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Federal Reserve Bill - 1913

1913

Redraft of the Bill drawn  
by Willis, (Section 12 remaining same) for  
Mr. Glass -



2

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63RD CONGRESS  
FIRST SESSION

H. R.  
In the House of Representatives  
1913

Mr. Glass of Virginia introduced the following bill which was referred to the Banking and Currency Committee and ordered to be printed.

A BILL

To provide an elastic currency, furnishing means of rediscounting commercial paper, protect the creditors of National Banking Associations, and establish a more effective supervision of banking in the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. That the Act of May 30, 1908, entitled "An Act to amend the National Banking Law," be and the same is hereby repealed.



~~Redraft~~ - Organization Board

Sec. 2. That within sixty days after the passage of this act, the Secretary of the Treasury, the Comptroller of the Currency and the Attorney-General of the United States acting as a "Reserve Bank Organization Committee" shall prepare and publish a list of twenty reserve cities chosen from those now authorized by law and shall divide the continental United States into twenty districts, each district to contain one of the said reserve cities; Provided, that the districts shall be apportioned with due regard to the convenience and customary course of business and not necessarily in harmony with the area of the several States. The districts may be readjusted and new districts may from time to time be created by the Board hereinafter established acting upon a joint application made by not less than ten National banks situated within one of the existing districts. The districts thus constituted shall be known as "National Reserve Districts" and shall be designated by number according to the pleasure of the Reserve Bank Organization Committee hereinafter referred to as the Organization Committee. The said Organization Committee shall, in accordance with regulations to be established by themselves proceed to organize in each of the reserve cities aforesaid a National Reserve Bank. Such National Reserve Banks shall be known by the number and district to which they belong and may add to their titles the name of the city in which they are located;-- as "National Reserve Bank of Chicago; First District"--

Board  
name cities  
for districts

Nat. Res. Dist.

shall  
organize

Name to



and so forth. Every National Bank located within a given district shall be required to subscribe to the capital of the National Reserve Bank of that district a sum equal to 20 per centum of its own paid up and unimpaired capital, one half of such subscription to be paid in under the terms and conditions prescribed by the National Banking Act with reference to subscriptions to the stock of National Banking Associations. The remainder of the subscriptions or any part thereof shall become a liability of the subscribers, subject to call and payment thereof whenever necessary to meet the obligations of the National Reserve Bank under such terms and in accordance with such regulations as the Board of Directors of said National Reserve Bank may prescribe: Provided, That no National Reserve Bank shall be organized with a paid up and unimpaired capital at the time of beginning business less in amount than \$5,000,000. The Organization Committee hereinbefore provided for shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this act as it shall deem necessary; and such expenses shall be payable by the Treasury of the United States upon voucher approved by the Secretary of the Treasury, not to exceed in the aggregate \$50,000.

20% Subscription  
10% paid  
on terms -

Minimum of  
\$5,000,000  
Capital.

Expenses



Redraft

Branch Banks

to

Sec. 9. That it shall be lawful for any National Banking Association having a capital of not less than \$1,000,000 to establish branches under such rules and regulations as may be prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury; Provided, That the number of such branches shall not exceed one for each \$500,000 of capital stock issued by the parent institution; and provided further that no branch shall be located outside the National Reserve District in which the parent bank has its head office.

A dangerous power to let the Banks  
tending to Concentration of deposits  
in few hands -



Conditions of State BK membership.

Sec. 9. A. That any bank or banking association or trust company incorporated by special law of any State, or organized under the general laws of any State, and having a paid up unimpaired capital sufficient to entitle it to become a National Banking Association under the provisions of this act or of the National Banking Act, may make application to the Federal Reserve Board hereinafter created for the right to subscribe to the stock of the National Reserve Bank organized within the National Reserve district in which such local bank or banking association or trust company exists. The Federal Reserve Board may at its discretion entitle such applying bank to become a stockholder in the National Reserve Bank of the district in which it is located or at its discretion may reject such application, and in the event of rejection, the action taken shall be final.

It shall be the duty of the Federal Reserve Board to establish rules and regulations for the general Government of its conduct in acting upon applications made by the state banks and banking associations hereinafter referred to, for stock ownership in the National Reserve Banks. Such regulations shall require of applying banks not organized under Federal law that they comply with the reserve requirements and submit to all inspection and control whether provided in this act or in the National Banking Act or in any other statute of the United States applicable to National Banking Associations.



*Conditions of State BK Membership.*

No such applying bank shall be admitted to stock ownership in a National Reserve Bank unless in every respect it conforms to the standard of reserves and of management enforced upon National Banks of similar capitalization.



Redraft

Fed. Reserve Board

Sec. 10. That there shall be created a Federal Reserve Board. The said Board shall consist of three classes of members hereinafter designated as classes A, B, and C.

Q  
30 Res. Bk. Members

Class A shall consist of Reserve Bank Representatives equal in number to twice the number of National Reserve Banks, and including two members representing each such Bank.

3 for U.S.

Class B shall consist of Government Reserve Representatives who shall be three in number and shall be ex officio the Secretary of the Treasury, the Comptroller of the Currency, and the Secretary of Agriculture.

3 for U.S.

Class C shall consist of Government Reserve Officers who shall be three in number.

Reserve Bank Representatives (class A) shall be selected by ballot by the directors of National Reserve Banks at a regular directors meeting called for that purpose. Each National Reserve Bank shall be entitled to choose two Representatives who shall themselves be members of the directorate of the National Reserve Bank they represent. The chairman of the board of directors of each National Reserve Bank shall be ineligible for election as a member of the Federal Reserve Board.

Government Reserve Representatives (class B) shall be ex officio the Secretary of the Treasury, the Comptroller of the Currency and the Secretary of Agriculture.

Government Reserve Officers (class C) shall



be designated by the President of the United States by and with the advice and consent of the Senate and shall be three in number. It shall be the duty of the President of the United States to designate one Government Reserve Officer as President of the Federal Reserve Board, one as Vice-President of the said Board, and one as Secretary of the said Board. The term of office of the Government Reserve Officer so designated as President shall be ten years and the terms of office of the officers designated as Vice-President and Secretary respectively shall be five years each.

Upon assembling for the first time members of the Federal Reserve Board belonging to class A shall separate into two groups under such regulations as the Board may lay down for effecting the said grouping. One such group shall hold office for three years, dating from the first of January next succeeding the election of members, the other for six years next succeeding such election. Each group shall include, as nearly as may be, one half the total number of members of class A. Thereafter every member of the said Board belonging to class A shall hold office for a term of six years. Vacancies in class A shall be filled, as they may occur, in the manner prescribed for the original choice of members belonging to the class in which such vacancies occur.



Redraft Redraft. Organization Res. Board

Sec. 11. That the first meeting of the Federal Reserve Board shall be held on January 1, 1914. At the said meeting, members of the Board aforesaid, belonging to class A, shall choose from among their own number by ballot three members, no two of whom shall have been chosen by the same National Reserve Bank, who shall be known as Federal Reserve Committeemen. The three members thus chosen shall, with the members of classes B and C, constitute an executive committee of the Federal Reserve Board of nine members, which shall be known as the Federal Reserve Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board and Chairman of the Federal Reserve Committee. The duties of the president, vice-president and secretary, and their compensation shall be established in bylaws to be adopted by the Executive Committee and approved by the Federal Reserve Board. Members of the Federal Reserve Committee shall continue to hold office until the expiration of their terms as members of the Federal Reserve Board as hereinbefore established.

The powers and functions hereinafter conferred upon the Federal Reserve Board shall be exercised by the Federal Reserve Committee in accordance with bylaws to be established by said Board. But said Committee must fully report its action on each and every matter of business falling within its jurisdiction to a general meeting of the Board to be convened not less frequently than once each month. Every member of said board may



may at his discretion attend meetings of the Executive Committee although he shall have no vote at such meetings.

No member of class A who shall be chosen as herein provided, a member of the Federal Reserve Committee shall continue to hold office or to act as a director of any bank or banking institution or National Reserve Bank; and before entering upon his duties as a member of the Federal Reserve Committee he shall certify under oath to the Secretary of the Treasury that he has complied with the requirements of this section. Acceptance of membership in the Federal Reserve Committee by any member of the Federal Reserve Board shall automatically close his term as a Federal Reserve Bank Representative and the National Reserve Bank from which he was originally chosen shall at once proceed to the choice of a successor in the manner hereinbefore described. Whenever a vacancy shall occur among the three members of the Federal Reserve Committee who are chosen from the members of class A, a successor shall within thirty days be chosen to fill the vacancy aforesaid, by the method hereinbefore specified for the original choice and when chosen the said successor shall hold office for the unexpired term of the member whose place he is selected to fill. The three members of the Federal Reserve Committee chosen Federal Reserve Representatives (class A) shall hold office for the terms for which they were originally selected as members of the Federal Reserve Board by the method hereinbefore provided.



*Redraft*

*Power. Fed Res. Ex. Committee*

Sec. 12. That upon the nomination of the President of the Federal Reserve Board the Executive Committee hereinbefore established shall appoint all officers and employees of the said Board and of the said Committee shall have power to determine their remuneration, tenure of office and duties. The Federal Reserve Committee shall fix the compensation of all officers expressly named by the provisions of this act.

The Federal Reserve Committee shall have full control, subject to the Federal Reserve Board, of the detailed management of said Board. For this purpose it shall meet regularly once a week at the office of the Board or at such other places as may be designated by the Chairman of the Board. Special meetings may be called by the Chairman or by any three members.

The Federal Reserve Board shall appoint a Board of Examiners consisting of three members, to report at any time upon the conditions of credit, the kind of business done, and the proper conduct of the discounts at each National Reserve Bank or of any individual bank; and said Board may authorize the employment of suitable assistants, if needed, for this work of examination.

The Secretary of the Treasury as Chairman of the Federal Reserve Board and Chairman of the Executive Committee shall be responsible for the discipline of the Executive Staff of the Board, determine the duties of the various persons concerned, secure the preparation of the reports to be made to the Executive



Committee and the members of the Board, and perform all other duties pertaining to his office. All of his acts shall be subject to the review of the Executive Committee and its decision in all matters pertaining to his duties shall be final unless reversed by the Board. In the absence or illness of the Secretary of the Treasury, his duties shall devolve upon the Comptroller of the Currency acting as Vice-Chairman.

The expenses of the Federal Reserve Board shall be paid by the National Reserve Banks out of their gross receipts in such a manner and at such times as the Board shall direct. Each Reserve Bank shall pay such a portion of said expenses as its capital and surplus bear to the aggregate capital and surplus of all.

At all meetings of the Board a quorum shall consist of two-thirds its total number of members. A majority of those present shall be required to pass any resolution. Each member shall be reimbursed for his reasonable travelling and other necessary expenses for attendance on each meeting, on vouchers approved by the Executive Committee.



Powers Fed Res. Bd.

Redraft

Sec. 13. That the Federal Reserve Board hereinbefore established shall be authorized and empowered

(a) to examine once each month at its discretion the accounts and books of each National Reserve bank.

(b) To determine the <sup>apportionment</sup> ~~xxxproportion~~ of federal deposits among the National Reserve Banks.

(c) To require a National Reserve Bank to rediscount paper of any other National Reserve Bank.

(d) To ascertain once each month the character of the paper held by each National Reserve Bank, and to require at its discretion the suspension of further issues for a designated period.

(e) To establish each week or as much oftener as required a rate of discount which shall be mandatory upon each National Reserve Bank and for each class of paper; Provided, That said rate of discount need not be uniform for all reserve banks; and, provided further that the Federal Reserve Board shall graduate the rate of discount made mandatory upon any Federal Reserve Bank in proportion to the extent of the issues and deposit liabilities as compared with the reserve funds of such banks.

(f) To suspend for a period not exceeding thirty days (and to renew such suspension for periods of not to exceed fifteen days) any and every reserve requirement specified in this act.

(g) To establish a graduated tax which shall



be uniform in its application to all reserve banks upon the amounts by which the reserve of any such bank is permitted to fall below the reserve level specified in this act.



Powers of Nat. Res. Bk to deal in  
bills of exchange

Redraft

Sec. 15. A. That any National Reserve Bank may at its own discretion purchase in the open market either from domestic or foreign banks or individuals, bankers bills and bills of exchange of the kinds and maturities by this act made eligible for rediscount.



U.S. Funds deposited with Res. Bks.

Sec. 21. That all moneys now held in the general fund of the Treasury shall within six months from the passage of this act be deposited in National Reserve Banks; and thereafter the revenues of the Government shall be regularly deposited in such banks and disbursements shall be made by check drawn against such deposits. It shall be the duty of the Federal Reserve Board herein established to apportion the funds of the Government among the said National Reserve Banks.

*Duty of Fed Res Bd  
to apportion.*

*This Section sh'd be under powers of Fed. Res. Bd.*



No interest on Bk funds.

Redraft

Sec. 22. That no National Reserve Bank shall pay interest on deposits; and no National Banking Association shall pay interest on funds of other banks deposited with it.

Nat. Bank have over 800 million of State Bk funds. + 2000 million of Bk funds.  
dangerous rule -

State Bks giving interest might do Nat. Bk a great harm - under this rule. especially where deposits are guaranteed.



*Nat. Res. Bk may apply for Reserve Notes*

*Redraft*

*Res. Notes like  
Nat. Bk Notes*

*limit on notes  
equal to ~~the~~  
Capital Stock }  
to*

*amend to*

*ms-*

*omit*

Sec. 23. That any National Reserve Bank may at its discretion, subject to the provisions of this act, make application to the Federal Reserve Board through the local Federal Reserve Agent for Federal Reserve notes. Said notes shall be in all respects similar to existing National Bank notes except that they shall not bear any legend or superscription indicating that they are secured by United States or other bonds. But no National Reserve Bank shall receive in the aggregate notes exceeding a sum equal to the face value of the capital stock of such Bank plus the stockholders' individual liability, or in the aggregate a sum double the face value of the capital stock of such Bank. Upon receiving an application for notes from any National Reserve Bank, the Federal Reserve Board shall immediately issue said notes to the Bank making said application. Any National Reserve Bank desiring to reduce its circulation may do so, upon the same conditions now prescribed for the retirement of National bank notes; Provided, That nothing in the statutes of the United States shall prevent a National Reserve Bank from retiring its outstanding notes as rapidly as its officers and directors may deem best.

It shall be the duty of every National Reserve Bank to receive on deposit at par the notes of every other National Reserve Bank and of every National Banking Association. Every National Reserve Bank shall provide for the redemption of its own notes on demand



in gold at one point in every reserve district throughout the United States. The method of such redemption and the provisions under which it shall be carried on shall be subject to control by the Federal Reserve Board, and it shall be the duty of said Board to establish such rules and regulations that all notes issued by National Reserve Banks shall be maintained convertible into gold at par without exchange throughout the United States.

It shall be the duty of every National Reserve Bank to receive on deposit at par and without charge for exchange checks and drafts drawn by any of its stockholders (or depositors) upon any other stockholders (or depositors) and checks and drafts drawn by any stockholder (or depositor) in any other National Reserve Bank upon funds to the credit of said stockholder (or depositor) in said Reserve Bank last mentioned. The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds at par among National Reserve Banks and may at its discretion exercise the functions of a clearing house for National Reserve Banks.

*Leave for rules  
with discretion  
to decline*

*No*



*Redraft,*  
*ok.*

*Bank Examiner's  
may not accept gratuity -*

Sec. 38. That no National Bank shall hereafter make any loan or grant any gratuity to any examiner of such Bank. Any Bank offending against this provision shall be deemed guilty of a misdemeanor, and shall be fined not more than \$1,000 and a further sum equal to the money so loaned or gratuity given; and the officer or officers of a bank making such loan or granting such gratuity shall be likewise deemed guilty of a misdemeanor, and shall be fined not to exceed \$500. Any examiner accepting a loan or gratuity from any bank examined by him shall be deemed guilty of a misdemeanor, and shall be fined not more than \$500, and a further sum equal to the money so loaned or gratuity given.

*or thing of value directly or indirectly.*

*or compensation for services of any kind*

*dismiss from  
service*

*ok.*



Nat. Bks may loan on Farm Mortgages

Sec. 39. That any National Banking Association not situated in a Reserve City or Central Reserve City may make <sup>1<sup>st</sup> Mortgage</sup> loans (secured by) <sup>or</sup> improved (and unencumbered) farm land, [and so much of section , Revised Statutes, as prohibits the making of such loans by banks so situated shall be and the same is hereby repealed,] provided, that no such loan shall be made to an amount exceeding 50 per centum of the actual value of the property offered as security, and such properties shall be situated within the National Reserve district in which the said bank is located; and provided further that the aggregate amount of such loans made by any one bank shall not exceed a sum equal to 25 per cent of the capital and surplus, <sup>[time deposits]</sup> unimpaired, of such bank.

[a general reference section should be provided -

OK

OK.

The Federal Reserve Board shall have power from time to time to <sup>withdraw this privilege for</sup> add to the list of cities in which National Banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

The Reserve Cities & Cent. Reserve Cities should be abolished.



paid as the case may be with interest at five per cent per annum to be reckoned from the date of the appointment of the receiver. After a receiver shall have been appointed to close up the affairs of any National Banking Association, the bonds of the United States, if any, deposited by said Association with the Treasurer of the United States shall be sold as provided by law and the proceeds of such sale shall be paid into the National Bank Insurance Fund. The Comptroller of the Currency shall forthwith collect for the benefit of said fund from the assets of the bank and from the stockholders thereof, according to their liability, such sum as, with the Bank's balance in the National Bank Insurance Fund, shall equal the amount of its circulating notes and of its deposits outstanding. And for this purpose the United States shall, on behalf of the National Bank Insurance Fund, have a paramount lien upon all the assets of the Association, and such fund shall be made good out of such assets in preference to any and all other claims whatsoever, except the necessary cost and expense of administering the same.



Bank Insurance  
System should be made optional  
Permit after Exam?

Sec. 32. That every National Banking Association shall at all times keep and have on deposit with the Federal Reserve Board for the purposes hereinafter specified a sum in current funds equal to five per centum of its capital, surplus, and undivided profits. The total amount so kept on deposit shall constitute a fund to be known as "the National Bank Insurance Fund," which fund shall be held for the following purpose, and for no other, namely;--

Whenever the Comptroller of the Currency shall have become satisfied by the protest or the waiver and admission specified in section 5226 or by the report provided for in section 5227 of the Revised Statutes of the United States that any Association has refused to pay its circulating notes on demand in lawful money, or whenever the Comptroller of the Currency shall have become satisfied of the insolvency of any National Banking Association and shall have appointed a receiver as provided in section 1 of the act of June 30, 1876, Comptroller shall direct the redemption of such circulating notes and the payment of all outstanding deposits whether demand or time, of such insolvent National Banking Association from the National Bank Insurance Fund aforesaid, such payment to be made within sixty days from the date of the appointment of a receiver, and such notes and deposits shall thereupon be so redeemed or

a reserve provision for  
Deposit Insurance.  
69.



Assessments on  
Nat Res. Bank

Should be by deposits,  
ignoring fractions  
under \$1,000.

Assessments  
on Local Banks.

Sec. 33. That whenever the Comptroller of the Currency shall ascertain what deficiency, if any, exists between the aggregate collections for the benefit of the National Bank Insurance Fund in the case of any failed bank and the amount of its outstanding liabilities redeemed and to be redeemed from the said funds, he shall collect three-fourths of such deficiency from the National Reserve Bank of the district in which the failed bank was located, and one-fourth from the National Reserve Banks of the other districts throughout the United States, distributing said one-fourth among said National Reserve Banks in proportion to capital stock. Any National Reserve Bank shall if said assessments for the benefit of the National Bank Insurance Fund shall at any time exceed its undivided profits levy a pro rata assessment in proportion to capital upon its shareholders, and said shareholders shall within ten days after receiving notice of such assessment, remit the amount for which they are thus made liable to the National Reserve Bank in which they are shareholders.

The Federal Reserve Board may deposit the sums paid into the National Bank Insurance Fund with the National Reserve Banks of the several districts in which said sums originate. And such deposits shall be held in gold coin or lawful money for the purposes hereinbefore set forth and for no others.



Provided, That the Secretary of the Treasury be and is hereby authorized, in his discretion, to cause to be invested in bonds of the United States any portion of the Insurance Fund hereinbefore provided for; and such bonds shall be held and disposed of for the benefit of such Fund.

Any state bank or trust company complying with the terms of this act may participate in the operations of the National Bank Insurance Fund upon conditions to be established by the Federal Reserve Board.

*Insurance Fund  
How invested*

*Any State Bank  
may participate*



Sec. 34. That every National Bank going into liquidation, voluntary or involuntary, shall, prior to the payment of its creditors and the distribution of any of its assets to its shareholders, deposit with the Federal Reserve Board lawful money to the full amount of its outstanding notes, and shall, in addition, pay to the aforesaid Treasurer such assessment for the benefit of the National Bank Insurance Fund as the Comptroller shall judge to be requisite to meet such bank's liability for the reimbursement of the Insurance Fund for any deficiency resulting from the payment therefrom of the notes and deposits of banks which shall have failed prior to the date when such bank shall go into liquidation.

Every state bank or trust company or other institution permitted to participate in the operations of the National Bank Insurance Fund under this act shall when admitted to such participation execute such contract, instrument, or other obligation as shall be required by the Federal Reserve Board to secure to the National Bank Insurance Fund the pro rata assessment of said bank in the event of its going into liquidation.



Sec. 35. That all interest accruing from the investment of any portion of the aforesaid Insurance Fund, and all funds received in payment of the duties on circulation provided for in this act shall be a fund supplementary and in addition to the Insurance Fund, to be used only in case said Insurance Fund shall ever become insufficient to redeem any bank notes issued or deposits outstanding under the provisions of this act, and it shall not be taken into account in estimating the amount of assessments necessary to replenish said Insurance Fund or in repayment to banks of their contributions to the Insurance Fund.

Whenever the said Fund with accumulations of interest shall exceed in the aggregate ten per centum of the capital surplus and undivided profits of the banks participating in its operations such excess shall be returned to the contributing banks in proportion to their past contributions to said fund.



# Liquidation Fund

Sec. That every National Banking Association shall at all times keep and have on deposit with the Federal Reserve Board for the purposes hereinafter specified a sum in current funds equal to one half of one per centum of its capital, surplus and undivided profit. The total amount so kept on deposit will constitute a fund to be known as "The National Bank Liquidating Fund" which shall be held for the following purpose and for no other, namely;

Whenever the Comptroller of the Currency shall have become satisfied by the protest or the waiver and admission specified in section 5226 or by the report provided for in section 5227 of the Revised Statutes of the United States that any Association has refused to pay its circulating notes on demand in lawful money, or whenever the Comptroller of the Currency shall have become satisfied of the insolvency of any National Banking Association, and shall have appointed a receiver, as provided in section 1 of the act of June 30, 1876, the Comptroller shall direct the redemption of such circulating notes from the proceeds of the United States bonds held by the Treasurer of the United States as security for said notes as provided by law and shall direct the liquidation of all outstanding deposits whether demand or time from the National Bank Liquidating Fund aforesaid, such payment to be made within sixty days from the date of the appointment of a receiver. The said receiver shall, immediately upon his appoint-

*A reserve provision for*

*receiverships.*

*69*  
*Note Redemption*

*deposits liquidation*



ment, proceed to a valuation of the assets of the National Banking Association to which he has been named and shall within ten days report to the Comptroller of the Currency the probable realizable value of the assets of the said Association exclusive of the sums invested in United States bonds for the protection of its outstanding circulating notes. If the aforesaid report of the receiver shall be approved by the Comptroller of the Currency, the said Comptroller shall certify it to the Secretary of the Treasury, and it shall be the duty of the said Secretary, acting as Chairman of the Federal Reserve Board to direct the payment to the receiver of the failed National Banking Association of a sum from the National Bank Liquidating fund equal to the valuation of its assets exclusive of United States bonds held for the protection of circulating notes as approved by the Comptroller. It shall be the duty of the said receiver, immediately upon the receipt of the sum aforesaid, to declare and pay a dividend to all depositors of the National Banking Association to which he has been named pro rata, in the proportion borne by the sum received from the National Bank Liquidating Fund to the total outstanding deposits of the failed bank whether demand or time as hereinbefore described. Thereafter the National Bank liquidating Fund shall have a prior lien from the assets of the failed bank to the amount advanced by said fund for the reimbursement of depositors.

*Liquidation*



It shall be the duty of the receiver aforesaid to wind up the affairs of the failed bank to which he is designated as rapidly as may be, in the manner now provided by law, reimbursing the National Bank Liquidating Fund to the extent of the prior lien hereinbefore established, and applying the amounts realized, if any, over and above the amount of such prior lien to the proportionate liquidation of such remaining claims as may still be outstanding against the failed bank, in the manner and subject to the priorities provided by existing law.

The Federal Reserve Board may deposit the sums paid in to the National Bank Liquidating Fund with the National Reserve Banks of the several districts in which said sums originate. And such deposits shall be held in gold coin or lawful money for the purposes hereinbefore set forth and for no other. Provided, That the Secretary of the Treasury **be and** is hereby authorized in his discretion, to cause to be invested in bonds of the United States any portion of the Liquidating Fund hereinbefore provided for and such bonds shall be held and disposed of for the benefit of such Fund.

Any state bank or trust company complying with the terms of this act, may participate in the operations of the National Bank Liquidating Fund upon conditions to be established by the Federal Reserve Board.

Liquidation

Liquidation Fund  
How invested