

## FEDERAL DEPOSIT INSURANCE ACT

FEBRUARY 10 (legislative day, JANUARY 4), 1950.—Ordered to be printed

Mr. MAYBANK, from the Committee on Banking and Currency, submitted the following

## REPORT

[To accompany S. 2822]

The Committee on Banking and Currency, to whom was referred the bill (S. 2822) to amend the Federal Deposit Insurance Act (U. S. C., title 12, sec. 264), having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

## GENERAL STATEMENT

For the past few years it has been urged by the banking fraternity that the annual assessment of one-twelfth of 1 percent on the total deposits of insured institutions be reduced, since it was believed that the reserves against possible losses were adequate. The chairman of your committee has for some time had the problem under careful study and consideration, and on January 10, after extensive discussions with the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, and the Board of Directors of the Federal Deposit Insurance Corporation introduced the bill which your committee is reporting in essentially the same form.

The committee also had before it four other bills providing for reduction or suspension of assessments and for increasing the maximum amount of accounts eligible for insurance. These were S. 80, introduced by Senator Langer; S. 2094, introduced by Senator Butler; S. 2300, introduced by Senator Bricker; and S. 2307, introduced by Senator Pepper.

The amount received by the Federal Deposit Insurance Corporation from assessments is used to pay insured depositors in closed banks, to cover expense of operation, and to set up reserves for possible insurance losses. The Corporation's total surplus or insurance fund on December 31, 1949, was \$1,203,942,687.92. During the year its income from assessments, investments, and other sources was

\$145,514,301.53. Insurance losses were \$641,183.22 and operating expense was \$6,781,331.46. This left \$138,091,786.85 to be added to the insurance fund, bringing it to the total above shown. The Corporation in 1948 completed repayment to the Treasury of \$289,000,000 originally advanced by the Treasury and the Federal Reserve banks to provide its original capital.

Your chairman, in discussing the proposed legislation with representatives of the Corporation, was informed that several relatively minor technical changes in the deposit insurance law have been found desirable as a result of its 16 years of operation. Most of these suggested changes were included in S. 2822. This is the chief practical difference between that bill and the other measures considered by your committee.

Increase in the maximum insurable deposit from \$5,000 to \$10,000 encountered practically no opposition from witnesses testifying at the hearings. It was shown that this change would increase insurance coverage from 96 percent to 98.4 percent of all accounts in insured banks, and from 44.8 percent to 52.4 percent of total deposits in insured banks. This change was approved by your committee, but it is recommended that no further increase in the maximum insurable account be made, at least until the Corporation's insurance fund equals 1 percent of total insured deposits.

Your committee carefully considered three proposed methods of reducing the incidence of the assessment upon insured banks. One such method was the proposed reduction in the rate of assessment by one-half—from one-twelfth to one twenty-fourth of 1 percent. A second proposal was the suspension of assessments so long as the Corporation's insurance fund remains at or above \$1,000,000,000, the assessment to be reimposed if and when the fund should be reduced below that figure, such reassessment to be at a rate sufficient only to restore the fund to that amount.

A third method, the one approved by your committee, would require the Corporation to credit pro rata to insured banks 60 percent of its "net assessment income" as defined in the bill, such credits to be applied to the bank's assessment for the semiannual assessment period beginning on the next ensuing July 1. This change would be effective with the calendar year ended December 31, 1949, and for each subsequent calendar year. "Net assessment income" is defined as "the total assessments which become due during the calendar year less (1) the operating costs and expenses of the Corporation for the calendar year; (2) additions to reserve to provide for insurance losses during the calendar year, except that any adjustments to reserve which result in a reduction of such reserve shall be added; and (3) the insurance losses sustained in said calendar year plus losses from any preceding years in excess of such reserves. If the above deductions exceed in amount the total assessments which become due during the calendar year, the amount of such excess shall be restored by deduction from total assessments becoming due in subsequent years."

It is estimated that this change will result in a reduction of approximately 55 percent in the amount insured banks will hereafter pay for insurance of deposits as compared with amounts heretofore paid.

S. 2822 provides for changes in the assessment base. It would permit (a) the deduction from the deposit balance due to an insured bank of the deposit balance due from such insured bank; (b) the

inclusion in uncollected items of checks cashed over the counter; (c) the exclusion of outstanding drafts drawn on insured banks; and (d) the exclusion of cash funds received and held exclusively as security for a liability to the bank. Provision is also made for a semiannual assessment base of the average of the deposits for two days in each semiannual period—March 31 and June 30, and September 30 and December 31—instead of the provision in the present law of the daily deposit liabilities for each semiannual assessment period. These changes will not materially affect the assessment income, and will save the banks considerable expense and annoyance in the keeping of records and the preparation of assessment reports.

Section 10 (b) of S. 2822 as originally introduced would have authorized the Federal Deposit Insurance Corporation to examine "any insured State bank \* \* \* whenever in the judgment of the board of directors an examination of the bank is necessary." Existing law restricts such examinations to "any insured State non-member bank," and requires the Corporation to secure the written consent of the Board of Governors of the Federal Reserve System if the Corporation desires to examine an insured State member bank. Testimony at the hearing showed that the proposed change was designed only to permit prompt examination by the Corporation of any insured bank in case the Corporation had reason to believe that its risk as insurer was involved, and that no additional routine examinations were contemplated. However, strong representations were made by State bank supervising authorities that the language of the bill would open the way for additional routine examinations of insured State member banks by another Federal bank supervising agency, resulting in additional and unnecessary interruption to the business of the banks, and would tend toward destruction of the dual banking system of the Nation.

Your committee feels that there may well be a reasonable basis for the objections expressed by the State bank supervisory authorities, and that no reasonable request by the Corporation for permission to examine an insured State member bank would be refused by the Board of Governors of the Federal Reserve System. It was accordingly agreed that the provisions of section 10 (b) should be eliminated, and that in lieu thereof the provisions of existing law on this subject should be retained.

Section 13 (c) would authorize the Corporation, in order to reopen a closed insured bank or to prevent the closing of an insured bank which is in danger of closing, to make loans to, or purchase the assets of, or make deposits in, such insured bank when in the opinion of the Board of Directors of the Federal Deposit Insurance Corporation the continued operation of such bank "is essential to provide adequate banking service in the community." Such loans and deposits may be in subordination to the rights of depositors and other creditors.

A new section (13 (f)) was added by the committee as follows:

Prior to July 1, 1951, the Corporation shall pay out of its capital account to the Secretary of the Treasury and the Federal Reserve banks, respectively, an amount equal to 2 per centum simple interest per annum on amounts advanced to the Corporation on stock subscriptions by the Secretary of the Treasury and such banks, from the time of such advances until the amounts thereof were repaid.

This provision is designed to require payment to the Treasury and the Federal Reserve banks of 2 percent annual simple interest on the

amount advanced to the Corporation as its original capital for the period or periods these funds remained in the Corporation's capital account. It was your committee's view that, since the Corporation has had the free use of these funds, for the benefit of insured private banks, it is only fair that the Treasury and the Federal Reserve banks be paid reasonable interest on the funds, such payment to be made from moneys realized from assessments heretofore paid to the Corporation by insured banks which enjoyed the benefits of the advances originally made to provide insurance for deposits. Following are the respective amounts to be paid to the Treasury and the Federal Reserve banks:

To the Treasury.....	\$42, 872, 962. 20
To the Federal Reserve banks.....	37, 691, 966. 72
Total.....	80, 564, 028. 92

Paragraph 11 of section 9 of the bill as introduced would have authorized the Federal Deposit Insurance Corporation to acquire or construct a building in the District of Columbia adequate for its purposes. Testimony at the hearings showed that the Corporation's activities at present are carried on in three separate buildings for which the annual rental aggregates \$191,000. In addition to this excessive expense, the work of the Corporation materially suffers by reason of the inconvenience occasioned by the widely separated offices and records. Your committee favored the proposal to authorize the Corporation to acquire or construct a suitable building for its purposes, but felt that such a proposal should be considered by the Senate Committee on Public Works rather than by the Committee on Banking and Currency. Accordingly your chairman has introduced a bill to authorize the acquisition or construction of a suitable building by the Corporation, and this bill has been referred to the Committee on Public Works.

Other provisions of the bill are of comparatively minor importance but were considered and approved by your committee. Changes that would be made in existing law are shown in the attached text prepared in accordance with the requirements of subsection (4) of rule XXIX of the Standing Rules of the Senate.

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

##### A BILL To amend the Federal Deposit Insurance Act (U. S. C., title 12, sec. 264)

*Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That section 12B of the Federal Reserve Act, as amended, is hereby withdrawn as a part of that Act and is made a separate Act to be known as the "Federal Deposit Insurance Act."*

*SEC. 2. The Federal Deposit Insurance Act is amended to read as follows:*

**SECTION 101.** Section 12B of the Federal Reserve Act, as amended (U. S. C., Supp. VII, title 12, sec. 264), is amended to read as follows: **]**

**[SEC. 12B. (a).]** "*SEC. 1.* There is hereby created a Federal Deposit Insurance Corporation (hereinafter referred to as the "Corporation") which shall insure, as hereinafter provided, the deposits of all banks which are entitled to the benefits of

insurance under this [section,] Act, and which shall have the powers hereinafter granted.

[(b)] "Sec. 2. The management of the Corporation shall be vested in a board of directors consisting of three members, one of whom shall be the Comptroller of the Currency, and two of whom shall be citizens of the United States to be appointed by the President, by and with the advice and consent of the Senate. One of the appointive members shall be the Chairman of the Board of Directors of the Corporation and not more than two of the members of such Board of Directors shall be members of the same political party. Each such appointive member shall hold office for a term of six years [and shall receive compensation at the rate of \$15,000 per annum, payable monthly out of the funds of the Corporation, but the Comptroller of the Currency shall not receive additional compensation for his services as such member]. In the event of a vacancy in the office of the Comptroller of the Currency, and pending the appointment of his successor, or during the absence of the Comptroller from Washington, the Acting Comptroller of the Currency shall be a member of the Board of Directors in the place and stead of the Comptroller. In the event of a vacancy in the office of the Chairman of the Board of Directors, and pending the appointment of his successor, the Comptroller of the Currency shall act as Chairman. The [Comptroller of the Currency] members of the Board of Directors shall be ineligible during the time [he is] they are in office and for two years thereafter to hold any office, position, or employment in any insured bank. The appointive members of the Board of Directors shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any insured bank], except that this restriction shall not apply to any [appointive] member who has served the full term for which he was appointed. No member of the Board of Directors shall be an officer or director of any insured bank[, banking institution, trust company,] or Federal Reserve bank or hold stock in any insured bank[, banking institution, or trust company]; and before entering upon his duties as a member of the Board of Directors he shall certify under oath that he has complied with this requirement and such certification shall be filed with the secretary of the Board of Directors. [No member of the Board of Directors serving on the Board of Directors on the effective date shall be subject to any of the provisions of the three preceding sentences until the expiration of his present term of office.]

[(c)] "Sec. 3. As used in this section—

[(1)] "(a) The term 'State bank' means any bank, banking association, trust company, savings bank, or other banking institution which is engaged in the business of receiving deposits, other than trust funds as herein defined, and which is incorporated under the laws of any State, [Hawaii, Alaska,] any Territory of the United States, Puerto Rico, or the Virgin Islands, or which is operating under the Code of Law for the District of Columbia (except a national bank), and includes any unincorporated bank the deposits of which are insured on the effective date [under the provisions of this section] of this amendment.

[(2)] "(b) The term 'State member bank' means any State bank which is a member of the Federal Reserve System, and the term 'State nonmember bank' means any State bank which is not a member of the Federal Reserve System.

[(3)] "(c) The term 'District bank' means any State bank operating under the Code of Law for the District of Columbia.

[(4)] "(d) The term 'national member bank' means any national bank located in any of the States of the United States, the District of Columbia, [Hawaii, Alaska,] any Territory of the United States, Puerto Rico, or the Virgin Islands which is a member of the Federal Reserve System.

[(5)] "(e) The term 'national nonmember bank' means any national bank located in [Hawaii, Alaska,] any Territory of the United States, Puerto Rico, or the Virgin Islands which is not a member of the Federal Reserve System.

[(6)] "(f) The term 'mutual savings bank' means a bank without capital stock transacting a savings bank business, the net earnings of which inure wholly to the benefit of its depositors after payment of obligations for any advances by its organizers.

[(7)] "(g) The term 'savings bank' means a bank (other than a mutual savings bank) which transacts its ordinary banking business strictly as a savings bank under State laws imposing special requirements on such banks governing the manner of investing their funds and of conducting their business: *Provided*, That the bank maintains, until maturity date or until withdrawn, all deposits made with it (other than funds held by it in a fiduciary capacity) as time savings deposits of the specific term type or of the type where the right is reserved to the bank to require written notice before permitting withdrawal: *Provided further*, That such

bank to be considered a savings bank must elect to become subject to regulations of the Corporation with respect to the redeposit of maturing deposits and prohibiting withdrawal of deposits by checking except in cases where such withdrawal [is] was permitted by law on [the effective date] August 23, 1935, from specifically designated deposit accounts totaling not more than 15 per centum of the bank's total deposits.

[(8)] "(h) The term 'insured bank' means any bank the deposits of which are insured in accordance with the provisions of this [section] Act; and the term 'noninsured bank' means any bank the deposits of which are not so insured.

[(9)] "(i) The term 'new bank' means a new national banking association organized by the Corporation to assume the insured deposits of an insured bank closed on account of inability to meet the demands of its depositors and otherwise to perform temporarily the functions prescribed in this [section] Act.

[(10)] "(j) The term 'receiver' includes a receiver, liquidating agent, conservator, commission, person, or other agency charged by law with the duty of winding up the affairs of a bank.

[(11)] "(k) The term 'Board of Directors' means the Board of Directors of the Corporation.

[(12)] "(l) The term 'deposit' means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obligated to give credit to a commercial, checking, savings, time or thrift account, or which is evidenced by its certificate of deposit, and trust funds held by such bank whether retained or deposited in any department of such bank or deposited in another bank, together with such other obligations of a bank as the Board of Directors shall find and shall prescribe by its regulations to be deposit liabilities by general usage: *Provided*, That any obligation of a bank which is payable only at an office of the bank located outside the States of the United States, the District of Columbia, [Hawaii, Alaska,] any Territory of the United States, Puerto Rico, and the Virgin Islands, shall not be a deposit for any of the purposes of this [section] Act or be included as a part of total deposits or of an insured deposit: *Provided further*, That any insured bank having its principal place of business in any of the States of the United States or in the District of Columbia which maintains a branch in [Hawaii, Alaska,] any Territory of the United States, Puerto Rico, or the Virgin Islands may elect to exclude from insurance under this [section] Act its deposit obligations which are payable only at such branch, and upon so electing the insured bank with respect to such branch shall comply with the provisions of this [section] Act applicable to the termination of insurance by nonmember banks: *Provided further*, That the bank may elect to restore the insurance to such deposits at any time its capital stock is unimpaired.

[(13)] "(m) The term 'insured deposit' means the net amount due to any depositor for deposits in an insured bank (after deducting offsets) less any part thereof which is in excess of [ \$5,000. ] \$10,000. Such net amount shall be determined according to such regulations as the Board of Directors may prescribe, and in determining the amount due to any depositor there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit either in his own name or in the names of others except trust funds which shall be insured as provided in [paragraph (9) of] subsection [(h)] "(i) of [this section.] section 7. *Each officer, employee, or agent of the United States, of any State of the United States, of the District of Columbia, of any Territory of the United States, of Puerto Rico, of the Virgin Islands, of any county, of any municipality, or any political subdivision thereof, herein called 'public unit', having official custody of public funds and lawfully depositing the same in an insured bank shall, for the purpose of determining the amount of the insured deposits, be deemed a depositor in such custodial capacity separate and distinct from any other officer, employee, or agent of the same or any public unit having official custody of public funds and lawfully depositing the same in the same insured bank in custodial capacity.*

[(14)] "(n) The term 'transferred deposit' means a deposit in a new bank or other insured bank made available to a depositor by the Corporation as payment of the insured deposit of such depositor in a closed bank, and assumed by such new bank or other insured bank.

[(15)] "(o) The term 'branch' includes any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State of the United States or in [Hawaii, Alaska,] any Territory of the United States, Puerto Rico, or the Virgin Islands at which deposits are received or checks paid or money lent.

[(16)] The term 'effective date' means the date of enactment of the Banking Act of 1935.]

“(p) The term ‘trust funds’ means funds held by an insured bank in a fiduciary capacity and includes, without being limited to, funds held as trustee, executor, administrator, guardian, or agent.

[(e) (1)] “*SEC. 4. (a)* Every [operating State or national member] bank[, including a bank incorporated since March 10, 1933, licensed on or before the effective date by the Secretary of the Treasury] which is an insured bank on the effective date of this amendment, shall be and continue to be, without application or approval, an insured bank and shall be subject to the provisions of this [section] Act.

[(2)] “(b) [After the effective date,] Every national member bank which is authorized to commence or resume the business of banking, and which is engaged in the business of receiving deposits other than trust funds as herein defined, and every such national nonmember bank which becomes a member of the Federal Reserve System, and every State bank which is converted into a national member bank or which becomes a member of the Federal Reserve System, and which is engaged in the business of receiving deposits, other than trust funds as herein defined, shall be an insured bank from the time it is authorized to commence or resume business or becomes a member of the Federal Reserve System. The certificate herein prescribed shall be issued to the Corporation by the Comptroller of the Currency in the case of such national member bank, or by the Board of Governors of the Federal Reserve System in the case of such State member bank: *Provided*, That in the case of an insured bank which is admitted to membership in the Federal Reserve System or an insured State bank which is converted into a national member bank, such certificate shall not be required, and the bank shall continue as an insured bank. Such certificate shall state that the bank is authorized to transact the business of banking in the case of a national member bank, or is a member of the Federal Reserve System in the case of a State member bank, and that consideration has been given to the factors enumerated in [subsection (g) of this] section 6.

[(f) (1)] Every bank which is not a member of the Federal Reserve System which on June 30, 1935, was or thereafter became a member of the temporary Federal deposit insurance fund or of the fund for mutuals heretofore created pursuant to the provisions of this section, shall be and continue to be, without application or approval, an insured bank and shall be subject to the provisions of this section: *Provided*, That any State nonmember bank which was admitted to the said temporary Federal deposit insurance fund or the fund for mutuals but which did not file on or before the effective date on October 1, 1934, certified statement and make the payments thereon required by law, shall cease to be an insured bank on August 31, 1935: *Provided further*, That no bank admitted to the said temporary Federal deposit insurance fund or the fund for mutuals prior to the effective date shall, after August 31, 1935, be an insured bank or have its deposits insured by the Corporation, if such bank shall have permanently discontinued its banking operations prior to the effective date.]

[(2)] “*Sec. 5.* Subject to the provisions of this [section,] Act, any national nonmember bank[, which is engaged in the business of receiving deposits, other than trust funds as herein defined, upon application by the bank and certification by the Comptroller of the Currency in the manner prescribed in subsection [(e)] (b) of [this] section 4, and any State nonmember bank, upon application to and examination by the Corporation and approval by the Board of Directors, may become an insured bank. Before approving the application of any such State nonmember bank, the Board of Directors shall give consideration to the factors enumerated in [subsection (g) of this] section 6 and shall determine, upon the basis of a thorough examination of such bank, that its assets in excess of its capital requirements are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the bank.

[(g)] “*SEC. 6.* The factors to be enumerated in the certificate required under [subsection (e)] section 4 and to be considered by the Board of Directors under [subsection (f)] section 5 shall be the following: The financial history and condition of the bank, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served by the bank, and whether or not its corporate powers are consistent with the purposes of this [section] Act.

[(h) (1)] “*SEC. 7. (a)* The assessment rate shall be one-twelfth of 1 per centum per annum. [The semiannual assessment for each insured bank shall be in the amount of the product of one-half the annual assessment rate multiplied by an assessment base which shall be the average for six months of the differences at the end of each calendar day between the total amount of liability of the bank

for deposits (according to the definition of the term 'deposit' in and pursuant to par. (12) of subsec. (c) of this section, without any deduction for indebtedness of depositors) and the total of such uncollected items as are included in such deposits and credited subject to final payment: *Provided, however*, That the daily total of such uncollected items shall be determined according to regulations prescribed by the Board of Directors upon a consideration of the factors of general usage and ordinary time of availability, and for the purposes of such deduction no item shall be regarded as uncollected for longer periods than those prescribed by such regulations. Each insured bank shall, as a condition to the right to deduct any specific uncollected item in determining its assessment base, maintain such records as will readily permit verification of the correctness of the particular deduction claimed. The certified statements required to be filed with the Corporation under paragraphs (2), (3), and (4) of this subsection shall be in such form and set forth such supporting information as the Board of Directors shall prescribe. The assessment payments required from insured banks under paragraphs (2), (3), and (4) of this subsection shall be made in such manner and at such time or times as the Board of Directors shall prescribe, provided the time or times so prescribed shall not be later than sixty days after filing the certified statement setting forth the amount of the assessment. In the event that a separate fund for mutuals is established as provided in subsection (1), the Board of Directors from time to time may fix a lower assessment rate operative for such period as the Board may determine which shall be applicable to insured mutual savings banks only, and the remainder of this paragraph shall not be applicable to such banks. **]** *The semiannual assessment for each insured bank shall be in the amount of the product of one-half the annual assessment rate multiplied by the assessment base. The assessment base shall be the amount of the liability of the bank for deposits, according to the definition of the term 'deposit' in and pursuant to subsection (1) of section 3, without any deduction for indebtedness of depositors: Provided, That the bank—*

*"(1) may deduct (i) from the deposit balance due to an insured bank the deposit balance due from such insured bank (other than trust funds deposited by it in such bank) which is subject to immediate withdrawal; (ii) trust funds held by the bank in a fiduciary capacity and which are deposited in another insured bank; and (iii) cash items as determined by either of the following methods, at the option of the bank: (aa) By multiplying by 2 the total of the cash items forwarded for collection on the assessment base days (being the days on which the average deposits are computed) and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts; or (bb) by deducting the total of cash items forwarded for collection on the assessment base days and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts, plus such uncollected items paid or credited on preceding days which are in the process of collection: Provided, That the Board of Directors may define the terms 'cash items', 'process of collection', and 'uncollected items' and shall fix the maximum period for which any such item may be deducted; and*

*"(2) may exclude from its assessment base (i) drafts drawn by it on deposit accounts in other insured banks which are issued in the regular course of business; and (ii) cash funds which are received and held solely for the purpose of securing a liability to the bank but not in an amount in excess of such liability, and which are not subject to withdrawal by the obligor and are carried in a special non-interest-bearing account designated to properly show their purpose.*

*Each insured bank, as a condition to the right to make any such deduction or exclusion in determining its assessment base, shall maintain such records as will readily permit verification of the correctness thereof. The semiannual assessment base for one period shall be the average of the assessment base of the bank as of the close of business on March 31 and June 30, and the semiannual assessment base for the other semiannual period shall be the average of the assessment base of the bank as of the close of business on September 30 and December 31: Provided, That when any of said days is a non-business day or a legal holiday, either National or State, the preceding business day shall be used. The certified statements required to be filed with the Corporation under subsections (b) and (c) of this section shall be in such form and set forth such supporting information as the Board of Directors shall prescribe. The assessment payments required from insured banks under subsections (b) and (c) of this section shall be made in such manner and at such time or times as the Board of Directors shall prescribe, provided the time or times so prescribed shall not be later than sixty days after filing the certified statement setting forth the amount of assessment.*

[(2)] "(b) On or before the 15th day of July of each year, each insured bank shall file with the Corporation a certified statement [under oath] showing for the six months ending on the preceding June 30 the amount of the assessment base and the amount of the semiannual assessment due to the Corporation for the period ending on the following December 31, determined in accordance with [paragraph (1) of this subsection] subsection (a) of this section which shall contain or be verified by a written declaration that it is made under the penalties of perjury. Each insured bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify. On or before the 15th day of January of each [year after 1936] year, each insured bank shall file with the Corporation a similar certified statement for the six months ending on the preceding December 31 and shall pay to the Corporation the amount of the semiannual assessment for the period ending on the following June 30 which it is required to certify.

[(3)] Each bank which becomes an insured bank according to the provisions of subsection (e) or (f) of this section shall, on or before the 15th day of November 1935, file with the Corporation a certified statement under oath showing the amount of the assessment due to the Corporation for the period ending December 31, 1935, which shall be an amount equal to the product of one-third the annual assessment rate multiplied by the assessment base determined in accordance with paragraph (1) of this subsection, except that the assessment base shall be the average for the 31 days in the month of October 1935, and payment shall be made to the Corporation of the amount of the assessment so required to be certified. Each such bank shall, on or before the 15th day of January 1936, file with the Corporation a certified statement under oath showing the amount of the semiannual assessment due to the Corporation for the period ending June 30, 1936, which shall be an amount equal to the product of one-half the annual assessment rate multiplied by the assessment base determined in accordance with paragraph (1) of this subsection, except that the assessment base shall be the average for the days of the months of October, November, and December of 1935, and payment shall be made to the Corporation of the amount of the assessment so required to be certified.

[(4)] Each bank which becomes an insured bank after the effective date shall be relieved from complying with the provisions of paragraph (2) of this subsection until it has operated as an insured bank for a full semiannual period ending on June 30 or December 31 as the case may be. Each such bank, on or before the forty-fifth day after its first day of operation as an insured bank, shall file with the Corporation its first certified statement which shall be under oath and shall show the amount of the assessment base determined in accordance with paragraph (1) of this subsection, except that the assessment base shall be the average for the first thirty-one calendar days it operates as an insured bank. Each such certified statement shall also show as the amount of the first assessment due to the Corporation the prorated portion (for the period between its first day of operation as an insured bank and the next succeeding last day of June or December, as the case may be) of an amount equal to the product of one-half the annual assessment rate multiplied by the base required to be set forth on its first certified statement. Each bank which becomes an insured bank after the effective date which has not operated as an insured bank for a full semiannual period ending on June 30 or December 31, as the case may be, shall, on or before the 15th day of the first month thereafter (except that banks becoming insured in June or December shall have thirty-one additional days) file with the Corporation its second certified statement under oath showing the amount of the assessment base and the amount of the semiannual assessment due to the Corporation. Such assessment base and amount shall be determined in accordance with paragraph (1) of this subsection, except that if the bank became an insured bank in the month of December or June the assessment base shall be the average for the first thirty-one calendar days it operates as an insured bank, and except that if it became an insured bank in any other month than December or June the assessment base shall be the average for the days between its first day of operation as an insured bank and the next succeeding last day of June or December, as the case may be. Each bank required to file a certified statement under this paragraph shall pay to the Corporation the amount of the assessment the bank is required to certify.

[(5)] Each bank which shall be and continue without application or approval an insured bank in accordance with the provisions of subsection (e) or (f) of this section, shall, in lieu of all right to refund (except as authorized in par. (3) of subsec. (i)), be credited with any balance to which such bank shall become entitled upon the termination of the said temporary Federal deposit insurance fund or the fund for mutuals. The credit shall be applied by the Corporation toward the payment

of the assessment next becoming due from such bank and upon succeeding assessments until the credit is exhausted.】

“(c) Each bank which becomes an insured bank shall not be required to file any certified statement or pay any assessment for the semiannual period in which it becomes an insured bank. On the expiration of such period, each such bank shall comply with the provisions of subsection (b) of this section except that the semiannual assessment base for its first certified statement shall be the assessment base of the bank as of the close of business on the preceding June 30 or December 31, whichever is applicable, determined in accordance with subsection (a) of this section. If such bank has assumed the liabilities for deposits of another bank or banks, it shall include such liabilities in its assessment base. The first certified statement shall show as the amount of the first semiannual assessment due to the Corporation, an amount equal to the product of one-half of the annual assessment rate multiplied by such assessment base.

“(d) As of December 31, 1949, and each calendar year thereafter, the Corporation shall transfer 40 per centum of its net assessment income to its capital account and the balance of the net assessment income shall be credited pro rata to the insured banks based upon the assessments of each bank during said calendar year. Such credits shall be applied by the Corporation toward the payment of the total assessments becoming due for the semiannual assessment period beginning the next ensuing July 1. The term ‘net assessment income’ as used herein means the total assessments which become due during the calendar year less (1) the operating costs and expenses of the Corporation for the calendar year; (2) additions to reserve to provide for insurance losses during the calendar year, except that any adjustments to reserve which result in a reduction of such reserve shall be added; and (3) the insurance losses sustained in said calendar year plus losses from any preceding years in excess of such reserves. If the above deductions exceed in amount the total assessments which become due during the calendar year, the amount of such excess shall be restored by deduction from total assessments becoming due in subsequent years.

“(e) The Corporation (1) may refund to an insured bank any payment of assessment in excess of the amount due to the Corporation or (2) may credit such excess toward the payment of the assessment next becoming due from such bank and upon succeeding assessments until the credit is exhausted.

【(6)】“(f) Any insured bank which fails to file any certified statement required to be filed by it in connection with determining the amount of any assessment payable by the bank to the Corporation may be compelled to file such statement by mandatory injunction or other appropriate remedy in a suit brought for such purpose by the Corporation against the bank and any officer or officers thereof in any court of the United States of competent jurisdiction in the district or territory in which such bank is located.

【(7)】“(g) The Corporation, in a suit brought at law or in equity in any court of competent jurisdiction, shall be entitled to recover from any insured bank the amount of any unpaid assessment lawfully payable by such insured bank to the Corporation, whether or not such bank shall have filed any such certified statement and whether or not suit shall have been brought to compel the bank to file any such statement. No action or proceeding shall be brought for the recovery of any assessment due to the Corporation, or for the recovery of any amount paid to the Corporation in excess of the amount due to it, unless such action or proceeding shall have been brought within five years after the right accrued for which the claim is made, except where the insured bank has made or filed with the Corporation a false or fraudulent certified statement with the intent to evade, in whole or in part, the payment of assessment, in which case the claim shall not be deemed to have accrued until the discovery by the Corporation that the certified statement is false or fraudulent: Provided, however, That where a cause of action has already accrued, and the period herein prescribed within which an action may be brought has expired, or will expire within one year from the date this amendment becomes effective, an action may be brought on such cause of action within one year from the effective date of this amendment: And provided further, That no action or proceeding shall be brought for the recovery of any assessment on deposits alleged to have been omitted from the assessment base of any insured bank for any year prior to 1945 except that any claim of the Corporation for the payment of any assessment may be offset by it against any claim of the bank for the overpayment of any assessment.

【(8)】“(h) Should any national member bank or any insured national non-member bank fail to file any certified statement required to be filed by such bank under any provision of this [subsection] section, or fail to pay any assessment required to be paid by such bank under any provision of this [section] Act, and should the bank not correct such failure within thirty days after written notice has been given by the Corporation to an officer of the bank, citing this [para-

graph] subsection, and stating that the bank has failed to file or pay as required by law, all the rights, privileges, and franchises of the bank granted to it under the National Bank Act, as amended, the Federal Reserve Act, as amended, or [under the provisions of] this Act, [as amended,] shall be thereby forfeited. Whether or not the penalty provided in this [paragraph] subsection has been incurred shall be determined and adjudged in the manner provided in the sixth paragraph of section 2 of [this] the Federal Reserve Act, as amended. The remedies provided in this [paragraph] subsection and in the two preceding [paragraphs] subsections shall not be construed as limiting any other remedies against any insured bank, but shall be in addition thereto.

[(9)] "(i) Trust funds held by an insured bank in a fiduciary capacity whether held in its trust or deposited in any other department or in another bank shall be insured in an amount not to exceed [\\$5,000] \$10,000 for each trust estate, and when deposited by the fiduciary bank in another insured bank such trust funds shall be similarly insured to the fiduciary bank according to the trust estates represented. Notwithstanding any other provision of this [section] Act, such insurance shall be separate from and additional to that covering other deposits of the owners of such trust funds or the beneficiaries of such trust estates: *Provided*, That where the fiduciary bank deposits any of such trust funds in other insured banks, the amount so held by other insured banks on deposit shall not for the purpose of any certified statement required under [paragraph (2), (3), or (4) of this subsection] subsections (b) and (c) of this section be considered to be a deposit liability of the fiduciary bank, but shall be considered to be a deposit liability of the bank in which such funds are so deposited by such fiduciary bank. The Board of Directors shall have power by regulation to prescribe the manner of reporting and of depositing such trust funds.

[(i) (1)] "*Sec. 8. (a)* Any insured bank (except a national member bank or State member bank) may, upon not less than ninety days' written notice to the Corporation, and to the Reconstruction Finance Corporation if it owns or holds as pledgee any preferred stock, capital notes, or debentures of such bank, terminate its status as an insured bank. Whenever the Board of Directors shall find that an insured bank or its directors or trustees have continued unsafe or unsound practices in conducting the business of such bank, or have knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured bank is subject, the Board of Directors shall first give to the Comptroller of the Currency in the case of a national bank or a District bank, to the authority having supervision of the bank in the case of a State bank, or to the Board of Governors of the Federal Reserve System in the case of a State member bank, a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the bank. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the Comptroller of the Currency, the State authority, or Board of Governors of the Federal Reserve System, as the case may be, shall require, the Board of Directors, if it shall determine to proceed further, shall give to the bank not less than thirty days' written notice of intention to terminate the status of the bank as an insured bank, and shall fix a time and place for a hearing before the Board of Directors or before a person designated by it to conduct such hearing, at which evidence may be produced, and upon such evidence the Board of Directors shall make written findings which shall be conclusive. Unless the bank shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured bank. If the Board of Directors shall find that any *unsafe or unsound practice or violation* specified in such notice has been established and has not been corrected within the time above prescribed in which to make such corrections, the Board of Directors may order that the insured status of the bank be terminated on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The Corporation may publish notice of such termination and the bank shall give notice of such termination to each of its depositors at his last address of record on the books of the bank, in such manner and at such time as the Board of Directors may find to be necessary and may order for the protection of depositors. After the termination of the insured status of any bank under the provisions of this [paragraph,] subsection, the insured deposits of each depositor in the bank on the date of such termination, less all subsequent withdrawals from any deposits of such depositor, shall continue for a period of two years to be insured, and the bank shall continue to pay to the Corporation assessments as in the case of an insured bank during such period. No additions to any such deposits and no new deposits in such bank made after the date of

such termination shall be insured by the Corporation, and the bank shall not advertise or hold itself out as having insured deposits unless in the same connection it shall also state with equal prominence that such additions to deposits and new deposits made after such date are not so insured. Such bank shall, in all other respects, be subject to the duties and obligations of an insured bank for the period of two years from the date of such termination, and in the event that such bank shall be closed on account of inability to meet the demands of its depositors within such period of two years, the Corporation shall have the same powers and rights with respect to such bank as in case of an insured bank.

[(2)] "(b) Whenever the insured status of a State member bank shall be terminated by action of the Board of Directors, the Board of Governors of the Federal Reserve System shall terminate its membership in the Federal Reserve System in accordance with the provisions of section 9 of [this] *the Federal Reserve Act*, and whenever the insured status of a national member bank shall be so terminated the Comptroller of the Currency shall appoint a receiver for the bank, which shall be the Corporation [whenever the bank shall be unable to meet the demands of its depositors]. Whenever a member bank shall cease to be a member of the Federal Reserve System, its status as an insured bank shall, without notice or other action by the Board of Directors, terminate on the date the bank shall cease to be a member of the Federal Reserve System, with like effect as if its insured status had been terminated on said date by the Board of Directors after proceedings under [paragraph (1) of this subsection] *subsection (a) of this section.*

[(3) If any nonmember bank which becomes an insured bank under the provisions of paragraph (1) of subsection (f) of this section shall elect, within thirty days after the effective date, not to continue as an insured bank, and shall within such period give written notice to the Corporation of its election, in accordance with regulations to be prescribed by the Board of Directors, and to the Reconstruction Finance Corporation if it owns or holds as pledgee any preferred stock, capital notes, or debentures of such bank, it shall cease to be an insured bank and cease to be subject to the provisions of this section and the rights of the bank (including its right to any refund) shall be as provided by law existing prior to the effective date. The Board of Directors shall cause notice of termination of insurance to be given to the depositors of such bank by publication or otherwise as the Board of Directors may determine, and the deposits in such bank shall continue to be insured for twenty days beyond such thirty day period.]

"(c) *Notwithstanding any other provision of law, whenever the Board of Directors shall determine that an insured banking institution is not engaged in the business of receiving deposits, other than trust funds as herein defined, the Corporation shall notify the banking institution that its insured status will terminate at the expiration of the first full semiannual assessment period following such notice. A finding by the Board of Directors that a banking institution is not engaged in the business of receiving deposits, other than such trust funds, shall be conclusive. The Board of Directors shall prescribe the notice to be given by the banking institution of such termination and the Corporation may publish notice thereof. Upon the termination of the insured status of any such banking institution, its deposits shall thereupon cease to be insured and the banking institution shall thereafter be relieved of all future obligations to the Corporation, including the obligation to pay future assessments.*

[(4)] "(d) Whenever the liabilities of an insured bank for deposits shall have been assumed by another insured bank or banks, the insured status of the bank whose liabilities are so assumed shall terminate on the date of receipt by the Corporation of satisfactory evidence of such assumption with like effect as if its insured status had been terminated on said date by the Board of Directors after proceedings under [paragraph (1) of this subsection:] *subsection (a) of this section: Provided, That if the bank whose liabilities are so assumed gives to its depositors notice of such assumption within thirty days after such assumption takes effect, by publication or by any reasonable means, in accordance with regulations to be prescribed by the Board of Directors, the insurance of its deposits shall terminate at the end of six months from the date such assumption takes effect, and such bank shall thereupon be relieved of all future obligations to the Corporation, including the obligation to pay future assessments. Such bank shall be subject to the duties and obligations of an insured bank for the period its deposits are insured: Provided, That if the deposits are assumed by a newly insured bank, the bank whose deposits are assumed shall not be required to pay any assessment upon the deposits which have been so assumed after the semiannual period in which the assumption takes effect.*

[(i)] "*Sec. 9. Upon the date of enactment of the Banking Act of 1933, the Corporation shall become a body corporate and as such shall have power—*

First. To adopt and use a corporate seal.

Second. To have succession until dissolved by an Act of Congress.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity, State or Federal. All suits of a civil nature at common law or in equity to which the Corporation shall be a party shall be deemed to arise under the laws of the United States: *Provided*, That any such suit to which the Corporation is a party in its capacity as receiver of a State bank and which involves only the rights or obligations of depositors, creditors, stockholders and such State bank under State law shall not be deemed to arise under the laws of the United States. *Except as otherwise provided in sections 7 (g), 11 (g), and 12 (e), no suit by or against the Corporation shall be allowed unless it shall have been brought within five years after the right accrued on which suit is brought.* No attachment or execution shall be issued against the Corporation or its property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court. The Board of Directors shall designate an agent upon whom service of process may be made in any State, Territory, or jurisdiction in which any insured bank is located.

Fifth. To appoint by its Board of Directors such officers and employees as are not otherwise provided for in this [section.] Act, to define their duties, fix their compensation, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. Nothing in this or any other Act shall be construed to prevent the appointment and compensation as an officer or employee of the Corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

Sixth. To prescribe by its Board of Directors, bylaws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its Board of Directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this [section] Act and such incidental powers as shall be necessary to carry out the powers so granted.

Eighth. To make examinations of and to require information and reports from banks, as provided in this [section] Act.

Ninth. To act as receiver.

Tenth. To prescribe by its Board of Directors such rules and regulations as it may deem necessary to carry out the provisions of this [section] Act.

[(k) (1)] "*Sec. 10. (a)* The Board of Directors shall administer the affairs of the Corporation fairly and impartially and without discrimination. The Board of Directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this [section] Act.

[(2)] "(b) The Board of Directors shall appoint examiners who shall have power, on behalf of the Corporation, to examine any insured State nonmember bank (except a District bank), any State nonmember bank making application to become an insured bank, and any closed insured bank, whenever in the judgment of the Board of Directors an examination of the bank is necessary. Such examiners shall have like power to examine, with the written consent of the Comptroller of the Currency, any national bank or District bank, and, with the written consent of the Board of Governors of the Federal Reserve System, any State member bank. Each such examiner shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine and take and preserve the testimony of any of the officers and agents thereof, and shall make a full and detailed report of the condition of the bank to the Corporation. The Board of Directors in like manner shall appoint claim agents who shall have power to investigate and examine all claims for insured deposits and transferred deposits. Each claim agent shall have power to administer oaths and to examine under oath and take and preserve the testimony of any persons relating to such claims. [The provisions of sections 184 to 186 (both inclusive) of the Revised Statutes (U. S. C., title 5, secs. 94 to 96) are hereby extended to examinations and investigations authorized by this paragraph.]

"(c) For the purpose of any hearing under this Act, the Board of Directors, any member thereof or any person designated by the Board of Directors to conduct any

such hearing, is empowered to administer oaths and affirmations, subpoena any officer or employee of the insured bank, compel his attendance, take evidence, take depositions and require the production of any books, records, or other papers of the insured bank which are relevant or material to the inquiry. For the purpose of any hearing, examination, or investigation under this Act, the Board of Directors may apply to any judge or clerk of any court of the United States within the jurisdiction of which such hearing, examination, or investigation is carried on, or where such person resides or carries on business, to issue a subpoena commanding each person to whom it is directed to attend and give testimony or for the taking of his deposition and to produce books, records, or other papers relevant or material to such hearing, examination, or investigation at a time and place and before a person therein specified. Such attendance of witnesses and the production of any such papers may be required from any place in any State or in any Territory or other place subject to the jurisdiction of the United States at any designated place where such a hearing is being held or such examination or investigation is being made: Provided, however, That the production of a person's documents at any place other than his place of business shall not be required in any case in which, prior to the return date specified in the subpoena with respect thereto, such person either has furnished as directed a copy of such documents (certified by such person under oath to be a true and correct copy) or has entered into a stipulation with any authorized representative of the Corporation as to the information contained in such documents. Witnesses subpoenaed under this section shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States.

“(d) In cases of refusal to obey a subpoena issued to, or contumacy by, any person, the Board of Directors may invoke the aid of any court of the United States within the jurisdiction of which such hearing, examination or investigation is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, records, or other papers. And such court may issue an order requiring such person to appear before the Board of Directors or member or person designated by the Board of Directors, there to produce records, if so ordered, or to give testimony touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or carries on business or wherever he may be found. No person shall be excused from attending and testifying or from producing books, records, or other papers in obedience to a subpoena issued under the authority of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

“(3) (e) Each insured State nonmember bank (except a District bank) shall make to the Corporation reports of condition in such form and at such times as the Board of Directors may require. The Board of Directors may require such reports to be published in such manner, not inconsistent with any applicable law, as it may direct. Every such bank which fails to make or publish any such report within such time, not less than five days, as the Board of Directors may require, shall be subject to a penalty of not more than \$100 for each day of such failure recoverable by the Corporation for its use.

“(4) (f) The Corporation shall have access to reports of examinations made by, and reports of condition made to, the Comptroller of the Currency or any Federal Reserve bank, may accept any report made by or to any commission, board, or authority having supervision of a State nonmember bank (except a District bank), and may furnish to the Comptroller of the Currency, to any Federal Reserve bank, and to any such commission, board, or authority, reports of examinations made on behalf of, and reports of condition made to, the Corporation.

“(g) The Corporation may cause any and all records, papers, or documents kept by it or in its possession or custody to be photographed or microphotographed or otherwise reproduced upon film, which photographic film shall comply with the minimum standards of quality approved for permanent photographic records by the National Bureau of Standards. Such photographs, microphotographs, or photographic film or copies thereof shall be deemed to be an original record for all purposes, including introduction in evidence in all State and Federal courts or administrative agencies and shall be proof of any act, transaction, occurrence, or event therein recorded.

*Such photographs, microphotographs, or reproduction shall be preserved in such manner as the Board of Directors of the Corporation shall prescribe and the original records, papers, or documents may be destroyed or otherwise disposed of as the Board shall direct.*

[(1) (1)] *“SEC. 11. (a) The temporary Federal deposit insurance fund and the fund for mutuals heretofore created pursuant to the provisions of [this section] section 12 (B) of the Federal Reserve Act, as amended, are hereby consolidated into a permanent insurance fund for insuring deposits, and the assets therein shall be held by the Corporation for the uses and purposes of the Corporation: Provided, That the obligations to and rights of the Corporation, depositors, banks, and other persons arising out of any event or transaction prior to the effective date of this amendment shall remain unimpaired. On and after [the effective date,] August 23, 1935, the Corporation shall insure the deposits of all insured banks as provided in this [section] Act: Provided further, That the insurance shall apply only to deposits of insured banks which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business: Provided further, That if any insured bank shall, without the consent of the Corporation, release or modify restrictions on or deferments of deposits which had not been made available for withdrawal in the usual course of the banking business on or before [the effective date,] August 23, 1935, such deposits shall not be insured. The maximum amount of the insured deposit of any depositor shall be [\$5,000.] \$10,000: And provided further, That in the case of banks closing prior to the effective date of this amendment, the maximum amount of the insured deposit of any depositor shall be \$5,000. [The Corporation, in the discretion of the Board of Directors, may open on its books solely for the benefit of mutual savings banks and depositors therein a separate fund for mutuals. If such fund is opened, all assessments upon mutual savings banks shall be paid into such fund and the permanent insurance fund of the Corporation shall cease to be liable for insurance losses sustained in mutual savings banks: Provided, That the capital assets of the Corporation shall be so liable and all expenses of operation of the Corporation shall be allocated between such funds on an equitable basis.]*

[(2)] *“(b) For the purposes of this [section,] Act, an insured bank shall be deemed to have been closed on account of inability to meet the demands of its depositors in any case in which it has been closed for the purpose of liquidation without adequate provision being made for payment of its depositors.*

[(3)] *“(c) Notwithstanding any other provision of law, whenever the Comptroller of the Currency shall appoint a receiver other than a conservator of any insured national bank or insured District [bank shall have been closed by action of its board of directors, or by the Comptroller of the Currency, as the case may be, on account of inability to meet the demands of its depositors, the Comptroller of the Currency] bank, he shall appoint the Corporation receiver for such closed bank[, and no other person shall be appointed as receiver of such closed bank].*

[(4)] *“(d) Notwithstanding any other provision of law, it shall be the duty of the Corporation as such receiver to cause notice to be given, by advertisement in such newspapers as it may direct, to all persons having claims against such closed bank pursuant to section 5235 of the Revised Statutes (U. S. C., title 12, sec. 193); to realize upon the assets of such closed bank, having due regard to the condition of credit in the locality; to enforce the individual liability of the stockholders and directors thereof; and to wind up the affairs of such closed bank in conformity with the provisions of law relating to the liquidation of closed national banks, except as herein otherwise provided. The Corporation [shall retain] as such receiver shall pay to itself for its own account such portion of the amounts realized from such liquidation as it shall be entitled to receive on account of its subrogation to the claims of depositors, and it shall pay to depositors and other creditors the net amounts available for distribution to them. The Corporation as such receiver, however, may, in its discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to the aforesaid section of the Revised Statutes, and no liability shall attach to the Corporation itself or as such receiver by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment. With respect to any such closed bank, the Corporation as such receiver shall have all the rights, powers, and privileges now possessed by or hereafter granted by law to a receiver of [an insolvent] a national bank or District bank and notwithstanding any other provision of law in the exercise of such rights, powers, and privileges the Corporation shall not be subject to the direction or supervision of the Secretary of the Treasury or the Comptroller of the Currency.*

[(5)] "(e) Whenever any insured State bank (except a District bank) shall have been closed by action of its board of directors or by the authority having supervision of such bank, as the case may be, on account of inability to meet the demands of its depositors, the Corporation shall accept appointment as receiver thereof, if such appointment is tendered by the authority having supervision of such bank and is authorized or permitted by State law. With respect to any such insured State bank, the Corporation as such receiver shall possess all the rights, powers, and privileges granted by State law to a receiver of a State bank.

[(6)] "(f) Whenever an insured bank shall have been closed on account of inability to meet the demands of its depositors, payment of the insured deposits in such bank shall be made by the Corporation as soon as possible, subject to the provisions of [paragraph (7)] subsection (g) of this [subsection] section, either [(A)] (1) by cash or (2) by making available to each depositor a transferred deposit in a new bank in the same community or in another insured bank in an amount equal to the insured deposit of such depositor and subject to withdrawal on demand, or (B) in such other manner as the Board of Directors may prescribe; *Provided*, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured deposits, and that in any case where the Corporation is not satisfied as to the validity of a claim for an insured deposit, it may require the final determination of a court of competent jurisdiction before paying such claim.

[(7)] "(g) In the case of a closed national bank or District bank, the Corporation, upon the payment [of] to any depositor as provided in [paragraph (6) of this subsection] subsection (f) of this section, shall be subrogated to all rights of the depositor against the closed bank to the extent of such payment. In the case of any other closed insured bank, the Corporation shall not make any payment to any depositor until the right of the Corporation to be subrogated to the rights of such depositor on the same basis as provided in the case of a closed national bank under this [section] Act shall have been recognized either by express provision of State law, by allowance of claims by the authority having supervision of such bank, by assignment of claims by depositors, or by any other effective method. In the case of any closed insured bank, such subrogation shall include the right on the part of the Corporation to receive the same dividends from proceeds of the assets of such closed bank and recoveries on account of stockholders' liability as would have been payable to the depositor on a claim for the insured deposit, but such depositor shall retain his claim for any uninsured portion of his deposit: *Provided*, That, with respect to any bank which closes after [the date this paragraph as amended takes effect] May 25, 1933, the Corporation shall waive, in favor only of any person against whom stockholders' individual liability may be asserted, any claim on account of such liability in excess of the liability, if any, to the bank or its creditors, for the amount unpaid upon his stock in such bank; but any such waiver shall be effected in such manner and on such terms and conditions as will not increase recoveries or dividends on account of claims to which the Corporation is not subrogated: *Provided further*, That the rights of depositors and other creditors of any State bank shall be determined in accordance with the applicable provisions of State law.

[(8)] "(h) As soon as possible after the closing of an insured bank, the Corporation, if it finds that it is advisable and in the interest of the depositors of the closed bank or the public, shall organize a new national bank to assume the insured deposits of such closed bank and otherwise to perform temporarily the functions hereinafter provided for. The new bank shall have its place of business in the same community as the closed bank.

[(9)] "(i) The articles of association and the organization certificate of the new bank shall be executed by representatives designated by the Corporation. No capital stock need be paid in by the Corporation. The new bank shall not have a board of directors, but shall be managed by an executive officer appointed by the Board of Directors of the Corporation who shall be subject to its directions. In all other respects the new bank shall be organized in accordance with the then existing provisions of law relating to the organization of national banking associations. The new bank may, with the approval of the Corporation, accept new deposits which shall be subject to withdrawal on demand and which, except where the new bank is the only bank in the community, shall not exceed [\$5,000] \$10,000 from any depositor. The new bank, without application to or approval by the Corporation, shall be an insured bank and shall maintain on deposit with the Federal Reserve bank of its district reserves in the amount required by law for member banks, but it shall not be required to subscribe for stock of the Federal Reserve bank. Funds of the new bank shall be kept on hand in cash, invested in obligations of the United States, or in obligations guaranteed as to principal

and interest by the United States, or deposited with the Corporation, with a Federal Reserve bank, or, to the extent of the insurance coverage thereon, with an insured bank. The new bank, unless otherwise authorized by the Comptroller of the Currency, shall transact no business except that authorized by this [section] Act and as may be incidental to its organization. Notwithstanding any other provision of law the new bank, its franchise, property, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

[(10)] "(j) Upon the organization of a new bank, the Corporation shall promptly make available to it an amount equal to the estimated insured deposits of such closed bank plus the estimated amount of the expenses of operating the new bank, and shall determine as soon as possible the amount due each depositor for his insured deposit in the closed bank, and the total expenses of operation of the new bank. Upon such determination, the amounts so estimated and made available shall be adjusted to conform to the amounts so determined. Earnings of the new bank shall be paid over or credited to the Corporation in such adjustment. If any new bank, during the period it continues its status as such, sustains any losses with respect to which it is not effectively protected except by reason of being an insured bank, the Corporation shall furnish to it additional funds in the amount of such losses. The new bank shall assume as transferred deposits the payment of the insured deposits of such closed bank to each of its depositors. Of the amounts so made available, the Corporation shall transfer to the new bank, in cash, such sums as may be necessary to enable it to meet its expenses of operation and immediate cash demands on such transferred deposits, and the remainder of such amounts shall be subject to withdrawal by the new bank on demand.

[(11)] "(k) Whenever in the judgment of the Board of Directors it is desirable to do so, the Corporation shall cause capital stock of the new bank to be offered for sale on such terms and conditions as the Board of Directors shall deem advisable in an amount sufficient, in the opinion of the Board of Directors, to make possible the conduct of the business of the new bank on a sound basis, but in no event less than that required by section 5138 of the Revised Statutes, as amended (U. S. C., [Supp. VII], title 12, sec. 51), for the organization of a national bank in the place where such new bank is located. The stockholders of the closed insured bank shall be given the first opportunity to purchase any shares of common stock so offered. Upon proof that an adequate amount of capital stock in the new bank has been subscribed and paid for in cash, the Comptroller of the Currency shall require the articles of association and the organization certificate to be amended to conform to the requirements for the organization of a national bank, and thereafter, when the requirements of law with respect to the organization of a national bank have been complied with, he shall issue to the bank a certificate of authority to commence business, and thereupon the bank shall cease to have the status of a new bank, shall be managed by directors elected by its own shareholders and may exercise all the powers granted by law, and it shall be subject to all the provisions of law relating to national banks. Such bank shall thereafter be an insured national bank, without certification to or approval by the Corporation.

[(12)] "(l) If the capital stock of the new bank is not offered for sale, or if an adequate amount of capital for such new bank is not subscribed and paid for, the Board of Directors may offer to transfer its business to any insured bank in the same community which will take over its assets, assume its liabilities, and pay to the Corporation for such business such amount as the Board of Directors may deem adequate; or the Board of Directors in its discretion may change the location of the new bank to the office of the Corporation or to some other place or may at any time wind up its affairs as herein provided. Unless the capital stock of the new bank is sold or its assets are taken over and its liabilities are assumed by an insured bank as above provided within two years from the date of its organization, the Corporation shall wind up the affairs of such bank, after giving such notice, if any, as the Comptroller of the Currency may require, and shall certify to the Comptroller of the Currency the termination of the new bank. Thereafter the Corporation shall be liable for the obligations of such bank and shall be the owner of its assets. The provisions of sections 5220 and 5221 of the Revised Statutes (U. S. C., title 12, secs. 181 and 182) shall not apply to such new banks.

[(m) (1)] "*Sec. 12. (a) [The] Notwithstanding any other provision of law, [the] Corporation as receiver of a closed national bank or District bank shall not be required to furnish bond and shall have the right to appoint an agent or agents to*

assist it in its duties as such receiver, and all fees, compensation, and expenses of liquidation and administration thereof shall be fixed by the Corporation, [subject to the approval of the Comptroller of the Currency,] and may be paid by it out of funds coming into its possession as such receiver. [The Comptroller of the Currency is authorized and empowered to waive and relieve the Corporation from complying with any regulations of the Comptroller of the Currency with respect to receiverships where in his discretion such action is deemed advisable to simplify administration.]

[(2)] "(b) Payment of an insured deposit to any person by the Corporation shall discharge the Corporation, and payment of a transferred deposit to any person by the new bank or by an insured bank in which a transferred deposit has been made available shall discharge the Corporation and such new bank or other insured bank, to the same extent that payment to such person by the closed bank would have discharged it from liability for the insured deposit.

[(3)] "(c) Except as otherwise prescribed by the Board of Directors, neither the Corporation nor such new bank or other insured bank shall be required to recognize as the owner of any portion of a deposit appearing on the records of the closed bank under a name other than that of the claimant, any person whose name or interest as such owner is not disclosed on the records of such closed bank as part owner of said deposit, if such recognition would increase the aggregate amount of the insured deposits in such closed bank.

[(4)] "(d) The Corporation may withhold payment of such portion of the insured deposit of any depositor in a closed bank as may be required to provide for the payment of any liability of such depositor as a stockholder of the closed bank, or of any liability of such depositor to the closed bank or its receiver, which is not offset against a claim due from such bank, pending the determination and payment of such liability by such depositor or any other person liable therefor.

[(5)] "(e) If, after the Corporation shall have given at least three months' notice to the depositor by mailing a copy thereof to his last known address appearing on the records of the closed bank, any depositor in the closed bank shall fail to claim his insured deposit from the Corporation within eighteen months after the appointment of the receiver for the closed bank, or shall fail within such period to claim or arrange to continue the transferred deposit with the new bank or with the other insured bank which assumes liability therefor, all rights of the depositor against the Corporation with respect to the insured deposit, and against the new bank and such other insured bank with respect to the transferred deposit, shall be barred, and all rights of the depositor against the closed bank and its shareholders, or the receivership estate to which the Corporation may have become subrogated, shall thereupon revert to the depositor. The amount of any transferred deposits not claimed within such eighteen months' period shall be refunded to the Corporation.

[(n) (1) Money of the Corporation not otherwise employed shall be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States, except that for temporary periods, in the discretion of the Board of Directors, funds of the Corporation may be deposited in any Federal Reserve bank or with the Treasurer of the United States. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public moneys, except receipts from customs, under such regulations as may be prescribed by the said Secretary, and may also be employed as a financial agent of the Government. It shall perform all such reasonable duties as depository of public moneys and financial agent of the Government as may be required of it.

[(2) Nothing contained in this section shall be construed to prevent the Corporation from making loans to national banks closed by action of the Comptroller of the Currency, or by vote of their directors, or to State member banks closed by action of the appropriate State authorities, or by vote of their directors, or from entering into negotiations to secure the reopening of such banks.]

"*SEC. 13. (a) Money of the Corporation not otherwise employed shall be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States: Provided, That the Corporation shall not sell or purchase any such obligations for its own account and in its own right and interest, at any one time aggregating in excess of \$100,000, without the approval of the Secretary of the Treasury: And provided further, That the Secretary of the Treasury may waive the requirement of his approval with respect to any transaction or classes of transactions subject to the provisions of this subsection for such period of time and under such conditions as he may determine.*

"(b) *The banking or checking accounts of the Corporation shall be kept with the Treasurer of the United States, or, with the approval of the Secretary of the Treasury,*

with a Federal Reserve bank, or with a bank designated as a depository or fiscal agent of the United States: Provided, That the Secretary of the Treasury may waive the requirements of this subsection under such conditions as he may determine: And provided further, That this subsection shall not apply to the establishment and maintenance in any bank for temporary purposes of banking and checking accounts not in excess of \$50,000 in any one bank, or to the establishment and maintenance in any bank of any banking and checking accounts to facilitate the payment of insured deposits, or the making of loans to, or the purchase of assets of, insured banks. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public moneys, except receipts from customs, under such regulations as may be prescribed by the said Secretary, and may also be employed as a financial agent of the Government. It shall perform all such reasonable duties as depository of public moneys and financial agent of the Government as may be required of it.

“(c) In order to reopen a closed insured bank or, when the Corporation has determined that an insured bank is in danger of closing, in order to prevent such closing, the Corporation, in the discretion of its Board of Directors, is authorized to make loans to, or purchase the assets of, or make deposits in, such insured bank, upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors the continued operation of such bank is essential to provide adequate banking service in the community. Such loans and deposits may be in subordination to the rights of depositors and other creditors.

“(3)“(d) Receivers or liquidators of insured banks closed on account of inability to meet the demands of their depositors shall be entitled to offer the assets of such banks for sale to the Corporation or as security for loans from the Corporation, upon receiving permission from the appropriate State authority in accordance with express provisions of State law in the case of insured State banks, or from the Comptroller of the Currency in the case of national banks or District banks. The proceeds of every such sale or loan shall be utilized for the same purposes and in the same manner as other funds realized from the liquidation of the assets of such banks. [The] In any case where prior to the effective date of this amendment, the Comptroller of the Currency has appointed a receiver of a closed national bank other than the Corporation, he may, in his discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to section 5235 of the Revised Statutes (U. S. C., title 12, sec. 193), and no liability shall attach to the Comptroller of the Currency or to the receiver of any such national bank by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment. The Corporation, in its discretion, may make loans on the security of or may purchase and liquidate or sell any part of the assets of an insured bank which is now or may hereafter be closed on account of inability to meet the demands of its depositors, but in any case in which the Corporation is acting as receiver of a closed insured bank, no such loan or purchase shall be made without the approval of a court of competent jurisdiction.

“(4)“(e) Whenever in the judgment of the Board of Directors such action will reduce the risk or avert a threatened loss to the Corporation and will facilitate a merger or consolidation of an insured bank with another insured bank, or will facilitate the sale of the assets of an open or closed insured bank to and assumption of its liabilities by another insured bank, the Corporation may, upon such terms and conditions as it may determine, make loans secured in whole or in part by assets of an open or closed insured bank, which loans may be in subordination to the rights of depositors and other creditors, or the Corporation may purchase any such assets or may guarantee any other insured bank against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured bank. Any insured national bank or District bank, or, with the approval of the Comptroller of the Currency, any] the Corporation as receiver thereof, is authorized to contract for such sales or loans and to pledge any assets of the bank to secure such loans.

“(f) Prior to July 1, 1951, the Corporation shall pay out of its capital account to the Secretary of the Treasury and the Federal Reserve banks, respectively, an amount equal to 2 per centum simple interest per annum on amounts advanced to the Corporation on stock subscriptions by the Secretary of the Treasury and such banks, from the time of such advances until the amounts thereof were repaid.

“(o)“(Sec. 14. The Corporation is authorized to borrow from the Treasury, and the Secretary of the Treasury is authorized and directed to loan to the Corporation on such terms as may be fixed by the Corporation and the Secretary, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes, not exceeding in the aggregate \$3,000,000,000 outstanding at any one time: Provided, That the rate of interest

to be charged in connection with any loan made pursuant to this [paragraph] section shall not be less than the current average rate on outstanding marketable and nonmarketable obligations of the United States as of the last day of the month preceding the making of such loan. For such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include such loans. Any such loan shall be used by the Corporation solely in carrying out its functions with respect to such insurance. All loans and repayments under this section shall be treated as public-debt transactions of the United States.

[(p)] "SEC. 15. All notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is [taxed.] taxed: *Provided, That any building now or hereafter owned by the Corporation in the District of Columbia and used principally as an office building of the Corporation, together with the land upon which the same stands, and all appurtenances, buildings, and lands used principally in connection therewith, shall be exempt from any and all taxation.*

[(q)] "SEC. 16. In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this Act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held in the Treasury subject to delivery, upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other such obligations.

[(r)] "SEC. 17. (a) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

*"(b) The financial transactions of the Corporation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in possession and custody of the Corporation. The audit shall begin with financial transactions occurring on and after August 31, 1948.*

*"(c) A report of the audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year. On or before December 15 following such fiscal year the Comptroller General shall furnish the Corporation a short form report showing the financial position of the Corporation at the close of the fiscal year. The report to the Congress shall set forth the scope of the audit and shall include a statement of assets and liabilities and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the Corporation at the time submitted to the Congress.*

"(d) For the purpose of conducting such audit the Comptroller General is authorized in his discretion to employ by contract, without regard to section 3709 of the Revised Statutes, professional services of firms and organizations of certified public accountants, with the concurrence of the Corporation, for temporary periods or for special purposes. The Corporation shall reimburse the General Accounting Office for the cost of any such audit as billed therefor by the Comptroller General, and the General Accounting Office shall deposit the sums so reimbursed into the Treasury as miscellaneous receipts.

[(v) (2)] "SEC. 18. (a) Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include in advertisements relating to deposits a statement to the effect that its deposits are insured by the Corporation. The Board of Directors shall prescribe by regulation the forms of such signs and the manner of display and the substance of such statements and the manner of use. For each day an insured bank continues to violate any provision of this [paragraph] subsection or any lawful provision of said regulations, it shall be subject to a penalty of not more than \$100, [recoverable by] which the Corporation may recover for its use.

[(3)] "(b) No insured bank shall pay any dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) or distribute any of its capital assets while it remains in default in the payment of any assessment due to the Corporation; and any director or officer of any insured bank who participates in the declaration or payment of any such dividend or interest or in any such distribution shall, upon conviction, be fined not more than \$1,000, or imprisoned not more than one year, or both: *Provided*, That if such default is due to a dispute between the insured bank and the Corporation over the amount of such assessment, this [paragraph] subsection shall not apply, if such bank shall deposit security satisfactory to the Corporation for payment upon final determination of the issue.

[(4)] "(c) [Unless, in addition to compliance with other provisions of law, it shall have] Without the prior written consent of the Corporation, no insured bank shall (1) merge or consolidate [enter into any consolidation or merger] with any noninsured bank or institution or convert into a noninsured institution or assume liability to pay any deposits made in or similar liabilities of, any noninsured bank or institution, or (2) transfer assets to any noninsured bank or institution in consideration of the assumption of liability for any portion of the deposits made in such insured bank, and no insured State nonmember bank (except a District bank) without such consent shall reduce the amount or retire any part of its common or preferred capital stock, or retire any part of its capital notes or debentures.

[(5)] "(d) No State nonmember insured bank (except a District bank) shall establish and operate any new branch [after thirty days after the effective date] unless it shall have the prior written consent of the Corporation, [and no branch of any State nonmember insured bank shall be moved] and no State nonmember insured bank (except a District bank) shall move its main office or any branch from one location to another [after thirty days after the effective date] without such consent. The factors to be considered in granting or withholding the consent of the Corporation under this [paragraph] subsection shall be those enumerated in [subsection (g)] section 6 of this [section] Act.

[(6)] "(e) The Corporation may require any insured bank to provide protection and indemnity against burglary, defalcation, and other similar insurable losses. Whenever any insured bank refuses to comply with any such requirement the Corporation may contract for such protection and indemnity and add the cost thereof to the assessment otherwise payable by such bank.

[(7)] "(f) Whenever any insured bank (except a national bank or a District bank), after written notice of the recommendations of the Corporation based on a report of examination of such bank by an examiner of the Corporation, shall fail to comply with such recommendations within one hundred and twenty days after such notice, the Corporation shall have the power, and is hereby authorized, to publish only such part of such report of examination as relates to any recommendation not complied with: *Provided*, That notice of intention to make such publication shall be given to the bank at least ninety days before such publication is made.

[(8)] "(g) The Board of Directors shall by regulation prohibit the payment of interest on demand deposits in insured nonmember banks and for such purpose it may define the term 'demand deposits'; but such exceptions from this prohibition shall be made as are now or may hereafter be prescribed with respect to deposits payable on demand in member banks by section 19 of [this] the Federal Reserve Act, as amended, or by regulation of the Board of Governors of the Federal

Reserve System. The Board of Directors shall from time to time limit by regulation the rates of interest or dividends which may be paid by insured nonmember banks on time and savings deposits, but such regulations shall be consistent with the contractual obligations of such banks to their depositors. For the purpose of fixing such rates of interest or dividends, the Board of Directors shall by regulation prescribe different rates for such payment on time and savings deposits having different maturities, or subject to different conditions respecting withdrawal or repayment, or subject to different conditions by reason of different locations, or according to the varying discount rates of member banks in the several Federal Reserve districts. The Board of Directors shall by regulation define what constitutes time and savings deposits in an insured nonmember bank. Such regulations shall prohibit any insured nonmember bank from paying any time deposit before its maturity except upon such conditions and in accordance with such rules and regulations as may be prescribed by the Board of Directors, and from waiving any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement. For each violation of any provision of this [paragraph] subsection or any lawful provision of such regulations relating to the payment of interest or dividends on deposits or to withdrawal of deposits, the offending bank shall be subject to a penalty of not more than \$100, [recoverable by] which the Corporation may recover for its use.

"(h) Any insured bank which willfully fails or refuses to file any certified statement or pay any assessment required under this Act shall be subject to a penalty of not more than \$100 for each day that such violations continue, which penalty the Corporation may recover for its use: Provided, That this subsection shall not be applicable under the circumstances stated in the proviso of subsection (b) of this section.

"SEC. 19. Except with the written consent of the Corporation, no person shall serve as a director, officer, or employee of an insured bank who has been convicted, or who is hereafter convicted, of any criminal offense involving dishonesty or a breach of trust. For each willful violation of this prohibition, the bank involved shall be subject to a penalty of not more than \$100 for each day this prohibition is violated, which the Corporation may recover for its use.

"(y) "SEC. 20. It is not the purpose of this [section] Act to discriminate, in any manner, against State nonmember banks, and in favor of, national or member banks; but the purpose is to provide all banks with the same opportunity to obtain and enjoy the benefits of this [section] Act. No bank shall be discriminated against because its capital stock is less than the amount required for eligibility for admission into the Federal Reserve System.

"(z) "SEC. 21. The provisions of this [section] Act limiting the insurance of the deposits of any depositor to a maximum less than the full amount shall be independent and separable from each and all of the provisions of this [section.] Act."

SEC. 3. The third paragraph of section 709, title 18, United States Code, is amended to read as follows:

"Whoever, except as expressly authorized by Federal law, uses the words 'Federal Deposit', 'Federal Deposit Insurance', or 'Federal Deposit Insurance Corporation' or a combination of any three of these [four] words, as the name or a part thereof under which he or it does business, or advertises or otherwise represents falsely by any device whatsoever that his or its deposit liabilities, obligations, certificates, or shares are insured or guaranteed by the Federal Deposit Insurance Corporation, or by the United States[,] or by any instrumentality thereof, or whoever advertises that his or its deposits, shares, or accounts are federally insured, or falsely advertises or otherwise represents by any device whatsoever the extent to which or the manner in which [such] the deposit liabilities of an insured bank or banks are insured by the Federal Deposit Insurance Corporation; or"

SEC. 4. Section 220, title 18, United States Code, is amended to read as follows:

"Whoever, being an officer, director, employee, agent, or attorney of [a member bank of the Federal Reserve System] any bank, the deposits of which are insured by the Federal Deposit Insurance Corporation, of a Federal intermediate credit bank, or of a national agricultural credit corporation, except as provided by law, 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, from any such bank or corporation, any loan 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 bank or corporation, shall be fined not more than \$5,000 or imprisoned not more than one year or both."

