

Fund, which is hereby established. The reserve fund shall from time to time be invested and reinvested in advances to farmers on first-mortgage security.

*Savings-bank Bond Purchase Accounts.*

21. The Board shall have power to arrange with the Postmaster-General for the establishment of Savings-bank bond accounts: Provided that when the balance at the credit of the depositor exceeds ten pounds the sum of ten pounds shall be invested in a farm-loan bond or debenture for the benefit of the depositor.

22. Whenever any farm-loan bonds, or coupons or interest payments of such bonds are due under their terms, they shall be payable in gold or lawful money, and upon payment shall be duly cancelled. When any farm-loan bond shall be surrendered to the Superintendent, the said bondholder shall be entitled to withdraw first mortgages and bonds pledged as collateral security for any of the said series of farm-loan bonds to an amount equal to the farm-loan bonds so surrendered, and it shall be the duty of the Superintendent to permit and direct the delivery of such mortgages and bonds. Interest payments on hypothecated first mortgages shall be available for the payment of coupons and the interest of farm-loan bonds as they become due. Whenever any bond matures, or the interest on any registered bond is due, or the coupon on any coupon bond matures, and the same shall be presented for payment as provided in this Act, the full face value thereof shall be paid to the holder. Amortization and other payments on the principal of first mortgages held as collateral security for the issue of farm-loan bonds shall constitute a trust fund, and shall be applied or employed as follows:—

- (a.) To pay off farm-loan bonds or stock issued by or on behalf of said Board as they mature.
- (b.) To purchase, at or below par, farm-loan bonds or stock:
- (c.) To loan on first mortgages on farm lands qualified under this Act as collateral security for an issue of farm-loan bonds or stock:
- (d.) To purchase New Zealand Government securities.

*Investment in Farm-loan Bonds or Stock.*

23. Farm-loan bonds or stock issued under the provisions of this Act shall be a lawful investment for all fiduciary and trust funds, and shall be accepted as security for all public deposits, and shall also be deemed securities in which public moneys may be invested.

*Penalties.*

24. (1.) Any applicant for a loan under this Act who shall knowingly make any false statement in his application for such loan, and any member of a local committee or any valuer provided for in this Act who shall wilfully overvalue any land offered as security for loans under this Act, shall be punished by a fine not exceeding one thousand pounds, or by imprisonment not exceeding one year, or both.

(2.) Any examiner appointed under this Act who shall accept a loan or gratuity from any bank or co-operative organization examined by him, or from any person connected with any such bank or organization in any capacity, shall be punished by a fine not exceeding one thousand pounds, or by imprisonment not exceeding one year, or both, and may be fined a further sum equal to the money so loaned or gratuity given, and shall for ever thereafter be disqualified from holding office as an examiner under the provisions of this Act. No examiner, while holding such office, shall perform any other service for compensation for any bank or banking or loan association, or for any person connected therewith in any capacity.

(3.) Any person who shall falsely make, forge, or counterfeit, or cause or procure to be falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting any bond, coupon, or paper in imitation of, or purporting to be in imitation of the stock, bonds, coupons, dividend warrants, or paper, issued by the Farm Loan Board; or any person who shall pass, utter, or publish or attempt to pass, utter, or publish any false, forged, or counterfeited bond, coupon, or paper purporting to be issued by such Board, knowing the same to be falsely made, forged, or counterfeited; or whoever shall falsely alter, or cause or procure to be falsely altered, or shall willingly aid or assist in falsely altering any such stock, bond, coupon, or paper, or shall pass, utter, or publish as true any falsely altered or spurious bond, coupon, or paper issued, or purporting to have been issued, by such Board, knowing the same to be falsely altered or spurious, shall be punished by a fine not exceeding one thousand pounds, or by imprisonment not exceeding five years, or both.

(4.) Other than the usual fee or salary paid to any member, officer, or employee of the Board, no member, officer, attorney, or employee shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of such Board.

(5.) No farm-loan association or society organized under this Act shall charge or receive any fee, commission, bonus, gift, or other consideration not herein specifically authorized.

(6.) No examiner, public or private, shall disclose the names of borrowers to other than the proper officers of a co-operative loan association or society without first having obtained express permission in writing from the Farm Loan Superintendent or from the Board, except when ordered to do so by a Court of competent jurisdiction or by direction of either the Legislature or any Committee of either House duly authorized. Any person violating any provision of this paragraph shall be punished by a fine not exceeding one thousand pounds, or by imprisonment not exceeding one year, or both.