

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 2487 ]  
August 20, 1942

SECURITIES IN THE TERRITORY OF HAWAII

To all Banks and Trust Companies  
in the Second Federal Reserve District:

For your information we quote below the text of Amendment No. 1 to the Regulations Relating to Securities issued by the Acting Governor of Hawaii.

EXECUTIVE CHAMBERS  
Honolulu, T. H.  
August 4, 1942

AMENDMENT NO. 1 TO REGULATIONS RELATING TO SECURITIES

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The Regulations Relating to Securities, issued July 3, 1942, are hereby amended as follows:

(1) By inserting after the number "(1)" in section (1) of Title II the letter "(a)", and adding the following new subsection to said section (1):

"(b) Subject to the provisions of section (3) hereof, all securities physically within the Territory of Hawaii issued by private corporations organized under the laws of, and having their principal place of business in the Territory of Hawaii, whether held in safe deposit boxes or otherwise, are hereby required to be placed, on or before September 1, 1942, in a securities custody account with a domestic bank in the Territory, and after September 1, 1942, no person other than a domestic bank shall have physical possession or custody of any such security within the Territory. In lieu of deposit in a securities custody account any security may, on or before September 1, 1942, be deposited in the mails for transmittal, or otherwise exported, to the continental United States. Except as otherwise provided, the provisions of section (3) of Title I shall be complied with in the case of any such export or shipment."

(2) By deleting the text of section (4) of Title II and substituting therefor the following:

"(a) Unless otherwise exempted by special license, each domestic bank in the Territory of Hawaii, the Treasurer of the Territory of Hawaii, and such other persons as may be specified, shall file a report in triplicate on Form TFR-H400 with the Office of the Governor of Hawaii with respect to all securities held pursuant to subsection (a) of section (1) of this title at the close of business on August 1, 1942. Such report shall be filed as soon as practicable, and in no event later than August 15, 1942. Unless otherwise exempted by special license, weekly supplemental reports on Form TFR-H401 shall be filed in triplicate with the Office of the Governor of Hawaii with respect to changes in such security holdings after August 1, 1942.

"(b) Unless otherwise exempted by special license, each domestic bank in the Territory of Hawaii, the Treasurer of the Territory of Hawaii, and such other persons as may be specified, shall file a report in triplicate on Form TFR-H400 with the Office of the Governor of Hawaii with respect to all securities held pursuant to subsection (b) of section (1) of this title at the close of business on September 1, 1942. Such report shall be filed as soon as practicable and in no event later than September 15, 1942. Unless otherwise exempted by special license, weekly supplemental reports on Form TFR-H401 shall be filed in triplicate with the Office of the Governor of Hawaii with respect to changes in such security holdings after September 1, 1942.

"(c) Persons required to file reports on Form TFR-H400 and Form TFR-H401 shall maintain a record in triplicate on Form TFR-H402 in a manner which will facilitate the completion of such form in a brief period of time. Reports on Form TFR-H402 shall be filed in triplicate in accordance with the instructions contained on such form.

"(d) Unless otherwise exempted by special license based upon satisfactory evidence that adequate records are maintained in the continental United States, every private corporation organized under the laws of the Territory of Hawaii shall file, on or before September 15, 1942, a report under oath, in triplicate, with the Office of the Governor of Hawaii setting forth a list of all of its security holders of record as of September 1, 1942. Weekly supplemental reports under oath, in triplicate, shall be filed with the Office of the Governor of Hawaii with respect to any changes in such holdings of record after September 1, 1942."

(3) By deleting the text of Section (1) of Title IV and substituting therefor the following:

"Any person whose total holdings of securities of any kind physically within the Territory of Hawaii, had, on July 15, 1942, an aggregate market value, or, in the absence thereof, an estimated value, of less than \$100.00, may continue to hold such securities without regard to Titles I and II of these regulations, and any person whose total holdings of securities physically within the Territory of Hawaii, issued by private corporations organized under the laws of, and having their principal place of business in the Territory of Hawaii, had, on July 15, 1942 an aggregate market value, or, in the absence thereof, an estimated value, of less than \$300.00, may continue to hold such securities without regard to Title II of these regulations; *provided, however,* that securities held pursuant to this section may not be purchased, sold, traded, pledged, hypothecated, or otherwise dealt in, unless the provisions of Titles I and II are fully complied with immediately upon the completion of any such transaction."

CHAS. M. HITE

CHAS. M. HITE

Acting Governor of Hawaii

The text of the Regulations Relating to Securities, as amended by Amendment No. 1, and the text of a press release issued in connection with Amendment No. 1 are given below.

EXECUTIVE CHAMBERS

HONOLULU, T. H.

July 3, 1942

## REGULATIONS RELATING TO SECURITIES

These regulations are issued under the authority vested in the Governor of Hawaii pursuant to Executive Order No. 8389, as amended; Section 5(b) of the Trading with the enemy Act, as amended by Title III of the First War Powers Act, 1941; General Orders No. 123, Office of the Military Governor, July 3, 1942; and pursuant to all other authority vested in the undersigned Governor of Hawaii:

### TITLE I

#### Perforation of Securities

(1) On or before August 1, 1942 all securities within the Territory of Hawaii shall be perforated with the official symbol 'H' by a domestic bank in such Territory, or by such other persons as may be designated. Every person shall satisfy himself that all securities within his possession or custody in the Territory of Hawaii on August 1, 1942, and at all times thereafter, have been fully perforated with the official symbol 'H'. Machines for perforating securities with the official symbol 'H' will be furnished to such domestic bank.

(2) All securities hereafter brought into the Territory of Hawaii shall be immediately delivered to a domestic bank, or to such other person as may be designated, for perforation with the official symbol 'H'.

(3) No security which has been perforated with the official symbol 'H' may hereafter be exported or otherwise physically taken from the Territory of Hawaii unless Form TFEL-2, issued pursuant to Executive Order No. 8389, as amended, has been previously attached to such security. Application for the attachment of Form TFEL-2 may be filed with the Office of the Governor of Hawaii on Form TFR-H 28 by the person having custody or possession of the security. Such application shall set forth a complete description of the security and the circumstances surrounding its exportation or shipment from the Territory of Hawaii.

## TITLE II

### Custody of Securities

(1)(a) Subject to the provisions of Section 3 hereof, all securities within the Territory of Hawaii whether held in safe deposit boxes or otherwise, except securities issued by private corporations organized under the laws of and having their principal place of business in the Territory of Hawaii, are hereby required to be placed, on or before August 1, 1942, in a securities custody account with a domestic bank in the Territory, and after August 1, 1942, no person other than a domestic bank shall have physical possession or custody of any such security within the Territory.

As Amended  
August 4, 1942

(b) Subject to the provisions of section (3) hereof, all securities physically within the Territory of Hawaii issued by private corporations organized under the laws of, and having their principal place of business in the Territory of Hawaii, whether held in safe deposit boxes or otherwise, are hereby required to be placed, on or before September 1, 1942, in a securities custody account with a domestic bank in the Territory, and after September 1, 1942, no person other than a domestic bank shall have physical possession or custody of any such security within the Territory. In lieu of deposit in a securities custody account any security may, on or before September 1, 1942, be deposited in the mails for transmittal, or otherwise exported, to the continental United States. Except as otherwise provided, the provisions of section (3) of Title I shall be complied with in the case of any such export or shipment.

(2) Any domestic bank receiving or holding securities pursuant to Section (1) of this Title shall hold such securities for the account, or pursuant to the instructions, of the depositor. Securities held in any custody account with a domestic bank pursuant to these regulations may be freely purchased, sold, traded, pledged, hypothecated, or otherwise dealt in, and may be freely transferred from one securities custody account to another in the same or different domestic banks; *provided, however*, that such securities shall remain in a securities custody account with a domestic bank in Hawaii; and *provided further*, that no person other than a domestic bank shall receive or obtain physical possession or custody of any such security as the result of any such transaction.

(3) In lieu of deposit on or transfer to a securities custody account with a domestic bank, securities may be deposited with the Treasurer of the Territory of Hawaii, or with such other person as may be designated. Subject to such conditions as may be specified, such securities shall be held for the account or pursuant to the instructions of the depositor.

(4)(a) Unless otherwise exempted by special license, each domestic bank in the Territory of Hawaii, the Treasurer of the Territory of Hawaii, and such other persons as may be specified, shall file a report in triplicate on Form TFR-H400 with the Office of the Governor of Hawaii with respect to all securities held pursuant to subsection (a) of section (1) of this title at the close of business on August 1, 1942. Such report shall be filed as soon as practicable, and in no event later than August 15, 1942. Unless otherwise exempted by special license, weekly supplemental reports on Form TFR-H401 shall be filed in triplicate with the office of the Governor of Hawaii with respect to changes in such security holdings after August 1, 1942.

As Amended  
August 4, 1942

(b) Unless otherwise exempted by special license, each domestic bank in the Territory of Hawaii, the Treasurer of the Territory of Hawaii, and such other persons as may be specified, shall file a report in triplicate on Form TFR-H400 with the Office of the Governor of Hawaii with respect to all securities held pursuant to subsection (b) of section (1) of this title at the close of business on September 1, 1942. Such report shall be filed as soon as practicable and in no event later than September 15, 1942. Unless otherwise exempted by special license, weekly supplemental reports on Form TFR-H401 shall be filed in triplicate with the Office of the Governor of Hawaii with respect to changes in such security holdings after September 1, 1942.

(c) Persons required to file reports on Form TFR-H400 and Form TFR-H401 shall maintain a record in triplicate on Form TFR-H402 in a manner which will facilitate the completion of such form in a brief period of time. Reports on Form TFR-H402 shall be filed in triplicate in accordance with the instructions contained on such form.

(d) Unless otherwise exempted by special license based upon satisfactory evidence that adequate records are maintained in the continental United States, every private corporation organized under the laws of the Territory of Hawaii shall file, on or before September 15, 1942, a report under oath, in triplicate, with the Office of the Governor of Hawaii setting forth a list of all of its security holders of record as of September 1, 1942. Weekly supplemental reports under oath, in triplicate, shall be filed with the Office of the Governor of Hawaii with respect to any changes in such holdings of record after September 1, 1942.

(5) All securities subject to the provisions of this Title which are hereafter brought into the Territory of Hawaii shall be immediately delivered to a domestic bank, the Treasurer of the Territory of Hawaii, or such other person as may be designated, for deposit in a securities custody account.

### TITLE III

#### Destruction of Securities and Reissuance in the Continental United States

(1) Any person holding securities in a securities custody account with a domestic bank pursuant to Title II of these regulations, except securities issued by the Territory of Hawaii or by any county thereof, may instruct such bank to cause the cancellation or destruction of such securities and the subsequent issue of substitutes in the Continental United States, subject to the following terms and conditions:

- (a) Securities which are the direct obligation of the United States, obligations guaranteed by the United States, and those for which the United States Treasury Department acts as transfer agent may be delivered by any domestic bank to the Special Treasury Custody Committee in Hawaii for immediate cancellation or destruction and subsequent issue of substitutes in the Continental United States. Such destruction and issue of substitutes shall be subject to all the provisions and conditions set forth in the 'Procedure for Treasury Custody and Destruction of Currency and Securities in Hawaii' approved by the Acting Secretary of the Treasury on March 3, 1942.
- (b) Any other securities may be delivered by any domestic bank to the Special Treasury Custody Committee in Hawaii for destruction. The bank delivering any such security to the Committee shall execute and file with the Committee a report in sextuplicate on Form TFR-H 26. The fact of destruction will be certified upon said report and the Committee will thereupon retain one copy for its purposes, forward one copy to the issuer of each security so destroyed and, by separate mailing, will forward two copies to the United States Treasury Department, Washington, D. C. or to such other person as may be designated. Two copies of said report will be issued to the bank submitting the security for destruction. The issue of substitutes is not guaranteed and is subject to such conditions as may be imposed by the issuer thereof. The United States Government will, however, endeavor to facilitate the issue of substitutes.

### TITLE IV

#### General Provisions

(1) Any person whose total holdings of securities of any kind physically within the Territory of Hawaii, had, on July 15, 1942, an aggregate market value, or, in the absence thereof, an estimated value, of less than \$100.00, may continue to hold such securities without regard to Titles I and II of these regulations, and any person whose total holdings of securities physically within the Territory of Hawaii, issued by private corporations organized under the laws of, and having their principal place of business in the Territory of Hawaii, had, on July 15, 1942 an aggregate market value, or, in the absence thereof, an estimated value, of less than \$300.00, may continue to hold such securities without regard to Title II of these regulations; *provided, however,* that securities held pursuant to this section may not be purchased, sold, traded, pledged, hypothecated, or otherwise dealt in, unless the provisions of Titles I and II are fully complied with immediately upon the completion of any such transaction.

(2) All securities held for its own account and in its own vaults, by a domestic bank, the Treasurer of the Territory of Hawaii or any other person designated pursuant to Section (3) of Title II hereof, shall be deemed to be held in a securities custody account, provided that such holding is otherwise consistent with the provisions of these regulations.

(3) Exception to any of the provisions of these regulations may be made by means of licenses, rulings, or otherwise, when it is considered that such exception is in accord with the purpose of these regulations, or is otherwise necessary or desirable. Application for any such license may be filed with the Office of the Governor of Hawaii on Form TFR-H 28, and the general procedure to be followed in handling applications for license will be that employed in the administration of Executive Order No. 8389, as amended. Unless the contrary is expressly provided, no license shall be deemed to authorize any transaction prohibited by reason of the provisions of any law, proclamation, order, or regulation other than these regulations. The decision with respect to the granting, denial, or other disposition of any application for a license shall be final.

(4) Rulings, instructions, interpretations, or licenses may, from time to time, be made or issued to carry out the purposes of these regulations and reports required in addition to those specifically called for herein with respect to any property or transaction affected hereby.

(5) These regulations shall not be deemed to authorize any transaction prohibited by or pursuant to Executive Order No. 8389, as amended, except such transactions as are necessarily incidental to the performance of acts specifically required by these regulations.

(6) As used in these regulations:

(a) The term 'domestic bank' means any branch or office within the Territory of Hawaii of any bank or trust company incorporated and doing business under the laws of the Territory of Hawaii relating to the operation of banks or trust companies. Any other person may be authorized to be treated as a 'domestic bank' for the purpose of this definition or for the purpose of any license, ruling, or instruction issued hereunder.

(b) The term 'securities' shall not be deemed to apply to United States Defense and War Savings Stamps or to non-transferable United States Government Securities, including United States Defense and War Savings Bonds, of all series and designations; United States Adjusted Service Bonds; and United States Treasury Notes, Tax Series A - 1943, B - 1943, A - 1944, and B - 1944.

(c) The term 'person' means an individual, partnership, association, corporation, or other organization.

(7) These regulations and any rulings, licenses, instructions, or forms issued hereunder may be amended, modified, or revoked at any time.

## TITLE V

### Penalties

Attention is directed to the penalties prescribed in General Orders No. 123 and to those contained in Section 5(b) of the Trading with the enemy Act, as amended.

(Signed) Chas. M. Hite

CHAS. M. HITE  
Acting Governor of Hawaii

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The following press release was issued in connection with amendment to securities regulations August 5:

"The Government has taken further steps for the protection of securities issued by private Hawaiian corporations through the issuance of amendment number one to the regulations relating to securities, which was signed by Mr. Hite, Acting Governor of Hawaii, on August 4, 1942.

"The regulations, as amended, require that on or before September 1, 1942, securities issued by corporations organized under the laws of, and having their principal place of business within the Territory, be deposited in custody accounts with domestic banks within the Territory, or with the Treasurer of the Territory of Hawaii. It should be noted that the term 'domestic bank' includes trust companies organized in the Territory as well as banks. In lieu of such deposit, such securities may be exported to the mainland.

"In effect, the amendment to the regulations requires that securities issued by private Hawaiian corporations are to be handled in much the same way as mainland and public Hawaiian and foreign issues have already been handled.

"Persons whose total holdings of Hawaiian issues do not have an aggregate market or estimated value in excess of \$300 need not put their securities into custody with a domestic bank. However, persons whose securities are thus exempted from the requirement of deposit in custody may not sell, trade, pledge, or otherwise deal in such securities unless the securities are immediately thereafter put into custody. Despite this exemption, such securities may of course be put into custody if desired. Such securities may also be sent to the mainland.

"Of particular interest to the public is the provision in the amended regulations which permits persons who do not desire to put their securities into custody, to send their securities to the mainland on or before September 1, 1942. The Foreign Funds Control of the Office of the Governor of Hawaii has devised a simple procedure outlined in public Circular Number HS-2 to facilitate the shipment of securities to the mainland. A representative of the Office of the Governor of Hawaii, Foreign Funds Control, will be stationed in the Registry lobby of the Honolulu Post Office for the purpose of attaching clearance certificate TFEL-2, and to certify as to the description of securities to be shipped to the mainland by registered mail. Form TFEL-2 will be attached to securities to be shipped to the mainland according to Public Circular Number HS-2 upon the proper execution and filing of Form TFR-H31 with the Office of the Governor of Hawaii, Foreign Funds Control.

"Officials strongly urge all persons who are able to avail themselves of the privileges of Public Circular Number HS-2, to do so, and to send their securities to the mainland. Such persons should familiarize themselves with the conditions of the Public Circular which will be available at the Foreign Funds Control office in the Federal Building by Saturday, August 8.

"The amended regulations require corporations organized under the laws of the Territory to file with the Office of the Governor of Hawaii complete lists setting forth the record ownership of all securities issued by such corporations. These lists must be filed not later than September 15, 1942, with respect to record ownership as of September 1, 1942. Weekly supplemental lists of any changes in record ownership after September 1, 1942 must be filed with the Office of the Governor of Hawaii. Corporations submitting satisfactory evidence that adequate records of security holders are now being maintained on the mainland may be exempted from the requirement of filing such lists with the Office of the Governor of Hawaii. The purpose of this requirement is to insure that pertinent information concerning corporate ownership will be maintained outside the Territory, so that, in the event of loss or destruction, record securities owners will be afforded a larger measure of protection.

"The present measure is a logical development of an over all plan considered necessary by Federal and Territorial Government Officials for the protection of the interest of individuals and the Government in personal property situated within the Territory. It is the culmination of exhaustive study by experts who have examined all phases of the problem in the light of experience in other parts of the world.

"In view of the fact that banks and trust companies are still occupied with the details of the currency program and the mainland securities program, they have requested that no securities be presented to them pursuant to this amendment until Monday, August 10, 1942."

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,  
*President.*