

FROM THE JOURNAL OF COMMERCE, TUESDAY, DECEMBER 5, 1933.

SOUTH CAROLINA UPHELD ON STATE BANK LAW

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Depositors Lose Fight in High Court on Emergency Act Suspending  
Liquidation Provisions.

(Bureau of The Journal of Commerce)

Washington, December 4. — The emergency bank law of South Carolina, suspending for eighteen months legislation applicable to the conduct and liquidation of the banks, was upheld today by the United States Supreme Court.

The decision was handed down by Justice Roberts in the suit of the depositors of Central Union Bank of South Carolina against Simpson J. Zimmerman, conservator of the bank.

The statute had been assailed in the lower courts and before the Supreme Court as depriving the depositors of their remedies for enforcement of stockholders' liability and as a violation of the Fourteenth Amendment.

A proclamation closing the banks was issued by the Governor shortly after the banking holiday was declared by President Roosevelt last March. The Legislature then passed the statute which empowered the Governor also to extend the time for payment of deposits as the condition of each institution required. The examiner was prohibited from taking possession of the bank unless authorized to do so by the Governor and all persons were forbidden to institute any action against a bank except by the Governor's action.

"The act of March 9, the regulations and the act of March 16," Justice Roberts held, "do not purport and, so far as we can perceive, do not



operate to ... participation in the distribution of assets,  
or in the ... the stockholders' excess liability.

"The substantive rights existing under the old law are preserved. In no proper sense can it be said that any property of the appellant has been taken, injured or destroyed. No present advantage could accrue to the appellant from the ousting of the conservator and the appointment of a receiver, who could only liquidate by methods obligatory on the conservator."