Record of expenditure and receipts.

Amendment.

Approved, June 15, 1933.

[CHAPTER 87.]

AN ACT

To amend the National Defense Act of June 3, 1916, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the National Defense Act of June 3, 1916, as amended, be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SECTION 1. That the Army of the United States shall consist of the Regular Army, the National Guard of the United States, the Officers' Reserve Corps, the Organized Reserves, and the Enlisted Reserve Corps."

Sec. 2. That the fourth paragraph of section 5 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"All policies and regulations affecting the organization and distribution of the National Guard of the United States, and all policies and regulations affecting the organization, distribution, and training of the National Guard, shall be prepared by committees of appropriate branches or divisions of the War Department General Staff, to which shall be added an equal number of officers from the National Guard of the United States, whose names are borne on lists of officers suitable for such duty, submitted by the governors of their respective States and Territories, and for the District of Columbia by the Commanding General, District of Columbia National Guard.

"All policies and regulations affecting the organization, distribution, training, appointment, assignment, promotion, and discharge of members of the Officers' Reserve Corps, the Organized Reserves, and the Enlisted Reserve Corps shall be prepared by committees of appropriate branches or divisions of the War Department General Staff to which shall be added an equal number of officers from the Officers' Reserve Corps: Provided, That when the subject to be studied affects the National Guard of the United States or the National Guard and the Officers' Reserve Corps, the Organized Reserves or the Enlisted Reserve Corps, such committees shall consist of an equal representation from the Regular Army, the National Guard of the United States, and the Officers' Reserve Corps. There shall be not less than ten officers on duty in the War Department General Staff, one half of whom shall be from the National Guard of the United States and one half from the Officers' Reserve Corps. For the purpose specified herein such officers shall be regarded as additional members of the General Staff while so serving: Provided further, That the Chief of Staff shall transmit to the Secretary of War the policies and regulations prepared as hereinbefore prescribed in this paragraph and advise him in regard thereto. After action by the Secretary of War thereon the Chief of Staff shall act as the agent of the Secretary of War in carrying the same into effect.

Chief of Staff to transmit recommendations to Secretary of War.
Exercise same powers as over the Army.

Vol. 41, p. 775; Vol. 42, p. 1033.

Officers' Reserve Corps.
Composition, grades, etc.
Post, p. 999.

Sec. 3. That section 37 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 37. Officers' Reserve Corps.—For the purpose of providing a reserve of officers available for military service when needed there shall be organized an Officers' Reserve Corps consisting of general officers and officers assigned to sections corresponding to the various branches of the Regular Army and such additional sections as the President may direct. The grades in each section and the number in each grade shall be as the President may prescribe. All persons appointed in the Officers' Reserve Corps are reserve officers and shall be commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate. Appointment in every case in the Officers' Reserve Corps shall be for a period of five years, but an appointment in force at the outbreak of war shall continue in force until six months after its termination: Provided, That an officer of the Officers' Reserve Corps shall be entitled to be relieved from active Federal service within six months after its termination if he makes application therefor. Any officer of the Officers' Reserve Corps may be discharged at any time in the discretion of the President. In time of peace an officer of the Officers' Reserve Corps must at the time of his appointment be a citizen of the United States between the ages of twenty-one and sixty years. Any person who has been an officer of the Army of the United States at any time between April 6, 1917, and June 30, 1919, or who has been an officer of the Regular Army at any time, if qualified, may be appointed in the Officers' Reserve Corps in the highest grade which he held or any lower grade. No other person except as herein provided shall in time of peace be originally appointed as a reserve officer of Infantry, Cavalry, Field Artillery, Coast Artillery, or Air Corps in a grade above that of second lieutenant. In time of peace appointments in the Infantry, Cavalry, Field Artillery, Coast Artillery, and Air Corps shall be limited to former officers of the Army, former officers of the National Guard of the United States, graduates of the Reserve Officers' Training Corps, as provided in section 47b hereof; warrant officers, and enlisted men of the Regular Army, National Guard of the United States, and Enlisted Reserve Corps and persons who served in the Army at some time between April 6, 1917, and November 11, 1918. Promotions in all grades of officers who have established, or may hereafter establish, their qualifications for such promotion, and transfer, shall be made under such regulations as may be prescribed by the Secretary of War, and shall be based so far as practicable upon recommendations made in the established chain of command. So far as practicable, in time of peace, officers of the Officers' Reserve Corps shall be assigned to units in the locality of their places of residence. Nothing in this Act shall operate to deprive an officer of the reserve appointment he now holds: Provided, That this shall not apply to the discretionary discharge power of the President previously mentioned. Members of the Officers' Reserve Corps, while not on active duty, shall not, by reason solely of their appointments, oaths, commissions, or status as such, or any duties or functions performed or pay or allowances received as such, be held or deemed to be officers or employees of the United States, or persons holding any office of trust or profit or dis-
charging any official function under or in connection with any department of the Government of the United States.

Sec. 4. That section 38 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 38. Officers, National Guard of the United States.—All persons appointed officers in the National Guard of the United States are reserve officers and shall be commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate.

"Officers in the National Guard of the United States shall be appointed for the period during which they are federally recognized in the same grade and branch in the National Guard: Provided, That an appointment in force at the outbreak of war shall continue in force until six months after its termination: And provided further, That such officer shall be entitled to be relieved from active Federal service within six months after its termination if he makes application therefor.

"In time of peace the President may order to active duty, with their consent, officers of the National Guard of the United States for the purposes set forth in sections 5 and 81 of this Act. When on such active duty an officer of the National Guard of the United States shall receive the same pay and allowances as an officer of the Regular Army of the same grade and length of active service and mileage from his home to his first station and from his last station to his home, but shall not be entitled to retirement or retired pay: Provided, That such officers ordered to such active duty shall be paid out of the funds appropriated for the pay of the National Guard.

"Officers of the National Guard of the United States, while not on active duty, shall not, by reason solely of their appointments, oaths, commissions, or status as such, or any duties or functions performed or pay or allowances received as such, be held or deemed to be officers or employees of the United States, or persons holding any office of trust or profit or discharging any official function under or in connection with any department of the Government of the United States."

Sec. 5. That section 58 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 58. Composition of the National Guard and the National Guard of the United States.—The National Guard of each State, Territory, and the District of Columbia shall consist of members of the militia voluntarily enlisted therein, who upon original enlistment shall be not less than eighteen nor more than forty-five years of age, or who in subsequent enlistment shall be not more than sixty-four years of age, or who are citizens of the United States between the ages of twenty-one and sixty-four years: Provided, That former members of the Regular Army, Navy, or Marine Corps under sixty-four years of age may enlist in said National Guard.

"The National Guard of the United States is hereby established. It shall be a reserve component of the Army of the United States and shall consist of those federally recognized National Guard units, and organizations, and of the officers, warrant officers, and enlisted members of the National Guard of the several States, Territories, and the District of Columbia, who shall have been appointed, enlisted and appointed, or enlisted, as the case may be, in the
National Guard of the United States, as hereinafter provided, and of such other officers and warrant officers as may be appointed therein as provided in section 111 hereof: Provided, That the members of the National Guard of the United States shall not be in the active service of the United States except when ordered thereto in accordance with law, and, in time of peace, they shall be administered, armed, uniformed, equipped, and trained in their status as the National Guard of the several States, Territories, and the District of Columbia, as provided in this Act: And provided further, That under such regulations as the Secretary of War shall prescribe, noncommissioned officers, first-class privates, and enlisted specialists of the National Guard may be appointed in corresponding grades, ratings, and branches of the National Guard of the United States, without vacating their respective grades and ratings in the National Guard."

Sec. 6. That section 60 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 60. Organization of National Guard units.—Except as otherwise specifically provided herein, the organization of the National Guard, including the composition of all units thereof, shall be the same as that which is or may hereafter be prescribed for the Regular Army, subject in time of peace to such general exceptions as may be authorized by the Secretary of War. And the President may prescribe the particular unit or units, as to branch or arm of service, to be maintained in each State, Territory, or the District of Columbia in order to secure a force which, when combined, shall form complete higher tactical units: Provided, That no change in allotment, branch, or arm of units or organizations wholly within a single State will be made without the approval of the governor of the State concerned."

Sec. 7. That section 69 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 69. Enlistments in the National Guard and in the National Guard of the United States.—Original enlistments in the National Guard and in the National Guard of the United States shall be for a period of three years, and subsequent enlistments for periods of one or three years each: Provided, That all enlisted men of the National Guard on the date of approval of this Act may, under such regulations as may be prescribed by the Secretary of War, be enlisted in grade, rating, and branch in the National Guard of the United States for the remaining unexpired portions of their enlistments in the National Guard: And provided further, That in the event of an emergency declared by Congress the period of any enlistment which otherwise would expire may by Presidential proclamation be extended for a period of six months after the termination of the emergency."

Sec. 8 That section 70 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 70. Men enlisting in the National Guard of the several States, Territories, and the District of Columbia, and in the National Guard of the United States, shall sign an enlistment contract and subscribe to the following oath or affirmation:

"I do hereby acknowledge to have voluntarily enlisted this day of ______, 19____, as a soldier in the National Guard of the United States and the State of ______, for the period of three (or one) year____, under the conditions prescribed by law, unless sooner dis-
charged by proper authority. And I do solemnly swear that I will bear true faith and allegiance to the United States of America and to the State of _______, and that I will serve them honestly and faithfully against all their enemies whomsoever, and that I will obey the orders of the President of the United States and of the Governor of the State of _______, and of the officers appointed over me according to law and the rules and Articles of War.”

SEC. 9. That said Act be amended by adding section 71 thereto, as follows:

"SEC. 71. DEFINITIONS.—In this Act, unless the context or subject matter otherwise requires—

"(a) 'National Guard' or 'National Guard of the several States, Territories, and the District of Columbia' means that portion of the Organized Militia of the several States, Territories, and the District of Columbia, active and inactive, federally recognized as provided in this Act and organized, armed, and equipped in whole or in part at Federal expense and officered and trained under paragraph 16, section 8, article I of the Constitution.

"(b) 'National Guard of the United States' means a reserve component of the Army of the United States composed of those federally recognized units and organizations and persons duly appointed and commissioned in the active and inactive National Guard of the several States, Territories, and the District of Columbia, who have taken and subscribed to the oath of office prescribed in section 73 of this Act, and who have been duly appointed by the President in the National Guard of the United States, as provided in this Act, and of those officers and warrant officers appointed as prescribed in sections 75 and 111 of this Act, and of those persons duly enlisted in the National Guard of the United States and of the several States, Territories, and the District of Columbia who have taken and subscribed to the oath of enlistment prescribed in section 70 of this Act.

SEC. 10. That section 72 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 72. An enlisted man discharged from service in the National Guard and the National Guard of the United States shall receive a discharge in writing in such form and with such classification as is prescribed for the Regular Army, and in time of peace discharges may be given prior to the expiration of terms of enlistment under such regulations as the Secretary of War may prescribe."

SEC. 11. That section 73 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 73. OATHS OF NATIONAL GUARD OFFICERS.—APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES.—Commissioned officers and warrant officers of the National Guard of the several States, Territories, and the District of Columbia and in the National Guard of the United States shall take and subscribe to the following oath of office:

"I, ________, do solemnly swear that I will support and defend the Constitution of the United States and the constitution of the State of ________ against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I will obey the orders of the President of the United States and of the Governor of the State of ________; that I make this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office of ________ in the National Guard of the United States and of the State of ________ upon which I am about to enter, so help me God."
The President is authorized to appoint in the same grade and branch in the National Guard of the United States any person who is an officer or warrant officer in the National Guard of any State, Territory, or the District of Columbia and who is federally recognized in that grade and branch: Provided, That acceptance of appointment in the same grade and branch in the National Guard of the United States, by an officer of the National Guard of a State, Territory, or the District of Columbia, shall not operate to vacate his State, Territory, or District of Columbia National Guard office.

 Officers or warrant officers of the National Guard who are in a federally recognized status on the date of the approval of this Act shall take the oath of office herein prescribed and shall be appointed in the National Guard of the United States in the same grade and branch without further examination, other than physical, within a time limit to be fixed by the President, and shall in the meantime continue to enjoy all the rights, benefits, and privileges conferred by this Act.

Sec. 12. That section 75 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 75. The provisions of this Act shall not apply to any person hereafter appointed as an officer of the National Guard unless he first shall have successfully passed such tests as to his physical, moral, and professional fitness as the President shall prescribe. The examination to determine such qualifications for appointment shall be conducted by a board of three commissioned officers appointed by the Secretary of War from the Regular Army or the National Guard of the United States, or both. The examination herein provided for may be held prior to the original appointment or promotion of any individual as an officer or warrant officer and if the applicant has been found qualified, he may be issued a certificate of eligibility by the Chief of the National Guard Bureau, which certificate, in the event of appointment or promotion within two years to the office for which he was found qualified, shall entitle the holder to Federal recognition without further examination, except as to his physical condition.

Upon being federally recognized such officers and warrant officers may be appointed in the National Guard of the United States."

Sec. 13. That section 76 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 76. Withdrawal of Federal recognition.—Under such regulations as the President shall prescribe the capacity and general fitness of any officer or warrant officer of the National Guard of the several States, Territories, and the District of Columbia for continued Federal recognition may at any time be investigated by an efficiency board of officers senior in rank to the officer under investigation, appointed by the Secretary of War from the Regular Army or the National Guard of the United States, or both. If the findings of said board be unfavorable to the officer under investigation and be approved by the President, Federal recognition shall be withdrawn and he shall be discharged from the National Guard of the United States. Federal recognition may be withdrawn by the Secretary of War and his appointment in the National Guard of the United States may be terminated when an officer or warrant officer of the National Guard of any State, Territory, or the District of Columbia has been absent without leave for three months."
SEC. 14. That section 77 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 77. ELIMINATION AND DISPOSITION OF OFFICERS OF THE NATIONAL GUARD OF THE UNITED STATES.—The appointments of officers and warrant officers of the National Guard may be terminated or vacated in such manner as the several States, Territories, or the District of Columbia shall provide by law. Whenever the appointment of an officer or warrant officer of the National Guard of a State, Territory, or the District of Columbia has been vacated or terminated, or upon reaching the age of sixty-four, the Federal recognition of such officer shall be withdrawn and he shall be discharged from the National Guard of the United States: Provided, That under such regulations as the Secretary of War may prescribe upon termination of service in the active National Guard an officer of the National Guard of the United States may, if he makes application therefor, remain in the National Guard of the United States in the same grade and branch of service. When Federal recognition is withdrawn from any officer or warrant officer of the National Guard of any State, Territory, or the District of Columbia, as provided in section 76 of this Act, or upon reaching the age of sixty-four years, he shall thereupon cease to be a member thereof and shall be given a discharge certificate therefrom by the official authorized to appoint such officer."

SEC. 15. That section 78 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"Sec. 78. Men duly qualified for enlistment in the active National Guard may enlist for one term only in the inactive National Guard and in the National Guard of the United States for a period of one or three years, under such regulations as the Secretary of War shall prescribe, and on so enlisting they shall sign an enlistment contract and subscribe to the oath or affirmation in section 70 of this Act.

Under such regulations as the Secretary of War may prescribe, enlisted men of the active National Guard, not formerly enlisted in the inactive National Guard or the National Guard of the United States, may be transferred to the inactive National Guard; likewise enlisted men hereafter enlisted in or transferred to the inactive National Guard may be transferred to the active National Guard: Provided, That in time of peace no enlisted man shall be required to serve under any enlistment for a longer time than the period for which he enlisted in the active or inactive National Guard, as the case may be. Members of said inactive National Guard, when engaged in field or coast-defense training with the active National Guard, shall receive the same Federal pay and allowances as those occupying like grades on the active list of said National Guard when likewise engaged."

SEC. 16. That section 81 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 81. THE NATIONAL GUARD BUREAU.—The Militia Bureau of the War Department shall hereafter be known as the National Guard Bureau. The Chief of the National Guard Bureau shall be appointed by the President, by and with the advice and consent of the Senate, by selection from lists of officers of the National Guard of the United States recommended as suitable for such appointment by their respective governors, and who have had ten or more years' commissioned service in the active National Guard, at least five of which have been in the line, and who have attained at least the grade
of colonel. The Chief of the National Guard Bureau shall hold office for four years unless sooner removed for cause, and shall not be eligible to succeed himself, and when sixty-four years of age shall cease to hold such office. Upon accepting his office, the Chief of the National Guard Bureau shall be appointed a major general in the National Guard of the United States, and commissioned in the Army of the United States, and while so serving he shall have the rank, pay, and allowances of a major general, provided by law, but shall not be entitled to retirement or retired pay.

"For duty in the National Guard Bureau and for instruction of the National Guard the President shall assign such number of officers of the Regular Army as he may deem necessary; also, such number of enlisted men of the Regular Army for duty in the instruction of the National Guard. The President may also order, with their consent, to active duty in the National Guard Bureau, not more than four officers who at the time of their initial assignments hold appointments in the National Guard of the United States, and any such officers while so assigned shall receive the pay and allowances provided by law.

"In case the office of the Chief of the National Guard Bureau becomes vacant or the incumbent because of disability is unable to discharge the powers and duties of the office, the senior officer on duty in the National Guard Bureau, appointed from the National Guard of the United States, shall act as chief of said bureau until the incumbent is able to resume his duties or the vacancy in the office is regularly filled. The pay and allowances provided in this section for the Chief of the National Guard Bureau and for the officers ordered to active duty from the National Guard of the United States shall be paid out of the funds appropriated for the pay of the National Guard."

Vol. 29, p. 203, amended.

National Guard, armament, equipment, etc.

"SEC. 82. ARMAMENT, EQUIPMENT, AND UNIFORM OF THE NATIONAL GUARD.—The National Guard shall, as far as practicable, be uniformed, armed, and equipped with the same type of uniforms, arms, and equipments as are or shall be provided for the Regular Army."

Vol. 30, p. 211; Vol. 41, p. 784.

President’s order for active military service in national emergency.

"SEC. 111. When Congress shall have declared a national emergency and shall have authorized the use of armed land forces of the United States for any purpose requiring the use of troops in excess of those of the Regular Army, the President may, under such regulations, including such physical examination as he may prescribe, order into the active military service of the United States, to serve therein for the period of the war or emergency, unless sooner relieved, any or all units and the members thereof of the National Guard of the United States. All persons so ordered into the active military service of the United States shall from the date of such order stand relieved from duty in the National Guard of their respective States, Territories, and the District of Columbia so long as they shall remain in the active military service of the United States, and during such time shall be subject to such laws and regulations for the government of the Army of the United States as may be applicable to members of the Army whose permanent retention in active military service is not contemplated by law. The organization of said units existing at the date of the
order into active Federal service shall be maintained intact insofar as practicable.

"Commissioned officers and warrant officers appointed in the National Guard of the United States and commissioned or holding warrants in the Army of the United States, ordered into Federal service as herein provided, shall be ordered to active duty under such appointments and commissions or warrants: Provided, That those officers and warrant officers of the National Guard who do not hold appointments in the National Guard of the United States and commissions or warrants in the Army of the United States may be appointed and commissioned or tendered warrants therein by the President, in the same grade and branch they hold in the National Guard.

"Officers and enlisted men while in the service of the United States under the terms of this section shall receive the pay and allowances provided by law for officers and enlisted men of the reserve forces when ordered to active duty, except brigadier generals and major generals, who shall receive the same pay and allowances as provided by law for brigadier generals and major generals of the Regular Army, respectively. Upon being relieved from active duty in the military service of the United States all individuals and units shall thereupon revert to their National Guard status.

"In the initial mobilization of the National Guard of the United States, war-strength officer personnel shall be taken from the National Guard as far as practicable, and for the purpose of this expansion warrant officers and enlisted men of the National Guard may, in time of peace, be appointed officers in the National Guard of the United States and commissioned in the Army of the United States."

SEC. 19. That section 112 of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 112. RIGHTS TO PENSIONS.—When any officer, warrant officer, or enlisted man of the National Guard or the National Guard of the United States called or ordered into the active service of the United States, or when any officer of the Officers’ Reserve Corps or any person in the Enlisted Reserve Corps ordered into active service except for training, is disabled by reason of wounds or disability received or incurred while in the active service of the United States, he shall be entitled to all the benefits of the pension laws existing at the time of his active service; and in case such officer or enlisted man dies in the active service of the United States or in returning to his place of residence after being mustered out of active service, or at any other time in consequence of wounds or disabilities received in such active service, his widow and children, if any, shall be entitled to all the benefits of such pension laws."

SEC. 20. That the seventh paragraph of section 127a of said Act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"In time of war any officer of the Regular Army may be appointed to higher temporary grade without vacating his permanent appointment. In time of war any officer of the Regular Army appointed to higher temporary grade, and all other persons appointed, as officers, shall be appointed and commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate: Provided, That an appointment, other than that of a member of the Regular Army
made in time of war, shall continue until six months after its termination, and an officer appointed in time of war shall be entitled to be relieved from active Federal service within six months after its termination if he makes application therefor."

Approved, June 15, 1933.

[CHAPTER 88.]

AN ACT

To revive and reenact the Act entitled "An Act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vermont, to West Swanton, Vermont", approved March 2, 1929.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of Congress approved March 2, 1929, authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct a bridge across Lake Champlain, between a point at or near East Alburg, Vermont, and a point at or near Swanton, Vermont, be, and the same is hereby, revived and reenacted: Provided, That this Act shall be null and void unless the actual construction of the bridge herein referred to be commenced within one year and completed within three years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this Act is hereby expressly reserved.

Approved, June 15, 1933.

[CHAPTER 89.]

AN ACT

To provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Banking Act of 1933."

SEC. 2. As used in this Act and in any provision of law amended by this Act—

(a) The terms "banks", "national bank", "national banking association", "member bank", "board", "district", and "reserve bank" shall have the meanings assigned to them in section 1 of the Federal Reserve Act, as amended.

(b) Except where otherwise specifically provided, the term "affiliate" shall include any corporation, business trust, association, or other similar organization—

(1) Of which a member bank, directly or indirectly, owns or controls either a majority of the voting shares or more than 50 per centum of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees, or other persons exercising similar functions; or

(2) Of which control is held, directly or indirectly, through stock ownership or in any other manner, by the shareholders of a member bank who own or control either a majority of the shares of such bank or more than 50 per centum of the number of shares voted for the election of directors of such bank at the preceding election, or by trustees for the benefit of the shareholders of any such bank; or