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[Report No. 1269]

IN THE SENATE OF THE UNITED STATES

JANUARY 10 (legislative day, JANUARY 4), 1950

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

FEBRUARY 10 (legislative day, JANUARY 4), 1950

Reported by Mr. MAYBANK, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

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

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4 is hereby withdrawn as a part of that Act and is made a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

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

9 "SEC. 1. There is hereby created a Federal Deposit

1 Insurance Corporation (hereinafter referred to as the 'Cor-
2 poration') which shall insure, as hereinafter provided, the
3 deposits of all banks which are entitled to the benefits of
4 insurance under this Act, and which shall have the powers
5 hereinafter granted.

6 "SEC. 2. The management of the Corporation shall be
7 vested in a Board of Directors consisting of three members,
8 one of whom shall be the Comptroller of the Currency, and
9 two of whom shall be citizens of the United States to be
10 appointed by the President, by and with the advice and
11 consent of the Senate. One of the appointive members shall
12 be the Chairman of the Board of Directors of the Corpora-
13 tion and not more than two of the members of such Board
14 of Directors shall be members of the same political party.
15 Each such appointive member shall hold office for a term of
16 six years. In the event of a vacancy in the office of the
17 Comptroller of the Currency, and pending the appointment
18 of his successor, or during the absence of the Comptroller
19 from Washington, the Acting Comptroller of the Currency
20 shall be a member of the Board of Directors in the place
21 and stead of the Comptroller. In the event of a vacancy
22 in the office of the Chairman of the Board of Directors, and
23 pending the appointment of his successor, the Comptroller
24 of the Currency shall act as Chairman. The members of the
25 Board of Directors shall be ineligible during the time they

1 are in office and for two years thereafter to hold any office,
 2 position, or employment in any insured bank, except that
 3 this restriction shall not apply to any member who has
 4 served the full term for which he was appointed. No mem-
 5 ber of the Board of Directors shall be an officer or director
 6 of any insured ~~bank~~, *bank* or Federal Reserve bank or hold
 7 stock in any insured bank; and before entering upon his
 8 duties as a member of the Board of Directors he shall certify
 9 under oath that he has complied with this requirement and
 10 such certification shall be filed with the secretary of the Board
 11 of Directors.

12 “SEC. 3. As used in this Act—

13 “(a) The term ‘State bank’ means any bank, banking
 14 association, trust company, savings bank, or other banking
 15 institution which is engaged in the business of receiving de-
 16 posits, other than trust funds as herein defined, and which
 17 is incorporated under the laws of any State, any Territory
 18 of the United States, Puerto Rico, or the Virgin Islands, or
 19 which is operating under the Code of Law for the District
 20 of Columbia (except a national bank), and includes any
 21 unincorporated bank the deposits of which ~~were~~ *are* insured
 22 on ~~August 23, 1935~~, under the provisions of ~~this Act~~ *the*
 23 *effective date of this amendment.*

24 “(b) The term ‘State member bank’ means any State
 25 bank which is a member of the Federal Reserve System,

1 and the term 'State nonmember bank' means any State bank
2 which is not a member of the Federal Reserve System.

3 “(c) The term 'District bank' means any State bank
4 operating under the Code of Law for the District of
5 Columbia.

6 “(d) The term 'national member bank' means any na-
7 tional bank located in any of the States of the United States,
8 the District of Columbia, any Territory of the United States,
9 Puerto Rico, or the Virgin Islands which is a member of
10 the Federal Reserve System.

11 “(e) The term 'national nonmember bank' means any
12 national bank located in any Territory of the United States,
13 Puerto Rico, or the Virgin Islands which is not a member
14 of the Federal Reserve System.

15 “(f) The term 'mutual savings bank' means a bank
16 without capital stock transacting a savings bank business,
17 the net earnings of which inure wholly to the benefit of its
18 depositors after payment of obligations for any advances by
19 its organizers.

20 “(g) The term 'savings bank' means a bank (other
21 than a mutual savings bank) which transacts its ordinary
22 banking business strictly as a savings bank under State laws
23 imposing special requirements on such banks governing
24 the manner of investing their funds and of conducting their
25 business: *Provided*, That the bank maintains, until maturity

1 date or until withdrawn, all deposits made with it (other
2 than funds held by it in a fiduciary capacity) as time savings
3 deposits of the specific term type or of the type where the
4 right is reserved to the bank to require written notice before
5 permitting withdrawal: *Provided further*, That such bank
6 to be considered a savings bank must elect to become subject
7 to regulations of the Corporation with respect to the redeposit
8 of maturing deposits and prohibiting withdrawal of deposits
9 by checking except in cases where such withdrawal ~~is~~ *was*
10 permitted by law on ~~the effective date~~ *August 23, 1935*,
11 from specifically designated deposit accounts totaling not
12 more than 15 per centum of the bank's total deposits.

13 “(h) The term ‘insured bank’ means any bank the
14 deposits of which are insured in accordance with the pro-
15 visions of this Act; and the term ‘noninsured bank’ means
16 any bank the deposits of which are not so insured.

17 “(i) The term ‘new bank’ means a new national bank-
18 ing association organized by the Corporation to assume the
19 insured deposits of an insured bank closed on account of
20 inability to meet the demands of its depositors and otherwise
21 to perform temporarily the functions prescribed in this Act.

22 “(j) The term ‘receiver’ includes a receiver, liquidat-
23 ing agent, conservator, commission, person, or other agency
24 charged by law with the duty of winding up the affairs of
25 a bank.

1 “(k) The term ‘Board of Directors’ means the Board
2 of Directors of the Corporation.

3 “(l) The term ‘deposit’ means the unpaid balance of
4 money or its equivalent received by a bank in the usual
5 course of business and for which it has given or is obligated
6 to give credit to a commercial, checking, savings, time, or
7 thrift account, or which is evidenced by its certificate of
8 deposit, and trust funds held by such bank whether retained
9 or deposited in any department of such bank or deposited
10 in another bank, together with such other obligations of a
11 bank as the Board of Directors shall find and shall prescribe
12 by its regulations to be deposit liabilities by general usage:
13 *Provided*, That any obligation of a bank which is payable
14 only at an office of the bank located outside the States of
15 the United States, the District of Columbia, any Territory
16 of the United States, Puerto Rico, and the Virgin Islands,
17 shall not be a deposit for any of the purposes of this Act or
18 be included as a part of total deposits or of an insured deposit:
19 *Provided further*, That any insured bank having its principal
20 place of business in any of the States of the United States
21 or in the District of Columbia which maintains a branch in
22 any Territory of the United States, Puerto Rico, or the
23 Virgin Islands may elect to exclude from insurance under
24 this Act its deposit obligations which are payable only at
25 such branch, and upon so electing the insured bank with

1 respect to such branch shall comply with the provisions of
 2 this Act applicable to the termination of insurance by non-
 3 member banks: *Provided further*, That the bank may elect
 4 to restore the insurance to such deposits at any time its capital
 5 stock is unimpaired.

6 “(m) The term ‘insured deposit’ means the net amount
 7 due to any depositor for deposits in an insured bank (after
 8 deducting offsets) less any part thereof which is in excess
 9 of \$10,000. Such net amount shall be determined according
 10 to such regulations as the Board of Directors may prescribe,
 11 and in determining the amount due to any depositor there
 12 shall be added together all deposits in the bank maintained
 13 in the same capacity and the same right for his benefit
 14 *either* in his own name or in the names of others except trust
 15 funds which shall be insured as provided in subsection (i) of
 16 section 7. ~~Each officer, employee, or agent of the United~~
 17 ~~States, of any State of the United States, of any county,~~
 18 ~~municipality, or political subdivision thereof, of the District~~
 19 ~~of Columbia, any Territory of the United States, Puerto~~
 20 ~~Rico, Virgin Islands and of any municipality thereof, herein~~
 21 *Each officer, employee, or agent of the United States, of*
 22 *any State of the United States, of the District of Columbia,*
 23 *of any Territory of the United States, of Puerto Rico,*
 24 *of the Virgin Islands, of any county, of any municipality,*
 25 *or of any political subdivision thereof, herein called ‘public*

1 unit', having official custody of public funds and lawfully
 2 depositing the same in an insured bank shall, for the purpose
 3 of determining the amount of the insured deposits, be
 4 deemed a depositor in such custodial capacity separate
 5 and distinct from any other officer, employee, or agent
 6 of the same or any public unit having official custody of
 7 public funds and lawfully depositing the same in the same
 8 insured bank in custodial capacity.

9 “(n) The term ‘transferred deposit’ means a deposit in
 10 a new bank or other insured bank made available to a
 11 depositor by the Corporation as payment of the insured
 12 deposit of such depositor in a closed bank, and assumed by
 13 such new bank or other insured bank.

14 “(o) The term ‘branch’ includes any branch bank,
 15 branch office, branch agency, additional office, or any branch
 16 place of business located in any State of the United States
 17 or in any Territory of the United States, Puerto Rico, or
 18 the Virgin Islands at which deposits are received or checks
 19 paid or money lent.

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

24 “SEC. 4. (a) Every bank, which ~~was~~ is an insured bank
 25 on the effective date of this ~~Act~~ *amendment*, shall be and

1 continue to be, without application or approval, an insured
2 bank and shall be subject to the provisions of this Act.

3 “(b) Every national member bank which is authorized
4 to commence or resume the business of banking, and which
5 is engaged in the business of receiving deposits other than
6 trust funds as herein defined, and every such national
7 nonmember bank which becomes a member of the Federal
8 Reserve System, and every State bank which is converted
9 into a national member bank or which becomes a member
10 of the Federal Reserve System, and which is engaged in
11 the business of receiving ~~deposits~~ *deposits*, other than trust
12 funds as herein defined, shall be an insured bank from the
13 time it is authorized to commence or resume business or be-
14 comes a member of the Federal Reserve System. The certifi-
15 cate herein prescribed shall be issued to the Corporation by
16 the Comptroller of the Currency in the case of such national
17 member bank, or by the Board of Governors of the Federal
18 Reserve System in the case of such State member bank:
19 *Provided*, That in the case of an insured bank which is
20 admitted to membership in the Federal Reserve System or
21 an insured State bank which is converted into a national
22 member bank, such certificate shall not be required, and
23 the bank shall continue as an insured bank. Such certificate
24 shall state that the bank is authorized to transact the business

1 of banking in the case of a national member bank, or is a
2 member of the Federal Reserve System in the case of a
3 State member bank, and that consideration has been given
4 to the factors enumerated in section 6.

5 “SEC. 5. Subject to the provisions of this Act, any
6 national nonmember bank *which is engaged in the business of*
7 *receiving deposits, other than trust funds as herein defined,*
8 upon application by the bank and certification by the Comp-
9 troller of the Currency in the manner prescribed in sub-
10 section (b) of section 4 and any State nonmember bank,
11 upon application to and examination by the Corporation
12 and approval by the Board of Directors, may become an
13 insured bank. Before approving the application of any
14 such State nonmember bank, the Board of Directors shall
15 give consideration to the factors enumerated in section 6
16 and shall determine, upon the basis of a thorough examina-
17 tion of such bank, that its assets in excess of its capital
18 requirements are adequate to enable it to meet all of its
19 liabilities to depositors and other creditors as shown by the
20 books of the bank.

21 “SEC. 6. The factors to be enumerated in the certificate
22 required under section 4 and to be considered by the Board of
23 Directors under section 5 shall be the following: The financial
24 history and condition of the bank, the adequacy of its capital
25 structure, its future earnings prospects, the general character

1 of its management, the convenience and needs of the com-
 2 munity to be served by the bank, and whether or not its
 3 corporate powers are consistent with the purposes of this Act.

4 "SEC. 7. (a) The assessment rate shall be one-twelfth
 5 of 1 per centum per annum. The semiannual assessment for
 6 each insured bank shall be in the amount of the product of
 7 one-half the annual assessment rate multiplied by the assess-
 8 ment base. The assessment base shall be the amount of the
 9 liability of the bank for deposits, according to the definition
 10 of the term 'deposit' in and pursuant to subsection ~~(1)~~ (l)
 11 of section 3, without any deduction for indebtedness of
 12 depositors: *Provided*, That the bank—

13 "(1) may deduct (i) from the deposit balance due
 14 to an insured bank the deposit balance due from such
 15 insured bank (other than trust funds deposited by it
 16 in such bank) which is subject to immediate with-
 17 drawal; (ii) trust funds held by the bank in a fiduciary
 18 capacity and which are deposited in another insured
 19 bank; and (iii) cash items as determined by either of
 20 the following methods, at the option of the bank: (aa)
 21 By multiplying by 2 the total of the cash items for-
 22 ward for collection on the assessment base days (being
 23 the days on which the average deposits are computed)
 24 and cash items held for clearings at the close of business
 25 on said days, which are in the process of collection and

1 which the bank has paid in the regular course of business
2 or credited to deposit accounts; or (bb) by deducting
3 the total of cash items forwarded for collection on the
4 assessment base days and cash items held for clearings
5 at the close of business on said days, which are in the
6 process of collection and which the bank has paid in
7 the regular course of business or credited to deposit ac-
8 counts, plus such uncollected items paid or credited on
9 preceding days which are in the process of collection:
10 *Provided*, That the Board of Directors may define the
11 terms 'cash items', 'process of collection', and 'uncol-
12 lected items' and shall fix the maximum period for which
13 any such item may be deducted; and

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

23 Each insured bank, as a condition to the right to make any
24 such deduction or exclusion in determining its assessment
25 base, shall maintain such records as will readily permit verifi-

1 cation of the correctness thereof. The semiannual assessment
 2 base for one period shall be the average of the assessment
 3 base of the bank as of the close of business on March 31 and
 4 June 30, and the semiannual assessment base for the other
 5 semiannual period shall be the average of the assessment base
 6 of the bank as of the close of business on September 30 and
 7 December 31: *Provided*, That when any of said days is a
 8 nonbusiness day or a legal holiday, either National or State,
 9 the preceding business day shall be used. The certified
 10 statements required to be filed with the Corporation under
 11 subsections (b) and (c) of this section shall be in such form
 12 and set forth such supporting information as the Board of
 13 Directors shall prescribe. The assessment payments required
 14 from insured banks under subsections (b) and (c) of this
 15 section shall be made in such manner and at such time or
 16 times as the Board of Directors shall prescribe, provided the
 17 time or times so prescribed shall not be later than sixty days
 18 after filing the certified statement setting forth the amount
 19 of assessment.

20 “(b) On or before the 15th day of July of each year,
 21 each insured bank shall file with the Corporation a certified
 22 statement showing for the six months ending on the preced-
 23 ing June 30 the amount of the assessment base and the
 24 amount of the semiannual assessment due to the Corpora-
 25 tion for the period ending on the following December 31;

1 determined in accordance with subsection (a) of this sec-
2 tion, which shall contain or be verified by a written declara-
3 tion that it is made under the penalties of perjury. Each
4 insured bank shall pay to the Corporation the amount of
5 the semiannual assessment it is required to certify. On or
6 before the 15th day of January of each year, each insured
7 bank shall file with the Corporation a similar certified state-
8 ment for the six months ending on the preceding December
9 31 and shall pay to the Corporation the amount of the
10 semiannual assessment for the period ending on the follow-
11 ing June 30 which it is required to certify.

12 “(c) Each bank which becomes an insured bank shall
13 not be required to file any certified statement or pay any
14 assessment for the semiannual period in which it becomes an
15 insured bank. On the expiration of such period, each such
16 bank shall comply with the provisions of subsection (b)
17 of this section except that the semiannual assessment base
18 for its first certified statement shall be the assessment base
19 of the bank as of the close of business on the preceding
20 June 30 or December 31, whichever is applicable, deter-
21 mined in accordance with subsection (a) of this section. If
22 such bank has assumed the liabilities for deposits of another
23 bank or banks, it shall include such liabilities in its assess-
24 ment base. The first certified statement shall show as the
25 amount of the first *semiannual* assessment due to the

1 Corporation, an amount equal to the product of one-half
2 of the annual assessment rate multiplied by such assessment
3 base.

4 “(d) As of December 31, 1949, and each calendar
5 year thereafter, the Corporation shall transfer 40 per centum
6 of its net assessment income to its capital account and the
7 balance of the net assessment income shall be credited pro
8 rata to the insured banks based upon the assessments of
9 each bank during said calendar year. Such credits shall
10 be applied by the Corporation toward the payment of the
11 total assessments becoming due for the semiannual assess-
12 ment period beginning the next ensuing July 1. The term
13 ‘net assessment income’ as used herein means the total
14 assessments which become due during the calendar year
15 less (1) the operating costs and expenses of the Corporation
16 for the calendar year; (2) additions to reserve to provide
17 for insurance losses during the calendar year, except that
18 any adjustments to reserve which result in a reduction of
19 such reserve shall be added; and (3) the insurance losses
20 sustained in said calendar year plus losses from any preceding
21 years in excess of such reserves. ~~If such losses exceed the~~
22 ~~net assessment income in any year, such excess losses shall~~
23 ~~be restored by deduction made in subsequent years. If the~~
24 *above deductions exceed in amount the total assessments*

1 *which become due during the calendar year, the amount of*
2 *such excess shall be restored by deduction from total assess-*
3 *ments becoming due in subsequent years.*

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

10 “(f) Any insured bank which fails to file any certified
11 statement required to be filed by it in connection with de-
12 termining the amount of any assessment payable by the bank
13 to the Corporation may be compelled to file such statement
14 by mandatory injunction or other appropriate remedy in a
15 suit brought for such purpose by the Corporation against
16 the bank and any officer or officers thereof in any court of
17 the United States of competent jurisdiction in the District
18 or Territory in which such bank is located.

19 “(g) The Corporation, in a suit brought at law or in
20 equity in any court of competent jurisdiction, shall be en-
21 titled to recover from any insured bank the amount of any
22 unpaid assessment lawfully payable by such insured bank
23 to the Corporation, whether or not such bank shall have filed
24 any such certified statement and whether or not suit shall
25 have been brought to compel the bank to file any such state-

1 ment. No action or proceeding shall be brought for the
2 recovery of any assessment due to the Corporation, or for
3 the recovery of any amount paid to the Corporation in
4 excess of the amount due to it, unless such action or pro-
5 ceeding shall have been brought within five years after the
6 right accrued for which the claim is made, except where
7 the insured bank has made or filed with the Corporation a
8 false or fraudulent certified statement with the intent to
9 evade, in whole or in part, the payment of assessment, in
10 which case the claim shall not be deemed to have accrued
11 until the discovery by the Corporation that the certified
12 statement is false or fraudulent: *Provided, however, That*
13 *where a cause of action has already accrued, and the period*
14 *herein prescribed within which an action may be brought*
15 *has expired, or will expire within one year from the date*
16 *this amendment becomes effective, an action may be brought*
17 *on such cause of action within one year from the effective*
18 *date of this amendment: And provided further, That no*
19 *action or proceeding shall be brought for the recovery of*
20 *any assessment on deposits alleged to have been omitted*
21 *from the assessment base of any insured bank for any year*
22 *prior to 1945 except that any claim of the Corporation for*
23 *the payment of any assessment may be offset by it against*
24 *any claim of the bank for the overpayment of any assessment.*

1 “(h) Should any national member bank or any insured
2 national nonmember bank fail to file any certified statement
3 required to be filed by such bank under any provision of this
4 section, or fail to pay any assessment required to be paid
5 by such bank under any provision of this Act, and should the
6 bank not correct such failure within thirty days after written
7 notice has been given by the Corporation to an officer of the
8 bank, citing this subsection, and stating that the bank has
9 failed to file or pay as required by law, all the rights, privi-
10 leges, and franchises of the bank granted to it under the
11 National Bank Act, as amended, the Federal Reserve Act, as
12 amended, or this Act, shall be thereby forfeited. Whether or
13 not the penalty provided in this subsection has been incurred
14 shall be determined and adjudged in the manner provided in
15 the sixth paragraph of section 2 of the Federal Reserve Act,
16 as amended. The remedies provided in this subsection and
17 in the two preceding subsections shall not be construed as
18 limiting any other remedies against any insured bank, but
19 shall be in addition thereto.

20 “(i) Trust funds held by an insured bank in a fiduciary
21 capacity whether held in its trust or deposited in any other
22 department or in another bank shall be insured in an amount
23 not to exceed \$10,000 for each trust estate, and when de-
24 posited by the fiduciary bank in another insured bank such
25 trust funds shall be similarly insured to the fiduciary bank

1 according to the trust estates represented. Notwithstanding
2 any other provision of this Act, such insurance shall be sep-
3 arate from and additional to that covering other deposits of
4 the owners of such trust funds or the beneficiaries of such
5 trust estates: *Provided*, That where the fiduciary bank de-
6 posits any of such trust funds in other insured banks, the
7 amount so held by other insured banks on deposit shall not
8 for the purpose of any certified statement required under
9 subsections (b) and (c) of this section be considered to be
10 a deposit liability of the fiduciary bank, but shall be con-
11 sidered to be a deposit liability of the bank in which such
12 funds are so deposited by such fiduciary bank. The Board
13 of Directors shall have power by regulation to prescribe the
14 manner of reporting and of depositing such trust funds.

15 "SEC. 8. (a) Any insured bank (except a national
16 member bank or State member bank) may, upon not less
17 than ninety days' written notice to the Corporation, and
18 to the Reconstruction Finance Corporation if it owns or
19 holds as pledgee any preferred stock, capital notes, or
20 debentures of such bank, terminate its status as an insured
21 bank. Whenever the Board of Directors shall find that
22 an insured bank or its directors or trustees have continued
23 unsafe or unsound practices in conducting the business of
24 such bank, or have knowingly or negligently permitted
25 any of its officers or agents to violate any provision of any

1 law or regulation to which the insured bank is subject, the
2 Board of Directors shall first give to the Comptroller of
3 the Currency in the case of a national bank or a District
4 bank, to the authority having supervision of the bank in
5 the case of a State bank, or to the Board of Governors of
6 the Federal Reserve System in the case of a State member
7 bank, a statement with respect to such practices or viola-
8 tions for the purpose of securing the correction thereof and
9 shall give a copy thereof to the bank. Unless such correc-
10 tion shall be made within one hundred and twenty days
11 or such shorter period of time as the Comptroller of the
12 Currency, the State authority, or Board of Governors of
13 the Federal Reserve System, as the case may be, shall
14 require, the Board of Directors, if it shall determine to
15 proceed further, shall give to the bank not less than thirty
16 days' written notice of intention to terminate the status
17 of the bank as an insured bank, and shall fix a time and
18 place for a hearing before the Board of Directors or before
19 a person designated by it to conduct such hearing, at which
20 evidence may be produced, and upon such evidence the
21 Board of Directors shall make written findings which shall
22 be conclusive. Unless the bank shall appear at the hearing
23 by a duly authorized representative, it shall be deemed to
24 have consented to the termination of its status as an insured
25 bank. If the Board of Directors shall find that any unsafe

1 or unsound practice or violation specified in such notice
2 has been established and has not been corrected within the
3 time above prescribed in which to make such corrections,
4 the Board of Directors may order that the insured status
5 of the bank be terminated on a date subsequent to such
6 finding and to the expiration of the time specified in such
7 notice of intention. The Corporation may publish notice
8 of such termination and the bank shall give notice of such
9 termination to each of its depositors at his last address
10 of record on the books of the bank, in such manner and at
11 such time as the Board of Directors may find to be necessary
12 and may order for the protection of depositors. After the
13 termination of the insured status of any bank under the
14 provisions of this subsection, the insured deposits of each
15 depositor in the bank on the date of such termination, less
16 all subsequent withdrawals from any deposits of such
17 depositor, shall continue for a period of two years to be
18 insured, and the bank shall continue to pay to the Corpora-
19 tion assessments as in the case of an insured bank during
20 such period. No additions to any such deposits and no new
21 deposits in such bank made after the date of such termination
22 shall be insured by the Corporation, and the bank shall not
23 advertise or hold itself out as having insured deposits unless
24 in the same connection it shall also state with equal prom-
25 inence that such additions to deposits and new deposits

1 made after such date are not so insured. Such bank shall,
2 in all other respects, be subject to the duties and obligations
3 of an insured bank for the period of two years from the
4 date of such termination, and in the event that such bank
5 shall be closed on account of inability to meet the demands
6 of its depositors within such period of two years, the Cor-
7 poration shall have the same powers and rights with respect
8 to such bank as in case of an insured bank.

9 “(b) Whenever the insured status of a State member
10 bank shall be terminated by action of the Board of Directors,
11 the Board of Governors of the Federal Reserve System shall
12 terminate its membership in the Federal Reserve System in
13 accordance with the provisions of section 9 of the Federal
14 Reserve Act, and whenever the insured status of a national
15 member bank shall be so terminated the Comptroller of the
16 Currency shall appoint a receiver for the bank, which shall
17 be the Corporation. Whenever a member bank shall cease
18 to be a member of the Federal Reserve System, its status
19 as an insured bank shall, without notice or other action by
20 the Board of Directors, terminate on the date the bank shall
21 cease to be a member of the Federal Reserve System, with
22 like effect as if its insured status had been terminated on
23 said date by the Board of Directors after proceedings under
24 subsection (a) of this section.

25 “(c) Notwithstanding any other provision of law,

1 whenever the Board of Directors shall determine that an in-
2 sured banking institution is not engaged in the business of
3 receiving deposits, other than trust funds as herein defined,
4 the Corporation shall notify the banking institution that its
5 insured status will terminate at the expiration of the first
6 full semiannual assessment period following such notice. A
7 finding by the Board of Directors that a banking institution
8 is not engaged in the business of receiving deposits, other
9 than such trust funds, shall be conclusive. The Board of
10 Directors shall prescribe the notice to be given by the bank-
11 ing institution of such termination and the Corporation may
12 publish notice thereof. Upon the termination of the insured
13 status of any such banking institution, its deposits shall there-
14 upon cease to be insured and the banking institution shall
15 thereafter be relieved of all future obligations to the Cor-
16 poration, including the obligation to pay future assessments.

17 “(d) Whenever the liabilities of an insured bank for
18 deposits shall have been assumed by another insured bank
19 or banks, the insured status of the bank whose liabilities
20 are so assumed shall terminate on the date of receipt by the
21 Corporation of satisfactory evidence of such assumption with
22 like effect as if its insured status had been terminated on
23 said date by the Board of Directors after proceedings under
24 subsection (a) of this section: *Provided*, That if the bank
25 whose liabilities are so assumed gives to its depositors notice

1 of such assumption within thirty days after such assumption
2 takes effect, by publication or by any reasonable means, in
3 accordance with regulations to be prescribed by the Board
4 of Directors, the insurance of its deposits shall terminate at
5 the end of six months from the date such assumption takes
6 effect. Such bank shall be subject to the duties and obliga-
7 tions of an insured bank for the period its deposits are
8 insured: *Provided*, That if the deposits are assumed by a
9 newly insured bank, the bank whose deposits are assumed
10 shall not be required to pay any assessment upon the deposits
11 which have been so assumed after the semiannual period in
12 which the assumption takes effect.

13 “SEC. 9. Upon the date of enactment of the Banking
14 Act of 1933, the Corporation shall become a body corporate
15 and as such shall have power—

16 “First. To adopt and use a corporate seal.

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

19 “Third. To make contracts.

20 “Fourth. To sue and be sued, complain and defend, in
21 any court of law or equity, State or Federal. All suits of
22 a civil nature at common law or in equity to which the
23 Corporation shall be a party shall be deemed to arise under
24 the laws of the United States: *Provided*, That any such
25 suit to which the Corporation is a party in its capacity as

1 receiver of a State bank and which involves only the rights
2 or obligations of depositors, creditors, stockholders, and such
3 State bank under State law shall not be deemed to arise
4 under the laws of the United States. Except as *otherwise*
5 provided in sections 7 (g), 11 (g), and 12 (e), no suit by
6 or against the Corporation shall be allowed unless it shall
7 have been brought within five years after the right accrued
8 on which suit is brought. No attachment or execution shall
9 be issued against the Corporation or its property before final
10 judgment in any suit, action, or proceeding in any State,
11 county, municipal, or United States court. The Board of
12 Directors shall designate an agent upon whom service of
13 process may be made in any State, Territory, or jurisdiction
14 in which any insured bank is located.

15 “Fifth. To appoint by its Board of Directors such officers
16 and employees as are not otherwise provided for in this Act,
17 to define their duties, fix their compensation, require bonds
18 of them and fix the penalty thereof, and to dismiss at pleasure
19 such officers or employees. Nothing in this or any other
20 Act shall be construed to prevent the appointment and com-
21 pensation as an officer or employee of the Corporation of any
22 officer or employee of the United States in any board, com-
23 mission, independent establishment, or executive department
24 thereof.

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

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

9 “Eighth. To make examinations of and to require in-
10 formation and reports from banks, as provided in this Act.

11 “Ninth. To act as receiver.

12 “Tenth. To prescribe by its Board of Directors such
13 rules and regulations as it may deem necessary to carry out
14 the provisions of this Act.

15 “~~Eleventh. The Corporation is hereby authorized to~~
16 ~~purchase a building or to acquire a site within the District~~
17 ~~of Columbia and to construct thereon a building suitable for~~
18 ~~the use of the Corporation, to be paid for from funds of~~
19 ~~the Corporation: *Provided*, That the selection of such site~~
20 ~~shall be subject to the approval of the National Capital Park~~
21 ~~and Planning Commission, and that the design for such~~
22 ~~building shall be subject to the approval of the Commission~~
23 ~~of Fine Arts: *Provided further*, That the facilities of the~~
24 ~~Administrator of General Services shall be utilized in the~~
25 ~~acquisition of such site, the preparation of all necessary~~

1 plans, drawings, and specifications, the making of all neces-
2 sary contracts, and the supervision of the construction of
3 such building and said Administrator shall provide any other
4 available facilities upon request of the Corporation.

5 "SEC. 10. (a). The Board of Directors shall administer
6 the affairs of the Corporation fairly and impartially and
7 without discrimination. The Board of Directors of the
8 Corporation shall determine and prescribe the manner in
9 which its obligations shall be incurred and its expenses
10 allowed and paid. The Corporation shall be entitled to the
11 free use of the United States mails in the same manner as
12 the executive departments of the Government. The Cor-
13 poration with the consent of any Federal Reserve bank or
14 of any board, commission, independent establishment, or
15 executive department of the Government, including any field
16 service thereof, may avail itself of the use of information,
17 services, and facilities thereof in carrying out the provisions
18 of this section Act.

19 "(b) The Board of Directors shall appoint examiners
20 who shall have power, on behalf of the Corporation, to
21 examine any insured State bank (except a District bank),
22 any State bank making application to become an insured
23 bank, and any closed insured bank, whenever in the judg-
24 ment of the Board of Directors an examination of the bank
25 is necessary. Such examiners shall have like power to

1 examine, with the written consent of the Comptroller of
2 the Currency, any national bank or District bank. Each
3 such examiner shall have power to make a thorough examina-
4 tion of all the affairs of the bank and in doing so he shall
5 have power to administer oaths and to examine and take
6 and preserve the testimony of any of the officers and agents
7 thereof, and shall make a full and detailed report of the
8 condition of the bank to the Corporation. The Board of
9 Directors in like manner shall appoint claim agents who
10 shall have power to investigate and examine all claims for
11 insured deposits and transferred deposits. Each claim agent
12 shall have power to administer oaths and to examine under
13 oath and take and preserve the testimony of any persons
14 relating to such claims.

15 “(b) The Board of Directors shall appoint examiners
16 who shall have power, on behalf of the Corporation, to
17 examine any insured State nonmember bank (except a Dis-
18 trict bank), any State nonmember bank making application
19 to become an insured bank, and any closed insured bank,
20 whenever in the judgment of the Board of Directors an
21 examination of the bank is necessary. Such examiners shall
22 have like power to examine, with the written consent of the
23 Comptroller of the Currency, any national bank or District
24 bank, and, with the written consent of the Board of Gov-
25 ernors of the Federal Reserve System, any State member

1 bank. Each such examiner shall have power to make a
 2 thorough examination of all the affairs of the bank and in
 3 doing so he shall have power to administer oaths and to
 4 examine and take and preserve the testimony of any of the
 5 officers and agents thereof, and shall make a full and detailed
 6 report of the condition of the bank to the Corporation. The
 7 Board of Directors in like manner shall appoint claim agents
 8 who shall have power to investigate and examine all claims
 9 for insured deposits and transferred deposits. Each claim
 10 agent shall have power to administer oaths and to examine
 11 under oath and take and preserve the testimony of any
 12 persons relating to such claims.

13 ~~“(e) For the purpose of any hearing, examination or~~
 14 ~~investigation under this Act, any member of the Board of~~
 15 ~~Directors, any examiner, any claim agent or any person~~
 16 ~~designated by the Board of Directors, is empowered to ad-~~
 17 ~~minister oaths and affirmations, subpoena witnesses, compel~~
 18 ~~their attendance, take evidence, and require the production~~
 19 ~~of any books, records, or other papers which are relevant~~
 20 ~~or material to the inquiry. Such attendance of witnesses~~
 21 ~~and the production of any such papers may be required from~~
 22 ~~any place in any State or in any Territory or other place~~
 23 ~~subject to the jurisdiction of the United States at any desig-~~
 24 ~~nated place where such a hearing is being held or investiga-~~
 25 ~~tion is being made.~~

1 “(d) In case of refusal to obey a subpoena issued to, or
2 contumacy by, any person, the Board of Directors may
3 invoke the aid of any court of the United States within the
4 jurisdiction of which such hearing or investigation is carried
5 on, or where such person resides or carries on business, in
6 requiring the attendance and testimony of witnesses and the
7 production of books, records, or other papers. And such
8 court may issue an order requiring such person to appear
9 before the Board of Directors or member or person designated
10 by the Board of Directors, there to produce records, if so
11 ordered, or to give testimony touching the matter under
12 investigation or in question; and any failure to obey such
13 order of the court may be punished by such court as a con-
14 tempt thereof. All process in any such case may be served
15 in the judicial district whereof such person is an inhabitant or
16 wherever he may be found. No person shall be excused from
17 attending and testifying or from producing books, records,
18 or other papers in obedience to a subpoena issued under the
19 authority of this Act on the ground that the testimony or
20 evidence, documentary or otherwise, required of him may
21 tend to incriminate him or subject him to penalty or for-
22 feiture; but no individual shall be prosecuted or subject to
23 any penalty or forfeiture for or on account of any transaction,
24 matter, or thing concerning which he is compelled to testify
25 or produce evidence, documentary or otherwise, after having

1 claimed his privilege against self-incrimination, except that
 2 such individual so testifying shall not be exempt from prose-
 3 cution and punishment for perjury committed in so testifying.
 4 Any person who without just cause shall fail or refuse to
 5 attend and testify or to answer any lawful inquiry or to pro-
 6 duce books, records, or other papers in obedience to the sub-
 7 pena of the Board of Directors, if in his or its power so to do,
 8 shall be guilty of a misdemeanor and upon conviction shall
 9 be subject to a fine of not more than \$1,000 or to imprison-
 10 ment for a term of not more than one year, or both. OF

11 “(c) For the purpose of any hearing under this Act,
 12 the Board of Directors, any member thereof or any person
 13 designated by the Board of Directors to conduct any such
 14 hearing, is empowered to administer oaths and affirmations,
 15 subpoena any officer or employee of the insured bank, compel
 16 his attendance, take evidence, take depositions and require the
 17 production of any books, records, or other papers of the
 18 insured bank which are relevant or material to the inquiry.
 19 For the purpose of any hearing, examination, or investi-
 20 gation under this Act, the Board of Directors may ap-
 21 ply to any judge or clerk of any court of the United
 22 States within the jurisdiction of which such hearing,
 23 examination, or investigation is carried on, or where such
 24 person resides or carries on business, to issue a subpoena
 25 commanding each person to whom it is directed to attend

1. *and give testimony or for the taking of his deposition and*
2 *to produce books, records, or other papers relevant or*
3 *material to such hearing, examination, or investigation*
4 *at a time and place and before a person therein specified.*
5 *Such attendance of witnesses and the production of any such*
6 *papers may be required from any place in any State or*
7 *in any Territory or other place subject to the jurisdiction*
8 *of the United States at any designated place where such*
9 *a hearing is being held or such examination or investigation*
10 *is being made: Provided, however, That the production of*
11 *a person's documents at any place other than his place of*
12 *business shall not be required in any case in which, prior*
13 *to the return date specified in the subpoena with respect*
14 *thereto, such person either has furnished as directed a copy*
15 *of such documents (certified by such person under oath to*
16 *be a true and correct copy) or has entered into a stipulation*
17 *with any authorized representative of the Corporation as*
18 *to the information contained in such documents. Witnesses*
19 *subpenaed under this section shall be paid the same fees and*
20 *mileage that are paid witnesses in the district courts of the*
21 *United States.*

22 “(d) *In cases of refusal to obey a subpoena issued to, or*
23 *contumacy by, any person, the Board of Directors may invoke*
24 *the aid of any court of the United States within the jurisdic-*

1 tion of which such hearing, examination or investigation is
2 carried on, or where such person resides or carries on busi-
3 ness, in requiring the attendance and testimony of witnesses
4 and the production of books, records, or other papers. And:
5 such court may issue an order requiring such person to
6 appear before the Board of Directors or member or person
7 designated by the Board of Directors, there to produce
8 records, if so ordered, or to give testimony touching the matter
9 in question; and any failure to obey such order of the court
10 may be punished by such court as a contempt thereof. All
11 process in any such case may be served in the judicial dis-
12 trict whereof such person is an inhabitant or carries on busi-
13 ness or wherever he may be found. No person shall be ex-
14 cused from attending and testifying or from producing books,
15 records, or other papers in obedience to a subpoena issued
16 under the authority of this Act on the ground that the testi-
17 mony or evidence, documentary or otherwise, required of
18 him may tend to incriminate him or subject him to penalty or
19 forfeiture; but no individual shall be prosecuted or subject to
20 any penalty or forfeiture for or on account of any trans-
21 action, matter, or thing concerning which he is compelled to
22 testify or produce evidence, documentary or otherwise, after
23 having claimed his privilege against self-incrimination, except

1 *that such individual so testifying shall not be exempt from*
2 *prosecution and punishment for perjury committed in so*
3 *testifying.*

4 “(e) Each insured State nonmember bank (except a
5 District bank) shall make to the Corporation reports of
6 condition in such form and at such times as the Board of
7 Directors may require. The Board of Directors may require
8 such reports to be published in such manner, not inconsistent
9 with any applicable law, as it may direct. Every such
10 bank which fails to make or publish any such report within
11 such time, not less than five days, as the Board of Directors
12 may require, shall be subject to a penalty of not more than
13 \$100 for each day of such failure recoverable by the Corpo-
14 ration for its use.

15 “(f) The Corporation shall have access to reports of
16 examination made by, and reports of condition made to,
17 the Comptroller of the Currency or any Federal Reserve
18 bank, may accept any report made by or to any commission,
19 board, or authority having supervision of a State non-
20 member bank (except a District bank), and may furnish
21 to the Comptroller of the Currency, to any Federal Reserve
22 bank, and to any such commission, board, or authority,
23 reports of examinations made on behalf of, and reports of
24 condition made to, the Corporation.

25 “(g) The Corporation may cause any and all records,

1 papers, or documents kept by it or in its possession or cus-
2 tody to be photographed or microphotographed or otherwise
3 reproduced upon film, which photographic film shall comply
4 with the minimum standards of quality approved for per-
5 manent photographic records by the National Bureau of
6 Standards. Such photographs, microphotographs, or photo-
7 graphic film or copies thereof shall be deemed to be an
8 original record for all purposes, including introduction in
9 evidence in all State and Federal courts or administrative
10 agencies and shall be proof of any act, transaction, occur-
11 rence, or event therein recorded. Such photographs, micro-
12 photographs, or reproduction shall be preserved in such
13 manner as the Board of Directors of the Corporation shall
14 prescribe and the original records, papers, or documents
15 may be destroyed or otherwise disposed of as the Board
16 shall direct.

17 “SEC. 11. (a) The Temporary Federal Deposit Insur-
18 ance Fund and the Fund For Mutuals heretofore created
19 pursuant to the provisions of section 12B of the Federal
20 Reserve Act, as amended, are hereby consolidated into a
21 Permanent Insurance Fund for insuring deposits, and the
22 assets therein shall be held by the Corporation for the uses
23 and purposes of the Corporation: *Provided*, That the obli-
24 gations to and rights of the Corporation, depositors, banks,
25 and other persons arising out of any event or transaction

1 prior to the effective date of *this amendment* shall remain
2 unimpaired. On and after August 23, 1935, the Corpo-
3 ration shall insure the deposits of all insured banks as
4 provided in this ~~section~~ *Act: Provided further, That*
5 the insurance shall apply only to deposits of insured
6 banks which have been made available since March 10,
7 1933, for withdrawal in the usual course of the bank-
8 ing business: *Provided further, That* if any insured
9 bank shall, without the consent of the Corporation, re-
10 lease or modify restrictions on or deferments of deposits
11 which had not been made available for withdrawal in the
12 usual course of the banking business on or before August
13 23, 1935, such deposits shall not be insured. The maximum
14 amount of the insured deposit of any depositor shall be
15 \$10,000: *And provided further, That* in the case of banks
16 closing prior to the effective date of this ~~Act~~ *amendment,*
17 the maximum amount of the insured deposit of any depositor
18 shall be \$5,000.

19 “(b) For the purposes of this Act an insured bank shall
20 be deemed to have been closed on account of inability to
21 meet the demands of its depositors in any case in which it
22 has been closed for the purpose of liquidation without ade-
23 quate provision being made for payment of its depositors.

24 “(c) Notwithstanding any other ~~provisions~~ *provision* of
25 law, whenever the Comptroller of the Currency shall appoint

1 a receiver other than a conservator of any insured national
2 bank or insured District bank, he shall appoint the Cor-
3 poration ~~received~~ *receiver* for such closed bank.

4 “(d) Notwithstanding any other provision of law, it
5 shall be the duty of the Corporation as such receiver to cause
6 notice to be given, by advertisement in such newspapers as
7 it may direct, to all persons having claims against such closed
8 bank pursuant to section 5235 of the Revised Statutes
9 (U. S. C., title 12, sec. 193) ; to realize upon the assets of
10 such closed bank, having due regard to the condition of
11 credit in the locality; to enforce the individual liability of
12 the stockholders and directors thereof; and to wind up the
13 affairs of such closed bank in conformity with the provisions
14 of law relating to the liquidation of closed national banks,
15 except as herein otherwise provided. The Corporation as
16 such receiver shall pay to itself for its own account such por-
17 tion of the amounts realized from such liquidation as it shall
18 be entitled to receive on account of its subrogation to the
19 claims of depositors, and it shall pay to depositors and other
20 creditors the net amounts available for distribution to them.
21 The Corporation as such receiver, however, may, in its dis-
22 cretion, pay dividends on proved claims at any time after
23 the expiration of the period of advertisement made pursuant
24 to the aforesaid section of the Revised Statutes, and no lia-
25 bility shall attach to the Corporation itself or as such receiver

1 by reason of any such payment for failure to pay dividends
2 to a claimant whose claim is not proved at the time of any
3 such payment. With respect to any such closed bank, the
4 Corporation as such receiver shall have all the rights, powers,
5 and privileges now possessed by or hereafter granted by law
6 to a receiver of a national bank or District bank and notwith-
7 standing any other provision of law in the exercise of such
8 rights, powers, and privileges the Corporation shall not be
9 subject to the direction or supervision of the Secretary of the
10 Treasury or the Comptroller of the Currency.

11 “(e) Whenever any insured State bank (except a Dis-
12 trict bank) shall have been closed by action of its board
13 of directors or by the authority having supervision of such
14 bank, as the case may be, on account of inability to meet
15 the demands of its depositors, the Corporation shall accept
16 appointment as receiver thereof, if such appointment is ten-
17 dered by the authority having supervision of such bank and
18 is authorized or permitted by State law. With respect to
19 any such insured State bank, the Corporation as such re-
20 ceiver shall possess all the rights, powers and privileges
21 granted by State law to a receiver of a State bank.

22 “(f) Whenever an insured bank shall have been closed
23 on account of inability to meet the demands of its depositors,
24 payment of the insured deposits in such bank shall be made
25 by the Corporation as soon as possible, subject to the pro-

visions of subsection (g) of this section either (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: *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.

“(g) In the case of a closed national bank or District bank, the Corporation, upon the payment to any depositor as provided in 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 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

1 shall include the right on the part of the Corporation to
2 receive the same dividends from the proceeds of the assets
3 of such closed bank and recoveries on account of stock-
4 holders' liability as would have been payable to the depositor
5 on a claim for the insured deposit, but such depositor shall
6 retain his claim for any uninsured portion of his deposit:
7 *Provided, That, with respect to any bank which closes after*
8 *May 25, 1938, the Corporation shall waive, in favor only*
9 *of any person against whom stockholders' individual lia-*
10 *bility may be asserted, any claim on account of such liability*
11 *in excess of the liability, if any, to the bank or its creditors,*
12 *for the amount unpaid upon his stock in such bank; but any*
13 *such waiver shall be effected in such manner and on such*
14 *terms and conditions as will not increase recoveries or*
15 *dividends on account of claims to which the Corporation is*
16 *not subrogated: Provided further, That the rights of de-*
17 *positors and other creditors of any State bank shall be*
18 *determined in accordance with the applicable provisions of*
19 *State law.*

20 “(h) As soon as possible after the closing of an insured
21 bank, the Corporation, if it finds that it is advisable and
22 in the interest of the depositors of the closed bank or the
23 public, shall organize a new national bank to assume the
24 insured deposits of such closed bank and otherwise to perform
25 temporarily the functions hereinafter provided for. The new

1 bank shall have its place of business in the same community
2 as the closed bank.

3 “(i) The articles of association and the organization
4 certificate of the new bank shall be executed by representa-
5 tives designated by the Corporation. No capital stock need
6 be paid in by the Corporation. The new bank shall not have
7 a board of directors, but shall be managed by an executive
8 officer appointed by the Board of Directors of the Corpora-
9 tion who shall be subject to its directions. In all other
10 respects the new bank shall be organized in accordance with
11 the then existing provisions of law relating to the organi-
12 zation of national banking associations. The new bank may,
13 with the approval of the Corporation, accept new deposits
14 which shall be subject to withdrawal on demand and which,
15 except where the new bank is the only bank in the com-
16 munity, shall not exceed \$10,000 from any depositor. The
17 new bank, without application to or approval by the Cor-
18 poration, shall be an insured bank and shall maintain on
19 deposit with the Federal Reserve bank of its district re-
20 serves in the amount required by law for member banks,
21 but it shall not be required to subscribe for stock of the
22 Federal Reserve bank. Funds of the new bank shall be
23 kept on hand in cash, invested in obligations of the United
24 States, or in obligations guaranteed as to principal and
25 interest by the United States, or deposited with the Cor-

1 poration, with a Federal Reserve bank, or, to the extent of
2 the insurance coverage thereon, with an insured bank. The
3 new bank, unless otherwise authorized by the Comptroller
4 of the Currency, shall transact no business except that
5 authorized by this Act and as may be incidental to its or-
6 ganization. Notwithstanding any other provision of law
7 the new bank, its franchise, property, and income shall be
8 exempt from all taxation now or hereafter imposed by the
9 United States, by any Territory, dependency, or possession
10 thereof, or by any State, county, municipality, or local
11 taxing authority.

12 “(j) Upon the organization of a new bank, the Corpora-
13 tion shall promptly make available to it an amount equal
14 to the estimated insured deposits of such closed bank plus
15 the estimated amount of the expenses of operating the new
16 bank, and shall determine as soon as possible the amount
17 due each depositor for his insured deposit in the closed bank,
18 and the total expenses of operation of the new bank. Upon
19 such determination, the amounts so estimated and made
20 available shall be adjusted to conform to the amounts so
21 determined. Earnings of the new bank shall be paid over
22 or credited to the Corporation in such adjustment. If any
23 new bank, during the period it continues its status as such,
24 sustains any losses with respect to which it is not effectively
25 protected except by reason of being an insured bank, the

1 Corporation shall furnish to it additional funds in the amount
2 of such losses. The new bank shall assume as transferred
3 deposits the payment of the insured deposits of such closed
4 bank to each of its depositors. Of the amounts so made
5 available, the Corporation shall transfer to the new bank, in
6 cash, such sums as may be necessary to enable it to meet
7 its expenses of operation and immediate cash demands on
8 such transferred deposits, and the remainder of such amounts
9 shall be subject to withdrawal by the new bank on demand.

10 “(k) Whenever in the judgment of the Board of
11 Directors it is desirable to do so, the Corporation shall cause
12 capital stock of the new bank to be offered for sale on such
13 terms and conditions as the Board of Directors shall deem
14 advisable in an amount sufficient, in the opinion of the Board
15 of Directors, to make possible the conduct of the business of
16 the new bank on a sound basis, but in no event less than
17 that required by section 5138 of the Revised Statutes, as
18 amended (U. S. C., title 12, sec. 51), for the organization
19 of a national bank in the place where such new bank is
20 located. The stockholders of the closed insured bank shall
21 be given the first opportunity to purchase any shares of
22 common stock so offered. Upon proof that an adequate
23 amount of capital stock in the new bank has been sub-
24 scribed and paid for in cash, the Comptroller of the Currency
25 shall require the articles of association and the organization

1 certificate to be amended to conform to the requirements for
2 the organization of a national bank, and thereafter, when
3 the requirements of law with respect to the organization of
4 a national bank have been complied with, he shall issue to
5 the bank a certificate of authority to commence business, and
6 thereupon the bank shall cease to have the status of a new
7 bank, shall be managed by directors elected by its own
8 shareholders and may exercise all the powers granted by
9 law, and it shall be subject to all the provisions of law relat-
10 ing to national banks. Such bank shall thereafter be an
11 insured national bank, without certification to or approval
12 by the Corporation.

13 “(1) If the capital stock of the new bank is not offered
14 for sale, or if an adequate amount of capital for such new
15 bank is not subscribed and paid for, the Board of Directors
16 may offer to transfer its business to any insured bank in
17 the same community which will take over its assets, assume
18 its liabilities, and pay to the Corporation for such business
19 such amount as the Board of Directors may deem adequate;
20 or the Board of Directors in its discretion may change the
21 location of the new bank to the office of the Corporation
22 or to some other place or may at any time wind up its
23 affairs as herein provided. Unless the capital stock of the
24 new bank is sold or its assets are taken over and its liabilities
25 are assumed by an insured bank as above provided within

1 two years from the date of its organization, the Corporation
2 shall wind up the affairs of such bank, after giving such
3 notice, if any, as the Comptroller of the Currency may
4 require, and shall certify to the Comptroller of the Currency
5 the termination of the new bank. Thereafter the Corpora-
6 tion shall be liable for the obligations of such bank and shall
7 be the owner of its assets. The provisions of sections 5220
8 and 5221 of the Revised Statutes (U. S. C., title 12, secs.
9 181 and 182) shall not apply to such new banks.

10 “SEC. 12. (a) Notwithstanding any other provision of
11 law, the Corporation as receiver of a closed national bank or
12 District bank shall not be required to furnish bond and shall
13 have the right to appoint an agent or agents to assist it in
14 its duties as such receiver, and all fees, compensation, and
15 expenses of liquidation and administration thereof shall be
16 fixed by the Corporation, and may be paid by it out of
17 funds coming into its possession as such receiver.

18 “(b) Payment of an insured deposit to any person by
19 the Corporation shall discharge the Corporation, and pay-
20 ment of a transferred deposit to any person by the new bank
21 or by an insured bank in which a transferred deposit has been
22 made available shall discharge the Corporation and such new
23 bank or other insured bank, to the same extent that pay-
24 ment to such person by the closed bank would have dis-
25 charged it from liability for the insured deposit.

1 “(c) Except as otherwise prescribed by the Board of
2 Directors, neither the Corporation nor such new bank or
3 other insured bank shall be required to recognize as the
4 owner of any portion of a deposit appearing on the records
5 of the closed bank under a name other than that of the claim-
6 ant, any person whose name or interest as such owner is not
7 disclosed on the records of such closed bank as part owner
8 of said deposit, if such recognition would increase the aggre-
9 gate amount of the insured deposits in such closed bank.

10 “(d) The Corporation may withhold payment of such
11 portion of the insured deposit of any depositor in a closed
12 bank as may be required to provide for the payment of any
13 liability of such depositor as a stockholder of the closed bank,
14 or of any liability of such depositor to the closed bank or its
15 receiver, which is not offset against a claim due from such
16 bank, pending the determination and payment of such lia-
17 bility by such depositor or any other person liable therefor.

18 “(e) If, after the Corporation shall have given at least
19 three months’ notice to the depositor by mailing a copy
20 thereof to his last-known address appearing on the records
21 of the closed bank, any depositor in the closed bank shall
22 fail to claim his insured deposit from the Corporation within
23 eighteen months after the appointment of the receiver for
24 the closed bank, or shall fail within such period to claim

1 or arrange to continue the transferred deposit with the new
2 bank or with the other insured bank which assumes lia-
3 bility therefor, all rights of the depositor against the Cor-
4 poration with respect to the insured deposit, and against the
5 new bank and such other insured bank with respect to the
6 transferred deposit, shall be barred, and all rights of the
7 depositor against the closed bank and its shareholders, or
8 the receivership estate to which the Corporation may have
9 become subrogated, shall thereupon revert to the depositor.
10 The amount of any transferred deposits not claimed within
11 such eighteen months' period, shall be refunded to the
12 Corporation.

13 ~~"SEC. 13. (a) Money of the Corporation not otherwise~~
14 ~~employed shall be invested in obligations of the United~~
15 ~~States or in obligations guaranteed as to principal and in-~~
16 ~~terest by the United States, except that for temporary pe-~~
17 ~~riods, in the discretion of the Board of Directors, funds of~~
18 ~~the Corporation may be deposited in any Federal Reserve~~
19 ~~bank or with the Treasurer of the United States. When~~
20 ~~designated for that purpose by the Secretary of the Treasury,~~
21 ~~the Corporation shall be a depositary of public moneys, ex-~~
22 ~~cept receipts from customs, under such regulations as may~~
23 ~~be prescribed by the said Secretary, and may also be em-~~
24 ~~ployed as a financial agent of the Government. It shall~~

1 ~~perform all such reasonable duties as depository of public~~
2 ~~moneys and financial agent of the Government as may be~~
3 ~~required of it.~~

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

17 “(b) *The banking or checking accounts of the Corpora-*
18 *tion shall be kept with the Treasurer of the United States,*
19 *or, with the approval of the Secretary of the Treasury, with*
20 *a Federal Reserve bank, or with a bank designated as a*
21 *depository or fiscal agent of the United States: Provided,*
22 *That the Secretary of the Treasury may waive the require-*
23 *ments of this subsection under such conditions as he may*
24 *determine: And provided further, That this subsection shall*
25 *not apply to the establishment and maintenance in any bank*

1 *for temporary purposes of banking and checking accounts*
2 *not in excess of \$50,000 in any one bank, or to the estab-*
3 *lishment and maintenance in any bank of any banking and*
4 *checking accounts to facilitate the payment of insured de-*
5 *posits, or the making of loans to, or the purchase of assets*
6 *of, insured banks. When designated for that purpose by*
7 *the Secretary of the Treasury, the Corporation shall be a*
8 *depository of public moneys, except receipts from customs,*
9 *under such regulations as may be prescribed by the said*
10 *Secretary, and may also be employed as a financial agent*
11 *of the Government. It shall perform all such reasonable*
12 *duties as depository of public moneys and financial agent of*
13 *the Government as may be required of it.*

14 ~~“(b) In order to prevent the closing of an insured~~
15 ~~bank or in order to reopen a closed insured bank, the Cor-~~
16 ~~poration, in the discretion of its Board of Directors, is~~
17 ~~authorized to make loans to, or purchase the assets of, such~~
18 ~~an insured bank upon such terms and conditions as the~~
19 ~~Board of Directors may prescribe.~~

20 “(c) *In order to reopen a closed insured bank or, when*
21 *the Corporation has determined that an insured bank is in*
22 *danger of closing, in order to prevent such closing, the*
23 *Corporation, in the discretion of its Board of Directors,*
24 *is authorized to make loans to, or purchase the assets of,*
25 *or make deposits in, such insured bank, upon such terms and*

1 *conditions as the Board of Directors may prescribe, when*
2 *in the opinion of the Board of Directors the continued opera-*
3 *tion of such bank is essential to provide adequate banking*
4 *service in the community. Such loans and deposits may be*
5 *in subordination to the rights of depositors and other creditors.*

6 “(e) (d) Receivers or liquidators of insured banks closed
7 on account of inability to meet the demands of their de-
8 positors shall be entitled to offer the assets of such banks
9 for sale to the Corporation or as security for loans from
10 the Corporation, upon receiving permission from the ap-
11 propriate State authority in accordance with express pro-
12 visions of State law in the case of insured State banks. The
13 proceeds of every such sale or loan shall be utilized for the
14 same purposes and in the same manner as other funds
15 realized from the liquidation of the assets of such banks.
16 In any case where prior to the effective date of this ~~Act~~ amend-
17 *ment*, the Comptroller of the Currency has appointed a receiver
18 of a closed national bank other than the Corporation, he
19 may, in his discretion, pay dividends on proved claims at any
20 time after the expiration of the period of advertisement made
21 pursuant to section 5235 of the Revised Statutes (U. S. C.,
22 title 12, sec. 193), and no liability shall attach to the
23 Comptroller of the Currency or to the receiver of any such
24 national bank by reason of any such payment for failure
25 to pay dividends to a claimant whose claim is not proved

1 at the time of any such payment. The Corporation, in its
2 discretion, may make loans on the security of or may
3 purchase and liquidate or sell any part of the assets of an
4 insured bank which is now or may hereafter be closed on
5 account of inability to meet the demands of its depositors,
6 but in any case in which the Corporation is acting as re-
7 ceiver of a closed insured bank, no such loan or purchase
8 shall be made without the approval of a court of competent
9 jurisdiction.

10 “~~(d)~~ (e) Whenever in the judgment of the Board of Di-
11 rectors such action will reduce the risk or avert a threatened
12 loss to the Corporation and will facilitate a merger or con-
13 solidation of an insured bank with another insured bank, or
14 will facilitate the sale of the assets of an open or closed
15 insured bank to and assumption of its liabilities by another
16 insured bank, the Corporation may, upon such terms and
17 conditions as it may determine, make loans secured in whole
18 or in part by assets of an open or closed insured bank, which
19 loans may be in subordination to the rights of depositors and
20 other creditors, or the Corporation may purchase any such
21 assets or may guarantee any other insured bank against
22 loss by reason of its assuming the liabilities and purchasing
23 the assets of an open or closed insured bank. Any insured
24 national bank or District bank, or the Corporation as re-
25 ceiver thereof, is authorized to contract for such sales or

1 loans and to pledge any assets of the bank to secure such
2 loans.

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

10 “SEC. 14. The Corporation is authorized to borrow
11 from the Treasury, and the Secretary of the Treasury is
12 authorized and directed to loan to the Corporation on such
13 terms as may be fixed by the Corporation and the Secretary,
14 such funds as in the judgment of the Board of Directors of
15 the Corporation are from time to time required for insurance
16 purposes, not exceeding in the aggregate \$3,000,000,000
17 outstanding at any one time: *Provided*, That the rate of
18 interest to be charged in connection with any loan made
19 pursuant to this ~~paragraph~~ section shall not be less than the
20 current average rate on outstanding marketable and non-
21 marketable obligations of the United States as of the last day
22 of the month preceding the making of such loan. For such
23 purpose the Secretary of the Treasury is authorized to use as
24 a public-debt transaction the proceeds of the sale of any
25 securities hereafter issued under the Second Liberty Bond

1 Act, as amended, and the purposes for which securities may
2 be issued under the Second Liberty Bond Act, as amended,
3 are extended to include such loans. Any such loan shall be
4 used by the Corporation solely in carrying out its functions
5 with respect to such insurance. All loans and repayments
6 under this section shall be treated as public-debt transactions
7 of the United States.

8 "SEC. 15. All notes, debentures, bonds, or other such
9 obligations issued by the Corporation shall be exempt, both
10 as to principal and interest, from all taxation (except estate
11 and inheritance taxes) now or hereafter imposed by the
12 United States, by any Territory, dependency, or possession
13 thereof, or by any State, county, municipality, or local taxing
14 authority: *Provided, That interest upon or any income from*
15 *any such obligations and gain from the sale or other dis-*
16 *position of such obligations shall not have any exemption, as*
17 *such, and loss from the sale or other disposition of such*
18 *obligations shall not have any special treatment, as such,*
19 *under the Internal Revenue Code, or laws amendatory or*
20 *supplementary thereto.* The Corporation, including its fran-
21 chise, its capital, reserves, and surplus, and its income, shall
22 be exempt from all taxation now or hereafter imposed by
23 the United States, by any Territory, dependency, or posses-
24 sion thereof, or by any State, county, municipality, or local
25 taxing authority, except that any real property of the Cor-

1 poration shall be subject to State, Territorial, county, munici-
2 pal, or local taxation to the same extent according to its
3 value as other real property is taxed: *Provided, That any*
4 ~~building now or hereafter owned by the Corporation in the~~
5 ~~District of Columbia and used principally as an office building~~
6 ~~of the Corporation, together with the land upon which the~~
7 ~~same stands, and all appurtenances, buildings, and lands used~~
8 ~~principally in connection therewith, shall be exempt from~~
9 ~~any and all taxation.~~

10 “SEC. 16. In order that the Corporation may be supplied
11 with such forms of notes, debentures, bonds, or other such
12 obligations as it may need for issuance under this Act;
13 the Secretary of the Treasury is authorized to prepare such
14 forms as shall be suitable and approved by the Corporation,
15 to be held in the Treasury subject to delivery, upon order
16 of the Corporation. The engraved plates, dies, bed pieces,
17 and other material executed in connection therewith shall
18 remain in the custody of the Secretary of the Treasury.
19 The Corporation shall reimburse the Secretary of the Treas-
20 ury for any expenses incurred in the preparation, custody,
21 and delivery of such notes, debentures, bonds, or other
22 such obligations.

23 “SEC. 17. (a) The Corporation shall annually make a
24 report of its operations to the Congress as soon as prac-
25 ticable after the 1st day of January in each year.

1 “(b) The financial transactions of the Corporation shall
2 be audited by the General Accounting Office in accordance
3 with procedures applicable to commercial corporate trans-
4 actions and under such rules and regulations as may be
5 agreed upon by the Comptroller General and the Board of
6 Directors. The audit shall be conducted at the place or
7 places where accounts of the Corporation are normally kept
8 and all books, records, and documents of the Corporation
9 shall remain in possession and custody of the Corporation.
10 The audit hereby authorized shall be made beginning with
11 financial transactions occurring on and after August 31,
12 1948. A report of the audit for each fiscal year ending on
13 June 30 shall be made by the Comptroller General to the
14 Congress not later than January 15, following the close of
15 such fiscal year. The report shall set forth the scope of the
16 audit and shall include a statement of assets and liabilities;
17 surplus or deficit; a statement of surplus or deficit analysis;
18 a statement of income and expenses; a statement of sources
19 and application of funds and such comments as may be neces-
20 sary to inform Congress of the financial condition of the Cor-
21 poration. Each such report shall be furnished to the Cor-
22 poration for comment prior to its submission to the Congress.
23 The Corporation shall have twenty days to formulate and
24 transmit its comments on the report to the Comptroller
25 General and the Comptroller General shall include in an

1 appendix to the report such comments as the Corporation
2 may make. On or before August 1 of each year the Comp-
3 troller General shall determine whether the General Account-
4 ing Office will be able to complete an audit for the preceding
5 fiscal year and report thereon to Congress by the following
6 January 15 and shall send written notification of such deter-
7 mination to the Corporation. In the event the Comptroller
8 General determines that, in respect to any fiscal year, the
9 General Accounting Office cannot complete an audit and
10 make a report thereon to the Congress by the following
11 January 15 and so notifies the Corporation in writing on or
12 before August 1 following the close of such fiscal year, or
13 in the event the Comptroller General shall fail to notify the
14 Corporation in writing on or before August 1 of any year
15 as to his determination relative to the audit for the preceding
16 fiscal year, the Corporation shall be authorized to engage a
17 firm or firms of certified public accountants to make the
18 required audit for that fiscal year. The audit reports of such
19 certified public accountants shall be forwarded to the Comp-
20 troller General and the Corporation not later than Decem-
21 ber 1 following the close of fiscal year for which the audit
22 is made and the Comptroller General, not later than the
23 following January 15, shall forward the report to the Con-
24 gress together with such comments as he and the Corpora-
25 tion may make on said report. The Corporation shall reim-

1 burse the General Accounting Office for the actual cost of
2 any such audit made by that Office and the expenses of
3 audit by any certified public accountants employed by the
4 Corporation under authority hereof shall be paid by the
5 Corporation directly to said firms and organizations.

6 “(b) The financial transactions of the Corporation
7 shall be audited by the General Accounting Office in accord-
8 ance with the principles and procedures applicable to com-
9 mercial corporate transactions and under such rules and
10 regulations as may be prescribed by the Comptroller General
11 of the United States. The audit shall be conducted at the
12 place or places where accounts of the Corporation are norm-
13 ally kept. The representatives of the General Accounting
14 Office shall have access to all books, accounts, records, reports,
15 files, and all other papers, things, or property belonging
16 to or in use by the Corporation pertaining to its financial
17 transactions and necessary to facilitate the audit, and they
18 shall be afforded full facilities for verifying transactions
19 with the balances or securities held by depositaries, fiscal
20 agents, and custodians. All such books, accounts, records,
21 reports, files, papers, and property of the Corporation shall
22 remain in possession and custody of the Corporation. The
23 audit shall begin with financial transactions occurring on
24 and after August 31, 1948.

25 “(c) A report of the audit for each fiscal year ending on

1 *June 30 shall be made by the Comptroller General to the*
2 *Congress not later than January 15 following the close of*
3 *such fiscal year. On or before December 15 following such*
4 *fiscal year the Comptroller General shall furnish the Cor-*
5 *poration a short form report showing the financial position*
6 *of the Corporation at the close of the fiscal year. The report*
7 *to the Congress shall set forth the scope of the audit and shall*
8 *include a statement of assets and liabilities and surplus or*
9 *deficit; a statement of surplus or deficit analysis; a statement*
10 *of income and expenses; a statement of sources and applica-*
11 *tion of funds and such comments and information as may be*
12 *deemed necessary to inform Congress of the financial opera-*
13 *tions and condition of the Corporation, together with such*
14 *recommendations with respect thereto as the Comptroller Gen-*
15 *eral may deem advisable. The report shall also show specifi-*
16 *cally any program, expenditure, or other financial transaction*
17 *or undertaking observed in the course of the audit, which, in*
18 *the opinion of the Comptroller General, has been carried on*
19 *or made without authority of law. A copy of each report*
20 *shall be furnished to the President, to the Secretary of the*
21 *Treasury, and to the Corporation at the time submitted to the*
22 *Congress.*

23 “(d) *For the purpose of conducting such audit the*
24 *Comptroller General is authorized in his discretion to em-*
25 *ploy by contract, without regard to section 3709 of the*

1 *Revised Statutes, professional services of firms and organi-*
2 *zations of certified public accountants, with the concurrence*
3 *of the Corporation, for temporary periods or for special*
4 *purposes. The Corporation shall reimburse the General*
5 *Accounting Office for the cost of any such audit as billed*
6 *therefor by the Comptroller General, and the General*
7 *Accounting Office shall deposit the sums so reimbursed into*
8 *the Treasury as miscellaneous receipts.*

9 “SEC. 18. (a) Every insured bank shall display at
10 each place of business maintained by it a sign or signs, and
11 shall include in advertisements relating to deposits a state-
12 ment, to the effect that its deposits are insured by the Cor-
13 poration. The Board of Directors shall prescribe by regu-
14 lation the forms of such signs and the manner of display and
15 the substance of such statements and the manner of use.
16 For each day an insured bank continues to violate any pro-
17 visions of this ~~paragraph~~ subsection or any lawful provisions
18 of said regulations, it shall be subject to a penalty of *not more*
19 *than \$100*, which the Corporation may recover for its use.

20 “(b) No insured bank shall pay any dividends on its
21 capital stock or interest on its capital notes or debentures
22 (if such interest is required to be paid only out of net profits)
23 or distribute any of its capital assets while it remains in de-
24 fault in the payment of any assessment due to the Corpora-
25 tion; and any director or officer of any insured bank who

1 participates in the declaration or payment of any such divi-
2 dend or interest or in any such distribution shall, upon con-
3 viction, be fined not more than \$1,000 or imprisoned not
4 more than one year, or both: *Provided*, That, if such default
5 is due to a dispute between the insured bank and the Cor-
6 poration over the amount of such assessment, this subsection
7 shall not apply, if such bank shall deposit security satisfac-
8 tory to the Corporation for payment upon final determination
9 of the issue.

10 “(c) Without the prior written consent of the Corpora-
11 tion, no insured bank shall (1) merge or consolidate with
12 any noninsured bank or institution or convert into a non-
13 insured institution or assume liability to pay any deposits
14 made in, or similar liabilities of, any noninsured bank or
15 institution or (2) transfer assets to any noninsured bank
16 or institution in consideration of the assumption of liability
17 for any portion of the deposits made in such insured bank,
18 and no insured State nonmember bank (except a District
19 bank) without such consent shall reduce the amount or
20 retire any part of its common or preferred capital stock,
21 or retire any part of its capital notes or debentures.

22 “(d) No State nonmember insured bank (except a
23 District bank) shall establish and operate any new branch
24 unless it shall have the prior written consent of the Corpora-
25 tion, and no State nonmember insured bank (except a Dis-

1 trict bank) shall move its main office or any branch from
2 one location to another without such consent. The factors
3 to be considered in granting or withholding the consent of
4 the Corporation under this subsection shall be those enumer-
5 ated in section 6 of this Act.

6 “(e) The Corporation may require any insured bank
7 to provide protection and indemnity against burglary, defal-
8 cation, and other similar insurable losses. Whenever any
9 insured bank refuses to comply with any such requirement
10 the Corporation may contract for such protection and in-
11 demnity and add the cost thereof to the assessment otherwise
12 payable by such bank.

13 “(f) Whenever any insured bank (except a national
14 bank or a District bank), after written notice of the recom-
15 mendations of the Corporation based on a report of examina-
16 tion of such bank by an examiner of the Corporation, shall
17 fail to comply with such recommendations within one hun-
18 dred and twenty days after such notice, the Corporation
19 shall have the power, and is hereby authorized, to publish
20 only such part of such report of examination as relates to
21 any recommendation not complied with: *Provided, That*
22 notice of intention to make such publication shall be given
23 to the bank at least ninety days before such publication is
24 made.

25 “(g) The Board of Directors shall by regulation pro-

1 hibit the payment of interest on demand deposits in insured
2 nonmember banks and for such purpose it may define the
3 term 'demand deposits'; but such exceptions from this pro-
4 hibition shall be made as are now or may hereafter be
5 prescribed with respect to deposits payable on demand in
6 member banks by section 19 of the Federal Reserve Act,
7 as amended, or by regulation of the Board of Governors
8 of the Federal Reserve System. The Board of Directors
9 shall from time to time limit by regulation the rates of
10 interest or dividends which may be paid by insured non-
11 member banks on time and savings deposits, but such regu-
12 lations shall be consistent with the contractual obligations
13 of such banks to their depositors. For the purpose of fixing
14 such rates of interest or dividends, the Board of Directors
15 shall by regulation prescribe different rates for such payment
16 on time and savings deposits having different maturities, or
17 subject to different conditions respecting withdrawal or re-
18 payment, or subject to different conditions by reason of dif-
19 ferent locations, or according to the varying discount rates
20 of member banks in the several Federal Reserve districts.
21 The Board of Directors shall by regulation define what
22 constitutes time and savings deposits in an insured non-
23 member bank. Such regulations shall prohibit any insured
24 nonmember bank from paying any time deposit before its
25 maturity except upon such conditions and in accordance with

1 such rules and regulations as may be prescribed by the
 2 Board of Directors, and from waiving any requirement of
 3 notice before payment of any savings deposit except as to
 4 all savings deposits having the same requirement. For each
 5 violation of any provision of this subsection or any lawful
 6 provision of such regulations relating to the payment of
 7 interest or dividends on deposits or to withdrawal of deposits,
 8 the offending bank shall be subject to a penalty of *not more*
 9 *than* \$100, which the Corporation may recover for its use.

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

18 “SEC. 19. Except with the written consent of the Cor-
 19 poration, no person shall serve as a director, officer, or em-
 20 ployee of an insured bank who has been convicted, or who
 21 is hereafter convicted, of any criminal offense involving dis-
 22 honesty or a breach of trust. For each *willful* violation of
 23 this prohibition, the bank involved shall be subject to a
 24 penalty of *not more than* \$100 for each day this prohibition is
 25 violated, which the Corporation may recover for its use.

1 “SEC. 20. It is not the purpose of this Act to discrimi-
2 nate in any manner against State nonmember banks and in
3 favor of national or member banks; but the purpose is to
4 provide all banks with the same opportunity to obtain and
5 enjoy the benefits of this Act. No bank shall be discrimi-
6 nated against because its capital stock is less than the amount
7 required for eligibility for admission into the Federal Reserve
8 System.

9 “SEC. 21. The provisions of this Act limiting the
10 insurance of the deposits of any depositor to a maximum less
11 than the full amount shall be independent and separable
12 from each and all of the provisions of this Act.”

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

15 “~~Whoever~~ *Whoever, except as expressly authorized by*
16 *Federal law*, uses the words ‘Federal Deposit’, ‘Federal
17 Deposit Insurance’, or ‘Federal Deposit Insurance Corpora-
18 tion’ or a combination of any three of these words, as the
19 name or a part thereof under which he or it does business,
20 or advertises or otherwise represents falsely by any device
21 whatsoever that his or its deposit liabilities, obligations,
22 certificates, or shares are insured or guaranteed by the Fed-
23 eral Deposit Insurance Corporation, or by the United States
24 or by any instrumentality thereof, or whoever advertises
25 that his or its deposits, shares, or accounts are federally

1 insured, or falsely advertises or otherwise represents by any
2 device whatsoever the extent to which or the manner in
3 which the deposit liabilities of an insured bank or banks are
4 insured by the Federal Deposit Insurance Corporation; or”.

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

7 “Whoever, being an officer, director, employee, agent,
8 or attorney of any bank, the deposits of which are insured
9 by the Federal Deposit Insurance Corporation, of a Federal
10 intermediate credit bank, or of a National Agricultural
11 Credit Corporation, except as provided by law, stipulates
12 for or receives or consents or agrees to receive any fee, com-
13 mission, gift, or thing of value, from any person, firm, or
14 corporation, for procuring or endeavoring to procure for such
15 person, firm, or corporation, or for any other person, firm,
16 or corporation, from any such bank or corporation, any loan
17 or extension or renewal of loan or substitution of security,
18 or the purchase or discount or acceptance of any paper, note,
19 draft, check, or bill of exchange by any such bank or corpora-
20 tion, shall be fined not more than \$5,000 or imprisoned not
21 more than one year or both.”

Calendar No. 1277

81ST CONGRESS
2^D SESSION

S. 2822

[Report No. 1269]

A BILL

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

By Mr. MAYBANK

JANUARY 10 (legislative day, JANUARY 4), 1950
Read twice and referred to the Committee on
Banking and Currency

FEBRUARY 10 (legislative day, JANUARY 4), 1950
Reported with amendments