

# THE EMERGENCY BANKING ORDER

Here is the document which the Treasury at first denied ever existed and the Library of Congress could not locate in an intensive search. We have also reprinted Secretary Anderson's cover letter, which summarizes the regulation.

## Emergency Banking Order #1

### Department of the Treasury

#### Statement of The Secretary of the Treasury to accompany the issuance of the Emergency Banking Regulation

In keeping with the objectives of the National Plan for Civil Defense and Defense Mobilization, I have issued an Emergency Banking Regulation that would become effective only in the event that there would be an attack upon the United States. Issuance of the Regulation at this time has no particular significance except that, after months of careful study, work on it has now been completed. It is being issued so that banking institutions may develop and complete their emergency preparedness programs as advocated by the National Plan.

Obviously, the effective utilization of the financial capacity of the Nation in the conduct of any war that might befall us must be assured. The Regulation provides, insofar as possible, a reasonable degree of flexibility, as proper implementation would depend heavily upon the knowledge, initiative and judgment of the management of our financial institutions and the understanding and cooperation of depositors and share or savings account owners. Basically the Regulation is for the purpose of assuring the maintenance of operations and functions of all banking institutions, including savings and loan associations and credit unions, and to facilitate restoration of such activities should they become temporarily disrupted because of such an emergency. This Regulation, should it ever become effective, would be subject to such amendment, modification or termination as might be consistent with the existing monetary needs and the developments in the national economy.

The Regulation has been issued pursuant to the authority vested in me as Secretary of the Treasury, including the authority vested in me by Section 5 (b) of the Trading with the Enemy Act of October 6, 1917, as amended (50 U.S.C. App. 5 (b)), and Executive Order No. 9193. Bearing in mind that the Regulation would become effective only in the event of an attack upon the United States, and that the term "banking institutions" includes every commercial bank, trust company, private bank, savings bank, mutual savings bank, savings and loan association, building and loan

association, cooperative bank, homestead association, credit union, and United States Postal Savings depository office authorized under the laws of the United States or any place subject to its jurisdiction, or any receiver or conservator for any of the foregoing, the Regulation is summarized as follows:

All Federal Reserve Banks, Federal Home Loan Banks, their respective branches, and all banking institutions and their branches would be required to remain open and continue their operations and functions, and permit the transaction of business during their regularly established hours. The only exceptions would be those unable to operate because they may have suffered personnel losses or physical damage, or may be located in areas declared to be unsafe because of defensive or enemy action. Such institutions would also be authorized to act as agent for each other in carrying out their operations and functions. Banking institutions and depositors and the owners of share or savings accounts would be required to observe provisions that would guard against the misuse of the Nation's monetary resources so that they might be preserved primarily for the payment of vital expenses, reconstruction and essential living costs, taxes, or payrolls. Provisions would also guard against the misuse of credit by directing all lending activities toward the above-named essential purposes.

To prevent misuse or hoarding of goods and material and in order to guard against inflation, government planning also includes a number of other emergency measures. These would provide for the stabilization of rentals, prices, salaries, and wages, and rationing. During an emergency of the type toward which our planning is directed, the cash and credit resources of our financial institutions must likewise be utilized to the end that the best interests of the Nation would be served.

Robert B. Anderson  
Secretary of the Treasury  
Dated: January 10, 1961

### Department of the Treasury Emergency Banking Regulation No. 1

#### Chapter I—Authority

This Regulation is issued pursuant to the authority vested in me as Secretary of the Treasury, including the authority vested in me by Section 5 (b) of the Trading with the Enemy Act of October 6, 1917, as amended (50 U.S.C. App. 5 (b)), and Executive Order No. 9193.

#### Chapter II—Time of Taking Effect

This Regulation shall be effective immediately after an attack upon the United States.

**Chapter III—Definitions**

(a) As used in this Regulation, the term "banking institution" shall include the following banking and financial institutions: every commercial bank, trust company, private bank, savings bank, mutual savings bank, savings and loan association, building and loan association, cooperative bank, homestead association, credit union, and United States Postal Savings depository office authorized under the laws of the United States or of any State to transact business in the United States or any place subject to its jurisdiction, or any receiver or conservator for any of the foregoing.

(b) As used in this Regulation, "operations and functions" shall include the paying out or earmarking of any coin or currency, or permitting the withdrawal or transfer thereof in any manner or by any device whatsoever the receipt or paying out of deposits; the receipt of payments into share or savings accounts or the repurchase of or payments on withdrawals from share or savings accounts; the making of loans or discounts; transfers of credit; the performance of fiduciary, custodial or agency functions; the purchase or sale of securities, and the transaction of any banking or trust business whatsoever.

(c) As used in this Regulation, the term "Branch" shall include any duly authorized place of business separate and apart from the head office of a Federal Reserve Bank, Federal Home Loan Bank, or banking institution in which any of its operations and functions are carried out.

**Chapter IV—Continuance of Operations and Functions****Temporary Curtailment of Operations and Functions  
Temporary Quarters, and Emergency Loans**

Section 1. Continuance of Operations and Functions of Federal Reserve Banks, Federal Home Loan Banks, Banking Institutions, and Branches. Except as provided in Section 2 of this Chapter, all Federal Reserve Banks, branches of Federal Reserve Banks, Federal Home Loan Banks, branches of Federal Home Loan Banks, and all banking institutions and all branches thereof, without regard to whether or not the head office or any other branch or branches are functioning, shall remain open and continue their operations and functions and permit the transaction of business during their regularly established hours.

Section 2. Temporary Curtailment of Operations and Functions. Any Federal Reserve Banks, Federal Home Loan Bank, banking institution, or branch may temporarily curtail, limit, suspend, or delegate any or all operations and functions if located in an area which is unsafe because of enemy or defensive action, or if essential personnel or physical facilities become

unavailable. Operations and functions of any Federal Reserve Bank, Federal Home Loan Bank, banking institution, or branch which have been so curtailed or suspended shall, as soon as practicable, be resumed when the cause of such curtailment or suspension has been remedied, removed or dissipated.

Section 3. Temporary Change of Quarters. In the event that the main office or any branch of any Federal Reserve Bank, Federal Home Loan Bank, or banking institution becomes wholly or partially unusable, as a result of an attack upon the United States, the Federal Reserve Bank shall, if possible, establish temporarily necessary substitute quarters. The use of such substitute quarters shall be terminated as soon as practicable.

Section 4. Loans to and Borrowing from Federal Reserve Banks, Federal Home Loan Banks, or Banking Institutions. In order to provide the necessary liquidity to maintain operations and functions as required by Section 1 of this Chapter, any Federal Reserve Bank, Federal Home Loan Bank, or banking institution, or branch thereof, may make loans, discount assets, or borrow without regard to the restrictions of Federal or State law.

Section 5. Notification of Supervisory Authorities. Any banking institution or branch thereof which curtails or suspends its operations and functions or changes the location of its quarters pursuant to Section 2 or 3 of this Chapter, shall as promptly as possible notify all of the authorities responsible for its supervision, State and National, and if the banking institution is insured, such supervisory authorities shall notify the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation, as the case may be, of all such actions by banking institutions or branches thereof reported to them.

Section 6. Action As Agent. Any Federal Reserve Bank, Federal Home Loan Bank, banking institution, or branch may by agreement act as agent and perform temporarily any or all operations and functions of any other Federal Reserve Bank, Federal Home Loan Bank, banking institution, or branch.

**Chapter V—Restrictions on Cash Withdrawals and Transfers of Credit****Section 1. Cash Withdrawals.**

(a) Withdrawals in the form of cash, whether by the cashing of checks or drafts, the making of loans in cash, or any other form of cash disbursement are prohibited except for those purposes, and not in excess of those amounts, for which cash is customarily used.

(b) Banking institutions are further authorized to

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restrict and ration cash withdrawals to the extent necessary in the event a sufficient amount of cash should not be available.

(c) Banking institutions shall prohibit withdrawals of cash in any case where there is reason to believe that such withdrawal is sought for the purpose of hoarding.

### Section 2. Transfers of Credit.

(a) No depositor or share or savings account owner may transfer in any manner or by any device whatsoever any balance to his credit on the date on which this Regulation becomes effective, except for the payment of (i) expenses or reconstruction costs vital to the war effort, (ii) essential living costs, (iii) taxes, (iv) obligations incurred before the date on which this Regulation becomes effective, to the end that the best interest of the war effort and the public will be served.

(b) Banking institutions shall prohibit the transfer of credit in any case where there is reason to believe that such transfer is sought for any unauthorized purpose.

(c) After this Regulation becomes effective, banking institutions shall retain until released by federal authority the original or photographic copy (face and reverse sides) of each check and other evidence of transfer of credit in the amount of \$1,000 or more.

### Section 3. Exceptions to Restrictions.

(a) Balance in deposit or share or savings accounts may be transferred from one banking institution to a deposit or share or savings account of the same owner in another banking institution.

(b) The restrictions of Section 2 of this Chapter shall not apply to any check or draft negotiated for value prior to the time this Regulation becomes effective.

(c) The limitations and restrictions of this Chapter shall not apply to the United States, any State or any political subdivision thereof, nor to their respective agencies and authorities.

(d) The limitations and restrictions of this Chapter shall not apply to transactions between Federal Reserve Banks, Federal Home Loan Banks, banking institutions, and branches thereof.

(e) The provisions of Section 2 of this Chapter do not alter the right of any banking institution to invoke restrictions on withdrawals of deposit or repurchases of or payments on withdrawals from share or savings accounts provided for under contract or agreement with depositors or share or savings account owners or by reason of law or by the provisions of its charter or bylaws.

## Chapter VI—Lending and Extending Credit

### Section 1. Making Loans and Extending Credit.

No banking institution may make any loan, extend

any credit, or discount or purchase any obligation or evidence of debt, unless it is established and certified, in writing by the borrower and a banking institution that the purpose is to pay (i) expenses or reconstruction costs vital to the war effort, (ii) essential living costs, (iii) taxes, or (iv) payrolls, to the end that the best interest of the war effort and the public will be served.

### Section 2. Exceptions to Restrictions.

(a) The restrictions contained in Section 1 of this Chapter do not prohibit the renewal, recasting, or extension of any loan or credit outstanding prior to the effective date of this Regulation, if in the judgment of the management of the banking institution such action is in the best interest of the war effort. The canceled original evidence of debt shall be attached to the instrument renewing, recasting, or extending such obligations.

(b) Section 1 of this Chapter shall not apply to loans or extensions of credit to the United States, to any State or any political subdivision thereof, nor to their respective agencies and authorities, nor to loans or extensions of credit between banking institutions.

## Chapter VII—Savings Provisions

Any action authorized or required to be taken by a Federal Reserve Bank, Federal Home Loan Bank, banking institution, or branch or its management pursuant to this Regulation may, in the absence of persons authorized by delegation or otherwise to take such action, be taken by any director, officer or employee of such Federal Reserve Bank, Federal Home Loan Bank, banking institution, or branch at the time conducting that part of the affairs of the Federal Reserve Bank, Federal Home Loan Bank, banking institution, or branch to which such action relates. Notwithstanding any other provision of law, no Federal Reserve Bank, Federal Home Loan Bank, banking institution, or branch or any director, officer, or employee thereof and no member or employee of any agency of the United States shall be subject to any liability on account of any action taken or omitted to be taken in good faith pursuant to this Regulation, provided that this sentence shall not be deemed to apply to any liability on account of any contractual obligation.

## Chapter VIII—Revision or Termination

This Regulation may be revised or terminated when so ordered by the Secretary of the Treasury.

Robert B. Anderson

[signed]

Secretary of the Treasury