

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. **4989**]
January 19, 1961

GOLD REGULATIONS

Prohibition on Holding Gold Abroad by U. S. Nationals

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

Enclosed is a booklet containing copies of the following documents relating to the prohibition on holding gold abroad by nationals of the United States:

White House Press Release, January 14, 1961

Executive Order No. 10905, effective January 16, 1961

Amendments to Treasury's Gold Regulations, effective
January 16, 1961

Additional copies of the enclosure will be furnished upon request.

ALFRED HAYES,
President.

GOLD REGULATIONS

Prohibition on Holding Gold Abroad by U.S. Nationals

FOR RELEASE AT 12:00 NOON, EST, JANUARY 14, 1961

James C. Hagerty, Press Secretary to the President

THE WHITE HOUSE

The President today signed an Executive Order, further amending Executive Order No. 6260 of August 28, 1933, to prohibit the holding by United States citizens and enterprises and by other persons subject to the jurisdiction of the United States, of gold situated abroad and of securities representing gold on deposit abroad.

It is not believed that a large amount of gold is being held abroad in this manner. However, since individuals and enterprises subject to the jurisdiction of the United States are not permitted to hold gold in the United States, it is reasonable to prohibit such holdings abroad where purchases generally represent an outflow in the U.S. balance of payments. The prohibition of such holdings also underlines the fact that gold today represents principally a means of settling international payments between individual foreign countries. The present amendment of Executive Order No. 6260 should be viewed in the light of the Administration's comprehensive program to work toward a reasonable equilibrium in the United States balance of payments. This step is being taken in furtherance of the objectives set forth in the President's Directive of November 17, 1960, of taking all possible measures to assure the strength of the United States dollar as the cornerstone of the international monetary system.

It was announced that implementing amendments of the Treasury Department's Gold Regulations, to be issued shortly, would afford existing American holders of gold abroad, and of securities representing gold on deposit abroad, a reasonable period of time until June 1, 1961, to dispose of their holdings.

(1)

EXECUTIVE ORDER NO. 10905

Amendment of Executive Order No. 6260 of August 28, 1933, As Amended

By virtue of the authority vested in me by section 5(b) of the act of October 6, 1917, as amended, 12 U.S.C. § 95a, and in view of the continued existence of the national emergency proclaimed by Proclamation No. 2914 of December 16, 1950, I, DWIGHT D. EISENHOWER, President of the United States of America, do hereby further amend Executive Order No. 6260, as amended, as follows:

1. By amending section 2 to read as follows:

"2. As used in this order, the term 'person' means an individual, partnership, association or corporation; the term 'United States' means the United States and any place subject to the jurisdiction thereof; and the term 'person subject to the jurisdiction of the United States' means (a) any individual who is a citizen of the United States; (b) any individual, wherever located, who is a resident of, or domiciled in, the United States; (c) any partnership, association, corporation or other organization which is organized or doing business under the laws of the United States or of any state or territory thereof or the District of Columbia; and (d) any partnership, association, corporation or other organization wherever organized or doing business which is owned or controlled by persons specified in (a), (b) or (c)."

2. By adding at the end thereof a new section 12 reading as follows:

"12. Except under license issued therefor pursuant to the provisions of this order, no person subject to the jurisdiction of the United States shall, after the effective date of this section, acquire, hold in his possession, earmark, or retain any interest, legal or equitable, in any gold coin (other than gold coin having a recognized special value to collectors of rare and unusual coin), gold certificates, or gold bullion situated outside of the United States, or any securities issued by any person holding, as a substantial part of his assets, gold as a store of value or as, or in lieu of, money and not for a specific and customary industrial, professional or artistic use. The Secretary of the Treasury, subject to such other regulations as he may prescribe, is authorized to issue licenses permitting, until June 1, 1961, the holding and disposition of any such securities or gold coin, certificates or bullion acquired by persons subject to the jurisdiction of the United States prior to the effective date of this section and owned by such persons on such date. The Secretary is further authorized to issue licenses

permitting the acquisition and holding by persons subject to the jurisdiction of the United States of gold bullion situated outside of the United States which the Secretary or such agency as he may designate is satisfied is required for legitimate and customary use in the industry, profession or art in which such person is regularly engaged."

This amendment shall become effective upon filing for publication with the Office of the Federal Register.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,

January 14, 1961.

(Filed with Office of the Federal Register, January 16, 1961.)

TITLE 31—MONEY AND FINANCE TREASURY

CHAPTER 1—MONETARY OFFICES DEPARTMENT OF THE TREASURY

PART 54—GOLD REGULATIONS

Prohibition on holding gold abroad by U.S. Nationals

The texts of § 54.14, as amended, and §§ 54.4(a) (13) and 54.81, as added, are set forth below. These amendments to the Gold Regulations prohibit the following:

(a) The acquisition and possession of gold bullion and gold coin (other than rare gold coin) outside the United States by or on behalf of persons subject to the jurisdiction of the United States, except for legitimate and customary use in industry, profession or art, as authorized by a Treasury gold license, and

(b) The acquisition and possession, by persons subject to the jurisdiction of the United States, of securities issued by any business organization holding a substantial part of its assets in gold as a store of value or as, or in lieu of, money and not for a specific and customary industrial, professional, or artistic use.

The prohibitions described above are effective upon filing of these amendments with the Office of the Federal Register. Persons who acquired such gold or securities prior to such filing date and who own such gold or securities on that date may continue to hold them pending their disposition but must dispose of such holdings not later than June 1, 1961. Such disposition may be made either by sale outside the United States to any person who is not prohibited by the Regulations from acquiring such gold or securities or, in the case of gold, by importation into the United States for sale to a United States mint in accordance with the provisions of Sec. 54.40 and 54.44 of this chapter.

The issuance of these amendments without notice, public procedure or postponement of the effective date is deemed necessary in order to carry out the requirements and purposes of E.O. No. 10905 of January 14, 1961. Accordingly, these amendments are made without notice and public procedure thereon because such procedures are deemed to be impracticable and contrary to the public interest. They are effective upon filing with the Office of the Federal Register.

AUTHORITY: Sec. 54.1 to Sec. 54.81 issued under Sec. 5(b) 40 Stat. 415, as amended, Secs. 3, 8, 9, 11, 48 Stat. 340, 341, 342; 12 U.S.C. 95a, 31 U.S.C. 442, 733, 734, 822b, E.O. 6260, August 28, 1933, as amended by E.O. 10896, November 29, 1960, and E.O. 10905, Jan. 14, 1961; E.O. 6359, Oct. 25, 1933; E.O. 9193, as amended, 7 F.R. 5205; 3 CFR 1943 Cum. Supp.; E.O. 10289, 16 F.R. 9499, 3 CFR 1951 Supp.

Sec. 54.4(a) (13) is added:

(13) "Person subject to the jurisdiction of the United States" means:

- (a) Any individual who is a citizen of the United States;
- (b) Any individual, wheresoever located, who is a resident of, or domiciled in, the United States;
- (c) Any partnership, association, corporation, or other organization which is organized or doing business under the laws of the United States or of any state or territory thereof or of the District of Columbia;
- (d) Any partnership, association, corporation or other organization, wheresoever organized or doing business, which is controlled, or a substantial part of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of which, is owned or controlled, directly or indirectly, by persons specified in (a), (b), or (c).

Sec. 54.14 is amended to read as follows:

Sec. 54.14 *Gold situated outside of the United States.*

(a) Gold in any form situated outside of the United States may be acquired, held, transported, melted or treated, or earmarked by or on behalf of persons subject to the jurisdiction of the United States only to the extent permitted by licenses relating to the legitimate and customary use of gold in industry, profession or art issued under Sec. 54.25: *Provided, however*, the provisions of Sec. 54.16, Sec. 54.17, Sec. 54.19(a) and Sec. 54.20, relating to fabricated gold, metals containing gold, gold in its natural state, and rare coin, respectively, shall be applicable to the acquisition, holding and transportation of gold in such forms outside of the United States by or on behalf of persons subject to the jurisdiction of the United States.

(b) The acquisition, holding, transportation, importing and exporting, by persons subject to the jurisdiction of the United States, of securities issued by any person holding, as a substantial part of his assets, gold as a store of value or as, or in lieu of, money and not for a specific and customary industrial professional or artistic use, is prohibited.

Sec. 54. 81 *Temporary authorizations applicable to gold situated outside of the United States and gold securities.*

Notwithstanding the provisions of Sec. 54.14 or of any other section of the Regulations in this part, commencing with the filing of this section (54.81) with the Office of the Federal Register and until June 1, 1961.

(a) Gold situated outside of the United States and securities issued by any person holding as a substantial part of his assets gold as a store of value, which were acquired by a person subject to the jurisdiction of the United States prior to the filing of this section with the Office of the Federal Register and owned by any such person on that date, may be held, transported, earmarked, and disposed of to persons not prohibited from acquiring such gold or securities under the Regulations in this part, by or on behalf of such owner without the necessity of obtaining a Treasury Department gold license.

(b) Gold situated outside of the United States and owned by persons subject to the jurisdiction of the United States may be imported into the United States only as authorized in Sec. 54.25, Sec. 54.32, Sec. 54.33, Sec. 54.40, and Sec. 54.41, or licenses issued pursuant to such sections.

ROBERT B. ANDERSON,
Secretary of the Treasury.

(Filed with Office of the Federal Register, January 16, 1961.)

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

January 19, 1961

To the Member and Nonmember Clearing Banks
of the Second Federal Reserve District:

We have been advised by the Federal Reserve Bank of Chicago that The Sheldon National Bank, Sheldon, Iowa, was declared insolvent and closed as of the close of business January 16, 1961, and that final payment had not been received for a number of cash letters sent to that bank by the Federal Reserve Bank of Chicago. We are further advised that, as soon as the unpaid items can be identified, the Federal Reserve Bank of Chicago will charge them back to their endorers, and that any item whose return can be obtained will be promptly returned to such endorers.

This information is provided in the event you have recently forwarded for collection any items drawn on The Sheldon National Bank.

ALFRED HAYES,
President.