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X-6105

(Public - No. 279 - 69th Congress)

(S. 2606)

An Act To prohibit offering for sale as Federal farm loan bonds any securities not issued under the terms of the Farm Loan Act, to limit the use of the words "Federal," "United States," or "reserve," or a combination of such words, to prohibit false advertising, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no bank, banking association, trust company, corporation, association, firm, partnership, or person not organized under the provisions of the Act of July 17, 1916, known as the Federal Farm Loan Act, as amended, shall advertise or represent that it makes Federal farm loans or advertise of offer for sale as Federal farm loan bonds any bond not issued under the provisions of the Federal Farm Loan Act, or make use of the word "Federal" or the words "United States" or any other word or words implying Government ownership, obligation, or supervision in advertising or offering for sale any bond, note, mortgage, or other security not issued by the Government of the United States or under the provisions of the said Federal Farm Loan Act or some other Act of Congress.

SEC. 2. That no bank, banking association, trust company, corporation, association, firm, partnership, or person engaged in the banking, loan, building and loan, brokerage, factorage, insurance, indemnity, or trust business shall use the word "Federal," the words "United States," or the word "reserve," or any combination of such words, as a portion of its corporate, firm, or trade name or title or of the name under which

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it does business: Provided, however, That the provisions of this section shall not apply to the Federal Reserve Board, the Federal Farm Loan Board, the Federal Trade Commission, or any other department, bureau, or independent establishment of the Government of the United States, nor to any Federal reserve bank, Federal land bank, or Federal reserve agent, nor to the Federal Advisory Council, nor to any corporation organized under the laws of the United States, nor to any bank, banking association, trust company, corporation, association, firm, partnership, or person actually engaged in business under such name or title prior to the passage of this Act.

SEC. 3. That no bank, banking association, or trust company which is not a member of the Federal Reserve system shall advertise or represent in any way that it is a member of such system or publish or display any sign, symbol, or advertisement reasonably calculated to convey the impression that it is a member of such system.

SEC. 4. That any bank, banking association, trust company, corporation, association, firm, or partnership violating any of the provisions of this Act shall be guilty of a misdemeanor and shall be subject to a fine of not exceeding \$1,000. Any person violating any of the provisions of this Act, or any officer of any bank, banking association, trust company, corporation, or association, or member of any firm or partnership violating any of the provisions of this Act who participates in, or knowingly acquiesces in, such violations shall be guilty of a misdemeanor and shall be subject to a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

Any such illegal use of such word or words, or any combination of such words, or any other violation of any of the provisions of this Act, may be enjoined by the United States district court having jurisdiction, at the instance of any United States district attorney, any Federal land bank, joint-stock land bank, Federal reserve bank, or the Federal Farm Loan Board or the Federal Reserve Board.

SEC. 5. That if any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act; but shall be confined in its operation to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Approved, May 24, 1926.

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STATE OF MINNESOTA

DEPARTMENT OF STATE

FILED

AUG - 6 1928

Wm. H. Johnson
Secretary of State

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FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

August 3, 1928

The Honorable,
The Secretary of State,
St. Paul, Minnesota.

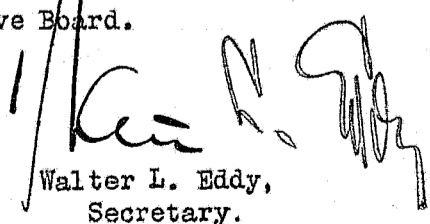
Sir:

It has recently come to the attention of the Federal Reserve Board that in May of this year the Corporation Commission of one of the States granted a charter to a corporation organized for the purpose of making mortgage loans with a corporate name including the word "Reserve".

The use of the words "United States", "Federal" or "Reserve" as part of the corporate title of any bank, banking association, trust company, corporation, association, firm, partnership or person engaged in the banking, loan, building and loan, brokerage, factorage, insurance, indemnity, or trust business is in violation of the provisions of an Act of Congress approved May 24, 1926, unless such corporation is organized under the laws of the United States or was actually engaged in business under such name or title prior to May 24, 1926. It is believed that no State would grant a charter to a corporation the corporate title of which violates the provisions of the Act of May 24, 1926, if the State authorities were informed thereof; and it has occurred to the Federal Reserve Board that the proper officials of the various States would appreciate being advised of the provisions of this Act.

A copy of the Act of May 24, 1926, is, therefore, enclosed herewith for your information and the Federal Reserve Board will greatly appreciate your cooperation in its enforcement.

By order of the Federal Reserve Board.


Walter L. Eddy,
Secretary.

Enclosure.

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W. H. Johnson
Secretary of State