

ERRORS IN CODIFICATION BILL RELATING TO
THE FEDERAL RESERVE ACT.

The following is a list of errors which have been found in that part of H. R. 10,000, a bill for the codification of the Federal statutes, which corresponds to the various provisions of the Federal Reserve Act and to certain other statutes related to the Federal Reserve Act and published in the appendix of the edition of the Federal Reserve Act prepared by the Federal Reserve Board.

OMISSIONS

The sixth and seventh paragraphs of Section 2 of the Federal Reserve Act providing for the forfeiture of the franchises of national banks, have been omitted from the bill. This omission was made evidently because these provisions were considered obsolete. A careful examination, however, shows that they are not obsolete but are still in full force and effect and applicable to national banks at the present time.

The first sentence of the fourth paragraph of Section 10 providing that the first meeting of the Federal Reserve Board shall be held in Washington is omitted. This was also omitted no doubt because considered obsolete but the provision is one which may have a bearing upon the location or situs of the Federal Reserve Board for purposes of suit or otherwise and should be retained.

In Section 25(a) three sentences at the end of the paragraph incorporated in the bill as Section 618 have been omitted. These sentences deal with the increase or decrease of the capital stock of foreign banking corporations organized under Federal charter, the withdrawal of the capital stock of such organizations and the investment in the capital stock of

such corporations by national banks.

The provisions of Section 26 of the Federal Reserve Act providing that the Secretary of the Treasury may borrow gold for the purpose of maintaining the parity of all forms of money has not been found. It may be that this provision is included in some other title of the codification bill.

Section 29 of the Federal Reserve Act providing that if any part of the Act is adjudged invalid such invalidity shall not extend to other parts of the Act, has been omitted.

Section 30 of the Federal Reserve Act providing that the Act may be altered, amended, or repealed, has also been omitted.

There are certain other portions of the Federal Reserve Act which have been omitted from the codification but the omissions mentioned above are the only ones found to be material. All other provisions which have been omitted are believed to be entirely obsolete.

OTHER ERRORS.

Section 82. Corresponds to Section 5202 of the Revised Statutes as amended by Section 13, Federal Reserve Act. The reference in this section to Chapter 10 of Title 15, Commerce and Trade, it has been impossible to check because the reference is not found in title 12 which is the only title available.

The 8th exception made under this section is not now law. This exception was intended to be made by Section 504 of the Agricultural Credits Act of 1923 but by mistake the amending provision referred to Section 502 of the Revised Statutes instead of 5202 of the Revised Statutes.

Section 92. Corresponds to the tenth paragraph of Section 13 of the Federal Reserve Act. In the last line of this section the word "filing" has been omitted between the words "in" and "his".

Section 221. Corresponds to Section 1 of the Federal Reserve Act. The definition of a "member bank" reads, in part, " * * a member of one of the reserve banks created by this chapter." Inasmuch as Federal reserve banks were created under the Federal Reserve Act of December 23, 1913 and the provisions for their creation are omitted from the code, it would be better to say "a member of one of the Federal reserve banks."

Section 222. Corresponds to first paragraph of Section 2 of the Federal Reserve Act. Leaves out provisions regarding reserve bank organization committee but retains provision that new districts may be from time to time created by the Federal Reserve Board not to exceed twelve in all. Inasmuch as twelve districts have already been created, this provision is obsolete and should be omitted unless it is desired to preserve all of the provisions relating to the original creation of the Federal reserve districts. The authority to readjust districts, however, should be preserved.

Section 223. Provides that, "The Federal reserve cities now in existence are continued." This is now and might be construed to forbid the changing of any Federal reserve city. The present law does not forbid the changing of a Federal reserve city; but the Attorney General has ruled that the present law does not

authorize the Federal Reserve Board to change a Federal reserve city once established.

Section 225. This contains a new provision to the effect that, "The Federal reserve banks now in existence in the various Federal reserve cities are continued". This also might be construed to prohibit the discontinuance of any Federal reserve bank but the Attorney General has ruled that the present law does not authorize the Federal Reserve Board to discontinue any Federal reserve bank once established.

Section 248
(e). This corresponds to Section 11(e) of the Federal Reserve Act and refers to the reserve requirements set forth in "Section 20 of this chapter". There is no Section 20 in the same chapter of the Code, and the proper section number should be substituted. Section 11(e) of the Federal Reserve Act refers to Section 20 of the Federal Reserve Act; but this obviously is a clerical error, and Congress obviously intended to refer to Section 19 of the Federal Reserve Act, which is covered by Sections 461-466 of the Code.

Section 248
(1). Corresponds to Section 11(1) of the Federal Reserve Act. The reference to section 632 of Title 5 it has been impossible to check because this title is not available.

Section 282. Corresponds to a portion of Section 2 of the Federal Reserve Act. While this makes certain changes in the text of the law it is not objectionable.

Section 284. Corresponds to a portion of Section 2 of the Federal Reserve Act. This contains part but not all of the corresponding paragraph of the Federal Reserve Act, all of which is practically obsolete because no stock has ever been allotted to the United States and none ever will be allotted to the United States under the present law. It would seem that the corresponding paragraph of the Federal Reserve Act should either be omitted entirely or all of it should be covered in the codification bill.

Section 324. Corresponds to a part of Section 9 of the Federal Reserve Act. The reference to "this section" should be changed to read "Sections 321 to 331."

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Section 341. Corresponds to a part of Section 4 of the Federal Reserve Act. In the third line of this section, the words "the organization of" are superfluous and should be omitted. The preceding paragraphs of the original Federal Reserve Act providing for the organization of Federal reserve banks was omitted apparently because they are obsolete. Either these provisions should be

restored or, if the policy of the codification is to omit everything which is obsolete, the first paragraph of this section should merely provide that, "Every Federal reserve bank shall be deemed a body corporate and as such and in the name designated in its organization certificate shall have power". The last paragraph of this section provides that no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until authorized by the Comptroller of the Currency to commence business. If it is the policy of the codification to omit all obsolete matter it would seem that this paragraph should be omitted. The reference in the parentheses following this section is to "December 23, 1913, c. 6, section 1, 38 Stat. 254". This should be changed to read "December 23, 1913 c. 6, section 4, 38 Stat. 251".

Section 342. Corresponds to a part of Section 13 of the Federal Reserve Act. The comma after the word "checks" in the first line of the second column on page 281 should be omitted as it was not in the original act and its insertion at this place might be construed to change the meaning of the law.

Section 343. Corresponds to a part of Section 13 of the Federal Reserve Act. There is a typographical error in the middle of this section; the word "or" should be inserted after the word "wares".

Section 345. Corresponds to a part of Section 13 of the Federal Reserve Act. The catch-line of this section is incorrect and misleading. The limitation contained in this section applies to the rediscount of any and all paper but the catch line would indicate that it applies only to agricultural paper. In view of the subdivision into separate sections it would seem that the word "such" in the third line of this section could well be omitted.

Section 346. Corresponds to a part of Section 13 of the Federal Reserve Act. In view of the rearrangement of the provisions of the Federal Reserve Act relating to acceptances of member banks it would seem that the phrase "of the kinds hereinafter described" should be changed to read "of the kinds described in sections 372 and 373."

Section 350. Corresponds to a part of the Agricultural Credits Act of 1923. Reference to Title I of the Federal Farm Loan Act should be changed so as to refer to the proper chapter and title of the codification.

Section 351. Corresponds to a part of the Agricultural Credits Act of 1923. The phrase "within the meaning of the three preceding sections" should be changed to read "within the meaning of Section 348."

Section 373. Corresponds to a part of Section 13 of the Federal Reserve Act. The word "or" should be inserted after the word "title" in the 19th line.

Section 375. Corresponds to a part of Section 22 of the Federal Reserve Act. The word "subsection" in the second paragraph it would seem should be changed to "section".

Section 391. Corresponds to a part of Section 15 of the Federal Reserve Act. The word "money" should be changed to "moneys". This section is in effect amended by the Appropriation Act of 1920 approved May 29, 1920, but the amendment is not noted in the codification.

Section 412. Corresponds to a part of Section 16 of the Federal Reserve Act. The reference to Section 342 is wrong; because, under that section, notes, drafts and bills of exchange may be received only for purposes of collection and the Federal reserve bank holds them merely as agent and therefore could not pledge them with the Federal Reserve Agent as collateral security. The reference to Section 372 is incorrect because that section merely refers to the power of member banks to accept the drafts and bills of exchange drawn upon them. Reference to Sections 343-347 would be correct. Where reference is made to sections 353 to 358 it should refer to Sections 353 to 359 so as to include acceptances of Federal Intermediate Credit Banks and National Agricultural Credit Corporations endorsed by member banks and purchased by Federal reserve banks (under Section 14(f) of Federal Reserve Act). It would also seem that a reference should be made to Section 348; but this is not essential, in view of

the fact that Section 348 itself makes agricultural paper acquired thereunder eligible as collateral security for Federal reserve notes.

Section 422. Corresponds to a part of Section 16 of the Federal Reserve Act. This refers to "notes provided for by Act of May 30, 1908". Reference should be made to that section of the Code which corresponds to the Act of May 30, 1908. This section of the codification also contains a phrase "at the time of the passage of this chapter", "chapter" being substituted for the word "act" as contained in the Federal Reserve Act. It would seem that this phrase should be changed to read "at the time of the passage of the Federal Reserve Act."

Section 448. Corresponds to a part of Section 18 of the Federal Reserve Act. The word "herein" in the last line should be stricken out and the words "in Sections 441 to 448 of this chapter" added at the end of the section.

Section 467. Corresponds to a part of Section 16 of the Federal Reserve Act. The words "or any Assistant Treasurer" which are now found in the third line of the present law after the word "Treasurer" are omitted from the codification. The words "or Assistant Treasurer" now found in the eighth line of the present law after the word "Treasurer" are also omit-

ted. Inasmuch as the Subtreasuries and the office of Assistant Treasurer were abolished by the Appropriation Act of May 29, 1920, the omission of references to the Assistant Treasurers is probably correct. The word "section" found in the first and second lines of the last paragraph of this section should be changed to read "chapter."

Section 482. Corresponds to a part of Section 5240 of the Revised Statutes as amended by Section 21 of the Federal Reserve Act. The word "herein" in the fifth line should be stricken out and the words "in Section 481" inserted after the words "provided for".

Section 605. Corresponds to a part of Section 25 of the Federal Reserve Act. The reference to "Section 197, Title 15, Commerce and Trade" it has been impossible to check because this title is not available.

Section 611. Corresponds to a part of Section 25(a) of the Federal Reserve Act. The word "section" in the ninth and twelfth lines should be changed to read "subdivision of Chapter 6".

Section 613. Corresponds to a part of Section 25(a) of the Federal Reserve Act. The word "section" in the last line should be changed to read "subdivision of chapter 6".

Section 614. Corresponds to a part of Section 25(a) of the Federal Reserve Act. The second word of the text of this section, "person" should be made plural, "persons."

Section 615. Corresponds to a part of Section 25(a) of the Federal Reserve Act. The word "chapter" in the fourteenth line from the end of paragraph (a) should be "subdivision of Chapter 6". The word "section" in the ninth line from the end of paragraph (a), in the fifth line from the end of paragraph (a), in the fourth line from the end of paragraph (a), in the fourth line from the beginning of paragraph (c) and in the sixth line of the last paragraph, should be changed to "subdivision of Chapter 6."

Section 616. Corresponds to a part of Section 25 (a) of the Federal Reserve Act. The word "section" in the tenth line should be changed to "subdivision of chapter 6" and the same change should be made in the last word of this section.

Section 617. Corresponds to a part of Section 25(a) of the Federal Reserve Act. The word "section" in the fifth line should be changed to read "subdivision of chapter 6". The word "section" in the second sentence should also be so changed.

Section 618. Corresponds to a part of Section 25(a) of the Federal Reserve Act. The word "section" in the fifth line from the end of this section should be changed to "subdivision of chapter 6." The reference to section 25 of the Federal Reserve Act as amended, appearing in the fifth line from the end of this section should be changed so as to refer to Sections 601 to 605 of this chapter.

Section 619. Corresponds to a part of Section 25 (a) of the Federal Reserve Act. The word "section" appearing in the 9th line from the end of this section and also as the last word of this section

should be changed to "subdivision of chapter 6." After the word "section" in the ninth line from the end of this section the word "in" which in the present law precedes the words "whose capital stock" has been omitted. This changes the meaning of the sentence entirely. The reference to Section 19 of Title 15 Commerce and Trade, found in this section it has been impossible to check because this title is not available.

Section 629. Corresponds to a part of Section 25(a) of the Federal Reserve Act. In the eighth line from the end of the section, the word "section" should be changed to "subdivision of chapter 6."

Section 630. Corresponds to a part of Section 25(a) of the Federal Reserve Act. The word "section" in the fourth line from the end should be changed to "subdivision of chapter 6."

Section 631. Corresponds to a part of Section 25(a) of the Federal Reserve Act. In the seventh line of this section the word "hereunder" should be changed to read "under this subdivision of chapter 6".

Section 943. Corresponds to a part of the Farm Loan Act. The words "subdivision (b) of" in the 5th and 6th lines should be omitted.

Section 1222. Corresponds to a part of the Agricultural Credits Act of 1923. The word "section" in the second line should be changed to read "chapter".

Section 1223. Corresponds to a part of the Agricultural Credits Act of 1923. The word "section" in the second line should be changed to read "chapter".