

# H. R. 9203

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## 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

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## 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.

73<sup>d</sup> CONGRESS }  
2<sup>d</sup> SESSION }

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