

**FEDERAL RESERVE BANK
OF NEW YORK**

At-Ord. No. 9678 (F)

May 8, 1984

**Temporary Suspension of Regulation Q
Early Withdrawal Penalty for Disaster
Areas in New Jersey and New York**

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System has approved the temporary suspension — *until 12 midnight, October 17, 1984* — of the Regulation Q penalty normally imposed upon the early withdrawal of time deposit funds, for depositors in New Jersey and New York areas affected by severe storms and flooding that have been declared disaster areas by President Reagan.

This action will permit a member bank, *wherever located*, to pay a time deposit before maturity without imposing the Regulation Q penalty, upon a showing that the depositor has suffered property or other financial loss as a result of the severe storms and flooding in the designated counties and cities. The suspension is retroactive to April 12, 1984, for the disaster areas in New Jersey, and April 17, 1984, for the disaster areas in New York.

Printed on the following pages is the text of the official notice of suspension. Questions thereon may be directed to our Regulations Division (Tel. No. 212-791-5914).

ANTHONY M. SOLOMON,
President.

FEDERAL RESERVE SYSTEM

Regulation Q

[12 CFR Part 217]

[Docket No. R-0518]

INTEREST ON DEPOSITS

Temporary Suspension of Early Withdrawal Penalty

AGENCY: Federal Reserve System.

ACTION: Temporary suspension of the Regulation Q early withdrawal penalty.

SUMMARY: The Board of Governors, acting through its Secretary, pursuant to delegated authority, has suspended temporarily the Regulation Q penalty for the withdrawal of time deposits prior to maturity from member banks for depositors affected by severe storms and flooding in designated areas of New Jersey and New York.

EFFECTIVE DATE: April 12, 1984, for the designated counties in New Jersey; April 17, 1984, for the designated areas in New York.

FOR FURTHER INFORMATION CONTACT: Daniel L. Rhoads, Attorney (202/452-3711), Legal Division, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

SUPPLEMENTARY INFORMATION: On April 12, 1984, pursuant to section 301 of the Disaster Relief Act of 1974 (42 U.S.C.

§ 5141) and Executive Order 12148 of July 15, 1979, the President, acting through the Director of the Federal Emergency Management Agency, designated the New Jersey counties of Atlantic, Bergen, Cape May, Essex, Monmouth, Morris, Ocean and Passaic major disaster areas. On April 17, 1984, the President designated the New York counties of Nassau, Orange, Rockland, Suffolk, Sullivan, Ulster and Westchester, and the City of Yonkers major disaster areas. The Board regards the President's actions as recognition by the Federal government that a disaster of major proportions had occurred. The President's designations enable victims of the disaster to qualify for special emergency financial assistance. The Board believes it appropriate to provide an additional measure of assistance to victims by temporarily suspending the Regulation Q early withdrawal penalty (12 C.F.R. § 217.4(d)). The Board's action permits a member bank, wherever located, to pay a time deposit before maturity without imposing this penalty upon a showing that the depositor has suffered property or other financial loss in the disaster areas as a result of the severe storms, coastal storms and flooding beginning on or about March 28, 1984. A member bank should obtain from a depositor seeking to withdraw a time deposit pursuant to this action a signed statement describing fully the disaster-related loss. This statement should be approved and certified by an officer of the bank. This action will be retroactive to

April 12, 1984 for the designated New Jersey counties and April 17, 1984 for the designated areas in New York, and will remain in effect until 12 midnight, October 17, 1984.

List of Subjects in 12 CFR Part 217

Advertising; Banks, banking; Federal Reserve System; Foreign Banking.

In view of the urgent need to provide immediate assistance to relieve the financial hardship being suffered by persons in the designated disaster areas directly affected by the severe storms, coastal storms and flooding, good cause exists for dispensing with the notice and public participation provisions in section 553(b) of Title 5 of the United States Code with respect to this action. Because of the need to provide assistance as soon as possible and because the Board's action relieves a restriction, there is good cause to make this action effective immediately.

By order of the Board of Governors, acting through its Secretary, pursuant to delegated authority, May 1, 1984.

(signed) James McAfee

James McAfee
Associate Secretary of the Board