

**§ 502. Liability of shareholders of Federal reserve banks on contracts, etc.**

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part under the provisions of this chapter.

(Dec. 23, 1913, ch. 6, § 2 (par.), 38 Stat. 252.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning act Dec. 23, 1913, ch. 6, 38 Stat. 251, known as the Federal Reserve Act. For complete classification of this Act to the Code, see References in Text note set out under section 226 of this title and Tables.

CODIFICATION

Section is comprised of the fourth par. of section 2 of act Dec. 23, 1913. For classification of other pars. of section 2 of this Act, see Codification note set out under section 222 of this title.

**§ 503. Liability of directors and officers of member banks**

If the directors or officers of any member bank shall knowingly violate or permit any of the agents, officers, or directors of any member bank to violate any of the provisions of sections 375, 375a, 375b, and 376 of this title or regulations of the board made under authority thereof, or any of the provisions of sections 217, 218, 219, 220,<sup>1</sup> 655, 1005, 1014, 1906, or 1909 of title 18, every director and officer participating in or assenting to such violation shall be held liable in his personal and individual capacity for all damages which the member bank, its shareholders, or any other persons shall have sustained in consequence of such violation.

(Dec. 23, 1913, ch. 6, § 22(f), as added Sept. 26, 1918, ch. 177, § 5, 40 Stat. 971; amended Sept. 3, 1954, ch. 1263, § 28, 68 Stat. 1236.)

REFERENCES IN TEXT

Sections 217, 218, 219, and 220 of title 18, referred to in text, were renumbered sections 212, 213, 214, and 215 of title 18, respectively, by Pub. L. 87-849, §1(d), Oct. 23, 1962, 76 Stat. 1125. Sections 212 and 213 of title 18, as redesignated, were subsequently repealed by Pub. L. 108-198, §2(a), Dec. 19, 2003, 117 Stat. 2899.

CODIFICATION

In text, “sections 375, 375a, 375b, and 376 of this title” was in the original “this section”, meaning section 22 of act Dec. 23, 1913, which was also classified to sections 593 to 599 of this title. Such sections were repealed by act June 25, 1948, ch. 645, § 21, 62 Stat. 862, eff. Sept. 1, 1948, and the provisions thereof were reenacted as sections 217, 218, 219, 220, 655, 1005, 1014, 1906, and 1909 of Title 18, Crimes and Criminal Procedure. Reference to such repealed sections was omitted from the text in view of act Sept. 3, 1954, which amended the text by incorporating therein the reference to the sections of Title 18. The text of section 375 of this title was struck out by Pub. L. 111-203, title VI, §615(b), July 21, 2010, 124 Stat. 1615.

<sup>1</sup> See References in Text note below.

AMENDMENTS

1954—Act Sept. 3, 1954, inserted “or any of the provisions of sections 217, 218, 219, 220, 655, 1005, 1014, 1906, or 1909 of title 18.”.

**§ 504. Civil money penalty**

**(a) First tier**

Any member bank which, and any institution-affiliated party (within the meaning of section 1813(u) of this title) with respect to such member bank who, violates any provision of section 371c, 371c-1, 375, 375a, 375b, 376, or 503 of this title, or any regulation issued pursuant thereto, shall forfeit and pay a civil penalty of not more than \$5,000 for each day during which such violation continues.

**(b) Second tier**

Notwithstanding subsection (a) of this section, any member bank which, and any institution-affiliated party (within the meaning of section 1813(u) of this title) with respect to such member bank who<sup>1</sup>

(1)(A) commits any violation described in subsection (a) of this section;

(B) recklessly engages in an unsafe or unsound practice in conducting the affairs of such member bank; or

(C) breaches any fiduciary duty;

(2) which violation, practice, or breach—

(A) is part of a pattern of misconduct;

(B) causes or is likely to cause more than a minimal loss to such member bank; or

(C) results in pecuniary gain or other benefit to such party,

shall forfeit and pay a civil penalty of not more than \$25,000 for each day during which such violation, practice, or breach continues.

**(c) Third tier**

Notwithstanding subsections (a) and (b) of this section, any member bank which, and any institution-affiliated party (within the meaning of section 1813(u) of this title) with respect to such member bank who—

(1) knowingly—

(A) commits any violation described in subsection (a) of this section;

(B) engages in any unsafe or unsound practice in conducting the affairs of such credit union;<sup>2</sup> or

(C) breaches any fiduciary duty; and

(2) knowingly or recklessly causes a substantial loss to such credit union<sup>2</sup> or a substantial pecuniary gain or other benefit to such party by reason of such violation, practice, or breach,

shall forfeit and pay a civil penalty in an amount not to exceed the applicable maximum amount determined under subsection (d) of this section for each day during which such violation, practice, or breach continues.

**(d) Maximum amounts of penalties for any violation described in subsection (c)**

The maximum daily amount of any civil penalty which may be assessed pursuant to sub-

<sup>1</sup> So in original. Probably should be followed by a dash.

<sup>2</sup> So in original. Probably should be “such member bank”.