provided for.

**APPROPRIATION FOR EXPENSE OF PRINTING NATIONAL-BANK NOTES MAY BE USED FOR PRINTING FEDERAL RESERVE NOTES.**

Act Dec. 23, 1913, sec. 16; 38 Stat. L., 267. **616i.** Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the Act of May thirtieth, nineteenth hundred and eight, and any distinctive paper that may be on hand at the time of the passage of this Act may be used in the discretion of the Secretary for the purposes of this Act, and should the appropriations heretofore made be insufficient to meet the requirements of this Act in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: *Provided, however,* That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

**WHEN FEDERAL RESERVE BANK SHALL RECEIVE CHECKS AND DRAFTS ON DEPOSIT AT PAR.**

Act Dec. 23, 1913, sec. 16; 38 Stat. L., 268. **616j.** Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or member bank upon funds to the credit of said depositor in said reserve bank or member bank.

**CHARGES FOR COLLECTION AND FOR SALE OF EXCHANGE.**

Act Dec. 23, 1913, sec. 16; 38 Stat. L., 268. **616k.** Nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve Board shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.

**FEDERAL RESERVE BOARD MAY EXERCISE FUNCTIONS OF A CLEARING HOUSE AND MAY REQUIRE FEDERAL RESERVE BANKS TO EXERCISE SUCH FUNCTIONS.**

**616l.** The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal

reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

**SECRETARY OF THE TREASURY TO RECEIVE DEPOSITS OF GOLD COIN OR GOLD CERTIFICATES WITH THE TREASURER OR ASSISTANT TREASURER OF UNITED STATES WHEN TENDERED BY ANY FEDERAL RESERVE BANK OR FEDERAL RESERVE AGENT FOR CREDIT TO ITS OR HIS ACCOUNT WITH THE FEDERAL RESERVE BOARD.**

616m. That the Secretary of the Treasury is hereby authorized and directed to receive deposits of gold coin or of gold certificates with the Treasurer or any assistant treasurer of the United States when tendered by any Federal reserve bank or Federal reserve agent for credit to its or his account with the Federal Reserve Board. The Secretary shall prescribe by regulation the form of receipt to be issued by the Treasurer or Assistant Treasurer to the Federal reserve bank or Federal reserve agent making the deposit, and a duplicate of such receipt shall be delivered to the Federal Reserve Board by the Treasurer at Washington upon proper advices from any assistant treasurer that such deposit has been made. Deposits so made shall be held subject to the orders of the Federal Reserve Board and shall be payable in gold coin or gold certificates on the order of the Federal Reserve Board to any Federal reserve bank or Federal reserve agent at the Treasury or at the Subtreasury of the United States nearest the place of business of such Federal reserve bank or such Federal reserve agent: *Provided, however,* That any expense incurred in shipping gold to or from the Treasury or subtreasuries in order to make such payments, or as a result of making such payments, shall be paid by the Federal Reserve Board and assessed against the Federal reserve banks. The order used by the Federal Reserve Board in making such payments shall be signed by the governor or vice governor, or such other officers or members as the board may by regulation prescribe. The form of such order shall be approved by the Secretary of the Treasury. Act June 21,  
1917, sec. 8.

The expenses necessarily incurred in carrying out these provisions, including the cost of the certificates or receipts issued for deposits received, and all expenses incident to the handling of such deposits shall be paid by the Federal Reserve Board and included in its assessments against the several Federal reserve banks.

Gold deposits standing to the credit of any Federal reserve bank with the Federal Reserve Board shall, at the option of said bank, be counted as part of the lawful reserve which it is required to maintain against outstand-

ing Federal reserve notes, or as part of the reserve it is required to maintain against deposits.

Nothing in this section shall be construed as amending section six of the act of March fourteenth, nineteen hundred, as amended by the acts of March fourth, nineteen hundred and seven, March second, nineteen hundred and eleven, and June twelfth, nineteen hundred and sixteen, nor shall the provisions of this section be construed to apply to the deposits made or to the receipts or certificates issued under those acts.

#### NATIONAL BANKS NOT REQUIRED TO MAKE DEPOSIT OF UNITED STATES BONDS PRIOR TO COMMENCEMENT OF BUSINESS.

Act Dec. 23,  
1913, sec. 17;  
38 Stat. L.,  
268.  
Act June 21,  
1917, sec. 9. 617. Sec. 17.—So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the act of June twentieth, eighteen hundred and seventy-four, and section eight of the act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds, and so much of those provisions or of any other provisions of existing statutes as require any national banking association now or hereafter organized to maintain a minimum deposit of such bonds with the Treasurer is hereby repealed.

#### REFUNDING BONDS.

##### RETIREMENT OF CIRCULATING NOTES.

Act Dec. 23,  
1913, sec. 18;  
38 Stat. L.,  
268. 618. Sec. 18.—After two years from the passage of this Act, and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

##### PURCHASE OF UNITED STATES BONDS BY FEDERAL RESERVE BANKS.

Act Dec. 23,  
1913, sec. 18;  
38 Stat. L.,  
268. 618a. The Treasurer shall, at the end of each quarterly period, furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve Board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made: *Provided*, That Federal reserve banks shall not be permitted to purchase an amount to exceed \$25,000,000 of such bonds in any one year, and which amount shall

include bonds acquired under section four of this Act by the Federal reserve bank.

*Provided further,* That the Federal Reserve Board shall allot to each Federal reserve bank such proportion of such bonds as the capital and surplus of such bank shall bear to the aggregate capital and surplus of all the Federal reserve banks.

Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall, thereupon, deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

**ISSUE OF CIRCULATING NOTES TO FEDERAL RESERVE BANKS ON SECURITY OF UNITED STATES BONDS. CIRCULATING NOTES SO ISSUED OBLIGATIONS OF FEDERAL RESERVE BANK.**

618b. The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds. Act Dec. 23,  
1913, sec. 18;  
38 Stat. L.,  
269.

Upon the deposit with the Treasurer of the United States of bonds so purchased, or any bonds with the circulating privilege acquired under section four of this act, any Federal reserve bank making such deposit in the manner provided by existing law, shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited.<sup>1</sup> Such notes shall be the obligations of the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national-bank notes except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.

**ISSUE OF ONE-YEAR GOLD NOTES AND THREE PER CENT BONDS OF THE UNITED STATES IN EXCHANGE FOR TWO PER CENT UNITED STATES BONDS.**

618c. Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary of the Treasury may issue, in exchange for United States Act Dec. 23,  
1913, sec. 18;  
38 Stat. L.,  
269.

<sup>1</sup> Under act of Apr. 23, 1918, Federal reserve banks may issue Federal reserve bank notes in any denominations, including \$1 and \$2, against the security of United States certificates of indebtedness to the extent permitted by that act.

two per centum gold bonds bearing the circulation privilege, but against which no circulation is outstanding, one-year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the two per centum bonds so tendered for exchange, and thirty-year three per centum gold bonds without the circulation privilege for the remainder of the two per centum bonds so tendered: *Provided*, That at the time of such exchange the Federal reserve bank obtaining such one-year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such one-year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of one-year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of one-year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the two per centum United States gold bonds; said obligation to purchase at maturity such notes shall continue in force for a period not to exceed thirty years.

For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may prescribe in denominations of one hundred dollars, or any multiple thereof, bearing interest at the rate of three per centum per annum, payable quarterly, such Treasury notes to be payable not more than one year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this act, as well as from taxes in any form by or under State, municipal, or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing three per centum interest payable thirty years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States three per centum bonds without the circulation privilege now issued and outstanding

#### **EXCHANGE OF THREE PER CENT BONDS FOR ONE-YEAR GOLD NOTES.**

618*a*. Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary may issue at par such three per centum bonds in exchange for the one-year gold notes herein provided for.



## BANK RESERVES.

**DEMAND AND TIME DEPOSITS DEFINED—RESERVE REQUIREMENTS—WHEN EFFECTIVE.**

**619. Sec. 19.**—Demand deposits within the meaning of this act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all postal savings deposits.<sup>1</sup>

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
270.  
Act June 21,  
1917, sec. 10.

Every bank, banking association, or trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain reserve balances with its Federal reserve bank as follows:

**RESERVE REQUIREMENTS FOR BANKS NOT IN RESERVE CITIES.**

**619a. (a)** If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than seven per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
270.  
Act June 21,  
1917, sec. 10.

**RESERVE REQUIREMENTS FOR BANKS IN RESERVE CITIES.**

**619b. (b)** If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however,* That if located in the outlying districts of a reserve city or in territory added to such a city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraph (a) hereof.

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
270.  
Act Aug. 15,  
1914: 38 Stat.  
L., 691.  
Act June 21,  
1917, sec. 10.  
Act Sept. 26,  
1918, sec. 4.

**RESERVE REQUIREMENTS FOR BANKS IN CENTRAL RESERVE CITIES.**

**619c. (c)** If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however,* That if located in the outlying districts of a central reserve city or in terri-

Act Dec. 23,  
1913, sec. 19;  
38 Stat. L.,  
270.  
Act Aug. 15,  
1914: 38 Stat.  
L., 691.  
Act June 21,  
1917, sec. 10.  
Act Sept. 26,  
1918, sec. 4.

<sup>1</sup> Government deposits other than postal savings deposits are not subject to reserve requirements. See section 7 of First Liberty Bond act, approved Apr. 24, 1917; section 8 of Second Liberty Bond act, approved Sept. 24, 1917, and section 8 of Third Liberty Bond act, approved Apr. 4, 1918.

tory added to such city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraphs (a) or (b) thereof.

**MEMBER BANK FORBIDDEN TO KEEP ON DEPOSIT WITH NONMEMBER BANK A SUM IN EXCESS OF TEN PER CENT OF ITS OWN CAPITAL AND SURPLUS OR TO SECURE DISCOUNTS FOR NONMEMBER BANK.**

Act Dec. 23, 1913, sec. 19; 38 Stat. L., 271. **619d.** No member bank shall keep on deposit with any State bank or trust company which is not a member bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this Act, except by permission of the Federal Reserve Board.

**WITHDRAWAL OF RESERVE BY MEMBER BANK.**

Act Dec. 23, 1913, sec. 19; 38 Stat. L., 271. **619e.** The required balance carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total balance required by law is fully restored.

**RESERVE REQUIREMENT—HOW ESTIMATED.**

Act Dec. 23, 1913, sec. 19; 38 Stat. L., 271. **619f.** In estimating the balances required by this Act, the net difference of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which required balances with Federal reserve banks shall be determined.

**RESERVE REQUIREMENTS FOR NATIONAL BANKS LOCATED IN ALASKA OR OUTSIDE THE CONTINENTAL UNITED STATES.**

Act Dec. 23, 1913, sec. 19; 38 Stat. L., 271. **619g.** National banks, or banks organized under local laws, located in Alaska or in a dependency or insular possession or any part of the United States outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall in that event take stock, maintain reserves, and be subject to all the other provisions of this act.

**REDEMPTION FUND WITH TREASURER NOT TO BE COUNTED AS RESERVE.**

**620. Sec. 20.**—So much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled “An Act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes,” as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, is hereby repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

Act Dec. 23,  
1913, sec. 20;  
38 Stat. L.,  
271.

**BANK EXAMINATIONS.****APPOINTMENT AND POWERS OF EXAMINERS—ACCEPTANCE OF REPORTS OF EXAMINATIONS BY STATE AUTHORITY.**

**621. Sec. 21.**—Section fifty-two hundred and forty, United States Revised Statutes, is amended to read as follows:

Act Dec. 23,  
1913, sec. 21;  
38 Stat. L.,  
271.

The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every member bank<sup>1</sup> at least twice in each calendar year and oftener if considered necessary: *Provided, however,* That the Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank, and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

**SALARIES OF BANK EXAMINERS.**

**621a.** The Federal Reserve Board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

Act Dec. 23,  
1913, sec. 21;  
38 Stat. L.,  
272.

<sup>1</sup> Except banks admitted to membership in the system under authority of section 9 of this act. See section 9 of this act as amended by act approved June 21, 1917.

**EXAMINATIONS BY FEDERAL RESERVE BANK.**

Act Dec. 23, 1913, sec. 21; 38 Stat. 272. **621b.** In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal Reserve Board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

**EXAMINATIONS OF FEDERAL RESERVE BANKS.**

Act Dec. 23, 1913, sec. 21; 38 Stat. 272. **621c.** The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank.

**MEMBER BANK CAN NOT MAKE LOAN OR GRANT A GRATUITY TO ANY NATIONAL BANK EXAMINER.**

Act Dec. 23, 1913, sec. 22; 38 Stat. 272. **622. Sec. 22a.**—No member bank and no officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned one year or fined not more than \$5,000, or both, and may be fined a further sum equal to the money so loaned or gratuity given, and shall forever thereafter be disqualified from holding office as a national-bank examiner.

**NATIONAL BANK EXAMINER CAN NOT PERFORM ANY SERVICE FOR COMPENSATION FOR ANY BANK OR OFFICER. EXAMINER CAN NOT DISCLOSE THE NAMES OF BORROWERS, OR COLLATERAL WITHOUT FIRST OBTAINING WRITTEN CONSENT OF COMPTROLLER.**

622b. No national bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof. Act Sept. 26,  
1918, sec. 5.

No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress, or of either House duly authorized. Any bank examiner violating the provisions of this subsection shall be imprisoned not more than one year or fined not more than \$5,000, or both.

**PENALTY FOR OFFICER, DIRECTOR, OR EMPLOYEE OF MEMBER BANK WHO RECEIVES ANY COMMISSION OR GIFT IN CONNECTION WITH ANY LOAN.**

622c. Except as herein provided, any officer, director, employee, or attorney of a member bank who stipulates for or receives or consents or agrees to receive any fee, commission, gift, or thing of value from any person, firm, or corporation, for procuring or endeavoring to procure for such person, firm, or corporation, or for any other person, firm, or corporation, any loan from or the purchase or discount of any paper, note, draft, check, or bill of exchange by such member bank shall be deemed guilty of a misdemeanor and shall be imprisoned not more than one year or fined not more than \$5,000, or both. Act Sept. 26,  
1918, sec. 5.

**PURCHASE OF SECURITIES OR PROPERTY FROM ONE OF ITS DIRECTORS, OR SALES TO A DIRECTOR BY A MEMBER BANK.**

622d. Any member bank may contract for, or purchase from, any of its directors or from any firm of which any of its directors is a member, any securities or other property, when (and not otherwise) such purchase is made in the regular course of business upon terms not less favorable to the bank than those offered to others, or when such purchase is authorized by a majority of the board of directors not interested in the sale of such securities or property, such authority to be evidenced by the affirmative vote or written assent of such directors: *Provided, however,* That when any director, or firm of which any director is a member, acting for or on behalf Act Sept. 26,  
1918, sec. 5.

of others, sells securities or other property to a member bank, the Federal Reserve Board by regulation may, in any or all cases, require a full disclosure to be made, on forms to be prescribed by it, of all commissions or other considerations received, and whenever such director or firm, acting in his or its own behalf, sells securities or other property to the bank the Federal Reserve Board by regulation, may require a full disclosure of all profit realized from such sale.

Any member bank may sell securities or other property to any of its directors, or to a firm of which any of its directors is a member, in the regular course of business on terms not more favorable to such director or firm than those offered to others, or when such sale is authorized by a majority of the board of directors of a member bank to be evidenced by their affirmative vote or written assent: *Provided, however,* That nothing in this subsection contained shall be construed as authorizing member banks to purchase or sell securities or other property which such banks are not otherwise authorized by law to purchase or sell.

**RATE OF INTEREST PAID DIRECTORS, OFFICERS, OR EMPLOYEES NOT TO EXCEED THAT PAID TO OTHER DEPOSITORS.**

Act Sept. 26,  
1918, sec. 5.

**622e.** No member bank shall pay to any director, officer, attorney, or employee a greater rate of interest on the deposits of such director, officer, attorney, or employee than that paid to other depositors on similar deposits with such member bank.

**PENALTY FOR VIOLATION OF ANY OF THE PROVISIONS OF SECTION 22 OF THE FEDERAL RESERVE ACT.**

Act Sept. 26,  
1918, sec. 6.

**622f.** If the directors or officers of any member bank shall knowingly violate or permit any of the agents, officers, or directors of any member bank to violate any of the provisions of this section or regulations of the board made under authority thereof, every director and officer participating in or assenting to such violation shall be held liable in his personal and individual capacity for all damages which the member bank, its shareholders, or any other persons shall have sustained in consequence of such violation.

**LIABILITY OF STOCKHOLDERS OF NATIONAL BANKS.**

Act Dec. 23,  
1913, sec. 23;  
38 Stat. L.,  
273.

**623. Sec. 23.**—The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of

the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

### LOANS ON REAL ESTATE.

**624. Sec. 24.**—Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land situated within its Federal reserve district or within a radius of one hundred miles of the place in which such bank is located, irrespective of district lines, and may also make loans secured by improved and unencumbered real estate located within one hundred miles of the place in which such bank is located, irrespective of district lines; but no loan made upon the security of such farm land shall be made for a longer time than five years, and no loan made upon the security of such real estate as distinguished from farm land shall be made for a longer time than one year nor shall the amount of any such loan, whether upon such farm land or upon such real estate, exceed fifty per centum of the actual value of the property offered as security. Any such bank may make such loans, whether secured by such farm land or such real estate, in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

### FOREIGN BRANCHES.

**625. Sec. 25 [as amended 1919].**—Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Federal Reserve Board for permission to exercise, upon such conditions and under such regulations as may be prescribed by the said board, either or both of the following powers:

First. To establish branches in foreign countries or dependencies or insular possessions of the United States for the furtherance of the foreign commerce of the United States, and to act if required to do so as fiscal agents of the United States.

Second. To invest an amount not exceeding in the aggregate ten per centum of its paid-in capital stock and

Act Dec. 23,  
1913, sec. 24;  
38 Stat. L.,  
273.  
Act Sept. 7,  
1916, 39 Stat.  
L., 754.

Act Dec. 23,  
1913, sec. 25;  
38 Stat. L.,  
273.

Act Sept. 7,  
1916, 39 Stat.  
L., 755.

Act Sept. 17,  
1919.

surplus in the stock of one or more banks or corporations chartered or incorporated under the laws of the United States or of any State thereof, and principally engaged in international or foreign banking, or banking in a dependency or insular possession of the United States either directly or through the agency, ownership, or control of local institutions in foreign countries, or in such dependencies or insular possessions. Until January 1, 1921, any national banking association, without regard to the amount of its capital and surplus, may file application with the Federal Reserve Board for permission, upon such conditions and under such regulations as may be prescribed by said board, to invest an amount not exceeding in the aggregate 5 per centum of its paid-in capital and surplus in the stock of one or more corporations chartered or incorporated under the laws of the United States or of any State thereof and, regardless of its location, principally engaged in such phases of international or foreign financial operations as may be necessary to facilitate the export of goods, wares, or merchandise from the United States or any of its dependencies or insular possessions to any foreign country: *Provided, however,* That in no event shall the total investments authorized by this section by any one national bank exceed 10 per centum of its capital and surplus.

Such application shall specify the name and capital of the banking association filing it, the powers applied for, and the place or places where the banking or financial operations proposed are to be carried on. The Federal Reserve Board shall have power to approve or to reject such application in whole or in part if for any reason the granting of such application is deemed inexpedient, and shall also have power from time to time to increase or decrease the number of places where such banking operations may be carried on.

Every national banking association operating foreign branches shall be required to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and every member bank investing in the capital stock of banks or corporations described above shall be required to furnish information concerning the condition of such banks or corporations to the Federal Reserve Board upon demand, and the Federal Reserve Board may order special examinations of the said branches, banks, or corporations at such time or times as it may deem best.

Before any national bank shall be permitted to purchase stock in any such corporation the said corporation shall enter into an agreement or undertaking with the Federal Reserve Board to restrict its operations or conduct its business in such manner or under such limitations and restrictions as the said board may prescribe for the place or places wherein such business is to be conducted. If at any time the Federal Reserve Board shall



ascertain that the regulations prescribed by it are not being complied with, said board is hereby authorized and empowered to institute an investigation of the matter and to send for persons and papers, subpoena witnesses, and administer oaths in order to satisfy itself as to the actual nature of the transactions referred to. Should such investigation result in establishing the failure of the corporation in question, or of the national bank or banks which may be stockholders therein, to comply with the regulations laid down by the said Federal Reserve Board, such national banks may be required to dispose of stock holdings in the said corporation upon reasonable notice.

Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accrued at each branch as a separate item.

Any director or other officer, agent, or employee of any member bank may, with the approval of the Federal Reserve Board, be a director or other officer, agent, or employee of any such bank or corporation above mentioned in the capital stock of which such member bank shall have invested as hereinbefore provided, without being subject to the provisions of section eight of the Act approved October fifteenth, nineteen hundred and fourteen, entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes."

#### **BANKING CORPORATIONS AUTHORIZED TO DO FOREIGN BANKING BUSINESS.**

**625a. Sec. 25 (a).**—Corporations to be organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations, or in banking or other financial operations in a dependency or insular possession of the United States, either directly or through the agency, ownership, or control of local institutions in foreign countries, or in such dependencies or insular possessions as provided by this section, and to act when required by the Secretary of the Treasury as fiscal agents of the United States, may be formed by any number of natural persons, not less in any case than five. Act Dec. 24,  
1919.

Such persons shall enter into articles of association which shall specify in general terms the objects for which the association is formed and may contain any other provisions not inconsistent with law which the association may see fit to adopt for the regulation of its business and the conduct of its affairs.

Such articles of association shall be signed by all of the persons intending to participate in the organization of the corporation and, thereafter, shall be forwarded to the Federal Reserve Board and shall be filed and preserved in its office. The persons signing the said articles

of association shall, under their hands, make an organization certificate which shall specifically state:

First. The name assumed by such corporation, which shall be subject to the approval of the Federal Reserve Board.

Second. The place or places where its operations are to be carried on.

Third. The place in the United States where its home office is to be located.

Fourth. The amount of its capital stock and the number of shares into which the same shall be divided.

Fifth. The names and places of business or residence of the persons executing the certificate and the number of shares to which each has subscribed.

Sixth. The fact that the certificate is made to enable the persons subscribing the same, and all other persons, firms, companies, and corporations, who or which may thereafter subscribe to or purchase shares of the capital stock of such corporation, to avail themselves of the advantages of this section.

The persons signing the organization certificate shall duly acknowledge the execution thereof before a judge of some court of record or notary public, who shall certify thereto under the seal of such court or notary, and thereafter the certificate shall be forwarded to the Federal Reserve Board to be filed and preserved in its office. Upon duly making and filing articles of association and an organization certificate, and after the Federal Reserve Board has approved the same and issued a permit to begin business, the association shall become and be a body corporate, and as such and in the name designated therein shall have power to adopt and use a corporate seal, which may be changed at the pleasure of its board of directors; to have succession for a period of twenty years unless sooner dissolved by the act of the shareholders owning two-thirds of the stock or by an act of Congress or unless its franchises become forfeited by some violation of law; to make contracts; to sue and be sued, complain, and defend in any court of law or equity; to elect or appoint directors, all of whom shall be citizens of the United States; and, by its board of directors, to appoint such officers and employees as may be deemed proper, define their authority and duties, require bonds of them, and fix the penalty thereof, dismiss such officers or employees, or any thereof, at pleasure and appoint others to fill their places; to prescribe, by its board of directors, by-laws not inconsistent with law or with the regulations of the Federal Reserve Board regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers and employees appointed, its property transferred, and the privileges granted to it by law exercised and enjoyed.

Each corporation so organized shall have power, under such rules and regulations as the Federal Reserve Board may prescribe:

(a) To purchase, sell, discount, and negotiate, with or without its indorsement or guaranty, notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; to purchase and sell, with or without its indorsement or guaranty, securities, including the obligations of the United States or of any State thereof but not including shares of stock in any corporation except as herein provided; to accept bills or drafts drawn upon it subject to such limitations and restrictions as the Federal Reserve Board may impose; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to borrow and to lend money; to issue debentures, bonds, and promissory notes under such general conditions as to security and such limitations as the Federal Reserve Board may prescribe, but in no event having liabilities outstanding thereon at any one time exceeding ten times its capital stock and surplus; to receive deposits outside of the United States and to receive only such deposits within the United States as may be incidental to or for the purpose of carrying out transactions in foreign countries or dependencies or insular possessions of the United States; and generally to exercise such powers as are incidental to the powers conferred by this act or as may be usual, in the determination of the Federal Reserve Board, in connection with the transaction of the business of banking or other financial operations in the countries, colonies, dependencies, or possessions in which it shall transact business and not inconsistent with the powers specifically granted herein. Nothing contained in this section shall be construed to prohibit the Federal Reserve Board, under its power to prescribe rules and regulations, from limiting the aggregate amount of liabilities of any or all classes incurred by the corporation and outstanding at any one time. Whenever a corporation organized under this section receives deposits in the United States authorized by this section it shall carry reserves in such amounts as the Federal Reserve Board may prescribe, but in no event less than 10 per centum of its deposits.

(b) To establish and maintain for the transaction of its business branches or agencies in foreign countries, their dependencies or colonies, and in the dependencies or insular possessions of the United States, at such places as may be approved by the Federal Reserve Board and under such rules and regulations as it may prescribe, including countries or dependencies not specified in the original organization certificate.

(c) With the consent of the Federal Reserve Board to purchase and hold stock or other certificates of ownership in any other corporation organized under the provisions of this section, or under the laws of any foreign country or a colony or dependency thereof, or under the laws of any State, dependency, or insular possession of the United States but not engaged in the general business

of buying or selling goods, wares, merchandise or commodities in the United States, and not transacting any business in the United States except such as in the judgment of the Federal Reserve Board may be incidental to its international or foreign business: *Provided, however,* That, except with the approval of the Federal Reserve Board, no corporation organized hereunder shall invest in any one corporation an amount in excess of 10 per centum of its own capital and surplus, except in a corporation engaged in the business of banking, when 15 per centum of its capital and surplus may be so invested: *Provided further,* That no corporation organized hereunder shall purchase, own, or hold stock or certificates of ownership in any other corporation organized hereunder or under the laws of any State which is in substantial competition therewith, or which holds stock or certificates of ownership in corporations which are in substantial competition with the purchasing corporation.

Nothing contained herein shall prevent corporations organized hereunder from purchasing and holding stock in any corporation where such purchase shall be necessary to prevent a loss upon a debt previously contracted in good faith; and stock so purchased or acquired in corporations organized under this section shall within six months from such purchase be sold or disposed of at public or private sale unless the time to so dispose of same is extended by the Federal Reserve Board.

No corporation organized under this section shall carry on any part of its business in the United States except such as, in the judgment of the Federal Reserve Board, shall be incidental to its international or foreign business: *And provided further,* That except such as is incidental and preliminary to its organization no such corporation shall exercise any of the powers conferred by this section until it has been duly authorized by the Federal Reserve Board to commence business as a corporation organized under the provisions of this section.

No corporation organized under this section shall engage in commerce or trade in commodities except as specifically provided in this section, nor shall it either directly or indirectly control or fix or attempt to control or fix the price of any such commodities. The charter of any corporation violating this provision shall be subject to forfeiture in the manner hereinafter provided in this section. It shall be unlawful for any director, officer, agent, or employee of any such corporation to use or to conspire to use the credit, the funds, or the power of the corporation to fix or control the price of any such commodities, and any such person violating this provision shall be liable to a fine of not less than \$1,000 and not exceeding \$5,000 or imprisonment not less than one year and not exceeding five years, or both, in the discretion of the court.

No corporation shall be organized under the provisions of this section with a capital stock of less than \$2,000,000,

one-quarter of which must be paid in before the corporation may be authorized to begin business, and the remainder of the capital stock of such corporation shall be paid in installments of at least 10 per centum on the whole amount to which the corporation shall be limited as frequently as one installment at the end of each succeeding two months from the time of the commencement of its business operations until the whole of the capital stock shall be paid in. The capital stock of any such corporation may be increased at any time, with the approval of the Federal Reserve Board, by a vote of two-thirds of its shareholders or by unanimous consent in writing of the shareholders without a meeting and without a formal vote, but any such increase of capital shall be fully paid in within ninety days after such approval; and may be reduced in like manner, provided that in no event shall it be less than \$2,000,000. No corporation, except as herein provided, shall during the time it shall continue its operations withdraw or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital. Any national banking association may invest in the stock of any corporation organized under the provisions of this section, but the aggregate amount of stock held in all corporations engaged in business of the kind described in this section and in section 25 of the Federal Reserve Act as amended shall not exceed 10 per centum of the subscribing bank's capital and surplus.

A majority of the shares of the capital stock of any such corporation shall at all times be held and owned by citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States or of a State of the United States, or by firms or companies, the controlling interest in which is owned by citizens of the United States. The provisions of section 8 of the act approved October 15, 1914, entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes,' as amended by the acts of May 15, 1916, and September 7, 1916, shall be construed to apply to the directors, other officers, agents, or employees of corporations organized under the provisions of this section: *Provided, however,* That nothing herein contained shall (1) prohibit any director or other officer, agent or employee of any member bank, who has procured the approval of the Federal Reserve Board from serving at the same time as a director or other officer, agent or employee of any corporation organized under the provisions of this section in whose capital stock such member bank shall have invested; or (2) prohibit any director or other officer, agent, or employee of any corporation organized under the provisions of this section, who has procured the approval of the Federal Reserve Board, from serving at the same time as a director or other officer, agent or employee of any other cor-

poration in whose capital stock such first-mentioned corporation shall have invested under the provisions of this section.

No member of the Federal Reserve Board shall be an officer or director of any corporation organized under the provisions of this section, or of any corporation engaged in similar business organized under the laws of any State, nor hold stock in any such corporation, and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement.

Shareholders in any corporation organized under the provisions of this section shall be liable for the amount of their unpaid stock subscriptions. No such corporation shall become a member of any Federal reserve bank.

Should any corporation organized hereunder violate or fail to comply with any of the provisions of this section, all of its rights, privileges, and franchises derived herefrom may thereby be forfeited. Before any such corporation shall be declared dissolved, or its rights, privileges, and franchises forfeited, any noncompliance with, or violation of such laws shall, however, be determined and adjudged by a court of the United States of competent jurisdiction, in a suit brought for that purpose in the district or territory in which the home office of such corporation is located, which suit shall be brought by the United States at the instance of the Federal Reserve Board or the Attorney General. Upon adjudication of such noncompliance or violation, each director and officer who participated in, or assented to, the illegal act or acts, shall be liable in his personal or individual capacity for all damages which the said corporation shall have sustained in consequence thereof. No dissolution shall take away or impair any remedy against the corporation, its stockholders, or officers for any liability or penalty previously incurred.

Any such corporation may go into voluntary liquidation and be closed by a vote of its shareholders owning two-thirds of its stock.

Whenever the Federal Reserve Board shall become satisfied of the insolvency of any such corporation, it may appoint a receiver who shall take possession of all of the property and assets of the corporation and exercise the same rights, privileges, powers, and authority with respect thereto as are now exercised by receivers of national banks appointed by the Comptroller of the Currency of the United States: *Provided, however,* That the assets of the corporation subject to the laws of other countries or jurisdictions shall be dealt with in accordance with the terms of such laws.

Every corporation organized under the provisions of this section shall hold a meeting of its stockholders annually upon a date fixed in its by-laws, such meeting to be held at its home office in the United States. Every

such corporation shall keep at its home office books containing the names of all stockholders thereof, and the names and addresses of the members of its board of directors, together with copies of all reports made by it to the Federal Reserve Board. Every such corporation shall make reports to the Federal Reserve Board at such times and in such form as it may require; and shall be subject to examination once a year and at such other times as may be deemed necessary by the Federal Reserve Board by examiners appointed by the Federal Reserve Board, the cost of such examinations, including the compensation of the examiners, to be fixed by the Federal Reserve Board and to be paid by the corporation examined.

The directors of any corporation organized under the provisions of this section may, semiannually, declare a dividend of so much of the net profits of the corporation as they shall judge expedient; but each corporation shall, before the declaration of a dividend, carry one-tenth of its net profits of the preceding half year to its surplus fund until the same shall amount to 20 per centum of its capital stock.

Any corporation organized under the provisions of this section shall be subject to tax by the State within which its home office is located in the same manner and to the same extent as other corporations organized under the laws of that State which are transacting a similar character of business. The shares of stock in such corporation shall also be subject to tax as the personal property of the owners or holders thereof in the same manner and to the same extent as the shares of stock in similar State corporations.

Any corporation organized under the provisions of this section may at any time within the two years next previous to the date of the expiration of its corporate existence, by a vote of the shareholders owning two-thirds of its stock, apply to the Federal Reserve Board for its approval to extend the period of its corporate existence for a term of not more than twenty years, and upon certified approval of the Federal Reserve Board such corporation shall have its corporate existence for such extended period unless sooner dissolved by the act of the shareholders owning two-thirds of its stock, or by an Act of Congress or unless its franchise becomes forfeited by some violation of law.

Any bank or banking institution, principally engaged in foreign business, incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a corporation under the provisions of this section may, by the vote of the shareholders owning not less than two-thirds of the capital stock of such bank or banking association, with the approval of the Federal Reserve Board, be converted into a Federal corporation

of the kind authorized by this section with any name approved by the Federal Reserve Board: *Provided, however,* That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of at least two-thirds of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a Federal corporation. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a Federal corporation. The shares of any such corporation may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the corporation until others are elected or appointed in accordance with the provisions of this section. When the Federal Reserve Board has given to such corporation a certificate that the provisions of this section have been complied with, such corporation and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by this section for corporations originally organized hereunder.

Every officer, director, clerk, employee, or agent of any corporation organized under this section who embezzles, abstracts, or willfully misapplies any of the moneys, funds, credits, securities, evidences of indebtedness or assets of any character of such corporation; or who, without authority from the directors, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, debenture, draft, bill of exchange, mortgage, judgment, or decree; or who makes any false entry in any book, report, or statement of such corporation with intent, in either case, to injure or defraud such corporation or any other company, body politic or corporate, or any individual person, or to deceive any officer of such corporation, the Federal Reserve Board, or any agent or examiner appointed to examine the affairs of any such corporation; and every receiver of any such corporation and every clerk or employee of such receiver who shall embezzle, abstract, or willfully misapply or wrongfully convert to his own use any moneys, funds, credits, or assets of any character which may come into his possession or under his control in the execution of his trust or the performance of the duties of his employment; and every such receiver or clerk or employee of such receiver who shall, with intent to injure or defraud any person, body politic or corporate, or to deceive or mislead the Federal Reserve Board, or any agent or examiner ap-



pointed to examine the affairs of such receiver, shall make any false entry in any book, report, or record of any matter connected with the duties of such receiver; and every person who with like intent aids or abets any officer, director, clerk, employee, or agent of any corporation organized under this section, or receiver or clerk or employee of such receiver as aforesaid in any violation of this section, shall upon conviction thereof be imprisoned for not less than two years nor more than ten years, and may also be fined not more than \$5,000, in the discretion of the court.

Whoever being connected in any capacity with any corporation organized under this section represents in any way that the United States is liable for the payment of any bond or other obligation, or the interest thereon, issued or incurred by any corporation organized hereunder, or that the United States incurs any liability in respect of any act or omission of the corporation, shall be punished by a fine of not more than \$10,000 and by imprisonment for not more than five years.

**REPEAL OF PROVISIONS OF LAW INCONSISTENT WITH THE PROVISIONS OF THE FEDERAL RESERVE ACT.**

**626. Sec. 26.**—All provisions of law inconsistent with or superseded by any of the provisions of this Act are to that extent and to that extent only hereby repealed: <sup>Act Dec. 23, 1913, sec. 26; 38 Stat. L., 274.</sup> *Provided*, Nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred, entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may, for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds authorized by section two of the Act last referred to or for one-year gold notes bearing interest at a rate of not to exceed three per centum per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

**ACT OF MAY 30, 1908, EXTENDED TO JUNE 30, 1915. REENACTMENT OF CERTAIN SECTIONS OF REVISED STATUTES.**

**627. Sec. 27.**—The provisions of the Act of May thirtieth, nineteen hundred and eight, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifteen, and sections fifty-one hundred <sup>Act Dec. 23, 1913, sec. 27; 38 Stat. L., 274. Act Aug. 4, 1914: 38 Stat. L., 682.</sup>

and fifty-three, fifty-one hundred and seventy-two, fifty-one hundred and ninety-one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May thirtieth, nineteen hundred and eight, are hereby reenacted to read as such sections read prior to May thirtieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act:

**RATE OF TAXATION ON CIRCULATING NOTES SECURED OTHERWISE THAN BY BONDS OF THE UNITED STATES. WHEN SECRETARY OF TREASURY AUTHORIZED TO SUSPEND LIMITATIONS OF ACT OF MAY 30, 1908.**

Act Dec. 23, 1913, sec. 27; 38 Stat. L., 274. **627a.** *Provided, however,* That section nine of the Act first referred to in this section is hereby amended so as to change the tax rates fixed in said Act by making the portion applicable thereto read as follows:

National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes: *Provided further,* That whenever in his judgment he may deem it desirable, the Secretary of the Treasury shall have power to suspend the limitations imposed by section one and section three of the Act referred to in this section, which prescribe that such additional circulation secured otherwise than by bonds of the United States shall be issued only to National banks having circulating notes outstanding secured by the deposit of bonds of the United States to an amount not less than forty per centum of the capital stock of such banks, and to suspend also the conditions and limitations of section five of said Act except that no bank shall be permitted to issue circulating notes in excess of one hundred and twenty-five per centum of its unimpaired capital and surplus. He shall require each bank and currency association to maintain on deposit in the Treasury of the United States a sum in gold sufficient in his judgment for the redemption of such notes, but in no event less than five per centum. He may permit National banks, during the period for which such provisions are suspended, to issue additional circulation under the terms and conditions of the Act referred to as herein amended: *Provided further,* That the Secretary of the Treasury, in his discretion, is further authorized to extend the benefits of this Act to all qualified State banks and trust companies, which have joined the Federal reserve system, or which may contract to join within fifteen days after the passage of this Act.

**REDUCTION OF CAPITAL OF NATIONAL BANKS.**

**628. Sec. 28.**—Section fifty-one hundred and forty-three of the Revised Statutes is hereby amended and reenacted to read as follows: Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal Reserve Board, or by the organization committee pending the organization of the Federal Reserve Board.

Act Dec. 23,  
1913, sec. 28;  
38 Stat. L.,  
274.

**INVALIDATION OF CLAUSE, ETC., IN ACT NOT TO INVALIDATE REMAINDER OF ACT.**

**629. Sec. 29.**—If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Act Dec. 23,  
1913, sec. 29;  
38 Stat. L.,  
275.

**RESERVATION OF RIGHT TO AMEND OR REPEAL.**

**630. Sec. 30.**—The right to amend, alter, or repeal this Act is hereby expressly reserved.

Act Dec. 23,  
1913, sec. 30;  
38 Stat. L.,  
275.

164312°—20—12



---

---

**ACTS OF GENERAL NATURE.**

---

---



## CHAPTER VII.

### ACTS OF A GENERAL NATURE AND SECTIONS OF THE REVISED STATUTES, NOT INCLUDED IN THE NATIONAL BANK ACT, AFFECTING NATIONAL BANKS.

- |   |  |
|---|--|
| <p>700. District attorney to conduct suits when United States is a party.</p> <p>701. Jurisdiction of district court to enjoin Comptroller.</p> <p>702. Where such proceedings must be brought.</p> <p>703. Sealed certificates of Comptroller competent evidence.</p> <p>704. Certified copy of organization certificate as evidence.</p> <p>705-715. Tax on State bank circulation.</p> <p>716-717. Tax on United States and national bank notes.</p> | <p>718. Restrictions on notes less than one dollar.</p> <p>719-729. Legal tender.</p> <p>730-738. Government depositaries.</p> <p>739-748. Offenses against the currency.</p> <p>749-762. Currency act March 14, 1900.</p> <p>763-766. Act March 4, 1907.</p> <p>767-768. Panama Canal bonds.</p> <p>769-770. Certified checks when receivable for duties and taxes.</p> <p>771. Subscriptions to Red Cross.</p> |
|---|--|

### ALL SUITS UNDER BANKING LAW IN WHICH THE UNITED STATES OR ANY OF ITS OFFICERS OR AGENTS ARE PARTIES TO BE CONDUCTED BY DISTRICT ATTOR- NEYS UNDER THE SUPERVISION OF THE SOLICITOR OF THE TREASURY.

**700. Sec. 380.**—All suits and proceedings arising out of the provisions of law governing national banking associations, in which the United States or any of its officers or agents shall be parties, shall be conducted by the district attorneys of the several districts under the direction and supervision of the Solicitor of the Treasury.

Act Feb. 25,  
1863, c. 58, sec. 55;  
12 Stat. L., 680.  
Act June 3,  
1864, c. 106, sec. 56;  
13 Stat. L., 116.

NOTE.—The United States Supreme Court decided in the case of *Gibson v. Peters* (150 U. S., 342) that a district attorney could not receive any compensation for services in conducting a suit arising out of the provisions of the national banking laws in which the United States or any of its officers or agents are parties.

### JURISDICTION OF DISTRICT COURT TO ENJOIN COMP- TROLLER.

**701. Sec. 24.**—The district court shall have original jurisdiction as follows:

Act Mar. 3, 1911  
sec. 24; 36 Stat. L.,  
1092.

\* \* \* \* \*

Sixteenth. Of all cases commenced by the United States, or by direction of any officer thereof, against any national banking association, and cases for winding up the affairs of any such bank; and of all suits brought by any banking association established in the district for which the court is held, under the provisions of title "National Banks," Revised Statutes, to enjoin the Comptroller of the Currency, or any receiver acting under his direction, as provided by said title. And all national banking associations established under the laws of the United States shall, for the purposes of all other actions by or against them, real, personal, or mixed, and all suits

in equity, be deemed citizens of the States in which they are respectively located.

**NOTE.**—Proceedings to enjoin Comptroller are those authorized by section 5237, United States Revised Statutes. Until the passage of the act of March 3, 1911, the circuit courts had this jurisdiction under section 629, United States Revised Statutes.

#### WHERE SUCH PROCEEDINGS MUST BE BROUGHT.

Act June 3,  
1864, c. 106, secs.  
50, 57; 13 Stat. L.,  
115, 116.

**702. Sec. 736.**—All proceedings by any national banking association to enjoin the Comptroller of the Currency, under the provisions of any law relating to national banking associations, shall be had in the district where such association is located.

#### SEALED CERTIFICATES OF COMPTROLLER COMPETENT EVIDENCE.

Act June 3,  
1864, c. 106, sec. 2;  
13 Stat. L. 100.

**703. Sec. 884.**—Every certificate, assignment, and conveyance executed by the Comptroller of the Currency, in pursuance of law, and sealed with his seal of office, shall be received in evidence in all places and courts; and all copies of papers in his office, certified by him and authenticated by the said seal, shall in all cases be evidence equally with the originals. An impression of such seal directly on the paper shall be as valid as if made on wax or wafer.

#### CERTIFIED COPY OF ORGANIZATION CERTIFICATE AS EVIDENCE.

Act June 3,  
1864, c. 106, sec. 6;  
13 Stat. L., 101.

**704. Sec. 885.**—Copies of the organization certificate of any national banking association, duly certified by the Comptroller of the Currency, and authenticated by his seal of office, shall be evidence in all courts and places within the jurisdiction of the United States of the existence of the association, and of every matter which could be proved by the production of the original certificate.

#### TAX ON STATE BANK CIRCULATION.

#### TAX ON CIRCULATION.

#### 705. Sec. 3408.—

**NOTE.**—The tax on circulation was originally provided for in the act of June 30, 1864. The taxation provisions were amended by section 6 of the act of March 3, 1865, by section 9 of the act of July 13, 1866, and by the act of June 6, 1872, section 37. The provisions as thus amended were incorporated in the Revised Statutes as section 3408. This section included three subsections, the first imposing a tax on deposits, the second on capital, and the third on circulation of banking institutions. The first and second subsections of this section were repealed by the act of March 3, 1883, and the third subsection was superseded by the act of February 8, 1875.

#### CIRCULATION—WHEN EXEMPTED FROM TAX.

Act Mar. 3, 1865,  
c. 78, sec. 14; 13  
Stat. L. 496.  
Act July 13,  
1866, c. 184, sec. 9;  
14 Stat. L., 146.

**706. Sec. 3411.**—Whenever the outstanding circulation of any bank, association, corporation, company, or person is reduced to an amount not exceeding five per centum of the chartered or declared capital existing at the time the same was issued, said circulation shall be free from taxa-



tion; and whenever any bank which has ceased to issue notes for circulation deposits in the Treasury of the United States, in lawful money, the amount of its outstanding circulation, to be redeemed at par, under such regulations as the Secretary of the Treasury shall prescribe, it shall be exempt from any tax upon such circulation.

**707. Secs. 3412, 3413.—**

Superseded by act February 8, 1875.

**TAX ON CIRCULATION—ACT FEBRUARY 8, 1875.**

**708. Sec. 19.**—That every person, firm, association other than national bank associations, and every corporation, State bank, or State banking association, shall pay a tax of ten per centum on the amount of their own notes used for circulation and paid out by them. Act Feb. 8, 1875, c. 36, sec. 19; 18 Stat. L., 311.

**TAX ON NOTES OF STATE BANKS, MUNICIPAL CORPORATIONS, ETC., USED AS CIRCULATION AND PAID OUT BY BANKS. ACT FEBRUARY 8, 1875.**

**709. Sec. 20.**—That every such person, firm, association, corporation, State bank, or State banking association, and also every national banking association, shall pay a like tax of ten per centum on the amount of notes of any person, firm, association other than a national banking association, or of any corporation, State bank, or State banking association, or of any town, city, or municipal corporation, used for circulation and paid out by them. Act Feb. 8, 1875, c. 36, sec. 20; 18 Stat. L., 311.

**BANKS' RETURNS; PAYMENT OF TAX PENALTIES. ACT FEBRUARY 8, 1875.**

**710. Sec. 21.**—That the amount of such circulating notes, and of the tax due thereon, shall be returned, and the tax paid at the same time, and in the same manner, and with like penalties for failure to return and pay the same, as provided by law for the return and payment of taxes on deposits, capital, and circulation, imposed by the existing provisions of internal-revenue law. Act Feb. 8, 1875, sec. 21; 18 Stat. L., 311.

**SEMIANNUAL RETURN BY BANKS.**

**711. Sec. 3414.**—A true and complete return of the monthly amount of circulation, [*of deposits, and of capital*], as aforesaid, and of the monthly amount of notes of persons, town, city, or municipal corporations, State banks, or State banking associations paid out as aforesaid for the previous six months, shall be made and rendered in duplicate on the first day of December and the first day of June, by each of such banks, associations, corporations, companies, or persons, with a declaration annexed thereto, under the oath of such person, or of the president or cashier of such bank, association, corporation, or company, in such form and manner as may be prescribed by the Commissioner of Internal Revenue, that the same contains a true and faithful statement of the amounts Act June 30, 1864, c. 173, sec. 110; 13 Stat. L., 278.  
Act July 13, 1866, c. 184, sec. 9; 14 Stat. L., 147.  
Act Mar. 26, 1867, c. 8, sec. 2; 15 Stat. L., 6.  
Act June 6, 1872, c. 315, sec. 37; 17 Stat. L., 256.  
Act Dec 24, 1872, c. 13, sec. 5; 17 Stat. L., 403.

subject to tax, as aforesaid; and one copy shall be transmitted to the collector of the district in which any such bank, association, corporation, or company is situated, or in which such person has his place of business, and one copy to the Commissioner of Internal Revenue.

**NOTE.**—Italicized words repealed by act March 3, 1883. "That the taxes herein specified imposed by the laws now in force be, and the same are hereby, repealed, as hereinafter provided, namely: On capital and deposits of banks, bankers, and national banking associations, except such taxes as are now due and payable."

#### **FAILURE TO MAKE RETURN. COMMISSIONER TO ESTIMATE.**

**712. Sec. 3415.**—In default of the returns provided in the preceding section, the amount of circulation, [*deposit, capital*], and notes of persons, towns, city, and municipal corporations, State banks, and State banking associations paid out, as aforesaid, shall be estimated by the Commissioner of Internal Revenue, upon the best information he can obtain. And for any refusal or neglect to make return and payment, any such bank, association, corporation, company, or person so in default shall pay a penalty of two hundred dollars, besides the additional penalty and forfeitures provided in other cases.

**NOTE.**—See note under preceding section.

#### **STATE BANKS CONVERTED INTO NATIONAL BANKS; RETURNS, HOW MADE.**

**713. Sec. 3416.**—Whenever any State bank or banking association has been converted into a national banking association, and such national banking association has assumed the liabilities of such State bank or banking association, including the redemption of its bills, by any agreement or understanding whatever with the representatives of such State bank or banking association, such national banking association shall be held to make the required return and payment on the circulation outstanding, so long as such circulation shall exceed five per centum of the capital before such conversion of such State bank or banking association.

#### **TAX PROVISIONS RESTRICTED.**

**714. Sec. 3417 [as amended 1875].**—The provisions of this chapter relating to the tax on the [*deposits, capital, and*] circulation of banks and to their returns, except as contained in sections thirty-four hundred and ten, thirty-four hundred and eleven, thirty-four hundred and twelve, thirty-four hundred and thirteen, and thirty-four hundred and sixteen, and such parts of sections thirty-four hundred and fourteen and thirty-four hundred and fifteen as relate to the tax of ten per centum on certain notes, shall not apply to associations which are taxed under and by virtue of Title "National Banks."

**NOTE.**—See note under section 3414 stating that taxes on deposits and capital were repealed by act March 3, 1883.

**TAXES ON INSOLVENT BANKS. ACT MARCH 1, 1879.**

**715. Sec. 22.**—That whenever and after any bank has ceased to do business by reason of insolvency or bankruptcy, no tax shall be assessed or collected, or paid into the Treasury of the United States, on account of such bank, which shall diminish the assets thereof necessary for the full payment of all its depositors; and such tax shall be abated from such national banks as are found by the Comptroller of the Currency to be insolvent; and the Commissioner of Internal Revenue, when the facts shall so appear to him, is authorized to remit so much of said tax against insolvent State and savings banks as shall be found to affect the claims of their depositors.

Act Mar. 1, 1879,  
c. 125, sec. 22; 20  
Stat. L., 351.

NOTE.—Part of section omitted superseded by act of March 3, 1883.

**TAX ON UNITED STATES AND NATIONAL BANK NOTES.**

**OBLIGATIONS OF UNITED STATES EXEMPT FROM TAXATION.**

**716. Sec. 3701.**—All stocks, bonds, Treasury notes, and other obligations of the United States, shall be exempt from taxation by or under State or municipal or local authority.

Act Feb. 26,  
1862, c. 33, sec. 2;  
12 Stat. L., 346.  
Act Mar. 3, 1863,  
c. 73, sec. 1; 12  
Stat. L., 710. Act  
Mar. 3, 1864, c. 17,  
Act Jan. 28, 1865,  
469. Act July 14,

sec. 1; 13 Stat. L., 13. Act June 30, 1864, c. 172, sec. 1; 13 Stat. L., 218.  
c. 22, sec. 1; 13 Stat. L., 425. Act Mar. 3, 1865, c. 77, sec. 2; 13 Stat. L.,  
1870, c. 256, sec. 1; 16 Stat. L., 272.

**NATIONAL-BANK NOTES AND NOTES AND CERTIFICATES OF THE UNITED STATES CIRCULATING AS CURRENCY SUBJECT TO STATE TAXATION. ACT AUGUST 13, 1894.**

**717. Sec. 1.**—That circulating notes of national banking associations and United States legal-tender notes and other notes and certificates of the United States payable on demand and circulating or intended to circulate as currency and gold, silver or other coin shall be subject to taxation as money on hand or on deposit under the laws of any State or Territory: *Provided*, That any such taxation shall be exercised in the same manner and at the same rate that any such State or Territory shall tax money or currency circulating as money within its jurisdiction.

Act Aug. 13,  
1894, sec. 1; 28  
Stat. L., 278.

**SEC. 2.** That the provisions of this act shall not be deemed or held to change existing laws in respect of the taxation of national banking associations.

Act Aug. 13,  
1894, sec. 2; 28  
Stat. L., 278.

**RESTRICTIONS ON NOTES LESS THAN ONE DOLLAR.**

**718. Sec. 3583.**—

Superseded by section 178, act March 4, 1909.

**SEC. 178.** No person shall make, issue, circulate, or pay out any note, check, memorandum, token, or other obligation for a less sum than one dollar, intended to circulate as money or to be received or used in lieu of lawful money of the United States; and every person so offending shall be fined not more than five hundred dollars, or imprisoned not more than six months, or both.

Act July 17,  
1862, c. 196, sec. 2;  
12 Stat. L., 592.  
Act Mar. 4, 1909,  
c. 321, sec. 178; 35  
Stat. L., 1122.

NOTE.—This restriction is held to apply only to checks issued for the purpose of circulating as money and not to checks issued in the ordinary course of business.

## LEGAL TENDER.

## FOREIGN COINS.

Act Feb. 21,  
1857, c. 56, sec. 3;  
11 Stat. L., 163.

**719. Sec. 3584.**—No foreign gold or silver coins shall be a legal tender in payment of debts.

**NOTE.**—The coinage by the government of Philippine Islands of the various silver and minor coins for use in the islands is authorized and the legal-tender quality of such coins as well as of the gold coins of the United States in the islands is prescribed by the act of July 1, 1902, c. 1369, secs. 76–83; 32 Stat. L., 710; and the act of March 2, 1903, c. 980, sec. 4; 32 Stat. L., 953.

## GOLD COIN OF THE UNITED STATES.

Act Feb. 12,  
1873, c. 131, sec.  
14; 17 Stat. L.,  
426.

**720. Sec. 3585.**—The gold coins of the United States shall be a legal tender in all payments at their nominal value when not below the standard weight and limit of tolerance provided by law for the single piece, and when, reduced in weight below such standard and tolerance, shall be a legal tender at valuation in proportion to their actual weight.

**721. Sec. 3586.**—

[Superseded by res. July 22, 1876, No. 17, sec. 2; act Feb. 28, 1878, c. 20, sec. 1; act June 9, 1879, c. 12, sec. 3.]

**AUTHORIZING COINAGE OF STANDARD SILVER DOLLARS AND MAKING THEM LEGAL TENDER. ACT OF FEBRUARY 28, 1878.**

Act Feb. 28,  
1878, c. 20, sec. 1;  
20 Stat. L., 25.

**722. Sec. 1.**—That there shall be coined, at the several mints of the United States, silver dollars of the weight of 412½ grains Troy of standard silver, as provided in the act of January 18, 1837, on which shall be the devices and superscriptions provided by said act; which coins together with all silver dollars heretofore coined by the United States, of like weight and fineness, shall be a legal tender, at their nominal value, for all debts and dues public and private, except where otherwise expressly stipulated in the contract.

**SUBSIDIARY SILVER COINS. ACT JUNE 9, 1879.**

Act June 9,  
1879, c. 12, sec. 3;  
21 Stat. L., 8.

**723. Sec. 3.**—That the present silver coins of the United States of smaller denominations than one dollar shall hereafter be a legal tender in all sums not exceeding ten dollars in full payment of all dues public and private.

**MINOR COINS.**

Act Feb. 12,  
1873, c. 131, sec.  
16; 17 Stat. L.,  
427.

**724. Sec. 3587.**—The minor coins of the United States shall be a legal tender, at their nominal value for any amount not exceeding twenty-five cents in any one payment.

**UNITED STATES NOTES.**

Act Feb. 25,  
1862, c. 33, sec. 1;  
12 Stat. L., 345.  
Act July 11,  
1862, c. 142, sec. 1;  
12 Stat. L., 532.  
Res. Jan. 17, 1863,  
No. 9, 12 Stat. L., 823.

**725. Sec. 3588.**—United States notes shall be lawful money, and a legal tender in payment of all debts, public and private, within the United States, except for duties on imports and interest on the public debt.

Act Mar. 3, 1863, c. 73, sec. 3; 12 Stat. L., 711.

**DEMAND TREASURY NOTES.**

**726. Sec. 3589.**—Demand Treasury notes authorized by the act of July 17, 1861, chapter 5, and the act of February 12, 1862, chapter 20, shall be lawful money and a legal tender in like manner as United States notes.

Act July 17, 1861, c. 5, sec. 1, 12 Stat. L., 259.  
Act Feb. 12, 1862, c. 20; 12 Stat. L., 338.  
Act Feb. 25, 1862, c. 33; sec. 1; 12 Stat. L., 345. Act Mar. 17, 1862, c. 45, sec. 2; 12 Stat. L., 37.

**INTEREST-BEARING NOTES.**

**727. Sec. 3590.**—Treasury notes issued under the authority of the acts of March 3, 1863, chapter 73, and June 30, 1864, chapter 172, shall be legal tender to the same extent as United States notes, for their face value, excluding interest: *Provided*, That Treasury notes issued under the act last named shall not be a legal tender in payment or redemption of any notes issued by any bank, banking association, or banker, calculated and intended to circulate as money.

Act Mar. 3, 1863, c. 73, sec. 2; 12 Stat. L., 710.  
Act June 30, 1864, c. 172, sec. 2; 13 Stat. L., 218.

**FOR WHAT DEMANDS NATIONAL-BANK NOTES MAY BE RECEIVED.**

**728. Sec. 5182.**—

NOTE.—See section 5182, national-bank act, paragraph 337, ante.

**GOLD CERTIFICATES. ACT JULY 12, 1882.**

**729. Sec. 12.**—That the Secretary of the Treasury is authorized and directed to receive deposits of gold coin with the Treasurer or assistant treasurers of the United States, in sums of not less than twenty dollars, and to issue certificates therefor in denominations of not less than twenty dollars each, corresponding with the denominations of United States notes. The coin deposited for or representing the certificates of deposits shall be retained in the Treasury for the payment of the same on demand. Said certificates shall be receivable for customs, taxes, and all public dues, and when so received may be reissued; and such certificates, as also silver certificates, when held by any national banking association, shall be counted as part of its lawful reserve; and no national banking association shall be a member of any clearing house in which such certificates shall not be receivable in the settlement of clearing-house balances: *Provided*, That the Secretary of the Treasury shall suspend the issue of such gold certificates whenever the amount of gold coin and gold bullion in the Treasury reserved for the redemption of United States notes falls below one hundred millions of dollars; and the provisions of section fifty-two hundred and seven of the Revised Statutes shall be applicable to the certificates herein authorized and directed to be issued.

Act July 12, 1882, sec. 12; 2 Stat. L., 165.

**730. Sec. 1.**—That gold certificates of the United States payable to bearer on demand shall be and are hereby made legal tender in payment of all debts and dues, public and private.

Act Dec. 24, 1919.

**SEC. 2.** That all acts or parts of acts which are inconsistent with this act are hereby repealed.

**NOTE.**—See section 6 of the currency act of March 14, 1900, as amended March 4, 1907, March 2, 1911, and June 12, 1916, paragraph 754, post, for additional provisions relating to gold certificates and making \$10 lowest denomination. Gold and silver certificates are not legal tender, but are receivable for all public dues.

#### GOVERNMENT DEPOSITARIES.

#### DUTY OF DISBURSING OFFICERS.

**730. Sec. 3620 [as amended 1877].**—It shall be the duty of every disbursing officer having any public money intrusted to him for disbursement, to deposit the same with the Treasurer or some one of the assistant treasurers of the United States, and to draw for the same only as it may be required for payments to be made by him in pursuance of law; and draw for the same only in favor of the persons to whom payment is made, and all transfers from the Treasurer of the United States to a disbursing officer shall be by draft or warrant on the Treasury or an assistant treasurer of the United States. In places, however, where there is no Treasurer or assistant treasurer, the Secretary of the Treasury may, when he deems it essential to the public interest, specially authorize in writing the deposit of such public money in any other public depository, or, in writing, authorize the same to be kept in any other manner, and under such rules and regulations as he may deem most safe and effectual to facilitate the payments to public creditors.

**NOTE.**—See also act March 2, 1907, 34 Stat. L., 1166, authorizing Army officers to keep in their possession restricted amounts of public funds. See also act December 23, 1913, section 15, paragraph 734, post.

#### PROVISIONS FOR DEPOSIT BY CERTAIN POSTMASTERS.

**731. Sec. 3847 [as amended 1908].**—Any postmaster, having public money belonging to the Government, at an office within a city or town where there is no Treasurer or Assistant Treasurer of the United States, or designated depository, may deposit the same temporarily, at his own risk and in his official capacity, in any national or State bank in the State in which the said postmaster resides, or in which his office is located, or within a reasonable radius of his post office in an adjacent State, but no authority or permission is or shall be given for the payment to or receipt by a postmaster or any other person, of interest, directly or indirectly, on any deposit made as herein described.

#### MISAPPROPRIATING POSTAL FUNDS OR PROPERTY; PUNISHMENT FOR; PRIMA FACIE EVIDENCE; DEPOSITS, ETC., PERMITTED.

**732. Sec. 4046.**—(Originally enacted June 8, 1872.)

Superseded by sec. 225, act of March 4, 1909.

**Sec. 225.**—Whoever, being a postmaster or other person employed in or connected with any branch of the postal service, shall loan, use, pledge, hypothecate, or convert to his own use, or shall deposit in any bank, or exchange for other funds or property, except as authorized by law, any money or property coming into his hands or under his control in any manner whatever, in the execution or under color of his office, employment, or service, whether the same shall be the money or property of the United States or not; or shall fail or refuse to remit to or deposit in the Treasury of the United States or in a designated depository, or to account for or turn over to the proper officer or agent, any such money or property, when required so to do by law or the regulations of the Post Office Department, or upon demand or order of the Postmaster General, either directly or through a duly authorized officer or agent, shall be deemed guilty of embezzlement; and every such person, as well as every other person advising or knowingly participating therein, shall be fined in a sum equal to the amount or value of the money or property embezzled, or imprisoned not more than ten years, or both. Any failure to produce or to pay over any such money or property, when required so to do as above provided, shall be taken to be prima facie evidence of such embezzlement; and upon the trial of any indictment against any person for such embezzlement, it shall be prima facie evidence of a balance against him to produce a transcript from the account books of the Auditor for the Post Office Department. But nothing herein shall be construed to prohibit any postmaster depositing, under the direction of the Postmaster General, in a national bank designated by the Secretary of the Treasury for that purpose, to his own credit as postmaster, any funds in his charge, nor prevent his negotiating drafts or other evidences of debt through such bank, or through United States disbursing officers, or otherwise, when instructed or required so to do by the Postmaster General, for the purpose of remitting surplus funds from one post office to another.

Act Mar. 4,  
1909, c. 321, sec.  
225; 35 Stat. L.,  
1133.

**NATIONAL BANKING ASSOCIATIONS TO BE DEPOSITARIES OF PUBLIC MONEYS.**

**733. Sec. 5153** [as amended 1907].—

NOTE.—See section 5153 under “National-bank act.”

**GOVERNMENT DEPOSITS.**

**734. Sec. 15.**—The moneys held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national-bank notes and the funds provided in this Act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be

Act Dec. 23, 1913,  
sec. 15; 38 Stat.  
L., 265.

deposited in such banks, and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this Act: *Provided, however,* That nothing in this Act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

**DEPOSIT OF PROCEEDS ARISING FROM SALE OF BONDS.  
NO RESERVE REQUIRED TO BE KEPT AGAINST UNITED  
STATES DEPOSITS.**

Act Apr. 24,  
1917, sec. 7.

**735. Sec. 7.**—That the Secretary of the Treasury, in his discretion, is hereby authorized to deposit in such banks and trust companies as he may designate the proceeds, or any part thereof, arising from the sale of the bonds and certificates of indebtedness authorized by this Act, or the bonds previously authorized as described in section four of this Act, and such deposits may bear such rate of interest and be subject to such terms and conditions as the Secretary of the Treasury may prescribe: *Provided,* That the amount so deposited shall not in any case exceed the amount withdrawn from any such bank or trust company and invested in such bonds or certificates of indebtedness plus the amount so invested by such bank or trust company, and such deposits shall be secured in the manner required for other deposits by section fifty-one hundred and fifty-three, Revised Statutes, and amendments thereto: *Provided further,* That the provisions of section fifty-one hundred and ninety-one of the Revised Statutes, as amended by the Federal Reserve Act and the amendments thereof, with reference to the reserves required to be kept by national banking associations and other member banks of the Federal Reserve System, shall not apply to deposits of public moneys by the United States in designated depositories.

**GOVERNMENT DEPOSITS IN FEDERAL LAND BANKS.**

Act July 17,  
1918, sec. 6; 39  
Stat. L., 365.

**736. Sec. 6.**—That all Federal land banks and joint stock land banks organized under this Act, when designated for that purpose by the Secretary of the Treasury, shall be depositories of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositories of public money and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the Federal land banks and joint stock land banks thus designated satisfactory security, by the deposit of United States bonds or otherwise, for the safekeeping and prompt payment of the public money deposited with them, and for the faithful performance of their duties as financial agents of the Government. No Government



funds deposited under the provisions of this section shall be invested in mortgage loans or farm loan bonds.

**PENALTY FOR UNAUTHORIZED DEPOSIT OF PUBLIC MONEY.**

**737. Sec. 5488.—**

Originally enacted June 14, 1866, see 14 Stat. L. 64. Superseded by sec. 87 of the act of March 4, 1909.

**Sec. 87.**—Whoever, being a disbursing officer of the United States, or a person acting as such, shall in any manner convert to his own use, or loan with or without interest, or deposit in any place or in any manner, except as authorized by law, any public money intrusted to him; or shall, for any purpose not prescribed by law, withdraw from the Treasurer or any assistant treasurer, or any authorized depository, or transfer, or apply, any portion of the public money intrusted to him, shall be deemed guilty of an embezzlement of the money so converted, loaned, deposited, withdrawn, transferred, or applied, and shall be fined not more than the amount embezzled, or imprisoned not more than ten years, or both.

Act June 14, 1866, c. 122, sec. 2; 14 Stat. L., 64.  
Act Mar. 4, 1909, c. 321, sec. 87; 35 Stat. L., 1105.

NOTE.—Sections 5489 to 5496 do not refer to national banks.

**PENALTY FOR UNAUTHORIZED RECEIPT OR USE OF PUBLIC MONEY.**

**738. Sec. 5497.—**

Originally enacted June 14, 1866 (14 Stat. L. 65), and amended by act of February 3, 1879 (20 Stat. L. 280). Superseded by sec. 96 of the act of March 4, 1909.

**Sec. 96.**—Every banker, broker, or other person not an authorized depository of public moneys, who shall knowingly receive from any disbursing officer, or collector of internal revenue, or other agent of the United States, any public money on deposit, or by way of loan or accommodation, with or without interest, or otherwise than in payment of a debt against the United States, or shall use, transfer, convert, appropriate, or apply any portion of the public money for any purpose not prescribed by law; and every president, cashier, teller, director, or other officer of any bank or banking association who shall violate any provision of this section is guilty of embezzlement of the public money so deposited, loaned, transferred, used, converted, appropriated, or applied, and shall be fined not more than the amount embezzled, or imprisoned not more than ten years, or both.

Act Mar. 4, 1909, sec. 96; 35 Stat. L., 1106.

NOTE.—For duties and liabilities of depositaries see note under sec. 5153, paragraph 243, ante.

**OFFENSES AGAINST THE CURRENCY.**

**OBLIGATION OR OTHER SECURITY OF THE UNITED STATES DEFINED.**

**739. Sec. 147.**—The words "obligation or other security of the United States" shall be held to mean all bonds, certificates of indebtedness, national-bank currency, coupons, United States notes, Treasury notes, gold certificates, silver certificates, fractional notes, certificates of

Act Mar. 4, 1909, c. 321, sec. 147; 35 Stat. L., 1115. Supersedes sec. 5413, R. S. Originally enacted June 30, 1864.

deposit, bills, checks, or drafts for money, drawn by or upon authorized officers of the United States, stamps and other representatives of value, of whatever denomination, which have been or may be issued under any Act of Congress.

**FORGING OR COUNTERFEITING SECURITIES; PUNISHMENT FOR.**

Act Mar. 4,  
1909, c. 321, sec.  
148; 35 Stat. L.,  
1115. Supersedes  
sec. 5414, R. S.  
Originally  
enacted June 30,  
1864.

**740. Sec. 148.**—Whoever, with intent to defraud, shall falsely make, forge, counterfeit, or alter any obligation or other security of the United States shall be fined not more than five thousand dollars and imprisoned not more than fifteen years.

**COUNTERFEITING NATIONAL-BANK NOTES; PUNISHMENT FOR.**

Act Mar. 4,  
1909, c. 321, sec.  
149; 35 Stat. L.,  
1115. Supersedes  
sec. 5415, R. S.  
Originally  
enacted Feb. 25,  
1863. Reenacted  
June 3, 1864.

**741. Sec. 149.**—Whoever shall falsely make, forge, or counterfeit, or cause or procure to be made, forged, or counterfeited, or shall willingly aid or assist in falsely making, forging, or counterfeiting, any note in imitation of, or purporting to be in imitation of, the circulating notes issued by any banking association now or hereafter authorized and acting under the laws of the United States; or whoever shall pass, utter, or publish, or attempt to pass, utter, or publish, any false, forged, or counterfeited note, purporting to be issued by any such association doing a banking business, knowing the same to be falsely made, forged, or counterfeited; or whoever shall falsely alter, or cause or procure to be falsely altered, or shall willingly aid or assist in falsely altering, any such circulating notes, or shall pass, utter, or publish, or attempt to pass, utter, or publish as true, any falsely altered or spurious circulating note issued, or purporting to have been issued, by any such banking association, knowing the same to be falsely altered or spurious, shall be fined not more than one thousand dollars and imprisoned not more than fifteen years.

**USING PLATES TO PRINT NOTES WITHOUT AUTHORITY, ETC.; DISTINCTIVE PAPER WITHOUT AUTHORITY; PUNISHMENT FOR.**

Act Mar. 4,  
1909, c. 321, sec.  
150; 35 Stat. L.,  
1116. Supersedes  
sec. 5430, R. S.  
Originally  
enacted June 30,  
1864.

**742. Sec. 150.**—Whoever, having control, custody, or possession of any plate, stone, or other thing, or any part thereof, from which has been printed, or which may be prepared by direction of the Secretary of the Treasury for the purpose of printing, any obligation or other security of the United States, shall use such plate, stone, or other thing, or any part thereof, or knowingly suffer the same to be used for the purpose of printing any such or similar obligation or other security, or any part thereof, except as may be printed for the use of the United States by order of the proper officer thereof; or whoever by any way, art, or means shall make or execute, or cause or procure to be made or executed, or shall assist in making or executing any plate, stone, or other thing in the likeness of any plate designated for the printing of such obligation or other security; or whoever shall sell any such plate, stone, or other thing, or bring into the United States or any place subject

to the jurisdiction thereof, from any foreign place, any such plate, stone, or other thing, except under the direction of the Secretary of the Treasury or other proper officer, or with any other intent, in either case, than that such plate, stone, or other thing be used for the printing of the obligations or other securities of the United States; or whoever shall have in his control, custody, or possession any plate, stone, or other thing in any manner made after or in the similitude of any plate, stone, or other thing, from which any such obligation or other security has been printed, with intent to use such plate, stone, or other thing, or to suffer the same to be used in forging or counterfeiting any such obligation or other security, or any part thereof; or whoever shall have in his possession or custody, except under authority from the Secretary of the Treasury or other proper officer, any obligation or other security made or executed, in whole or in part, after the similitude of any obligation or other security issued under the authority of the United States, with intent to sell or otherwise use the same; or whoever shall print, photograph, or in any other manner make or execute, or cause to be printed, photographed, made, or executed, or shall aid in printing, photographing, making, or executing any engraving, photograph, print, or impression in the likeness of any such obligation or other security, or any part thereof, or shall sell any such engraving, photograph, print, or impression, except to the United States, or shall bring into the United States or any place subject to the jurisdiction thereof, from any foreign place any such engraving, photograph, print, or impression, except by direction of some proper officer of the United States; or whoever shall have or retain in his control or possession, after a distinctive paper has been adopted by the Secretary of the Treasury for the obligations and other securities of the United States, any similar paper adapted to the making of any such obligation or other security, except under the authority of the Secretary of the Treasury or some other proper officer of the United States, shall be fined not more than five thousand dollars, or imprisoned not more than fifteen years, or both.

**UTTERING, ETC., FORGED OBLIGATIONS; PUNISHMENT FOR.**

**743. Sec. 151.**—Whoever, with intent to defraud, shall pass, utter, publish, or sell, or attempt to pass, utter, publish, or sell, or shall bring into the United States or any place subject to the jurisdiction thereof, with intent to pass, publish, utter, or sell, or shall keep in possession or conceal with like intent, any falsely made, forged, counterfeited, or altered obligation or other security of the United States, shall be fined not more than five thousand dollars and imprisoned not more than fifteen years.

Act Mar. 4,  
1909, c. 321, sec.  
151; 35 Stat. L.,  
1116. Supersedes  
sec. 5431, R. S.  
Originally  
enacted June 30,  
1864.

**TAKING IMPRESSIONS OF TOOLS, IMPLEMENTS, ETC.;  
PUNISHMENT FOR.**

Act Mar. 4,  
1909, c. 321, sec.  
152; 35 Stat. L.,  
1117. Supersedes  
sec. 5432, R. S.  
Originally  
enacted Feb. 6,  
1867.

**744. Sec. 152.**—Whoever, without authority from the United States, shall take, procure, or make, upon lead, foil, wax, plaster, paper, or any other substance or material, an impression, stamp, or imprint of, from, or by the use of any bedplate, bedpiece, die, roll, plate, seal, type, or other tool, implement, instrument, or thing used or fitted or intended to be used in printing, stamping, or impressing, or in making other tools, implements, instruments, or things to be used or fitted or intended to be used in printing, stamping, or impressing any kind or description of obligation or other security of the United States now authorized or hereafter to be authorized by the United States, or circulating note or evidence of debt of any banking association under the laws thereof, shall be fined not more than five thousand dollars, or imprisoned not more than ten years, or both.

**HAVING UNLAWFUL POSSESSION OF IMPRESSIONS;  
PUNISHMENT FOR.**

Act Mar. 4,  
1909, c. 321, sec.  
153; 35 Stat. L.,  
1117. Supersedes  
sec. 5433, R. S.  
Originally  
enacted Feb. 5,  
1867.

**745. Sec. 153.**—Whoever, with intent to defraud, shall have in his possession, keeping, custody, or control, without authority from the United States, any imprint, stamp, or impression, taken or made upon any substance or material whatsoever, of any tool, implement, instrument, or thing, used, or fitted or intended to be used, for any of the purposes mentioned in the preceding section; or whoever, with intent to defraud, shall sell, give, or deliver any such imprint, stamp, or impression to any other person, shall be fined not more than five thousand dollars, or imprisoned not more than ten years, or both.

**DEALING IN COUNTERFEIT SECURITIES; PUNISHMENT  
FOR.**

Act Mar. 4,  
1909, c. 321, sec.  
154; 35 Stat. L.,  
1117. Supersedes  
sec. 5434, R. S.  
Originally  
enacted Feb. 5,  
1867.

**746. Sec. 154.**—Whoever shall buy, sell, exchange, transfer, receive, or deliver any false, forged, counterfeited, or altered obligation or other security of the United States, or circulating note of any banking association organized or acting under the laws thereof, which has been or may hereafter be issued by virtue of any Act of Congress, with the intent that the same be passed, published, or used as true and genuine, shall be fined not more than five thousand dollars, or imprisoned not more than ten years, or both.

**CIRCULATING BILLS OF EXPIRED BANKS; PUNISHMENT  
FOR; CIRCULATION PERMITTED.**

Act Mar. 4,  
1909, c. 321, sec.  
174; 35 Stat. L.,  
1122. Supersedes  
sec. 5437, R. S.  
Originally  
enacted July 7,  
1838.

**747. Sec. 174.**—In all cases where the charter of any corporation which has been or may be created by Act of Congress has expired or may hereafter expire, if any director, officer, or agent of the corporation, or any trustee thereof, or any agent of such trustee, or any person having in his possession or under his control the property of the corpo-

ration for the purpose of paying or redeeming its notes and obligations, shall knowingly issue, reissue, or utter as money, or in any other way knowingly put in circulation any bill, note, check, draft, or other security purporting to have been made by any such corporation whose charter has expired, or by any officer thereof, or purporting to have been made under authority derived therefrom, or if any person shall knowingly aid in any such act, he shall be fined not more than ten thousand dollars, or imprisoned not more than five years, or both. But nothing herein shall be construed to make it unlawful for any person, not being such director, officer, or agent of the corporation, or any trustee thereof, or any agent of such trustee, or any person having in his possession or under his control the property of the corporation for the purpose hereinbefore set forth, who has received or may hereafter receive such bill, note, check, draft, or other security, bona fide and in the ordinary transactions of business, to utter as money or otherwise circulate the same.

**FRAUDULENT NOTES TO BE SO MARKED BY UNITED STATES OFFICERS AND OFFICERS OF NATIONAL BANKS. ACT JUNE 30, 1876.**

**748. Sec. 5.**—That all United States officers charged with the receipt or disbursement of public moneys, and all officers of national banks, shall stamp or write in plain letters the word “counterfeit” “altered” or “worthless,” upon all fraudulent notes issued in the form of, and intended to circulate as money, which shall be presented at their places of business; and if such officer shall wrongfully stamp any genuine note of the United States, or of the national banks, they shall, upon presentation, redeem such notes at the face value thereof. Act June 30, 1876, sec. 5; 19 Stat. L., 64.

**CURRENCY ACT, APPROVED MARCH 14, 1900.**

- |  |   |
|--|---|
| <p>749. Section 1. Gold dollar declared to be standard unit of value.</p> <p>750. Sec. 2. Secretary of Treasury to set apart and maintain a gold reserve of one hundred and fifty million dollars in gold coin and bullion for the redemption of United States notes and notes issued under the act of July 14, 1890. May sell bonds to replenish reserve.</p> <p>751. Sec. 3. Silver dollar to remain legal tender.</p> <p>752. Sec. 4. Divisions of issue and redemption established.</p> <p>753. Sec. 5. When silver dollars are coined from bullion purchased under act of July 14, 1890, an equal amount of Treasury notes to be canceled and silver certificates issued.</p> | <p>754 Sec. 6. Issue of gold certificates. Issue of gold certificates payable to order.</p> <p>755. Sec. 7. Issue of silver certificates.</p> <p>756. Sec. 8. Subsidiary silver coinage.</p> <p>757. Sec. 9. Recoinage of uncurrent subsidiary silver coin.</p> <p>758. Sec. 10. Amends section 5138, Revised Statutes. (See said section under national-bank act.)</p> <p>759. Sec. 11. Refunding of United States bonds.</p> <p>760. Sec. 12. This section is inserted in national-bank act following section 5171, which it supersedes.</p> <p>761. Sec. 13. See sec. 5214, Revised Statutes, under national-bank act.</p> <p>762. Sec. 14. International bimetallism.</p> |
|--|---|

**An Act To define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes.**

**GOLD DOLLAR DECLARED TO BE STANDARD UNIT OF VALUE.**

Act Mar. 14,  
1900, sec. 1; 31  
Stat. L., 45.

**749.** *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the dollar consisting of twenty-five and eight-tenths grains of gold nine-tenths fine, as established by section thirty-five hundred and eleven of the Revised Statutes of the United States, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

**SECRETARY OF TREASURY TO SET APART AND MAINTAIN A GOLD RESERVE OF ONE HUNDRED AND FIFTY MILLION DOLLARS IN GOLD COIN AND BULLION FOR THE REDEMPTION OF UNITED STATES NOTES AND NOTES ISSUED UNDER ACT OF JULY 14, 1890. MAY SELL BONDS TO REPLENISH RESERVE.**

Act Mar. 14,  
1900, sec. 2; 31  
Stat. L., 45.

**750. Sec. 2.**—That United States notes, and Treasury notes issued under the Act of July fourteenth, eighteen hundred and ninety, when presented to the Treasury for redemption, shall be redeemed in gold coin of the standard fixed in the first section of this Act, and in order to secure the prompt and certain redemption of such notes as herein provided it shall be the duty of the Secretary of the Treasury to set apart in the Treasury a reserve fund of one hundred and fifty million dollars in gold coin and bullion, which fund shall be used for such redemption purposes only, and whenever and as often as any of said notes shall be redeemed from said fund it shall be the duty of the Secretary of the Treasury to use said notes so redeemed to restore and maintain such reserve fund in the manner following, to wit: First, by exchanging the notes so redeemed for any gold coin in the general fund of the Treasury; second, by accepting deposits of gold coin at the Treasury or at any subtreasury in exchange for the United States notes so redeemed; third, by procuring gold coin by the use of said notes, in accordance with the provisions of section thirty-seven hundred of the Revised Statutes of the United States. If the Secretary of the Treasury is unable to restore and maintain the gold coin in the reserve fund by the foregoing methods, and the amount of such gold coin and bullion in said fund shall at any time fall below one hundred million dollars, then it shall be his duty to restore the same to the maximum sum of one hundred and fifty million dollars by borrowing money on the credit of the United States, and for the debt thus incurred to issue and sell coupon or registered bonds of the United States, in such form as he may prescribe, in denominations of fifty dollars or any multiple thereof, bearing interest at the rate of not exceeding three per centum per annum, payable quarterly, such bonds to be payable at the pleasure of the United States after one year from the date of their issue, and to be payable, prin-

cipal and interest, in gold coin of the present standard value, and to be exempt from the payment of all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority; and the gold coin received from the sale of said bonds shall first be covered into the general fund of the Treasury and then exchanged, in the manner hereinbefore provided, for an equal amount of the notes redeemed and held for exchange, and the Secretary of the Treasury may, in his discretion, use said notes in exchange for gold, or to purchase or redeem any bonds of the United States, or for any other lawful purpose the public interests may require, except that they shall not be used to meet deficiencies in the current revenues. That United States notes when redeemed in accordance with the provisions of this section shall be reissued, but shall be held in the reserve fund until exchanged for gold, as herein provided; and the gold coin and bullion in the reserve fund, together with the redeemed notes held for use as provided in this section, shall at no time exceed the maximum sum of one hundred and fifty million dollars.

NOTE.—Section 7 of the Federal reserve act provides that the net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury.

#### **SILVER DOLLAR TO REMAIN LEGAL TENDER.**

**751. Sec. 3.**—That nothing contained in this Act shall be construed to effect the legal-tender quality as now provided by law of the silver dollar, or of any other money coined or issued by the United States. Act Mar. 14,  
1900, sec. 3; 31  
Stat. L., 46.

#### **DIVISIONS OF ISSUE AND REDEMPTION ESTABLISHED.**

**752. Sec. 4.**—That there be established in the Treasury Department, as a part of the office of the Treasurer of the United States, divisions to be designated and known as the division of issue and the division of redemption, to which shall be assigned, respectively, under such regulations as the Secretary of the Treasury may approve, all records and accounts relating to the issue and redemption of United States notes, gold certificates, silver certificates, and currency certificates. There shall be transferred from the accounts of the general fund of the Treasury of the United States, and taken up on the books of said divisions, respectively, accounts relating to the reserve fund for the redemption of United States notes and Treasury notes, the gold coin held against outstanding gold certificates, the United States notes held against outstanding currency certificates, and the silver dollars held against outstanding silver certificates, and each of the funds represented by these accounts shall be used for the redemption of the notes and certificates for which they are respectively pledged, and shall be used for no other purpose, the same being held as trust funds. Act Mar. 14,  
1900, sec. 4; 31  
Stat. L., 46.

**WHEN SILVER DOLLARS ARE COINED FROM BULLION PURCHASED UNDER ACT OF JULY 14, 1890, AN EQUAL AMOUNT OF TREASURY NOTES TO BE CANCELED AND SILVER CERTIFICATES ISSUED.**

Act Mar. 14,  
1900, sec. 5; 31  
Stat. L., 47.

**753. Sec. 5.**—That it shall be the duty of the Secretary of the Treasury, as fast as standard silver dollars are coined under the provisions of the Acts of July fourteenth, eighteen hundred and ninety, and June thirteenth, eighteen hundred and ninety-eight, from bullion purchased under the Act of July fourteenth, eighteen hundred and ninety, to retire and cancel an equal amount of Treasury notes whenever received into the Treasury, either by exchange in accordance with the provisions of this Act or in the ordinary course of business, and upon the cancellation of Treasury notes silver certificates shall be issued against the silver dollars so coined.

**ISSUE OF GOLD CERTIFICATES. ISSUE OF GOLD CERTIFICATES PAYABLE TO ORDER.**

Act Mar. 14,  
1900, sec. 6; 31  
Stat. L., 47.  
Act Mar. 4, 1907,  
sec. 1; 34 Stat. L.,  
1289.  
Act Mar. 2,  
1911; 36 Stat. L.,  
965.  
Act June 12,  
1916; 39 Stat. L.,  
225.

**754. Sec. 6** [as amended by acts of March 4, 1907, March 2, 1911, and June 12, 1916].—That the Secretary of the Treasury is hereby authorized and directed to receive deposits of gold coin with the Treasurer, or any assistant treasurer of the United States, in sums of not less than twenty dollars, and to issue gold certificates therefor in denominations of not less than ten dollars, and the coin so deposited shall be retained in the Treasury and held for the payment of such certificates on demand, and used for no other purpose. Such certificates shall be receivable for customs, taxes, and all public dues, and when so received may be reissued, and when held by any national banking association may be counted as a part of its lawful reserve: *Provided*, That whenever and so long as the gold coin and bullion held in the reserve fund in the Treasury for the redemption of United States notes and Treasury notes shall fall and remain below one hundred million dollars the authority to issue certificates as herein provided shall be suspended: *And provided further*, That whenever and so long as the aggregate amount of United States notes and silver certificates in the general fund of the Treasury shall exceed sixty million dollars the Secretary of the Treasury may, in his discretion, suspend the issue of the certificates herein provided for: *And provided further*, That of the amount of such outstanding certificates one-fourth at least shall be in denominations of fifty dollars or less: *And provided further*, That the Secretary of the Treasury may, in his discretion, issue such certificates in denominations of ten thousand dollars, payable to order: *And provided further*, That the Secretary of the Treasury may, in his discretion, receive, with the assistant treasurer in New York and the assistant treasurer in San Francisco, deposits of foreign gold coin at their bullion value in amounts of not less than one thousand dollars in value and issue gold certificates there-



for of the description herein authorized: *And provided further*, That the Secretary of the Treasury may, in his discretion, receive, with the Treasurer or any assistant treasurer of the United States, deposits of gold bullion bearing the stamp of the coinage mints of the United States, or the assay office in New York, certifying their weight, fineness, and value, in amounts of not less than one thousand dollars in value, and issue gold certificates therefor of the description herein authorized. But the amount of gold bullion and foreign coin so held shall not at any time exceed two thirds of the total amount of gold certificates at such time outstanding. And section fifty-one hundred and ninety-three of the Revised Statutes of the United States is hereby repealed.

# **ISSUE OF SILVER CERTIFICATES.**

**755. Sec. 7.**—That hereafter silver certificates shall be issued only of denominations of ten dollars and under, except that not exceeding in the aggregate ten per centum of the total volume of said certificates, in the discretion of the Secretary of the Treasury, may be issued in denominations of twenty dollars, fifty dollars, and one hundred dollars; and silver certificates of higher denomination than ten dollars, except as herein provided, shall, whenever received at the Treasury or redeemed, be retired and canceled, and certificates of denominations of ten dollars or less shall be substituted therefor, and after such substitution, in whole or in part, a like volume of United States notes of less denomination than ten dollars shall from time to time be retired and canceled, and notes of denominations of ten dollars and upward shall be reissued in substitution therefor, with like qualities and restrictions as those retired and canceled.

Act Mar. 14,  
1900, sec. 7; 31  
Stat. L., 47.

**NOTE.**—The act of February 28, 1878, authorized the issue of silver certificates in sums of not less than ten dollars. The act of March 3, 1887, authorized the issue of one, two, and five dollar certificates. This section supersedes these acts as to all new issues.

# **SUBSIDIARY SILVER COINAGE.**

**756. Sec. 8.**—That the Secretary of the Treasury is hereby authorized to use, at his discretion, any silver bullion in the Treasury of the United States purchased under the Act of July fourteenth, eighteen hundred and ninety, for coinage into such denominations of subsidiary silver coin as may be necessary to meet the public requirements for such coin: *Provided*, That the amount of subsidiary silver coin outstanding shall not at any time exceed in the aggregate one hundred millions of dollars. Whenever any silver bullion purchased under the Act of July fourteenth, eighteen hundred and ninety, shall be used in the coinage of subsidiary silver coin, an amount of Treasury notes issued under said Act equal to the cost of the bullion contained in such coin shall be canceled and not reissued.

Act Mar. 14,  
1900, sec. 8; 31  
Stat. L., 47.

**RECOINAGE OF UNCURRENT SUBSIDIARY SILVER COIN.**

Act Mar. 14,  
1900, sec. 9; 31  
Stat. L., 48.

**757. Sec. 9.**—That the Secretary of the Treasury is hereby authorized and directed to cause all worn and uncurrent subsidiary silver coin of the United States now in the Treasury, and hereafter received, to be recoined, and to reimburse the Treasurer of the United States for the difference between the nominal or face value of such coin and the amount the same will produce in new coin from any moneys in the Treasury not otherwise appropriated.

**758. Sec. 10.**—

Amends section 5138, Revised Statutes. (See said section under National-bank act.)

**REFUNDING OF UNITED STATES BONDS.**

Act Mar. 14,  
1900, sec. 11; 31  
Stat. L., 48.

**759. Sec. 11.**—That the Secretary of the Treasury is hereby authorized to receive at the Treasury any of the outstanding bonds of the United States bearing interest at five per centum per annum, payable February first, nineteen hundred and four, and any bonds of the United States bearing interest at four per centum per annum, payable July first, nineteen hundred and seven, and any bonds of the United States bearing interest at three per centum per annum, payable August first, nineteen hundred and eight, and to issue in exchange therefor an equal amount of coupon or registered bonds of the United States in such form as he may prescribe, in denominations of fifty dollars or any multiple thereof, bearing interest at the rate of two per centum per annum, payable quarterly, such bonds to be payable at the pleasure of the United States after thirty years from the date of their issue, and said bonds to be payable, principal and interest, in gold coin of the present standard value, and to be exempt from the payment of all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority: *Provided*, That such outstanding bonds may be received in exchange at a valuation not greater than their present worth to yield an income of two and one-quarter per centum per annum; and in consideration of the reduction of interest effected, the Secretary of the Treasury is authorized to pay to the holders of the outstanding bonds surrendered for exchange, out of any money in the Treasury not otherwise appropriated, a sum not greater than the difference between their present worth, computed as aforesaid, and their par value, and the payments to be made hereunder shall be held to be payments on account of the sinking fund created by section thirty-six hundred and ninety-four of the Revised Statutes: *And provided further*, That the two per centum bonds to be issued under the provisions of this Act shall be issued at not less than par, and they shall be numbered consecutively in the order of their issue, and when payment is made the

last numbers issued shall be first paid, and this order shall be followed until all the bonds are paid, and whenever any of the outstanding bonds are called for payment interest thereon shall cease three months after such call; and there is hereby appropriated out of any money in the Treasury not otherwise appropriated, to effect the exchanges of bonds provided for in this Act, a sum not exceeding one-fifteenth of one per centum of the face value of said bonds, to pay the expense of preparing and issuing the same and other expenses incident thereto.

**760. Sec. 12.—**

This section is inserted in the national-bank act following section 5171 which it supersedes.

**761. Sec. 13.—**

See paragraph 445.

**INTERNATIONAL BIMETALLISM.**

**762. Sec. 14.**—That the provisions of this Act are not intended to preclude the accomplishment of international bimetallism whenever conditions shall make it expedient and practicable to secure the same by concurrent action of the leading commercial nations of the world and at a ratio which shall insure permanence of relative value between gold and silver. Act Mar. 14,  
1900, sec. 14; 31  
Stat. L., 49.

**ACT MARCH 4, 1907.**

**763. Sec. 1.** Amends section 6 of act of March 14, 1900.

**764. Sec. 2.** Issue of Treasury notes.

**765. Sec. 3.** Amends section 5153 of the Revised Statutes.

**766. Sec. 4.** Amends section 9 of act of July 12, 1882. The amended section follows section 5167 of the Revised Statutes.

**763. Sec. 1, Act March 4, 1907.**

Amends section 6 of act of March 14, 1900. This amended section is incorporated in said act, paragraph 754, ante.

**ISSUE OF TREASURY NOTES. ACT MARCH 4, 1907.**

**764. Sec. 2.**—That whenever and so long as the outstanding silver certificates of the denominations of one dollar, two dollars, and five dollars, issued under the provisions of section seven of an Act entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," approved March fourteenth, nineteen hundred, shall be, in the opinion of the Secretary of the Treasury, insufficient to meet the public demand therefor, he is hereby authorized to issue United States notes of the denominations of one dollar, two dollars, and five dollars, and upon the issue of United States notes of such denominations an equal amount of United States notes of higher denominations shall be retired and canceled: *Provided, however,* That the aggregate amount of United States notes at any time outstanding shall remain as at Act Mar. 4,  
1907, sec. 2; 34  
Stat. L., 1289.

present fixed by law: *And provided further*, That nothing in this Act shall be construed as affecting the right of any national bank to issue one-third in amount of its circulating notes of the denomination of five dollars, as now provided by law.

**765. Sec. 3.—**

Amends section 5153, Revised Statutes, paragraph 243, ante.

**766. Sec. 4.—**

Amends section 9 of act of July 12, 1882, as amended by act of March 14, 1900. See paragraph 314, ante.

PANAMA CANAL BONDS.

**PANAMA CANAL BONDS—ADDITIONAL ISSUE AUTHORIZED AT RATE OF INTEREST NOT TO EXCEED 3 PER CENT PER ANNUM.**

Act Aug. 5,  
1900, sec. 39;  
Stat. L., 117.

**767. Sec. 39.**—That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States, from time to time, as the proceeds may be required to defray expenditures on account of the Panama Canal and to reimburse the Treasury for such expenditures already made and not covered by previous issues of bonds, the sum of two hundred and ninety million five hundred and sixty-nine thousand dollars (which sum together with the eighty-four million six hundred and thirty-one thousand nine hundred dollars already borrowed upon issues of two per cent bonds under section eight of the Act of June twenty-eight, nineteen hundred and two, equals the estimate of the Isthmian Canal Commission to cover the entire cost of the Canal from its inception to its completion), and to prepare and issue therefor coupon or registered bonds of the United States in such form as he may prescribe, and in denominations of one hundred dollars, five hundred dollars, and one thousand dollars, payable fifty years from the date of issue, and bearing interest payable quarterly in gold coin at a rate not exceeding three per centum per annum; and the bonds herein authorized shall be exempt from all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority: *Provided*, That said bonds may be disposed of by the Secretary of the Treasury at not less than par, under such regulations as he may prescribe, giving to all citizens of the United States an equal opportunity to subscribe therefor, but no commissions shall be allowed or paid thereon; and a sum not exceeding one-tenth of one per centum of the amount of the bonds herein authorized is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay the expenses of preparing, advertising, and issuing the same; and the authority contained in section eight of the Act of June twenty-eight, nineteen hundred and two, for the issue of bonds bearing interest at two per centum per annum, is hereby repealed.

**PANAMA CANAL BONDS ISSUED UNDER ACT OF AUGUST 5, 1909, NOT RECEIVABLE AS SECURITY FOR THE ISSUE OF CIRCULATING NOTES TO NATIONAL BANKS.**

768. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury be, and he is hereby, authorized to insert in the bonds to be issued by him under section thirty-nine of an Act entitled "An Act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August fifth, nineteen hundred and nine, a provision that such bonds shall not be receivable by the Treasurer of the United States as security for the issue of circulating notes to national banks; and the bonds containing such provision shall not be receivable for that purpose.

Act Mar. 2,  
1911; c. 195,  
Stat. L., 1013, 36

**CERTIFIED CHECKS WHEN RECEIVABLE FOR DUTIES AND TAXES.**

**CERTIFIED CHECKS DRAWN ON NATIONAL AND STATE BANKS RECEIVABLE FOR DUTIES ON IMPORTS AND INTERNAL TAXES. ACT MARCH 2, 1911.**

769. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That it shall be lawful for collectors of customs and of internal revenue to receive for duties on imports and internal taxes certified checks drawn on national and State banks, and trust companies during such time and under such regulations as the Secretary of the Treasury may prescribe. No person, however, who may be indebted to the United States on account of duties on imports or internal taxes who shall have tendered a certified check or checks as provisional payment for such duties or taxes, in accordance with the terms of this Act, shall be released from the obligation to make ultimate payment thereof until such certified check so received has been duly paid; and if any such check so received is not duly paid by the bank on which it is drawn and so certifying, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for the amount of such check upon all the assets of such bank; and such amount shall be paid out of its assets in preference to any or all other claims whatsoever against said bank, except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such bank.

Act Mar. 2,  
1911; c. 191,  
Stat. L., 965, 36

SEC. 2. That this Act shall be effective on and after June first, nineteen hundred and eleven.

**CERTIFIED CHECKS—WHEN RECEIVABLE FOR DUTIES AND TAXES. ACT MARCH 3, 1913.**

770. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress*

Act Mar. 3,  
1913; c. 119,  
Stat. L., 733.

*assembled*, That it shall be lawful for collecting officers to receive certified checks drawn on national and State banks and trust companies, during such time and under such regulations as the Secretary of the Treasury may prescribe, in payment for duties on imports, internal taxes, and all public dues, including special customs deposits; and the Act of March second, nineteen hundred and eleven, entitled "An Act to authorize the receipt of certified checks for duties on imports and internal taxes," is hereby amended accordingly.

#### AMERICAN NATIONAL RED CROSS.

#### NATIONAL BANKS AUTHORIZED TO SUBSCRIBE TO AMERICAN NATIONAL RED CROSS DURING THE WAR.

Act May 22,  
1918.

*771. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That during the continuance of the state of war now existing it shall be lawful for any national banking association to contribute to the American National Red Cross, out of any net profits otherwise available under the law for the declaration of dividends, such sum or sums as the directors of said association shall deem expedient. Each association shall report to the Comptroller of the Currency within ten days after the making of any such contribution, the amount of such contribution, and the amount of net earnings in excess of such contribution. Such report shall be attested by the president or cashier of the association in like manner as the report of the declaration of any dividend.

SEC 2. That all sums so contributed shall be utilized by the American National Red Cross in furnishing volunteer aid to the sick and wounded of the combatant armies, the voluntary relief of the Army and Navy of the United States, and the relief and mitigation of the suffering caused by the war to the people of the United States and their allied nations.

---

---

## **SPECIAL ACTS.**

---

---





## CHAPTER VIII.

### SPECIAL ACTS RELATING TO NATIONAL BANKS.

- |  |  |
|--|--|
| 800. Act April 12, 1900. National banking laws applicable to Porto Rico. | 802. Granting Fifth-Third National Bank of Cincinnati, Ohio, the right to use original charter No. 20. |
| 801. Act April 30, 1900. National banking laws applicable to Hawaii.     | 803. Special acts authorizing change of name or location of national banks.                            |

### NATIONAL BANKING LAWS APPLICABLE TO PORTO RICO. ACT APRIL 12, 1900.

**800. Sec. 14.**—That the statutory laws of the United States not locally inapplicable, except as hereinbefore or hereinafter otherwise provided, shall have the same force and effect in Porto Rico as in the United States, except the internal-revenue laws, which, in view of the provisions of section 3, shall not have force and effect in Porto Rico.

Act Apr. 12, 1900,  
sec 14; 31 Stat. L.,  
80

**NOTE.**—The Attorney General of the United States in an opinion rendered June 2, 1900, held "There seems to be in the structure of the national banking laws no general provisions which can not be carried into force and effect in Porto Rico equally with all of the various States and Territories to which the laws were originally applied. I can find no reason to hold that the statutes relative to the organization and powers of national banks have not, by section 14 of the Porto Rican act, above referred to, been extended to that island. The language of that section is broad enough, and in my opinion does authorize the organization and carrying on of national banks in Porto Rico."

### NATIONAL BANKING LAWS APPLICABLE TO HAWAII. ACT APRIL 30, 1900.

**801. Sec. 5.**—That the Constitution, and except as herein otherwise provided, all the laws of the United States which are not locally inapplicable, shall have the same force and effect within the said Territory as elsewhere in the United States: *Provided*, That sections eighteen hundred and fifty and eighteen hundred and ninety of the Revised Statutes of the United States shall not apply to the Territory of Hawaii.

Act Apr. 30,  
1900, sec. 5  
Stat L., 141

**NOTE.**—The Attorney General of the United States in an opinion rendered June 23, 1900, held "That the act of April 30, 1900, \* \* \* extended the national banking acts to the Territory of Hawaii, and would authorize the Comptroller to grant permission for the organization of national banks therein. (See my opinion of June 2, 1900, relative to the same question as applied to Porto Rico.) But I do not think that the provisions of section 5154 apply to banks existing in Hawaii prior to the passage of the act of April 30, 1900. Sections 5154 and 5155 seem, by their especial terms, to refer only to banking institutions organized under special or general laws of a State, and do not seem to apply at all to banks organized under the laws of any Territory. I think the object of these two sections was to enable the banks that were previously strictly State institutions to become national corporations, and the operation of the act in that respect is to be so restricted."

**GRANTING FIFTH-THIRD NATIONAL BANK, OF CINCINNATI, OHIO, THE RIGHT TO USE ORIGINAL CHARTER NUMBER TWENTY.**

**802.** *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Comptroller of the Currency be, and he is hereby, authorized and directed to issue to the Fifth-Third National Bank, of Cincinnati, Ohio, charter numbered twenty in lieu of their present charter numbered twenty-seven hundred and ninety-eight, said charter numbered twenty being the original charter number of the Third National Bank, of Cincinnati, Ohio, which bank, was merged and consolidated with the Fifth National Bank, of Cincinnati, Ohio, in the year nineteen hundred and eight, under the name of the Fifth-Third National Bank, of Cincinnati, Ohio, said consolidated bank having succeeded to all the assets, good will, rights, privileges, and emoluments of the said Third National Bank, of Cincinnati, Ohio.

**SPECIAL ACTS AUTHORIZING CHANGE OF NAME OR LOCATION. ACT JUNE 7, 1872.**

**803. Sec. 1.**—That the First National Bank of Annapolis, now located in the city of Annapolis and State of Maryland, is hereby authorized to change its location to the city of Baltimore, in said State. Whenever the stockholders representing three-fourths of the capital of said bank, at a meeting called for that purpose, determine to make such change, the president and cashier shall execute a certificate, under the corporate seal of the bank, specifying such determination, and shall cause the same to be recorded in the office of the Comptroller of the Currency, and thereupon such change of location shall be effected, and the operations of discount and deposit of said bank shall be carried on in the city of Baltimore.

**SEC. 2.** That nothing in this act contained shall be so construed as in any manner to release the said bank from any liability or affect any action or proceeding in law in which the said bank may be a party or interested. And when such change shall have been determined upon, as aforesaid, notice thereof and of such change shall be published in two weekly papers in the city of Annapolis not less than four weeks.

**SEC. 3.** That whenever the location of said bank shall have been changed from the city of Annapolis to the city of Baltimore, in accordance with the first section of this act, its name shall be changed to The Traders' National Bank of Baltimore, if the board of directors of said bank shall accept the new name by resolution of the board, and cause a copy of such resolution, duly authenticated, to be filed with the comptroller of the currency.

**SEC. 4.** That all the debts, demands, liabilities, rights, privileges, and powers of the First National Bank of Annapolis shall devolve upon the Traders' National

Bank of Baltimore whenever such change of name is effected.

SEC. 5. That this act shall take effect and be in force from and after its passage.

Act June 7,  
1872, sec. 5; 17  
Stat. L., 282.

NOTE.—Acts of a similar nature to the one preceding have been enacted by Congress for the following purposes:

Authorizing The Manufacturers' National Bank of New York to change its location from the city of New York to the city of Brooklyn. (Approved July 27, 1868.)

Authorizing The City National Bank of New Orleans, Louisiana, to change its name to The Germania National Bank of New Orleans (Approved March 1, 1869.)

Authorizing The Second National Bank of Plattsburgh, New York, to change its name to The Vilas National Bank of Plattsburgh. (Approved March 1, 1869.)

Authorizing The First National Bank of Delhi, New York, to change its location and name to The First National Bank of Port Jervis, New York. (Approved May 5, 1870.)

Authorizing The First National Bank of Fort Smith, Arkansas, to change its location and name to the First National Bank of Camden, Arkansas. (Approved July 1, 1870.)

Authorizing The Jersey Shore National Bank, Pennsylvania, to change its location and name to The Williamsport National Bank, Pennsylvania. (Approved December 22, 1870.)

Authorizing The Worcester County National Bank of Blackstone, Massachusetts, to change its location and name to The Franklin National Bank, Massachusetts. (Approved February 9, 1871.)

Authorizing The Farmers' National Bank of Fort Edward, New York, to change its location and name to The North Granville National Bank, New York. (Approved February 18, 1871.)

Authorizing The Worthington National Bank of Cooperstown, New York, to change its location and name to The First National Bank of Oneonta, New York. (Approved February 27, 1871.)

Authorizing The Warren National Bank of South Danvers, Massachusetts, to change its name to The Warren National Bank of Peabody, Massachusetts. (Approved March 12, 1872.)

Authorizing The First National Bank of Seneca, Illinois, to change its location and name to The First National Bank of Morris, Illinois. (Two acts, approved April 5, 1872, and June 18, 1874.)

Authorizing The Railroad National Bank of Lowell, Massachusetts, to change its location and name to The Railroad National Bank of Boston, Massachusetts. (Approved May 31, 1872.)

Authorizing The National Bank of Lyons, Michigan, to change its location and name to The Second National Bank of Ionia, Michigan. (Approved December 24, 1872.)

Authorizing The East Chester National Bank of Mount Vernon, New York, to change its location and name to The German National Bank of Evansville, Indiana. (Approved January 11, 1873.)

Authorizing The First National Bank of Newnan, Georgia, to change its location and name to The National Bank of Commerce, Atlanta, Georgia. (Approved January 23, 1873.)

Authorizing The First National Bank of Watkins, New York, to change its location and name to The First National Bank of Penn Yan, New York. (Approved February 19, 1873.)

Authorizing The National Bank of Springfield, Missouri, to change its name to The First National Bank of Springfield Missouri. (Approved March 3, 1873.)

Authorizing The Kansas Valley National Bank of Topeka, Kansas, to change its name to The First National Bank of Topeka, Kansas. (Approved March 3, 1873.)

Authorizing The First National Bank of Saint Anthony, Minnesota, to change its location and name to The Merchants' National Bank of Minneapolis, Minnesota. (Approved January 8, 1874.)

Authorizing The Second National Bank of Havana, New York, to change its name to The Havana National Bank of Havana, New York. (Approved January 9, 1874.)

Authorizing The Passaic County National Bank of Paterson, New Jersey, to change its name to The Second National Bank of Paterson, New Jersey. (Approved April 15, 1874.)

Authorizing The Citizens' National Bank of Hagerstown, Maryland, to change its location and name to The Citizens' National Bank of Washington City, District of Columbia. (Approved May 1, 1874.)

Authorizing The Irasburg National Bank of Orleans, at Irasburg, Vermont, to change its location and name to The Barton National Bank, Vermont. (Approved June 3, 1874.)

Authorizing The Farmers' National Bank of Greensburg, Pennsylvania, to change its location and name to The Fifth National Bank of Pittsburg, Pennsylvania. (Approved June 23, 1874.)

Authorizing The Citizens' National Bank of Sanbornton, New Hampshire, to change its name to The Citizens' National Bank of Tilton, New Hampshire. (Approved February 19, 1875.)

Authorizing the Second National Bank of Jamestown, New York, to change its name to The City National Bank of Jamestown, New York. (Approved March 3, 1875.)

Authorizing The Second National Bank of Watkins, New York, to change its name to The Watkins National Bank, New York. (Approved March 3, 1875.)

Authorizing The Slater National Bank of North Providence, Rhode Island, to change its name to The Slater National Bank of Pawtucket, Rhode Island. (Approved March 3, 1875.)

Authorizing The Auburn City National Bank of Auburn, New York, to be consolidated with The First National Bank of Auburn, New York. (Approved March 3, 1875.)

Authorizing The Miners' National Bank of Braidwood, Illinois, to change its location and name to The Commercial National Bank of Wilmington, Illinois. (Approved January 31, 1878.)

Authorizing The Windham National Bank, Windham, Connecticut, to change its location to the village of Willimantic, Connecticut. (Approved February 10, 1879.)

Authorizing the National Bank of Commerce of Cincinnati, Ohio, to change its name to The National Lafayette and Bank of Commerce. (Approved April 29, 1879.)

Authorizing the City National Bank of Manchester, New Hampshire, to change its name to The Merchants' National Bank of Manchester. (Approved June 11, 1880.)

Authorizing The Blue Hill National Bank of Dorchester, Massachusetts, to change its location and name to the Blue Hill National Bank of Milton, Massachusetts. (Approved January 13, 1881.)

Authorizing The First National Bank of Meriden, West Meriden, Connecticut, to change its name to The First National Bank of Meriden, Connecticut. (Approved March 1, 1881.)

Authorizing The National Mechanics' Banking Association of New York, New York, to change its name to Wall Street National Bank. (Approved February 14, 1882.)

Authorizing The Lancaster National Bank of Lancaster, Massachusetts, to change its location and name to The Lancaster National Bank of Clinton, Massachusetts. (Approved February 25, 1882.)

Authorizing the National Bank of Kutztown, Pennsylvania, to change its location and name to The Keystone National Bank of Reading, Pennsylvania. (Approved June 27, 1882.)

Joint resolution authorizing The National Bank of Winterset, Iowa, to change its name to The First National Bank of Winterset, Iowa. (Approved January 18, 1883.)

Authorizing The Second National Bank of Xenia, Ohio, to increase its capital stock. (Approved February 17, 1883.)

Authorizing The First National Bank of West Greenville, Pennsylvania, to change its name to The First National Bank of Greenville, Pennsylvania. (Approved February 26, 1883.)

Authorizing The West Waterville National Bank of Oakland, Maine, to change its title to The Messalonskee National Bank of Oakland, Maine. (Approved April 15, 1884.)

Authorizing the Hillsborough National Bank, of Hillsboro, Ohio, to change its name to The First National Bank of Hillsborough, Ohio. (Approved December 18, 1884.)

Authorizing The Slater National Bank of North Providence, Rhode Island, to change its name. (Approved January 8, 1885.)

Authorizing the First National Bank of Omaha, Nebraska, to increase its capital stock. (Approved January 10, 1885.)

Authorizing The National Bank of Bloomington, Illinois, to change its name to the First National Bank of Bloomington, Illinois. (Approved January 27, 1885.)

Authorizing The Manufacturers' National Bank of New York to change its name to The Manufacturers' National Bank of Brooklyn, New York. (Approved February 20, 1885.)

Authorizing The Commercial National Bank of Chicago, Illinois, to increase its capital stock. (Approved February 28, 1885.)

Authorizing The First National Bank of Larned, Kansas, to increase its capital stock. (Approved March 3, 1885.)

Authorizing The First National Bank of Fort Benton, Montana, to change its location and name. (Approved December 18, 1890.)

Authorizing the National Safe Deposit Company of Washington to change its title to The National Safe Deposit, Savings and Trust Company of the District of Columbia. (Approved February 18, 1892.)

Authorizing a national bank of Chicago, Illinois, to establish a branch office upon the grounds of the World's Columbian Exposition. (Approved May 12, 1892.)

Authorizing The First National Bank of Sprague, Washington, to change its location and name. (Approved March 20, 1896.)

Authorizing the Interstate National Bank of Kansas City, Kansas, to change its location. (Approved March 2, 1897.)

Authorizing any bank or trust company located in the State of Missouri to conduct a banking office on the Louisiana Exposition grounds at St. Louis, Mo. (Approved March 3, 1901.)

Authorizing The American National Bank of Graham, Virginia, to change its location and name. (Approved February 15, 1906.)

Authorizing the National Safe Deposit Savings and Trust Company of the District of Columbia to change its title to National Savings and Trust Company. (Approved January 31, 1907.)



---

---

**OPINIONS OF THE ATTORNEY GENERAL.**

---

---





## CHAPTER IX.

### OPINIONS OF THE ATTORNEY GENERAL ON GUARANTY LAWS OF OKLAHOMA AND KANSAS, AND ON THE INSURANCE OF BANK DEPOSITS.

- |  |   |
|--|---|
| <p>900. Opinion of Attorney General of United States on Oklahoma deposit guaranty law.</p> <p>901. Opinion of Attorney General of United States on Kansas deposit guaranty law.</p> <p>902. Opinion of Attorney General of the United States on power of a national bank to enter into a contract with an insurance company guaranteeing the solvency of the bank.</p> | <p>903. Opinion of Attorney General of United States on power of a national bank to make a contract with an insurance company by which the company insures and guarantees each depositor in the bank the full payment of his deposit therein.</p> |
|--|---|

#### THE OKLAHOMA DEPOSIT GUARANTY LAW.

900. The Attorney General of the United States, in an opinion rendered July 28, 1908, said:

The business of insuring deposits is a wholly separate business from that of banking \* \* \*. A national bank has no power to guarantee the obligations of a third party, unless in connection with the sale or transfer of its own property and as an incident to the business of the bank \* \* \*.

But a contract guaranteeing the payment by another corporation or individual of obligations in nowise connected with the business of the bank is entirely ultra vires. I hold \* \* \* that it is illegal for the officers of a national bank to enter into any such agreement as that contemplated by section 4 of the Oklahoma statutes, and any willful action to this effect on the part of any national bank is sufficient cause for the forfeiture of charter.

#### THE KANSAS DEPOSIT GUARANTY LAW.

901. The Attorney General of the United States, in an opinion rendered April 6, 1909, said:

The question of the power of a national bank to avail of the invitation extended to it by this act involves primarily a consideration of the nature of the agreement contemplated by it. Attorney General Bonaparte, in an opinion rendered to the Secretary of the Treasury, under date of July 28, 1908, considering an act of the Legislature of the State of Oklahoma (27 Op. A. G., p. 38), determined that a national bank could not lawfully enter into the plan or scheme contemplated by that act, because it involved essentially a guaranty to the depositors of all State banks in Oklahoma, and other national banks in that State which might accept the terms of the law, that their respective depositors should be paid in full; a contract which he deemed to be clearly ultra vires.

The act now under consideration attempts to avoid this objection by limiting the amount for which any bank may become liable, but within such limitation the same principle is involved, for to the extent of the contribution and liability required by the statute each bank becomes liable to creditors of the other banks which are parties to the plan. But even if a proper construction of the act would, as contended, make it a guaranty by each bank of payments to its own depositors, and not a general guaranty within the limits of contribution prescribed by the act, of all deposits in all the banks which are parties to the scheme, nevertheless I am strongly of the opinion that a national bank is without corporate power to expend its moneys for the purpose of providing insurance that its depositors shall be paid in full. It may, of course, insure its own property against loss or destruction; it may insure itself against loss of property through theft or other dishonesty, but the appli-

cation of its funds for the purpose of securing a collateral guaranty by third parties that it will pay in full its debts to its depositors is, it appears to me, beyond its corporate power.

Such contract would fall within the principles asserted in *Commercial National Bank v. Pirie* (82 Fed., 799), *Bowen v. Needles National Bank* (94 Fed., 925), for if, as is well established, a national bank has no power to guarantee the obligation of another, it certainly has no power to employ another to guarantee its own obligation to a third person.

**POWER OF NATIONAL BANK TO ENTER INTO A CONTRACT WITH AN INSURANCE COMPANY GUARANTEEING THE SOLVENCY OF THE BANK.**

902. The Attorney General of the United States, in an opinion rendered May 7, 1909, said:

Replying to yours of the 29th ultimo, in which, at the request of the Comptroller of the Currency, you ask for an opinion as to the power of a national bank to enter into a contract with an insurance company guaranteeing the solvency of the bank, and transmitting to me a form of policy which is proposed to be issued by an insurance company proposed to be organized, I beg to say that, as a general principle, I have no doubt that it is entirely within the powers of a national bank to contract for the insurance of its assets against loss. The form of the proposed policy submitted in your letter is somewhat peculiar. It purports to insure to the bank the payment of "a sum of money sufficient to indemnify the bank for any and all losses suffered by it by reason of theft, embezzlement, losses in realizing upon loans and investments, shrinkage in value of assets or otherwise, in an amount equal to but not exceeding the net excess of its obligations, other than by reason of the stock of the bank, over the total aggregate value of the assets of the bank thus reduced by such losses; provided that there shall be included in the assets of the bank all net sums which have been realized by reason of the additional liability of the stockholders of the bank."

Such contract is, in effect, an agreement to pay to the bank any deficiency in its assets upon ultimate realization necessary to enable it to pay all of its liabilities of every kind. The policy is to run for a period of three months, but to be renewable thereafter for periods of three months each with the consent of the insurance company, and at such premiums as the insurance company may fix at least one month before the expiration of the then current term of the insurance, the premium in every case to be a percentage of the average indebtedness of the bank during the period covered by such renewal, with the provision that, if such rate shall be in excess of one-sixteenth of 1 per cent upon such average indebtedness, then and in such event the insurance company shall be liable to account to the bank for the application of such premium paid by the bank in excess of one-sixteenth of 1 per cent. "which excess shall be applicable only to the payment of actual losses incurred by the company by reason of claims under this and similar policies, and any excess over such extra claims shall be divided pro rata among the banks paying such extra rate of premium as a participation in the profits during which period such extra rate of premium has been paid."

It is somewhat uncertain precisely what this paragraph means and what its effect may be. It seems to me to be objectionable as committing the bank to a profit-sharing feature, which might be contended to entail a corresponding liability for losses; and, as the attorney for the promoters of the proposed insurance company informs me that this is not regarded as an essential part of the plan, I should advise that it had better be eliminated from the policy.

Another provision contained in the policy subjects the bank to a periodical examination by the examiners of the insurance company without notice and at such times as the company may elect, one of such examinations to be within each period of six months covered by the policy and all renewals thereof. This period is probably inadvertently placed at six months, as the policy is proposed to be written for periods of three months only. Aside from that, I very much question the legality of this clause, or at least its enforceability. Section 5241 of the Revised Statutes provides that, "No association shall be subject

to any visitatorial powers other than such as are authorized by this title, or are vested in the courts of justice."

While this statute does not prohibit the bank from permitting an examination of its books, in my opinion it does operate to prohibit it from obligating itself to permit such examination; and if the covenant to insure can be considered as in any respect dependent upon this agreement to permit examinations, it might be vitiated by the unlawful provision. I should advise that the clause be reframed so as to make it clear that the agreement to insure is not dependent upon the failure to permit the examination, although it might be stipulated that in case, at any time, the examiner of the company should not be allowed access to the books of the bank for the purpose of making an examination the company should have the option, upon reasonable notice, to terminate the contract.

In my opinion, therefore, it is a matter for the discretion of the directors and officers of a bank to determine whether or not they will enter into any such contract in any given instance, this discretion to be exercised in view of the solvency and general financial condition of the company making the insurance and the reasonableness of the rate of premium; and the form of the policy being modified to conform to the foregoing suggestions, I see no legal reason why a bank may not enter into it.

**POWER OF A NATIONAL BANK TO MAKE A CONTRACT WITH AN INSURANCE COMPANY BY WHICH THE COMPANY INSURES AND GUARANTEES EACH DEPOSITOR IN THE BANK THE FULL PAYMENT OF HIS DEPOSIT THEREIN.**

**903.** The Attorney General of the United States, in an opinion rendered March 31, 1915, said:

I have the honor to acknowledge the receipt of your letter of February 12, 1915, inclosing letter of the Comptroller of the Currency, opinion of the Acting Solicitor of the Treasury, and brief filed with the Comptroller on behalf of a guaranty company and certain national banks, in which the question is raised as to whether a national bank may enter into a contract with a guaranty company under which, in consideration of premiums paid by the bank, the company "insures and guarantees each depositor in the bank the full payment of his deposit therein." You ask my opinion upon this question.

In my opinion, it is within the power of a national bank to enter into such a contract.

The law confers upon national banks such incidental powers as are required to meet all legitimate demands of the banking business, and to enable them to conduct their affairs safely and prudently within the scope of their charters. Section 5136, Revised Statutes; *First National Bank v. National Exchange Bank* (92 U. S. 122, 127). The power to give security for deposits seems to be recognized by section 5153, Revised Statutes, as among these incidental powers. The section last mentioned, after providing that all associations created under the act, shall, when so designated by the Secretary of the Treasury, be depositaries, further provides that "The Secretary of the Treasury shall require the associations thus designated to give satisfactory security, by the deposit of United States bonds and otherwise, for the safe keeping and prompt payment of the public money deposited with them," etc. It is believed that this section is more reasonably construed as a recognition of the existence of the power on the part of national banks to give security for deposits than as a grant by implication of authority to give security for Government deposits alone.

The power of banks to give security for deposits or for payment of their debts has been frequently recognized. It has been held that the property of a bank may be pledged as security for a debt (*United States v. Robertson* (1831), 5 Pet., 641, 650); that a bond with sureties may be given to prevent depositors from withdrawing their accounts (*Wylie v. Commercial & Farmers' Bank* (1902), 41 S. E., 504, 509; 63 S. C., 406); and that a national bank may give its bond with sureties to secure a deposit of State funds (*State of Nebraska v. First National Bank of Orleans* (1898), 88 Fed., 947, 951).

The power to contract for guaranteeing or securing depositors arises from the nature of the relation existing between the banks and their depositors. The relation created between the bank and a depositor by the receipt of deposits is that of debtor and creditor. (*National Bank v. Millard* (1869), 10 Wall., 152, 155; *Davis v. Elmira Savings Bank* (1896), 161 U. S., 275, 288.) The power to receive deposits, expressly granted to every national bank (sec. 5136, R. S.), is, of course, indispensable to the conduct of the business of banking; and the extent of its exercise is in a degree the measure of the success of the bank. The ability of a bank to obtain deposits largely depends upon the confidence of depositors, or the belief that their deposits are secure. Loss of such confidence on the part of depositors is usually attended with loss and inconvenience to them, to the bank, and to the public. The law accordingly imposes upon the bank an imperative duty not only to repay deposits but to keep them secure. For the protection of depositors, its revenues and property are pledged, its stockholders are made subject to a double liability, and its directors may be held liable for a violation of their duties.

The means by which depositors are to be protected and secured are not expressly limited or restricted by statute. A large discretion is left to the officers and directors. They may use such means for the purpose as are not prohibited by or inconsistent with the provisions of the law and as they may reasonably find to be suitable and proper and not inconsistent with the prudent conduct of the affairs of the bank within the scope of its charter. "Whatever protects the depositors," it has been said, "protects the bank, because it assures confidence in the bank." (*Noble State Bank v. Haskell* (1908), 22 Okla., 48, 89.)

A contract of insurance or guaranty, such as described in the question submitted, may afford protection to depositors by securing the performance of an obligation on the part of the bank which otherwise might not be performed. And it is not unreasonable to believe that such a contract, at the same time, may prove valuable to the bank because of the confidence it may assure. No reason is perceived for prohibiting a national bank, in the discretion of its directors, from so securing its depositors, or for denying to the bank such benefits as they believe may accrue in the form of increased confidence resulting from such a contract.

Opinions of former Attorneys General, dated, respectively, July 28, 1908 (27 Op., 37), and April 6, 1909 (27 Op., 272), are referred to in the inclosures as having been construed by the Comptroller of the Currency as holding that national banks are without authority to pay, as part of their legitimate expenses, premiums on policies insuring their depositors against loss.

As I view these opinions, the conclusion in neither of them is inconsistent with the conclusion reached herein. The opinion of July 28, 1908, construing the Oklahoma State banking act, determined that a national bank could not lawfully participate in the plan contemplated by the act for the guarantee of deposits, because it involved essentially a guarantee to the depositors of other banks that they should be paid in full—a contract which was deemed beyond the powers of the bank to make. The opinion of April 6, 1909, held that national banks in the State of Kansas could not avail themselves of the bank depositor's guaranty law of that State. The inquiry, upon the answer to which the decision rests, was whether an acceptance of the provisions of the Kansas law "would so control the conduct of the affairs of national banks as to expressly conflict with the laws of the United States."

As pointed out in the opinion of the Solicitor of the Treasury, the more recent opinion of May 7, 1909 (27 Op., 324), in which the form of a policy of insurance guaranteeing the assets of a national bank against loss was approved provided certain suggested modifications should be made, is more nearly in point on the question now under consideration, and is in harmony with the views herein expressed.

The language employed in the opinions of July 28, 1908, and April 6, 1909, to the effect that national banks are without power to contract for insuring that depositors shall be paid in full, was used in the course of argument merely, applied to a question which it was not necessary to determine, and may be disregarded so far as inconsistent with this opinion.

---

---

## **INDEX.**

---

---



# INDEX TO NATIONAL-BANK ACT, ETC.

[Index to Federal reserve act, p. 251.]

## A.

	Paragraph.
Abstract of report of condition to be included in annual report.....	110
Abstraction, penalty for.....	436
Acceptance of drafts or bills of exchange by member banks of Federal Reserve System.....	206, 207
Acknowledgment. (See Oath.)	
Acknowledgment of organization certificate.....	203
Acting Comptroller of the Currency.....	103
Act, the national-bank.....	200
Acts:	
Of a general nature, not included in national-bank act, affecting national banks.....	700-770
Special, authorizing change of name or location of national bank.....	803
Additional Deputy Comptroller.....	104
Administrator, power of national banks to act as.....	208
Administrators, not personally liable.....	242
Advertisements (see also Publication, Printing):	
Imitation of circulation in, penalty for.....	345
Notice to creditors of insolvent banks.....	516
Agency, National Bank Redemption, provisions for.....	414, 415
Agent:	
Association as fiscal, of Government.....	243
Bonds, examination by.....	310
Central reserve city.....	401
Central reserve city, additional.....	401
Circulation, to witness destruction.....	339
Foreign branches of national banks as fiscal, of United States.....	210
Insurance, when national bank may act as.....	209
Liquidating bank.....	522
Reserve.....	401-407
Reserve, city, additional central, provisions for.....	401
Shareholders, appointment and qualifications of.....	522
Shareholders, duties of.....	522
Special, to examine bank failing to redeem notes.....	508
Witnessing destruction of circulation by.....	339
Aggregate amount of circulation not limited.....	332
Aiding misdemeanors of officers.....	436
Alaska, reserve requirements, etc., for national banks in.....	411
Allotment. (See Shares.)	
Allotment of United States bonds to be purchased by Federal reserve bank....	316
Amendments:	
Proposed, to national-bank act to be made in Comptroller's report.....	110
Restriction of, to articles of association.....	225
Suggested, to improve system, to appear in annual report.....	110
Amount:	
Of bond of Comptroller of Currency.....	102
Of bond of Deputy Comptroller of Currency.....	103
Of bonds required to be on deposit.....	302, 313
Of capital required.....	224
Of circulation obtainable.....	323
Of circulation that may be redeemed at one time, minimum.....	414
Of dividends that may be declared.....	429
Of redemption fund required.....	414
Of reserve required to be held by—	
Banks elsewhere than in reserve city.....	405
Central reserve city banks.....	407
Country banks.....	405
Reserve city banks.....	406

Amount—Continued.	Paragraph.
Of tax on circulation.....	444
Of United States bonds that may be refunded in one year.....	316
Recoverable for usurious interest charges.....	423
That national banks may borrow.....	427
Annual examination of bonds by association.....	310
Annual meeting of shareholders.....	232
Annual report of Comptroller of the Currency.....	110
Appointment:	
Agent, shareholders.....	522
Agent to examine bonds.....	310
Agent to witness destruction of circulation.....	339
Clerks of Comptroller's office.....	105
Committee to examine plates, etc.....	328
Committee to witness destruction of circulation.....	339
Comptroller.....	101
Deputy Comptroller.....	103
Directors of associations.....	204
Dissenting shareholders, committee of appraisal.....	219
Examiners of associations.....	527
Officers of associations.....	204
Receivers of associations.....	515, 520
Shareholders' agent.....	522
Special commission for preliminary examinations of associations.....	320
Vacancies in board of directors.....	237
Appraisal. ( <i>See</i> Shares.)	
Appraisal of value of stock to be purchased from shareholders dissenting to extension of charter.....	219
Approval of Comptroller of Currency required for extension of charter.....	217
Approval of request for receiver to buy property.....	524
Articles of association:	
Amendment of, for extension of corporate existence.....	215, 216
Amendment of, restricted.....	225
Converted State bank, execution of, by.....	245
Increase of capital stock by amendment of.....	229
Proceedings in regard to, and form of.....	201
Provisions for elections when not provided for in.....	238
Reduction of capital stock.....	230
Assessments:	
For examination.....	527
Impairment of capital.....	430
Plates, engraving of.....	220, 414
Redemption of circulation.....	313
Repayment of tax.....	449
Reports of circulation, failure to make.....	447, 448
Reports of condition and earnings and dividends, failure to make.....	443
Semiannual duty.....	446
Shareholder's personal liability.....	240
Tax on unauthorized circulation.....	708-710
Transportation of notes.....	414
Assessors, shareholders' lists accessible to.....	439
Assets:	
Comptroller's annual report to contain statement of national banks.....	110
Expense of receiver paid from.....	519
Failed bank, may be turned over to agent.....	522
Insolvent banks, distribution of.....	517
Of consolidated banks.....	503
Receiver to collect, etc.....	515
Receiver to sell on order of court.....	515
Report of condition to contain statement of.....	440
Shareholders' agent to distribute.....	522
United States has paramount lien on.....	511
Assignee, failure to pay installments.....	227
Assignment ( <i>see also</i> Treasurer United States; Bonds, United States):	
Of assets after insolvency void.....	529
Register of bonds.....	307
United States bonds as security for circulation.....	306



	Paragraph.
Assistant Deputy Comptroller.....	104
Assistant Treasurer of United States:	
Circulation of liquidated and insolvent banks, duty of.....	505
Circulation, unfit, to be sent to Treasurer for redemption.....	414
Fraudulent notes to be marked by.....	746
Public moneys to be deposited with.....	730, 731
Unauthorized withdrawal of public money from.....	737
Associations:	
Defined.....	300
National banking, provisions for formation of.....	201
Organized under act of 1863 not affected.....	247
To be notified of transfer of bonds.....	308
To issue gold notes.....	341
Assorting charges for redeemed circulation.....	414
Attachment, not to issue prior to final judgment of court.....	529
Attorney General, opinions of.....	900-903
Auction:	
Bonds of expiring associations.....	221, 504
Bonds of liquidating associations.....	221, 504
Bonds, sale of, when association has failed to pay its circulating notes....	511
Enforcement of assessment, impaired capital.....	430
Purchase of property by receiver.....	523
Sale of delinquent national-bank stock.....	430
Sale of dissenting shareholders' stock.....	219
Authority:	
To commence business.....	320
To coin silver dollars.....	722

**B.**

	Paragraph.
Bad debts defined.....	429
Ballot. ( <i>See</i> Elections; Shareholders.).....	
Bank balances, net to or from to be used in reserve calculations.....	410
Bank circulation. ( <i>See</i> Circulation.).....	
Bank examiners.....	527
Bank examinations.....	527
Banking house:	
Association may own.....	223
Location.....	400
Banking powers ( <i>see also</i> Real estate and national banking associations):	
Corporate.....	204
Incidental.....	204
Banks not in reserve cities. ( <i>See</i> Country banks.).....	
Banks other than national, statement to be given in annual report.....	110
Bills of exchange:	
Discount of.....	422
Illegal transfer of, void.....	529
Interest on.....	422
Member bank of Federal Reserve System may accept.....	206
Not considered borrowed money.....	425
Penalty for official malfeasance, relative to.....	436
Restrictions on loans, not applicable to.....	425
Restriction on associations, liability, not applicable to.....	427
Transfer of, to create a preference, void.....	529
Bimetalism.....	762
Board of directors. ( <i>See</i> Directors.).....	
Bonds, official:	
Comptroller.....	102
Deputy Comptroller.....	103
Officers of associations.....	204
Public depositaries.....	243
Receiver.....	515
Shareholders' agent.....	522
Shareholders', on election of agent.....	522
Bonds, others, to secure deposits.....	243
Bonds, United States:	
Annual examination of, provided for.....	310
Assignment or transfer of, to be countersigned by Comptroller.....	306
Association to be notified of transfer or assignment.....	308
Cancellation of, forfeited, for circulation redeemed.....	510
Circulation issuable on.....	304, 317, 323
Circulation obtainable on.....	304, 317, 323
Comptroller, access to records of, and deposit with Treasurer.....	309
Coupon, to be exchanged for registered.....	305
Deficiency in proceeds from sale of, what first lien.....	511
Defined.....	301
Deposit of, not required to begin business.....	302
Depositaries required to deposit.....	243
Depreciation in value of, how made good.....	311
Exchange of, for Treasury gold notes.....	318
Exchange of, permitted.....	311
Forfeiture of, for failure to redeem circulation.....	508
General provisions respecting.....	311
Gold, banks to deposit.....	341
Government depositaries, deposit of, required.....	243
Increase of deposit of.....	304
Interest on, liable for penalty for failure to make reports to Comptroller.....	443
Interest on, liable for penalty for failure to make returns and pay taxes.....	425
Interest on, withheld on impaired capital.....	430
Lawful money, deposit of, to retire circulation and withdraw.....	312

Bonds, United States—Continued.	Paragraph.
Liquidating bank, reassignment of .....	504
Minimum amount to be deposited.....	302, 313
Maximum circulation issuable on.....	323
Obligations of the United States, including, defined .....	739
Panama Canal, available as security for circulation .....	303
Panama Canal, additional issue of, authorized .....	767
Panama Canal, authorized by act of August 5, 1909, not receivable as security for circulation .....	768
Penalty for illegal dealing in counterfeit .....	746
Penalty for illegal possession or use of material for printing .....	741
Penalty for passing counterfeit .....	743
Penalty for taking or possessing unauthorized impressions of tools, etc., used in printing .....	745, 746
Record of transfer or assignment of, to be kept by Comptroller .....	307
Reduction of deposit of .....	304
Refunding under provisions of Federal reserve act.....	304
Refunding of .....	316, 757
Registered, to be deposited with Treasurer United States.....	301, 302
Relation of, on deposit to capital.....	304
Return of, to association.....	311
Sale of, at auction for failure to redeem circulation.....	511
Sale of, privately, at not less than par, for failure to redeem circulation ..	512
Secretary of Treasury authorized to sell, to make good gold reserve.....	750
Taxation, exempt from.....	716
Tax on circulation secured by .....	444
Tax on circulation secured by Panama Canal bonds.....	303, 444
To secure deposits.....	243
Transfer of, how effected.....	306
Treasurer of United States to have access to records of Comptroller relative to ..	309
Treasurer United States to hold, in trust for association.....	306
Withdrawal of, and of circulation.....	312, 414
Withdrawal of .....	304
Bookkeeper. ( <i>See</i> Officers.)	
Books. ( <i>See</i> Comptroller; Treasurer United States.)	
Borrowed money ( <i>see</i> Liability of association; Loans):	
Limit of amount.....	427
To make good gold reserve, by Secretary of Treasury, authorized.....	750
Branch banks:	
Chicago World's Fair.....	803
Louisiana Exposition.....	803
State banks entering system by conversion may retain.....	246
Branches, foreign, authorized .....	210
Broker, when national bank may act as broker in procuring loans on real estate ..	209
Bureau of Comptroller of Currency.....	100
Bureau of Currency, expense of .....	327
Bureau of Engraving and Printing, Director of, designated as custodian of plates, dies, etc., of Federal reserve and national bank notes.....	327
Business:	
Authorization of association to begin, when.....	226, 319
Place of.....	400
Suspension of, after default to pay circulation.....	509
Business paper:	
Discount of.....	422, 427
Excepted from limit on loans.....	425
By-laws prescribed by directors of national banks.....	204

## C.

	Paragraph.
Call for report of condition.....	440
Cancellation. (See Bonds, United States, circulation.)	
Cancellation of bonds forfeited.....	510
Cancellation of circulation redeemed.....	514
Capital stock:	
Agent of shareholders to distribute assets ratably.....	522
Amount required.....	224
Amount to be paid before association begins business.....	226, 319
Appointment and qualification of shareholders' agent.....	522
Assessment for impairment of.....	430
Association to begin business, amount to be paid.....	226
Borrowed money must not exceed.....	427
Branches of converted State banks.....	246
Certificate of officers and directors required relative to payment of.....	226, 319
Circulation not to be used to create increase of.....	428
Circulation outstanding not exceeding 5 per cent of, free from taxation....	706
Circulation, proportion to.....	304
Conversion of State banks authorized.....	245
Creditors' bill against shareholders.....	521
Deposit of United States bonds based on.....	302
Directors, individual liability of.....	526
Directors, qualification of.....	233
Disposition of, delinquent shareholders.....	227
Dividends declared on, and net earnings in excess of dividends to be reported.....	442
Dividends on, and creation of surplus.....	424
Dividends on, when prohibited.....	429
Division of, into shares, and number and value of each.....	225
Enforcement of assessment, to make good impairment of.....	430
Enforcing individual liabilities of shareholders of, by receiver.....	520
Enforcing payment of.....	227
Holders of shares of, in expiring associations to be extended or reorganized, to have preference in allotment of shares.....	219
Holding of shares of, required by directors.....	233, 236
Impairment of, assessment for.....	430
Impairment of, receiver may be appointed for failure to make good.....	520
Increase of, provisions for.....	228, 229, 304
Individual liability of shareholders.....	240
Liability of association not to exceed, except on account of certain demands.....	427
Liquidation, shareholders owning two-thirds of, may vote to go into.....	500
List of shareholders of, to be transmitted to the Comptroller.....	439
Loans on security of shares, or purchase of, prohibited.....	426
Loans restricted to 10 per cent of, including surplus, etc.....	425
Minimum amount, required of national banks.....	224
Minimum of bonds to.....	302
Number of shares and amount of, stated in organization certificate.....	202
Of national banks held by converted State banks.....	245
Payment of, provisions for.....	226
Penalty for failure to make good impairment of.....	430
Personal liability of shareholders.....	240
Population to govern minimum amount.....	224
Purchase of, prohibited.....	426
Receiver may be appointed when, impaired.....	430
Receiver may be appointed when, not fully paid in.....	227
Reduction of, provisions for.....	230, 304
Relation of bond deposit to.....	304
Restoration of, when below the minimum required.....	227
Shareholders of, list to be kept and subject to inspection.....	439
Shareholders owning two-thirds of, may place an association in liquidation..	500

## Capital stock—Continued.

Paragraph.

Shareholders owning two-thirds of, may change title and location.....	211
Shareholders owning two-thirds of, may increase.....	228, 229
Shareholders owning two-thirds of, may reduce.....	230
Shareholders owning two-thirds of, may extend corporate existence.....	216
Shareholders entitled to one vote on each share of, held by.....	231
Shareholders of, converted State banks not liable, when.....	240
Shareholders of, not consenting to an extension may withdraw.....	219
Shares of, acquired for debt to be disposed of, when.....	426
State taxation of shares of.....	451
Subscriptions to, when payable.....	226
Surplus fund to be created to the amount of 20 per cent of.....	424
Transfer of shares.....	241
United States registered bonds to be deposited as security for circulation to be based on.....	302
When increase of, becomes valid.....	228
Withdrawal of bonds on reduction of, or closing of business.....	304
Withdrawal of bonds, limited.....	311
Withdrawal of, prohibited.....	429
Cashier ( <i>see also</i> President; Officers):	
Appointment of.....	204
Bank examiner may examine, on oath.....	527
Bond assignment by.....	306
Certificate of officers and directors.....	319
Certificate of stock payment.....	226
Circulating notes, to sign.....	324, 337
Election or appointment of.....	204
Embezzlement by.....	436
Examiner of own bank, can not be.....	527
Expiration of corporate existence, certification by.....	221
Extension of corporate existence, certification by.....	216
False certification of checks.....	436
Incomplete circulation, provisions relative to.....	417
Increase of stock, certification of.....	228
Liquidating bank, duty in.....	501
Penalty for—	
Countersigning or delivering circulation improperly.....	344
False certification of checks.....	434, 439
Issuing circulation of expired associations.....	747
Official malfeasance.....	436
Pledging, etc., circulation.....	432
Unauthorized receipt of public money.....	738
Protest of circulation, waiving notice of.....	507
Proxy, not to act as.....	231
Reports of condition, verified by.....	440, 441
Reports of earnings and dividends, verified by.....	442
Shareholders, lists of, by.....	439
Signature of, forged or wanting, not to invalidate circulation.....	417
Taxable circulation, returns by.....	446
Unauthorized circulation, returns by.....	710
Voluntary liquidation, certified by.....	501
Cash reserve required:	
Banks elsewhere than in reserve city.....	405
Central reserve city.....	407
Reserve city banks.....	406
Central reserve agents. ( <i>See</i> Agents; Reserve; Reserve agents.)	
Central reserve cities:	
Cash reserve required.....	407
Number and classification of.....	401
Certificate:	
Certified copy of organization, evidence.....	704
Comptroller's, of authority.....	320
Converted State banks.....	245
Destruction of circulation on retirement account.....	416
Destruction of notes.....	338
Execution of organization.....	203
Extension of corporate existence.....	217

Certificate—Continued.	Paragraph.
Increase of stock valid, when.....	228
May be withheld, when.....	320
Officers and directors to attest.....	319
Of deposit as time deposits.....	403
Of payment of stock.....	226
Organization, to specify.....	202
Payment of installments of stock to be certified.....	226
Publication of Comptroller's, of authority.....	321
Purchase of property by receiver, required.....	523
Reduction of stock valid, when.....	230
Sealed, of Comptroller, evidence.....	703
To be made by association, showing bonds deposited with Treasurer.....	310
Voluntary liquidation.....	501
Certificates:	
Gold, issue of.....	433
Gold.....	754
Silver.....	755
United States, subject to State tax.....	717
Certification of checks, when forbidden, penalty for.....	434, 435
Certified checks, receivable under certain conditions for duties on imports, internal taxes, etc.....	769, 770
Certified copies of reports, etc.....	703, 704
Change of location, special acts authorizing.....	803
Change of title and location.....	211
Change of title and location, debts not affected by.....	212
Charges for transportation and assorting of circulation for redemption.....	414
Charter ( <i>see also</i> Corporate existence):	
Certificate of Comptroller authorizing the bank to begin business known as.....	320
Extension of.....	215
Forfeiture of.....	526
Issue of, to national banks.....	320
Reextension of.....	222
Term for which issued.....	204
Charter number of Fifth-Third National Bank of Cincinnati, Ohio, changed...	802
Charter number to be printed on circulation.....	325
Checks:	
Certified, receivable for duties on imports and internal taxes.....	769, 770
False certification of, unlawful.....	434
Falsely certified, an obligation of association.....	434
Penalty for false certification of.....	435
Chicago, Ill., designated as central reserve city.....	401
Cincinnati, Ohio, change of charter number of Fifth-Third National Bank.....	802
Circulation:	
Aggregate amount not limited.....	332
Amount of, obtainable.....	323
Amount of, obtainable by gold banks.....	341
Association may issue.....	204
Association to receive interest on bonds as long as, honored.....	311
Associations consolidating, deposit of lawful money to retire, unnecessary.....	503
Associations to redeem, in lawful money on demand.....	401
Banks other than national, tax on.....	708-710
Bonds in excess of amount required may be withdrawn.....	304
Bonds forfeited when, dishonored.....	508
Bonds having been forfeited.....	508
Bonds, United States, to secure.....	302
Capital not to be reduced below amount of outstanding.....	230
Cancellation of redeemed.....	514
Certificates of destruction, by whom executed.....	339
Charter number on.....	325
Collection of tax on.....	448
Consolidating banks.....	503
Cost of plates to be paid by association.....	414
Counterfeiting, etc.....	344, 346, 740, 741, 747
Countersigning unlawfully.....	344
Denominations, minimum.....	329
Deposit of lawful money to withdraw.....	314

## Circulation—Continued.

## Paragraph.

Deposit of United States bonds to secure .....	302
Deposit of bonds to be increased when capital is increased .....	304
Destroyed, to be replaced by an equal amount of new notes .....	414
Disposition of redemption account balances .....	416
Enforcing payment of tax on .....	448
Examination of bank upon request of, by agent of Comptroller .....	508
Expense of plates for new notes of extended banks .....	220
Expenses of redemption, how paid .....	414
Expired associations, penalty for issuing .....	747
Extended bank, shall differ from prior issue .....	220
Failed banks, redemption of .....	505
Failure to redeem .....	507
Federal reserve banks .....	317
For what, is receivable .....	337
Fraudulent notes to be so stamped .....	748
Gain from lost and destroyed .....	220
Gold banks, amount not limited .....	342
Gold bank, to be redeemed in gold coin .....	341
Government depositaries to receive, at par .....	243
Imitation of, prohibited .....	345
Increasing capital stock, use of, prohibited .....	428
Inscription on .....	324, 341
Lawful money deposit to retire circulation limited .....	314
Limit on aggregate amount of .....	323
Liquidating banks, redemption of .....	505
Liquidating bank to deposit lawful money to redeem .....	504
Maceration of .....	339, 340
Minimum amount that may be withdrawn .....	312
Minimum denominations .....	329
Minimum deposit of bonds required .....	302
Mutilation of, prohibited .....	346
Not considered borrowed money .....	427
Notice of redemption of, to be forwarded to bank .....	414
Notice to present, for redemption when bonds have been forfeited .....	510
Of converted State bank, where redeemable .....	246
Other, prohibited for national bank .....	338
Panama Canal bonds to secure .....	303
Paper for printing .....	326
Penalty for engraving, etc., without authority .....	742
Penalty for failure to make return of, taxable .....	447
Place for redemption of .....	414
Plates and dies for printing of .....	327
Plates and dies to be engraved for .....	324
Pledging, as security prohibited .....	428
Profit on unredeemed, inures to the United States .....	220
Proceedings when return is not made .....	712
Prohibition against circulating uncurrent notes .....	431
Proportion to bonds deposited .....	323
Proportion to capital .....	302
Protest of .....	507
Receivable at par by all national banks .....	425
Receivable for what .....	337
Redeemed, to be canceled .....	514
Redemption fund .....	414
Redemption of, closed banks .....	505, 506
Redemption of, extended banks .....	220
Redemption of, incomplete .....	417
Redemption of, in United States notes .....	414
Redemption of, liquidating banks .....	505, 506
Redemption records .....	513
Reduction or retirement of .....	313
Refunding excess tax .....	449
Register of Treasury's signature to be on .....	324
Reserve not determined by .....	402
Reserve not to be kept on .....	402
Reserve requirement repealed .....	402

Circulation—Continued.	Paragraph.
Restriction of tax provisions.....	714
Restriction on notes less than \$1.....	718
Restriction on notes less than \$5.....	329
Restriction on notes of \$5.....	323
Retirement account.....	416
Retirement of.....	314, 315
Retiring, under provisions of Federal reserve act.....	304
Semiannual return of, subject to tax.....	446, 711
Signing.....	324, 337, 417
Statement concerning, of closed banks to appear in annual report of Comptroller.....	110
Tax on.....	444
Tax on converted bank.....	713
Tax on, insolvent banks remitted.....	451, 715
Tax on, secured by Panama Canal bonds.....	303
Tax on, State bank issue.....	705, 712
Tax on, subject to State law.....	717
Treasurers and public depositaries to return all, of closed banks.....	505
When exempt from tax.....	706
When issuable.....	337
Withdrawal of, by depositing lawful money, limitation of.....	312, 314, 414
Worn or mutilated, to be redeemed.....	414
Worn out or mutilated, destroyed.....	339, 340
Citizens' national banking associations, where.....	214
Claims ( <i>see</i> Insolvency; Receiver), notice to present, against insolvent banks..	516
Classification of central reserve cities.....	401
Clearing house, receipt in settlement of balances of gold and silver certificates by.....	433
Clerks:	
Appointment and qualification of, by the Secretary.....	105
Clerical force for the redemption of circulating notes.....	415
Duties of, fixed by the Comptroller.....	105
Employment of, for the bureau, by the Comptroller.....	105
Names and compensation of, in annual report and Official Register.....	110, 111
Of banks can not act as proxy.....	231
Closed associations ( <i>see</i> Insolvency), statement to appear in annual report.....	110
Coin ( <i>see</i> Gold; Silver), right to redeem circulation in.....	414
Coins, Philippine Islands, legal tender.....	719
Collection of penalty for failure to make semiannual return of circulation.....	446
Collection of tax on circulation, enforcement of.....	448
Commencement of business, provisions to be complied with, prior to.....	319
Commercial paper:	
Discount of.....	422, 427
Excepted from limit on loans.....	425
Commission, not to be paid officer, director or employee of member bank.....	438c
Commissioner of Internal Revenue, tax on circulation of insolvent banks to be remitted by.....	715
Commissioner of Internal Revenue, returns of circulation other than national, to be made to.....	711, 712
Committee:	
Of appraisal.....	219
Of destruction, provisions for.....	339
Compounding debts of insolvent national banks.....	515
Comptroller of Currency:	
Action as to agent of shareholders.....	522
Agent, special, to be appointed for association failing to redeem circulation.....	508
Annual report to be made to Congress by.....	110
Appointment, term, and salary of.....	101
Approval required for extension of charter.....	217
Approve receiver's purchase of property.....	524, 525
Approve reserve agent.....	401
Articles of association and organization certificate of national banks to be filed with.....	201, 202
Assessment of tax on circulation when bank fails to make return.....	447
Bond of.....	102
Bonds and records of, with Treasurer, access to.....	309



Comptroller of Currency—Continued.	Paragraph.
Bonds, sale of, privately or at public auction, by.....	511, 512
Bond transfers to be recorded by.....	307
Capital stock, increase or reduction of, to be approved by.....	228, 229, 230
Certificate to begin business.....	320
Certificates of destruction of circulation on retirement account.....	416
Certified copy of organization certificate, evidence.....	704
Charter number of bank, to be put on circulating notes by.....	325
Circulation—	
Of extended banks to be destroyed by.....	220
Plates and dies to be engraved by order of.....	324
To be issued by.....	323
Worn, mutilated, destruction of.....	339, 340
Cited in injunction of receiver.....	518
Clerks.....	105
Creditors of failed banks, dividends to be paid to, by.....	517
Distribution of annual report of.....	112, 113
Duties of.....	100
Enforce stockholders' liability.....	240
Engraving of plates for printing of circulation to be ordered by.....	324
Enjoined by bank, how.....	518
Evidence, sealed certificates.....	703
Examiners, appointed by.....	527
Examiners' salary, recommended by.....	527
Examiners' reports to.....	527
Exchange of bonds to secure circulation.....	311
Expense of examinations assessed by.....	527
Expense of bureau.....	327
Extension of corporate existence, approval of, by.....	215
Federal Reserve Board, ex officio member of.....	101
Fine for failure to make reports to.....	443
Forfeit, cancel, or sell bonds for default in payment of notes.....	512
Forfeiture of charter, suit to be brought by.....	526
Impairment of capital, action to be taken by.....	430
Interest in banks, prohibited.....	106
Jurisdiction of district court to enjoin.....	701
Liquidation of associations, to be notified of.....	501
List of shareholders, copy to be sent to.....	439
National bank examiners appointed by.....	527
Notice to banks short in reserve.....	402
Notice to creditors of insolvent banks.....	516
Notice to present circulation for redemption when bonds have been forfeited.....	510
Oath of directors to be filed with.....	236
Oath to be taken and bond to be given by.....	102
Organization certificate to be filed with.....	203
Payment of capital to be certified to.....	226
Plates and dies, examination of.....	328
Printing annual report of.....	112, 113
Proceedings to enjoin.....	701, 702
Qualification of.....	102
Reappraisal of value of stock of shareholders by.....	219
Receivers appointed by.....	402, 515, 520
Reports of banks, other than national, to be obtained and published, by.....	110
Reports to be made to.....	440, 441
Report to be made annually to Congress.....	110
Rooms, etc.....	108
Salary of.....	101
Seal of.....	107
Shareholders' agent, action as to.....	522
State banks converted, approved by.....	245
Term of.....	101
Title and location, change of, to be approved by.....	211
Title of national banks subject to approval of.....	202
Transfer and assignment of bonds to be countersigned by.....	306
To determine if association can commence business.....	319
Withdrawal of circulation to have consent of.....	314

	Paragraph.
Comptroller of Treasury, refunding of excess payment of tax on circulation to be approved by .....	449
Condition, report of .....	440
Congress:	
Comptroller's annual report to be made to .....	110, 111
Visitatorial powers of .....	527
Consent of two-thirds necessary for extension of charter .....	216
Consolidation of national banks, provisions for .....	503, 503a
Contract insuring or guaranteeing deposits by national banks .....	903
Contracts, power for association to make .....	204
Contributions, political, prohibited .....	437
Conversion of national gold banks into currency banks .....	343
Conversion, State banks .....	245
Corporate existence:	
Expiration of .....	221
Extension of .....	215-217
Reextension of .....	222
Term of .....	204
Corporate powers. ( <i>See Powers.</i> )	
Corporate seal, power to adopt and use .....	204
Corporation ( <i>see also</i> Liability of associations), association becomes, when .....	204
Coporations, interlocking directorates forbidden .....	234, 235
Cost. ( <i>See Expense.</i> )	
Cost of plates .....	220, 414
Counterfeits ( <i>see</i> Fraudulent notes, etc.) .....	748
Counterfeiting, making or using notes, plates, tools, etc. ....	740, 748
Counterfeiting, plates and dies, to be guarded against .....	324
Country banks:	
Cash reserve required .....	405
Distribution of reserve .....	405
Reserve required to be held with Federal reserve bank .....	405
Reserve requirements for .....	405
Reserve that may be held with bank in reserve or central reserve cities .....	405
Coupon bonds, to be exchanged for registered .....	305
Courts. ( <i>See Crimes, jurisdiction, etc.</i> )	
Creditors:	
Bill in equity by, against shareholders .....	521
Checks falsely certified a valid obligation of association .....	436
Directors' liability .....	526
Expiration of existence, notice to .....	221
Insolvency, notice of, to .....	516
Nonpayment of circulation, notice of, to .....	510
Payment of assets of failed banks .....	517
Preference of, illegal .....	529
Rights not to be impaired .....	529
Shareholders, list of, subject to inspection by .....	439
Shareholders, personal liability of, to .....	240
Voluntary liquidation, notice of, to .....	501
Creditor's bills; against shareholders .....	521
Crimes, jurisdiction, etc.:	
Abstraction of money, funds, etc. ....	436
Aiders and abettors .....	436
Counterfeiting circulation, etc. ....	740, 744
Dealing in counterfeit circulation .....	746
Embezzlement .....	436, 732, 737, 738
Enjoining of Comptroller and receiver .....	518
Evidence, certified copy of organization certificate .....	704
Evidence, sealed certificate of Comptroller competent .....	703
False certification of checks .....	434, 435
False entries .....	436
Forging or counterfeiting United States securities .....	740
Having or taking unauthorized impressions of tools, etc. ....	744, 745
Illegal possession or use of material for circulation .....	742
Imitating circulation for advertising purposes .....	345
Improper countersigning or delivering circulation .....	344
Interlocking directorates forbidden .....	235

Crimes, jurisdiction, etc.—Continued.	Paragraph.
Issuing circulation without authority.....	436
Issuing circulation of expired associations.....	747
Jurisdiction, general, of national-bank cases.....	214, 218
Jurisdiction to enjoin Comptroller or receiver.....	701
Misapplication, willful.....	436
Mutilating circulation.....	346
Obligations of the United States defined.....	739
Official malfeasance.....	436
Passing counterfeit circulation.....	743
Pledging United States notes or bank circulation.....	432
Political contributions.....	437
Suits in which United States or its officers are parties.....	700
Taking unauthorized impression of tools, etc.....	744
Violation of national-bank act.....	526
Currency. ( <i>See</i> Circulation; Gold; Gold certificates; Silver; Silver certificates; Lawful money; United States note certificates; Federal reserve notes.)	
Currency Bureau:	
Designation of Office of Comptroller of Currency.....	100
Expense of.....	327
Expense of, in liquidating failed banks.....	111
Offices, vaults, etc., for.....	108
Submission of list of employees.....	110, 111
Custodian of plates and dies, etc., for Federal reserve and national-bank notes..	327

## D.

	Paragraph
Date of election of directors.....	238
Date upon which an association becomes a body corporate.....	204
Date when application for extension of charter may be made.....	215
Dates for payment of tax on circulation.....	303
Dealing in counterfeit circulation, penalty for.....	746
Debts, compounding of:	
Not affected by change of title or location.....	212
Real estate held for.....	223
Declaration of dividends.....	428
Default in payment of circulation.....	507, 509
Deficiency. ( <i>See</i> Bonds; Capital; Circulation; Receiver; Reserve.)	
Definitions:	
Bad debts.....	429
Central reserve cities.....	401
Demand and time deposits.....	403
Of national banking associations and associations.....	300
Of United States bonds.....	301
Reserve cities.....	402
Delinquent shareholders, sale of stock of.....	430
Delivery of circulating notes.....	323
Demand deposits defined.....	403
Demands for which national-bank notes are receivable.....	337
Denominations:	
Circulation of gold banks.....	341
Circulation of national banks.....	324
Converted State-bank shares.....	245
Gold certificates.....	433, 754
Panama Canal bonds.....	767
Shares of national-bank stock.....	225, 245
Silver certificates.....	755
Treasury notes.....	764
Depositories of public moneys.....	243, 244
Depositories of the United States, circulation of liquidating and insolvent banks, duty of, to return.....	505
Deposit guaranty law:	
Kansas.....	901
Oklahoma.....	900
Deposit not required in consolidation.....	503
Deposit of United States bonds not required.....	302
Deposit of lawful money:	
For circulation of extending banks.....	220
To redeem circulation of liquidating banks.....	502
To withdraw circulation.....	311
Deposits:	
Insolvent banks, deposit of funds of.....	515
Insurance or guaranty of, by national banks.....	903
Not considered borrowed money.....	427
Public money.....	243, 244, 730
Postmasters'.....	731
Reserve to be kept on.....	405, 407, 414, 744
Reserve determined by.....	402, 410
To redeem circulation, disposition of.....	416
United States, no reserve required to be held against.....	413
Various kinds defined.....	403
With nonmember banks limited.....	408
Depreciation ( <i>see</i> Bonds; Circulation) in value of bonds to secure circulation..	311
Deputy Comptroller of Currency:	
Additional, bond of.....	104
Appointed by Secretary of the Treasury.....	103, 104
Appointment.....	103

<b>Deputy Comptroller of Currency—Continued.</b>	<b>Paragraph.</b>
Bond.....	103
Duties.....	103
Interest in bank prohibited.....	106
Oath to be taken.....	103
Salary of.....	103
<b>Deputy comptroller, additional:</b>	
Bond of.....	104
Powers of.....	104
Salary of.....	104
Description of national-bank notes.....	324
Designation of central reserve cities.....	401
Destruction committee provided for.....	339
Destruction of circulation of extended banks.....	220
Destruction of worn out and mutilated notes.....	339, 340
Dies. ( <i>See</i> Plates.)	
Director of Bureau of Engraving and Printing designated as custodian of dies, plates, etc., of Federal reserve and national-bank notes.....	327
<b>Directors:</b>	
Appointment or election of.....	204
Assessment for impairment of capital, provisions for enforcement of.....	430
Attestation of reports to Comptroller by.....	440
Capital impaired, duties in.....	227
Certificate of officers and.....	319
Certification of, to extension.....	216
Conversion of State banks, action by.....	245
Dividends, declaration of, by.....	428
Duties of.....	204
Election of.....	204
Election postponed.....	238
Embezzlement, penalty.....	436
Enforcing payment of capital.....	227
Failure to hold annual election.....	238
Forfeiture of charter for violation, etc., by.....	526
Interlocking, prohibited.....	234
Liquidated bank, duties in.....	501
Liability of.....	526
Names and residences of, to be ascertained by Comptroller.....	319
Not to be appointed by the Comptroller to examine own bank.....	527
Number and election of.....	232
Number, constituting board of.....	232
Oath of.....	236
Penalty for issuing circulation of expired association.....	747
Penalty for official malfeasance.....	436
Penalty for political contributions.....	437
Penalty for unauthorized receipt of public money.....	738
President.....	239
President of board to be a.....	239
Powers of.....	204
Provisions for.....	232
Proxy can not act as.....	231
Purchase of securities from or sale to director.....	438d
Qualifications of.....	233
Rate of interest paid directors.....	438e
Restrictions as to interlocking.....	234
Sale of stock acquired from delinquent shareholders.....	227
Shareholders dissenting to extension to give notice, etc.....	219
Term of.....	232
Three-fourths to be resident of State.....	233
Vacancies in board of.....	237
Disbursing funds of United States officers, depositing with national-bank depositories.....	730
Disbursing officers, penalty for unauthorized deposit of public money, by.... Discount. ( <i>See</i> Loans; Liability of association; Interest.)	737
Dismissal of officers.....	204
Disposal of redeemed circulating notes.....	513
Disposition of assets of insolvent banks.....	517

	Paragraph.
Disposition of earnings, by United States, from Federal reserve banks.....	750
Disposition of redemption account.....	416
Dissenting shareholders, withdrawal of, on extension.....	219
Dissolution ( <i>see</i> Expiration of corporate existence; Forfeiture; Insolvency; Liquidation) of banks not extending period of succession.....	221
Distinctive paper:	
National-bank circulation, etc., to be printed on.....	326
Unauthorized possession or use of.....	742
Distribution of assets by shareholders' agent.....	522
Distribution of reserve:	
Banks elsewhere than in reserve cities.....	405
Central reserve cities, banks in.....	407
Reserve cities, banks in.....	406
District attorney, suits in which United States or its officers are parties, to be conducted by.....	700
District court, jurisdiction of, to enjoin Comptroller.....	701
Dividends:	
Comptroller to make ratable, of assets of insolvent banks.....	517
Directors may declare, when.....	424
Earnings and, to be reported.....	442
Not to be paid by certain converted State banks when surplus is impaired..	240
Penalty for failure to report earnings and.....	443
Prohibited when reserve is short.....	409
Restriction on association's liability.....	427
Unearned, prohibited.....	429
Unpaid, not considered borrowed money.....	427
Divisions of Issue and Redemption established in office of United States Treas- urer.....	752
Drafts:	
Against deposits not considered borrowed money.....	427
Liability of association, relative to.....	427
Member banks of Federal Reserve System may accept.....	206
Obligations of United States, including.....	739
Official malfeasance.....	436
Penalty for mutilating.....	346
Dues. ( <i>See</i> Tax; Duties.)	
Duties:	
Associations organized under the act of February 25, 1863.....	247
Circulation—	
Converted State banks.....	713
Enforcing payment of, on.....	448
Exempt from.....	706
Not receivable for customs.....	337
Refunding excess on.....	449
Restrictions on.....	714
Semiannual on.....	444, 447
Unauthorized.....	705, 710
Comptroller's.....	100
Deputy Comptroller's.....	103
Directors'.....	204, 232, 236
Disbursing officers'.....	730
Examiners'.....	527
Gold certificates receivable for.....	754
Imports and internal taxes may be paid by certified check.....	769, 770
Officers'.....	204
On imports, certified checks receivable for, under certain conditions.....	770
Public depositaries, designation and.....	243
Receiver, appointment and.....	515
Shareholders' agent.....	522
Duty of Treasurer in regard to circulation of liquidating and insolvent banks.	505

**E.**

	<b>Paragraph.</b>
Earnings and dividends to be reported.....	442
Earnings by United States from Federal reserve banks, disposition of.....	750
Election of president of the board.....	239
Election or appointment of directors, appointment officers.....	204, 232
Elections:	
Change of title or location.....	211
Corporate powers.....	204
Extension of corporate existence.....	215
Failure to hold annual.....	238
Failure to hold at appointed time.....	238
Increase of stock.....	229
Number of directors.....	232
Oath of directors.....	236
Qualifications of directors.....	233
Qualifications of shareholders.....	231
Reduction of stock.....	230
Shareholders' agent.....	522
Voluntary liquidation.....	500
Embezzlement, misapplication of funds, etc.:	
Money-order funds.....	732
Penalty for.....	436
Unauthorized deposit of public money by disbursing officer.....	737, 738
Employees and expenses.....	110, 327
Employees, rate of interest paid.....	438e
Enforcing payment of capital stock, provisions for.....	227
Enforcing payment of tax on circulation.....	448
Enforcement of act in reference to interlocking directorates.....	235
Engraving. ( <i>See</i> Circulation; Plates and dies.)	
Enjoining Comptroller or receiver from further proceedings.....	518
Equity, bills in, against shareholders.....	521
Estates, liability of, as shareholders.....	242
Estimate of reserve requirements.....	410
Evidence.....	703, 704
Examination of organization proceedings preliminary to granting authority to begin business.....	319
Examinations:	
Annual, of bonds.....	310
Ascertainment of value of stock of dissenting shareholders.....	219
Assessment for.....	527
Bonds and records, provisions for.....	309
Compensation of examiners.....	527
Examiners to make.....	527
Expense of.....	527
Federal reserve banks.....	527
Foreign branches of national banks.....	210
Limitation of visitatorial powers.....	528
List of shareholders subject to.....	439
Member banks.....	527
National banks.....	527
Number to be made.....	527
Plates and dies, annually.....	328
Preliminary, to begin business.....	319
Preliminary, expense of.....	519
Qualification of examiners.....	527
Special, of extended associations.....	217
State banks and trust companies.....	527

Examiners:	Paragraph.
Appointment of .....	527
Member bank not to make loan or grant any gratuity to .....	438a
Not to perform any service for compensation for any bank or officer .....	438b
Not to disclose name of borrowers or collateral without first obtaining written consent of the Comptroller .....	438b
Powers of .....	527
Qualifications of .....	527
Reports of .....	527
Salaries of .....	527
Special commission .....	320
Exceptions:	
Associations organized under the act of 1863 .....	319
Converted State bank may continue to hold stock of other national banks ..	245
Converted State banks may retain branches .....	246
Converted State banks, par value of stock .....	245
Indebtedness of national banks, restriction on .....	427
Insolvent national banks not required to pay tax .....	450
Tax on obligations of United States .....	716
Tax on circulation secured by Panama Canal bonds .....	303
To limit on amount of loans .....	425
To restriction on amount of borrowed money .....	427
Excessive loans .....	425
Excess payment of tax on circulation, refunding of .....	449
Exchange, bills of, member banks of the Federal Reserve System may accept ...	206
Exchange of bonds .....	323
Exchange of bonds to secure circulation .....	311
Exchange of certain United States bonds for Treasury gold notes by Federal reserve banks .....	318
Exchange of coupon for registered bonds .....	305
Execution. ( <i>See</i> Suit.)	
Executor, power of national bank to act as .....	208
Executors, not personally liable .....	242
Existence:	
Expiration of .....	221
Extension of .....	215
Reextension of .....	222
Term of corporate, of national banks .....	204
Expenditures on account of Panama Canal .....	767
Expenses:	
Bureau of the Currency .....	327
Bureau, to be stated in Comptroller's annual report .....	110, 111
Circulation, redemption of .....	414
Circulation, transportation and redemption of retired .....	313
Duties of shareholders' agent relative to .....	522
Examinations .....	527
Examinations, dissenting shareholders .....	219
Examinations, special .....	217
Examiners .....	527
Liquidation of failed national banks .....	111
Of examinations .....	527
Plates, cost of .....	220, 414
Plates and dies, examination of .....	328
Reappraisal for dissenting shareholders .....	219
Receivership, how paid .....	519
Receivership, paid prior to election of shareholders' agent .....	522
Sale of bonds .....	511
Sale of delinquent stock .....	227
Expiration of charter .....	221
Expired associations, penalty for issuing circulation of .....	747
Extension of charter .....	215
Extension of charter, provisions for redemption of circulation .....	220



## F.

	Paragraph.
Failed national banks:	
Redemption of circulation.....	505
Report of expenses.....	111
Failure ( <i>see</i> Insolvency):	
Of shareholder to pay installments.....	227
To hold election at appointed time.....	238
To make reports to Comptroller.....	443
To make return on circulation other than national.....	712
To pay up capital, assessment for.....	430
To redeem circulation.....	507
To redeem circulation of extended banks.....	220
False entry, penalty for, official malfeasance.....	436
Falsely certifying checks.....	434
Penalty for.....	435
Farm lands, loans on.....	205
Federal reserve agent:	
Information concerning member banks to be furnished Federal Reserve Board by.....	527
Special examination of member banks to be approved by.....	527
Federal reserve banks:	
Circulation may be issued to.....	317
Examination of.....	527
Examinations of, by Federal Reserve Board.....	440
Fiscal agents of United States.....	615
Government depositories.....	615
Government deposits in.....	244
Reserve required to be held with, by banks elsewhere than in reserve cities.....	405
Reserve required to be held by reserve city banks.....	406
Reserve required to be held by central reserve city banks.....	407
Reserve, withdrawal of, by member banks.....	409
Special examination of member banks may be ordered by.....	527
Statements and reports by.....	440
Treasury gold notes may be obtained in exchange for certain United States bonds.....	318
United States bonds, purchase of, by.....	316
Federal Reserve Board:	
Approval required for exchange of United States bonds for Treasury gold notes.....	318
Central reserve cities may be changed or added to, by.....	401
Comptroller of the Currency ex officio member of.....	101
Examination of Federal reserve banks ordered by.....	527
Examiners' salaries fixed by.....	527
Federal reserve banks may be required to purchase United States bonds by.....	316
Federal reserve notes to be issued by Comptroller of Currency under the supervision of.....	100
Information concerning member banks to be furnished by Federal reserve agents.....	527
Interlocking directorate act as to banks and trust companies to be enforced by.....	235
Issue of Federal reserve notes under supervision of.....	100
May change or add to central reserve cities.....	401
Permission for member bank to secure discounts for nonmember banks may be granted by.....	408
Reduction of capital to be approved by.....	230
Reserve cities may be changed or added to by.....	401
Reserve withdrawals under regulations by.....	409
Special examination of member banks to be approved by.....	527
Statements and reports from Federal reserve banks and member banks may be required by.....	440

	Paragraph.
Federal reserve notes:	
Comptroller of Currency to issue, under supervision of Federal Reserve Board.....	100
Execution of laws relating to.....	100
Issue of.....	317
Federal Trade Commission, enforcement of part of interlocking directorate act by.....	235
Fees ( <i>see</i> Examiners; Receivers), protesting circulation.....	519
Fees not to be paid officers, directors, or employees of member bank.....	438
Fifth-Third National Bank, Cincinnati, Ohio, charter number changed.....	802
Filling vacancies.....	237
Fine. ( <i>See</i> Penalty.)	
Firm. ( <i>See</i> Liability of association.)	
First lien, United States has, on all assets.....	511
Fiscal agents ( <i>see</i> Agent; Government depositaries), Federal reserve banks as..	615
Five per cent redemption fund.....	414
Not counted as reserve.....	412
Foreign branches, national banks may establish.....	210
Foreign coins not legal tender.....	719
Issue of certificates on gold.....	754
Forfeiture of bonds when association refuses to redeem circulation.....	508
Forfeiture of charter, suit to be brought for, by Comptroller of the Currency....	526
Forged signatures on bank notes not to prevent redemption of.....	417
Forgery of United States securities.....	740
Formation of national banking associations.....	201
Form of report of condition.....	440
Franchise, forfeiture of.....	526
Fraudulent notes, United States and national-bank officers to mark.....	748
Furniture for Currency Bureau.....	108

## G.

	Paragraph.
Gain from failure to redeem circulation of extended banks.....	220
General fund of United States may be deposited in Federal reserve banks.....	615
Gifts, not to be made to officer, director, or employee of member bank.....	438
Gold:	
Banks not required to take circulation of other banks at par.....	421
Certificates not to be issued when reserve of gold coin and bullion is depleted.....	754
Certificates, when part of national-bank reserve.....	433
Circulation of gold banks redeemable in.....	341
Deposit of, for certificates.....	433, 754
Dollar, standard unit of value.....	749
Issue of certificates of deposit of.....	433, 754
Organization of gold banks.....	341
Reserve of one hundred and fifty millions.....	750
Reserve of gold banks to be silver and.....	342
Taxation of, gold certificates, etc., by State.....	717
Gold banks:	
Circulation of, issuable.....	341
Conversion of.....	343
Deposit of bonds by.....	341
Exempted from provisions relative to other bank circulation.....	421
Organization of.....	341
Reserve required for.....	342, 401
Tax on circulation.....	444
Gold bank notes.....	341
Gold certificates:	
Deposit of gold for.....	729, 754
Deposit of foreign gold coin for.....	754
Issue of, prohibited, when.....	729
Minimum denominations.....	729, 754
Payable to order.....	754
Receivable for.....	433, 719, 754
Gold coins:	
Foreign, not legal tender.....	719
United States, legal tender.....	720
United States, legal tender in Philippine Islands.....	719
Gold notes, issue of, in exchange for certain United States bonds.....	318
Gold reserve in Treasury, gold certificates not to be issued when depleted.....	754
Government deposits.....	615
Government depositories:	
Deposit and withdrawal of public moneys.....	730
Deposits by certain postmasters.....	731
Designation and duties of.....	243
Federal reserve bank as.....	244
National banks as.....	243
National-bank circulation to be received by.....	243
National banks as financial agents of the Government.....	243
Penalty for misapplication of money-order funds.....	732
Penalty for unauthorized deposit of public moneys.....	737
Penalty for unauthorized receipt or use of public moneys.....	738
Reserves on. (See Federal Reserve act, par. 619.)	
Secretary of the Treasury to designate.....	243
Securities to be deposited by.....	243
Government's funds to be deposited, where.....	615
Gratuity—Bank not to grant gratuity to any national-bank examiner.....	438a
Guaranty law:	
Kansas.....	901
Oklahoma.....	900
Guaranty of deposits by national banks.....	903
Guaranty of solvency of bank.....	902
Guardian, power of national bank to act as.....	208
Guardians, not personally liable.....	242

**H.**

	Paragraph.
<b>Hawaii:</b>	
National banking laws applicable to.....	801
Reserve requirements, etc., for national banks in .....	411
<b>House of Representatives, Comptroller's report to be sent to .....</b>	<b>112</b>
<b>Hypothecation:</b>	
Of capital stock by directors restricted .....	233
Of circulation prohibited .....	428
Of stock by directors, prohibited .....	236

## I.

	Paragraph.
Illegal preference of creditors.....	529
Illegal use of title "National".....	530
Impairment of capital, assessment for.....	430
Imports and internal taxes, duties on, may be paid by certified check.....	769, 770
Incomplete circulation ( <i>see also</i> Circulation); Redemption of.....	417
Increase of capital.....	228, 229, 304
Individual liability, enforcement of.....	515
Individual liability of shareholders.....	240
Information concerning member banks to be furnished Federal Reserve Board by Federal reserve agent.....	527
Injunction. ( <i>See</i> Comptroller; Suits.)	
Insolvency:	
Assets, distribution of, by receiver.....	517
Expenses incident to, report of.....	111
Funds of, where deposited.....	515
Impairment of capital.....	430
Jurisdiction of courts to enjoin Comptroller.....	701
Jurisdiction of national-bank cases.....	214, 218
Notice to creditors of associations in.....	516
Penalty for issuing circulation of associations in.....	747
Preference of creditors.....	529
Receiver, appointment of.....	515
Receiver, duties of.....	515
Receiver, when may be appointed.....	515, 520
Redemption of circulation of associations in.....	505
Shareholders' agent.....	522
Taxes on banks in, remitted.....	450, 715
Inspection of list of shareholders.....	439
Installments, capital stock may be paid in.....	226
Installments, failure to pay.....	227
Insurance agent, when national bank may act as agent for insurance company..	209
Insurance company, insurance of solvency of bank by.....	902
Insurance of deposits by national banks.....	903
Interest-bearing Treasury notes are legal tender.....	727
Interest in national banks prohibited:	
By Comptroller.....	106
By Deputy Comptroller.....	106
Interest. ( <i>See also</i> Usury):	
On bonds deposited with Treasurer.....	311
Rate of, chargeable by national banks.....	422
Interlocking directorates, when forbidden.....	234, 235
Internal Revenue, Commissioner of:	
Penalty for failure to make returns to, of taxable circulation.....	712
Remission of tax against insolvent State banks.....	450, 715
Semiannual return to, of taxable circulation other than national.....	711
Internal taxes, certified checks receivable for, under certain conditions.....	770
International bimetalism, act March 14, 1900, relative to.....	762
Interstate Commerce Commission, enforcement of act in reference to interlock- ing directorates, as to common carriers, by.....	235
Issue and Redemption Divisions established, Treasurer's Office.....	752
Issue of:	
Circulation by Comptroller of Currency.....	323
Circulation to Federal reserve banks.....	317
Gold certificates.....	433
Gold certificates and gold certificates payable to order.....	754
Gold notes, provision for.....	341
Notes under \$5 limited.....	329
Post notes, etc., prohibited.....	338
Silver certificates.....	755
Treasury gold notes in exchange for certain United States bonds.....	318
Issuing circulation of expired associations, penalty for.....	747
Isthmian Canal Commission, estimate of cost of Panama Canal.....	767

**J.**

<b>Judgment (<i>see also</i> Suits):</b>	<b>Paragraph.</b>
Appointment of receiver when judgment obtained against bank.....	520
Illegal preference of creditors.....	529
Jurisdiction ( <i>see</i> Crimes, jurisdiction, etc.) of suits by or against national banks.	218, 423

**K.**

Kansas, deposits guaranty law.....	901
------------------------------------	-----

**L.**Larceny. (*See* Crimes, jurisdiction, etc.)

Lawful money:	Paragraph.
Defined.....	342, 414
Defined for gold banks.....	342
Deposit of, to retire United States bond-secured circulation.....	312, 313, 314
Exemption of circulation from taxation, when, deposited.....	706
Expiring associations to deposit.....	221
Extended banks to deposit.....	220
Five per cent fund.....	414, 416
Forfeiture of bonds for failure to redeem circulation in.....	508
Limit of amount, to be deposited monthly.....	314
Liquidating associations to deposit.....	502
Liquidating associations, consolidating not to deposit.....	503
Payment of protested circulation in.....	510
Protest of circulation for failure to redeem in.....	507
Receiver to be appointed for failure to maintain reserve of.....	402
Redemption account, disposition of.....	416
Reserve to be.....	402
Withdrawing circulation, deposit of.....	312, 313, 314, 414
Lawful-money reserve, determined by deposits.....	342, 410
Legal-tender coins, Philippine Islands.....	719
Legal tender:	
Foreign coins not accepted as.....	719
Gold coins.....	720
Minor coins.....	724
Silver dollars.....	722, 751
Subsidiary silver coins.....	723
United States notes.....	725, 726, 727
Liability:	
Association's, for pledging, etc., United States notes, etc.....	432
Converted State bank, for old notes.....	713
Creditor's bill against shareholders.....	521
Enforcement of individual, by receiver.....	515
Estates owning stock subject to.....	242
False certification of checks.....	434
Individual, of directors.....	526
Individual, of shareholders.....	240
Limited to amount of capital, except.....	427
Of stockholders who have transferred their shares.....	241
Shareholder's, debars from voting.....	231
Shareholders of certain banks exempt from.....	240
Trustees, exempt from, when.....	242
Liabilities:	
Associations organized under the act of February 25, 1863.....	247
Change of title or location not to affect.....	212, 213
Comptroller's annual report to contain statement of national banks.....	110
Converted State banks.....	713
Deficiency in reserve not to increase.....	402
Deposit of lawful money relieves from, on circulation.....	504
Duties of receiver.....	515
Exceptions to limitation.....	427
Extended associations.....	218
Incurred under provisions of Federal reserve act, not considered borrowed money.....	427
Limit of, for national banks.....	427
Liquidating associations, on consolidation.....	503
Loans, restrictions on.....	425
Reports of condition to show.....	440
Restrictions on.....	427
Statements of condition to show.....	440
To stockholders for unpaid dividends not considered borrowed money.....	427
Lien, United States has paramount, on assets of association.....	511, 769

Limitations:	Paragraph.
Associations, corporate existence.....	204
Bonds, withdrawal of.....	311, 312
Borrowed money not to exceed capital.....	427
Capital, converted State banks.....	245
Capital stock—	
Increase of.....	228, 229
Payment of.....	226
Reduction of.....	230
Requisite amount of.....	224
Circulation—	
Denominations.....	324
Deposit of lawful money on withdrawing.....	312
Exempt from tax, when.....	706
Obtainable.....	323
Obtainable by gold banks.....	341
Tax on.....	444, 714
To be taken at par.....	421
Unauthorized, tax on.....	708-710
Corporate existence of converted gold banks.....	343
Creditors of insolvent banks, notice to.....	516
Creditors of insolvent banks, illegal preference.....	529
Directors, number of.....	232
Dividends.....	424, 429
Expiration of corporate existence.....	221
Extension of corporate existence.....	215, 222
Gold certificates, denominations of.....	433
Impairment of capital.....	430
Interest rate.....	422
Issue of notes under \$5.....	329
Jurisdiction, general, of national-bank cases.....	214, 218, 701
Lawful money deposited to retire circulation.....	313
Liability of national banks.....	427
Location of associations, change of.....	211
Loans to one individual, etc.....	425
“National,” in title of bank.....	530
Place of business.....	400
Public depositaries.....	243
Real estate holdings.....	223
Reserve, gold banks.....	342
Receiver, appointment of.....	520
Receiver, purchase of property to protect trust.....	523
Reports of condition, transmitted.....	440
Reports of earnings and dividends, transmitted.....	442
Reserve requirements.....	402
Reserve with central reserve agents.....	401, 405, 406
Reserve with Federal reserve banks.....	405
Reserve with reserve agents.....	402, 405
Shareholders, personal liability of.....	240
Shareholders, personal liability of shareholders of certain converted banks.....	240
Shares of stock, par value.....	225
Shares of stock, directors to own.....	233
State taxation of money.....	717
State taxation of national banks.....	451
Stock purchased or acquired.....	426
Suits, conduct of.....	700
Time for which own stock taken for debt may be held.....	426
Time in which recovery may be made for usurious interest charges.....	423
United States bonds deposited.....	302
Visitorial powers.....	528
Voluntary liquidation, vote.....	500
Voluntary liquidation, deposit of lawful money.....	502
Voters at elections.....	231



	Paragraph.
<b>Liquidation:</b>	
Bonds withdrawn.....	504
Creditor's bill against shareholders.....	521
Consolidation.....	503
Expiring associations to comply with provisions for.....	221
Lawful money to be deposited.....	502
Notice of, to be published.....	501
Penalty for issuing circulation of associations in.....	747
Redemption of circulation of associations in.....	505, 506
Sale of bonds, when.....	504
Vote required.....	500
<b>Liquidation and receivership (see also Liquidation: Receiver):</b>	
Bonds, deficiency in, first lien on assets for redemption of circulation.....	511
Bonds, forfeiture of.....	508
Bonds, sale of, at auction.....	511
Bonds, sale of, privately.....	512
Bonds, withdrawal of.....	504
Charter, forfeiture of.....	526
Circulation, protest of.....	507
Consolidation, provisions for.....	503
Creditor's bill against shareholders.....	521
Deposit of collections by receiver.....	515
Deposit of lawful money on liquidation.....	502
Distribution of assets of insolvent associations.....	517
Enjoining proceedings.....	518
Enjoining proceedings, where brought.....	702
Expiring associations.....	221
Illegal preference of creditors.....	529
Jurisdiction, general, of national-bank cases.....	214
Jurisdiction of district courts.....	701
Notice of vote to liquidate.....	501
Notice to creditors of insolvent associations.....	516
Notice to present circulation for redemption.....	510
Penalty for issuing circulation of expired associations.....	747
Receiver, appointment of.....	515
Receiver, purchase of property to protect trust.....	523
Receiver, when may be appointed.....	520
Receivership, expenses of.....	519
Shareholders' agent, appointment of.....	522
Shareholders' agent, duties of.....	522
Suits, conduct of.....	700
Suspension of business for nonpayment of circulation.....	509
Taxes on insolvent associations remitted.....	150, 715
Vote required for liquidation.....	500
List of shareholders.....	439
<b>Loans:</b>	
Associations' liability restricted.....	427
Bank not to grant loan to any national bank examiner.....	438a
Circulation as collateral for, restricted.....	428
Limitation of, to one individual, etc.....	425
No officer, director, or employee to receive any commission for any loan.....	438c
On farm lands.....	205, 223
Prohibited on security of own stock.....	426
Prohibited when reserve is short.....	409
Real estate, prohibited.....	223
<b>Location (see also Title and location):</b>	
Change of.....	211, 803
Of banking house.....	400
Organization certificate, to state.....	202
Losses, bad debts and, to be deducted from profits before declaring dividend..	429
Lost or stolen national-bank notes, redemption of.....	417

**M.**

	Paragraph.
<b>Maceration:</b>	
Redeemed circulation to be disposed of by.....	340
Redeemed circulation of failed and liquidated banks to be disposed of by.....	506
<b>Management by directors.....</b>	<b>232</b>
<b>Maximum.</b> ( <i>See Bonds; Capital; Circulation; Limitations.</i> )	
<b>May change name and location, how.....</b>	<b>211</b>
<b>Meetings, annual.....</b>	<b>232</b>
<b>Member bank examiners.....</b>	<b>527</b>
<b>Member banks:</b>	
Depositories of United States.....	615
Examinations by Federal Reserve Board.....	527
Limit to deposit that may be kept with nonmember bank.....	408
Officer, director, or employee not to receive any fee, commission, etc....	438
Prohibited from securing discounts from Federal reserve banks for non-	
member banks.....	408
Provisions for national banks outside of continental United States to become	411
Reserve requirements.....	403-412-413
Reserve, withdrawal of, from Federal reserve banks.....	409
Statement and reports by.....	441
<b>Method of refunding United States bonds as permitted by Federal reserve act.</b>	<b>316</b>
<b>Minimum</b> ( <i>see Bonds; Capital; Circulation; Limitation</i> ) amount of capital.....	<b>224</b>
<b>Minor coins:</b>	
Philippine Islands, legal tender.....	719
United States, when legal tender.....	724
<b>Misapplication:</b>	
Money-order funds.....	732
Penalty for.....	436
<b>Misdemeanor.</b> ( <i>See Crimes; Penalty; Official malfeasance.</i> )	
<b>Money-order funds, misapplication of.....</b>	<b>732</b>
<b>Moneys.</b> ( <i>See Lawful money; Legal tender; Circulation; Public moneys.</i> )	
<b>Monthly installments, capital may be paid in.....</b>	<b>226</b>
<b>Mortgages:</b>	
Assignment of, when illegal.....	529
Assignment, when official malfeasance.....	436
Real estate, possession, etc., of, by association.....	223
<b>Mutilated, circulation of failed and liquidated to be.....</b>	<b>506</b>
<b>Mutilated or worn circulation, redemption of.....</b>	<b>339, 414</b>

N.

	Paragraph.
Name, change of, by national bank.....	211, 803
Name of association to be approved of by Comptroller of Currency.....	202
National, use of the word, in titles of associations other than national, prohibited.....	530
National-bank act:	
Authority for title.....	200
Provides for a national currency, etc.....	200
Status of national banks organized under the act of February 25, 1863.....	247
National-bank examiners.....	527
National Banking Association defined.....	300
National Banking Associations:	
Acceptance of drafts and bills of exchange.....	206
Amendment of articles of association restricted.....	225
Articles of association entered into by.....	201
Borrowed money restricted.....	427
Branches may be retained by converted State banks.....	246
Capital required.....	224
Cancellation of redeemed circulation.....	514
Certificate of officers and directors.....	319
Change of name and location.....	803
Change of title and location.....	211-213
Charter forfeiture.....	526
Charter number to be printed on circulation of.....	325
Circulation obtainable by.....	323
Circulation of, tax on.....	444-450, 717
Circulation of, to be redeemed in United States notes.....	414
Circulation to be taken at par.....	421
Circulation of, for what receivable.....	337
Circulation unsigned or with forged signatures to be redeemed.....	417
Closed bank circulation.....	505, 506
Comptroller and Deputy Comptroller not to be interested in, issuing circulation.....	106
Consolidation, no deposit required for circulation of liquidated banks.....	503
Conversion of State banks into.....	245
Corporate and incidental powers of.....	204
Defined.....	300
Depositaries of public money.....	243
Deposit of bonds by, requirement repealed.....	302
Directors of, individually liable, when.....	526
Directors, number and election of.....	232
Directors, oath of.....	236
Directors, qualifications of.....	233
Election, holding annual.....	232, 238
Enjoining proceedings.....	518
Examination of, prior to being authorized to begin business.....	319, 320
Examiners of.....	527
Excepted from certain taxes on circulation.....	714
Expiration of corporate existence, provisions on.....	221
Extended bank circulation.....	220
Exchange of bonds.....	305
Extension of corporate existence of.....	215, 217
Foreign branches.....	210
General provisions respecting bonds.....	311
Gold bank circulation, provisions for issuing.....	341
Gold banks may be organized.....	341
Gold banks, conversion of.....	343
Increase of capital stock by.....	228, 229
Insurance or guaranty of deposits by.....	903
Lending on own stock prohibited.....	426

National Banking Associations—Continued.	Paragraph.
Liquidating bank circulation.....	502-506
Liquidation, provisions for.....	500-504
Loans on farm lands.....	205
Lost or stolen notes of, to be redeemed.....	417
Not required to deposit United States bonds.....	302
Organization certificate to specifically state.....	202
Payment of stock prior to beginning business.....	226
Place of business.....	400
Political contributions prohibited.....	437
Post notes, issue of, prohibited.....	338
Power to act as trustee, administrator, executor, or registrar of stocks and bonds.....	208
Power to insure solvency of bank.....	902
Preparation of bank circulation.....	324
President of, to be chosen by board.....	239
Publication of certificate of authority.....	321
Purchasing own stock prohibited.....	426
Receiver may be appointed for failure to restore capital.....	227
Reduction of capital stock.....	230
Receiver for, when may be appointed.....	520
Redemption and destruction of circulation of.....	339, 340, 414
Redemption account, disposition of.....	416
Regulation of business of.....	400
Relation of bond deposit to capital of.....	304
Reserve requirements.....	403-412
Reserve requirements outside of continental United States.....	411
Security for circulation.....	302, 303
Shares of stock.....	225
Shareholders of, qualifications of, at election.....	231
Shareholders' agent.....	522
Shareholders of, personally liable.....	240
Shareholders of, when not personally liable.....	240
Status of, organized under the act of February 25, 1863.....	247
Subscribed stock not paid for, forfeited to.....	227
Suspension of business after default to pay circulation.....	509
Taxation of circulation of, by States, etc.....	716, 717
Tax provisions restricted.....	714
Taxes on insolvent, remitted.....	450, 715
Transfer of shares of stock.....	241
Where proceedings to enjoin must be brought.....	702
Withdrawing circulation.....	312, 313, 314
National banks deemed citizens of States in which located.....	214
National banking laws applicable to Hawaii.....	801
National banking laws applicable to Porto Rico.....	800
National-bank notes obligations of the United States.....	739
National-bank notes, penalty for counterfeiting.....	714
Newspaper:	
Certificate of authority to commence business to be published in.....	321
Election notice to be given in.....	238
Impairment of capital, notice to be published in.....	430
Liquidation notice to be published in.....	501
Notice of meeting to elect shareholders' agent to be published in.....	522
Notice to creditors of insolvent banks to be advertised in.....	516
Reports of condition to be published in.....	440
Sale of stock of delinquent shareholders to be published in.....	227
New York City:	
Associations in, reserve agents.....	402, 420
Bonds of liquidated banks that failed to make deposit, to be sold in.....	504
Bonds, sale of forfeited, in.....	511
Designated as central reserve city.....	401
Notice of expiration of corporate existence to be published in paper in.....	221
Notice of voluntary liquidation to be published in paper in.....	501
Net profits. ( <i>See</i> Dividends.)	

Nonmember banks:	Paragraph.
Amount of deposit that may be kept with, by member banks, restricted . .	408
Discounts from Federal reserve banks not allowed through member banks..	408
Reserve requirements for national banks that are.....	411
Nonresidents:	
Directors.....	233
State, etc., taxation of stock of.....	451
No release from liabilities by change of title or location.....	213
Notary public:	
Acknowledgment of organization certificate before.....	203
Acknowledgment of reports.....	440-442
Protest of circulation by .....	507
Notes ( <i>see</i> Circulation) of the United States are legal tender.....	725-727
Notice ( <i>see</i> Publication; Printing):	
Creditors of insolvent banks to present claim.....	516
Of election.....	238
Of sale of bonds.....	511
Of transfer of bonds to be given association.....	308
To present circulation for redemption when bonds have been forfeited....	510
Notification of redemption of circulation by United States Treasurer.....	414
Number of:	
Central reserve cities.....	401
Copies of annual report.....	112, 113
Examinations to be made.....	527
Reports of condition that may be called for.....	440
Null and void, illegal preference.....	529

## O.

Oath:	Paragraph.
Certificate of officers and directors.....	226, 319
Directors.....	236
Examiners may take statement under.....	527
Execution of organization certificate.....	203, 245
Official, by Comptroller.....	102
Official, by Deputy Comptroller.....	103
Payment of installments.....	226
Reports of condition, and earnings and dividends.....	440-442
Semiannual return of circulation.....	446
Shareholders, list of.....	439
Obligations of the United States:	
Defined.....	739
Exempt from taxation.....	716
Penalty for—	
Dealing in counterfeit.....	746
Illegal possession or use of material for.....	742
Passing counterfeit.....	743
Pledging.....	432
Taking or having unauthorized impression of tools, etc.....	745, 746
Office force for redemption of circulation.....	415
Officers ( <i>see also</i> President; Cashier):	
Bonds assigned to be signed by cashier or other.....	306
Certificate of directors and.....	319
Certificate of payment of increase of stock.....	228
Certification of payment of stock by president or cashier.....	226
Circulation properly signed by, issuable.....	337
Disqualified to examine national banking associations in which interested as.....	527
Election or appointment of, by directors.....	204
Examination of, under oath.....	527
False certification of checks, forbidden.....	434
Forfeiture of charter, provisions for.....	526
Forged signatures of, to circulation, not to invalidate.....	417
Fraudulent notes to be marked by.....	748
Interest rate of paid officers.....	438e
Oath, administration of, to reports.....	441
Official malfeasance, penalty for.....	436
Penalty for false certification of checks.....	435
Penalty for improperly countersigned, etc., circulation.....	344
Penalty for issuing circulation of expired associations.....	747
Penalty for official malfeasance.....	436
Penalty for pledging, etc., circulation.....	432
Penalty for political contributions.....	437
Penalty for receiving commission for a loan.....	438c
Penalty for unauthorized receipt of public money.....	738
Preference of creditors.....	529
President of board a director.....	239
President or cashier—	
Certification of extension.....	216
Certification of expiration of existence.....	221
Certification of liquidation.....	501
Waiving notice of protest.....	507
President or vice president and cashier to sign circulation.....	324
Proxy, not to act as.....	231
Receiver, appointment of, for violation of national-bank act by.....	520
Redemption of unsigned circulation.....	415
Reports of condition, verification of, by president or cashier.....	440, 441
Reports of earnings and dividends, attestation of, by president or cashier ..	442
Shareholders' lists verified by president or cashier.....	439
Taxation, circulation subject to, returns by president or cashier.....	446
Taxation, unauthorized circulation, returns by president or cashier.....	711
Officers, United States:	
Deposit and withdrawal of public money.....	730
Penalty for improper countersigning or delivering circulation.....	344
Penalty for unauthorized deposit of public money.....	737
Receiving or disbursing public money to mark fraudulent.....	748
Offices, vaults, etc., assignment of, to the Comptroller by the Secretary.....	108

Official:	Paragraph.
Malfeasance, penalty for.....	436
Register, information for.....	111
Seal of Comptroller of the Currency.....	107
Oklahoma, deposit guaranty law.....	900
Organization and powers of national banks:	
Amendment of articles of association.....	225
Articles of association.....	201
Branches of converted State banks.....	246
Capital stock.....	202
Capital stock requirements.....	224
Certificate of authority to begin business.....	320
Certificate of officers and directors.....	319
Change in title and location.....	211
Conversion of gold banks.....	343
Conversion of State banks.....	245
Corporate powers.....	204
Deposit of bonds.....	302
Directors, election of.....	238
Directors, number and election of.....	232
Directors, oath of.....	236
Directors, qualification of.....	233
Directors, to choose president.....	239
Directors, vacancy, how filled.....	237
Enforcing payment of stock.....	227
Examination preliminary to beginning business.....	319
Execution of organization certificate.....	203
Extension of corporate existence.....	215
Failure to hold election.....	238
Gold banks, conversion of.....	343
Gold banks, organization of.....	341
Incidental powers.....	204
Increase of capital stock, provisions for.....	228, 229
Increase of capital stock, when valid.....	228
Liquidation.....	500
Location and title, change of.....	211
Location.....	202
Organization certificate.....	202
Payment of stock.....	226
President, election of, by board.....	239
President, qualification of.....	239
Publication of certificate of authority to begin business.....	321
Reduction of capital stock, provisions for.....	230
Restoration of capital stock.....	227
Shareholders.....	202
Shareholders, personal liability of.....	240
Shareholders, qualification of, at election.....	231
Shareholders, when personally liable.....	240
Shares of stock.....	225
State banks, conversion of.....	245
State banks, converted, may retain branches.....	246
Status of associations organized under act of Feb. 25, 1863.....	247
Title.....	202
Title and location, change of.....	211
Vacancies in board, how filled.....	237
Organization certificate:	
Acknowledgment of.....	203
Certified copy of, evidence.....	704
Comptroller to grant or withhold.....	320
Conversion of gold banks.....	343
Conversion of State banks.....	245
Execution of.....	203
Sealed certificate of Comptroller, evidence.....	703
Specifications in.....	202
Other bonds to secure deposits.....	243
Other real estate owned.....	223
Other cities may be designated as central reserve cities.....	401
Other reserve cities. ( <i>See</i> Reserve cities.).....	
Overdue paper.....	429

**P.**

<b>Panama Canal bonds:</b>	<b>Paragraph.</b>
<b>Additional issue</b> .....	767
<b>Available and nonavailable as security for circulation</b> .....	303, 768
<b>Issued under act Aug. 5, 1909, not receivable as security for circulation</b> .....	768
<b>Tax on circulation secured by</b> .....	303, 444
<b>Panama, reserve requirements, etc., for national banks in</b> .....	411
<b>Paper for printing circulating notes</b> .....	326
<b>Paper used for United States securities, penalty for use of without authority</b> ...	742
<b>Par, bonds not to be sold at less than</b> .....	512
<b>Par, national banks to take notes of other national banks at</b> .....	425
<b>Par value of capital stock of converted State banks</b> .....	245
<b>Par value of stock</b> .....	225
<b>Passing counterfeit circulation, penalty for</b> .....	743
<b>Past due paper</b> .....	429
<b>Payment of:</b>	
<b>Assessment for impaired capital</b> .....	430
<b>Capital stock, provisions relative to</b> .....	226
<b>Claims against insolvent banks</b> .....	517
<b>Tax on circulation</b> .....	444
<b>Tax on circulation other than national</b> .....	710
<b>Payments for:</b>	
<b>Purchase of property by receiver provided for</b> .....	525
<b>Which national bank notes are receivable</b> .....	337
<b>Penalty:</b>	
<b>Appointment of receiver for violations of act</b> .....	515, 520
<b>Bond of Comptroller</b> .....	102
<b>Bond of Deputy Controller</b> .....	103, 104
<b>Circulating notes less than \$1, issue of</b> .....	718
<b>Commission, penalty for receiving commission for a loan</b> .....	438c
<b>Counterfeiting circulation, etc</b> .....	740, 747
<b>Dealing in counterfeit circulation</b> .....	746
<b>Embezzlement, abstraction, wilful misapplication, false entries, etc</b> .....	436
<b>False certification of checks</b> .....	435
<b>Failure to make reports</b> .....	443
<b>Failure to pay installment on stock</b> .....	227
<b>Failure to redeem circulation</b> .....	508
<b>Forfeiture of charter for violations of bank act</b> .....	526
<b>Forging or counterfeiting United States securities</b> .....	740
<b>Illegal possession or use of material for circulation</b> .....	742
<b>Imitating bank circulation for advertising purposes</b> .....	345
<b>Improper countersigning or delivering circulation</b> .....	344
<b>Interest, unlawful</b> .....	423
<b>Interlocking directorates</b> .....	235
<b>Issuing circulation of expired associations</b> .....	747
<b>Jurisdiction of the United States courts</b> .....	214, 218
<b>Mutilating circulation</b> .....	346
<b>Misapplication of money-order funds</b> .....	732
<b>"National," unlawful use of the word</b> .....	530
<b>Official malfeasance</b> .....	436
<b>Passing counterfeit circulation</b> .....	743
<b>Pledging United States notes or bank circulation</b> .....	432
<b>Reports to Comptroller, failure to make</b> .....	443
<b>Reserve, maintenance of</b> .....	402
<b>Reserve, shortage</b> .....	409
<b>Semiannual return of circulation, failure to make</b> .....	446-449
<b>Taking or having unauthorized impression of tools, etc</b> .....	744, 745
<b>Unauthorized deposits of public money</b> .....	737
<b>Unauthorized receipt or use of public money</b> .....	738
<b>Usury</b> .....	422, 423
<b>Violations of any of the provisions of the bank act</b> .....	526
<b>Violations of section 22, Federal reserve act</b> .....	438f
<b>Period for which real estate may be held</b> .....	223
<b>Personal liability. (See Shareholders; Trustees; Liability.)</b>	
<b>Personal property, shares of stock of national banks taxed as</b> .....	451
<b>Philippine Islands, legal-tender coins</b> .....	719



	Paragraph.
<b>Philippine Islands:</b>	
Public funds in the United States to be deposited in member banks.....	615
Reserve requirements, etc., for national banks in.....	411
Photographing United States securities without authority, penalty for.....	742
Place of business, organization certificate to state.....	202, 400
Place for redemption of circulation.....	414
Place where proceedings to enjoin Comptroller must be brought.....	702
Place where tax on shares in national banks is to be paid.....	451
Places where circulation may be redeemed.....	414
<b>Plates:</b>	
Control of.....	327
Cost of engraving.....	220, 327, 414
Custody of.....	108
Engraving of.....	324
Examination annually.....	328
Expense of examination and destruction of.....	328
Extended banks.....	220
Liquidating bank, to be destroyed.....	328
Penalty for counterfeiting or having possession of counterfeit.....	742, 744
Penalty for taking unauthorized impression of tools, etc.....	744
Penalty for having false impressions of tools, etc.....	745
Pledging or hypothecating circulation prohibited.....	428
Political contributions prohibited.....	437
Population, relation of capital stock to.....	224
<b>Porto Rico:</b>	
National banking laws applicable to.....	800
Reserve requirements, etc., for national banks in.....	411
Postal savings funds to be deposited in member banks.....	615
<b>Postmasters:</b>	
Deposit of public funds by.....	731
Misapplication of money-order funds by.....	732
Postmaster General, deposit of funds by authority of.....	732
Post notes, national banking associations prohibited from using.....	338
<b>Power:</b>	
Comptroller to assess fine for failure to make reports.....	443
Of attorney to receive interest on bonds.....	311
Of national banks to act as trustee, executor, etc.....	208
Of national banks to insure deposits.....	903
To hold real property.....	223
<b>Powers (see also Comptroller):</b>	
Granted to national banks.....	204
Incidental, of national banks.....	204
Of examiners.....	527
Of national banks to insure solvency of bank.....	902
Receiver.....	515, 523
Shareholders' agent.....	522
Trust company, powers of national banks.....	208
Visitatorial, limitations of.....	528
<b>Preference:</b>	
In allotment of shares in succeeding association.....	219
Of creditors illegal.....	529
Preliminary examinations, expense of.....	519
Preparation of circulation, provisions for.....	324
<b>President (see also Officers):</b>	
Certificate of officers and directors.....	319
Certificate of stock payment.....	319
Countersigning or delivering circulation improperly.....	344
Director to be.....	239
Election or appointment of, by directors.....	204, 239
False certification of checks by, and penalty for.....	134, 435
Liquidating bank, duty in.....	501
Of the board, election of.....	239
Official malfeasance, penalty for.....	436
Proxy, not to act as.....	231
Public money, unauthorized receipt of, by.....	738
Reports of condition, verified by.....	440
Reports of earnings and dividends to be verified by.....	442
Signature of, forged, not to invalidate circulation.....	417

<b>President (<i>see also</i> Officers)—Continued.</b>	<b>Paragraph.</b>
Signature of, on circulation.....	324, 337
Violations of act, by, penalty for.....	436, 526
<b>President of the United States, appointment of Comptroller by.....</b>	<b>101</b>
<b>Printing:</b>	
Annual report of the Comptroller, number printed and distribution of..	110-112
Certificate of authority to begin business.....	321
Charter number on circulation.....	325
Circulating notes on distinctive paper.....	326
Circulation of associations.....	324
Circulation of extended banks.....	220
Creditors of insolvent associations, notice to.....	516
Notice of special annual election.....	238
Notice of sale of delinquent stock.....	227, 430
Notice of sale of bonds at public auction.....	511
Notice of liquidation.....	501
Notice of expiration.....	221
Penalty for counterfeiting circulation.....	741
Penalty for illegal possession or use of material for circulation.....	742
Penalty for imitating circulation.....	345
Penalty for taking or having unauthorized impression of tools, etc., for...	744, 745
Reports of condition.....	440
Shareholders agent, notice of election of.....	522
Voluntary liquidation, notice of.....	501
<b>Private sale of bonds to secure circulation.....</b>	<b>512</b>
<b>Proceedings:</b>	
If shareholder fails to pay installments.....	227
To enjoin Comptroller.....	701, 702
Where no election is held on the proper day.....	238
<b>Profits, undivided, not considered borrowed money.....</b>	<b>427</b>
<b>Prohibitions:</b>	
Borrowed money in excess of capital.....	427
Business not to be transacted until authorized by Comptroller.....	204
Circulation, pledging of.....	428
Comptroller or Deputy Comptroller from being interested in any association issuing national currency.....	106
Counterfeiting, etc.....	740, 746
Deposit of Government money in banks not belonging to Federal Reserve System.....	244
Imitation of circulation.....	345
Interlocking directorates.....	234
Issuing circulation to unauthorized associations.....	344
Loaning on own stock.....	426
Loans in excess of a certain limit.....	425
Member bank limited in amount of deposit with, and forbidden to secure discounts from, Federal reserve banks for nonmember banks.....	408
Mutilation of circulation.....	346
National-bank notes not to be used as security for loans.....	432
Notes less than \$1.....	718
Officers of bank not to administer oath for reports of condition.....	441
Political contributions.....	437
Postmasters not to receive interest on deposits.....	731
Posts notes, issue of.....	338
Public funds of Philippine Islands, postal savings or any Government funds not to be deposited in banks other than member.....	615
Purchase of own stock.....	426
Reserve shortage.....	409
Restriction as to visitatorial powers.....	528
Sale of bonds for default of payment of circulation at less than par.....	512
Unauthorized deposit of public money.....	737
Unauthorized receipt of public money.....	738
Uncurrent notes not to be put in circulation.....	431
United States notes not to be used as security for loans.....	436
Use of title "National".....	530
Using plates to print notes without authority.....	742
Usurious rate of interest.....	422
Voters at elections.....	231
<b>Withdrawal of capital.....</b>	<b>421</b>

	Paragraph.
Proof of publication, report of condition.....	440
Protest of circulation:	
Bonds forfeited, when.....	508
Bonds, sale of, when.....	511, 512
Failure to redeem circulation.....	507
Provisions:	
Appointment of receiver.....	515
Assessment when bank fails to make return on circulation.....	447
Dividends.....	424
Enforcing payment of tax on circulation.....	448
Examination of bonds and records.....	309-311
Excess payment of tax on circulation, refunding of.....	449
Federal Reserve Board to sell United States bonds to Federal reserve banks.....	316
For changes in deposit of bonds.....	304
For deposits by disbursing officers.....	730
For deposits by postmasters.....	731
For destruction and replacing of circulation.....	339, 340
For liquidation of banks at expiration of charter.....	221
For national banks outside the continental United States to become member banks.....	411
For obtaining circulation.....	323
For organization of gold banks.....	341
For redeeming circulation.....	414
For redemption of circulation when charter is extended.....	220
For reimbursement of expenses for redemption of circulation.....	415
For withdrawal of circulating notes.....	312
Gold certificates, issue of.....	433
Impairment of capital.....	430
Inspection of list of shareholders.....	439
Liquidation.....	500, 501
Of articles of association.....	201
Of by-laws.....	204
Payment of tax on circulation.....	444
Reports of condition.....	440
Respecting bonds, general.....	311
Retirement of circulation by sale of United States bonds.....	315
Shareholders' agent, election of.....	522
Surplus.....	424
To be complied with before commencing business.....	302, 319
Proxies authorized.....	231
Proxies can vote for shareholders' agent.....	522
Publication ( <i>see also</i> Printing):	
Annual election, notice of holding special.....	238
Certificate of authority to begin business.....	321
Creditors of insolvent associations, notice to.....	516
Nonpayment of circulation, notice to present.....	510
Reports of condition of national banks.....	440
Sale of bonds, notice of.....	511
Sale of delinquent stock, notice of.....	227, 430
Shareholders' agent, notice of election of.....	522
Voluntary liquidation, notice of.....	501
Public debt, national-bank circulation receivable for, with certain exceptions.....	337
Public deposits ( <i>see also</i> Deposits):	
Banks to give security for.....	243
Duty of disbursing officers.....	730
Duty of postmasters.....	731
Postmasters.....	731
Purchase of real estate.....	223
Public dues, certified checks receivable for, under certain conditions.....	770
Public sale of stock purchased from dissenting shareholders.....	219
Pulp from macerated circulation.....	340
Purchasing own stock prohibited.....	426
Purchase of property by receiver.....	523, 525
Purchase of United States bonds by Federal reserve banks.....	316
Purpose of organization certificate to be stated therein.....	202

<b>Q.</b>	
<b>Qualification:</b>	<b>Paragraph.</b>
Comptroller of the Currency.....	102
Deputy Comptroller.....	103
Directors of national banks.....	233
Examiners of associations.....	527
Shareholders' agent.....	522
Quarters for Currency Bureau.....	108

**R.**

	Paragraph.
Rate. ( <i>See</i> Interest; Tax; Usury.)	
Rate of interest which may be charged. ....	422
Ratio. ( <i>See</i> Bonds; Capital and circulation.)	
Real estate:	
Investments and holdings restricted. ....	223
Loans on, permitted with certain restrictions. ....	205
Mortgages, limited. ....	223
Subject to State, etc., taxation. ....	451
Real estate broker, when national bank may act as broker in procuring loans on real estate. ....	209
Reassignment of bonds, liquidating bank. ....	504
Receipt for bonds transferred. ....	306
Receiver:	
Appointment and duties of. ....	515
Appointment of—	
For failure to dispose of own stock. ....	515
For failure to restore diminished capital. ....	515
For false certification of checks. ....	515
For nonpayment of circulation. ....	515
For impairment of capital. ....	515
For insolvency. ....	520
For nonmaintenance of reserve. ....	515
When capital reduced by failure to pay installments. ....	227
Courts may enjoin. ....	518
Deposit of collections by. ....	515
Expenses of, how paid. ....	519
General jurisdiction of national-bank cases. ....	214
Jurisdiction of district courts to enjoin Comptroller or. ....	701
National bank as receiver under trust company powers. ....	208
Purchase of property by, to protect trust. ....	523
Receiverships. ( <i>See</i> Liquidation and receivership; Receiver.)	
Recoinage of uncurrent subsidiary silver. ....	757
Records, regulations for redemptions. ....	513
Red Cross, subscriptions to. ....	771
Redeeming circulation. ....	414
Redemption:	
Cancellation of circulation sent for. ....	514
Deposit of lawful money for, of associations in liquidation. ....	502
Division, Treasurer's Office, established. ....	752
Disposition of, account. ....	416
Enjoining Comptroller. ....	518
Extended bank circulation. ....	220
First lien on assets. ....	511
Five per cent fund for—	
To be maintained. ....	414
Not part of lawful reserve. ....	412, 414
Forfeiture of bonds. ....	508
Forged signatures not to prevent. ....	417
General provisions respecting. ....	414
Incomplete circulation. ....	417
Issue and Redemption divisions established. ....	752
Lawful money, of circulation. ....	414
Liquidating bank circulation. ....	504, 505
Lost national-bank notes. ....	417
Notice to present circulation for. ....	510
Of circulating notes issued prior to extension. ....	220
Of circulation, place for. ....	414
Proceeds from sale of bonds for, of circulation. ....	504
Profit on circulation not presented for. ....	220
Protest of circulation, for failure to redeem. ....	507
Records of. ....	513
Retirement account. ....	416

	Paragraph.
<b>Redemption—Continued.</b>	
Sale of bonds.....	511, 512
State bank circulation.....	706
Stolen national-bank notes.....	417
United States notes, of circulation, in.....	414
United States and Treasury notes, to be in gold.....	750
Unsigned circulation to be redeemed.....	417
Withdrawn circulation.....	312, 313
Worn or mutilated circulation.....	339, 340
Redemption account, disposition of.....	414
Redemption of United States notes, gold coin and bullion to be set apart as reserve for.....	750
<b>Reduction of—</b>	
Bonds to secure circulation.....	311
Capital.....	230, 304
Circulating notes.....	313
Reextension of charter.....	222
<b>Refunding—</b>	
Bonds under provision of Federal reserve act.....	315
Excess payment tax on circulation.....	449
Of United States bonds.....	759
Of United States bonds under Federal reserve act.....	315
Register of the Treasury, signature on circulation.....	324
Registered bonds, intended by term "United States bonds".....	301
Registered bonds, exchange of coupon bonds for.....	305
Registrar of stock and bonds, power of national banks to act as.....	208
Registry of transfer of bonds.....	307
Regulations for exchange of bonds.....	323
Regulations for redemption records.....	513
<b>Regulation of banking business:</b>	
Assessment, enforcement of.....	430
Circulation, improper use of.....	428
Dividends.....	424
Dividends prohibited, when.....	429
Examiners, appointment of.....	527
Examiners, compensation of.....	527
Impairment of capital.....	430
Interest, limited.....	422
Interest, unlawful, penalty for.....	423
Laws governing certain associations.....	300
Liability of association restricted.....	427
Loans, restrictions on.....	425
Net profits.....	424
Place of business.....	400
Real estate, purchasing, etc.....	223
Reports of condition.....	440
Reports, failure to make.....	443
Reports, verification of.....	441, 442
Reports of dividends and earnings.....	442
Reserve cities.....	402
Reserve cities, balances with agents.....	406
Reserve cities, central.....	401, 402
Reserve cities, requirements.....	402
Reserve requirements, gold banks.....	342
Shareholders, list of.....	439
State taxation of associations.....	451
Stock, holding, etc.....	426
Surplus and dividends.....	424
Uncurrent notes, use of, prohibited.....	431
Unearned dividends prohibited.....	429
Visitatorial powers, limitation of.....	528
Reimbursement ( <i>see</i> Circulation; Expense; Plates and dies) of expenses for redemption of circulation.....	415
Removal of Comptroller of the Currency.....	101
Replacing worn-out and mutilated circulation.....	339

Reports:	Paragraph.
Amendments proposed in Comptroller's annual.....	110
Annual, number to be printed.....	112, 113
Annual, to be made to Congress.....	110
Banks', other than national.....	110
Circulation, semiannual return of.....	446
Closed banks.....	110, 111
Condition of national banks in annual.....	110
Distribution of annual.....	112, 113
Dividends and earnings.....	442, 443
Failure to make, to Comptroller.....	443
List of shareholders.....	439
Of examiners.....	527
Payment of capital stock.....	226, 227
Printed, number of copies of annual.....	112, 113
Receiver, to Comptroller.....	515
Statement of condition of national banks, Federal reserve banks, and member banks.....	440, 441
Requirements prior to commencing business.....	319
Requisite:	
Amount of capital.....	224
Qualifications of directors.....	233
Requisites of organization certificate.....	202
Reservation of rights of associations organized under act of 1863.....	247
Reserve:	
Clearing-house certificates.....	402
Deposits to govern amount of.....	410
Determined by deposits, not circulation.....	402
Federal reserve banks, that may be held with.....	405-407
Five per cent fund not counted as.....	412, 414
Gold and silver, held by gold banks.....	312
Gold certificates.....	433
Lawful money.....	402, 414
Maintenance of.....	402
None required to be held against United States deposits.....	413
On circulation not required.....	402
Penalty for failure to maintain.....	402
Proportion of, with agents.....	401, 405, 406
Proportion of, with Federal reserve bank.....	405
Requirements.....	402-412
Required to be held with Federal reserve bank.....	407
Requirements for gold banks.....	342
Silver certificates.....	729
Withdrawal of, from Federal reserve bank.....	409
Reserve agents ( <i>see also</i> Agent), balance with.....	401, 405, 406
Reserve cities:	
* Additional, provisions for.....	401, 402
Cash reserve required.....	406
Central, deposits in.....	401, 402, 405, 406
Central, provisions for.....	401
Classification of.....	402
Designation of.....	402
Distribution of reserve to be held by banks in.....	405
Names of.....	402
Requirements, not applicable to gold banks in San Francisco.....	401
Requirements of associations in.....	402, 406
Reserve requirements.....	406
Reserve that may be held with, by banks elsewhere than in reserve cities.....	405
Reserve requirements:	
Banks not in reserve or central reserve cities.....	405
Central reserve cities.....	401, 407
Country banks.....	405
Estimate of.....	410
Five per cent redemption fund not counted as reserve.....	412
How estimated.....	410
Reserve cities other than central.....	402, 406
When effective.....	404

	Paragraph.
<b>Residences:</b>	
List of shareholders and, reported annually.....	439
List of shareholders and, in organization certificate.....	202
National banks.....	214
Qualifications of directors of associations.....	233
<b>Resources.</b> (See Assets.)	
<b>Restoration of capital stock, provisions for.....</b>	<b>227, 430</b>
<b>Restrictions:</b>	
Amount of lawful money that may be deposited to withdraw circulation..	314
Gold certificates, issue of.....	729
Notes less than \$1.....	718
On banks' indebtedness.....	427
On loans.....	425
State tax on national-bank shares.....	451
Tax on circulation.....	714
Upon use of circulating notes.....	428
Visitatorial powers limited.....	528
<b>Resumption of specie payments.....</b>	<b>329</b>
<b>Retirement account, circulation for which deposits made to redeem.....</b>	<b>416</b>
<b>Retirement of:</b>	
Circulating notes.....	313
Circulation by deposit of lawful money.....	314
Circulation by sale of United States bonds.....	315
<b>Retiring circulation under provisions of Federal reserve act.....</b>	<b>315</b>
<b>Returns.</b> (See Circulation; Reports; Taxation.)	
<b>Right of shareholders to vote .....</b>	<b>231</b>
<b>Rooms, vaults, and furniture for Currency Bureau.....</b>	<b>103</b>



S.

	Paragraph.
St. Louis designated as a central reserve city.....	401
Salaries of examiners.....	527
Sale:	
Assets of insolvent association, by receiver.....	515
Assets of insolvent associations, by shareholders' agent.....	522
Bonds, for failure to redeem circulation.....	504, 508, 511, 512
Of stock purchased from dissenting shareholders.....	219
Stock, for delinquent payment of installment.....	227
Stock, for impairment of capital.....	430
Stock taken for debt.....	426
Savings accounts as time deposits.....	403
Savings banks, statements to be given in annual report.....	110
Seal, power of association to adopt and use.....	204
Seal of Office of Comptroller:	
Certified copy of organization certificate under, evidence.....	704
Certificates under, competent evidence.....	703
Description, impression of, and certificate of approval by Secretary of the Treasury, to be filed with the Secretary of State.....	107
Devised by Comptroller and approved by Secretary.....	107
Secretary of Interior, report to, of bureau employees.....	111
Secretary of State, description, impression, and certificate of seal of Comptroller to be filed with.....	107
Secretary of the Treasury:	
Agent, special, to be appointed for associations failing to redeem circulation.....	508
Appointment of clerical force, for redemption of circulation, by.....	415
Appointment of Comptroller on recommendation of.....	101
Appointment and classification of clerks by.....	105
Appointment of Deputy Comptroller by.....	103, 104
Assignment of rooms, etc., for the Comptroller by.....	108
Authorized to exchange registered for coupon bonds.....	305
Authorized to issue 3 per cent gold bonds and Treasury gold notes.....	318
Certified checks may be received for duties, internal taxes, and all public dues upon regulations prescribed by.....	770
Circulating notes printed under direction of.....	326
Circulation, worn or mutilated, destruction of, by.....	339, 340
Clerks for Comptroller of the Currency appointed by.....	105
Deposit of Government moneys upon direction of.....	615
Depositaries of public moneys designated by.....	243
Duties of Comptroller under general direction of.....	100
Earnings from Federal reserve banks, disposition of, by.....	750
Examiners, appointments to be approved by.....	527
Exchange of bonds, terms of, prescribed by.....	311, 323
Gold certificates, authority to issue.....	433, 729
Gold certificates to be issued by.....	754
Gold dollar to be maintained as standard unit of value by.....	749
Gold notes may be issued by, in exchange for certain United States bonds... ..	318
Gold reserve for redemption of United States and Treasury notes to be maintained by.....	750
May prescribe rules for printing charter numbers on circulation.....	325
National bank examiners, appointments to be approved by.....	527
Notice to present circulation for redemption when bonds have been forfeited.....	510
Organization of national banks with capital less than \$100,000 to be approved by.....	224
Panama Canal bonds, additional issue by.....	767
Plates and dies, regulations for, examination of, to be approved by.....	328
Post-office money-order funds placed in national banks designated by...	732

Secretary of the Treasury—Continued.	Paragraph.
Public-money deposits.....	730
Pulp from maceration to be disposed of by.....	340
Purchase of property by receiver to be approved by.....	524, 525
Recommendation of appointment of Comptroller by.....	101
Receivers, appointment of, by Comptroller, concurrence in by, in certain cases.....	402
Refunding United States bonds.....	759
Regulations for redemption records.....	513
Regulations for reimbursement of circulation retirement account.....	416
Seal of office of Comptroller to be approved by.....	107
State-bank circulation, regulations for redemption of, to be prescribed by.....	706
Sureties on bond of Comptroller of Currency to be approved by.....	102
Sureties on bond of Deputy Comptroller to be approve by.....	103, 104
When silver dollars are coined, Treasury notes to be canceled, and silver certificates to be issued by.....	753
Withdrawal of circulation to be approved by.....	314
Sections of Revised Statutes, not included in the national-bank act, affecting national banks.....	700-770
Security for circulation ( <i>see</i> Bonds, United States), United States bonds as..	302, 303
Security for Government deposits.....	243
Security for loans:	
Personal.....	204
United States notes and national bank notes not to be used as.....	432
Semiannual return of circulation.....	446
Senate:	
Comptroller appointed by the President, by and with the advice of.....	101
Comptroller's report to be sent to.....	112
Shareholders:	
Agent of, to return to, assets of insolvent associations.....	522
Annual meeting.....	232
Appointment and qualification of agent of.....	522
Assessment for impairment of capital.....	430
Assets of insolvent association to be returned to, ratably after debts are paid.....	517
Consent of, necessary to extension.....	216
Conversion of State banks, requirements.....	245
Creditor's bill against.....	521
Directors, election or appointment of, by.....	204, 232
Dissenting to extension, may withdraw.....	219
Duties of agent of.....	522
Enforcement of assessment for impairment of capital stock.....	430
Enforcing payment by, of installments.....	227
Estates and funds with trustee liable for assessment.....	242
Extension of corporate existence.....	215, 216
Failure to pay installments.....	227
Impairment of capital, assessment.....	430
Increase of capital stock by.....	228, 229
Individual liability of.....	240
Liability, enforcement of, by receiver.....	515, 520
Liability of, who have transferred their shares.....	241
List of, to be kept and sent to Comptroller.....	439
List of, subject to inspection.....	439
Location, change of, by.....	211
Names, residences, and number of shares held by each in organization certificate.....	202
Personal liability of, in certain converted State banks.....	240
Provision for election by, when.....	238
Proxies, voting by.....	231
Qualifications of directors.....	233
Reduction of capital stock by.....	230
Rights, and liabilities of, on transfer of shares.....	225
Title and location of association, change of, by.....	211
Vote of, necessary to place association in liquidation.....	500
Voters, qualification of.....	231

Shares:	Paragraph.
Association not to own or hold its own, except.....	426
Capital stock number, and name of holders to be stated in organization certificate.....	202
Consent of owners of two-thirds, necessary to extension.....	216
Converted State bank to be the same as prior to conversion.....	245
Disposition of, taken for debt.....	426
Fifty per cent of aggregate value of, to be paid in prior to beginning business.....	226
Holding of, in other banks by converted banks authorized.....	245
Installments, payment, and certification of.....	226
List of owners of, to be kept and copy sent to Comptroller.....	439
Loan on security of, prohibited.....	426
Oath of director relative to.....	236
Owners of two-thirds may place association in liquidation.....	500
Organization certificate to state capital and number of.....	202
Personal property.....	225, 451
Preference in allotment of, in succeeding associations.....	219
Purchased or acquired.....	426
Qualifications of directors.....	233
Receiver may be appointed for failure to dispose of, taken.....	426, 515
Sale or forfeiture of, for failure to pay installments due.....	227
Sale of, when necessary.....	219, 426, 430
State taxation of.....	451
Transfer of.....	225
Value of, of shareholders dissenting to extension, how ascertained.....	219
Value, par, of each.....	225, 245
Voting.....	231
Signature on circulation:	
Not required for redemption of.....	417
President or vice president and cashier.....	324
Treasurer and Register, United States.....	324
Silver:	
Construed to be lawful money, when.....	342
Reserve of gold banks to gold and.....	342
Silver certificates:	
Clearing-house balances payable in.....	729
Denominations of.....	755
Issue of, in place of Treasury notes, when.....	753
Issue of, when.....	753, 755
Reserve of national banks may be.....	729
Silver coinage:	
Dollars.....	751, 753
Subsidiary.....	756, 757
Silver coins:	
Foreign, not legal tender.....	719
Philippine Islands, legal tender.....	719
United States, are legal tender.....	722, 723
Silver dollars to remain legal tender.....	722, 751
Solicitor of the Treasury, conduct of suits under direction and supervision of...	700
Special acts relating to national banks.....	803
Special agent. (See Agent.)	
Special customs deposits, certified checks receivable for, under certain conditions.....	770
Special examination for extension of charter.....	217
Special reports, authority for.....	440
Specie payments, no notes under \$5 to be issued after resumption of.....	329
Standard unit of value, gold dollar declared to be.....	749
State banks:	
Branches of, converted.....	246
Circulation of, when exempt from taxation.....	706
Conversion of.....	245
Examination (member banks).....	527
Penalty for failure to make return of tax on circulation.....	712
Penalty for unauthorized receipt of public money.....	738
Reports of, provided for.....	110

<b>State banks—Continued.</b>	<b>Paragraph.</b>
Return of taxable circulation.....	711
Shareholders' personal liability. exceptions.....	240
Shares of, converted.....	245
Statement of condition.....	110
Tax on circulation.....	705
Tax on circulation of converted.....	713
Tax on unauthorized circulation.....	708-710
<b>State courts. (See Comptroller; Suits.)</b>	
<b>State, Territory, or District:</b>	
Change of title or location of associations.....	211
Conversion of bank organized under authority of laws of.....	245
Interest, national banks not to take, etc., in excess of legal rate in.....	422
"National," use of the word in titles.....	530
Qualification of directors.....	233
Proceedings to enjoin Comptroller or receiver to be brought in district in which association is located.....	702
Taxation of circulation of State, etc., associations.....	705, 715
Taxation of money by.....	716, 717
Taxation of national banks by.....	451
Stationery, etc.....	108
Status not changed by extension of charter.....	218
Status of associations organized under the act of 1863.....	247
Statutory bad debts defined.....	429
<b>Stock:</b>	
Amount of capital, to be stated in organization certificate.....	202
Increase of capital.....	228
Of national banks may be held by converted State banks.....	245
Par value of.....	225
Payment and certification of.....	226
Purchased or acquired.....	430
Reduction of capital.....	230
Transfer of shares.....	225
<b>Stocks, United States, exempt from taxation.....</b>	<b>716</b>
<b>Stolen national-bank notes, redemption of.....</b>	<b>417</b>
<b>Subsidiary silver coinage.....</b>	<b>756, 757</b>
<b>Succession:</b>	
Expired associations.....	219
Period of, national banks.....	204
<b>Suits:</b>	
Against United States officers or agents.....	700
Certified copy of organization certificate evidence in.....	704
Circuit and district courts, jurisdiction of.....	214, 218, 701
Corporate powers of associations.....	204
Creditors' bill against shareholders.....	521
Crimes, jurisdiction, etc. (See Crimes.)	
District courts, jurisdiction of, to enjoin Comptroller.....	701
Enjoining Comptroller or receiver.....	518
Forfeiture of charter.....	526
Proceedings to enjoin Comptroller to be brought, where.....	702
Sealed certificate of Comptroller competent evidence.....	703
Shareholders' agent.....	522
Shareholders' liability, to enforce.....	515
Solicitor of the Treasury to direct and supervise certain.....	700
<b>Surplus:</b>	
Converted State banks with capital of \$5,000,000.....	240
Creation of.....	424
Loans, limit of, measured by capital and.....	425
<b>Surplus and dividends, provisions for surplus and payment of dividends.....</b>	<b>424</b>
<b>Surrender of bonds. (See Bonds, United States.)</b>	
<b>Suspension of business after refusal to pay circulation.....</b>	<b>509</b>

**T.**

	Paragraph.
Taking unauthorized impressions of tools, penalty for.....	744
<b>Tax:</b>	
Circulation—	
Enforcing payment of.....	448
Exempt from.....	706
Failure to make returns.....	447
Of converted State banks.....	713
Rate and time of payment.....	444
Refunding excess.....	449
Secured by Panama Canal bonds.....	303
Semiannual return of.....	446
Money of all kinds subject to, by States, etc.....	717
Notes, State banks, corporation, company, or persons.....	705-708, 710
Notes, State banks, corporation, company, or persons, failure to make returns.....	712
Notes, State banks, corporation, company, or persons, semiannual return..	711
Provisions restricted on circulation.....	714
Remission of, on insolvent national banks.....	450, 715
State taxation of national banks.....	451
<b>Taxation.</b> ( <i>See Tax.</i> )	
<b>Taxes:</b>	
Internal-revenue, on imports may be paid by certified checks.....	769
<b>Teller.</b> ( <i>See Officers.</i> )	
<b>Term:</b>	
Of office for directors.....	232
For which charter is issued.....	204
For which real estate may be held.....	224
<b>Territorial court.</b> ( <i>See Comptroller; Redemption; State, etc.</i> )	
<b>The national-bank act, authority for title.....</b>	<b>200</b>
<b>Time:</b>	
Allowed for transmission of reports of condition.....	440
Deposits defined.....	403
For payment of assessment for impairment of capital.....	430
For payment of tax on circulation.....	444
In which liquidating banks must deposit lawful money.....	502, 504
In which United States bonds may be refunded.....	315
<b>Title and location, change of, by national banks.....</b>	<b>211, 213, 803</b>
<b>Title of association to be approved by Comptroller of Currency.....</b>	<b>202</b>
<b>Transfer of bonds.....</b>	<b>306</b>
Association to be notified.....	308
Record of.....	307
<b>Transfer of shares of capital stock, effect of.....</b>	<b>241</b>
<b>Transfer of shares of stock.....</b>	<b>225</b>
<b>Transfers</b> ( <i>see Treasurer, United States; Bonds, United States</i> ), when void.....	529
<b>Transportation charges for redeemed circulation.....</b>	<b>414</b>
<b>Treasurer, United States:</b>	
Application to sell bonds to be filed with.....	315
Circulation of liquidating and insolvent banks, duty of.....	505, 506
Circulation, tax on, to be paid to.....	444
Circulation, withdrawal of, provisions for.....	314
Deposits of bonds with.....	302
Deposit of bonds with, to secure circulation.....	323
Deposit of lawful money with, by liquidating bank.....	502
Disposition of redemption account.....	416
Enforcing tax on circulation.....	448
Examination of bonds and records, provisions for.....	309, 310, 311
Federal Reserve Board to be furnished with list of applications to sell bonds.	316
Fine for failure to make reports to Comptroller to be retained by.....	443
Interest on bonds to be retained by, when.....	430, 448

Treasurer, United States—Continued.		Paragraph.
Lawful money to redeem circulation of extended banks to be deposited with.....		220
Proceedings on default in making return on circulation subject to duty....		448
Public moneys to be deposited with Assistant Treasurer, Government depositaries, or.....	730.	731
Purchase of property by receiver, approval to be filed with.....		524
Receiver to pay all money received to.....		515
Redemption—		
Fund to be kept with.....		414
Of circulation by.....		414
Of circulation in United States notes by.....		414
Semiannual return to, of circulation subject to duty.....		446
Signature of, on circulation.....		324
Tax, excess, refunding.....		449
Tax on circulation, to be paid to.....		444
Transfer of bonds in trust for associations to be made to.....		306
Treasury, extended banks to reimburse, cost of new plates.....		220
Treasury notes:		
Cancellation of.....	753,	756
Demand, legal tender.....		726
Interest-bearing.....		727
Issue of.....	318,	764
Redeemable in gold.....		750
Tax, exempt from.....		716
Treasury, United States ( <i>see also</i> Treasurer, United States):		
Association to reimburse, for cost of redemption of circulation and plates..		414
Currency Bureau in.....		100
Divisions of Issue and Redemption established.....		752
Notice to present circulation at.....		510
Penalty for failure of associations to report, to be paid into.....	443,	446
Redemption account, disposition of.....		416
Redemption fund, 5 per cent, in.....		414
Redemption of circulation at.....	312, 414, 505, 513,	514
Trial for violation of interlocking directorate act.....		235
Trust companies:		
Examinations (member).....		527
Trust, purchase of property by receiver to protect.....		523
Trustees:		
Not personally liable.....		242
Power of national banks to act as.....		208

## U.

	Paragraph.
Unauthorized deposit of public money, by disbursing officer.....	737
Unauthorized receipt or use of public money by banks, etc.....	738
Uncurrent notes, issue of, prohibited.....	431
Uncurrent subsidiary silver, recoinage of.....	757
Undivided profits not considered borrowed money.....	429
Unearned dividends prohibited.....	429
Unfit circulation, redemption of.....	414
United States ( <i>see also</i> Officers of the United States; Crimes, jurisdiction, etc.):	
Bonds. ( <i>See</i> Bonds.)	
Coins are legal tender.....	720-724
Courts of, may enjoin proceedings.....	518
Courts, jurisdiction of, not affected.....	214
Debt, deposits to redeem circulation to be reported monthly as.....	416
Deposits in Federal reserve banks.....	615
Deposits. ( <i>See</i> Government depositories.)	
Gain by failure to redeem notes by extended banks.....	220
Obligations, exempt from taxation.....	716
Obligation of, defined.....	739
Securities, penalty for counterfeiting or forging.....	740
Suits in which, is a party.....	700
United States disbursing officers:	
Fraudulent notes to be marked by.....	748
Penalty for unauthorized deposit of public money.....	737, 738
Withdrawal of public money.....	730
United States notes:	
Are legal tender.....	725
Circulation of banks redeemable in.....	414
Fraudulent, to be marked.....	748
Issue of.....	764
Obligations of United States defined.....	739
Penalty for:	
Dealing in counterfeit.....	746
Illegal use or possession of material for printing.....	745
Passing counterfeit.....	743
Pledging, etc.....	432
Taking or having unauthorized impressions of tools, etc.....	744, 745
Redeemable in gold.....	750
Subject to taxation by States, etc.....	717
Unit of value, gold dollar to be standard.....	749
Unpaid dividends not considered borrowed money.....	427
Unsigned national bank currency, redemption of.....	417
Using plates to print notes without authority.....	742
Use of circulation, restricted.....	428
Use of title "National" prohibited.....	530
Usury:	
Interest, when not.....	422
Penalty for.....	423

## V.

	Paragraph.
Vacancies, board of directors, filling.....	237
Value of capital stock of converted State banks, par.....	245
Value of capital stock, par.....	225
Vaults for Currency Bureau.....	108
Verification of report of condition.....	441
Vice president ( <i>see also</i> Officers):	
Bonds, United States, may sign transfer of.....	306
Circulation, may sign.....	324, 337
Election or appointment of.....	204
Proxy, not to act as.....	231
Violations of provisions of national-bank act, forfeiture of charter for.....	526
Visitatorial powers restricted.....	528
Visitatorial powers, limitation of.....	528
Void, illegal preference.....	529
Voluntary liquidation. ( <i>See</i> Liquidation.)	
Vote required:	
For change of title or location.....	211
For conversion of State bank.....	245
For increase.....	229
For liquidation.....	204, 500
For reduction.....	230
For shareholders' agent.....	522
For voluntary liquidation.....	500
To fix date of election.....	238
Voters, qualifications of shareholders at elections.....	231



**W.**

	Paragraph.
When receiver may be appointed.....	520
Where proceedings to enjoin Comptroller must be brought.....	702
Withdrawal:	
Bonds, general provisions respecting.....	311, 414
Circulation, provisions for.....	312, 313, 314, 414
Deposit and, of public moneys.....	730, 737
Dissenting shareholders.....	219
Expired associations, bonds of.....	221
Illegal preference of creditors.....	529
Liquidating associations, bonds of.....	504
Of reserve from Federal reserve bank.....	409
Reduction of capital.....	230
Unearned dividends.....	429
Worn-out circulation, destroying and replacing.....	339



# INDEX TO THE FEDERAL RESERVE ACT.

## A.

	Paragraph
Acceptance:	
Failure of national banks to signify.....	602e, 602f
Of terms of act.....	602b
Acceptances, bankers'.....	613b, 614
Acceptances rediscounted by Federal reserve banks.....	613b, 613c
Accommodation extended to member banks.....	604c
Accounts:	
Foreign.....	614
With other Federal reserve banks for exchange purposes.....	614
Acknowledgment of organization certificate of Federal reserve banks.....	604a
Act of March 14, 1900, parity provisions reaffirmed.....	626
Act of May 30, 1908, certain provisions extended, etc.....	627
Additional national-bank circulation.....	627
Tax rate changed.....	627a
Additional reserve and central reserve cities.....	611e
Administrators, national banks as.....	611k
Advancements extended to member banks.....	604c
Advisory council.....	612, 612a
Agencies, foreign.....	614
Agent, when bank may act as insurance agent or as broker in procuring loans on real estate.....	613c
Agent, Federal reserve.....	604f
Alaska.....	602, 619g
Reserve requirements for national banks in.....	619g
Aldrich-Vreeland Act, effect on.....	627
Amending section 5154, United States Revised Statutes.....	608
Amendment to section 5202, United States Revised Statutes, liability of national banks.....	613c
Amount of capital required for Federal reserve banks.....	602l
Amount of capital stock required to be subscribed to.....	602c
Amount:	
Of Federal reserve bank circulating notes not limited.....	618b
Of Federal reserve notes that may be issued.....	616a
Of gold notes that may be issued to Federal reserve banks.....	618c
Of redemption fund required for Federal reserve notes.....	616d
Of reserve required for Federal reserve notes.....	616b
Of reserve required to be held by—	
Banks elsewhere than in reserve cities.....	619a
Central reserve city banks.....	619c
Country banks.....	619a
Reserve city banks.....	619b
Of United States bonds that may be purchased by Federal reserve banks from member banks.....	618a
That may be loaned on farm lands.....	624
Annual report of Federal Reserve Board to House of Representatives.....	610g
Application for Federal reserve notes.....	616a
Application for Federal reserve notes subject to action of Federal Reserve Board.....	616e
Application for membership after organization of Federal reserve banks.....	605
Appointment of:	
Employees of Federal Reserve Board.....	611l
Examiners.....	621
Members of Federal Reserve Board.....	610

	Paragraph.
Appropriation:	
For expenses of organization committee.....	602n
For expenses of printing Federal reserve notes.....	616i
Assessments for examiners.....	621a
Assessment on Federal reserve banks:	
To pay cost of Federal reserve notes.....	616h
To pay salaries and expenses of board .....	610b, 611 l
Assistants to organization committee.....	602n
Attorneys not to receive fee or other consideration other than usual fee or salary.	622b
Authority of Reserve Bank Organization Committee.....	602a

**B.**

	Paragraph.
<b>Bank:</b>	
Balances, net, to or from to be used in reserve calculations.....	619f
Defined.....	601
Examinations.....	621-622, 625n
<b>Bank examiners:</b>	
Appointment of.....	621
Gratuities to, prohibited.....	622a.
Loans to, prohibited.....	622a.
Powers of.....	621
Salaries of.....	621a.
Secrecy enjoined of.....	622a.
Service to banks and their directors, officers, etc., restricted to official duties.....	622
Bankers' acceptances.....	613b-614
<b>Banks:</b>	
Eligible.....	602b, 608, 609 609d
May become national, how.....	608
Not in reserve cities. ( <i>See</i> Country banks )	
Outside continental United States.....	619g
Bad pieces for Federal reserve notes.....	616h
<b>Bills of exchange:</b>	
Acceptable by member banks.....	613b
Bought by Federal reserve banks from member banks.....	614
Foreign.....	614
Limit to liability of national banks not to include.....	613c
Open-market operations.....	614
Rediscounted by Federal reserve banks.....	613a-613c
Bills of State and subdivisions thereof dealt in by Federal reserve banks.....	614
Bills receivable, subject to rediscount.....	613a-613c
Board, held to mean Federal Reserve Board.....	601
Board of directors of Federal reserve bank ( <i>see also</i> Federal reserve bank, directors of).....	604c-604i
Certificate to be made by, when capital is increased or reduced.....	605d, 606
Bond, Federal reserve agent.....	611i
<b>Bonds, United States:</b>	
Dealt in by Federal reserve banks.....	614
Hypothecation of, by Federal reserve banks.....	614
National banks not required to deposit prior to commencement of business..	617
Purchase of, by Federal reserve banks.....	618a
Refunding.....	618-618c
To secure Federal reserve bank notes.....	604b
"Two's" exchange for 1-year gold notes and 30-year gold bonds.....	618c
Thirty-year 3 per cent gold, without circulating privileges.....	618c
In exchange for 1-year 3 per cent Treasury notes.....	618d
<b>Branch:</b>	
Federal reserve banks.....	603
National banks—	
Foreign.....	625
In dependencies.....	625
<b>By-laws of Federal reserve banks.....</b>	<b>604b</b>

## C.

	Paragraph.
Cable transfers, purchase and sale of, in open market.....	614
Cancellation of Federal reserve notes.....	616c
Capital, amount required to enable State bank to become member bank.....	609f
Capital stock of Federal reserve banks:	
Allotment of.....	602c, 604a
Cancellation and redemption of.....	605e, 606
Dividends.....	607
Hypothecation of, prohibited when owned by member bank.....	605a
Increase and decrease of.....	605-606
Liability of holders.....	602d, 606
Maximum amount permitted to be held by any one individual or corporation.....	602h
Minimum amount of, before organization.....	602 l
Net earning, apportionment of.....	607
Payment for.....	602c, 602g, 609
Shares of \$100 each.....	605
Subscriptions to—	
After organization of Federal reserve banks.....	605b
By banks.....	602c, 604, 619g
By public.....	602g, 602h
By State banks.....	604, 609, 609a
By trust companies.....	604, 609, 609a
By trust companies in District of Columbia.....	604, 602b, 602c
By United States.....	602i
Transfer of.....	602h, 602k, 605a
Voting power of, limited.....	602j
Cash reserve required:	
Banks elsewhere than in reserve cities.....	619a
Central reserve city banks.....	619c
Reserve city banks.....	619b
Central reserve cities.....	602 m
Cash reserve required.....	619c
Number may be increased or decreased.....	611e
Reserve board to control.....	611e
Status of.....	602 m
Certificate of:	
Increase of capital of Federal reserve banks.....	605d
Organization of Federal reserve banks.....	604a
Reduction of capital of Federal reserve banks.....	606
Certificates of deposit as time deposits.....	619
Chairman of board of directors of Federal reserve banks.....	604d, 604f
Changing collateral for Federal reserve notes.....	616g
Charter forfeited by national banks not accepting terms of this act.....	602f
Charter of Federal reserve banks to be for 20 years.....	604b
Checks receivable at par by Federal reserve banks, when.....	616j
Circulating notes of:	
Federal reserve banks, issue of.....	618b
Member banks, retirement of.....	618, 618a
Circulation ( <i>see</i> Federal reserve bank notes and Federal reserve notes):	
Federal reserve notes.....	616, 616a
Limit to liability of national banks not to include.....	613c
Civil service, President may place employees of Federal Reserve Board under..	611l
Class A directors.....	604d, 604e
Class B directors.....	604d, 604e
Class C directors.....	604d, 604i
Clearing house for Federal reserve banks and member banks.....	616l
Collateral for Federal reserve notes.....	616a
Substitution of.....	616g

	Paragraph.
Collection charges.....	616k
Collateral, limit to liability of national banks not to include.....	613c
Commercial paper:	
Eligible for rediscount.....	613a
Foreign.....	614
Purchase and sale of.....	614
Security for Federal reserve notes.....	616a
Comptroller of the Currency:	
Duties performed under direction of the Secretary of the Treasury.....	610h
Duties when Federal reserve districts have been established.....	604
Examination of member banks.....	621
Examiners' salaries, recommended by.....	621a
Examiners' reports to.....	621
Expense of examination, assessed by.....	621a
Federal reserve notes, issued by.....	611d
Federal reserve notes, unfit for circulation, to be returned to.....	616c
May permit examiners to disclose information in regard to member banks.....	622b
Member of Federal Reserve Board.....	610
Member of Reserve Bank Organization Committee.....	602
National-bank examiners appointed by.....	621
Organization certificate of Federal reserve banks to be filed with.....	604a
Plates, dies, etc., for Federal reserve notes under supervision and control of.....	616h
Powers of.....	610h
Salary of.....	610
Suits against national banks not complying with terms of this act.....	602f
Congressman not allowed to be member of Federal Reserve Board or officer or director.....	604d
Congress, visitatorial powers of.....	621b
Contracts, powers of Federal reserve banks to make.....	604b
Conversion of State banks.....	608
Corporate seal, Federal reserve banks.....	604b
Correspondents, foreign.....	614
Council, Federal advisory.....	612, 612a
Country banks:	
Cash reserve required.....	619a
Distribution of reserve.....	619a
Reserve requirements for.....	619a
Reserve required to be held with Federal reserve bank.....	619a
Reserve that may be held with bank in reserve or central reserve city.....	619a
County bonds, etc., dealt in by Federal reserve banks.....	614
Currency act of Mar. 14, 1900, parity provisions reaffirmed.....	626
Currency associations.....	627
Customs, Federal reserve notes receivable for.....	616

## D.

	Paragraph.
Daily report by Federal reserve agent of Federal reserve notes.....	616a
Definitions.....	601
Demand and time deposits.....	619
Demand deposits defined.....	619
Dependencies:	
Branches of national banks in.....	625
National banks in.....	619g
Depositories.....	615
Deposits:	
In Federal reserve banks.....	613, 614, 615
Reserves against.....	616b
In member banks, reserves against.....	619, 619f
Limit to liability of national banks not to include.....	613c
Of Government funds.....	613, 615
Secretary of Treasury to receive deposits of gold coin or gold certificates tendered by Federal reserve bank or agent.....	616m
Various kinds defined.....	619
With Federal reserve agent of Federal reserve notes, gold, etc., by Federal reserve banks.....	616f, 616g
With nonmember banks, limited.....	619d
Denomination of gold notes issuable to Federal reserve banks.....	618c
Deputy Federal reserve agent.....	604f
Description of Federal reserve notes.....	616c, 616h
Destruction of Federal reserve notes.....	616c
Dies, etc., for Federal reserve notes.....	616h
Directors ( <i>see</i> Federal reserve banks, directors of):	
Branch Federal reserve banks.....	603
Liability for violation of this act by national banks.....	602f
Not to receive fee or other considerations for loan.....	622c
Of Federal reserve banks, suspension or removal of.....	611f
Discount rates:	
Established.....	614
Increased by tax on deficiency in reserve requirements.....	611c
Recommendations by council.....	612a
Discounts:	
By Federal reserve banks.....	613a
Extended to member banks.....	604c
Disolution of:	
Federal reserve bank.....	604b, 607
National member banks.....	602f
Distribution of reserve:	
Banks elsewhere than in reserve city.....	619a
Central reserve city, banks in.....	619c
Reserve city, banks in.....	619b
District:	
Bonds, etc., dealt in by Federal reserve banks.....	614
Certificates showing geographical lines of Federal reserve.....	604
Held to member Federal reserve district.....	601
District of Columbia, trust companies in, eligible.....	602b
Dividends:	
Of Federal reserve banks.....	607
Prohibited when reserve is short.....	619e
Unpaid, limit to liability of national banks not to include.....	613c
Doubtful assets of Federal reserve banks, written off.....	611g
Drafts:	
Limit to liability to national banks, not to include.....	613c
Receivable at par by Federal reserve banks, when.....	616j
Rediscounted by Federal reserve banks.....	613a
in by Federal reserve banks.....	614
Drainage, bonds, etc., dealt	
Duties:	
Of Federal advisory council.....	612
Of Reserve Bank Organization Committee.....	602
Interest rate of paid directors.....	622e
Securities, purchase of and sale to directors.....	622e



## E.

	Paragraph
Earnings, division of.....	607
Election of directors of Class A and Class B.....	604e
Eligible banks.....	602b, 608, 609-609d
Employees not to receive fee or other consideration other than usual salary....	622c
Employees not to receive a greater rate of interest than other depositors.....	622e
Employees of Federal reserve banks.....	604b
Employees of Federal Reserve Board.....	611l
Estimate of reserve requirements.....	619f
Examiners:	
Appointment of.....	621
Examiner, member bank not to make loan or grant any gratuity to.....	622a
Examiner not to perform any service for compensation for any bank or officer.....	622b
Examiner not to disclose names of borrowers or collateral without first obtaining written consent of Comptroller.....	622b
Powers of.....	621
Qualifications of.....	621
Reports of.....	621
Salaries of.....	621a
Examinations:	
Assessments for.....	621a
Bank.....	621-622, 625
Examiners to make.....	621
Expense of.....	621a
Federal reserve banks.....	621c
Member banks.....	621, 621b
National banks.....	621
Number to be made.....	621
Of foreign branches of national banks.....	625
Of plates, dies, bed pieces, etc.. of Federal reserve notes.....	616h
Qualifications of examiners.....	621
State bank and trust companies.....	621
Exceptions to limit to liability of national banks.....	613c
Exchange, account with other Federal reserve banks for purposes of.....	614
Exchange charges.....	616k, 616l
Exchange of certain United States bonds for gold notes.....	618d
Executive officers of Federal Reserve Board.....	610
Executors, national banks as.....	611k
Exempt from taxes except real estate.....	607a
Exempt from taxes, gold notes issued in exchange for gold bonds.....	618c
Expenses:	
For Federal reserve notes.....	616h, 616i
Of examiners.....	621a
Of Federal advisory council.....	612
Of Federal Reserve Board.....	610b
Exports, acceptances on, eligible as discounts by Federal reserve and member banks.....	613b
Extension of additional currency act to June 30, 1915.....	627

## F.

	Paragraph.
Failure to accept terms of this act.....	602e, 602f
Failure to make report, penalty .....	609c-609d
Farm lands, loans on.....	624
Federal advisory council.....	612, 612a
Federal reserve agent.....	604f
Bond required of.....	611i
Daily report on issue and withdrawal of Federal reserve notes.....	616a
Deposits with, of Federal reserve notes, gold, etc., by Federal reserve banks.....	616f, 616g
Deputy.....	604f
Federal reserve notes issued to Federal reserve banks through.....	616
Federal reserve notes, applications for, made to.....	616a
Gold coin or gold certificates to be received as deposits by Secretary of Treasury when tendered by Federal reserve bank or agent .....	616m
Information concerning member banks to be furnished Federal Reserve Board by.....	621b
Powers of, second to those of Secretary of Treasury.....	610f
Salary of.....	604f
Special examination of member banks to be approved by.....	621b
Federal reserve banks.....	602a
Acceptances, purchase and sale of, in open market.....	614
Rediscount of.....	613b, 613c
Account with other Federal reserve banks.....	613, 614, 616l
Advances to, by means of Federal reserve notes.....	616
Amount of capital stock to be subscribed to.....	602c
Application for Federal reserve notes subject to action of Federal Reserve Board.....	616e
Bankers' acceptances, purchase and sale of, in open market.....	614
Bills of exchange—	
Purchase and sale of.....	614
Purchase from member banks.....	614
Bills of State and political subdivision thereof dealt in.....	614
Branches.....	603
Foreign connections.....	614
By-laws.....	604b
Cable transfers, purchase and sale of.....	614
Capital stock of.....	602l
Certificate of organization.....	604
Charter, term of.....	604b
Checks received at par, when.....	616j
Circulating notes, issue of.....	618b
Circulating notes, redemption of.....	618b
Clearing-house provisions.....	616l
Collateral deposited with Federal reserve agent for Federal reserve notes..	616a
Increasing, to reduce liability for notes.....	616f
Substitution of.....	616g
Withdrawal of.....	616g
Collection charges.....	616b, 616l
Commercial paper—	
Purchase and sale of.....	614
Rediscount of.....	613a-613c
Security for Federal reserve notes.....	616a, 616f, 616g
Contracts, power to make.....	604b
Corporate body.....	604b
Powers of.....	604b
Council, recommendations by.....	612a
Depository, Government.....	613, 615

Federal reserve banks—Continued.

	Paragraph.
Deposits—	
Defined and classified.....	619
From member banks.....	613, 616j
From or in other Federal reserve banks.....	613, 614, 616j
From the United States.....	613, 615
Reserves against.....	616b
With Federal reserve agent of Federal reserve notes, gold, etc. . .	616f, 616g
Directors.....	604c-604i
Chairman of (Federal reserve agent).....	604d, 604f
Bond required of.....	611i
Chosen, how.....	604d, 604e, 604f
Classification of.....	604d
Compensation of.....	604g
Duties of.....	604c
Extension of discount, advancement and accommodations by.....	604c
Number and classification of.....	604d
Qualifications of.....	604d
Removal of.....	611f
Suspension of.....	611f
Term of.....	604d, 604i
Vacancies.....	604i
Discount rates to be established.....	611c, 614
Discount by Federal reserve bank of paper secured by United States bonds issued since April 24, 1917.....	611m
Dissolution of.....	604b, 607
Dividends of.....	607
Doubtful assets of, to be written off.....	611g
Drafts, received at par, when.....	616j
Earnings, divisions of.....	607
Employees.....	604b
Establishment of, to be officially announced by Secretary of Treasury....	619
Examination of.....	621c
Examination of member banks by.....	621b
Exchange charges.....	616k
Exempt from taxes.....	607a
Expense of Federal Reserve Board to be paid by.....	610b
Federal reserve notes. ( <i>See</i> Federal reserve notes.)	
Fiscal agent of the United States.....	615
Foreign connections.....	614
Franchise tax.....	607
Gold bond, 30-year 3 per cent without circulating privilege.....	618c, 618d
Under same general terms as United States threes without circulating privilege now issued.....	618c
Gold coin or gold certificates to be received as deposits by Secretary of Treasury when rendered by Federal reserve bank or agent.....	616m
Gold loans, made of, and contracted for.....	614
Gold, purchase and sale of.....	612a, 614
Gold notes, 1-year 3 per cent without circulating privilege.....	618c, 618d
Exempt from taxes.....	618c
Government deposits.....	613, 615
Hypothecation of United States bonds for gold loans.....	614
Individual liability of shareholders.....	602d
Liquidation of.....	607, 611h
Loans made of, and contracted for.....	614
Municipal securities dealt in.....	614
National banks must become shareholders of.....	602b, 602e, 602f
Net earnings of, apportionment of.....	607
Notes of ( <i>see</i> Federal reserve notes).....	604b, 611d
Notes of State and political subdivisions thereof dealt in.....	614
Officers and employees.....	604b
Officers of, may be removed or suspended.....	611f
Open-market operations.....	614
Organization of.....	602a, 604a, 604h
Official announcement of, by Secretary of Treasury.....	619
Powers of.....	604b, 613-614

Federal reserve banks—Continued.	Paragraph.
Purchase of United States bonds from member banks.....	618a
Redemption fund.....	616c-616d, 616f
Rediscount—	
Of acceptances.....	613b
Of bills receivable.....	613a
Of notes, drafts, and bills of exchange.....	613a
Of paper of other Federal reserve banks.....	611b
Recommendations by council.....	612a
Regulations by board.....	611b, 613c
Refunding United States bonds held by member banks.....	618-618b
Reorganization of.....	611h
Reserve required to be held with—	
By banks elsewhere than in reserve cities.....	619a
By central reserve cities.....	619c
By reserve city banks.....	619b
Reserve requirements for Federal reserve notes.....	616b, 616d
May be suspended by board.....	611c
Tax on deficiency in.....	611c
Reserve, withdrawal of, by member banks.....	619e
Reserves—	
Against deposits.....	616b
Against Federal reserve notes.....	616b, 616d
Of member banks.....	619-619g
Revenue bonds of State and political subdivisions, dealt in.....	614
Safeguarding bonds, notes, collateral, funds, etc.....	611i
Salaries and expenses of board paid by.....	610b, 611e
Seal, corporate.....	604b
Senators, Representatives, prohibited from being directors of.....	604d
Special examinations of member banks may be ordered by.....	621b
State banks may become members.....	609-609d
State bills, notes, bonds, and warrants dealt in.....	614
Statement of condition to be published weekly by board.....	611a
Stockholders of, responsibility and liability of.....	602d, 606
Stock of. (See Capital stock.)	
Succession of.....	604b
Suits, by or against.....	604b
Supervision of, by board.....	611a-611j
Surplus funds.....	607
Suspension of.....	611h
Taxes, free from, except on real estate.....	607a
Transfer of funds among, and charges therefor.....	616k
United States bonds—	
. Dealt in.....	614
Hypothecated for gold loans.....	614
United States bonds of member banks purchased by.....	618a, 618b
United States deposits.....	613, 615
Warrants of State and political subdivisions thereof dealt in.....	614
Worthless assets to be written off.....	611g
Federal Reserve Board:	
Admission of banks other than national.....	609-609d
Annual report of.....	610g
Application for Federal reserve notes may be granted or rejected by.....	616e
Approval of, required for issue of bonds in exchange for 1-year gold notes....	618c
Authorized to review decisions of Reserve Bank Organization Committee.....	602
Chairman of.....	610c
Class C directors designated by.....	604d, 604f
Clearing house—	
For reserve banks, designation by.....	616l
For member banks, designation by.....	616l
Creation of.....	610
Directors of Federal reserve banks may be suspended or removed by.....	611f
Discounts by Federal reserve banks, character to be determined by.....	613a
Discount rates subject to approval of.....	614
Doubtful or worthless assets of Federal reserve banks to be ordered written off books of Federal reserve banks.....	611g

## Federal Reserve Board—Continued.

	Paragraph.
Employees of, not in classified service.....	611l
Examinations of Federal reserve banks and member banks.....	611a
Examinations ordered by.....	621-621c
Examiners' salary fixed by.....	621a
Expenses of, how paid.....	610b, 611e
Extension of discounts etc., by directors, subject to orders of.....	604c
Federal advisory council, expenses to be approved by.....	612
Federal reserve banks may be required to purchase United States bonds by.....	618a, 618b
Federal reserve notes issued under the supervision of.....	610h
Federal reserve notes issued and retirement regulated by.....	611d
Foreign branches of national banks.....	625
Foreign business to be approved by.....	614
Governor of.....	610a
Information concerning Federal reserve banks to be furnished to, by Federal reserve agent.....	621b
Issue of Federal reserve notes regulated by.....	616, 616a
Interest on rediscounts to be fixed by.....	611b
Making farm loans.....	624
Meetings of.....	610c
Members of.....	610
Conditions precedent on.....	610, 610d
Oath of office.....	610, 610d
Qualifications of.....	610a
Removal of, by President.....	610
Restriction on, during and after term of office.....	610, 610d
Salaries of.....	610
Term of.....	610
National banks to act as trustee, etc., by permission of.....	611k
Offices.....	610a
Open-market operation operated by.....	614
Permission for member banks to secure discounts for nonmember banks may be granted by.....	619d
Powers of.....	611-611e
Powers secondary to those of Secretary of Treasury, when.....	610f
Power to add to list of cities prohibited from making farm loans.....	624
Purchase of United States bonds by Federal reserve banks on order of.....	618a
Redemption fund for Federal reserve notes to be required by.....	616d
Rediscounting of paper of Federal reserve banks by other Federal reserve banks.....	611b
Report of, to House of Representatives.....	610g
Safeguarding assets of Federal reserve banks by.....	611i
Special examination of member banks to be approved by.....	621b
Substitution of collateral for Federal reserve notes to be regulated by.....	616g
Suits against national banks not complying with terms of this act.....	602f
Suspension of reserve requirements by.....	611c
Transfer of public stock in Federal reserve banks to be regulated by.....	602k
Vacancies.....	610e
Vice governor.....	610a
Violations of act, of Federal reserve banks, duty of.....	611h
Federal reserve cities.....	602, 604
Federal reserve banks therein.....	602a
Federal reserve districts.....	602, 604
Designation by number.....	602
Farm land loans confined to.....	624
How apportioned.....	602
Increase in number of.....	602
Readjustment of.....	602
Federal reserve notes (obligations of United States):	
Acceptable for.....	616
Application for.....	611b, 616a, 616e
Authorization of.....	616
Cancellation and destruction of.....	616c
Character of.....	616c, 616h
Collateral for.....	616a
Cost of making, etc.....	616h, 616i

	Paragraph.
Federal reserve notes (obligations of United States)—Continued.	
Daily report of issue and withdrawal of . . . . .	616a
Denominations of . . . . .	616h
Deposit by bank of issue with Federal reserve agent . . . . .	616f
Description of . . . . .	616c, 616h
Destruction of . . . . .	616c
Examination of plates, dies, etc. . . . .	616h
Expense for making, issue, and redemption paid by Federal reserve banks . . . . .	616h, 616i
Form of . . . . .	616h
Held for distribution, where . . . . .	616h
Identification marks on . . . . .	616c, 616h
Interest paid to United States on account of . . . . .	616e
Issue and retirement of, regulated by board . . . . .	611d, 616
Liability for, may be reduced . . . . .	616f
Lien on assets . . . . .	616e
Paper for . . . . .	616i
Penalty for paying out, by Federal reserve bank, other than bank of issue . . . . .	616c
Plates, dies, paper, etc. . . . .	616h, 616i
Printing of . . . . .	616h, 616i
Purpose of . . . . .	616
Receivable for . . . . .	616
Received by Federal reserve bank other than bank of issue . . . . .	616c
Recommendations concerning, by council . . . . .	612a
Redeemed in gold on demand . . . . .	616
Redemption fund . . . . .	616c, 616d, 616f
Redemption of . . . . .	616, 616c, 616f
Reduction of, liability for . . . . .	616f
Reissue of notes deposited with Federal reserve agent . . . . .	616f
Reserves against . . . . .	616b, 616d
Return to bank of issue . . . . .	616c
Securities for . . . . .	616a, 616b
Substitution of collateral for . . . . .	616g
Supervision of . . . . .	611d
Federal reserve notes (circulating, obligations of Federal reserve banks) . . . . .	604b
For United States bonds purchased of member banks by Federal reserve banks . . . . .	604b, 618b
For United States bonds with circulation privilege against which no circulation is outstanding . . . . .	604b, 618b
Issued and redeemed as national-bank notes . . . . .	604b, 618b
Fiscal agent of United States:	
Federal reserve banks as . . . . .	615
In foreign countries, dependencies . . . . .	625
Five per cent redemption fund not counted as reserve . . . . .	620
Foreign acceptances . . . . .	614
Foreign agencies of Federal reserve banks . . . . .	614
Foreign branches of national banks . . . . .	625
Foreign correspondents . . . . .	614
Forfeiture of charter by national banks for not accepting terms of this act . . . . .	602f
Franchise tax on Federal reserve banks . . . . .	607

## G.

	Paragraph
General fund of United States may be deposited in Federal reserve banks. . . .	615
General fund of United States Treasury may be deposited in Federal reserve banks. . . . .	615
General repealing clause. . . . .	626
General supervision of Federal reserve banks by board. . . . .	611j
Gold bonds, 30-year 3 per cent, without circulation privilege. . . . .	618c
Under same conditions as United States 3 per cent without circulation privilege now issued. . . . .	618c
Gold deposits for reduction of Federal reserve notes. . . . .	616f
Gold loans by Federal reserve banks. . . . .	614
Gold notes, 3 per cent, 1 year, without circulation privilege. . . . .	618c
Exempt from taxes. . . . .	618c
May be exchanged for 30-year 3 per cent gold bonds. . . . .	618c, 618d
Gold, purchase and sale of, by Federal reserve banks. . . . .	612a, 614
Gold, redemption fund for Federal reserve notes to be in. . . . .	616d
Gold reserve required for Federal reserve notes. . . . .	616b
Government deposits. . . . .	613, 615
Government funds to be deposited, where. . . . .	615
Governor of Federal Reserve Board. . . . .	610a
Granting of application for Federal reserve notes. . . . .	616e
Gratuities to bank examiners prohibited. . . . .	622a

## H.

	Paragraph.
Hawaii, reserve requirements, etc., for national banks in. . . . .	619g
House of Representatives, annual report of Federal Reserve Board to. . . . .	610g
Hypothecation:	
Of Federal reserve bank stock by member banks prohibited. . . . .	605a
Of United States bonds by Federal reserve banks for gold loans. . . . .	614

## I.

	Paragraph.
Imports, acceptances on, eligible as discounts by Federal reserve and member banks.....	613b
Incidental powers necessary to comply with this act.....	604b
Income from Federal reserve bank exempt from taxation.....	607a
Increase of capital of Federal reserve banks.....	605-605d
Individual liability of shareholders.....	602d
Individual liability of stockholders of national banks.....	623
Information concerning member banks to be furnished Federal Reserve Board by Federal reserve agent.....	621b
Information, examiners not to disclose.....	622b
Insolvent member banks.....	606
Interest rate for rediscount fixed by board.....	611b, 613c
Interest rate increased by tax on deficiency in reserve requirements.....	611c
Interest rates on Federal reserve notes.....	616e
Invalidating clause.....	629
Investment securities not eligible for discount by Federal reserve banks.....	613a
Irrigation bonds, etc., dealt in by Federal reserve banks.....	614
Issue of circulating notes by Federal reserve banks.....	618b
Issue of Federal reserve notes.....	616, 616a
Issue of gold notes of United States in exchange for certain United States bonds.....	618d



**L.**

	Paragraph.
Lawful money deposits for reduction of liability for Federal reserve notes.....	616b
Liabilities, rights and powers of State banks when member banks.....	609g
Liabilities incurred under the provisions of this act.....	613c
Liabilities of national banks.....	613c
Liability for Federal reserve notes, reduction of.....	616f
Liability of director of national banks violating this act.....	602f
Liability of stockholders:	
Of Federal reserve banks.....	602d, 606
Of national banks.....	623
Lien on assets amount of Federal reserve notes first.....	616e
Limitations, none on amount of Federal reserve bank notes.....	604b
Limit not placed on amount of Federal reserve bank circulating notes.....	618b
Limit to amount of acceptance on imports and exports.....	613b
By Federal reserve banks.....	613b
By member banks.....	613b
Limit to amount of gold notes issuable to Federal reserve banks.....	618c
Limit to amount of public stock in Federal reserve bank held by one individual, etc.....	602h
Limit to amount of United States bonds that Federal reserve banks may pur- chase from member banks.....	618a
Limit to maturity of discounts by Federal reserve banks.....	613a, 613b
Liquidating of member banks.....	605e
Liquidating of Federal reserve banks.....	607, 611h
Loans of gold by Federal reserve banks.....	614
Loans on farm lands.....	624
Loans prohibited when reserve is short.....	619e
Loans to bank examiners prohibited.....	622a
Loan, no officer, director, or employee to receive a commission for any loan...	622c

**M.**

	Paragraph.
Manager branch Federal reserve banks.....	603
Market operations open.....	614
Maturity of discounts of Federal reserve banks limited.....	613a, 613b
Maximum amount of public stock in Federal reserve bank held by one individual, etc.....	602h
Meetings of Federal reserve council.....	612
Member banks ( <i>see also</i> National banks).....	601, 602b, 608, 609
Acceptance rediscounted by Federal reserve bank.....	613b
Acting as agent for nonmember banks, restrictions.....	619d
Alaska.....	602, 619g
Application for membership as, after organization of Federal reserve bank.....	605c
Balances in Federal reserve banks, considered as reserve.....	619f
Bills of exchange—	
Acceptable.....	613b
Rediscounted by Federal reserve banks.....	613a, 613b
Sold to Federal reserve banks.....	614
Capital, amount required of State bank to become member bank.....	609f
Collection charges.....	618a
Depositories of United State.....	615
Deposits in Federal reserve bank.....	613
Deposits, reserves against.....	619-619b
Deposits with nonmember bank.....	619d
Directors not to accept fees for loans.....	622c
Dividends are not to be paid when reserves are below requirements.....	619e
Drafts—	
Acceptable.....	613b
Rediscounted by Federal reserve banks.....	613a, 613b
Examiners.....	621
Examinations of.....	621b
Examinations of Federal reserve banks on request of 10 member banks.....	621c
Exchange charges.....	616k
Hypothecation of stock of Federal reserve banks prohibited.....	605a
Individual liability of.....	602d
Insolvency of.....	606
Insurance agent, when may act as.....	613c
Limit to deposits that may be kept with nonmember banks.....	619d
Liquidation of.....	605e
Loans and gratuities to bank examiners prohibited.....	622a
Loans may not be made when reserves are below requirements.....	619e
Loans on real estate.....	624
National banks ( <i>see</i> National banks).....	602c-602f
Notes rediscounted by Federal reserve banks.....	613a, 613b
Officers and employees not to accept fees, etc.....	622c
Outside continental United States.....	619g
Prohibited from securing discounts from Federal reserve banks for nonmember banks.....	619d
Provisions for national banks outside continental United States to become..	619g
Real estate, when bank may act as broker in procuring loans on.....	613c
Refunding United States bonds securing circulation.....	618, 618a

	Paragraph.
Report of condition by.....	609c
Report of earnings and dividends by.....	609c
Reserve requirements.....	611m, 619-620
Reserve, withdrawal of, from Federal reserve banks.....	619e
Reserves.....	619-619f
Against deposits.....	619-619f
Balances in Federal reserve banks considered as.....	619f
Banks in central reserve cities.....	619c
Banks in reserve cities.....	619b
Banks not in central reserve or reserve cities.....	619a
Checking against, in Federal reserve banks.....	619e
Net balance due to and from other banks considered in estimating.....	619f
State banks as.....	609
Withdrawal from Federal reserve bank.....	609e
Deposits with nonmember banks.....	619d
Examinations of.....	621
Member banks, rights, powers, and liabilities of.....	609g
Stock in Federal reserve banks.....	602c, 604
	605
Transfer of stock in Federal reserve banks.....	602k, 605a
Trust companies as.....	609
Deposits with nonmember banks.....	619d
Examinations of.....	621
Withdrawal from Federal reserve bank.....	609e
Trust companies in District of Columbia.....	602b
Members, Federal advisory council.....	612
Minimum amount of capital of Federal reserve banks.....	602l
Mints, Federal reserve notes may be deposited in.....	616h
Mortgages on farm lands.....	624
Municipal securities dealt in by Federal reserve banks.....	614

## N.

	Paragraph.
<b>National banking associations:</b>	
Defined.....	601
Examiners of.....	621
Reserve requirements.....	619
Reserve requirements outside continental United States.....	619g
<b>National-bank examiners (see also Examiners):</b>	
Prohibited from performing other services for banks, etc.....	622b
Prohibited from receiving loans or gratuities from member banks.....	622a
<b>National banks (see also Member banks)</b> .....	601
Administrators.....	611k
Alaska.....	602, 619g
Branches in foreign countries and dependencies.....	625
Capital stock—	
Decrease of.....	605d, 606
Increase of.....	628
.....	605a, 605d
Charter bonds no longer required.....	617
Circulation—	
Act of May 30, 1908, extended.....	627
Retirement of.....	618
Tax rate for certain circulating notes changed.....	627a
Commencing business, provisions for deposit of United States bonds with	
Treasury repealed.....	617
Dependencies.....	619g
Deposits, time, and interest thereon.....	624
Directors' liability.....	602f
Dissolution for failure to enter system.....	602f
Executors.....	611k
Foreign branches.....	625
Hypothecation of stock in Federal reserve banks.....	605a
Liability of.....	613c
Loans on farm lands.....	624
Mortgages on farm lands.....	624
Must become member banks.....	602b, 602e
Notes of—	
Liability for cost of, unaffected.....	616i
May be retired.....	618, 618a
Other banks may become.....	608
Outside continental United States.....	619g
Penalty for failure to enter system.....	602e, 602f
Philippine Islands.....	619g
Redemption fund for notes not counted as reserve.....	620
Refunding bonds.....	618, 618a
Registrar of stocks and bonds.....	611k
Required to become member banks.....	602b, 602e
.....	602f
Retirement of circulating notes.....	618, 618a
State banks may convert to.....	608
Stock in Federal reserve bank.....	602c, 604
.....	605
Stockholders, responsibility and liability.....	602f, 623
Surplus, increase or decrease of.....	605
Time deposits and interest thereon.....	624
Transfer of stock in Federal reserve banks.....	602k, 605a
Trustees.....	611k
<b>National currency association</b> .....	627

Nonmember banks:	Paragraph.
Alaska.....	619g
Amount of deposits that may be kept with nonmember banks restricted....	619d
Deposits with.....	619d
Discounts from Federal reserve banks not allowed through member banks..	619d
Member banks may not act as agents for, in applying for or receiving dis- counts from Federal reserve banks.....	619d
Outside continental United States.....	619g
Nonmember national banks, reserve requirements.....	619g
Notes:	
Federal reserve. ( <i>See</i> Federal reserve notes.)	
Of State or political subdivisions thereof dealt in by Federal reserve banks.	614
Rediscounted by Federal reserve banks.....	613a, 613b
Treasury, 1-year 3 per cent, coupon or registered.....	618c
Exempt from taxes.....	618c
May be changed for 30-year 3 per cent gold bonds.....	618c, 618d
Number of examinations to be made.....	621
Number of Federal reserve cities.....	602

## O.

	Paragraph.
Obligation of Federal reserve banks to purchase gold notes.....	618c
Obligations of Federal reserve banks, circulating notes are.....	618b
Obligations of United States, Federal reserve notes.....	616
Officers and employees of Federal reserve banks.....	604b
Officers not to receive fee or other consideration for loan.....	622c
Officers, rate of interest paid on deposits.....	622e
Officers of Federal reserve banks, suspension or removal of.....	611f
Open-market operations.....	614
Recommendations by council.....	612a
Organization certificate of Federal reserve banks.....	604a
Organization committee. ( <i>See</i> Reserve Bank Organization Committee.)	
Other reserve cities. ( <i>See</i> Reserve cities.)	

P.

	Paragraph.
Panama, reserve requirements, etc., for national banks in.....	619g
Paper for Federal reserve notes.....	616i
Parity maintained.....	626
Par, when checks and drafts receivable by Federal reserve banks at.....	616j
Payment of expenses of organization committee.....	602n
Payments of capital stock subscriptions.....	602c
Penalties:	
Acceptance of fees, etc., by directors, officers, and employees of member banks.....	622c
Divulging information by bank examiners.....	622b
Failure to make report.....	609c, 609d
Gratuities to bank examiners.....	622a
Loans to bank examiners.....	622a
Member banks not national banks for failure to comply with conditions, etc.....	609c, 609d
National banks failing to comply with provisions of this act.....	602e, 602f
Paying out Federal reserve notes by Federal reserve banks other than bank of issue.....	616c
Reserve shortage.....	619e
Violation of section 22, Federal reserve act.....	622f
Violations of act by Federal reserve banks.....	611h
Period for which Federal reserve bank charter is issued.....	604b
Philippine Islands:	
Bank in, may not become member bank.....	619g
Public funds in United States to be deposited in member banks.....	615
Reserve requirements for national banks in.....	619g
Plates, dies, etc., for Federal reserve notes.....	616h
Political subdivisions, bonds, etc., dealt in by Federal reserve banks.....	614
Porto Rico, reserve requirements, etc., for national banks in.....	619g
Postal savings funds to be deposited in member banks.....	615
Powers of:	
Examiners.....	621
Federal advisory council.....	612a
Federal reserve banks.....	604b, 613-614
Federal Reserve Board.....	611-611l
Not to conflict with those of Secretary of Treasury.....	610f
Reserve Bank Organization Committee.....	602
State bank as member bank.....	609g
President may place Federal Reserve Board employees under civil service....	611i
President of United States, members of Federal Reserve Board appointed by.....	610, 610e
Printing Federal reserve notes.....	616h
Prohibitions:	
Central reserve city banks from making farm loans.....	624
Gratuities and loans to bank examiners.....	622a
Member banks limited in amount of deposits with and forbidden to secure discounts from Federal reserve banks for nonmember banks.....	619d
Members of Federal Reserve Board, Assistant Secretary of Treasury, and Comptroller of Currency not to hold office in any member bank....	610, 610d
National-bank examiners not to perform other services for banks, etc....	622b
Officers and employees, from receiving fee for loan.....	622c
Public funds of Philippine Islands, postal savings, or any Government funds not to be deposited in any bank other than member bank.....	615
Reserve shortage.....	619e
Restrictions as to visitatorial powers.....	621b
Senators and Representatives not allowed to be members of Federal Reserve Board or director of Federal reserve bank.....	604d
Transacting business by Federal reserve bank until authorized by Comptroller.....	604b

	Paragraph.
Profits, undivided, limit to liability of national bank not to include.....	613c
Provisions for national banks outside continental United States to become member banks.....	619g
Public dues, Federal reserve notes receivable for.....	616
Public Federal reserve bank stock.....	602g
Amount of, limited to any one individual or corporation.....	602h
Liability of holders of.....	602d, 602g
Par value of.....	602g, 605
Payment for.....	602c, 602g
Tax free.....	607a
Transfer of.....	602h
Voting power, none.....	602j
Purchase of:	
Bills of exchange from member banks.....	614
Gold notes by Federal reserve banks.....	618c
United States bonds by Federal reserve banks.....	618a

## Q.

	Paragraph.
Qualification of examiners.....	621



## R.

	Paragraph.
Rate of taxation on "additional currency" .....	627a
Rates of discount.....	611b, 611c, 614
Rates of interest on Federal reserve notes.....	616e
Real estate loans.....	624
Reclamation bonds, etc., dealt in by Federal reserve bank.....	614
Redemption fund:	
In United States Treasury for Federal reserve notes.....	616c, 616d, 616f
Not counted as reserve (5 per cent, of national banks).....	620
Of Federal reserve notes.....	618b
Redemption of Federal reserve bank circulating notes.....	618b
Rediscount by Federal reserve banks:	
Acceptances.....	613b
Bills of exchange.....	613a
Bills receivable.....	613a
Drafts.....	613a
Notes.....	613a
Paper discounted by other Federal reserve banks.....	611b
Paper, rediscounted, as collateral for Federal reserve notes.....	616a
Recommendations by council.....	612a
Regulations by board.....	611b, 613c
Reduction:	
Of capital of Federal reserve bank.....	605, 605d, 606
Of liability for Federal reserve notes.....	616f
Refunding bonds.....	618-618c
Registrar of stock and bonds, national bank as.....	611k
Regulations:	
For Federal reserve notes.....	611d
For transfer of funds and charges therefor among Federal reserve banks.....	616k
For transfer of public stock in Federal reserve banks.....	602k
To be prescribed by organization committee.....	602b
Reissue of Federal reserve notes deposited with Federal reserve agent.....	616f
Rejection of application for Federal reserve notes.....	616e
Removal or suspension of officer or director of Federal reserve bank.....	611f
Reorganization of Federal reserve banks.....	611h
Repealing clause, general.....	626
Report of board to House of Representatives.....	610g
Report of condition by Federal reserve banks, weekly.....	611a
Report of condition by member banks.....	609c
Report of earnings and dividends by member banks.....	609c
Reports:	
Of examination.....	621
Of foreign branches of national banks.....	625
Representatives not allowed to become members of Federal Reserve Board or directors of Federal reserve banks.....	604d
Requiring national banks to become member banks.....	602b
Reserve banks held to mean Federal reserve banks.....	601
Reserve bank organization committee.....	602
Admission of banks other than national banks.....	609, 609a
Allots stock of Federal reserve banks to United States.....	602i
Appropriation for expenses of.....	602n
Certificates showing districts to be filed with Comptroller.....	604
Designates Federal reserve cities and districts.....	602, 602a
Exercises powers of chairman of Federal Reserve Board until such is appointed.....	604d, 604e, 604h
General powers of.....	602a, 602n
How constituted.....	602
Majority a quorum.....	602
Offers stock of Federal reserve bank to public.....	602g
Organizes each Federal reserve bank.....	602a

	Paragraph.
<b>Reserve cities</b> .....	602m
Cash reserve required.....	619b
Distribution of reserve.....	619b
Federal Reserve Board to control.....	611e
Number may be increased or decreased.....	611e
Reserve requirements.....	619b
Reserve that may be held with, by banks elsewhere than in reserve cities.....	619a
<b>Reserve districts.</b> ( <i>See</i> Federal reserve districts.)	
<b>Reserve requirements of Federal reserve banks</b>	
Against deposits.....	616b
Against Federal reserve notes.....	616b, 616d
Suspension of, by board.....	611c
Tax on deficiency in.....	611c
<b>Reserve requirements of member banks</b> .....	619-619f
Banks in central reserve cities.....	619c
Banks in reserve cities.....	619b
Banks not in central reserve or reserve cities.....	619a
Country banks.....	619a
Central reserve cities.....	619c
Estimate of.....	619f
Redemption fund not counted as reserve.....	620
Recommendations by council.....	612a
Reserve cities other than central.....	619b
To be held with Federal reserve banks.....	619d
When effective.....	619
<b>Reserve:</b>	
That may be held with member banks.....	619a, 619b
Withdrawal of, from Federal reserve banks.....	619e
<b>Reserves, tax on deficiency in</b> .....	611c
Increase rates of interest and discount.....	611c
<b>Restriction, visitatorial powers limited</b> .....	621b
<b>Retirement of:</b>	
Federal reserve notes.....	611d
National-bank notes.....	618, 618a
<b>Revenue bonds of State or political subdivisions thereof dealt in by Federal reserve banks</b> .....	614
<b>Rights of State bank when member bank</b> .....	609f

## S.

	Paragraph.
Safeguarding assets of Federal reserve banks.....	611i
Salaries:	
Of examiners.....	621a
Of Federal Reserve Board employees.....	611l
Of members of Federal Reserve Board.....	610
Salary:	
Director Federal reserve bank.....	604g
Federal reserve agent.....	604f
Savings accounts as time deposits.....	619
Seal of Federal reserve bank.....	604b
Secretary of Agriculture, member of Reserve Bank Organization Committee...	602
Secretary of Treasury:	
Amount of redemption fund for Federal reserve notes determined by.....	616d
Assistant, restrictions on, subject to term.....	610
Circulating notes of Federal reserve banks, form to be prescribed by.....	618b
Chairman of Federal Reserve Board.....	610c
Deposit of Government funds upon direction of.....	615
Deposit of gold coin or certificates to be received when tendered by Federal reserve bank or agent.....	616m
Earnings from Federal reserve banks to be used under regulations prescribed by.....	607
Examiners' appointment to be approved by.....	621
Gold notes and bonds issued in exchange for certain United States bonds by.....	618c, 618d
Maintaining of parity.....	626
Member of Federal Reserve Board.....	610
Member of Reserve Bank Organization Committee.....	602
Payment of expenses of Organization Committee to be approved by.....	602n
Plates, dies, etc., for Federal reserve notes engraved by direction of.....	616h
Powers heretofore vested in, unchanged.....	610f
Redemption fund for Federal reserve notes controlled by.....	616c
Redemption fund required by.....	615
Strengthening gold reserves.....	626
Section 5154, United States Revised Statutes, amended.....	608
Section 5202, United States Revised Statutes, amended.....	613c
Securities:	
Dealt in by Federal reserve banks.....	614
Purchase and sale of, recommended by council.....	612a
Security:	
For Federal reserve notes.....	616a, 616b
For gold transactions.....	614
Senate, members of Federal Reserve Board to be confirmed by.....	610
Senators and Representatives not allowed to be members of Federal Reserve Board or officers or directors of Federal reserve banks.....	604d
Shareholders of Federal reserve banks, liability of.....	602d, 606
Short title, "Federal Reserve Act".....	600
Special examination of foreign branches of national banks.....	625
State banks as member banks.....	601, 609, 609d
Amount capital required to become member bank.....	609f
Deposits with nonmember banks.....	619d
Examinations of.....	621
Requirements precedent.....	609a
Requirements subsequent.....	609b, 609c
Withdrawal from membership in Federal reserve bank.....	609e
Subscription to stock.....	609
Surrender of privileges.....	609d

	Paragraph.
State banks may become national banks.....	608
State revenue bonds, warrants, etc., dealt in by Federal reserve banks.....	614
Statement of condition of Federal reserve banks, weekly.....	611a
Strengthening gold reserves of the United States.....	626
Stock of Federal reserve banks. (See Capital stock.)	
Stockholders of Federal reserve banks, liability of.....	602d, 606
Stockholders of national banks, responsibility and liability of.....	602f, 623
Subscription to capital stock of Federal reserve banks:	
After organization of Federal reserve banks.....	605b
By banks.....	602c, 604
By public.....	602g
By State banks.....	604, 609, 609a
By trust companies.....	604, 609, 609a
By trust companies in the District of Columbia.....	602c, 604
By United States.....	602i
Substitution of collateral for Federal reserve notes.....	616g
Subtreasury, Federal reserve notes may be deposited in.....	616h
Succession of Federal reserve banks.....	604b
Suits against national banks not complying with terms of this act.....	602f
Suits by or against Federal reserve banks.....	604b
Supervision of:	
Federal reserve banks by board.....	611j
Federal reserve notes.....	611d
Surplus funds of Federal reserve banks.....	607
Free from taxation.....	607a
On dissolution or liquidation.....	607
Suspension:	
Of Federal reserve banks.....	611h
Of reserve requirements by Federal Reserve Board.....	611c
Or removal of officers or directors of Federal reserve banks.....	611f

**T.**

<b>Taxes:</b>	<b>Paragraph.</b>
Federal reserve banks free from, except on real estate.....	607a
Federal reserve notes receivable for.....	616
For paying out Federal reserve notes by bank other than bank of issue....	616c
Franchise, on Federal reserve banks.....	607
Gold notes, 1 year, 3 per cent, without circulation privilege, free from....	618c
Income on capital stock and surplus of Federal reserve banks free from...	607a
On deficiency in reserve requirements.....	611c
Rates of, for certain circulating notes of national banks, changed.....	627a
Term of office for directors of Federal reserve banks.....	604d, 604i
Time deposits defined.....	619
Time deposits in national banks.....	624
Title "Federal reserve act".....	600
Transfer of Federal reserve stock.....	602h, 602k, 605a
Transfer of national bank stock, effect of, on liability of stockholder.....	623
<b>Treasurer of United States:</b>	
Application to, for retirement of circulating notes by member banks..	618, 618a
Expenses of organization committee payable by.....	602n
Federal reserve notes received by.....	616c
Quarterly report to Federal Reserve Board of applications to sell bonds...	618a
<b>Treasury Department:</b>	
Federal reserve notes redeemable at.....	616
Federal reserve notes may be deposited in.....	616h
<b>Treasury gold notes issuable to Federal reserve banks in exchange for certain</b>	
United States bonds .....	618c, 618d
<b>Trust companies:</b>	
As member banks. ( <i>See</i> State banks as member banks).....	601, 602b, 608, 609d
In District of Columbia.....	602b
(Member) examinations.....	621
Withdrawal from membership in Federal reserve bank.....	609e
<b>Trustees, national banks as.....</b>	<b>611k</b>

## U.

United States:	Paragraph.
Applications to sell bonds.....	618
Deposits in banks.....	615
Earnings of Federal reserve banks accruing to.....	607
Federal reserve notes, obligations of.....	616
Treasurer, quarterly report to Federal reserve bank of.....	618a
United States bonds ( <i>see also</i> Bonds, United States):	
Charter requirements for national banks repealed.....	617
Dealings in, by Federal reserve banks.....	614
Discount by Federal reserve bank of paper secured by United States bonds issued since April 24, 1917.....	611m
Hypothecation of, for gold by Federal reserve banks.....	614
Refunding.....	618-618c
Purchase of, by Federal reserve banks.....	618a
Thirty-year 3 per cent gold, exchanged for 1-year 3 per cent Treasury notes.....	618c, 618d
Twos exchanged for 1-year 3 per cent gold notes.....	618c
Twos exchanged for 30-year 3 per cent gold bonds.....	618c
United States deposits of Government funds.....	613, 615
United States Federal reserve bank stock.....	602i
Unpaid dividends, limit to liability of national banks not to include.....	613c
Undivided profits, limit to liability of national banks not to include.....	613c

## V.

	Paragraph.
Vacancies in membership of Federal Reserve Board.....	610e
Vice governor of Federal Reserve Board.....	610a
Violation of provisions of act.....	602f, 609d
Visitatorial powers over banks restricted.....	621b
Vote required to convert State bank to a national bank.....	608
Voting power of Federal reserve bank stock.....	602j, 604e

## W.

Warrants of State or political subdivisions thereof dealt in by Federal reserve banks.....	614
Weekly statement of condition by Federal reserve banks.....	611a
Withdrawal from membership in Federal reserve bank by State bank or trust company.....	609e
Withdrawal of:	
Collateral for Federal reserve notes.....	616g
Of reserve from Federal reserve banks.....	619e
Worthless assets of Federal reserve banks to be written off.....	611g

# INDEX TO SECTIONS OF REVISED STATUTES.

Section.	Page.	Section.	Page.	Section.	Page.	Section.	Page.
324.....	11	3847.....	188	5173.....	61	5215.....	93
325.....	11	4046.....	188	5174.....	62	5216.....	94
326.....	12	5133.....	20	5175.....	62	5217.....	94
327.....	12	5134.....	20	5176.....	62	5218.....	94
328.....	12	5135.....	20	5177.....	62	5219.....	95
329.....	13	5136.....	21	5178.....	63	5220.....	99
330.....	13	5137.....	32	5179.....	63	5221.....	99
331.....	13	5138.....	32	5180.....	63	5222.....	100
332.....	13	5139.....	32	5181.....	63	5223.....	100
333.....	13	5140.....	33	5182.....	63, 187	5224.....	101
330.....	181	5141.....	33	5183.....	63	5225.....	102
736.....	182	5142.....	34	5184.....	64	5226.....	102
884.....	182	5143.....	34, 177	5185.....	64	5227.....	103
885.....	182	5144.....	34	5186.....	65	5228.....	103
3408.....	182	5145.....	35	5187.....	65	5229.....	104
3411.....	182	5146.....	35	5188.....	66	5230.....	104
3412.....	183	5147.....	40	5189.....	66	5231.....	104
3413.....	183	5148.....	40	5190.....	70	5232.....	105
3414.....	183	5149.....	40	5191.....	72	5233.....	105
3415.....	184	5150.....	40	5192.....	73	5234.....	105
3416.....	184	5151.....	40	5193.....	80	5235.....	106
3417.....	184	5152.....	41	5194.....	80	5236.....	106
3583.....	185	5153.....	42	5195.....	80	5237.....	106
3584.....	186	5154.....	43, 131	5196.....	80	5238.....	107
3585.....	186	5155.....	44	5197.....	80	5239.....	111
3586.....	186	5156.....	44	5198.....	81	5240.....	112, 161
3587.....	186	5157.....	50	5199.....	81	5241.....	113
3588.....	186	5158.....	50	5200.....	81	5242.....	113
3589.....	187	5159.....	51, 156	5201.....	83	5243.....	113
3590.....	187	5160.....	51	5202.....	83, 146	5413.....	191
3620.....	188	5161.....	52	5203.....	84	5414.....	192
3640.....	42	5162.....	52	5204.....	84	5415.....	192
3641.....	42	5163.....	53	5205.....	84	5430.....	192
3642.....	42	5164.....	53	5206.....	85	5431.....	193
3643.....	42	5165.....	53	5207.....	85	5432.....	194
3644.....	42	5166.....	53	5208.....	86	5433.....	194
3645.....	42	5167.....	54	5209.....	87	5434.....	194
3646.....	42	5168.....	58	5210.....	90	5437.....	194
3647.....	42	5169.....	59	5211.....	90	5488.....	191
3648.....	42	5170.....	59	5212.....	91	5497.....	191
3649.....	42	5171.....	59	5213.....	92		
3701.....	185	5172.....	61	5214.....	92		

