THE NATIONAL CURRENCY BILL.

AN ACT to provide a national currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be established in the Treasury Department a separate bureau, which shall be charged with the execution of this and all other laws that may be passed by Congress respecting the issue and regulation of a national currency secured by United States bonds. The chief officer of the said bureau shall be denominated the Controller of the Currency, and shall be under the general direction of the Secretary of the Treasury. He shall be appointed by the President, on the nomination of the Secretary of the Treasury, by and with the advice and consent of the Senate, and shall hold his office for the term of five years unless sooner removed by the President, by and with the advice and consent of the Senate; he shall receive an annual salary of $5,000; he shall have a competent Deputy, appointed by the Secretary, whose salary shall be $2,500, and who shall possess the power and perform the duties attached by law to the office of Controller during a vacancy in such office and during his absence or inability; he shall employ, from time to time, the necessary clerks to discharge such duties as he shall direct, which clerks shall be appointed and classified by the Secretary of the Treasury in the manner now provided by law. Within fifteen days from the time of notice of his appointment, the Controller shall take and subscribe the oath of office prescribed by the Constitution and laws of the United States, and he shall give to the United States a bond in the penalty of $100,000, with not less than two responsible freeholders as sureties, to be approved by the Secretary of the Treasury, conditioned for the faithful discharge of the duties of his office. The Deputy Controller so appointed shall also take the oath of office prescribed by the Constitution and laws of the United States, and shall give a like bond in the penalty of $50,000. The Controller and Deputy Controller shall not, either directly or indirectly, be interested in any association issuing national currency under the provisions of this act.

SEC. 2. *And be it further enacted,* That the Controller of the Currency, with the approval of the Secretary of the Treasury, shall devise a seal, with suitable inscriptions, for his office—a description of which, with a certificate of approval by the Secretary of the Treasury, shall be filed in the office of the Secretary of State with an impression thereof, which shall thereupon become the seal of office of the Controller of the Currency, and the same may be renewed when necessary. Every certificate, assignment, and conveyance, executed by the Controller, in pursuance of any authority conferred on the Controller, in pursuance of any authority conferred on him by law, and sealed with his seal of office, shall be received in evidence in all places and courts whatsoever; and all copies of papers in the office of the Controller, certified by him and authenticated by the said seal, shall in all cases be evidence equally and in like manner as the original. An impression of such seal directly on the paper shall be as valid as if made on wax or water.

SEC. 3. *And be it further enacted,* That there shall be assigned to the Controller of the Currency by the Secretary of the Treasury suitable rooms in the Treasury building for conducting the business of the Currency bureau, in which shall be safe and secure fire-proof vaults, in which it shall be the duty of the Controller to deposit and safely keep all the plates and other valuable things belonging to his department; and the Controller shall from time to time furnish the necessary furniture, stationery, fuel, lights, and other proper expenses for the transaction of the said business.

SEC. 4. *And be it further enacted,* That the term "United States bonds," as used in this act, shall be construed to mean all coupon and registered bonds now issued or that may hereafter be issued on the faith of the United States by the Secretary of the Treasury in pursuance of law.

SEC. 5. *And be it further enacted,* That associations for carrying on the business of banking may be formed by any number of persons, not less in any case than five.

SEC. 6. *And be it further enacted,* That persons uniting to form such an association shall, under their hands and seals, make a certificate which shall specify—

First: The name assumed by such association.

Second: The place where its operations of discount and deposit are to be carried on, designating the State, Territory, or district, and also the particular city, town, or village.

Third: The amount of its capital stock, and the number of shares into which the same shall be divided, which capital stock shall not be less than $50,000; and in cities whose population is over 10,000 persons, the capital stock shall not be less than $100,000.

Fourth: The names and places of residence of the shareholders and the number of shares held by each of them.

Fifth: The time when such association shall commence.

Sixth: A declaration that said certificate is made to enable such persons to avail themselves of the advantages of this act.

The said certificate shall be acknowledged before a Judge of some Court of Record or a Notary Public, and the acknowledgment thereof certified under the seal of such Court or Notary, and shall be transmitted, together with a copy of the articles of association which shall have been adopted, to the Controller of the Currency, who shall record and carefully preserve the same in his office. Copies of such certificate, duly certified by the Controller, and authenticated by his seal of office, shall be legal and sufficient evidence in all courts and places within the United States, or the jurisdiction of the Government thereof, of the existence of such association, and of every other matter or thing which could be proved by the production of the original certificate.

SEC. 7. *And be it further enacted,* That at least 50 per centum of the capital stock of such association shall be paid in at the time of the commencement of its banking business, and the remainder of the capital stock of such association shall be paid in installments of at least 10 per centum each on the money thereof, to which the association shall be limited, as frequently as one installment at the end of each succeeding two months from the time of the commencement of its banking operations, until the whole of the capital stock shall be paid in.

SEC. 8. *And be it further enacted,* That if any shareholder, or his assignee, shall fail to pay any installment on the stock when the same is required by the foregoing section to be paid, the directors of such association may sell the stock held by such delinquent shareholder at public auction, having given three weeks' previous notice thereof in a newspaper published and of general circulation in the city where the association is located, if the same be located in a city, and if not so located, then in a newspaper printed, or of general circulation, in the county where the same is located, to any person who will pay the highest price therefor, and not less than the amount then due thereon, with the expenses of advertisement and sale; and the excess, if any, shall be paid to the delinquent shareholder. If no bidder can be found who will pay for such stock the amount due thereon to the association, and the costs of advertisement and sale, the amount previously paid shall be forfeited to the association, and such stock may subsequently be sold as the directors may order.

SEC. 9. *And be it further enacted,* That whenever a certificate shall have been transmitted to the Controller of the Currency, as provided in this act, and the association transmitting the same shall notify the Controller that at least thirty per centum of its capital stock has been paid as aforesaid, and that such association has complied with all the provisions of this act required to be complied with before such association shall be authorized to commence the business of banking, and that such association is desirous of commencing such business, the Controller shall immediately proceed, in such manner as he shall by general rules prescribe, to examine the condition of such association; to ascertain especially the amount of money paid in on account of its capital stock; the name and place of residence of each of the directors of such association, and the amount of capital stock of which each is the bona fide owner, and generally whether such association has complied with all the requirements of this act to entitle it to engage in the business of banking; and shall cause to be made, and attested by the oaths of a majority of the directors and by the President or Cashier of such association, a statement of all the facts necessary to enable the Controller to determine whether such association is lawfully entitled to commence the business of banking under this act.

SEC. 10. *And be it further enacted,* That if, upon a careful examination of the facts so reported, and of any other facts which may come to the knowledge of the Controller, whether by means of a special commission appointed by him for the purpose of inquiring into the condition of such association, or otherwise, it shall appear that such association is lawfully entitled to commence the business of banking, the Controller shall give to such association a certificate under his hand and official seal, showing that such association has complied with all the provisions of this act required to be complied with before being entitled to commence the business of banking under it, and that such association is authorized to commence such business accordingly, and it shall be the duty of such association thereupon to cause said certificate to be published in some newspaper published in the city or county where such association is located for at least sixty days next after the issuing thereof: *Provided,* That, if no newspaper is published in such city or county, such certificate shall be published as the Controller of the Currency shall direct.

SEC. 11. *And be it further enacted,* That every association formed pursuant to the provisions of this act may make and use a common seal, and shall have succession by the name designated in its articles of association and for the period limited therein, not, however, exceeding twenty years from the passage of this act; by such name may make contracts, sue and be sued, complain and defend in any court of law or equity as fully as natural persons, and may make by-laws, approved by the Controller of the Currency, not inconsistent with the laws of the United States or the provisions of this act, for the election of directors, the management of its property, the regulation of its affairs, and for the transfer of its stock; and shall have power to carry on the business of banking by obtaining and issuing circulating notes in accordance with the provisions of this act, by discounting bills, notes, and other evidences of debt, by receiving deposits; by buying and selling gold and silver bullion, foreign coins, and bills of exchange; by loaning money on real and personal security in the manner specified in their articles of association for the purposes authorized by this act, and by exercising such incidental powers as shall be necessary to carry on such business; to choose one of their number as president of such association and to appoint a cashier and such other officers and agents as their business may require; and to remove such president, cashier, officers, and agents at pleasure, and appoint others in their place; and their usual business shall be transacted in banking offices located at the places specified respectively in its certificate of association, and not elsewhere.

SEC. 12. *And be it further enacted,* That the shares of associations formed under this act shall be deemed personal property and shall be transferable on the books of the association in such manner as may be prescribed in the by-laws or articles of association; and every person becoming a shareholder by such transfer shall, in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of association by which the rights, remedies, or security of the existing creditors of the association shall be impaired. For all debts contracted by such association for circulation, deposits, or otherwise, each shareholder shall be liable to the amount of their par value, of the shares held by him in addition to the amount invested in such shares.

SEC. 13. And be it further enacted, That it shall be lawful for any association formed under this act, by its articles of association, to provide for an increase of its capital from time to time as may be deemed expedient, subject to the limitations of this act; but no such increase shall be valid until the increased capital shall be paid in and notice thereof shall have been transmitted to the Controller of the Currency, and his certificate obtained specifying the amount of such increase of capital stock, and that the same has been duly paid to such association.

SEC. 14. And be it further enacted, That it shall be lawful for any such association to purchase, hold, and convey real estate as follows:

First, Such as shall be necessary for its immediate accommodation in the transaction of its business.

Second, Such as shall be mortgaged to it in good faith by way of security for loans made by such association, or for moneys due thereto.

Third, Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Fourth, Such as it shall purchase at sales under judgments, decrees, or mortgages held by such association.

Such association shall not purchase or hold real estate in any other case or for any other purpose than as specified in this section.

SEC. 15. And be it further enacted, That every association, after having complied with the provisions of this act preliminary to the commencement of banking business under its provisions, shall transfer and deliver to the Treasurer of the United States any United States bonds bearing interest to an amount not less than one-third of the capital stock paid in; which bonds shall be deposited with the Treasurer of the United States, and by him safely kept in his office until the same shall be otherwise disposed of, in pursuance of the provisions of this act.

SEC. 16. And be it further enacted, That upon the making of any such transfer and delivery, the association making the same shall be entitled to receive from the Controller of the Currency circulating notes of different denominations, in blank, registered and countersigned as hereinafter provided, equal in amount to ninety per centum of the current market value of the United States bonds so transferred and delivered, but not exceeding the par value thereof, if bearing interest at the rate of six per centum, or of equivalent United States bonds bearing a less rate of interest; and at no time shall the total amount of such notes issued to any such association, exceed the amount at such time actually paid in of its capital stock.

SEC. 17. And be it further enacted, That the entire amount of circulating notes to be issued under this act shall not exceed $300,000,000. One hundred and fifty millions of which sum shall be apportioned to associations in the States, in the District of Columbia, and in the Territories, according to representative population, and the remainder shall be apportioned by the Secretary of the Treasury among associations formed in the several States, in the District of Columbia, and in the Territories, having due regard to the existing banking capital, resources and business of such States, District and Territories.

SEC. 18. And be it further enacted, That, in order to furnish suitable notes for circulation, the Controller of the Currency is hereby authorized and required, under the direction of the Secretary of the Treasury, to cause plates to be engraved in the best manner to guard against counterfeiting and fraudulent alterations, and to have printed therefrom, and numbered, such quantity of circulating notes, in blank, of the denominations of $5, $10, $20, $50, $100, $500, and $1,000, as may be required to supply, under this act, the associations entitled to receive the same; which notes shall express upon their face that they are secured by United States bonds, deposited with the Treasurer of the United States, and issued under the provisions of this act, which statement shall be attested by the written engraved signatures of the Treasurer and Register, and by the imprint of the seal of the Treasury; and shall also express upon their face the promise of the association receiving the same to pay on demand, attested by the signatures of the President or Vice-President and Cashier; and the said notes shall bear such devices and such other statements, and shall be in such form, as the Secretary of the Treasury shall, by regulation, direct.

SEC. 19. And be it further enacted, That the plates and special dies to be procured by the Controller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the provisions of this act respecting the procuring of such notes shall be audited and paid as contingent expenses of the Treasury Department; and for the purpose of reimbursing the same, and all other expenses incurred under this act, and in lieu of all taxes upon the circulation authorized by this act, or upon the bonds deposited for security of the same, each association organized under this act shall semi-annually on the first days of January and July, after its organization, pay to the Controller of the Currency, in lawful money of the United States, one per centum on the amount of circulating notes received by such association, and in default thereof the Treasurer of the United States is hereby authorized to reserve and retain one per centum on the amount of said bonds so deposited at each semi-annual payment of interest thereon; and all sums so reserved and retained shall be paid into the Treasury under the direction of the Secretary, and every bank, banking association, or corporation not organized under the provisions of this act, issuing notes calculated or intended to circulate as money, shall, on the first day of July next, and regularly on the first days of January and July thereafter, make and deliver to the Controller of the Currency a true and accurate return of the gross amount of notes issued by it, whether in circulation, or in its vaults, or on deposit elsewhere; and in default of any such return, the bank, banking association, or corporation so failing to make return, shall pay to the United States a penalty of two per centum upon its entire capital stock, to be recovered, for the use of the United States, in any court of competent jurisdiction.

SEC. 20. And be it further enacted, That after any such association shall have caused its promise to pay such notes on demand to be signed by the president or vice-president and cashier thereof, in such manner as to make them obligatory promissory notes, payable on demand, at its place of business, such association is hereby authorized to issue and circulate the same as money, and the same shall be received at par in all parts of the United States in payment of taxes, excises, public lands, and all other dues to the United States, except for duties on imports, and also for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations within the United States, except interest on public debt; and no such association shall issue post notes or any other notes to circulate as money than such as are authorized by the foregoing provisions of this act.

SEC. 21. And be it further enacted, That all transfers of United States bonds which shall be made by any association as security for circulating notes under the provisions of this act shall be made to the Treasurer of the United States, with a memorandum written or printed on the certificate of such bonds, and signed by the cashier or some other officer of the association making the deposit, stating that it is held in trust for the association on whose behalf such transfer is made, and as security for the redemption and payment of the circulating notes delivered to such association; and no transfer of any such bonds by the Treasurer shall be deemed valid or of binding force and effect unless sanctioned by the order of the Controller of the Currency upon the Treasurer. It shall be the duty of the Controller of the currency to keep in his office a book in which shall be entered the name of every association from whose account such transfer of bonds is made by the Treasurer, and the name of the party to whom such transfer is made, unless such transfer is made in blank, in which case the fact shall be stated in said book, and in either case the par value of the bonds so transferred shall be entered therein; and it shall be duty of the Controller, immediately upon countersigning and entering the same, to advise by mail the association from whose account such transfer was made the kind of bonds and the amount thereof so transferred.

SEC. 22. And be it further enacted, That it shall be the duty of the Controller of the Currency to countersign and enter in the book, in the manner aforesaid, every transfer or assignment of any bonds held by the Treasurer presented for his signature; and the Comptroller shall have at all times during office hours access to the books of the Treasurer, for the purpose of ascertaining the correctness of the transfer or assignment presented him to countersign; and the Treasurer shall have the like access to the book above mentioned, kept by the Controller, during office hours, to ascertain the correctness of the entries in the same.

SEC. 23. And be it further enacted, That it shall be the duty of either the president or cashier of every banking association having stocks deposited in the office of the Treasurer of the United States, once or more in each fiscal year, and at such other time or times during the ordinary business hours as said officer or officers may select, to examine and compare the bonds so pledged with the books of said department, and if found correct, to execute to the said Treasurer a certificate setting forth the different kinds and the amounts thereof, and that the same are in the possession and custody of the Treasurer at the date of such certificate. Such examination may be made by an agent of such association, duly appointed in writing for that purpose, whose certificate before mentioned shall be of like force and validity as if executed by such president or cashier.

SEC. 24. And be it further enacted, That every association issuing circulating notes under the provisions of this act shall make a quarterly report to the Controller of the Currency, commencing on the first day of the quarter of the year next succeeding the organization of such association, and continuing on the first days of each succeeding quarter in every year thereafter, which report shall be verified by the oath or affirmation of the president and cashier, and all willful false swearing in respect to such report shall be perjury, and subject to the punishment prescribed by law for such offenses. The report hereby required shall be in the form prescribed by the Controller, and shall contain a true statement of the condition of the association making such report, before the transaction of any business on the morning of the day specified, next preceding the day of such report, in respect of the following items and particulars, to wit: Loans and discounts, overdrafts due from banks, amount due from the directors of the association, real estate, specie, cash items, stocks, bonds, and [illegible] bills of solvent banks, bills of suspended banks, loss and expense account, capital, circulation, promissory notes payable to banks, amount due to individuals and corporations other than banks, amount due the Treasurer of the United States, amount due to depositors on demand, amount due, not included under either of the above heads. And it shall be the duty of the Controller to publish full abstracts of such reports together in two newspapers to be designated by him for that purpose—one in the City of Washington and the other in the City of New-York—exhibiting the items of capital, circulation, and deposits, specie and cash items, public securities and private securities, and the separate report of each association shall be published in a newspaper published in the place where such association is established, or, if there be no newspaper at such place, then in a newspaper published at the capital of the State, at the expense of the association making such report. In addition to the quarterly reports required by this section, every association located and doing business in the cities of Boston, Providence, New-York, Philadelphia, Baltimore, Cincinnati, Chicago, St. Louis, and New-Orleans, shall publish or cause to be published, on the morning of the first Tuesday in each month, in a newspaper printed in the city in which the association making such report is located, to be designated by the Controller of the Currency, a statement, under the oath of the President or Cashier, showing the condition of the association making such statement on the morning of the day next preceding the date of such statement in respect to the following items and particulars, to wit: average amount of loans and discounts, specie, deposits, and circulation.

SEC. 25. And be it further enacted, That if any such association shall at any time fail to redeem, in the lawful money of the United States, any of its circulating notes, when payment thereof shall be lawfully demanded, during the usual hours of business, at the office of such association the holder may cause the same to be protested, in one package, by a Notary Public, unless the President or Cashier of the association shall offer to waive demand and notice of protest, and shall, in pursuance of such offer, make, sign, and deliver to the party making such demand an admission in writing, stating the time of the demand, the amount demanded, and the fact of the non-payment thereof; and such Notary Public, on making such protest, or upon receiving such admission, or all notes which shall be put forward such admission or notice of protest to the Controller of the Currency; and after such default it shall be lawful for the association referring the same to pay out any of its notes, discount any notes or bills, or otherwise prosecute the business of banking, except to receive and safely keep money belonging to it, and to deliver special deposits: Provided, however, That if satisfactory proof be produced to such Notary Public that the payment of any such notes shall not protect the same; and when the holder of such notes shall cause more than one package to be protested on the same day, he shall not receive pay for more than one protest.

SEC. 26. And be it further enacted, That on receiving notice that any such association has failed to redeem any of its circulating notes, as specified in the next preceding section, the Controller of the Currency, with the concurrence of the Secretary of the Treasury, may appoint a special agent (of whose appointment immediate notice shall be given to such association), who shall immediately proceed to ascertain whether such association has refused to pay its circulating notes, to the lawful money of the United States, when demanded as aforesaid, and report to the Controller the facts so ascertained; and if, from such protest or the report so made, the Controller shall be satisfied that such association has refused to pay its circulating notes as aforesaid, and is in default, he shall within thirty days after he shall have received notice of such failure, declare the United States bonds and securities pledged by such association forfeited to the United States, and the same shall thereupon be forfeited accordingly; and thereupon the Controller shall immediately give notice, in such manner as the Secretary of the Treasury shall, by general rules or otherwise, direct, to the holders of the circulating notes of such association to present them for payment at the Treasury of the United States; and the same shall be paid as presented, whereupon said Controller may, in his discretion, cause an equal amount of the bonds pledged by such association, equal at current market rates, not exceeding par, to the notes paid, and it shall be lawful for the Secretary of the Treasury, from time to time, to make such circulating notes after presentation thereof for payment as aforesaid, and respecting the postponement of the evidence of the payment thereof, as may seem to him proper; but all such notes, on being paid, shall be canceled; and for any deficiency in the proceeds of the bonds pledged by such association, when disposed of as hereinafter specified, to reimburse to the United States the amount so expended in paying the circulating notes of such association, the United States shall have a first and permanent lien upon all the assets of said association, and such deficiency shall be made good out of such assets in preference to any and all other claims whatever, except the necessary costs and expenses of administering the same.

SEC. 27. And be it further enacted, That whenever the Controller shall become satisfied, as in the last preceding section specified, that any such association has refused to pay its circulating notes as therein mentioned, he may, instead of proceeding the United States bonds pledged by such association, as provided in the next preceding section, cause so much of them as may be necessary to redeem the outstanding circulating notes of such association to be sold at public auction in the City of New-York, after giving thirty days' notice of such sale to such association.

SEC. 28. And be it further enacted, That the Controller of the Currency may, if he shall be of opinion that the interests of the United States will be best promoted thereby, sell at private sale any of the stock so transferred to him by such association, and receive therefor either money or the circulating notes of such failing association: Provided, that no such bonds shall be sold by private sale for less than par, nor less than the market value thereof at the time of sale: And provided, further, That no sales of any such stock, either public or private, shall be complete until the transfer thereof shall have been made with the formalities prescribed in this act.

SEC. 29. And be it further enacted, That on becoming satisfied, as specified in this act, that any such association has refused to pay its circulating notes as therein mentioned, and is in default, the Controller of the Currency may forthwith appoint a receiver, and require of him such bond and security as he shall deem proper, who, under the direction of the Controller, shall take possession of the books, records, and assets of every description of such association, collect all debts, dues, and claims belonging to such association, and, upon the order of a court of record of competent jurisdiction, may sell or compound all bad or doubtful debts, and, on a like order, sell all the real and personal property of such association, on such terms as the court shall direct; and such receiver shall pay over all moneys so made to the Treasurer of the United States, and also make report to the Controller of the Currency of all his acts and proceedings. The Controller shall thereupon cause notice to be given, by advertisement in such newspapers as he may direct, for three consecutive months, calling on all persons who may have claims against such association to present the same, and to make legal proof thereof; and from time to time the Controller, after full provision shall have been first made for refunding to the United States any such deficiency in redeeming the notes of such association as is mentioned in this act, shall make a ratable dividend of the moneys so paid over to him by such receiver on all such claims as may have been so proved or adjudicated in a court of competent jurisdiction, and from time to time, as the proceeds of the assets of such association shall be paid over to him, he shall make further dividends, as aforesaid, on all claims previously proved or adjudicated; and the remainder of such proceeds, if any, shall be paid over to the shareholders of such association, or their legal representatives, in proportion to the stock by them respectively held: Provided, however, That if any such association, against which proceedings have been so instituted on account of any alleged refusal to redeem its circulating notes aforesaid, shall deny having failed to do so, such association may at any time within ten days after such association shall have been notified of the appointment of an agent as provided in this act, apply to the nearest Circuit, or District, or Territorial Court of the United States, to enjoin further proceedings in the premises, and such Court, after citing the Controller of the Currency to show cause why further proceedings should not be enjoined, and after the decision of the Court or finding of a Jury that such association has not refused to redeem its circulating notes, when legally presented in the lawful money of the United States, shall make an order enjoining the Controller, and any receiver acting under his direction, from all further proceedings on account of such alleged refusal.

SEC. 30. And be it further enacted, That the bonds transferred to the Treasurer of the United States, as hereinbefore provided, by any banking association for the security of its circulating notes, shall be held exclusively for that purpose, until such notes shall be redeemed, except as provided in this act; but the Controller of the Currency may give to any such banking association powers of attorney to receive and appropriate to its own use the interest on the bonds which shall have been so transferred to the Treasurer by it, but such powers shall become inoperative whenever such banking association shall fail to redeem its circulating notes as aforesaid; and said Controller may direct the return of any of said bonds to the banking association which transferred the same, upon the surrender to him and the cancellation of a proportionate amount of such circulating notes: Provided, That ninety per centum of the current market value of the remaining bonds which shall have been transferred by the banking association offering to surrender such circulating notes shall be equal to the amount of all the circulating notes retained by such banking association: And provided, further, That there shall have been no failure by such association to redeem its circulating notes, and that there shall have been no other violation by such association of any of the provisions of this act, or the security of the creditors of such association, nor shall the Treasurer be required to surrender such bonds in fractional sums of less than one thousand dollars: and if at any time after said bonds shall be deposited with the Treasurer of the United States, as aforesaid, the market value shall be reduced, the Controller of the Currency is hereby authorized to demand and receive the amount of such depreciation in other United States bonds at cash value, or in money, from the association receiving said bonds, to be deposited with the Treasurer of the United States, as long as such depreciation continues.

SEC. 31. And be it further enacted, That whenever the price of any of the bonds pledged as aforesaid for the redemption of the circulating notes of any such banking association shall be, at the Stock Exchange, in the City of New-York, for four consecutive weeks, at a rate less than that at which they shall have been estimated when so pledged, and such depreciation shall not have been made good by a deposit of other bonds or money, it shall be the duty of the Controller of the Currency to notify the Treasurer of the United States of such fact, and the payment of interest upon such depreciated bonds shall be suspended, and such interest shall be retained by said Treasurer until the same, when added to the current market value of the bonds so pledged, to be ascertained as aforesaid, shall be equal to the amount for which such bonds were pledged: Provided, that it shall be the duty of the Controller of the Currency, at the expiration of every period of three months, to cause the whole of the sums so retained, and then remaining in the treasury of the United States, to be invested in United States bonds, in the name of the Controller of the Currency, in trust for the respective associations by which the bonds on which such interest shall have accrued shall have been pledged; and whenever the price of such depreciated bonds at the Stock Exchange in New-York shall rise to the price at which they were pledged, and so remain four consecutive weeks, such investment shall be assigned to such association, and all accruing interest on such pledged bonds shall thereafter be paid to such association on demand thereof.

SEC. 32. And be it further enacted, That it shall be the duty of the Controller of the Currency to receive worn-out or mutilated circulating notes issued by any such banking association, and to deliver in place thereof to such association other bank circulating notes to an equal amount; and such worn-out or mutilated notes, after a memorandum shall have been entered in the proper books, in accordance with such regulations as may be established by the Controller, as well as all circulating notes which shall have been paid or surrendered to be canceled, shall be burned to ashes in presence of three persons, one to be appointed by the Secretary of the Treasury, one by the Controller of the Currency, and one by the Treasurer of the United States, under such regulations as the Secretary of the Treasury may prescribe; and in case such notes shall have been delivered to the Controller by an officer or agent of such association, then in the presence, also, of such officer or agent; and a certificate of such burning, signed by the parties so appointed, shall be made in the books of the Controller, and a duplicate thereof given to such officer or agent.

SEC. 33. *And be it further enacted,* That it shall be unlawful for any officer acting under the provisions of this act to countersign or deliver to any such association, or to any other company or person, any circulating notes contemplated by this act, except as herein before provided, and in accordance with the true intent and meaning of this act; and any officer who shall violate the provisions of this section shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by fine not exceeding double the amount so countersigned and delivered, and imprisonment not exceeding fifteen years, at the discretion of the Court in which he shall be tried.

SEC. 34. And be it further enacted, That all fees for protesting the notes issued by any such banking association shall be paid by the person procuring the protest to be made, and such banking association shall be liable therefor; but no part of the stock pledged by such banking association, as aforesaid, shall be applied to the payment of such fees; and all expenses of any preliminary or other examinations into the condition of any association shall be paid by such association; and all expenses of any receivership shall be paid out of the assets of such association before distribution of the proceeds thereof.

SEC. 35. And be it further enacted, That the stockholders, collectively, of any such association shall at no time be liable to such association, either as principal debtors or sureties, or both, to an amount greater than three-fifths of the capital stock actually paid in and remaining undiminished by losses or otherwise; nor shall the directors be so liable, except to such amount and in such manner as shall be prescribed by the by-laws of such association, adopted by its stockholders to regulate such liabilities.

SEC. 36. And be it further enacted, That the capital stock of any association formed under this act shall be divided into shares of one hundred dollars each, and shall be assignable on the books of the association in such manner as its by-laws shall prescribe; but no shareholder in any association under this act shall have power to sell or transfer any share held in his own right, so long as he shall be liable, either as principal, debtor, surety, or otherwise, to the association, for any debt which shall have become due and remain unpaid, nor in any case while such shareholder is entitled to receive any dividend, interest, or profit, on such share, so long as such liabilities shall continue, but all such dividends, interests, and profits, shall be retained by the association, and applied to the discharge of such liabilities; and no stock shall be transferred without the consent of a majority of the directors while the holder thereof is to its indebted to the association.

SEC. 37. And be it further enacted, That no banking association shall take, as security for any loan or discount, a lien upon any part of its capital stock; but the same security, both in kind and amount, shall be required of shareholders as of other persons; and no such banking association shall be the purchaser or holder of any portion of its capital stock, or of the capital stock of any other incorporated company, unless such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith, on security which, at the time, was deemed adequate to insure the payment of such debt, independent of any lien upon such stock; or in case of forfeiture of stock for the non-payment of installments due thereon, and stock so purchased or acquired shall in no case be held by such association, on purchasing for a longer period of time than six months, if the same can, within that time, be sold for what the stock cost.

SEC. 38. And be it further enacted, That, in all elections of directors, and in deciding all questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by him; shareholders may vote by proxies duly authorized in writing; but no officer, clerk, teller, or bookkeeper of such association shall act as proxy; and no stockholder whose liability is past due and unpaid shall be allowed to vote.

SEC. 39. And be it further enacted, That the affairs of every such association shall be managed by not less than five nor more than nine directors, one of whom shall be President of the association. Every director shall, during his whole term of service, be a citizen of the United States and a resident of the state in which such association is located. At least three-fourths of the directors shall have resided in the State in which such association is located one year next preceding their election as directors; and each director shall own in his own right stock in one per centum of the capital stock of such association, not exceeding $2,000, and the half of one per centum of its capital in excess of $20,000. Each director shall take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or wilfully permit to be violated, any of the provisions of this act, and that he is the bona fide owner, in his own right, of the shares of stock standing in his name on the books of the association, and that the same is not hypothecated, or in any way pledged, as security for any loan obtained or debt owing to the association of which he is a director, which oath, subscribed by himself, and certified by the officer before whom it is taken, shall be and be filed by the officer before whom it is taken, shall be immediately transmitted to the Controller of the Currency, and be kept filed and preserved in his office.

SEC. 40. And be it further enacted, That the directors of any such association first elected shall hold their places until their successors shall be elected and qualified. All subsequent elections shall be held annually, on such day in the month of January as the stockholders of said association may prescribe; and the directors so elected shall hold their places for one year, and until their successors are elected and qualified. But any director removing from the State, or ceasing to be the owner of the requisite amount of stock, shall thereby vacate his place. Any vacancy in the Board shall be filled by appointment by the remaining directors. The director so appointed shall hold his place until the next annual election, and if, from any cause, an election of directors shall not be made at the time appointed, the association shall not for that cause be dissolved, but an election may be held on any subsequent day, thirty days' notice thereof having been given in a newspaper printed, or of general circulation, in the city, town or county in which the association is located; and if no newspaper is published in such city, town or county, such notice shall be published in a newspaper in the county adjoining.

SEC. 41. And be it further enacted, That every such association shall at all times have on hand, in lawful money of the United States, an amount equal to at least twenty-five per centum of the aggregate amount of its outstanding notes of circulation and its deposits; and whenever the amount of its outstanding notes of circulation and deposits shall exceed the above-named proportion for the space of twelve days, or whenever such lawful money of the United States shall at any time fall below the amount of twenty-five per centum of its circulation and deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of Exchange, payable at sight, nor make any dividend of its profits, until the required proportion between the aggregate amount of its outstanding notes of circulation and its deposits and lawful money of the United States shall be restored: Provided, however, That clearing-house certificates, representing specie or lawful money specially deposited for the purpose of any clearing-house association, shall be deemed to be lawful money in the possession of any association belonging to such clearing-house holding and owning such certificates, and considered to be a part of the lawful money which such association is required to have, under the foregoing provisions of this section: Provided further, That any balance due to any association organized under this act in other places from any association in the cities of Boston, Providence, New-York, Philadelphia, Baltimore, Cincinnati, Chicago, Saint Louis, or New-Orleans, in good credit, subject to be drawn for at sight, and available to redeem their circulating notes and deposits, may be deemed to be a part of the lawful money which such association in other places than the cities of Boston, Providence, New-York, Philadelphia, Baltimore, Cincinnati, Chicago, Saint Louis and New-Orleans are required to have by the foregoing provisions of this section, to the extent of three-fifths of the said amount of twenty-five per centum required. And it shall be competent for the Controller of the Currency to notify any such association whose lawful money reserve, as aforesaid, shall fall below said proportion of twenty-five per centum, to make good such reserve; and if such association shall fail for thirty days thereafter so to make good its reserve of lawful money of the United States, the Controller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up the business of such association, as provided in this act.

SEC. 42. And be it further enacted, That no association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in, and remaining undiminished by losses or otherwise, except on the following accounts, that is to say:

First: On account of its notes of circulation.

Second: On account of moneys deposited with, or collected by, such association.

Third: On account of bills of exchange or drafts drawn against money actually on deposit to the credit of such association, or due thereto.

Fourth: On account of liabilities to its stockholders, for money paid in on capital stock, and dividends thereon, and reserved profits.

SEC. 43. And be it further enacted, That no association shall, either directly or indirectly, pledge or hypothecate any of its notes of circulation, for the purpose of procuring money to be paid in on its capital stock, or to be used in its banking operations, or otherwise.

SEC. 44. And be it further enacted, That no association, or any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in form of dividends, loans to stockholders for a longer time than six months, or in any other manner, any portion of its capital; and if losses shall at any time have been sustained by any such association equal to or exceeding its undivided profits then on hand, no dividend shall be made; and no dividend shall ever be made by any association, while it shall continue its banking operations, to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts; and all debts due to any association, on which interest is past due and unpaid for a period of six months, unless the same shall be well secured, and shall be in process of collection, shall be considered bad debts within the meaning of this act.

SEC. 45. And be it further enacted, That the directors of every association, at all seasonably, in the months of May and November, declare a dividend of so much of the profits of such association as they shall judge expedient; and on each dividend day the cashier shall make, and verify by his oath, a full, clear, and accurate statement of the condition of the association, as shall be on that day after declaring the dividend, which statement shall contain:

First: The amount of the capital stock actually paid in and then remaining as the capital stock of such association.

Second: The amount of the circulating notes of such association then in circulation.

Third: The greatest amount in circulation at any time since the making of the last previous statement as shall have been exhibited by the weekly statements of the cashier, specifying the times when the same occurred.

Fourth: The amount of balances and debts of every kind due to other banks and banking associations.

Fifth: The amount due to depositors.

Sixth: The total amount of debts and liabilities of every description, and the greatest amount since the making of the last previous statement, specifying the time when the same accrued.

Seventh: The total amount of lawful money of the United States belonging to the association, and in its possession at the time of making the statement.

Eighth: The amount of lawful money of the United States belonging to the association, and in its possession at the time of making the statement.

Ninth: The amount subject to be drawn at sight, in lawful money of the United States, then remaining on deposit with any associations, banks or bankers, specifying the amounts so on deposit in the cities of Boston, Providence, New-York, Philadelphia, Baltimore, Cincinnati, Chicago, St. Louis, and New Orleans.

Tenth: The amount then on hand of bills or notes, issued by other banks and banking associations.

Eleventh: The amount of balances due from other banks, bankers, and banking associations, excluding deposits subject to be drawn at sight as aforesaid.

Twelfth: The amount on hand of bills, bonds, stocks, notes, and other evidences of debts, discounted or purchased by the association, specifying particularly the amount of suspended debt, the amount considered bad, the amount considered doubtful, and the amount in suit or judgment.

Thirteenth: The value of the real and personal property held for the convenience of the association, specifying the amount of each.

Fourteenth: The amount of real estate taken in payment of debts due to the association.

Fifteenth: The amount of the undivided profits of the association.

Sixteenth: The total amount of the liability to the association by the directors thereof collectively, specifying the gross amount of such liabilities as principal debtors, and the gross amount of indorsers or sureties.

The statement thus made shall forthwith be transmitted to the Controller of the Currency.

SEC. 46. And be it further enacted, That every association may take, reserve, receive, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, such rate of interest or discount as is for the time the established rate of interest for delay to the payment of money in the absence of contract between the parties, by the laws of the several States in which the associations are respectively located, and no more: Provided, however, That interest may be reserved or taken, in advance, at the time of making the loan or discount, according to the usual rules of banking, and the knowingly taking, receiving, or charging of a rate of interest greater than that allowed by this section, shall be held and adjudged a forfeiture of the debt or demand on which the same is taken, reserved, or charged; but the purchase, discount, or sale of a bill of exchange, drawn on actually existing values, and payable at another place than the place of such purchase, discount, or sale, at the current discount or premium, shall not be considered as taking, reserving, or charging interest.

SEC. 47. And be it further enacted, That the total liabilities of any person, or of any company or firm, (including in the liabilities of a company, or firm the liabilities of the several members thereof,) to any association, including liabilities as acceptor of bona fide bills of exchange, payable out of the State where the association is located, shall at no time exceed one-third; exclusive of liabilities as acceptor, one-fifth; and exclusive of