

80TH CONGRESS
1ST SESSION

S. 408

IN THE SENATE OF THE UNITED STATES

JANUARY 27, 1947

Mr. TOBEY introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To repeal section 13b of the Federal Reserve Act, to amend section 13 of the said Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 REPEAL OF SECTION 13B OF THE FEDERAL RESERVE ACT

4 SECTION 1. Section 13b of the Federal Reserve Act is
5 hereby repealed; but such repeal shall not affect the power
6 of any Federal Reserve bank to carry out, or to protect its
7 interest under, any agreement heretofore made in carrying
8 on operations under that section. Within sixty days after
9 the enactment of this Act, each Federal Reserve bank shall
10 pay to the United States the aggregate amount which the
11 Secretary of the Treasury has heretofore paid to such bank.

1 under the provisions of section 13b of the Federal Reserve
2 Act, together with any net earnings thereon for the period
3 from January 1, 1947, to the date on which such payment
4 to the United States is made; and such payment shall con-
5 stitute a full discharge of any obligation or liability of the
6 Federal Reserve bank to the United States or to the Secre-
7 tary of the Treasury arising out of subsection (e) of said
8 section 13b or any agreement thereunder.

9 AMENDMENT OF SECTION 13 OF THE FEDERAL RESERVE
10 ACT

11 SEC. 2. Section 13 of the Federal Reserve Act, as
12 amended, is hereby further amended by adding at the end
13 thereof the following new paragraph:

14 "Subject to such limitations, restrictions and regula-
15 tions as the Board of Governors of the Federal Reserve
16 System may prescribe, any Federal Reserve bank may
17 guarantee any financing institution against loss of principal
18 or interest on, or may make a commitment to purchase and
19 thereafter purchase from a financing institution, any loan
20 made to a business enterprise which has a maturity of not
21 more than ten years. No Federal Reserve bank under this
22 paragraph shall guarantee or make a commitment to pur-
23 chase more than 90 per centum of the unpaid balance of
24 any loan. The aggregate amount of guaranties and com-
25 mitments of the Federal Reserve banks under this para-

1 graph outstanding at any one time, together with the amount
2 of loans acquired thereunder and held by them at the same
3 time, shall not exceed the combined surplus of the Federal
4 Reserve banks at such time; and the aggregate amount of
5 such guaranties and commitments outstanding at any one
6 time and loans held at the same time, which individually
7 are in excess of \$100,000, shall not exceed 50 per centum
8 of the combined surplus of the Federal Reserve banks at
9 such time.”

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By Mr. Toney

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