

77TH CONGRESS
2^D SESSION

H. R. 6391

IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 1942

Mr. PATMAN introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

Providing for the issuance of nonnegotiable United States bonds to Federal Reserve banks and terminating the authority of the Treasury to issue other interest-bearing obligations of the United States to commercial banks, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the Secretary of the Treasury, with the approval of
- 4 the President, is authorized to issue from time to time United
- 5 States bonds, the proceeds of which shall be available to
- 6 meet any public expenditures authorized by law and to retire
- 7 any outstanding obligations of the United States bearing
- 8 interest or issued on a discount or on a combination interest-
- 9 bearing and discount basis. Such bonds shall be issued in

1 such form or forms and in such denominations, and mature
2 at such times (not in excess of forty years from the date of
3 issue) as the Secretary of the Treasury may prescribe. Such
4 bonds shall not bear interest or be issued on a discount basis,
5 and shall not be negotiable or transferable.

6 SEC. 2. Bonds issued under the provisions of this Act
7 shall be issued solely to Federal Reserve banks and shall be
8 subscribed for by the various Federal Reserve banks in such
9 proportions of the entire issue as may be agreed upon by the
10 Secretary of the Treasury and the Board of Governors of the
11 Federal Reserve System. The Secretary of the Treasury shall
12 pay, out of any funds hereafter appropriated for such purpose,
13 to each Federal Reserve bank subscribing to bonds issued
14 under this Act, such amounts as he deems necessary to
15 reimburse such bank for any expenses incurred by it in
16 connection with such bonds.

17 SEC. 3. The authority of the Secretary of the Treasury
18 to issue any interest-bearing obligations of the United States
19 (including obligations issued on a discount basis or on a
20 combination discount and interest-bearing basis) under any
21 other provisions of law is hereby terminated insofar as the
22 issuance of United States bonds to any bank receiving
23 demand deposits is authorized thereby. Except in accordance
24 with such regulations as the Secretary of the Treasury may
25 prescribe in order to provide for the orderly disposition of

1 United States bonds held by any bank receiving demand
2 deposits on the date of the enactment of this Act, no such
3 bank shall at any time hold any amount of United States
4 bonds in excess of the amount held by it on December 31,
5 1941.

6 SEC. 4. The first two paragraphs of section 7 of the
7 Federal Reserve Act, as amended, are amended to read
8 as follows:

9 "SEC. 7. After all necessary expenses of a Federal
10 Reserve bank have been paid or provided for and a surplus
11 equal to the paid-in capital stock of such bank accumulated,
12 the annual net earnings of such bank shall be paid into the
13 general fund of the Treasury.

14 "Should a Federal Reserve bank be dissolved or go
15 into liquidation, any surplus remaining, after the payment
16 of all debts and the par value of all stock, shall be paid to
17 and become the property of the United States."

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