MILITARY PROCUREMENT AUTHORIZATIONS—ADDITIONAL COSPONSOR OF AMENDMENT

Mr. BYRD of West Virginia. Mr. President, at the request of the majority leader, the Senator from Montana (Mr. MANSFIELD), I ask unanimous consent that his name be added as a cosponsor of the amendment of the Senator from New Hampshire (Mr. McINTYRE), which was adopted by the Senate on Friday last to the military procurement authorization measure. Through inadvertence, there was a failure to request that the Senator's name be added as a cosponsor at the time when he spoke in favor of the proposal which embraced section 203 of last year's act and the new section 207. The amendment was on page 14, immediately above line 19, of the military procurement authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. At the request of the majority leader, I ask unanimous consent that the Journal and the permanent RECORD reflect this cosponsorship.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL SHARE INSURANCE FOR CREDIT UNIONS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1140, S. 3822. I do this so that it will become the pending business, with no action to be taken on it today.

The PRESIDING OFFICER (Mr. HART). The bill will be stated by title.

The legislative clerk read as follows:

S. 3822, to provide insurance for member accounts in State and Federally chartered credit unions, and for other purposes, reported with amendments.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 9 a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 9 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, September 2, 1970, at 9 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 1, 1970:

DIPLOMATIC AND FOREIGN SERVICE

Dwight Dickinson, of Rhode Island, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Togo.

Emory C. Swank, of the District of Columbia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Cambodia.

Nicholas G. Thacher, of California, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Saudi Arabia.

L. Dean Brown, of the District of Columbia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Hashemite Kingdom of Jordan.

INTERNATIONAL MONETARY FUND

Charles R. Harley, of Maryland, to be U.S. Alternate Executive Director of the International Monetary Fund for a term of 2 years.

ASIAN DEVELOPMENT BANK

Artemus E. Weatherbee, of Maine, to be U.S. Director of the Asian Development Bank.

DEPARTMENT OF LABOR

Laurence H. Silberman, of Hawaii, to be Under Secretary of Labor.

Peter G. Nash, of New York, to be Solicitor for the Department of Labor.

U.S. ARMY

The following-named officer, under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be general

Lt. Gen. Frederick Carlton Weyand, xxx-... xxx-xx-xxxx Army of the United States (major general, U.S. Army).

Gen. James Karrick Woolnough, xxx-xx-xx... xxx-... Army of the United States (major general, U.S. Army), to be placed on the retired list in the grade of general, under the provisions of title 10, United States Code, section 3962.

IN THE AIR FORCE

The nominations beginning with William J. Corrigan, to be major, and ending Alfred C. Schultz, to be 2d lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on Aug. 10, 1970; and

The nominations beginning Rallin J. Aars, to be captain, and ending Thomas D. Edmonds, to be 2d lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on Aug. 10, 1970.

IN THE ARMY

The nominations beginning Alice M. Tate, to be captain, and ending Martin B. Woodruff, to be 2d lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on Aug. 10, 1970;

The nominations beginning Joseph Y. Kurata, to be lieutenant colonel, and ending Michael C. Egan, to be 2d lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on Aug. 10, 1970; and

The nominations beginning Lester W. Abrams, to be colonel, and ending Leroy J. Rosenberg, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on Aug. 19, 1970.

IN THE NAVY

The nominations beginning Joel H. Ross, to be ensign, and ending Robert C. Wisser, to be a permanent lieutenant and a temporary lieutenant commander, which nominations were received by the Senate and appeared in the Congressional Record on Aug. 7, 1970; and

The nominations beginning William Walter Aabye, to be lieutenant, and ending Mary Elizabeth Wuest, to be lieutenant, which nomination was received by the Senate and appeared in the Congressional Record on Aug. 10, 1970.

IN THE MARINE CORPS

The nomination of James H. King, Jr., to be 2d lieutenant in the Marine Corps, which nominations was received by the Senate and appeared in the Congressional Record on Aug. 7, 1970; and

The nominations beginning Kevin R. Danehy, to be captain, and ending Glenwood H. Yopp, Jr., to be 1st lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on Aug. 13, 1970.

SENATE—*Wednesday, September 2, 1970*

The Senate met at 9 a.m., and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

The Reverend Dr. Edgar J. Mundinger, pastor, Christ Lutheran Church of Washington, Washington, D.C., offered the following prayer:

O God, You have urged that prayers and petitions be made for all men. You have invited us to pray for and with one another.

We make our requests for all branches of our government and for those who are Members of this assembly. Help them to see how we depend upon Your mercy and how our strength comes down from above. Enable them to feel the oneness of the human family and to promote it. Encourage them to test the truth of human history and to learn from it. Give them the blessing of sound judgment; the skill to make wise decisions; the patience to await Your time; and then the courage to carry out Your will with dispatch.

Make us all alert to the promptings of Your spirit and ready to serve those for whom Your son died and rose again to give life in fullness and abundance, even Jesus Christ, our Lord. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication from the President pro tempore of the Senate (Mr. RUSSELL).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 2, 1970.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. JAMES B. ALLEN, a Sena-

tor from the State of Alabama, to perform the duties of the Chair during my absence.

RICHARD B. RUSSELL,
President pro tempore.

Mr. ALLEN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, September 1, 1970, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS WITH STATEMENTS LIMITED TO 3 MINUTES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senator from Utah (Mr. BENNETT) has concluded his remarks on the bill which will be pending, and after passage of the bill, there be a morning hour for the transaction of routine morning business, with a time limitation of 3 minutes therein.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

FEDERAL SHARE INSURANCE FOR CREDIT UNIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1140, S. 3822.

The ACTING PRESIDENT pro tempore. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3822) to provide insurance for member accounts in State and federally chartered credit unions and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Banking and Currency with amendments, on page 2, line 12, after the word "Rico," insert a comma and "and (2) credit unions organized and operating under the jurisdiction of the Department of Defense if such credit unions are operating in compliance with the requirements of title I of this Act and regulations issued thereunder."; in line 19, after the word "union", insert "or a credit union operating under the jurisdiction of the Department of Defense."; on page 3, line 2, after the colon, insert "*Provided*, That examinations required under title I of this Act shall be so conducted that the information derived therefrom may be utilized for share insurance purposes, and examinations conducted by State regulatory agencies shall be utilized by the Administrator for such purposes to the maximum extent feasible;"; on page 4, line 6, after the word "may", strike out "acquire for protecting the interest of members" and insert "require for protecting the interest of members or to assure that all insured credit unions maintain regular reserves which are not less than those required under title I of this Act;"; in line 18, after the word "pursuant", strike out "hereto" and insert "thereto"; on page 5, after line 17, insert:

"(d) If the application of a Federal credit union for insurance is rejected, the Administrator shall suspend or revoke its charter unless, within one year after the rejection, the credit union meets the requirements for insurance and becomes an insured credit union.

At the beginning of line 23, strike out "(d)" and insert "(e)"; on page 6, line 24, after the word "of", where it appears the first time, strike out "the directors" and insert "three of the officers"; on page 7, line 8, after the word "which", insert "willfully"; after line 16, insert:

"(5) Reports required under title I of this Act shall be so prepared that they can be used for share insurance purposes. To the maximum extent feasible, the Administrator shall use for insurance purposes reports submitted to State regulatory agencies by State-chartered credit unions.

On page 11, after line 4, insert:

"(6)(A) An insured credit union which is closed for liquidation because of insolvency or otherwise is entitled to a rebate of premiums paid by it to the fund. Rebates shall be paid in accordance with regulations prescribed by the Administrator, but no payment of rebate shall be made during any period in which

"(i) a loan to the fund from the Federal Government is outstanding; or

"(ii) the Administrator determines that the payment would unduly jeopardize the financial condition of the fund.

A credit union otherwise entitled to a rebate of premiums shall not lose its entitlement because payment thereof cannot at any given time be made under the limitations prescribed in clause (i) or (ii).

"(B) The amount of rebate of premiums to which a credit union is entitled under subparagraph (A) shall be computed as follows: To the total amount of premiums paid to the fund by the credit union, plus interest on such payments at the average rate of interest earned by the fund on its assets during each of the years in which the payments were made; subtract the sum of

"(i) the credit union's prorata share of the fund's administrative expenses during the period in which the credit union had an insured status;

"(ii) the credit union's prorata share of the net insurance payments (other than those referred to in clause (iii) chargeable to the fund for claims arising during such period; and

"(iii) the net insurance payments chargeable to the fund for claims arising in connection with the liquidation of the credit union.

A credit union's prorata share of the fund's administrative expenses or net insurance payments for any year (or part thereof) shall be determined by dividing the total amount credited to member and nonmember accounts in the credit union at the end of such year (or part thereof), by the total amount credited to all such accounts in all credit unions having an insured status at the end of such year (or part thereof).

On page 13, line 25, after the word "who", insert "knowingly"; on page 15, line 11, after the word "union", strike out "not" and insert "fail"; on page 16, line 21, after the word "term", strike out "net" and insert "normal"; in line 22, after the word "to" where it appears the second time, strike out "2" and insert "1"; on page 19, line 4, after the word "the", strike out "purposes" and insert "purpose"; in line 14, after the word "time," strike out "and"; on page 23, after line 1, strike out "For each day an insured credit union continues to violate any provisions of this subsection or any lawful provision of regulations prescribed pursuant hereto, it shall be subject to a penalty of not more than $100, which the Administrator may recover for his use."; after line 24, strike out:

"(c) Except with the prior written consent of the Administrator, no insured credit union shall establish and operate any new branch or move its main office or any branch from one location to another.

On page 24, at the beginning of line 4, strike out "(d)" and insert "(c)"; in line 5, after the word "under", strike out "subsections (b) and (c)" and insert "subsection (b)"; at the beginning of line 19, strike out "(e)" and insert "(d)"; on page 25, at the beginning of line 3, strike out "(f)" and insert "(e)"; on page 26, line 18, after the word "authority", insert "if any"; in the same line, after the word "union", strike out the comma and insert "if any"; on page 38, line 19, after the word "of", where it appears the first time, strike out "directors," and insert "directors"; on page 39, line 5, after the word "successors", strike out "take office" and insert "have been elected by the members at an annual or special meeting and have taken office. Directors appointed temporarily by the Administrator shall, within thirty days following their appointment, call a special meeting for the election of new directors, unless during the thirty-day period (A) the regular annual meeting is scheduled, or (B) the suspensions giving rise to the appointment of temporary directors are terminated."; on page 40, line 6, after the word "as", strike out "hereinafter"; on page 43, line 2, after the word "has", where it appears the second time, strike out "becomes" and insert "become"; on page 44, line 2, after the word "authority," insert "if any,"; in line 3, after the word "union", strike out the comma and "if any"; in line 9, after the word "authority", insert "if any,"; in line 10, after the word "union," strike out "if any,"; on page 46, at the beginning of line 12, strike out "shall have"; on page 59, line 2, after the word "Act", insert "(formerly section 2 of such Act)"; in line 5, after the word "paragraph", strike out "(3)" and insert "(2)"; in line 7, after the word "paragraph", strike out "(4)" and insert "(3)"; in line 10, after the word "paragraph", strike out "(4)" and insert "(3)"; at the beginning of line 11, strike out "(5)" and insert "(4)"; in line 13, after the word "share,", insert "share"; in same line, after the word "or", insert "share"; in line 18, after the word "member," insert a comma and "and, in the case of a credit union serving predominantly low-income members (as defined by the Administrator), such terms (when referring to the account of a nonmember served by such credit union) mean a share, share certificate, or share deposit account of such nonmember which is of a type approved by the Administrator and evidences money or

its equivalent received or held by such credit union in the usual course of business and for which it has given or is obligated to give credit to the account of such nonmember;"; on page 60, at the beginning of line 3, strike out "(6)" and insert "(5)"; at the beginning of line 11, strike out "(7)" and insert "(6)"; at the beginning of line 16, strike out "(8)" and insert "(7)"; at the beginning of line 18, strike out "(9)" and insert "(8)"; on page 61, line 6, after the word "credit", strike out "union" and insert "union,"; on page 63, line 2, after the word "appears", strike out "therein; and" and insert "therein."; in line 11, after the word "Act", insert "(formerly section 17 of such Act)"; after line 19, strike out:

"15 per centum of gross income until the regular reserve shall equal 5 per centum of the total of outstanding loans and risk assets, then

On page 64, line 4, after the word "per", strike out "centum," and insert "centum or"; in line 5, after the word "per centum", strike out the comma and "or 5 per centum"; in line 8, after the word "of", strike out "5 per centum,"; in line 9, after the word "per", strike out "centum," and insert "centum"; and after line 15, insert a new section, as follows:

SEC. 10. Section 107 of the Federal Credit Union Act, as redesignated by section 1 of this Act (formerly section 8 of such Act), is amended—

(1) by striking out paragraph (7) and inserting in lieu thereof the following:

"(7) to receive from its members or other federally insured credit unions payments on shares, share certificates, or share deposits, and, in the case of credit unions serving predominantly low-income members (as defined by the Administrator), to receive payments on shares, share certificates, or share deposits from nonmembers;" and

(2) by adding at the end of paragraph (8) the following: "and (H) in shares, share certificates, or share deposits of federally insured credit unions;".

So as to make the bill read:

S. 3822

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Credit Union Act, as amended (12 U.S.C. 1751–1775), is further amended—

(1) by inserting immediately above the heading of section 2 the following:

"TITLE I—FEDERAL CREDIT UNIONS";

(2) by redesignating sections 2 through 28 as sections 101 through 127, respectively; and

(3) by inserting the following new title after section 127, as redesignated by paragraph (2) of this section:

"TITLE II—SHARE INSURANCE

"INSURANCE OF MEMBER ACCOUNTS AND ELIGIBILITY PROVISIONS

"SEC. 201. (a) The Administrator, as hereinafter provided, shall insure the member accounts of all Federal credit unions and he may insure the member accounts of (1) credit unions organized and operated according to the laws of any State, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, and (2) credit unions organized and operating under the jurisdiction of the Department of Defense if such credit unions are operating in compliance with the requirements of title I of this Act and regulations issued thereunder.

"(b) Application for insurance of member accounts shall be made immediately by each Federal credit union and may be made at any time by a State credit union or a credit union operating under the jurisdiction of the Department of Defense. Applications for such insurance shall be in such form as the Administrator shall provide and shall contain an agreement by the applicant—

"(1) to pay the reasonable cost of such examinations as the Administrator may deem necessary in connection with determining the eligibility of the applicant for insurance: *Provided,* That examinations required under title I of this Act shall be so conducted that the information derived therefrom may be utilized for share insurance purposes, and examinations conducted by State regulatory agencies shall be utilized by the Administrator for such purposes to the maximum extent feasible;

"(2) to permit and pay the reasonable cost of such examinations as in the judgment of the Administrator may from time to time be necessary for the protection of the fund and of other insured credit unions;

"(3) to permit the Administrator to have access to any information or report with respect to any examination made by or for any public regulatory authority, including any commission, board, or authority having supervision of a State-chartered credit union, and furnish such additional information with respect thereto as the Administrator may require;

"(4) to provide protection and indemnity against burglary, defalcation, and other similar insurable losses, of the type, in the form, and in an amount at least equal to that required by the laws under which the credit union is organized and operates;

"(5) to maintain such regular reserves as may be required by the laws of the State, district, territory, or other jurisdiction pursuant to which it is organized and operated, in the case of a State-chartered credit union, or as may be required by section 116 of this Act, in the case of a Federal credit union;

"(6) to maintain such special reserves as the Administrator, by regulation or in special cases, may require for protecting the interest of members or to assure that all insured credit unions maintain regular reserves which are not less than those required under title I of this Act;

"(7) not to issue or have outstanding any account or security the form of which, by regulation or in special cases, has not been approved by the Administrator;

"(8) to pay the premium charges for insurance imposed by this title; and

"(9) to comply with the requirements of this title and of regulations prescribed by the Administrator pursuant thereto.

"(c)(1) Before approving the application of any credit union for insurance of its member accounts, the Administrator shall consider—

"(A) the history, financial condition, and management policies of the applicant;

"(B) the economic advisability of insuring the applicant without undue risk of the fund;

"(C) the general character and fitness of the applicant's management;

"(D) the convenience and needs of the members to be served by the applicant; and

"(E) whether the applicant is a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.

"(2) The Administrator shall reject the application of any credit union for insurance of its member accounts if he finds that its reserves are inadequate, that its financial condition and policies are unsafe or unsound, that its management is unfit, that insurance of its member accounts would otherwise involve undue risk to the fund, or that its powers and purposes are inconsistent with the promotion of thrift among its members and the creation of a source of credit for provident or productive purposes.

"(d) If the application of a Federal credit union for insurance is rejected, the Administrator shall suspend or revoke its charter unless, within one year after the rejection, the credit union meets the requirements for insurance and becomes an insured credit union.

"(e) Upon the approval of any application for insurance, the Administrator shall notify the applicant and shall issue to it a certificate evidencing the fact that it is, as of the date of issuance of the certificate, an insured credit union under the provisions of this title.

"REPORTS OF CONDITION; CERTIFIED STATEMENTS; PREMIUMS FOR INSURANCE

"SEC. 202. (a)(1) Each insured credit union shall make reports of condition to the Administrator upon dates which shall be selected by him. Such reports of condition shall be in such form and shall contain such information as the Administrator may require. The reporting dates selected for reports of condition shall be the same for all insured credit unions except that when any of said reporting dates is a nonbusiness day for any credit union the preceding business day shall be its reporting date. The total amount of the member accounts of each insured credit union as of each reporting date shall be reported in such reports of condition in accordance with regulations prescribed by the Administrator. Each report of condition shall contain a declaration by the president, by a vice president, by the treasurer, or by any other officer designated by the board of directors of the reporting credit union to make such declaration, that the report is true and correct to the best of his knowledge and belief. Unless such requirement is waived by the Administrator, the correctness of each report of condition shall be attested by the signatures of three of the officers of the reporting credit union with the declaration that the report has been examined by them and to the best of their knowledge and belief is true and correct.

"(2) The Administrator may call for such other reports as he may from time to time require.

"(3) The Administrator may require reports of condition to be published in such manner, not inconsistent with any applicable law, as he may direct. Every insured credit union which willfully fails to make or publish any such report within ten days shall be subject to a penalty of not more than $100 for each day of such failure, recoverable by the Administrator for his use.

"(4) The Administrator may accept any report of condition made to any commission, board, or authority having supervision of a State-chartered credit union and may furnish to any such commission, board, or authority reports of condition made to the Administrator.

"(5) Reports required under title I of this Act shall be so prepared that they can be used for share insurance purposes. To the maximum extent feasible, the Administrator shall use for insurance purposes reports submitted to State regulatory agencies by State-chartered credit unions.

"(b) On or before January 31 of each insurance year, each insured credit union which became insured prior to the beginning of that year shall file with the Administrator a certified statement showing the total amount of the member accounts in the credit union at the close of the preceding

insurance year and the amount of the premium charge for insurance due to the fund for that year, as computed under subsection (c) of this section. The certified statements required to be filed with the Administrator pursuant to this subsection shall be in such form and shall set forth such supporting information as the Administrator shall require. Each such statement shall be certified by the president of the credit union, or by any officer of the credit union designated by its board of directors, that to the best of his knowledge and belief the statement is true, correct, and complete and in accordance with this title and regulations issued thereunder.

"(c)(1) Except as provided in paragraphs (2) and (3) of this subsection, each insured credit union, on or before January 31 of each insurance year, shall pay to the fund a premium charge for insurance equal to one-twelfth of 1 per centum of the total amount of the member accounts in such credit union at the close of the preceding insurance year.

"(2) Each credit union which was in existence prior to the enactment of this title and which becomes insured under this title after January 1 of any insurance year shall pay to the fund, for the insurance year in which it becomes insured, a premium charge for insurance equal to one-twelfth of 1 per centum of the total amount of the member accounts in such credit union at the close of the month before the month in which it becomes insured, reduced by an amount proportionate to the number of calendar months elapsed since the beginning of such insurance year and prior to the month in which it becomes insured. Such payment shall be made within 30 days after the date on which the credit union receives the certificate of insurance issued to it under section 201 of this title.

"(3) Each credit union which is chartered after enactment of this title and which becomes insured under this title in the insurance year in which it is chartered shall pay to the fund, for the insurance year in which it is chartered, a premium charge for insurance computed in the following manner:

"(A) To the total amount of the member accounts in the credit union at the close of the month in which it becomes insured, add the total amount of such member accounts in the credit union at the close of each succeeding month of the insurance year and divide the total by the number of such months (including the month in which it becomes insured).

"(B) From the figure obtained under subparagraph (A), subtract $10,000.

"(C) Multiply the figure obtained under subparagraph (B) by one-twelfth of 1 per centum.

"(D) Reduce the figure obtained under subparagraph (C) by an amount proportionate to the number of calendar months elapsed since the beginning of such insurance year and prior to the month in which the credit union becomes insured. The figure obtained under this subparagraph is the amount of the premium charge for insurance due to the fund. Such premium charge shall be paid on or before January 31 of the insurance year following the year in which the credit union was chartered.

"(4) When any loans to the fund from the Federal Government and the interest thereon have been repaid and the amount in the fund equals or exceeds the normal operating level, the Administrator may reduce the premium charge for insurance, but not below the amount necessary, in his judgment, to maintain the fund at the normal operating level. Any such reduction shall be effective only so long as the amount in the fund equals or exceeds the normal operating level and no loan to the fund from the Federal Government is outstanding.

"(5) If in any year expenditures from the fund exceed the income of the fund, the Administrator may require each insured credit union to pay to the fund for such year, in addition to the regular premium charge for insurance payable under paragraph (1), (2), or (3) of this subsection, a special premium charge which shall not exceed an amount equal to the amount of the regular premium charge.

"(6)(A) An insured credit union which is closed for liquidation because of insolvency or otherwise is entitled to a rebate of premiums paid by it to the fund. Rebates shall be paid in accordance with regulations prescribed by the Administrator, but no payment of rebate shall be made during any period in which

"(i) a loan to the fund from the Federal Government is outstanding; or

"(ii) the Administrator determines that the payment would unduly jeopardize the financial condition of the fund.

A credit union otherwise entitled to a rebate of premiums shall not lose its entitlement because payment thereof cannot at any given time be made under the limitations prescribed in clause (i) or (ii).

"(B) The amount of rebate of premiums to which a credit union is entitled under subparagraph (A) shall be computed as follows: To the total amount of premiums paid to the fund by the credit union, plus interest on such payments at the average rate of interest earned by the fund on its assets during each of the years in which the payments were made, subtract the sum of

"(i) the credit union's prorata share of the fund's administrative expenses during the period in which the credit union had an insured status;

"(ii) the credit union's prorata share of the net insurance payments (other than those referred to in clause (iii) chargeable to the fund for claims arising during such period; and

"(iii) the net insurance payments chargeable to the fund for claims arising in connection with the liquidation of the credit union.

A credit union's prorata share of the fund's administrative expenses or net insurance payments for any year (or part thereof) shall be determined by dividing the total amount credited to member and nonmember accounts in the credit union at the end of such year (or part thereof), by the total amount credited to all such accounts in all credit unions having an insured status at the end of such year (or part thereof).

"(d)(1) Any insured credit union which fails to make any report of condition under subsection (a) of this section or to file any certified statement required to be filed by it in connection with determining the amount of any premium charge for insurance may be compelled to make such report or to file such statement by mandatory injunction or other appropriate remedy in a suit brought for such purpose by the Administrator against the credit union and any officer or officers thereof. Any such suit may be brought in any court of the United States of competent jurisdiction in the district or territory in which the principal office of the credit union is located.

"(2) Any insured credit union which willfully fails or refuses to file any certified statement or to pay any premium charge for insurance required under this title shall be subject to a penalty of not more than $100 for each day that such violation continues, which penalty the Administrator may recover for his use. The provisions of this paragraph shall not be applicable in any case in which the refusal to pay the premium charge for insurance is due to a dispute between the insured credit union and the Administrator over the amount of the premium charge due to the fund if the credit union deposits security satisfactory to the Administrator for payment of the premium charge upon final determination of the issue.

"(3) No insured credit union shall pay any dividends on its member accounts or distribute any of its assets while it remains in default in the payment of any premium charge for insurance due to the fund. Any director or officer of any insured credit union who *knowingly* participates in the declaration or payment of any such dividend or in any such distribution shall, upon conviction, be fined not more than $1,000 or imprisoned not more than one year, or both. The provisions of this paragraph shall not be applicable in any case in which the default is due to a dispute between the credit union and the Administrator over the amount of the premium charge due to the fund if the credit union deposits security satisfactory to the Administrator for payment of the premium charge upon final determination of the issue.

"(e) The Administrator, in a suit brought at law or in equity in any court of competent jurisdiction, shall be entitled to recover from any insured credit union the amount of any unpaid premium charge for insurance lawfully payable by the credit union to the fund, whether or not such credit union shall have made any report of condition under subsection (a) of this section or filed any certified statement required under subsection (b) of this section and whether or not suit shall have been brought to compel the credit union to make any such report or to file any such statement. No action or proceeding shall be brought for the recovery of any premium charge due to the fund, or for the recovery of any amount paid to the fund in excess of the amount due it, unless such action or proceeding shall have been brought within five years after the right accrued for which the claim is made. Where the insured credit union has made or filed with the Administrator a false or fraudulent certified statement with the intent to evade, in whole or in part, the payment of any premium charge, the claim shall not be deemed to have accrued until the discovery by the Administrator of the fact that the certified statement is false or fraudulent.

"(f) Should any Federal credit union fail to make any report of condition under subsection (a) of this section or to file any certified statement required to be filed under subsection (b) of this section or to pay any premium charge for insurance required to be paid under any provision of this title, and should the credit union *fail to* correct such failure within thirty days after written notice has been given by the Administrator to an officer of the credit union, citing this subsection and stating that the credit union has failed to make any such report or file any such statement or pay any such premium charge as required by law, all the rights, privileges, and franchises of the credit union granted to it under title I of this Act shall be thereby forfeited. Whether or not the penalty provided in this subsection has been incurred shall be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which the principal office of such credit union is located, under direction of and by the Administrator in his own name, before the credit union shall be declared dissolved. The remedies provided in this subsection and in subsections (d) and (e) of this section shall not be construed as limiting any other remedies against any insured credit union but shall be in addition thereto.

"(g) Each insured credit union shall maintain such records as will readily permit verification of the correctness of its reports of condition, certified statements, and premium charges for insurance. However, no insured credit union shall be required to retain such records for such purpose for a period in excess of five years from the date of the making of any such report, the filing of any such statement, or the payment of any premium charge, except that when there is a dispute between the insured credit union and the Administrator over the amount of any premium charge for insurance the credit union shall retain such records until final determination of the issue.

"(h) For the purposes of this section—

"(1) the term 'insurance year' means the period beginning on January 1 and ending on the following December 31, both dates inclusive; and

"(2) the term 'normal operating level,' when applied to the Fund, means an amount equal to 1 per centum of the aggregate amount of the member accounts in all insured credit unions.

"NATIONAL CREDIT UNION SHARE INSURANCE FUND

"SEC. 203. (a) There is hereby created in the Treasury of the United States a National Credit Union Share Insurance Fund which shall be used by the Administrator as a revolving fund for carrying out the purposes of this title. Money in the fund shall be available upon requisition by the Administrator, without fiscal year limitation, for making payments of insurance under section 207 of this title, for providing assistance and making expenditures under section 208 of this title in connection with the liquidation or threatened liquidation of insured credit unions, and for such administrative and other expenses incurred in carrying out the purposes of this title as he may determine to be proper.

"(b) All premium charges for insurance paid pursuant to the provisions of section 202 of this title and all fees for examinations and all penalties collected by the Administrator under any provision of this title shall be deposited in the National Credit Union Share Insurance Fund.

"(c) The Administrator may authorize the Secretary of the Treasury to invest and reinvest such portions of the fund as the Administrator may determine are not needed for current operations in any interest-bearing securities of the United States or in any securities guaranteed as to both principal and interest by the United States or in bonds or other obligations which are lawful investments for fiduciary, trust, and public funds of the United States, and the income therefrom shall constitute a part of the fund.

"(d) (1) If, in the judgment of the Administrator, a loan to the fund is required at any time for carrying out the purposes of this title, the Secretary of the Treasury shall make the loan, but loans under this paragraph shall not exceed in the aggregate $100,000,000 outstanding at any one time. Except as otherwise provided in this subsection and in subsection (e) of this section, each loan under this paragraph shall be made on such terms as may be fixed by agreement between the Administrator and the Secretary of the Treasury.

"(2) Interest shall accrue to the Treasury on the amount of any outstanding loans made to the fund pursuant to paragraph (1) of this subsection on the basis of the average daily amount of such outstanding loans determined at the close of each fiscal year with respect to such year, and the Administrator shall pay the interest so accruing into the Treasury as miscellaneous receipts annually from the fund. The Secretary of the Treasury shall determine the applicable interest rate in advance by calculating the average yield to maturity (on the basis of daily closing market bid quotations during the month of June of the preceding fiscal year) on outstanding marketable public debt obligations of the United States having a maturity date of five or less years from the first day of such month of June and by adjusting such yield to the nearest one-eighth of 1 per centum.

"(3) For the purpose of making loans under paragraph (1) of this subsection, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are hereby extended to include such loans. All loans and repayments under this section shall be treated as public debt transactions of the United States.

"(e) So long as any loans to the fund are outstanding, the Administrator shall from time to time, not less often than annually, determine whether the balance in the fund is in excess of the amount which, in his judgment, is needed to meet the requirements of the fund and shall pay such excess to the Secretary of the Treasury, to be credited against the loans to the fund.

"EXAMINATION OF INSURED CREDIT UNIONS

"SEC. 204. (a) The Administrator shall appoint examiners who shall have power, on his behalf, to examine any insured credit union, any credit union making application for insurance of its member accounts, or any closed insured credit union whenever in the judgment of the Administrator an examination is necessary to determine the condition of any such credit union for insurance purposes. Each examiner shall have power to make a thorough examination of all of the affairs of the credit union and shall make a full and detailed report of the condition of the credit union to the Administrator. The Administrator in like manner shall appoint claim agents who shall have power to investigate and examine all claims for insured member accounts. Each claim agent shall have power to administer oaths and affirmations, to examine and to take and preserve testimony under oath as to any matter in respect to claims for insured accounts, and to issue subpenas and subpenas duces tecum and, for the enforcement thereof, to apply to the United States district court for the judicial district or the United States court in any territory in which the principal office of the credit union is located or in which the witness resides or carries on business. Such courts shall have jurisdiction and power to order and require compliance with any such subpena.

"(b) In connection with examinations of insured credit unions, the Administrator, or his designated representatives, shall have power to administer oaths and affirmations, to examine and to take and preserve testimony under oath as to any matter in respect of the affairs of any such credit union, and to issue subpenas and subpenas duces tecum and, for the enforcement thereof, to apply to the United States district court for the judicial district or the United States court in any territory in which the principal office of the credit union is located or in which the witness resides or carries on business. Such courts shall have jurisdiction and power to order and require compliance with any such subpena.

"(c) In cases of refusal to obey a subpena issued to, or contumacy by, any person, the Administrator may invoke the aid of any court of the United States within the jurisdiction of which such hearing, examination, or investigation is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, records, or other papers. Such court may issue an order requiring such person to appear before the Administrator, or before a person designated by him, there to produce records, if so ordered, or to give testimony touching the matter in question. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or carries on business or wherever he may be found. No person shall be excused from attending and testifying or from producing books, records, or other papers in obedience to a subpena issued under the authority of this title on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture, but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

"(d) The Administration may accept any report of examination made by or to any commission, board, or authority having supervision of a State-chartered credit union and may furnish to any such commission, board, or authority reports of examination made on behalf of the Administrator.

"REQUIREMENTS GOVERNING INSURED CREDIT UNIONS

"SEC. 205. (a) Every insured credit union shall display at each place of business maintained by it a sign or signs indicating that its member accounts are insured by the Administrator and shall include in all of its advertisements a statement to the effect that its member accounts are insured by the Administrator. The Administrator may exempt from this requirement advertisements which do not relate to member accounts or advertisements in which it is impractical to include such a statement. The Administrator shall prescribe by regulation the forms of such signs, the manner of display, the substance of any such statement, and the manner of use.

"(b) (1) Except with the prior written approval of the Administrator, no insured credit union shall—

"(A) merge or consolidate with any noninsured credit union or institution;

"(B) assume liability to pay any member accounts in, or similar liabilities of, any noninsured credit union or institution;

"(C) transfer assets to any noninsured credit union or institution in consideration of the assumption of liabilities for any portion of the member accounts in such insured credit union; or

"(D) convert into a noninsured credit union or institution.

"(2) Except with the prior written approval of the Administrator, no insured credit union shall merge or consolidate with any other insured credit union or, either directly or indirectly, acquire the assets of, or assume liability to pay any member accounts in, any other insured credit union.

(c) In granting or withholding approval or consent under subsection (b) of this section, the Administrator shall consider—

"(1) the history, financial condition, and management policies of the credit union;

"(2) the adequacy of the credit union's reserves;

"(3) the economic advisability of the transaction;

"(4) the general character and fitness of the credit union's management;

"(5) the convenience and needs of the members to be served by the credit union; and

"(6) whether the credit union is a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.

"(d) Except with the written consent of the Administrator, no person shall serve as a director, officer, committee member, or employee of an insured credit union who has been convicted, or who is hereafter convicted, of any criminal offense involving dishonesty or a breach of trust. For each willful violation of this prohibition, the credit union involved shall be subject to a penalty of not more than $100 for each day this prohibition is violated, which the Administrator may recover for his use.

(e) (1) The Administrator shall promulgate rules establishing minimum standards with which each insured credit union must comply with respect to the installation, maintenance, and operation of security devices and procedures, reasonable in cost, to discourage robberies, burglaries, and larcenies and to assist in the identification and apprehension of persons who commit such acts.

"(2) The rules shall establish the time limits within which insured credit unions shall comply with the standards and shall require the submission of periodic reports with respect to the installation, maintenance, and operation of security devices and procedures.

"(3) An insured credit union which violates a rule promulgated pursuant to this subsection shall be subject to a civil penalty which shall not exceed $100 for each day of the violation.

"TERMINATION OF INSURANCE; CEASE-AND-DESIST PROCEEDINGS; SUSPENSION AND/OR REMOVAL OF DIRECTORS, OFFICERS, AND COMMITTEE MEMBERS

"SEC. 206. (a) Any insured credit union other than a Federal credit union may, upon not less than ninety days' written notice to the Administrator and upon the affirmative vote of a majority of its members within one year prior to the giving of such notice, terminate its status as an insured credit union.

"(b) (1) Whenever, in the opinion of the Administrator, any insured credit union is engaging or has engaged in unsafe or unsound practices in conducting the business of such credit union, or is in an unsafe or unsound condition to continue operations as an insured credit union, or is violating or has violated an applicable law, rule, regulation, order, or any condition imposed in writing by the Administrator in connection with the granting of any application or other request by the credit union, or is violating or has violated any written agreement entered into with the Administrator, the Administrator shall serve upon the credit union a statement with respect to such practices or conditions or violations for the purpose of securing the correction thereof. In the case of an insured State-chartered credit union, the Administrator shall send a copy of such statement to the commission, board, or authority, if any, having supervision of such credit union. Unless such correction shall be made within one hundred and twenty days after service of such statement, or within such shorter period of not less than twenty days after such service as the Administrator shall require in any case where he determines that the insurance risk with respect to such credit union could be unduly jeopardized by further delay in the correction of such practices or conditions or violations, or as the commission, board, or authority having supervision of such credit union, if any, shall require in the case of an insured State-chartered credit union, the Administrator, if he shall determine to proceed further, shall give to the credit union not less than thirty days' written notice of his intention to terminate the status of the credit union as an insured credit union. Such notice shall contain a statement of the facts constituting the alleged unsafe and unsound practices or conditions or violations and shall fix a time and place for a hearing thereon. Such hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after service of such notice unless an earlier or a later date is set by the Administrator at the request of the credit union. Unless the credit union shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured credit union. In the event of such consent, or if upon the record made at any such hearing the Administrator shall find that any unsafe or unsound practice or condition or violation specified in the notice has been established and has not been corrected within the time above-prescribed in which to make such correction, the Administrator may issue and serve upon the credit union an order terminating its status as an insured credit union on a date subsequent to the date of such finding and subsequent to the expiration of the time specified in the notice.

"(2) Any credit union whose insured status has been terminated by order of the Administrator under this subsection shall have the right of judicial review of such order only to the same extent as provided for the review of orders under subsection (i) of this section.

"(c) In the event of the termination of a credit union's status as an insured credit union as provided under subsection (a) or (b) of this section, the credit union shall give prompt and reasonable notice to all of its members whose accounts are insured that it has ceased to be an insured credit union. It may include in such notice a statement of the fact that member accounts insured on the effective date of such termination, to the extent not withdrawn, remain insured for one year from the date of such termination, but it shall not further represent itself in any manner as an insured credit union. In the event of failure to give the notice as herein provided to members whose accounts are insured, the Administrator is authorized to give reasonable notice.

"(d) After the termination of the insured status of any credit union as provided under subsection (a) or (b) of this section, insurance of its member accounts to the extent that they were insured on the effective date of such termination, less any amounts thereafter withdrawn which reduce the accounts below the amount covered by insurance on the effective date of such termination, shall continue for a period of one year, but no shares issued by the credit union or deposits made after the date of such termination shall be insured by the Administrator. The credit union shall continue to pay premiums to the Administrator during such period as in the case of an insured credit union and the Administrator shall have the right to examine such credit union from time to time during the period during which such insurance continues. Such credit union shall, in all other respects, be subject to the duties and obligations of an insured credit union for the period of one year from the date of such termination. In the event that such credit union shall be closed for liquidation within such period of one year, the Administrator shall have the same powers and rights with respect to such credit union as in the case of an insured credit union.

"(e) (1) If, in the opinion of the Administrator, any insured credit union or any credit union any of the member accounts of which are insured is engaging or has engaged, or the Administrator has reasonable cause to believe that the credit union is about to engage, in an unsafe or unsound practice in conducting the business of such credit union, or is violating or has violated, or the Administrator has reasonable cause to believe that the credit union is about to violate a law, rule, or regulation, or any condition imposed in writing by the Administrator in connection with the granting of any application or other request by the credit union, or any written agreement entered into with the Administrator, the Administrator may issue and serve upon the credit union a notice of charges in respect thereof. The notice shall contain a statement of the facts constituting the alleged unsafe or unsound practice or practices or violation or violations and shall fix a time and place at which a hearing will be held to determine whether an order to cease and desist therefrom should issue against the credit union. Such hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after service of such notice unless an earlier or a later date is set by the Administrator at the request of the credit union. Unless the credit union shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the issuance of the cease-and-desist order. In the event of such consent, or if upon the record made at any such hearing the Administrator shall find that any unsafe or unsound practice or violation specified in the notice of charges has been established, the Administrator may issue and serve upon the credit union an order to cease and desist from any such practice or violation. Such order may, by provisions which may be mandatory or otherwise, require the credit union and its directors, officers, committee members, employees, and agents to cease and desist from the same and, further, to take affirmative action to correct the conditions resulting from any such practice or violation.

"(2) A cease-and-desist order shall become effective at the expiration of thirty days after service of such order upon the credit union concerned (except in the case of a cease-and-desist order issued upon consent, which shall become effective at the time specified therein) and shall remain effective and enforceable except to such extent as it is stayed, modified, terminated, or set aside by action of the Administrator or a reviewing court.

"(f) (1) Whenever the Administrator shall determine that the unsafe or unsound practice or practices or violation or threatened violation specified in the notice of charges served upon the credit union pursuant to subsection (e) (1) of this section, or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the credit union, or is likely to otherwise seriously prejudice the interests of its insured members, the Administrator may issue a temporary order requiring the credit union to cease and desist from any such practice or violation. Such order shall become effective upon service upon the credit union and, unless set aside, limited, or suspended by a court in proceedings authorized by paragraph (2) of this subsection, shall remain effective and enforceable pending the completion of the administrative proceedings pursuant to such notice and until such time as the Administrator shall dismiss the charges specified in such notice or, if a cease-and-desist order is issued against the credit union, until the effective date of any such order.

"(2) Within ten days after the credit union concerned has been served with a tem-

porary cease-and-desist order, the credit union may apply to the United States district court for the judicial district in which the principal office of the credit union is located, or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served upon the credit union under subsection (e)(1) of this section, and such court shall have jurisdiction to issue such injunction.

"(3) In the case of violation or threatened violation of, or failure to obey, a temporary cease-and-desist order, the Administrator may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of the credit union is located for an injunction to enforce such order, and, if the court shall determine that there has been such violation or threatened violation or failure to obey, it shall be the duty of the court to issue such injunction.

"(g)(1) Whenever, in the opinion of the Administrator, any director, officer, or committee member of an insured credit union has committed any violation of law, rule, or regulation, or of a cease-and-desist order which has become final, or has engaged or participated in any unsafe or unsound practice in connection with the credit union, or has committed or engaged in any act, omission, or practice which constitutes a breach of his fiduciary duty as such director, officer, or committee member and the Administrator determines that the credit union has suffered or will probably suffer substantial financial loss or other damage or that the interests of its insured members could be seriously prejudiced by reason of such violation or practice or breach of fiduciary duty and that such violation or practice or breach of fiduciary duty is one involving personal dishonesty on the part of such director, officer, or committee member, the Administrator may serve upon such director, officer, or committee member a written notice of his intention to remove him from office.

"(2) Whenever, in the opinion of the Administrator, any director, officer, or committee member of an insured credit union, by conduct or practice with respect to another insured credit union or other business institution which resulted in substantial financial loss or other damage, has evidenced his personal dishonesty and unfitness to continue as a director, officer, or committee member, and, whenever, in the opinion of the Administrator, any other person participating in the conduct of the affairs of an insured credit union, by conduct or practice with respect to such credit union or other insured credit union or other business institution which resulted in substantial financial loss or other damage, has evidenced his personal dishonesty and unfitness to participate in the conduct of the affairs of such insured credit union, the Administrator may serve upon such director, officer, committee member, or other person a written notice of his intention to remove him from office and/or to prohibit his further participation in any manner in the conduct of the affairs of such credit union.

"(3) In respect to any director, officer, or committee member of an insured credit union or any other person referred to in paragraph (1) or (2) of this subsection, the Administrator may, if he deems it necessary for the protection of the credit union or the interests of its insured members, by written notice to such effect served upon such director, officer, committee member, or other person, suspend him from office and/or prohibit him from further participation in any manner in the conduct of the affairs of the credit union. Such suspension and/or prohibition shall become effective upon service of such notice, and, unless stayed by a court in proceedings authorized by paragraph (5) of this subsection, shall remain in effect pending the completion of the administrative proceedings pursuant to the notice served under paragraph (1) or (2) of this subsection and until such time as the Administrator shall dismiss the charges specified in such notice or, if an order of removal and/or prohibition is issued against the director, officer, committee member, or other person, until the effective date of any such order. Copies of any such notice shall also be served upon the credit union of which he is a director, officer, or committee member or in the conduct of whose affairs he has participated.

"(4) A notice of intention to remove a director, officer, committee member, or other person from office and/or to prohibit his participation in the conduct of the affairs of an insured credit union shall contain a statement of the facts constituting the grounds therefor and shall fix a time and place at which a hearing will be held thereon. Such hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after the date of service of such notice unless an earlier or a later date is set by the Administrator at the request of such director, officer, committee member, or other person, and for good cause shown, or at the request of the Attorney General of the United States. Unless such director, officer, committee member, or other person shall appear at the hearing in person or by a duly authorized representative, he shall be deemed to have consented to the issuance of an order of such removal and/or prohibition. In the event of such consent, or if upon the record made at any such hearing the Administrator shall find that any of the grounds specified in such notice has been established, the Administrator may issue such orders of suspension or removal from office and/or prohibition from participation in the conduct of the affairs of the credit union as he may deem appropriate. Any such order shall become effective at the expiration of thirty days after service upon such credit union and the director, officer, committee member, or other person concerned (except in the case of an order issued upon consent, which shall become effective at the time specified therein). Such order shall remain effective and enforceable except to such extent as it is stayed, modified, terminated, or set aside by action of the Administrator or a reviewing court.

"(5) Within ten days after any director, officer, committee member, or other person has been suspended from office and/or prohibited from participation in the conduct of the affairs of an insured credit union under paragraph (3) of this subsection, such director, officer, committee member, or other person may apply to the United States district court for the judicial district in which the principal office of the credit union is located, or the United States District Court for the District of Columbia for a stay of such suspension and/or prohibition pending the completion of the administrative proceedings pursuant to the notice served upon such director, officer, committee member, or other person under paragraph (1) or (2) of this subsection, and such court shall have jurisdiction to stay such suspension and/or prohibition.

"(h)(1) Whenever any director, officer, or committee member of an insured credit union, or other person participating in the conduct of the affairs of such credit union, is charged in any complaint authorized by a United States attorney or in any information or indictment, with the commission of or participation in a felony involving dishonesty or breach of trust, the Administrator may, by written notice served upon such director, officer, committee member, or other person, suspend him from office and/or prohibit him from further participation in any manner in the conduct of the affairs of the credit union. A copy of such notice shall also be served upon the credit union. Such suspension and/or prohibition shall remain in effect until such information, indictment, or complaint is finally disposed of or until terminated by the Administrator. In the event that a judgment of conviction with respect to such offense is entered against such director, officer, committee member, or other person, and at such time as such judgment is not subject to further appellate review, the Administrator may issue and serve upon such director, officer, committee member, or other person an order removing him from office and/or prohibiting him from further participation in any manner in the conduct of the affairs of the credit union except with the consent of the Administrator. A copy of such order shall also be served upon such credit union, whereupon such director, officer, or committee member shall cease to be a director, officer, or committee member of such institution. A finding of not guilty or other disposition of the charge shall not preclude the Administrator from thereafter instituting proceedings to remove such director, officer, committee member, or other person from office and/or to prohibit further participation in the affairs of the credit union pursuant to paragraph (1) or (2) of subsection (g) of this section.

"(2) If at any time, because of the suspension of one or more directors pursuant to this section, there shall be on the board of directors of a Federal credit union less than a quorum of directors not so suspended, all powers and functions vested in or exercisable by such board shall vest in and be exercisable by the director or directors on the board not so suspended, until such time as there shall be a quorum of the board of directors. In the event all of the directors of a Federal credit union are suspended pursuant to this section, the Administrator shall appoint persons to serve temporarily as directors in their place and stead pending the termination of such suspensions, or until such time as those who have been suspended cease to be directors of the credit union and their respective successors have been elected by the members at an annual or special meeting and have taken office. Directors appointed temporarily by the Administrator shall, within thirty days following their appointment, call a special meeting for the election of new directors, unless during the thirty-day period (A) the regular annual meeting is scheduled, or (B) the suspensions giving rise to the appointment of temporary directors are terminated.

"(i)(1) Any hearing provided for in this section shall be held in the Federal judicial district or in the territory in which the principal office of the credit union is located, unless the party afforded the hearing consents to another place, and shall be conducted in accordance with the provisions of chapter 5 of title 5 of the United States Code. Such hearing shall be private unless the Administrator, in his discretion, after fully considering the views of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest. After such hearing, and within ninety days after the Administrator has notified the parties that the case has been submitted to him for final decision, he shall render his decision (which shall include findings of fact upon which his decision is predicated) and shall issue and serve upon each party to the proceeding an order or orders consistent with the provisions of this section. Judicial review of any such order shall be exclusively as

provided in this subsection (1). Unless a petition for review is timely filed in a court of appeals of the United States, as provided in paragraph (2) of this subsection and thereafter until the record in the proceeding has been filed as so provided, the Administrator may at any time, upon such notice and in such manner as he may deem proper, modify, terminate, or set aside any such order. Upon such filing of the record, the Administrator may modify, terminate, or set aside any such order with permission of the court.

"(2) Any party to the proceeding, or any person required by an order issued under this section to cease and desist from any of the practices or violations stated therein, may obtain a review of any order served pursuant to paragraph (1) of this subsection (other than an order issued with the consent of the credit union or the director, officer, committee member, or other person concerned or an order issued under subsection (h) of this section) by filing in the court of appeals of the United States for the circuit in which the principal office of the credit union is located, or in the United States Court of Appeals for the District of Columbia Circuit, within thirty days after the date of service of such order, a written petition praying that the order of the Administrator be modified, terminated, or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Administrator, and thereupon the Administrator shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, such court shall have jurisdiction, which upon the filing of the record shall, except as provided in the last sentence of said paragraph (1), be exclusive, to affirm, modify, terminate, or set aside, in whole or in part, the order of the Administrator. Review of such proceedings shall be had as provided in chapter 7 of title 5, United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28, United States Code.

"(3) The commencement of proceedings for judicial review under paragraph (2) of this subsection shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Administrator.

"(j) The Administrator may in his discretion apply to the United States district court, or the United States court of any territory within the jurisdiction of which the principal office of the credit union is located, for the enforcement of any effective and outstanding notice or order issued under this section, and such courts shall have jurisdiction and power to order and require compliance therewith. However, except as otherwise provided in this section, no court shall have jurisdiction to affect by injunction or otherwise the issuance or enforcement of any notice or order under this section or to review, modify, suspend, terminate, or set aside any such notice or order.

"(k) Any director, officer, or committee member, or former director, officer, or committee member, of an insured credit union or of a credit union any of the member accounts of which are insured, or any other person against whom there is outstanding and effective any notice or order (which is an order which has become final) served upon such director, officer, committee member, or other person under subsections (g)(3), (g)(4), or (h) of this section and who (1) participates in any manner in the conduct of the affairs of the credit union involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such credit union, or (ii) without the prior written approval of the Administrator votes for a director, serves or acts as a director, officer, committee member, or employee of any credit union, shall upon conviction be fined not more than $5,000 or imprisoned for not more than one year, or both.

"(l) As used in this section (1) the terms 'cease-and-desist order which has become final' and 'order which has become final' means a cease-and-desist order, or an order issued by the Administrator with the consent of the credit union or the director, officer, committee member, or other person concerned, or with respect to which no petition for review of the action of the Administrator has been filed and perfected in a court of appeals as specified in paragraph (2) of subsection (i) of this section, or with respect to which the action of the court in which said petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for in said paragraph, or an order issued under subsection (h) of this section, and (2) the term 'violation' includes without limitation any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or aiding, or abetting a violation.

"(m) Any service required or authorized to be made by the Administrator under this section may be made by registered mail or in such other manner reasonably calculated to give actual notice as the Administrator may by regulation or otherwise provide. Copies of any notice or order served by the Administrator upon any State-chartered credit union or any director, officer, or committee member thereof or other person participating in the conduct of its affairs, pursuant to the provisions of this section, shall also be sent to the commission, board, or authority, if any, having supervision of such credit union.

"(n) In connection with any proceeding under subsection (e), (f)(1), or (g) of this section involving an insured State-chartered credit union or any director, officer, committee member, or other person participating in the conduct of its affairs, the Administrator shall provide the commission, board, or authority, if any, having supervision of such credit union, with notice of his intent to institute such a proceeding and the grounds therefor. Unless within such time as the Administrator deems appropriate in the light of the circumstances of the case (which time must be specified in the notice prescribed in the preceding sentence) satisfactory corrective action is effectuated by action of such commission, board, or authority, the Administrator may proceed as provided in this section. No credit union or other party who is the subject of any notice or order issued by the Administrator under this section shall have standing to raise the requirements of this subsection as ground for attacking the validity of any such notice or order.

"(o) In the course of or in connection with any proceeding under this section, the Administrator, or any designated representative thereof, including any person designated to conduct any hearing under this section, shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpenas and subpenas duces tecum, and the Administrator is empowered to make rules and regulations with respect to any such proceedings. The attendance of witnesses and the production of documents provided for in this subsection may be required from any place in any State or in any territory or other place subject to the jurisdiction of the United States at any designated place where such proceeding is being conducted. Any party to proceedings under this section may apply to the United States District Court for the District of Columbia, or the United States district court for the judicial district or the United States court in any territory in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpena or subpena duces tecum issued pursuant to this subsection, and such courts shall have jurisdiction and power to order and require compliance therewith. Witnesses subpenaed under this section shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States. Any court having jurisdiction of any proceeding instituted under this section by an insured credit union or a director, officer, or committee member thereof may allow to any such party such reasonable expenses and attorneys' fees as it deems just and proper, and such expenses and fees shall be paid by the credit union or from its assets.

"PAYMENT OF INSURANCE

"SEC. 207. (a)(1) Upon his finding that a Federal credit union insured under this title is bankrupt or insolvent, the Administrator shall close such credit union for liquidation and appoint himself liquidating agent therefor.

"(2) Notwithstanding any other provision of law, it shall be the duty of the Administrator as such liquidating agent to cause notice to be given, by advertisement in such newspapers as he may direct, to all persons having claims against such closed credit union, to present their claims within four months from the date such advertisement first appeared; to realize upon the assets of such closed credit union, having due regard to the condition of credit in the locality; and to wind up the affairs of such closed credit union in conformity with the provisions of law relating to the liquidation of bankrupt or insolvent Federal credit unions, except as herein otherwise provided. The Administrator as such liquidating agent shall pay to himself for his own account such portion of the amounts realized from such liquidation as he shall be entitled to receive on account of his subrogation to the claims of members, and he shall pay to members and other creditors the net amounts available for distribution to them. The Administrator as such liquidating agent, however, may, in his discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to the first sentence of this paragraph, and no liability shall attach to the Administrator himself for as such liquidating agent by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment.

"(3) Notwithstanding any other provision of law, the Administrator as liquidating agent of a closed Federal credit union insured under this title shall not be required to furnish bond and shall have the right to appoint an agent or agents to assist him in his duties as such liquidating agent. All fees, compensation, and expenses of liquidation and administration thereof shall be fixed by the Administrator and may be paid by him out of funds coming into his possession as such liquidating agent.

"(b) Whenever any insured State-chartered credit union shall have been closed by action of its board of directors or by the commission, board, or authority having supervision of such credit union, as the case may be, or by a court of competent jurisdiction, on account of bankruptcy or insolvency, the Administrator shall accept appointment as liquidating agent therefor, if such appointment is tendered by the commission, board, or authority having supervision of such credit union, or by a court of competent jurisdiction, and is authorized or permitted by

State law. With respect to any such State-chartered credit union, the Administrator as such liquidating agent shall possess all the rights, powers, and privileges granted by State law to a liquidating agent of a State-chartered credit union. For the purposes of this subsection, the term 'liquidating agent' includes a liquidating agent, receiver, conservator, commission, person, or other agency charged by law with the duty of winding up the affairs of a credit union.

"(c) Whenever an insured credit union shall have been closed for liquidation on account of bankruptcy or insolvency, payment of the insured accounts in such credit union shall be made by the Administrator as soon as possible, subject to the provisions of subsection (d) of this section. For the purposes of this subsection, the term 'insured account' means the total amount of the account in the member's name (after deducting offsets) less any part thereof which is in excess of $20,000. Such amount shall be determined according to such regulations as the Administrator may prescribe, and, in determining the amount due to any member, there shall be added together all accounts in the credit union maintained by him for his own benefit either in his own name or in the names of others. The Administrator may define, with such classifications and exceptions as he may prescribe, the extent of the insurance coverage provided for member accounts, including member accounts in the name of a minor, in trust, or in joint tenancy. The Administrator, in his discretion, may require proof of claims to be filed before paying the insured accounts, and in any case where he is not satisfied as to the validity of a claim for an insured account, he may require the final determination of a court of competent jurisdiction before paying such claim.

"(d) In the case of a closed Federal credit union, the Administrator, upon the payment to any member as provided, in subsection (c) of this section, shall be subrogated to all rights of the member against such closed credit union to the extent of such payment. In the case of any other closed insured credit union, the Administrator shall not make any payment to any member until the right of the Administrator to be subrogated to the rights of such member on the same basis as provided in the case of a closed Federal credit union shall have been recognized either by express provision of State law, by allowance of claims by the commission, board, or authority having supervision of such credit union, by assignment of claims by members, or by any other effective method. In the case of any closed insured credit union, such subrogation shall include the right on the part of the Administrator to receive the same dividends from the proceeds of the assets of such closed credit union as would have been payable to the member on a claim for the insured account, but such member shall retain his claim for any uninsured portion of his account. The rights of members and other creditors of any State-chartered credit union shall be determined in accordance with the applicable provisions of State law.

"(e) Payment of an insured account to any person by the Administrator shall discharge the Administrator to the same extent that payment to such person by the closed insured credit union would have discharged it from liability for the insured account.

"(f) Except as otherwise prescribed by the Administrator, the Administrator shall not be required to recognize as the owner of any portion of an account appearing on the records of the closed credit union under a name other than that of the claimant any person whose name or interest as such owner is not disclosed on the records of such closed credit union as part owner of such account, if such recognition would increase the aggregate amount of the insured accounts in such closed credit union.

"(g) The Administrator may withhold payment of such portion of the insured account of any member of a closed credit union as may be required to provide for the payment of any direct or indirect liability of such member to the closed credit union or its liquidating agent, which is not offset against a claim due from such credit union, pending the determination and payment of such liability by such member or any other person liable therefor.

"(h) If, after the Administrator shall have given at least four months' notice to the member by mailing a copy thereof to his last-known address appearing on the records of the closed credit union, any member of the closed credit union shall fail to claim his insured account from the Administrator within 18 months after the appointment of the liquidating agent for the closed credit union, all rights of the member against the Administrator with respect to the insured account shall be barred, and all rights of the member against the closed credit union, or the estate to which the Administrator may have become subrogated, shall thereupon revert to the member.

"(i)(1) Liquidating agents of insured credit unions closed for liquidation on account of bankruptcy or insolvency may offer the assets of such credit unions for sale to the Administrator or as security for loans from the Administrator, upon receiving permission from the commission, board, or authority having supervision of such credit union, in the case of an insured State-chartered credit union, in accordance with express provisions of State law. The proceeds of every such sale or loan shall be utilized for the same purposes and in the same manner as other funds realized from the liquidation of the assets of such credit unions. The Administrator, in his discretion, may make loans on the security of or may purchase and liquidate or sell any part of the assets of an insured credit union closed for liquidation on account of bankruptcy or insolvency, but in any case in which the Administrator is acting as liquidating agent of a closed insured credit union, no such loan or purchase shall be made without the approval of a court of competent jurisdiction.

"(2) No agreement which tends to diminish or defeat the right, title, or interest of the Administrator in any asset acquired by him under his subsection, either as security for a loan or by purchase, shall be valid against the Administrator unless such agreement—

"(A) shall be in writing;

"(B) shall have been executed by the credit union and the person or persons claiming an adverse interest thereunder, including the obligor, contemporaneously with the acquisition of the asset by the credit union;

"(C) shall have been approved by the board of directors of the credit union, which approval shall be reflected in the minutes of such board; and

"(D) shall have been, continuously, from the time of its execution, an official record of the credit union.

"SPECIAL ASSISTANCE TO AVOID LIQUIDATION

"SEC. 208. (a)(1) In order to reopen a closed insured credit union or in order to prevent the closing of an insured credit union which the Administrator has determined is in danger of closing, the Administrator, in his discertion, is authorized to make loans to, or purchase the assets of, or establish accounts in such insured credit union upon such terms and conditions as he may prescribe. Such loans shall be made and such accounts shall be established only when, in the opinion of the Administrator, such action is necessary to protect the Fund or the interests of the members of the credit union. Such loans and accounts may be in subordination to the rights of members and creditors of the credit union.

"(2) Whenever in the judgment of the Administrator such action will reduce the risk or avert a threatened loss to the fund and will facilitate a merger or consolidation of an insured credit union with another insured credit union, or will facilitate the sale of the assets of an open or closed insured credit union to and assumption of its liability by another insured credit union, the Administrator may, upon such terms and conditions as he may determine, make loans secured in whole or in part by assets of an open or closed insured credit union, which loans may be in subordination to the rights of members and creditors of such credit union, or the Administrator may purchase any of such assets or may guarantee any other insured credit union against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured credit union.

"(3) No agreement which tends to diminish or defeat the right, title, or interest of the Administrator in any asset acquired by him under this subsection, either as security for a loan or by purchase, shall be valid against the Administrator unless such agreement—

"(A) shall be in writing;

"(B) shall have been executed by the credit union and the person or persons claiming an adverse interest thereunder, including the obligor, contemporaneously with the acquisition of the asset by the credit union;

"(C) shall have been approved by the board of directors of the credit union, which approval shall be reflected in the minutes of such board; and

"(D) shall have been, continuously, from the time of its execution, an official record of the credit union.

"(b) For the protection of the Fund, the Administrator, without regard to the Federal Property and Administrative Services Act of 1949, may—

"(1) deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, sell for cash or credit, or lease, in his discretion, any real property acquired or held by him under this section; and

"(2) assign or sell at public or private sale, or otherwise, dispose of, any evidence of debt, contract, claim, personal property, or security assigned to or held by him under this section.

Section 3709 of the Revised Statutes of the United States shall not apply to any purchase or contract for services or supplies made or entered into by the Administrator under this section if the amount thereof does not exceed $1,000, or to any contract for hazard insurance on any real property acquired or held by him under this section.

"(c) In connection with the liquidation of any insured credit union, the Administrator shall have the power to carry on the business of and collect all obligations to the credit union, to settle, compromise, or release claims in favor of or against the credit union, and to do all other things that may be necessary in connection therewith, subject to the regulation of the court or other public body having jurisdiction over the matter.

"(d) Money received by the Administrator in carrying out this section shall be paid into the Fund.

"ADMINISTRATIVE PROVISIONS

"SEC. 209. (a) In carrying out the purposes of this title, the Administrator may—

"(1) make contracts;

"(2) sue and be sued, complain and defend, in any court of law or equity, State or Federal. All suits of a civil nature at common law or in equity to which the Administrator shall be a party shall be deemed to arise under the laws of the United States, and the United States district courts shall have original jurisdiction thereof, without regard to the amount in controversy. The Administrator may, without bond or security, remove any such action, suit, or proceeding from a State court to the United States district court for the district or division embracing the place where the same is pending by following any procedure for removal now or hereafter in effect, except that any such suit to which the Administrator is a party in his capacity as liquidating agent of a State-chartered credit union and which involves only the rights or obligations of members, creditors, and such State credit union under State law shall not be deemed to arise under the laws of the United States. No attachment or execution shall be issued against the Administrator or his property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court. The Administrator shall designate an agent upon whom service of process may be made in any State, territory, or jurisdiction in which any insured credit union is located;

"(3) pursue to final disposition by way of compromise or otherwise claims both for and against the United States (other than tort claims, claims involving administrative expenses, and claims in excess of $5,000 arising out of contracts for construction, repairs, and the purchase of supplies and materials) which are not in litigation and have not been referred to the Department of Justice;

"(4) to appoint such officers and employees as are not otherwise provided for in this Act, to define their duties, fix their compensation, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. Nothing in this or any other Act shall be construed to prevent the appointment and compensation as an officer or employee of the Administration of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof;

"(5) employ experts and consultants or organizations thereof, as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a);

"(6) prescribe the manner in which his general business may be conducted and the privileges granted to him by law may be exercised and enjoyed;

"(7) exercise all powers specifically granted by the provisions of this title and such incidental powers as shall be necessary to carry out the powers so granted;

"(8) make examinations of and require information and reports from insured credit unions, as provided in this title.

"(9) act as liquidating agent;

"(10) delegate to any officer or employee of the Administration such of his functions as he deems appropriate; and

"(11) prescribe such rules and regulations as he may deem necessary or appropriate to carry out the provisions of this title.

"(b) With respect to the financial operations arising by reason of this title, the Administrator shall—

"(1) prepare annually and submit a business-type budget as provided for wholly owned Government corporations by the Government Corporation Control Act; and

"(2) maintain an integral set of accounts, which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act.

"NONDISCRIMINATORY PROVISION

"SEC. 210. It is not the purpose of this title to discriminate in any manner against State-chartered credit unions and in favor of Federal credit unions, but it is the purpose of this title to provide all credit unions with the same opportunity to obtain and enjoy the benefits of this title."

SEC. 2. Section 101 of the Federal Credit Union Act, as redesignated by section 1 of this Act (formerly section 2 of such Act), is amended—

(1) by striking out the word "and" at the end of paragraph (2) thereof;

(2) by striking out the period at the end of paragraph (3) thereof and inserting "; and" in lieu thereof; and

(3) by adding the following new paragraphs after paragraph (3) thereof:

"(4) The terms 'member account' and 'account' (when referring to the account of a member of a credit union) mean a share, share certificate, or share deposit account of a member of a credit union of a type approved by the Administrator which evidences money or its equivalent received or held by a credit union in the usual course of business and for which it has given or is obligated to give credit to the account of the member, and, in the case of a credit union serving predominantly low-income members (as defined by the Administrator), such terms (when referring to the account of a nonmember served by such credit union) mean a share, share certificate, or share deposit account of such nonmember which is of a type approved by the Administrator and evidences money or its equivalent received or held by such credit union in the usual course of business and for which it has given or is obligated to give credit to the account of such nonmember;

"(5) The terms 'State credit union' and 'State chartered credit union' mean a credit union organized and operated according to the laws of any State, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, which laws provide for the organization of credit unions similar in principle and objectives to Federal credit unions;

"(6) The term 'insured credit union' means any credit union the member accounts of which are insured in accordance with the provisions of title II of this Act, and the term 'noninsured credit union' means any credit union the member accounts of which are not so insured;

"(7) The term 'Fund' means the National Credit Union Share Insurance Fund; and

"(8) The term 'branch' includes any branch credit union, branch office, branch agency, additional office, or any branch place of business located in any State of the United States, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico, at which member accounts are established or money lent."

SEC. 3. Section 493 of title 18 of the United States Code (relating to bonds and obligations of certain lending agencies) is amended—

(1) by inserting the words "National Credit Union Administration," following the words "Federal Deposit Insurance Corporation,"; and

(2) by inserting the words "insured credit union," following the words "intermediate credit bank,".

SEC. 4. Section 657 of title 18 of the United States Code (relating to lending, credit, and insurance institutions) is amended—

(1) by inserting the words "National Credit Union Administration," following the words "Federal Deposit Insurance Corporation,"; and

(2) by inserting the words "or by the Administrator of the National Credit Union Administration" following the words "Federal Savings and Loan Insurance Corporation".

SEC. 5. Section 709 of title 18 of the United States Code (relating to false advertising and misuses of names to indicate a Federal agency) is amended by adding after the third paragraph thereof the following paragraph:

"Whoever falsely advertises or otherwise represents by any device whatsoever that his or its deposit liabilities, obligations, certificates, or shares are insured under the Federal Credit Union Act or by the United States or any instrumentality thereof, or, being an insured credit union as defined in that Act falsely advertises or otherwise represents by any device whatsoever the extent to which or the manner in which shareholdings in such credit union are insured under such Act; or".

SEC. 6. Section 1006 of title 18 of the United States Code (relating to false entries in reports and transactions of Federal credit institutions) is amended—

(1) by inserting the words "National Credit Union Administration," following the words "Federal Deposit Insurance Corporation,"; and

(2) by inserting the words "or by the Administrator of the National Credit Union Administration" following the words "Federal Savings and Loan Insurance Corporation".

SEC. 7. Section 1014 of title 18 of the United States Code (relating to false statements in loan and credit applications) is amended by striking out the words "or a Federal credit union" and by inserting the words ", a Federal credit union, or an insured State-chartered credit union" in lieu thereof.

SEC. 8. Section 2113 of title 18 of the United States Code (relating to bank robbery and incidental crimes) is amended as follows:

(1) Subsections (a), (b), and (c) are each amended by inserting the words "credit union," following the word "bank," each place it appears therein.

(2) The following new subsection is added at the end thereof:

"(h) As used in this section the term 'credit union' means any Federal credit union and any State-chartered credit union the accounts of which are insured by the Administrator of the National Credit Union Administration."

SEC. 9. Section 116 of the Federal Credit Union Act, as redesignated by section 1 of this Act (formerly section 17 of such Act), is amended to read as follows:

"SEC. 116. (a) Immediately before the payment of each dividend, the gross earnings of the credit union shall be determined. From this amount, there shall be set aside, as a regular reserve against losses on loans and against such other losses as may be specified in regulations prescribed under this Act, sums in accordance with the following schedule:

"10 per centum of gross income until the regular reserve shall equal 7½ per centum of the total of outstanding loans and risk assets, then

"5 per centum of gross income until the regular reserve shall equal 10 per centum of the total of outstanding loans and risk assets.

Whenever the regular reserve falls below 10 per centum or 7½ per centum of the total of outstanding loans and risks assets, as the case may be, it shall be replenished by regular contributions in such amounts as may be needed to maintain the reserve goals of 7½ per centum or 10 per centum.

"(b) In addition to such regular reserve, special reserves to protect the interests of members shall be established—

"(1) when required by regulation; or

"(2) when found by the Administrator, in

any special case, to be necessary for that purpose."

SEC. 10. Section 107 of the Federal Credit Union Act, as redesignated by section 1 of this Act (formerly section 8 of such Act), is amended—

(1) by striking out paragraph (7) and inserting in lieu thereof the following:

"(7) to receive from its members or other federally insured credit unions payments on shares, share certificates, or share deposits, and, in the case of credit unions serving predominantly low-income members (as defined by the Administrator), to receive payments on shares, share certificates, or share deposits from nonmembers;" and

(2) by adding at the end of paragraph (8) the following: "and (H) in shares, share certificates, or share deposits of federally insured credit unions;".

Mr. BENNETT. Mr. President, I appreciate the thoughtfulness of the chairman of our Banking and Currency Committee, Senator SPARKMAN, in allowing me to report this share insurance bill for credit unions. The fact that he has done so is an indication of the nonpartisan nature of the measure and the complete cooperation which he and other members of the committee have displayed in the consideration of this bill. Indeed, the bill was reported by the committee without any objection after the approval of several amendments which I believe have adapted its provisions to reflect the unique operations and structure of credit unions. At the same time, the bill provides what I consider to be a reasonable assurance that the insurance program will be able to meet demands which may be made on it as the result of the liquidation of credit unions or difficulties experienced by credit unions which require the use of the fund to assist in the prevention of liquidation.

The need and desirability of this legislation, I believe, is self-evident. Credit unions are the only major depository institutions which do not have an opportunity to insure their accounts under a Federal insurance program. We are all aware that the great preponderance of savings in commercial banks and savings and loan associations are insured either under the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Some State-chartered banks and savings and loan associations are insured under State or private insurance programs. On the other hand, the only share insurance available to credit unions is that made available to State credit unions through State insurance programs now operating in two States and a private plan operating in one State. These plans are available only to a relatively few credit unions and thus only a very small proportion of the more than $14 billion of savings held by 24,000 credit unions operating in the United States is insured against loss by the saver. Federal credit unions are unique in that they are the only federally chartered thrift institutions that do not provide Federal share insurance protection to their depositors.

Perhaps equally as important is the fact that most credit union members do not know that their savings are uninsured. The returns received as a result of a continuing survey by the National Credit Union Administration indicate that five out of six respondents believed their shares were insured. The overall loss experience in credit unions has been relatively small. Yet the losses which have occurred have weighed heavily on a few credit unions and only a relatively few members. Since many credit unions deal primarily with individuals having limited incomes, it is particularly important that they enjoy the same insurance protection enjoyed by other savers and depositors in other financial institutions.

Recent testimony in our Banking and Currency Committee indicated that credit unions in limited-income areas which are specifically established to assist poor people would benefit greatly from share insurance. Mr. Edward C. Sylvester, Jr., testifying for the Urban Coalition Action Council, testified that the lack of deposit insurance is a serious deficiency. He supported share insurance on the basis that it would provide additional funds for credit unions serving residents in the inner city where it is difficult to attract deposits. He said of share insurance:

It seems to us to be an essential device really to encourage others to participate in credit unions and in making a great deal more capital available to them than they are apt to get through their normal membership activities.

A program of Federal share insurance should also enable the average credit union to be more competitive in attracting savings, thus enabling such credit unions to increase their services to members.

The need for share insurance has been made clear by a study of regular reserves in Federal credit unions published by the Bureau of Federal Credit Unions last year. In the study, the Bureau noted that 1,204 Federal credit unions completed liquidation in the 5 years ending December 21, 1967. Sixteen percent of 189 of these liquidated at a loss to shareholders. Losses to the shareholders, although small in dollar amount, totaled just over 20 percent of shares. The majority of the credit unions which paid less than 100 percent at liquidation were small, according to the Bureau's study. Almost four-fifths of them had assets of less than $25,000. It appears quite clear that the burden of loss falls on the smaller credit union and the small saver. Yet the credit union can and should be most useful to those who have a relatively small amount to save. There are more than 9,500 Federal credit unions with assets of less than $500,000 serving people who may have limited access to other thrift and credit facilities.

Stabilization or liquidation funds have been esatblished by State credit union organizations fo rthe purpose of assisting liquidating credit unions to return 100 cents on their members' share dollars. Despite the beneficial activities of the funds, credit unions continue to liquidate at a loss to their members. In 1969, 31 of the 36 Federal credit unions that liquidated at a loss to shareholders were located in States that had stabilization funds.

The need for share insurance is further indicated by moves within some States for statewide share insurance. State-chartered credit unions in Massachusetts and Wisconsin now have a State plan for insurance of member accounts, and Rhode Island has recently passed enabling legislation of this nature. The State plans, however, have the disadvantage of a restricted membership and of not being available to federally chartered credit unions. Thus, a system which will provide insurance for Federal credit unions and for State-chartered credit unions, if they so desire, is needed.

In addition to share insurance, credit unions which are serving low-income persons need assistance in attracting capital if they are to meet the legitimate needs of their members. Because those who are members have relatively little in savings to deposit in their credit union, the need for loans at reasonable rates of interest by members far exceeds the capital available to the credit union. In order to overcome this deficiency, it is necessary for credit unions serving low-income persons to receive capital from outside sources. Many individuals, financial institutions, and other businesses have expressed a willingness to deposit assets in credit unions serving low-income persons. To make it possible for those who have capital to deposit it in credit unions serving low-income persons, it is necessary to amend the Federal Credit Union Act to authorize credit unions serving low-income persons to accept deposits from nonmembers and to authorize Federal credit unions to place deposits in other insured credit unions.

Mr. President, I do not desire to discuss the provisions of the bill in any detail, but I do believe that it is appropriate to generally outline what the bill contains and discuss briefly some of the considerations of the committee in reporting the bill in its present form.

The bill amends the present Federal Credit Union Act by adding a new title providing share insurance. It also amends the present act by broadening the authority of certain specified credit unions to allow deposits by nonmembers and reduces the regular reserve schedule for Federal credit unions.

INSURANCE OF CREDIT UNION SHARES

The committee bill provides that the Administrator of the National Credit Union Administration insure the member accounts of all Federal credit unions and may insure the member accounts of credit unions organized according to the laws of any State, territory, or possession of the United States, the Panama Canal Zone, and Puerto Rico, as well as nonregulated overseas credit unions operating under the Department of Defense jurisdiction. Authority to insure nonregulated overseas credit unions was added by the committee in response to a request that insurance be made available to four uncharted credit unions serving American military personnel at overseas installations. The committee agreed to authorize such insurance on the condition that these overseas installations meet all the requirements of the Federal Credit Union Act and those addi-

tional requirements made by the Administrator under this legislation.

Applications by State and Federal credit unions for insurance must contain an agreement by the applicant with regard to specific provisions such as examinations and their cost, reserves as required by the Administrator, protection against certain insurable losses, reports, insurance premiums, and permissible securities and accounts.

The committee amended this section of the bill to assure that examinations required by the Administrator and the resulting expense to credit unions be minimized. This was done by requiring the Administrator to so structure presently required examinations of Federal credit unions so that they could be used for insurance purposes. The Administrator is also required to use State examinations to the maximum extent feasible.

The bill as introduced was also amended to assure that reserves required by other than Federal credit unions would not be less than those required under title I of the act for Federal credit unions. The committee decided such a provision was necessary to protect the solvency of the insurance fund as well as a matter of equity that all insured credit unions comply with the minimum net worth reserve requirements contained in title I of the act. State authorities presently determine reserves for credit unions under their jurisdiction and they would continue to determine such reserves. However, the Administrator is authorized to require special reserves on insured non-Federal credit unions in the event reserves required by authorities having jurisdiction over these credit unions are less than those required under title I of the act for Federal credit unions.

Lower reserve requirements on the part of State-chartered credit unions in a particular State would increase the risk to the fund and penalize all other credit unions which pay the same insurance premium but which because of their higher reserve requirements, present a lesser risk to the fund. Authority to establish uniform reserve requirements is also provided the Federal Home Loan Bank Board with respect to State-chartered savings and loan associations insured by the Federal Savings and Loan Insurance Corporation.

Federal credit unions are required to be insured under the act. As originally written, if a Federal credit union application for insurance were denied by the Administrator, the credit union was not given a specific time period within which to qualify for share insurance and thus retain its Federal charter. The committee amended the bill to provide all Federal credit unions with 1 year in which to qualify and become insured. If it did not meet this requirement, its charter would be either revoked or suspended. Under the committee bill, the Administrator could also provide a Federal credit union with partial share insurance up to the extent of its unimpaired share capital.

The committee considered a proposal which would have required the Administrator to grant provisional insurance for not less than 1 year and not more than 2 years to all Federal credit unions which did not meet insurance requirements. This proposal would have provided insurance to credit unions whose capital was impaired or whose financial policies or condition were found to be unsafe or unsound. The committee decided that such a provision would unduly restrict the authority of the Administrator to require such credit unions to meet insurance requirements while unduly jeopardizing the insurance fund and possibly increasing the financial burden placed on all other credit unions. Section 206(d) of the bill provides that when insured status is terminated, all accounts insured as of that date would continue to be insured for 1 year. The proposal rejected by the committee, therefore, would have provided a minimum of 2 years of insurance and possibly 3 years of insurance to credit unions which were unsafe or unsound without authority for the insurance coverage to be withdrawn by the Administrator. The committee provision, on the other hand, provides an opportunity and a strong incentive for unqualified credit unions to become qualified without jeopardizing their ability to attract funds or risking the reserves of the insurance fund.

REPORTS OF CONDITION AND INSURANCE PREMIUMS

The bill authorizes the Administrator to require reports of condition and to require the payment of insurance premiums. A committee amendment assures that reports will be kept to a minimum needed to meet insurance requirements by requiring present Federal credit union reports to be structured so that they can be used for insurance purposes and requiring the use of reports made to State agencies to the extent feasible such reports can be used for insurance purposes. A provision is contained prorating the insurance premium for credit unions which become insured during the insurance year, and in order to avoid the burden of a premium on newly chartered credit unions during their formative period, the bill provides for a deduction of $10,000 of share account liability in computing the first annual insurance premium.

No provision is made in the bill for original capitalization or funding of the credit union insurance fund. This is at variance with other Federal insurance funds which have been established by the Congress and minimizes the burden on the insured institutions.

The annual premium required is one-twelfth of 1 percent. The committee also considered a recommendation that the annual premium be one-twentieth of 1 percent.

Both the one-twelfth of 1 percent and the one-twentieth of 1 percent annual premium rates would produce amounts substantially in excess of the historical losses of Federal credit unions which averaged 0.0089 percent for the period since 1934. Only in 1 year during that period were the actual losses greater than the total income that would have resulted from a premium rate of one-twentieth of 1 percent. It must be remembered, however, that the purpose of the insurance fund is to pay immediately to all savers the amount of their savings up to $20,000 in a credit union and to assist other credit unions over difficult periods so that they will not be forced to liquidate. The temporary cash demands on the fund, therefore, could greatly exceed the amount indicated by the ultimate loss figures. As an example, the disbursements of the Federal Deposit Insurance Corporation during its lifetime have been about eight times as great as the losses.

There was no way for the committee to determine what the demands on the fund will be in the future. It was decided, however, that there is some value in building up the fund during the early years. The committee, therefore, approved the one-twelfth of 1 percent annual premium rate along with language providing for a partial rebate of paid-in insurance premiums to liquidating credit unions. Thus, any surplus produced by the higher premium would ultimately be paid back to a credit union if it liquidates. Under the committee proposal requiring one-twelfth of 1 percent as an annual premium, the National Credit Union Administration estimates that 16 years would be required to build up an insurance fund equal to 1 percent of member accounts in insured credit unions.

The bill as introduced established the normal operating level of the fund at 2 percent of member accounts. The Acting Administrator of the National Credit Union Administration, Mr. J. Deane Gannon, recommended that the normal operating level be reduced to 1 percent and the committee approved such a reduction. Under the bill when the fund reaches 1 percent, the Administrator may reduce the annual rate of premium from the one-twelfth of 1 percent to a level he deems sufficient to maintain an adequate insurance fund. In addition, the committee approved a provision which would under certain conditions entitle an insured credit union which is closed for liquidation to a rebate of its share of the insurance fund after deducting its share of losses and administrative expenses and any claims arising from liquidations. The Administrator is also authorized under this section to increase the annual premium to an amount not to exceed double the regular premium or one-sixth of 1 percent for any year in which the expenditures from the fund exceed the income to the fund.

INSURANCE FUND CREATED

The bill creates a national credit union share insurance fund in the Treasury of the United States as a revolving fund and authorizes the Administrator to use the fund to administer and operate the share insurance program. Authority is also provided for the Secretary of the Treasury to make loans to the fund not to exceed an aggregate of $100 million and to assess interest charges, based on outstanding U.S. debt obligations, for such loans.

EXAMINATION AND REPORTS

The Administrator is authorized to appoint examiners and claim agents who would have power to examine insured credit unions and investigate claims for insured accounts. Provision is also made for acceptance of reports made by or to

any State supervisory agency and for furnishing reports of examination by the Administrator to such authorities.

REQUIREMENTS OF INSURED CREDIT UNIONS

The bill contains requirements governing insured credit unions, including a requirement, unless exempted by the Administrator, that all advertising must contain a statement that member accounts are insured and that a sign be displayed showing that the credit union has such insurance. Written approval of the Administrator would be required for certain mergers, transfer of assets, conversion to a noninsured institution, or employment of persons convicted of criminal offenses involving personal dishonesty or breach of trust. The Administrator would be required to establish minimum security standards and procedures to be complied with by insured credit unions. In establishing such standards, the committee expects the Administrator to take into consideration those factors necessary to make the standards responsive to the circumstances of individual credit unions.

The committee deleted from the original bill language providing for a penalty of up to $100 a day if a credit union does not comply with the requirements stating that member accounts are insured. There was concern by some credit union representatives that the Administrator might impose such a penalty on small credit unions with temporary offices.

The committee also deleted a prohibition against establishing branches or moving an office or branch without approval from the Administrator. Since credit unions are noncompetitive with each other, authority over branching or movement of the main office is not necessary for proper operation of the insurance program. If branching were to affect costs of operation adversely, the Administrator could deal with the problem under other authority in the bill.

TERMINATION OF INSURANCE; CEASE-AND-DESIST PROCEDURES; AND REMOVAL OF OFFICERS

The bill provides for voluntary termination of insurance by State-chartered and nonregulated credit unions. It also provides for termination of insurance by the Administrator after proper notice and hearing. In addition, this section authorizes cease-and-desist proceedings and the removal of directors, officers, and committee members for cause after hearing and with provision for judicial review. In the unlikely event that all directors of a credit union are suspended, the Administrator would be authorized to appoint temporary directors to operate the credit union until new ones were elected by the credit union members.

This authority assures credit union members access to their savings and continued operation of their credit union in the event the entire management of the credit union is suspended. The committee amended this section to provide for an election of new directors by members of the credit union within 30 days after the appointment of temporary directors.

PAYMENTS OF INSURANCE

The bill contains detailed procedures for the closing of bankrupt or insolvent insured credit unions for liquidation, the appointment of the Administrator as liquidating agent, and for the payment of insured member accounts. The Administrator is authorized to appoint an agent or agents to assist him in his duties as liquidating agent. It is expected that the Administrator will use whatever procedures or means he deems appropriate to assist him in his responsibilities as liquidating agent to minimize the burden on the insurance fund. The Administrator, however, is not authorized to delegate his responsibility as liquidating agent.

ASSISTANCE TO AVOID LIQUIDATION

The Administrator is also authorized to make loans to or purchase assets in order to reopen a closed insured credit union or to prevent the closing of an insured credit union.

REGULAR RESERVE REQUIREMENTS

The bill revises the regular reserve requirements for Federal credit unions to provide for a transfer of 10 percent of gross income until the regular reserve equals 7½ percent of loans and risk assets after which a 5-percent transfer of gross income is required until the regular reserve equals 10 percent of loans and risk assets. By comparison, the existing law requires a transfer of 20 percent of net earnings until the regular reserve equals 10 percent of members' shares. Basing the reserve requirement on loans and other risk assets instead of shares will reduce the reserve requirement by about 14 percent for the average credit union.

The provision is generally in line with a formula developed by the National Credit Union Administration after a comprehensive study of Federal credit union losses and reserves. However, the committee amended the formula developed by the Administration in order to reduce the burden of reserve transfers on small, newly organized, or relatively less efficient credit unions.

NONMEMBER SHARES AND INVESTMENTS IN CREDIT UNIONS

Finally, the bill amends the Federal Credit Union Act to allow credit unions serving predominantly low-income members—as defined by the Administrator—to accept funds for nonmembers. Share deposits in credit unions serving low-income members are presently insufficient to meet the needs of their members.

This amendment would make it possible for others who are not included in the "common bond" required for membership, to invest in shares of credit unions serving low-income members and thus assist in providing reasonable cost credit to these individuals. This section also authorizes Federal credit unions to invest in shares of federally insured credit unions.

Mr. President, I am pleased to be able to say that there is no opposition to this bill from the organized credit union industry. This is significant because less than 4 months ago I could not have made such a statement. At that time, when I tried to provide protection for the savings of credit union members, CUNA International, the largest credit union trade association, mustered an organized campaign against the provision. The unfortunate thing about that campaign was that its basis was irresponsible misrepresentation of the proposal. Despite the all-out opposition of CUNA International it failed in the Senate by only a few votes. The only argument against it on the Senate floor was that there had been no hearings by the Banking Committee. There is no doubt in my mind that the test vote in the Senate and the reaction of credit unions throughout the country to CUNA International's opposition were very instrumental in bringing about a change in the association's policy.

Indeed, in May of this year representatives of the credit unions affiliated with CUNA forced a change in the association's official position by a convention vote of almost 2 to 1 in favor of a Federal program providing share insurance for their members. I, of course, welcomed this grassroots support. I also should point out that despite the earlier unfortunate attitude I would like to express here today my gratitude to CUNA for its support of this share insurance proposal.

I also thank the National Association of Federal Credit Unions representing perhaps 10 to 15 percent of Federal credit unions and now a major and responsible voice in the credit union movement. NAFCU has strongly supported the Federal share insurance proposal from the beginning and they, along with individual credit unions throughout the country, deserve much of the credit for this bill protecting the shareholders in America's credit unions.

Mr. President, our hearings on the bill and the deliberations of the committee have resulted in a good bill which will provide the needed protection for savers who place their funds in credit unions.

I believe this protection should have been provided long ago and that there is no acceptable excuse for further delay. I therefore hope that the Senate will approve the legislation so that the more than 22 million members of credit unions, many of whom are in the lower income categories, may receive protection for their savings this year.

Thank you, Mr. President.

Mr. SPARKMAN. Mr. President, the purpose of the bill which is pending Senate consideration, that is, S. 3822, is to establish a Federal system of share insurance for savings in credit unions and the regulatory authority necessary to operate such a share insurance system. In this connection, this legislation is intended to provide the same sort of protection for savings accounts in credit unions as is now provided for savings accounts in banks through the Federal Deposit Insurance Corporation and on savings accounts in savings and loan associations through the Federal Savings and Loan Insurance Corporation.

In general, insurance coverage would be provided for all federally chartered credit unions. Insurance coverage would also be provided for State chartered credit unions and credit unions operated under the jurisdiction of the Department of Defense if those credit unions elected to be covered and agreed to comply with all the requirements of the insurance program.

For the information of the Senate, the Banking and Currency Committee held hearings on this measure on June 18 and 19 and the bill was subsequently reported favorably without objection on August 4.

In addition to the purposes which I have already described, S. 3822 would change certain reserve requirements of Federal credit unions, authorize Federal credit unions to invest in other insured credit unions and would authorize certain Federal credit unions serving low-income persons to accept funds from nonmembers.

Mr. President, I am sure that all the Members of the Senate know that the growth of credit unions in the last three decades has been phenomenal. At the present there are approximately 24,000 credit unions in this country. This is a greater number than all other financial institutions combined. Of the 24,000 some 13,000 credit unions are federally chartered. This is more than all other federally chartered institutions combined. More than 20 million Americans are members of credit unions and their saving deposits exceed $14 billion.

Credit unions in general, and specifically Federal credit unions, are perhaps unique in that today they are the only type of financial institution that do not provide some type of insurance program on savings held by them. In fact, few credit union members realize their savings are uninsured. Thus far, the overall loss of credit unions has been very small and I think this is a point which must be attributed to the successful operation of the entire credit union movement. On the other hand, there have been a few losses and when these losses have occurred they have weighed heavily upon those whose savings were uninsured.

A Federal program of share insurance such as S. 3822 would provide will enable the average credit union to be more competitive in attracting savings thus enabling those credit unions that do participate in the insurance program to increase their services to their members.

During the hearings conducted by the Banking and Currency Committee there was a preponderance of evidence submitted by witnesses indicating the need for the type of insurance program as would be provided by S. 3822.

In that S. 3822 provides for an insurance program for savings that have not heretofore been covered, I believe, it is a good bill and I am very much in hopes that the Senate will give this measure favorable consideration.

Mr. PROXMIRE. Mr. President, the bill reported by the Senate Banking and Currency Committee would for the first time provide Federal insurance for savings deposited in credit unions. Credit unions are the only financial institution whose deposits are not insured by the Federal Government. While the total losses over the years have been quite small, there have been cases where individuals have lost sizable amounts.

For example, during the last 36 years 150,000 members have lost money in liquidating Federal credit unions. It should be emphasized that in three-fourths of these cases, the loss was less than $10. On the other hand, there are 1,430 cases where the loss exceeded $500 and there is one case where the loss reached $9,100.

The small saver is entitled to the same insurance protection when he puts his funds in a credit union as he gets when he saves in a bank or savings and loan association. Despite the remarkable safety record compiled at credit unions, we need to insure that no one who saves in a credit union is subject to losing his savings if the credit union liquidates.

Credit unions are different from banks or savings and loan associations in that the credit union is organized around a common bond of membership such as a factory or office. Thus, if the plant closes down or the office relocates, the credit union is required to liquidate. From 1934 through 1969, over 5,600 Federal credit unions liquidated, an average of 155 per year. Over 4,500 of these credit unions paid 100 percent or more to their depositors, or looked at another way, about 1,100 Federal credit unions liquidated at a loss.

During the last 5 years an average of 247 Federal credit unions liquidated each year. In 1969, 274 Federal credit unions liquidated, 35 of them at a loss to their members which aggregated $95,000.

To some extent, stabilization funds established by State credit union leagues have compensated credit union members for their losses. The total losses at Federal credit unions over the last 36 years totaled $4.9 million of which $1.6 million was returned to members through State stabilization funds. Despite the excellent efforts made by State stabilization funds, they have not been able to cover all of the losses incurred by Federal credit unions. Moreover, given the rapid growth rate of credit unions, the gap between losses and stabilization fund resources may be expected to grow.

The importance of credit unions in the national economy cannot be exaggerated. There are over 24,000 credit unions, both State chartered and Federal chartered. As a matter of fact, there are more credit unions operating today than there are insured commercial banks and savings and loan associations combined.

Over 22 million Americans have their savings in credit unions. These savings total about $14.5 billion and average about $650 per member. Credit unions also play an important role in the consumer credit market. Member loans outstanding are about $13.4 billion which is about 12 percent of all consumer installment loans. At the end of World War II, credit unions held only 4 percent of consumer installment debt. Thus, credit unions have grown in importance, both relatively and absolutely.

Over the last 10 years credit unions have steadily increased their percentage share of consumer savings and consumer loans. Their persistent growth record indicates they are continuing to fill an unmet need among financial institutions. In the last year alone, savings at credit unions jumped 11.5 percent and member loans increased 9.7 percent. If these trends continue, and there is no reason to assume they will not, credit unions will play an increasingly important role in our credit economy.

A program of Federal share insurance will thus place credit unions on a par with other federally insured financial institutions. Share insurance will permit credit unions to continue their rapid rate of growth and assume their important responsibilities throughout the 1970's and 1980's. Share insurance will permit credit unions to compete for funds on a more equal basis so that they may continue making low-cost loans to their members.

Another important advantage of share insurance is that it permits low-income credit unions to attract more funds to serve their members. Credit unions organized in low-income neighborhoods have a heavy loan demand which far exceeds the available supply of savings. Various corporations, churches, financial institutions, and other organizations have indicated they would be willing to deposit their excess funds in low-income credit unions if they could be assured against loss. Thus, Federal share insurance should stimulate the flow of funds to these low-income credit unions.

During the years, the credit union movement was understandably split on the issue of share insurance. Since the credit union movement is essentially a self-help, cooperative movement there has been a certain degree of reluctance to look to the Federal Government for share insurance. It was felt that any share insurance program should be organized and operated by the credit union movement itself without drawing upon the resources of the Federal Government.

On the other hand, others have argued a strictly private insurance program could be prohibitively expensive. The reserves in the insurance fund would have to be large enough to cover all contingencies including the possibility of a prolonged economic slow down. The initial assessments and annual premiums would thus constitute a heavy burden on credit unions.

The subject of Federal share insurance was recently revived by Senator BENNETT as an amendment to a bill establishing an independent National Credit Union Administration which was approved by the Senate on February 5, 1970. The Senate rejected the Bennett amendment primarily on the grounds that hearings had not been held on the subject by the Senate Banking Committee. Senator BENNETT accordingly introduced a share insurance bill on May 11 and this bill, in an amended form, is before the Senate today.

Senator BENNETT is to be congratulated for his leadership in pressing for the adoption of a Federal share insurance bill for credit unions. Since the introduction of the legislation, the Credit Union National Association has voted overwhelmingly to support a program of Federal share insurance for credit unions although they differed with some of the provisions of the original Bennett bill. However, for the first time there was broad agreement on the major objectives of the legislation.

Since the Credit Union National Association represents over 92 percent of the credit union movement in the United States, their decision to support a program of Federal share insurance obviously had a decisive impact on the legislation. The strong support given to the concept of Federal share insurance by

CUNA resolved many of the doubts which had been raised about the need for share insurance and, in my view, led to the unanimous approval of an amended credit union bill by the committee.

While it is hazardous to allocate the credit for a legislative achievement, certainly much of the credit must go to Senator BENNETT for helping to work out a consensus, to Mr. J. Dean Gonnon, Acting Administrator of the National Credit Union Administration, to Mr. R. C. Robertson, president of CUNA International, Inc., and to Mack Rogers, president of the newly organized National Association of Federal Credit Unions. While there are still some differences over certain provisions of the bill, there is a broad consensus on the end objectives.

The bill approved by committee is patterned largely after the deposit insurance program available to commercial banks through the FDIC and to savings and loan associations through the FSLIC.

All federally chartered credit unions would be required to obtain share insurance and State-chartered credit unions could obtain share insurance on an optional basis.

Each member's account would be insured up to $20,000 as is the case for deposits or savings accounts in commercial banks and savings and loan associations.

Premiums for the share insurance would be paid by the credit unions themselves, thus the program would operate without cost to the Federal taxpayer.

In the event the reserves in the insurance fund were inadequate to cover losses, the fund could borrow up to $100 million from the Treasury. Thus the availability of Treasury borrowing authority lends stability to the fund without the need for heavy initial assessments on the members.

The insurance program would be administered by the National Credit Union Administration and the Administrator would be given powers comparable to the FDIC and FSLIC including the authority to issue cease and desist orders.

Mr. President, one of the principal issues before the committee centered on the premiums to be charged for share insurance. The bill originally introduced required an annual premium of one-twelfth of 1 percent of credit unions shares. The Credit Union National Association, in testimony before the committee recommended a premium of one-twentieth of 1 percent. According to figures supplied by the National Credit Union Administration, both the one-twentieth of 1 percent and one-twelfth of 1 percent premium would produce revenues to the fund substantially in excess of the historical record of credit union losses. For example, over the last 36 years, losses at Federal credit unions have averaged less than one-hundredth of 1 percent. Thus, the one-twentieth of 1 percent formula would be over five times the actuarial loss ratio and the one-twelfth formula would be over nine times the actuarial loss ratio.

In view of the remarkably low loss ratios experienced by credit unions, I personally favored the one-twentieth of 1 percent formula. Nonetheless, there was some argument that the reserves of the insurance fund needed to be built up during its early years in order to minimize the possibility of drawing upon the Treasury borrowing authority. For this reason, the committee reached a compromise which assessed credit unions at the one-twelfth of 1 percent rate, but which also entitled insured credit unions to a rebate in the event of their liquidation. The rebate would include all of the premiums paid into the fund by the credit union plus interest, less the credit union's prorata share of the losses and expenses of the fund. Thus, any excess premiums paid by an individual credit union due to the higher assessment rate will ultimately come back to the credit union if it liquidates.

Since credit unions liquidate more frequently than other types of financial institutions due to the closing of an office or plant, it seems reasonable that such a liquidating credit union should be entitled to a rebate of the excess insurance premiums which it has paid.

Mr. President, I believe this bill is a sound and workable bill and will fill a pressing need. I am encouraged that the leaders of the credit union movement and the members of the Banking and Currency Committee are united in their determination to achieve a workable bill this year. I thoroughly recommend the bill to the Senate and hope that it can be signed into law this year.

Mr. BENNETT. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the amendments are considered and agreed to en bloc.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. BENNETT. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. At this time, the Senate will proceed to the transaction of routine morning business, with a 3-minute time limitation on speeches.

DEATH OF JOHN D. RHODES, FORMER CHIEF OFFICIAL REPORTER OF SENATE DEBATES

Mr. MANSFIELD. Mr. President, Mr. John D. Rhodes, former Chief Official Reporter of Senate debates, died on Saturday, August 29, at age 90.

Mr. Rhodes' service in the Senate spanned a long period of our country's history. When he joined the corps of Official Reporters in 1919, the Senate was debating the approval of the Versailles Treaty, which involved the question of the United States becoming a member of the League of Nations. At his retirement, 44 years later, the Senate was preparing to debate the nuclear test ban treaty.

Mr. Rhodes was born in Jackson, Ohio, on January 19, 1880, and moved with his family to Washington in 1886. He was educated in the elementary schools and Eastern High School of the District of Columbia. He then studied law at Columbian University, now George Washington University; was admitted to the bar of the District of Columbia and the bar of the Supreme Court of the United States; and entered upon the practice of law in Washington.

In 1918, Mr. Rhodes served as a captain in the U.S. Army, being assigned to the Judge Advocate General's Corps.

We mourn his death and offer our condolences to the members of his family.

I ask unanimous consent that an article about Mr. Rhodes, published in the Washington Post of August 31, 1970, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JOHN D. RHODES, 90, SENATE OFFICIAL REPORTER OF DEBATES

(By Stephen P. Caplan)

John D. Rhodes, retired chief official reporter of Senate debates, died Saturday at Sibley Memorial Hospital after a short illness. He was 90.

Mr. Rhodes' career of recording and reporting debates on the Senate floor spanned 44 years, beginning with the arguments on ratification of the Versailles Treaty and U.S. membership in the League of Nations in 1919.

A native of Jackson, Ohio, he moved to Washington with his family in 1886 when his father took a position as head of the files section with the U.S. Patent Office.

Mr. Rhodes attended public schools in Washington, graduating from Eastern High School. He received his law degree from the Columbian Law School, now part of George Washington University, in 1902.

His legal career was short, however, as he became increasingly interested in shorthand, which he had learned as a student to facilitate taking notes in his law courses.

Mr. Rhodes taught shorthand for a short time after graduation and later joined a District law firm that assigned him to attend Senate and House committee debates to record information for the firm.

In 1904, he married the late Jessie MacTaggart, of Washington.

Mr. Rhodes went to the Annapolis State House in 1907 to report one of Mark Twain's last public speeches.

When the U.S. Chamber of Commerce was formed in 1912, Mr. Rhodes was named official reporter for the organization, a position he held until 1930.

In 1919, he joined the Senate reporting staff, recording the speeches of orators such as William E. Borah, Hiram Johnson and Henry Cabot Lodge, and the addresses of visiting heads of state including Winston Churchill and Konrad Adenauer.

At ceremonies honoring his retirement from the Senate reporter's office on July 31, 1963, Mr. Rhodes cited the tumultuous reception of Gen. Douglas MacArthur in a joint session of Congress as his most dramatic recollection.

MacArthur had just been recalled from the Far East by President Truman and at the conclusion of his address to Congress quoted an old barracks room ballad, "Old soldiers never die; they just fade away."

When Mr. Rhodes was being lauded by members of the Senate at his retirement, former Senator Minority Leader Everett M.

Dirksen (R-Ill.) rose and thanked him for making the daily Congressional Record readable, which he conceded was no mean task.

"Congress," said Mr. Dirksen, "is really the home of the split infinitive . . . the place where the dangling participle is certainly nourished . . . the home of the broken sentence . . . where with impunity, we can ignore the colon, we can ignore the exclamation mark and the question mark; and yet, somehow, out of this great funnel it all comes out all right."

Senator Hubert H. Humphrey said of Mr. Rhodes at his retirement: "He started out being good and able and talented, and he has continued to be so each year, and he has improved on that exemplary record."

Mr. Rhodes, who lived at 3535 Williamsburg La., NW., was a member of the National Baptist Memorial Church, Kappa Sigma Fraternity, George Washington Post No. 1 of the American Legion and the Sons of Union Veterans of the Civil War.

He is survived by two nieces and a nephew.

THE FIGHT AGAINST PORNOGRAPHY

Mr. MANSFIELD. Mr. President, on yesterday, I had the opportunity to appear before the Committee on Post Office and Civil Service and there I spoke on behalf of the bill, S. 3220, introduced by the Senator from Arizona (Mr. GOLDWATER) and me. It seeks to face up to the problem of unsolicited pornographic literature being sent through the mails to unsuspecting persons who neither desire nor want it but who, unfortunately, have had no recourse until the amendment to the postal reform bill introduced by the Senator from Arizona (Mr. GOLDWATER), which I cosponsored, as did a number of other Senators, took the first step in facing up to the problem of the invasion of the privacy of one's home in this manner—a manner which, incidentally, puts the U.S. Government, through the Post Office Department, in the position of being the handmaiden in the delivery of this type of stuff, this smut—to people who neither desire nor want it—the type of lewd literature which all too often falls into the hands of children and against which there is not, up to this time, sufficient protection.

Mr. President, I ask unanimous consent to have printed in the RECORD the testimony which I gave yesterday on behalf of the Mansfield-Goldwater proposal.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

THE FIGHT AGAINST PORNOGRAPHY

Mr. Chairman and Gentlemen of the Committee: Among the most basic troubles facing this nation today are crime, violence, and pornography. Many people talk about these subjects but seem unwilling to do anything to curb them. Many people raise Constitutional questions about proposals before the Senate. Constitutional questions which—I might say—have to do with the rights of the accused and the criminal elements more than they do with the Constitutional rights of the robbed, the raped, the maimed, and those who are subject to receiving unsolicited pornographic literature through the mails. I emphasize the word "unsolicited."

I point out that when this type of lewd literature comes through the mails, it is delivered to unsuspecting parents and often times to their children. Just as under the Drug Control Act, the emphasis in this legislation should be placed on and against the "pusher" or peddler of this smut. It is long past the time when we must face up to legislation of this sort and do something about this type of pernicious propaganda. Our people are entitled to privacy within their homes. They should not be assaulted with this type of "literature" and, therefore, their rights to privacy must be maintained.

I mentioned the Constitutional rights we advocate in behalf of the accused, the criminal, the pusher, and the peddler. What about the rights of the innocent and the aggrieved? Should we sit by and quibble over Constitutional questions which the Courts can and should decide while allowing crime to become more rampant, while allowing violence to continue to spread, while we see our police insulted, spat upon and accused of being "pigs" to mention just one of the least obscene epitaphs heaped on them? Or are we going to face up to our responsibilities as Senators and meet these issues head-on in behalf of the people we represent?

As I have said, Mr. Chairman, talk alone is worthless. And sometimes, action is not politically expedient. I believe we owe our primary responsibility to the people of this nation, and I believe too many of us have been derelict in our responsibilities in facing up to these issues of violence, crime and pornography.

The First Amendment to the Constitution is not all-embracing because it has definite limits in the right to exercise the freedoms involved. I believe in the First Amendment but I do not believe it allows any leeway for crime, for license, or for the sending of unsolicited pornographic materials through the mails to the citizens of this country.

As our society enters a new decade, the American people are both confronted with and confused by some of the most complex issues ever faced in our history. Increased crime and drug addiction, a widening gulf between the young and old, between our congested urban centers and the sparse rural areas, student unrest, and the on-going crisis over our foreign involvement; these constitute just some of the problems. One of more recent origin concerns the protection of individual privacy. This right is as fundamental as the safeguards provided under the Constitution. It includes most assuredly the protection of our citizens from unwanted invasions of their privacy in the form of unsolicited, obscene, pornographic materials.

In the past several years there has been a tremendous increase in the indiscriminate mailing of obscene matter through the United States mail. These mailings go out under any number of mailing lists obtained from a variety of sources. In most cases they receive the protection given First Class mailings. These advertisements and circulars are offensive. They shock the general moral standards of most citizens. And there must be some way to protect the individual, especially to safeguard the very young and impressionable against this kind of unwanted solicitation. Doing so while also recognizing the privacy of the United States mails is a difficult task indeed. In any case, I believe that we must hit hard at the purveyor and give the receiver some means of recourse.

My mail on this general subject has been extremely heavy during the past year. I have given the issue a great deal of thought about what must be done.

As a first step, I was pleased that the amendment offered by the distinguished Senator from Arizona (Mr. Goldwater) and myself to the Postal Reform bill was enacted into law. While this measure would penalize the smut panderer if he mailed his unwanted materials to anyone seeking a ban, it still puts the burden on the prospective recipient. As I understand it, it is up to the individual to see that he is listed appropriately with postal officials.

On the other hand, I introduced S. 3220. My bill puts the burden where it belongs—on the peddler and pusher. It would protect a person's right of privacy by requiring that all mailings containing obscene or offensive material be so designated. This would enable the obvious identification of the sender and would also give a person the right to choose and if need be to return the package unopened at the expense of the sender. At the very least, under my proposal, the sender would be more cautious in his mailing methods.

In other words the labeling legislation, as proposed by S. 3220, would give the individual an opportunity to react without being embarrassed or offended. Identification may not be the simplest method, but the problem itself is not simple. I strongly believe it is a step in the right direction—one which protects clearly a basic element in our democratic society, the right of privacy.

I have co-sponsored several other legislative proposals which offer alternative proposals for combating this growth of filth and pornography. I am delighted that these hearings have been scheduled. These Committee deliberations can place the issue in its proper perspective and legislation, hopefully, will be agreed upon soon which will provide complete protection for the unsuspecting boxholder and place on the sender the entire responsibility for keeping this material out of the mail.

As I said, my proposal which amends Postal regulations would compel the filth peddler to mark the envelope he uses—the one that is now often blank—with a warning that the enclosure could be obscene or offensive. With such a warning there can be no mistake. The addressee is fully protected. He would be put on notice, as would his entire family. He would know and his family would know that what is inside may violate his standards of decency and those he wishes to impress upon his children. And that is his right. Such action would protect, not violate, a person's constitutional rights.

May I say that such warning is not new to the legislative field. It has already been imposed by the Congress in the case of cigarettes. Indeed, without even deciding for sure that there is a danger involved in smoking, cigarette manufacturers are compelled to warn each purchaser of a possible hazard. By the same token, under my bill, it need not be decided that the material enclosed is obscene, per se. But if there is that possibility, then the envelope must say in plain and simple words, "The Enclosed Material May Be Obscene or Offensive to the Addressee."

A second feature of my proposal would permit the addressee of obscene mail to return the matter to the sender, without charge. And it is left up to the addressee himself to decide what violates his standard of decency. The return mail fee would be paid by the original sender—the pusher, in other words—with an additional handling charge.

Finally, the violators of either of these provisions would be met with a penalty of $5,000.

My proposal is one which I would like to see incorporated into any pornography control measure, whether it be reported by the Senate Judiciary Committee or the Committee on Post Office and Civil Service. The Senate has already taken action in the area of drug control and crime. To a limited extent it has acted against obscenity. I firmly believe that further steps must be taken to meet head-on the issue of mass mailings of obscene materials—especially to minors and the unsuspecting. I wish to thank the Committee for this opportunity and I commend the Chairman and the members for focusing

much needed attention on this vital problem. I wish to offer the Leadership's cooperation in bringing about early legislative action on this most serious issue.

"GETTING DOWN TO BASICS" AND DR. MOYNIHAN'S SALT LAKE CITY SPEECH

Mr. BYRD of West Virginia. Mr. President, last weekend in Salt Lake City the National Legislative Conference held its 23d annual meeting and the featured speaker was the well-known counselor to the President, Dr. Daniel P. Moynihan.

In his address to the large gathering Dr. Moynihan outlined again the President's desire and interest in the family assistance plan. He likened its passage as a rare issue that comes before the Congress and which separates one era of social policy from another.

In addition, he praised the efforts of Utah's senior Senator (Mr. BENNETT) who is second ranking Republican on the Finance Committee, for his contributions toward drafting an equitable and workable plan.

Dr. Moynihan pointed out that the President and the Senate rely most heavily on the support and counsel of Senator WALLACE F. BENNETT. Dr. Moynihan said:

He is one of the most learned men concerning this enormously, and, at times, discouragingly complex subject.

I think Dr. Moynihan's text of his Salt Lake City remarks should be included in the RECORD as well as an editorial from the Salt Lake Tribune entitled "Getting Down to Basics" which also discusses the speech and the family assistance plan. I ask unanimous consent they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ADDRESS BY DR. DANIEL P. MOYNIHAN

I have come to Salt Lake City in response to the cordial invitation of Senator Wallace F. Bennett to speak to the 23rd National Legislation Conference which is meeting here this week. I should have been pleased to do so in any event, but am doubly so in the present circumstances.

We are living in Washington through one of those moments that come every one or two generations when legislation of historic consequence is before the Congress. Not just important legislation, or urgent legislation. Matters of that kind are the day-to-day business of the Congress. They are demanding, even exhausting, but in a sense routine. It is only very rarely, once or at most twice in the career of the average legislator, that an issue comes before the Congress which separates one era of social policy from another.

The Social Security Act of 1935 was such a piece of legislation.

The Family Assistance Act of 1970 will be such a piece of legislation.

The principles of the legislation are simple. As President Nixon stated in his national television address a year ago, this legislation would place a floor under the income of every American family with children. Poverty would cease to be a normal condition of any child's life, anywhere in the United States.

The legislation is aimed at helping the working poor. These are the families that try the hardest in America and somehow get the least. For decades now we have been providing income assistance to everyone save those persons who are most likely to benefit from that little bit of help that makes the difference between deprivation and just enough.

The Family Assistance Program has built into it strong work incentives, so that the more a man earns, the more he keeps. It has training and day care provisions, which in themselves would be legislative enactments of major consequence, but are only part of this monumental event.

For generations Americans have been importing social policy. Most of our legislation, even the most advanced, on examination turns out to consist largely of ideas Lloyd George stole from Bismark. With Family Assistance all that changes. President Nixon has taken the lead not just in the Nation, but in the world.

Surprisingly, the costs of the program are not excessive. At the present rate of growth of the existing welfare program, we would be spending more money on AFDC payments by the mid 1970's than we would be on family assistance.

The key idea behind the President's proposal is that we are moving toward an income strategy in dealing with problems of poverty and disadvantage. We are moving away from a services strategy. We believe that what most families need is a decent income. If they can get that through work and income supplementation, the government should leave them alone to run their own lives.

But we do believe there is a government responsibility, and that this is a national responsibility. The key to the New Federalism is not that power will be decentralized, or centralized or mediocratized, if I am correct in recalling that that is a word for middling. It is rather that we hope to assign government responsibilities to that level of government most suited to carry them out efficiently and effectively. In the case of Family Assistance, we have a national program, with national standards. As the President stated when he announced the program, no child is worth more in one state than in another. That is a principle all Americans should agree upon, but somehow American government has never responded to.

We are responding now. In one of the great legislative events of recent times. Family Assistance not only passed the House of Representatives this Spring, but did so overwhelmingly. It is now before the Senate, specifically in the Senate Finance Committee.

The President has every expectation that the bill will be reported to the floor of the Senate, and as he observed in a meeting we held on this subject yesterday at the Western White House in San Clemente, if the whole of the Senate is given an opportunity to vote on this legislation, there is no question but that they will respond as favorably as did their colleagues in the House.

In this matter the President, of course, relies most heavily on the support and counsel of Senator Wallace F. Bennett, who is the second ranking Republican member of the Finance Committee. Senator Bennett is one of the sponsors of the President's legislation, and one of the most learned men concerning this enormously, and at times discouragingly complex subject. If Family Assistance succeeds, the people of Utah will not have to look far to find one of the men who will have made it possible.

It happens that this is the most pressing matter before the Senate at this moment, but it would be a rare moment indeed for a visitor from Washington to arrive in Salt Lake City and not be able to report that some matter of national consequence—one thinks immediately of health care issues—is at issue in the capital and that in one way or another Wallace F. Bennett is involved in deciding the outcome. It is perhaps one of his qualities that he does not always advertise this fact.

It has been said of Washington that it is a city where there is almost nothing a determined and intelligent, and principled person cannot achieve—*if* he is willing to see other men get the credit. It is a truthful saying, and likely to remain such. Still, there are occasions when that fact ought to be acknowledged, and I would hope my brief visit to Utah might be taken as an indication that the President and his Administration have not failed to note the process at work in the person of the Senior Senator from the State of Utah.

[From the Salt Lake Tribune, Aug. 30, 1970]

GETTING DOWN TO BASICS

It is in fact, as presidential adviser Daniel Patrick Moynihan says, "five minutes to midnight" for the administration's bold, new family assistance welfare plan. In an effort to stop the clock President Nixon has agreed to postpone full implementation of the key guaranteed annual income provisions for a year while the program is "field tested" in several areas of the country.

In simplest terms the family assistance program would replace the awkward machinery of the present patchwork welfare system with an income maintenance scheme providing a minimum of $2,465 a year—$1,600 in cash payments and $865 in food stamps—for a family of four with no income. Payments on a diminishing scale would also be provided the so-called "working poor." The plan also would require able-bodied men and women, excluding mothers with children under six, to apply for job training or take jobs if available, and provides certain sums for day care centers for children of working mothers.

Whatever weaknesses are turned up by the tests could be remedied by Congress next year or used by critics to repeal this year's law, though as a practical matter once the welfare plan becomes law it is likely to remain. That prospect is at the heart of the President's willingness to compromise now.

Mr. Nixon's concession, in the form of an acceptance of an amendment offered by Sen. Abraham Ribicoff, D-Conn., is an urgent move to pry the House-passed welfare plan out of the Senate Finance Committee in time for the Senate to act before the 91st Congress adjourns. It is widely felt that if the welfare measure fails to gain approval of the present Congress it may be years before it will be enacted.

The administration estimates that the program would cost $4.1 billion a year above existing welfare costs and would expand eligibility payments to 24 million persons compared with about 15 million eligible under existing programs. Proponents maintain that despite the plan's initial high cost it will in time be more thrifty than the present system because of its job training and employment incentive features. Opponents are divided between those who say the plan doesn't go far enough and those who oppose guaranteed income on principle and say it will cost much more than the administration estimates.

Both views are well represented on the finance committee and between them they have managed to keep the bill from reaching a Senate vote. With time running out Mr. Nixon has agreed to the Ribicoff amendment in hope of swinging enough support in the finance committee to send the bill out.

Mr. Nixon is in a determined struggle to rescue a concept. He appears willing to agree to almost anything reasonable in order to get the idea of a government guaranteed minimum income enacted into law. He is dealing in basics now and the finance committee is going to be forced to do the same. By agreeing to the year of "field testing" to spot weaknesses the President has forced the committee, to decide for or against the

unadorned idea of guaranteed minimum income.

Stripped of arguments over cost estimates and whether the plan goes too far or not far enough, the finance committee will be voting on whether to continue with a cumbersome welfare system which has failed or to embark on a new one of great promise. There is no longer an excuse for delay. The welfare bill should be sent to the Senate and passed forthwith.

ADDITIONAL STATEMENTS OF SENATORS

OPPOSITION TO A 15-PERCENT RAILROAD FREIGHT RATE INCREASE

Mr. JORDAN of Idaho. Mr. President, I wish to address myself today to a subject of great concern to me and to the people of my State. I have noted in the press recently that the chief traffic officers of the country's eastern and western railroads intend to file a request with the Interstate Commerce Commission for an across-the-board freight rate increase of 15 percent. This request will be for an 8-percent increase to be granted immediately with the remaining 7 percent to be added at a later date. This request, I submit, is totally unreasonable. It is much larger than any of the increases that we have seen the railroads receive in the past few years. In fact, during the 7 years prior to 1967 there were no increases in the freight rate structure at all. Suddenly, in 1967, the railroads were off and running with a series of increases granted by the Interstate Commerce Commission.

The first of these successful requests was in 1967, in which the railroads asked for a 6-percent increase in commodity rates and were permitted an increase of approximately 3 percent.

Next, the carriers asked for a 3- to 6-percent increase on selected commodities which was granted as they wished. In 1969, another request was made for a 6-percent increase which was also allowed. Still another of these boosts, which was made on selective commodities as opposed to an across-the-board increase, ranged from a high of 10 percent to a low of 3 percent with the average being about 5 percent.

Finally, the railroads asked for a 6-percent increase earlier this year but the ICC trimmed it to 5 percent, effective in June. The shocking truth is that since 1967 the railroads have requested and received a total of five general freight rate increases. When will this pattern cease? Indeed, the latest 5 percent interim increase is still under review by the ICC. Now the railroads are asking for an unreasonable increase of 15 percent.

In addition, I would also like to point out that services by the railroads have declined as markedly as these rates have gone up. Intercity passenger routes have been cancelled; there is a serious boxcar shortage in some areas; and we have all noted with alarm the mismanagement of the Penn Central Railroad, which finally led to its falling into bankruptcy. Certainly, these events call for a review of our Nation's railroads; but I do not believe that this excessive freight rate increase is the answer.

Moreover, it should be noted that these increases in the past have benefited the larger, more prosperous railroads which actually required this assistance the least.

The farmers in my own State of Idaho will have to bear the burden of the increased costs which will result from this massive freight rate increase. The increase will affect about 175 eastern and 125 western railroads. In addition, the consumer will be forced to pay higher prices for the goods he purchases. This point is especially crucial at a time when inflationary pressures are already being felt in every consumer's pocketbook.

When we consider all of these factors: the recent increases in freight rates; the decline in railroad services; and the general state of the economy; I feel that the proposed freight rate increase is excessive and ill-timed and I ask that the Interstate Commerce Commission not allow such an increase to take place.

CONSERVATION: ITS RELEVANCE IN WYOMING

Mr. McGEE. Mr. President, for 8 years it has been my pleasure to conduct for high school juniors in my State of Wyoming the McGee Senate Internship Contest, which brings to the Nation's Capital one boy and one girl for a week planned to enhance an understanding of the mechanisms and the procedures of the democratic society.

The contest is designed to stir up interest among high school students in national and international questions. Three well-known, nonpolitical people from the State served as the panel of judges in the competition. In their judgment, this year brought the highest level of essays that the many years of the contest have produced.

The subject matter of the required essay this year was conservation, quality living, environmental control. For Wyoming to focus on that question is of great relevance. For here is a part of the world that we call God's country in which one would think there were no pollution problems.

I think what it does say to us in the Rocky Mountain West is that the mistakes of the already polluted parts of the United States may have served as a grim warning to those of us from the high altitudes of the Rockies of at least what to watch for and try to avoid in the future and, at the same time, to come to grips with the first outcroppings of environmental pollution even at the local level.

Of course, it would be impossible for everyone to read all the essays submitted, but I think the most outstanding ones are of interest to us all and should receive wider circulation. For this reason, Mr. President, I ask unanimous consent that two of these essays, written by Judy Ann Wilson, of Cheyenne, Wyo., and Dennis Freeman, of Rock Springs, Wyo., which received honorable mention in the McGee Senate Internship Contest, be printed in the RECORD.

There being no objection, the essays were ordered to be printed in the RECORD, as follows:

CONSERVATION: ITS RELEVANCE IN WYOMING
(By Dennis Freeman)

The third planet in the system of Sol, a third magnitude star on the edge of an obscure galaxy, presents an interesting example of self-extermination. This planet's ecology revolves about the liquid state of water. All forms of life upon this planet, which we will refer to as "Earth" rely upon the availability of hydrogen oxide and various gases in the planet's atmosphere. The one form of life on Earth intelligent enough to perceive this is, strangely enough, the same one that is intent upon destroying it.

These creatures, who refer to themselves as "Humans", have developed a rather advanced technology, and are applying that technology to the speedy extermination of all life on the planet.

Far-fetched? Not in the least. That is just how someone from outside our planet might view our society. We are on the slide down hill. If we don't *do* something concrete, we may very well exterminate ourselves within fifty years.

Yet, in Wyoming, people are apathetic about any type of conservation concerning things other than game and fish. All about them, the environment is being buried in a tomb of pollution, and Wyoming citizens continue to blindly affirm that we have no pollution. First, let's look and see what kind and how much pollution there is in our nation, and then decide how this relates to Wyoming.

Elsewhere in America, pollution is rampant. For instance, the Cuyahoga River, which flows into Lake Erie at Cleveland, is so disgustingly polluted that it has been declared a fire hazard! The Potomac river is nothing more than a moving cesspool. Every day 9.6 billion gallons of industrial waste, and 1.5 billion gallons of sewage are belched into Lake Erie.

Still, Wyoming residents sit back, thinking that all this just doesn't effect them. Let's look at the facts: Each year, the United States (Wyoming included) manages to dump 1.3 billion tons of manure and farm refuse onto the land and into the rivers, deposit 1 billion tons of mine wastes and 15 million tons of scrapped cars on our landscape. In addition, the air that we are expected to breath is blessed yearly with over 142 million tons of *toxic* exhausts from cars and industries. These are *national* figures, and even so-called unpolluted Wyoming contributes to this.

The problem does then affect us. Just how bad is our pollution? Where do our problems lie? Pollution can be separated into three distinct catagories: domestic, industrial, and agricultural. To understand our situation, it is necessary to examine each.

Let's first look at agricultural pollution. With a large agricultural economy, the state has seen the use of large amounts of D.D.T. Some birds and fish in the state already have dangerous percentages of this long-lasting killer in their systems. We cannot take this lightly; in Lake Michigan, D.D.T. is directly responsible for massive numbers of dead fish, and the birds about that area who eat the fish, including the "bald eagle", are not reproducing correctly. The same thing may quite likely happen in the near future in Wyoming. In addition local farmers contribute the 1.3 billion tons of farm refuse annually deposited on our land. This filth is often dumped into rivers and lakes, and even if it is put on the land, it finds its way into the ground water, inevitably reaching our streams and rivers. Perhaps one of the least obvious and yet most insidious forms of agricultural pollution is the use of so-called "red dyed" wheat seed. The preservative on these seeds contains large amounts of mercuric oxide. Like all heavy metals, mercury has a devastating effect on the nervous system when in concentrations of more than

30 or 40 parts per million, and some pheasants in the state, who eat the freshly-sown wheat, have concentrations of 28 or 29 parts per million. The connotations are obvious. Not only may the pheasants suffer, but hunters who eat heavily contaminated birds may show symptoms. Farms and ranches also burn refuse in open air, contributing to the pall of smog which covers even our state.

That is only agricultural pollution; there is still industrial and domestic pollution to discuss. First, industrial pollution. Even Wyoming's limited industry is making a brave effort at upsetting nature's delicate balance. In just the Rock Springs—Green River area, there are five or six plants dumping tons of filth into our air and our water. When Stauffer Chemical Company dumps waste into the Green River, they in effect pollute the entire Colorado River system. When the Quealy coking plant releases its black plume into the air over Rock Springs, they throw away profits: the products they release in the destructive distillation of coal contain many valuable chemicals. This type of situation occurs all over the state. The Platte at Casper looks very little like an upstream river; it is coated with the oil and sludge typical of cities father downstream. Another example of large-scale pollution is the refineries at Sinclair. The prairie downwind resembles a fog bank, but this fog can be lethal. All over this land of wide-open spaces, we are treating those spaces as literal junkyards. The state's industries belch not pounds but tons of filth into our air and dump more tonnage into our waters.

There is still one more contributor to the uglification and intoxication of our state—domestic pollutant release. Wyoming, just as other areas, moves on wheels, and the tonnage of fumes released by motor vehicles reaches into the millions. This is air that we have to breathe. On a still day, the clear air over our cities takes on a yellow-gray tinge. Wyoming residents also improve our trout streams with several million tons of raw sewage annually. Besides being detrimental to Wyoming, this sludge is carried down stream, so that the people of Nebraska, Colorado, Utah, Idaho and Nevada may enjoy our stream additives. Wyoming homes belch sewage into the same rivers they drink from, and introduce poisonous gases into the same air they breathe, and still continue to insist that we don't have a pollution problem.

True, our problem with environmental pollution has not reached the proportions of Los Angeles, Lake Erie, or New York, but that is only further reason for getting rid of our pollution right now, while we still can. If we don't spend a little money and thought now, we'll have to spend huge amounts later.

Experts estimate that to just get a start on nation-wide pollution will require 20 billion dollars over the next four years. Is there a better argument for Wyoming to get to its pollution before it gets that serious?

We will be making an investment in much more than just unclouded scenery and clear waters: we will be buying our very survival. If pollution is allowed to continue, the delicate scale of survival will be tipped. In some areas, this may have already occurred. Once the base of life is gone, the rest will follow quickly. The citizens of our state must awaken to that sobering fact and take quick, effective action. Nothing is at stake but survival!

CONSERVATION: ITS RELEVANCE IN WYOMING

(By Judy Ann Wilson)

By the time you finish reading this first sentence, a new American is born. This birth will initiate a consumptive force on our natural resources 50 times greater than the demand as the same event in India. In his life time he will utilize over 1 million tons of water; 2,000 gallons of gasoline; 10,000 pounds of meat; 28,000 pounds of milk and cream; 9,000 pounds of wheat, and he will inundate 3 acres of productive land. The demand for outdoor recreation will triple by the year 2000.

All too often, life seems to be a struggle of man against nature, where man is the lord and nature is the subject. Survival is a battle of opposition rather than a joint venture between the two. Instead of conserving to the best of our ability our natural resources, wildlife, air and water, and freedom of movement, we are neglecting the responsibility and taking them for granted.

It has been a characteristic inherent to man, to be a wasteful, messy animal. Societies as far back as the Romans have complained of dirty cities, wildlife doomed because of polluted, sewage-filled streams and crop destruction resultant from impurities in the soil.

Because man overpowers his environment not only in ingenuity, but also in sheer numbers, the fight to preserve his surroundings must be foremost to his attention. His response to the crisis at hand, must encompass the totality of the scope. In pursuing the aim of conservation, we have tended to stero-type the need of it to areas such as California and New York, but it is imperative that conservation start right here—here in Wyoming. If America can justifiably be titled "America the Beautiful," Wyoming must uphold the true claim of "Wide Open Spaces," "The Cleanest Air," and "A Hunter's Haven."

The word *conservation* is a concept composed of a variety of special interest definitions. To assess the relevance of conservation to Wyoming, its measures must act as a mirror to reflect the needs and wants of each individual interest group. For instance, to the tourist, conservation may be the preservation of our parks and unspoiled wilderness, to the hunter, the definition is only adequate hunting and fishing, and still another segment of the population is concerned with the natural resources, forests, and minerals. The direction of the public attention plays a vital role in conserving "these interests" through the allocation of the tax dollar in support of maintaining proper facilities.

Wyoming can boast of a living environment second to none in the nation. The abundant wildlife is under the careful eye of the Wyoming Game and Fish Commission, hundreds of miles of water flowing from mountain streams is insured of purity by the organization of the Stream and Pollution Council, air pollution problems are tackled by the Air Resource Council in accordance with the newly adopted Air Quality Standards and the battle of soil conservation and the application of water conservation measures fall into the capable hands of the State Soil and Water Conservation Committee.

These programs allow the success of the Cowboy's State's third largest industry, tourism, which brings into the state annually, large sums of money.

However, conservation is woven inextricably in the lifeblood of Wyoming, its economy and its people. For example, Wyoming has 20,000 miles of fishing streams. It has the largest elk and antelope herd in North America. Petroleum, ore, uranium and valuable material lie deep in the veins of the state. Prudent use of Wyoming's valuable resources, from the clean air, the mountain streams to the phosphates, all play an integral part of the nation's conservation picture.

On the other hand, it is estimated that each antelope is worth over $100.00 to the state as a source of revenue. Studies indicate that the per capita expenditure for soil conservation and water conservation in Wyoming was $1.32 in 1968. This investment returned $118.00 per person through the flow of direct income.

It would be difficult to assess the economic value of the majestic Tetons, or the sprawling Big Horn Mountains, or the vast open grasslands that awe so many visitors, aside from enjoying the direct benefits from our conservation programs in Wyoming.

The future has never been . . . it remains for man to make. A poet once remarked, "The towers of tomorrow are built on the foundations of today." In thirty years, we will be attempting to build towers on what we do today, as we will be turning the corner into the 21st century. In the year 2000, Wyoming's population will be demanding and utilizing even more of our natural resources, recreational benefits, and open spaces than it does today.

Perhaps we can measure with a degree of certainty, the level of quantity for the future, but what is impossible to weigh beforehand, is the quality of the life to come. The quality of your life—as well as mine in the century ahead rests on what we and other Wyomingites do now to preserve the balance of nature and the earth's reserves of our resources. Foresight, legislation, and public awareness will lend support to helpful programs already under way.

While you have been reading this essay, a portion of the 1.6 million people, which join the United State's population annually, have come into the world. Without perservative conservation in Wyoming, these people could soon actively join the unstemmed tide of those already draining our natural resources and damaging our environment.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

DIRECT POPULAR ELECTION OF THE PRESIDENT AND VICE PRESIDENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 1135, Senate Joint Resolution 1. I do this so that it will become the pending business.

The ACTING PRESIDENT pro tempore. The clerk will state the joint resolution by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 1) proposing an amendment to the Constitution to provide for the direct election of the President and Vice President of the United States.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to the consideration of the joint resolution which had been reported from the Committee on the Judiciary with an amendment to strike out all after the resolving clause and insert:

That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

ARTICLE —

SECTION 1. The people of the several States and the District constituting the seat of government of the United States shall elect the President and Vice President. Each elector shall cast a single vote for two persons who shall have consented to the joining of their names as candidates for the offices of President and Vice President. No candidate shall consent to the joinder of his name with that of more than one other person.

SEC. 2. The electors of President and Vice President in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature, except that for electors of President and Vice President, the legislature of any State may prescribe less restrictive residence qualifications and for electors of President and Vice President the Congress may establish uniform residence qualifications.

SEC. 3. The pair of persons having the greatest number of votes for President and Vice President shall be elected, if such number be at least 40 per centum of the whole number of votes cast for such offices. If no pair of persons has such number, a runoff election shall be held in which the choice of President and Vice President shall be made from the two pairs of persons who received the highest number of votes.

SEC. 4. The time, places, and manner of holding such elections and entitlement to inclusion on the ballot shall be prescribed in each State by the legislature thereof; but the Congress may at any time by law make or alter such regulations. The days for such elections shall be determined by Congress and shall be uniform throughout the United States. The Congress shall prescribe by law the time, place, and manner in which the results of such elections shall be ascertained and declared.

SEC. 5. The Congress may by law provide for the case of the death, inability, or withdrawal of any candidate for President or Vice President before a President and Vice President have been elected, and for the case of the death of both the President-elect and Vice-President-elect.

SEC. 6. The Congress shall have power to enforce this article by appropriate legislation.

SEC. 7. This article shall take effect one year after the 15th day of April following ratification.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, there will be no action taken on the pending business today and no speeches that I know of. However, when the Senate returns after its recess on Tuesday next at 12 noon, that measure will be the pending business of the Senate. It is anticipated that the distinguished Senator from Indiana (Mr. BAYH), the initiator of this measure, in whose committee hearings were held, will be on the floor, as well as other Senators, prepared to begin discussion of this most important constitutional amendment.

I had hoped that we could take up other measures at that time. But in view of the fact that the Committee on the Judiciary has made the stipulation that they would report an equal rights amendment sometime between the 15th and 19th—probably closer to the 19th—I feel that it would be most inappropriate at this time to call it the equal rights amendment, because to do so, I think, would make it subject to extended debate even in the course of taking it up and, when and if that was finally achieved, further extended debate when it became the pending business.

So, with that explanation, I hope it will be understood why one of these constitutional amendments precedes the other. May I say frankly that I am in favor of the Bayh measure for a constitutional amendment seeking to bring about a change in the electoral college in the direct election of the President and the Vice President, and I am also in favor of the equal rights amendment, which I hope will be coming to the floor at an auspicious time.

I had considered taking up the bank holding bill, H.R. 6778; the farm bill, H.R. 18546, which will be reported by the committee shortly; a bill having to do with survivors' annuities, S. 437; and an amendment to the FDIC Act relating to bank records, S. 3678. It is anticipated that sometime between Labor Day and October 15, we shall bring before the Senate legislation having to do with air pollution control and law enforcement assistance amendments.

I believe that we still have six appropriation bills to attend to. I find no fault with the Senate committees. I think they are working as expeditiously and as efficiently as they can. As soon as those bills are reported, we shall try to dispose of them.

I would point out that while we are a little bit behind the House in the matter of appropriation bills, we are considerably ahead of the House in the consideration of bills having to do with crime, pornography, drug addiction, violence, and the like.

If my memory serves me correctly, the Senate has passed 20 out of 21 crime control, drug control, antipornography, and other types of legislation facing up to the problems of rampant crime, increasing violence, and the continued assaulting of policemen. Just a day or two ago, I read the headlines in the newspaper which said that across the country 10 policemen had been shot. Since that time the number has increased almost once again.

I think it is about time that we give to these guardians of law and order, these people who are entrusted with the responsibility of the safety of all people, the kind of respect which is their due and paid the kind of salaries which I think they are entitled to for the dangerous tasks they perform.

I think that people ought to achieve some degree of civility once again—it seems to me to be becoming a lost virtue—some degree of responsibility in its finest sense, and some recognition of the fact that this is one country, regardless of the divisions which are in effect today and that the future of the Republic lies not in further divisiveness, not in increased violence, not in increased crime and drug addiction, not in an increase in pornographic literature, but in a mutual understanding on one another's needs and problems—and we all have them—and a desire to try to bring about a reconciliation to the end that once we are over these dangerous hurdles—like Southeast Asia to mention one example—the difficulties at home can be met and faced up to more squarely and appropriate methods and funds can be used to bring about an alleviation of the situations which call for action. In that way, I think that collectively we can achieve some worthwhile service.

I would hope that neither political party would try to take advantage of any of these issues, knowing that before we are Democrats or Republicans, we are Americans and that the welfare of the country at all times should come ahead of the welfare of either party or any of us as individuals who hold elective office.

So, with those brief remarks, I will only add that hopefully sometime the week after next, and that is the earliest we can get to it, it would be possible to take up the farm bill and, as far as the social security amendments and the family assistance program are concerned, I note that the distinguished Senator from Utah is on the floor. I was wondering if he could give the Senate any information which would indicate when these proposals might be brought up.

Mr. BENNETT. Mr. President, the Finance Committee will finish its hearings on the family assistance plan during the first week we return. Then before meeting in executive session, we will finish the hearings on the social security amendments, with the thought that they will be studied together in committee, but will not be tied together for action on the floor.

It is my understanding that the bills will be reported separately, but after the committee has worked on them at the same time.

My guess is that it will be pretty close to the first part of October before we will be able to report them.

Mr. MANSFIELD. Mr. President, I thank the distinguished Senator from Utah, the acting minority leader, for giving us the latest information at his disposal concerning not only the social security amendments, in which we are all interested, but also the family assistance program which the President has indicated that he would like to have the Senate take action on this year.

I think the President is entitled to that courtesy and that much consideration. While I have some grave questions in my mind about the family assistance program, nevertheless, I would hope that a bill would be reported, debated, and disposed of by the Senate in one way or the other.

I thank the distinguished Senator for giving us this additional information.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. BENNETT. I have some of the same doubts about the program as it is now before the committee, but a number of members of the committee, including the chairman and me, are working rather hard to try to develop alternatives which might eliminate some of the problems that I am sure the senior Senator from Montana sees in the program. As of now I am still optimistic that we will get a program in the Senate.

The ACTING PRESIDENT pro tempore. What is the pleasure of the Senate?

ADJOURNMENT UNTIL TUESDAY, SEPTEMBER 8, 1970

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in adjournment, pursuant to House Concurrent Resolution 689, as amended.

The motion was agreed to; and (at 9 o'clock and 21 minutes a.m.) the Senate adjourned until Tuesday, September 8, 1970, at 12 noon.