

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 2479]
August 12, 1942]

FOREIGN FUNDS CONTROL

*To all Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:*

For your information we quote below from a telegram received today from the Treasury Department:

The following is the text of General Ruling No. 10-A issued today:

CODE OF FEDERAL REGULATIONS

Title 31—Money and Finance: Treasury
Chapter I—Monetary Offices, Department of the Treasury
Part 132—General Rulings 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.*

TREASURY DEPARTMENT

Office of the Secretary

August 12, 1942.

GENERAL RULING NO. 10-A

**UNDER EXECUTIVE ORDER NO. 8389, AS AMENDED, EXECUTIVE ORDER NO. 9193, SEC-
TIONS 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**

(1) Unless authorized by a license expressly referring to this general ruling:

(a) No Philippine company shall make any payment, or perform any covenant, duty, condition or service within the United States on, or with respect to, any direct or indirect obligation or security of, or claim against, such company.

(b) No person shall exercise within the United States any right, remedy, power or privilege with respect to, or directly or indirectly arising out of or in connection with, any obligation or security of, or claim against, any Philippine company, including any right, remedy, power or privilege with respect to any guaranty, covenant or agreement that such Philippine company will perform any covenant, duty, condition, or service.

(2) Unless otherwise provided, an appropriate license or other authorization issued by the Secretary of the Treasury shall remove all the restrictions, disabilities and other limitations imposed by this general ruling to the same extent as such restrictions, disabilities and other limitations have been imposed by this general ruling.

(3) This general ruling shall not be deemed to prohibit or otherwise restrict the ordinary purchase, sale, transfer, pledge, or hypothecation of, or similar dealing in, securities which are issued by, or the obligation of, any Philippine company or to prohibit or restrict transactions incidental thereto.

(4) As used in this general ruling, the term "Philippine company" shall mean:

(a) Any partnership, association, corporation or other organization organized under the laws of the Philippine Islands and which prior to January 1, 1942, derived its principal income from the Philippine Islands;

(b) Any sole proprietorship which prior to January 1, 1942, derived its principal income from, and was primarily engaged in business in, the Philippine Islands; and

(c) Any agent, trustee, transfer or paying agent, or other representative of or for any Philippine company to the extent that it acts as such.

RANDOLPH PAUL,
Acting Secretary of the Treasury

* Part 132;—Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; Public No. 354, 77th Congress, 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, December 9, 1941, Ex. Order 8998, December 26, 1941, and Ex. Order 9193, July 6, 1942; Regulations, April 10, 1940, as amended June 14, 1941, and July 26, 1941.

(OVER)

The following is the text of a press release issued today in connection with the above-mentioned general ruling:

TREASURY DEPARTMENT
Washington, D. C.

FOR IMMEDIATE RELEASE
Wednesday, August 12, 1942

Press Service
No. 32-83

The Treasury Department today announced a moratorium on obligations of Philippine companies held in the United States. This moratorium does not apply to the obligations of the Philippine Government.

Pursuant to General Ruling No. 10-A issued today under the presidential freezing orders no Philippine company may make any payment in this country on its obligations and no person may enforce in the United States any claim or obligation against a Philippine company. Such payments can be made and such claims can be enforced only if a foreign funds control license is first obtained.

Treasury officials stated that today's action was intended to make it clear that the assets in the United States of Philippine companies were fully frozen so that the interests of all the parties involved could be fully and properly protected. It was pointed out that some of these Philippine companies had assets in the Philippines worth many millions of dollars before the war and only a relatively small amount of funded indebtedness. The companies do not have assets in the United States at this time to meet maturing obligations and since no one knows or could know, the present condition or value of property in the Philippines, it is, at the present time, impossible to deal fairly with the respective rights of stockholders, bondholders and other creditors. Under today's ruling the situation will be frozen until it is possible to ascertain the facts.

It was pointed out by Treasury representatives that Philippine companies would not be permitted to use today's ruling to avoid paying their obligations in any case where funds were available and such payments could be made on an equitable basis. In such cases the Treasury will license payments upon appropriate application by interested parties. Moreover, the Treasury expects Philippine companies to furnish their creditors upon demand with information concerning their present ability to pay their obligations. Any failure to furnish such information will be dealt with appropriately by the Treasury.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.