Public Law 85-637

August 14, 1958
[S. 2255]

AN ACT

To amend section 607 (d) of the Merchant Marine Act, 1936, as amended.

Merchant Marine Act of 1936, amendment.
49 Stat. 2005.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 607 of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1177), is amended by inserting at the beginning of the first two paragraphs of subsection (d) thereof the designations "(1)" and "(2)", respectively, and by inserting at the end of such subsection (d) the following new subdivisions:

Investment of contractor's funds.

"(3) (A) Upon application of the contractor, the Secretary of Commerce, in his discretion, may permit the contractor to transfer not exceeding 50 per centum of his capital reserve fund and 50 per centum of his special reserve fund to a trustee which is incorporated as a bank or trust company under the laws of the United States, or of any State, and which is approved by the Secretary of Commerce, in trust nevertheless for the benefit of the contractor and of the United States as their interests are stated in this section (1) to hold in separate trusts the principal of the capital and special reserve funds so transferred, one trust for the capital reserve fund and one trust for the special reserve fund; (2) to invest and reinvest the principal of such trusts in such common stocks of corporations organized and existing under the laws of the United States or of the District of Columbia or of any State of the United States which are currently fully listed and registered upon an exchange registered with the Securities and Exchange Commission as a national securities exchange, and which would be acquired by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and the preservation of their capital; (3) to accumulate the income from the capital reserve fund trust in such trust, to pay the income from the special reserve fund trust into the capital reserve fund trust, and to invest and reinvest such income in common stocks in which the trustee is authorized to invest principal under this subdivision (3); and (4) to pay to the contractor and the Secretary of Commerce, as trustees of the special reserve fund and the capital reserve fund, after reasonable notice, from the principal and accumulated income of the trusts such amounts, in cash, as the contractor and the Secretary of Commerce direct.

"(B) Consent by the contractor to an investment which is not authorized by this subdivision (3) shall not be a defense to the trustee. Such common stock trusts shall be revocable by the Secretary of Commerce at any time and upon notice of the revocation, the common stock trustee shall reduce the principal and accumulated income of such trusts to cash and shall pay such cash to the contractor and the Secretary of Commerce as trustees of the capital reserve fund and special reserve fund. In the administration of such common stock trusts, capital gains, stock dividends, and rights to purchase stock shall be considered principal; cash dividends, whenever earned, shall be considered income. At the end of the contractor's recapture period, however, after satisfaction of the contractor's recapture obligations, an amount of the special reserve fund trust equal to the value of the capital gains made (whether realized or not), the stock dividends declared, and the rights to purchase stock issued to the special reserve fund trust during such recapture period, to the extent the special reserve fund trust contains this amount, shall be transferred (in cash or in stock) to the capital reserve fund trust. For the purpose of deter-

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mining the 50 per centum of the capital reserve fund and the special reserve fund the transfer of which to a common stock trust the Secretary of Commerce may approve, the market value of each such fund as of the date of such transfer shall be used. The common stock trusts authorized by this subdivision (3) shall at all times remain a part of the capital reserve fund and the special reserve fund.

"(C) If immediately before a deposit is made in a capital or special reserve fund, 50 per centum or more of the value of such fund is invested in common stock, the Secretary of Commerce is authorized to approve, upon application of the contractor, the transfer of not exceeding 50 per centum of such deposit to the common stock trustee upon the trusts authorized in this subdivision (3). When payments are made, or funds are withdrawn, from a capital reserve fund or a special reserve fund, as authorized in this section, if 50 per centum or more of the value of such capital reserve fund or special reserve fund, as of the date of such payment or withdrawal, is invested in common stocks, such payment or withdrawal shall be made from the common stock trust in the proportion that the value of such common stock trust bears to the value of the entire capital reserve fund or special reserve fund. If, however, less than 50 per centum of the value of such capital or special reserve fund, as of the date of such payment or withdrawal, is invested in common stocks, the Secretary of Commerce is authorized, upon application by the contractor, to approve the allocation of the payment or withdrawal entirely to the portion of such capital or special reserve fund not invested in common stocks, or to approve the allocation of such payment or withdrawal between the common stock trust and the remainder of such capital or special reserve fund in any proportion, so long as the value of the common stock trust immediately after such withdrawal does not exceed 50 per centum of the value of such capital or special reserve fund, and if the contractor makes no such application or if the allocation requested in such application is not approved by the Secretary of Commerce, then such payment or withdrawal shall be allocated in the manner above provided for when the value of the common stock trust is 50 per centum or more of the value of the entire capital reserve fund or special reserve fund.

"(D) Trust indentures executed under the authority of this subdivision (3) may contain such other terms and conditions not inconsistent with this subdivision (3), as the Secretary of Commerce determines are desirable to protect the interests of the United States. The authority of the Secretary of Commerce to grant approvals, give directions, make determinations, and make regulations under this subdivision (3), and to act as trustee of the capital reserve fund and special reserve fund under this section may be delegated to the Maritime Administrator."

Approved August 14, 1958.

Public Law 85-638

AN ACT

August 14, 1958
[S. 1698]

To amend the Veterans' Readjustment Assistance Act of 1952, to extend the time for filing claims for mustering-out payments.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 503 of the Veterans' Readjustment Assistance Act of 1952 is amended by striking out "July 16, 1956" and inserting in lieu thereof "July 16, 1959".

69 Stat. 380.
38 USC 1013.

Approved August 14, 1958.