

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 2490]
August 25, 1942]

SAFE DEPOSIT BOXES 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 Regulations Relating to Safe Deposit Boxes issued by the Governor of Hawaii and the text of a press release issued in connection with such regulations.

EXECUTIVE CHAMBERS
Honolulu, T. H.
August 13, 1942

REGULATIONS RELATING TO SAFE DEPOSIT BOXES

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. 118, Office of the Military Governor, 25 June 1942; Regulations Relating to Currency, issued June 25, 1942, as amended; General Orders No. 123, Office of the Military Governor, 3 July 1942; Regulations Relating to Securities, issued July 3, 1942, as amended; and pursuant to all other authority vested in the undersigned Governor of Hawaii;

TITLE I

(1) On or before October 1, 1942, every safe deposit box in the Territory of Hawaii shall be opened by the lessee of such box (or by such other person as may have access thereto) in the presence of such person as may be officially designated or, at the option of the lessee, in the presence of an authorized representative of the lessor of such box, and such designated person or authorized representative shall satisfy himself that such safe deposit box contains no securities held in violation of the Regulations Relating to Securities, as amended, and no United States currency held in violation of the Regulations Relating to Currency, as amended. Any such securities or currency found to be in any safe deposit box in violation of the Regulations Relating to Securities, as amended, or the Regulations Relating to Currency, as amended, shall be promptly disposed of in accordance with the terms of such regulations.

(2) On or before October 15, 1942, every lessor of safe deposit boxes within the Territory of Hawaii shall file a report on Form TFR-H27 with the Office of the Governor of Hawaii, setting forth the names and addresses of the lessees of all safe deposit boxes which have not been opened in accordance with these regulations; the names and addresses of any persons other than the lessees known to have access to such boxes; and the reasons, if known, why such boxes were not opened as required by these regulations. Appropriate action may thereafter be taken to enforce compliance with these regulations.

(3) After the opening of any safe deposit box in accordance with the terms of section (1) hereof, or, in any event, after October 1, 1942, lessors of safe deposit boxes in the Territory of Hawaii shall satisfy themselves, whenever access is had to such boxes, that no securities or United States currency is deposited therein in violation of the Regulations Relating to Securities, as amended, or the Regulations Relating to Currency, as amended.

TITLE II

(1) 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-H28, and the general procedure to be followed in handling applications for licenses 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.

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

(3) 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.

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

TITLE III

Attention is directed to the penalties prescribed in General Orders No. 118, Office of the Military Governor, 25 June 1942; Regulations Relating to Currency issued June 25, 1942, as amended; General Orders No. 123, Office of the Military Governor, 3 July 1942; Regulations Relating to Securities, issued July 3, 1942, as amended; and to those contained in section 5 (b) of the Trading with the enemy Act, as amended.

/s/ J. B. POINDEXTER

J. B. POINDEXTER

Governor of Hawaii

PRESS RELEASE

Measures were taken today to insure that currency and securities will be removed from all safe deposit boxes within the territory of Hawaii. The action was instituted by the issuance of the regulations relating to safe deposit boxes, by Governor J. B. Poindexter.

Under the regulations every person renting a safe deposit box at a local bank or trust company must open it before October 1 in the presence of an official designated by the United States Treasury or, at the option of the renter of the box in the presence of a representative of the bank or trust company renting the box. These persons will then satisfy themselves that no currency or securities are contained in the box in violation of the regulations relating to currency or the regulations relating to securities. Persons having currency or securities in such boxes in violation of the regulation will be obliged to deposit the currency with a bank. Securities must be perforated with the official symbol "H" and placed in a custody account or shipped out of the territory.

This is one more important step in preparing the territory economically to resist any invasion attempt. As long as war is being waged in the Pacific, it is the view of military and other qualified authorities that there exists the constant threat of attack on Hawaii. Every military measure is being taken to repel any force that may appear off these shores; the security of the territory and the private citizen will be further protected if there is nothing here which may fall in the hands of an invader to be used by him against us.

The first step in the economic protection of the territory against invasion was taken by the United States Treasury in cooperation with other Federal and territorial agencies with the introduction of a special issue of currency for use only in Hawaii. Hawaiian series currency is now also in circulation on Midway, Johnston and Palmyra Islands.

This currency is easily distinguishable from other issues of United States currency. In case of invasion all currency would, of course, be called in for destruction. However, since total destruction might not be feasible or possible the distinctive marking would make it difficult for the enemy to realize on any currency left outstanding.

The United States dollar is in demand in all parts of the world. Realizing this, the enemy tries first to obtain any such currency circulating in an occupied area. This has been the experience in the Philippines as well as in the invaded countries of Europe and other parts of the world.

For that reason United States Treasury officials removed many millions of United States dollars and Philippine pesos from Manila to Corregidor on Christmas Eve, 1941, under bombing attack. This currency was subsequently destroyed on Corregidor, under heavy shell fire. One of the Treasury personnel connected with this work in the Philippines has been cooperating with the Office of the Governor of Hawaii in carrying out the currency program here.

Likewise, upon overrunning the invaded countries of Europe, the enemy was quick to seize all United States dollars and dollar securities available. One of the first steps taken by the Germans upon entering Paris was the issuance of a decree requiring the opening of every safe deposit box and the delivery to the occupying authorities of the property contained therein.

The second aspect of the Hawaiian program was the perforation of practically all securities in the territory with the official symbol "H". This enables the ready identification of securities now here, so that, if such securities should fall into enemy hands, the theft could be readily established and suitable measures taken.

However, there are many uses to which the enemy might put looted securities, even though perforated. The Axis technique has always been to attempt to liquidate looted securities in the markets available to it, and nationalize the industries of invaded countries by compelling transfer of corporate ownership to themselves or their dummies under a semblance of legality.

Therefore, securities of mainland corporations as well as certain other classes of securities were required to be placed in custody accounts with banks or trust companies, or with the Treasurer of the territory, or removed to the mainland on or before August 1, 1942. Subsequently, on August 3rd, similar precautions were taken with respect to the securities of Hawaiian corporations.

The purpose behind these regulations is to concentrate all securities in a relatively few places, where they will be readily available for removal or destruction by the authorities should an invasion attempt impend. Actual destruction would be undertaken only on orders from the Commanding General. Meanwhile, adequate records will be kept on the mainland of all securities in custody accounts, so that in case of necessity the records located in the territory may be destroyed in addition to the securities themselves. To insure the complete success of such a program it is essential that no securities remain in the physical possession of any individual.

Many persons habitually keep their securities in safe deposit boxes. Such boxes are not under the control of the institutions leasing them, because banks and trust companies do not retain duplicate keys. If the key in the possession of the renter of the box is lost, the lock must be drilled open.

Under conditions which would exist prior to an actual invasion it would not be feasible or even possible for the eight thousand safe deposit box renters in Honolulu, or such of them who held securities, to proceed to the business district, open their boxes and deliver the securities to the constituted authorities. Many of them are absent from the territory. All of them will have other things to attend to. Accordingly it is imperative that such boxes should contain no securities or currency. It is recognized that the vast (sic) majority of safe deposit box renters will comply with the regulations cheerfully and as a patriotic duty. However, it is absolutely essential in the national as well as the local interest that all persons comply with the regulations. To make certain that this is done, box renters are asked to submit to the formal inspection. There is no implication of suspicion attached to the examination. The Treasury has no interest in the contents of safe deposit boxes other than to see that they do not hold currency or securities in violation of the regulations.

It is essential for the successful administration of this program and for the protection of the community that all currency and securities be dealt with in accordance with the regulations relating to currency, securities, and safe deposit boxes. The cooperation of every member of the community to this end is earnestly solicited.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.