

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 2462]
July 10, 1942

UNITED STATES CURRENCY, HAWAIIAN SERIES

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

For your information we quote below the text of General Orders No. 118 issued by the Office of the Military Governor of the Territory of Hawaii, the text of regulations relating to currency issued by the Governor of the Territory of Hawaii, the text of a press release issued by the civil and military authorities in Hawaii, and the text of a press release issued by the Treasury Department.

TERRITORY OF HAWAII
OFFICE OF THE MILITARY GOVERNOR
IOLANI PALACE
HONOLULU, T.H.

25 June 1942

GENERAL ORDERS }
NO. 118 }

UNITED STATES CURRENCY.—1. By virtue of the power vested in the Military Governor of the Territory of Hawaii, J. B. Poindexter, Governor of the Territory of Hawaii, is hereby authorized to make and administer regulations relating to the issuance and use of United States currency in the Territory of Hawaii, subject to such restrictions and limitations as may be promulgated by the Congress, President, or Secretary of the Treasury.

2. Whoever is found guilty of violating any of the provisions of such regulations, shall, upon conviction, be fined not more than five thousand dollars (\$5,000), or, if a natural person, may be imprisoned for not more than five (5) years, or both; and any officer, director, or agent of any corporation who knowingly participates in such a violation may be punished by a like fine, imprisonment, or both.

By Order of the Military Governor:

(Signed) Thomas H. Green
THOMAS H. GREEN
Brigadier General, A.U.S.
Executive.

EXECUTIVE CHAMBERS
HONOLULU, T. H.
June 25, 1942

REGULATIONS RELATING TO CURRENCY.

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, and pursuant to all other authority vested in the undersigned Governor of Hawaii:

TITLE I

(1) Effective at once, all United States currency now in circulation in the Territory of Hawaii will be withdrawn from circulation and will be replaced with new United States currency prepared for the Territory of Hawaii by the United States Treasury Department. The

new currency will be the same in all respects as ordinary United States currency except that the word "HAWAII" will be overprinted in bold-face type on each end of the face of the note and the word "HAWAII" will be overprinted in large open-face type on the reverse side of the note. Such currency will be referred to in these regulations as "United States currency, Hawaiian Series".

(2) All United States currency physically within the Territory of Hawaii, except United States currency, Hawaiian Series, shall be exchanged on or before July 15, 1942, for United States currency, Hawaiian Series. Prior to July 15, 1942, any person in the Territory of Hawaii may freely exchange United States currency now in circulation for United States currency, Hawaiian Series, at any bank in the Territory without charge.

(3) Effective July 15, 1942, the acquisition, disposition, holding, possession, transfer of, or other dealing in, or with respect to, any United States currency except United States currency, Hawaiian Series, within the Territory of Hawaii is hereby prohibited.

(4) Effective July 15, 1942, no person shall hold, or in any manner permit the holding of, United States currency of any series in any safe deposit box within the Territory of Hawaii, and no person shall thereafter deposit, or in any manner permit the deposit of, any such currency in any safe deposit box within such territory.

(5) All United States currency hereafter brought into the Territory of Hawaii shall be immediately delivered to such person as may be designated at the appropriate port of entry in Hawaii for exchange for United States currency, Hawaiian Series. Such exchange will be made without charge.

(6) No United States currency, Hawaiian Series, shall be exported or otherwise physically taken from the Territory of Hawaii. Any person desiring to export or otherwise take United States currency from the Territory of Hawaii may exchange United States currency, Hawaiian Series, for other United States currency without cost by making appropriate application to such person as may be designated at the port of exportation or withdrawal from Hawaii and by complying with the procedure prescribed by such designated person in connection therewith.

(7) Banks within the Territory of Hawaii and such other persons as may from time to time be specified shall, when so directed, file reports in triplicate on Form TFR-H25 with the Special Treasury Custody Committee as to the amount of United States currency of any series held by them in any capacity. Whenever the currency held by any bank or other person within the Territory of Hawaii is deemed to be in excess of the currency needs of such bank or person, or in excess of that required under existing circumstances in the Territory of Hawaii, such bank or person, upon the receipt of appropriate notice, shall forthwith deliver to the Special Treasury Custody Committee in Hawaii, or to a bank when so directed, such amounts of currency as may be prescribed and shall receive in lieu of such currency an equivalent dollar credit with such banking institution in the Territory of Hawaii or within the continental United States as the delivering bank or person may specify. Currency delivered to the Special Treasury Custody Committee pursuant to this provision shall be received for the account of the United States.

TITLE II

(1) Exception to any of the provisions 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 and is necessary or desirable in order to avoid unusual hardship or is necessary or desirable in view of the needs of the military or naval forces of the United Nations. Applications 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 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, and these regulations shall not be deemed to affect, alter, or limit General Orders No. 51, Office of the Military Governor, 9 January 1942.

(4) As used in these regulations:

(a) The term "currency" shall not be deemed to include coins.

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

(5) 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 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

OFFICE OF THE GOVERNOR OF HAWAII FOREIGN FUNDS CONTROL HONOLULU, T. H.

PRESS RELEASE

Governor Poindexter, by the issuance of regulations relating to United States currency physically located in the Territory under the authority of General Orders No. 118 of the military governor, today took further steps toward the complete economic defense of Hawaii. This program, unique in the history of the United States as a measure of protection to lawful owners of property, is the result of careful study for the past several months by the Federal and Territorial Governments in cooperation with bankers and other persons in the Territory. It complements a program for the protection of the owners of United States currency and United States Government obligations which, it was revealed today, is in operation in the Territory under the supervision of representatives of the United States Treasury Department.

The regulations issued today provide for the immediate withdrawal of all United States currency now in circulation in the Territory of Hawaii, and its replacement by a series of United States currency specially prepared for the Territory, and bearing the distinctive overprint "Hawaii" in bold-face type on each end of the face of the note and the word "Hawaii" in large open-face type across the reverse side of the note. All United States currency now circulating must be exchanged for United States currency of the new Hawaiian series on or before July 15, 1942. The exchange of currency, it was announced, will be made at any bank within the Territory without charge. After July 15, 1942, no currency other than United States currency, Hawaiian series, may be held or used without a license from the Governor of Hawaii.

Since the outbreak of war last December very little currency has been imported into the Territory due to the difficulties of transportation and the high rate of war risk insurance, and the public will undoubtedly welcome the new currency. Residents of Hawaii will also note that official United States currency has never before in history carried such distinctive markings.

Officials emphasized that United States currency, Hawaiian series, is in all respects the currency of the United States government, backed by the full faith and credit of the United States government. It is therefore legal tender for all purposes within the Territory of Hawaii. The fact that its exportation is prohibited does not in any way affect its quality as legal tender any more than the prohibition upon the importation into and use within the Territory of Hawaii of any other series of United States currency after July 15, 1942, affects the validity of the latter. The whole currency program has for its purpose the protection of the interests of the United States and the residents of Hawaii and has the approval of the Treasury Department and other interested agencies in Washington, officials pointed out.

Brig. General Thomas H. Green, executive to the military governor, said, "As I see it, this program is an additional step in the defense of Hawaii, and it seems a logical corollary to the other defensive measures which have been and are being undertaken. One of its greatest merits is that the distinctive markings will make the currency easily identifiable and readily accessible in the event of emergency."

Governor Poindexter stated, "The difficulties inherent in requiring identification of currency by serial numbers alone made it desirable that a more distinctive method be adopted. After careful study of possible courses of action, the Federal Government collaborated in and approved this plan."

The regulations allow for whatever exceptions to the restrictions are deemed necessary by the authorities in the interests of the United States or the War Effort of the United Nations. Officials were quick to note, however, that violations of these regulations will not be tolerated and that severe penalties await the willful violator.

It was announced that applications to effect transactions prohibited by the regulations should be filed on Form TFR-H28 in the same manner that Foreign Funds applications are presently filed with the Civil Governor.

(This press release was issued in Hawaii on June 25, 1942.)

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Tuesday, July 7, 1942.

Press Service
No. 32-36

Persons holding ordinary United States currency in the Territory of Hawaii must exchange such currency by July 15, 1942 for United States currency of a special series to be used only in the Territory of Hawaii, the Treasury Department announced today. The exchange may be made at any bank within the Territory of Hawaii without charge.

The provisions of law governing the currency exchange are contained in regulations issued on June 25, 1942, by J. B. Poindexter, Governor of Hawaii, and Brigadier-General Thomas H. Green, Executive to the Military Governor of Hawaii. Under the terms of these regulations, after July 15, 1942, no currency other than United States currency, Hawaiian series, may be held or used in the Territory of Hawaii without a license from Governor Poindexter, and exportations of the new currency from Hawaii will be prohibited.

Any person importing ordinary United States currency into Hawaii after June 25, 1942, must deposit immediately such currency with an official at the appropriate port of entry, and will receive in return currency of the new series. Persons willfully disobeying these regulatory provisions will be subjected to severe criminal penalties, under orders issued by Brigadier-General Green.

Treasury officials explained that the new series is currency of the United States issued by the United States Treasury Department as legal tender for Hawaii and that it is fully backed by the credit of the United States. A note of the new series differs from ordinary American currency only in that it bears the distinctive overprint "Hawaii" in bold-faced type on each end of the face and the word "Hawaii" across the reverse side.

License applications to hold or use ordinary United States currency in Hawaii or to export United States currency, Hawaiian series, from Hawaii may be filed with Governor Poindexter on Form TFR-H28 in the manner in which Foreign Funds Control applications are filed.

The Hawaiian currency replacement program results from careful study of Hawaiian currency problems by the Treasury Department, War Department, Navy Department and Department of the Interior, in collaboration with Hawaiian civil and military authorities. Brigadier-General Green announced that the program complements other measures taken for the protection of Hawaiian citizens and the economic defense of Hawaii.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.