

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 2637, June 9, 1943
Reference to Circulars Nos. 2627 and 2634.]

FOREIGN FUNDS CONTROL

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

For your information we quote below the text of Special Regulation No. 1, requiring reports on Form TFR-500, issued by the Acting Secretary of the Treasury on June 1, 1943:

CODE OF FEDERAL REGULATIONS

Title 31—Money and Finance: Treasury

Chapter I—Monetary Offices, Department of the Treasury

Part 137—Special Regulations under Executive Order
No. 8389, as amended, and Executive Order No. 9193.

Sub-part A

TREASURY DEPARTMENT

Foreign Funds Control

June 1, 1943

SPECIAL REGULATION NO. 1

REQUIRING REPORTS ON FORM TFR-500 BY PERSONS SUBJECT TO THE JURISDICTION OF THE UNITED STATES WITH RESPECT TO PROPERTY IN ANY FOREIGN COUNTRY.(*)

Section 137.1 *Persons required to report.* A report on Form TFR-500 is hereby required to be filed by (a) every person subject to the jurisdiction of the United States having at the close of business on May 31, 1943, any interest whatsoever, direct or indirect, in any property in a foreign country on such date and by (b) every person subject to the jurisdiction of the United States with whom any foreign organization was allied on such date.

Section 137.2 *Property to be reported.*

(a) Report shall be made with respect to all property in a foreign country at the close of business on May 31, 1943, in which on said date the person reporting or any foreign organization then allied with him had any interest whatsoever, direct or indirect.

(b) Property damaged, destroyed, or seized at any time between January 1, 1938, and May 31, 1943, as a result of war or a "scorched-earth" policy carried on by any country, or through any confiscatory action or duress by a country which on May 31, 1943, was at war with the United States or was occupied by a country at war with the United States, shall be reported if otherwise reportable, provided that no person shall report any property sold or otherwise disposed of or seized, confiscated, destroyed, or lost before such person became subject to the jurisdiction of the United States.

(c) Property shall be deemed to have been in a foreign country at the close of business on May 31, 1943, if (1) in case of tangible property, it was located in a foreign country; (2) in case of other property, it was issued or created by, or constituted an obligation of, or was asserted to constitute an obligation of a

* Part 137:—Sec. 3(a), 40 Stat. 412; Sec. 5(b), 40 Stat. 415 and 966; Sec. 2, 48 Stat. 1; 54 Stat. 179; Public No. 354, 77th Congress, 55 Stat. 838; Sec. 3, Public No. 831, 77th Congress; 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, and Ex. Order 8998, December 26, 1941; Ex. Order 9193, July 6, 1942; Regulations, April 10, 1940, as amended June 14, 1941 and July 26, 1941.

foreign country or a person within a foreign country, regardless of where any evidence thereof was located; and (3) without limitation upon the foregoing, in case of currency and coin, securities, and negotiable instruments for the payment of money issued or created by the United States, or any agency or person therein, the property or evidence thereof, as the case may be, was located in a foreign country.

(d) In ascertaining whether property was located in a particular foreign country at the close of business on May 31, 1943, all foreign countries shall be deemed to have the national boundaries existing on January 1, 1938, without regard to prior or subsequent invasion, or other similar act.

Section 137.3 *Exemptions.*

(a) Except as provided below, no report on Form TFR-500 is required (1) from any person whose property in all foreign countries had an aggregate value less than \$10,000, or (2) from any other person respecting property in any one foreign country if the total value of all his property in such country was less than \$1,000. These exemptions shall not apply to foreign bonds payable by their terms in United States dollars, whether or not alternately payable in another currency, or to interests in allied foreign organizations, patent license agreements, trade-mark license agreements, franchises and concessions, and such contracts as may be specified by the Secretary of the Treasury, all of which shall be reported regardless of the value thereof.

(b) Reports are not required from (1) any citizen of the United States in enemy or enemy-occupied territory, or (2) any member of the armed forces of the United States serving outside the continental United States, regardless of the amount or kind of property otherwise reportable by any such person.

(c) Any person entitled to the benefits of an exemption may nevertheless file a report on Form TFR-500 if he so desires.

Section 137.4 *Filing.*

(a) Reports by persons within the United States shall be filed on or before August 31, 1943, with the Federal Reserve Bank of the District or with the Governor of the territory or possession of the United States in which the person filing the report resides or has a principal place of business or principal office or agency or, if such person has no legal residence or principal place of business or principal office or agency in a Federal Reserve District or a territory or possession of the United States, then with the Federal Reserve Bank of New York or the Federal Reserve Bank of San Francisco.

(b) Reports by persons outside the United States who are subject to the jurisdiction of the United States shall be filed on or before September 30, 1943, with the United States Consul of the District wherein such person is then present.

(c) A report received by the proper Federal Reserve Bank, Governor, or Consul, in a correctly addressed and stamped envelope bearing a postmark of a time prior to midnight of the date upon which the report is due, shall be deemed to have been duly filed.

Section 137.5 *Other matters.*

(a) Reports on Form TFR-500 shall furnish all the information called for in such form and in any instructions relating thereto issued pursuant to this Regulation. Each report shall be filed in duplicate, under oath. All spaces in the report must be properly filled in. Reports not in proper form, or lacking in essential details, shall not be deemed to have been filed in compliance with the Orders and this Regulation.

(b) The Secretary of the Treasury reserves the power, in his discretion, to grant extensions of time or exemptions with respect to the filing of any or all reports required by this Regulation and also to make exclusions from the exemptions provided by this Regulation.

(c) Nothing in this Regulation shall be deemed to authorize any transaction involving trade or communication with an enemy national within the meaning of General Ruling No. 11, as amended, issued pursuant to sections 3(a) and 5(b) of the Trading with the enemy Act, as amended, and the Orders and Regulations issued thereunder.

(d) Form TFR-500 and any circular of instructions relating thereto may be obtained from any Federal Reserve Bank, the Governor of any territory or possession of the United States, any American Consul, or the Secretary of the Treasury, Washington, D. C.

(e) Reports on Form TFR-500 shall be filed regardless of whether a report on Form TFR-300 has previously been filed in respect of any property to be reported.

Section 137.6 *Definitions.* For the purpose of this Regulation and all forms and instructions or rulings issued hereunder, the following definitions are prescribed.

(a) "Person" shall include an individual, partnership, association, corporation, or other organization.

(b) "Person subject to the jurisdiction of the United States" shall mean: (1) any citizen of the United States, whether in the United States or in a foreign country; (2) any corporation or other organization created or organized under the laws of the United States or any state, territory, district, or possession thereof; (3) any individual resident in the United States on May 31, 1943, including any individual continuously within the United States for three months next preceding that date, whether or not claiming to be resident; (4) any person not otherwise subject to the jurisdiction of the United States, to the extent that on May 31, 1943, such person had any branch, office, or representative within the United States.

(c) "Person within a foreign country" as to any particular foreign country shall include, but not by way of limitation: (1) any individual resident in such foreign country, including a citizen of any other foreign country or of the United States; (2) any corporation or other organization organized under the laws of such foreign country; (3) any branch or office within such foreign country of a corporation or other organization organized under the laws of any other foreign country or of the United States; and (4) except when inappropriate, the government of the country and any subdivision, agency or instrumentality thereof.

(d) "United States" shall mean the United States and any territory or possession of the United States, except the Philippine Islands and Guam.

(e) "Foreign country" shall be deemed to include, but not by way of limitation, the Philippine Islands and Guam.

(f) "Foreign organization" shall mean any partnership, corporation, association, business trust, or other organization, created, organized, existing, or operating under the laws of or in a foreign country and shall include any foreign branch or office of an organization subject to the jurisdiction of the United States.

(g) "Allied foreign organization", or "foreign organization allied with a person", shall mean any foreign organization which was controlled by, or a substantial part of the stock, shares, bonds, debentures, notes, drafts, certificates, or other securities or obligations of which, or other ownership interest in which, was owned or controlled by, directly or indirectly, a person subject to the jurisdiction of the United States, or

by such a person in conjunction with one or more of his affiliates subject to the jurisdiction of the United States. Without limitation of the foregoing, the term shall in any event include (1) any foreign organization of which 25 per cent or more of the outstanding voting stock, shares, or other voting securities or comparable ownership interest therein, was owned or controlled, directly or indirectly, by such a person, or by such a person in conjunction with such affiliate or affiliates, and (2) any foreign partnership of which such a person was a partner, whether general, special, limited, or otherwise. The Secretary of the Treasury reserves the power to determine, in any case, that any person was or shall be deemed to have been an "allied foreign organization" within the meaning of this definition.

(h) "Affiliate" shall mean (1) in relation to any corporation or other organization issuing stock or similar securities, any person who, directly or indirectly, owned, controlled, or held with power to vote, ten per cent or more of the outstanding voting securities thereof, and (2) as to any other organization, any person who owned or controlled ten per cent or more of the comparable ownership rights therein. Any corporation or other organization of which a person was an affiliate also shall be deemed to have been an affiliate of such person, and all persons who were affiliates of the same person shall likewise be deemed to have been affiliates of each other. Notwithstanding the foregoing, persons shall not be deemed to have been affiliates of each other by reason only of their ownership or control of interests in or obligations of a foreign organization.

Section 137.7 *Penalties.* Section 5(b) of the Act of October 6, 1917, as amended, provides in part:

"* * * Whoever willfully violates any of the provisions of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or, both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both."

Section 137.8 *Amendment, modification or revocation.* This Regulation and any forms, instructions, or rulings issued hereunder may be amended, modified, or revoked at any time.

RANDOLPH PAUL

Acting Secretary of the Treasury.

Additional copies of this circular, and copies of the following documents

- (a) Public Circular No. 22, June 1, 1943, containing complete instructions for the preparation of reports on Form TFR-500;
- (b) Circular containing abridged instructions for the preparation of reports on Form TFR-500 by individuals whose property in all foreign countries had a total value less than \$50,000; and
- (c) Form TFR-500: Census of Property in Foreign Countries—in any of the Series described in the above-mentioned circulars

will be furnished upon request.

ALLAN SPROUL,

President.