

AN ACT CONSTITUTING A GOLD-STANDARD FUND IN THE INSULAR TREASURY TO BE USED FOR THE PURPOSE OF MAINTAINING THE PARITY OF THE SILVER PHILIPPINE PESO WITH THE GOLD-STANDARD PESO, ...

Act No. 938, October 10, 1903

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By authority of the United States, be it enacted by the Philippine Commission, that:

SECTION 1. All funds in the Insular Treasury which are the proceeds of the certificates of indebtedness issued under and by authority of section six of an Act of Congress entitled "An Act to establish a standard of value and to provide for a coinage system in the Philippine Islands," approved March second, nineteen hundred and three, all profits of seigniorage; made by the Insular Government in the purchase of bullion and the coinage therefrom, and the issue of the Philippine pesos and the subsidiary and minor coins, all profits from the sale of exchange by the Insular Government between the Philippine Islands and the United States made for the purpose of continuing the parity of the silver Philippine peso with the gold-standard peso, and all other receipts in the Insular Treasury inuring to the Insular Government in the exercise of its functions of furnishing a convenient currency for the Islands, shall constitute a separate and trust fund in the Insular Treasury to be known as the "gold-standard fund" and to be used for the purpose of maintaining the parity of the silver Philippine peso with the gold-standard peso provided in the said Act of Congress approved March second, nineteen hundred and three. Such fund shall not be used to pay any expenses of the Insular Government or to satisfy any of the appropriations of the Insular Government, except only those connected with the purchase of bullion, the coinage of the same into the money of the Philippine Islands, and those which are incident to the transportation of such money to the Philippine Islands from the place of coinage, to the putting of the money into circulation, including the preparation and issue of silver certificates, and to the carrying on of such financial transactions, by exchange and otherwise, as may be authorized by law to maintain the circulation of the currency provided for in the said Act of Congress approved March second, nineteen hundred and three, and the subsidiary and minor coinage provided for by said Act and by an Act of Congress entitled "An Act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," approved July first, nineteen hundred and two, and to the maintenance of the parity of value between the silver Philippine peso and the subsidiary and minor coins, the coinage of which is provided for by the Acts above mentioned, and the gold peso, which by the Act of March second, nineteen hundred and three, is made the standard of value in the Philippine Islands: Provided, That whenever the public interest permits, there may be withdrawn from the gold-standard fund such amount as the Philippine Government may deem proper to pay the principal and interest of all, or any part of the certificates of indebtedness issued under section six of the said Act of Congress of March second, nineteen hundred and three.

SEC. 2. For the purpose of facilitating the more efficient discharge of the functions of the Insular Government with respect to the circulation of the currency provided for by the said Act of Congress approved March second, nineteen hundred and three, and for the purpose of maintaining the parity therein directed, there is hereby created a division in the Bureau of the Insular Treasury to be known as the Division of Currency. The Chief of the Division shall be appointed by the Civil Governor, by and with the advice and consent of the Commission, and

shall receive an annual salary of six thousand pesos, Philippine currency. He shall have under him to assist him in the discharge of his duty such accountants and clerical assistants as may be approved by the Insular Treasurer and as shall be authorized by law.

SEC. 3. It shall be the duty of the Chief of the Division of Currency, first, to examine the books of the Treasurer and the Auditor, and to make report to the Insular Treasurer of the funds now in the Insular Treasury which, by virtue of the first section of this Act, are to constitute a gold-standard fund and to be segregated as such under this Act, and the Insular Treasurer and the Insular Auditor shall, if they concur in the recommendation of the Chief of the Division of Currency, make the segregation on their respective books, and in all future accounts and reports. In the event of any difference of opinion between the Chief of the Division of Currency, the Treasurer, and the Auditor, the method of segregation shall be finally determined by the Secretary of Finance and Justice. After the segregation has been effected, the Treasurer's receipts for all moneys coming into the Treasury which should be deposited in the gold-standard fund shall be submitted to the Chief of the Division of Currency for his initialing and the proper notation of the same in his accounts. When any money is to be withdrawn from the gold-standard fund, or transferred from the Treasury at Manila to a depository elsewhere, or vice versa, the warrant or draft or the telegraphic transfer for the same shall specifically state that it is from the gold-standard fund and shall bear the initials of the Chief of the Division of Currency and shall be noted in his accounts.

SEC. 4. No transaction in the Treasury with reference to the coinage of money, the circulation of the same maintenance and preservation of the gold-standard fund, the maintenance of the parity, or the issue and retirement of silver certificates shall take place without its being first submitted to the Chief of the Division of Currency for notation.

SEC. 5. It shall be the duty of the Chief of the Division of Currency to keep a separate set of books dealing solely with the financial operations of the Government in coinage and currency matters and in the administration of the gold-standard fund, and to make monthly statement of the same to the Insular Treasurer and the Secretary of Finance and Justice.

SEC. 6. Nothing herein is intended to change the actual custody and control of all insular funds, including the gold-standard fund, I herein constituted, now by law placed in the Insular Treasurer. All the duties of the Chief of the Division of currency under this Act shall be performed under the supervision of the Insular Treasurer.

SEC. 7. For the purpose of maintaining the parity of the Philippine silver peso with the Philippine gold peso, and of keeping the currency equal in volume only to the demands of trade, the Insular Treasurer is hereby authorized and directed:

First. To exchange on demand at the Insular Treasury in Manila for Philippine currency offered in sums of less than ten thousand pesos, or United States currency offered in sums of not less than five thousand dollars, drafts on the gold-standard fund deposited in the United States or elsewhere to the credit of the Insular Treasury, charging for the same a premium of three-quarters of one per centum for demand drafts and of one and one-eighth per centum for telegraphic transfers, and it is further made the duty of the Insular Treasurer to direct the depositories of the funds of the Philippine Government in the United States to sell on demand, in sums of not less than ten thousand pesos, exchange against the gold-standard fund in the Philippine Islands, charging for the same a premium of three-quarters of one per centum for demand drafts and of one and one-eighth per centum for telegraphic transfers, rendering accounts therefor to the Insular Treasurer and Insular Auditor. But the premium charge for drafts and telegraphic transfers in this paragraph mentioned may be temporarily increased or decreased by order issued by the Secretary of Finance and Justice should the conditions at any time existing, in his judgment, require such action.

Second. To exchange at par on the approval of the Secretary of Finance and Justice, United States Treasury notes, national-bank notes, United States notes, and United States gold and silver certificates for Philippine currency, and Philippine currency for United States Treasury notes, national-bank notes, United States notes, and United States gold and silver certificates.

Third. To exchange, on the approval of the Secretary of Finance and Justice, for Philippine currency. United States gold coin or gold bars in sums of not less than ten thousand pesos or five thousand dollars, charging for the same a premium sufficient to cover the expenses at commercial rates of transporting United States gold coin from New York to Manila. The Secretary of Finance and Justice shall determine the amount of the premium required by this subsection.

Fourth. To withdraw from circulation until paid out in response to demands made upon it by the sale of exchange as provided in paragraph one of this section, or by the presenting of United States Treasury notes, national-bank notes, United States notes, United States gold and silver certificates, and United States gold coin or gold bars at the Treasury, Philippine currency exchanged and deposited in the Treasury in the manner provided in paragraphs one and two of this section.

Fifth. To withdraw from circulation United States Treasury notes, national-bank notes, United States notes, United States gold and silver certificates, and United States gold coin and gold bars received in the Philippine Islands by the insular Treasurer in exchange for Philippine currency, under paragraph two of this section, until called out in response to the presentation of Philippine currency as above provided, or until an insufficiency of Philippine currency shall make necessary an increased coinage, in which case the funds so withdrawn may be used under proper legislation for the purpose of providing such a coinage. The coin so obtained shall become part of the gold-standard fund.

SEC. 8. The Treasurer of the Philippine Islands and the treasurers of the several provinces are hereby authorized and directed to exchange Philippine pesos on demand for the silver coins of the Philippine Islands of a smaller denomination than one peso, issued under authority of section four of the said Act of Congress approved March second, nineteen hundred and three, and for the minor coins of nickel and copper issued under authority of section seventy-nine of the said Act of Congress of July first, nineteen hundred and two; provided said subsidiary and minor coins are offered in the sums of ten pesos or any multiple thereof. The insular Treasurer and the several provincial treasurers are also authorized and directed to exchange on demand for Philippine pesos, offered in sums of ten pesos or any multiple thereof, the above-mentioned silver subsidiary and minor coins of nickel and copper.

SEC. 9. The issue and redemption of silver certificates according to the provisions of section eight of the said Act of Congress approved March second, nineteen hundred and three, and subject to the limitations in said Act of Congress and in this Act contained, shall be conducted under the immediate supervision of the Chief of the Division of Currency, and his books and reports shall contain detailed accounts of the issue and redemption of such certificates.

SEC. 10. The silver certificates which the Treasurer of the Philippine Islands is authorized to issue upon receiving deposits of the standard Philippine pesos, in accordance with the provisions of section eight of the said Act of Congress approved March second, nineteen hundred and three, shall be prepared and delivered to the Treasurer of the Philippine Islands, safeguarded, issued, withdrawn, and canceled or destroyed, and a record of such transactions be kept, in the manner in this section provided.

(a) The necessary drawings, designs, plates, and engravings for such certificates, and the printing thereof, shall be made and executed through the Secretary of the Treasury of the United States, upon request of the Government of

the Philippine Islands, in accordance with section twelve of said Act of Congress of March second, nineteen hundred and three, and the amount of such certificates and the denominations thereof shall be determined, from time to time, by resolution of the Philippine Commission.

(b) Such certificates, when completed at the Bureau of Engraving and Printing at Washington, shall be delivered without the seal of the Treasury of the Philippine Government, and shall be to that extent incomplete. In such uncompleted state they shall be delivered to the Bureau of Insular Affairs of the War Department at Washington, the Chief of which Bureau shall receipt therefor in the name of the Government of the Philippine Islands, after having verified the count thereof. The Chief of the Bureau of Insular Affairs shall thereupon transmit such certificates to the Treasurer of the Philippine Islands, and shall also give notice of the Auditor for the Philippine Islands, of the denominations and amount of silver certificates transmitted to the Treasurer of the Philippine Islands. Upon the delivery of such certificates to the Treasurer of the Philippine Islands, the Auditor shall receive from the Treasurer of the Philippine islands a receipt in duplicate of the denominations and amount of the certificates so received upon verifying the count thereof; and of the duplicate receipts so received the Auditor shall retain one, and the other shall be transmitted by the Auditor with his counter signature to the Chief of the Bureau of Insular Affairs at Washington.

(c) Upon receiving such certificates, the Treasurer of the Philippine Islands shall cause them to be put through a printing press, which shall imprint thereon the seal and omitted marks, if any, and shall cause the sheets thereof to be separated into single certificates of a uniform size and done up in packages of convenient size enclosed in paper straps upon which are printed the denomination and amount included therein, verifying the count in all cases, and employing such safeguards in the printing, cutting, and making up of packages as shall preserve the certificates free from all opportunity for loss by theft. The bundles shall thereupon be deposited in a vault, called the reserve vault, where they shall remain until required for circulation. While the certificates remain in the reserve vault, they shall not be considered as available cash for the Government, and shall not appear as such on the cash books of the Treasury, though the Treasurer shall be held responsible for the same as money.

(d) From time to time, the Treasurer of the Philippine Islands shall withdraw such amount of silver certificates from the reserve vault as may be required to meet the demands for their purchase in accordance with the provisions of section eight of said Act of Congress of March second, nineteen hundred and three. All certificates taken from the reserve vault shall thereafter be treated as available cash for the Government. The pesos received in exchange for the certificates sold shall be deposited in the reserve vault, shall be held for the payment of said certificates on demand, and shall constitute a trust fund to be used for no other purpose.

(e) Upon the delivery to the Auditor for the Philippine Islands of the receipt of the Treasurer for the uncompleted certificates transmitted to the Treasury by the Chief of the Bureau of Insular Affairs at Washington, the Auditor for the Philippine Islands shall enter on a book kept by him for that purpose the denominations, serial numbers, and amounts delivered to the Treasurer of the Philippine Islands. The Treasurer of the Philippine Islands shall keep an independent set of books in which shall be recorded the amount, the denominations, and the serial numbers of the certificates which are daily put into and withdrawn from said reserve vault. The Treasurer of the Philippine Islands shall furnish a transcript of the foregoing daily entries to the Auditor, who shall enter the same upon his books.

(f) When certificates mutilated or otherwise unfit for circulation shall be paid into the Insular Treasury, they shall not be reissued, but shall be retained in the Treasury for future destruction, and from time to time, when a sufficient amount shall have been accumulated, the Civil Governor, the Secretary of Finance and Justice, and a committee of two accountants to be designated by said Secretary shall, in the presence of the Treasurer, the Auditor, and the Chief of the Division of Currency, after noting the amounts, denominations, and numbers of such

certificates, completely destroy the same by burning, and thereafter the Treasurer shall be credited on his accounts in accordance with this action. The credit allowed shall be based upon the written report of the committee of accountants, attested by the Civil Governor, the Secretary of Finance and Justice, and the Auditor for the Philippine Islands.

SEC. 11. The Chief of the Division of Currency shall be required to make to the Insular Treasurer an annual report covering the affairs and business of the Division in detail, and such other reports or recommendations as may be required by superior authority.

SEC. 12. All appointments in the Division of Currency, except the Chief of the Division, shall be made by the Insular Treasurer, as in the case of the other divisions of the Insular Treasury, in accordance with the provisions of the Civil Service Act.

SEC. 13. The public good requiring the speedy enactment of this bill, the passage of the same is hereby expedited in accordance with section two of "An Act prescribing the order of procedure by the Commission in the enactment of laws," passed September twenty-sixth, nineteen hundred.

SEC. 14. This Act shall take effect on its passage.

Enacted, October 10, 1903.

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