

79TH CONGRESS
1ST SESSION

H. R. 591

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1945

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

A BILL

To amend section 13b of the Federal Reserve Act, as amended.

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 13b of the Federal Reserve Act, as amended,
4 is amended to read as follows:

5 “SEC. 13b. (a) Each Federal Reserve bank is author-
6 ized (1) to guarantee a financing institution against loss
7 of principal or interest on any loan made to a business
8 enterprise and (2) to make commitments to purchase and
9 thereafter to purchase from a financing institution any loan
10 made to a business enterprise.

11 “(b) Each Federal Reserve bank shall pay to the

1 Board of Governors of the Federal Reserve System, upon
2 request of the Board, the aggregate amount which the Sec-
3 retary of the Treasury has heretofore paid to such bank under
4 the provisions of this section. The amount of \$139,299,557
5 (the amount which was paid by the Federal Reserve banks
6 for stock of the Federal Deposit Insurance Corporation),
7 less all amounts heretofore paid to the Federal Reserve
8 banks by the Secretary of the Treasury under the provisions
9 of this section, shall be paid by the Secretary of the Treasury
10 to the Board upon its request; and for the purpose of enabling
11 the Secretary of the Treasury to make such payment, the
12 unexpended balance of the appropriation made by the last
13 sentence of subsection (e) of this section as originally
14 enacted by the Act of June 19, 1934, and now carried on
15 the books of the Treasury under the title 'Payments to
16 Federal Reserve Banks for Industrial Loans' (sec. 13b,
17 Federal Reserve Act, as amended), is hereby made available.
18 All amounts paid to the Board under this section shall
19 constitute a fund which shall be utilized by the Board, on
20 such basis as the Board may deem proper, to provide for
21 losses (which may in the Board's discretion include expenses
22 to the extent not covered by earnings) heretofore or here-
23 after incurred by Federal Reserve banks through operations
24 under this section. From time to time the Board shall make
25 payments out of such funds in such sums and to such Federal

1 Reserve banks as the Board may deem necessary to provide
2 for any such losses. The Board may deposit all or part of
3 such fund with any Federal Reserve bank, subject to the
4 Board's order, and may, in its discretion, invest any part
5 of such fund not currently needed for the purposes of this
6 section in obligations of the United States or obligations
7 fully guaranteed by the United States as to principal and
8 interest; and any income derived from such investments shall
9 be added to and become a part of such fund. The determi-
10 nation of the existence and amount of any loss incurred by
11 a Federal Reserve bank through operations under this sec-
12 tion shall be made by such bank with the approval of the
13 Board. Whenever a payment has been made under this
14 section to a Federal Reserve bank to reimburse it for any
15 loss, any amount subsequently recovered by such bank which
16 reduces the amount of the loss for which such bank has
17 received reimbursement shall be paid to the Board and
18 shall become a part of such fund.

19 “(c) The stock of the Federal Deposit Insurance Cor-
20 poration heretofore subscribed for by and issued to each
21 Federal Reserve bank is hereby transferred to the United
22 States. The certificates of stock of the Federal Deposit In-
23 surance Corporation heretofore issued to the Federal Reserve
24 banks shall be surrendered and canceled and appropriate
25 evidence of the ownership of such stock by the United States

1 shall be issued by the Corporation to the Secretary of the
2 Treasury. Neither the Board nor any Federal Reserve bank
3 shall hereafter have any obligation or liability to the United
4 States or to the Secretary of the Treasury by reason of this
5 section, as heretofore or now existing, or by reason of any
6 action pursuant thereto.

7 “(d) All actions and operations of the Federal Reserve
8 banks under this section shall be subject to such regulations,
9 limitations, and conditions as the Board of Governors of the
10 Federal Reserve System may from time to time prescribe.

11 “(e) The provisions of the Securities Act of 1933 shall
12 not apply to any obligation evidencing a loan all or part of
13 which is guaranteed or is the subject of a commitment pursu-
14 ant to the provisions of subsection (a) of this section.”

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By Mr. SPENCE

JANUARY 8, 1945

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