

[Communicated to the Council  
and the Members of the League.]

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Geneva, November 1st, 1937.

## LEAGUE OF NATIONS

# COMMITTEE OF JURISTS FOR THE SUPPRESSION OF THE FALSIFICATION OF SECURITIES<sup>1</sup>

## REPORT TO THE COUNCIL ON THE WORK OF THE MEETING HELD IN PARIS ON OCTOBER 29TH AND 30TH, 1937

The Committee of Jurists, set up under the resolution of the Council of the League of Nations of May 25th, 1937 (ninety-seventh session), relating to the suppression of the falsification of securities, has the honour to submit the following report on the work of the meeting held in Paris on October 29th and 30th, 1937.

Present:

M. V. POSPIŠIL, Envoy Extraordinary and Minister Plenipotentiary, former Governor of the National Bank of Czechoslovakia, representing the Financial Committee (*Chairman*).

Sir John Fischer WILLIAMS, C.B.E., K.C.

M. V. V. PELLA, Envoy Extraordinary and Minister Plenipotentiary of Roumania at The Hague, Professor of Penal Law at the University of Bucharest.

M. S. SERVAIS, Minister of State, Honorary Prosecutor-General at the Brussels Court of Appeal.

The following representative of the International Criminal Police Commission also attended the meeting in the capacity of assessor:

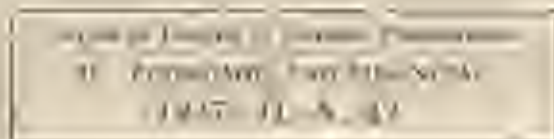
M. H. CORBY, Police Commissioner at the Sûreté Nationale (Paris).

1. In its report to the Council, dated May 1st, 1937, the Financial Committee stated that, in the light of the information at its disposal, international action to prevent the falsification of securities was likely to prove effective. Acting upon this suggestion, the Council, in the resolution mentioned above, instructed the Committee of Jurists to prepare a detailed report on this question and, if possible, a draft Convention or a Protocol extending to securities the provisions of the International Convention for the Suppression of Counterfeiting Currency of April 20th, 1929.

2. In conformity with these instructions, the Committee first of all endeavoured to determine for which securities international co-operation to prevent and punish falsification should be provided. For practical reasons, it would not be possible, the Committee considered, for the protection afforded by an international Convention to cover all the many and varied forms of securities. It accordingly decided to select securities in which falsification can least easily be detected in the course of transaction and handling, and which are most frequently falsified.

3. According to the information furnished by the International Criminal Police Commission, securities issued by States, public bodies and big companies, cheques—particularly travellers' cheques—and circular letters of credit are the documents which have most frequently been falsified during recent years. Owing to the nature of the interests they damage or to the manner in which they are committed, cases of such falsification are very often more than offences against the public order of a single particular State.

<sup>1</sup> This word, which arises from the more accurate French expression "*papiers de valeur*", has been adopted as the English equivalent.



4. In these circumstances, the Committee endeavoured to find an internationally acceptable formula covering the securities mentioned above and similar documents which in certain cases circulate in very much the same way as currency. These are the considerations underlying the text of Article I of the attached draft Protocol.

5. The analogy which the majority of securities defined above bear to currency seemed to call for the application, in the event of their falsification, of the provisions of the International Convention for the Suppression of Counterfeiting Currency of April 20th, 1929. This Convention enables the aims of international action for the suppression of such falsification to be achieved and provides the necessary machinery for this purpose. The Committee accordingly considered that it would be more appropriate to extend the provisions of the 1929 Convention to the falsification of securities by means of an additional Protocol than to propose a special Convention. This procedure has the advantage of being both simple and rapid.

6. There are, however, a few provisions of this Convention which it did not seem possible to apply as they stood:

(1) No. (5) of Article 3 of the Convention describes as offences certain acts of a purely preparatory character, such as the making or obtaining of instruments adapted to counterfeiting, and repeats in general terms the provisions with regard to counterfeiting currency contained in certain codes. These stipulations would, however, constitute an innovation in regard to the protection of securities. Moreover, they would be difficult to apply to acts purely preparatory to the fraudulent making of securities, as the purpose of acts of this kind cannot be determined with such certainty as in the case of the making or obtaining of stamps, presses or special paper for the imitation of coins or bank notes. This provision is therefore excluded by Article II of the annexed draft Protocol.

(2) Article 11 of the Convention provides for the compulsory handing over of counterfeit currency as well as instruments or other articles used for its manufacture, to the Government or bank of issue whose notes have been forged. This provision naturally had to be altered in the case of securities: this is the object of Article III of the draft Protocol.

(3) The functions assigned by Article 12 of the Convention to the central police offices can be adapted easily and appropriately to the prevention and punishment of the falsification of securities, especially to enable those offices to keep in touch with the stock exchanges, bankers' associations and other organisations concerned. This adaptation is contemplated in Article IV of the draft Protocol.

(4) In a case where it might be feared that the extension of a particular provision of the 1929 Convention to the falsification of securities would give rise to difficulty, the Committee thought it advisable to give in an annex to the draft Protocol certain explanations in the form of an Interpretation to be accepted by the Contracting Parties.

(5) The Committee has supplemented the draft Protocol by a draft optional Declaration to the effect that, so far as extradition is concerned, the falsification of securities will in every case be regarded as an ordinary offence. The considerations which would justify such a Declaration are those underlying the optional Protocol annexed to the 1929 Convention.

7. The Committee accordingly has the honour to submit the annexed draft Protocol to the Council, in order that the latter, if it so desires, may request Governments to state, in accordance with the procedure laid down by the 1931 Assembly, whether they are prepared to consider the draft and what are their views both as regards the main object and the suggested means of attaining it and also with regard to the various provisions of the draft. In the light of the observations thus obtained, the Council will be able to decide whether or not the Committee of Jurists should meet again in order to revise the draft Protocol.

8. The Committee of Jurists has noted with interest that the Financial Committee, in its report to the Council of May 1st, 1937, states that it proposes to ascertain what technical precautions and other measures against falsification are commonly adopted. In various countries, efforts are constantly being made to improve such measures and these efforts are tending more and more to assimilate, from the technical standpoint, the making of the securities specified by the Committee to currency. In these circumstances, international action such as that contemplated in the attached Protocol appears to be all the more necessary.

DRAFT PROTOCOL

FOR THE EXTENSION OF THE INTERNATIONAL CONVENTION FOR THE SUPPRESSION OF  
COUNTERFEITING CURRENCY, DATED APRIL 20TH, 1929, TO THE FALSIFICATION OF CERTAIN  
SECURITIES.<sup>1</sup>

The undersigned Plenipotentiaries on behalf of their respective Governments,  
Recognising the necessity of the more effective prevention and punishment of the falsification  
of certain securities,  
Have agreed upon the following provisions:

*Article I.*

The securities covered by the present Protocol are:

- (1) Letters of credit and similar drafts payable in cash on presentation, and cheques;
- (2) Securities negotiable on a stock market and issued by States and by public or private bodies possessing legal personality; and the coupons of such securities representing interest, dividends or other rights.

*Article II.*

The provisions of Part I of the International Convention for the Suppression of Counterfeiting Currency, dated April 20th, 1929 (hereinafter called " the Convention "), shall apply to the securities covered by the present Protocol, with the exception of Articles 1, 2, 11, 12, 13, 14, 15 and No. (5) of Article 3.

*Article III.*

Falsified securities, as well as instruments or articles used for falsification shall be seized and confiscated. Such securities, instruments and articles may, after confiscation, be handed over on request to the Government or establishment concerned, with the exception of exhibits the preservation of which as a matter of record is required by the law of the country where the prosecution took place, and any specimens the transmission of which to one of the central offices referred to in Article 12 of the Convention may be deemed advisable. In any event, all such articles shall be rendered incapable of use.

*Article IV.*

The activities of the central offices referred to in the Convention shall be extended to the prevention and punishment of the falsification of securities.

[Here insert the formal clauses to be drawn up later, which should include the following text:

" The signature and ratification of, and accession to, the present Protocol are independent of the signature and ratification of, and accession to, the Convention for the Suppression of Counterfeiting Currency, dated April 20th, 1929." ]

\* \* \*

INTERPRETATION.

The High Contracting Parties to the Protocol agree that, as regards the application to securities of No. (2) of Article 3 of the Convention, the fraudulent uttering referred to therein shall mean any fraudulent use of a falsified security.

OPTIONAL DECLARATION.

Recognising the important progress achieved by the Protocol bearing this day's date for the extension to the falsification of certain securities of the International Convention for the Suppression of Counterfeiting Currency of April 20th, 1929, the High Contracting Parties signatories of this Declaration undertake, in their reciprocal relations, to consider, with regard to extradition, as ordinary offences the falsification of the securities covered by the said Protocol.

Extradition shall be granted according to the law of the country to which application is made.

[Here insert formal clauses similar to those contained in the Optional Protocol attached to the International Convention for the Suppression of Counterfeiting Currency, dated April 20th, 1929.]

<sup>1</sup> See footnote on page 1.

