



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT
AND CHIEF OPERATING OFFICER

DALLAS, TEXAS 75222

March 4, 1988

Circular 88-20

TO: The Chief Executive Officer of
all financial institutions in the
Eleventh Federal Reserve District

SUBJECT

Handling of Panamanian Government Accounts

DETAILS

The Board of Governors of the Federal Reserve System has released a notice from the U.S. State Department concerning the issuance of a certification regarding the liability of Federal Reserve Banks and insured banks with respect to their handling of Panamanian Government Accounts.

The State Department further requested the distribution of the certification to all insured banks in this district.

The Certification reads as follows:

I hereby certify, in accordance with 12 U.S.C. §632, to any Federal Reserve Bank or any insured bank that His Excellency Juan B. Sosa, Ambassador of the Republic of Panama to the United States of America, is recognized by me as being the accredited representative of the Republic of Panama to the Government of the United States, that he has duly certified to me by note dated March 2, 1988, ... that he is the sole person having authority to receive, control, or dispose of any property held in any such Federal Reserve bank or insured bank from or for the account of the Republic of Panama or any central bank thereof, including Banco Nacional de Panama and Caja de Ahorros, and that his authority with respect to such property is accepted and recognized by me.

This certification shall be notified to the Board of Governors of the Federal Reserve System, and shall be given such other dissemination as is appropriate to its purpose.

/s/ John C. Whitehead
Acting Secretary of State

The Board has also stated in pertinent part:

Acting in accordance with section 25(b) of the Federal Reserve Act, Acting Secretary of State John C. Whitehead has accepted and recognized Ambassador Juan B. Sosa, the accredited representative of the Republic of Panama to the United States, as having the sole authority to receive and transfer property of the Republic of Panama and certain related entities held at any Federal Reserve bank or insured bank.... In this case, Ambassador Sosa has recognized that his authority does not extend to withdrawals or transfers from accounts of the Republic of Panama, except for transfers to other accounts of the Republic of Panama in the United States.

The certification issued under section 25(b) is applicable to any Federal Reserve bank or insured bank. Section 25(b) of the Federal Reserve Act (12 U.S.C. 632) provides that any transfer or other disposition by a Federal bank or insured bank of property held in accounts of a foreign government to or upon the order of the person recognized by a State Department certification issued pursuant to section 25(b), is conclusively presumed lawful and constitutes a discharge and release of any liability of the Federal Reserve bank or insured bank with respect to such property...

MORE INFORMATION

For further information, please contact the Legal Department at (214) 651-6228.

Sincerely yours,

William H. Wallau