

declaration or payment of any dividend or interest or in any distribution in violation of this subsection shall be fined not more than \$1,000, imprisoned not more than 1 year, or both.

**(3) Applicability**

This subsection shall not apply to any default that is due to a dispute between the insured System bank and the Corporation over the amount of such premium if such bank deposits security satisfactory to the Corporation for payment on final determination of the issue.

**(c) Failure to file statement or pay premium**

**(1) In general**

Any insured System bank that willfully fails or refuses to file any certified statement or pay any premium required under this part shall be subject to a penalty of not more than \$100 for each day that such violations continue, which penalty the Corporation may recover for its use.

**(2) Applicability**

This subsection shall not apply to conduct with respect to any default that is due to a dispute between the insured System bank and the Corporation over the amount of such premium if such bank deposits security satisfactory to the Corporation for payment on final determination of the issue.

**(d) Employment of persons convicted of criminal offenses**

**(1) In general**

Except with the prior written consent of the Farm Credit Administration, it shall be unlawful for any person convicted of any criminal offense involving dishonesty or a breach of trust to serve as a director, officer, or employee of any System institution.

**(2) Penalty**

For each willful violation of paragraph (1), the institution involved shall be subject to a penalty of not more than \$100 for each day during which the violation continues, which the Corporation may recover for its use.

**(e) Prohibition on uses of funds related to Federal Agricultural Mortgage Corporation**

No funds from administrative accounts or from the Farm Credit System Insurance Fund may be used by the Corporation to provide assistance to the Federal Agricultural Mortgage Corporation or to support any activities related to the Federal Agricultural Mortgage Corporation.

(Pub. L. 92-181, title V, §5.65, as added Pub. L. 100-233, title III, §302, Jan. 6, 1988, 101 Stat. 1619; amended Pub. L. 101-624, title XVIII, §1837, Nov. 28, 1990, 104 Stat. 3834; Pub. L. 102-237, title V, §502(k), Dec. 13, 1991, 105 Stat. 1869; Pub. L. 115-334, title V, §5409, Dec. 20, 2018, 132 Stat. 4678.)

**Editorial Notes**

AMENDMENTS

2018—Subsec. (e). Pub. L. 115-334 added subsec. (e).

1991—Subsec. (d)(1). Pub. L. 102-237 struck out “insured” before “System”.

1990—Subsec. (d)(1). Pub. L. 101-624, §1837(1), substituted “insured System institution” for “insured System bank”.

Subsec. (d)(2). Pub. L. 101-624, §1837(2), substituted “institution” for “bank”.

SUBCHAPTER VI—ASSISTANCE TO FARM CREDIT SYSTEM

**§§ 2278a to 2278b-11. Repealed. Pub. L. 115-334, title V, § 5411(39), Dec. 20, 2018, 132 Stat. 4683**

Sections 2278a to 2278a-13 comprised part A of this subchapter “Assistance Board”.

Section 2278a, Pub. L. 92-181, title VI, §6.0, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1585, established the Farm Credit System Assistance Board.

Section 2278a-1, Pub. L. 92-181, title VI, §6.1, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1585, set out purposes of the Board.

Section 2278a-2, Pub. L. 92-181, title VI, §6.2, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1586; amended Pub. L. 102-237, title V, §502(l), Dec. 13, 1991, 105 Stat. 1869, provided for Board of Directors of the Assistance Board.

Section 2278a-3, Pub. L. 92-181, title VI, §6.3, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1587; amended Pub. L. 100-399, title II, §201(a), (b), Aug. 17, 1988, 102 Stat. 990, established the Assistance Board as a body corporate and set out its powers.

Section 2278a-4, Pub. L. 92-181, title VI, §6.4, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1588; amended Pub. L. 100-399, title II, §201(c), Aug. 17, 1988, 102 Stat. 991, related to certification of eligibility to issue preferred stock.

Section 2278a-5, Pub. L. 92-181, title VI, §6.5, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1588; amended Pub. L. 100-399, title II, §201(d), (e), Aug. 17, 1988, 102 Stat. 991, provided for ways the Board could render assistance to certified institutions.

Section 2278a-6, Pub. L. 92-181, title VI, §6.6, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1589; amended Pub. L. 100-399, title II, §201(f)–(i), Aug. 17, 1988, 102 Stat. 991; Pub. L. 101-624, title XVIII, §1843(a)(2), Nov. 28, 1990, 104 Stat. 3836, related to special powers of the Board.

Section 2278a-7, Pub. L. 92-181, title VI, §6.7, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591; amended Pub. L. 100-399, title II, §201(j), Aug. 17, 1988, 102 Stat. 991, related to administrative and financial support for the Board.

Section 2278a-8, Pub. L. 92-181, title VI, §6.8, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591, provided that the Board’s powers were limited to the purposes specified in this subchapter.

Section 2278a-9, Pub. L. 92-181, title VI, §6.9, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1591; amended Pub. L. 100-399, title II, §201(k), (l), Aug. 17, 1988, 102 Stat. 991; Pub. L. 102-552, title III, §301, Oct. 28, 1992, 106 Stat. 4107, provided that the Board would succeed to the assets of and assume all debts, obligations, contracts, and other liabilities of the Capital Corporation.

Section 2278a-10, Pub. L. 92-181, title VI, §6.10, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594, related to regulations and audits by and for the Board.

Section 2278a-11, Pub. L. 92-181, title VI, §6.11, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594, exempted the Board from various taxes.

Section 2278a-12, Pub. L. 92-181, title VI, §6.12, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1594; amended Pub. L. 100-399, title II, §201(m), Aug. 17, 1988, 102 Stat. 991, stated that the Assistance Board and its authority would terminate on Dec. 31, 1992.

Section 2278a-13, Pub. L. 92-181, title VI, §6.13, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101

Stat. 1594; amended Pub. L. 100-399, title II, §201(n), Aug. 17, 1988, 102 Stat. 991, set out transitional provisions from the Farm Credit Administration Board to the Assistance Board.

Sections 2278b to 2278b-11 comprised part B of this subchapter "Financial Assistance Corporation".

Section 2278b, Pub. L. 92-181, title VI, §6.20, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595, established the Farm Credit System Financial Assistance Corporation.

Section 2278b-1, Pub. L. 92-181, title VI, §6.21, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595; amended Pub. L. 102-552, title III, §307(a), Oct. 28, 1992, 106 Stat. 4116, provided for the purpose of the Financial Assistance Corporation.

Section 2278b-2, Pub. L. 92-181, title VI, §6.22, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595; amended Pub. L. 100-399, title II, §201(o), Aug. 17, 1988, 102 Stat. 991, provided for a Board of Directors, including its composition and duties.

Section 2278b-3, Pub. L. 92-181, title VI, §6.23, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1595; amended Pub. L. 102-237, title V, §502(m), Dec. 13, 1991, 105 Stat. 1869, required the Corporation to issue generally nontransferable stock with a par value of \$5 to System institutions.

Section 2278b-4, Pub. L. 92-181, title VI, §6.24, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1596; amended Pub. L. 100-399, title II, §201(a), (b), Aug. 17, 1988, 102 Stat. 990, granted the Financial Assistance Corporation certain corporate powers.

Section 2278b-5, Pub. L. 92-181, title VI, §6.25, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1597, established the Farm Credit Assistance Fund and the Financial Assistance Corporation Trust Fund.

Section 2278b-6, Pub. L. 92-181, title VI, §6.26, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1597; amended Pub. L. 100-399, title II, §201(p)-(x), Aug. 17, 1988, 102 Stat. 991, 992; Pub. L. 102-552, title III, §§302-304(a), 305, 306, Oct. 28, 1992, 106 Stat. 4109-4111, 4114, related to debt obligations issued by the Financial Assistance Corporation.

Section 2278b-7, Pub. L. 92-181, title VI, §6.27, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1602; amended Pub. L. 100-399, title II, §201(y)-(aa), Aug. 17, 1988, 102 Stat. 992, provided for System institution issuance of preferred stock subject to such terms and conditions as authorized by the Assistance Board.

Section 2278b-8, Pub. L. 92-181, title VI, §6.28, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1603; amended Pub. L. 100-399, title II, §201(bb), Aug. 17, 1988, 102 Stat. 992; Pub. L. 102-552, title III, §304(b), Oct. 28, 1992, 106 Stat. 4114, provided for reimbursement to the Financial Assistance Corporation of certain interest charges.

Section 2278b-9, Pub. L. 92-181, title VI, §6.29, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1603; amended Pub. L. 100-460, title VI, §646, Oct. 1, 1988, 102 Stat. 2266, related to one-time stock purchases by System institutions from the Financial Assistance Corporation.

Section 2278b-10, Pub. L. 92-181, title VI, §6.30, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1604, exempted the Financial Assistance Corporation from various taxes.

Section 2278b-11, Pub. L. 92-181, title VI, §6.31, as added Pub. L. 100-233, title II, §201, Jan. 6, 1988, 101 Stat. 1605; amended Pub. L. 102-552, title III, §307(b), Oct. 28, 1992, 106 Stat. 4116, provided for termination of the Financial Assistance Corporation and transfer of remaining funds into the Insurance Fund.

## SUBCHAPTER VII—RESTRUCTURING OF SYSTEM INSTITUTIONS

### Editorial Notes

#### CODIFICATION

Pub. L. 100-399, title IV, §408(a), Aug. 17, 1988, 102 Stat. 1001, substituted "RESTRUCTURING OF" for "MERGERS OF" in subchapter heading.

## PART A—MERGER OF BANKS WITHIN A DISTRICT

### § 2279a. Power to merge

The banks within a district may merge into a single entity (hereinafter in this subchapter referred to as a "merged bank") if the plan of merger is approved by—

(1) the Farm Credit Administration Board;

(2) the respective boards of directors of the banks involved;

(3) a majority of the stockholders of each bank voting, in person or by proxy, at a duly authorized stockholders' meeting with each association entitled to cast a number of votes equal to the number of its voting stockholders; and

(4) in the case of a bank for cooperatives, a majority of the total equity interests in such merging bank for cooperatives (including allocated, but not unallocated, surplus and reserves) held by those stockholders or subscribers to the guaranty fund of the bank voting.

(Pub. L. 92-181, title VII, §7.0, as added Pub. L. 100-233, title IV, §416, Jan. 6, 1988, 101 Stat. 1645; amended Pub. L. 100-399, title IV, §408(b), Aug. 17, 1988, 102 Stat. 1001.)

### Editorial Notes

#### AMENDMENTS

1988—Pub. L. 100-399 substituted "The banks" for "Two or more banks" in introductory provisions, and in par. (3) substituted "with each association entitled to cast a number of votes equal to the number of its voting" for "in accordance with the provisions of section 2223(c) of this title relating to the casting of votes by".

### Statutory Notes and Related Subsidiaries

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which was approved Jan. 6, 1988, see section 1001(a) of Pub. L. 100-399, set out as a note under section 2002 of this title.

### § 2279a-1. Board of directors

Each merged bank shall elect a board of directors of such number, for such term, in such manner, and with such qualifications, as may be required in its bylaws, except that at least one member shall be elected by the other directors, which member shall not be a director, officer, employee, or stockholder of a System institution.

(Pub. L. 92-181, title VII, §7.1, as added Pub. L. 100-233, title IV, §416, Jan. 6, 1988, 101 Stat. 1645; amended Pub. L. 100-399, title IV, §408(c), Aug. 17, 1988, 102 Stat. 1001.)

### Editorial Notes

#### AMENDMENTS

1988—Pub. L. 100-399 struck out "for the district" in section catchline and amended text generally, revising and restating as a single unlettered paragraph provisions of former subsecs. (a) and (b).

### Statutory Notes and Related Subsidiaries

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-399 effective as if enacted immediately after enactment of Pub. L. 100-233, which