

Calendar No. 1843

71st CONGRESS }
3d Session }

SENATE

} REPORT
} No. 1773

RELIEF OF FIRST BANK AND TRUST CO. OF MISSION, TEX.

FEBRUARY 17 (calendar day, FEBRUARY 25), 1931.—Ordered to be printed

Mr. CONNALLY, from the Committee on Finance, submitted the following

REPORT

[To accompany S. 3924]

The Finance Committee, to whom was referred the bill (S. 3924) for the relief of the First State Bank & Trust Co., of Mission, Tex., having considered the same, report it back to the Senate without amendment and recommend that the bill do pass.

Following is the report of the House Committee on Claims regarding the bill:

[House Report No. 1863, Seventy-first Congress, second session]

The Committee on Claims, to whom was referred the bill (H. R. 1335) for the relief of the First State Bank & Trust Co., of Mission, Tex., having considered the same, report thereon with a recommendation that it do pass, with the following amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:
"That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of the First State Bank and Trust Company, of Mission, Texas, United States registered bond No. 89,539 for \$1,000 of the third Liberty loan 4¼ per centum per annum bonds of 1928, registered in the name of Alpha G. Decker, with interest from March 15, 1928, to September 15, 1928, without presentation of the bond, said bond having been assigned in blank by the registered payee and alleged to have been lost, stolen, or destroyed in the First State Bank and Trust Company of Mission, Texas: *Provided*, That the said bond shall not have been previously presented and paid: *And provided further*, That the said First State Bank and Trust Company shall first file in the Treasury Department of the United States a bond in the penal sum of double the amount of the principal of the said bond, and the final interest payable thereon September 15, 1928, in such form and with such surety or sureties as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the bond hereinbefore described."

STATEMENT OF FACTS

The purpose of this bill is to allow the Secretary of the Treasury to redeem a third Liberty loan bond that has become lost while in the hands of the claimant. Enactment of this bill is opposed by the Treasury Department because of the fact

that there has been such a short time elapsed since the date of maturity. Bonds of the third loan matured on September 15, 1928, and the Treasury Department states that it will definitely oppose this bill at least until September 15, 1930.

Your committee in reporting this bill favorably feels that two years' time is sufficient to wait for the presentation of this bond, since it is likely that it will never be presented. This bill is now being placed on the calendary, even though two years have not elapsed since the date of maturity, but there is no possibility of it being reached before December, 1930.

TREASURY DEPARTMENT,
Washington, January 31, 1930.

HON. ED. M. IRWIN,
*Chairman Committee on Claims,
House of Representatives.*

MY DEAR MR. CHAIRMAN. I have your letter of January 16, 1930, transmitting for report a copy of H. R. 1335, a bill for the relief of the First State Bank & Trust Co., of Mission, Tex., on account of the alleged loss, theft, or destruction of United States bond No. 89539 for \$1,000 of the third 4½'s, registered in the name of Alpha G. Decker, said bond having been assigned in blank.

In accordance with your request, there are inclosed copies of papers on file in the department pertaining to the case. The papers show that the bond was assigned in blank by the registered payee and lost while held by the First State Bank & Trust Co., Mission, Tex., as security for a loan. Destruction of the bond was not reported to the department and no evidence tending to prove its destruction has been submitted.

The department has been advised informally that the payee has been reimbursed by the bank, but no evidence of the subrogation of the bank to the right, title, and interest of the payee in the bond has been presented.

Your attention is invited to the fact that registered bonds assigned in blank become in effect payable to bearer. They are, therefore, treated as in the same category as coupon bonds in so far as the granting of relief under the statutes is concerned, when the bonds are lost, stolen, or destroyed. As you know, in cases involving United States coupon bonds, relief can be granted under sections 3702-3703 of the Revised Statutes only when such securities have been destroyed wholly or in part or so defaced as to impair their value to the owner; and if a claim for relief is based on the allegation of destruction, the proof of destruction must be clear and unequivocal, admitting of no inference other than that the conditions are as alleged.

The Treasury Department regards bill H. R. 1335 as objectionable inasmuch as it is not improbable that the bond is in existence and may now be in the possession of a person who can assert title to it by virtue of the blank assignment or that it may later come into the possession of such a person, especially as the bond is alleged to have disappeared only a little more than a year ago. It is the long standing practice of the department to oppose the granting of relief by special act on account of registered bonds and notes assigned in blank and alleged to have been lost or stolen, or destroyed and the destruction not proved, except in cases where a considerable time has elapsed after maturity and the securities have not been presented. Bonds of the third loan matured September 15, 1928, and it is not considered that sufficient time has elapsed since the maturity date to allow for the presentation of all of the outstanding bonds of the loan. Therefore, for the reasons above stated, the Treasury Department will definitely oppose the enactment of legislation for the granting of the relief proposed by H. R. 1335 before the expiration of at least two years from the maturity date of the subject bond.

In accordance with Extract No. 22 from Department Circular No. 300, a notation has been entered on the records relative to the loss of this bond, and if it is presented the department may require the person presenting it to show whether he is a bona fide holder in due course. In this event, proper notice of the result of the inquiry will be given.

The form of the bill as drawn is not such as would be preferred if it were to be favorably considered. A draft of a bill in the form preferred by the department is inclosed.

A copy of this letter and two copies each of extracts Nos. 16, revised, and 22 are inclosed.

Very truly yours,

A. W. MELLON,
Secretary of the Treasury.

FIRST STATE BANK & TRUST CO.,
Mission, Tex., September 25, 1928.

TREASURY DEPARTMENT,
Washington, D. C.

GENTLEMEN: We have been holding as security a \$1,000 Liberty loan bond registered in the name of Mrs. Alphia G. Decker, Mission, Tex. This bond has been transferred and assigned in blank and signature acknowledged and witnessed by Mr. Wm. O. Brown, cashier, First National Bank, Mission, Tex. This bond is one of the series which matured on the 15th of this month.

We had this bond in our possession for the last two years and the writer personally saw the bond within the last 15 days; in the meantime it has been misplaced and we are unable to find it anywhere in our banking house.

We would respectfully wish that you would please take such steps as are necessary to stop the payment on this bond and also advise us what are the necessary steps to take in order to secure payment on the bond. It is now due and Mrs. Decker asks that we have it cashed and apply proceeds on her indebtedness with us.

Thanking you to give this your prompt attention and awaiting your early reply, we are,

Yours very truly,

H. L. STARR, *Cashier.*

