

SEC. 6. That the Act approved June twentieth, nineteen hundred and six, entitled "An Act to regulate the landing, delivery, cure, and sale of sponges" and all other laws in conflict herewith be, and the same hereby are, repealed.

Former Act repealed.
Vol. 34, p. 313.

Approved, August 15, 1914.

CHAP. 254.—An Act Authorizing the Board of Trade of Texarkana, Arkansas-Texas, to construct a bridge across Sulphur River at or near Pace's ferry, between the counties of Bowie and Cass, in the State of Texas.

August 15, 1914.
[S. 6031.]

[Public, No. 173.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the consent of Congress is hereby granted to the Board of Trade of Texarkana, Arkansas-Texas, to build, maintain, and operate a bridge across the Sulphur River, at a point suitable to the interests of navigation, at or near Pace's ferry, between the counties of Bowie and Cass, in the State of Texas, in accordance with the provisions of the Act entitled "An Act to regulate the construction of bridges over navigable waters," approved March twenty-third, nineteen hundred and six.

Sulphur River.
Texarkana Board of
Trade may bridge, at
Pace's ferry, Tex.

Construction.
Vol. 34, p. 84.

Amendment.

SEC. 2. That the right to alter, amend, or repeal this Act is hereby reserved.

Approved, August 15, 1914.

CHAP. 255.—An Act To tax the privilege of dealing on exchanges, boards of trade, and similar places in contracts of sale of cotton for future delivery, and for other purposes.

August 18, 1914.
[S. 110.]

[Public, No. 174.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known by the short title of the "United States cotton futures Act."

Cotton futures Act.

SEC. 2. That, for the purposes of this Act, the term "contract of sale" shall be held to include sales, agreements of sale, and agreements to sell. That the word "person," wherever used in this Act, shall be construed to import the plural or singular, as the case demands, and shall include individuals, associations, partnerships, and corporations. When construing and enforcing the provisions of this Act, the act, omission, or failure of any official, agent, or other person acting for or employed by any association, partnership, or corporation within the scope of his employment or office, shall, in every case, also be deemed the act, omission, or failure of such association, partnership, or corporation as well as that of the person.

Construction of
terms.

Corporations liable
for acts of officials, etc.

SEC. 3. That upon each contract of sale of any cotton for future delivery made at, on, or in any exchange, board of trade, or similar institution or place of business, there is hereby levied a tax in the nature of an excise of 2 cents for each pound of the cotton involved in any such contract.

Tax on contracts at
exchanges, etc., for
future delivery.

SEC. 4. That each contract of sale of cotton for future delivery mentioned in section three of this Act shall be in writing plainly stating, or evidenced by written memorandum showing, the terms of such contract, including the quantity of the cotton involved and the names and addresses of the seller and buyer in such contract, and shall be signed by the party to be charged, or by his agent in his behalf. If the contract or memorandum specify in bales the quantity of the cotton involved, without giving the weight, each bale shall, for the purposes of this Act, be deemed to weigh five hundred pounds.

Written contracts
required.
Contents.

Weight of bales.

SEC. 5. That no tax shall be levied under this Act on any contract of sale mentioned in section three hereof, if the contract comply with each of the following conditions:

Conditions relieving
contracts from tax.

Conforming to legal requirements.

Specifying authorized grades, prices, and dates of making and for delivery.

Proviso.
Middling accepted as basis if grade not specified.

For delivery of standard grades.

Allowance for difference from grade contracted for.

Not to deliver prohibited cotton.
Details of exclusion.

Full weight, etc., to be tendered.

Notice of tender.

Certificate of identity.

Submission of disputes to determination by Secretary of Agriculture.

Acceptance of conditions.

First. Conform to the requirements of section four of, and the rules and regulations made pursuant to, this Act.

Second. Specify the basis grade for the cotton involved in the contract, which shall be one of the grades for which standards are established by the Secretary of Agriculture except grades prohibited from being delivered on a contract made under this section by the fifth subdivision of this section, the price per pound at which the cotton of such basis grade is contracted to be bought or sold, the date when the purchase or sale was made, and the month or months in which the contract is to be fulfilled or settled: *Provided*, That middling shall be deemed the basis grade incorporated into the contract if no other basis grade be specified either in the contract or in the memorandum evidencing the same.

Third. Provide that the cotton dealt with therein or delivered thereunder shall be of or within the grades for which standards are established by the Secretary of Agriculture except grades prohibited from being delivered on a contract made under this section by the fifth subdivision of this section and no other grade or grades.

Fourth. Provide that in case cotton of grade other than the basis grade be tendered or delivered in settlement of such contract, the differences above or below the contract price which the receiver shall pay for such grades other than the basis grade shall be the actual commercial differences, determined as hereinafter provided.

Fifth. Provide that cotton that, because of the presence of extraneous matter of any character or irregularities or defects, is reduced in value below that of Good Ordinary, or cotton that is below the grade of Good Ordinary, or, if tinged, cotton that is below the grade of Low Middling, or, if stained, cotton that is below the grade of Middling, the grades mentioned being of the official cotton standards of the United States, or cotton that is less than seven-eighths of an inch in length of staple, or cotton of perished staple or of immature staple, or cotton that is "gin cut" or reginned, or cotton that is "repacked" or "false packed" or "mixed packed" or "water packed," shall not be delivered on, under, or in settlement of such contract.

Sixth. Provide that all tenders of cotton under such contract shall be the full number of bales involved therein, except that such variations of the number of bales may be permitted as is necessary to bring the total weight of the cotton tendered within the provisions of the contract as to weight; that, on the fifth business day prior to delivery, the person making the tender shall give to the person receiving the same written notice of the date of delivery, and that, on or prior to the date so fixed for delivery, and in advance of final settlement of the contract, the person making the tender shall furnish to the person receiving the same a written notice or certificate stating the grade of each individual bale to be delivered and, by means of marks or numbers, identifying each bale with its grade.

Seventh. Provide that, in case a dispute arises between the person making the tender and the person receiving the same, as to the quality, or the grade, or the length of staple, of any cotton tendered under the contract, either party may refer the question to the Secretary of Agriculture for determination, and that such dispute shall be referred and determined, and the costs thereof, fixed, assessed, collected and paid, in such manner and in accordance with such rules and regulations as may be prescribed by the Secretary of Agriculture.

The provisions of the third, fourth, fifth, sixth, and seventh subdivisions of this section shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the memorandum evidencing the same, at or prior to the time the same is signed, the phrase, "Subject to United States cotton futures Act, section five."

The Secretary of Agriculture is authorized to prescribe rules and regulations for carrying out the purposes of the seventh subdivision of this section, and his findings, upon any dispute referred to him under said seventh subdivision, made after the parties in interest have had an opportunity to be heard by him or such officer, officers, agent, or agents of the Department of Agriculture as he may designate, shall be accepted in the courts of the United States in all suits between such parties, or their privies, as prima facie evidence of the true quality, or grade, or length of staple, of the cotton involved.

Rules for determining disputes.

Effect of findings in suits.

SEC. 6. That for the purposes of section five of this Act the differences above or below the contract price which the receiver shall pay for cotton of grades above or below the basis grade in the settlement of a contract of sale for the future delivery of cotton shall be determined by the actual commercial differences in value thereof upon the sixth business day prior to the day fixed, in accordance with the sixth subdivision of section five, for the delivery of cotton on the contract, established by the sale of spot cotton in the market where the future transaction involved occurs and is consummated if such market be a bona fide spot market; and in the event there be no bona fide spot market at or in the place in which such future transaction occurs, then, and in that case, the said differences above or below the contract price which the receiver shall pay for cotton above or below the basis grade shall be determined by the average actual commercial differences in value thereof, upon the sixth business day prior to the day fixed, in accordance with the sixth subdivision of section five, for the delivery of cotton on the contract, in the spot markets of not less than five places designated for the purpose from time to time by the Secretary of Agriculture, as such values were established by the sales of spot cotton, in such designated five or more markets: *Provided*, That for the purposes of this section such values in the said spot markets be based upon the standards for grades of cotton established by the Secretary of Agriculture: *And provided further*, That whenever the value of one grade is to be determined from the sale or sales of spot cotton of another grade or grades, such value shall be fixed in accordance with rules and regulations which shall be prescribed for the purpose by the Secretary of Agriculture.

Determination of differences of prices.

From spot cotton sales at market of delivery.

From average at five spot markets.

Provisos. Values based on standard grades.

Determination of, if based on another grade.

SEC. 7. That for the purposes of this Act the only markets which shall be considered bona fide spot markets shall be those which the Secretary of Agriculture shall, from time to time, after investigation, determine and designate to be such, and of which he shall give public notice.

Spot markets to be designated.

SEC. 8. That in determining, pursuant to the provisions of this Act, what markets are bona fide spot markets, the Secretary of Agriculture is directed to consider only markets in which spot cotton is sold in such volume and under such conditions as customarily to reflect accurately the value of middling cotton and the differences between the prices or values of middling cotton and of other grades of cotton for which standards shall have been established by the Secretary of Agriculture: *Provided*, That if there be not sufficient places, in the markets of which are made bona fide sales of spot cotton of grades for which standards are established by the Secretary of Agriculture, to enable him to designate at least five spot markets in accordance with section six of this Act, he shall, from data as to spot sales collected by him, make rules and regulations for determining the actual commercial differences in the value of spot cotton of the grades established by him as reflected by bona fide sales of spot cotton, of the same or different grades, in the markets selected and designated by him, from time to time, for that purpose, and in that event, differences in value of cotton of various grades involved in

Bona fide spot markets. Methods of determining.

Proviso. Fixing grade values, if spot markets not designated.

contracts made pursuant to section five of this Act shall be determined in compliance with such rules and regulations.

Cotton standards.
Establishment and
promulgation of.

SEC. 9. That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards of cotton by which its quality or value may be judged or determined, including its grade, length of staple, strength of staple, color, and such other qualities, properties, and conditions as may be standardized in practical form, which, for the purposes of this Act, shall be known as the "Official cotton standards of the United States," and to adopt, change, or replace the standard for any grade of cotton established under the Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and nine (Thirty-fifth Statutes at Large, page two hundred and fifty-one), and Acts supplementary thereto: *Provided*, That any standard of any cotton established and promulgated under this Act by the Secretary of Agriculture shall not be changed or replaced within a period less than one year from and after the date of the promulgation thereof by the Secretary of Agriculture: *Provided further*, That, subsequent to six months after the date section three of this Act becomes effective, no change or replacement of any standard of any cotton established and promulgated under this Act by the Secretary of Agriculture shall become effective until after one year's public notice thereof, which notice shall specify the date when the same is to become effective. The Secretary of Agriculture is authorized and directed to prepare practical forms of the official cotton standards which shall be established by him, and to furnish such practical forms from time to time, upon request, to any person, the cost thereof, as determined by the Secretary of Agriculture, to be paid by the person requesting the same, and to certify such practical forms under the seal of the Department of Agriculture and under the signature of the said Secretary, thereto affixed by himself or by some official or employee of the Department of Agriculture thereunto duly authorized by the said Secretary.

Changes, etc., of
present standard.

Vol. 35, p. 256.
Ante, p. 422.

Provisions.
Changes restricted.

No change effective
until after one year's
notice.

Official standards.
Preparation, etc., of
practical forms of.

Contracts not sub-
ject to tax.

SEC. 10. That no tax shall be levied under this Act on any contract of each of the following conditions:

Conforming to rules,
etc.

First. Conform to the rules and regulations made pursuant to this Act.

Having specified re-
quirements.

Second. Specify the grade, type, sample, or description of the cotton involved in the contract, the price per pound at which such cotton is contracted to be bought or sold, the date of the purchase or sale, and the time when shipment or delivery of such cotton is to be made.

Providing for deliv-
ery of cotton con-
tracted for.

Third. Provide that cotton of or within the grade or of the type, or according to the sample or description, specified in the contract shall be delivered thereunder, and that no cotton which does not conform to the type, sample, or description, or which is not of or within the grade, specified in the contract shall be tendered or delivered thereunder.

Requiring actual
transfer.

Fourth. Provide that the delivery of cotton under the contract shall not be effected by means of "set-off" or "ring" settlement, but only by the actual transfer of the specified cotton mentioned in the contract.

Acceptance of con-
ditions.

The provisions of the first, third, and fourth subdivisions of this section shall be deemed fully incorporated into any such contract if there be written or printed thereon, or on the document or memorandum evidencing the same, at or prior to the time the same is entered into, the words "Subject to United States cotton futures Act, section ten."

No tax on spot sales.

This Act shall not be construed to impose a tax on any sale of spot cotton.

This section shall not be construed to apply to any contract of sale made in compliance with section five of this Act.

Section not applicable to exchange, etc., contracts.

SEC. 11. That upon each order transmitted, or directed or authorized to be transmitted, by any person within the United States for the making of any contract of sale of cotton grown in the United States for future delivery in cases in which the contract of sale is or is to be made at, on, or in any exchange, board of trade, or similar institution or place of business in any foreign country, there is hereby levied an excise tax at the rate of 2 cents for each pound of the cotton so ordered to be bought or sold under such contract: *Provided*, That no tax shall be levied under this Act on any such order if the contract made in pursuance thereof comply either with the conditions specified in the first, second, third, fourth, fifth, and sixth subdivisions of section five, or with all the conditions specified in section ten of this Act, except that the quantity of the cotton involved in the contract may be expressed therein in terms of kilograms instead of pounds.

Tax on contracts for delivery at foreign exchanges, etc.

Proviso.
Conditions exempting levy of tax.

SEC. 12. That the tax imposed by section three of this Act shall be paid by the seller of the cotton involved in the contract of sale, by means of stamps which shall be affixed to such contracts, or to the memoranda evidencing the same, and canceled in compliance with rules and regulations which shall be prescribed by the Secretary of the Treasury. The tax imposed by section eleven of this Act shall be paid by the sender of the order and collected in accordance with rules and regulations which shall be prescribed by the Secretary of the Treasury.

Payment, etc., of tax. Sales made at domestic exchanges, etc.

At foreign exchanges, etc.

SEC. 13. That no contract of sale of cotton for future delivery mentioned in section three of this Act which does not conform to the requirements of section four hereof and has not the necessary stamps affixed thereto as required by section twelve hereof shall be enforceable in any court of the United States by, or on behalf of, any party to such contract or his privies. That no contract of sale of cotton for future delivery, made in pursuance of any order mentioned in section eleven of this Act, shall be enforceable in any court of the United States by or on behalf of any party to such contract or his privies unless it conforms to the requirements of section four hereof and the tax imposed by section eleven upon the order for such contract shall have been paid in compliance with section twelve of this Act.

Contracts not enforceable unless law complied with. Domestic exchanges.

Foreign exchanges.

SEC. 14. That the Secretary of the Treasury is authorized to make and promulgate such rules and regulations as he may deem necessary to collect the tax imposed by this Act and otherwise to enforce its provisions. Further to effect this purpose, he shall require all persons coming within its provisions to keep such records and statements of account as will fully and correctly disclose all transactions mentioned in sections three and eleven of this Act; and he may appoint agents to conduct the inspection necessary to collect said tax and otherwise to enforce this Act and all rules and regulations made by him in pursuance hereof, and may fix the compensation of such agents.

Collection of tax.

Inspection of records, etc.

SEC. 15. That any person liable to the payment of any tax imposed by this Act who fails to pay, or evades or attempts to evade the payment of such tax, and any person who otherwise violates any provision of this Act, or any rule or regulation made in pursuance hereof, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than \$100 nor more than \$20,000, in the discretion of the court; and, in case of natural persons, may, in addition, be punished by imprisonment for not less than sixty days nor more than three years, in the discretion of the court.

Punishment for violations.

SEC. 16. That in addition to the foregoing punishment there is hereby imposed, on account of each violation of this Act, a penalty of \$2,000, to be recovered in an action founded on this Act in the name of the United States as plaintiff, and when so recovered one-

Additional penalty.

Half to informer.
 Prosecutions.
 Testimony compulsory.
 Criminal immunity.
 State laws, etc., not impaired.

half of said amount shall be paid over to the person giving the information upon which such recovery was based. It shall be the duty of United States attorneys, to whom satisfactory evidence of violations of this Act is furnished, to institute and prosecute actions for the recovery of the penalties prescribed by this section.

SEC. 17. That no person whose evidence is deemed material by the officer prosecuting on behalf of the United States in any case brought under any provision of this Act shall withhold his testimony because of complicity by him in any violation of this Act or of any regulation made pursuant to this Act, but any such person called by such officer who testifies in such case shall be exempt from prosecution for any offense to which his testimony relates.

SEC. 18. That the payment of any tax levied by this Act shall not exempt any person from any penalty or punishment now or hereafter provided by the laws of any State for entering into contracts of sale of cotton for future delivery, nor shall the payment of any tax imposed by this Act be held to prohibit any State or municipality from imposing a tax on the same transaction.

Appropriation for expenses of stamps, etc.
 Appropriation for determining spot markets, standards, etc.

SEC. 19. That there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the fiscal year ending June thirtieth, nineteen hundred and fifteen, the sum of \$50,000 or so much thereof as may be necessary to enable the Secretary of the Treasury to carry out the provisions of this Act.

SEC. 20. That there is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, available until expended, the sum of \$150,000 or so much thereof as may be necessary to enable the Secretary of Agriculture to make such investigations, to collect such data, and to use such methods and means as he may deem necessary to determine and designate what are bona fide spot markets within the meaning of this Act, to prescribe rules and regulations pursuant to sections five, six, and eight hereof, to establish and promulgate standards for cotton and to furnish practical forms thereof as authorized by section nine hereof, to publish the results of his investigations, to pay rent and to employ such persons as he may deem necessary, in the city of Washington and elsewhere. The Secretary of Agriculture is hereby directed to publish from time to time the results of investigations made in pursuance of this Act. All sums collected by the Secretary of Agriculture as costs under section five, or for furnishing practical forms under section nine of this Act, shall be deposited and covered into the Treasury as miscellaneous receipts.

Publication of investigations.
 Receipts from costs, etc., to be covered into the Treasury.
 Time of taking effect.
 Proviso.
 Not applicable to prior contracts.

SEC. 21. That sections nine, nineteen, and twenty of this Act and all provisions of this Act authorizing rules and regulations to be prescribed shall be effective immediately. All other sections of this Act shall become and be effective on and after six months from the date of the passage of this Act: *Provided*, That nothing in this Act shall be construed to apply to any contract of sale of any cotton for future delivery mentioned in section three of this Act which shall have been made prior to the date when section three becomes effective.

Approved, August 18, 1914.

August 18, 1914.
 [H. R. 18202.]

CHAP. 256.—An Act To provide for the admission of foreign-built ships to American registry for the foreign trade, and for other purposes.

[Public, No. 175.]

Shipping.
 Age limit for allowing American registry to foreign-built ships, repealed.
 Vol. 37, p. 582, amended.
 R. S., sec. 4132, p. 795, amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the words "not more than five years old at the time they apply for registry" in section five of the Act entitled "An Act to provide for the opening, maintenance, protection, and operation of the Panama Canal and the sanitation and government of the Canal Zone." are hereby repealed.