

Treasury Department
FOREIGN FUNDS CONTROL
May 25, 1945

GENERAL RULING NO. 18

UNDER EXECUTIVE ORDER NO. 8389, AS AMENDED, EXECUTIVE ORDER NO. 9193, SECTIONS 3(a) AND 5(b) OF THE TRADING WITH THE ENEMY ACT, AS AMENDED BY THE FIRST WAR POWERS ACT, 1941, RELATING TO FOREIGN FUNDS CONTROL.*

REGULATIONS RELATING TO THE PHILIPPINE ISLANDS

(1) **Status of the Philippine Islands under the freezing regulations.** For the purpose of administering the freezing regulations and complying with the provisions thereof:

- (a) The liberated portions of the Philippine Islands hereafter shall be included within the term "United States" as defined in paragraph B of section 5 of the Order and shall not be included within the term "foreign country" as defined in paragraph D of section 5 of the Order;
- (b) Any portions of the Philippine Islands controlled or occupied by the military, naval or police forces or other authority of Japan shall immediately upon liberation thereof be included within the term "United States" and shall cease to be included within the term "foreign country".

(2) **Status of Philippine nationals and property of Philippine nationals under the freezing regulations.** For the purpose of administering the freezing regulations and complying with the provisions thereof:

- (a) The definition of the term "national" as specified in paragraph E of section 5 of the Order shall continue to apply with respect to the Philippine Islands as though the Philippine Islands in its entirety were a "foreign country" separately designated in the Order and specifically named in section 3 thereof, and the effective date of the Order as applied to the Philippine Islands were January 1, 1942. Any person who by virtue of such definition is a national of the Philippine Islands shall, unless licensed as a generally licensed national, continue to be deemed a national of a blocked country, namely, the Philippine Islands, and the status of such person as a national of a blocked country shall not be affected by the provisions of paragraph (1) hereof, or by the complete liberation of the Philippine Islands.
- (b) Any person situated within the liberated portions of the Philippine Islands who is not a national of any blocked country other than the Philippine Islands shall be deemed to be a generally licensed national, **provided, however,** that this subparagraph shall not be deemed to authorize any payment, transfer, or withdrawal, or other dealing, with respect to:
 - (i) Any property situated, held, or maintained in any part of the United States other than the liberated portions of the Philippine Islands in which on the date hereof any such person has any interest; or
 - (ii) Any income from such property accruing on or after the date hereof.
- (c) General Licenses Nos. 28, 42 and 80 shall not be deemed to license as a generally licensed national any person within the liberated portions of the Philippine Islands.

*Appendix A; (Sec. 3(a), 40 Stat. 412; Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; 55 Stat. 838; Ex. Order 8389, April 10, 1940, as amended by Ex. Order 8785, June 14, 1941, Ex. Order 8832, July 26, 1941, Ex. Order 8963, Dec. 9, 1941, and Ex. Order 8998, Dec. 26, 1941; Ex. Order 9193, July 6, 1942; Regulations, April 10, 1940, as amended June 14, 1941, and July 26, 1941.

(3) **Exportations of certain types of property from the liberated portions of the Philippine Islands prohibited.** Unless authorized by a license or other authorization expressly referring to this general ruling, the sending, taking, transmitting, or otherwise exporting of any (i) gold or silver coin or bullion, (ii) currency, (iii) securities, (iv) checks, drafts, bills of exchange, promissory notes, payment instructions, transfer orders, or other financial instruments, (v) powers of attorney or other authorizations or instructions to effect financial or property transactions, or (vi) other evidences of indebtedness or evidences of ownership of property, from the liberated portions of the Philippine Islands to any other part of the United States or to any foreign country is hereby prohibited.

(4) **General Ruling No. 10 not applicable in the liberated portions of the Philippine Islands.** The provisions of General Ruling No. 10 shall not be applicable in the liberated portions of the Philippine Islands.

(5) **Special provisions relating to the administration of the freezing regulations in the liberated portions of the Philippine Islands.** For the purpose of administering the freezing regulations in the liberated portions of the Philippine Islands and complying with the provisions thereof:

(a) There is hereby established a Philippine Office of Foreign Funds Control, at the head of which shall be a United States Treasury Representative designated by the Secretary of the Treasury. Such office shall be charged with the administration of the freezing regulations in the liberated portions of the Philippine Islands.

(b) Subject to such regulations, rulings and instructions as the Secretary of the Treasury may from time to time prescribe, the United States Treasury Representative at the head of the Philippine Office of Foreign Funds Control is hereby authorized and empowered to exercise and perform in the liberated portions of the Philippine Islands all authority, duties and functions which the Secretary of the Treasury is authorized or required to exercise or perform under Sections 3(a) and 5(b) of the Trading with the enemy Act, as amended, and any Executive Orders, proclamations, regulations or rulings that have been or may be issued thereunder.

(6) **Definitions.** As used herein:

(a) The term "liberated portions of the Philippine Islands" shall mean the portions of the Philippine Islands not controlled or occupied by the military, naval or police forces or other authority of Japan.

(b) The term "freezing regulations" shall mean the Order, and the regulations, rulings, licenses, instructions, etc., issued by or at the direction of the Secretary of the Treasury pursuant to the Order or Sections 3(a) or 5(b) of the Trading with the enemy Act, as amended.

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Secretary of the Treasury

TREASURY DEPARTMENT

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Regulations reestablishing the freezing controls in the liberated portions of the Philippine Islands were issued today by the Treasury Department. The regulations also provide for the relaxation of the controls in this country over Philippine assets which were imposed by reason of the Japanese occupation of the Islands.

The freezing controls in the Philippine Islands were withdrawn during the early days of the Japanese invasion by the issuance of Executive Order No. 8998 and Public Circular No. 11. At the same time all Philippine assets in this country were frozen and the Philippine Islands were declared to be a blocked country under the freezing regulations. By the provisions of General Ruling No. 18, issued today, the liberated portions of the Islands no longer are regarded as blocked areas and are again treated as part of the United States for the purposes of freezing control. Consequently, the freezing regulations are now in effect in the liberated portions of the Philippine Islands, and Treasury licenses must be obtained to engage in transactions in the Islands which involve nationals of blocked countries. The freezing regulations will be administered in the Islands by the Philippine Office of Foreign Funds Control which is now being established in Manila.

Under today's regulations, persons in the Philippines who prior to the Japanese occupation were not blocked will be enabled to deal freely in any of their assets located in the liberated portions of the Islands. However, as a protective measure, their assets held outside of the Islands will remain blocked for the time being and may not be dealt with except pursuant to Treasury license. This limitation will not apply to assets acquired subsequent to the issuance of the regulations. There are no restrictions on the manner in which funds may be remitted to them, and currency or checks may be used for this purpose. As long as their blocked funds in this country are not involved, they are entitled to the same rights and privileges as United States citizens generally and may freely deal with persons in any part of the United States.

One important feature of the reestablishment of the freezing controls in the liberated portions of the Philippine Islands is a provision prohibiting the exportation from those areas to any other part of the United States or to any foreign country of gold, silver, currency, financial instruments, powers of attorney and certain other instruments, except under express authorization from the Treasury. This provision will afford an opportunity for screening such instruments before they leave the Islands to guard against the completion of transactions effected under duress or which may otherwise have been of benefit to the enemy. It was emphasized that licenses will be issued covering legitimate trade, business and other transactions and every effort will be made to cause the least possible interference with normal financial dealings between the Islands and the mainland.

In conjunction with the reinstatement of the freezing controls in the Philippine Islands, the Treasury Department revoked General Ruling No. 10A, thus lifting the moratorium on the enforcement of claims against Philippine companies which had been in effect since August 12, 1942.

It was emphasized that the recent moratorium declared by President Osmena is not affected by this revocation.