

FARM CREDIT ADMINISTRATION

Circular No. 20-A

LAWS

**Pertaining to
Agricultural Short Term and Intermediate Credit, as
Compiled in Chapter 7, Title 12 of the
United States Code**

As Amended to February 1, 1934

**Farm Credit Administration
Federal Intermediate Credit Banks
Production Credit Corporations
Production Credit Associations
Banks for Cooperatives
Miscellaneous**

**ISSUED BY THE
FARM CREDIT ADMINISTRATION**

FEBRUARY 1934



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EDITORIAL NOTE

This circular contains all general provisions, by acts of Congress and Executive Order, relating to the establishment and operation of the Farm Credit Administration.

This circular also contains all provisions of law relative to the organization and operation of the Federal intermediate credit banks, production credit corporations, production credit associations, and banks for cooperatives, together with certain miscellaneous provisions of law relative to short term and intermediate credit.

The provisions of the acts of Congress and of the Executive Order contained herein are set forth in accordance with the codification thereof in chapter 7 of Title 12 of the official Code of Laws of the United States of America in Force December 26, 1926, and supplements thereto. Through the courtesy of the editor in charge of the Code, it has been possible to include herein the provisions of an act of January 31, 1934, in the form which will be used in the supplement to Title 12 of the Code.

In the right margin of this circular, throughout Subchapter III, opposite each section which was incorporated in Title II of the Federal Farm Loan Act, either originally or by amendment to that title, is printed the number of the Federal Farm Loan Act section in which the provisions are contained.

The sections and subchapters into which this circular is divided are numbered to correspond with the same material in the 7th chapter of Title 12 of the Code. At the end of each section is a parenthetical reference to the act of Congress from which the provisions were derived, and to any subsequent amendatory acts. Wherever a section has been affected by the Executive Order which is set forth at the beginning of this circular, reference to the Order is made in the parenthetical statement at the end of the section.

CONTENTS

	Page
FARM CREDIT ADMINISTRATION, INTRODUCTORY	
Executive Order Reorganizing Agricultural Credit Agencies of the United States.....	1
General Administrative Provisions:	
Farm Credit Administration; provisions relating to organization....	5
Land Bank Commissioner; functions under Executive Orders.....	6
Commissioners in Farm Credit Administration; designation; appointment; salaries and expenses.....	6
Governor of Farm Credit Administration; supplementary grant of powers.....	6
Seal of Farm Credit Administration.....	7
FEDERAL INTERMEDIATE CREDIT BANKS (SUBCHAPTER III, CHAPTER 7, TITLE 12, U.S.C.)	
Organization:	
Number, names, and charters of banks.....	7
Location; directors, officers, and employees.....	7
Corporate powers; suits by or against.....	8
Fiscal agents for United States.....	8
Insolvency; receivership.....	8
Application for charter.....	8
Discounts and Loans:	
Lending powers; purchase and sale of debentures of intermediate credit banks; loans to cooperative associations.....	9
Purchase or discount of paper from or for national banks, State banks, trust companies, savings institutions, or corporations making loans for agricultural or livestock purposes; limitations upon amount....	10
Maturity and sale of loans, advances, or discounts.....	11
Interest rates or discount charges; rediscount of paper of other intermediate credit banks.....	11
Issue of Debentures:	
Collateral trust debentures or similar obligations; security for; maturity; limitation respecting amount.....	11
Applicability of provisions of subchapter I; regulations governing collateral and handling thereof; interest rates.....	12
Assumption of liability by Government prohibited; recital necessary to be included.....	12
Discount Rates:	
Establishment and approval of; limitation on.....	12
Limitation on interest rate charged original borrower on paper discounted with bank.....	13
Purchase by bank of debentures issued by it.....	13
Capital Stock:	
Amount, shares; subscriptions to by United States; assessments against other banks to restore capital impairment of one bank; subscriptions to capital and surplus by Governor of Farm Credit Administration.....	13
Application of Earnings:	
Salaries and expenses of Federal Farm Loan Bureau; assessment against banks for proportionate share.....	15
Net earnings; surplus fund; franchise tax; disposition by United States of sums received from net earnings of banks and from surplus remaining after liquidation of banks.....	15
Liability on Debentures or Other Such Obligations:	
Liability of one bank for debentures issued by other banks; agreements by banks for transfer of funds for debenture payments.....	16
Examinations and Reports:	
Reports of condition of banks and other lending institutions rediscounting with credit banks; examinations and audits of credit banks.....	17

CONTENTS

	Page
Examinations and Reports—Continued.	
Submission and publication of reports of condition by banks	18
Investigations and reports by land bank appraisers and examiners for credit banks	18
Cost of examinations; assessments against organizations investigated	19
Rules and Regulations:	
Authority of Farm Credit Administration	19
Tax Exemption:	
Capital and income; debentures instrumentalities of Government	19
Penalty Provisions:	
Offenses by officers, employees, or agents; embezzlement; misapplication of funds; unauthorized making, issuing, or assigning instruments; false entries	20
False statements to banks	20
Overvaluation of property offered as security for loan	21
Offenses by examiners	21
Offenses by officers, employees, or agents of banks; receiving fees or gifts	21
Forgery, counterfeiting, and like offenses relating to obligations of banks	22
False representations as to debentures or other obligations of banks	22
Unlawful use of words "Federal intermediate credit bank"	22
Charging of unauthorized fees or commissions by banks	23
 PRODUCTION CREDIT CORPORATIONS AND PRODUCTION CREDIT ASSOCIATIONS (SUBCHAPTER IV, CHAPTER 7, TITLE 12, U.S.C.) 	
Production Credit Corporations:	
Establishment; number; location	23
Charters and by laws	23
Capital stock; amount; value of shares; amount and subscription for initial stock; payments for stock subscribed on behalf of United States	24
Purchase of stock in production credit associations; class of stock to be purchased and held; amount of stock; retirement of stock held by corporations; application of earnings on stock held by corporations	24
Production Credit Associations:	
Organization; articles of association; charters; by laws; powers of governor respecting associations	26
Capital stock; value of shares; classes of stock; voting rights; limitation of class B stock; exchange of class B stock upon holder ceasing to be borrower; dividends; ownership of stock as entitling credit corporation to approve or remove officers of association	27
Application of earnings; losses in excess of reserve account; restoration of capital impairment; reserve account; guaranty fund; dividends	27
Loans to farmers; terms and conditions	28
Borrowing from and rediscounting paper with Federal intermediate banks; limitation on power to borrow from or rediscount paper with other institutions	29
Revolving Fund	29
 REGIONAL BANKS FOR COOPERATIVES AND CENTRAL BANK FOR COOPERATIVES (SUBCHAPTER V, CHAPTER 7, TITLE 12, U.S.C.) 	
Regional Banks:	
Establishment; number; location	31
Charters and bylaws	31
Capital stock; amount; value of shares; payments from revolving fund for stock purchased by Government	31
Lending power	32
Ownership of stock in banks by borrowing associations; earnings and reserves of banks	32
Retirement of stock held by Government	32

CONTENTS

	Page
Central Bank:	
Establishment; location.....	32
Board of directors.....	33
Powers of board of directors; chairman of board.....	33
Capital stock.....	34
Lending power; prevention of duplication of effort on the part of Central Bank and Banks for Cooperatives.....	34
Ownership of stock by associations borrowing from bank; payment into bank's guaranty fund by associations not authorized to pur- chase stock.....	34
Earnings and reserves; guaranty fund; surplus; dividends to stock- holders and subscribers to guaranty fund; application of dividends on Government-owned stock.....	35
Debentures; amount; security; preparation and issue; custody of collateral.....	36
PROVISIONS COMMON TO PRODUCTION CREDIT CORPORATIONS, PRODUC- TION CREDIT ASSOCIATIONS, REGIONAL AND CENTRAL BANKS FOR COOPER- ATIVES (SUBCHAPTER VI, CHAPTER 7, TITLE 12, U.S.C.)	
General corporate powers.....	36
Examinations; assessments against corporations for cost of examinations..	37
Fiscal agents of United States.....	37
Tax exemption; realty and tangible personalty as subject to taxation; termination of tax exemption after retirement of Government-owned stock.....	38
Offenses and penalties.....	38
Receivership; voluntary liquidation.....	41
Limitation on compensation payable to director, officer, or employee.....	41
AGRICULTURAL MARKETING ACT (SUBCHAPTER VII, CHAPTER 7, TITLE 12, U.S.C.)	
Historical note.....	41
Declaration of policy; effective merchandising of agricultural commodities; speculation; cooperative marketing; surpluses; administration of sub- chapter.....	42
Federal Farm Board.....	43
General powers of Farm Credit Administration.....	44
Special powers of administration.....	44
Revolving fund.....	45
Loans to cooperative associations.....	45
Miscellaneous loan provisions.....	46
Stabilization corporations.....	47
Avoidance of duplication; cooperation with other governmental establish- ments; obtaining information and data; cooperation with States, Ter- ritories, and agencies or subdivisions thereof; indicating research prob- lems; transfer of offices, functions, etc.....	49
Examination of books and accounts; limitation on purpose of examination respecting expenditures from revolving fund.....	50
Miscellaneous provisions.....	51
REGIONAL AGRICULTURAL CREDIT CORPORATIONS (SUBCHAPTER VIII, CHAPTER 7, TITLE 12, U.S.C.)	
Historical note.....	53
Regional agricultural credit corporations; creation; capital; management; loans; rediscounts; supervision.....	53
Reduction of capital stock of regional agricultural credit corporation; revolving fund from stock proceeds.....	54

LAWS PERTAINING TO AGRICULTURAL SHORT-TERM AND INTERMEDIATE CREDIT

As amended to February 1, 1934

As Compiled in Chapter 7 of Title 12 of the United
States Code

FARM CREDIT ADMINISTRATION
FEDERAL INTERMEDIATE CREDIT BANKS
PRODUCTION CREDIT CORPORATIONS
PRODUCTION CREDIT ASSOCIATIONS
BANKS FOR COOPERATIVES
MISCELLANEOUS

FARM CREDIT ADMINISTRATION

INTRODUCTORY

EXECUTIVE ORDER No. 6084

REORGANIZING AGRICULTURAL CREDIT AGENCIES
OF THE UNITED STATES

Whereas sections 401 and 403 of Title IV of Part II of the Legislative Appropriation Act, fiscal year 1933, as amended by an act of Congress approved March 3, 1933, provide:

SEC. 401. The Congress hereby declares that a serious emergency exists by reason of the general economic depression; that it is imperative to reduce drastically governmental expenditures; and that such reduction may be accomplished in great measure by proceeding immediately under the provisions of this title.

Accordingly, the President shall investigate the present organization of all executive and administrative agencies of the Government and shall determine what changes therein are necessary to accomplish the following purposes:

(a) To reduce expenditures to the fullest extent consistent with the efficient operation of the Government;

(b) To increase the efficiency of the operations of the Government to the fullest extent practicable within the revenues;

(c) To group, coordinate, and consolidate executive and administrative agencies of the Govern-

ment, as nearly as may be, according to major purposes;

(d) To reduce the number of such agencies by consolidating those having similar functions under a single head, and by abolishing such agencies and/or such functions thereof as may not be necessary for the efficient conduct of the Government;

(e) To eliminate overlapping and duplication of effort; and

(f) To segregate regulatory agencies and functions from those of an administrative and executive character.

SEC. 403. Whenever the President, after investigation, shall find and declare that any regrouping, consolidation, transfer, or abolition of any executive agency or agencies and/or the functions thereof is necessary to accomplish any of the purposes set forth in section 401 of this title, he may by Executive order—

(a) Transfer the whole or any part of any executive agency and/or the functions thereof to the jurisdiction and control of any other executive agency;

(b) Consolidate the functions vested in any executive agency; or

(c) Abolish the whole or any part of any executive agency and/or the functions thereof; and

(d) Designate and fix the name and functions of any consolidated activity or executive agency and the title, powers, and duties of its executive head; except that the President shall not have authority under this title to abolish or transfer an executive department and/or all the functions thereof.

Now, therefore, pursuant to the authority so vested in me, and after investigation, it is found and declared that the following changes in executive agencies and the functions thereof are necessary to accomplish the purposes set forth in section 401 above recited, and it is hereby ordered that:

(1) The functions of the Secretary of Agriculture as a member of the Federal Farm Board, and the offices of the appointed members of the Federal Farm Board, except the office of the member designated as chairman thereof, are abolished.

(2) The name of the Federal Farm Board is changed to the Farm Credit Administration.

(3) The name of the office of Chairman of the Federal Farm Board is changed to Governor of the Farm Credit Administration, and he is vested with all the powers and duties of the Federal Farm Board.

(4) The functions of the Secretary of the Treasury as a member of the Federal Farm Loan Board, and the offices of the appointed members of the Federal Farm Loan Board, except the office of the member designated as farm loan commissioner, are abolished, and all the powers and functions of the Federal Farm Loan Board are transferred to and vested in the farm loan commissioner, subject to the jurisdiction and control of the Farm Credit Administration as herein provided.

(5) There are transferred to the jurisdiction and control of the Farm Credit Administration:

(a) The Federal Farm Loan Bureau and the functions thereof; together with the functions of the Federal Farm Loan Board, including the functions of the Farm Loan Commissioner;

(b) The functions of the Treasury Department and the Department of Agriculture, and the Secretaries thereof, under Executive authorizations to give aid to farmers, dated July 26, 1918, and any extensions or amendments thereof;

(c) The functions of the Secretary of Agriculture under all provisions of law relating to the making of advances or loans to farmers, fruit growers, producers and owners of livestock and crops, and to individuals for the purpose of assisting in forming or increasing the capital stock of agricultural-credit corporations, livestock-loan companies, or like organizations, except Public Resolution No. 74, Seventieth Congress, approved December 21, 1928, providing for the Puerto Rican Hurricane Relief Commission;

(d) The Crop Production Loan Office and the Seed Loan Office of the Department of Agriculture, and the functions thereof;

(e) The functions of the Reconstruction Finance Corporation and its Board of Directors relating to the appointment of officers and agents to manage regional agricultural credit corporations formed under section 201 (e) of the Emergency Relief and Construction Act of 1932; relating to the establishment of rules and regulations for such management; and relating to the approval of loans and advances made by such corporations and of the terms and conditions thereof.

(6) The functions vested in the Federal Farm Board by section 9 of the Agricultural Marketing Act are abolished, except that such functions shall continue to be exercised to such extent and for such time as may be necessary to permit the orderly winding up of the activities of stabilization corporations heretofore recognized under authority of

such section, and the governor of the Farm Credit Administration shall take appropriate action for winding up at the earliest practicable date the activities of such corporations and all affairs related to the exercise of such functions.

(7) The records, property (including office equipment), and personnel used and employed in the execution of the functions hereinbefore transferred are transferred to the jurisdiction and control of the Farm Credit Administration.

(8) The sum of \$2,000,000 of the unexpended balances of appropriations made to the Federal Farm Board by Public Resolutions No. 43 and No. 51 of the Seventy-second Congress shall be impounded and returned to the Treasury, which sum shall be in addition to the other savings to be effected by the Farm Credit Administration as a result of this order.

(9) The unexpended balances of appropriations to the Secretary of Agriculture, the Federal Farm Loan Bureau, and the Federal Farm Board for salaries, expenses, and all other administrative expenditures in the execution of the functions herein vested in the Farm Credit Administration shall be transferred to and vested in the Farm Credit Administration as a single fund for its use for salaries, expenses, and all other administrative expenditures for the execution of any or all of such functions without restriction as to the particular functions for the execution of which the same were originally appropriated. All other appropriations, allotments, and other funds available for use in connection with the functions and executive agencies hereby transferred and consolidated are hereby transferred to and vested in the Farm Credit Administration, and shall be available for use by it, for the same purposes as if the Farm Credit Administration were named in the law or authority providing such appropriations, allotments, or other funds.

(10) All power, authority, and duties conferred by law upon any officer, executive agency, or head thereof, from which or from whom transfer is hereinbefore made, in relation to the executive agency or function transferred, are transferred to and vested in the Governor of the Farm Credit Administration.

(11) The Governor of the Farm Credit Administration is directed to dismiss, furlough, transfer, or make other appropriate disposition of such of the officers and employees under his jurisdiction and

control as are not required for the proper execution of the functions of the Farm Credit Administration.

(12) The Governor of the Farm Credit Administration is authorized to execute any and all functions and perform any and all duties vested in him through such persons as he shall by order designate or employ.

(13) The Governor of the Farm Credit Administration, by order or rules and regulations, may consolidate, regroup, and transfer offices, bureaus, activities, and functions in the Farm Credit Administration, so far as may be required to carry out the purposes to which this order is directed, and may fix or change the names of such offices, bureaus, and activities and the duties, powers, and titles of their executive heads.

This order shall take effect upon the sixty-first calendar day after its transmission to Congress unless otherwise determined in accordance with the provisions of section 407 of the act cited above, as amended.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
March 27, 1933.

GENERAL ADMINISTRATIVE PROVISIONS

§ 636

Farm Credit Administration; provisions relating to organization.—The Governor of the Farm Credit Administration is authorized, in carrying out the powers and duties now or hereafter vested in him or the Farm Credit Administration by law or under any Executive order made under title IV of part II of the Legislative Appropriation Act of 1933, as amended, to establish, and to fix the powers and duties of, such divisions, agencies, corporations, and instrumentalities as he may deem necessary to the efficient functioning of the Farm Credit Administration and the successful execution of the powers and duties so vested in the Governor and the Farm Credit Administration. This section shall not be construed to restrict the authority of the President under title IV of such Act, as amended: *Provided*, That no salary or compensation shall be paid to any officer, agent, or other person employed under this section in excess of \$10,000 per annum (May 12, 1933, c. 25, § 40, 48 Stat. 31).

§ 637 **Land Bank Commissioner; functions under Executive Orders.**—If and when any Executive Order heretofore transmitted to the Congress pursuant to title IV of part II of the Legislative Appropriation Act of 1933, as amended, shall become effective, all functions, powers, authority, and duties conferred upon or vested in the Land Bank Commissioner by the Emergency Farm Mortgage Act of 1933 [sections 723, 771 (*seventh*) and (*twelfth*), 823 (note), 963a, 991 (second paragraph), and 1016–1019 of this chapter] shall be held and exercised by him subject to all the terms and conditions in any such Executive order the same as if such functions, powers, authority, and duties were specifically named in such Executive order or orders (May 12, 1933, c. 25, § 39, 48 Stat. 31; June 16, 1933, c. 98, § 80 (a), 48 Stat. 273).

§ 638 **Commissioners in Farm Credit Administration; designation; appointment; salaries and expenses—**
(a) Land Bank Commissioner.—After June 16, 1933, the office of Farm Loan Commissioner shall be known as the office of the Land Bank Commissioner and the Farm Loan Commissioner shall be known as the Land Bank Commissioner. The provisions of section 653 of this chapter, prescribing a term of office of eight years, shall not apply to incumbents hereafter appointed to the office of Land Bank Commissioner.

See Sections 652–655 of this chapter, for provisions relative to eligibility, appointment, salary, traveling expenses, etc., of Commissioner.

(b) Production Credit Commissioner; Cooperative Bank Commissioner; Intermediate Credit Commissioner.—There shall be in the Farm Credit Administration three commissioners who shall be known, respectively, as the Production Credit Commissioner, the Cooperative Bank Commissioner, and the Intermediate Credit Commissioner. Such commissioners shall be appointed by the President, by and with the advice and consent of the Senate. They shall receive an annual salary of \$10,000, payable monthly, together with actual necessary traveling expenses. Such commissioners shall perform such duties as may be assigned to them by law or by the governor of the Farm Credit Administration (June 16, 1933, c. 98, § 80, 48 Stat. 273).

§ 639 **Governor of Farm Credit Administration; supplementary grant of powers.**—The authority and powers conferred upon the governor under the Farm Credit Act of 1933 [subchapters IV, V, and VI

of this chapter] shall not be construed to be in substitution for authority and powers conferred upon him under existing law but shall be construed to be supplementary to such authority and powers (June 16, 1933, c. 98, § 82, 48 Stat. 273).

§ 640 **Seal of Farm Credit Administration.**—The Farm Credit Administration shall have a seal, as adopted by the governor, which shall be judicially noticed (June 16, 1933, c. 98, § 85, 48 Stat. 273).

EDITORIAL NOTE.—Subchapters I, II, and II-A of Chapter 7 of Title 12 of the United States Code are not included in this circular, since they pertain to farm mortgage loans. These subchapters are contained in Farm Credit Administration Circular No. 20.

SUBCHAPTER III—FEDERAL INTERMEDIATE CREDIT BANKS

HISTORICAL NOTE

The provisions of this subchapter relative to Federal intermediate credit banks constitute Title II of the "Federal Farm Loan Act" (July 17, 1916, chapter 245, Thirty-ninth Statutes, page 360). See section 641 of this chapter. This Act was amended on March 4, 1923 (chapter 252, Forty-second Statutes, page 1454), by the addition of a second title relative to Federal intermediate credit banks, the provisions of which, as amended, are included in this subchapter. The office of Intermediate Credit Commissioner was created by the Act of June 16, 1933. (See section 638, under "Introductory", at the beginning of this chapter.)

ORGANIZATION

§ 1021 **Number, names, and charters of banks.**—The § 201 (a) Farm Credit Administration shall have power to grant charters for twelve institutions to be known and styled as "Federal intermediate credit banks" (July 17, 1916, c. 245, § 201 (a); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1454; Mar. 27, 1933, Ex. Or. 6084.)

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1022 **Location; directors, officers, and employees.**— § 201 (b) Such institutions shall be established in the same cities as the twelve Federal Land Banks. The directors of the several Federal Land Banks shall be ex officio directors of the several Federal Intermediate Credit Banks hereby provided for and shall have power, subject to the approval of the Governor of the Farm Credit Administration, to em-

ploy and fix the compensation of such officers and employees of such Federal Intermediate Credit Banks as may be necessary to carry on the business authorized by this subchapter (July 17, 1916, c. 245, § 201 (b); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1454; June 16, 1933, c. 98, § 76 (a), 48 Stat. 271).

§ 1023 **Corporate powers; suits by or against.**—Each § 201(c) Federal intermediate credit bank shall have all the usual powers of corporations, and shall have power to sue and be sued both in law and equity, and for purposes of jurisdiction shall be deemed a citizen of the State where it is located (July 17, 1916, c. 245, § 201 (c); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1454).

§ 1024 **Fiscal agents for United States.**—Federal inter- § 201(d) mediate credit banks, when designated for that purpose by the Secretary of the Treasury, shall act as fiscal agents of the United States Government and perform such duties as shall be prescribed by the Secretary of the Treasury (July 17, 1916, c. 245, § 201 (d); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1454).

§ 1025 **Insolvency; receivership.**—Upon default of any § 201(e) obligation any Federal intermediate credit bank may be declared insolvent and placed in the hands of a receiver by the Farm Credit Administration, and proceedings shall thereupon be had in accordance with the provisions of sections 961-966 of this chapter regarding national farm loan associations (July 17, 1916, c. 245, § 201 (e); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1454; Mar. 27, 1933, Ex. Or. 6084).

“Farm Credit Administration” mentioned in the text was substituted for “Federal Farm Loan Board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1026 **Application for charter.**—The charters to such § 201(f) Federal intermediate credit banks shall be granted upon application of the directors of the Federal land banks, which application shall be in such form as the Farm Credit Administration shall prescribe (July 17, 1916, c. 245, § 201 (f); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1454; Mar. 27, 1933, Ex. Or. 6084).

“Farm Credit Administration” mentioned in the text was substituted for “Federal Farm Loan Board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

DISCOUNTS AND LOANS

§ 1031

Lending powers; purchase and sale of debentures of intermediate credit banks; loans to cooperative associations.—Federal intermediate credit banks, when chartered and established, shall have power, subject solely to such restrictions, limitations, and conditions as may be imposed by the Farm Credit Administration not inconsistent with the provisions of this subchapter—

§ 202 (a)

Federal intermediate credit banks, when chartered and established, shall have power, subject solely to such restrictions, limitations, and conditions as may be imposed by the Farm Credit Administration not inconsistent with the provisions of this subchapter—

(1) To discount for, or purchase from, any national bank, and/or any State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, cooperative bank, credit union, cooperative association of agricultural producers, organized under the laws of any State or of the Government of the United States, and/or any other Federal Intermediate Credit Bank, with its endorsement, any note, draft, bill of exchange, debenture, or other such obligation the proceeds of which have been advanced or used in the first instance for any agricultural purpose or for the raising, breeding, fattening, or marketing of livestock; and to make loans or advances direct to any such organization, secured by such obligations; and to discount for, or purchase from, any Production Credit Association organized under subchapter IV of this chapter, or any production credit association in which a Production Credit Corporation organized under such subchapter holds stock, with its endorsement, any note, draft, bill of exchange, debenture, or other such obligation presented by such association, and to make loans and advances direct to any such association secured by such collateral as may be approved by the Governor of the Farm Credit Administration;

(2) To buy or sell, with or without recourse, debentures issued by any other Federal intermediate credit bank; and

(3) To make loans or advances direct to any cooperative association organized under the laws of any State and composed of persons engaged in producing, or producing and marketing, staple agricultural products, or livestock, if the notes or other such obligations representing such loans are secured by warehouse receipts, and/or shipping documents covering such products, and/or mortgages on livestock, and/or such other collateral as may be approved by the Governor of the Farm Credit Administration: *Provided*, That no such loan or advance, when secured only by warehouse receipts and/or shipping documents, and/or mortgages on livestock,

shall exceed 75 per centum of the market value of the products covered by said warehouse receipts and/or shipping documents, or of the livestock covered by said mortgages; and to accept drafts or bills of exchange issued or drawn by any such association when secured by warehouse receipts and/or shipping documents covering staple agricultural products as herein provided (July 17, 1916, c. 245, § 202 (a); Mar. 4, 1923 c. 252, § 2, 42 Stat. 1455; June 26, 1930, c. 616, § 1, 46 Stat. 816; May 19, 1932, c. 191, § 1, 47 Stat. 159; June 16, 1933, c. 98, § 76 (b), (c), 48 Stat. 271; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1032 **Purchase or discount of paper from or for § 202 (b) national banks, State banks, trust companies, savings institutions, or corporations making loans for agricultural or livestock purposes; limitations upon amount.**—No paper shall be purchased from or discounted for any national bank, State bank, trust company, or savings institution under section 1031, if the amount of such paper added to the aggregate liabilities of such national bank, State bank, trust company, or savings institution, whether direct or contingent (other than bona fide deposit liabilities), exceeds the amount of such liability permitted under the laws of the jurisdiction creating the same; or exceeds twice the paid in and unimpaired capital and surplus of such national bank, State bank, trust company, or savings institution. No paper shall under section 1031 be purchased from or discounted for any other corporation engaged in making loans for agricultural purposes or for the raising, breeding, fattening, or marketing of livestock, if the amount of such paper added to the aggregate liabilities of such corporation exceeds the amount of such liabilities permitted under the laws of the jurisdiction creating the same; or exceeds ten times the paid in and unimpaired capital and surplus of such corporation. It shall be unlawful for any national bank which is indebted to any Federal intermediate credit bank upon paper discounted or purchased under section 1031, to incur any additional indebtedness, if by virtue of such additional indebtedness its aggregate liabilities, direct or contingent, will exceed the limitations herein contained (July 17, 1916, c. 245, § 202 (b); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1455).

§ 1033 **Maturity and sale of loans, advances, or discounts.**—Loans, advances, or discounts made under section 1031 shall have a maturity at the time they are made or discounted by the Federal intermediate credit bank of not more than three years. Any Federal intermediate credit bank may in its discretion sell loans or discounts made under section 1031, with or without its indorsement (July 17, 1916, c. 245, § 202 (c); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1456; June 26, 1930, c. 616, § 2, 46 Stat. 816). § 202 (c)

§ 1034 **Interest rates or discount charges; rediscount of paper of other intermediate credit banks.**—Rates of interest or discount charged by the Federal intermediate credit banks upon such loans and discounts shall be subject to the approval of the Farm Credit Administration. On the majority vote of the members of the Federal Farm Loan Board any Federal intermediate credit bank shall be required to rediscount the discounted paper of any other Federal intermediate credit bank at rates of interest to be fixed by the Federal Farm Loan Board (July 17, 1916, c. 245, § 202 (d); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1456; Mar. 27, 1933, Ex. Or. 6084). § 202 (d)

“Farm Credit Administration” mentioned in the text was substituted for “Federal Farm Loan Board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

The offices of the appointed members of the Federal Farm Loan Board were abolished by subdivision 4 of Executive Order No. 6084, set out at the beginning of this chapter, and the powers and duties of the Board transferred to the jurisdiction and control of the Farm Credit Administration by subdivision (5a) of said order.

ISSUE OF DEBENTURES

§ 1041 **Collateral trust debentures or similar obligations; security for; maturity; limitation respecting amount.**—Federal intermediate credit banks, when chartered and established, shall have power, subject to the approval of the Farm Credit Administration, to borrow money and to issue and to sell collateral trust debentures or other similar obligations with a maturity at the time of issue of not more than five years, which shall be secured by at least a like face amount of cash, or notes or other such obligations discounted or purchased or representing loans made under section 1031: *Provided*, That no Federal intermediate credit bank shall have power to issue or obligate itself for debentures or other obligations under the provisions of this section in excess of ten times the amount of the paid-up capital and surplus of such bank (July 17, 1916, c. 245, § 203 (a); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1456; Mar. 27, 1933, Ex. Or. 6084). § 203 (a)

“Farm Credit Administration” mentioned in the text was substituted for “Federal Farm Loan Board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1042 Applicability of provisions of subchapter I; regulations governing collateral and handling thereof; interest rates.—The provisions of subchapter I of this chapter relating to the preparation and issue of farm loan bonds shall, so far as applicable, govern the preparation and issue of debentures or other such obligations issued under the preceding section; but the Farm Credit Administration shall prescribe rules and regulations governing the receipt, custody, substitution, and release of collateral instruments securing such debentures or other obligations, the right of substitution being hereby granted. Rates of interest upon debentures and other such obligations issued under the preceding section shall, subject to the approval of the Farm Credit Administration, be fixed by the Federal intermediate credit bank making the issue, not exceeding 6 per centum per annum (July 17, 1916, c. 245, § 203 (b); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1456; Mar. 27, 1933, Ex. Or. 6084).

“Farm Credit Administration” mentioned in the text was substituted for “Federal Farm Loan Board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1043 Assumption of liability by Government prohibited; recital necessary to be included.—The United States Government shall assume no liability, direct or indirect, for any debentures or other obligations issued under section 1041, and all such debentures and other obligations shall contain conspicuous and appropriate language, to be prescribed in form and substance by the Farm Credit Administration and approved by the Secretary of the Treasury, clearly indicating that no such liability is assumed (July 17, 1916, c. 245, § 203 (c); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1456; Mar. 27, 1933, Ex. Or. 6084).

“Farm Credit Administration” mentioned in the text was substituted for “Federal Farm Loan Board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

DISCOUNT RATES

§ 1051 Establishment and approval of; limitation on.— § 204 (a)
Before making any discounts under the provisions of this chapter, each Federal intermediate credit bank shall establish and promulgate a rate of discount to be approved by the Farm Credit Administration. Any Federal intermediate credit bank which has made an issue of debentures under the provision of this chapter may thereafter establish, with the approval of the Farm Credit Administration, a rate of discount not exceeding by more than 1 per centum per annum the rate borne by its last preceding issue of debentures: *Provided*, That the

Farm Credit Administration may classify loans and debentures according to maturity, and if debentures of different classes sell at a different rate the Federal Intermediate Credit Banks may differentiate in rates on like classes of loans in the same ratio (July 17, 1916, c. 245, § 204(a); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1456; Mar. 4, 1925, c. 524, § 2, 43 Stat. 1262; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

- § 1052 **Limitation on interest rate charged original borrower on paper discounted with bank.**—No organization entitled to the privileges of this subchapter, shall, without the approval of the Farm Credit Administration, be allowed to discount with any Federal intermediate credit bank any note or other obligation, upon which the original borrower has been charged a rate of interest exceeding by more than 1½ per centum per annum the discount rate of the Federal intermediate credit bank at the time such loan was made (July 17, 1916, c. 245, § 204(b); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1456; Mar. 27, 1933, Ex. Or. 6084). § 204 (b)

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

- § 1053 **Purchase by bank of debentures issued by it.**—A Federal intermediate credit bank may, subject to the approval of the Farm Credit Administration, buy in the open market at or below par for its own account and retire at or before maturity any such debentures or obligations issued by it (July 17, 1916, c. 245, § 204 (c); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1456; Mar. 27, 1933, Ex. Or. 6084). § 204 (c)

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

CAPITAL STOCK

- § 1061 **Amount, shares; subscriptions to by United States; assessments against other banks to restore capital impairment of one bank; subscriptions to capital and surplus by Governor of Farm Credit Administration.**—(a) For the purpose of exercising the powers conferred by this subchapter, each Federal intermediate credit bank shall have a subscribed capital stock of \$5,000,000, which amount may be increased from time to time with the approval of the Governor of the Farm Credit Administration. Capital stock of such amount shall be divided into shares of \$5 each and shall be subscribed, held, and paid by the Government of the United States. § 205

It shall be the duty of the Secretary of the Treasury to subscribe to such capital stock on behalf of the United States, such subscription to be subject to call in whole or in part by directors of the said banks upon thirty days' notice to the Secretary of the Treasury and with the approval of the Farm Credit Administration. The Secretary of the Treasury is authorized and directed to take out shares as called and to pay for the same out of any money in the Treasury not otherwise appropriated.

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

(b) In the event that there shall be an impairment of the paid-in capital of any Federal intermediate credit bank, the Farm Credit Administration, at such time or times as it deems advisable, may determine and assess the amount thereof against the other Federal intermediate credit banks on such equitable basis of apportionment as it shall prescribe. Each bank against which such an assessment is made shall, out of its surplus and/or to an extent up to 50 per centum of its net earnings, in accordance with the terms of such assessment, pay the amount thereof as soon as possible to the bank having the impairment. In such event payments into the surplus fund and payments of the franchise tax prescribed by this chapter shall be determined on the basis of the net earnings remaining after providing for the payment of any such assessment.

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

(c) With the approval of the Secretary of the Treasury, the Governor of the Farm Credit Administration is hereby authorized to subscribe from time to time to the capital stock and/or paid-in surplus of any Federal intermediate credit bank on behalf of the United States, in such amounts as he may determine are necessary for the purpose of meeting the credit needs of eligible borrowers from the bank, and the amount of the capital stock and paid-in surplus of such bank may be increased or decreased from time to time by the Governor, in accordance with such needs. Such stock shall be divided into shares of \$100 each and subscriptions to such paid-in surplus shall be made in multiples of \$100 out of the revolving fund created under subsection (e) of section 1131i of this chapter, as amended. The

Governor on behalf of the United States shall make payment for stock and paid-in surplus of such bank and such payment shall be subject to call in whole or in part by the board of directors of the bank, with the approval of the Governor (July 17, 1916, c. 245, § 205; Mar. 4, 1923, c. 252, § 2, 42 Stat. 1457; May 19, 1932, c. 191, § 2, 47 Stat. 159; Mar. 27, 1933, Ex. Or. 6084; Jan. 31, 1934, c. 7, § 15, 48 Stat. 344).

APPLICATION OF EARNINGS

§ 1062 **Salaries and expenses of Federal Farm Loan Bureau; assessment against banks for proportionate share.**—The Farm Credit Administration shall equitably apportion the joint salaries and expenses incurred in behalf of Federal land banks, joint stock land banks, and Federal intermediate credit banks, and shall assess against each Federal intermediate credit bank its proportionate share of the salaries and expenses of the Federal Farm Loan Bureau made necessary in connection with the operation of this provision (July 17, 1916, c. 245, § 206 (a); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1457; Mar. 4, 1925, c. 524, § 1, 43 Stat. 1262; Mar. 27, 1933, Ex. Or. 6084).

“Farm Credit Administration” mentioned in the text was substituted for “Federal Farm Loan Board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

For salaries and expenses to be included in assessments, see § 657, of this chapter. See also § 1094, below, for assessment of examination costs.

§ 1072 **Net earnings; surplus fund; franchise tax; disposition by United States of sums received from net earnings of banks and from surplus remaining after liquidation of banks.**—After all necessary expenses of a Federal intermediate credit bank have been paid or provided for, the net earnings shall be paid into a surplus fund until it shall amount to 100 per centum of the subscribed capital stock of such bank, and thereafter 50 per centum of such earnings shall be paid into the surplus. Whenever the surplus thus paid in shall have been impaired it shall be fully restored before payment of the franchise tax herein prescribed. After the aforesaid requirements of this section have been fully met and, except as otherwise provided in this subchapter, 50 per centum of the net earnings shall be paid to the United States as a franchise tax. The net earnings derived by the United States from Federal intermediate credit banks shall, in the discretion of the Secretary of the Treasury, 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 intermediate credit bank be dissolved or go into liquidation, after the payment of all debts and other obligations as hereinbefore provided, any surplus remaining shall be paid to and become the property of the United States and shall be similarly applied (July 17, 1916, c. 245, § 206 (b); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1457; May 19, 1932, c. 191, § 3, 47 Stat. 159).

LIABILITY ON DEBENTURES OR OTHER SUCH OBLIGATIONS

§ 1081

Liability of one bank for debentures issued by other banks; agreements by banks for transfer of funds for debenture payments.—Any Federal intermediate credit bank issuing debentures or other such obligations under this subchapter shall be primarily liable therefor, and shall also be liable, upon presentation of the coupons for interest payments due upon any such debentures or obligations issued by any other Federal intermediate credit bank and remaining unpaid in consequence of the default of the other Federal intermediate credit bank. Any Federal intermediate credit bank shall likewise be liable for such portion of the principal of debentures or obligations so issued as are not paid after the assets of such other Federal intermediate credit bank have been liquidated and distributed. Such losses, if any, either of interest or of principal, shall be assessed by the Farm Credit Administration against solvent Federal intermediate credit banks liable therefor in proportion to the amount of capital stock, surplus, and debentures or other such obligations which each may have outstanding at the time of such assessment. Every Federal intermediate credit bank shall, by appropriate action of its board of directors duly recorded in its minutes, obligate itself to become liable on debentures and other such obligations as provided in this section: *Provided*, That in view of the liability of all Federal intermediate credit banks for the debentures and other such obligations of each bank under this chapter, the banks shall, in accordance with rules, regulations, and orders of the Farm Credit Administration, enter into adequate agreements and arrangements among themselves by which funds shall be transferred

§ 207

and/or made available from time to time for the payment of all such debentures and other such obligations and the interest thereon when due in accordance with the terms thereof (July 17, 1916, c. 245, § 207; Mar. 4, 1923, c. 252, § 2, 42 Stat. 1458; May 19, 1932, c. 191, § 4, 47 Stat. 159; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

EXAMINATIONS AND REPORTS

§ 1091 **Reports of condition of banks and other lending institutions rediscounting with credit banks; examinations and audits of credit banks.** § 208 (a)
 —In order to enable each Federal intermediate credit bank to carry out the purpose of this subchapter, the Comptroller of the Currency is hereby authorized and directed, upon the request of any Federal intermediate credit bank, (1) to furnish for the confidential use of such bank such reports, records, and other information, as he may have available, relating to the financial condition of national banks through or for which the Federal intermediate credit bank has made or contemplates making discounts, and (2) to make through his examiners, for the confidential use of the Federal intermediate credit bank, examinations of organizations through or for which the Federal intermediate credit bank has made or contemplates making discounts or loans: *Provided*, That no such examination shall be made without the consent of such organization except where such examination is required by law: *Provided*, That any organization, except State banks, trust companies and savings associations, shall, as a condition precedent to securing rediscount privileges with the Federal intermediate credit bank of its district, file with such bank its written consent to its examination as may be directed by the Farm Credit Administration by land bank examiners; and State banks, trust companies and savings associations may be in like manner required to file their written consent that reports of their examination by constituted authorities may be furnished by such authorities upon request to the Federal intermediate credit bank of their district. Each Federal intermediate credit bank shall be examined and audited at least once each year by the Farm Credit Administration, and the results of such examination and audit shall

be made public by the administration (July 17, 1916, c. 245, § 208 (a); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1458; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" and "administration" mentioned in the text were substituted for "Federal Farm Loan Board" and "board", respectively, pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1092 **Submission and publication of reports of condition by banks.**—Every Federal intermediate credit bank shall make to the Farm Credit Administration not less than three reports during each year as requested by the administration and according to the form which may be prescribed by the administration, verified by the oath or affirmation of the president, or secretary, or treasurer, of each Federal intermediate credit bank and attested by the signature of at least three of the directors. Each report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the Federal intermediate credit bank at the close of business on any past day specified by the Farm Credit Administration, within five days from the receipt of a request or requisition therefor from the administration, and in the same form in which it is made to the Farm Credit Administration shall be published in a newspaper published in the place where such Federal intermediate credit bank 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 bank; and such proof of publication shall be furnished as may be required by the Farm Credit Administration. The Farm Credit Administration shall also have power to call for special reports from any particular Federal intermediate credit bank whenever in its judgment the same are necessary for a full and complete knowledge of its condition (July 17, 1916, c. 245, § 208 (b); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1458; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" and "administration" mentioned in the text substituted for "Federal Farm Loan Board" and "board", respectively, pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1093 **Investigations and reports by land bank appraisers and examiners for credit banks.**—Land bank appraisers are authorized, upon the request of any Federal intermediate credit bank and with the approval of the Farm Credit Administration, to investigate and make a written report upon the products covered by warehouse receipts or shipping

documents, and the livestock covered by mortgages, which are security for notes or other such obligations representing any loan to any organization, under this subchapter. Land bank examiners are authorized, upon the request of any Federal intermediate credit bank and with the approval of the Farm Credit Administration, to examine and make a written report upon the condition of any organization, except national banks, to which the Federal intermediate credit bank contemplates making any such loan (July 17, 1916, c. 245, § 208 (c); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1459; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1094 **Cost of examinations; assessments against organizations investigated.**—The Farm Credit Administration shall assess the cost of all examinations made by the examiners of the administration under the provisions of this subchapter upon the bank, trust company, savings institution, or organization investigated, in accordance with the regulations to be prescribed by the administration. (July 17, 1916, c. 245, § 208(d); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1459; Mar. 27, 1933, Ex. Or. 6084.) § 208 (d)

"Farm Credit Administration" and "administration" mentioned in the text were substituted for "Federal Farm Loan Board" and "board", respectively, pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

RULES AND REGULATIONS

§ 1101 **Authority of Farm Credit Administration.**—The Farm Credit Administration is authorized to make such rules and regulations, not inconsistent with law, as it deems necessary for the efficient execution of the provisions of this subchapter. (July 17, 1916, c. 245, § 209; Mar. 4, 1923, c. 252, § 2, 42 Stat. 1459; Mar. 27, 1933, Ex. Or. 6084.) § 209

"Farm Credit Administration" mentioned in the text was substituted for "Federal Farm Loan Board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

TAX EXEMPTION

§ 1111 **Capital and income; debentures instrumentalities of Government.**—The privileges of tax exemption accorded under section 931 of this chapter shall apply also to each Federal intermediate credit bank including its capital, reserve, or surplus, and the income derived therefrom, and the debentures issued under this subchapter shall be deemed and held to be instrumentalities of the Government and § 210

shall enjoy the same tax exemptions as are accorded farm loan bonds in said section (July 17, 1916, c. 245, § 210; Mar. 4, 1923, c. 252, § 2, 42 Stat. 1459).

PENALTY PROVISIONS

§ 1121 **Offenses by officers, employees, or agents; embezzlement; misapplication of funds; unauthorized making, issuing, or assigning instruments; false entries.**—Any officer, director, agent, or employee of a Federal intermediate credit bank who embezzles, abstracts, purloins, or willfully misapplies any of the moneys, funds, or credits of such bank, or who, without authority from such bank, draws any order or bill of exchange, makes any acceptance, issues, puts forth, or assigns any note, debenture, bond, draft, bill of exchange, mortgage, judgment, or decree, or who makes any false entry in any book, report, or statement of such bank with intent in any case to injure or defraud such bank or any other company or person, or to deceive any officer of such bank or the Farm Credit Administration, or any agent or examiner appointed to examine the affairs of such bank; and every receiver of such bank who with like intent to defraud or injure, embezzles, abstracts, purloins, or willfully misapplies any of the moneys, funds, or assets of such bank, 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, at the discretion of the court. (July 17, 1916, c. 245, § 211 (a); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1459; Mar. 27, 1933, Ex. Or. 6084.)

“Farm Credit Administration” mentioned in the text was substituted for “Federal Farm Loan Board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1122 **False statements to banks.**—Whoever makes any statement, knowing it to be false, for the purpose of obtaining for himself or for any other person, firm, corporation, or association any advance, or extension or renewal of an advance, or any release or substitution of security from such bank, or for the purpose of influencing in any other way the action of such bank, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both (July 17, 1916, c. 245, § 211 (b); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1460).

§ 1123 **Overvaluation of property offered as security for loan.**—Whoever willfully overvalues any property offered as security for any such advance shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both (July 17, 1916, c. 245, § 211 (c); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1460). § 211 (c)

§ 1124 **Offenses by examiners.**—Any examiner appointed under this subchapter or subchapter I hereof who shall accept a loan or gratuity from any organization examined by him, or from any person connected with any such organization in any capacity, or who shall disclose the names of borrowers to other than the proper officers of such organization, without first having obtained express permission in writing from the Land Bank Commissioner or from the board of directors of such organization 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, shall be punished by a fine of not exceeding \$5,000 or by imprisonment of not exceeding one year, 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 an examiner under the provisions of this subchapter and subchapter I hereof. No examiner while holding such office shall perform any other service for compensation for any bank or banking or loan association or for any person connected therewith in any capacity (July 17, 1916, c. 245, § 211 (d); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1460; June 16, 1933, c. 98, § 80 (a) 48 Stat. 273). § 211 (d)

§ 1125 **Offenses by officers, employees, or agents of banks; receiving fees or gifts.**—Whoever, being an officer, director, employee, agent, or attorney of a Federal intermediate credit bank, 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 any such corporation or extension or renewal of loan or substitution of security, or the purchase or discount or acceptance of any paper, note, draft, check, or bill of exchange by any such corporation, shall be deemed guilty of a misdemeanor and shall upon conviction thereof be imprisoned for not more than one § 211 (e)

year and fined not more than \$5,000 or both (July 17, 1916, c. 245, § 211 (e); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1460).

§ 1126 **Forgery, counterfeiting, and like offenses relating to obligations of banks.**—Any person who shall falsely make, forge, or counterfeit, or cause or procure to be falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting any debenture, coupon, or other obligation in imitation of or purporting to be in imitation of the debenture, coupon, or other obligation issued by any Federal intermediate credit bank, or any person who shall pass, utter, or publish or attempt to pass, utter, or publish any false, forged, or counterfeited debenture, coupon, or other obligation purporting to be issued by any such bank knowing the same to be falsely made, forged, or counterfeited, or any person who shall falsely alter or cause or procure to be falsely altered or shall willingly aid or assist in falsely altering any such debenture, coupon, or other obligation or who shall pass, utter, or publish as true any falsely altered or spurious debenture, coupon, or other obligation issued, or purporting to have been issued by any such bank, knowing the same to be falsely altered or spurious, shall be punished by a fine of not exceeding \$5,000 or by imprisonment not to exceed five years, or both (July 17, 1916, c. 245, § 211 (f); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1460).

§ 1127 **False representations as to debentures or other obligations of banks.**—Any person who shall deceive, defraud, or impose upon or who shall attempt to deceive, defraud, or impose upon any person, partnership, corporation, or association by making any false pretense or representation concerning the character, issue, security, contents, conditions, or terms of any debenture, coupon, or other obligation issued under the terms of this subchapter, shall upon conviction be fined not exceeding \$500, or imprisoned not to exceed one year, or both (July 17, 1916, c. 245, § 211 (g); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1461.)

§ 1128 **Unlawful use of words “Federal intermediate credit bank.”**—All corporations not organized under the provisions of this subchapter are prohibited from using the words “Federal intermediate credit bank” as part of their corporate name, and any violation of this prohibition shall

subject the party charged therewith to a civil penalty of \$50 for each day during which the violation continues (July 17, 1916, c. 245, § 211 (h); Mar. 4, 1923, c. 252, § 2, 42 Stat. 1461).

§ 1129 **Charging of unauthorized fees or commissions by banks.**—No Federal intermediate credit bank shall charge or receive any fee, commission, bonus, gift, or other consideration not herein specifically authorized (July 17, 1916, c. 245, § 212; Mar. 4, 1923, c. 252, § 2, 42 Stat. 1461). § 212

SUBCHAPTER IV.—PRODUCTION CREDIT CORPORATIONS AND PRODUCTION CREDIT ASSOCIATIONS¹

PRODUCTION CREDIT CORPORATIONS

§ 1131 **Establishment; number; location.**—The Governor of the Farm Credit Administration, hereinafter in this subchapter and subchapter VI referred to as the “governor”, is authorized and directed to organize and charter twelve corporations to be known as “Production Credit Corporations.” One such corporation shall be established in each city in which there is located a Federal land bank. The directors of the several Federal land banks shall be ex officio the directors of the respective Production Credit Corporations. Such directors shall have power, subject to the approval of the governor, to employ and fix the compensation of such officers and employees of such corporations as may be necessary to carry out the powers and duties conferred upon such corporations under this subchapter and subchapter VI (June 16, 1933, c. 98, § 2, 48 Stat. 257).

Organization of Banks for Cooperatives, see § 1134.

§ 1131a **Charters and bylaws.**—The charters of the Production Credit Corporations shall be granted by the governor upon application of the directors of the Federal land bank of the proper district, and applications and charters shall be in such form as the governor shall prescribe. The directors shall have power, subject to the approval of the governor, to adopt such bylaws as may be necessary for the conduct of the business of the corporations (June 16, 1933, c. 98, § 3, 48 Stat. 257).

Charters of Banks for Cooperatives, see § 1134a.

¹ See also subchapter VI.

§ 1131b **Capital stock; amount; value of shares; amount and subscription for initial stock; payments for stock subscribed on behalf of United States.**—The capital stock of each Production Credit Corporation shall be in such amount as the governor determines is required for the purpose of meeting the credit needs of the district to be served by such corporation, and such amount may be increased or decreased from time to time by the governor in accordance with such credit needs. Such capital stock shall be divided into shares of \$100 each. The initial capital stock of each such corporation shall be \$7,500,000, which shall be subscribed for by the governor and held by him on behalf of the United States. Payments on subscriptions to stock by the governor shall be subject to call in whole or in part by the board of directors of the corporation with the approval of the governor. The governor shall make such payments out of the revolving fund created in section 1131i of this chapter. The stock ownership of the United States in such corporation shall be evidenced by such means as the governor shall determine (June 16, 1933, c. 98, § 4, 48 Stat. 257).

§ 1131c **Purchase of stock in production credit associations; class of stock to be purchased and held; amount of stock; retirement of stock held by corporations; application of earnings on stock held by corporations—(a) Stock in associations organized under this subchapter.**—Each Production Credit Corporation shall have power to invest its funds in stock of production credit associations as provided in this section. Such corporation is authorized to subscribe and pay for class A stock in each Production Credit Association located in the district served by such corporation in amounts sufficient to maintain the amount of class A stock held by it and other holders of class A stock equal, as nearly as may be, to 20 per centum of the volume of loans made or to be made by such association, as estimated by the corporation, but at no time shall the amount of class A stock outstanding be less than \$5,000 except with the consent of the association. Notwithstanding the provisions of the preceding sentence, (1) the governor, under rules and regulations prescribed by him, may permit a Production Credit Corporation to maintain the class A holdings of stock by the corporation and other

§ 1131c investors at such amount, in excess of 20 per centum of such loans, as may be necessary, and (2) the corporation may at any time require the association to retire and cancel stock held by the corporation in such association, if, in the judgment of the corporation, the association has resources available therefor (June 16, 1933, c. 98, § 6 (a), 48 Stat. 259).

(b) Stock in associations not organized under this subchapter; restrictions and limitations.—

Under such rules and regulations as may be prescribed by the governor and subject to such restrictions and limitations as he may prescribe, each Production Credit Corporation is authorized to subscribe and pay for stock in production credit associations not organized under this subchapter if such associations are controlled by cooperative associations as defined in section 1141j (a) of subchapter VII of this chapter. Only stock which is preferred as to assets on liquidation and is entitled to participate in dividend distributions without discrimination may be subscribed for. The amount of the stock subscribed for by any Production Credit Corporation in any such association shall not at any one time exceed 75 per centum of the total paid-in capital of such association (June 16, 1933, c. 98, § 6 (b), 48 Stat. 259).

(c) Earnings on stock in associations; application of; establishment and investment of surplus.—

The amount of the excess of earnings on stock held by the corporation above amounts necessary to pay operating expenses and restore losses and impairment of capital, if any, of the corporation shall be devoted to the creation and maintenance of a surplus equal to at least 25 per centum of the paid-in capital of the corporation. The amount of the surplus shall be invested as the governor shall prescribe in direct obligations of the United States or in class A stock of production credit associations, or both (June 16, 1933, c. 98, § 6 (c), 48 Stat. 259).

(d) Application of excess earnings on stock in associations; retirement of stock in corporations held by Government.—

The amount of such excess of earnings not required in order to comply with the provisions of subsection (c) shall be paid into the revolving fund authorized in section 1131i. Stock held by the governor in the Pro-

duction Credit Corporation shall be retired upon such payment in an amount equal to the amount of such payment (June 16, 1933, c. 98, § 6 (d), 48 Stat. 259).

PRODUCTION CREDIT ASSOCIATIONS

§ 1131d **Organization; articles of association; charters; bylaws; powers of governor respecting associations.**—The governor is authorized and directed to organize and charter corporations to be known as "Production Credit Associations." Such associations may be organized by ten or more farmers desiring to borrow money under the provisions of this section and sections 1131e to 1131h. Such individuals shall enter into articles of incorporation which shall specify in general terms the objects for which the association is formed and the powers to be exercised by it in carrying out the functions conferred upon it by this subchapter. Such articles shall be signed by the individuals uniting to form the association and a copy thereof shall be forwarded to the Production Credit Corporation of the district, and such copy shall be filed and preserved in its office. The governor may, for good cause shown, deny a charter to such individuals. Upon the approval of such articles by the governor, the association shall become as of the date of such approval a body corporate. The governor shall have power, under rules and regulations prescribed by him, or by prescribing the terms of the charter of the association, or both, to provide for the organization, management, and conduct of the business of the association; and the power of the governor shall extend to prescribing the amount of the stock of such association; fixing the territory within which its operations may be carried on; fixing the method of election and appointment of, and the amount and payment of the compensation of, directors, officers, and employees; fixing the maximum amount of individual loans which may be made; prescribing the conditions under which the stock may be retired; and providing for the consolidation of two or more such associations. The governor may, at any time, direct such changes in the charter of any such association as he finds necessary in accomplishing the purposes of this section and sections 1131e to 1131h. Bylaws of any such association may be adopted by the directors but shall not be valid unless approved by the governor (June 16, 1933, c. 98, § 20, 48 Stat. 259).

§ 1131e **Capital stock; value of shares; classes of stock; voting rights; limitation on transfer of class B stock; exchange of class B stock upon holder ceasing to be borrower; dividends; ownership of stock as entitling credit corporation to approve or remove officers of association.**—The stock of such associations shall be divided into shares of \$5 each; and there shall be two classes of such stock: (1) Class A stock which is to be held by Production Credit Corporations, and which may be purchased and held by investors, and (2) class B stock which may be purchased only by farmer borrowers from the association and individuals eligible to become borrowers. Class B stock only shall be entitled to voting rights but each holder of such stock shall be entitled to no more than one vote. No class B stock, or any interest therein or right to receive dividends thereon, shall be transferred by act of parties or operation of law except to another farmer borrower or an individual eligible to become a borrower, and then only with the approval of the directors of the association. Each holder of class B stock, within two years after he has ceased to be a borrower, shall exchange such class B stock at the fair book value (not to exceed par) thereof, as determined by the association, for class A stock. All stock shall share in dividend distributions without preference, but the directors of the association may, in their discretion, apply the amount of any dividend payable to a holder of class B stock to any indebtedness of such holder to the association. Class A stock shall be preferred as to assets of the association upon liquidation. During such time as any Production Credit Corporation is a holder of any stock of any such association, the appointment or election of directors, the secretary-treasurer, and the loan committee of such association shall be subject to the approval of the president of the Production Credit Corporation and during such time any such director, secretary-treasurer, or other officer may, at any time, be removed by the president of the Production Credit Corporation (June 16, 1933, c. 98, § 21, 48 Stat. 260).

§ 1131f **Application of earnings; losses in excess of reserve account; restoration of capital impairment; reserve account; guaranty fund; dividends.**—Each Production Credit Association shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year, first, to making up any losses in excess of its reserve

for bad and doubtful debts; second, to the restoration of the amount of the impairment, if any, of capital; third, to the creation and maintenance of a reserve account for bad and doubtful debts, the amount of which account shall be prescribed by the Production Credit Corporation; and fourth, to the creation and maintenance of a guaranty fund equal to at least 25 per centum of the paid-in capital of the association. Any sums remaining may, with the approval of the Production Credit Corporation, be devoted to the payment of dividends but no rate of dividend in excess of 7 per centum per annum shall be paid. Sums in the guaranty fund herein provided for shall be invested subject to such rules and regulations as may be prescribed by the Production Credit Corporation (June 16, 1933, c. 98, § 22, 48 Stat. 261).

§ 1131g **Loans to farmers; terms and conditions.**—Each Production Credit Association shall, under such rules and regulations as may be prescribed by the Production Credit Corporation of the district with the approval of the governor, invest its funds and make loans to farmers for general agricultural purposes, but such part of its funds as is represented by the guaranty fund provided for in section 1131f shall not be devoted to making loans to farmers. Such loans shall be made on such terms and conditions, at such rates of interest, and with such security as may be prescribed by the Production Credit Corporation. No loan shall be made for a less amount than \$50, nor shall any one borrower be indebted to the association at any one time in an amount in excess of 20 per centum of the capital and guaranty fund of the association or, if the loan is secured by collateral approved by the Corporation, in an amount in excess of 50 per centum of the capital and guaranty fund, but loans may be made to any borrower in an amount in excess of 50 per centum of the capital and guaranty fund if the loan is approved by the Production Credit Commissioner of the Farm Credit Administration. Borrowers shall be required to own, at the time the loan is made, class B stock in an amount equal in fair book value (not to exceed par), as determined by the association, to \$5 per \$100 or fraction thereof of the amount of the loan. Such stock shall not be canceled or retired upon payment of the loan but may be transferred or exchanged as provided in section 1131e (June 16, 1933, c. 98, § 23, 42 Stat. 261).

§ 1131h **Borrowing from and rediscounting paper with Federal intermediate credit banks; limitation on power to borrow from or rediscount paper with other institutions.**—Production Credit Associations doing business under this subchapter and subchapters V and VI of this chapter are authorized to borrow from, and rediscount paper with Federal Intermediate Credit Banks subject to the restrictions, limitations, and conditions applicable under subchapter III of this chapter, as amended. Except with the approval of the Governor, Production Credit Associations shall not have the power to borrow from or rediscount paper with any other bank or agency. (June 16, 1933, c. 98, § 24, 48 Stat. 261.)

REVOLVING FUND

§ 1131i **Revolving fund.**—(a) There is hereby created a revolving fund of not to exceed \$120,000,000, which shall be made up as follows:

(1) The Reconstruction Finance Corporation is authorized and directed to make available to the Governor of the Farm Credit Administration all unobligated balances of the following funds and all sums heretofore returned or released to the corporation from such funds:

(A) Any balances of funds for, and all collections on loans by, the Secretary of Agriculture pursuant to section 602 of Title 15;

(B) All collections on loans made or to be made pursuant to the Act of February 4, 1933 (Pub. No. 327, 72d Cong.);

(C) All balances of funds authorized and directed to be made available to the Secretary of Agriculture by such act and not used for loans pursuant thereto; and

(D) Any balances of the funds originally directed to be allocated and made available to the Secretary of Agriculture by such acts except as expended pursuant to subsection (e) of section 605(b) of Title 15.

(2) There are hereby made available to the Governor of the Farm Credit Administration all unobligated balances of appropriations and funds available thereunder to enable the Secretary of Agriculture to make advances or loans under the following Acts and resolutions, and all repayments of such advances and loans: March 3, 1921 (41 Stat. 1347), March 20, 1922 (42 Stat. 467), April 26, 1924 (43 Stat. 110), February 28, 1927 (44 Stat. 1251), February 25, 1929 (45 Stat. 1306), as amended May 17, 1929 (46 Stat. 3), March 3,

§ 1131i 1930 (46 Stat. 78, 79), December 20, 1930 (46 Stat. 1032), as amended February 14, 1931 (46 Stat. 1160), and February 23, 1931 (46 Stat. 1276), and Public Resolution Numbered 11, Seventy-second Congress, approved March 3, 1932, and the notes or other obligations evidencing such advances and loans and the security therefor are hereby transferred to the Governor of the Farm Credit Administration.

(3) There is hereby authorized to be appropriated the sum of \$40,000,000 out of any money in the Treasury not otherwise appropriated.

(b) There is hereby authorized to be appropriated the sum of \$2,000,000, which shall remain available until expended, for all necessary administrative expenses in connection with the establishment and supervision of the Production Credit Corporations and the Production Credit Associations.

(c) The authority of the Governor of the Farm Credit Administration to allocate and expend out of the funds covered by subsection (a) of this section such amounts as he shall deem necessary for salaries, expenses, and all other administrative expenditures in the execution of the functions for which such funds have hitherto been available shall not be deemed to be restricted by this section.

(d) The authority to make loans during the calendar year 1933 pursuant to the Act of February 4, 1933 (Public Numbered 327, Seventy-second Congress), as amended, out of funds made available by that Act shall not be deemed to be restricted by this section.

(e) The amount of all balances, collections, and appropriations allocated under subsection (a) to the revolving fund created thereunder, which is in excess of \$120,000,000, is hereby made available to the Governor of the Farm Credit Administration for the establishment of a revolving fund of not to exceed \$40,000,000. Out of such revolving fund, the Governor is authorized to allocate and, with the approval of the Secretary of the Treasury, to expend such amounts as he deems necessary for subscriptions to the capital stock and/or paid-in surplus of Federal intermediate credit banks. (June 16, 1933, c. 98, § 5, 48 Stat. 258; Jan. 31, 1934, c. 7, § 15, 48 Stat. 344.)

**SUBCHAPTER V.—REGIONAL BANKS FOR
COOPERATIVES AND CENTRAL BANK FOR
COOPERATIVES**²

REGIONAL BANKS

§ 1134 **Establishment; number; location.**—The Governor of the Farm Credit Administration, hereinafter in this subchapter and in subchapter VI referred to as the “governor”, is authorized and directed to organize and charter twelve banks to be known as “Banks for Cooperatives.” One such bank shall be established in each city in which there is located a Federal land bank. The directors of the several Federal land banks shall be ex officio the directors of the respective Banks for Cooperatives. Such directors shall have power, subject to the approval of the governor, to employ and fix the compensation of such officers and employees of such banks as may be necessary to carry out the powers and duties conferred upon such banks under this subchapter and subchapter VI (June 16, 1933, c. 98, § 2, 48 Stat. 257).

Organization of Production Credit Corporations, see § 1131.

§ 1134a **Charters and bylaws.**—The charters of the Banks for Cooperatives shall be granted by the governor upon application of the directors of the Federal land bank of the proper district, and applications and charters shall be in such form as the governor shall prescribe. The directors shall have power, subject to the approval of the governor, to adopt such bylaws as may be necessary for the conduct of the business of the banks (June 16, 1933, c. 98, § 3, 48 Stat. 257).

Charters of Production Credit Corporations, see § 1131a.

§ 1134b **Capital stock; amount; value of shares; payments from revolving fund for stock purchased by Government.**—The capital stock of each Bank for Cooperatives established under section 1134 shall be in such amount as the governor determines is required for the purpose of meeting the credit needs of eligible borrowers from the bank under this subchapter, and such amount may be increased or decreased from time to time by the governor in accordance with such needs. Such stock shall be divided into shares of \$100 each. Out of the revolving fund created under section 1141d of this chapter, as amended, the governor, on behalf of the

² See also subchapter VI.

United States, shall make payments for stock in the banks and such payments shall be subject to call in whole or in part by the board of directors of the bank with the approval of the governor (June 16, 1933, c. 98, § 40, 48 Stat. 264).

§ 1134c **Lending power.**—The Banks for Cooperatives are authorized to make loans to cooperative associations for any of the purposes and subject to the conditions and limitations set forth in subchapter VII of this chapter, and subject to such terms and conditions as may be prescribed by the board of the bank with the approval of the governor (June 16, 1933, c. 98, § 41, 48 Stat. 264).

See also sec. 1134j.

§ 1134d **Ownership of stock in banks by borrowing associations; earnings and reserves of banks.**—The provisions of sections 1134k and 1134l of this chapter shall apply in the case of Banks for Cooperatives in the same manner and to the same extent as such provisions are applicable to the Central Bank for Cooperatives, except that powers conferred on the chairman of the board of the Central Bank shall be exercised by the boards of directors of the Banks for Cooperatives, subject to the approval of the governor (June 16, 1933, c. 98, § 42, 48 Stat. 264).

§ 1134e **Retirement of stock held by Government.**—The governor may at any time require any such bank to retire and cancel stock held by the governor in such bank, if, in the judgment of the governor, the bank has resources available therefor, and amounts received by the governor in any such case shall be credited to the revolving fund created under section 1141d of this chapter, as amended (June 16, 1933, c. 98, § 43, 48 Stat. 265).

CENTRAL BANK

§ 1134f **Establishment; location.**—The governor is authorized and directed to organize and charter a corporation to be known as the "Central Bank for Cooperatives" with its principal office in the District of Columbia and such other offices as in the opinion of the governor may be necessary (June 16, 1933, c. 98, § 30, 48 Stat. 261).

§ 1134g **Board of directors.**—(a) The board of directors of the Central Bank for Cooperatives shall consist of seven members, one of whom shall be the Cooperative Bank Commissioner of the Farm Credit Administration, who shall be chairman of the board of directors. The other six directors shall be appointed by the governor, of whom the successors of three first appointed shall be appointed from nominees selected by borrowers as provided in subsection (b). The terms of the directors first appointed shall be for one, two, and three years as designated by the governor at the time of appointment and their successors shall hold their offices during a term of three years, but a director appointed to fill a vacancy shall hold his office for the unexpired term of the director whose place he is selected to fill. Any appointed director may at any time be removed for cause by the governor. No compensation shall be paid any director as a director of the corporation but the corporation, subject to the approval of the governor, may allow directors a reasonable per diem and expenses.

(b) The successors of three of the directors first appointed shall be selected one each year by the governor from among individuals nominated by borrowers (except Banks for Cooperatives). The governor shall, not less than sixty days prior to the end of the term of any director whose successor is to be appointed from among nominees as herein provided, or as soon as practicable after a vacancy occurs in the office of such director other than by the expiration of his term, cause notice of the vacancy to be sent to each borrower eligible to vote for nominees. Each such borrower shall be eligible to cast one vote. The governor shall not count any ballot received after the expiration of thirty days after the sending of notice. From those (not exceeding three) receiving the highest number of votes, as shown by his count, the governor shall appoint the director (June 16, 1933, c. 98, § 31, 48 Stat. 262).

§ 1134h **Powers of board of directors; chairman of board.**—The chairman of the board of the corporation shall be the executive officer of the corporation and the powers of the board of directors shall be such powers as may be prescribed in the charter and bylaws (June 16, 1933, c. 98, § 32, 48 Stat. 262).

§ 1134i **Capital stock.**—The capital stock of the central bank shall be in such amount as the governor determines is required for the purpose of meeting the credit needs of eligible borrowers from the bank under this subchapter, and the governor may from time to time increase or decrease such amount, subject to the limitations contained in sections 1134k and 1134m in accordance with such needs. The stock of such bank shall be divided into shares of \$100 each. Out of the revolving fund created under section 1141d of this chapter, as amended, the governor, on behalf of the United States, shall subscribe for and make payments for stock in the Central Bank and such payments shall be subject to call in whole or in part by the chairman of the board of the Central Bank with the approval of the governor (June 16, 1933, c. 98, § 33, 48 Stat. 262).

§ 1134j **Lending power; prevention of duplication of effort on the part of Central Bank and Banks for Cooperatives.**—The Central Bank is authorized to make loans to cooperative associations, as defined in subchapter VII of this chapter, as amended, for any of the purposes and subject to the conditions and limitations set forth in such subchapter, as amended, and to make loans, by way of discount or otherwise and subject to such terms and conditions as may be prescribed by the chairman of the board of the Central Bank, to Banks for Cooperatives established under section 1134 of this subchapter.

The governor shall, by regulation or by prescribing the terms of the charters issued to the Central Bank for Cooperatives and the Banks for Cooperatives, or both, provide such limitations, as between the two types of banks, on the classes of borrowers to which loans may be made and the amount of the loans which may be made to individual borrowers, as will best insure the absence of duplication of effort by the two types of banks and will secure the greatest efficiency in extending the benefits of this subchapter to borrowers (June 16, 1933, c. 98, §§ 34, 38, 48 Stat. 262, 264).

§ 1134k **Ownership of stock by associations borrowing from bank; payment into bank's guaranty fund by associations not authorized to purchase stock.**—(a) Cooperative associations borrowing from the Central Bank shall be required to own, at the time the loan is made, an amount of stock of the bank equal

in fair book value (not to exceed par), as determined by the bank, to \$100 per \$2,000 or fraction thereof of the amount of the loan. Upon discharge of the loan the stock held by the borrowing association shall be retired and canceled and the association shall be paid therefor, or in case the stock subscription is included in the amount of the loan there shall be credited on the final payment of the loan, an amount equal to the amount paid for the stock or loaned to subscribe for the stock, as the case may be, minus the pro rata impairment, if any, of capital and guaranty fund of the Central Bank, as determined by the chairman of the board of the Central Bank.

(b) In any case in which a cooperative association applying for a loan is not authorized, under the law of the State in which it is organized, to subscribe for stock in the Central Bank, the bank shall, in lieu of stock subscription, require the borrowing association to pay into a guaranty fund, or the bank may retain out of the amount of the loan and credit to the guaranty fund, an amount equal to the amount which the borrowing association would have been required to own in stock if such association had been authorized to hold such stock. Upon discharge of its loan, the provisions of the last sentence of subsection (a) shall apply with respect to sums of such association in the guaranty fund in the same manner as if such sums were represented by stock (June 16, 1933, c. 98, § 35, 48 Stat. 263).

§ 11341 **Earnings and reserves; guaranty fund; surplus; dividends to stockholders and subscribers to guaranty fund; application of dividends on Government-owned stock.**—The Central Bank for Cooperatives shall, at the end of its fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year, first, to making up any losses incurred; second, to the restoration of the amount of the impairment, if any, of capital and guaranty fund as determined by the chairman of the board; and at least 25 per centum of the remainder of such excess of earnings shall be applied to the creation and maintenance of a surplus equal to at least 25 per centum of the amount of the capital and guaranty fund. Any sums remaining may, with the approval of the chairman of the board, be devoted to the payment of dividends. Subscribers to the guaranty fund shall be entitled to dividends in the same amounts as subscribers to stock. No rate of dividend in excess of 7 per centum per annum

shall be paid. Dividends on stock held by the governor, when paid, shall be credited to the revolving fund created under section 1141d of this chapter, as amended (June 16, 1933, c. 98, § 36, 48 Stat. 263).

§ 1134m **Debentures; amount; security; preparation and issue; custody of collateral.**—The Central Bank is authorized to issue debentures, but the amount of debentures which may be outstanding may not exceed at any one time five times the paid-in capital and surplus of the bank. Such debentures shall be issued at such times and subject to such terms and conditions as the board of directors shall determine but shall bear such interest rates as may be fixed by the chairman of the board. Such debentures shall be secured by collateral which shall be at least equal in value to the amount of debentures outstanding and which shall consist of cash, direct obligations of the United States, or notes or other obligations discounted or purchased or representing loans made under section 1134j. The provisions of law applicable to the preparation and issue of Federal intermediate credit bank debentures shall, so far as applicable, govern the preparation and issue of debentures issued under this section. The governor shall appoint a custodian of such collateral who shall have power subject to such rules and regulations as the governor may prescribe to approve and accept substitutions of collateral (June 16, 1933, c. 98, § 37, 48 Stat. 263).

SUBCHAPTER VI.—PROVISIONS COMMON TO PRODUCTION CREDIT CORPORATIONS, PRODUCTION CREDIT ASSOCIATIONS, REGIONAL AND CENTRAL BANKS FOR COOPERATIVES

§ 1138 **General corporate powers.**—The Central Bank for Cooperatives, and the Production Credit Corporations, the Production Credit Associations, and the Banks for Cooperatives, organized under the two preceding subchapters, shall have succession, until dissolved in accordance with this subchapter or any other Act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of their business, to prescribe fees and charges (which

in any case shall be subject to the rules and regulations prescribed by the governor) for loans and other services; and shall have such other powers necessary and incident to carrying out their powers and duties under this subchapter, or any other Act of Congress as may be provided by the governor in their charters or in any amendments thereto. Each such bank, association, or corporation shall, for the purposes of jurisdiction, be deemed a citizen of the State or District within which its principal office is located. No district court of the United States shall have jurisdiction of any action or suit by or against any Production Credit Corporation or Production Credit Association upon the ground that it was incorporated under this chapter or that the United States owns a majority of the stock in it, nor shall any district court of the United States within the land bank district served by such association or corporation have jurisdiction by removal or otherwise of any suit by or against any such association or corporation except in cases by or against the United States or by or against any officer of the United States and except in cases by or against any receiver of any such corporation or association appointed in accordance with section 1138e (June 16, 1933, c. 98, § 60, 48 Stat. 266).

§ 1138a Examinations; assessments against corporations for cost of examinations.—At least once each year and at such other times as the governor deems necessary, the Central Bank for Cooperatives, and each Production Credit Corporation, Production Credit Association, and Bank for Cooperatives, organized under this chapter, shall be examined by examiners designated by the governor. The governor shall assess the cost of such examinations against the bank, association, or corporation examined, which shall pay such costs to the governor. The amount so assessed and unpaid shall be a prior lien on all assets of the bank, association, or corporation examined except on assets pledged to secure loans (June 16, 1933, c. 98, § 61, 48 Stat. 267).

§ 1138b Fiscal agents of United States.—The Central Bank for Cooperatives, the Production Credit Corporations, Production Credit Associations, and Banks for Cooperatives, organized under this chapter, when designated for that purpose by the Secretary of the Treasury, shall act as fiscal agents

of the United States Government and when acting as such shall perform such duties as shall be prescribed by the Secretary of the Treasury (June 16, 1933, c. 98, § 62, 48 Stat. 267).

§ 1138c **Tax exemption; realty and tangible personalty as subject to taxation; termination of tax exemption after retirement of Government-owned stock.—**

The Central Bank for Cooperatives, and the Production Credit Corporations, Production Credit Associations, and Banks for Cooperatives, organized under this chapter, and their obligations, shall be deemed to be instrumentalities of the United States, and as such, any and all notes, debentures, bonds, and other such obligations issued by such banks, associations, or corporations shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or by any State, Territorial, or local taxing authority. Such banks, associations, and corporations, their property, their franchises, capital, reserves, surplus, and other funds, and their income, shall be exempt from all taxation now or hereafter imposed by the United States or by any State, Territorial, or local taxing authority; except that any real property and any tangible personal property of such banks, associations, and corporations shall be subject to Federal, State, Territorial, and local taxation to the same extent as other similar property is taxed. The exemption provided herein shall not apply with respect to any Production Credit Association or its property or income after the stock held in it by the Production Credit Corporation has been retired, or with respect to the Central Bank for Cooperatives, or any Production Credit Corporation or Bank for Cooperatives, or its property or income after the stock held in it by the United States has been retired (June 16, 1933, c. 98, § 63, 48 Stat. 263).

§ 1138d **Offenses and penalties—(a) False representation; overvaluation of property.—**Whoever makes any material representation knowing it to be false, or whoever willfully overvalues any property or security, for the purpose of influencing in any way the action of the Farm Credit Administration, any Federal intermediate bank, or the Federal Farm Mortgage Corporation, or any division, officer, or employee thereof, or of any corporation organized under subchapter IV or V of this chapter, or in which a Production Credit Corporation organized under this chapter holds stock, or of any regional agricultural credit corporation estab-

§ 1138d lished pursuant to subsection (e) of section 605b of Title 15, upon any application, advance, discount, purchase or repurchase agreement, or loan, or any change or extension of any of the same, by renewal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both (June 16, 1933, c. 98, § 64 (a), 48 Stat. 267; Jan. 31, 1934, c. 7, § 13, 48 Stat. 344).

(b) Forgery, counterfeiting, alteration, etc., of obligations of corporation or of Farm Credit Administration.—Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, coupon, or paper in imitation of or purporting to be a note, debenture, bond, or other obligation, coupon, or paper issued by the Farm Credit Administration, any Federal Intermediate Credit Bank, or the Federal Farm Mortgage Corporation, or by any corporation referred to in subsection (a) of this section; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, coupon, or paper, purporting to have been issued by the Farm Credit Administration or by any such corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, coupon, or paper issued or purporting to have been issued by the Farm Credit Administration or by any such corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, any of the same as true, knowing it to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both (June 16, 1933, c. 98, § 64 (b), 48 Stat. 267; Jan. 31, 1934, c. 7, § 13, 48 Stat. 344).

(c) Embezzlement, misapplication, etc., of anything of value belonging to corporation or to administration; false entries; unauthorized making, issuing, or assigning of instrument; personally benefiting from business of corporation.—Whoever being an employee, officer, or agent of the Farm Credit Administration, any Federal Intermediate Credit Bank, or the Federal Farm Mortgage Corporation, or connected in any capacity with any corporation referred to in subsection (a) of this section, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Farm Credit Administration, any Federal Inter-

§ 1138d mediate Credit Bank, or the Federal Farm Mortgage Corporation, or such corporation or pledged or otherwise intrusted to the same; or (2) with intent to defraud the United States, or any such corporation, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Farm Credit Administration, any Federal Intermediate Credit Bank, or the Federal Farm Mortgage Corporation, or of any such corporation, makes any false entry in any book, report, or statement of or to the Farm Credit Administration, any Federal Intermediate Credit Bank, or the Federal Farm Mortgage Corporation, or any such corporation, or draws any order, or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof; or (3) with intent to defraud the United States or any corporation referred to in subsection (a) of this section, participates or share in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such corporation, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both (June 16, 1933, c. 98, § 64 (c), 48 Stat. 267; Jan. 31, 1934, c. 7, § 13, 48 Stat. 344).

(d) Concealment, conversion, etc., of property mortgaged or pledged to, or held by corporation or administration.—Whoever knowingly, with intent to defraud the United States or any corporation referred to in subsection (a) of this section, shall conceal, remove, dispose of, or convert, to his own use or to that of another, any property mortgaged or pledged to, or held by, the Farm Credit Administration, any Federal Intermediate Credit Bank, or the Federal Farm Mortgage Corporation, or any such corporation, as security for any obligation, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both (June 16, 1933, c. 98, § 64 (d), 48 Stat. 267; Jan. 31, 1934, c. 7, § 13, 48 Stat. 344).

(e) Applicability of criminal code provisions to transactions of corporations and administration.—The provisions of sections 202 to 207, inclusive, of Title 18, insofar as applicable, are extended to apply to contracts or agreements made by the Farm Credit Administration, any Federal Intermediate Credit Bank, or the Federal Farm Mortgage Corporation, its divisions, officers, and employees, and by the corporations referred to in subsection (a) of this section, which, for the purposes hereof, shall be held to include advances, loans, discounts, and

§ 1138d purchase and repurchase agreements; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor (June 16, 1933, c. 98, § 64 (e), 48 Stat. 267; Jan. 31, 1934, c. 7, § 13, 48 Stat. 344).

(f) **Conspiracy.**—Whoever conspires with another to accomplish any of the acts made unlawful by the preceding provisions of this section, shall, on conviction thereof, be subject to the same fine or imprisonment, or both, as is applicable in the case of conviction for doing such unlawful act (June 16, 1933, c. 98, § 64 (f), 48 Stat. 267).

§ 1138e **Receivership; voluntary liquidation.**—Upon default of any obligation of any Production Credit Corporation, Production Credit Association, or regional Bank for Cooperatives, such bank, association, or corporation may be declared insolvent and placed in the hands of a receiver by the governor and proceedings shall thereupon be had in accordance with the provisions of law relating to the insolvency of national farm loan associations. Any such bank, association, or corporation may, with the consent of the governor, liquidate voluntarily, but only in accordance with such rules and regulations as the governor may prescribe (June 16, 1933, c. 98, § 65, 48 Stat. 269).

§ 1138f **Limitation on compensation payable to director, officer, or employee.**—No director, officer, or employee of the Central Bank for Cooperatives, or of any Production Credit Corporation, Production Credit Association, or Bank for Cooperatives shall be paid compensation at a rate in excess of \$10,000 per annum. No officer or employee of the Farm Credit Administration engaged in carrying out the provisions of this subchapter and subchapters IV and V of this chapter shall be paid compensation at a rate in excess of \$10,000 per annum (June 16, 1933, c. 98, § 66, 48 Stat. 269).

SUBCHAPTER VII.—AGRICULTURAL MARKETING ACT

HISTORICAL NOTE

This subchapter contains the Agricultural Marketing Act of June 15, 1929, as amended.

In view of the amendments to the Agricultural Marketing Act, and of the transfer of its administration to the Governor of the Farm Credit Administration by Executive Order No. 6084, set forth at the beginning of this chapter under "Introductory", the provisions of the Act as amended have been transferred to this chapter from Title 7.

From the provisions of subchapter V of this chapter, it will be noted that many of the functions defined in this sub-

chapter may now be exercised through regional banks for cooperatives and a central bank for cooperatives, rather than direct, in the manner originally provided for by the terms of this subchapter. The banks for cooperatives, under subchapter V, are to be established with capital stock purchased from the revolving fund created under section 1141d of this subchapter; and the loaning powers of the banks for cooperatives, under subchapter V, are similar to those originally created under this subchapter and not rescinded by amendments thereto.

The Agricultural Marketing Act was entitled "An Act to establish a Federal Farm Board to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, and to place agriculture on a basis of economic equality with other industries."

§ 1141 **Declaration of policy; effective merchandising of agricultural commodities; speculation; cooperative marketing; surpluses; administration of subchapter.**—

(a) It is hereby declared to be the policy of Congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries, and to that end to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products—

(1) by minimizing speculation.

(2) by preventing inefficient and wasteful methods of distribution.

(3) by encouraging the organization of producers into effective associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperative associations and other agencies.

(4) by aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, so as to maintain advantageous domestic markets and prevent such surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity.

(b) There shall be considered as a surplus for the purposes of this subchapter any seasonal or year's total surplus, produced in the United States and either local or national in extent, that is in excess of the requirements for the orderly distribution of the agricultural commodity or is in excess of the domestic requirements for such commodity.

(c) The Farm Credit Administration shall execute the powers vested in it by this subchapter only in such manner as will, in the judgment of the ad-

ministration aid to the fullest practicable extent in carrying out the policy above declared (June 15, 1929, c. 24, § 1, 46 Stat. 11; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" and "administration" mentioned in the text were substituted for "Federal Farm Board" and "board", respectively, pursuant to the Executive Order cited threto, which is set out in full at the beginning of this chapter.

§ 1141a **Federal Farm Board.**—A Federal Farm Board is hereby created, which shall consist of eight members to be appointed by the President, by and with the advice and consent of the Senate, and of the Secretary of Agriculture, ex officio. In making the appointments the President shall give due consideration to having the major agricultural commodities produced in the United States fairly represented upon the board. The terms of office of the appointed members of the board first taking office after the date of the approval of this subchapter shall expire, as designated by the President at the time of nomination, two at the end of the first year, two at the end of the second year, one at the end of the third year, one at the end of the fourth year, one at the end of the fifth year, and one at the end of the sixth year after such date. A successor to an appointed member of the board shall have a term of office expiring six years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term. One of the appointed members shall be designated by the President as chairman of the board and shall be the principal executive officer thereof. The board shall select a vice chairman, who shall act as chairman in case of the absence or disability of the chairman. The board may function notwithstanding vacancies, and a majority of the appointed members in office shall constitute a quorum. Each appointed member shall be a citizen of the United States and shall not actively engage in any other business, vocation, or employment than that of serving as a member of the board; nor shall any appointed member during his term of office engage in the business (except such business as is necessary to the operation of his own farm or farms) of buying and selling, or otherwise be financially interested in, any agricultural commodity or product thereof. Each appointed member shall receive a salary of \$12,000

a year, together with necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law, while away from his official station upon official business (June 15, 1929, c. 24, § 2, 46 Stat. 11).

This section rendered obsolete, by Executive Order 6084, except insofar as it affects the qualifications, appointment, business engagements, salary, and expenses of the Governor of the Farm Credit Administration, formerly known as chairman of the Federal Farm Board. ;

§ 1141b **General powers of Farm Credit Administration.**—The Farm Credit Administration—

(1) Shall maintain its principal office in the District of Columbia, and such other offices in the United States as in its judgment are necessary.

(2) shall have an official seal which shall be judicially noticed.

(3) shall make an annual report to Congress upon the administration of this subchapter and any other matter relating to the better effectuation of the policy declared in section 1141, including recommendations for legislation.

(4) may make such regulations as are necessary to execute the functions vested in it by this subchapter.

(5) may appoint and fix the salaries of a secretary and such experts, and, in accordance with sections 661-674 of Title 5, as amended, and subject to the provisions of the civil service laws, such other officers and employees, as are necessary to execute such functions.

(6) may make such expenditures (including expenditures for rent and personal services at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding) as are necessary to execute such functions. Expenditures by the administration shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the governor of the administration (June 15, 1929, c. 24, § 4 46 Stat. 13; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" and "administration" mentioned in the text were substituted for "Federal Farm Board" and "board," respectively, and "governor" was substituted for "chairman" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1141c **Special powers of administration.**—The administration is authorized and directed—

(1) to promote education in the principles and practices of cooperative marketing of agricultural commodities and food products thereof.

(2) to encourage the organization, improvement in methods, and development of effective cooperative associations.

(3) to keep advised from any available sources and make reports as to crop prices, experiences, prospects, supply, and demand, at home and abroad (June 15, 1929, c. 24, § 5, 46 Stat. 13; Mar. 27, 1933, Ex. Or. 6084; June 16, 1933, c. 98, § 50 (a), 48 Stat. 265).

“Administration” mentioned in the text was substituted for “board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1141d **Revolving fund.**—There is hereby authorized to be appropriated the sum of \$500,000,000 which shall be made available by the Congress as soon as practicable after the approval of this subchapter and shall constitute a revolving fund to be administered by the administration as provided in this subchapter and subchapter V of this chapter (June 15, 1929, c. 24, § 6, 46 Stat. 14; Mar. 27, 1933, Ex. Or. 6084; June 16, 1933, c. 98, §§ 33, 34, 40, 41, 48 Stat. 262, 264).

“Administration” mentioned in the text was substituted for “board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

For use of revolving fund in purchasing capital stock in regional and central banks for cooperatives, see sections 1170 and 1183 of subchapter V.

§ 1141e **Loans to cooperative associations.**—(a) Upon application by any cooperative association the administration is authorized to make loans to it from the revolving fund [provided for in section 1141d] to assist in—

(1) the effective merchandising of agricultural commodities and food products thereof and the financing of its operations;

(2) the construction or acquisition by purchase or lease, or refinancing the cost of such construction or acquisition, of physical marketing facilities for preparing, handling, storing, processing, or merchandising agricultural commodities or their food products;

(b) No loan shall be made to any cooperative association unless, in the judgment of the administration, the loan is in furtherance of the policy declared in section 1141 and the cooperative association applying for the loan has an organization and management, and business policies, of such character as to insure the reasonable safety of the loan and the furtherance of such policy.

(c) Loans for the construction or acquisition by purchase or lease of physical facilities, or for re-

financing the cost of such construction or acquisition [acquisition], shall be subject to the following conditions:

(1) No such loan shall be made in an amount in excess of 60 per centum of the value of the facilities.

(2) No loan for the purchase or lease of such facilities shall be made unless the Governor of the Farm Credit Administration finds that the purchase price or rent to be paid is reasonable.

(d) Loans for the construction or purchase of physical facilities, together with interest on the loans, shall be repaid upon an amortization plan over a period not in excess of twenty years (June 15, 1929, c. 24, § 7, 46 Stat. 14; Mar. 27, 1933, Ex. Or. 6084; June 16, 1933, c. 98, § § 50-53, 48 Stat. 265).

"Administration" mentioned in the text was substituted for "board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

Subsection (a) of this section originally contained a fourth paragraph, relating to loans for education in the advantages of cooperative marketing, which was repealed by section 50 (a) of the Farm Credit Act of June 16, 1933.

Subsection (a) of this section originally contained a fifth paragraph, as follows: "(5) enabling the cooperative association applying for the loan to advance to its members a greater share of the market price of the commodity delivered to the association than is practicable under other credit facilities."

This paragraph was repealed by section 50 (a) of the Farm Credit Act of June 16, 1933, subject to the following provision of section 50 (b) of that Act: "The repeal of section 1141e (a) (5) shall not be construed to prohibit the extension, renewal, or refinancing of any loan made thereunder and outstanding on the date of the enactment of this Act, but loans to extend, renew, or refinance any such loan shall bear interest rates as determined under section 1141f (a) of this chapter, as amended."

See sections 1134c and 1134j of subchapter V for loans to cooperative associations by banks for cooperatives, established under the Farm Credit Act of June 16, 1933, and capitalized from the revolving fund provided for in § 1141d hereof.

§ 1141f **Miscellaneous loan provisions.**—(a) Loans to any cooperative association shall bear such rates of interest as the Governor of the Farm Credit Administration shall by regulation prescribe, but in no case shall the rate be less than 3 per centum per annum or more than 6 per centum per annum on the unpaid principal. In fixing such rates of interest, the governor shall fix such rates as he deems the needs of the lending agencies require and in the case of loans made for the purposes of section 1141e (a) (1) the rate shall, as nearly as practicable, conform to a rate 1 per centum per annum in excess of the Federal Intermediate Credit Bank discount rate at the time the loan is made, and in the case of loans made for the purposes of section 1141e (a) (2) the rate of interest shall, as nearly as practicable, conform to the prevailing rate on mortgage loans made to members of national farm loan associations at the time the loan is made.

(b) Payments of principal or interest upon any such loan or advance shall be covered into the revolving fund [provided for in section 1141d].

(c) Loans to any cooperative association or stabilization corporation shall be made upon the terms specified in this sub-chapter and upon such other terms not inconsistent therewith and upon such security as the administration deems necessary.

(d) No loan or insurance agreement shall be made by the administration if in its judgment the agreement is likely to increase unduly the production of any agricultural commodity of which there is commonly produced a surplus in excess of the annual marketing requirements (June 15, 1929, c. 24, § 8, 46 Stat. 14; Mar. 27, 1933, Ex. Or. 6084; June 16, 1933, c. 98, § 54, 48 Stat. 264).

“Administration” mentioned in the text was substituted for “board” pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.
See § 1141g and note thereto.

§ 1141g **Stabilization corporations.**—(a) The administration may, upon application of the advisory commodity committee for any commodity, recognize as a stabilization corporation for the commodity any corporation if—

(1) The administration finds that the marketing situation with respect to the agricultural commodity requires or may require the establishment of a stabilization corporation in order effectively to carry out the policy declared in section 1141; and

(2) The administration finds that the corporation is duly organized under the laws of a State or Territory; and

(3) The administration finds that all the outstanding voting stock or membership interests in the corporation are and may be owned only by cooperative associations handling the commodity; and

(4) The corporation agrees with the administration to adopt such bylaws as the administration may from time to time require, which bylaws, among other matters, shall permit cooperative associations not stockholders or members of the corporation to become stockholders or members therein upon equitable terms.

(b) Any stabilization corporation for an agricultural commodity (1) may act as a marketing agency for its stockholders or members in preparing, handling, storing, processing, and merchandising for their account any quantity of the agricultural commodity or its food products, and (2) for the purpose of controlling any surplus in the commodity in furtherance of the policy declared in section 1141, may prepare, purchase, handle, store, process, and merchandise, otherwise than for the

§ 1141g account of its stockholders or members, any quantity of the agricultural commodity or its food products whether or not such commodity or products are acquired from its stockholders or members.

(c) Upon request of the advisory committee for any commodity the administration is authorized to make loans from the revolving fund to the stabilization corporation for the commodity for working capital to enable the corporation to act as a marketing agency for its stockholders or members as hereinbefore provided. Not less than 75 per centum of all profits derived by a stabilization corporation each year from its operations as such a marketing agency shall be paid into a merchandising reserve fund to be established by the corporation. No such payment shall be required whenever the fund is in such amount as, in the judgment of the administration, constitutes a sufficient reserve for such operations of the corporation. Out of the remainder of such profits for the year the corporation shall repay any outstanding loan made under this subdivision and the accrued interest thereon, or if all such loans and accrued interest have been fully repaid, then it may distribute a patronage dividend to its stockholders or members. Such patronage dividend shall be paid to each stockholder or member on the basis of the total volume of the commodity or its products for the year marketed for his account through the corporation.

(d) Upon request of the advisory committee for any commodity the administration is authorized to make loans from the revolving fund to the stabilization corporation for the commodity to enable the corporation to control any surplus in the commodity as hereinbefore provided and for meeting carrying and handling charges and other operating expenses in connection therewith. The administration shall require a stabilization corporation to establish and maintain adequate reserves from its profits from its surplus control operations before it shall pay any dividends out of such profits. All losses of the corporation from such operations shall be paid from such reserves, or if such reserves are inadequate, then such losses shall be paid by the administration as a loan from the revolving fund. Any amounts so loaned for payment of losses shall be repaid into the revolving fund by the corporation from future profits from its surplus control operations. Any stabilization corporation receiving loans under this subdivision for surplus control operations shall exert every

reasonable effort to avoid losses and to secure profits, but shall not withhold any commodity from the domestic market if the prices have become unduly enhanced, resulting in distress to domestic consumers. Stockholders or members of the corporation shall not be subject to assessment for any losses incurred in surplus control operations of the corporation.

(e) A stabilization corporation shall keep such accounts, records, and memoranda, and make such reports with respect to its transactions, business methods, and financial condition, as the administration may from time to time prescribe; shall permit the administration to audit its accounts annually and at such other times as the administration deems advisable; and shall permit the administration, upon its own initiative or upon written request of any stockholder or member, to investigate the financial condition and business methods of the corporation.

(f) No loan shall be made to any stabilization corporation unless, in the judgment of the administration, the loan is in furtherance of the policy declared in section 1141 (June 15, 1929, c. 24, § 9, 46 Stat. 14; Mar. 27, 1933, Ex. Or. 6084).

This section constituted § 9 of the Agricultural Marketing Act of June 15, 1929. The powers and duties originally vested in the Federal Farm Board by this section were vested in the Farm Credit Administration, by § 3 of Executive Order No. 6084, subject to the following provisions of § 6 of that Order:

"The functions vested in the Federal Farm Board by section 9 of the Agricultural Marketing Act are abolished, except that such functions shall continue to be exercised to such extent and for such time as may be necessary to permit the orderly winding up of the activities of stabilization corporations heretofore recognized under authority of such section, and the governor of the Farm Credit Administration shall take appropriate action for winding up at the earliest practicable date the activities of such corporations and all affairs related to the exercise of such functions."

The "Advisory Commodity Committees" to which reference is made in this section were provided for by § 3 of the Agricultural Marketing Act of June 15, 1929, which section was repealed by section 50 (a) of the Farm Credit Act of June 16, 1933.

"Administration" mentioned in the text was substituted for "board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1141h Avoidance of duplication; cooperation with other governmental establishments; obtaining information and data; cooperation with States, Territories, and agencies or subdivisions thereof; indicating research problems; transfer of offices, functions, etc.—(a) The administration shall, in cooperation with any governmental establishment in the Executive branch of the Government, including any field service thereof at home or abroad, avail itself of the services and facilities thereof in order to avoid preventable expense or duplication of effort.

(b) The President may by Executive order direct any such governmental establishment to furnish

§ 1141h the administration such information and data as such governmental establishment may have pertaining to the functions of the administration [under this subchapter]; except that the President shall not direct that the administration be furnished with any information or data supplied by any person in confidence to any governmental establishment in pursuance of any provision of law or of any agreement with a governmental establishment.

(c) The administration may cooperate with any State or Territory, or department, agency, or political subdivision thereof, or with any person.

(d) The administration shall, through the governor, indicate to the appropriate bureau or division of the Department of Agriculture any special problem on which a research is needed to aid in carrying out the provisions of this subchapter.

(e) The President is authorized, by Executive order, to transfer to or retransfer from the jurisdiction and control of the administration the whole or any part of (1) any office, bureau, service, division, commission, or board in the Executive branch of the Government engaged in scientific or extension work, or the furnishing of services, with respect to the marketing of agricultural commodities, (2) its functions pertaining to such work or services, and (3) the records, property, including office equipment, personnel, and unexpended balances of appropriation, pertaining to such work or services (June 15, 1929, c. 24, § 13, 46 Stat. 17; Mar. 27, 1933, Ex. Or. 6084).

"Administration" mentioned in the text was substituted for "board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1141i **Examination of books and accounts; limitation on purpose of examination respecting expenditures from revolving fund.**—Vouchers approved by the Governor of the Farm Credit Administration for expenditures from the revolving fund [provided for in section 1141d] pursuant to any loan or advance or from insurance moneys pursuant to any insurance agreement, shall be final and conclusive upon all officers of the Government; except that all financial transactions of the administration shall, subject to the above limitations, be examined by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe. Such examination, with respect to expenditures from the revolving fund pursuant to any loan or advance or from insurance moneys pursuant to any insurance agreement, shall be for the sole purpose of making a

report to the Congress and to the board of expenditures and of loan and insurance agreements in violation of law, together with such recommendations thereon as the Comptroller General deems advisable (June 15, 1929, c. 24, § 14, 46 Stat. 18; Mar. 27, 1933, Ex. Or. 6084).

Insurance agreements, to which reference is made in this section, were authorized to be made by § 11 of the Agricultural Marketing Act of June 15, 1929, which section was repealed by § 50 (a) of the Farm Credit Act of June 16, 1933. The provision, as originally contained in the Agricultural Marketing Act, authorized the Federal Farm Board, upon application of cooperative associations, to enter into agreements, subject to specified conditions for the insurance of the associations against loss through price decline in the agricultural commodity handled by the associations and produced by the members thereof.

"Governor of the Farm Credit Administration" and "administration" mentioned in the text were substituted for "chairman of the board" and "board", respectively, pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1141j **Miscellaneous provisions—(a) "Cooperative association" defined.**—As used in this subchapter the term "cooperative association" means any association in which farmers act together in collectively processing, preparing for market, handling and/or marketing the farm products of persons so engaged and also means any association in which farmers act together in collectively purchasing, testing, grading, and/or processing their farm supplies: *Provided, however,* That such associations are operated for the mutual benefit of the members thereof as such producers or purchasers and conform to one or both of the following requirements:

First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein; and

Second. That the association does not pay dividends on stock or membership capital in excess of 8 per centum per annum.

And in any case to the following:

Third. That the association shall not deal in the products of or supplies for nonmembers to an amount greater in value than such as are handled by it for members. (June 15, 1929, c. 24, § 15 (a), 46 Stat. 18; June 16, 1933, c. 98, § 55, 48 Stat. 266; Mar. 27, 1933, Ex. Or. 6084.)

(b) Speculation prohibited.—It shall be unlawful for the governor, or any officer or employee of the Farm Credit Administration [engaged in the administration of this subchapter] to speculate, directly or indirectly, in any agricultural commodity or product thereof, or in contracts relating thereto, or in the stock or membership

§ 1141j interests of any association or corporation engaged in handling, processing, or disposing of any such commodity or product. Any person violating this subdivision shall upon conviction thereof be fined not more than \$10,000, or imprisoned not more than 10 years, or both. (June 15, 1929, c. 24, § 15 (b), 46 Stat. 18; Mar. 27, 1933, Ex. Or. 6084.)

"The governor" and "Farm Credit Administration" mentioned in the text were substituted for "any member" and "board", respectively, pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

(c) Confidential information; disclosure prohibited.—It shall be unlawful (1) for any cooperative association, stabilization corporation, clearing house association, or commodity committee, or (2) for any director, officer, employee, or member or person acting on behalf of any such association, corporation, or committee, to which or to whom information has been imparted in confidence by the administration, to disclose such information in violation of any regulation of the administration. Any such association, corporation, or committee, or director, officer, employee, or member thereof, violating this subdivision, shall be fined not more than \$5,000, or imprisoned not more than 5 years, or both (June 15, 1929, c. 24, § 15 (c), 46 Stat. 18; Mar. 27, 1933, Ex. Or. 6084).

"Administration" mentioned in the text was substituted for "board" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

(d) Governmental publications; predictions as to cotton prices prohibited.—The inclusion in any governmental report, bulletin, or other such publication hereafter issued or published of any prediction with respect to cotton prices is hereby prohibited. Any officer or employee of the United States who authorizes or is responsible for the inclusion in any such report, bulletin, or other publication of any such prediction, or who knowingly causes the issuance or publication of any such report, bulletin, or other publication containing any such prediction, shall, upon conviction thereof, be fined not less than \$500 or more than \$5,000, or imprisoned for not more than 5 years, or both: *Provided*, That this subdivision shall not apply to the Governor of the Farm Credit Administration when engaged in the performance of his duties herein provided (June 15, 1929, c. 24, § 15 (d), 46 Stat. 18; Mar. 27, 1933, Ex. Or. 6084).

"Governor of the Farm Credit Administration" mentioned in the text was substituted for "members of the board", pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1141j (e) **Separability clause.**—If any provision of this subchapter is declared unconstitutional, or the applicability thereof to any person, circumstance, commodity, or class of transactions with respect to any commodity is held invalid, the validity of the remainder of the subchapter and the applicability of such provision to other persons, circumstances, commodities, and classes of transactions shall not be affected thereby (June 15, 1929, c. 24, § 15 (e), 46 Stat. 18).

(f) **Citation of subchapter.**—This subchapter may be cited as the “Agricultural Marketing Act” (June 15, 1929, c. 24, § 15 (f), 46 Stat. 18).

(g) **“Agricultural commodity”; definition.**—As used in this subchapter, the term “agricultural commodity” includes, in addition to other agricultural commodities, crude gum (oleoresin) from a living tree, and the following products as processed by the original producer of the crude gum (oleoresin) from which derived: Gum, spirits of turpentine and gum rosin, as defined in section 92 of Title 7 (June 15, 1929, c. 24, § 15 (g), 46 Stat. 18; Mar. 4, 1931, c. 520, § 3, 46 Stat. 1550).

SUBCHAPTER VIII.—REGIONAL AGRICULTURAL CREDIT CORPORATIONS

HISTORICAL NOTE

The Executive Order of March 27, 1933, set forth at the beginning of this chapter under “Introductory”, transferred to the jurisdiction and control of the Farm Credit Administration the functions defined in section 5 (e) of the Order, as follows: “The functions of the Reconstruction Finance Corporation and its Board of Directors relating to the appointment of officers and agents to manage regional agricultural credit corporations formed under section 201 (e) of the Emergency Relief and Construction Act of 1932; relating to the establishment of rules and regulations for such management; and relating to the approval of loans and advances made by such corporations and of the terms and conditions thereof.”

The section of the Emergency Relief and Construction Act of July 21, 1932, to which reference is made in the above quoted paragraph of the Executive Order, is contained in section 605 (e) of Title 15, and is also incorporated in this subchapter.

§ 1148 **Regional agricultural credit corporations; creation; capital; management; loans; rediscunts; supervision.**—The Reconstruction Finance Corporation is further authorized to create in any of the

twelve Federal land bank districts where it may deem the same to be desirable a regional agricultural credit corporation with a paid-up capital of not less than \$3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under section 602 of Title 15. Such corporations shall be managed by officers and agents to be appointed by the Farm Credit Administration under such rules and regulations as it may prescribe. Such corporations are hereby authorized and empowered to make loans or advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Farm Credit Administration, and to rediscount with the Reconstruction Finance Corporation and the various Federal reserve banks and Federal intermediate credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe (July 21, 1932, c. 520, § 207, 47 Stat. 715; Mar. 27, 1933, Ex. Or. 6084).

"Farm Credit Administration" mentioned in the text was substituted for "Reconstruction Finance Corporation" pursuant to the Executive Order cited thereto, which is set out in full at the beginning of this chapter.

§ 1148a Reduction of capital stock of regional agricultural credit corporation; revolving fund from stock proceeds.—The Reconstruction Finance Corporation is authorized, with the approval of the Governor of the Farm Credit Administration, to reduce the capital of any Regional Agricultural Credit Corporation by such action as may be suitable for the purpose. The funds made available by any such reduction shall constitute a revolving fund, all or any part of which shall be available for use from time to time by the Reconstruction Finance Corporation for the purpose of increasing, with the approval of the Governor of the Farm Credit Administration, the capital of any Regional Agricultural Credit Corporation (June 16, 1933, c. 98, § 84, 48 Stat. 273).