

CHAP. 80.—An Act To amend the War Finance Corporation Act, approved April 5, 1918, as amended, to provide relief for producers of and dealers in agricultural products, and for other purposes.

August 24, 1921.
[S. 1915.]
[Public, No. 60.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That when used in this Act the term "person" includes partnerships, corporations, and associations, as well as individuals.

War Finance Corporation Act Amendments.
"Person," defined.

SEC. 2. That section 1 of Title I of the War Finance Corporation Act, approved April 5, 1918, as amended, is amended to read as follows:

Vol. 40, p. 506, amended.

"That the Secretary of the Treasury, the Secretary of Agriculture, and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the War Finance Corporation (herein called the Corporation), and shall have succession for a period of ten years: *Provided*, That except as otherwise provided by this Act the Corporation shall not exercise any of the powers conferred by this Act except such as are incidental to the liquidation of its assets and the winding up of its affairs, after July 1, 1922."

Creation and membership of Corporation.
Secretary of Agriculture added.

SEC. 3. The War Finance Corporation Act, approved April 5, 1918, as amended, is amended by adding after section 21 of Title I thereof the following new sections:

Proviso.
Powers limited after July 1, 1922.
Post, pp. 634, 1481.

"**SEC. 22.** Whenever the Board of Directors of the Corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States or lack of a market for the sale of same or that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the Corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this Act, as it may determine;

New sections.
Vol. 40, pp. 512, 1314, amended.
Agricultural products.

Advances allowed by Corporation, owing to conditions resulting in surplus accumulation of staple, etc.

"(a) To any person engaged in the United States in dealing in, or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest at a rate not exceeding 1½ per centum in excess of the rate of discount for ninety-day commercial paper prevailing at the Federal Reserve Bank of the district in which the borrower is located at the time when such advance is made;

To dealers, producers, etc., to assist in holding products until exported, etc.

Interest rates.

"(b) To any person without the United States purchasing such products, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured by adequate security of such character as shall be prescribed by the Board of Directors of the Corporation. The rate of interest charged on any such advance shall be determined by the Board of Directors. The Corporation shall retain power to recall an advance or require additional security at any time.

To purchasers abroad of such products.

Security required.

Interest, etc.

"(c) To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any such person as is described in paragraph (a) of this section for the purpose therein set forth or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a). The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described.

To bankers, etc., making advances to producers, etc., for such purposes.

Limitation of amounts.

Interest. Such advances shall bear interest at the rates fixed by the Corporation.

Advances allowed until July 1, 1922. Extension of time of payment. Limit. Secured commercial paper required for advances. Foreign paper to be payable in United States. Guaranties, etc., required. Advances to banks, etc., having made advances, etc., for agricultural purposes, including live stock. Discounting notes, etc., therefor. Security required. Term limit. Renewals authorized. Maximum restricted. Purchase by Corporation of commercial paper secured by agricultural products or live stock. Extensions of time for payment, etc. Limit.

“SEC. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this Act may be made until July 1, 1922. The Corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise, but the time for the payment of any advance made under authority of section 21 and section 22 shall not be extended beyond three years from the date upon which such advance was originally made.

“All advances made under section 21 or under section 22 of this Act shall be made against promissory note or notes, or other instrument or instruments in writing imposing on the borrower a primary and unconditional obligation to repay the advance at maturity, with interest as stipulated therein, with full and adequate security in each instance by indorsement, guaranty, pledge, or otherwise. The Corporation shall retain the power to require additional security at any time. All notes or other instruments evidencing advances to persons outside the United States shall be in terms payable in the United States, in currency of the United States, and shall be secured by adequate guaranties or indorsements in the United States, or by warehouse receipts, acceptable collateral, or other instruments in writing conveying or securing marketable title to agricultural products in the United States.

“SEC. 24. Whenever in the opinion of the Board of Directors of the Corporation the public interest may require it, the Corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this Act as it may determine to any bank, banker, or trust company in the United States, or to any cooperative association of producers in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock, or may have discounted or rediscounted notes, drafts, bills of exchange or other negotiable instruments issued for such purposes. Such advance or advances may be made upon promissory note or notes, or other instrument or instruments, in such form as to impose on the borrowing bank, banker, trust company, or cooperative association a primary and unconditional obligation to repay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year and the Corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations or otherwise, but the time for the payment of any such advance shall not be extended beyond three years from the date upon which such advance was originally made. The aggregate of advances made to any bank, banker, trust company, or cooperative association shall not exceed the amount remaining unpaid of the advances made by such bank, banker, trust company, or cooperative association for purposes herein described.

“The Corporation may, in exceptional cases, upon such terms not inconsistent with this Act as it may determine, purchase from domestic banks, bankers, or trust companies, notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The Corporation may from time to time, upon like security, extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond three

years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the Corporation. The Corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in acceptances, adequately secured, issued by banking corporations organized under section 25 (a) of the Federal Reserve Act: *Provided*, That no purchase of acceptances of the said banking corporations shall be made except for the purpose of assisting the said banking corporations in financing the exportation of agricultural and manufactured products from the United States to foreign countries. No such acceptances shall be purchased which have a maturity at the time of such purchase of more than three years.

Dealing in acceptances of foreign banking corporations, authorized.
Vol. 41, pp. 378, 1145.

Proviso.
Restricted to exporting American products.

Maturity limitation.

“Advances or purchases may be made under this section at any time prior to July 1, 1922.

Advances, etc., allowed to July 1, 1922.

“SEC. 25. The aggregate amount of all advances made under sections 21, 22, and 24, and of all notes, drafts, bills of exchange, or other securities purchased under section 24 remaining unpaid, shall not at any one time exceed \$1,000,000,000.

Aggregate of advances, etc., limited.

“SEC. 26. Whenever in this Act the words ‘bank, banker, or trust company’ are used, they shall be deemed to include any reputable and responsible financing institution incorporated under the laws of any State or of the United States with resources adequate to the undertaking contemplated.

Inclusion of State or Federal financial institutions.

“SEC. 27. In order to enable the Corporation to carry out the purposes of this Act, the Comptroller of the Currency is hereby authorized to furnish to the Corporation for its confidential use such reports, records, or other information as he may have available relating to financial condition of national banks to which the Corporation has made or contemplates making advances, and to make, through his examiners, for the confidential use of the Corporation, examinations of banks, bankers, or trust companies, other than national banks, to which the Corporation has made or contemplates making advances: *Provided*, That no such examination shall be made without the consent of such bank, banker, or trust company.

Comptroller of the Currency to furnish information of condition of national banks receiving advances.

Examination of other banks, etc.

Proviso.
Subject to consent thereof.
Interest charge by banks limited.

“SEC. 28. No person, bank, banker, or trust company receiving money under the provisions of this Act shall loan such money at a rate of interest greater than 2 per centum per annum in excess of the rate of interest charged or received by the Corporation upon such money.”

“SEC. 4. Section 21 of Title I of the War Finance Corporation Act is hereby amended by striking out paragraphs (b) and (c) thereof, and by striking out at the beginning of the first paragraph the letter (a).

Advances to exporters
Vol. 40, p. 1313, amended.

Limit, etc., stricken out.

Vol. 40, p. 509, amended.

“SEC. 5. The first paragraph of section 12 of Title I of the War Finance Corporation Act is hereby amended and reenacted to read as follows:

Issue of notes or bonds authorized.
Limit.

“SEC. 12. That the Corporation shall be empowered and authorized to issue and have outstanding at any one time its notes or bonds in an amount aggregating not more than three times its paid-in capital, such notes or bonds to mature not less than six months nor more than five years from the respective dates of issue, and may be redeemable before maturity at the option of the Corporation, as may be stipulated in such notes or bonds, and to bear such rate or rates of interest as may be determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such notes or bonds shall have a first and paramount floating charge on all the assets of the Corporation, and the Corporation shall not at any time mortgage or pledge any of its assets. Such notes or bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered

Interest.

First lien on assets.

Issue for advances, sale, etc.

for sale publicly or to any individual, firm, corporation, or association, at such price or prices at not less than par as the board of directors, with the approval of the Secretary of the Treasury, may determine."

Termination of power, etc.
Post, p. 1481, amended.

The power of the corporation to issue notes or bonds may be exercised at any time prior to January 1, 1925, but no notes or bonds shall mature later than July 1, 1925.

Vol. 40, p. 510, amended.

SEC. 6. Paragraph 1 of section 13 of Title I of the War Finance Corporation Act is hereby amended and reenacted to read as follows:

Acceptance of bonds or notes as collateral for reserve bank discounts.

"That the Federal Reserve Banks shall be authorized, subject to the maturity limitations of the Federal Reserve Act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such notes or bonds of the Corporation and to rediscount notes or other negotiable instruments secured by such notes or bonds and indorsed by a member bank. Discounts or rediscounts under this section shall be at an interest rate equal to the prevailing rate for eligible commercial paper of corresponding maturities."

Interest charges.

SEC. 7. That section 15 of Title I of the War Finance Corporation Act be amended and reenacted to read as follows:

Corporation funds.
Vol. 40, p. 1314, amended.
Disposition of unemployed.

"SEC. 15. That all moneys of the Corporation not otherwise employed may be kept on deposit, subject to check, with the Treasurer of the United States, or in any of the Federal reserve banks, or may, upon the direction of the board of directors of the Corporation, with the approval of the Secretary of the Treasury, be invested in bonds or other obligations of the United States issued or converted after September 24, 1917, or upon like direction and approval, may be used from time to time in the purchase or redemption of any bonds issued by the Corporation.

Investment in Government securities.

Redemption of issues.

"The Federal reserve banks are hereby authorized to act as depositories for and as fiscal agents of the Corporation in the general performance of the powers conferred by this title.

Federal reserve banks may be depositories, etc.

Liquidation.
Post, pp. 634, 1481.

"Beginning July 1, 1922, the directors of the Corporation shall proceed to liquidate its assets and wind up its affairs, except as specifically provided in this title; but the directors of the Corporation, in their discretion, may, from time to time prior to such liquidation, sell and dispose of any securities or other property acquired by the Corporation.

Deposit with Treasurer after July 1, 1922.
Post, pp. 634, 1481.

"After July 1, 1922, the Corporation may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States, as a special deposit, out of money belonging to the Corporation, or from time to time received by it in the course of liquidation or otherwise, an amount equal to the aggregate amount of all outstanding bonds or notes of the Corporation, including principal and interest to maturity. Moneys so deposited shall constitute a special fund for the payment of principal and interest of such bonds or notes, or for the purchase or redemption of such bonds or notes at not more than par and accrued interest, and may be drawn upon or paid out for no other purpose.

Special fund for redemption of bonds, etc.

Moneys received after outstanding bonds, etc., provided for, to be paid into the Treasury.

"Whenever there shall have been deposited in such special fund an amount equal to the aggregate amount of all bonds or notes of the Corporation then outstanding, including principal and interest to maturity, the Corporation may, with the approval of the Secretary of the Treasury, pay into the Treasury of the United States, as miscellaneous receipts, any moneys belonging to the Corporation, or received from time to time in the course of liquidation or otherwise, in excess of a reasonable reserve to meet all liabilities and expenses during liquidation. Whenever any such payment is made, an amount of capital stock of the Corporation equal in par value to the amount so paid in shall be canceled and retired.

Stock to be canceled.

"All net earnings of the Corporation not required for its operations shall be accumulated as a reserve fund until such time as the Corporation liquidates under the terms of this title.

Reserve fund.

"Any balance remaining after the payment of all the Corporation's debts, and after the retirement of all its capital stock as herein provided, shall be paid into the Treasury of the United States as miscellaneous receipts, and thereupon the Corporation shall be dissolved."

Dissolution after debts paid and stock retired.

Approved, August 24, 1921.

CHAP. 81.—An Act Ratifying, confirming, and approving certain acts of the Legislature of Hawaii granting franchises for the manufacture, distribution, and supply of gas, electric light and power, and the construction, maintenance, and operation of a street railway, and for other purposes.

August 24, 1921.

[S. 2062.]

[Public, No. 61.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act of the Legislature of Hawaii (Act 134 of the Session Laws of 1917), entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the district of Hamakua, on the island and county of Hawaii, Territory of Hawaii," approved by the governor of the Territory of Hawaii April 30, anno Domini 1917, as amended; the act of the Legislature of Hawaii (Act 135 of the Session Laws of 1919), entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the district of Hana, on the island and county of Maui, Territory of Hawaii," approved by the governor of the Territory of Hawaii on April 25, anno Domini 1919; the act of the Legislature of Hawaii (Act 101 of the Session Laws of 1921), entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the districts of North and South Hilo and Puna, in the county of Hawaii, Territory of Hawaii," approved by the governor of the Territory of Hawaii on April 16, anno Domini 1921; the act of the Legislature of the Territory of Hawaii (Act 105 of the Session Laws of 1921), entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within Kappa and Waipouli, in the district of Kawaihau, on the island and county of Kauai, Territory of Hawaii," approved by the governor of the Territory of Hawaii on April 16, anno Domini 1921; the act of the Legislature of the Territory of Hawaii (Act 184 of the Session Laws of 1921), entitled "An act granting a franchise for the purpose of manufacturing and supplying gas and electric current in the districts of Wailuku and Makawao, county of Maui, Territory of Hawaii," approved by the governor of the Territory of Hawaii on April 26, anno Domini 1921; and the act of the Legislature of the Territory of Hawaii (Act 186 of the Session Laws of 1921), entitled "An act to amend an act entitled 'An act to authorize and provide for the construction, maintenance, and operation of a street railway or railways in the district of Honolulu, Island of Oahu,' enacted by the Legislature of the Republic of Hawaii July 7, 1898, and granting a franchise to the Honolulu Rapid Transit and Land Company to operate a street railway in the district of Honolulu, providing for the operation of the same, and providing for the purchase of the same by the city and county of Honolulu," approved by the governor of the Territory of Hawaii on April 26, anno Domini 1921, are hereby ratified, confirmed, and approved.

Hawaii. Acts of legislature granting franchises for designated public utilities.

Ratified and approved.

SEC. 2. That Congress, or the Legislature of the Territory of Hawaii may at any time alter, amend, or repeal any or all of the above acts.

Amendment, etc., by Congress or legislature authorized.

Approved, August 24, 1921.