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SENATE

} REPORT  
No. 2061

## AMENDING THE WORLD WAR ADJUSTED COMPENSA- TION ACT

FEBRUARY 25 (calendar day, FEBRUARY 28, 1929).—Ordered to be printed

Mr. WALSH of Massachusetts, from the Committee on Finance, sub-  
mitted the following

### REPORT

[To accompany S. 5631]

The Committee on Finance, to whom was referred the bill (S. 5631) to amend the World War adjusted compensation act, as amended, have considered the same and report thereon with amendment, and as so amended recommend that the bill do pass.

Amend the bill as follows:

Strike out all after the enacting clause and substitute the following in lieu of the language stricken out:

SEC. 1. That subdivision (i) of section 502 of the World War adjusted compensation act, as amended, is amended to read as follows:

"(i) The Director of the United States Veterans' Bureau is authorized, through such officers and at such regional offices, suboffices, and hospitals of the United States Veterans' Bureau as he may designate, and out of the United States Government life insurance fund established by section 17 of the World War Veterans' act, 1924, as amended, to make loans to veterans upon their adjusted service certificates in the same amounts and upon the same terms and conditions as are applicable in the case of loans made under this section by a bank, and the provisions of this section shall be applicable to such loans; except that the rate of interest shall be six (6) per cent per annum, compounded annually."

SEC. 2. Section 705 of such act, as amended, is hereby stricken out in its entirety and the following language substituted:

SEC. 705. Whenever it appears to the director, by evidence clear and satisfactory to him, that any adjusted service certificate has without bad faith upon the part of the person entitled to payment thereon, been lost or destroyed, he shall under such regulations and with such restriction as to time and retention for security or otherwise as he may prescribe, issue a duplicate thereof in like value in all respects to the original certificate and so marked as to show the original number of the certificate lost or destroyed, and the date thereof. The lawful holder of a certificate who makes application for a duplicate shall file in the United States Veterans' Bureau a bond in a penal sum equal to the face value of such lost or destroyed certificate, with two good and sufficient sureties, residents of the United States, to be approved by the director, or by a surety company acceptable to the United States, conditioned to indemnify and save harmless the United States from any claim upon such lost or destroyed certificate;

except that a duplicate certificate shall be issued without the requirement of a bond when it is shown to the satisfaction of the director that the original certificate before delivery to the veteran, has been lost, destroyed, wholly or in part, or so defaced as to impair its value: *Provided, however,* That where, after delivery to the veteran, any certificate is partially destroyed, defaced, or mutilated so as to impair its value to the veteran, but it is still capable of identification, a duplicate shall be issued by the director, without the filing of a bond, upon the surrender of such part of the certificate as remains."

This bill, as amended by the committee, has the approval of the United States Veterans' Bureau.

In this connection the committee invites the attention of the Senate to the appended communication to the chairman from Director Frank T. Hines, with which the committee is in full accord:

UNITED STATES VETERANS' BUREAU,  
Washington, February 14, 1929.

Hon. REED SMOOT,  
Chairman Committee on Finance,  
United States Senate, Washington, D. C.

MY DEAR SENATOR SMOOT: Reference is made to your request for a report as to the merits of S. 5631, "A bill to amend the World War adjusted compensation act, as amended."

This bill proposes to amend section 502, subdivision (i) of the World War adjusted compensation act, as amended, by adding language which will permit loans on adjusted service certificates by this bureau with interest at the rate of 6 per cent per annum in the event such rate is lower than the rate now provided for in the law, that is, 2 per cent per annum more than the rate charged at the date of the loan for the discount of 90-day commercial paper under section 13 of the Federal reserve act by the Federal reserve bank for the Federal reserve district in which is located the regional office, suboffice, or hospital of the United States Veterans' Bureau at which the loan is made.

At the time the present provision relative to interest rate was included in the act it was evidently the belief of the Congress that the interest charged should be in sympathy with the prevailing money rates. The committee is advised, however, that I would favor a provision fixing the rate at a flat 6 per cent per annum, compounded annually, without regard to the discount rate. This would be a fair percentage from the standpoint of both the veteran and the United States Government life insurance fund, from which the loans are made. It would also facilitate the administration of the law by the conservation of time now consumed in computing the varied and fluctuating rates of interest now obtaining. It is therefore recommended that the bill be amended to provide for a rate of 6 per cent per annum compounded annually.

Section 2 of S. 5631 proposes to amend section 705 of the World War adjusted compensation act by inserting language designed to permit the issuance of a duplicate certificate without the requirement of an indemnity bond where the torn or defaced certificate is surrendered to the director by the veteran. Under section 705 as now written a bond is required in the issuance of all duplicate certificates except where it is shown that the original certificate was lost, destroyed wholly or in part, or so defaced as to impair its value, prior to delivery to the veteran.

The committee is advised that it has been my opinion for some time that the furnishing of a bond is unduly burdensome to a veteran whose certificate has been mutilated or defaced to such an extent as to impair its value to him, but its identification is still possible. It often happens that the certificate becomes torn or partially burned or defaced by the obliteration of some important notation such as the name of the veteran, the amount of the face value, the "A" number, or the veteran's address. In such a case the certificate or such part of it as remains may be sent in to the bureau and a duplicate issued upon the cancellation of the original with perfect safety to the Government. Under such circumstances, there is no possibility of the Government being faced by a double liability as is the case where the certificate is lost.

The committee is therefore advised that the bureau is in favor of the amendment of section 705 as proposed. It is suggested, however, that the following form be used:

"SEC. 705. Whenever it appears to the Director, by evidence clear and satisfactory to him, that any adjusted-service certificate has, without bad faith upon the part of the person entitled to payment thereon, been lost or destroyed, he shall under such regulations and with such restrictions as to time and retention for security or otherwise as he may prescribe, issue a duplicate thereof in like value in all respects to the original certificate and so marked as to show the original number of the certificate lost or destroyed, and the date thereof. The lawful holder of a certificate who makes application for a duplicate shall file in the United States Veterans' Bureau a bond in a penal sum equal to the face value of such lost or destroyed certificate, with two good and sufficient sureties, residents of the United States, to be approved by the Director, or by a surety company acceptable to the United States, conditioned to indemnify and save harmless the United States from any claim upon such lost or destroyed certificate, except that a duplicate certificate shall be issued without the requirement of a bond when it is shown to the satisfaction of the director that the original certificate, before delivery to the veteran, has been lost, destroyed, wholly or in part, or so defaced as to impair its value: *Provided, however,* That where, after delivery to the veteran, any certificate is partially destroyed, defaced, or mutilated so as to impair its value to the veteran, but is still capable of identification, a duplicate shall be issued by the director, without the filing of a bond, upon the surrender of such part of the certificate as remains."

In this connection attention is invited to my letter of February 1, 1927, recommending the amendment of section 705 as is now proposed. A copy of my letter is inclosed for the information of the committee.

A copy of this letter is inclosed for your use.

Very truly yours,

FRANK T. HINES, *Director.*

From the foregoing it will be perceived that the bill as amended by the committee is designed to accomplish two purposes:

First, standardize at 6 per cent the interest rate to be paid by veterans on loans obtained from the Veterans' Bureau on adjusted service certificates; and

Second, simplify and ease the conditions under which a veteran may obtain a duplicate of an adjusted service certificate which, through no fault of his own, has been lost, mutilated, or defaced prior to delivery into his hands, or mutilated or defaced after delivery, by removing the existing requirement of a bond in such cases.

The committee believes both provisions to be highly desirable.

