

IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 1934

Mr. AYERS of Montana introduced the following bill; which was referred to the Committee on Banking and Currency and ordered to be printed

A BILL

To provide relief to depositors in closed banks.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Reconstruction Finance Corporation (hereinafter
4 called the "Corporation") is hereby authorized and
5 directed to purchase, on application of any depositor (his
6 heirs, successors, or assigns) in any closed bank, his claim
7 arising out of the deposit liability of such bank to him, up
8 to but not exceeding an amount of such liability, which,
9 added to any sum or sums paid the depositor on account of
10 such liability, shall not exceed \$2,500, exclusive of any
11 interest paid on account of such liability. The Corporation

1 shall take therefor an assignment of the depositor's account
2 in an amount equal to the amount paid for the claim, and
3 upon such assignment the Corporation shall be subrogated
4 to all rights of the depositor against such bank arising out
5 of such assigned account and shall be entitled to receive
6 the dividends otherwise payable to the depositor from
7 liquidation of the assets of such bank, in a total amount not
8 exceeding the amount paid by the Corporation for the claim.
9 The term "bank", when used in this Act, shall include
10 national bank, national banking association, State bank,
11 banking association, trust company, mutual savings bank,
12 and any banking institution organized under the laws of
13 any State; and the term "closed bank" shall mean any
14 bank so defined which closed on or after January 1, 1930,
15 and the affairs of which have not been fully liquidated or
16 wound up on the effective date of this Act, or which, if
17 reopened or reorganized since such date, did not pay
18 depositors in full with respect to deposit liability to such
19 banks. The term "receiver", when used in this Act, shall
20 include a receiver, liquidating agent, or conservator of a
21 national bank, and a receiver, liquidating agent, conservator,
22 commission, person, or any agency charged by State law
23 with the responsibility and the duty of winding up the affairs
24 of any insolvent bank.

1 SEC. 2. The Corporation is hereby authorized and
2 directed, on application of any bank or its receiver, which
3 had, on the date of closing of any other bank, money
4 on deposit with such closed bank, to purchase from such
5 depositor bank, or its receiver, the balance of its claim in
6 full against the closed bank on account of such deposit, or,
7 in case the depositor bank has reopened or reorganized, from
8 the legal owner of such account. The Corporation shall take
9 therefor an assignment of the account of the depositor bank
10 and shall be subrogated to all its rights against the closed
11 bank arising out of such deposit account and shall be entitled
12 to receive the dividends otherwise payable to the depositor
13 bank from the liquidation of the assets of the closed bank.

14 SEC. 3. The Corporation is hereby authorized and
15 directed, on application of any receiver of any closed (or
16 suspended) bank, to loan to such receiver, with interest at
17 the rate of 3 per centum per annum, an amount equal to
18 85 per centum of the present value of all remaining assets
19 in such closed bank, exclusive of such proportionate part of
20 the assets as will be applied in the payment of dividends
21 upon claims purchased by the Corporation under the pro-
22 visions of section 1 of this Act.

23 SEC. 4. The receiver of such closed bank shall imme-
24 diately disburse all funds received as the proceeds of a loan
25 under section 3 of this Act to the depositors in the closed

1 bank having claims on account of deposit liabilities other
2 than those assigned under section 1 of this Act to the Cor-
3 poration. Such payments shall be made to such depositors
4 in proportion to their respective claims against the closed
5 bank.

6 SEC. 5. If in the reorganization or reopening of any
7 closed bank any depositor shall have taken preferred stock,
8 capital notes, or other form of property for his deposit, or
9 any part thereof, the Reconstruction Finance Corporation is
10 hereby authorized and directed to purchase from such de-
11 positor, on application, such portion of said preferred stock,
12 capital notes, or other property as will enable said depositor
13 to receive not in excess of \$2,500 in cash on his deposit
14 after deducting whatever payment or credit said depositor re-
15 ceived in cash or its equivalent on his deposit.

16 SEC. 6. The Corporation as the principal creditor of
17 such closed banks is hereby authorized and directed to en-
18 courage a policy by which a period of six years from the
19 effective date of this Act shall be allowed for the purpose
20 of liquidating the assets of such banks: *Provided*, That if
21 any statute of limitations or any similar law requires the in-
22 stitution of proceedings to prevent possible loss of any assets,
23 this section shall not be construed to prevent or discourage
24 the institution of such proceedings.

73d CONGRESS }
2d SESSION }

H. R. 9203

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